

CORPORATE RESPONSIBILITY REPORT 2013.



LIFE IS FOR SHARING.

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ABOUT THIS REPORT.

Telekom has provided extensive information to the general public about its objectives, its activities and the progress made in the relevant economic, ecological and social areas as part of corporate responsibility (CR) reporting since 1996.

The title "We take responsibility" is used for the sixth consecutive time since it is an expression of Telekom's long-term commitment to CR. It is our intention to become a leader in our industry as a responsible company. In this undertaking, the report is a central communication tool that informs our internal as well as external stakeholders of the progress we have made on this path between March 2013 and February 2014, and of the goals we are setting for the future.

Additional sources for CR-relevant content.

In addition to this online 2013 CR Report, we also provide information on our corporate responsibility activities in our Annual Report, in our Human Resources Report and in our Data Privacy and Data Security Report. We report on Telekom's current CR activities on the Telekom Group's website under the heading "Responsibility". The national companies provide information about their CR commitment on their Internet portals and in their own publications.

In order to reduce the complexity of our report, we have often provided links to other internal and external websites. Readers will find information provided by our national companies on their profile pages in the 2013 CR Report.

REPORTING PERIOD, SCOPE OF APPLICATION AND TARGET GROUPS.

The 2013 CR Report is a Group report that includes many national companies in which Telekom holds a majority stake. Any deviations are marked accordingly. This report ties in with the 2012 CR Report. The reporting period for the various topics spans from March 01, 2013 to February 28, 2014. All quantitative data and indicators refer to the 2013 calendar year. Any deviations are marked accordingly. The present CR report is addressed to our stakeholders. These include analysts and investors, CR ranking and rating agencies and NGOs as well as all other groups interested in our corporate activities such as customers, employees and representatives from the worlds of science, research, education and politics.

LOOKING BACK ON DEUTSCHE TELEKOM'S CR REPORTING.

Deutsche Telekom has been reporting on its sustainability activities in various publications since 1996. From 2003 through 2006 we published a combined annual HR and Sustainability Report. An interim report issued in 2007 formed the transition to our current CR reporting. Since 2008 the Telekom Group has been publishing a comprehensive CR Report each year.

ONLINE REPORTING SINCE 2010.

We have been publishing our CR Report exclusively online since the 2010/2011 reporting year to meet the increasing requirements and changing user preferences of our stakeholders. The online 2013 CR Report has been available since May 12, 2014 in German and English. There is a great deal of interest in the content of our CR reports – demonstrated among other things by the fact that in March 2014, a year after the end of the reporting period for the 2012 CR Report, it was still viewed by over 2,600 visitors.

We include information that is easy to understand right on the homepage to give readers an effective introduction to our extensive report. Every detailed page features a short introductory paragraph explaining why that particular topic is important to sustainable development and the ongoing business success of Telekom. A download area, search and dialog functions and performance indicators displayed with interactive features make it even easier to navigate the report. What's more, the info cart lets readers select different content and create a customized PDF file.

In this year's report we have also included information on Telekom's management approach to introduce the individual sections. Here we explain how Telekom approaches key sustainability topics, contributes to positive development in these areas and works to prevent or reduce negative impacts. The introduction also contains consolidated information on topics such as our strategic approach and goals, management tools, policies and guidelines, internal and external standards and the latest organizational developments.

This year's report focuses more intently on content relevant to the reporting period than previous reports. We have added the new "CR facts" format to this year's report. The "CR facts" provide background information on a variety of topics that can be accessed directly from the text via links. Readers can also access the "CR facts" section by clicking in the margin column. Together with this online report we are also publishing an e-paper with a summary of selected developments in the reporting period. It is entitled "We take responsibility. An overview of corporate responsibility in 2013." In addition to publishing the online CR Report, we have been using the We Care app since 2012 to reach a wide target group, sparking their interest in corporate responsibility and inspiring them to get involved.

SELECTION OF THE MAIN TOPICS FOR THE 2013 CR REPORT.

We conducted a multi-phase materiality process in Q4 2013 and Q1 2014 to help us select key topics for the report. This is an integral part of our annual CR reporting. It is a tool to help identify the topics with maximum relevance for us and our external stakeholders.

STRUCTURE OF THE CURRENT REPORT.

The online 2013 CR Report has been designed as a progress report that focuses on the key developments of the reporting period. The reader can access the six main sections of the report by using the wnavigation bar:

- Networks
- Customers
- Society
- Employees
- Suppliers
- Climate & environment

These are complemented by three additional sections:


- The Strategy and management section describes the management of CR processes and the Group-wide integration of Telekom's CR strategy.
- The majority of our national companies whose CR activities are described in this report have their own profile page. The profile pages can be found under the National companies menu option.
- In the Facts and figures section, consolidated and commented performance indicators provide information about our progress in the past few years.

In contrast to previous years, the content of the "Employees" section will only feature in the 2013/2014 Human Resources Report – the CR and HR Report are linked with each other for this purpose. Deutsche Telekom is one of the few companies to publish an independent HR report. This shows the high regard in which we hold our employees.

ASSURANCE ENGAGEMENT.

Selected KPIs in the 2013 CR Report from Germany as well as from our national companies T-HT Hrvatski Telekom (Croatia), Magyar Telekom (Hungary), OTE and Cosmote (Greece) and T-Mobile USA were audited by the auditing firm PricewaterhouseCoopers (PwC) as part of an assurance engagement. The following sections and subsections were also audited:

- Strategy & management
- Suppliers
- Protecting minors
- Facts and figures

The independent assurance report can be found under the assurance report menu item. All audited content of this report is marked with  and will remain effective until the next CR report is published. Individual sections of the report that were subject to the audit of our 2013 Annual Report have been labeled accordingly.

IMPLEMENTATION OF HIGH INTERNATIONAL REPORTING STANDARDS.

Telekom's 2013 CR Report fully complies with the guidelines (G3) of the Global Reporting Initiative (GRI). This also applies to the GRI Telecommunications Sector Supplement in the 2003 pilot version that is applicable to companies in the telecommunication industry. Compliance with both catalogs of requirements was reviewed by the GRI, which awarded the highest application level „A+.

This CR Report also serves as a COP (communication on progress) from Telekom as part of the United Nations Global Compact. The Global Compact COP provides an overview of specific measures used to put Global Compact principles into practice.

Furthermore, Deutsche Telekom yearly publishes an extensive declaration of conformity with the German Sustainability Code.

FOREWORD BY THE CHAIRMAN OF THE BOARD OF MANAGEMENT.

Dear reader,

The information and knowledge society is becoming increasingly dynamic. The amount of data and knowledge available online is growing exponentially and digital applications are enriching our every day lives. This calls for fast broadband networks.

That is why we as a telecommunications company bear considerable social responsibility. We create the infrastructure that helps permanently simplify life and improve its quality. We lay the foundation for innovation and participation in society by investing extensively in network expansion – more than EUR 3 billion in Germany alone in 2013. Our many innovations in the area of health are only a few examples. With our tele-medical solutions, we make it possible for people who are ill and in need of care to be monitored remotely so that they can continue to live independently in their familiar surroundings.

But Telekom is more than just an infrastructure provider. Responsible conduct is part of our DNA. This CR report includes a wealth of examples of how and in what areas Telekom pursues corporate responsibility as well as the progress we have made over the past year in different areas.

Data privacy is at the top of our list. Data security criteria are included in our product development processes right from the start. In 2013, for example, we considerably improved the anti-eavesdropping security of mobile communications by implementing the A5/3 encryption standard throughout Germany.

And we also work to protect the climate. By approving a Group-wide climate protection target in 2013, we made it possible to measure our progress in reducing CO₂ emissions at an international level. We are planning to reduce our CO₂ emissions by the year 2020 by 20 percent compared to 2008.

Social topics are high on our list as well. With our Social Charter, which we revised in 2013, we have sharpened our focus on topics such as how well our global suppliers respect human rights issues. We also began including a CR clause in all of our supplier contacts in June 2013. The clause describes the ethical, social, ecological and anti-corruption standards that we expect from our partners.



Timotheus Höttges, Chairman of the Board of Management, Bonn, Germany.

It is with conviction that I continue to pursue the clear commitment made by my predecessors to run the company responsibly and to comply with the principles set forth in the Global Compact of the United Nations. I am particularly interested in making it even more clear how important sustainability and social responsibility are to the value of our company. The ongoing integration of non-financial key performance indicators into our annual report is an effective step in this direction.

Sincerely,
Timotheus Höttges

GROUP PROFILE.

With around 143 million mobile customers and 31 million fixed-line connections, more than 17 million of which are broadband, we are one of the leading integrated telecommunications companies worldwide. We provide fixed-network/broadband, mobile, Internet, and IPTV products and services for consumers, and information and communication technology (ICT) solutions for business and corporate customers. We have an international focus and are represented in around 50 countries. In the 2013 financial year, we generated almost 58 percent of our Group revenue of 60.1 billion euros outside Germany. Overall, we employ around 228,600 people (December 31, 2013).

The Group is expressly committed to its corporate responsibility and bases its actions on economic as well as social and ecological criteria. In line with our goal of becoming a global leader in connected life and work, we plan to lead the way in corporate responsibility (CR) too.

BUSINESS DEVELOPMENT IN 2013.

We increased net revenue by 3.4 percent compared with the prior year to 60.1 billion euros in the 2013 reporting year. Our United States operating segment in particular contributed to this revenue trend as a result of the first-time inclusion (as of May 1, 2013) of the mobile communications company, MetroPCS, which merged with T-Mobile USA, and continued strong customer additions on the back of our Un-carrier strategy. Intense competition, the in some cases substantial price changes imposed by regulatory authorities, and the still strained economic situation in many countries of our Europe operating segment had a negative effect. Our Germany operating segment held its own, particularly in the mobile market, in the prevailing regulatory and competitive environment, but recorded a slight decline in revenue overall, mainly due to lower revenue in the traditional fixed network.

Net profit/loss.

Group net profit increased to 0.9 billion euros. In the prior year, we recorded a net loss of around 5.4 billion euros, mainly due to the recognition of an impairment loss in connection with the business combination of T-Mobile USA and MetroPCS.

For detailed information about the Group's performance and Telekom's financial data, please refer to the 2013 Annual Report.

GROUP STRUCTURE AND OPERATING SEGMENTS.

The following graphic provides an overview of organizational structure of our Group, which we will explain below.

The organizational structure at a glance.



- **Germany:** Our Germany operating segment comprises all fixed-network and mobile activities in Germany. In addition, it provides wholesale telecommunications services for the Group's other operating segments.
- **USA:** The United States operating segment combines all mobile activities in the U.S. market.
- **Europe:** The Europe operating segment comprises all fixed-network and mobile operations of the national companies in Greece, Romania, Hungary, Poland, the Czech Republic, Croatia, the Netherlands, Slovakia, Austria, Albania, the F.Y.R.O. Macedonia, and Montenegro, as well as the joint venture in the UK. It also includes the International Carrier Sales & Solutions unit, which mainly provides wholesale telecommunications services for the Group's other operating segments. The Europe operating segment also offers ICT services to business customers in individual national companies.
- **Systems Solutions:** The Systems Solutions operating segment bundles business with ICT products and solutions for large multinational corporations under the T-Systems brand. It offers its customers information and communication technology from a single source and develops and operates infrastructure and industry solutions for multinational corporations and public institutions. The products and services it offers range from standard products and IP-based high-performance networks through to complete ICT solutions.
- **Group Headquarters & Group Services:** This segment is comprised of service headquarters and companies affiliated with
- Deutsche Telekom AG that are not classified under an operating segment.

AWARDS.

We are very pleased about being listed in renowned sustainability rankings and ratings and about the numerous awards and certifications we have received during the reporting period. Our national companies were also recognized for their CR commitment in various areas. You can find an overview of this on the profile pages of the national companies. Current positions in ratings and rankings are presented in the strategy & management chapter.

AWARDS AND CERTIFICATES.

Networks.

1st place in the CHIP Online trade portal network test and voted Best LTE Network.



1st place in network test conducted by the "connect" trade journal.



1st place in the Internet & Telephony category in the "connect" trade journal.



Voted Mobile Network Operator of the Year, Fixed Network Operator of the Year and LTE Provider of the Year by readers of the "connect" trade journal.



Customers.

Gold for the 2011 CR Report in the Online Reporting category at the Econ Award for Corporate Communication.



National CSR Award granted by the Czech Republic Ministry of Trade and Industry and the national Organization for Quality for T-Systems Czech Republic as one of two winners.

Award for Social Responsibility for Crnogorski Telekom, granted by the Montenegro Chamber of Commerce.

Corporate volunteering activities at Crnogorski Telekom recognized with the ISKRA philanthropy award.



Society.

The "Yes, I can!" initiative selected as an "official measure" of the UN Decade Education for Sustainable Development for the first time.



Employees.

2nd place in the Online Talent Communication study and the silver Annual Multimedia Award for customer-centric HR communication.



Voted one of the top 20 employers in Germany's IT industry by "trendence Graduate Barometer Germany".



TOP Employers Award 2012-2013 for T-Systems Netherlands.



Gold in the Employer of Choice Award for T-Systems Malaysia.



Three Human Resources Excellence Awards granted by "Human Resources Manager" magazine for our HR projects, Telekom Challenge, Blind Applying and "Diversity in recruiting with HR diagnostic-based video interviews."



2nd place in the Female Recruiting Award for targeting female applicants.





The international KEN Award for our commitment to creating equal opportunities for men and women.



INDEPENDENT ASSURANCE REPORT.

Independent Assurance Report

To Deutsche Telekom AG, Bonn, Germany

We have performed a moderate assurance engagement in respect of observing the AA1000 AccountAbility Principles (Type 2 engagement) and in respect of selected sustainability information in the 2013 Corporate Responsibility Report (the CR Report) of Deutsche Telekom AG, Bonn, Germany (the Company) for the financial year from January 1 to December 31, 2013. Our assurance engagement related to selected individual disclosures and selected complete German pages from the Group's 2013 Corporate Responsibility Report website with information from the 2013 financial year. In cases where our review covers the entire content of the pages, as in the Suppliers, Strategy and management, and Consumer and youth protection sections, these pages are marked with the  symbol. Individual disclosures reviewed by us, such as information under the heading "Facts and figures" are marked directly with the  symbol. Any unmarked pages or disclosures referred or linked to from the web pages were not the subject of the assurance engagement.

Management's responsibility

It is the responsibility of the Company's management


- To comply with the principles of inclusivity, materiality and responsiveness as defined in the AccountAbility Principles Standard (2008) (the "AA1000 AccountAbility Principles"), and
- To prepare the sustainability information in the CR Report in accordance with the criteria set out in the Sustainability Reporting Guidelines Vol. 3.1 (pp. 7 to 17) of the Global Reporting Initiative (GRI).

This responsibility includes the conception, implementation and maintenance of systems and processes for ensuring compliance with the AA1000 AccountAbility Principles and preparation of the CR Report using assumptions and estimations for individual CR disclosures that are appropriate under the given circumstances.

Practitioner's responsibility

Our responsibility is to express an opinion, based on our assurance procedures, as to whether any matters have come to our attention that cause us to believe that, in all material respects,

- The systems and processes set up by the Company are not suitable for compliance with the AA1000 AccountAbility Principles of inclusivity, materiality and responsiveness, or

- The disclosures and pages of the CR Report marked with the  symbol have not been prepared in compliance with the criteria of the Sustainability Reporting Guidelines Vol. 3.1 (pp. 7 to 17) of the GRI. These selected disclosures can be found in the sections Strategy and management, Suppliers, Consumer and youth protection and Facts and figures in the CR Report.

We have also been commissioned to make recommendations on the further development of sustainability management and CR reporting.

We conducted our independent assurance engagement in accordance with the AA1000 Assurance Standard (AA1000AS) 2008, as well as in accordance with the International Standard on Assurance Engagements (ISAE) 3000.

These standards require that we comply with ethical requirements and that we plan and perform the assurance engagement with due regard for the principle of materiality so as to allow us to express our conclusion with moderate assurance, the level of assurance requested by Deutsche Telekom. We are independent within the meaning of section 3.2 of AA1000AS (2008). As a result of our specialist knowledge and experience of non-financial assurance engagements, sustainability management and social and environmental topics, we have the necessary expertise to carry out this assurance engagement.


In a moderate assurance engagement the evidence-gathering procedures are more limited than in a high assurance engagement, and therefore less assurance is obtained than in a high assurance engagement.

The procedures selected depend on the practitioner's judgment. We conducted our work on-site at Group Headquarters level in Bonn and at the level of selected subsidiaries, particularly at T-Mobile USA Inc., Bellevue, Washington (U.S.), OTE A.E., Athens, Greece, Cosmote Mobile Telecommunications S.A., Athens, Greece, Magyar Telekom Plc., Budapest, Hungary, and Croatian Telekom Inc., Zagreb, Croatia.

The procedures we carried out in terms of adherence to the AA1000 AccountAbility Principles included:

- Inquiries of the relevant contacts in the Stakeholder Management & Stakeholder Dialog and Corporate Responsibility areas;
- Examination of the relevant documentation regarding stakeholder dialog, further communication with stakeholders and participative formats at Group Headquarters level and at the level of selected national companies;

- Examination of the relevant documentation regarding pinpointing and prioritization of sustainability topics, CR action areas and identified stakeholder expectations at Group Headquarters level and at the level of selected national companies;
- Inquiries of selected departments with a focus on the employees and suppliers stakeholders and acquisition of sample evidence from selected projects relating to sustainability and stakeholder management that serves as additional proof that the AA1000 AccountAbility Principles are being observed in the organization.

In connection with the sustainability information in the CR Report marked with , we conducted, among others, the following review procedures:

- Inquiries of the employees of the departments responsible for preparing the CR Report about the CR reporting process and the internal control system for this process;
- Inspection of the documents describing the CR strategy and gaining an understanding of the organizational structure of CR, the dialog with stakeholders and the development process behind Deutsche Telekom's CR program;
- Inquiries of the employees of the specialist departments responsible for the content of individual sections of the CR Report;
- Determination of procedures and inspection of the documentation for the systems and processes used in the collection, analysis, plausibility checks and aggregation of CR data and carrying out spot checks of these;
- Carrying out on-site visits as part of the survey of the process of collecting, analyzing and aggregating selected information;
- Analytical assessment of the information disclosed in the CR Report;
- Comparison of selected data with corresponding data in the 2013 Annual Report;
- Obtaining further proof for selected information disclosed in the CR Report through inspection of internal documentation (e.g., Board of Management and committee decisions, internal audit reports) and contracts, as well as the analysis of data that was generated in the form of reports from IT systems.

Key findings and conclusions

Findings with regard to the AA1000 AccountAbility Principle of **inclusivity**:

- Stakeholder management is controlled at Group level by the central CR Communication & Stakeholder Management function within the Corporate Responsibility department. This department has also been driving the Stakeholder Management Strategy project. This project aims to design focused relationships between the company and its stakeholders and to systematically implement a stakeholder management system and stakeholder management throughout the Group.

- The principles of stakeholder involvement at Deutsche Telekom AG have been defined in accordance with the AA1000 AccountAbility Principles.
- It was found that Deutsche Telekom has established processes that facilitate exchange with stakeholders and support the involvement of stakeholders in decision-making processes. At the level of selected departments, stakeholders are actively involved in projects.
- At international level, the involvement of stakeholders is organized at subsidiary level. Central functions at Group level regularly exchange information with the international subsidiaries. It was found that stakeholders are regularly involved (e.g., through inquiries, workshops or dialog formats) at the level of selected subsidiaries. The international roll-out of the stakeholder management strategy continued during the reporting period.


Findings with regard to the AA1000 AccountAbility Principle of **materiality**:

- As part of the materiality process, key CR topics are systematically identified with the input of internal and external stakeholders and shown in the materiality matrices and in the topics relating to the three action areas within Deutsche Telekom AG's CR Report.
- As part of central stakeholder involvement, the expectations of individual stakeholder groups are determined in a targeted way and evaluated, and can then be taken into account in CR reporting, further CR communication, and the strategic alignment of the CR department.
- In 2013 the strategy was revised internally and in part redesigned. This included adding certain measures aimed at the suppliers and investors stakeholder groups.
- The activities, research projects, publications and statements made by these stakeholder groups are continually monitored, summarized, and assessed in terms of their relevance for Deutsche Telekom AG in an internal newsletter, the NGO Radar.

Findings with regard to the AA1000 AccountAbility Principle of **responsiveness**:

- Our random sample inquiries and the evidence we have acquired show that the processes for responding to stakeholder queries are running adequately.
- It was found that the principles of the GRI were being used, which are suitable for CR reporting.
- Communication with stakeholder groups is carried out via various channels, with a good balance of topics.

Based on our moderate assurance engagement, nothing has come to our attention that causes us to believe that, in all material respects, the systems and processes established by the Company are unsuitable for fulfilling the AA1000 AccountAbility Principles of inclusivity, materiality and responsiveness. Furthermore, nothing has come to our attention

that causes us to believe that, in all material respects, the disclosures and pages of the CR Report for the 2013 financial year marked with the  symbol have not been prepared in accordance with the criteria of the Sustainability Reporting Guidelines Vol. 3.1 (pp. 7 to 17) of the GRI.

Additional information—Recommendations

Without qualifying the conclusions of our engagement set out above, we make the following recommendations for the further development of sustainability management and CR reporting:

- Further development of stakeholder management, in particular:
- Continuation of the systematic implementation of the central stakeholder management approach at international level and in the area of supply chain management.
- Expansion of the NGO radar to include further relevant stakeholder groups and consideration of the assessment in the materiality process.

Expansion of the Group-wide management function for sustainability, e.g.:

- Further development of the documentation for central and local processes with the aim of ensuring that the main process steps for determination and internal controls of all CR KPIs contained in the report are defined.
- Development of clear, unambiguous definitions of the performance indicators for supply chain management and further formalization of the processes in place for collecting the relevant data.

Düsseldorf, May 09, 2014

PricewaterhouseCoopers
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Hendrik Fink
Wirtschaftsprüfer (German Public Auditors)

ppa. Aissata Touré
Wirtschaftsprüfer (German Public Auditors)

i)"Moderate assurance" as defined by AA1000AS (2008) is the same as "limited assurance" as defined by ISAE 3000.

ii)"High assurance" as defined by AA1000AS (2008) is the same as "reasonable assurance" as defined by ISAE 3000.

USER HELP.

We have included different service features to make it easier for you to read and use this CR Report. Below is a description of how to use these service features.

MAIN TEXT.

Drop-down headings.

The text contained in this CR Report has been structured with drop-down headings to make the content easier to navigate. If you would like to learn more about a certain topic, you can open the text by clicking on the appropriate heading. You can close the text by clicking on the heading again. This feature lets you open the text for several headings, one after the other. Alternatively, you can select the "Open all lists" function located in the service box on the right-hand side below the header "This section" to make all of the text visible and then hide it again. If additional information is available about a topic, the "CR facts" icon will appear below the main text. Click on the icon to view this background information.

Performance indicator graphics.

Selected performance indicators for the Group are presented in graphics in the "Facts and figures" section. The upper right-hand corner of some graphics contains a field that you can use to access the interactive company benchmarking tool. You can also switch between MWh and joules when viewing our energy consumption performance indicators.

SERVICE FEATURES IN THE RIGHT MARGIN.

This section.

In order to enable barrier-free access to the report content as far as possible, we integrated the "Read page out loud" option under "This section."

We also included the following features:

- "Open all lists" – you can view the entire text on this page. Click again to hide the text.
- "Print this page" – prints the current view
- "Save this page" – saves the current view as PDF
- "Add to info cart" – lets you add different pages to the info cart while reading the report


"View info cart" – this link will take you to the info basket, providing you with an overview of the pages you have selected. You can download individual pages or several pages at one time as a PDF. You also have the option of saving all selected files on your computer as a compressed ZIP file. You need to have ZIP software installed on your computer to unzip the files. Cookies need to be activated on your browser in order to use this function.

My bookmarks.


You can mark up to five pages of the CR Report in the right-hand column under "My bookmarks" and access them with a single click. Cookies need to be activated on your browser in order to use this function. Under the "Contact" heading we offer you various options for getting in touch with the right contact person for your questions and suggestions.

Service.

You will find the following links to additional information and download options in the right-hand margin column under "Service":

- **Media archive:** This link will take you to a selection of videos from past CR reports.
- **Download center:** You will find the entire 2013 CR Report as well as individual sections and other important CR publications from past years to download as a PDF file in the download center.
- **An overview of CR 2013:** Information from the reporting period summarized in our e-paper, "We take responsibility. An overview of corporate responsibility in 2013." (view online or as a PDF).
- **The We Care CR app:** An entertaining introduction to CR for your smartphone or tablet computer.
- **CR facts:** Additional background information on different topics or terms included in the CR report – can also be directly accessed in the text by clicking on terms marked with the  symbol (view online)

INTERACTIVE PERFORMANCE INDICATORS.

Go to "Interactive performance indicators" to select the interactive company benchmarking tool. The tool lets you compare the Group's performance indicators over several years as well as those of selected national companies. You can view values in tables, bar or line diagrams. To view a benchmark of different national companies, open the scroll bar in the window at the top left and select the "National companies benchmark" option. The benchmark also includes important background information on the development of specific values for the years 2009 to 2013. Information will appear in a small window when you hover over the  icon with your mouse. Click on the symbol to show the text below the table. The purpose of this option is to make it easy to track significant changes in the values. In addition, the relevance for various reporting standards is specified under each indicator.


SERVICE FEATURES IN THE LEFT MARGIN.

Social media.

Social network functions have been activated for the CR Report pages. You will find the links at the lower end of the menu column. Clicking on the icon of the respective network will allow you to directly access the Telekom offer available at that network.

UPPER SERVICE BAR.

Glossary.

The glossary contains definitions of the most important terms used in the CR Report. These are marked with the  icon in the text. You can view the definition of a term by hovering your mouse over the icon. You can also access the glossary in the upper service bar and view all terms individually.

Overview.

The "Overview" feature provides an overview of the structure and all the content of the CR Report.

Search function.

You can search for specific information in the CR Report by clicking on the magnifying glass icon, entering the search term and clicking on the arrow.

Englisch/German.

The contents of the CR report are available in English or German. You can switch from one version to the other by clicking on the language of your choice.

STRATEGY & MANAGEMENT.



Employees submitted 467 ideas on how to reduce energy consumption and CO₂ emissions in the context of our Ideas Garden competition.

THE TELEKOM IDEENGARTEN FOR CLIMATE PROTECTION

"Based on our experiences, we as employees often have very clear ideas of how to make our company more sustainable. I think it's great that Telekom encourages us to get involved. The Ideengarten competition was a welcome opportunity to contribute my ideas on mobility management."

Mark Breitenbücher, Winner of the Telekom Ideengarten competition for climate protection competition

Objective

To promote climate-friendly conduct throughout our company with the help of our employees' excellent ideas and involvement

Success

467 employees submitted climate protection ideas

Implementation

By getting our employees involved, we want to encourage responsible conduct throughout our company and utilize the tremendous innovation potential of our employees' ideas. That is why we called on all Telekom employees in Germany to participate in a competition to help protect the climate. The jury announced the winners in February 2014. First place went to an idea for introducing mobility management throughout the company.

Each year, we identify topics that are fundamental to sustainable business development in consultation with our stakeholders (materiality process). Our Ideengarten competition for climate protection, which takes place as part of our stakeholder involvement activities, is a good example of how we put these into practice. The following diagram provides an overview of the key topics addressed in our strategy and management section. Just click on the items in the diagram to learn more.



VISION.

Our CR vision specifies a key goal for the sustainable development of our company. It is based on our corporate principle, "We take responsibility," and articulates an approach that extends beyond short and medium-term goals and requires us to embrace sustainability in all of our business activities. Our CR vision provides a Group-wide orientation framework that includes all CR action areas, laying the foundation for Telekom's CR strategy.

OUR CR VISION:

"Deutsche Telekom is a driving force internationally for sustainable action, it sets the standard for connected life and work, it sets an example in integrating people into the information society, and it is a leader on the way to a low-carbon society."

VALUES AND GUIDING PRINCIPLES.

Corporate responsibility (CR) is based on shared values. It is important to communicate these fundamental values to all employees in the form of mandatory guiding principles and codes of conduct in order to guarantee a value-based corporate culture. Deutsche Telekom has created effective tools for doing this with its Guiding Principles, its Code of Conduct and its Social Charter. These are an important basis for our compliance management, which guarantees the lawfulness of our corporate activities.

Our Guiding Principles are a living set of values. We regularly update them in keeping with new developments. In 2013, for example, we added the concept of "simplicity" to the first guiding principle. Our Guiding Principles are an important topic in internal communication at the Group, particularly during our annual Guiding Principles Day. Our focus on these principles helps us promote responsible, sustainable conduct in our daily work activities.

We also revised our Social Charter in 2013 and made a few additions to it.

EMBRACING OUR GUIDING PRINCIPLES.

Telekom's Guiding Principles are a key tool in our human resources activities. They form the basis for reliable cooperation at the company and motivate us to keep delighting our customers with our products and services. We encourage our employees to incorporate the Guiding Principles into their everyday work through regular communication.

In 2013 we added the concept of simplicity to our first Guiding Principle, which now says "Customer delight and simplicity drive our action." We announced the addition in a Group-wide video spot and discussed what this new idea means for our employees in our internal social network. Employees also participated in a number of activities under the "simplicity" theme at our fourth Guiding Principles Day in September. The Chief Human Resources Officer prepared a video message on the topic for our employees as well. We also published a video and a photo show on 5 Years of Guiding Principles on the Telekom Social Network (TSN) to mark the occasion of the five-year anniversary of our Guiding Principles.

Putting our efforts to the test.

We have been conducting pulse surveys for several years now to find out what our employees think about different Telekom topics. We ask them to respond to several statements with yes or no including the statement "I experience the Guiding Principles being lived in my day-to-day work." The positive feedback is growing every year. 66 percent responded with yes in the April 2013 survey. That is three percentage points more than the results from October 2012. And 70 percent responded with yes in our November 2013 survey. That shows that our efforts are paying off.

GUIDING PRINCIPLES DAY.

Telekom held its fourth Group-wide Guiding Principles Day on September 25, 2013. Each employee is called upon to think about the Guiding Principles and come up with ideas on how to fill them with life in day-to-day work. The annual event is a huge success throughout the different countries and cultures. There are many examples showing how our corporate values connect our employees.

The focus of the 2013 Guiding Principles Day was "Customer delight and simplicity drive our action," the first of our five Guiding Principles, to which we added the concept of simplicity at the start of the year. We invited our employees to "simply give it a try." The Group units are free to organize the day as they see fit. Activities in 2013 ranged from making huge magenta Ts in Austria to a colorful team event in Slovakia. The Chief Human Resources Officer prepared a video message on the topic for our employees. Niek Jan van Damme, Managing Director, and Dietmar Welslau, Director for Human Resources at Telekom Deutschland GmbH, invited the employees to "simply spend some time talking with the executive management." The role that our Guiding Principles play in our daily business activities was discussed at every event. Our employees used our internal Telekom Social Network (TSN) extensively to discuss the topic.

Even the 9th Telekom BarCamp, which was held in Bonn that same day, mirrored the theme of Guiding Principles Day. A BarCamp is a conference at which the participants decide what the content and agenda will be at the start of the conference itself. It is supported by discussions in social media. More than 400 employees met at a total of 30 workshops to talk about how to simplify things in their daily work. All of our employees had the opportunity to follow the event live on the intranet and TSN.

Guiding Principles Day also included activities that centered around our employees' volunteer efforts (corporate volunteering). Activities ranged from volunteering for Deutsche Tafel e.V., the German food bank federation, to giving blood or helping teach people with mental disabilities how to use the Internet and cell phones. One focal point was the blood typing drive run by DKMS, the German bone marrow donor center, in Bonn and Darmstadt. The idea of incorporating corporate volunteering into the Guiding Principles Day concept was developed at the 11th CR Manager Meeting in spring 2013.

COMPLIANCE WITH HUMAN RIGHTS.

The corporate responsibility to respect human rights is integrated into Telekom's fundamental policies: the Guiding Principles, Code of Conduct and the Social Charter. Other important guidelines for compliance with human rights are contained in Telekom's Employee Relations Policy and Diversity Policy.

The Employee Relations Policy, which has been rolled out throughout the Group, defines the core elements of Deutsche Telekom's human resources policy and describes what we stand for in our relationships to our employees around the globe. These relationships are characterized by our shared values and are derived from our five Guiding Principles as well as from additional Group policies. The Employee Relations Policy also includes statements on the following topics: employee development, handling change responsibly, health and sustainability, fair pay, work-life balance, leadership, diversity, communication and collaboration with employee representatives as well as the ban on discrimination.

With our Diversity Policy which is also mandatory throughout the Group and which specifies one of these core elements in greater detail, we make a commitment to meeting minimum standards in our treatment of employees in order to prevent any kind of discrimination, i.e., based on gender, age, disability, ethnic background, religious beliefs or sexual orientation.

Guidelines on human rights in the ICT sector.

The European Commission published guidelines on human rights in the information and communications sector in July 2013. As part of an expert group, Telekom representatives contributed to the development of recommendations specified in the guidelines. Alongside, we analyzed the strategic consequences the guidelines would have on the respect for human rights in our business activities at an early stage. We also identified areas within the Group where activities and processes could have an impact on human rights – both positive and negative. In discussions with the respective units, we will identify opportunities to strengthen human rights in the context of our business activities as well as potential human rights risks and how we could prevent or minimize these.

Start of human rights impact assessments.

Telekom began conducting human rights impact assessments based on the UN Guiding Principles on Business and Human Rights in 2013. The assessments help us identify the impact that business activities in and outside the Group have on potentially affected groups of people while introducing a continual improvement process as needed. We decided to take a country-specific approach to these assessments and included human rights issues in the evaluation process organized at our different national companies within the framework of the Group Employee Relations Policy. Our employees were identified as the affected group of people in this context. As part of a dialog with both managers and employees, we asked questions about human rights aspects that may be relevant to our employees, e.g., health, equal rights, access to complaint channels and working conditions. We summarized the results in internal reports, analyzed them in terms of our corporate processes and developed concrete follow-up measures. In one case, for example, a project had resulted in excessive extra work for employees over a considerable period of time. On the basis of the evaluation, the resource allocation in the project was adjusted, decreasing the extra workload. We systematically monitored the implementation and effectiveness of these measures. We plan to continue this approach in 2014 and take a closer look at the possible impact of our business activities on human rights in selected countries.

As part of our sustainable supplier management system, we also conduct employee interviews during social audits. Further information on this can be found in the "Supplier management" section.

Human rights perspective integrated into processes.

The UN Guiding Principles on Business and Human Rights require companies to more effectively integrate the human rights perspective into relevant business areas and internal processes. In order to implement it, we, for instance, integrated a human rights perspective into our due diligence activities of mergers and acquisitions. Hence, from the beginning of merger and acquisition processes onwards, our Human Resources personnel are able to take human rights issues during the risk assessment into account. We plan to continue the integration process in 2014 that is already underway. The sustainability requirements (e.g., 1st principle "Act responsibly - think globally") which we integrated into our Design Principles for product development in 2012 also represent an initial step on which we can expand.

Complaint channels modified.

We offer employees, investors, customers, suppliers and other stakeholders the opportunity to notify us of possible violations of Telekom policies, legal regulations or codes of conduct. Information can be provided - anonymously, if desired - to central or local compliance units. This also applies to potential human rights violations and possible violations of the principles specified in our Social Charter. Tip-offs can be sent by e-mail, phone, mail or via an anonymous whistleblower system in various languages. This anonymous whistleblower system works like an electronic mailbox and enables anonymous dialog. All tip-offs received are checked by specially trained employees from our Group.

Our revised Social Charter, which was adopted in October 2013, explicitly refers to the set-up of a point of contact for human rights issues. We have reported both internally and externally on the platform which will hopefully encourage people to report human rights concerns in case a potential human rights violation occurs. The UN Guiding Principles on Business and Human Rights address complaint channels at the corporate level and name criteria for judging the effectiveness of non-judicial complaint mechanisms. Therefore, in case of a human rights-related tip-off, the contact point for human rights will nowadays be involved into the process of the grievance mechanism. One of the criteria for judging the effectiveness of complaint channels is the constant improvement of the mechanism. For this reason, we will review the system annually in order to learn from past incidents and the follow-up processes involved. We plan to create more transparency by annually reporting anonymized on incidents that were reported.

Networks.

After attending workshops in 2012 and 2013, Telekom became a member of a learning group hosted by the German Global Compact Network during the reporting period. The learning group aims at analyzing and improving management skills with regard to business and human rights. The aim is to stay up-to-date on current developments, share information with representatives from other companies and develop measures to strengthen the respect for human rights at our company. We also participate in working groups on human rights organized by econsense – Forum for Sustainable Development of German Business and GeSI

(Global eSustainability Initiative).

NEW REVISED SOCIAL CHARTER PUBLISHED.

Telekom expressed its commitment to ethical corporate governance in its Social Charter which was introduced ten years ago. The Charter was revised and complemented in 2013. One of the reasons for this was to align it with the United Nations Guiding Principles on Business and Human Rights. The core of our Social Charter, however, remains unchanged. It specifies the working conditions and social standards under which our products and services are produced and offered. The Social Charter is a behavioral guideline for all of our employees, investors, customers and suppliers.

The most significant changes deal with the general treatment of human rights issues and the set-up of a point of contact for internal and external inquiries on human rights. Telekom is also committed to using its technologies, products and services to promote respect for human rights.

The Social Charter documents Deutsche Telekom's commitment to observing international standards and avoiding human rights violations even where national law and regulation are not sufficient or absent. The revised Social Charter also addresses the topics of sustainability and environmental protection. Furthermore, it explicitly specifies employee rights to protection against disciplinary measures.

We added a new section on communication and transparency in line with one of the key requirements specified in the UN Guiding Principles on Business and Human Rights. In this section, Telekom commits to regularly reporting on its progress in implementing the basic principles contained in the Social Charter. This CR Report is one example of Telekom's communication measures.

CODE OF RESPONSIBLE CONDUCT FOR BUSINESS.

Telekom was among the first to sign the German Code of Responsible Conduct for Business, which was presented to the public in November 2010. This was an express commitment to responsible corporate governance in line with the principles of the social market economy, to fair competition, cooperation with employee representatives, business excellence and sustainability. Our comprehensive CR activities bear witness of this commitment. With our Guiding Principles, Code of Conduct and Social Charter, we have created a framework that also provides guidance to our employees and suppliers.

We also actively participate in discussions regarding the Code of Responsible Conduct for Business, thereby helping to spread it as a joint project of German enterprises. 43 companies and five other organizations have made an official commitment to the Code of Responsible Conduct for Business to date (last updated February 28, 2014).

CR STRATEGY.

Deutsche Telekom aims to position itself as a global leader in connected life and work. We also want to be at the forefront of our industry when it comes to taking social and ecological responsibility.

With our Group-wide CR strategy, we have committed ourselves to sustainable corporate governance. The strategy was first approved by the Board of Management in 2008. It is based on our Group strategy and also provides a framework for our national companies when it comes to implementing CR in their areas of responsibility. Central components of the CR strategy include our CR action areas and our CR program in which we have specified our targets and the measures to achieve them. Telekom's stakeholder involvement strategy is another important part. Implementation of our CR strategy is facilitated by organizational and management structures designed to embrace CR in the Chairman's department and at top management level at our national companies.

- Telekom's central CR unit, Group Corporate Responsibility, is responsible for strategic CR management and communication activities.
- The CR Board with its broad organizational basis within the Group helps to keep our CR strategy in line with our Group and brand strategies as well as with our corporate values.
- The HR Leadership Team (HR LT), an advisory and decision-making body within the Human Resources (HR) Board department, is responsible for top-level corporate responsibility aspects.
- The CR managers from the different business areas and national companies are responsible for operational implementation of the CR strategy. They established the CR Manager Network at Group level to facilitate decisions and information exchange regarding key developments.

We regularly measure our CR performance using CR key performance indicators (CR KPIs) to monitor the success of our CR strategy and the extent to which we have been able to lead the way in corporate responsibility.

CR POLICY ADOPTED FOR THE ENTIRE GROUP.

In December 2013, our Board of Management adopted a CR Policy for the entire Group subject to approval by the relevant co-determination bodies. The Group Policy on Corporate Responsibility underlines the importance of CR for our company. It defines concrete rights and obligations for the company units and functions and refers to the following areas: governance structures, sustainable business practices, responsible supply chain, resources and energy efficiency, climate protection, social commitment, and sustainable products and services for our customers. The policy also describes the Group's CR organization, naming the Group Board of Management as the bearer of overall responsibility for CR. The policy will be rolled out at our national companies beginning in 2014.

ACTION AREAS.

Technological progress as well as communication at any time and anywhere are fundamentally changing our lives. Knowledge that is available to everyone opens up new ways of tackling global challenges like climate change and living in an aging society. In short: Technological innovation makes it possible to live a more sustainable life.

Telekom lays the foundation for this with its extensive network infrastructure and its products and services based on this network. Our plan is to facilitate connected life and work, connect the unconnected and contribute to a low-carbon society. Our customers and employees, suppliers, investors, our environment and society are just some of the stakeholders that benefit from Telekom's involvement in these three CR action areas, all of which are directly connected to our core business.

WE TAKE RESPONSIBILITY ...

...FOR CONNECTED LIFE AND WORK.

We are helping shape the change in the increasingly digitized work and living environment. Deutsche Telekom supports cultural change with innovative products and solutions toward greater self-determination and quality of life both in our professional and personal lives. Our goal is to be a driving force for sustainable life and work.

...FOR CONNECTING THE UNCONNECTED.

Irrespective of their social or economic opportunities, we try to get as many people as possible involved in the development of the society they live in. With this in mind, we promote numerous community initiatives and support projects for media skills development.

... FOR A LOW-CARBON SOCIETY.

Global warming and its consequences are one of the greatest challenges facing mankind. We have launched large-scale initiatives to reduce our own emissions in the long term. At the same time we are also empowering our customers and partners to make their contribution to climate protection with our solutions.

CR KEY PERFORMANCE INDICATORS.

Our CR KPIs are management tools that facilitate transparency and continuous systemic improvement of our performance. Some of these are included in our annual reporting as well.

CR KPI.

In order to steer its CR performance, Telekom uses seven CR key performance indicators (CR KPIs) that apply throughout the Group.

- Socially Responsible Investment (SRI) CR KPI
- Employee Satisfaction CR KPI
- Sustainable Procurement CR KPI
- CO₂ Emissions CR KPI
- Energy Consumption CR KPI
- Social Commitment CR KPI
- Used Cell-Phone Collection CR KPI

The CR KPIs are management tools that help us systematically and transparently improve our performance on an ongoing basis. Collection of data on our Group-wide KPIs is mandatory for all of Telekom's national companies. As in past years, we use standardized recording methods in most cases and maintain consistent reporting processes over several years to make it possible to compare values. We are planning to begin thoroughly reviewing our CR KPIs in 2014 and integrate new CR KPIs into our data collection process where necessary. Despite these adjustments, we plan to continue to report on the current CR KPIs so that our readers will be able to compare the available data.

CR KPI REPORTING IN THE ANNUAL REPORT.

Since 2013, the DRS20 German accounting standard has specified that management-relevant, non-financial KPIs be included in forecast reporting. From a CR standpoint, we are very pleased with this development. That is why we made a qualitative statement regarding 2014 and 2015 trends for the most important CR KPIs in our 2013 Annual Report with the goal of further integrating our financial and CR reports. The statement applies to the Energy Consumption, CO₂ Emissions and Sustainable Procurement CR KPIs. With this forecast, we highlight these CR KPIs compared to previous years while complying with the DRS20 standard at the same time.

INTERNATIONALIZATION.

Putting a shared CR strategy into practice is particularly challenging for an international corporation and requires a coordinated, collaborative approach at all Group units. To help this process along, we have developed skills and capacities at our various Group companies that we use to realize our key CR targets worldwide. CR manager meetings and web conferences are held regularly. We focus on three action areas in our CR strategy internationalization efforts. Most of the 20 national companies represented in our CR Manager Network have already incorporated these action areas into their local CR strategy.

INTERNATIONAL COOPERATION IN THE CR MANAGER NETWORK.

The CR Manager Network meets regularly to promote international collaboration. The eleventh and twelfth CR Manager Meetings took place in 2013 on April 25th and 26th at T-Systems in Munich and on November 12th and 13th at the OTE Group in Athens.

The spring meeting featured workshops on stakeholder dialog at our national companies. Participants came up with recommendations on how to structure corporate volunteering activities internationally within the Group. These concepts were put into practice by different national companies on Guiding Principles Day. The CR managers systematically continued to work on the issues addressed at the tenth meeting and shared selected best practice examples on the three CR action areas addressed by our CR strategy. They also discussed sustainable procurement management practices. As an additional highlight, a speaker presented via video conference a solution for implementing international labor standards at supplier sites.

The most important point on the agenda at the Athens meeting in the fall was discussing input for Telekom's CR Policy, which also involved looking at local CR governance structures at the national companies. In the context of preparatory work for defining an international climate target, detailed information was presented on the latest progress in measuring Scope 3 emissions. A guest presentation showed Deutsche Telekom's CR activities from the external perspective of an investor.

The CR managers also address other topics during their frequent telephone conferences. In the fall, internal experts presented the Green Energy Procurement project.

SUSTAINABILITY COMMITTEE ESTABLISHED AT HRVATSKI TELEKOM.

In July 2013 a Sustainability Committee was established with the aim of proactively involving the Supervisory Board of Hrvatski Telekom in sustainability matters, and overseeing the implementation of the guidelines and internationally accepted standards of reporting on sustainability. The Committee is accountable to the Supervisory Board. In line with its functionality, the Committee is monitoring the implementation of sustainability, discussing areas of possible improvement, and putting forward sustainability-related proposals. The Committee consists of three members, with the chairman and other two members appointed by the Supervisory Board.

STRATEGY ROADSHOW.

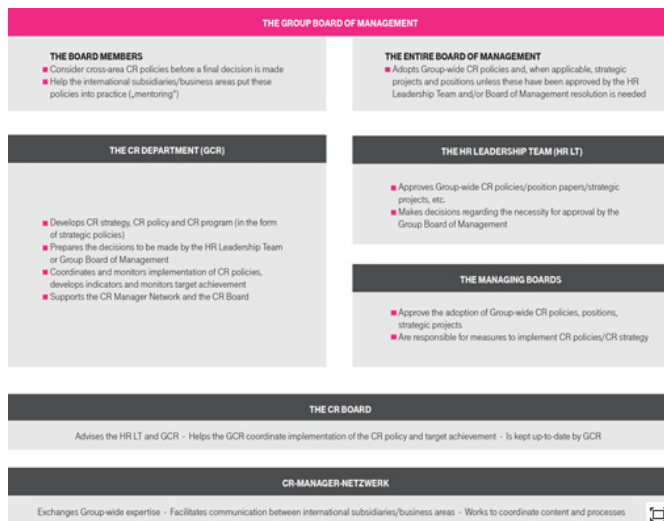
In February 2014 the CR strategy of T-Mobile Netherlands was presented to the company's Board of Management as a nationally aligned version of the Group's CR strategy. Besides the general aim of improving CR governance, the Dutch CR strategy involves taking on responsibility in core areas (as defined by a materiality assessment), defining the aims of social sponsorships (in alignment with the Group CR strategy) and increasing the company's presence in the national CR arena. In the field of sustainable operations the Dutch CR strategy aims to align CO₂ targets with those of Deutsche Telekom and reduce costs through energy savings and less material wastage. Last but not least, T-Mobile Netherlands wants to introduce mobile working practices to boost employee loyalty and set up a corporate volunteering program.

CR GOVERNANCE.

Telekom has created an integrated governance structure for CR in order to closely link strategic management and operational implementation throughout the Group. The Deutsche Telekom Board of Management carries general responsibility for CR. The Group has developed this structure to make sure that sustainability is part and parcel of all business activities, emphasizing its commitment to society.

CURRENT ORGANIZATIONAL STRUCTURE.

CR-Governance



The focus of our CR strategy and its operative implementation are closely intertwined throughout the entire Telekom Group thanks to an integrated governance structure. The Deutsche Telekom Board of Management takes overall responsibility for CR. In this way, we can make sure that sustainability is part and parcel of all business activities and emphasize our commitment to society. The Group Corporate Responsibility department is responsible for strategic CR management and communication activities.

As an engine of renewal at our company, the CR department is part of the Group Transformational Change & Corporate Responsibility (GTC) unit. The unit, which is under the direction of the Board Member for Human Resources, is responsible for advancing our corporate culture with a focus on innovation, individual responsibility, entrepreneurship and social responsibility.

Another pillar of our CR governance structure is our HR Leadership Team (HR LT). The team is an advisory and decision-making body for the Human Resources (HR) Board department. It is made up of managers reporting directly to the Board Member for HR and makes decisions

regarding Group-wide policies and guidelines, CR positioning and the strategic focus of the CR department.

The CR department and the HR LT are advised and supported by the CR Board when it comes to CR management and strategy enhancement.

The CR managers from the different business units and national companies are responsible for operational implementation of the CR strategy. They collaborate intensively in the international CR Manager Network where they coordinate their activities and share best practices.

INTEGRATED HSE MANAGEMENT SYSTEM.


























We want to make sustainability a component of all our business processes and of our employees' everyday lives. Our health, safety and environment (HSE) management system helps us make this possible. The system is based on the international standards OHSAS 18001 for occupational health and safety and ISO 14001 for environmental management. Our HSE strategy currently focuses on 42 national companies, of which 34 are externally certified or internally audited (last updated April 2014).














CR CONTROLLING AND INTEGRATED REPORTING.

Deutsche Telekom's CR controlling system plays a key role when it comes to steering our CR activities. It has been supported by an IT-based data collection system for the past five years. The system gives us more capacities to conduct extensive analyses of CR data. For example, it makes it easier for us to assess whether we have achieved our CR targets. The system also guarantees a transparent reporting process for CR data and performance indicators throughout the Group. It supports standardized, mandatory processes at the Group and national level and enables Group-wide benchmarks. CR data and CR KPIs were integrated into the Group-wide tool for collecting financial data in 2011. This has allowed us to successively consolidate the processes involved in our annual and CR reports into an integrated reporting process.

Reporting on CR KPIs outside the CR Report.

The Energy Consumption and CO₂ Emissions CR KPIs have been included in the HR KPI Report once per quarter since Q2 2013, making them part of the reporting process for the Group's top management. As a result, key CR information is now included quarterly in this report, which is presented to the entire Board of Management each month. We have also integrated CR KPIs into our Annual Report based on the successive integration of our annual and CR reporting processes. Please refer to the section on Finance for more information.

National company	Certificates	Certification/ Auditing
Albania Mobile Communications (AMC)	ISO 14001  , OHSAS 18001 	External
T-Mobile Austria	ISO 14001  , OHSAS 18001 	External
T-Systems Austria	ISO 14001  , OHSAS 18001 	External
T-Systems Belgium	/	/
T-Systems Brazil	ISO 14001  , OHSAS 18001 	External
Cosmote Bulgaria	/	/
T-Systems China	/	/
Hrvatski Telekom, Croatia	/	External
T-Mobile Czech Republic	ISO 14001 	External
T-Systems Czech Republic	ISO 14001  , OHSAS 18001 	External
T-Systems Nordic (Denmark)	/	Internal
T-Systems France	/	/
Cosmote Greece	ISO 14001  , OHSAS 18001 	External
OTE Telecom, Greece	ISO 14001  , OHSAS 18001 	External
T-Systems Hongkong	/	/
ITS Hungary (T-Systems)	ISO 14001  , OHSAS 18001 	External
T-Systems Japan	/	/
Magyar Telekom, Hungary	ISO 14001 	Internal
Makedonski Telekom, Macedonien	ISO 14001 	Internal
T-Mobile Macedonia	ISO 14001 	Internal
T-Systems Malaysia	ISO 14001  , OHSAS 18001 	External
T-Systems Mexico	ISO 14001  , OHSAS 18001 	External
Crnogorski Telekom Montenegro	/	Internal
T-Mobile Montenegro	/	Internal
T-Mobile Netherlands	ISO 14001 	External
T-Systems Netherlands	ISO 14001  , OHSAS 18001 	External

T-Systems UK	ISO 14001  , OHSAS 18001 	External
T-Mobile Poland (PTC alt)	ISO 14001 	External
T-Systems Poland	/	/
Cosmote Romania	ISO 14001  , OHSAS 18001 	External
Rom Telekom	ISO 14001 	External
T-Systems CIS (Russia)	/	/
T-Systems Singapore	/	Internal
Slovak Telekom, Slovakia	ISO 14001 	External
T-Systems Slovakia	ISO 14001  , OHSAS 18001 	External
Deutsche Telekom Shared Services Slovakia	/	Internal
T-Systems South Africa	ISO 14001  , OHSAS 18001 	External
T-Systems Spain & Iberia	ISO 14001 	External
T-Systems ELTEC SL Spain	ISO 14001 	External
T-Systems Switzerland		Internal
T-Mobile USA		Internal
T-Systems North Amerika	/	Internal

FINANCE.

Sustainable performance for T-Shares.

Investors concerned with social responsibility are mainly interested in long-term returns instead of short-term profit. That makes their investments (socially responsible investments, SRI) particularly important when it comes to securing long-term capital for Deutsche Telekom AG. Which is why we consider SRI investment decisions in favor of T-Shares an incentive to increase our sustainability efforts.

SRI investment products generally consist of securities from companies that have passed an audit conducted in accordance with ESG criteria in the areas of environment, social issues and good corporate governance. This is why the development of demand for T-Shares from socially responsible investors serves as an indicator for assessing our sustainability performance. We measure the percentage of our shares held by funds that partially or primarily base their investments on SRI/ESG criteria in relationship to the total volume of all T-Shares. This value experienced a considerable year-on-year increase in 2013 to 20.6 percent. This can primarily be attributed to positive development among funds that at least partially base their investments on SRI/ESG criteria.

Transparency for analysts and investors.

Investors and stock exchange indexes concerned with sustainability often refer to ratings published by specialized SRI analysts. That gives these ratings considerable influence on our company's reputation in the financial industry. Which is why the rating given to our company by SRI analysts plays a role in determining whether or not we will be able to achieve our goal of keeping the medium and long-term capital costs of our company down. We support SRI analysts by transparently reporting on key sustainability topics, making it easier for them to give our T-Shares a positive rating. Our CR and Investor Relations (IR) departments conduct joint financial market roadshows on the topic, for example. As we did in 2013, we are once again planning such events for 2014. We also responded to numerous direct requests for information made by analysts and investors in 2013, covering the entire spectrum of ESG criteria, from climate protection and human rights to diversity.

Interested investors can obtain information on sustainability topics via different communication channels. We have been publishing key Telekom CR KPIs in our Annual Report for years now, including prognoses regarding our sustainable development over the next two years for the first time in our 2014 report. We have also added the Socially responsible investment (SRI) section to our investor relations portal. Investors interested in sustainability can visit the portal to find out more about our Board of Management's position on Telekom's CR strategy and our ratings in key sustainability indexes.

SOCIALLY RESPONSIBLE INVESTMENT (SRI) CR KPI.

The Socially Responsible Investment CR KPI indicates the percentage of Deutsche Telekom AG T-Shares held by investors who partially or primarily take SRI criteria into consideration in their investment strategy. In 2013, 19 percent of our shares were held by investors who at least partially base their investment decisions on SRI criteria. As in the previous year, around 2 percent of T-Shares were held by investors who give priority to SRI aspects when managing their funds.

Socially responsible investment strategy for Telekom pension funds.

At Telekom, we take an integrated approach to socially responsible investment. Investments in the capital market made by Telekom for company pension schemes and similar obligations in Germany are also based on our sustainability principles. These principles were integrated into our socially responsible investment strategy for Telekom pension providers, which we introduced in 2013, in the form of exclusion criteria. They prohibit investments in companies that produce NBC weapons, anti-personnel mines or cluster bombs or that trade in these or have repeatedly violated the UN Global Compact principles. Telekom pension providers are also prohibited from purchasing government securities from governments that are subject to sanctions in accordance with public international law. Our pension providers agreed to our socially responsible investment strategy in 2013.

We are convinced that putting this strategy into practice will help improve our financial risk indicators. This strategy will also promote perception of Telekom as a socially responsible company. It helps us avoid high-risk and controversial investments and, instead, invest in long-term, stable assets that comply with our sustainability principles. We are planning to review our socially responsible investment strategy in two years and, based on our experiences, possibly introduce new approaches to complement our exclusion criteria in 2016.

CURRENT POSITION IN RANKINGS AND RATINGS.

As in previous years, the T-Share was rated favorably by analysts interested in SRI issues during the reporting period. The T-Share was listed in important rankings such as the StoXX Global ESG Leaders Index and received the oekom Prime status. It was also included in the new UN Global Compact 100 and iSTOXX Europe 50 SD-KPI indexes, which were introduced in 2013. Both are based on ratings by the Sustainability agency.

Deutsche Telekom was also named the 2013 industry leader in the "oekom CR Review." Unlike the detailed oekom rating, this interim update is conducted annually without consulting the company. All companies are analyzed using a standardized procedure and on the basis of an extensive list of around 100 individual criteria. Other industry leaders included Marks & Spencer, Renault, Coca Cola, Philips and Swiss

Re.During the reporting year we again improved our result in the SAM rating, which assesses sustainability management performance, compared with the previous year. This improvement was, however, not sufficient for re-admittance to the Dow Jones Sustainability Indexes (DJSI), since requirements for entitlement have again been raised and the criteria have changed. We are working on being included once again in 2014.

The following table provides an overview of the most important sustainability indexes in which the T-Share has been listed in past years. Other awards and certificates are presented here.

Rating agency	Indexes/ratings/ ranking	Successfully listed in index				
		2013	2012	2011	2010	2009
SAM	DJSI World	✗	✓	✓	✓	✓
	DJSI Europe	✗	✓	✓	✓	✓
Oekom	„Prime“ ^a	✓	✓	✓	✓	✓
Sustainalytics	iSTOXX 50 SD KPI /disproportionate emphasis on DT (new since 2013)	✓				
			n.a.	n.a.	n.a.	n.a.
	STOXX Global ESG Leaders	✓	✓	✓	n.a.	n.a.
	UN Global Compact 100 (new since 2013)	✓	n.a.	n.a.	n.a.	n.a.
imug/EIRIS	FTSE4Good ^a	✓	✓	✓	✓	✓
VIGEO	ASPI (index terminated in June 2013)	✓	✓	✓	✓	✓
	ESI	✗	✗	✓	✓	✓
CDP	Carbon Disclosure Leadership ^b	✓	✗	✗	✗	✗
	Carbon Performance Leadership	✗	✗	✗	✓	n.a.
Newsweek Green Rankings	Included in Global Top 500 ^c	✓	✓	✓	✓	n.a.
Sarasin	DAX Global Sarasin Sustainability ^a	✓	✓	✓	✓	✓
MSCI	MSCI Global Climate	✗	✗	✓	✓	✓

✓ Successfully listed ✗ Not listed

^a Last DT rating carried out in 2012; new rating planned for 2014.

^b First inclusion in the Carbon Disclosure Leadership Index of the DACH region (Germany, Austria, Switzerland).

^c Last ranking carried out in 2012 (Global #41), next ranking planned for 2014.

The number and complexity of rating inquiries involving CR continued to increase in 2013. That is why we focused on selected ratings in order to keep the workload involved at a manageable level. In coordinating the necessary resources, we also focus on adequate mandatory processing times to respond to inquiries. We also set great store by adequate insight into the rating procedures to enable us to better identify and address optimization potential in the company from the viewpoint of external stakeholders. Our goal is to always come out at the top, creating a basis for inclusion in key sustainability indexes.

INTEGRATED REPORTING.

We are currently seeing an international trend toward integrating financial and non-financial reporting activities. That means that key sustainability activities such as environmental protection, employee concerns and green products are increasingly being included in traditional management reporting. Telekom welcomes this development. Integrating our reporting activities encourages different Group areas to share information and increases credibility thanks to standardized audit and review standards. That is why we have begun consolidating our reporting processes step-by-step.

Responsibility is an integral component of our business activities, which is why we report on the responsibility we assume in different sections of our Annual Report and make reference to how sustainability contributes to added-value in our corporate processes. One of the tools we use are special indicators (CR key performance indicators, CR KPIs). We have been using these in our Annual Report since 2011. We also made a qualitative trend prediction for our most important CR KPIs for the years 2014 and 2105 in our Annual Report 2013 with the objective of more effectively integrating our financial and CR reporting activities. This statement refers to the Energy Consumption, CO₂ Emissions and Sustainable Procurement CR KPIs. With this step, we intend to meet the changing demands of the capital market on the one hand and integrate CR more effectively into the different Group areas as an overarching issue on the other. We held a cross-department workshop on integrated reporting in October 2013 to intensify the connection between our CR and annual reporting activities.

The fact that we use our own CR KPIs in our Annual Report shows that Telekom values more than just financial indicators. Our CR KPIs can be effectively used in our financial reports thanks to the quality of the recording process they involve. Not only do we commission auditors to review the CR KPIs published in our Annual Report, we also have them review all of Telekom's CR KPIs. We also report on additional data involving ESG aspects within the context of our CR reporting activities. The majority of this data is also reviewed by independent parties.

CR PROGRAM.

In its CR program, Telekom specifies mandatory targets to be implemented throughout the Group in the relevant processes of its core business.


In this program we define specific measures and a timeline for implementation. We also provide information on the implementation status in the CR program. Detailed information on the CR key performance indicators, which we use to quantify our performance in each area, is provided in the CR Report.

HIGHLIGHTS IN THE REPORTING PERIOD:



- Corporate Responsibility Policy approved by Group Board of Management
- Share of green investors in freely tradable shares increased from 14 percent to 20 percent in 2013
- Percentage of women in managerial positions throughout the Group increased from 19 percent (February 2010) to 25 percent (December 2013)
- Group-wide reduction in CO₂ emissions by 20 percent compared to 2008 approved by Group Board of Management as the Group's climate protection target
- Binding CR clause part of the General Terms and Conditions for Purchasing since June 2013
- Deutsche Telekom is the first network operator in Germany to deploy the secure A5/3 encryption standard for protection against eavesdropping in the GSM network
- Yes I can! initiative distinguished by UNESCO in 2013 as a UN Decade measure for the first time

CR-PROGRAM 2013.


Strategy and management.

Goals	Scheduled completion date	Measures	Status
Further development of CR governance	2015	<ul style="list-style-type: none"> Develop a Group corporate responsibility policy to be approved by the Group Board of Management and introduce it at the national companies Continue to integrate CR into the Group's central business processes Integrate CR into the Group strategy 	<ul style="list-style-type: none"> Corporate Responsibility Policy approved by Group Board of Management Transition to integrated reporting continued via an internal workshop Three CR KPIs in corporate reporting extended to include qualitative trend prognosis for 2014 and 2015
Embrace corporate values, accompany the transformation process	Ongoing	<ul style="list-style-type: none"> Continue to establish the Group Transformational Change department (responsible for Guiding Principles and numerous simplicity, agile work and customer centricity formats) as a nucleus for cultural renewal at Telekom Conduct Corporate Entrepreneurship (Magenta MOOC) programs Promote new forms of collaboration at the Group Participate in dialog on topics relevant to society 	<ul style="list-style-type: none"> Implement programs and formats throughout the Group – virtually or as attendance events
Enhance KPI structure and content	2015	<ul style="list-style-type: none"> Regularly review all KPIs for the benefits they provide, make them mandatory throughout the Group with target values 	<ul style="list-style-type: none"> Calculation basis for the CO₂ Emissions CR KPI adjusted in 2014 in line with the Group climate protection target
Integration of guidelines and principles	Completed	<ul style="list-style-type: none"> Integrate and monitor UN Global Compact  principles in all Board of Management department processes 	<ul style="list-style-type: none"> Assignment of principles to individual Board departments and monitoring processes approved by Group Board of Management
Integrate CR into the Group's risk management processes	Completed	<ul style="list-style-type: none"> Integrate CR in the standard reporting structures used for Group risk management 	<ul style="list-style-type: none"> Demand-oriented integration of CR into the risk cockpit of the risk management system and the risk report sent to the CHRO

Stakeholder involvement.

Goals	Scheduled completion date	Measures	Status
Systematic stakeholder involvement	Ongoing	<ul style="list-style-type: none"> Implement stakeholder involvement strategy in compliance with the AA1000  standard 	<ul style="list-style-type: none"> AA1000  certification (first level) received Annual review conducted in 2013 as part of the CR reporting (Type 2 audit)
Establish a materiality process	Ongoing	<ul style="list-style-type: none"> Conduct annual materiality analysis (materiality processes) 	<ul style="list-style-type: none"> Materiality analysis conducted for 2014







Climate protection.

Goals	Scheduled completion date	Measures	Status
New: CO ₂ emissions reduced throughout the Group by 20 percent compared to 2008 (climate mitigation): Target for Germany remains the same: 30-percent reduction compared to 2008	2020	<ul style="list-style-type: none"> Get Board of Management to approve Group climate protection target Roll out climate protection activities internationally 	<ul style="list-style-type: none"> Group-wide climate protection target approved by Group Board of Management
Adaptation to climate change	2020	<ul style="list-style-type: none"> Support measures designed to prepare the company for climate change Take advantage of opportunities in terms of product development and portfolio Develop integrated climate protection strategy 	<ul style="list-style-type: none"> Publication of a study supported by DT by the International Telecommunications Union (ITU) on opportunities and challenges for the ICT industry is planned
Establish comprehensive carbon accounting and environmental footprinting (new)	2015	<ul style="list-style-type: none"> Develop methods for company and product-related carbon footprint and integrate these into the reporting process Develop methods for comprehensive environmental footprinting at the company and product level 	<ul style="list-style-type: none"> Internal guidelines for calculating the company's carbon footprint verified externally Foundation laid for collecting data to calculate Scope 3 emissions 
Identify business potential based on implementation of the SMART 2020 and SMARTer 2020 studies	2020	<ul style="list-style-type: none"> Identify growth areas and significantly increase their contribution to the Group's revenue compared to 2011 	<ul style="list-style-type: none"> Dialog between the Group CR department and the new business areas of energy, healthcare and connected car institutionalized


Resource management.

Goals	Scheduled completion date	Measures	Status
Optimizing waste management system	2015	<ul style="list-style-type: none"> Develop and implement international waste management system (prevention, reuse, recycling) 	<ul style="list-style-type: none"> International waste management system coordinated internally at the Group Mandatory Group KPIs coordinated for internal use
Increase energy efficiency and the use of renewable energy sources	2020	<ul style="list-style-type: none"> Identify and tap energy efficiency potential Develop and introduce more suitable KPI to monitor energy efficiency Increase share of renewable energy used by European national companies 	<ul style="list-style-type: none"> Support Group Procurement project for consolidating energy procurement throughout Europe and increasing the share of renewable energy used. EU Broadband Code of Conduct and EU Data Center Code of Conduct signed

Management systems.

Goals	Scheduled completion date	Measures	Status
Implement a Group-wide environmental management system compliant with ISO 14001 	2015	<ul style="list-style-type: none"> Initiate ISO 14001  umbrella certification for all relevant companies within the Group 	<ul style="list-style-type: none"> Implemented at 25 out of 42 national companies by the end of 2013
Implement a health, safety and environmental (HSE) management system according to ISO 14001  and OHSAS 18001  .	2015	<ul style="list-style-type: none"> Implement an integrated management system based on both standards and harmonize the different management process levels at the national companies 	<ul style="list-style-type: none"> A total of 13 out of 42 national companies were fully integrated into the occupational health, safety and environmental system in compliance with OHSAS 18001  and ISO 14001  by the end of 2013. Seven additional companies have valid external certificates. Another nine national companies underwent internal audits in accordance with both standards.

Sustainable consumption and lifestyle.

Goals	Scheduled completion date	Measures	Status
Evaluate products and solutions regarding their contribution to sustainability	Deadline extended from 2015 to 2020	<ul style="list-style-type: none"> Implement the criteria and indicators developed in collaboration with external and internal stakeholders in company processes Integrate product-based sustainability controlling in business processes and ensure Group-wide harmonization 	<ul style="list-style-type: none"> Workshop planned Focus on strategic guidance and providing information on local implementation at the Group companies Guidelines for relevant process participants developed
Stakeholder  involvement and customer information	Deadline extended from 2015 to 2020	<ul style="list-style-type: none"> Conduct regular stakeholder dialog on specific topics Develop sustainability-related customer orientation policies Drive international standardization, e.g. via seals of quality or certification in the ICT sector 	<ul style="list-style-type: none"> Conduct regular stakeholder dialog on specific topics Selected products in the Sinus device family received the Blue Angel seal
Integration of life cycle assessment and usage behavior (sustainable consumption)	2020	<ul style="list-style-type: none"> Tap efficiency potential in the product life cycle and enhance products and solutions to include sustainability criteria 	<ul style="list-style-type: none"> Successful advancement of lease model for devices (e.g., Media Receiver) to increase recycling share and length of use

Sustainable innovation and entrepreneurship.

Goals	Scheduled completion date	Measures	Status
Develop innovative, sustainable business models	2020	<ul style="list-style-type: none"> Establish general requirements to promote innovation in the sustainability field and identify and evaluate young companies and start-ups (partnering) 	<ul style="list-style-type: none"> Additional start-ups accepted into the hub:raum project and new offices opened in Cracow and Tel Aviv Internal Ideas Garden initiative conducted on the topic of climate protection Neighborhood exchange portal, wir.de, spun off successfully Sustainable innovation workshop conducted with internal and external stakeholders


Socially responsible investment.

Goals	Scheduled completion date	Measures	Status
Increase share of socially responsible investors in freely tradable stock	2015	<ul style="list-style-type: none"> Further enhance rating results Engage in direct dialog with investors at SRI roadshows and via SRI calls 	<ul style="list-style-type: none"> Share of green investors in freely tradable shares increased from 14 percent to 20 percent in 2013
Develop sustainable investment strategy for Deutsche Telekom pension funds	2015	<ul style="list-style-type: none"> Implement criteria that guarantee that Deutsche Telekom pension funds invest in sustainable shares and assets 	<ul style="list-style-type: none"> Investment policy approved for Deutsche Telekom pension funds based on exclusion criteria defined by the Deutsche Telekom Pension Asset Committee

Sustainable supply chain.

Goals	Scheduled completion date	Measures	Status
Increase share of risk-evaluated purchasing volume (first supply level) to at least 75 percent	2015	<ul style="list-style-type: none"> E-TASC (risk self-assessment) Supplier audits Pre-qualification questionnaire Supply chain transparency (2nd and 3rd level) 	<ul style="list-style-type: none"> 54 percent of procurement volume covered in 2013 (as in previous year)
Integrate sustainability into Group-wide procurement processes	2014	<ul style="list-style-type: none"> Develop additional KPIs to measure sustainability in procurement processes Successive integration of sustainability aspects into new vendor management system Sustainable Procurement Working Group consultation and guidance for further integration of sustainability aspects into procurement processes 	<ul style="list-style-type: none"> Concept to integrate sustainability aspects into vendor management system developed Kick-off of the restructured SPWG (Sustainable Procurement Working Group) held in December 2013
Improve sustainability in our supply chain	2014	<ul style="list-style-type: none"> Drive the migration of E-TASC (Electronics-Tool for Accountable Supply Chains) Conduct a pilot project for the supplier development program 	<ul style="list-style-type: none"> Suppliers invited to join EcoVadis, the new E-TASC platform Collaboration partner selected for the supplier development program

Social commitment.

Goals	Scheduled completion date	Measures	Status
Integrate people into the knowledge and information society	2015	<ul style="list-style-type: none"> Continue to expand "Yes, I can!" initiative as a flagship project Increase external perception of Telekom as a socially responsible company Continue to make the effects of our social commitment more transparent: <ul style="list-style-type: none"> Regularly measure the effectiveness of our social commitment Demonstrate effectiveness for at least one flagship project as an example Enhance the Social Commitment CR KPI Expand internal framework to strengthen social responsibility (e.g., donation policy) 	<ul style="list-style-type: none"> Yes I can! initiative distinguished by UNESCO  2013 as a UN Decade measure Ongoing process to make the effects of our social commitment more transparent: Evaluation of engagement@telekom activities continued, including the "Yes, I can!" flagship project. Evaluation results as of the five-year anniversary of the "Yes, I can!" initiative: 500 projects sponsored reaching out to 50,000 children and young people. Review of the Social Involvement CR KPI scheduled for 2014 Common approach to engagement@telekom clarified by the international CR manager network. Implementation of the donation policy adopted by the Group Board of Management in 2012 completed in Germany

Networks.

Goals	Scheduled completion date	Measures	Status
Providing fiber-optic network coverage to approx. 65 percent of all households	2016	<ul style="list-style-type: none"> Further expand FTTH (fiber to the home) technology 	<ul style="list-style-type: none"> FTTH connections set up in 25 cities
Providing LTE coverage to 85 percent of the population	2016	<ul style="list-style-type: none"> Set up additional base stations Continue to expand the LTE 1800 and LTE 800 network 	<ul style="list-style-type: none"> LTE 1800 available in more than 180 towns and cities

Employees.

Goals	Scheduled completion date	Measures	Status
Human resources policies adjusted to different life phases	Ongoing	<ul style="list-style-type: none"> Improve work-life balance 	<ul style="list-style-type: none"> Family care support and consultation as well as course offers offered throughout Germany (also for 2014) The number of parent-and-child offices increased from eleven to a total of 18 (at 15 locations) More flexible worktime models expanded "Stay in Contact" network set up for employees to stay in contact with the company during parental leave Flexible offers for apprentices implemented and/or expanded, e.g., part-time or entry-level (EQ project) training Return to original working hours guaranteed for part-time employees as of January 1, 2014 as part of the HR Moves initiative Flexible Working initiative launched with 50 managers as messengers for flexible working hours
		<ul style="list-style-type: none"> Promote part-time study programs (Bologna@Telekom) 	<ul style="list-style-type: none"> Sponsorship approved for 700 employees to participate in 13 Bachelor and 14 Master programs for the 2012/2013
First DAX-30 company to introduce a quota of 30 percent for women in middle and upper management	2015	<ul style="list-style-type: none"> Ensure equal opportunity, freedom from discrimination and competitiveness Introduce target quotas along the entire talent pipeline Design and implement Managing Diversity module for manager training Improve work-life balance 	<ul style="list-style-type: none"> Percentage of women in managerial positions throughout the Group increased from 19 percent (February 2010) to 25 percent (December 2013) Quota development monitored, measures aligned, evaluated and redesigned where necessary Managing Diversity pilot trainings evaluated and adjusted for standard use Current portfolio including multipliers, facilitators and the Child and Career project reviewed and results used to enhance working conditions at the company

First DAX-30 company to introduce a quota of 30 percent for women in middle and upper management

2015

- Ensure equal opportunity, freedom from discrimination and competitiveness
- Introduce target quotas along the entire talent pipeline
- Design and implement Managing Diversity module for manager training
- Improve work-life balance
- Percentage of women in managerial positions throughout the Group increased from 19 percent (February 2010) to 25 percent (December 2013)
- Quota development monitored, measures aligned, evaluated and redesigned where necessary
- Managing Diversity pilot trainings evaluated and adjusted for standard use
- Current portfolio including multipliers, facilitators and the Child and Career project reviewed and results used to enhance working conditions at the company

Define and use demographic development as an opportunity

2013/2014 and ongoing

- Successively implement measures that were developed in 2013 as part of the HR unit's Demography as a Chance initiative and develop and implement additional demographics-related measures
- Engage in regular dialog with employee representatives regarding demographics-related topics
- Increase the awareness and acceptance of the current product portfolio for work-life balance
- Guaranteed return to original working hours for part-time employees implemented
- Negotiations with employee representatives initiated regarded work time accounts and a new part-time model to create up to 20 additional days off per calendar year
- Mobile fitness trainer offer developed for employees (exercises and practical tips)
- Competence Group of top HR executives set up to deal with action areas and requirements for systematic demographic management

¹On December 3, 2013, the Board of Management approved a strategic climate protection target for the entire Group. By the year 2020, we plan to reduce total CO₂ emissions in the Group (excluding T-Mobile USA) by 20 percent compared with 2008. 36 Telekom business units participated in setting the Group-wide climate protection target.

STAKEHOLDER INVOLVEMENT.

A company's stakeholders have considerable influence on how that company does business and, in the end, on the success of that company's business. Companies need to keep their stakeholders informed and have to account for their activities. Stakeholders participate in the value created in different ways.

Companies that listen to their stakeholders and actively involve them in management processes can benefit considerably. They have the chance to establish long-term, reliable relationships and receive understanding or constructive criticism on their concerns and activities in return. Precise knowledge of our stakeholders' interests and views is a basic prerequisite for an informed design of stakeholder relationships. It is important to engage in effective dialog with our stakeholders about their priorities and ideas. To help facilitate this discussion, we use proven market research tools to conduct systematic stakeholder surveys.

Telekom is convinced that engaging in dialog with its stakeholders facilitates innovation processes at the company and promotes new collaboration opportunities and strategic alliances. This is especially important with regard to our sustainability goals, which we will only be able to achieve together with partners from the worlds of politics, society, science and industry.

MANAGEMENT APPROACH

Deutsche Telekom developed a stakeholder involvement strategy in 2011 to help the company structure its relationship to its stakeholders on the basis of a stable, reliable foundation. Our aim is to take the issues put forward by our stakeholders seriously and to ensure that top quality standards are applied in our stakeholder involvement approach.

We reviewed and in part redesigned the strategy in 2013, focusing on measures that are relevant to suppliers and investors – in addition to employees, customers and NGOs, who continue to play a key role in our strategy.

The concept of our stakeholder involvement strategy was based on the AA1000 standard. This is an internationally recognized body of rules and regulations for auditing sustainability management and CR reporting.

After reviewing Deutsche Telekom's operational processes, systems and CR reporting processes, the PricewaterhouseCoopers (PwC) auditing firm confirmed that there is moderate assurance of Deutsche Telekom's compliance with the AA1000 accountability principles. This confirms that we met the requirements of a Type 2 audit in 2013.

Our employees play a key role when it comes to putting our stakeholder involvement strategy into practice. In 2012 Deutsche Telekom developed six principles for working with stakeholders and communicated these throughout the Group to support our employees in their efforts.

It is important to determine how our CR activities are perceived and assessed by our stakeholders so that we can focus these activities effectively. We take a multifaceted approach here:

- We systematically ask our stakeholders about their expectations when it comes to successful dialog. This tells us how we can most effectively include them in our management processes through our dialog efforts.
- We identify and analyze the key topics our stakeholders are most concerned with in our ongoing CR topic monitoring process. This helps us to continue to develop our expertise in current CR-relevant discourse and support our stakeholders as well-informed dialog partners in addressing issues that are relevant to the community.
- We ask our stakeholders to weight our focal points in the context of our CR action areas via a phased materiality process.
- Our stakeholders' responses also tell us how well our sustainability messages fit their perception of the Telekom Group and help us evaluate our communication efforts.

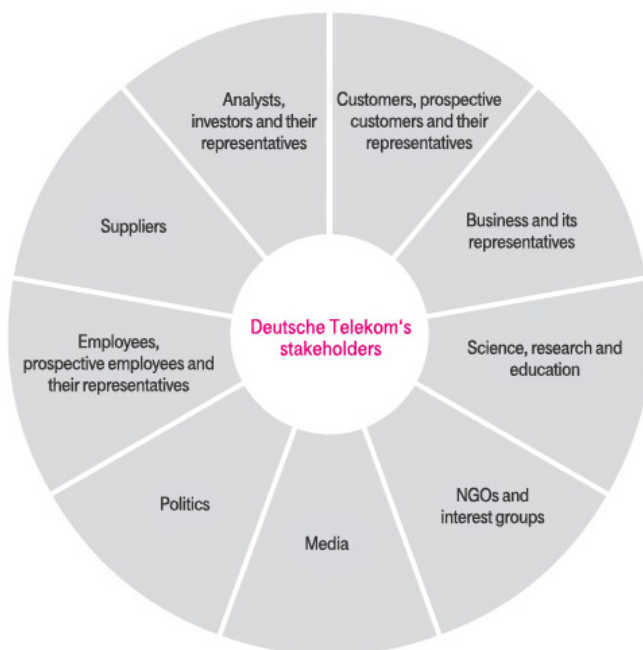
IMPLEMENTATION OF THE STAKEHOLDER INVOLVEMENT STRATEGY.

We conduct internal network meetings to integrate stakeholder involvement into our corporate culture. At these meetings we meet with employees from different departments, share experiences in working with stakeholders and discuss best practice examples as well as plan and conduct joint activities.

Stakeholder management was also on the agenda at the international CR Manager Network meeting, which was held in Munich on April 25 and 26. CR managers from our national companies talked about the stakeholder involvement strategy and discussed the different forms of collaboration with specific stakeholders.

STAKEHOLDER EXPECTATIONS.

Precise knowledge of our stakeholders' interests and views is a basic prerequisite for an informed design of stakeholder relationships. This concerns the topics that our stakeholders consider important on the one hand, and their expectations for successful communication with us on the other hand.



- Youngsters and young adults
- Families
- Middle-aged people
- Senior citizens
- Small and medium-sized enterprises
- Large corporations
- Public authorities
- Consumer organizations and segment-specific interest groups
- Telekom Supervisory Board members

- DAX-listed companies
- Other large corporations
- Small and medium-sized enterprises
- Trade and industry associations
- Cooperation partners
- Competitors

- CR and sustainability research institutions
- Political and business research institutions
- Universities

- Schools
- Day care centers
- Student organizations and university associations
- ICT, sociology and design research institutions
- Humanitarian organizations and charities
- Business ethics groups
- Multi-thematic organizations
- Churches and their relief organizations as well as other religious and social groups
- Foundations
- Environmental protection organizations

- CR and sustainability
- Players from politics and business
- Education
- Radio broadcasters, daily press, press agencies
- Online media and social networks
- Publishers
- Journalist associations/media groups
- ICT and communications

- Players at national level
- Embassies and consulates
- Supervisory and regulatory authorities
- Communities and their representatives
- International organizations
- Players at EU level

- Employees
- Managers
- Board of Management
- Applicants and prospective employees
- Trade unions and works councils
- Employees and students
- Endowed chairs
- Apprentices/trainees

- Auditors and certification bodies
- Sub-suppliers
- Consultants
- First-tier suppliers

- Private investors
- Funds, asset managers and analysts
- (SRI) rating agencies
- Analyst organizations and associations
- Institutional investors

MANAGEMENT APPROACH.

To be able to focus our CR activities effectively, it is important to determine how these are perceived and assessed by our stakeholders. We conduct regular reviews to help us do this.

Dialog expectations.

While developing our strategy, we asked our stakeholders about their expectations regarding our dialog activities to help us organize our stakeholder relationships to the satisfaction of all parties involved. The results clearly showed that we need to methodically include our stakeholders in our efforts to achieve the quality leadership to which we aspire. The majority of our stakeholders expect

- Mandatory rules
- Practical opportunities to help co-design our activities
- Goals that are clearly defined at the start of each dialog process
- Information on how the results are being implemented

The evaluation also showed that our involvement principles already largely fulfill our stakeholders' expectations. We particularly feel that our stakeholders agree with our conviction that stakeholder involvement requires dialog on an equal footing.

Systematic CR topic monitoring.

We place considerable emphasis on tracking the development of those topics that our stakeholders consider relevant in the context of the CR topic monitoring process, which is part of our CR management system.

CR MARKET RESEARCH.

To be able to focus our CR activities effectively, it is important to determine how these are perceived and assessed by our stakeholders. We conduct regular studies to help us do this. Until 2012 assessments were based on separate CR market research.

In 2013, we integrated the questions on sustainability, social commitment and the supply chain into our CRQI (Corporate Reputation Quality Indicator) Group survey. In this survey, we ask private individuals about how they perceive our company and how they feel about topics relevant to society. The study, which is conducted by a well-known opinion research institute, is based on a representative sample of private households.

The findings from this market research form the basis, along with other criteria, of our Social Commitment CR KPI. It determines the public perception of Telekom's CR activities as a ratio of the general perception of how important it is for companies to get involved in social issues. The Social Commitment CR KPI shows that in 2013 our performance was rated significantly higher than the level of importance attached by the public to the subject. We did, however, make some modifications in 2013 compared to the previous year in terms of the focus of the survey and how it was evaluated. We are planning to review this CR KPI in 2014.

Our analysis of the market research findings also showed that those surveyed consider an employee-friendly mindset, corporate responsibility, customer orientation and data privacy to be important aspects for

Telekom to focus on. The survey results provide us with valuable information for structuring our focal topics as well. The results also give us specific information on how to design our CR activities and further develop CR communication and CR controlling.

MATERIALITY PROCESS RESULTS.

RESULTS OF THE MATERIALITY PROCESS.

We endeavor to identify our stakeholders' expectations through our annual comprehensive, phased materiality process. As part of this process, we held an internal workshop in November 2013 and conducted an online stakeholder survey in March/April 2014 based on the workshop. A total of 88 people including business representatives, customers and employees participated. The media, suppliers, NGOs and scientists were represented as well.

The procedure.

Participants from different areas of the company attended the internal workshop and discussed the significance that CR focal topics have in relation to Telekom's core business. They rated the topics for the different sections of the CR Report on a scale ranging from "absolutely essential" to "not essential." The results were submitted to our stakeholders in the survey that followed. We asked them to review the rating and make any changes they felt were necessary. Before they got started, we asked them which CR topics they were currently most interested in, how relevant these were to Telekom and which topics they thought the company should be most involved in.

Our stakeholders' personal focal topics.

75 out of 88 people surveyed (85 percent) filled out the open response box. Climate protection and human rights topics as well as the supply chain and data privacy were the topics most frequently named by those surveyed. These topics were rated as "very important to Deutsche Telekom's success".

Those surveyed listed 143 topics in response to the additional question, which topics they thought Telekom should be most involved in. Some of these were listed repeatedly. These included data privacy and data security, climate and climate protection, sustainability along the supply chain, human rights, the environment, recycling and education.

Internal rating of all topics confirmed.

The results of the online survey confirmed the majority of the rating results from the Telekom workshop. There were slight deviations from the internal assessment of some topics but no impact on overall results. A few topics received mixed stakeholder ratings in the survey.

This review of the results of our internal workshop helped us compare internal and external points of view as well as expectations. The responses we received to our open questions confirmed that we are on the right path.

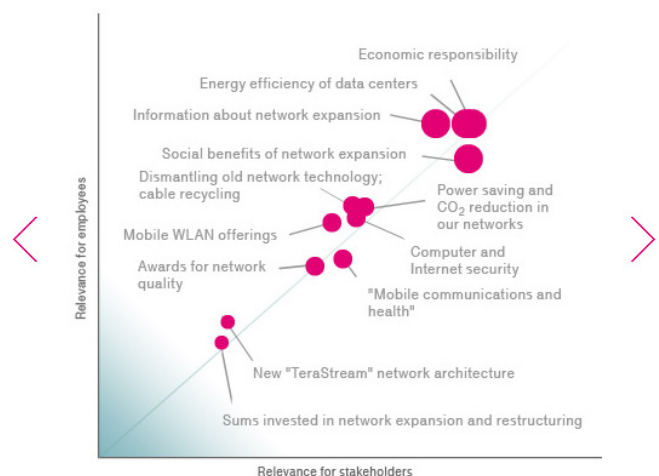
The following matrices show the topics classified according to assessment category.

Materiality is a basic principle in CR and financial reporting. The concept of materiality makes sure that a company's situation and performance are presented appropriately and in balance. Instead of trying to identify the materiality of topics on their own, companies need to engage in dialog with their stakeholders to find out which topics matter the most. To do this, Telekom conducts a systematic materiality process.

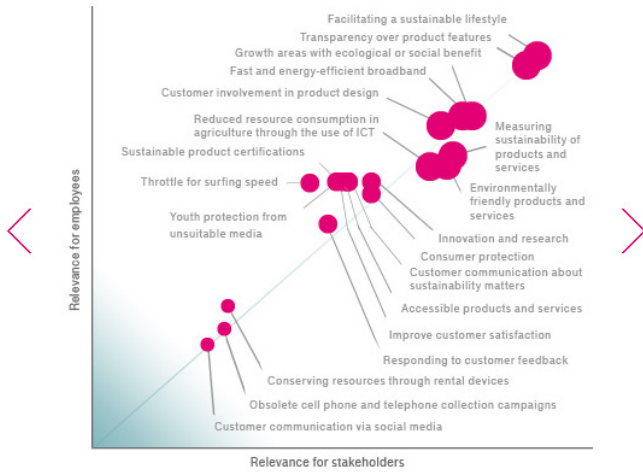
1. Strategy and management



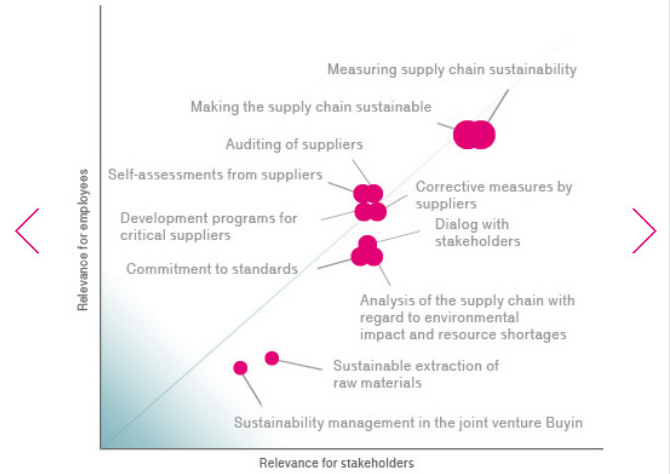
2. Networks



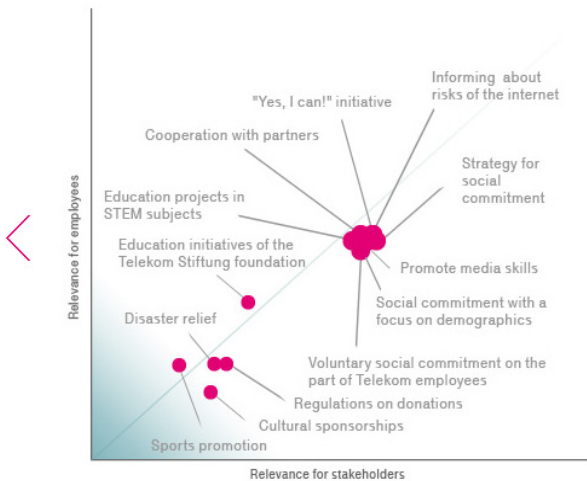
3. Customers



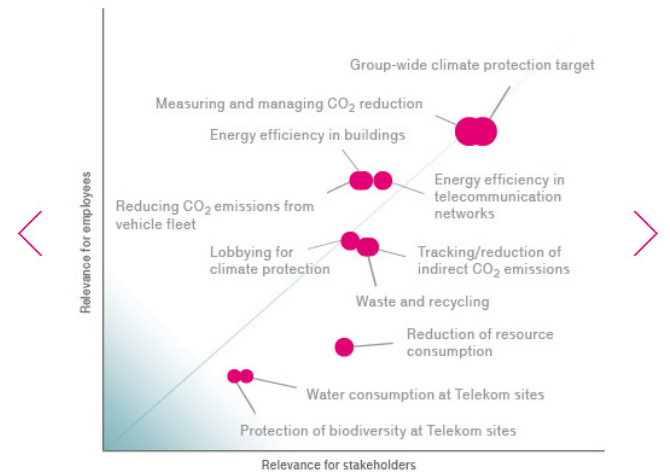
6. Suppliers



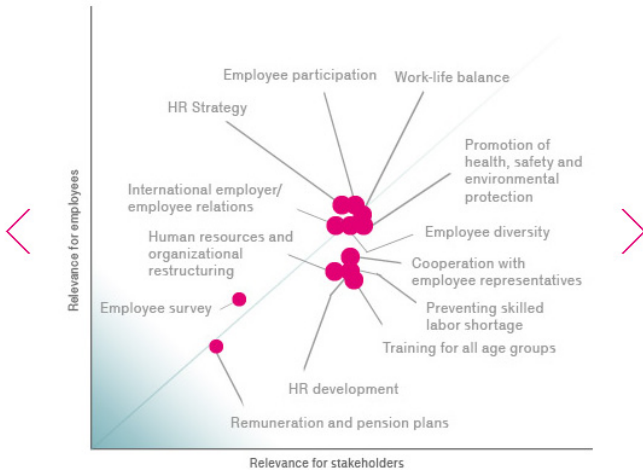
4. Society



7. Climate and environment



5. Employees



FORMATS OF INVOLVEMENT.

The type and extent of our stakeholder involvement is based on the results of a case-related relevance analysis. The more relevant a stakeholder group is to the topic or project concerned, the more intensive stakeholder involvement will be. Depending on the intensity, we make a distinction between three types of involvement: information, dialog and participation.

Degree of stakeholder involvement		
Information	Dialog	Participation
		
Observe	Listen	Participate
Inform	Discuss	Collaborate
<ul style="list-style-type: none"> > www.telekom.com/corporate-responsibility. > CR App „We Care“ > Annual CR reporting > Digital CR communication > Strategy Roadshow at Crnogorski Telekom > Eco Picnic attracts crowds in Warsaw 	<ul style="list-style-type: none"> > BAGSO Technology Ambassadors visit Telekom > 467 Ideas for our climate – Ideas Garden competition to protect the climate > Stakeholder workshop on sustainable innovations in the ICT industry > Stakeholder dialog on raw materials and human rights > Global Compact LEAD > Dialogs on cell-phone recycling > Telekom Social Network > Dialogs with Customers > Sustainable Procurement Stakeholder Dialog Day > Cyber Security Summit > Dialogs with investors on sustainability issues > Stakeholder dialog "Growing through Knowledge" > Sustainability Day > Productive Stakeholder Dialog at T-Mobile Netherlands 	<ul style="list-style-type: none"> > Materiality workshop on 2013 CR Report > Design thinking workshop on the We Care app > Dialog with the German environmental organization, Deutsche Umwelthilfe (DUH) > Sustainable products and services > Supply chain management

INFORMATION

www.telekom.com/corporate-responsibility.

With our website, www.telekom.com/corporate-responsibility, we hope to share more about Telekom's CR activities not only with CR experts but with the general public as well. A clear illustration of CR topics as well as simple, direct messages convey our approach and our intentions in the following areas:

- CR strategy and management
- Climate and environment
- Corporate social responsibility
- Sustainable products
- Data privacy and data security

In May 2013, Phineo gAG analyzed the effects of corporate citizenship efforts by the DAX-30 companies in terms of visibility. Phineo looked at the companies' websites as well as at their annual and CSR reports from the year 2012 and analyzed how transparently they reported on the effectiveness of their social involvement. In the individual ratings for each company, which were published in February 2014, Deutsche Telekom scored above average for almost all criteria. Dr. Andreas Rickert, CEO of Phineo, sums up the results: "Based on the nine criteria audited, our findings show that, compared to other companies in Germany, Deutsche Telekom transparently and comprehensively reports on the effectiveness of its social involvement." We are currently reviewing the recommendations resulting from the analysis.

Strategy Roadshow at Crnogorski Telekom.

The Strategy Roadshow is a series of regional meetings: presentations and Q&A sessions, between the executive management and employees (Customer Facing Units) of Crnogorski Telekom. It is staged to improve understanding of the corporate strategy and transformation program in the company, and to enhance employee engagement and satisfaction. The 2013 Roadshow involved 20% of all employees as well as management representatives.

Eco Picnic attracts crowds in Warsaw.

On 1 September 2013 T-Mobile Poland took part in an Eco Picnic for families and children, which was attended by around 50,000 people. The event was organized by the German Embassy and the City of Warsaw and took place on the main square in Warsaw Old Town. Besides presenting its own initiative and commitment to environment protection, T-Mobile Poland staged an exhibition of ecological initiatives, such as waste segregation, electric cars and a workshop for children in particular.

DIALOG

BAGSO Technology Ambassadors visit Telekom.

Long-standing Telekom partner BAGSO, the German association of senior citizens' organizations, launched the Technology Ambassadors initiative together with the German Federal Ministry of Education and Research (BMBF). The initiative hosted a convention in Bonn in October 2013. One highlight of the event was a visit to ourT-Gallery in Bonn where guests got an idea of the connected world of the future. The guests and our product developers learned a lot during the Technology Ambassadors' visit. The seniors got exclusive insight into our future products and our experts got inspired by suggestions made by the seniors, an ever growing target group. For example, they discussed the usa-

bility of home assistance systems, voice and gesture recognition programs and a wrist watch that recognizes when the person who is wearing it has fallen.

467 ideas for our climate – Ideas Garden competition to protect the climate.

We depend on our employees' ideas and involvement in order to promote climate-friendly conduct throughout our company. This is why we called on all of our employees in Germany to participate in a competition to help protect the climate. Employees were asked to submit ideas between October 14 and 24, 2013, on how to save energy and reduce emissions in our Ideas Garden competition. Before the CR jury selected the winners from among the 467 entries, we gave all employees four weeks to comment, evaluate and discuss the submissions online.

The jury announced the winners on February 20, 2014: The first-place winner, who received an electric bike, convinced the jury with their idea of introducing a company mobility management system throughout Germany. The idea of offering customers the option to add a CO₂-based compensation payment to their order came in second place. With this fee, Telekom products could be used emissions-free.

An idea revolving around home office activities landed third place. "Minor" improvement suggestions were also taken into consideration. The jury liked the idea of making stairwells in our company buildings more attractive to encourage people to take the stairs instead of the elevator. The suggestion to make the carbon footprint of our cafeteria food transparent also won a prize. 2nd through 13th place winners each won a eco-driver training course.

Stakeholder-workshop on sustainable innovations in the ICT industry.

Which opportunities do sustainable innovations offer the ICT industry? How can we use sustainability to create added value?

A workshop we held in June 2013 together with the Collaborating Centre on Sustainable Consumption and Production (CSCP) provided answers to these questions. Under the working title "Sustainable innovations in the ICT industry," more than 30 participants, including experts from different Telekom areas as well as external experts, discussed issues such as how we can use sustainability concepts as innovation drivers. They talked about different business models and partnerships in terms of their potential for sustainable innovation.

The participants agreed that sustainability is not only necessary because our resources are limited but also offers many opportunities. It enables us to secure competitive advantages, create new products and services and generate long-term cost savings. It also allows us to open up new markets and improve security and transparency. It can also help companies offer products and services that enable their customers to choose a more sustainable lifestyle.

ICT consumer expectations play an important role in the development of sustainable innovations. Important aspects included the issues of orientation in an increasingly complex world, transparency and corporate social responsibility. Workshop participants identified the driving force behind these expectations as being the growing social and economic

challenges. They also concluded that societies are becoming more and more conscious about the environment.

Participants expressed strong interest in attending more workshops on this topic.

Stakeholder dialog on raw materials and human rights.

Our stakeholders' interest in the raw materials contained in ICT products continued to grow in 2013. An increasing number of NGOs, authorities, schools, consumers and customers asked about the materials being used as well as the social and environmental conditions under which they were extracted. The Germany-wide education campaign, "The raw materials expedition – discover what's hidden inside your cell phone," conducted by the German Federal Ministry of Education and Research (BMBF), which we actively supported, was an important factor in triggering this development. The initiative was part of the BMBF Science Year 2012, which focused on sustainability.

The topic of raw materials in ICT products was a key focus of various stakeholder dialog events in which we participated in 2013. We regularly address the topic, for example, in our discussions with the German environmental organization, Deutsche Umwelthilfe DUH. Together with DUH, the Wuppertal Institute for Climate, Environment and Energy, and Nokia, we held a workshop entitled "Social and environmental responsibility in raw materials extraction" with stakeholders from governmental organizations, research institutes and NGOs in 2013.

We also held regular discussions with the initiators of the Clean Cell Phone campaign conducted by the Missio Catholic mission support charity in 2013. Among other things, Telekom participated in a press talk held by Missio as part of this campaign. Former German Federal Minister of Justice, Herta Däubler-Gmelin, and Therese Mema, a social worker from Bukavu in eastern Congo, were among the discussion participants. Together with NGOs and the device producer Fairphone, we discussed Telekom's CR activities at a panel discussion entitled "On trend but ruthless" at the FAIR2013 fair trade exhibition in Dortmund in September 2013.

Global Compact LEAD.

Deutsche Telekom is a co-founder and member of Global Compact LEAD. Participants meet twice a year at various locations. Global Compact hosted its Leaders Summit in New York in September 2013 under the motto "Architects of a Better World". Around 1,200 leaders from business, civil society and government participated in the summit, which takes place every three years. The summit was opened by UN General Secretary Ban Ki-moon, who called upon participants to help build sustainability through the market place.

The fourth Global Compact LEAD symposium was held in December at the invitation of the Japanese Global Compact network in Tokyo. Topics of discussion focused on sustainable processes for setting targets and creating a commitment platform in the context of the Post-2015 Development Agenda.

In addition to participating in these events, Telekom also took part in the LEAD project module, Realizing Long-Term Value for Companies and

Investors, during the reporting period. Each Board of Management department is in charge of one of the ten Global Compact principles.

Telekom Social Network.

Social networking is highly encouraged at Telekom. At the end of 2011, we signed Enterprise 2.0, a Group wide agreement providing a framework for our employees regarding how to use social media responsibly. Since 2012, we have been hosting our own Group-wide social network for internal communication called Telekom Social Network (TSN). More than 73,000 employees (as of February 2014) have signed up, including all Group Board members. They use TSN to reach employees, to share information with them and to give employees an idea of what they do. TSN has changed our internal corporate communication processes, since more and more emphasis is being placed on dialog and employees are increasingly deciding which information is relevant. It gives them the opportunity to actively participate in developing our corporate communication structure.

TSN also serves as an exchange platform for CR topics at Telekom. In October 2013 the Chief Human Resources Officer, blogged on TSN about his intensive dialog with our CR team. The CR team also uses TSN to inform employees and get them involved. For example, the CR team initiated a corporate responsibility group in which more than 300 employees have been participating since the beginning of 2014. Participants were asked, for example, to vote on how to distribute the money that we collect from employees who use emission-heavy company cars (penalties payable under the Green Car Policy). Based on the vote, we donated 150,000 euros to ten different environmental projects. We successfully called on employees via the TSN to participate in blood drives and bone marrow typing drives, to donate money, to get involved in relief activities for flood victims and to participate in Social Days.

Stakeholder dialog "Growing through Knowledge."

On 4 October 2013 Hrvatski Telekom staged its stakeholder dialog conference "Growing through knowledge" for the sixth year in succession. The conference invites the world's leading experts, visionaries and thinkers to share their knowledge and progressive ideas. At the 2013 conference Alain de Botton, a renowned European philosopher, presented his central hypotheses on the importance of lifelong learning, the achievement of one's life purpose, and achieving excellence. Of the nearly 800 guests who attended his lecture many were from Croatia's economic, intellectual and political communities.

Sustainability Day.

Magyar Telekom organized a Sustainability Day for the sixth time in September 2013 to showcase new ideas and solutions from the field of sustainable development. Traditionally, this festival-conference has focused on the state of the globe, the current international situation, as well as Magyar Telekom's role, situation and possibilities. 1,500 people attended the conference in September 2013. The event included presentations of innovations, new developments and initiatives from the economic, societal and environmental fields that were all striving to promote a more sustainable and ethical lifestyle. The economy session addressed the ethical aspects of environmental, social and financial innovations; the environment session discussed the social effects of climate change; the social session focused on changes in consumption

patterns; and there was an extra session highlighting the power of communities. As part of the 6th Sustainability Day and in cooperation with Hungary's Sustainability Media Club, Magyar Telekom also held a first-ever session addressing safe media consumption by children.

Productive Stakeholder Dialog at T-Mobile Netherlands.

On 16 July 2013, T-Mobile Netherlands hosted a Stakeholder Dialog with the aim of obtaining feedback on the 2012 CR results and Report and the new CR strategy. With a total of 25 organizations participating, the guests included representatives of NGOs, suppliers, universities, business and consumer customers, the media, the Dutch knowledge center and network organization for corporate social responsibility, the trade association for IT, telecom, internet and office companies in the Netherlands, and company employees. After stakeholders noted that a materiality assessment was missing, T-Mobile Netherlands decided to carry out a materiality assessment in 2014.

PARTICIPATION

Materiality workshop on 2013 CR Report

On November 15, 2013, Telekom held an internal materiality workshop. The goal was to identify topics that are fundamental to Telekom's sustainable business development and use these topics as the basis for our 2013 reporting.

Employees from different areas participated in the workshop, which was based on a written survey on key CR topics. The survey results were discussed in the workshop and adjusted, where necessary. In addition to identifying topics, the workshop analyzed ways to make the report more compact and focused. Workshop participants also identified new contents that had previously not been part of CR reporting. This included the cap on surfing speeds, which was very much in the public eye in 2013.

The results of this internal process laid the foundation for our external online materiality survey.

Design thinking workshop on the We Care app

We actively involve our stakeholders in the process of improving our CR communication tools. In November 2013, we invited employees from different areas of the company to attend an evening workshop to help us enhance our We Care CR app. We feel it is important to include the opinions and experiences of people outside our company, which is why we gave our employees the opportunity to bring along someone from their private sphere to the workshop. 27 participants from all age groups, including Telekom employees, families and friends as well as representatives from partner organizations, met in an innovative design thinking workshop and discussed the use of social media, evaluated the current We Care app and developed valuable ideas for further improving the app in three sessions.

Dialog with the German environmental organization, Deutsche Umwelthilfe (DUH).

The contractually regulated collaboration between Telekom Deutschland GmbH and the German environmental organization, Deutsche Umwelthilfe (DUH), has been in place for 13 years, making it a good example of the long-term nature of our collaboration efforts. The collaboration focuses on the challenges involved in realizing sustain-

able consumption in the telecommunications industry. The central focus of the partnership are the challenges posed by the concept of sustainable consumption in the telecommunications sector, including the development of sustainable telecommunications products, the impact of raw materials extraction and optimizing collection system for used cell phones. Our joint efforts in 2013 focused on the following issues:

Dialog with expert network: As in previous years, DUH and Telekom Deutschland worked together in 2013 to host expert discussions to promote sustainable communications products. Dialog partners included scientists, NGO representatives, businesses and environmental authorities. One of the discussions was held in October 2013 and focused on different ways to increase cell-phone return rates through measures such as introducing a deposit for cell phones.

Used cell-phone collection: Since 2003 we have been running a successful used cell-phone collection system together with DUH based on high sustainability standards for consumers, environmental initiatives and school classes. Since then, the proceeds from the joint cell-phone collection drives have made it possible to support more than 770 environmental and nature conservation projects.

Prize for environmental journalism: Telekom Technik has been sponsoring DUH's UmweltMedienpreis environmental media prize for over ten years. The prize recognizes "excellence in environmental journalism and an effective presentation of nature-related and environmental topics in the media." The prize was awarded for the 18th time on November 13, 2013.

BROAD-BASED INVOLVEMENT: MEMBERSHIPS AND COLLABORATIONS.

Business and industry associations

- American Chamber of Commerce in Germany
- Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA)
- Branchenverband BITKOM
- Deutscher Industrie- und Handelskammertag (DIHK)
- European Telecommunications Network Operators' Association (ETNO)
- Forum Nachhaltige Entwicklung der Deutschen Wirtschaft e.V. (econsense)
- GSM Association (GSMA)
- International Chamber of Commerce (ICC)
- Bundesverband der Deutschen Industrie e. V. (BDI)
- International Telecommunications Union (ITU)
- World Business Council of Sustainable Development (WBCSD)

Climate protection and environmental organizations

- B.A.U.M. e.V.
- Global e-Sustainability Initiative (GeSI)
- Stiftung 2° - Deutsche Unternehmer für Klimaschutz
- Sustainability Leadership Forum (in Kooperation mit B.A.U.M.)
- European Round Table of Industrialists (ERT)
- European School of Management and Technology (ESMT) (Sustainable Business Roundtable)
- Global Compact
- Global Compact LEAD
- Caring for Climate
- Joint Audit Cooperation (JAC)

Selected collaborations with humanitarian and social aid organizations

- Bundesnetzwerk Bürgerschaftliches Engagement (Mitgliedschaft sowie Arbeitsgruppe Demografie und seit März 2014 Mitglied im Koordinierungsausschuss)
- CCCD – WIE (Arbeitsgruppe Corporate Volunteering, Arbeitsgruppe Evaluation)
- Aktion Deutschland Hilft e.V.
- Deutsches Rotes Kreuz
- DKMS Deutsche Knochenmarkspenderdatei gemeinnützige Gesellschaft mbH
- Bundesverband Deutsche Tafel e.V.
- Lebenshilfe e.V.
- SOS-Kinderdorf e.V.
- Nummer gegen Kummer
- TelefonSeelsorge
- Deutsche Telekom Stiftung
- Deutschlandstiftung Integration
- "Ich kann was!" - Initiative
- Bundesarbeitsgemeinschaft der Senioren-Organisationen (BAGSO)
- Friedrich-Ebert-Gymnasium Bonn
- Teachtoday
- Leitbild Deutsche Wirtschaft
- Wirtschaftsbeirat der GIZ

COMPLIANCE.

Telekom's business is based on the principles of integrity and respect. Compliance, which is understood as the lawfulness of corporate activities, therefore plays a significant role in the Group's business activities.

MANAGEMENT APPROACH.

Compliance, which is understood as the lawfulness of corporate activities, plays a significant role in the Group's business activities. Telekom has clearly expressed its commitment to complying with ethical principles and current legal standards. These are firmly integrated into Telekom's Guiding Principles and Code of Conduct. Telekom has been practicing comprehensive compliance management since 2005 to make sure conduct throughout the Group is ethical and complies with legal provisions. All compliance management activities are in line with legal regulations and with Telekom's Privacy Code of Conduct, a policy on handling personal data at the Deutsche Telekom Group.

Responsibility for compliance management activities lies with the top management level at Telekom in the Board department for Data Privacy, Legal Affairs and Compliance. At the operative level, the compliance organization is comprised of the Chief Compliance Officer (CCO), the Compliance Committee as well as central and local compliance units.

The CCO is responsible for setting up the compliance management system and maintaining its functionalities in the long term. He reports directly to the Board Member for Data Privacy, Legal Affairs and Compliance and has the right, in consultation with said Board member, to send reports to Deutsche Telekom AG's Board of Management as well as the Audit Committee.

Members of the Compliance Committee include managers from the areas of Compliance, Legal Affairs, Data Privacy, Internal Audit, Human Resources and Security. The committee helps central and local compliance units in developing and implementing a compliance program. It also encourages company departments that deal with compliance topics to share experiences and information with each other.

The Group Compliance Management department (GCM) holds central responsibility. It develops Group-wide standards, tools and processes to guarantee compliant conduct at the company.

Affiliated companies are responsible for conducting local compliance management activities and are supported by the CCO in matters such as case processing, reporting and designating a compliance officer. These companies may have widely differing business models and represent the different phases of a company's development, from start-ups to market leaders. In 2013, Telekom developed a tool kit for maturity-

based compliance to give these companies guidance on compliance management based on their current situation.

Telekom conducts wide-scale measures to raise employee awareness of compliance management requirements. Managers also act as facilitators and discuss the topic with their employees. Between January and April 2013, Telekom conducted a Group-wide survey on compliance among mid-level managers. More than 4,000 managers from 32 business units participated in the survey. They provided information on a number of topics, including how they perceive compliance and how they deal with concrete compliance cases. We thoroughly analyzed the responses and used them to come up with different measures including expanded compliance training offers tailored to the information needs of our employees as well as accompanying communication initiatives. Telekom has set up two online portals called Ask me! and Tell me! for questions and tips on the topic of compliance. Employees can find reliable information on laws, internal policies and codes of conduct relevant to their daily activities on the Ask me! portal. The Tell me! portal helps clear up cases involving violation of legal or internal regulations. Both employees and external parties such as business partners and customers can notify us of any violations by e-mail, phone or fax.

MATURITY-BASED COMPLIANCE IMPLEMENTED.

The ICT industry is characterized by dynamic change. Companies need to constantly update their core business, tap into potential in growth markets, realize innovative business ideas and open up new business fields. As a result, Telekom's Group companies that have to tackle these challenges are extremely varied. Depending on the business model, size and risk situation, these companies need different compliance management solutions.

That is why we developed a toolkit for maturity-based compliance in 2013. The purpose of the toolkit is to define compliance management system requirements at the different Group companies, taking their economic development, business strategies and risks into account. We classified the companies based on their current life cycle phase (from start-up to market leader) and their specific compliance risks in a matrix. Depending on their classification, we defined minimum compliance requirements for affiliated companies on a sliding scale and specified how the compliance management system is to be set up, structured and monitored.

COMPLIANCE MANAGEMENT CERTIFICATION.

The compliance management system helps guarantee compliance, i.e., the lawfulness of our corporate activities. Key system components include:

- Establishing a compliance organization in all major Group units
- Risk-based derivation of a compliance program and its consistent implementation through policies, training, consulting offers, and communication measures
- Compliance controls and compliance due diligence (analyzing compliance risks involved in acquisitions)
- Making sure that the company responds appropriately to violations

Auditors certified Deutsche Telekom's compliance management system at eight Telekom companies in Germany in 2012 and at 13 international companies in 2013 in accordance with IDW audit standard 980. The audits focused heavily on anti-corruption. This certification is proof that the certified compliance management systems used by the companies listed below is effective when it comes to identifying corruption risks and preventing violations.

Companies were selected based on materiality and risk aspects and include the following:

- Deutsche Telekom AG
- T-Systems International
- T-Deutschland
- DT Kundenservice
- DT Netzproduktion
- DT Technischer Service
- Telekom Shop Vertriebsgesellschaft
- Detecon International
- Magyar Telekom
- Makedonski Telekom
- T-Mobile Macedonia
- Crnogorski Telekom
- Slovak Telekom
- T-HT Hrvatski Telekom
- OTE
- Cosmote
- Romtelecom
- Albanian Mobile Communications
- T-Mobile Czech Republic
- T-Mobile Polska
- T-Systems Iberia

INTERNATIONAL COLLABORATION ON COMPLIANCE.

Different legal practices and cultural values in the countries where Deutsche Telekom is active represent a significant compliance challenge. The increasingly dynamic development of global ICT markets and intensified international competition also influence Telekom's compliance strategy.

In line with the Group's international structure, strategic issues are discussed with an international Compliance Advisory Team and a shared compliance approach is defined. The team is a trend-setter, as it provides an impetus for designing and implementing balanced compliance structures at the Deutsche Telekom Group. We have also been promoting Group-wide compliance collaboration for years with our International Compliance Days, an annual meeting of the representatives of all compliance organizations from our national companies. Around 120 experts from 25 countries met on April 24th and 25th, 2013 in Bonn to discuss the challenges that accelerated market and innovation processes pose to compliance management.

Top scores for compliance in Hungary and Greece.

Critical stakeholders monitor the compliance efforts of our national companies closely. In 2013, for example, Transparency International (TI) compared the transparency of the anti-corruption reporting of leading companies in Hungary and Greece. Our national companies scored exceptionally well. Magyar Telekom got the best score among 50 listed Hungarian companies in all three of the categories assessed by TI with a total of 9.8 out of 10 possible points. OTE came in first in all of Greece in the category, "Disclosure of anti-corruption program." TI assessed the anti-corruption activities of all Greek companies with a revenue of over one billion euros.

PREVENTING AND FIGHTING CORRUPTION.

All Group units regularly audited for risk of corruption.

We take a wide spectrum of internal measures to prevent and fight corruption. All of the 135 fully consolidated, personalized and operational companies of the Deutsche Telekom Group undergo a compliance risk assessment at least every two years. 108 of these companies even conduct an annual compliance risk assessment. The assessment helps us identify and evaluate compliance risks and develop appropriate prevention measures. This involves defining which specific threat each risk poses to the company and identifying what has already been done to mitigate this risk. If necessary, additional measures are developed to reduce the risks to a manageable level, as defined by the risk strategy. Responsibility for the compliance risk assessment lies with the management of the respective Group company. Our central compliance organization provides support and advice in these matters.

More than 19,000 employees trained to fight corruption.

Following our 2009/2010 anti-corruption campaign, Deutsche Telekom conducted a second major anti-corruption campaign in 2012 and 2013 for its employees. Depending on the actual corruption risks involved in employees' work, they were offered attendance training or e-learning courses. More than 3,400 employees attended face-to-face training courses in Germany and internationally. Almost 16,000 employees in Germany attended e-learning courses. This corresponds to a participation rate of 72 percent.

Investigation based on clear criteria.

Deutsche Telekom has specified clear criteria for investigating suspected cases of corruption. The company only starts investigations if a violation of legal or internal regulations is reported with a sufficient degree of detail. We thoroughly investigate any tips that meet these requirements. Any violations we uncover during our investigation are punished appropriately, to the point of termination of the employment relationships for good cause. Claims for damages may also be asserted. Any weaknesses identified in the internal control system during the investigation are systematically analyzed and remedied.

MAJOR ONGOING LITIGATION.

Deutsche Telekom is party to several proceedings both in and out of court with government agencies, competitors, and other parties. The proceedings mentioned in the 2013 Annual Report are of particular importance from Deutsche Telekom's point of view.

RISK & OPPORTUNITIES MANAGEMENT.

For us, comprehensive risk and opportunity management also includes considering the risks and opportunities of corporate responsibility (CR). As part of our CR management, we pursue a strategy in which the different stakeholder groups are systematically involved in identifying current and potential risks and opportunities. To this end, we participate in a number of committees and initiatives. Continuous monitoring of CR topics enables us to systematically identify stakeholder positions on relevant sustainability issues. To this end, we use, for example, our NGO Radar, which summarizes the activities, research projects, publications and opinions of relevant NGOs and assesses them for Deutsche Telekom. In addition, we ask our stakeholders on an annual basis as part of our CR reporting which sustainability issues are important to them.

CLIMATE PROTECTION.

At present, we do not see any severe risks to the achievement of our climate protection targets within our reference period. Deutsche Telekom sees climate protection above all as an opportunity. ICT products and services have the potential to save seven times as many carbon emissions in other industries as the ICT industry emits itself (SMARTer2020 study). Examples of resulting external opportunities include changed customer expectations, political measures to implement the energy revolution, the growing consideration of sustainable criteria in tenders and in procurement, as well as the interest of sustainable investors (socially-responsible investing – SRI). The Carbon Disclosure Project, for example, manages 722 institutional investors (approx. 87 trillion US dollars), selecting investments in climate-friendly assets. Opportunities that Deutsche Telekom can develop itself are the continuous reduction in its own electricity consumption and emissions, as well as a reduction in carbon emissions by means of climate-friendly products and services, thus also tapping into new target groups.

SUPPLIERS.

As part of our global procurement activities, we can be exposed to country and supplier-specific risks. These include, for example, the use of child labor, the conscious acceptance of environmental damage or inadequate working and safety conditions in the local supplier factories. Reports by NGOs or the media can give rise to risks to the company's reputation, but also to supply risks. We minimize these risks by systematically auditing our suppliers.

In the important sustainability ranking SAM, Deutsche Telekom was rated very positively for its supplier management in the last few years. In 2013, we improved further (from 83 points in 2012 to 88 points). Our cooperation with suppliers that comply with international sustainability standards ensure a high level of product quality and reliability in procurement.

HEALTH AND ENVIRONMENT.

Mobile communications, or the electromagnetic fields used in mobile communications, regularly give rise to concerns among the general population about potential health risks. There is intense public, political, and scientific debate of this issue. Acceptance problems among the general public concern both mobile communications networks and the use of mobile devices. In mobile communications, this affects network build-out and the use of devices. In the fixed network, it affects sales of conventional DECT (digital cordless) phones and devices that use WiFi technology. Apart from legal risks (e.g., reduced thresholds), regulatory interventions are also possible, such as precautionary measures in mobile communications (e.g., amendments to building law or labeling requirements for devices).

Over the past few years, recognized expert organizations such as the World Health Organization (WHO) and the International Commission on Non-Ionizing Radiation Protection (ICNIRP) have repeatedly reviewed the current limit values for mobile communications and confirmed that the use of mobile technology is safe based on current scientific knowledge. In 2011, despite a lack of scientific evidence, the International Agency for Research on Cancer (IARC), a WHO agency, classified high-frequency electromagnetic fields as "possibly carcinogenic" on the basis of isolated indications. This is the weakest category indicating a potential carcinogenic effect. Drinking coffee is also included in the same category. The classification provoked an increase in media coverage, as well as controversy among experts. The German Commission on Radiology Protection, for example, criticized this classification on the basis that there is insufficient scientific evidence for it in the Commission's view. There is agreement among all institutions and expert committees on the need for more research into this issue and that there is no scientific evidence of a health risk from electromagnetic fields.

We are convinced that mobile communications technology can be used safely if specific threshold values are complied with. We are supported in this conviction by the assessment of recognized bodies. The basis of our responsible management of mobile communications is our EMF Policy. With this policy we are committing ourselves to more transparency, information, participation, and financial support of independent research on mobile communications, far beyond that which is stipulated by legal requirements. We aim to overcome uncertainty among the general public by pursuing an objective, scientifically well-founded, and transparent information policy.

DATA PRIVACY.

Millions of customers entrust Deutsche Telekom with their data. In order to live up to this responsibility, we place the highest priority on protecting our customers' personal information. Deutsche Telekom's activities in the areas of data privacy and data security set the standard for numerous companies. That is why more and more companies are asking us to share our experiences and information on this topic. We plan to expand our role as an in-demand expert and solutions provider for data privacy and data security.

Making our data privacy measures transparent to the public is a principle of utmost importance for us. We are the first DAX-30 company to publish an annual data privacy and data security report, which documents all relevant processes at the Group. We have been publishing an integrated report on data privacy and data security since 2011.

In addition to publishing our annual report, we also report on all events relating to data theft and data misuse that have been reported to the relevant investigation authorities, present up-to-date measures for improving data privacy and provide important tips for the secure handling of personal data at www.telekom.com/dataprotection.

GOVERNMENT RELATIONS AND REGULATORY ISSUES.

The political sector and regulatory authorities influence the development and availability of the network infrastructure, technologies and services. Not only does this directly impact the competitiveness of telecommunications companies, it also impacts business in general, which relies on having a fast network infrastructure as well as state-of-the-art telecommunications services. In addition to economic factors, networks and services are of considerable importance for maintaining a sense of community in society. That is why we engage in active, ongoing dialog with interested stakeholders from politics and the general public.

Many governments, parliaments, authorities and non-governmental organizations worldwide consider Deutsche Telekom to be a valued dialog partner when it comes to ICT and innovation. As a company seated in Germany, we are in particularly high demand with institutions located in Germany. We have also set up offices in Brussels to ensure constant dialog with the institutions of the European Union as well as associations and other community organizations. We engage in active dialog with similar institutions in countries in which Deutsche Telekom is active, particularly in the European markets and in the United States.

TOOLS FOR REPRESENTING POLITICAL INTERESTS.

Our partners from parliaments, governments and non-profit organizations need to uphold their independence and integrity. This principle is codified in Telekom's Guiding Principles. For example, they prohibit donations to political institutions in Germany as well as non-transparent attempts to exercise influence. Instead, these guidelines recommend basing our political communication on facts, expertise, credibility and integrity. In the interest of credibility, Deutsche Telekom is also registered in the public Transparency Register for lobbyists in Brussels, where all required information is documented. This is the basis for recipients to perceive information provided by Telekom as authentic and trustworthy, so that it can be assimilated in opinion-building processes in the political arena and society.

CURRENT REGULATORY TOPICS.

Investment incentive needed for broadband networks.

Fast broadband networks have become a central infrastructure feature as well as a factor for site selection and success in all business sectors. Germany needs a high-performance, reliable and secure broadband infrastructure, ideally with nationwide coverage.

Building the next generation access networks (NGA) requires joint efforts of politics and business. In view of the ambitious broadband goals at both the national and European level, the main purpose of telecommunications and regulatory policies needs to be improving planning security and, in particular, the financial power of companies willing to invest in the market as well as maximizing the potential for economically viable network expansion by the private sector.

Forward-thinking regulatory policies actively support investment in modern broadband networks and prevent unnecessary financial burdens and red tape for the network providers investing in networks. The successful liberalization of the telecommunications market has created self-sustaining, functional infrastructure competition in Germany. We now need to continue to strengthen the investment power and competitive edge of the German and European telecommunications industries.

As the result of many years of regulatory policy that has focused exclusively on price reduction, the industry is lacking the funds needed to realize the investment being demanded by the political sphere. Industry investments are generally stagnating when what we need is significant expansion.

Regulated charges need to reflect cost and price trends and create effective incentives to invest in new networks. Regulated companies need price flexibility, particularly for next generation networks (NGA) that are set up under competitive conditions. This is the only way to guarantee competitiveness and full capacity utilization and, therefore, economic efficiency.

Updating regulatory policies remains an important step. In view of the fact that the competitive landscape, the technologies and demand are all highly dynamic, market regulatory policies need to be reviewed, modified and, in some cases, reduced. The new German Telecommunications Act (TKG) includes the gradual reduction of regulation in competitive environments. From the perspective of the market, a consistent application of the new law is now key. The same goes for enabling collaboration and risk sharing models that encourage broadband expansion and improve profitability. Regulatory measures need to be based on proven market failure to keep them from unnecessarily limiting innovative rate plans and products. Open access needs to be embraced as a basic principle so that competition and the ability to choose are guaranteed for consumers in connection with all network expansion projects. Regulatory policy needs to be rebalanced along the entire digital value chain. In view of the fact that the online and telecommunications market are converging rapidly and in light of the growing market power of a few global Internet players, sector-specific regulation of telecommunications is creating more and more of an imbalance. The same laws and regulations that apply to telecommunications companies also need to apply to Internet companies providing the same services. The objective here needs to be creating equal competitive conditions and enabling fair distribution of the financial burden involved in broadband expansion.

Deutsche Telekom has been making a considerable contribution to this area for years by investing heavily in the infrastructure for fixed-line and mobile Internet. The company has invested in broadband coverage in Germany for many years and is committed to closing coverage gaps.

Protecting the open Internet.

The topic of net neutrality continues to draw political attention. EU Commissioner Neelie Kroes, who is responsible for the European ICT sector, presented a draft regulation to standardize the legal framework to the EU Parliament in September 2013. This "EU telecoms package" would also impose net neutrality rules. The draft regulation includes rules on traffic control and transparency and defines special services providing for guaranteed quality of data transfer.

Deutsche Telekom remains committed to preserving an open Internet. Content and services will continue to be available online in accordance with the best effort principle, meaning they will be available to the extent permitted by the available resources. Deutsche Telekom continues to expand and optimize its infrastructure so that we are able to cope with rapidly increasing amounts of data traffic and constantly upgrade our network. This is the only way for us to meet our customers' increasing demands and live up to the requirements of online content and application providers to provide their services in high quality in the future as well. However, telecommunication networks cannot be operated without an effective network management system.

That is why Deutsche Telekom is developing business models based on the "best effort" Internet principle that online businesses can use to offer innovative services that pose specific demands on transmission quality and quality of service. This will include managing the rapidly growing volumes of different types of data streams in the net. Content will in no way be controlled. Deutsche Telekom supports the freedom of the Internet and does not influence user or provider content in any way. Telekom will continue to take a non-discriminatory approach to marketing services with different quality-of-service levels in competition with other network operators. This gives consumers greater choice and guarantees a high quality level.

Consumer dialog.

One of Deutsche Telekom's aims is to become the most highly regarded service company in the industry. That is why we gave high priority to consumer-related topics in 2013 as well. We further strengthened internal functions dealing with consumer relations in order to improve exchange between Deutsche Telekom's product and service development areas and our external stakeholders from politics and the general public.

Central topics in legislation and in stakeholder dialog as well as efforts to create voluntary regulations for the industry beyond legal provisions included:

- Maintaining consumer data privacy, for example in the online advertising business
- Improving comprehensive, cross-technology protection of minors at both the national and EU level, particularly by establishing comprehensive, Group wide minimum standards in the EU
- Improving customer service standards and customer protection in the telecommunications sector, for example when switching providers for fixed-line and mobile services

- Encouraging improved transparency toward our customers and in collaboration with the entire industry

Deutsche Telekom once again made progress in 2013 in regard to switching fixed-line providers - both internally as well as in collaboration with other German service providers. The goal is to make it easier for consumers to switch providers without any service interruptions. New switch-over processes, which apply to all mobile network providers, were successfully established throughout the entire market in 2013. These processes now enable number portability from customers' current mobile communications contracts. In all these areas, Telekom stands for a constructive and solution-oriented approach that is geared to both the consumers' interests and the interests of our company.

In terms of improved transparency for customers, Telekom in Germany took the initiative in 2013 and began rethinking its rate plans and customer communications activities as well as moving in new directions (see More transparency on costs and services). Telekom's objective in this area is to improve transparency and simplify its products and communication, giving customers a clearer picture of what they can expect from their fixed-line and mobile communications rate plans. During the reporting period, Telekom also collaborated intensively with the entire industry to improve transparency for customers in Germany. An extremely comprehensive set of measures was proposed to the German Federal Network Agency in this context in September 2013. Among other things, these measures would enable a comparison of actual bandwidths across all technologies in the fixed-line network for the first time.

REGIONAL ADDED VALUE.

As a responsible corporate citizen, Telekom considers it an obligation to promote regional added value and social stability at our company sites. We generated revenues of 60.1 billion euros globally in the financial year 2013, with 229,704 employees (2013 annual average). 58 percent of revenues were generated outside of Germany. We contribute significantly to the economic development in the various regions through salaries, taxes and procurement.

TELEKOM NET ADDED VALUE.

Telekom publishes the net added value generated by the Group each year. These figures show how different stakeholders benefit from corporate performance. By paying wages and salaries and contributions to pension schemes, for example, we contributed substantially to regional purchasing power and a secure future at our locations. Net added value decreased to 26.3 billion euros in 2013 from 31.2 billion euros in the previous year. This figure shows that economic development at our company sites is closely connected to long-term business success.

CONNECT THE UNCONNECTED.

We have been focusing our investments on full-coverage expansion of fast and stable networks over the past few years and continued to do so during the reporting period. With our network expansion, we are laying the foundation for everyone to be able to participate in the information and knowledge society. Our cash CAPEX, a KPI that summarizes our investment in equipment and systems, came to 3.4 billion euros for Germany in 2013. Of this, we invested 0.9 billion euros in intangible assets (without goodwill) and 2.5 billion euros in property, plant and equipment. We paid 0.6 billion euros in taxes in 2013.

In the context of the "Yes, I can!" association, we also supported initiatives in Germany that promote projects for children and young people from disadvantaged areas, increasing their confidence in their own skills. We also offer customized solutions to provide people from disadvantaged backgrounds with access to new communications technologies and media. In particular, these include

- Subsidized rates for people with low incomes or disabilities,
- Varied activities to promote media skills, and
- Promoting the integration of people from disadvantaged backgrounds.

Telekom helps bridge the digital divide by supporting equal opportunities for all to participate in education, knowledge and communications. In doing so, the Group helps to strengthen the economic standing and quality of life as well as competitiveness at its locations and in its markets.

EDUCATION - THE FOUNDATION OF A SUSTAINABLE SOCIETY.

Telekom makes a significant contribution to promoting young people's skills in the areas of technology and natural sciences through its training activities and its own foundation. The Deutsche Telekom Stiftung, which was established by Deutsche Telekom AG, continues to be very active in helping maintain and improve the German educational landscape. The foundation is currently one of the largest German corporate foundations with funding capital of 150 million euros. It is dedicated to improving education levels in the STEM subjects (science, technology, engineering, and mathematics) throughout Germany. In the training year 2013/2014, we had some 8,100 apprentices and students on cooperative degree courses on average overall

RESEARCH INVESTMENTS IN GERMANY.

The development of innovative ICT solutions is a key growth driver not only for our industry but also for many other sectors. The Telekom Group's central research and development unit, Deutsche Telekom Laboratories (T-Labs), is a global player in this area. In addition to our German locations in Berlin, Bonn and Darmstadt, we also run institutes in Tel Aviv and Los Altos, California. In 2013, some 2,900 Telekom experts and scientists were involved in research work to develop fast, secure and sustainable communication solutions at T-Labs. The focus of their work in 2013 was on medium-term topics such as developing technologies that enable up-to-date differentiation options and identifying new business avenues.

T-Labs also finances university chair positions and cooperates with Berlin universities as well as with a number of other universities and institutes worldwide. Together with other partners from the industry as well as start-ups, T-Labs helps bring the worlds of research and business together and secures the transfer of know-how into Telekom. Telekom's research and development budget totaled around 97 million euros in 2013.

NATIONAL COMPANIES.

With companies in about 50 countries, Deutsche Telekom is one of the world's leading telecommunications providers. Implementing and embracing the CR strategy on a cross-border basis is key to the Deutsche Telekom Group reaching its goal of becoming a CR leader. The different degrees of CR maturity in the international subsidiaries, due among other things to local conditions, represent a major challenge in this regard.

Click on the map to access the profiles of selected subsidiaries describing their CR activities and highlight projects.

ALBANIEN.

AMC.

Our CR highlight: Build a Dream.

The Build a Dream project from AMC, Telekom's Albanian subsidiary, ran for the third time in 2013 and combines corporate volunteering with team building. In the year under review, 40 employees took part in three groups, with each one given the specific task of improving the living conditions in an orphanage, school for pupils with special needs and an old people's home during the three-month project. Nine of AMC's business partners joined the project, thus demonstrating their joint responsibility towards society. The participants in the 2013 Build a Dream project showed their responsibility by helping to build the dreams of three institutions and demonstrating to the inhabitants that there are people who care for them and listen to their signals.

Our awards and new memberships.

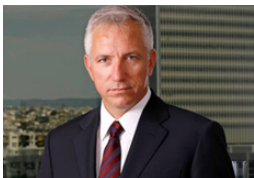
Philanthropy Award 2013:

- AMC received the Philanthropy Award 2013 from Partners Albania and Rockefeller Fund for its contribution to improving the quality of life in local communities, and particularly among vulnerable groups.

CR Excellence Award 2013:

- The 5th Infocom Albania Forum was awarded to AMC for its sustainable contribution to the environment and disadvantaged groups of people.

Why corporate responsibility matters to our company.



While the economic crisis still dominates the environment in which we operate, OTE has been able to manage the downturns and deliver a healthy sustainable performance thanks to a well-thought, proactive approach. Our ongoing CR commitment

is anchored in the corporate business plan, reflecting our conviction that sustainability and responsibility are integral to our long-term business success. To this end, we invest in new technology and infrastructure to enrich our Product & Services portfolio, while we strive to provide our people with an environment which is safe, fair and conducive to personal growth. Looking ahead, I am confident that the OTE Group, as a strategic subsidiary of the DT Group, is making strong progress on the path of sustainable growth by remaining a leader in the market in customer centricity and innovation, as well as social and environmental responsibility.

Michael Tsamaz, OTE Group Chairman and CEO

Key facts at a glance.

Markets, business Areas and market share

OTE is the leading integrated telecommunications operator in South-East Europe, providing state-of-the-art voice, mobile and broadband services. Besides Greece, the OTE Group is present in Romania through Romtelecom and Cosmote Romania, and Albania through AMC.

- Greece:
 - Fixed: Incumbent/Leader
 - Mobile: leader
- Romania:
 - Fixed: Incumbent/Leader
 - Mobile: Challenger
- Albania: #2 in the mobile market

Number of customers

- Greece:
 - Total lines: 2.852.060
 - ADSL subscribers: 1.261.590
 - OTE TV subscribers: 255.912
 - Mobile customers: 7.476.980
- Romania:
 - Total lines: 2.252.563
 - ADSL subscribers: 1.249.987
 - TV subscribers: 1.353.421
 - Mobile customers: 6.091.455
- Albania:
 - Mobile customers: 2.058.407

Number of employees

- Fixed line operations, Greece: 6.878
- Mobile operations: 2.045
- Fixed line operations, Romania: 6.796

Shareholding of Deutsche Telekom AG since

2008

ISO 14001 certification

Yes

OHSAS 18001 certification

Yes

Please refer to the internet for further information

www.ote.gr

www.cosmote.gr

Local CR reports

OTE has published its own annual [CR report](#) since 2005.

Cosmote Greece has published its own annual [CR report](#) since 2005.

2014 OTE and Cosmote will publish their second common CR report.

GERMANY.

TELEKOM DEUTSCHLAND GMBH.

Our CR highlight: Market launch of the first DECT phones to feature the Blue Angel ecolabel.

Telekom Deutschland launched the first DECT phones to bear the well-known Blue Angel ecolabel to market in March 2013. A total of ten devices in the Sinus series meet the strict criteria of the best-known ecolabel in Germany. The DECT phones are particularly energy-efficient and low-radiation. They come with replaceable batteries and long-term availability of replacement parts. The new Sinus phones also feature a Blue Eco mode that lets consumers independently determine the transmission power and range of their fixed-line phone.

The Blue Angel government-supported ecolabel is only granted if all of the criteria set by an independent jury have been met. Ursula Heinen-Esser, Undersecretary of State at the German Federal Ministry for the Environment, presented Telekom Deutschland with the certificates granted to the ten Sinus devices.

Over the course of the year, the company initiated extensive communication campaigns on the Sinus phones bearing the Blue Angel. In addition to getting their own website, the DECT phones were advertised extensively and employees and customers were provided with comprehensive information on the green features of the DECT phones. The Deutsche Umwelthilfe e.V. environmental organization, with which Telekom Deutschland has been cooperating for more than a decade, advised the company to have its products certified by the government-supported ecolabel and publicly praised Telekom Deutschland's decision to go with the Blue Angel ecolabel as an exemplary contribution to transparent consumer education.

Telekom Deutschland's pioneering role in the industry and its extensive communication campaign caused the company to be nominated for the Blue Angel Award, which was awarded within the context of the National German Sustainability Award in November 2013.

Internet links:

<http://www.blauer-engel.de/en/>

www.telekom.de/der-blaue-engel

<http://www.nachhaltigkeitspreis.de/sonstige/english-summary/>

Why corporate responsibility matters to our company.



"Telekom Deutschland does more than just offer its customers the most innovative, highest quality networks. We are also very concerned with using energy and raw materials responsibly. We are constantly updating our network technology in order

to optimize energy efficiency and reduce CO₂ emissions. Our extensive initiatives on recycling and reusing products also help raise customer awareness, thereby contributing to the conservation of valuable resources."

Bruno Jacobfeuerborn, Managing Director of Technology,
Telekom Deutschland GmbH

Key facts at a glance.

Markets, business areas and market share	Core business: Products and services for fixed-line telephony, broadband Internet, mobile voice and data and IPTV
Number of customers	21,417,000 fixed lines 38,625,000 mobile communications customers 2,177,000 TV customers and 12,360,000 broadband connections (Last updated: Dec. 31, 2013, Source: Annual Report)
Number of employees	66,725 (Last updated: Dec. 31, 2013, Source: Annual Report)
Please refer to the Internet for further information	www.telekom.com/konzern/weltweit/23110

GERMANY.

T-SYSTEMS INTERNATIONAL.

Our CR highlight: Optimizing and consolidating data centers.

Reducing CO₂ emissions is a key component in Deutsche Telekom's CR activities. Operation and planning of T-Systems data centers plays a significant role in our efforts. We work to reduce our CO₂ emissions by making improvements at individual data centers as well as optimizing our global data center landscape.

We thoroughly optimized current data center sites from 2008 to 2013. Some examples include updating the cooling systems and installing cold aisle containment to control the flow of cooling air as needed and minimize cold air waste in the IT areas. In this context, upgrading our IT systems and migrating the application environments to this new technology contributed considerably to the improved energy efficiency that we achieved in the years 2008 to 2013. The PUE factor (power usage effectiveness) is the globally recognized indicator in the IT industry used to measure energy efficiency. The indicator compares the total amount of energy used at a data center to the amount of energy used by IT systems and equipment. This value can be calculated for each data center. Our average PUE factor improved from 1.85 to 1.64. The lower the value, the lower the amount of energy being consumed by infrastructure components at a data center.

We also work to improve efficiency by physically consolidating our data centers. We do this by reducing data center space and number of locations and by using logical consolidation (i.e., via virtualization). With its DC11@2018 program, T-Systems is working to globally consolidate data center sites with the latest IT technology to a few FMO (future mode of operation) data centers. We expect these measures to massively reduce CO₂ emissions. According to the latest plans, the program should cut CO₂ emissions in half by 2020.

Why corporate responsibility matters to our company.



We feel that reducing energy consumption is key when it comes to reducing our CO₂ emissions. That's why we have been systematically optimizing the carbon footprint of our data centers since 2008. We are planning to cut our data center CO₂ emissions in half by 2020 by consolidating our data centers worldwide and increasing our use of virtualization technology. For us, green IT isn't the future – it's what we do.

Reinhard Clemens, Chief Executive Officer of T-Systems

Key facts at a glance.

Key facts at a glance.

Markets, business areas and market share	T-Systems is Deutsche Telekom's corporate customer arm. The company draws on a global infrastructure of data centers and networks to operate information and communications technology systems for multinational corporations and public institutions. With offices in over 20 countries and global delivery capability, T-Systems provides services to companies from all industries, from the automotive industry, telecommunications, the financial sector, retail, service providers, energy companies and the manufacturing industry to public administration offices and the healthcare sector. As a driving force for innovation and as part of the Deutsche Telekom Group, T-Systems develops ICT solutions to connect business and society, particularly in the smart network growth areas including mobility, healthcare and energy as well as cloud computing. With these solutions, T-Systems helps its customers identify and take advantage of the opportunities that go hand-in-hand with digitization.
Number of customers	400 corporate customers from all industries
Number of employees	52,700
Please refer to the Internet for further information	www.t-systems.de

GREECE.

OTE.

Our CR highlight: Enhanced energy efficiency through new office complex

In the second half of 2012, over 1,500 employees from the Greek subsidiaries OTE and Cosmote were relocated to a new facility at Paiania in the Greater Athens area. The biggest benefit of this move has been a reduction in energy consumption of approx. 25 per cent, even though the overall superstructure surface has been increased by almost the same extent. The complex became fully operational in 2013 and fulfills highest energy efficiency standards – Leadership in Energy and Environmental Design (LEED®) Gold Certification and a Class A energy efficiency status according to the Greek Building Energy Accreditation Scheme. Before this move, Cosmote was using five different buildings with an overall superstructure surface of almost 23,500 m² and a total energy of more than 6 GWh per year. The actual annual energy consumption of the new complex is about 4.5 GWh, even though its overall superstructure surface exceeds 29,000 m².

Our awards.

During 2013 the OTE Group received the following awards and recognitions for its Corporate Responsibility commitments and actions:

Environmental Awards 2014 (Boussias Communications & Plant Management):

- Category "Waste Management": Grand Award
- Category "Sustainably Built Environment-Energy Building": Gold
- Category "Climate Protection – GHG Offset": Silver

University of the Aegean for CR Report High Performance

- 3rd place for the OTE-COSMOTE CR Report 2012 (based on the revised GRI-G3.1 standards)

Tech Excellence Awards – Technology magazine "PC Magazine"

- "Internet Service Provider of the Year"

National Customer Service Awards 2013- Greek Customer Service Institute

- "Best Training Group for Customer Care"

Survey- Transparency International- Greece:

- Top ranking in the survey by Transparency International Greece in the category of disclosure of the anti-corruption program implemented by the largest companies in Greece

Why Corporate responsibility matters to our company.





While the economic crisis still dominates the environment in which we operate, OTE has been able to manage the downturns and deliver a healthy sustainable performance thanks to a well-thought, proactive approach. Our ongoing CR commitment is anchored in the corporate business

plan, reflecting our conviction that sustainability and responsibility are integral to our long-term business success. To this end, we invest in new technology and infrastructure to enrich our Product & Services portfolio, while we strive to provide our people with an environment which is safe, fair and conducive to personal growth. Looking ahead, I am confident that the OTE Group, as a strategic subsidiary of the DT Group, is making strong progress on the path of sustainable growth by remaining a leader in the market in customer centricity and innovation, as well as social and environmental responsibility.

Michael Tsamaz, OTE Group Chairman and CEO

Key facts at a glance.

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Number of customers	<ul style="list-style-type: none"> Greece: <ul style="list-style-type: none"> Total lines: 2.852.060 ADSL subscribers: 1.261.590 OTE TV subscribers: 255.912 Mobile customers: 7.476.980 Romania: <ul style="list-style-type: none"> Total lines: 2.252.563 ADSL subscribers: 1.249.987 TV subscribers: 1.353.421 Mobile customers: 6.091.455 Albania: <ul style="list-style-type: none"> Mobile customers: 2.058.407
Number of employees	<ul style="list-style-type: none"> Fixed line operations, Greece: 6.878 Mobile operations: 2.045 Fixed line operations, Romania: 6.796
Shareholding of Deutsche Telekom AG since	2008
ISO 14001  certification	Yes
OHSAS 18001  certification	Yes
Please refer to the internet for further information	www.ote.gr www.cosmote.gr
Local CR reports	<p>OTE has published its own annual <u>CR report</u> since 2005.</p> <p>Cosmote Greece has published its own annual <u>CR report</u> since 2005.</p> <p>2014 OTE and Cosmote will publish their second common CR report.</p>

GREECE.

COSMOTE.

Our CR highlight: "Our World is You" Program - Support for border areas and help for start-ups

During 2013 Cosmote, Telekom's Greek subsidiary, implemented two more ideas proposed by customers via its "Our World is You" Program.

In March 2013 work began on implementing the ideas put forward by two customers from Samothrace and Prespes to enhance life in inhabited border areas. In Samothrace, the project involved renovating and fully equipping the "heart of the town" with a brand new library, full of books and board games, a new gym and sports area, an area for cultural and other creative activities, and a new playground. Computers with free Internet access and a video-projection system were installed and a new boiler purchased to ensure adequate heating of the center complex. In Prespes, the Patoulideio Stadium and Lemos Municipal Library were renovated. In the stadium a new carpet, a modern electronic scoreboard, and a detachable platform for all kinds of events were installed. In the Lemos Library a new loft was built to increase capacity, a kids' corner created with lots of books and toys, and computers offering free access to the Internet in-stalled.

150 people from Cosmote and an agent were involved in this project, and over 1,000 people from the area attended the final event.

The second activity organized by Cosmote as part of its "Our world is you" program implemented the idea of a customer who wanted to support creative people and original business ideas. In collaboration with the Greek Management Association, the Entrepreneurial Agency Foundation and OTEAcademy, Cosmote initiated Cosmote StartUp, a program that aims to promote entrepreneurship, create opportunities and develop original ideas through providing benefits such as an experience-based training program, a network of speakers, a workplace, and planning of an event to present the final ideas to investors. The committee selected ten finalists who will participate in the intensive Cosmote StartUp training program.

Cosmote StartUp promoting entrepreneurship (in Greek language).

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CROATIA.

T-HT HRVATSKI TELEKOM.

Our CR highlight: Solar Sunflowers at elementary schools.

In March 2013 Hrvatski Telekom launched and financed the Solar Sunflowers project with a donation of approx. 53,000 EUR (HRK 400,000). The project was implemented in cooperation with the United Nations Development Program (UNDP). As a result, elementary schools throughout Croatia have been equipped with a solar tracker ("solar sunflower"), a freestanding solar system that tracks the sun throughout the day so that solar modules are positioned at an optimal angle to the sun. This boosts system efficiency by approx. 30 percent and thus increases the amount of energy produced.

The idea behind the project is to educate children about renewable sources of energy, and in particular solar and wind energy, by enabling them to see how much energy is being produced by each solar sunflower in a given hour, day or year. They also learn about the energy that can be generated from river currents, tides and waves, as well as geo-thermal and biomass energy.

Our awards.

- For the project Solar Sunflowers Hrvatski Telekom received DT's Magenta Bronze Award in 2013.

Why corporate responsibility matters to our company.



At Hrvatski Telekom we view sustainability and corporate responsibility as an integral and crucial part of our business. As key players in an evolving industry, we invest substantial efforts in maximising our contribution to the well-being of society. As a result, the company directs its strengths toward the enrichment of the daily life of the community in which it operates, as a means of conveying our corporate values to all our stakeholders.

We provide access to advanced telecommunications services and IP networks that can improve the quality of life for all the customers and businesses we serve, as we endeavor to further develop the knowledge society. At the same time, we strive to lead by example in the crucial areas of environmental protection, the responsible use of resources, and the reduction of greenhouse gas emissions.

Davor Tomašković, CEO, Hrvatski Telekom



Key facts at a glance.

Markets, business areas and market share

T-HT Group is the leading provider of telecommunications services in Croatia and the sole company to offer the full range of these services: it combines the services of fixed and mobile telephony, data transmission, Internet and international communications.

The basic activities of Hrvatski Telekom d. d. and other subsidiary companies comprise the provision of telecommunications services, and the design and construction of telecommunications networks in the Republic of Croatia. In addition to the provision of fixed telephony services (fixed-line access and traffic, as well as fixed-network supplementary services), the Group also provides Internet services, including IPTV, data transmission services (lease of lines, Metro-Ethernet, IP/MPLS, ATM), GSM, UMTS and LTE mobile telephone networks.

Number of customers

More than 1.2 million fixed lines, 2.3 million mobile subscribers, 628,414 broadband retail access lines, and provided TV services to 390,755 customers

Number of employees

5,621

Shareholding of Deutsche Telekom AG since

1999

Certified according to

ISO 14001 and OHSAS 18001

Please refer to the internet for further information

www.t.ht.hr

Local CR reports

[2011 Sustainability report](#)

MACEDONIA.

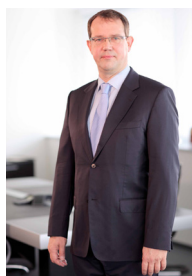
MAKEDONSKI TELEKOM.

Our CR highlight: UNICEF and Foundation T-Mobile launched the campaign "The first five are the most important".

In November 2013 the United Nations Children's Fund (UNICEF) and the Foundation T-Mobile for Macedonia launched a 12-month campaign entitled "The first five are the most important". The aim of the campaign is to promote the importance of early childhood development and mobilize support for opening new early childhood development centers. This campaign wants to raise awareness about the importance of nurturing and responsive caregiving in a safe and stimulating environment during the first five years of life. After all, universal access to opportunities for healthy physical, social, emotional, and cognitive development is so vital in those years. In order to close the gap between urban and rural areas where kindergartens are underrepresented, new early childhood development centers are being built in communities that need them most. An initial cash donation from the Foundation T-Mobile for Macedonia of US\$50,000 is being used to build eight centers, which will be completed in 2014.



Why corporate responsibility matters to our company



Nowadays, stakeholders expect more from a company than a good bottom line - responsibility that goes beyond the main goal of staying profitable and functional. In Macedonia, these expectations are even more pronounced when it comes to large companies that record high profits on their balance sheet. Hence, as one of the most significant players in the Macedonian business environment, it is very important for Makedonski

Telekom Group to engage in corporate responsibility activities. We must work on our CSR agenda so as to set the required courses of action. However, we must not present our responsible role only via sponsorship

and donation activities, as CR is mostly perceived in the local market. Hence, we should also educate the public and the local environment that CR should be related to community involvement, fairness to employees, ethical business operations, and concern for the environmental impact of our operations by applying the practice and experience of the Deutsche Telekom Group. Finally, our job is not only to deliver the products and services, but also to deliver what our customers demand – a high quality of life.

Thilo Kusch, Chief Executive Officer,
Makedonski Telekom



T-Mobile Macedonia is one of the pioneers in corporate responsibility, both in an economic and environmental, as well as in a social sense. The philanthropic CR model implemented through the T-Mobile for Macedonia Foundation is very important for Macedonian society, and it has been on the rise in the past two years. At the moment, there is an increasing number of companies that are contributing, but this growing

trend still lacks strategic approach and focus. Our role as a Foundation is to be a model that will direct the business sector in the right direction in the future. Our goal is to make a real difference. And we will achieve that only through strategically sustainable projects that bring a long-term benefit for as large target groups as possible. Children and an improvement in their quality of life are still the focus of our work, but we will expand our cooperation with the humanitarian organizations, the NGOs and government sector, as well as with the business sector. In this way, we will contribute to the development of the Macedonian economy. That is our plan for the years to come.

Zarko Lukovski, Chief Executive Officer,
T-Mobile Macedonia

Key facts at a glance.

Markets, business areas and market share	Makedonski Telekom remains the market leader with a 69 percent share of the fixed line segment and a market share of 52.5 percent in the broadband internet segment. T-Mobile Macedonia's share of the mobile phone market exceeds 47.5 percent. This means that the Macedonian subsidiaries are market leaders in their business areas within the former Yugoslav Republic of Macedonia. (Information based on internal estimates)
Number of customers	Fixed network: 267,000 Broadband services: 186,000 IPTV: 88,000 Mobile services: 1.2 million
Number of employees	1,364 (Makedonski Telekom: 1027; T-Mobile Macedonia: 337)
Shareholding of Deutsche Telekom AG since	2000
Certified according to	ISO 14001
Please refer to the internet for further information	www.telekom.mk

MEXICO.

T-SYSTEMS MEXICO.

Our CR highlight: Educational Project in San Jose Xacxamayo.

During 2013 T-Systems Mexico created the “Cuenta Conmigo (Count on me)” program as an employees’ initiative that supports high-impact projects where all colleagues can participate. These projects focus on one or more of the following areas: Caring for the environment and sustainable development; collecting and donating resources to minority groups; social volunteering.

One of the projects selected in 2013 was an educational project in San Jose Xacxamayo, a community where from 100 people aged 15 years and older, 12 have no schooling of any kind, 17 did not finish elementary school, 5 did not finish high school and only 10 completed high school. In other words, only 15 percent had access to high school and only a third successfully completed this schooling. For this project 33 employees volunteered 448 hours of teaching in basic technology and IT subjects technology and ran human development workshops for 27 high school students. In addition, 321 employees donated 19,513 EUR and T-Systems donated a further 5,000 EUR to help build a carpentry workshop where classes have been held since September 2013.

Our awards and new memberships.

- We received an award from **Recall International** for our active contribution and commitment with the environment.

MONTENEGRO.

CRNOGORSKI TELEKOM.

Our CR highlight: Special award for corporate philanthropy – ISKRA 2013

Crnogorski Telekom received a special award for corporate philanthropy, ISKRA 2013. This annual award was established by the Fund for Active Citizenship and is given to individuals, organizations and institutions for their involvement in the advancement of philanthropy as well as spreading the values of solidarity and humanity. The awards ceremony was organized in cooperation with the Montenegro Chamber of Commerce, the Ministry of Sustainable Growth and Tourism, and the Diaspora Administration in the Ministry of Foreign Affairs and European Integration.



Ms. Varvara Lješković, Director of Marketing and Corporate Communications, Crnogorski Telekom, accepting the special recognition at the awards ceremony in Cetinje on December 9th 2013.

Our awards and cooperation partners.

Our awards:

- Annual Award for Social Responsibility 2012 issued by the Montenegrin Chamber of the Economy (April 2013)
- Special award for corporate philanthropy, ISKRA 2013 (December 2013)
- Three awards at the external benchmark research conducted by the agency Blue Coach for 2013 - best big company to work for in Montenegro, most attractive employer and the Fair Play award (February 2014)

Our cooperation partners:

- NGO Food Bank of Montenegro
- NGO Roditelji, Municipality of Podgorica
- Faculty of Fine Arts Cetinje (University of Montenegro)
- Ministry of Health of Montenegro
- NGO Green Home
- Association of Diabetes and Heart Disease Patients, Berane
- Danilo I public hospital, Cetinje: Vaso Aligrudic Technical High School, Podgorica
- NGO Zdrava – Dona Montenegrina

Why corporate responsibility matters to our company



"Besides striving to offer the most advanced telecommunication services to our customers, we wish to actively contribute to the development of the community in which we do business as well as support and invest in projects that are relevant to Montenegrin citizens.

Being the one of the biggest and most successful companies in Montenegro gives us even more responsibility: we will continue to be the country's leading partner in the process of transformation to an information society but also continue to be involved in all areas which are important for the society we live and operate in."

Ruediger Schulz, CEO of Crnogorski Telekom

Key facts at a glance.

Markets, business areas and market share

Crnogorski Telekom is the leading telecommunications company in the Montenegrin market. Crnogorski Telekom has a 98.3% share in the fixed-network market, an 81.6% share in ADSL and a 41.6% share in TV market. Crnogorski Telekom has a 35.5% share in the mobile market.

Number of customers

Mobile: 352,840
Fixed network: 167,182
ADSL: 74,350
IPTV: 61,751
December 2013

Number of employees

684

Shareholding of Deutsche Telekom AG since

2005

Please refer to the internet for further information

www.telekom.me

Local CR reports

For more information about Crnogorski Telekom's CR activities, please see the [current 2012 Annual Report \(pages 26-27\)](#).

NETHERLANDS.

T-MOBILE NETHERLANDS.

Our CR highlight: Safe Driving – no texting while driving.

In cooperation with the Ministry of Infrastructure and Environment, KPN, Vodafone and NGOs, T-Mobile Netherlands is running a nationwide campaign on the danger of texting while driving. The campaign features a mass media campaign in print and radio & television as well as billboards along the highways reaching millions of people. Since fatal car crashes involving cellphone use are increasing, T-Mobile believes it is important to raise awareness of this issue and distributed brochures in the 116 T-shops. Since the start of the campaign in September 2013, the online video reached achieved 70,000 views.

Why corporate responsibility matters to our company.



We believe that mobile internet is fundamentally changing the way people communicate with the world around them. We believe that we as a society can achieve more of our potential if every person and every organization has access to mobile internet: easy-to-use, hassle-free access with the utmost transparency and safety. In 2013 we

proactively approached customers with unexpectedly high usage in order to prevent bill shocks. In cooperation with the Ministry of Infrastructure and Environment we are raising awareness on the danger of texting or using social media while driving. ISO 14001 helps us to make our organization more efficient, to produce less waste, and to consume less energy. Through our partnership with War Child, we are sharing our knowledge, people and resources in order to make a difference by helping to improve the living conditions of children in war zones. We engage our stakeholders, including our customers, suppliers, NGOs and employees, in developing and executing our strategy, with T-Mobile as a linking pin.

Erwin Zijlstra, Director Corporate Communication,
T-Mobile Netherlands

Overzicht van de belangrijkste gegevens.

Markten, branches en marktaandeel	Mobiele telecommunicatie, T-Mobile is de 3de speler op de markt met een marktaandeel van ongeveer 25%.
Aantal klanten	4,7 miljoen
Aantal werknemers	1.646 fulltime-equivalent
Aandelenpakket van Deutsche Telekom AG sinds	100% sinds 2002
Zie het internet voor meer informatie	www.t-mobile.nl
Lokaal CR-rapport	Het MVO jaarrapport 2011 is beschikbaar op www.t-mobile.nl/corporate/mvo

NIEDERLANDE.

T-SYSTEMS NETHERLANDS.

Our CR highlight: Charity dinner for Radio 538 / War Child.

A charity dinner for paying guests, relations, partners, suppliers and customers was organized and implemented by volunteers from T-Systems Netherlands. The idea for this charity dinner arose when the Board of T-Systems Netherlands decided to donate 10,000 EUR to War Child instead of distributing Christmas gifts. A group of enthusiastic and committed amateur chefs from among the T-Systems Netherlands employees decided to join forces for a good cause and demonstrate their sense of social responsibility.






Why corporate responsibility matters to our company.



"Corporate responsibility in a company is an important form of self-regulation to monitor and ensure compliance with the law, ethical standards and international norms. Customers expect a clear approach to corporate responsibility from their ecosystem partners in line with their own commitment to this topic. In fact, it is often a prerequisite for doing business together. T-Systems is proud to fully facilitate its customers in this key area by adding ecologic and social values to our thinking and our responsible and sustainable way of doing business."

Jerry Boezel, CEO T-Systems Nederland

Key facts at a glance.

Markets, business areas and market share	Focus on international customers in manufacturing, finance, trade, transport & logistics and the retail industry. Market share approx. 4% within the IT services market
Number of customers	>20
Number of employees	525 (full-time equivalents, FTE )
Shareholding of Deutsche Telekom AG since	2001
Certified according to	ISO 14001  and OHSAS 18001 
Please refer to the internet for further information	http://www.t-systems.nl/

AUSTRIA.

T-MOBILE AUSTRIA.

Our CR highlight: Using less paper thanks to the CR Report app.

T-Mobile Austria decided not to publish a print version of its 2013 CR report, a clear indication of the company's green approach. Instead, the company published an electronic version of the report as an iPad app and as a website optimized for all screen sizes, making the report available to a wide audience.



In August 2013, T-Mobile Austria published its second comprehensive CR report entitled "Gut verbunden" (Well-connected) and based on the internationally recognized standards specified by the Global Reporting Initiative (GRI G4).

Why corporate responsibility matters to our company.



„To T-Mobile Austria corporate responsibility means taking responsibility for the community beyond our legal obligations, for our customers, our employees, the Austrian society and the environment in which we live and work. An internal sustainability board develops our CR strategy in consideration of these different stakeholders. Our CEO and managing board are directly responsible for this strategy.



Our role as an employer is based on the concepts of diversity and maintaining a healthy work-life balance. Because a variety of different types of people work and come together at T-Mobile, we are also able to develop varied, creative solutions to the numerous challenges that the company faces every day. Equal opportunities for men and women, young and old, regardless of where they come from, is a guiding principle at T-Mobile.

That is why we are working to overcome discrimination and support the inclusion of all social groups in line with our concept of "connecting the unconnected." Our activities include many years sponsoring Life Ball events and the projects for people with HIV that these events support. We are involved in the campaign against poverty sponsored by Volkshilfe Österreich and support young refugees who came to Austria without their families, giving them the opportunity to receive vocational training and start a career at T-Mobile. In the education field, our Connect Kids school project helps children and young people access the vast opportunities that connected learning offers.

We intend to permanently reduce our carbon footprint with future-thinking technologies and products. Instead of being part of the problem, telecommunications can help solve our environmental problems. That is why T-Mobile Austria's non-profit TUN fund (T-Mobile environment and sustainability fund) grants annual prizes totaling 50,000 euros to projects that are working on innovative solutions to environmental problems. As one of the jury members, former EU commissioner Franz Fischler serves as a guarantee of the high quality and autonomy of these projects."

Andreas Bierwirth,
CEO of T-Mobile Austria

Key facts at a glance.

Markets, business areas and market share	With the T-Mobile and tele.ring brands, T-Mobile Austria provides services to 4.1 million customers, making it Austria's second largest mobile provider.
Number of customers	4,100,000
Number of employees	1,400
Shareholding of Deutsche Telekom AG since	2000
Certifications:	ISO 14001  and OHSAS 18001  certified
Please refer to the Internet for further information	www.t-mobile.at
Local CR report	http://nachhaltig.t-mobile.at and in the iPad app: Gut Verbunden

AUSTRIA.

T-SYSTEMS AUSTRIA.

Our CR highlight: Public Housing 3.0 – connected neighborhoods help close the digital divide.

T-Systems Austria employees volunteered together with partners to conduct a total of 170 multimedia training courses between October 2012 and October 2013 in the Körnerhof residential complex in the Margareten district of Vienna. Around 2,500 residents and visitors at the local youth center participated in the free training. T-Systems Austria had set up a container cabin equipped with multimedia devices in the district in October 2012 as part of a collaboration project to give residents, most of whom come from low-income households, access to modern multimedia systems.



T-Systems Austria employees held their training courses here. Around 350 residents have already signed up on the accompanying information and social media platform, www.koernerhof.at, since the start of the project. The project, which was originally scheduled for one year, has been extended by another twelve months due to the positive feedback. The partnership is also planning to get new collaboration partners on board to cover the high demand for training.

Why corporate responsibility matters to our company.



"In Austria, we focus our main CR activities on environment and education. Offering targeted support to young people with talent, especially in the technical area, and promoting IT skills for the disadvantaged are of special importance to us.

We therefore support an Austrian competition for school students by granting the T-Systems special prize for innovative youth, the idea.goes.app Award. The prize is awarded to innovative student projects in the healthcare, energy and mobility fields. We also help young, unaccompanied refugees by offering them IT courses and internships to facilitate their access to the information society and help better integrate them into our community.

We are also dedicated to the protection of our environment through pioneering achievements in the field of Green IT and through strengthening sustainable action in our entire value chain. With state-of-the-art technology and infrastructure in our data centers, we offer our customers ICT solutions that reduce their energy consumption and lead to an improve-

ment of their carbon footprint. Areas for improvement and potential energy savings can be clearly illustrated with our Green Dynamics Tool.

We are strongly committed to promoting environmental awareness among our employees and foster their competency in developing innovative products for our customers and efficiently organizing the workflow in our company."

Martin Katzer, CEO of T-Systems Austria

Key facts at a glance.

Markets, business areas and market share	T-Systems Austria offers business customers innovative data center, cloud and security services.
Number of customers	Around 300
Number of employees	Around 600
Shareholding of Deutsche Telekom AG since	2001
Certifications	ISO 14001 and OHSAS 18001 certified
Please refer to the Internet for further information	www.t-systems.at

POLAND.

T-MOBILE POLAND.

Our CR highlight: Help Measured in Kilometers.

T-Mobile Poland launched the challenge "Help Measured in Kilometers" to track the number of kilometers that Poles run, ride, roller-skate or walk collectively. Disabled people on wheelchairs and hand bikes were also invited to take part. To join in Poles simply had to install an Endo-mondo app and switch it on every time they started some physical activity. By the end of the campaign, more than 250,000 participants had travelled over 40 million kilometers and T-Mobile Poland donated 230,000 EUR to disabled children through the You Are Not Alone Foundation.



More than 250,000 people participated in the challenge.

Why corporate responsibility matters to our company.



Corporate Responsibility has always been an integral part of PTC's strategy. We have built the strength of the brand not only to provide services of the highest quality, but also on the passion and commitment of our employees, customers and the trust of the public. Today, PTC represents one of the strongest brands in telecommunications:



T-Mobile. Our brand is being developed on the basis of modern management principles that make up responsible business – corporate responsibility. Our daily work is based on the Code of Conduct, the principles which determine not only the standards of conduct in the workplace, but also in our relationships with all our stakeholders.

We listen to the opinions of our stakeholders. Their voice is very important to us and inspires us to action. And we systematically implement their expectations in our everyday business.

We believe that this strategic approach to CR will bring us not only a competitive advantage, but also contribute to improving the quality of life and work of our employees, customers and other stakeholders.

Mirosław Rakowski, CEO, T-Mobile Poland

Key facts at a glance.

Markets, business Areas and market share	T-Mobile Poland is one of the three leading providers in the Polish mobile market.
Number of customers	15,563 Million
Number of employees	around 5,000
Shareholding of Deutsche Telekom AG since	1995 – operational shareholder; since of the beginning of 2011, 100 percent ownership
Certified according to	ISO 14001  and OHSAS 18001 
Please refer to the internet for further information	www.t-mobile.pl

ROMANIA.

ROMTELECOM.

Our CR highlight: The Biggest Sports Hour.

In 2013 The Biggest Sports Hour involved three days of intense sports activities for the general public organized throughout July by Dolce Sport, Romtelecom's sports TV channel in Romania. There was one day of events in Bucharest and two days of activities at the seaside resort of Mamaia.

Over 3,500 persons participated in both events and some 300 articles about these events appeared in mass media.

The Biggest Sports Hour is one of the main components of the pro-health campaign "Sports is Good" initiated by Dolce Sport three years ago. The aim is to improve the participants' health through sporting activities and a balanced diet. This way, Dolce Sport viewers are actively involved in sports themselves.

Our awards.

- 2nd prize at CSR Awards with last year's campaign "Sports is Good" in the Health category
- 3rd prize at the Civil Society Gala for the campaign "Words hurt, don't they?"
- 3rd place in the Supporting Community category at the national CSR Awards 2013 for the "Custom of Love" campaign
- Excellence Diploma for CSR reporting granted by ARC, a national NGO

Why corporate responsibility matters to our company.



While the economic crisis still dominates the environment in which we operate, OTE has been able to manage the downturns and deliver a healthy sustainable performance thanks to a well-thought proactive approach. Our ongoing CR commitment is anchored in the corporate business plan,

reflecting our conviction that sustainability and responsibility are integral to our long-term business success. To this end, we invest in new technology and infrastructure to enrich our Product & Services portfolio, while we strive to provide our people with an environment which is safe, fair and conducive to personal growth. Looking ahead, I am confident that the OTE Group, as a strategic subsidiary of the DT Group, is making strong progress on the path of sustainable growth by remaining a leader in the market in customer centricity and innovation, as well as social and environmental responsibility.

Michael Tsamaz,
OTE Group Chairman and CEO

Key facts at a glance.

Markets, business Areas and market share

OTE is the leading integrated telecommunications operator in South-East Europe, providing state-of-the-art voice, mobile and broadband services. Besides Greece, the OTE Group is present in Romania through Romtelecom and Cosmote Romania, and Albania through AMC.

- Greece:
 - Fixed: Incumbent/Leader
 - Mobile: leader
- Romania:
 - Fixed: Incumbent/Leader
 - Mobile: Challenger
- Albania: #2 in the mobile market

Number of customers

- Greece:
 - Total lines: 2.852.060
 - ADSL subscribers: 1.261.590
 - OTE TV subscribers: 255.912
 - Mobile customers: 7.476.980
- Romania:
 - Total lines: 2.252.563
 - ADSL subscribers: 1.249.987
 - TV subscribers: 1.353.421
 - Mobile customers: 6.091.455
- Albania:
 - Mobile customers: 2.058.407

Number of employees

- Fixed line operations, Greece: 6.878
- Mobile operations: 2.045
- Fixed line operations, Romania: 6.796

Shareholding of Deutsche Telekom AG since

2008

SO 14001 certification

Yes

OHSAS 18001 certification

Yes

Please refer to the internet for further information

www.ote.gr

www.cosmote.gr

Local CR reports

OTE has published its own annual [CR report](#) since 2005.

Cosmote Greece has published its own annual [CR report](#) since 2005.

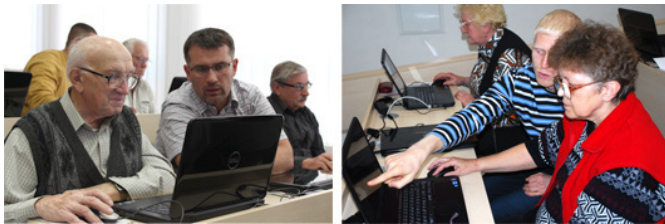
2014 OTE and Cosmote will publish their second common CR report.

SLOVAKIA.

T-SYSTEMS SLOVAKIA.

Our CR highlight: Media competence support for seniors.

T-Systems Slovakia cooperated with an electro-technical secondary school in Košice to launch the new pilot project AjTy Senior in September 2013 ("aj ty" is pronounced as IT and in Slovak means "you too"). In line with Telekom's firm conviction that there is no age limit for IT education, this project addresses the needs of senior citizens, e.g. by helping them call their grandchildren or read the news on the internet. Eight volunteers from T-Systems Slovakia were involved in the project as teachers for the 16 senior students in the first semester. Moreover T-Systems Slovakia has implemented a program where managers, ICT experts and teachers actively work with secondary school graduates to equip them for challenges of ICT service delivery practice. Together with a local school they developed and implemented a curriculum aligned to the qualification procedure for IT specialists in Germany and based on best practices of Deutsche Telekom Education. 30 dual students took part in this program in 2013.



Our awards and new memberships.

- Honorable mention, Via Bona, for supporting employees' creative non-work activities from Pontis Foundation

Why corporate responsibility matters to our company.



Secure access to the Internet and the threat of disclosing confidential data in business and private made the headlines during the past year – spies and data leakage were seen to be everywhere. Security and trust in IT solutions are major criteria for our customers in deciding on solutions made and provided by T-Systems. For many companies cloud computing is still a no-go, as they consider it to be not for them and insecure. T-Systems has invested a lot of effort in the past months and years to make "the cloud" a better and very secure choice and has gained the full trust of many big customers in moving their traditional IT into the T-Systems cloud – with cloud-related operations mostly conducted by T-Systems Slovakia (TSSK). Regular independent process and security audits are the key elements that enable us to prove that all requirements in TSSK are based on international agreed standards.

During the past year, TSSK successfully passed the audits of ISO 9001 with no findings but with recommendations and best practice examples for other companies. In addition, we gained the industry security certificate from independent auditors, which proves that we proactively live security and related processes.

Due to the on-going growth of T-Systems Slovakia in terms of revenue and the number of employees, and with the aim of enabling us to fulfill all the upcoming business challenges and qualification needs, we have established a dual education system together with the local and national education authorities. This dual education system has the job of plugging the gap between secondary school and university with a focus on practical requirements. The first 30 students were acquired in September last year. With the support of our mother company Deutsche Telekom we set up an experienced team in TSSK, which has the job of ramping up this model to 90 students in the next few years. In an exclusive partnership with an electro-technical secondary school in Kosice, we will train young students in handling business-related topics like quality, processes, solutions and IT challenges.

The IT environment is moving fast, technical changes are happening on a daily basis in the solutions we operate, and the pace of technical lifecycles is permanently increasing. The IT business will remain very challenging and competitive. To be able to handle the future of our location in Slovakia, we need a stabile national environment and strong support in our need for the right qualified labor force.

Thomas Bogdain, Managing Director,
T-Systems Slovakia

Key facts at a glance.

Markets, business areas and market share	Automobiles, energetics, banking, health care and other industries
Number of customers	More than 250
Number of employees	More than 3,000 in February 2013 (2,890 employees as per 31.12.13)
Shareholding of Deutsche Telekom AG since	2006
Certified according to	ISO 14001  and OHSAS 18001 
Please refer to the internet for further information	www.t-systems.sk

SLOVAKIA.

SLOVAK TELEKOM.

Our CR highlight: Engagement for the hearing-impaired.

During the International Week of the Hearing-Impaired (23-29 September 2013), Slovak Telekom organized various dedicated activities. They included a new campaign inspired by the silent films of the early 20th century and featuring hearing-impaired actors from the Silent Sparks theater. The aim was to show that hearing-impaired people who could have been stars a century ago are now stars with Telekom. As was the case the year before, the "ILY" sign (I love you) was incorporated into the campaign and is also present at every Telekom Center where a staff member speaks basic sign language.

On 24 September Slovak Telekom and the NGO Pontis organized an Open Day at the Hearing-Impaired School, which included classes to demonstrate to the public the skills of hearing-impaired people in hair-dressing, gardening, flower making, cover making, pillows and graphic design. The Open Day also presented the drum skills of hearing-impaired children from a music therapy class supported by Slovak Telekom, hearing-impaired students dancing and putting on a short play, and an opportunity for the public to learn sign language. Mobile teachers were present to talk with families.



Slovak Telekom organized various activities during the International Week of the Hearing-Impaired.

Our awards and new memberships.

- Sheeplive.eu from Slovakia, a unique cartoon project about safe internet use, received the UN-based World Summit Award (WSA) in the category e-Inclusion & Empowerment and has thus been recognized as one of the most innovative, technically advanced and perfectly designed e-content products worldwide.
- Magenta Award (3rd place) for the PR and marketing campaign "Love needs no words" in support of the hearing-impaired. Slovak Telekom is a member of the Slovak Compliance Circle, an association promoting compliance and ethical behavior in Slovak business.

Why corporate responsibility matters to our company.



In our business we take into consideration not only achieving shareholder objectives, but the way our Company behaves in the long run towards the community, employees, customers, suppliers, and the environment as well. Through our activities we hope to show that a symbiosis is possible between running a successful business and corporate responsibility.

If our business consists of providing information and communication technologies and highlighting their advantages, we also want to point to the difficulties that new technologies can bring, particularly for example in children's hands. If our company employs experts, we want to help educate other experts. If the telecommunications industry has a considerable impact on the environment, we try to minimize it. If we are one of the biggest employers, we want to create a working environment that promotes a balance between our employees' work activities and their private lives. As a strong company, we intend to provide help to those weaker or who are disadvantaged.

I am also pleased that we have employees at Slovak Telekom who are sensitive to our corporate responsibility principles, because it is not only strategy which makes a company responsible, but above all, a company's people.

Miroslav Majoros,
Chairman of the Board of Directors and CEO

Key facts at a glance.

Markets, business areas and market share	With a market share of 40.3 percent, Slovak Telekom is the leading telecommunications provider in Slovakia in both the business and consumer markets.
Number of customers	2,262,000 mobile customers 915,000 fixed customers
Number of employees	3,312
Shareholding of Deutsche Telekom AG since	2000
Certified according to	ISO 14001 and OHSAS 18001
Please refer to the internet for further information	www.telekom.sk
Local CR reports	Slovak Telekom has published a local annual CR report since 2005. http://www.telekom.sk/english/corporate-responsibility/cr-report/

SPAIN.

T-SYSTEMS IBERIA.

Our CR highlight: Sale and reuse of electrical and electronic equipment.

Since 2012 T-Systems Iberia has not been selling any electrical and electronic equipment. As a result, the amount of electrical and electronic waste has been reduced. During 2013, for example, 335 laptops were donated to a supplier, which resulted in a reduction of 1,340 kg in waste.

In 2012 T-Systems Iberia also began selling redundant electrical and electronic equipment from its data centers to a supplier, who is required to use any suitable spares in maintaining the company's equipment. So the supplier is turning redundant equipment into repairable spares and the company is reducing the amount of waste generated in data centers annually by approx. 90 per cent related to previous years. Cost savings are being achieved in the fields of spare parts, storage and waste management.

Why corporate responsibility matters to our company.





"We continue to work on a comprehensive program to embed Corporate Responsibility in our company. CR contributes to the integral improvement of the quality of management in the company, and also helps to achieve a more positive role in the eyes of all its stakeholders and indeed society. We firmly believe that the practice of CR can strengthen the competitiveness of the national economy and the capacity for development.

In the current context and in light of trends in the field of the sustainability in Spain, the integration of the CR into the management of the company contributes to building a sustainable economy, society and environment. On the other hand, the nature of the company's business is a clear guarantee of our commitment to sustainability.

This commitment to sustainability is reflected, among other actions, in our solutions –for example the cloud solutions in which we have over seven years of experience. These seven years of experience indicate that our commitments are not marked by fashion trends and are not superficial. We did not merely take up these commitments in the recent past, but rather they are the result of an awareness of sustainability that we have been putting into practice for nearly a decade. In this context, T-Systems Iberia can play an important role in the promotion of a new economic model based on innovation, and can thus be part of the solution."

Mr. Jose Manuel Desco,
Managing Director of T-Systems Iberia

Key facts at a glance.

Markets, business areas and market share	T-Systems Iberia is within the Top 10 IT service provider for business customers on the Spanish ICT market
Number of customers	700
Number of employees	3,500 employees at the end of 2013
Shareholding of Deutsche Telekom AG since	2001
Certified according to	ISO 14001  and OHSAS 18001 
Please refer to the internet for further information	www.t-systems.es

CZECH REPUBLIC.

T-MOBILE CZECH REPUBLIC.

Our CR highlight: Takeoffs program supports regional start-ups.

The Takeoffs (Rozjezdy) Program implemented in 2011 by T-Mobile Czech Republic provides financial support, long-term professional advice and expertise to regional start-ups. In 2013 the Program began targeting the student community as well, and the national winners in the year under review were from this new category – Sportcentral.cz, a kind of social network for people who are interested in sport activities. The prize was worth almost 4,000 EUR. In addition, a special prize of around 1,800 EUR was awarded to a project entitled Recycled Stuff (Vecizrecy.cz). Besides, the 65 winners chosen in the regional rounds all received a financial reward as well as free tablets and smartphones.

The overall aim of the Takeoffs Program is to help potential entrepreneurs, who are often people living in areas of high unemployment, women on maternity leave, senior citizens who have just lost their jobs, or students with an innovative ideas. Two years after the project began, 98 percent of the start-ups that have received support are still in business. In the last three years, T-Mobile has gained more than 130 business customers through Rozjezdy, and the program has also helped to bring external innovations into the company.



The Takeoffs Program provides young entrepreneurs with financial support, long-term professional advice and expertise. The project is known all over the Czech Republic through broad media coverage.

Why corporate responsibility matters to our company.



Our strategy, which goes beyond classic engagement in social problems, is based on these key priorities: improving the quality of life of disadvantaged people, enabling everybody to be a part of information society, promoting mobile work, as well as networking and sharing of know-how between business and NGO – all with minimal impact on the environment. We believe that our

know-how, products, services and technologies have the potential to contribute to the solution of issues in these fields. We take our long-term impact on the local and global market seriously, and that is why we believe that connecting business strategy with social needs is the right way to run our business.

Martina Kemrová, Senior Manager, Corporate Communications

Key facts at a glance.

Markets, business areas and market share	T-Mobile Czech Republic is the leading provider of mobile services in the Czech Republic with a 41 percent market share
Number of customers	5,381,133
Number of employees	2,644
Shareholding of Deutsche Telekom AG since	1996
Certified according to	ISO 14001
Please refer to the internet for further information	www.t-mobile.cz

CZECH REPUBLIC.

T-SYSTEMS CZECH REPUBLIC.

Our CR highlight: Connect the Unconnected.

In 2013 T-Systems Czech Republic gave 145 refurbished PCs to blind, deaf or autistic people, wheelchair users, delinquent youths, and abandoned children – in line with the Group's long-term CR goal of "connecting the unconnected". A further 8,000 EUR was granted to different non-profit organizations and schools and some 15 man-days of marketing consulting offered to Ratolest Brno. This non-profit organization supports children who grow up in dysfunctional families. Moreover T-Systems Czech Republic donated 25 PCs worth 3,500 EUR to a comprehensive school in Mladá Boleslav.

Our awards and new memberships.

- National CSR Award 2013 granted by the Czech Ministry of Industry and Trade and the National Organization for Quality

Why corporate responsibility matters to our company.



T-Systems is one of the top five providers of professional ICT solutions and system integration in the Czech market. As a result of its long-standing experience the company is confronted by a variety of business practices, as well as the diverse consequences of incorrect behavior and thoughtless processes in this market.

We are more and more convinced by our own history that fairness in business relations, a correct information policy towards our clients, and our ecological awareness are the only right and indeed unavoidable activities. T-Systems is, at the same time, a social group of specific people perceiving their environment, its situation and its requirements. That is why collaboration with communities and ecological initiatives represents a logical activity for us in our professional lives. We are looking for issues and possibilities for "connecting the unconnected" and maintaining our life and work balance.

Ing. Lenka Kališová CSc.,
Vice President Finance and Controlling, Member of the Board

Key facts at a glance.

Markets, business areas and market share	Manufacturing, automotive, public & healthcare, services, transport & logistics, utilities. T-Systems Czech Republic is one of the top five ICT providers in the Czech Republic.
Number of customers	Around 1,000 corporate customers and public institutions
Number of employees	Approx. 680
Shareholding of Deutsche Telekom AG since	2004
Certified according to	ISO 14001  and OHSAS 18001 
Please refer to the internet for further information	www.t-systems.cz

HUNGARY.

MAGYAR TELEKOM.

Our CR highlight: Telebikes in Hungary.

In May 2013 Magyar Telekom launched a self-service bike rental program known as TeleBike. Employees can rent bikes at the stations free of charge, enabling them to travel between the four facilities of Magyar Telekom and T-Systems Hungary faster and in more eco-friendly fashion. In 2013 1,130 registered users travelled 10,613 kilometers by bike and thus saved 2,585 kg of CO₂ emissions. TeleBike won the "Cyclist-friendly Employer 2013" competition organized by the Hungarian Ministry of National Development.

Our awards.

- Winner of the Cyclist-Friendly Employer 2013 competition organized by the Hungarian Ministry of National Development
- Family Friendly Workplace title awarded by the Hungarian State Secretariat for Social and Family Affairs in the Ministry of Human Resources
- Disability-Friendly Workplace Award introduced by the Salva Vita Foundation
- One of the TOP 10 Diverse Organizations
- Again listed in 2014 on the Central European Sustainability Stock Exchange Index (CEERIUS)
- Scored "B-" in the 2014 sustainability ranking by oekom research. This category confirms that Magyar Telekom is recommended for investments.
- Corporate Volunteer Program of the Year Award from the Volunteer Center Foundation for the Telekom Mobile School project where Telekom employees offered education on safe internet and mobile phone usage in elementary schools

Why corporate responsibility matters to our company.



As one of the key players in the economy and society of Hungary and a leading ICT company in the CEE region, Magyar Telekom is recognized to be one of the leading companies in Hungary with respect to sustainability. Sustainability continues to be an essential strategic principle for us and, as such, penetrates our entire operation, corporate governance and business activities.

Through a forward-looking mentality as well as innovative and sustainable products and services, Magyar Telekom has put the concept of sustainability within reach of its customers and partners for a long time. The main objective set forth by our Sustainability Strategy encompassing the years 2011-2015 is to make sustainability an inherent part of Magyar Telekom's identity by achieving the following main goals: familiarizing employees and the public with the concept of sustainability; improving the perception of Magyar Telekom in the context of sustainability; implementing social and environmental innovations financed from the allocated 10 percent of the research and development budget; reducing the Group's CO₂ emissions by 20 percent; establishing a fully sustainable supplier chain management process; and increasing the ratio of services and products facilitating sustainability within the overall portfolio and informing our stakeholders about their effects.

Coordination of the implementation of our Sustainability Strategy is the responsibility of the Chief HR Officer. Therefore, Magyar Telekom's People Strategy plays an important role in the achievement of sustainability goals, too. Accordingly, it is a task of primary significance to incorporate ethical conduct, equal opportunities, diversity management and environment consciousness into the HR processes, systems and activities. The efforts made by Magyar Telekom as a responsible employer have been recognized by different forums. We are proud that we won the Disability-Friendly and Family Friendly Workplace Awards in 2013, the Best Employer title in 2012 and the Top Ten Diverse Organization title in 2011, in recognition of the fact that we were the most actively responsible companies in the area of equal opportunities. One of the most important success factors for Magyar Telekom Group's business effectiveness is our employees. In course of its daily business, the company strives in a dedicated, proactive and transparent manner to make sustainability a part of its identity.

Éva Somorjai, Chief HR Officer and senior sustainability executive

Key facts at a glance.

Markets, business areas and market share

Telekom Hungary provides voice, broadband and TV services on both fixed line and mobile networks for residential, small office home office (SOHO), and small- and medium-sized business customers in Hungary. All of our energy operations are also included in this segment.

T-Systems Hungary offers fixed line, mobile and system integration (SI) and IT services for corporate and public sector clients

- Market shares Telekom Hungary:
- Data products: Blended retail broadband : 37.6 percent;
- Mobile: SIM 46.3 percent; broadband: 45.2 percent

Number of customers

Telekom Hungary:

Total voice access: 1,517,065
Total retail broadband customers: 850,747
Total TV customers: 887,716
Number of mobile customers (RPC): 4,886,705

T-Systems Hungary:

Fixed line operations: Voice services total lines: 167,754
Data products: Number of mobile broadband Internet subscriptions: 132,737 :Number of mobile customers (RPC): 515,701

Number of employees

11 324 (Magyar Telekom Group)

Shareholding of Deutsche Telekom AG since

2000

Certified according to

ISO 14001  and OHSAS 18001 

Please refer to the internet for further information

www.telekom.hu

Local CR reports

One of Magyar Telekom Group's commitments is that it annually publishes a report about its sustainability performance. Reports are prepared in accordance with the GRI G3 principles of the Global Reporting Initiative (GRI) published in 2006, thus meeting the expectation that the reports comply with the principles of transparency and international comparability. Each year from 2007, Magyar Telekom achieved the highest compliance in accordance with the international principles. Thus, its Sustainability report for 2012 applied the A+ level principles for the sixth time in succession. In 2013, an independent assurance report with the GRI criteria was completed and certified by PricewaterhouseCoopers in accordance with ISAE 3000  international standard. Further details on the sustainability performance of the company can be found in the annual reports available on the site: http://www.telekom.hu/society_and_environment/sustainability_reports

USA.

T-MOBILE USA.

Our CR highlight: Huddle Up corporate volunteering program.

T-Mobile's national employee volunteer program, T-Mobile Huddle Up, began its 8th year of employee engagement events in 2013 with a splash. Employees across the nation came together to improve Boys and Girls Clubs and elementary schools supporting the program's mission of connecting kids to positive people, places and programs during their after-school timeframe.

Events were held in 15 markets, and in both the T-Mobile and MetroPCS headquarters markets. More than 1,700 employees participated, providing more than 13,500 volunteer hours, benefiting more than 10,000 students.

Philadelphia, Penn., had their first Huddle Up event and MetroPCS participated for the first time in Dallas and LA. Our CEO John Legere attended his first event in Seattle and made a generous personal contribution to support our partner, Leschi Elementary School.

T-Mobile Huddle Up does more than impact local communities; the program provides team building, networking and leadership opportunities for employees.

Our awards and new memberships.

- T-Mobile USA, Inc was named one of Washington States 50 Greenest Companies by Seattle Business Magazine and was listed by King County as Best Workplaces for Recycling & Waste Prevention
- T-Mobile, USA Inc became a member of Business for Social Responsibility and the Global e-Sustainability Initiative (GeSI). We also have supported the Forest Stewardship Council on various projects

Key facts at a glance.

Markets, business areas and market share	T-Mobile USA is active in the U.S. market and in Puerto Rico. With an 11-percent market share, T-Mobile USA is the fourth largest mobile provider in the United States (in terms of revenue and customer numbers).
Number of customers	46,700,000
Number of employees	More than 40,000
Shareholding of Deutsche Telekom AG since	2001
Please refer to the internet for further information	http://www.t-mobile.com

NETWORKS.



With WLAN TO GO, Telekom customers share their unused Internet bandwidth. In return, they can access 12 million hotspots around the world, free of charge.

WLAN TO GO

"WLAN TO GO allows Telekom's fixed-network customers to surf the Internet on the move via WLAN in Germany and, thanks to our cooperation with Fon, worldwide. WLAN TO GO customers can currently use the service at more than 40,000 HotSpots in Germany and as many as 12.6 million hotspots worldwide. The best thing is that the innovative community approach means the number of hotspots is increasing by the minute."

Dirk Backofen, Senior Vice President, Business Customers Marketing

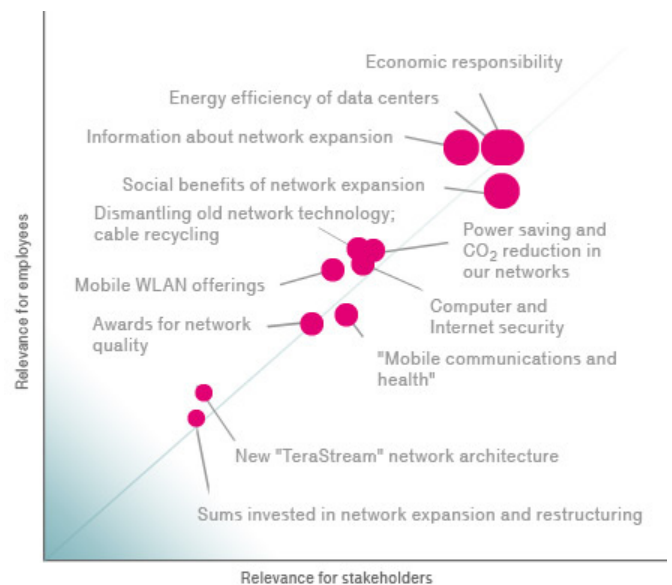
Objective

Give Telekom customers access to more than 12 million hotspots worldwide.

Implementation

The WLAN TO GO principle: Telekom customers with an IP line and a Speedport W724V share unused bandwidth from their Internet access with other users via a second WLAN as a HotSpot and receive free access to more than 12.6 million WLAN hotspots worldwide. Telekom guarantees the necessary levels of data privacy and data security: the line owner's home network is protected and they cannot be held responsible for any misuse by third parties. The line owner continues to surf at high speed as their own traffic is prioritized. Telekom operates the WLAN TO GO service in cooperation with its partner Fon, which has already established a global WLAN network of over 12.6 million hotspots with the innovative community approach - a number that is increasing on a daily basis.

Computer and Internet security



NETWORK AND INFRASTRUCTURE EXPANSION.

Full-coverage, fast, secure telecommunications networks have become a permanent fixture in our lives. They make it easier to connect our professional and private lives and let us participate in society. They also bring tremendous economic benefit by enabling new business models and public services as well as innovative forms of collaboration. That is why we continue to work hard to expand our infrastructure and increase data transmissions speeds in both our mobile communications and fixed-line networks.

INTEGRATED NETWORK STRATEGY.

According to a study conducted by the US-based phone services provider, Cisco, in 2013, the data volume in ICT networks worldwide has quadrupled in the past five years and is going to continue to grow, tripling in the next five years. Networks need to be rapidly expanded to be able to handle this volume. Telekom has been the largest investor in this area in Germany for years now and will continue to pursue its activities in the future as well. We are planning to invest EUR 6.5 billion (not including costs for upkeep) from 2014 through 2017 to expand our German fixed-line and mobile communications networks.

The main objectives of our network expansion activities are growth, efficiency and quality. With our integrated network expansion strategy (INS), we aim to provide our customers with the best coverage, while taking into account the profitability of our plans. With this strategy we also support the network expansion targets of the EU Commission and the German federal government (Digital Agenda and broadband strategy).

Four-pillar network expansion approach.

Telekom's INS in Germany is based on four pillars - LTE, fiber-optic, VDSL vectoring and hybrid access. In addition to continuing to expand our LTE mobile communications network, the short and medium-term focus of our INS includes expanding our fiber-optic lines all the way to the splitter at the curb (fiber to the curb, FTTC) in connection with VDSL vectoring. With this innovative vectoring technology, Telekom will be able to meet the broadband needs of many households. We are planning to introduce an integrated hybrid access offer in 2015, a combination of LTE and fixed-line networks, which will again increase bandwidths considerably.

We have defined two targets in implementing our INS in Germany that we plan to have achieved by 2016. We expect to be able to provide 85 percent of the population with LTE at their place of residence. We also expect to have made enough progress in expanding our fiber-optic network to be able to offer a VDSL vectoring connection with bandwidths of up to 100 Mbit/s to around 65 percent of all households.

Updating and simplifying network architecture.

Our goal is to make our networks faster and more efficient, which is why we are systematically replacing conventional equipment and simplifying our network architecture. We plan to deactivate all PSTN (public switched telephone network) analog network technology platforms that we no longer need by 2018 and switch our entire phone network to IP connections. By consolidating different services on a single IP platform, we will be able to improve the energy efficiency of our network operations considerably. By 2020 we expect to be able to reduce the CO₂ emissions produced by the Telekom Deutschland fixed-line network by around 50 percent compared to 2008. By using technologies like VDSL vectoring, we will also be able to increase data transmission speeds. This technology enables transmission speeds of up to 100 Mbit/s. But vectoring requires more energy. The combination of IP technology and VDSL vectoring, however, is considerably more energy-efficient than conventional PSTN technology. We have been testing control solutions since 2011 for more energy-efficient operation of our systems when data traffic is low in order to improve the energy efficiency of VDSL vectoring. Telekom is one of the pioneers when it comes to more flexible, energy efficient network operation and is conducting different research projects in this area, like the ComGreen project.

Simplifying our network architecture plays a significant role in our network expansion strategy, because it increases bandwidth, makes it easier to develop new, innovative services quickly and makes it possible to considerably reduce energy consumption. One way we are simplifying our network architecture is by introducing a broadband network gateway. The gateway handles the functions of several conventional technological network components. By deactivating these components, we can reduce the network's energy needs and simplify network operation. Another example is combining network nodes in an IP backbone, the technical backbone for online data transmission. Among other benefits, this also reduces network energy consumption.

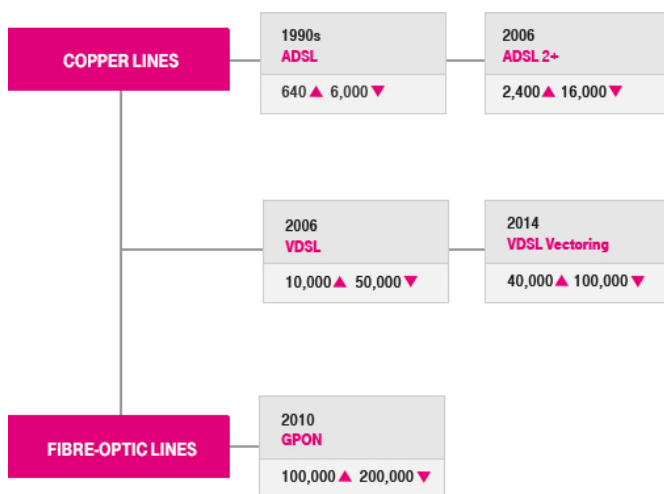
Outlook: New technologies for increasing bandwidth.

Our primary goal in expanding our network is to be able to meet the ever-increasing demand for large bandwidths. We expect to be able to meet the needs of 90 percent of our customers for the next ten years with VDSL vectoring alone. We also continue to work on developing new technologies with considerably higher bandwidths. And we are already installing empty pipes in the context of civil engineering works. That way we will be prepared for further technological advancements that could require us to lay new cable.

OVERVIEW: ACCESS TECHNOLOGIES AND NETWORK EXPANSION STATUS IN GERMANY.

Telekom continues to work on developing new online access technologies. We want to give people high-performance access to the information and knowledge society regardless of where they live or work and enable new forms of organization and added value. With these efforts, we are contributing significantly to the development of our economy. More and more people in today's digital society are sharing their personal experiences by sharing photos, videos, audio files and software. Uploading information to servers like the cloud is becoming increasingly important. That is why we are working on being able to provide our customers with more upload bandwidth by introducing VDSL vectoring, for example.

Our innovations give us a competitive edge and help us face the challenges involved in ever-increasing data traffic volumes. We continue to work on developing new access technologies with higher bandwidths like LTE and VDSL vectoring to help us master these challenges. The graphic below shows the different technologies used by Telekom for fixed-line Internet access. It includes the year each technology was introduced as well as maximum upload and download speeds. The physical basis is copper or fiber-optic lines. Many times a mixture of both types is used.

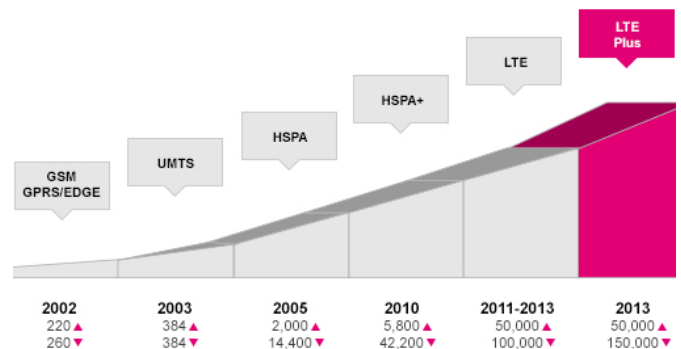


Note 1: This is a simplified illustration that should not be viewed as complete.

Note 2: Maximum upload speed is indicated in front of the triangle pointing upwards and maximum download speed is indicated in front of the triangle pointing downwards; indicated in kbit/s (values rounded off).

Note 3: VDSL and VDSL vectoring refer to VDSL2 and VDSL2 vectoring. Mobile Internet has become much faster within just a few years thanks to different access technologies. The graphic below provides an overview on the development of transmission technologies and their maximum transmission speeds since 2002.

Mobile Internet has become much faster within just a few years thanks to different access technologies. The graphic below provides an overview on the development of transmission technologies and their maximum transmission speeds since 2002.



Note: Maximum upload speed is indicated in front of the triangle pointing upwards and maximum download speed is indicated in front of the triangle pointing downwards; indicated in kbit/s (values rounded off). Last year's CR report

EXPANSION OF FIXED-LINE NETWORKS.

Throughout the Telekom Group subsidiaries are investing in the expansion of their fixed-line networks, as the following examples from the reporting period illustrate. In Croatia T-HT Hrvatski Telekom successfully designed, tested, received regulatory approval, and started deployment of its FTTC network topology with VDSL technology in 2013. Moreover, Hrvatski Telekom won state subsidies for rural broadband development in additional two counties. The total investment in fixed broadband was €10 m. Slovak Telekom for its part launched VDSL in 300 000 households during 2013. In Greece OTE also invested heavily in the expansion of its networks and by autumn 2013 had achieved coverage of over 1 million households.

During 2013 Magyar Telekom expanded its VDSL coverage in Hungary by 106% through replacing legacy DSLAM ports with MSAN ones. By the end of the year, VDSL coverage had reached 920,000 households from a total of 3.4 million households within Magyar Telekom's reach. This represented an increase of 52% during the reporting period. The modernization process for Magyar Telekom's fixed ADSL network, which began in 2012, involves installing broadband MSAN devices with VDSL2 cards. Fixed-line network expansion continues in Germany, too. We now cover 98.1 percent of the population with ADSL, and 69.4 percent with ADSL2+. VDSL is available to 38.9 percent of the German population.

COLLABORATION PROJECTS FOR BROADBAND EXPANSION.

Telekom cooperates with a number of communities as part of its activities to expand its fiber-optic broadband network. Telekom continued this collaboration in 2013 in the scope of invitations to bid for the More Broadband for Germany project. We entered into 686 cooperation projects with communities to expand the broadband infrastructure in 2013 alone, making it possible to give more than 271,000 households access to the broadband network. We are planning to team up with communities for additional projects of similar size and scope in 2014.

In addition to setting up fiber-optic connections that run all the way to the home (FTTH), we are expanding our FTTC network (fiber-optic lines up to the last network node in that household's neighborhood). FTTC enables a faster broadband connection when used in combination with VDSL vectoring. We selected a number of expansion areas in 2013. Our goal is to give as many people as possible access to broadband Internet while keeping the costs involved for us and our customers low and conserving resources. That is why we use what is referred to as "passive infrastructure" for our expansion activities whenever possible. Passive infrastructure can include pipes, fiber-optic lines or splitters from other companies (e.g., municipal utilities companies or cross-regional power supply companies) that are not in use.

MIGRATION TO IP TECHNOLOGY.

Various Telekom subsidiaries throughout Europe advanced their IP migration process in the reporting period. By enabling the use of VDSL vectoring, the IP technology makes download speeds of up to 100 Mbit/s and upload speeds of up to 40 Mbit/s possible. Macedonia was the first Telekom country in Europe to have migrated all 290,000 lines to IP network technology. The process was completed at the end of 2013 in only 25 months at a cost of €13 million. The example of Macedonia provides clear proof that Deutsche Telekom's goal of transforming its networks to IP technology is entirely realistic. A countrywide campaign to market IP-based lines began in Germany in 2013 and by the beginning of 2014 over two million households had already been switched to IP-technology. In Hungary Magyar Telekom's IP migration targets include modernizing the IP network, meeting additional capacity needs, simplifying operation and introducing new services. The ultimate aim is to build a future-proof convergent fixed/mobile IP platform that also reduces energy consumption and by the end of the year, completion of these project targets rose from 22 percent to 46 percent in a year-on-year-comparison. In Poland T-Mobile increased the number of IP nodes from 191 to 920 during 2013. In the PSTN migration process in Croatia, which is part of the IP transformation, T-HT Hrvatski aims to migrate all customers to IP by the end of 2015 and shut down all 72 local exchanges. For this reason, T-HT completely shut down a local exchange in Prečko as a pilot in April 2013 and by the end of the year 10 more local exchanges had been successfully shut down. As a result, a total of 481,000 users (or 38,5 percent of the customer base) had been migrated by the end of 2013 – a key enabling factor in PSTN network decommissioning.

In Montenegro migration to IP technology is expected to be completed by 2015, whereas Slovakia will reach this goal during 2014 and Hungary in 2016.

FTTH: INFORMATION SUPERHIGHWAY FOR THE LAST FEW MILES.

Fiber optics is the fastest data transmission medium. For this reason, we intend to connect a large number of homes directly to our high-speed fiber-optic network (FTTH).

The number of cities with FTTH networks increased to 25 in total in 2013. Network expansion in Bad Dürrenberg, Dresden, Ilmenau, Leipzig and Magdeburg was primarily based on existing fiber-optic technology. That is why we did not require the usual threshold of 80 percent appro-

val by home owners and 10 percent early orders. These towns and cities are currently in the FTTH network expansion or provision phases. Some newly built-up areas - in Stuttgart and Nuremberg, for example - were connected with a fiber-optic network instead of a copper network as originally planned thanks to a previous feasibility study.

A total of around 3,500 kilometers of new fiber-optic cable was laid throughout Germany in 2013 together with the set-up of 478 new distribution cabinets (the gray boxes at the roadside). We are planning to continue FTTH expansion in 2014 in additional areas. FTTH technology will also be installed for apartments of the Deutsche Annington Immobilien SE (DAIG) real estate company.

THE LATEST DEVELOPMENTS IN VDSL VECTORING EXPANSION.

Mobile workplaces, multimedia applications and high-quality online services mean that higher bandwidths are in constant demand. The long-term success of our business is based on being able to meet this demand with new technologies like VDSL vectoring. In August 2013, the German Federal Network Agency approved network expansion of VDSL vectoring technology. We began setting up vectoring-compatible VDSL lines in November 2013. We had provided almost 100,000 households and commercial units in 12 local networks with VDSL infrastructure by early December of that same year. We also began selling the lines at that time. We will have equipped an additional 41 local networks with VDSL by April 2014 and another 3 by late May 2014. The initial maximum transmission speed in these local networks is 50 Mbit/s. With the help of vectoring technology, download speeds will be doubled to 100 Mbit/s and upload speeds quadrupled from 10 to 40 Mbit/s in the second half of the year.

We are planning to introduce the VDSL vectoring infrastructure in several local networks throughout Germany in 2014. We will be offering transmission rates of up to 100 Mbit/s to more than four million households by mid-2015. By late 2016, the total number of VDSL connections is expected to increase to 24 million.

TELEKOM'S TERASTREAM PILOT NETWORK IN CROATIA.

Telekom's TeraStream pilot network in Croatia is an important step towards making 100 GBit/s Ethernet generally available – a data speed required to cope with the huge increase in network traffic and keep network costs to a minimum. Extensive pilots are required to gather the practical data needed to develop TeraStream to market maturity. The pilot in Croatia, which has been running since 2012, is delivering this kind of data. During 2013 Telekom and its partners in Croatia successfully tested a manufacturer-independent 100 GBit/s fiber-optic line between Cisco and Alcatel-Lucent routers in Split and Varazdin, a distance of 600 km. This is expected to deliver significant energy savings in the range of tens of GWh.

WLAN SERVICES FOR BROADBAND INTERNET ON THE GO.

We are constantly expanding our network infrastructure and using it as a basis to develop new solutions for our customers. We offer a number of advantageous access options via WLAN hotspots to make it easier for our customers to access information and knowledge in many locations when they are on the go.

WLAN TO GO worldwide.

Our customers have been able to use more than 12 million hotspots worldwide run by our cooperation partner, Fon, as well as all Telekom Hotspots in Germany since June 2013. Any Telekom customer with an IP-based Internet connection and a Speedport W724V can use this service free of charge. All they have to do is make unused bandwidth from their Internet connection available to others as a hotspot via a second WLAN signal, naturally with no limitation to their own surf speeds. More than 12.6 million DSL users worldwide are already sharing their WLAN. Telekom guarantees a high level of data privacy and security with this service. The home networks stay protected and customers do not assume any liability.

Hotspot access points expanded in cities.

In our hotspot City Hamburg pilot project, Telekom has been providing WLAN coverage to heavily frequented tourist hubs in the city at no charge since September 2013, creating one large, seamless hotspot zone. We will continue to increase the number of WLAN access points we offer in Hamburg from 500 to around 700 over the course of 2014. Anyone, regardless of whether they are Telekom customers, can surf for one hour a day at no charge in the HotSpot zone at speeds of up to 50 Mbit/s. Since December 2013, people have also been able to surf up to one hour a day at no charge at 21 access points in our T-City Friedrichshafen. Telekom has been offering customers up to 30 minutes a day of free WLAN usage at more than 150 HotSpots in Bonn since January 2014.

Telekom and Deutsche Bahn also continue to expand the WLAN network at train stations where people can surf up to 30 minutes a day at no charge. We are planning to increase the number of hotspots at train stations from 115 to 120 in 2014. Our customers can also use our on-board hotspots to go online while traveling on Deutsche Bahn high-speed ICE trains along a total of 5,200 kilometers of track.

GROWING THE 2G/3G NETWORKS.

Telekom subsidiaries throughout Europe are investing considerable resources to ensure their 2G/3G networks reach as high a proportion of a country's population and territory as possible. By the end of 2013, we were providing 2G mobile communications via GSM plus EDGE to 99.8 percent of the German population and 3G mobile communications via UMTS or HSPA+ to 90 percent of the German population. At the same time COSMOTE Romania was offering seamless 2G mobile communication services to more than 99 percent of the population and 90 percent of the territory. In Albania AMC invested €2.4 m in expanding its 2G GSM network in 2013 and reached a population coverage of 97.4 percent. Moreover, in Albania AMC invested €2.5 m in 3G network expansion during the reporting period. As a result, 3G (UMTS/HSPA+) coverage rose from 93 percent to 94.5 percent of the population.

In Croatia T-HT modernized the legacy 2G network through swapping the 2G hardware and deploying 3G sites and capacity expansions to accommodate the doubling of data traffic on a year-on-year basis. T-HT also introduced 69 new 2G services and 631 new 3G services in 2013. As a result, the Croatian population's 3G coverage increased in 2013 from 68 percent to 77 percent, bringing broadband service to rural areas, roads, touristic centers and islands.

By the end of 2013 Cosmote Romania was offering 3G mobile broadband to more than 78.99 percent of the Romanian population. Download speeds of up to 43.2 Mbit/s were thus possible in 248 cities and more than 3,850 localities across the country, which adds up to a coverage of over 66.84 percent of the population. In 2013 Slovak Telekom installed HSPA+ technology in all its base transceiver stations and increased 3G/HSPA+ coverage from 70 percent to over 80 percent of the population. In Greece OTE and Cosmote had achieved almost comprehensive nationwide 3G coverage by the end of 2013. During the reporting period T-Mobile Poland increased its 3G/UMTS coverage from 78% to 92% of the population while territorial coverage rose from 50 percent to 81 percent. In 2013, T-Mobile Austria offered its customers nationwide 2G service (99 percent) and increased 3G coverage to 94 percent of the population.

LTE NETWORK EXPANSION.

All over the Telekom Group subsidiaries invested heavily in 2013 to expand their LTE networks. After achieving almost comprehensive nationwide 3G coverage and launching LTE for the first time in Greece, OTE and Cosmote were awarded the title of Internet Service Provider of the Year in April 2013. In less than a year since the network launch, COSMOTE has achieved a coverage of 55 percent of the population, with 4G becoming available in 30 cities and more than 100 districts of Greece. COSMOTE's 4G network is already offering more than double the coverage of other networks in Greece and 4G data traffic tripled during the last six months of 2013.

In Hungary the ongoing rollout of LTE base stations by Magyar Telekom brought LTE technology to 37.99 percent of the Hungarian population coverage and 99 percent in Budapest by the end of 2013. That meant T-Mobile Hungary was ahead of the two other national mobile service providers in LTE population coverage.

In Montenegro Crnogorski Telekom launched LTE commercially on 1 November 2013. By the end of the year, 38 percent of the population was covered and €818,000 had been invested in LTE expansion. The total investment in fixed-line & broadband networks during 2013 was €2.68 m. After launching LTE in 2013, Slovak Telekom had made the network available in 31 cities in Slovakia and covered 24 percent of the population by the end of February 2014.

In the Netherlands the process of modernizing the network continued in the reporting period and mobile Internet and voice service coverage improved significantly. The final step in 2013 was the launch of LTE in November. The focus in the activation of LTE was on the four major cities of the Netherlands, Amsterdam, Rotterdam, Den Haag and Utrecht, which account for approximately 30 percent of subscriber coverage. In these four cities the LTE rollout reached its full potential with LTE1800 on more than 1,000 sites.

By the end of 2013 Cosmote Romania had expanded its LTE network to achieve 90 percent population coverage in the capital and reach another 17 cities throughout the country. During the reporting period T-Mobile USA rapidly modernized its LTE network, improved coverage, aligned spectrum bands with other key players in the U.S. market, and deployed nationwide LTE services. By October 2013 the company had

exceeded its 2013 targets for LTE network coverage by delivering LTE to more than 200 million people in 254 metro areas. Additionally, the migration of MetroPCS brand legacy CDMA customers onto T-Mobile's 4G HSPA+ and LTE network was ahead of schedule, providing faster network performance for MetroPCS customers with compatible handsets. This migration is expected to be completed by the end of 2015.

T-Mobile Macedonia customers in most of Skopje (i.e. Centar, Karpos, Aerodrom, K. Voda) and in Mavrovo now have access to the 4G network. The upgrading process is ongoing so that all T-Mobile customers in the Republic of Macedonia will enjoy 4G access in the future. In Croatia T-HT Hrvatski Telekom had deployed 36 LTE sites by the end of 2013, with LTE population coverage reaching 23 percent – up from 13 percent at the end of 2012. The additional digital dividend band spectrum acquired in November 2013 gave the company strategic resources for further expansion of broadband services throughout Croatia. T-Mobile Austria is also driving LTE expansion forward. By the end of 2013, 25 percent of the population had access to the high-speed mobile network.

In Germany, we started marketing improved features for the LTE network under the name "LTE Plus" in 2013. These are based on the CAT4 standard, which increases possible data transmission download rates from 100 to 150 Mbit/s and upload rates to up to 50 Mbit/s. Technical requirements for using LTE Plus are already available in all regions with LTE 1,800 MHz service (cities, and high-density population areas). LTE Plus was available in more than 150 cities in Germany as of late 2013. Both the network and the devices used need to support the CAT4 standard. CAT4-compatible devices have been available since October 2013.

HYBRID ACCESS: FIXED-LINE PLUS LTE – EVEN FASTER TOGETHER.

Since 2011 we have been offering "Call & Surf via Funk", a FMS product (fixed mobile substitution). With the corresponding hardware we are able to combine fixed-line telephony and mobile data services. Additional data transfer via a faster wireless connection is of great benefit to customers particularly in areas where we can only provide limited Internet bandwidths via fixed-line networks.

Between 2012 and early 2014, we worked to upgrade this FMS product into a Hybrid Access. Hybrid Access automatically activates LTE (long term evolution) when the fixed-line network is used intensively. Customers benefit from the fact that the transmission speeds of both connections are combined. A new router model distributes data traffic onto the fixed-line and wireless networks. The first version of the router was completed in early 2014. We use a new central network component, HAAP (hybrid access aggregation point), available since the start of the year, to reintegrate the signals. We are planning to begin selling Hybrid Access as a standard product in 2015.

AWARD FOR MOBILE NETWORK IN GERMANY.

In 2013, the Telekom network was the winner in tests of German mobile networks featured in the trade journals, "connect" (issue 1/2014) and "Computer Bild" (issue 23/2013), and the Chip Online portal (issue 10/2013). "connect" readers also voted us Mobile Network Operator of the Year in Germany for the 14th time in a row (issue 7/2013).

We were named the winner in the categories of voice quality, network coverage and fast connection set-up in the "connect" network test. "connect" also praised the excellent interplay of LTE and UMTS network technology, which enables high data transmission speeds. "CHIP Online" reported similar findings regarding these aspects and came to the conclusion that our network provides the highest download and upload rates for mobile Internet. The portal also stated that mobile calls were supported by the high quality of our network. In this category, the portal found our network to be highly reliable and rated the Telekom network as the best for the fourth time in a row. The title of Best LTE Network, which Chip Online awarded for the first time this year, went to Telekom as well.

The results of the "Computer Bild" network test were determined with the help of around 83,000 readers. They used a network test app to collect more than 12 million measurement values. Results showed that our mobile network provides the fastest download rates in 50 major German cities. Some readers recorded speeds of up to three to six times higher than test competitors.

CYBER SECURITY.

The sustainable development of society hinges on people being able to communicate openly with one another, exchange experiences and do business. The Internet is the ideal platform for doing so provided users do not need to worry about their data being misused. As a leading ICT provider, we take responsibility for preventing unauthorized access to our user's data and systems and give them a high level of security. To this end, we collaborate with numerous partners at national and international level and develop standards for a global digital security culture.

CYBERSECURITY.

Telekom fights all forms of cyber crime with determination. We are particularly concerned with warning our customers about online dangers as well as with protecting and helping them should they fall victim to online crime.

Our new business area, Cyber Security, which began its work in June 2013, will play a key role in these activities. We are compiling all of Telekom's expertise in this business area so that we can offer corporate customers a full range of security solutions. We are expanding our security portfolio and creating the needed capacities to help us identify cyber attacks at a very early stage. This will help us make the Internet a safer place for all of our customers even more effectively. In cooperation with „Münchener Sicherheitskonferenz“, we also hosted the second Cyber Security Summit in 2013, a conference attended by high-ranking politicians and business representatives to develop solutions to establish a security culture in the future.

Cooperating in the name of security.

We cooperate globally with research institutes, industry partners, government agencies like the German Federal Office for Information Security (BSI) and other Internet service providers to improve online security. For example, when it was announced in early 2014 that 20 million user names and passwords had fallen into the hands of online criminals, we helped the BSI set up a website where Internet users could find out if their data had been stolen. We programmed the website and provided the required IT infrastructure at no charge.

Transparent information about risks.

Telekom provides users with extensive information on the topics of data privacy and IT security via a number of channels. On our homepage under www.telekom.com/dataprotection, for example, we have included a separate category focusing exclusively on data protection. There we provide information on the current status of threats and, in particular, on ways to keep children and young people safe online. We also published an extensive e-paper of more than 60 pages containing consumer information on how to use the Internet safely. People with questions or concerns regarding data privacy and IT security can also get in touch with

us directly by sending an e-mail to datenschutz@telekom.de. In 2013, Group Privacy responded to over 7,222 inquiries via this communication channel.

We also make our semi-annual "Security on the Internet" report available to customers and consumers. The report focuses on online threats and effective countermeasures. The October 2013 edition focused on topics such as monitoring cyber attack trends. Further information on cyber security are available at www.telekom.com/security.

Enhanced protection against attacks.

We set up a honeypot infrastructure to help us identify and more effectively fight criminal attacks. This infrastructure offers weak spots that provoke attacks. What attackers cannot see is that the honeypots serve as a kind of sensor and help us document and analyze the methods used by cyber criminals. We are constantly expanding this sensor network and continue to develop new types of sensors to help us stay one step ahead of cyber criminals. We primarily implement these sensors at our national companies to give us a better overview of international threats. As of late 2013, we were operating a total of 180 active sensors (honeypots). A graphic representation of worldwide cyber attacks in real time is available at www.sicherheitstacho.eu.

SUMMIT MEETING FOR SECURE INTERNET.

Computer and network security is a topic being addressed by boards of management at every company and currently affecting every industry. Since 2012, Telekom has been hosting the Cyber Security Summit in Germany in cooperation with "Münchener Sicherheitskonferenz" to help increase security. Participants include security experts, company executives and high-ranking politicians. At these meetings, we discuss current challenges and possible solutions. We also discuss current risks, the most effective measures and necessary material and human resources.

The second Cyber Security Summit was held in Bonn in November 2013. Due to the latest accusations regarding espionage attempts by foreign secret services, we expanded this year's agenda to include topics such as digital industrial espionage and espionage by intelligence services. The meeting also focused on:

- Raising the awareness of businesses, authorities and consumers on online security issues
- Intensifying information exchange between businesses and authorities
- Developing a security and business policy structured to effectively tackle new challenges

We agreed with many participants that international standards for handling online data based on trust, transparency and cooperation are needed in the medium-term. We feel that an agreement of this kind that also includes the right to informational self-determination and the protection of personal data must form the basis for a digital security culture.

The third Cyber Security Summit is scheduled to take place in Bonn on November 3, 2014.

MOBILE COMMUNICATIONS AND HEALTH (EMF).

In order to be able to use mobile communications technology safely, users need to determine whether electromagnetic fields, like the ones produced by mobile communications devices, have negative health and environmental effects, and, if so, how this can be avoided. That's why thorough research on the effects of electromagnetic fields has been conducted over past few years. Findings show that the limit values for electromagnetic fields guarantee that the use of mobile communications devices is safe. Mobile communications technology and science are constantly evolving and advancing, however, posing new questions that require scientific clarification. Telekom makes sure that these questions are answered and has committed itself to sharing and discussing new findings with consumers and interested parties alike.

MANAGEMENT APPROACH.

At Telekom we firmly believe that compliance with the applicable threshold values ensures mobile communications technology can be used without health concerns. This conviction is based on current findings of independent German and international expert committees that are continually evaluating all relevant studies and research results and reviewing security standards.

Our goal is to make our mobile communications infrastructure and our new products, as well as the processes on which they are based, as resource-efficient, environmentally friendly and safe for health as possible. That is why we have committed ourselves to addressing the topic of mobile communications and health responsibly. In Germany these activities are based in particular on voluntary commitments by mobile communications providers and an agreement with local authorities' associations. Our Group-wide EMF Policy, which we adopted in 2004, is key in this process. The policy specifies standardized minimum requirements in the area of mobile communications and health, requirements that by far exceed those set forth by law. Our policy provides all of our national mobile communications companies with a mandatory framework that makes sure that the topic of mobile communications and health is addressed in a consistent, responsible way throughout the Group. All of our national companies have officially accepted the EMF Policy and implemented most of the required measures with support from Group headquarters.

Our EMF Policy stipulates the following principles and measures:

Transparency: We promote an open approach to all issues involving mobile communications, particularly to issues involving health protection, network expansion and handling conflicts regarding site selection. All relevant information on our mobile communications systems is available to the public via various platforms such as base station databases.

Information: We encourage active communication on the topics of technology, security, research and health and provide consumers with information on the SAR levels [CR facts] of our end devices, making sure that such information is both accurate and easy to understand.

Participation: We rely on close collaboration and constructive dialog with all participants when it comes to network expansion. It is particularly important that we notify communities of our plans early on and involve them in the site selection process. Our goal is to find amicable solutions and negotiate acceptable compromises, which can only be achieved by responding fairly to critical arguments and being ready to learn from mistakes.

Promoting research & partnership: We actively address issues involving research on mobile communications and health to support the advancement of mobile communications technology. Our activities in the area of research and science are designed in line with specified guidelines that require targeted research sponsorship, excellence in our field, transparency, objectivity and clarity. Our approach is twofold: On the one hand, our experts engage in regular dialog with scientific institutions and researchers to keep us up-to-date on the latest findings. On the other, we finance targeted, independent research to clarify unanswered scientific questions on the topic of mobile communications and health.

Implementation of our EMF Policy is regularly evaluated. We also monitor and systematically analyze relevant activities on a quarterly basis. The evaluation is used to improve individual aspects and develop solutions in different working groups such as the EMF Core Team and the EMF Technical Working Group.

DISCUSSION AND RESEARCH STATUS QUO.

Current research on mobile communications and health focuses on the biological effects of very weak, low-frequency electromagnetic fields below admissible levels, such as those generated by cell phones, for example. One of the aspects under scrutiny is whether these very weak electromagnetic fields may have non-thermal effects leading to interference with brain waves or impairments to well-being.

There are differing opinions among researchers about the existence and health impact of non-thermal effects caused by EMFs. Based on the latest research, different expert groups believe that there is no hard evidence for health-related non-thermal effects despite the fact that extensive research has been done in this field. This has been confirmed by many expert groups and authorities, including the German Federal Office for Radiation Protection (BfS) in its information pamphlet entitled "Forschung für sicheres Telefonieren" ("Research for secure mobile communication", in German) from 2013. Permissible levels, which have

been defined based on thorough testing, and extensive research publications on the subject show that effects of electromagnetic fields on people have been meticulously researched in the past decades. The EMF portal run by RWTH Aachen University boasts 18,000 scientific publications on the subject.

An active analysis of research into mobile communications and health is a central activity in our efforts to further develop mobile communications technology at Deutsche Telekom. Deutsche Telekom's commitment to scientific research encompasses two areas: firstly, our experts aim to hold regular discussions on the current status of research with scientific institutions and researchers. Secondly, Deutsche Telekom directly and indirectly provides funding for research projects aimed at answering scientific questions on the topic of mobile communications and health. Our activities in the area of research and science are designed in line with the applicable guidelines that require targeted research sponsorship, excellence in our field, transparency, objectivity and clarity.

EVALUATING THE EMF POLICY AND IMPLEMENTING RECOMMENDATIONS FOR IMPROVEMENT.

The results of our regular monitoring activities reflect our progress when it comes to putting our EMF Policy fully into practice in all action areas. The policy was fully implemented in Croatia and the Federal Republic of Macedonia during the reporting period as well.

It is important to keep in mind, however, that our EMF Policy is not static but leaves considerable room for flexibility. Within this framework, our national companies that have already fully implemented our EMF Policy continue to improve their measures. The Telekom national companies share their experiences with each other as well as with other network providers and interact with associations, consumers, politicians and scientists. All of these activities play a central role in their efforts.

Our primary goal in 2014 is again to make sure the EMF Policy is put into practice in its entirety at every national company. We will also continue in our efforts to further optimize current measures in each country. Some examples include better transparency about our mobile communications stations and more effective interaction with local communities.

IMPLEMENTATION OF THE EMF POLICY.

During the reporting period, Telekom engaged in a number of measures at the international level to implement its EMF Policy. We have included a few examples of these activities in the table below:

Action areas	National company	Examples of activities conducted during the reporting period
Transparency Open dialog on all issues involved in mobile communications technology	Deutsche Telekom Technology	<ul style="list-style-type: none"> Provided information and discussed measurement results on the impacts of LTE [1] on the human body in community workshops in seven German cities with 168 participants from the worlds of politics and administration The format was generally well received

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| Cosmote Greece | <ul style="list-style-type: none"> Increased number of measurement stations featuring Pedion24 systems from 10 to 210 Measurements made every six minutes, results available at www.pedion24.gr |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- | | |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| T-HT Hrvatski Telekom | <ul style="list-style-type: none"> EMF [2] measurements at almost 1,000 base stations conducted by a lab authorized by the Ministry of Health to issue operating permits |
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Information
Providing clear, accurate information forms the basis of being able to discuss and address the topic effectively

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|----------------|------------------------------------------------------------------------------------------------------------------------|
| Cosmote Greece | <ul style="list-style-type: none"> Telekom experts presented information on EMFs to around 500 students |
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- | | |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| T-HT Hrvatski Telekom | <ul style="list-style-type: none"> Gave different presentations to employees and 100 new colleagues who act as multipliers of information on the topic of EMFs and health |
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| Deutsche Telekom Technology | <ul style="list-style-type: none"> Conducted online training for around 5,200 store employees on talking to customers about SAR [3] and the topic of mobile communications and health Developed and made new printed information available to customers (including fact sheets on the latest research and flyers on EMFs produced by smartphones and WLAN) |
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Participation
Collaborated closely and engaged in constructive dialog with communities

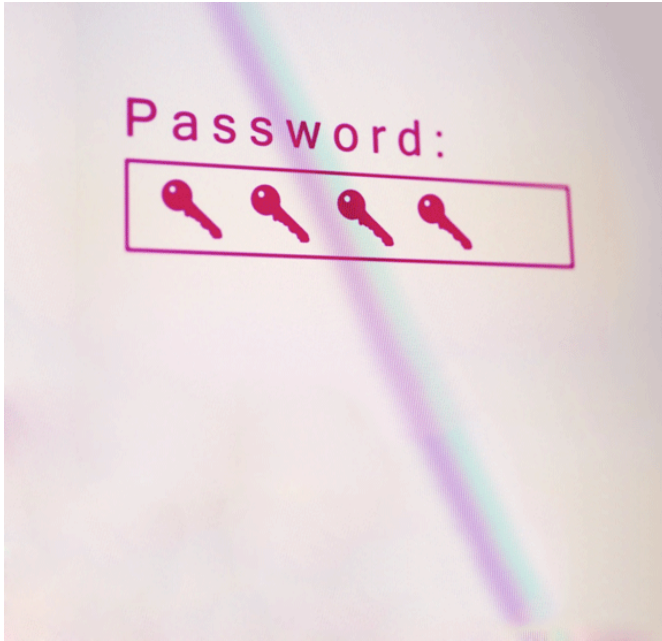
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| Deutsche Telekom Technology | <ul style="list-style-type: none"> Settled eleven disputes with communities regarding antenna sites through clarification efforts Participated in the Round Table on Electromagnetic Fields (RTEMF) in May and November 2013 Three meetings with local authorities' associations for more effective collaboration and participation in network expansion activities |
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Research and partnerships
Sponsoring research as prevention

- | | |
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| T-HT Hrvatski Telekom | <ul style="list-style-type: none"> Ministry of Health verified positive findings of a study on compliance with legal limits at all 1,071 antenna sites monitored Began a study on legal limits at LTE sites using different mobile communications technologies |
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| Deutsche Telekom Technology | <ul style="list-style-type: none"> Ongoing support (1) of research projects in collaboration with the German Federal Ministry for the Environment and the German Federal Office for Radiation Protection as well as (2) the MOBI-KIDS study, (3) the EMF [4] database operated by the Research Center for Bioelectromagnetic Interaction and (4) the Science Forum EMF. |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

CUSTOMERS.



More than 100 data privacy experts guarantee a high level of data privacy at Telekom's national and international companies.

DIALOG ON DATA PRIVACY WITH SELECTED NATIONAL COMPANIES

"Customer data privacy has top priority at our company. That's why it's so important to make sure that everyone throughout the Group has the same definition of what data privacy means and works hard to guarantee a high level of data security."

Dr. Claus-Dieter Ulmer, Telekom Group Data Privacy Officer

Objective

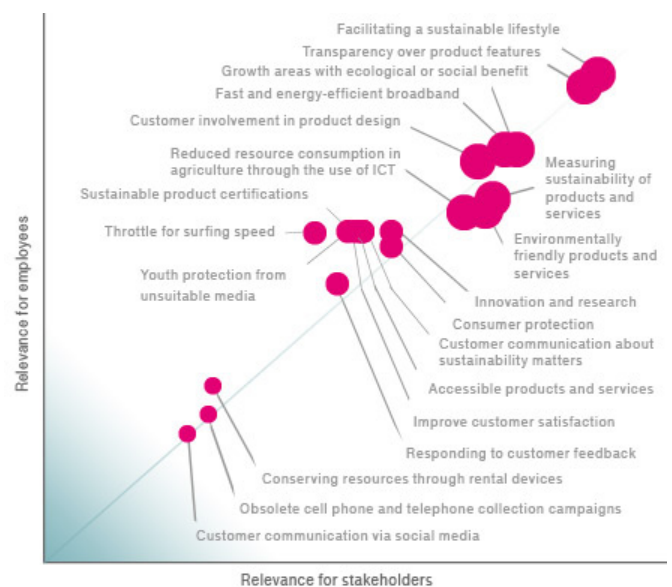
Creating a common understanding of data privacy throughout the Group

Success

We engaged in dialog in China, Denmark, Poland, Slovakia, the Czech Republic and the Netherlands among others in 2013.

Implementation

The level of data privacy at Telekom is high, as shown in the annual international data privacy audits. However, there are still gaps that must be closed. The Group Data Privacy Officer decided to travel to different national companies to address these gaps. The purpose of this trip is to develop a common understanding of data privacy.



SUSTAINABLE PRODUCTS AND SERVICES.

Technological progress is changing the world we live in. It also offers new opportunities when it comes to tackling challenges such as climate change, scarce resources and aging societies by thinking and acting in a sustainable way. ICT plays a key role in this. We offer our customers attractive products and services that meet their needs and help them make green consumer choices.

ENABLING SUSTAINABLE INNOVATION.

Telekom's vision is to become a global leader in connected life and work. At the same time, we want to be at the forefront of our industry when it comes to taking social and responsibility for society and the environment. We pursue comprehensive research and development activities at many levels of the Group for this purpose. Telekom Innovation Laboratories (T-Labs), the central research and innovation unit of Deutsche Telekom, plays a key role in this field.

T-Labs: Top-notch research and innovation.

T-Labs considers itself an initiator at the company. Its job is to support the development and realization of innovative products, services and infrastructures throughout the Group. The growth areas of smart energy, connected car and e-health are key when it comes to sustainable innovation. We specify effective goals for each growth area. Telekom's objective in the smart energy area is to be the best partner for businesses involved in the transition to renewable sources of energy. Their main challenge will be to make sustainable energy solutions affordable and attractive to both consumers and businesses. The energy turnaround is going to become the largest ICT project of our time - and our plan is to be very involved in this project. For example, we consider it our job to develop and set up scalable IT platforms for smart metering and for supporting operational processes in the energy industry. In the connected car business area, Deutsche Telekom strives to maintain its leading role in digitizing services and business models for the automotive and logistics industries. The Group effectively connects service providers and vehicles via an open, standardized operating platform that makes new business models possible for everyone involved. That makes Deutsche Telekom an independent service provider for vehicle manufacturers, logistics companies, fleet operators, dealerships, car repair shops and consumers. Our goal in the e-health business area is to become the best partner for the health sector by providing innovative services. Our focus is on creating smart networks between doctors, insurance companies, hospitals and other medical and care facilities and patients. We are planning to generate revenue of around one million euros by 2015 in these three growth areas combined.

Deutsche Telekom invests heavily in innovation and research throughout the Group. Our direct investments came to 97 million euros in 2013. We also provided additional funding for research and development activities by partnerships and company shareholdings. The scope of this fun-

ding exceeded our direct investments many times over. This approach is in line with Telekom's new Group strategy, which focuses on collaborating with partners to develop sustainable products and enrich the lives of our customers.

Our Design Principles form the basis of how we develop our products. These principles include general sustainability criteria. These principles are specified in detail in our Sustainability Guideline for Product Design and our device packaging policy. They help ensure that our customers receive high-quality products and services also from an ethical end ecological perspective.

Our cloud services are a good example of sustainable, customer-centric solutions. With these services, customers no longer need to operate their own hardware, reducing energy consumption and costs. Our QIVICON smart home solution also offers sustainable added value. Customers can use their tablet computer to control building installations and electric appliances. The solution helps older people lead independent lives in their own homes as long as possible. It can also support power grid stability if household appliances that use a lot of energy, like washing machines and dryers, are only started up when the grid is experiencing low usage. Another good example are our DECT phones in the new Sinus series, which we have been offering since 2013. The products bear the Blue Angel environmental seal. This makes it easier for our customers to make informed decisions that benefit the climate and environment when purchasing devices.

CORPORATE SUCCESS THROUGH SUSTAINABLE PRODUCTS AND SOLUTIONS.

Our customers are placing increasing importance on sustainability aspects such as the user-friendliness, security and accessibility of ICT services. Sustainability also means leaner manufacturing, packaging and transportation processes, which also offer potential cost savings. Product and solution sustainability also increases the confidence that customers and finance companies entrust in us. And we set ourselves apart from the competition with our sustainability efforts as well. We are now facing the challenge of addressing all sustainability aspects for our products and solutions along the entire value-added chain - from manufacturing and organizational processes to helping our customers maintain a sustainable lifestyle. At the same time it is important to structure technology development processes in the ICT area in a way that is sustainable. T-Labs plays an important role in this. T-Labs worked on the following in 2013:

Improved data privacy.

In cooperation with the Mozilla Foundation, T-Labs has developed mobile communications data privacy concepts under the motto "Future of Mobile Privacy." The project mainly focuses on the secure encryption

of e-mails and the possibility of surfing online anonymously. Special processes have been designed to enable users to surf online without giving away their current location.

Cost-efficient cloud services.

Within the scope of the TRESOR (Trusted Ecosystem for Standardized & Open cloud-based Resources) project, T-Labs is collaborating with partners to develop a cloud ecosystem. The solution involves a cloud services marketplace where cloud brokers assign resources such as software systems to users. One of the project goals is to optimize collaboration between different providers and their solutions while lowering costs for those companies.

New 5G mobile communications generation.

We expect the 5th generation wireless systems (5G) to have matured by 2020. We want to be part of this new generation right from the start. That is why T-Labs has been actively participating in the European research project entitled METIS (Mobile and wireless communications Enablers for the Twenty-twenty (2020) Information Society), which was launched in 2013. Right from the get-go, the METIS project partners developed scenarios for a possible future 5G mobile communications standard. For example, 5G will transmit data at extremely high speeds even at locations with high population density, such as city centers. By then, data volume will have increased thousand-fold. At the same time, it is important to keep the cost and energy consumption of the new technology at current levels.

INNOVATION IN GROWTH AREAS.

Telekom is not content with just being state-of-the-art but wants to anticipate new developments and help shape the future. That's why we invest in wide-ranging research and development activities, in particular in our T-Labs. We are also committed to financing professorships and creating pioneering ideas in cooperation with universities.

By developing smart solutions in the areas of energy, automotive and healthcare, Telekom has opened up new business areas. These contribute in different ways to better efficiency and more convenience as well as reducing resource consumption. We conduct a variety of projects in the areas of smart metering and smart grids, which are designed to keep grid voltage stable even with fluctuating energy production. The solutions are used to read millions of meters in real time, manage the resulting data and even automatically turn household appliances from different manufacturers on and off from a single shared platform. We develop solutions for the connected car that make it possible to use cars more efficiently. Solutions range from cloud-based real-time services for fleet management to machine-to-machine communication for harvesters. In our third growth area, e-health, we simplify the work of medical personnel and give chronically ill patients, in particular, as well as people living in areas with limited access to medical facilities greater independence. Our services range from mobile access to electronic patient files and secure remote diagnosis and treatment to split-second transfer of lab results.

SMART ENERGY.

The use of wind and solar energy poses a considerable challenge to energy providers because these energy sources can put a lot of strain on the power grid. Wind and sun are subject to natural fluctuations while the voltage in the power grid needs to remain stable to prevent power outages. What is more, an increasing number of consumers are producing their own electricity, for example by using small cogeneration plants. These consumers are able to balance out fluctuations in the grid as long as local power generation is in line with consumption. To make this possible, the flow of energy needs to be intelligently controlled by using modern ICT. This requires a smart grid.

In order for a smart grid to work properly, a huge amount of data needs to be processed in real time for operators to see when and where how much electricity is being generated and how much needs to be supplied. Smart meters provide the necessary transparency. That is why millions of smart meters are to be installed in Germany to provide real-time data on consumption and production of electricity in German homes and businesses.

Handling big data.

Reading millions of meters and managing data for the new smart grid, however, poses a considerable challenge. Our Big Data project has

shown that we are able to manage such data volumes. We conducted a successful big data stress test during the reporting period. In the test, we used a data processing system developed by T-Systems to process data from 50 million simulated meters. With 15-minute reading intervals, almost 5 billion data records had to be processed by our system each day.

QIVICON – Living in a smart home is part of the solution.

Smart home solutions are a key component of a smart grid. They can contribute to grid stability by flexibly switching household appliances on and off. They can also lower costs for consumers, for example by turning on the dishwasher when energy supply is high and the price for electricity is low. Energy providers are working on smart, flexible rate plans and Telekom has developed a cross-industry smart home solution with QIVICON.

A smart home can make life easier in many ways for the people who live there. It can conveniently and automatically monitor functions ranging from building and security installations to entertainment electronics. The challenge lies in the fact that most electronic devices used in the home currently come from a number of different manufacturers. A comprehensive smart home solution needs to include as many different vendors as possible. That is why Telekom initiated an alliance of leading companies in Germany for its QIVICON solution. More than 30 partner companies and brands are collaborating to develop cross-manufacturer solutions for customers. QIVICON comes from the Chinese word "Qi" for energy, the French word "vie" for life and the English word "connect." It reflects the concept of living a connected life in an energy-efficient smart home.

In terms of technology, QIVICON is a small, easy-to-handle box that communicates with and networks devices in the smart home. It can be controlled online and has been available since fall 2013. Customers can use QIVICON to control and monitor any connected device via apps or the online portal from any computer, smartphone or tablet with online access. Entire groups of devices such as heating, lighting, windows or doors can be synchronized and different functions can be combined. For example, heating can be automatically turned down as soon as a window is opened. The solution also enables communication with your energy provider to regulate energy consumption based on current grid capacity.

Customers' data in safe hands.

We addressed data privacy concerns early on in the QIVICON design process. Our solution complies with the standards published by the German Federal Office for Information Security (BSI). We only collect and transmit data that is actually necessary for smart home functions.

MACHINE-TO-MACHINE COMMUNICATION VIA CONNECTED CAR PLATFORM.

Telekom supports the German federal government's high-tech initiative, Industry 4.0, which aims to contribute to maintaining Germany's competitive edge in the technology sector. Industry 4.0 means that intelligent machines can communicate with each other, improving work processes without human intervention and facilitating machine operation. In a pilot project conducted in collaboration with agricultural machinery manufacturer Claas in 2013, Telekom tested a method for improving the efficiency of harvesters using intelligent machine-to-machine communication (M2M broadband communication). This included equipping harvesters and tractors with dozens of sensors connected to each other via LTE technology, which then transmitted data every few seconds. Thanks to this technology, a harvester can automatically notify a tractor pulling a trailer as soon as the harvester's grain tank is almost full. The system directs the driver of the tractor along the shortest route to the machine that goes on harvesting. The grain can then be unloaded while the harvester is still working. The new technology saves time and reduces fuel consumption, minimizing the carbon footprint. The service is offered via Telekom's cloud-based Business2Car platform.

In addition to the Industry 4.0 initiative, Telekom also developed new products during the reporting period that are now being offered on the Connected Car cloud platform. Connecting the car's on-board computer with the Internet, for example, opens up a wealth of opportunities. Car drivers can use social media on the go, access e-mails and listen to online radio while driving. This new products meet the growing need for constant access to information and communication. As of June 2013, every new Mercedes equipped with an on-board computer and the Daimler COMAND Online multimedia system is connected to the Telekom cloud-based Business2Car telematics platform. With this system, drivers can use any online service and their Mercedes Benz apps worldwide. Using information on current weather and traffic conditions, for example, they can choose their routes to avoid traffic congestion, thereby reducing fuel consumption. Our goal is to make the platform an industry standard for all car manufacturers.

SMART CONNECTIONS IN THE AUTOMOTIVE SECTOR: CONNECTED CAR.

Telekom develops innovative solutions for smart connections in the automotive sector in close collaboration with the automotive industry. Deutsche Telekom's Connected Car business area focused on the following markets during the reporting period: car and truck manufacturers, used cars, logistics companies, service providers such as insurance companies and the German motor and driving service company, ADAC, as well as fleet operators. We developed and advanced numerous products within this context. In 2011, for example, Telekom collaborated with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in the Pay as You Pollute project to test ways to reduce CO₂ emissions in high-density city areas. The solutions developed under the project were then transferred to Germany and finalized for market launch and sales. The Efficient Fleet Management app, which we have been offering for smartphones and tablets since 2013, is one of these solutions. The app displays current vehicle coordinates and calculates fuel consumption and emissions in real-time during trips. That way drivers and dispatchers can always see how the current driving style is affecting fuel con-

sumption. The app enables numerous improvements in goods dispatch and route management as well as in individual driving style. It also complies with legal provisions on measuring and evaluating emissions levels. One advantage of the app is that it does not require any special equipment in the vehicle, making it suitable for use in older fleets as well. Our collaboration partner, DB Schenker, was able to achieve fuel savings of up to 15 percent with the app in a pilot test conducted in China in 2013.

Delay alarm for service providers.

The Arrival Control app is another innovation. The app can be used to inform the customer on product delivery times or service provider arrival in almost real time. If a technician unexpectedly hits traffic or misses their bus, the app automatically calculates a new arrival time and sends out a notification. Companies can integrate the app into their current dispatch and logistics systems. Trade and logistics companies as well as technicians can use the app to improve their service and avoid unnecessary trips.

Automatic vehicle diagnostics.

Since 2013, T-Systems has been testing a module for automatic vehicle diagnostics that can be plugged into the on-board computer. The module constantly monitors the car's current status, e.g., oil and battery levels. Information is sent to the driver via a smartphone app at least once a day and from there to the car repair shop via a Deutsche Telekom cloud platform. Thanks to the app, repair shops and car drivers always know when to schedule the next inspection or repair. Telekom is planning to offer the solution to dealerships and repair shops in Germany as of Q2 2014.

Promoting smarter driving.

Cosmote participated in the ECOGEM (Cooperative Advanced Driver Assistance System for Green Cars) research project, which was completed in early 2013 and funded by the EU under the 7th Framework Program. The project aimed to design and develop an Advanced Driver Assistance System (ADAS) for fully electric-powered vehicles. Moving on from ECOGEM, the EMERALD project (Energy Management and Recharging for efficient electric car Driving) started in October 2012. Its focus is on energy use optimization and the seamless integration of fully electric-powered vehicles into the transport and energy infrastructure. This will be achieved by delivering clear advances over state-of-the-art integrated in-vehicle energy management as well as through effective integration with the grid, cooperative transport infrastructures, and fleet management and planning systems. Within the EMERALD project, COSMOTE is contributing, among others, to user and system requirements, technical specifications, testing and evaluation phases, dissemination activities, and the investigation of the commercial exploitation of the solution.

E-HEALTH.

Connecting services creates numerous improvements in the health sector. Telemedical assistance systems help reduce costs and offer patients, their families and medical personnel a wide spectrum of ways to simplify their work and daily lives.

Here are a few examples:

The Fontane project: Changes in medical condition of patients with chronic illnesses can be slow, often going unnoticed by patients and their families. Modern technology provides more security. Daily monitoring of vital signs via telemedicine, for example, can reduce the number of treatments at the hospital for high-risk patients with chronic cardiac insufficiency and lower the mortality rate. As part of the Fontane telemedicine project in North Brandenburg - "Gesundheitsregion der Zukunft Nordbrandenburg" - sponsored by the Ministry of Education and Research, T-Systems is currently testing a telemedical system for high-risk patients with chronic cardiac insufficiency. Cooperation partners include Charité Universitätsmedizin Berlin and medical product manufacturer, GETEMED. With 1,500 study participants, Fontane is one of the largest telemedicine projects for this patient group worldwide. All of the 750 patients in the intervention group measure their blood pressure and weight and do an EKG every day. They then send the values digitally to the Charité Cardiovascular Telemedicine Center, where they are assessed by doctors. That lets the medical experts identify any irregularities right away so that the treating physician can adjust treatment before any serious complications arise. Another advantage of the technology is that patients become actively involved in the monitoring process. By measuring their own values daily, patients and sometimes their families become actively involved in the treatment. That gives them back a sense of power and helps them feel more secure in their everyday life. T-Systems is providing highly secure data transmission, processing and storage for the project. The company also created the overall technical concept and the electronic patient files.

ePalliativ: ICT can contribute significantly to the care of gravely ill patients when it comes to palliative care as well. Insured parties in Germany have had the legal right to receive care at home during the last phase of their life since 2007. This was an important step in improving people's quality of life and independence at the end of their lives. However, implementing "specialized outpatient palliative care" is a challenge in terms of logistics and coordination, because it requires teams of physicians, care givers, palliative doctors and pastors/ministers to work together closely. That is why Telekom has been testing the ePalliativ electronic patient file since 2012 in collaboration with the Lahn Dill clinics and the IT company, Portavita. The patient file combines all patient documentation in a way that is structured, secure and easy to use. Everyone involved in the treatment process can access the latest information at all times on their tablet computer and can view and update all relevant patient data. The findings of an evaluation conducted over a twelve-month period have been published in March 2013 for the first time. The publication process is ongoing. Research has already confirmed that the electronic palliative file reduces red tape, simplifies coordination and communication and can accelerate the care process, leaving more time for actually providing patient care.

Monitoring for type-2 diabetes patients: Telekom went live with a monitoring portal in March 2013 that serves as a platform-based support system for patients with chronic illnesses. It is initially being offered to high-risk patients with type-2 diabetes insured by the Central Krankenversicherung AG insurance company. Patients can use pedometers, blood glucose meters and smartphones to measure and monitor their key data. The data is automatically synchronized in an online journal via Internet access. Patients are informed by phone of more healthy and more active life style choices that will help them prevent further damage from diabetes.

Health campaign in Montenegro: For three months from June 2013 Crnogorski Telekom participated in the Montenegrin Ministry of Health's campaign to prevent disease and safeguard health by enabling the Ministry to call over 13,000 people to inform them about preventive checkups. The messages were recorded and sent through the company's interactive voice response system and text messages were also sent to customers. Both the voice and text messages contained the number of the nearest health center where the checkups were provided.

Mobile-based healthcare services: In a one-year project running from March 2013, Magyar Telekom developed a healthcare platform to connect different mobile-based healthcare services offered to resident patients. This platform enables patients with smartphones or tablets to easily log in and prepare for a medical examination. The mobile device sends information about the examination, while making the patient's medical data and records available and affording access to person-specific information relating to the illness, medication and healthy lifestyle. The project is supported by the government of Hungary, managed by its National Development Agency and funded by the Research and Technology Innovation Fund.

SUSTAINABLE ICT SOLUTIONS.

Deutsche Telekom is helping millions of consumers and business customers effectively lower their energy consumption and reduce CO₂ emissions with our growing offer of green products and innovative ICT solutions. We have been offering services to dematerialize business processes such as online billing, digitized workflows and cloud computing. This contributes to the success of our "Low-carbon society" CR action area. We also want to give as many people as possible the chance to participate in the information society and to use the opportunities it offers. For example, we make it easier for people with age-related or physical limitations to use modern means of communication. We develop products and services that meet their needs and continue to work on improving user friendliness. Throughout the Group, Telekom also offers various subsidized rates to provide low-income customers and people with disabilities with cost-efficient phone and data rate plans.

CLOUD COMPUTING.

Cloud computing is often more resource and energy efficient than operating your own ICT processes not based in the cloud. With the help of cloud services, our customers can outsource their computer programs and other IT processes to our data centers and order and use them as needed. This allows customers to reduce their own capacities. (Cloud) data centers need significantly less hardware to provide these programs due to better utilization rates. Energy consumption can also be reduced considerably due to more efficient infrastructure operation processes, e.g., cooling systems.

Our Cloud Integration Center (formerly known as Enterprise Marketplace) product has been providing standardized cloud solutions tailor-made for large enterprises since early-2014. It enables companies to order cloud services based on demand, e.g., applications or infrastructure. Cloud Integration Center also supports solutions that provide applications from external, independent software developers via the Telekom cloud (shared software as a service (SaaS)). One example of this is an end-to-end sustainability management solution that T-Systems and the software company WeSustain have been marketing since November 2013. This solution will also be available and ready to be ordered as part of Cloud Integration Center. The solution compiles all data and information from a company's sustainability activities and processes this information in keeping with the highest security standards. This allows companies to manage all of their activities in this area and publish this information in a CR report, for example.

In Croatia T-HT again offered new services in cloud computing (e.g. Cloud Call Center, Water Consumption Control) which reduce the need for hardware and cut energy consumption. The new Water Consumption Control (WCC) service, which T-HT developed with Rudan LLC, facilitates cost control by providing information on water consumption from

any location at any time. The WCC equipment is installed on a user's water meter and the user can access the water consumption data via any web-connected PC or mobile phone. The service is aimed at business users who consume large quantities of water, want to monitor water consumption at multiple locations or want to avoid the expense of a sudden plumbing failure. WCC comes with various time-related monitoring functions, detects any leaks and notifies the user by e-mail or text message if there is a sudden increase in water consumption.

Multinational companies value our cloud solutions, particularly because they comply with Germany's high security standards. T-Systems cloud services are therefore a hot commodity around the world.

Cloud collaboration.

Together with other companies, T-Systems has developed a number of cloud services including solutions for public authorities. Data security is of great importance in this area as well. In November 2013, Rhineland-Palatinate was the first German state to sign an agreement for a strategic partnership with T-Systems involving cloud services with a term of two years. T-Systems guarantees that customer data will always remain within Germany, providing high data security and privacy. The cloud infrastructure operated by T-Systems enables the state government to react flexibly to short-term increases in IT demand without having to invest in additional IT capacity.

T-Systems also cooperates with the Working Group for Information Technology in the German Association of Lawyers (DAV IT). Since June 2013, T-Systems has been offering all attorneys and notaries in Germany secure document management from the cloud. The cloud solution enables users to create, process and archive documents online and create an unlimited number of digital files.

Certified security and award-winning workplace solutions.

Telekom's Business Marketplace received the Tested Cloud Security certification by the Technical Inspection Agency of Saarland (TÜV Saarland) in August 2013. TÜV Saarland reviewed the cloud services in terms of user friendliness, data privacy and data security. In November 2013, T-Systems' cloud-based service Future Workplace was rated among the top 25 percent in a study conducted by Gartner analysts. The analysts compared 18 providers active on the European market and named T-Systems one of the "leading providers of end-user services." The high security standards of the T-Systems cloud certainly played a role in this evaluation. Future Workplace users can adjust their workplace flexibly at any time to fit their specific needs. It also allows them to access their applications, GUIs and files via Internet-capable end-devices such as PCs or smartphones when they are on the road.

SHOPPINGCOMPASS BOOSTS LOCAL TRADE.

Telekom launched the ShoppingCompass app in December 2013 to help boost regional retail trade with the help of modern ICT. The free app gives users an overview of which stores nearby offer the product they are looking for. Unlike online shop offers, you can actually look at the product at the shop and take it home with you right away. Stationary retailers can use the app to build on this advantage to improve their position compared to online competitors. This boosts local business, helps save jobs and encourages a varied regional product offer. More than 3,000 branches of large retail stores throughout Germany had been integrated into ShoppingCompass by late 2013. We are planning to integrate more large stores and other smaller stores over the course of the year.

PORTFOLIOS INCLUDE MORE SUSTAINABLE PHONES.

Throughout the Group Telekom subsidiaries offer their customers products with sustainable features. In Greece, for example, Cosmote launched the LG G2 phone with SiO+ batteries in October 2013. SiO+ battery technology enables 6 percent more power to be obtained from a regular-sized battery pack, which naturally lowers energy consumption. Moreover, all HTC phones launched by Cosmote after March 2013 – the HTC One, HTC Desire 300, the HTC Desire 500 and the HTC One mini – feature recycled materials in their box packaging.

Samsung is the first major smartphone manufacturer to have TCO certified smartphones and in 2013 Magyar Telekom launched the Samsung Galaxy 4 as the first certified sustainable smartphone in its portfolio.

LEADING THE LIVECITY EUROPEAN RESEARCH PROJECT.

Since April 2012 OTE has been acting as project coordinator of the European research project LiveCity, which aims to enhance living standards in the fields of education, health, cultural awareness and municipal services through video-to-video (v2v) communication. As part of the broader EU strategy for innovation, LiveCity involves building a wireline and 4G wireless network linking cities and is also a technology integration trial offering advanced services to over 2,750 users in five European cities – Dublin, Luxembourg, Athens, Greifswald and Valladolid (as per 31.12.13). OTE is continuing its involvement in LiveCity, among other things by coordinating and supervising all the use cases in the deployed pilots. OTE has linked selected sites and two schools in the Vrilissia Municipality of the City of Athens to the OTE Museum of Telecommunications. This enables people to keep up to date with the Museum's cultural and educational activities, while pupils from the schools can participate interactively in Museum programs. Since late in 2013 direct v2v connections between the OTE Museum and ten schools in Dublin, Ireland, have been set up to disseminate the OTE Museum's educational activities to a broader audience. In addition, OTE provides infrastructure for the support of the eHealth use case, by linking the Attikon University Hospital to the selected patients in Attica area, for the telemonitoring of the latter.

The LiveCity project will continue in 2014 and is actually implementing a permanent link to the P&T Museum in Luxembourg to promote and exchange cultural content, and to encourage various joint cultural and educational activities.

SMART TRAFFIC SOLUTIONS FOR THE SMART CITY.

According to the UN, a total of 3.63 billion people were living in major cities in 2011 with 6.25 billion expected for 2050, almost 70 percent of the predicted world population. At the same time, public sector budgets are shrinking. Telekom's Smart City solutions help cities effectively organize increasing urbanization. They can help create sustainable infrastructures and improve the quality of life for residents.

One example of a Telekom Smart City project is the sensor-based parking management system developed during the reporting period. The purpose of the system is to improve the flow of traffic, thereby reducing CO₂ emissions. We equipped parking spaces with sensors that identify whether the parking space is available or taken and then send this information to the Tap&Park app. Car drivers can head straight for an empty spot. The entire parking situation is displayed in real time on a web portal as an additional feature for city administration employees. Telekom also analyzes historical traffic data to get a better idea of traffic flow.

And Telekom offers other integrated solutions for the smart city as well. Stadium visitors, for example, can use an app to find out what the current traffic situation around the stadium is like. Communities can use a M2M solution by Telekom to control street lighting, reducing electricity consumption by up to 70 percent and saving them up to 10 percent in maintenance costs.

CONTRIBUTING TO THE VALUE CYCLE.

Telekom's increasingly popular leasing service for routers and media receivers helps prevent electronic waste and recover raw materials, indirectly improving the product life cycle carbon footprint. Once the leasing period has expired, the devices are processed in accordance with environmental standards or properly recycled. Telekom is actively and successfully promoting the service by providing information at Telekom Shops, online and in product flyers. The number of people using our leasing service had increased to some 6.5 million by the end of 2013, which corresponds to around 95 percent of all customers.

We also organize numerous campaigns and activities to encourage people not to stick their outdated cell phones and smartphones in a drawer, but to hand them in for recycling or reuse after reconditioning. Since 2013, we have been giving our customers the option to exchange their used, high-quality cell phones and smartphones for a voucher at our Telekom Shops. Telekom also launched a number of cell-phone collection campaigns in 2013, many of which we conducted in collaboration with partners. One example is the "Smart cell-phone disposal" campaign, which we conducted together with the Bavarian State Ministry of the Environment and Public Health. Used cell phones and laptops were collected throughout the state of Bavaria from June 6 to July 31, 2013. We advised the State Ministry during the campaign and provided financial support. For the third time now, Telekom sponsored a joint collection campaign conducted by the Deutsche Umwelthilfe e.V. (DUH) environmental organization and the Edeka retail chain in the Edeka Southwest catchment area. 2,500 cell phones were collected during the campaign.

We independently collected around 167,232 used cell phones and smartphones in 2013 and had them repaired for reuse or recycled professionally. For each cell phone that was turned in, Telekom donated

part of the proceeds to DUH. The joint cell-phone collection system run by Telekom Deutschland and DUH entered its tenth year in 2013. More than 1.6 million used cell phones have been collected so far.

Stakeholder dialog on cell-phone collection.

In 2013, Telekom contributed its expertise and experience to address the issue of promoting the return of used cell phones and smartphones at three multi-regional stakeholder dialog events.

- A Telekom expert gave a presentation at the final conference of the "Return and reuse of used cell phones" project conducted by the German Federal Ministry of Education and Research in April 2013.
- We conducted a stakeholder survey and organized an expert discussion in collaboration with DUH in 2013. The focus was on different ways to increase the number of returned cell phones including introducing a cell-phone deposit.
- As part of our collaboration with the IZMF Information Center for Mobile Communications, we developed new dialog and information offers on cell-phone collection. In addition to expanding the service pages on the IZMF website, we helped IZMF get ready for their Mobile Communications Forum stakeholder event. The event, which took place in November 2013, focused on the question, "What to do with used cell phones?".

MORE OLD MOBILE DEVICES TAKEN BACK.

The entire Telekom Group attaches great importance to the issue of how to sensibly dispose of unwanted cellphones and fixed-line equipment. As a result, almost all Telekom subsidiaries have take- or buy-back programs for old mobile devices and phones.

Since June 2013, OTE and Cosmote have been running an expanded recycling program for batteries, ink cartridges, mobile and fixed phones to encourage recycling of old devices. OTE and Cosmote will pay €1,000 to environmental organizations for every metric ton of mobile and fixed phone devices plus accessories that have been collected by the end of May 2014. A total of 53,171 kg of equipment was collected by the end of December 2013.

In November 2013 T-Mobile Netherlands launched a buy-back program for mobile devices with a particular focus on high-end devices. This process, named T-Mobile toestel inruil, is implemented in addition to the charity model "GSM Retourplan", which has been in operation for a few years. In the GSM Retourplan customers donate low-value phones to War Child. In a similar vein Cosmote Romania runs an "I Love Recycling" program for mobile devices and Hrvatski Telekom also operates a buy-back program for old mobile devices, which offers customers a discount on a new device equivalent to the value of the old one. In total 1,362 phones were recycled in this way in Croatia in 2013. And last but not least, Romtelecom also developed in 2013 a program to promote environmental sensitivity and selective waste collection by posting information material on the company's site and on Facebook; and a program of collection of electric and electronic waste equipment from Romtelecom employees and their relatives.

BARRIER-FREE PRODUCTS AND SERVICES.

Telekom supports the work of assisted living community organizations with a smart system that connects the Telekom service portal with the home network platform QIVICON. This system makes it possible to manage different functions, from the traditional service call to surfing online and home automation features, via a single user interface for the first time. Telekom launched a pilot project in October 2013 in collaboration with the Johanniter-Unfall-Hilfe aid organization run by the Order of St. John to test an assisted living assistance system. The system's goal is to enable residents to live independently in their own home as long as possible. A total of 25 residential units were equipped with tablet computers. Users can call for support with easy-to-use tablet computers. They can also control building technology features such as lighting or heating and access service information online (e.g., the weather forecast or newspapers). The experiences gathered within the scope of Telekom's SmartSenior project were integrated in the application development process.

Further service features are scheduled to be included soon. For example, we are currently working on an application that enables people suffering from dementia or psychological disorders to organize their everyday lives. The application will also simplify video communication between residents, caretakers and family members.

Throughout the Telekom Group subsidiaries offer a wide variety of products and tariffs for vulnerable groups in society, such as the elderly or the disabled. This group-wide service is being regularly expanded. In Greece, for example, OTE and Cosmote have a wide range of sustainable products in their portfolio, e.g. the Alcatel 2001X handset launched in November 2013. With its big keys, large display, user-friendly menu, SOS button and hearing aid compatibility it is ideally suited to elderly people. Moreover, Magyar Telekom is now offering new tariffs for people with disabilities; Ben of T-Mobile Netherlands introduced a special smartphone for the visually impaired in October 2013; Slovak Telekom launched two new products for the hearing-impaired in 2013; Hrvatski Telekom introduced more economical tariffs for 18- to 28-year-olds and for families; and in September 2013 AMC launched a mobile phone specially designed for the elderly, as well as donating 50 of these phones to an old people's home.

PRODUCTS AND SERVICES FOR THE HEARING IMPAIRED.

We set up a hotline (Deaf hotline) for deaf and hearing-impaired customers in 2003. The hotline offers customers emergency IT assistance. Customers can send an e-mail, fax or letter or use their video phone to talk to our specially trained employees about any problems or questions they may have. The employee either answers the question directly or lets the person know how to contact them via video telephony or webcam to talk about the issue. Up to 50 people currently call the hotline every day to get help with problems involving their DSL routers or find out more about special cell-phone plans, for example.

We launched the "Barrier-free sales and service for the hearing impaired" test campaign in October 2013. We plan to set up a consultation offer in German sign language at our T-Shops as well as additional sales channels within the scope of the campaign. In March 2014, for example, we will begin featuring special offers for our deaf and hearing-impaired customers on a website set up especially for that purpose. In

addition to products, we will also be offering special plans specified in a master agreement with the German association for the deaf, Deutscher Gehörlosen-Bund e.V. as well as information on our emergency IT assistance service. We plan to provide detailed information on these offers in video messages filmed in sign language. We are also planning to add a video chat consulting service in sign language to our customer service sales offers.

Mobile teachers – early care for hearing-impaired kids.

In 2013 12 teachers were providing mobile assistance to 34 families across Slovakia with a hearing-impaired child. Since Slovak is a particularly difficult language for the hearing-impaired, it is important to start working with a hearing-impaired child at the earliest possible age. The Mobile Teachers Program (Mobilny Pedagog) launched in Slovakia for the first time by the Telekom Endowment Fund together with the Pontis Foundation enables a teacher to come directly to the family with a hearing-impaired child. The teacher then works with mom and siblings, using tools and toys present in the family. This saves the family money and the time and effort otherwise spent of travelling to a care center. In November 2013 Slovak Telekom organized the first of three meetings of families with hearing-impaired and mobile teachers to exchange best practices. The second meeting took place in February. In addition, Slovak Telekom organized sign-language courses in all eight Slovakian county towns, and all the courses were full. In all, 160 participants took part.

CR COMMUNICATION.

The goal of our sustainability communication activities is to let our customers know how they can reduce their energy consumption and improve their carbon footprint by using sustainable products and ICT solutions. We also want to raise community awareness of the significance of sustainable consumption. In addition, we share our own environmental and social commitment via a number of different communication channels and formats.

GREEN PRODUCT VERIFICATION.

In March 2013, we became the first, and so far the only, company to offer DECT telephones with the prestigious Blue Angel ecolabel. All ten models in the new Sinus series enable our customers to make a contribution to environmental and climate protection with their purchase decision. The certified devices have highly energy-efficient switched-mode power supplies which consume at least 60 percent less energy than DECT telephones with conventional power supplies. For the first time, customers can set the reach and thus the intensity of the electromagnetic fields themselves. In addition, the telephones have replaceable batteries and the plastic parts do not contain any critical substances.

By having its phones certified, Telekom has assumed a leadership role in the telecommunications industry. It used to be almost impossible for consumers to refer to neutral labels and seals to find out more about the environmental aspects of products in the ICT sector. We advertised our ecolabel certification extensively and conducted comprehensive employee training to raise awareness. We also set up a website featuring information on topics such as the Blue Angel ecolabel and the environmentally-friendly features of the Sinus series. In December 2013, Telekom participated in an expert chat on the topic of "green phone calls" that was organized by Blue Angel. Consumers could address questions to representatives from the German Federal Environment Agency, Greenpeace and the consumer organization Verbraucherzentrale NRW. Telekom was nominated for the Blue Angel Award in 2013 for setting a pioneering example and for the broad impact of its numerous, coordinated communication measures. The award is presented within the scope of the German Sustainability Award.

DIGITAL SUSTAINABILITY COMMUNICATION.

Our website, www.telekom.com, is one of several digital communication channels that we use to provide information on the topic of sustainability. We set up a Responsibility portal on our website, where we particularly focus on providing information on all of our activities. We also offer websites featuring our engagement@telekom program and our activities in the context of the "Yes, I can!" initiative run by the Telekom Stiftung foundation. We regularly publish press releases on our sustainability-related activities as well. Our We Care app offers an entertaining, informative introduction to Telekom's sustainability activities and

initiatives. Telekom's annual CR Report provides the most comprehensive overview of our activities. The CR Report is published exclusively online.

Telekom maintains close relationships with its customers, who can get in touch with the company via many avenues including social media channels like Facebook and Twitter. We also post video messages on YouTube on a variety of topics, including sustainability. Telekom Board member for business in Germany, Niek Jan van Damme, answered questions on our planned broadband expansion activities in a video that was posted in March 2013, for example. Our national companies use multimedia channels for their CR communication as well. For example, T-Mobile Netherlands produced a CR film in December 2013 to highlight CR results and inform customers and employees about the main focal points.

As an active member of ecosense, the Forum for Sustainable Development of German Business, we also use the initiative's website to provide information on our activities and focal points. Last but not least, we provide information on our corporate responsibility activities within the scope of our numerous partnerships.

INDUSTRY LEADER IN CR.

In a mobile telephony tracking study conducted in 2013, 42 percent of the participants—residents of Athens, Salonika, urban, semi-urban and rural areas of Greece—mentioned Cosmote as the most socially responsible mobile telephony company in Greece. The mobile telephony company ranked second in this category scored a mere 13 percent while 38 percent of the respondents did not select any mobile telephony company in the "Social responsibility" category. Once more the company came out top.

In a tracking study for fixed telephony/internet providers conducted in 2013, 31 percent of the participants—residents of Athens, Salonika, urban, semi-urban and rural areas of Greece—mentioned OTE as the most socially responsible fixed telephony company/internet provider in Greece. The company ranked second in this survey was chosen only by 6 percent of the participants, whereas 51 percent were unable to mention any socially responsible company. In the 2013 tracking study for 2013 (Q1-Q3), OTE achieved a higher score than in 2012 (by 3 percent) in this category, and once more was ranked first.

CUSTOMER SECURITY/CUSTOMER SATISFACTION.

Customer satisfaction and security are crucial for business success in the hotly contested ICT market. Along with offering end-to-end data security to customers, companies need to tailor their products and services to their customers' wishes and requirements. ICT process security and other user concerns – for businesses as well as consumers – are of paramount importance to Telekom. They are essential if we want to achieve the goal of delighting our customers.

MANAGEMENT APPROACH.

Telekom's ambition is to delight its customers. We have integrated this goal into our Group-wide Guiding Principles. Even variable components of our managers' salaries are based on customer satisfaction. We use a variety of tools to regularly gauge the satisfaction and loyalty of our customers. One of these tools is the TRI*M customer loyalty study, which is conducted several times a year by an independent external service provider. The results are presented in the TRI*M index. We plan to improve our TRI*M results from 2012 by around 10 percent by the year 2015. All customer responses are taken into consideration in product design and to improve our customer service.

We have always ensured a high level of data privacy and data security for customers using our products and services. By doing so, we hope to increase their trust in the digital world. We document our activities in our annual Data Privacy and Data Security Report.

Security aspects play a key role even in the product and service design phase. Our privacy and security assessment (PSA) procedure allows us to review the security of our systems in each step of the development process. This procedure applies to newly developed systems as well as existing systems that undergo changes in technology or in the way data is processed. We use a standardized procedure to document the data privacy and data security status of our products throughout their entire life cycle. Youth protection aspects are also taken into consideration in our product and service design. In Germany, for example, a youth protection officer is involved in the design of offers where youth protection is a relevant aspect. In 2013, Telekom committed itself to designating a child safety officer at each national company as well as to act as the central point of contact for all matters involving the protection of minors.

Youth protection activities.

Our strategic approach to protecting minors from unsuitable media content in Germany is based on three pillars:

- Offering user-autonomous protection tools
- Providing attractive, age-appropriate offers for children
- Promoting media skills

We have laid out our commitment to protecting minors from unsuitable media content in Germany in specific principles and have specified minimum standards. We offer different instruments for providing age-appropriate content, for example, as one way of meeting these standards.

We are also working at our national companies to improve the protection of minors from unsuitable media. As early as in 2007, Telekom made a commitment to fighting online child abuse at the EU level. We have been participating in the global industry association, GSMA, since 2008, an organization that is working toward the same goal. We also collaborate closely with partners from business, politics and society, such as law enforcement agencies and NGOs, to ban online content that is harmful to children and young people. We support numerous initiatives on the protection of minors as well. In 2012 and 2013, we made a commitment to implementing minimum standards on the protection of minors throughout the EU in the context of industry-wide industry initiatives. We put together a mandatory framework for this in October 2013, thereby setting new standards for the protection of minors on our markets. In consideration of their particular cultural situation and business model, each national company in the EU can further specify these measures, add additional measures and determine their own strategic focal points.

CONSUMER AND YOUTH PROTECTION.

Protecting our customers is top priority at Telekom. Whether it be the privacy of personal information, transparent pricing or banning content that is harmful to minors from the web, Telekom stands for high standards when it comes to consumer and youth protection. One example is De-Mail service, which enables the legally valid identification of e-mail senders and recipients. We are also setting a new security standard for sending private e-mails with the "E-mail made in Germany" industry initiative, which we co-founded. We want to teach children and young people how to use digital media safely and effectively and protect them from inappropriate content. We work throughout the Group to improve their media skills and work with a variety of initiatives and partners to create a child-friendly Internet. We have reinforced our stance with numerous national and international voluntary commitments and internal codes of conduct. In doing so, we often exceed the standards required by national regulations.

INCREASED TRANSPARENCY FOR COSTS AND SERVICES.

In late October 2013, the Cologne Regional Court ordered Telekom Deutschland to refrain from advertising fixed-line plans as "flat rate plans" if the company was reducing transmission speeds after customers reached a specific data volume. Telekom decided not to appeal this decision. We also see this decision as an opportunity to enhance our rate plans and customer communication. We want to increase transparency, simplify our products and communication and design rate plans that are geared to customer wishes more effectively. Transmission speeds in fixed-line plans that we advertise as "flat rate plans" will not be reduced after reaching a specific data volume. What's more, we are going to start offering low-cost volume plans as well as a new plan specially designed for rural areas.

Telekom is also collaborating intensively with the entire industry to make the actual speed of fixed-line and mobile data transmission more transparent. In early September, participating companies submitted definite suggestions to the German Federal Network Agency:

- Setting up an industry-wide online portal in which users can compare offers from different providers.
- Developing a measurement tool to check actual Internet access speeds for upload and download in the fixed-line network.
- Providers plan to offer apps to measure mobile communications transmission speeds.

Telekom is also planning to define narrower fixed-line bandwidth corridors and provide customers product information on available speeds when they sign a contract. We launched initial measures during the

reporting period and have already reworked our hotline voice portals, for example. We are also planning to formulate our letters to customers regarding orders, cancellation and notices of termination more transparently. Our national companies are also dedicated to designing customer communication more effectively.

Mobile Internet with no pitfalls.

No customers want to be confronted with unexpected costs. So since October 2013 T-Mobile Netherlands has been proactively approaching customers if their usage deviates significantly and costs are expected to increase. This is part of a nationwide campaign to prevent bill shocks. The aim is to increase transparency among customers about their mobile (internet) use and costs in order to prevent such bill shocks. T-Mobile Netherlands customers can check their bills and mobile usage any time, any place, e.g. via an app. Together with KPN, Tele2 and Vodafone, in 2012 T-Mobile Netherlands signed a code of conduct on more transparent mobile Internet services.

SAFE DRIVING: NO TEXTING WHILE DRIVING.

In cooperation with the Ministry of Infrastructure and Environment, KPN, Vodafone and NGOs, T-Mobile Netherlands is running a nationwide campaign on the danger of texting while driving. The campaign features a mass media campaign in print and radio & television as well as billboards along the highways reaching millions of people. Since fatal car crashes involving cellphone use are increasing; T-Mobile believes it is important to raise awareness of this issue and distributed brochures in the 116 T-shops. Since the start of the campaign in September 2013, the online video reached nearly 70,000 views.

DATA PRIVACY.

Data privacy and data security for customers and users are top priority for the entire Telekom Group. We constantly strive for the most effective security standards possible when developing new products and advancing current ones. We document our activities in our annual Data Privacy and Data Security Report. The following are just a few examples of our activities during the reporting period:

"E-mail made in Germany" and tamper-proof electronic administration.

In response to the NSA affair, Telekom founded the industry initiative, "E-mail made in Germany", together with the United Internet company in August 2013. With this initiative, we are setting new security standards and doing something about the growing uncertainty among residents of Germany when it comes to the security of their data. "E-mail made in Germany" lets users of e-mail accounts with GMX, T-Online.de, Web.de and freenet.de automatically encrypt their data. Around two-thirds of all e-mail users in Germany are customers of one of the above providers.

Telekom's electronic mail service, De-Mail, provides additional benefits by enabling the legally valid identification of the e-mail sender and recipient. With this service, administrative transactions can now be processed with legal validity via e-mail. With the German E-Government Act passed in June 2013 to promote e-government, the German Bundestag required all federal authorities to offer a contact option via De-Mail for residents by mid-2014. The service, which has been available since September 2012, has been generally well received by our customers.

Telekom upgrades wiretapping protection in mobile communications. Telekom continues to improve security standards in the mobile communications sector as well. In 2013, we were the first mobile network provider in Germany to use the A5/3 encryption standard for voice transmission, which enables more effective prevention of wiretapping activities. We installed new hardware and software at around 30,000 base stations and central network nodes for this purpose. The new standard provides more effective protection for phone calls in the GSM network. A similarly effective encryption technology is in place in our UMTS and LTE network. We have also been using this technology in the F.Y.R.O. Macedonia, Montenegro, Poland and the Czech Republic since 2013. Other countries will follow suit.

Telekom also developed a highly secure smartphone, the SimKo 3 (German acronym for "secure mobile communication"), which is used by members of the German Bundestag. This smartphone is protected against wiretapping thanks to a special encryption technology developed by T-Systems. The phone features a partitioned area with its own operating system to protect sensitive data. The SimKo 3 was certified by the German Federal Office for Information Security in September 2013. Telekom is also planning to market the device to business in the long run.

T-Systems operates high-security network for the EU.

In July 2013, the EU commissioned T-Systems to set up a high-security, encrypted network for electronic data exchange between the European administration and EU member states. The TESTA (Trans-European Services for Telematics between Administrations – New Generation) network will be used by EU member states, the European Commission, the Council of the European Union and around 40 European Union institutions. T-Systems will set up a special, secure data center for the network, which is expected to provide transmission speeds of up to one gigabit per second to support the ever-growing cross-border collaboration in the EU.

PRODUCTS AND MEASURES SUPPORTING YOUTH PROTECTION FROM UNSUITABLE MEDIA.

Leading technology and media companies like Telekom are taking responsibility for protecting our youth from unsuitable online media and working hand-in-hand with the EU to improve this protection. Inspired by the CEO Coalition to make the Internet a better place for kids and based on our pledge as a member of the industry-wide ICT Coalition for the Safer Use of Connected Devices and Online Services by Children and Young People in the EU, we made a commitment to implementing the EU-wide set of measures in January 2013. We have already introduced more than 200 of these measures throughout the Group

This process is being documented transparently in the Deutsche Telekom Review Report, which is published on the ICT Coalition website. The report was written in late 2013 based on information provided by all

of our EU national companies. The report invites interested stakeholders to share their questions and comments on the documented measures. These will be addressed in the next ICT Coalition annual report. A brief evaluation of the measures being conducted by all companies represented in the ICT Coalition is also published in the annual report. An independent "honest broker" expert has been commissioned to conduct this evaluation. In this way, the ICT Coalition makes sure that the review process is transparent and interested stakeholders are involved.

SOFTWARE FOR PROTECTING MINORS AND SURFGARTEN.

We offer exciting and attractive content to children and young people in Germany with age-appropriate websites and content such as the fragFINN.de search engine and our kidsportal, which was launched in 2004. Although minors have access to these secure offers, there is still a chance that they may stumble upon inappropriate or dangerous content. As a leading ICT provider, we assume responsibility and enable children and young people to use effective tools for a safe online experience, as much as possible. This requires renewed effort on an ongoing basis since the Internet is advancing at great speed, facilitating the dissemination of content requiring the protection of minors. In order to protect as many children and young people as possible, the goal in Germany must be to promote software programs that have been recognized by the German Commission for the Protection of Minors from Unsuitable Media Content (KJM). There is definitely room for improvement in that area. One of the two programs that guarantee the protection of children and young people (under 16 or 18) online is our child protection software. We need an extensive public initiative to reach out to more people. This initiative requires public support in the form of government sponsorship for information campaigns targeted at students and parents.

Telekom has consistently advanced its child protection software in Germany over the past few years. Since October 2013 the software has also been available for the new Windows 8 operating system, for example. Other national companies launched similar tools in 2013 that enable parents to make sure that their children use their cell phones and the Internet safely. For example, the Croatian subsidiary Hrvatski Telekom has also enhanced its parental control service by adding an internet content filtering option so parents can effectively prevent their children from surfing inappropriate content on the internet. This option can be activated on any device with internet access.

T-Mobile Austria introduced child protection software for smartphones and tablets in July 2013. Parents can use the software to give their children age-appropriate, controlled access to the Internet. The push of a button activates child-appropriate web categories, prevents access to social networks or sets up specified periods of time in which the child is allowed to surf online with the mobile device. The child protection software also provides protection from unexpected costs such as international calls or buying digital products such as ring tones.

In Germany, we have also developed the Surfgarten browser, which is safe to use for minors, for the iPhone, iPad and iPod Touch. It also fulfills all KJM criteria. Surfgarten has been downloaded by around 3,000 users since its launch in July 2013 (last update December 2013).

We have integrated a tool into our child protection software and our Surfgarten platform that recognizes website age-restrictions.

	National company:	Examples of measures conducted during the reporting period:
Age-appropriate content	Magyar Telekom	<ul style="list-style-type: none"> Automatic warning in web offers provided by our Hungarian company when content that is inappropriate for children and young people is accessed. Improved instructions and recommendations on installing filter software designed by the company.
Protection of children	All EU national companies	<ul style="list-style-type: none"> EU-wide development and introduction of country-specific <u>child protection software</u>.
Violation of usage regulations	Magyar Telekom	<ul style="list-style-type: none"> Express acceptance of Magyar Telekom's terms of use is a requirement for using the company's services. Regulations to protect children and young people are included in the terms and conditions.
	T-Mobile Poland	<ul style="list-style-type: none"> An easy way to report violations of the terms of use for the MyDisk cloud service.
Battling online child abuse	OTE	<ul style="list-style-type: none"> The international Telekom project, Safeline, was linked to the OTE website to make it easier to report content that is harmful to minors.
	Telekom Deutschland	<ul style="list-style-type: none"> Collaboration with the German association for the voluntary self-monitoring of multimedia service providers, Freiwillige Selbstkontrolle Multimedia-Diensteanbieter, and the Association of the German Internet Industry (eco).
	T-Mobile Austria Slovak Telekom	<ul style="list-style-type: none"> The Stopline.at and Stopline.sk sites were linked to the respective company home page to make it easier to report illegal content and content that is harmful to minors.
Training and awareness	All EU national companies	<ul style="list-style-type: none"> Appointment of a child safety officer responsible for activities such as coordinating the implementation of measures to protect minors from unsuitable media.

OTE & COSMOTE

- Awareness campaign about the dangers of using the Internet on Safer Internet Day.

Slovak Telekom

- Support of the Sheeplive portal (offers age-appropriate cartoons, games and class material on the topic of Internet security).

- The project received the World Summit Award presented by the UN in the Inclusion category in 2013.

PARTNERING SHEEPLIVE.EU TO PROTECT MINORS.

To help children avoid the dangers of the internet and mobile communication, Slovak Telekom and eSlovensko have been partnering a unique cartoon project about safe internet use since October 2009. By educating both children and their parents the cartoons increase awareness of child safety on the internet. The cartoons are also sign-language and suitable for visually impaired children thanks to specialized audio-commentaries. Sheeplive.eu from Slovakia was recognized as one of the most innovative e-content products worldwide at the UN-based World Summit Awards (WSA) in 2013.

Slovak Telekom is supporting the sheeplive.eu NGO financially and creating PR campaigns for the project.

In June 2013 a new updated version of the book "Children on the net" was launched (also available in English) and a new DVD with all 24 Sheeplive.eu cartoons presented in Bratislava Zoo. Moreover, Slovak Telekom and eSlovensko donated three sheep to the Zoo so that whenever children visit the Zoo, they can see that the sheep from the project have come alive, which raises awareness for the sheeplive.eu project.

In September 2013 sheeplive.eu was taken into the public transport sector as 50 buses in two Slovakian towns began showing the cartoons throughout the school year. By using public transport as a presentation platform (posters were visible at the bus stops and inside the buses), the issue of child safety on the internet can be better brought home to parents and children.

Sheeplive.eu also has its own fairytale book, which can be read by parents and children together. The book was one of the top ten best sellers in a Slovakian bookstore chain in December 2013 and also received a Panta Rhei Award for being top children bestseller. Award was given by one of the biggest bookstores in Slovakia.

Slovak Telekom is paying close, long-term attention to the issue of child safety in the virtual world and believes that the most important issues in child safety are prevention, contacting parents to explain the dangers on the internet, and educating children in schools. Slovak Telekom offers

parents its own supervisory and control mechanisms, such as prepaid SIM cards, with which parents can locate a child, or parental control services, which allow parents to block inappropriate sites on the Internet at different levels according to age. Furthermore, in February 2014 Slovak Telekom launched the NEHEJTUJ.sk project with the aim of helping schools to stop intolerant behavior among teenagers.

TAKING ACTION AGAINST CHILD PORNOGRAPHY.

As a responsible company, Deutsche Telekom considers it its obligation to take rigorous action against depictions of child abuse on the Internet. Deutsche Telekom has been involved in a Europe-wide fight against the depiction of child abuse since 2007 in the European Framework for Safer Mobile Use by Younger Teenagers and Children. Deutsche Telekom has also been an active member of GSMA's global Mobile Alliance against this type of content since 2008.

Inspired by the CEO Coalition to make the Internet a better place for kids and the ICT Coalition for the Safer Use of Connected Devices and Online Services by Children and Young People in the EU, Deutsche Telekom made specific commitments to conduct measures and implemented them over the course of the year. In the context of the CEO Coalition, we met with representatives of the EU Commission, competitors and key players in society to discuss other strategies for fighting child pornographic content. One result of the collaboration was an analysis written up by the GSMA industry association. The analysis increases transparency regarding the different national legislation and effective internal corporate processes. The discussion revealed that all participating members of GSMA immediately remove any child pornographic content from their servers as soon as it is identified. Although the different legal regulations in European countries do not allow a standard EU-wide process to identify and ban this content from the web, the discussion showed that this does not necessarily prevent effective action against such content.

CUSTOMER RELATIONSHIP MANAGEMENT.

As a service-oriented, responsible company, we feel obliged to respond to our customers' needs and expectations. That's why we have set up a comprehensive customer relationship management system. We promote dialog with our customers and enable them to get in touch with us in a fast, uncomplicated way through various communication channels. Since 2013, fixed-line and mobile communications customers have been able to reach us by phone around the clock at no charge. This applies to all of our service numbers, even for questions regarding Internet and TV services. Online communication is becoming more and more important. More than 40 percent of all service inquiries at Telekom Deutschland are solved by support provided by our cross-area online platforms. We systematically evaluate our customers' inquiries and complaints to identify the root of the problem and make improvements. Thanks to these efforts, we were able to lower the annual complaint rate by up to 20 percent each year in the period from 2008 to 2013.

THE "K1 - CUSTOMER FIRST" INITIATIVE WITH TANGIBLE SUCCESS.

With the "K1 - Customer first" initiative, we were able to once again improve the customer satisfaction in our consumer and business customer segment. We were able to reduce the number of complaints in the fixed-line business by 10 percent year on year. Customers who were helped by a case manager within the scope of our "Complaint management 2.0" project were particularly pleased. Compared to general complaint management, we saw the number of repeated complaints about the same problem go down.

We also believe that improved customer satisfaction can be attributed to a variety of measures we implemented within the scope of the "K1 - Customer first" initiative. A service app, which was developed in 2012 specifically for DSL customers and used throughout the period under review, is just one example. Customers can use the app to run an error analysis of their broadband connection if need be. Another example is our revamped support hotline voice portal, which was launched in 2013. In July we also launched a solution to improve service for customers who relocate. For example, the service notifies customers if there are any delays.

With the TRI*M index we measure customer loyalty and regularly evaluate our own performance compared with our competitors. In 2013 we were once again able to improve our performance compared to the previous year. As far as the whole Group is concerned, we managed to improve our TRI*M index by 2.4 percent and Telekom Deutschland's results improved as well. Our goal is to improve customer loyalty by 10 percent in Germany by 2015 compared with 2012.

ONLINE CONSULTATION THROUGH SOCIAL MEDIA.

Our "Telekom-hilft" (Telekom helps) channels for online customer advice have been a huge success. Around 130,000 people have been getting advice from our employees via Twitter, Facebook and through the Feedback Community dialog platform since 2010 (as per December 2013). Our employees have been able to resolve the problems in up to 95 percent of the cases. Our specially trained case managers handle special customer requests that cannot be processed via our online channels.

The high response to our online consultation offer has inspired us to intensify direct communication with our customers via social media. That's why we launched the Telekom Community platform for our business customers in January 2014. The platform offers users more extensive services such as the opportunity to discuss technical issues in closed groups and use a point system to rate suggested solutions. The platform is scheduled to be opened to consumers in late 2014 and will eventually replace the Feedback Community.

DEUTSCHE TELEKOM: LEAD IN CUSTOMER TRUST

Deutsche Telekom is one of the most trusted German brands, making it a consumer confidence leader. According to the latest European Trusted Brands 2014 study, Deutsche Telekom came out on top in the Mobile Communications Service and Internet Provider categories.

The Reader's Digest European Trusted Brands study is among the largest established consumer studies in Europe. It asks for the most trusted brands in more than 30 different product categories without providing brand names. In Germany alone, 4,882 respondents (as representatives of German consumers) assessed their most trusted brands according to the criteria of quality, awareness of customer needs, value for money, image and sustainability.

We also came in first place among all other telecommunications providers throughout Germany in 2013 in the Net Promoter Score, which measures customer readiness to recommend a provider (not including cable provider).

SOCIETY.



The "Yes, I can!" initiative has helped prepare 50,000 children and young people for their future.

THE "YES, I CAN!" INITIATIVE

"The circumstances under which our children's talents develop are as varied as the talents themselves. We support the excellent efforts of numerous institutions and projects throughout Germany with our Yes, I can! initiative. With these activities we encourage children and young people and help create more equal opportunities."

Birgit Klesper, Senior Vice President Group Transformational Change & Corporate Responsibility

Objective

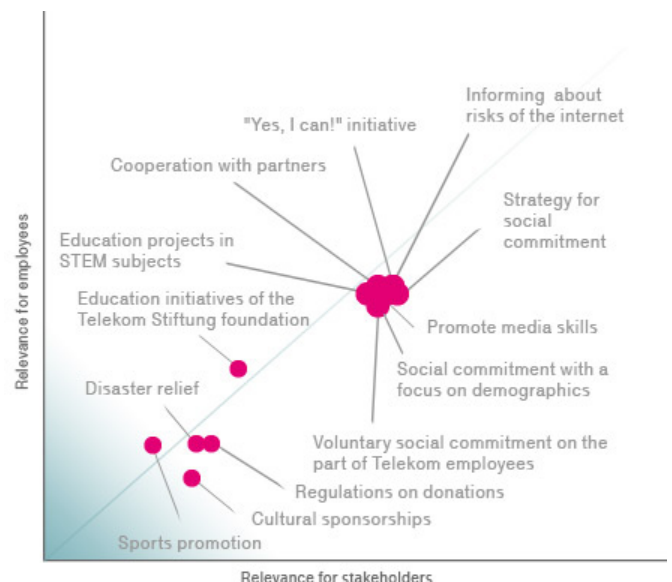
To improve opportunities for children and young people from socially disadvantaged backgrounds by helping them learn and develop key skills

Success

The initiative has reached 50,000 children and young people since 2009. During the reporting period, the initiative sponsored 136 projects for children and young people living in low-income neighborhoods with a sponsorship volume of more than EUR 500,000. The Yes, I can! initiative was selected as an "Official Measure" of the UN Decade for the first time in 2013.

Implementation

Sponsoring projects and institutions engaged in voluntary children and youth work that target children and young people between the ages of 9 and 14.



ENGAGEMENT@TELEKOM.

We are convinced that nowadays a company's economic success depends more than ever before on its environmental and social involvement. Customers, investors, employees and other stakeholders expect companies to face today's social challenges and to adjust their business model accordingly. Telekom considers itself part of society and therefore takes responsibility. First and foremost it is our employees with their involvement who breathe life into our commitment.

MANAGEMENT APPROACH.

Our goal is to give as many people as possible access to the information and knowledge society – not only by providing the ICT infrastructure they need but also through the full spectrum of our community involvement. We consider ourselves to be an active member of society who can contribute to its well-being through a variety of measures. We conduct all of our activities in compliance with our CR strategy and the action areas specified therein.

Telekom's social commitment is based on two pillars:

- Corporate volunteering (supporting our employees in their community volunteering activities) and corporate giving (our donation activities)
- Long-term partnerships with non-profit organizations

All of our activities are managed in the context of our engagement@telekom program. We collaborate closely throughout the Group when it comes to our social involvement and share experiences and best practices across country borders.

The success of our social commitment activities is gauged using the Social Commitment CR KPI. The KPI evaluates the relationship between two parameters from our public opinion polls - the importance currently placed on the social involvement of companies and how Telekom's services are perceived in this area. We are planning to conduct a review of this CR KPI in 2014.

Corporate volunteering and corporate giving.

We are particularly active in supporting the volunteer activities of our employees. This benefits us as a company as well. It promotes identification with the company and has a positive impact on the social skills and team spirit of our employees. Our Social Daysevents are conducted with this aim in mind. Our employees volunteer for projects or environmental protection efforts on this day. We have also integrated corporate volunteering in our training and skills development program. We encourage our trainees to get involved in the community through activities such as our Responsibility wins! competition. We present an award to the most effective project each year. Employees can also apply for funding for their own initiatives or projects that they feel strongly about.

Telekom provides up to EUR 250,000 in Germany each year to fund these projects and initiatives.

With our corporate giving we support the work of non-profit organizations worldwide and provide fast aid to people affected by natural disasters. We have been involved in the Germany's Relief Coalition, Deutschland Hilft for ten years now, for example. Our company's donation activities are regulated by our Donation Policy. The policy is implemented internationally and adjusted based on applicable national conditions such as tax law.

Partnerships with NGOs.

We actively engage in long-term collaboration with social organizations and initiatives to intensify the effectiveness of our efforts when it comes to disaster aid and other areas in which we are involved. We are active in long-standing partnerships with organizations such as the Nummer gegen Kummer youth counseling line, the TelefonSeelsorge crisis counseling helpline, the Lebenshilfe aid organization, the Deutschlandstiftung Integration foundation, the Yes, I can! initiative and DKMS, the German bone marrow donor center.

CORPORATE VOLUNTEERING AND CORPORATE GIVING IN GERMANY.

Telekom offers its employees many opportunities to get involved in different projects within the scope of the engagement@telekom program, which is being conducted throughout Germany. The table gives you some examples of the broad spectrum of initiatives we offer. (Page 110)

CORPORATE VOLUNTEERING – EXEMPLARY ACTIVITIES THROUGHOUT THE GROUP.

Our national companies also encourage their employees to volunteer (corporate volunteering) and get their employees involved in numerous projects.

Corporate volunteering highlights.

The "Build a dream" project from AMC, Telekom's Albanian subsidiary, runs for the third time in 2013 and combines corporate volunteering with team building. In the year under review 40 employees took part in three groups, with each one given the specific task of improving the living conditions in an orphanage, a school for pupils with special needs and an old people's home respectively during the three-month project. Nine of AMC's business partners joined the project, thus demonstrating their joint responsibility towards society.

Occasion	Some examples of our initiatives in 2013	Telekom subsidiary	Corporate volunteering – exemplary activities throughout the Group.
Social Days	We hosted around 70 Social Days in Germany alone in 2013, in which more than 6,600 employees participated. At one event, 20 Telekom junior staff members hosted a campaign day at the Bonn Tafel food bank to teach children about healthful nutrition.	Albania (AMC)	Divjaka beach cleaning – a success story. At the start of the tourist season, over 100 AMC employees participated in the action of cleaning the Divjaka beach. In cooperation with local authorities they cleaned during a whole day a considerable area of the coastline, giving an example of responsibility towards the environment.
The Responsibility wins! competition at Telekom	We encourage and reward the efforts of our trainees in our annual internal <u>Responsibility wins!</u> competition. We hosted the competition for the fifth time in a row in 2013. It was a great success. A team comprised of members from different regions, which created student workshops on issues such as integration, social networks, Internet addiction and cyber bullying came in first place.	Czech Republic (T-Systems Czech Republic)	Saturday session. In June 2013 T-Systems Czech Republic organized a Saturday Session as part of the company's "Connect the Unconnected" program and directly involved ten employee volunteers, 250 step-parents and 60 children from socially deprived backgrounds. The events included tree planting, a children's competition and a workshop on "Secure Internet for Children".
Flooding in 2013	Telekom donated to the victims of the <u>flooding</u> that occurred in summer 2013 and asked its employees in Germany to do the same. We raised a total of 340,000 euros. Employees also had the chance to volunteer and help set up flood barriers.	Greece (OTE & Cosmote)	Giving is the best medicine. More than 6,000 medicines and 2,000 medical supplies were donated by more than a thousand OTE and Cosmote employees, in OTE-Cosmote premises in Athens, Thessaloniki, Patras and Heraklion-Crete. The medicines and medical supplies were delivered to Greek medical organizations involved in the action according to the documented needs. On World Environment Day in June 2013 2,000 employees and their families throughout Greece were engaged in corporate volunteering activities such as planting trees, cleaning shores, lakes and forests or collecting waste..
"Heart images" campaign	Within the scope of a fundraiser, Telekom asked its employees to design hearts, take pictures of them and submit them at www.telekom.com/herz . Telekom donated 5 euros to the "Ein Herz für Kinder" initiative run by the BILD hilft e.V. organization for each picture submitted. At a fundraiser gala event, Thomas Kremer, Member of the Board of Management for Data Privacy, Legal Affairs and Compliance, handed over a check for more than one million euros.	Hungary (Magyar Telekom)	Volunteering activities. In course of the year, 662 colleagues did 5,204 hours of volunteer work, which theoretically meant that €99,054 was donated to society. Employees participated in activities such as charity team buildings, Mobile School educations and internet training courses in communities as part of the Digital Bridge Program .
9th Community Volunteering Week	Shared corporate involvement and citizen participation were the main focal points of the 9th Community Volunteering Week held from September 10 - 21, 2013. Based on the motto Be strong, get involved!, residents, associations, foundations and companies hosted hundreds of community volunteering campaigns. In a combined effort, Telekom employees and Cologne city administration employees showed more than 20 residents of facilities run by Lebenshilfe Bonn how to use mobile devices.	Romania (Cosmote)	Adopt a Forest. Cosmote Romania continued its planting project Adopt a Forest launched in 2009. In 2013, 76 volunteers planted near Ploiesti 7,000 trees. 2,436 of them were planted to match the number of mobile phones and accessories collected via the "I Love Recycling" program in 2013.
Donations in the scope of the customer service Health Award	The goal of the 2013 Health Award, which is presented by customer service, was to improve people's health while getting involved in community projects. Around 1,500 customer service employees participated in the internal Telekom team event, which was hosted for the second time. Employees volunteered to participate in small groups in a health project from October to December 2013 that they documented in a journal. A jury then evaluated the projects. The three winners took home a surprise event for the team and prizes of between 300 and 1,000 euros, which they could donate to a community project of their choice. The employees decided to give their prize money to the Dortmund-based association "Essen und Lernen in St. Antonius," the Leipzig-based association "Eltern ans Netz e.V." and to the Longenburgschule school near Bonn.	Romania (Romtelecom)	Forest Cross Dolce Sport & Poroschia planting action. In a project that addressed sports, the environment and volunteering Romtelecom organized a forest run and a fundraising event to plant trees in deforested areas of Romania. Romtelecom employees and volunteers from the Viitor Plus Association planted a total of 2,000 saplings.
Employee donations	As in previous years, our employees organized several donation drives this year as well. For example, Telekom employees in Kempten donated 3,000 euros to the Tom-Mutters-Schule school for children with mental disabilities. In Aachen, Telekom employees gave Christmas presents to children and teenagers at the Maria im Tann children's home. Telekom employees from Magdeburg donated two computers worth 600 euros to the day-care center run by the Order of Saint John. The day-care center had been damaged by the Elbe river floods.	Slovakia (Slovak Telekom)	Volunteering activities. In 2013 Slovak Telekom 40 volunteers planted 600 new trees in the High Tatras, a mountainous region where the company has been helping since the devastating storms in 2004. In the last three years alone employees have planted 1,600 trees and cleaned dozens of kilometers of mountain paths.
		Slovakia (T-Systems)	Volunteering activities. From June to October 2013 more than 100 T-Systems Slovakia employees (including members of the Board of Management) participated in volunteering activities such as work in a national nature reserve, an ecological center or reconstruction work for several charitable organizations.
		USA (T-Mobile)	Huddle Up corporate volunteering program. During the national community outreach program T-Mobile Huddle Up in 2013, 15 events were held at after-school facilities throughout the country, where more than 1,700 employees did reconstruction work.

The T-Systems Fund program in Slovakia supports small-scale self-help projects of NGOs that were initiated by T-Systems employees. The aim here is to create opportunities for employees to implement their creative and innovative ideas while contributing to the development of communities in Eastern Slovakia through educational activities, environmental protection and the development of leisure activities. The project 'Fun workout – joyful and healthy' for example will maintain the terraces of a kindergarten and use them for various exercise activities afterwards. 'We connect – We create community' is a project that aims to integrate small neighborhood families into community life. The money will be used to perform various activities for people living near to the T-Systems Slovakia Headquarter. Employees raised more than €680 during the internal events in December 2013. In total, T-Systems Slovakia will support 9 projects by the financial support of €7 430 during 2013/14.

CORPORATE GIVING ALL OVER EUROPE.

Telekom makes corporate donations (corporate giving) worldwide to support non-profit organizations, to recognize our employees' volunteer efforts and to provide fast aid to the victims of disaster.

Donating money and goods to various groups in need.

- As part of Cosmote's campaign "Custom of Love" and OTE's "Christmas Campaign" the companies donated €550,000 in March 2013 to 22 NGOs that support children in Greece.
- During the annual grant program known as "We help the Community" Slovak Telekom employees could propose an NGO they would like to receive funding for. In all, employees gave grants totaling of €90,000 in 2013 for community projects and for the restoration of historic sites.
- For the eighth consecutive year, Hrvatski Telekom in Croatia ran its humanitarian competition "Together we are stronger" and also donated some €71,000 to nine socially responsible projects in September 2013. After pre-selection by an expert jury and a vote by Telekom employees, the public had, for the first time, a chance to vote for its favorite project from a total of 18 projects chosen in line with the Group's CR categories of "Connected life and work", "Connect the unconnected" and "Low carbon society".
- In 2013 Hungary's Magyar Telekom again supported a couple of social projects through its donation line Telekom hello holnap through which more than 50,000 people donated a total of €21,000.
- After T-Mobile in the Czech Republic called for grant applications for the new T-Mobile fund "Let's talk to each other", a total of 34 projects focusing on community, environmental or cultural issues were supported to the tune of €106,115. Grants were awarded, for example, to the "Like at home" association (for homeless cooks) and to "Brneni" with the environmental project "Breath Brno", which focuses primarily on environmental and public health education.
- 48 T-Mobile Poland volunteers fulfilled the dreams of 23 of incurably ill children. The funding for this project came from the T-Mobile "Around the World" sports campaign for company employees, through which more than €19,000 was raised.
- Also 300 T-Mobile customers in the Czech Republic supported the Dobry anel (Good Angel) Foundation by activating regular contributions via text messages. The amount is deducted on a monthly basis along with the invoice for T-Mobile services. In 2013 customers donated a total of € 6, 000 to the foundation, which helps families facing financial distress as a result of serious illness.
- Crnogorski Telekom donated TV sets and a one-year subscription to Extra TV packages to 15 public preschool facilities in 14 Montenegrin municipalities. Moreover Crnogorski Telekom supported "Get Involved", the first state-run electronics competition for high school students in May 2013. To stimulate knowledge and expertise for high school students, the company donated mobile phones to the competition winners. The company awarded the best three teams

(each team had three to four participants) and the competition consisted of two segments: the theoretical part and the practical development of electronic circuits.

- In 2013 T-Systems Mexico ran a program to recycle cell phones, plastic and cardboard with the aim of not only promoting recycling within the company and but also supporting institutions that help children suffering from kidney diseases and cancer. The money collected from the recycling program in 2013 was donated to the organization Nueva Esperanza and Hospital del Niño Poblano. In addition, the money collected from the vending machines that the company has in its buildings was also donated to these causes. The total donated in 2013 amounted to €4,961 and helped in the treatment of 229 children suffering from cancer.
- AMC, OTE Group's Albanian subsidiary, donated an echocardiograph machine to the Pediatric Hospital in Tirana in May 2013. 3,000 patients a year use the machine, which was financed by the income generated from New Year's Eve SMS traffic during the SMS of Love project.
- Crnogorski Telekom gave €5,000 to a hospital in Montenegro in October 2013 to purchase a mammography unit.
- T-Systems Iberia employees donated a total of 912 kg of food in May 2013 while Crnogorski Telekom supported the Montenegrin Food Bank initiative "They need our help" by donating 500kg of food to families in need.

Christmas charity activities.

T-Mobile Poland, Telekom's Polish subsidiary, sent a Dream Card for Christmas to business partners and employees in December 2013. Each card recipient had the opportunity of choosing a child's dream, with the sum then donated to the "Make a Wish" Foundation that fulfills the dreams of incurably ill children. A total of €22,150 was donated.

Instead of sending Christmas presents to business partners during the reporting period, T-Mobile Austria supported the activities of the self-help organization, DEBRA Austria – Help for Butterfly Children. A mobile T-Mobile punch stand also toured Austria during the Christmas season to raise donations for the butterfly children. "Butterfly children" are children whose skin is as sensitive as the wings of a butterfly because of a serious illness. Even the slightest friction can cause their skin to break out in painful blisters or tear open completely.

Walks and runs for charity.

- T-Mobile Poland, launched the challenge "Help Measured in Kilometers" to track the number of kilometers that Poles run, ride, roller-skate or walk collectively. Disabled people on wheelchairs and hand bikes were also invited to take part. To join in Poles simply had to install an Endomondo app and switch it on every time they started some physical activity. By the end of the campaign, more than 250,000 participants had travelled over 40 million kilometers and T-Mobile Poland donated €230,000 to disabled children through the You Are Not Alone Foundation.

- Montenegrin Crnogorski Telekom issued a public call to its customers to join a traditional walk organized in October, which is Breast Cancer Awareness Month in Montenegro. 200 people participated in the walk.
- Magyar Telekom's thematic donations program in Hungary was involved in the 28th Telekom Vivicitá ProCity Run in Budapest in April 2013. Magyar Telekom offered Budapest schools that joined the Vivicitá run the opportunity to establish community gardens, where children could learn about self-sustained lifestyles and the concept of sustainability.

COLLABORATION WITH COOPERATION PARTNERS IN GERMANY.

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LIVING PARTNERSHIPS - INTERNATIONALLY.

Engagement for the hearing-impaired in Slovakia

Together with the Pontis Foundation, which has long been devoted to helping the hearing-impaired through a variety of programs, Slovak Telekom continued to support a two-year applied economics program at a secondary school for hearing-impaired children. Here they learn through experience how to open up a business and some basic economics.

During the International Week of the Hearing-Impaired from 23-29 September 2013, Slovak Telekom organized various dedicated activities. They included a new campaign inspired by the silent films of the early 20th century and featuring hearing-impaired actors from the Silent Sparks theater. The aim was to show that hearing-impaired people who could have been stars a century ago are now stars with Telekom. As was the case the year before, the "ILY" (I love you) sign was incorporated into the campaign and is also present at every Telekom Center where a staff member speaks basic sign language.

On 24 September 2013 Slovak Telekom and the Pontis Foundation organized an Open Day at the Hearing-Impaired School, which included classes to demonstrate to the public the skills of hearing-impaired people in hairdressing, gardening, flower making, cover and pillows making, graphic design. The Open Day also presented the drum skills of hearing-impaired children from a music therapy class supported by Slovak Telekom, hearing-impaired students dancing and putting on a short play, and an opportunity for the public to learn sign language. Mobile teachers were present to talk with families.

Another measure organized with the Pontis Foundation under the auspices of the Endowment Fund Telekom was the ongoing support for the Halfway House (Veľký Slavkov), a sheltered house for young men from orphanages who would otherwise have nowhere to go once they turn 18. At Halfway House they can learn how to work and start their own life. In 2013 Slovak Telekom helped them open up their own farm, which also gives disabled boys the chance to work.

UNICEF and Foundation T-Mobile launched the campaign "The first five are the most important".

In November 2013 the United Nations Children's Fund (UNICEF) and the Foundation T-Mobile for Macedonia launched a 12-month campaign entitled "The first five are the most important". The aim of the campaign

is to promote the importance of early childhood development and mobilize support for opening new early childhood development centers. This campaign wants to raise awareness about the importance of nurturing and responsive caregiving in a safe and stimulating environment during the first five years of life. After all, universal access to opportunities for healthy physical, social, emotional, and cognitive development is so vital in those years. In order to close the gap between urban and rural areas where kindergartens are underrepresented, new early childhood development centers are being built in communities that need them most. An initial cash donation from the Foundation T-Mobile for Macedonia of US\$50,000 is being used to build eight centers, which will be completed in 2014.

International blood donation program.

A number of blood drives were once again held at our national companies in 2013.

- T-Mobile & T-Systems Austria: 235 employees
- T-Systems Austria: 180 employees
- T-Systems Czech Republic: 8 employees
- Magyar Telekom: 1474 employees
- Makedonski Telekom: 160 employees
- Crnogorski Telekom: about 50 employees
- Romtelecom: about 90 employees
- T-Systems Slovakia: 73 employees
- T-Systems Iberia: 222 employees
- Telekom Deutschland: 630 employees
- T-Mobile USA: 482 employees

DISASTER AID.

In 2013, in the tenth year of its cooperation with Germany's Relief Coalition, Deutschland Hilft, Deutsche Telekom initiated two donation drives for specific disasters.

We collected donations of more than 340,000 euros for victims of the flooding in Germany and neighboring countries. Days of rain caused the rivers to overflow their banks in early June. Thousands of people had to be evacuated. Telekom initially donated 50,000 euros as immediate aid to help those affected as quickly as possible. The rest of the donations were collected in the context of a donation drive in which Telekom matched employee donations. We also provided replacement mobile technology to help connect aid workers and those affected by the flooding. That enabled aid workers to coordinate their activities via mobile and fixed-line communications. We also set up temporary sales outlets to provide people affected by the floods with replacement cell phones. Employees from Germany, the Czech Republic, Austria, and Hungary volunteered to help fill the sandbags. Telekom gave time off to more than 2,900 employees to provide aid to flood victims on site.

Telekom also aided the victims of typhoon Haiyan in the Philippines with an immediate donation followed by a donation drive. We collected 150,000 euros in donations.

DISASTER AID ON A LARGE SCALE WORLDWIDE.

Heavy rainfall caused extensive flooding in central Europe in June 2013. Countless employees from our national companies in affected regions volunteered to help flood victims.

- T-Mobile Austria supported victims of the 2013 floods with appeals for donations. The company called upon people via its website, Facebook page and the intranet to donate to the Austrian Red Cross and help those affected.
- In Hungary around 100 Magyar Telekom employees joined in the flood defense work in Budapest and the surrounding region while the company supported the national phone-in to collect donations for the flood victims.
- 200 T-Mobile Czech Republic employees volunteered to help deal with the damage caused by floodwater in many areas of the country. In addition, the company gave financial support, mobile phones with free tariffs and tablets with a free internet link-up to customers affected by the floods and organizers of the volunteer work.
- 17 T-Systems Czech Republic volunteers helped clear up Prague Zoo after the floods and computer equipment with a value of €4,000 was donated to NGO partners affected by the floods.

The devastation caused by the typhoon on the Philippines triggered off a massive response among Telekom subsidiaries.

- T-Mobile Poland sent an intranet message to all of its ca. 5,000 employees calling for help. Besides, each of the employees was given the chance to donate money to the Polish UNICEF organization to support relief work in the Philippines.
- In November 2013, T-Mobile USA helped T-Mobile customers to reach and stay in touch with their family and friends in the Philippines. All T-Mobile calls and SMS messages to and within the Philippines were free from 8-30 November. This also included roaming
- for customers who may have been in Philippines.
- T-Mobile Austria helped the Volkshilfe Österreich aid organization collect donations for victims of Typhoon Haiyan in the scope of a long-term partnership. Calls for donations to help victims in the Philippines were launched on the company homepage and via the company's social media channels on Facebook and Twitter, which currently have around 86,500 followers.

Cooperation partners	Telekom activities	Examples of collaboration during the reporting period
Germany's Relief Coalition, Deutschland Hilft	Immediate aid, aid for rebuilding efforts, prevention and employee donations	We have been supporting Germany's Relief Coalition , Deutschland Hilft, since 2003 as a reliable partner. We provided replacement mobile technology after the Elbe and Danube river flood disaster in June 2013 to connect aid workers and victims. In Germany alone, we donated over 340,000 euros in aid together with customers and employees. We collected a total of 150,000 euros in donations for victims of typhoon Haiyan, which hit the Philippines in November 2013.
Bundesarbeitsgemeinschaft der Senioren-Organisationen e.V. (BAGSO, German association of senior citizens' organizations)	A number of projects on the topic of seniors and the Internet	We have been conducting a variety of projects for seniors in collaboration with BAGSO since 2001. Thirty senior technology representatives visited the T-Gallery at Deutsche Telekom headquarters in Bonn in October 2013. There they discussed technology designed for seniors. Telekom conducted a workshop entitled "Online on the go – tablet PCs and smartphones" at the BAGSO "Internet without (age) limits" convention, which was held on October 16, 2013 in Bonn.
Bundesverband Deutsche Tafel e.V. (German food bank federation)	Employee donations and volunteer efforts	We have been partnering with the Tafel food bank for five years now. Telekom employees volunteered for the Tafel food bank in 2013 as well with activities including collecting vegetables and putting together food packages. Telekom also received the "Bundesstaffelteller" award for the fourth time in a row.
Bundesvereinigung Lebenshilfe für Menschen mit geistiger Behinderung e.V. (association for people with mental disabilities)	Employee volunteer efforts in the context of engagement@telekom and Responsibility wins!	We have been supporting the Lebenshilfe für Menschen mit geistiger Behinderung e.V. association for people with mental disabilities since 2010. Telekom employees from corporate headquarters in Bonn taught more than 20 residents of Lebenshilfe facilities in Bonn how to use mobile end-devices in September 2013 during Community Volunteering Week.
DKMS, the German Bone Marrow Donor Center	Regular bone marrow typing for employees	2013 we will be celebrating 20 years of collaboration with DKMS , the German Bone Marrow Donor Center. Nine life savers were recognized in January 2014 to mark the occasion. More than 8,000 employees have been typed since the collaboration first began.
Environmental aid organization Deutsche Umwelthilfe	Supporting nature conservation projects with the help of cell-phone collection initiatives (handysfuerdieumwelt.de)	We have been conducting far-reaching measures for the environment and nature conservation in collaboration with the Deutsche Umwelthilfe environmental organization since 2000. A total of 187,232 cell phones and smartphones were collected in Germany in 2013. Proceeds from the cell-phone collection campaign were donated to the network's nature conservation projects, "Living Rivers" and "Living Forests".
The German National Paralympic Committee and the DFB German Football Association	Regular project days under the motto " New sports experience "	We support Paralympic sports through our partnership with the German National Paralympic Committee (DNB). We have been collaborating with the DNB and the DFB German Football Association within the scope of the "New sports experience" funding project since 2009. Junior soccer players from the FC Germania Dürwiß club had the opportunity to give blind soccer a try within the scope of the project in October 2013, for example.
DRK (German Red Cross)	Blood donation drives	We have been a partner of the DRK blood donation service since 1985. More than 630 employees donated blood during the reporting period.
Ein Herz für Kinder children's charity	Different donation drives	Telekom supported the Ein Herz für Kinder children's charity within the scope of a three year collaboration from 2011 through 2013 with a considerable number of campaigns. In 2013, Telekom called for people to create "heart images" and submit them in the context of the Show Your Heart for Children campaign. Deutsche Telekom donated five euros for each image submitted. At a fundraiser gala event, Thomas Kremer, Member of the Board of Management for Data Privacy, Legal Affairs and Compliance, handed over a check for more than one million euros.
Enactus	Telekom managers act as advisors for Enactus students	Telekom's Center for Strategic Projects (CSP) entered into a partnership with the international student network, Enactus , in 2009. Telekom managers support the initiative in a number of ways. For example, six colleagues coached students within the scope of the Enactus project, "The smart socket – Standby.Bye," which makes it possible for devices in stand-by mode to turn themselves off.
Friedrich-Ebert-Gymnasium, Bonn	Volunteering and financial support	We have conducted a number of joint projects with the Friedrich-Ebert-Gymnasium school in Bonn during our eight years of collaboration. Telekom supported the "Surf the Internet on the move" project week in 2013. We also donated funds to purchase a whiteboard for the "EULE - students teach seniors" project.
Geh Deinen Weg (Go your own way) by the Deutschlandstiftung Integration foundation	Content design and technology partnership with the grant and mentoring program	We have been supporting the " Geh Deinen Weg " (Go your own way) grant and mentoring program run by the Deutschlandstiftung Integration foundation since it was launched in January 2012. Chief Human Resources Officer, Marion Schick, and other Telekom executive managers support the program as mentors. Telekom conducted a one-day, exclusive applicant training course with eight "Go your own way" grant recipients in December 2013.
The "Yes, I can!" initiative	Sponsoring projects for children and young people	We have been working to create more equal opportunities for children and young people in Germany with the Yes, I can! initiative since 2009. During the reporting period, the initiative sponsored 136 projects for children and young people living in low-income neighborhoods with more than 500,000 euros.
intra bonn gemeinnützige GmbH	Training on how to use cell phones and the Internet, e.g., for people with mental disabilities	Telekom and the intra bonn non-profit organization presented course material that had been reworked in "simple language" on International Volunteer Day 2013. The new course material makes it easier for people with mental or learning disabilities to participate in media skills training.
Straßenkinder e.V. street kids organization	Volunteering for the BolleKids project for children and young people from the Berlin-Marzahn district	We have been conducting numerous projects, such as media skills training, in collaboration with the Straßenkinder e.V. street kids organization since 2011. Telekom employees helped renovate facilities and supported employees of the organization in doing homework with children and young people in the scope of activities conducted during the 9th Community Volunteer Week in September 2013.
Teachtoday	Providing information to students, parents and teachers on how to use ICT safely	Teachtoday Germany is an initiative that promotes media skills for students, teachers and parents. Deutsche Telekom co-founded the initiative in 2008. At the Teachtoday "Social Networks" workshop, which was conducted in October 2013, the Telekom Board Member for Data Privacy, Legal Affairs and Compliance discussed the conflict between a person's private sphere, data privacy and social networks with students from the Werner-Heisenberg Gymnasium school in Leipzig.
TelefonSeelsorge crisis counseling helpline	Providing free phone numbers and special service offers; Telekom employee volunteer activities	Telekom has been providing two phone numbers, 0800/110111 and 0800/110222, at no charge from both the fixed-line and mobile communications networks for callers and organizers of the TelefonSeelsorge crisis counseling helpline since 1997. Our employees also frequently volunteer for the organization.
Nummer gegen Kummer youth counseling line	Providing free phone numbers and special service offers; Telekom employee volunteer activities	Deutsche Telekom has been supporting the efforts of the Nummer gegen Kummer youth counseling line both financially and with technological expertise for more than 20 years. Deutsche Telekom bears the costs of all calls and technical routing and guarantees the anonymity of calls and of advice given over the Internet as well.

EDUCATION.

We see our broad-based commitment to promoting skills development among future generations as key to the long-term success of our company. We support educational projects even beyond our company borders.

Education is the basis for being able to participate in the information and knowledge society. People who want to use new media have to learn to use them safely and self-confidently. As an ICT provider, we feel we carry a particular responsibility in this area. Telekom can use its technology and know-how to help as many people as possible participate in the information and knowledge society.

MANAGEMENT APPROACH.

As one of the major vocational training providers in Germany, we invest in training programs for young people. One important aspect of the training program is assuming social responsibility through activities such as participating in the Responsibility wins! competition.

We are actively involved in helping the younger generations acquire the skills they need even beyond our company borders. The focal points of our involvement in education include teaching media skills and promoting knowledge of the STEM subjects (science, technology, engineering and mathematics). The Deutsche Telekom Stiftung foundation is committed to promoting education and research in the STEM subjects. The foundation, which is one of the largest corporate foundations in Germany with funding capital of 150 million euros, is involved in a number of areas ranging from pre-school education to grants for gifted young people.

We support future generations of scientists by handing out grants and sponsorship awards and cooperating with universities. With its start-up incubator, hub:raum, Telekom also helps entrepreneurs turn their innovative ideas into reality.

Our Yes, I can! initiative, which was initiated in 2009, plays a key role in Telekom's educational activities. The initiative donates up to 10,000 euros to support projects and institutions that strengthen the individual skills of young people from disadvantaged backgrounds. The initiative, which was started by Telekom employees, was carried over into a non-profit organization in 2011. The initiative provides more than 500,000 euros in funding each year and has already sponsored more than 500 projects.

Telekom supports measures to improve media skills that make it easier for children and young people to use the Internet safely. The Telekom@School initiative offers free-of-charge broadband Internet access to schools throughout Germany. The initiative's goal is to introduce stu-

dents to digital media. A number of Telekom's national companies have launched similar programs. We also participate in the Teachtoday initiative. The initiative provides teachers, parents and other interested parties with extensive background information on the opportunities and risks involved in using information and communications technologies.

Telekom's Leipzig University of Applied Sciences (HfTL) has initiated numerous projects to promote the STEM subjects. These hands-on projects give children and young people the opportunity to learn more about different career choices.

"YES, I CAN!" INITIATIVE.

Telekom launched the "Yes, I can!" initiative in 2009. 136 projects for children and young people living in low-income neighborhoods received funds totaling more than 500,000 euros in 2013. Around 50,000 children and young people have already benefited from the initiative.

The "Yes I can!" initiative received special recognition in 2013 in the context of the Education for Sustainable Development UN Decade (2005-2014) spearheaded by the United Nations. After being named an "official project" twice in a row, the initiative has now been acknowledged as an "official measure" of the UN Decade. This shows that the "Yes, I can!" initiative helps integrate education efforts for sustainable development in the German education system.

The initiative's main focus in 2013 was promoting mutual respect and fair treatment. The projects supported range from teaching everyday skills and projects with a media-based or cultural focus to programs offering new experiences.

DEUTSCHE TELEKOM STIFTUNG AND HFTL: THE LATEST ON STEM SPONSORSHIP.

The Deutsche Telekom Stiftung foundation and the Leipzig University of Applied Sciences (HfTL) sponsor a number of STEM projects (STEM = science, technology, engineering and mathematics), some within the context of joint undertakings.

- **MathZe is fun:** The Deutsche Telekom Stiftung supports the Bonn-based Center for Mathematics (MathZe), whose goal is to get young schoolchildren and elementary school teachers excited about math. The center wants to teach them that math is a science that we encounter every day and that can help us in many areas of our lives. Events are open to schools in the city of Bonn. The project was first launched as a pilot in 2012 and has been up and running since 2013. The Foundation is sponsoring 50,000 euros for equipment and materials.

- **The MINTeinander competition:** The Deutsche Telekom Stiftung issued 100 experiment kits and accompanying materials for day-care/school teams participating in the contest, which was designed to promote STEM subjects. The kits can be used to teach STEM content at day care centers and schools in logical progression. The materials and accompanying teacher training materials were sent to 24 teams comprising a total of 101 day care centers, elementary and secondary schools.
- **FundaMINT grant program:** 25 student teachers specialized in at least one STEM subject entered the foundation's FundaMINT grant program in 2013. In addition to receiving financial aid, participants can attend seminars on topics such as how to conduct talks and present a professional appearance as well as on STEM-related topics. The foundation is planning to issue an annual call for participation.
- **Second round for the Saxony Junior Engineer Academy:** The Junior Engineer Academy which was founded at the Leipzig University of Applied Sciences (HfTL) in 2012 entered its second round in 2013. 16 schools students from two Leipzig schools signed up at HfTL. The goal of the Germany-wide initiative is to get students interested in careers in the STEM fields early on to help address the lack of specialists in these fields.
- **Career choice assistance:** HfTL once again participated in various projects offering career choice assistance in 2013. School students constructed a binary clock as part of the "Fit for Life" project sponsored by the Leipzig Chamber of Skilled Crafts and Trades at the HfTL laboratory for technical computer science, for example. HfTL hosted an event in collaboration with the Dresden-based T-Systems Multimedia Solutions unit for more than 30 secondary school and vocational school students from the Leipzig area.
- **Training for the Olympiad:** HfTL conducted a workshop to help school students from Saxony and Thuringia with their preparations for the Physics Olympiad.
- **Leipzig Academy for School Students:** HfTL offers seminars for school students grades 9 and up as part of the Leipzig Academy for School Students, which it organizes in cooperation with the association of scientists, Arnold Sommerfeld Gesellschaft.
- **"Ask the frog" kids university:** HfTL also offers a children's university series called "Ask the frog" twice a semester, giving elementary students the opportunity to conduct guided experiments.
- **Female student mentoring program:** The mentoring program for female school students launched at HfTL in the fall of 2012 was successfully concluded in late 2013. Four of the participants want to go on study computer science and two completed an extra paper on a natural sciences subject in the context of the program.

STEM skills are also encouraged by our national companies such as our Croatian subsidiary, for example.

Telekom's Croatian subsidiary T-HT Hrvatski Telekom now offers an advanced and interactive video service, tutoring.tv, to explain elementary and secondary school mathematics. There were 605 daily and 57 monthly activations and approximately 200 annual subscriptions in 2013.

MEDIA SKILLS.

New media can simplify our daily lives in many ways. But you need to know what you are doing if you want to use new media safely and securely. Deutsche Telekom sponsors a variety of initiatives and projects to help promote media skills. Our goal is to give everyone an equal opportunity to participate in the information and knowledge society. Some examples of our involvement include the Teachtoday and telekom@school projects as well as the Austrian project "Gemeindebau 3.0".

ENCOURAGING MEDIA SKILLS AMONG STUDENTS AND TEACHERS.

Being confident at using digital media is a key skill that enables participation in the information and knowledge society. Deutsche Telekom wants to give all children and young people a chance to learn it, irrespective of their background.

The Telekom@School infrastructure project.

During the reporting period, we extended our offer of free Internet access within our Telekom@School initiative. We now offer schools the opportunity to upgrade all of their existing connections to 16 Mbits. The goal is to make it possible for all schoolchildren to work with digital media in class, giving them access to the opportunities and perspectives offered by new technology.

Since 2000 Telekom has been providing all 34,000 general and vocational schools throughout Germany Internet access free of charge as part of its Telekom@School initiative. 30,000 schools already have DSL broadband connections. Depending on availability, schools can also order a Telekom@School connection at VDSL speeds.

Teachtoday.

The cross-industry media skills portal, Teachtoday, offers teachers, parents and other interested parties extensive background information about the opportunities and risks involved in using information and communications technology. In 2013, the initiative conducted a workshop on the topic of social media and privacy with 10th-grade students from Werner-Heisenberg-Gymnasium in Leipzig. Thomas Kremer, Telekom Board Member for Data Privacy and Compliance, met with other experts and the students to discuss which aspects are particularly important to pay attention to when using social media.

MobileSchool-Initiative in Hungary.

In 2013 160 volunteers of Telekom's subsidiary in Hungary, Magyar, trained 14,000 students in 200 schools as part of the MobileSchool initiative, which was launched in July 2010 to educate children in the conscious and safe use of mobile phones and the internet. The MobileSchool program earned the Corporate Volunteer Program of the Year Award from Hungary's Volunteer Center Foundation.

„Connected Kids“-Project: T-Mobile Austria.

T-Mobile Austria and Apple equipped classes at 16 schools in Austria with tablets and mobile online hotspots for 14 days from November 2013 through March 2014 within the scope of the Connected Kids project. With this innovative educational project, T-Mobile Austria hopes to make headway in the conscious, responsible and educationally effective use of digital media at schools. The goal is to teach students and teachers about the many possibilities of using mobile Internet in the learning process. Young teachers are available to answer questions posed by the school classes while the workshop is being conducted. Long-term project goals include inspiring "digi-kids" to pass on what they learn to those outside of traditional educational institutions. Reports about experiences and tips as well as reviews of different teaching apps are posted on an accompanying blog and networking is encouraged. The experiences of the first project classes were presented to a broader public in spring 2014 at a wrap-up event.

ADDITIONAL PROJECTS TO PROMOTE MEDIA SKILLS.

New technologies can simplify every day life for people with physical or mental limitations. They need to learn how to use these technologies safely and securely so that they can benefit from the advantages they bring.

Training in "simple language.

"Deutsche Telekom employees in Germany, for example, organize training courses each year on how to use cell phones and the Internet for people with disabilities in the context of our Social Days. However, these topics involve a number of unfamiliar words such as "smartphone" and "touchscreen" that make the training hard to follow for people with mental or learning disabilities. That is why the intra bonn gemeinnützige GmbH non-profit organization translated the course materials into "simple language." A Telekom volunteer worked together with eight young people, some of whom had mental or learning disabilities, to test the effectiveness of the course material on our Volunteer Day in December 2013. The material was judged to be very helpful, making it suitable for use in real-life training situations in the future. We are planning to expand this approach to other stakeholder groups.

Promoting media skills among seniors.

We are applying the experience we gained in the Simple Language project in a media skills project for seniors that Telekom is planning to launch in 2014 together with BAGSO, the German association of senior citizens' organizations. Telekom has been cooperating with BAGSO for many years.

Telekom also supports employee volunteer activities for the Erfahrung-Teilen (Sharing Experience) organization in Hanover within the scope of engagement@telekom. These employees help older people and people

from immigrant backgrounds take their first steps online. Since 2011, around 400 seniors and 50 immigrants have received training within this context.

NUMEROUS MEDIA SKILLS PROJECTS IN EUROPE.

Improving media skills is one of the three areas of action specified in Telekom's CR strategy. Our national companies also work to teach unpracticed users how to safely use information and communications media in numerous initiatives, closing the digital gap.

Community efforts 3.0 in Austria

T-Systems Austria employees volunteered to conduct a total of 170 multimedia training courses between October 2012 and October 2013 in the Körner-Hof residential complex in the Margareten district of Vienna. Around 2,500 residents and visitors at the local youth center participated in the free training. T-Systems Austria had set up a container equipped with multimedia devices in the district in October 2012 as part of a collaboration project to give residents, most of whom come from low-income households, access to modern multimedia systems. T-Systems Austria employees held their training courses here. Around 350 residents have already signed up on the accompanying information and social media platform, www.koernerhof.at since the start of the project. The project, which was originally scheduled for one year, has been extended by another twelve months due to the positive feedback. The partnership is also planning to get new collaboration partners on board to cover the high demand for training.

Education programs to promote media skills

T-Systems Slovakia cooperated with an electro-technical secondary school in Košice to launch the new pilot project AjTy Senior in September 2013 ("aj ty" is pronounced as IT and in Slovak it means „you too"). In line with Telekom's firm conviction that there is no age limit for IT education, this project addresses the needs of senior citizens, e.g. by helping them call their grandchildren or read the news on the internet. Eight volunteers from T-Systems Slovakia were involved in the project as teachers for the 16 senior students in the first semester.

Moreover T-Systems Slovakia has implemented a program where managers, ICT experts and teachers actively work with secondary school graduates to equip them for challenges of ICT service delivery practice. Together with a local school they developed and implemented a curriculum aligned to the qualification procedure for IT specialists in Germany and based on best practices of Deutsche Telekom Education. 30 dual students took part in this program in 2013.

Promoting digital media skills through free Internet access and technical equipment

T-Mobile Poland offered free internet access and technical equipment worth €1,100 to the Akogo Foundation – Budzik Clinic, an NGO that aims to provide comprehensive assistance to children with severe traumatic brain injuries and develop a systemic solution to the coma problem in Poland.

Slovak Telekom provides free remote access to school lessons for children who are suffering from cancer and cannot physically attend school. Three children used this web-based service in 2013. Free internet access was also provided to a community center in Bratislava, which the

company is also partnering for a series of events to support social dialog, promote art and organize small workshops.

In 2013 T-Systems Czech Republic gave 145 refurbished PCs to blind, deaf or autistic people, wheelchair users, delinquent youths, and abandoned children – in line with the Group's long-term CR goal of "connecting the unconnected". A further €8,000 was granted to different non-profit organizations and schools and some 15 man-days of marketing consulting offered to "Ratolest Brno". This non-profit organization supports children who grow up in dysfunctional families. Moreover T-Systems Czech Republic donated 25 PCs worth €3,500 to a comprehensive school in Mladá Boleslav.

Romtelecom, Telekom's Romanian subsidiary, provided free internet access to the Electronic Faculty in Bucharest.

Out of 218 educational institutions in Montenegro more than 80% enjoy the free internet access provided by Crnogorski Telekom.

In Greek, Cosmote provides free, wireless broadband Internet access and technical equipment to schools on remote islands and in remote regions through its Surfing the World program. More than 500 students and 50 teachers from 22 schools throughout Greece benefitted from the pc units, printers, web cameras and routers that were donated as part of this program in 2013. More than 2,175 students from 149 schools have benefitted from the program since it was launched. Moreover, for the 8th consecutive year, OTE and Cosmote continued to nationally promote the reuse of computers and other technological equipment at 99 schools and 13 NGOs in Greek. 115 PCs were donated through the "PC Donation Program" in 2013.

"e-Bonton" manual

In June 2013 the first Macedonian "e-Bonton" manual containing 100 rules for good communication manners on the Internet and especially in social networks was made available to the general public both online and in a hard-copy edition of 2,000.

COMMITMENT TO TRAINING AND DEVELOPMENT.

As one of the major vocational training providers in Germany, we invest heavily in training programs for the young generation. We also work to make it easier for young people to take part in the information and knowledge society with external projects and in line with our CR action area, Connect the Unconnected.

TELEKOM SUPPORTS ENTRY-LEVEL PROFESSIONALS.

Telekom helps teenagers with lower chances on the trainee market get their careers underway.

The "My chance to get going" project.

In 2013, we once again took on around 100 interns in the scope of our "My chance to get going" project, giving them the opportunity to earn a job entry certificate. This initiative has been very successful in preparing teenagers, who were unable to find traineeships in the previous year and receive welfare under the Hartz IV program, for a position in Telekom's trainee program. Out of the 355 interns who were admitted into the program between its launch in 2009 and late 2012, 256 found a position as a trainee at Telekom; 66 were admitted into the first year and 190 even made it straight into the second year.

"Geh Deinen Weg" (Go your own way).

The "Geh Deinen Weg" (Go your own way) project run by the Deutschlandstiftung Integration foundation is targeted toward talented teenagers with a migratory background. Telekom supports this project in the scope of a strategic partnership. The foundation's goal is to help young people with immigrant backgrounds get started on their career paths. In 2013, Telekom training centers across Germany supported different "Go your own way" career orientation initiatives. The job fair featuring around 30 local businesses held at a school in the Hamburg district of Lurup is only one example. Around 300 students had the chance to learn about different traineeships and make contacts.

In December, Telekom also gave eight "Go your own way" scholarship students the chance to participate in an exclusive one-day applicant training. A number of Telekom managers, including Marion Schick, Chief Human Resources Officer, worked as mentors in the scope of the project's scholarship and mentoring program. The 347 grant recipients from the first two years of the "Go your own way" program have their roots in 66 different countries with 35 percent being first-generation immigrants and 52 percent second generation.

"Fit for work" workshops.

In August 2013, 28 senior Telekom managers from Essen and Recklinghausen volunteered in the "Fit for work" workshop series held at three schools in North Rhine-Westphalia. The employees, most of which are retired, had the chance to share their extensive work experience with

young people. The students explored their own strengths and weaknesses and received information about the basic requirements that companies are looking for in trainees and first-time job entrants. After the workshops had been completed, Telekom gave 12 successful workshop participants intern positions. In December 2013, the senior managers founded the "Fit für den Beruf e.V." association.

EXCELLENT TRAINEE INVOLVEMENT: THE "RESPONSIBILITY WINS" COMPETITION.

Assuming responsibility for the community is a key aspect of being an apprentice at Telekom. We encourage and reward the efforts of our apprentices and cooperative degree students in our annual internal competition, "Responsibility wins." Many apprentices and students on cooperative degree programs participated in numerous projects throughout Germany again in 2013.

First place went to a multi-regional team of apprentices from Ulm, Hagen, Hanover and Erfurt. The four young people developed workshops on the topics of integration, social networks, online addiction and cyber bullying to raise awareness among school students regarding the opportunities and risks involved in using the Internet. Second place went to a play written by apprentices from Hamburg, which also highlighted Internet-related topics. A team from Munster, who independently financed a day at the beach for children from disadvantaged backgrounds, came in third. The guest speaker at the award ceremony was the sister of Jonny K., a victim of violence from Berlin, who founded the "I am Jonny" organization to encourage people to stand up for their beliefs and help others.

FOCUSING SUPPORT FOR ENACTUS.

Telekom's Center for Strategic Projects (CSP) has been actively supporting the international student network, Enactus, for several years. In 2013 we came up with a new approach to this partnership. Since then, we have been focusing our activities on the University of Wuppertal and the WHU – Otto Beisheim School of Management in Vallendar in order to increase the effectiveness of the support we offer the teams. In the context of our partnership, we advise teams of students on how to realize their own projects and business ideas in a community and environmental context.

During the reporting period, the team we coached at WHU Vallendar developed a plan to find jobs for people with disabilities in cooperation with a local social institution. We offered a full-day workshop on the topics of health, technology and social integration to the Wuppertal Enactus students. Another project being conducted by an Enactus team at Wuppertal University is designing the smart socket, Standby.Bye, which automatically switches off devices when not in use.

EDUCATIONAL PROGRAMS FOR STUDENTS IN MEXICO.

"Cuenta Conmigo (Count on me)" program. During 2013 T-Systems Mexico created the "Cuenta Conmigo (Count on me)" program as an employees' initiative that supports high-impact projects where all colleagues can participate. These projects focus on one or more of the following areas: Caring for the environment and sustainable development; collecting and donating resources to minority groups; social volunteering.

One of the projects selected in 2013 was an educational project in San Jose Xacxamayo, a community where from 100 people aged 15 years and older, 12 have no schooling of any kind, 17 did not finish elementary school, 5 did not finish high school and only 10 completed high school. In other words, only 15 percent had access to high school and only a third successfully completed this schooling. For this project 33 employees volunteered 448 hours of teaching in basic technology and IT subjects technology and ran human development workshops for 27 high school students. In addition, 321 employees donated 19,513 EUR and T-Systems donated a further 5,000 EUR to help build a carpentry workshop where classes have been held since September 2013.

English classes and IT Academies for students.

In a project beginning in January 2013 and ending between in February 2014, T-Systems Mexico worked with the government of Puebla to improve the English language skills of students from eight different state universities and institutes in order to improve their prospects of working for international companies. The government paid for the English classes and T-Systems Mexico gave the best students the chance to participate in IT Academies. 211 students started the program, 155 successfully completed it, and so far, T-Systems has hired around 50 of these students. The project has supported the government in strengthening educational programs designed to meet the needs of industry.

START-UP SPONSORSHIP AND GRANT PROGRAMS.

Deutsche Telekom supports talented students and innovative business ideas both within the Group and outside. The purpose of Telekom's hub:raum start-up incubator, for example, is to help people who are starting a business get their ideas off the ground. A number of Deutsche Telekom's national companies also offer their own start-up initiatives and grant programs that provide talented students with the financial support they need.

THE LATEST FROM START-UP INCUBATOR HUB:RAUM.

In 2012, Deutsche Telekom opened its own start-up incubator in Berlin, hub:raum, to help people who want to start up innovative businesses get their ideas off the ground. At hub:raum, start-up teams can develop their ideas in an "incubator" environment and then introduce them to the market. People with experience in starting up businesses help them as mentors and Telekom also offers seed funding of up to 300,000 euros. Interested start-ups can go to the hub:raum website and apply for the program. The following start-ups were among those admitted into the program in 2013:

- qLearning, a learning assistance start-up from Munich
- Contiamo, a business intelligence company from Berlin
- Vigour.io from Berlin and Amsterdam, which has developed a platform for operating device-independent applications
- Frestyl from Berlin, whose event app provides recommendations for music events, concerts and parties with the help of expert tips

Including the current start-ups, Stylemarks, Salonmeister, Reputami and Blinkist, a total of eight start-ups are now participating in the Berlin hub:raum incubator. hub:raum also offers the Accelerator program, a several-week training course where start-up teams can translate their ideas into business models that qualify for financing. At the end of the program, the start-up teams present their business models to selected potential investors and the hub:raum team. The best start-ups have the chance to be accepted into the Incubator program that follows. More than 40 start-up teams have successfully completed these programs in Berlin and Cracow.

The Accelerator program entered its second round in October 2013. Telekom selected seven start-ups in the areas of online security, telemedicine and machine-to-machine communication from among the 160 applications: Goderma, OPTretina, Pocket Aid, Primal Shield, StudyDrive, Lateral and EasyID.

New offices in Berlin and internationalization.

Telekom opened the Telekom Innovation Arena in the offices of the former Fernamt 1 building on Winterfeldtstraße in the Berlin district of Schöneberg in November 2013. All of the Group's innovation activities will be brought together at this location. Employees from hub:raum, Telekom Innovation Laboratories and the Creation Center think tank work together under one roof with around 8,000 square meters of space.

In 2013, hub:raum also opened two new international offices in Tel Aviv and Cracow to support the start-up scenes there. hub:raum Cracow already invested in two start-ups during the reporting period.

SUPPORTING INNOVATIVE BUSINESS IDEAS.

The Takeoffs (Rozjezdy) Program implemented in 2011 by T-Mobile Czech Republic provides financial support, long-term professional advice and expertise to regional start-ups. In 2013 the Program began targeting the student community as well, and the national winners in the year under review were from this new category – Sportcentral.cz, a kind of social network for people who are interested in sport activities. The prize was worth almost €4,000. In addition, a special prize of around €1,800 was awarded to a project entitled Recycled Stuff (Vecizrecy.cz). Besides, the 65 winners chosen in the regional rounds all received a financial reward as well as free tablets and smartphones.

The overall aim of the Takeoffs Program is to help potential entrepreneurs, who are often people living in areas of high unemployment, women on maternity leave, senior citizens who have just lost their jobs, or students with an innovative ideas. Two years after the project began, 98% of the start-ups that have received support are still in business. In the last three years, T-Mobile has gained more than 130 business customers through Rozjezdy, and the program has also helped to bring external innovations into the company.

Four hearing-impaired businessmen received a grant of €3,320 and training from Slovak Telekom so they could open up a business. Since 2008, this grant program known as "Looking for Another Sense – FOR BUSINESS" has been giving hearing-impaired people the chance to show that a loss of hearing does not mean they cannot cater for themselves and their families. It is the only grant program that not only provides financial assistance but also prepares the hearing-impaired for employment in their own sign language and via a "How to start a business" training course.

With the innovative initiative yourbusiness.gr OTE is enabling small and medium-sized enterprises and freelancers in Greece to promote their business on the Internet easily, quickly and completely free of charge for

a whole year. Over 14,000 clients registered for one free year. This initiative, which was launched with the aim of strengthening entrepreneurship in Greece, is the first of its kind in Greece.

"OUR WORLD IS YOU" PROGRAM IN 2013: SUPPORT FOR BORDER AREAS AND HELP FOR START-UPS.

During 2013 Cosmote, Telekom's Greek subsidiary, implemented two more ideas proposed by customers via its "Our World is You" Program. In March 2013 work began on implementing the ideas put forward by two customers from Samothrace and Prespes to enhance life in inhabited border areas. In Samothrace, the project involved renovating and fully equipping the "heart of the town" with a brand new library, a new gym and sports area, an area for cultural and other creative activities, and a new playground. Computers with free Internet access and a video-projection system were installed and a new boiler purchased to ensure adequate heating of the center complex. In Prespes, the Patoulideio Stadium and Lemos Municipal Library were renovated. In the stadium a new carpet, a modern electronic scoreboard, and a detachable platform for all kinds of events were installed. In the Lemos Library a new loft was built to increase capacity, a kids' corner created with lots of books and toys, and computers offering free access to the Internet installed. 150 people from Cosmote and an agent were involved in this project, and over 1,000 people from the area attended the final event.

The second activity organized by Cosmote as part of its "Our world is you" program implemented the idea of a customer who wanted to support creative people and original business ideas. In collaboration with the Greek Management Association, the Entrepreneurial Agency Foundation and OTEAcademy, Cosmote initiated Cosmote StartUp, a program that aims to promote entrepreneurship, create opportunities and develop original ideas through providing benefits such as an experience-based training program, a network of speakers, a workplace, and planning of an event to present the final ideas to investors. The committee selected ten finalists who will participate in the intensive Cosmote StartUp training program.

SCHOLARSHIPS FOR TALENTED STUDENTS ALL OVER EUROPE.

For the 12th consecutive year, Telekom's Greek subsidiary OTE and Cosmote offered twenty scholarships of €15,280 each. Additionally, twenty-six honorary distinctions of €1,528 each were awarded to first-year students and thus continued to support new undergraduates in overcoming financial difficulties and focusing on their studies. This year, alongside the socio-economic criteria for the selection of scholars and honorees, school performance was also taken into account. From September 2013 onwards a total of 46 students were supported to the tune of over €340,000.

In the school year 2012/2013 T-Mobile Poland, Telekom's Polish subsidiary, helped 271 children improve their school performance through participation in The Academy for the Future program. The Academy for the Future is an innovative education project addressing elementary school children. During the 11th Christmas Charity Auction in December 2012 T-Mobile and their employees transferred over €32,000 to the organization behind the project, which teaches children how to succeed – at school and in later life. 74% of children improved their school performance, 63% of them discovered competences, and 64% of them became more motivated to learn.

Romtelecom provided four scholarships worth €19,000 to Leadership Foundation School and Perrotis College.

T-HT Hrvatski Telekom in Croatia provided the two best students at the Faculty of Electrical Engineering and Computing with a monthly scholarship of €270 in 2013. Financial support of €210 monthly was also provided to another four students as part of the Zagreb Kaptol Rotary Club "Step into life" campaign, which provides scholarships to talented orphaned students during their regular university studies.

In the fourth year of the T-Systems Slovakia Scholarship Program eight scholarships worth €1,400 each were provided for the academic year 2013/2014. The eight students selected are all studying at the Technical University and the Pavol Jozef Šafárik University in Košice. The aim of the Program is to generate educational opportunities for talented young people from eastern Slovakia, to train skilled new professionals who are committed to the development of that region, and to raise young people's awareness of their regional identity and the opportunities for volunteer work. The Program is targeted at university and college students from eastern Slovakia who are majoring in IT and relevant fields, as well as high school graduates applying to study one of those subjects.

In Romania, Cosmote offered five new scholarships worth €180 a month during 9 months/year for the whole duration of each student's university studies.

In 2013 students from the University of Economics were supported with a grant of €1,000 by T-Mobile Czech Republic. Additionally, seminars were organized for MBA students from the US who were interested in entrepreneurship. Presentations were given by members of the top management of T-Mobile Czech Republic, including the CEO.

CULTURAL AND SPORTS SPONSORSHIP.

Culture and sports are two areas from which society gets its innovative strength. An inspiration to many people, they create a sense of community and enable understanding across cultural and political borders. That is why, as a responsible international corporation, we lay emphasis on sponsoring cultural and sporting events.

MANAGEMENT APPROACH.

Deutsche Telekom encourages variety in cultural expression throughout the Group. The Group is one of the leading sponsors of culture and sports in Germany. As well as providing financial support, we offer our experience in large-scale communication and marketing activities to support artists, athletes, organizers and clubs. Regional involvement at our locations also plays a key role.

Sponsoring music is a long-standing tradition at Deutsche Telekom and a vital element in the company's brand communication activities. We want to give as many people as possible access to cultural events, thus encouraging them to share thoughts and ideas. Our main sponsorship focus is placed on events like the Beethovenfest and the International Telekom Beethoven Competition in Bonn, which gives a stage to up-and-coming pianists from all over the world.

Deutsche Telekom supports competitive and mass sports equally. Soccer partnerships with the German Football Association and the FC Bayern Munich soccer club and other German soccer clubs form the focal point of our sports sponsorship activities. Telekom also lays emphasis on those aspects of sports that foster community life. We sponsor athletes supported by Stiftung Deutsche Sporthilfe, recreational and school sports projects as well as athletes with disabilities. As a Bonn-based company, we also sponsor the Telekom Baskets Bonn basketball team and the Bonn Marathon. We also encourage our employees to participate in the city's traditional annual run and in the "Staying in shape in the winter" running for health program.

THE ANSTOSS! SOCCER INITIATIVE.

The goal of the ANSTOSS! Telekom soccer initiative is to make new experiences possible and encourage young talent. In this broadly structured project, Deutsche Telekom promotes soccer in the areas of amateur and recreational sports, developing young talent and disabled sports.

One of the initiative's focal points is the New Sports Experience initiative in cooperation with the German National Paralympic Committee (DBS) and the DFB German Football Association. The initiative gives young people a different soccer experience and the opportunity to try out blind soccer, helping them develop a sense of what it is like to live with a disability. Telekom has been offering this opportunity to students in seventh through tenth grade within the scope of project days. We expanded the

project to soccer clubs in 2013. Around 600 young players and 17 clubs throughout Germany had participated in the initiative by the end of the year. The experience also helps the players improve their game. Blind soccer trains coordination, orientation, a player's feel for the ball and their sense of hearing.

Another focal point of the initiative is the Stollenstrolche web TV broadcast where once a month Telekom presents video clips of particularly unusual goals made by young players. The players' parents, relatives and friends can submit their videos. The Stollenstrolch of the Month receives EUR 1,000 for their team.

TELEKOM'S INTERNATIONAL SPORT SPONSORSHIP.

Integration Beach Volleyball World Cup

In the spirit of connected communities, T-Mobile Austria sponsored the first Integration Beach Volleyball World Cup in the city of Salzburg in August 2013. Like its counterpart, the Integration Soccer World Cup, the purpose of the event is to encourage the integration of different nationalities in Austria through sports and to promote equal opportunities for female athletes as well. More than 12 nations were represented at the first Integration Beach Volleyball World Cup.

Getting couch potatoes off the couch in Romania

In 2013 "The biggest sports hour" involved three days of intense sports activities for the general public organized throughout July by Dolce Sport, Romtelecom's sports TV channel in Romania. There was one day of events in Bucharest and two days of activities at the seaside resort of Mamaia. Over 3,500 persons participated in both events and some 300 articles about these events appeared in mass media. "The biggest sports hour" is one of the main components of the pro-health campaign "Sports is good" initiated by Dolce Sport three years ago. The aim is to improve the participants' health through sporting activities and a balanced diet. This way, Dolce Sport viewers are actively involved in sports themselves.

FIFTH INTERNATIONAL TELEKOM BEETHOVEN COMPETITION.

With the International Telekom Beethoven Competition in Bonn, Deutsche Telekom has been helping young musicians on their way to the top since 2005. Every two years, young pianists from all over the world play before a top-class international jury in the birthplace of the famous composer. The winner of the fifth International Telekom Beethoven Competition was Soo-Jung Ann from Korea with her interpretation of Beethoven's Piano Concerto No. 4 accompanied by the Beethoven Orchester Bonn under guest conductor Olari Elts. She received prize money in the amount of EUR 30,000. Stefan Cassomenos from Australia came in second and Shinnosuke Inugai from Japan came in third and also won the audience award.

SLOVAK TELEKOM PROMOTES ROMA MUSIC.

In August 2013 Slovak Telekom supported a Slovakian Gypsy Festival with a grant of €30,000 and technical assistance in preparing for the festival. In the face of the opposition to the nomadic ethnic group seen in some European countries, this Festival aims to act as a platform for their vivid and colorful culture and create stage for gypsy artists. In this way it also helps to further the integration of this ethnic group into society.

EMPLOYEES.



We invested in 480,000 advanced training days in 2013 in Germany alone to promote the professional and personal development of our employees. That is an average of four training days per employee.

"We, Deutsche Telekom, are more than just another company that provides society with infrastructure. We want to simplify and enrich people's lives in the long term, as the leading European telecommunications company. The key to this success are the people who work for us."

Thomas Kremer, Board Member for Data Privacy, Legal Affairs and Compliance, Chief Human Resources Officer

SUPPLIERS.



We actively promote a sustainable supply chain in our collaboration with over 20,000 suppliers in more than 80 countries.

SUSTAINABLE PROCUREMENT STRATEGY

"With the integration of sustainability requirements in the selection process for new suppliers at DTAG and the definition of common specific requirements between Orange, DTAG and our joint venture BuyIn in the form of a Supplier Code of Conduct, we have taken another significant step forward in terms of the sustainability of our supply chain."

Eva Wimmers, Senior Vice President, Group Procurement

Objective

Ensuring the principles of socially and environmentally friendly procurement in cooperation with suppliers worldwide

Example of Success

In 2013 a standardized 10 percent weighting of sustainability criteria was launched for calls to tender.

Implementation

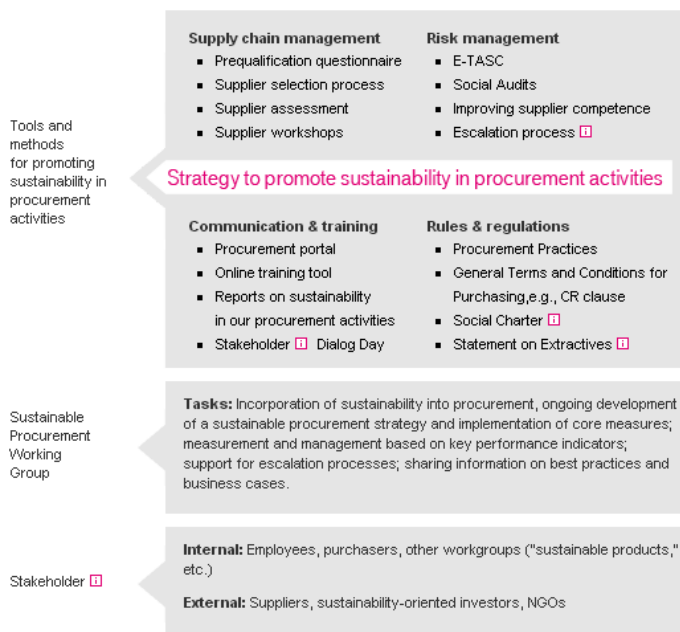
Since 2013, the Group's procurement departments and those at T-Systems take into account sustainability criteria when inviting bids. These are weighted at ten percent along with other aspects such as price and quality. They are based on the CR clause, the Social Charter and our Code of Conduct and are laid out in the General Terms and Conditions for Purchasing. In 2013 we also started developing a Code of Conduct for suppliers, which defines uniform requirements and criteria for procurement at Deutsche Telekom, Orange and BuyIn.



SUSTAINABLE PROCUREMENT STRATEGY.

NGOs and the media continue to uncover violations of employee rights, environmental protection standards and human rights along the supply chains for phones, laptops and other ICT products. As one of the largest telecommunications service providers worldwide with suppliers in more than 80 countries, Telekom takes this issue seriously. Telekom uses effective management tools to make sure its suppliers and manufacturers provide humane working conditions and are involved in effective environmental protection.

SUSTAINABILITY IN PROCUREMENT ACTIVITIES AT DEUTSCHE TELEKOM. METHODS, TOOLS AND STAKEHOLDERS.



MANAGEMENT APPROACH.

One of Telekom's aims is to constantly improve the sustainability of its value chain. We have laid the foundation for this with our sustainable procurement strategy. We adhere to principles for socially and environmentally friendly procurement throughout the Group and manage our processes with the help of internal and external performance indicators and management tools.

Fundamental norms and standards.

Telekom has created social and environmental minimum standards for its corporate governance through its Guiding Principles and voluntary commitments. We also require our suppliers to comply with these standards. We use the following documents to guarantee compliance:

- Our Group-wide Code of Conduct
- Our Social Charter
- The Telekom Fraud Policy
- The Coltan Statement
- The Statement on Extractives
- The CR clause in our General Terms and Conditions for Purchasing

With our Social Charter, we have made a commitment to complying with the fundamental principles and standards set forth by the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD) as well as with the Universal Declaration of Human Rights and the UN Global Compact.

Commitment to sustainable procurement.

Our strategy for realizing sustainable procurement practices is based on our CR strategy and has been effectively incorporated into our procurement processes. The Sustainable Procurement Working Group (SPWG) develops recommendations on how to best implement our sustainable procurement strategy and assists our employees in their procurement decisions. The heads of the CR and Procurement divisions together carry general responsibility for the topic of "realizing sustainable procurement practices." We have also specified sustainable procurement requirements for the BuyIn joint venture.

We have incorporated our sustainability principles into the Group's Global Procurement Policy to provide orientation for our buyers. The accompanying Procurement Practices provide instructions on how to conduct procurement transactions in Germany. We use an online tool to train our employees. A revised version of this tool will be available in 2014. Our buyers can, for example, use the tool to learn how to implement our sustainability principles in their daily business activities.

Management with the Sustainable Procurement CR KPI.

We use the Sustainable Procurement CR KPI to measure and manage our sustainable procurement performance. This KPI measures the ratio between the procurement volume we receive from suppliers whose compliance with social and environmental criteria has been verified through self-assessments, E-TASC or social audits, and our total procurement volume. Our goal is to cover 75 percent of the whole procurement volume by 2015.

The large procurement volume purchased from individual suppliers had a significant impact on the results of our Sustainable Procurement KPI for 2013. Our decision to switch over to a new E-TASC platform also had an impact on the KPI results. The old platform was deactivated in late 2013. However, not all of the suppliers registered there could be registered on the new tool before the end of the year. Their data was therefore not available when we calculated the KPI for 2013.

Sustainability ranking rates supplier management activities. Each year, leading rating agencies such as the Sustainable Asset Management (SAM) Group rate the sustainability performance of large companies. In the 2013 SAM rating, Deutsche Telekom scored 88 out of 100 in the supplier management category (2012: 83 points), ranking the company among the industry leaders.

SUSTAINABLE PROCUREMENT WORKING GROUP WITH NEW STRUCTURE AND NEW TASKS.

The Sustainable Procurement Working Group (SPWG) has served as an instrument for the comprehensive implementation of social and environmental standards in Procurement since 2007. In 2013 we revised its composition and tasks.

Since December 2013, in addition to representatives from all of the functional Procurement areas (such as "Devices" and "IT") the SPWG also includes representation from the national companies and T-Systems International. Headed by Central Procurement with advisory services from the CR department, the SPWG acts as the sustainability ambassador for Group Procurement. At the same time it serves as a platform for the exchange of best practices among the national companies.

The working group's tasks include supporting international Procurement units in implementing sustainability requirements by providing suitable tools. These include audit timetables, supplier self-assessment questionnaires and concepts for corrective measures. If a supplier fails to meet Telekom's requirements, the SPWG supports the responsible buyers. By providing benchmarks and other decision-making tools, it helps them to provide suppliers with guidance and motivation. It is also involved in supplier development projects and develops performance indicators for the assessment of our sustainability performance in Procurement.

CR CLAUSE ADDED.

The corporate social responsibility and anti-corruption clause, or short CR clause, was added to our General Terms and Conditions for Purchasing in June 2013. Since then, Corporate Procurement and T-Systems have been using the clause in all of their supplier agreements. The clause will be introduced at the European national companies in 2014. In 13 paragraphs, the CR clause describes our ethical, social and environmental principles, how we require our suppliers to comply with these principles and how this is monitored through the use of practices such as audits.

The CR clause expressly refers to current internal standards, the Code of Conduct and Telekom's Social Charter and enforces their applicability for suppliers and sub-suppliers working with our Group. The clause gives Telekom the right to demand that suppliers provide information on human rights, labor and environmental standards as well as on activities they are conducting to fight corruption and fraud within their sphere of responsibility and influence. It also gives Telekom the right to review the accuracy of this information. Every time a supplier signs an agreement with Telekom, they also place themselves under the obligation to use concrete measures to prevent and fight corruption, to make the goods and services they supply to Telekom more environmentally friendly and energy efficient and to provide information on the materials they use.

We expressly list legal regulations and international standards that enforce supplier accountability and make these a component of the agreement. Last but not least, the CR clause regulates sanction options that Telekom can use to respond to violations of CR-related contractual terms.

SUPPLY CHAIN MANAGEMENT.

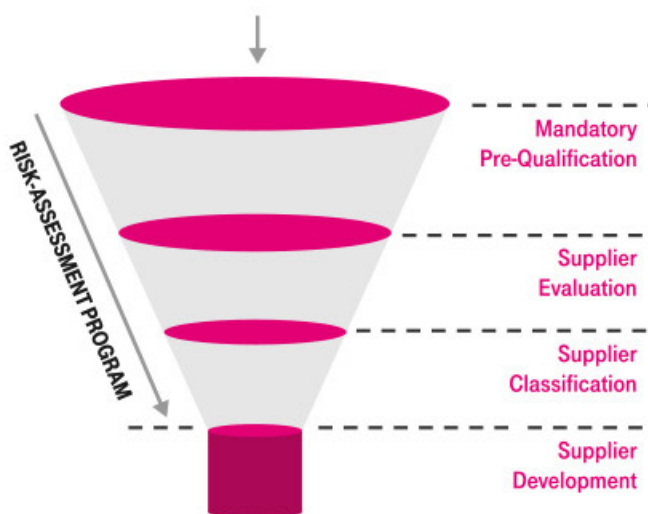
Telekom works with suppliers in more than 80 countries. Our relationships with suppliers are based on trust and dialog combined with monitoring and providing concrete support for the implementation of sustainability standards. We have a variety of instruments, methods and measures in place to help us improve the sustainability of our supply chain. Our basic aim is to recognize the cause of any problems and to work closely together with our suppliers to resolve them.

MANAGEMENT APPROACH.

Depending on the development stage of the supplier relationship, we use different tools to make this relationship more sustainable. For example, we have been taking the sustainability of the products and services we order from suppliers into consideration in all of our invitations to bid since June 2013. This aspect is weighted at 10 percent along with other decisive criteria such as price and quality.

We also use a four-level approach to minimize risks and encourage our suppliers to improve their practices. The funnel chart illustrates this process. We initially ask potential suppliers with an order volume of more than 100,000 Euro 16 sustainability aspects (level 1). These 16 aspects relate to human rights and corruption as well as environmental protection and occupational health and safety.

SUPPLIERS WITH AN ESTIMATED ORDER VOLUME OF MORE THAN 100 000 EURO



4 level approach of risk minimization and supplier development

As the business relationship proceeds, we ask strategically relevant suppliers to enter extensive information about their practices into the E-TASC information system. Experts evaluate these statements on the

basis of additional background information and targeted research. We take things a step further in our relationships to suppliers that exhibit a higher CR risk and in selected cases conduct on-site social audits (level 2). Not only do we focus on our direct suppliers, we also address sub-suppliers as far as possible.

We also boost the effectiveness of our audits by collaborating with currently nine other companies in the Joint Audit Cooperation (JAC). Thanks to the increasing number of JAC members, we are able to conduct a higher number of audits on joint suppliers.

We use this information and the audit results to classify and evaluate our suppliers based on CR criteria (level 3). We are planning to set up a systematic process for this approach in 2014. We also work to resolve acute issues in close collaboration with selected suppliers. We use best practices, benchmarks and shared business opportunities to encourage permanent improvement in sustainability performance. Our development program for suppliers which is currently being setup will help us in our efforts (level 4).

In cases of significant disregard of our requirements, we initiate an escalation process to effect fast resolution in accordance with the Deutsche Telekom sustainability standards. The outcome is recorded throughout the Group.

DELAY IN INTRODUCING SUPPLIER DEVELOPMENT PROGRAM.

Even though we have already achieved much on the way to sustainable procurement, there is still quite a bit to be done. The agenda for 2013 included rolling out a supplier development program. The aim of the program is to help strategic and critical suppliers install business practices that comply with social and ecological principles and are economically efficient. We have not yet been able to launch the planned pilot project because we were unable to find a suitable partner in 2013. However, we are planning to roll out the project in 2014 to continue improving the sustainability of our procurement practices.

MEASURING SCOPE 3 EMISSIONS ALONG THE SUPPLY CHAIN.

Telekom works together with its suppliers to permanently reduce greenhouse gas emissions along its supply chain. We have held several workshops with top suppliers for this purpose since 2011. At these workshops, we discuss ways to measure Scope 3 emissions along the supply chain to help us develop suitable solutions. We conducted a workshop on this topic with manufacturer Ericsson in summer 2013. During the reporting period, we also focused on evaluating the workshops conducted over the past two years.

Results showed that these did not fulfill all of our expectations. We have decided to stop pursuing our original approach of using individual sup-

plier questionnaires to measure Scope 3 emissions in the Telekom added-value chain. Instead, we will be relying on our suppliers' CDP reports for this.

SOCIAL AUDITS 2013.

A total of 40 social audits were conducted on direct and indirect suppliers of Deutsche Telekom in 2013 through the auditing program set up and managed at Group level. As in previous years, we focused our audit activities particularly on suppliers in Asia. However, we also conducted social audits in Latin America and Eastern Europe.

WORKSHOP WITH HUAWEI AND SUB-SUPPLIERS IN CHINA.

Deutsche Telekom and systems technology manufacturer Huawei held a joint corporate responsibility workshop in the Chinese city of Shenzhen on September 27, 2014. We decided to conduct the workshop because, despite intensive efforts on the part of Telekom, we continued to see severe violations of our sustainability requirements along the supply chain. These particularly involved compliance with legally specified working hours, fair pay and occupational health and safety. There was a lack of transparency, particularly on the part of Huawei's direct sub-suppliers. Our plan was to change this with Huawei's help. Huawei holds a key position in Telekom's supply chain as well as those of other leading ICT companies and has considerable influence on the Chinese market.

Managers from ten direct and indirect sub-suppliers to Huawei participated in the event. Among the topics discussed at the workshop were Huawei and Telekom's sustainability requirements, values and principles. High-ranking Telekom representatives used examples to make it very clear how good corporate governance in terms of sustainability can secure a company's success.

One focal point of the discussion was our requirement for compliance with legal working hours. Over the course of the workshop, participants showed that they were open to the advantages of following a systematic management approach based on the concept of sustainability and were ready to work toward making improvements at their companies. At the same time, they mentioned that many workers often volunteer to work overtime to earn more money. They also said that, although all customers placed importance on compliance with working hour legislation, unsuitable order practices and poor planning on their part frequently increased the need for employees to work overtime. The managers claimed that, based on those reasons, it would not be possible to substantially change the situation all at once. Instead, they felt it was necessary to proceed gradually with formal, voluntary commitments and clear deadlines.

SUPPLIER DEVELOPMENT THROUGH MONITORING AND ADVICE.

We can encourage suppliers prone to risk to move toward more sustainable business practices with checks, threats of sanctions, financial incentives and by actively supporting change management. This is illustrated in the following example:

In 2012, an international NGO accused one of our suppliers of flouting internationally recognized labor regulations. The audits that we initiated based on the allegation confirmed this finding. In response, we suggested corrective measures jointly with BuyIn [link to CR facts > BuyIn] to the supplier. However, the supplier initially showed reluctance to implement these measures. After a crisis meeting in which we brought up the

prospect of terminating the business relationship, and a visit by a high-ranking Telekom delegation, the supplier agreed to implement the measures. Our own task force set up to advise the supplier also made it clear that implementing the measures improves the supplier's reputation and therefore implies increased profits. The following package of measures was agreed:

- Establishment of a pilot unit to provide an early-warning system for risk in new approaches
- Involvement of employees in developing solutions
- Development of technical solutions and training opportunities for employees with the aim of simplifying work processes and increasing productivity
- Establishment of a model factory in which the statutory working hours and minimum wage regulations will be complied with

The success of our intervention and the accompanying measures in 2012 and 2013 is reflected in a number of factors: the churn rate dropped to an exemplary (not only by Asian standards) eight percent. There was also a significant increase in productivity. The number of units produced increased within one year by approximately 500,000 units; product quality increased and the error rate dropped. In addition, the workplace injury rate fell by 43 percent within 12 months. The measures also contributed to reducing costs for attracting and training new employees and the need for management checks.

DELFIN AWARD FOR SUPPLIERS AND OTHER COMPANIES.

In 2013 Magyar Telekom made its DELFIN Awards available, for the first time, to any company operating in Hungary, and not just its suppliers. DELFIN is an acronym for "Prize for a Committed, Sustainable and Innovative Generation" in Hungarian and the Awards go to companies that have displayed outstanding commitment to sustainable development. The 2013 Awards were handed over in three different sustainability categories:

- "Implemented Innovation in the Interest of Sustainability",
- „Supporting equal chances, promoting discrimination-free practices both within and outside the company", and
- „Sustainability Education and Training".

For example, Interpower received a DELFIN Award in the first category for an innovation that enabled Magyar Telekom to save almost 2,000 MWh of energy and 1,240 metric tons of CO₂ emissions.

SUPPLIER SELF-ASSESSMENTS IN GREECE.

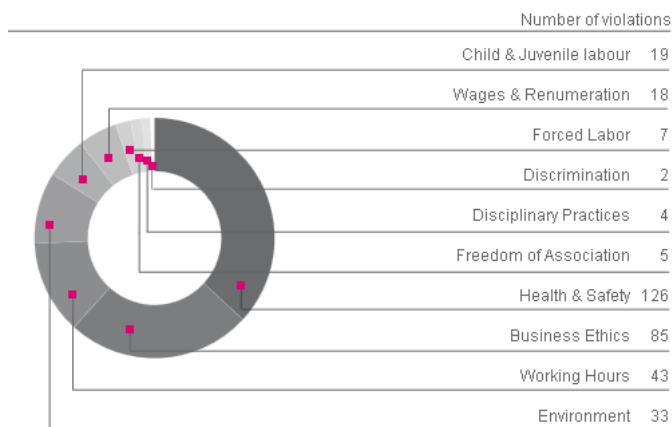
In 2013, 97 OTE and 155 Cosmote suppliers were evaluated. They were selected on the basis of the total purchase orders issued in the period 1/10/2011 – 30/9/2012. Cosmote suppliers were requested to fill in a self-assessment sustainability performance questionnaire, which was intended to promote the suppliers' awareness of social and corporate responsibility and enable them to provide information about their management systems and practices. The questionnaire included questions on the following areas: corporate responsibility / sustainability, labor / ethics, environment, health and safety, quality, and business continuity management.

2013 AUDIT RESULTS.

A total of 40 social audits were conducted on direct and indirect suppliers of Deutsche Telekom in 2013 through the auditing program set up and managed at Group level. As in previous years, we focused our audit activities particularly on suppliers in Asia. However, we also conducted social audits in Latin America and Eastern Europe.

Among the suppliers audited were manufacturers/suppliers from the terminals, IT services, IT hardware/software and network areas. The audits did not uncover any cases of corruption.

At a glance: 2013 audit results.



RESULTS AND IMPROVEMENT.

In 2013, a total of 40 audits were conducted by external and internal auditors. The majority of these audits were part of the Joint Audit Cooperation (JAC).

We identified key weak points and considerable need for improvement particularly in the following areas:

- Occupational safety and health
- Corporate ethics
- Working hours

We found violations against Telekom supplier requirements in a total of 342 cases, 41 of which must be considered critical. Based on these findings, measures were immediately introduced to improve conditions on site. See below for some examples of findings and completed improvement measures.

ENVIRONMENT, HEALTH AND SAFETY. CORPORATE ETHICS.

Area	Findings	Corrective Measures
Health & Safety	No root cause analysis for work-related accidents.	Implementation of root cause analysis and monitoring process for work-related accidents to identify and mitigate significant risks.
	Fire drills not conducted on a regular basis.	Implementation of fire drills for all day and night shift employees on a regular basis.
	No product qualification certificate available for the active carbon masks provided to the soldering workers.	A qualification certificate for personal protective equipment (PPE) provided for workers was issued by the local authority.
	First aid kits are available for all production lines but not visibly marked.	The location of the first aid kits was visibly marked by means of adequate signs.
	Not enough emergency exits at the material warehouse.	Installation of two additional emergency exits to ensure employees' safety.
	No emergency eye-washing facilities available at the chemical warehouse.	An emergency eye-washing station has been installed.
	The fire alarm system was not working correctly in the dormitory building and no emergency evacuation plan was posted on the floors of the building, either.	The fire alarm system was repaired and is now working correctly in the dormitory building. Emergency evacuation plans have been posted on every floor of the building.
	No regular medical inspection for occupational disease-related hazardous elements undertaken for employees working at hazardous stations.	A medical assessment of occupational disease-related hazardous elements is now undertaken on a regular basis for employees working at hazardous stations.
	Average area of bedroom in dormitory about 3 square meters.	Reduction in dormitory occupancy to ensure an average living space of at least 5 square meters for each person.
	Employees not aware of environmental objectives due to lack of communication from management.	Communication and training of workers on this issue implemented on a regular basis.
Environment		

CORPORATE ETHICS.

Area	Findings	Corrective Measures
Business Ethics	Employees not aware of internal Code of Conduct.	All employees are now obliged to sign the new Code of Conduct. Communication and training of workers on this issue are now implemented on a regular basis.
	No adequate verification if used minerals/metals originate from conflict regions and/or adjoining countries.	Implementation of policy on conflict minerals and contractual binding requirements for subcontractors to ensure conflict-free sourcing of components and materials.

WORK AND ETHICS.

Area	Findings	Corrective Measures
Working Hours	The workers' regular weekly working hours as well as their daily and monthly overtime hours exceeded the local legislative limits.	The company adjusted the production plan to reduce working hours and meet local statutory requirements.
	Workers did not have a day off after seven days of work.	The HR Department now regularly monitors the weekly and monthly working days to ensure that employees have a day off after seven days of work.
	Not enough maternity leave provided to pregnant workers.	Maternity Policy revised to meet local statutory requirements and communicated to all employees.
Child Labor & Juvenile Workers	Workers under the age of 18 found working on night shifts.	Under-age workers are not allowed to be scheduled for late or night shifts. The HR Department now regularly monitors the age of the workers on late and night shifts.

RESOURCE SCARCITY AND RAW MATERIALS SOURCING.

Production of electronic devices like smartphones can be harmful to the environment and requires large amounts of water and energy. Because the production facilities of suppliers and manufacturers are often located in regions where water is scarce or the population does not have sufficient access to electricity, the availability of resources plays a more significant role there than it does in countries like Germany.

Moreover, valuable raw materials like metals are used in producing smartphones and other ICT products. Some metals, including tantalum, gold, tin and tungsten, are extracted from ores, some of which are found in the eastern part of the Democratic Republic of Congo, under conditions that are inhumane and/or associated with civil war. The parties involved in conflict in the region use the profit for purposes such as financing civil wars. Telekom does not produce any of its ICT products itself. The Group purchases these products from international manufacturers and sells them at its stores, offers them in the context of service provision or uses them in its network infrastructure. Telekom requires its suppliers to refrain from using any conflict resources. The Group also supports industry initiatives that promote a more sustainable supply chain.

RESOURCE SCARCITY AND RAW MATERIALS SOURCING: MANAGEMENT APPROACH.

Telekom requires its suppliers to protect the environment and use resources responsibly. These requirements are documented in our Social Charter. They are also set forth in detail in our CR clause, which was added to our General Terms and Conditions for Purchasing in June 2013. We require our suppliers to provide information on their activities as part of a self-assessment and conduct supplier audits to emphasize the importance of these requirements. In the scope of the audits, we check whether our suppliers use an environmental management system and how they manage their energy and wind consumption, as well as other factors. We also explicitly ask them about their waste management system.

Handling critical raw materials.

Deutsche Telekom collaborates with suppliers and industry initiatives to effect responsible raw materials sourcing. We are particularly forceful in making sure that no conflict resources are used in producing the devices we sell or use in our network technology.

With our Coltan Statement, which was published in 2005, and our Statement on Extractives, which was published in 2009, we want to make sure that both our direct suppliers and their sub-suppliers work to minimize the social risks linked to extracting raw materials. We require our suppliers to consider Deutsche Telekom's Statement on Extractives. In cooperation with the Global e-Sustainability Initiative and the Electronic

Industry Citizenship Coalition industry associations, we work to advance the Conflict-Free Sourcing Initiative (CFSI). This initiative helps companies identify conflict resources and avoid trade and production involving those resources.

FIGHTING THE USE OF CONFLICT RESOURCES: PARTICIPATION IN THE CONFLICT-FREE SOURCING INITIATIVE.

Telekom has been supporting the Conflict-Free Sourcing Initiative (CFSI) since the initiative's founding in 2008. CFSI is the largest business initiative for responsible raw materials sourcing. Its goal is to identify conflict resources and prevent trade and production involving those resources.

CFSI is based on a working group that was founded in 2008 by the Global e-Sustainability Initiative and the Electronic Industry Citizenship Coalition industry associations (Extractives Working Group) to address sustainable raw materials extraction. This workshop was reformed as the CSFI in 2013. With this change, the working group opened itself up to other industries and currently counts more than 120 companies among its members. The initiative was able to increase the number of smelters engaging in responsible practices, for example, thanks to collaboration with the Responsible Jewellery Council and London Bullion Market Association. A total of 64 smelters were certified for conflict-free raw materials sourcing by the end of 2013 thanks to the initiative's efforts.

CLIMATE & ENVIRONMENT.



Our goal is to reduce our CO₂ emissions by around 430,000 tons by 2020. That is the equivalent of around 28,000 trips around the world in an airplane.

APPROVAL OF A GROUP-WIDE CLIMATE PROTECTION TARGET

"By reducing our CO₂ emissions by 20 percent, we are making a valuable contribution to creating a climate-friendly, future-minded society. Our goal is to provide our customers with products and services in a way that is energy-efficient."

Luis Neves, Group Climate Change and Sustainability Officer

Objective

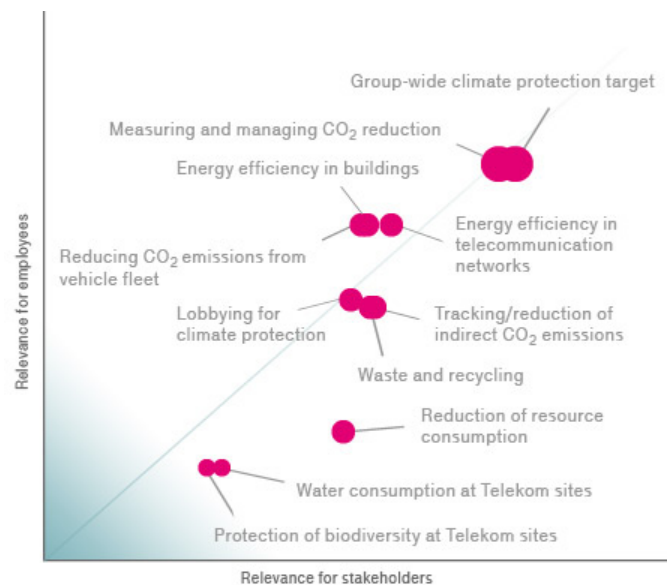
To reduce total CO₂ emissions at the Group (not including T-Mobile USA) by 20 percent by 2020 compared to 2008

Success

40 business units in 29 countries including the Netherlands, Austria, Germany, China, Malaysia, Brazil and South Africa collaborated to specify a Group-wide climate protection target. The shared target was approved by the Board of Management in December 2013.

Implementation

The climate target was developed based on systematic measurements of direct emissions (scope 1) and indirect emissions (scope 2) as well as potential analyses from each company. We also included business trips in our calculations. The key challenge will be to keep energy needs from increasing at the same rate despite increasing data volumes and higher investments in modern network technologies.



CLIMATE PROTECTION STRATEGY.

Global CO₂ emissions continue to increase practically unabated according to the Intergovernmental Panel on Climate Change in its latest assessment report. Consequences for people and the environment include natural disasters, extreme weather conditions, rising sea levels, species extinction and an increasing number of environmental migrants. As the SMARTer 2020 study shows, the ICT industry and, therefore, Deutsche Telekom, can be part of the solution in the fight against climate change. The company helps industries and consumers reduce CO₂ emissions by offering intelligent solutions such as smart grid and smart home. By introducing measures to reduce energy consumption and emissions within the Group, Telekom hopes to set a good example of how to create a low-carbon society.

MANAGEMENT APPROACH.

"We take responsibility for a low-carbon society" is one of the key action areas of our CR strategy. We intend to keep this promise with the help of our Group-wide climate protection target of reducing our CO₂ emissions by 20 percent by 2020 compared with 2008. We have developed measures to help us meet this target as well as instruments to gauge our progress.

Gauging our success.

Just like for other sustainability initiatives, we introduced CR key performance indicators (CR KPIs) as a yardstick by which to measure successful implementation. The CO₂ Emissions and Energy Consumption CR KPIs, which we have used in the past and still apply, are currently under discussion.

Measuring direct and indirect emissions.

We use the internationally recognized Greenhouse Gas (GHG) Protocol standard to measure our CO₂ emissions. The protocol distinguishes between three CO₂ emissions categories: GHG Scope 1, 2 and 3.

Over the past few years, we have introduced measurement of GHG Scope 1 and 2 emissions throughout the Group. The process of measuring Scope 3 emissions is considerably more complex because it includes emissions generated by our customers and suppliers. So far, we have only included those Scope 3 emissions that were generated by business trips. In 2013, we have prepared guidelines for the Group-wide inclusion of Scope 3 emissions. The complicated issue of how to deal with emissions from our supply chain was discussed extensively in meetings with our suppliers. All national companies are adopting these guidelines in the coming years.

Collaborating for innovation and climate protection.

Effective climate protection calls for joint efforts on the part of business, politics, science and society. We are involved in a number of domestic

and international initiatives to resolutely intervene on behalf of climate protection. The Global e-Sustainability Initiative (GeSI), an association of leading global ICT companies with the goal of improving sustainability in the industry, deserves particular mention. Our national company T-Mobile USA became an independent member of GeSI in 2013.

Employee involvement in climate protection.

Our employees play a central role in helping us achieve our climate protection target. That's why we actively involve them, for example with an ideas competition, the "My contribution to climate protection" photo campaign or in our corporate volunteering activities.

Telekom in the DACH Region Carbon Disclosure Leadership Index.

Telekom provides transparent information on its climate protection efforts. This was confirmed by the Carbon Disclosure Project. As a result, Telekom was included in the Carbon Disclosure Leadership Index for the DACH Region (Germany, Austria, Switzerland) in 2013. We received 90 out of 100 points for our efforts, putting us among the top ten percent of companies in this region.

Using electricity from renewable energy sources.

Until 2012, all of the electricity used at our facilities and offices in Germany came from 100-percent renewable energy sources via RECS (renewable energy certificate system) certificates. We have stopped using this system due to its lack of direct environmental impact and the controversy surrounding recognition of these certificates. In the context of Telekom's CR strategy, it appears to make more sense both environmentally and economically to instead invest in further reducing our energy consumption and increasing our energy efficiency. In 2013, around 25 percent of the electricity used by Telekom in Germany came from renewable energy sources, reflecting the general energy mix. At some of our international Group units, we will continue to purchase certificates in order to obtain a higher share of our electricity from renewable energy sources than is provided by the general energy mix (e.g., in the Netherlands, Hungary and Greece). Even if we have not been taking the amount of electricity used from renewable energy sources into consideration when gauging our achievement of our Group-wide climate protection target, we continue to monitor changes on the market and analyze future usage options. We have been analyzing the possibility of using electricity from renewable energy sources outside of Germany since 2013 (More green energy at European national companies).

GROUP-WIDE CLIMATE PROTECTION TARGET APPROVED.

Based on the development work done by a Group-wide team of internal energy and climate experts, the Deutsche Telekom Board of Management approved a strategic climate protection target for the entire Group at the end of 2013. The goal is to reduce total CO₂ emissions generated

by the Group (not including T-Mobile USA) by 20 percent by the year 2020 compared to 2008. 40 Group units in 29 countries participated in developing the Group-wide climate protection target, including European units in the Netherlands, Austria and Germany as well as units in other countries such as China, Malaysia, Brazil and South Africa.

The climate target was developed based on systematic measurements of Scope 1 and 2 emissions and potential analyses from each company. We also took business trips into account, even though these fall under the Scope 3 emissions category. Making sure that energy needs do not grow despite increasing amounts of data and high investments in modern network technology will pose a significant challenge as one of our aims is to provide our products and services to our customers in ways that are energy-efficient.

The Board of Management's approval of the climate target includes the implementation of tools for central monitoring and management as well as a consistent enhancement of the climate strategy. Identifying further efficiency potential, investing in climate projects (e.g., modeled after the Kyoto Mechanisms), and increased use of electricity from renewable energy sources are all interesting ways to achieve an ongoing reduction of CO₂ emissions.

The individual companies will contribute in varying degrees to the achievement of our Group-wide climate protection target. Contributions will be based on country-specific market and business trends and expansion scenarios (e.g., expansion of mobile communications networks, data center consolidation) as well as other climate-related and geographic factors that might have an impact on the energy efficiency measures.

The Board Representative for Climate Protection and Sustainability will be responsible for the achievement and enhancement of our climate protection target. He will also ensure that the Board of Management is updated on target progress in an annual status report.

PROGRESS IN MEASURING EMISSIONS ALONG THE SUPPLY CHAIN.

Scope 3 emissions are generated for instance by our employees on their way to work or by our customers when they use our products. We are already reducing these Scope 3 emissions, for example by issuing our staff with discount season tickets for the use of public transportation. The extent of these emissions is reflected in the fact that, on their way to work alone, our employees in Germany generate a volume of CO₂ emissions representing around 12 percent of our entire Scope 1 and 2 emissions.

In 2013 we made progress with the measurement of these Scope 3 emissions. We can now calculate 10 out of 15 categories in the GHG Protocol which we have rated relevant for our company. Our object is to report all our main Scope 3 emissions; we should achieve this in Germany in 2014 and for the Group overall in 2016.

10 PERCENT MORE GREEN ENERGY AT EUROPEAN NATIONAL COMPANIES BY 2016.

Our target is to achieve a renewable energy share in each European national company that exceeds the national renewable energy share by 10 percent until 2016 - if permitted by the liberalization of the national energy markets. With this step, we are planning to realize new CO₂ reduction potential that will even exceed our Group-wide climate protection target. We launched a project in 2013 to coordinate our energy procurement processes across country borders, optimize procurement models and create synergy effects. Our goal is to learn from each other and, in the medium term, purchase our electricity together instead of individually. However, we can only achieve this if consistent energy procurement regulations have been put in place in as many EU countries as possible by that time.

CLIMATE PROTECTION MEASURES.

The majority (around 70 percent) of our energy consumption in Germany can be attributed to operating our network infrastructure (fixed network, mobile communications and data centers). We also use a considerable amount of energy in our buildings (around 15 percent) and to manage our company and service vehicle fleet (around 10 percent; Telekom in Germany has one of the largest European fleets featuring some 27,000 vehicles). That is why we focus our efforts to reduce energy consumption and CO₂ emissions on these three areas.

MANAGEMENT APPROACH (ENERGY-EFFICIENT NETWORKS).

Telekom operates its own fixed-line and mobile communications networks and data centers in Europe and the US. The majority of our energy needs come from operating this network infrastructure. In the interest of our customers, we are constantly increasing network performance, which is, however, associated with increasingly higher energy needs. We take three approaches to reducing our energy needs despite this development:

- We optimize provision and conversion of energy through improved energy storage facilities and rectifiers
- We thoroughly update our network infrastructure (e.g., through the expansion of IP-technology) and consistently remove outdated technology
- We use energy-efficient lighting, monitoring and, especially, cooling technology in the areas surrounding our technical network systems and equipment

By signing the EU Broadband Code of Conduct and the EU Data Centre Code of Conduct, we have made a commitment to increasing and constantly improving the energy efficiency of our products and services.

Strategic and operational responsibility for climate protection measures.

Our national companies also need to specify climate protection goals to help us realize our Group-wide climate protection target. The Technical Director of the Telekom Group is responsible for setting these targets and monitoring accompanying measures. Each national company is responsible for putting the required measures into practice.

Measuring and steering energy demand at data centers.

An important indicator to control our climate protection activities is Power Usage Effectiveness (PUE). We use this indicator to measure the energy efficiency of our data centers. A PUE value of 2.0, for example, indicates that just as much secondary power is needed as the amount our servers are using. This secondary power is primarily used for cli-

mate control and to operate the converters that convert alternating current into direct current for our uninterruptible power supply (UPS). We are aiming at PUE values of below 1.3 at our new, high-efficiency data centers. Secondary power at these data centers only comes to 30 percent of the electricity needed for our IT technology. We managed to reduce the average PUE value at T-Systems' current data centers in Germany from 1.85 to 1.64 between 2008 and 2013. We almost reached our target of 1.6 by the end of 2013. This signifies a 25 percent improvement in energy efficiency.

We calculate the PUE value of large data centers in Germany every month, creating internal incentives to constantly improve efficiency. We also use additional indicators to manage our energy consumption. These include gauging electricity consumption per square meter of usable space and server room temperature.

MANAGEMENT APPROACH (FACILITY MANAGEMENT).

Our facility energy management activities can be broken down into "heating energy" and "energy consumption." We have defined sub-targets for each of these areas to help us attain our climate target in Germany. Progress is measured twice a year.

Heat and hot water.

We use approximately 600 GWh of heating energy throughout Germany each year, primarily by using gas and heating oil as well as district heating. That is the same amount of energy needed to provide around 100,000 newly built apartments with heat and hot water. To reduce consumption, we calculate the basic repairs needed at our facilities, conduct efficiency analyses and focus on necessary and particularly efficient measures within the scope of the available budget such as:

- Optimizing our heating systems (hydraulic adjustment, adjusting control technology, insulating pipes)
- Using condensing boiler technology to replace heating systems and pumps
- Recovery of waste heat produced by data centers
- Using cogeneration units

We use a standardized indicator system to assess all of our buildings before introducing these measures. We use the data to identify buildings with particularly high consumption levels, analyze the weak points in those buildings and then specify corresponding focal points for improvement. Group Facility Management is responsible for measurements, analyses and developing appropriate measures.

Electricity.

Our employee workstations, lighting, IT and building technology, including pumps, ventilation, cooling and elevators, are responsible for the highest energy consumption levels in our buildings. We focus our energy conservation measures on the following areas:

- Using LED lighting in underground parking structures and hallways
- Switching off building technology when the building is not in use
- Using state-of-the-art pumps and fans
- Demand-based room temperature regulation

We use an ISO 50001-compliant energy management system to improve the energy efficiency of our processes. We identify need for improvement by using specific indicators such as "kilowatt hours per square meter," "energy consumption around midnight" or "peak loads" to compare similar facilities and analyze potentially problematic buildings. PASM is responsible for the energy management system. We also conduct research projects on low-consumption grid control (load-adaptive networks & LANs) to help us develop efficient operating approaches for our workstations.

MANAGEMENT APPROACH (SUSTAINABLE MOBILITY).

We plan to keep average CO₂ emissions levels of all of the new cars we purchase (company and service vehicles) below 110 g/km by 2015. This target is well below the EU target of 120 g/km, which we achieved back in 2012. Our internal service provider, Telekom Mobility Solutions, is responsible for achieving this goal.

In order to optimize our vehicle fleet in terms of CO₂ emissions, our fleet management approach is based on three pillars:

- "Rightsize": selecting appropriately sized, energy-efficient, low-emissions cars. This does not just apply to service vehicles. Through our Green Car Policy and our employees' willingness to choose smaller cars with greater efficiency, we are advancing our sustainable fleet.
- "Economize": encouraging fuel-efficient, low-emissions driving through driver trainings.
- "Substitute": testing alternative mobility concepts.

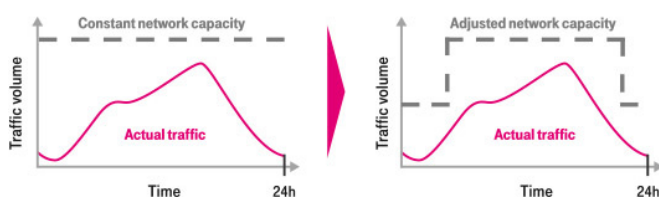
In addition, we promote climate protection by our employees, for example with discount season tickets for regional public transport and CO₂-neutral train journeys.

ENERGY EFFICIENCY IN THE NETWORK.

Reducing energy consumption by improving the energy efficiency of network operation is a key component in our climate strategy. We take different approaches for the fixed network, mobile communications and data centers. All of these approaches, however, include the use of innovative ICT solutions for load-based control of network performance and energy consumption.

POWER-SAVE MODE: SMART AND ECONOMICAL.

Network control is a major lever when it comes to making broadband services more environmentally friendly and affordable for our customers. We developed an innovative operating mode for fixed-line services to help us achieve this objective. In the fixed network, we are primarily using standardized ADSL/ADSL2+ (Asymmetric Digital Subscriber Line) technology on the basis of active, i.e., electrically operated, access networks. These networks are responsible for most of our fixed-network energy consumption and are typically operated in the L0 mode, which enables maximum transmission speeds at all times. However, these speeds are not needed for low data traffic volumes. Transmission speed can be reduced during phases with low data traffic using a reduced bit rate mode, the L2 mode. In collaboration with Alcatel-Lucent, we have further developed and standardized the L2 mode and evaluated it for use at Telekom. We can use this mode to significantly reduce energy consumption in access networks during low traffic periods.



Principle of load-adaptive network operation with L0 and L2 mode in the ADSL/ADSL2+ access network.

The diagram on the right shows the method with two switch levels, which already allows a rough approximation to the curve representing actual data traffic (depicted here in magenta). One challenge when it came to practical network operation was keeping transmission stable and delays to a minimum during the switch-over process. In 2011 and 2012, T-Labs collaborated with various Telekom network departments and a systems manufacturer to develop the Enhanced L2 Mode to support this process. This new mode was then tested, standardized and made available to Telekom Deutschland's operating units. The units have been evaluating the new mode and getting it ready for use since June 2013. Analyses have shown that the enhanced L2 mode will make it possible to avoid large amounts of CO₂ emissions and save operating

costs. Our operating units are currently working on using the technology under real-life conditions. We will be conducting a field test in 2014, which is expected to prove its suitability. Pending success, we plan to introduce the enhanced L2 mode throughout the company starting late 2014.

POWER GUZZLERS SHUT DOWN.

We switched off hardware with a performance of 3,153 MW that was no longer needed in 2013. That reduces electricity consumption by 27.6 GWh a year, the equivalent of 12,723 metric tons of CO₂. The systems were switched off as part of the migration from our conventional fixed-line technology to IP-connections.

DESI PROJECT: TAKING STEPS TOWARD LOW-ENERGY NETWORK CONTROL.

It takes a lot of energy to operate modern telecommunications networks. Telekom Innovation Laboratories (T-Labs) initiated the "DESI - End-to-end, energy-sensitive ICT production" project in June 2011 to reduce our networks' electricity consumption. The project has two main objectives: improving the energy efficiency of the network and making the telecommunications network as a whole more flexible in line with smart grid requirements.

The project, which is scheduled for completion in November 2014, was sponsored by the German Federal Ministry for Economics and Technology (BMWi) as part of the ministry's IT2Green program.

Project objectives included:

- Enhancing ICT component flexibility
- Achieving integrated flexibility along the entire supply chain
- Developing a standardized control system for ICT and power grid components

The project uses mathematical processes to enable the energy supply of the ICT network via a smart grid to contribute to stabilizing the power grids. DESI's main results include development of a model for integrated power grids and ICT networks and realization of a corresponding control architecture as an example. There is still much to be done before the results obtained from DESI can be used in Deutsche Telekom's commercial networks. But we are now better able to estimate how long we will need to switch the current Telekom network over to load-adaptive operation.

PRODUCING HEAT AND ELECTRICITY UNDER ONE ROOF.

Combined heat and power plants (CHPs) increase the stability of the power supplied to our network nodes (Internet distribution points) and produce less CO₂ thanks to their high energy production levels (efficiency). That is why in 2013 we started operating an additional six CHPs

in Germany with an electrical capacity of up to 250 kW and have commissioned construction of another seven.

Network nodes are typically supplied with power from the conventional power grid. Telekom has been operating its own micro-cogenerators since December 2010 as well to make more efficient use of primary energy (e.g., combustion heat). In addition to the power they generate, we also use the waste heat produced by the CHPs to heat buildings, for example. We use more than 85 percent of the primary energy in this way, compared to an average of only 39 percent of electricity from the public grid that can be used in this manner.

Another advantage of CHPs is that they are able to generate more power on short-term notice in times of high demand for power from the public grid (which costs a lot). That lowers our electricity costs while stabilizing and taking some of the load off the public grid at the same time.

In February 2014, Telekom Deutschland was operating its own CHPs at a total of 25 network nodes. In 2013, these units generated around 26 GWh of electricity and thermal energy. Because the units are very efficient, they generated around 9,000 tons less CO₂ than energy taken from public power grids.

SUN POWER FOR MOBILE BASE STATIONS.

Mobile base stations are being set up in exposed places - on high antenna masts, the roofs of houses and mountain peaks. Which is why it makes sense to make use of the plentiful supply of wind and sun energy available in these places. The Green Base Station project, in which T-Austria is participating, is taking precisely this approach. The pilot project is researching and testing a ready-for-market solution for mobile base stations powered by renewable energy. The first station in Kirchfeldisch in the Austrian Burgenland region was put into operation in early November 2013.

The project, which is being sponsored by the Austrian Research Promotion Agency (FFG), is being conducted in collaboration with the Schneemann engineering firm located in Stegersbach, the University of Vienna, the Joanneum University of Applied Sciences and the 4ward energy research GmbH research institute.

Since June 2013, T-Mobile Austria has also been testing the use of photovoltaic systems to generate power for a mobile base station in Vienna's 22nd district. The company has installed 19 m² of photovoltaic equipment which is expected to generate around 3,300 kilowatt-hours of electricity as part of the Telefonweg pilot project. This could reduce CO₂ emissions by around 2.8 metric tons a year.

SAY GOODBYE TO 2G: REPLACING OLD MOBILE COMMUNICATION TECHNOLOGY.

In November 2013 we finalized our project to replace old mobile communications systems, which had been launched in July 2011. The project covered around 12,000 mobile communications sites, about half of the 2G systems used in Germany. We also reduced the number of controllers for base stations from 333 to 54. With these measures, we were able to reduce energy consumption by around 20 percent compared to the old 2G systems.

Network modernization in the Netherlands.

In 2013 T-Mobile Netherlands invested significantly in a full network modernization to the Single RAN standard, which is capable of running different technologies (e.g. 2G and LTE) in the most efficient way. Besides the RAN network, the core and transmission network were also upgraded to the latest standards. As well as enabling more technologies for the customers, this network modernization reduces energy consumption despite the increase in network traffic.

COMGREEN: COMMUNICATING NETWORKS SAVE ELECTRICITY.

Almost 150,000 base stations are being operated in four mobile communications networks in Germany day and night. These networks used to need a constant amount of energy at all times, regardless of the data volume being transferred.

With the ComGreen project which is supported by the Federal Ministry of economics and Energy Telekom is developing a way of adjusting network performance to demand. We set up smart controls to detect how many customers are currently signed onto a network and how much capacity or bandwidth they are currently using. The controls use this information to adjust network performance to the current data load. This load-adaptive operating mode makes it possible to automatically switch parts of the network infrastructure, like transmitter masts or servers, to an energy-saving mode when demand is low. These network components still have enough power however to provide service to the few cell phones that are being used during the nighttime and early morning hours, for example. With this approach, we can considerably reduce energy consumption and, as a result, operating costs and CO₂ emissions.

The ComGreen project ran from June 2010 to April 2014.

ENERGY EFFICIENCY MEASURES IN ROMANIA AND CROATIA.

Positive results from energy-saving trials.

Based on trial results in 2012, Cosmote Romania implemented in 2013 an energy-saving solution through improved cooling efficiency on 700 BTS greenfield shelters (while it already had been implemented on 300 others in 2012).

In 2013, Cosmote Romania made an inventory of possible energy-saving solutions, targeting each area of the network, i.e. core locations, greenfield shelter sites and indoors. Different solutions were investigated with respect to their energy-saving potential, impact on telecom network quality and resiliency, and openness to future network upgrades. Of the possible solutions two were tested in separate trials and shown to be highly beneficial in terms of ROI (return on investment) and operational impact:

- Replacing the current low-efficiency power system with a new, high-efficiency power system featuring a separately insulated and cooled battery compartment.
- Modifying, rather than replacing, the current power system by insulating the battery compartment and installing dedicated coolers. In this approach savings are gained solely from lower energy consumption.

Lower energy costs and CO₂ emissions in the long term.

An open-end energy efficiency project launched by Hrvatski Telekom in 2011 aims to synergistically combine the energy-saving impacts of existing individual measures. The long-term goals of the project are to lower energy costs and reduce CO₂ emissions by optimizing energy consumption. One important measure realized in 2013 was to switch off three transit telecom traffic exchanges and more efficient utilization of the other network exchanges, which resulted in energy savings totaling 3.8 GWh in 2013. In another key measure 40 new free cooling devices were installed to provide more efficient air conditioning at mobile base stations.

TEN DATA CENTERS IN THE EUROPEAN CODE OF CONDUCT ON DATA CENTRES.

During the reporting period, ten of T-Systems' data centers in Europe (47 in total) participated in the EU Code of Conduct on Data Centres. Each year we disclose the comprehensive energy levels for these facilities and report on the measures we employ to improve energy efficiency. Two new data centers in the city of Magdeburg and neighboring Biere are scheduled to be included in the code by mid-2015. However, we are also planning to take other data centers out of the program. The reason for this is that we plan to utilize the capacity of large state-of-the-art data centers more efficiently and close others in line with our consolidation program. Because it will not be possible to gauge the overall increased efficiency resulting from the program by measuring individual data centers, these data centers will no longer meet the criteria for participation.

OPTIMIZING AND CONSOLIDATING DATA CENTER: LESS IS MORE.

We are also making efforts to reduce CO₂ emissions in the way we operate and design our data centers. The approach taken by Group subsidiary T-Systems basically falls into two phases: optimization measures at the different data center sites and global optimization spanning the entire data center landscape worldwide.

The first phase was conducted from 2008 to 2013 by thoroughly optimizing current data center sites. Some examples include updating the cooling systems and installing cold aisle containment to control the flow of cooling air as needed and minimize cold air waste in the IT areas. In this context, upgrading our IT systems and migrating the application environments to this new technology helped us to improve energy efficiency considerably.

Enhanced energy efficiency is measured using the PUE (power usage effectiveness) factor, which specifies the energy used throughout the entire data center compared to the energy used by IT systems and is calculated for each data center. Between 2008 and 2013, we saw a positive change in the average PUE factor from 1.85 to 1.64 thanks to the measures described above.

The second phase began in 2013 and involved combining the physical consolidation of data centers (i.e., reducing the amount of data center space and the number of sites) with logical consolidation (i.e., virtualization). The DC11@2018 program is working to globally consolidate data center sites with the latest IT technology to a few FMO (future mode of operation) data centers. We expect these measures to massively reduce CO₂ emissions. Current program plans estimate a cumulated CO₂

reduction of up to 51 percent by 2020 based on the 2012 figures.

DATACENTER 2020: CLIMATE PROTECTION THANKS TO HIGHER AIR TEMPERATURE AND TARGETED COOLING.

T-Systems and Intel collaborated from 2009 to 2013 in a technology partnership under the name of DataCenter 2020. The purpose of the partnership was to figure out how to most effectively reduce resource consumption at data centers as a performance ratio. In 2013, we had to put the results of the collaboration into practice in order to reduce energy costs and CO₂ emissions at T-Systems' current data centers.

We set up cold-aisle containment with performance-based control at our data center in Munich. We also increased the temperature of the air drawn into the computers at selected data centers by 1 to 2 degrees kelvin. This has no effect on processor performance and reduces the need for cooling. The findings from DataCenter 2020 are also being used at the new data centers in Biere/Magdeburg. This will help us meet our target power-usage-effectiveness (PUE) level of 1.3 in real-life data center operations as well.

During the project, the partners had analyzed the reduction potential involved in all aspects ranging from cooling and energy consumption to server space usage at a test laboratory set up in the Munich Euro Industriepark complex. Results showed that comparatively simple measures had a huge impact. That's why the researchers focused on two key areas. They strictly separated cold and warm air to reduce the revolutions per minute of the circulating air cooling units. They also increased room temperature so that the facilities could be cooled by outside air for longer periods of time. Both measures reduced cooling unit energy consumption considerably. In combination with other adjustments such as increasing processor capacity utilization, we obtained a PUE level of 1.3 in the test environment.

STABLE GRID THANKS TO PEAK LOAD MANAGEMENT.

Systematic management of energy in the power grid can considerably reduce costs for energy taken from the public grid and stabilize the power grid as well. Taking steps to stabilize the grid is becoming increasingly important as a result of the trend toward using fluctuating solar and wind energy.

New ways to manage energy peaks in the grid.

That is why our energy service provider, Power & Air Solutions, introduced different peak load management systems in 2013. These help balance out peak loads in the power grid. We employed one of these solutions at the Marsplatz network node in Munich. The solution uses current meter readings and annual consumption values to calculate the permissible maximum amount of energy that can be taken from the public power grid at any time. If this level is exceeded, the solution switches off separate network components within a split-second or activates its own power generators. This lets us limit the amount of energy we purchase from external sources and prevent fluctuations in the power grid. This gives us a financial advantage since each extra kilowatt-hour we purchase comes with extra costs, particularly when the public power grids are being used heavily. We were also able to reduce the amount of CO₂ produced during network operation in those places where we employ our own highly efficient cogeneration units (CHPs) – particularly because CHPs run on low-emissions natural gas.

EMERGENCY AID FOR STABLE POWER GRIDS.

Our energy service provider, Power & Air Solutions, has been working together with T-Labs and power provider Vattenfall in Hamburg since 2013 to test the effectiveness of using its battery systems to stabilize the power grid. Batteries are typically used to guarantee uninterruptible power supply to our network nodes in case of a power outage. However, they can also be used to adjust the amount of energy fed into the grid and taken out of the grid to prevent capacity overload and power outages. The more solar and wind energy is fed into the grid, the more important this becomes to even out any fluctuations.

ADDITIONAL ACTION AREAS.

We take a broad approach to reducing our carbon footprint. Key components include using energy-efficient building installations and power supply from combined heat and power plants, low-emissions mobility and alternative drives. We compensate for unavoidable greenhouse gas emissions, like those generated in connection with our events, by financing recognized climate protection projects.

ENERGY-EFFICIENT FACILITY MANAGEMENT.

Telekom takes different approaches when it comes to reducing electricity consumption and costs and improving the company's carbon footprint by increasing energy efficiency.

LED: Better lighting – less electricity.

Our pilot project, "LEDs in Equipment Rooms," was successfully completed in 2013. Since then we have been using LEDs instead of spotlights at our Frankfurt Entertain Showroom and LEDs instead of fluorescent lamps in our equipment rooms. LEDs provide precise, pleasant lighting and reduce electricity consumption by 28,000 kWh a year (or 13 metric tons of CO₂ emissions). One LED lamp uses up to 65 percent less energy than conventional fluorescent lamps while producing the same amount of light. Other advantages include less waste heat, considerably fewer harmful substances (e.g., mercury) and a life span up to five times as long.

T-Systems Iberia: simple measures reducing energy consumption.

In 2013, the Spanish subsidiary T-Systems Iberia refitted 250 lighting fixtures with LED lamps in its Barcelona and Madrid offices. The result was a reduction in power consumption of approx. 90 percent in zones covered by the program. In the Madrid offices, employees working Saturdays or on public holidays have been regrouped to work in a single working area instead of on different floors. With less air-conditioning required, T-Systems Iberia expects a reduction of 4-5 percent in the overall energy consumption of the Madrid site. To reinforce the importance of energy savings, the importance of individual actions such as switching off the PC or turning off the lights was communicated to all the employees. The company's energy-saving program started in June 2012 and has been accompanied by internal communication measures to inform and motivate employees to reduce energy consumption.

Decentralized energy supply.

We created an energy concept for the new Telekom campus in Darmstadt in 2013. The concept includes possible use of solar and wind energy, a combined heat and power plant (CHP) unit and a large-scale battery storage system to provide green energy to the buildings. It also makes sure that the local systems can be integrated into a future smart grid. The energy concept is scheduled to be put into practice in 2014. According to our analyses, the systems will have a very high efficiency. More than 85 percent of the thermal energy employed will be used for

heating or converted into electricity. In contrast, energy efficiency only comes to 39 percent for the electricity currently taken from the power grid in Germany.

NEW HEATING PLANTS IN ROMANIA FOR REDUCED CO₂ EMISSIONS.

From September to December 2013 Romtelecom replaced eight old gas heating plants. Thanks to the new, more efficient plants, energy consumption will be reduced by 1340 MWh per year, equivalent to 720 tons of CO₂ emissions.

ENHANCED ENERGY EFFICIENCY THROUGH NEW OFFICE COMPLEX.

In the second half of 2012, over 1,500 employees from the Greek subsidiaries OTE and Cosmote were relocated to a new facility at Paiania in the Greater Athens area. The biggest benefit of this move has been a reduction in energy consumption of approx. 25 percent, even though the overall superstructure surface has been increased by almost the same extent. The complex became fully operational in 2013 and fulfills the highest energy efficiency standards – Leadership in Energy and Environmental Design (LEED®) Gold Certification and a Class A energy efficiency status according to the Greek Building Energy Accreditation Scheme. Before this move, Cosmote was using five different buildings with an overall superstructure surface of almost 23,500 m² and a total energy of more than 6 GWh per year. The actual annual energy consumption of the new complex is about 4.5 GWh, even though its overall superstructure surface exceeds 29,000 m².

CLIMATE-FRIENDLY MOBILITY.

We purchase more efficient cars and encourage our employees to use efficient driving practices in order to reduce our fleet's carbon footprint. If employees choose a car with high CO₂ emissions levels, they have to help cover the higher mobility costs and higher environmental pollution by paying a monetary penalty. Some of the profits generated from the penalties were donated this year to environmental projects.

New cars: CO₂ emissions reduced to 118 g/km.

We were able to reduce the CO₂ emissions of all of the cars we purchased for Telekom in Germany from an average of 120 g to 118 g CO₂/km per car. These figures are based on product information. Our plan is to reduce average emissions to 110 g CO₂/km by 2015 assuming suitable cars are available for purchase.

T-Systems' ECO-Drive Challenge in Czech Republic.

During 2013 T-Systems Czech Republic introduced an eco-friendly car policy and also bought 56 eco-friendly cars with small-volume engines and lower CO₂ emissions (BlueLine and GreenLine models with average CO₂ emissions of 109 g/km). Besides, a total of 200 employees took

part in a company-wide ECO-Drive Challenge. As a result of these measures, the company saved 40,000 Euro in fuel costs and 35,000 Euro in the cost of buying and operating these cars.

Training for efficient, safe driving.

In 2013, around 1,640 Telekom employees in Germany, including 360 trainees, participated in our green driver training program. Training content includes road safety. We have particularly structured this offer for employees who commute frequently and for people who are especially exposed to risks on the road including technical field service staff, trainees and employees with hearing impairments.

USING ALTERNATIVE DRIVES.

We can reduce the CO₂ emissions produced by our fleet by using alternative drives and fuels. Using natural gas represents one possibility. We are especially planning to continue to keep tabs on developments in electric mobility and test out innovations.

Natural gas car pilot test a success.

The number of natural gas vehicles in our fleet over the past few years has dropped since the models offered by manufacturers did not meet our needs. The fact that very few gas stations were available made it even more difficult to use these cars. Nevertheless, we still feel that low-emissions natural gas drives are the right approach toward effective green mobility. With a considerably improved vehicle offer and additional financial support, we placed particular emphasis on purchasing natural gas cars for our company car segment. Due to positive user feedback, we plan to continue these activities in 2014.

Testing the performance of electric cars.

There are still several hurdles to overcome before electric cars can be widely employed. Limited range, insufficient charging infrastructure and high procurement costs make the cars unattractive in many usage scenarios. We participate intensively in selected electric mobility pilot projects to test the medium-term potential of electric mobility:

- The Smart electric drive (Smart ED) vehicles used in the pilot regions of Bonn and Berlin as rental and service vehicles were able to meet our expectations. Electric cars can definitely be used for short trips in the city. That is why Telekom MobilitySolutions will continue the pilot project in the rental car area, which was scheduled to end in 2014, with the latest generation of electric cars. The models scheduled for use in Bonn until April 2014 will thus be replaced with new electric vehicles.
- Different corporate units reported a need for electric cars for special company use at the start of 2014 despite high vehicle costs and distance limitations. In response to these requests, Telekom MobilitySolutions will be providing electric vehicles in the service vehicle segment.
- We are also planning to use one electric car as a chauffeured vehicle for our Board of Management fleet in 2014. By doing so, we will be able to meet the mobility needs of our Board members within a 250 kilometer radius with electric mobility.

Our national companies are working toward an e-mobile future as well. For example, Magyar Telekom operated three fully electric vehicles in 2013, and T-Systems Iberia purchased its first electric vehicle.

Participating in funding and research projects.

We participate in the Hamburg e-mobility funding project "Wirtschaft am Strom" (a play on words: business by the river/business connected to the grid) in the service vehicle segment. Ten electric vehicles have been put into use there in March 2014 within the scope of the project. Telekom MobilitySolutions is launching another pilot project in the first half of 2014 for using electrically-powered company cars.

Our Greek national mobile communications company, Cosmote, has been participating in a research project since 2012 that will be sponsored by the EU until 2016 within the scope of its Seventh Framework Program: TEAM (Tomorrow's Elastic Adaptive Mobility) is a project being conducted by a number of industry partners to test different forms of collaboration to promote green mobility.

Bikes for commuting in cities.

We are upping our investment in the green mobility of our employees. Bicycles are part of our plans as a CO₂-neutral means of transportation. We added new models to our current pool of bikes for rent in Bonn in 2013 to promote the use of bicycles within the Group. Employees can use these bikes for company purposes at no charge. Due to increasing demand, we are planning to start expanding our rental bike offer to 18 locations in six cities in 2014. We also launched a one-year pilot phase with 20 electric bikes for employees at our Bonn offices in summer 2013. We gave 15 of them to employees for individual use and put the other five e-bikes into our bike pool. In summer 2014 we are planning to start offering bikes and e-bikes to employees in the form of gross deferred compensation. The first step will be to offer the bikes to a pilot test group. Under this scheme, the fees for using the bikes will be deducted from the employee's gross salary.

In May 2013 Magyar Telekom launched a self-service bike rental program known as TeleBike. Employees can rent bikes at the stations free of charge, enabling them to travel between the four facilities of Magyar Telekom and T-Systems Hungary faster and in more eco-friendly fashion. In 2013 1,130 registered users travelled 10,613 kilometers by bike and thus saved 2,585 kg of CO₂ emissions.

RENEWABLE ENERGY PRODUCTION FOR OWN USE.

Deutsche Telekom's subsidiaries in Greece (OTE and Cosmote), the Netherlands (T-Mobile), Poland (T-Mobile Poland) and Montenegro (Crnogorski Telekom) have been generating electricity from their own solar panels for some time. 2013 saw new solar power installations at subsidiaries in Hungary and Austria.

In 2013 Magyar Telekom installed solar collectors for communal water heating on its guesthouse. They provide 30 percent of the hot water needed, which by preliminary calculations is expected to save nearly 8 tons of CO₂ emissions a year.

T-Mobile Austria installed an electric charging station along with a photovoltaic system at its company headquarters, the T-Center in September 2013. Employees and T-Mobile customers will be able to use the charging station to charge their cars for free. T-Mobile's electric

Smart vehicle can be charged at the station as well. Numbers show that the photovoltaic system at the T-Center produces enough electricity to operate the charging station.

RENEWABLE ENERGY CERTIFICATES PURCHASED BY SOME NATIONAL COMPANIES.

Some national companies bought certificates for renewable energy in 2013. T-Mobile Netherlands purchased Guarantees of Origin (GoO) for 100 percent of its total energy consumption of 102,665 MWh. Magyar Telekom Plc. bought renewable energy certificates for 34,000 MWh, or nearly 16 percent of its total energy consumption of 210,292 MWh.

11,333 METRIC TONS OF CO₂ OFFSET THROUGH CLIMATE PROTECTION PROJECTS.

Our energy management system is based on the principles "avoid, reduce, compensate". Our first priority is to avoid generating greenhouse gases wherever possible. The second priority is to reduce the amount generated where emissions cannot be avoided. We invest in certified climate protection projects to compensate for some of the CO₂ emissions that we are unable to avoid or reduce.

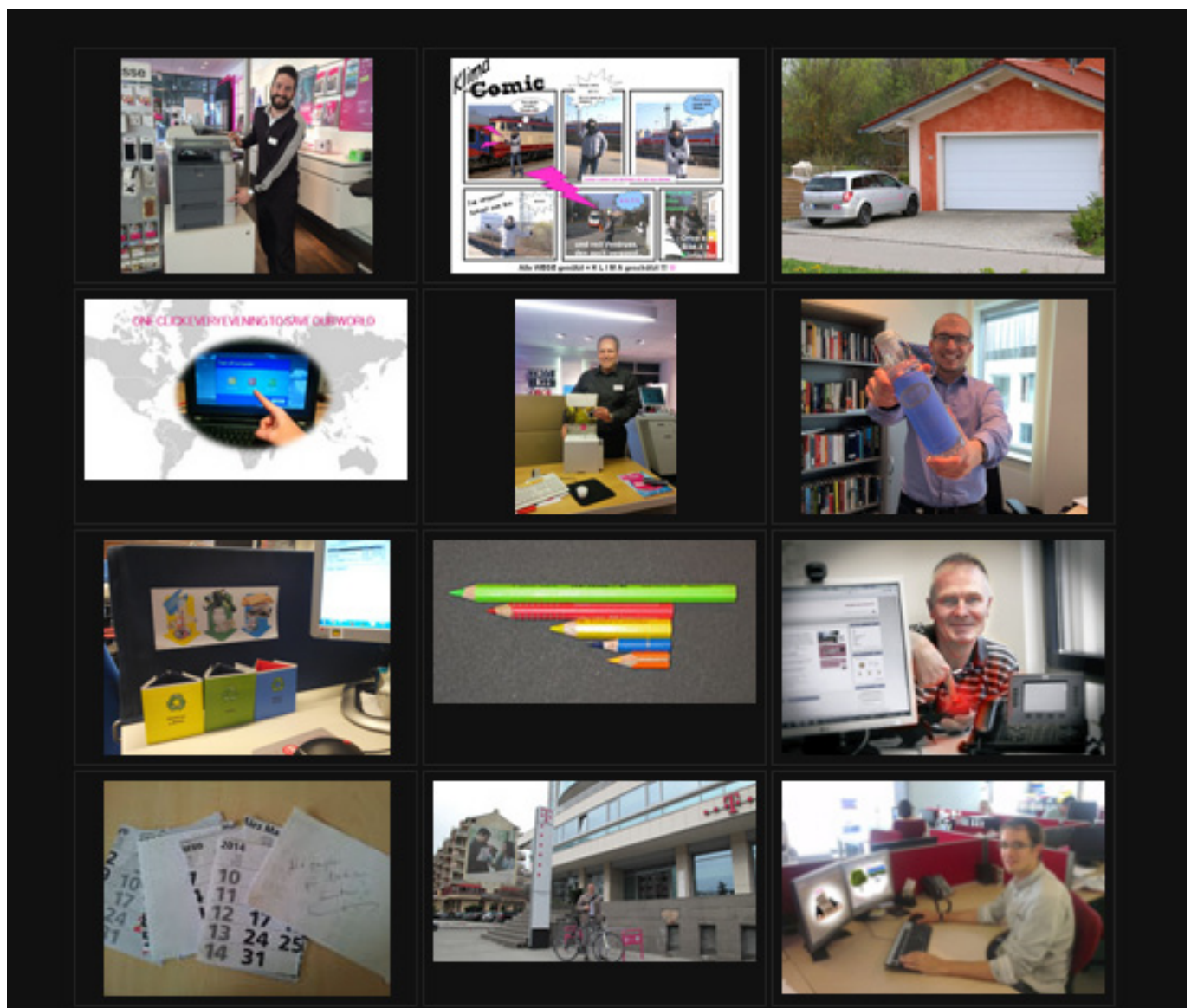
From early March 2013 to late February 2014, Telekom compensated for 11,333 metric tons of CO₂ emissions. These included emissions associated with our events (participant travel to and from the event, room usage, etc.) and our products and services (e.g., operating telephone or web conferences and download portals). Our Event Policy specifies how to compensate for emissions produced at our events.

One way we do this is by providing financial support to a biogas project in India. 30 percent of the climate certificates comply with the Gold Standard, the strictest requirements for emission reduction projects worldwide, and 70 percent comply with the Voluntary Carbon Standard, which is recognized internationally as well.

CLIMATE PROTECTION PHOTO COMPETITION.

Telekom employees showed how diverse environmental protection can be in early March 2014 within the scope of an international photo competition. A total of 90 employees from six countries participated. The creativity of our employees knew no bounds. They took photos of themselves on the way to work – active on their bicycles, by foot or using public transportation with our season ticket. The photos also depicted numerous efforts to reduce electricity and energy consumption. These included conscious efforts to reduce plastic waste, turning off energy guzzlers and separating and recycling garbage. Participants presented a project for building an energy-efficient data center and took photos of outdated technology removal and cellphone collection campaigns.

The goal of the competition was to encourage our employees to get involved in protecting the climate. The photo gallery below includes a small selection of their entries.



RESOURCE EFFICIENCY AND ENVIRONMENTAL PROTECTION.

We work hard to improve the energy efficiency of our networks. In our view, this is the most effective way to reduce our impact on the climate and environment. We make sure to use scarce resources like metals, rare earths, wood and water sparingly. We also do our best to minimize soil sealing, e.g., for network expansion, and the impact this has on biodiversity.

MANAGEMENT APPROACH.

Deutsche Telekom maintains a Health, Safety and Environmental management system (HSE). By using this system, we have made a commitment to constantly improve our performance in this area. We have also specified a Group-wide framework for waste prevention and recycling. The main objective of this framework is to improve resource efficiency throughout the Group.

Resource efficiency at the workplace.

We use recycled paper and energy-efficient printers to improve resource efficiency at the office. We also purchase green office supplies.

GROUP-WIDE FRAMEWORK FOR WASTE REDUCTION AND RECYCLING.

We specified an "international framework for waste management" during the reporting period, creating a Group-wide, standardized basis for responsible waste management practices. We intend to further reduce the amount of waste we produce, particularly hazardous waste, and improve our raw materials recycling rate. Our national companies will develop their own waste strategies or adjust existing strategies and define appropriate targets on this basis.

REDUCING ELECTRONIC, OFFICE AND DOMESTIC WASTE.

Throughout the Deutsche Telekom Group there were renewed efforts to reduce electronic, office and domestic waste in the year under review – for example in Spain and Greece.

Sale and reuse of electrical and electronic equipment.

Since 2012 T-Systems Iberia has been selling any electrical and electronic equipment it no longer requires to a supplier. As a result, the amount of electrical and electronic waste has been reduced. During 2013, for example, 335 laptops were donated to this supplier, which resulted in a reduction of 1,340 kg in waste.

In 2012 T-Systems Iberia also began selling redundant electrical and electronic equipment from its data centers to a supplier who is required to use any suitable spares in maintaining the company's equipment. So the supplier is turning redundant equipment into repairable spares and the company is reducing the amount of waste generated annually in data centers by approx. 90 percent in a year-on-year comparison. Cost savings are being achieved in the fields of spare parts, storage and waste management.

Successful internal recycling program.

In June 2013 OTE and Cosmote launched a new recycling program at their central administrative offices (2 buildings) where more than 3,500 employees work. The program, which encourages the recycling of packaging materials, office paper, ink cartridges, light bulbs but also small electric and electronic appliances, portable batteries and phone devices (mobile and landlines) with their accessories, is based on the sorting-at-source principle, with centralized waste collection and management.

For the operation of the program roles and responsibilities were designated, training sessions for OTE / Cosmote employees held and detailed work instructions developed.

The program is expected to generate reliable data on waste generation and recycling in buildings and to enhance the environmental awareness of OTE / Cosmote employees. Plans to expand the implementation of the program in four main buildings are currently in progress.

During the first six months of the implementation of the program 31.5 tons of paper and packaging materials were collected and recycled in the two buildings. This total was made up of 28.4 tons of paper, 2.2 tons of plastic and 0.9 tons of tetra-pack waste.

11,025 METRIC TONS OF COPPER CABLE RECYCLED.

In 2013, Telekom removed more than 11,025 metric tons of copper cable from duct systems in Germany alone. The cable was processed in accordance with environmental standards at certified waste disposal facilities and up to 90 percent of the material was recycled.

ENVIRONMENTAL EDUCATION RAISES AWARENESS AMONG EMPLOYEES AND SOCIETY.

Deutsche Telekom prioritizes environmental education to make its employees and society in general more aware of ecological issues. The measures implemented during the reporting period included an internal environmental campaign, educational projects in schools and idea competitions.

Internal campaign for environmental protection.

From 17 August to 19 October 2013 T-Systems Slovakia ran an internal ecological campaign to raise environmental awareness among employees, e.g. about recycling. A total of 30 participants attended seminars to do with the project. At one volunteering day 13 employees and their families helped to build a unique hobbit house to serve as a teahouse in an ECO center. And at another volunteering day in a National Nature Reserve 17 employees painted the boundary fencing.

Solar Sunflowers at elementary schools in Croatia.

In March 2013 Hrvatski Telekom launched and financed the Solar Sunflowers project with a donation of approx. 53,000 EUR (HRK 400,000). The project was implemented in cooperation with the United Nations Development Program (UNDP). As a result, 10 elementary schools throughout Croatia have been equipped with a solar tracker ("solar sunflower"), a freestanding solar system that tracks the sun throughout the day so that solar modules are positioned at an optimal angle to the sun. This increases system efficiency by approx. 30 percent and thus increases the amount of energy produced.

The idea behind the project is to educate children about renewable sources of energy, and in particular solar and wind energy, by enabling them to see how much energy is being produced by each solar sunflower in a given hour, day or year. They also learn about the energy that can be generated from river currents, tides and waves as well as geothermal and biomass energy.

In July 2013 the project was additionally advertised with an innovative billboard made with photo sensitive colors where pictures alternated according to the amount of sunlight.

Financially supporting Green Schools in Albania.

In collaboration with UNICEF and other project partners, the Albanian subsidiary AMC supported the Green Schools program with a donation of 5,000 EUR. This environmental initiative, the first of its kind in Albania, aimed at raising awareness of environmental protection and improvement from March to December 2013. The program included green school certifications, more bins placed around schools, the planting of flowers and trees, and the installation of benches.

Environment and sustainability fund at T-Mobile Austria.

In October 2013, T-Mobile Austria called for submissions for its environment and sustainability (TUN) fund. The fund recognizes innovations targeted at solving environmental and sustainability problems with prize money totaling at 50,000 euros.

The winners of the 2012/2013 round were recognized on April 24, 2013. Projects to fight bee extinction, to improve car use efficiency through car sharing and to develop cell-phone cases made out of recycled material were awarded the top three prizes.

Green ideas.

In March 2013 AMC supported Partners Albania in the Green Philanthropy 2013 national competition, which aims to engage local communities and interested parties in mitigating negative environmental effects. The competition was open to all civil society organizations, social enterprises and business ventures that identify, choose, and later implement innovative ideas for a greener environment.

One of the winning ideas in 2013 that will be subsidized to the tune of 3,000 Euro by AMC is "Furniture and recycled objects", a project staffed by retired professionals that aims to make furniture through recycling the wooden pallets and ornamental objects, shades and various lighting fixtures from recycled glass objects. It will give young orphans and pensioners an opportunity to develop their professional skills.

SUPPORT FOR EMPLOYEE ENVIRONMENTAL PROJECTS.

As part of its Green Car Policy, Deutsche Telekom provided a total of 150,000 euros in donations for ten environmental projects in 2013. Deutsche Telekom employees in Germany could decide how much money each individual project received: between 5,000 euros and 25,000 euros depending on the ranking. The majority of votes (39 percent) went to the "Investigating water pollution by microplastics" project by One Earth – One Ocean e.V.

In addition, this year, employees could also put forward non-profit environmental projects that they are involved in for support. A jury selected ten projects from those submitted by employees, which received funding totaling 32,500 euros. This included the Natur- und Begegnungs-Bauernhof ("Face to face with nature on the farm" - NaBeBa e.V.) association, which is committed to raising awareness of nature among children and young people.

The Green Car Policy contains a bonus/penalty system as an incentive to encourage our employees to select fuel-efficient company car models. Employees who choose a car with high CO2 emissions levels have to help cover the higher mobility costs and higher environmental pollution by paying a monetary penalty. The profits from this are used for mobility projects, such as financing and promoting eco-driver courses, promoting electromobility and environmentally-friendly natural gas vehicles, and the use of bicycles and e-bikes. Some of the penalty profits also go toward environmental projects.

PROTECTING BIODIVERSITY.

Our network expansion activities sometimes involve building over natural habitats and interfering with biodiversity. In addition to conducting mandatory compensation measures, we also work to conserve or restore natural habitats that are home to a particularly wide range of bio-diversity.

In 2013, we donated money from the nature conservation fund jointly financed by Telekom Deutschland and the Deutsche Umwelthilfe (DUH) environmental organization to protect the biodiversity of the Dellbrücker Heide moorlands. The project was initiated by Friends of the Earth Germany (BUND e.V.). The nature reserve located outside the city of Cologne is actually a man-made landscape created by grazing and deforestation activities over the past few centuries. Today, however, it is home to a number of animal and plant species that have effectively adapted to these conditions, including around 90 kinds of wild bees. Wild bees play a key role in pollinating fruit trees. However, many kinds of bees are threatened with extinction by insecticides and soil sealing.

A pack of donkeys is kept on the Dellbrücker Heide moorlands to maintain the habitat. Donkeys feed off young trees, preventing development of shrubs and forest. They also help spread plant seed. DUH and BUND organized volunteer days in winter 2012/2013 to clear areas of moorland that had been overgrown. The new equipment they used was paid for with donations by Telekom.



In Addition, Telekom supported the Naturschutzbund (Nature Protection Society of Germany, NABU) project "Naturparadies Bärenbusch" for the conservation of ecologically valuable low moors. The funds were made available through a bonus/penalty program established by our Green Car Policy.

GREEN OFFICE SUPPLIES.

Around 35,000 orders for office supplies at Telekom in Germany complied with our sustainability criteria in 2013. After making adjustments to purchasing processes, as of 2015 we will be able to transparently track the share of our total order volume that can be attributed to green products. Our central order system, eBest, encourages employees to purchase green office supplies.

Since January 2013, all T-Systems employees in the Netherlands have been using electronic pay slips, which has resulted in a reduction in paper consumption.

FACTS & FIGURES.

ENVIRONMENTAL INDICATORS		2012	2013
CR KPI "Energy Consumption" (MWh / mil. €)		119 	121
CR KPI "CO ₂ Emissions" (Thousand t)		503 	720
CR KPI "Used Cell Phone Collection" (Cell phones coll. thousands / Customers mil.)		6 	4
SOCIAL AND HR INDICATORS			
CR KPI "Employee Satisfaction CR" * (%)		69	-*
CR KPI "Social Commitment" (% points)		- 6 	+ 6
ECONOMIC INDICATORS			
CR KPI "Sustainable Procurement" (%)		54 	54
CR KPI "Socially Responsible Investment" (%)		14 	21

* As the employee survey is conducted every two years, no new results for 2013 were available. The next survey will take place in 2014.

SOCIALLY RESPONSIBLE INVESTMENT.

CR KPI „SOCIALLY RESPONSIBLE INVESTMENT“.

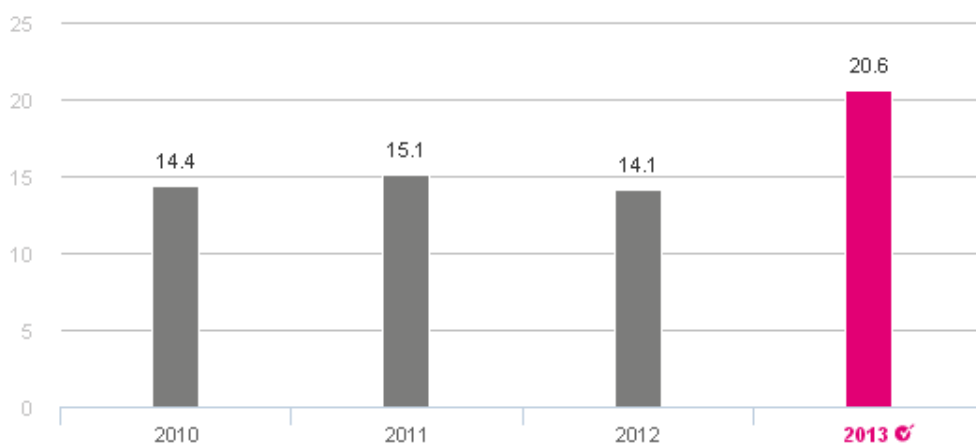
In 2013, 19 percent of our shares were held by investors who take SRI criteria into account at least partially in their investment decisions (broad SRI). 2 percent of T-Shares were held by investors who give priority to SRI aspects when managing their funds (core SRI).

Reporting against standards.

The KPI is relevant for criteria 1 (Strategic analysis, strategy and goals) and 7 (Rules and processes) of the German Sustainability Code.

CR KPI „Socially Responsible Investment“ Deutsche Telekom AG.

In percent.



■ Share of Deutsche Telekom AG stock that is owned by investors whose investment strategies take environmental, social, and governance criteria into account (data taken from: Ipreo, since 2009). Please note that year-on-year comparisons may prove unreliable as the calculation base is updated annually.

LISTING OF THE T-SHARE.

Listing of the T-Share in sustainability indices/ratings.

Our commitment to sustainable development has received widespread acknowledgment. Various rating agencies give us high marks for sustainability. In addition to this, our shares are listed on many sustainability indexes, including the FTSE4Good Index. The following table provides an overview of how successful we are in the leading ratings and indexes.

The T-Share was listed on the STOXX Global ESG Leaders Index for the third year in succession. It was successfully added to the new UN Global Compact 100 index in 2013. This index lists business enterprises that head world ratings in human rights, labor conditions, environmental protection and compliance. During the reporting year we again improved our result in the SAM rating, which assesses sustainability management performance, compared with the previous year. This improvement

was, however, not sufficient for re-admittance to the Dow Jones Sustainability Indexes (DJSI), since requirements for entitlement have again been raised. In order to raise our SAM rating even further in 2014, we therefore plan to concentrate above all on the topics that offer the greatest improvement potential. In 2013, we gained a place on the Climate Disclosure Leadership Index for the DACH region (Germany, Austria, Switzerland). This was the result of well above-average transparency in our climate-relevant activities. We were awarded 90 out of a possible total of 100 points for the data we submitted to the Climate Disclosure Project. This positions us among the best ten percent of companies in these regions.

Reporting against standards.

The information is relevant for criterion 1 (Strategic analysis, strategy and goals) of the German Sustainability Code.

Rating agency	Indexes/ratings/ranking	Successfully listed in index				
		2013	2012	2011	2010	2009
SAM	DJSI World	✗	✓	✓	✓	✓
	DJSI Europe	✗	✓	✓	✓	✓
Oekom	"Prime" ^{a)}	✓	✓	✓	✓	✓
	iSTOXX 50 SD KPI/disproportionate emphasis on DT (new since 2013)	✓	n.a.	n.a.	n.a.	n.a.
Sustainalytics	STOXX Global ESG Leaders	✓	✓	✓	n.a.	n.a.
	UN Global Compact 100 (new since 2013)	✓	n.a.	n.a.	n.a.	n.a.
imug/EIRIS	FTSE4Good ^{a)}	✓	✓	✓	✓	✓
	ASPI (index terminated in June 2013)	✓	✓	✓	✓	✓
VIGEO	ESI	✗	✗	✓	✓	✓
CDP	Carbon Disclosure Leadership ^{b)}	✓	✗	✗	✗	✗
	Carbon Performance Leadership	✗	✗	✗	✓	n.a.
Newsweek Green Rankings	Included in Global Top 500 ^{c)}	✓	✓	✓	✓	n.a.
Sarasin	DAX Global Sarasin Sustainability ^{a)}	✓	✓	✓	✓	✓
MSCI	MSCI Global Climate	✗	✗	✓	✓	✓

✓ Successfully listed ✗ Not listed

^{a)} Last DT rating carried out in 2012; new rating planned for 2014.

^{b)} First inclusion in the Carbon Disclosure Leadership Index of the DACH region (Germany, Austria, Switzerland).

^{c)} Last ranking carried out in 2012 (Global #41), next ranking planned for 2014.

SUPPLIERS.

CR KPI „SUSTAINABLE PROCUREMENT“.

We measure the degree to which our procurement volume is covered by sustainable activities with the Sustainable Procurement CR KPI. It measures the share of procurement volume we obtain from suppliers where one or several companies of the corporate group have been assessed for compliance with our social and environmental standards by way of self-assessments and/or audits. This also includes audits carried out with upstream suppliers. Standing at 54 percent, the Sustainable Procurement CR KPI reflects a stable development compared with the previous year.

This is a major success in view of last year's challenges, with a change in operator for the E-TASC platform and volatile procurement volumes, and is a result of the ongoing integration of CR requirements in procurement processes and systems. The rating for the Sustainable Procurement CR KPI is likely to rise slightly in the coming year on the way to achieving this target. This is due to the fact that the number of suppliers which are audited for compliance with our social and environmental

standards, and the proportion of the procurement volume attributable to them, is growing continually.

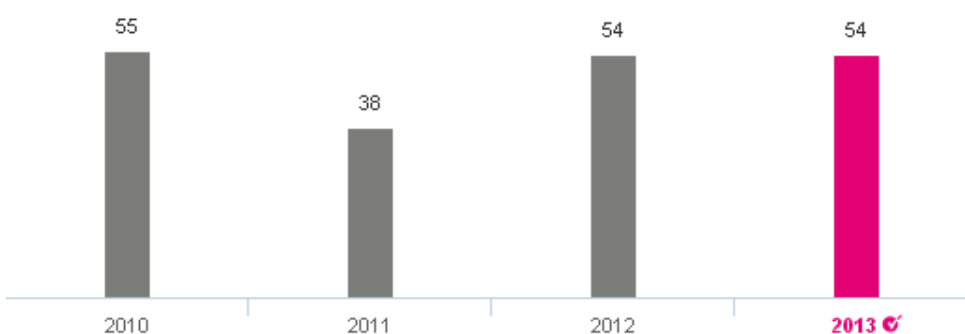
Our objective is to raise the share of audited procurement volume to 75 percent by the end of 2015.

Reporting against standards.

The Sustainable Procurement CR KPI together with information about our strategic approach fully covers the HR 1 (Human rights), HR 2 (Suppliers and human rights) and HR 10 (Impact assessments) GRI performance indicators. By providing this information, we cover the V28-04 EFFAS indicators (Supply chain). It is also relevant for criteria 1 (Opportunities and risks), 3 (Sustainability goals), 4 (Value added chain), 6 (Rules and processes), 7 (Performance indicators) and 17 (Human rights) of the German Sustainability Code. It is also used for reporting in accordance with the Global Compact principles 1 (Supporting and respecting human rights), 2 (No complicity in human rights abuses) and 5 (Effective abolition of child labor).

CR KPI „Sustainable Procurement“ Deutsche Telekom Group.

In percent.



■ Procurement volume covered by supplier self-assessments and/or audits as a percentage of total sourcing volume.

🔍 Data checked by PwC. Based on procurement volumes at Central Procurement. Values cannot be directly compared to the previous year.

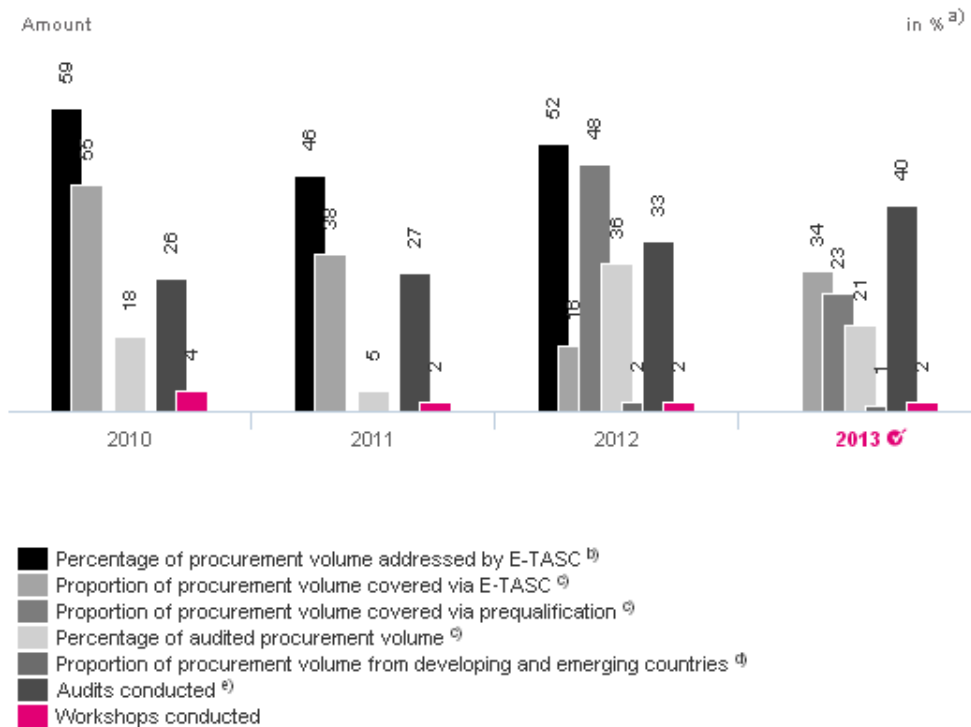
SUPPLIER RELATIONSHIPS.

The percentage of procurement volume generated with companies registered in the industry information tool E-TASC (Electronics Tool for Accountable Supply Chains) increased significantly from 15.7 percent in the previous year to 34.1 percent in 2013. At the same time, the percentage of procurement volume generated with audited companies decreased from 36 percent to around 21 percent. A supplier prequalification process took place for 23 percent of the procurement volume in 2013 via the Supplier Management Portal (SMP), compared with 48 percent the previous year. Prequalification is mandatory for all suppliers with which we anticipate an order volume of more than 100,000 euros. The share of the procurement volume from developing and emerging markets decreased slightly to 1.0 percent from 1.6 percent in the previous year.

Reporting against standards.

The Sustainable Procurement CR KPI together with information about our strategic approach fully covers the HR 1 (Human rights), HR 2 (Suppliers and human rights) and HR 10 (Impact assessments) GRI performance indicators. By providing this information, we cover the V28-04 EFFAS indicators (Supply chain). It is also relevant for criteria 1 (Opportunities and risks), 3 (Sustainability goals), 4 (Value added chain), 6 (Rules and processes), 7 (Performance indicators) and 17 (Human rights) of the German Sustainability Code. It is also used for reporting in accordance with the Global Compact principles 1 (Supporting and respecting human rights), 2 (No complicity in human rights abuses) and 5 (Effective abolition of child labor).

Risk management for supplier relationships at the Deutsche Telekom Group.



a) Procurement volume from Procurement's global database (GDB).

b) No reporting for 2013, as the data cannot be compared with those of the previous year due to a provider switch from Achilles to EcoVadis.

c) Data audited by PwC. Includes social audits carried out both internally and externally. Based on procurement volumes at Central Procurement. Values cannot be directly compared to the previous year.

d) First-time reporting in the 2013 CR Report. From 2013, calculation of the performance indicator is based solely on the external procurement volume, as with the calculation of the Sustainable Procurement CR KPI.

e) Data audited by PwC. Includes social audits carried out internally and externally (both within Deutsche Telekom and via the Joint Audit Cooperation (JAC)). Audits also include follow-up audits.

FINANCIAL PERFORMANCE INDICATORS.

NET VALUE ADDED.

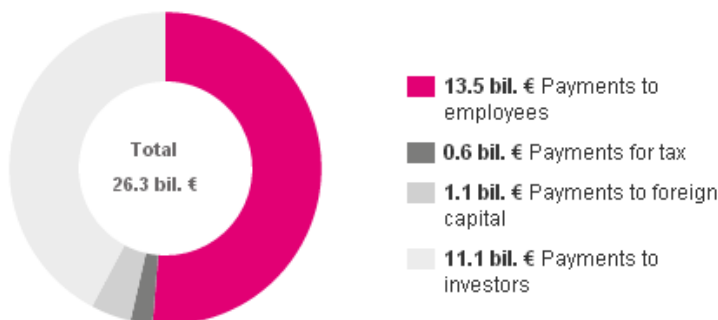
Net value added experienced a year-on-year decrease from EUR 31.2 billion to EUR 26.3 billion. This figure shows that economic development at our company sites is closely connected to long-term business success. The year-on-year decrease in net value added can primarily be attributed to fewer payments made to investors. EUR 5 billion less in payments was made on financial liabilities. EUR 1.3 billion was received as the result of capital increase at T-Mobile USA and savings of EUR 1.2 billion resulted from converting dividends into Deutsche Telekom AG shares. Please refer to pages 167, 220 and 197 of our current Annual Report for more information on cash flow from financing activities as well as more information on financial liabilities.

Telekom publishes the net added value generated for the Group each year. These figures show how different stakeholders benefit from corporate performance. By paying wages and salaries and contributions to pension schemes, for example, we contributed substantially to regional purchasing power and a secure future at our locations.

Reporting against standards.

With this KPI, we fully cover the EC 1 GRI performance indicator (Direct economic value generated and distributed).

Net value added.



In contrast to the statement of income, the net value added only takes account of real payment flows. That means that deferred tax expenses and the accrual of provisions do not impact the net value added of the reporting period. Although these costs are deducted from net profit in the statement of income, they are not linked to any current payments to stakeholder groups, as is the case with net value added. Outpayments in this respect are scheduled for the future and will only be accounted for in net value added in future years.

NET REVENUE, EBITDA AND NET PROFIT.

Net revenue increased during the reporting period to EUR 60.1 billion, the adjusted EBITDA dropped to EUR 17.4 billion and Group net profit rose to EUR 538 million.

Net revenue, EBITDA/EBITDA margin (adjusted for special factors), and net profit of the Deutsche Telekom Group.

		2010 in bil. €	2011 in bil. €	2012 in bil. €	2013 in bil. €
Net revenue		62.4	58.7	58.2	60.1
EBITDA (adjusted for special factors) ^{a, b)}		19.5	18.7	18.0	17.4
EBITDA margin (adjusted for special factors) ^{c)}	in %	31.2	31.8	30.9	28.9
Net profit (loss)		1.7	0.6	(5.3)	0.9

^{a)} Deutsche Telekom defines EBITDA as profit/loss from operations before depreciation, amortization and impairment losses.

^{b)} EBITDA, EBITDA adjusted for special factors, net debt, and free cash flow are non-GAAP figures not governed by the International Financial Reporting Standards (IFRS). They should not be viewed in isolation as an alternative to profit or loss from operations, net profit or loss, net cash from operating activities, the liabilities reported in the consolidated statement of financial position, or other Deutsche Telekom key performance indicators presented in accordance with IFRS. For detailed information and calculations, please refer to the section "Development of business in the Group".

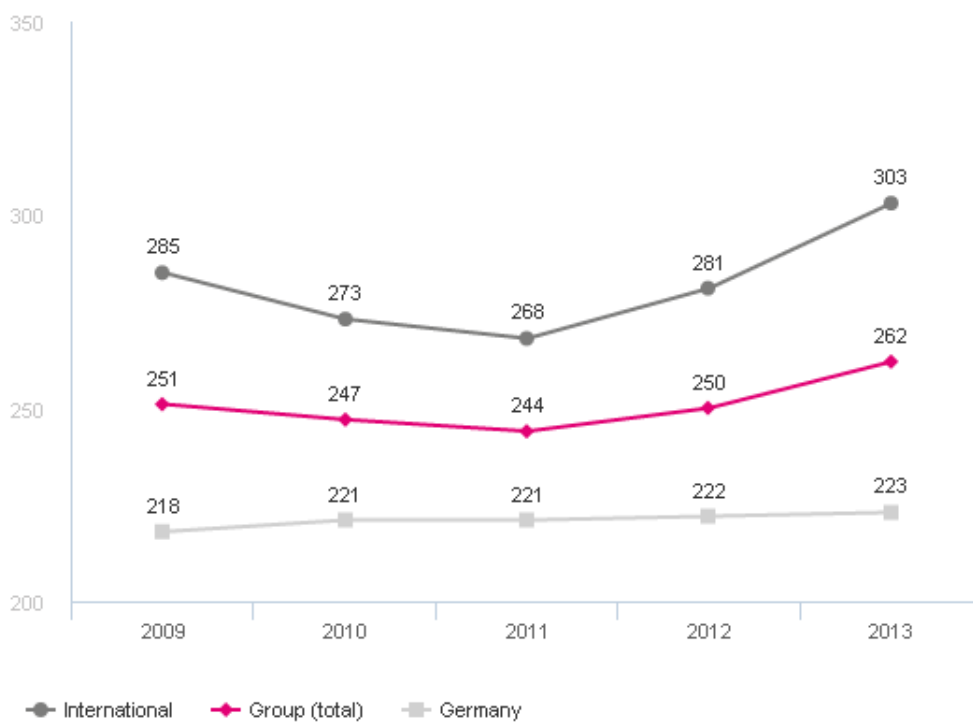
^{c)} Calculated on the basis of millions for the purpose of greater precision. Changes to percentages expressed as percentage points.

REVENUE PER EMPLOYEE.

Group-wide revenue per full-time equivalent (FTE) increased during the reporting period to EUR 262,000.

Revenue per employee.

In thousands of EUR.



ENERGY.

Deutsche Telekom measures the Energy Consumption CR KPI as the Monetary Power Efficiency Index (MPEI) in which developments in energy consumption (in thousands of MWh) are indicated in relation to revenues (in billions of euros). The Energy Consumption CR KPI remained stable year on year. Our electricity consumption only increased slightly more than the relevant revenue generated by the Group units included in the CR Report. The interactive tool includes detailed comments on each subsidiary's KPIs. This information can be used for comparative purposes.

CR KPI „ENERGY CONSUMPTION“

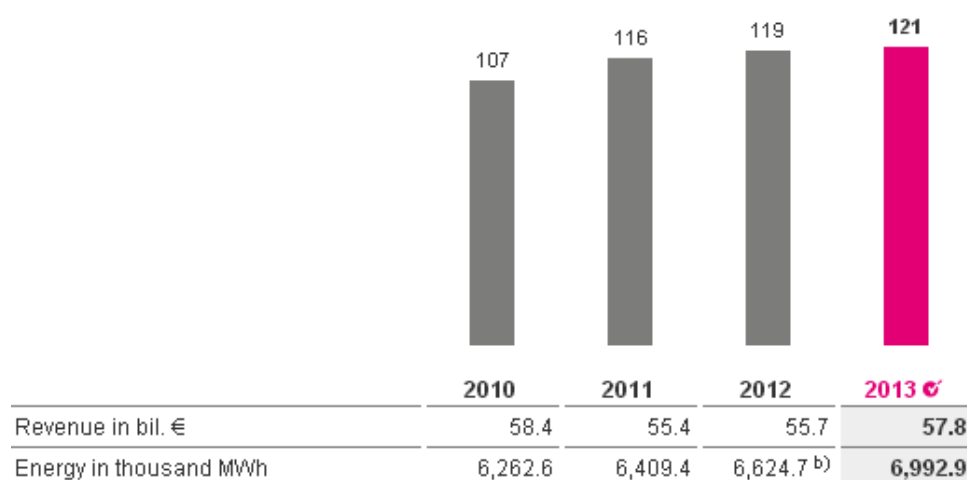
The Group-wide Energy Consumption CR KPI is calculated based on total electricity consumption at the international subsidiaries in relation to the consolidated net revenue of these subsidiaries. The revenue of the Group units included in the CR Report used for reference here is the equivalent of 96 percent of Group revenue. The constant growth in data volumes was one of the reasons for the slight increase in electricity consumption. Nevertheless, our considerable efforts to save energy and to increase energy efficiency prevented the increase in energy consumption from being much higher.

We particularly expect the reductions in electricity consumption realized at Deutsche Telekom in Germany in 2014 to exceed the increased use of electricity associated with the expansion of T-Mobile USA. In 2015, we expect that above all the changeover to the IP network and the consolidation of several T-Systems data centers will result in a major reduction in energy consumption. This will compensate for the power needs of T-Mobile US, which are likely to continue to rise. The revenue trends anticipated for the relevant Group units lead us to expect a stable Energy Consumption CR KPI for 2014 and an improvement for 2015.

Reporting against standards.

By reporting our electricity consumption as a source of indirect energy consumption in relation to our revenues for the reporting period, we partially cover the EN 4 GRI performance indicator (Indirect energy consumption) and the E01-01 (Energy consumption, total) EFFAS indicator and we fully cover the E01-02 (Energy consumption, specific) EFFAS indicator. This data is relevant for criteria 7 (Rules and processes), 11 and 12 (Usage of natural resources) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Environmental responsibility).

CR KPI „Energy Consumption“ Deutsche Telekom Group ^{a)}



■ Energy Consumption CR KPI: Ratio of energy consumption to relevant revenue, calculated as Monetary Power Efficiency Indicator.

^{c)} Data verified by PwC. For detailed audit comments see "DT Group in Germany" and "T-Mobile USA".

^{a)} Calculated on the basis of appropriate estimates and extrapolations.

^{b)} A minor correction was made subsequently (– 0.2 %) as a result of minor adjustments to electricity consumption in 2012 at individual national companies.

TOTAL ENERGY CONSUMPTION.

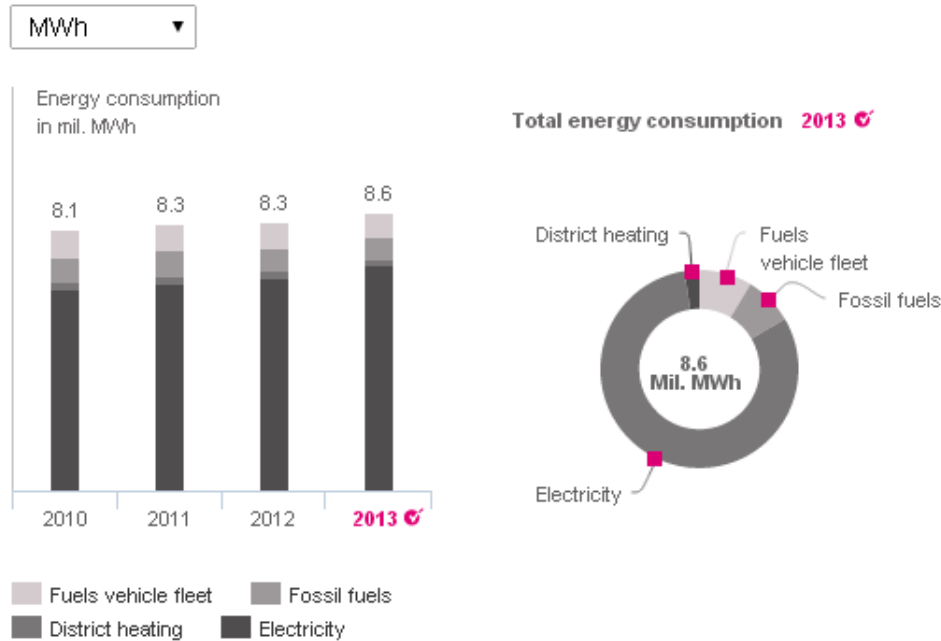
In general, our energy consumption increased slightly by 4 percent compared to the previous year. The constant growth in data volumes was one of the reasons for the slight increase in electricity consumption. Nevertheless, our considerable efforts to save energy and to increase energy efficiency prevented the increase in energy consumption from being much higher. The interactive tool includes detailed comments on each subsidiary's KPIs. This information can be used for comparative purposes.

While energy consumption increased at some national companies including T-Mobile USA, T-Systems Slovakia and T-Mobile Poland, other national companies (including T-Systems Austria, T-Systems UK, IT Services Hungary) reduced their consumption considerably. Please refer to the comments on the national companies for details.

Reporting against standards.

By reporting our energy consumption by primary sources, we fully cover the EN 3 (Direct energy consumption) and EN 4 (Indirect energy consumption) GRI performance indicators as well as the E01-01 (Energy consumption, total) EFFAS indicator. By reporting fleet energy consumption, we partially cover the EN 29 (Environmental impact of transportation) GRI performance indicator. This data is also relevant for criterion 11 of the German Sustainability Code (Usage of natural resources). It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Environmental responsibility).

Total Energy Consumption Deutsche Telekom Group.



✓ Data verified by PwC. For detailed audit comments see "DT Group in Germany" and "T-Mobile USA".

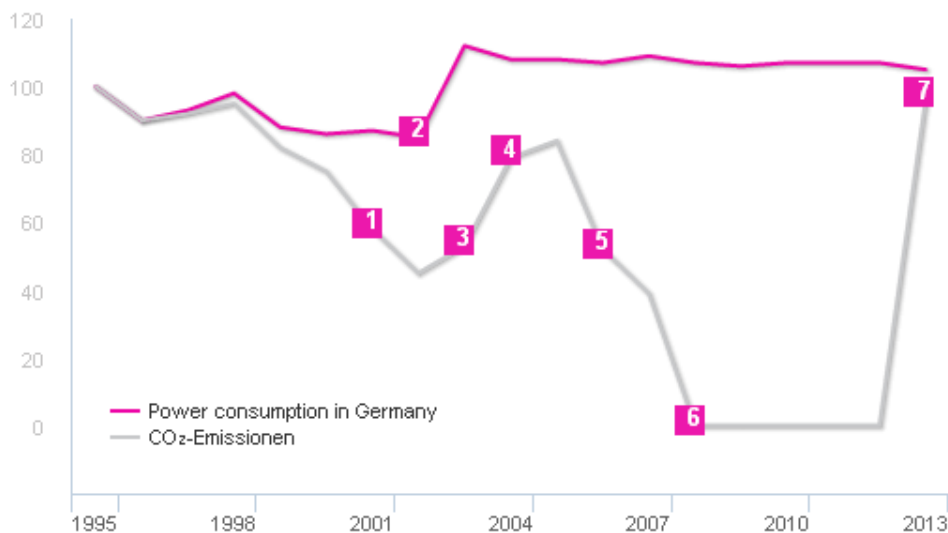
DECOUPLING POWER CONSUMPTION AND CO₂ EMISSIONS.

Deutsche Telekom was able to reduce the emissions generated by its electricity consumption to zero from 2008 to 2012 by purchasing RECS certificates (Renewable Energy Certificate System). However, we feel that these certificates have not had as positive an impact on the environment as we had hoped. Demand for certificates was generally limited. As a result, RECS certificates do not make a noticeable contribution to encouraging the expansion of renewable energy sources. That is why we feel it makes more sense both in terms of ecological and economic aspects to invest in reducing our energy consumption and increasing our energy efficiency than to purchase RECS certificates.

Reporting against standards.

By providing this information we partially cover the EN 6 (Initiatives for energy-efficiency and renewable Energy) and EN 18 (Initiatives to reduce greenhouse gas emissions) GRI performance indicator and fully cover the E16-05 (Total alternative energy consumption) EFFAS indicator. Further, the information is relevant for criteria 3 (Strategic Analysis, Strategy and Goals), 11 and 12 (Usage of natural resources) of the German Sustainability Code. It is also used for reporting in accordance with the Global Compact Principles 7 (Precautionary approach) and 8 (Environmental responsibility).

Decoupling Power Consumption and CO₂ Emissions of the Deutsche Telekom Group in Germany.



- 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 obtained 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
- 7 No purchase of RECS-certificates.

CO₂ EMISSIONS.

The CO₂ Emissions CR KPI indicates the development of absolute as well as relative emissions compared to the base year 2008. The comparative value from the base year is 1,485,236 metric tons of CO₂. CO₂ Emissions CR KPI experienced a year-on-year increase of approximately 6 percentage points. Because our CO₂ emissions are primarily generated by our consumption of electricity, this year-on-year increase can primarily be attributed to the fact that we stopped purchasing RECS certificates in Germany in 2013, causing our scope 2 emissions generated by electricity to double. The interactive tool includes detailed comments on each subsidiary's KPIs. This information can be used for comparative purposes.

CR KPI „CO₂ EMISSIONS“ DEUTSCHE TELEKOM GROUP.

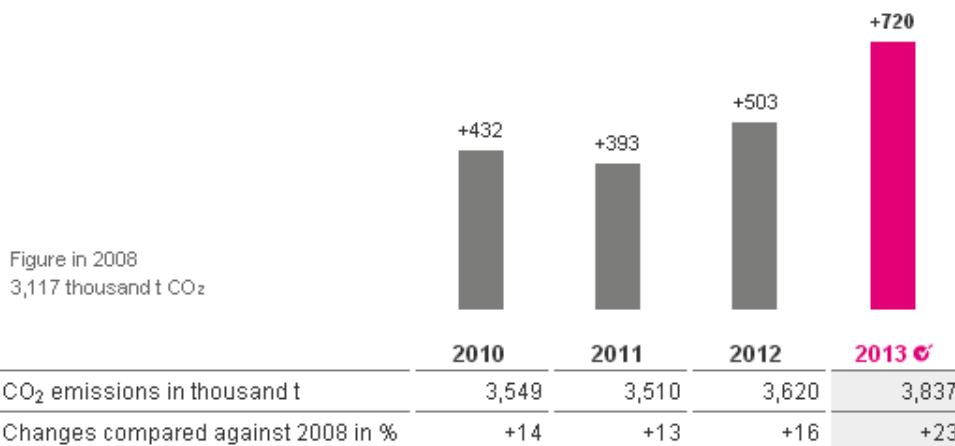
We calculated our CO₂ emission values based on different energy and fuel consumption data. Calculation complied with the Greenhouse Gas (GHG) Protocol and was based on emission factors set forth by the International Energy Agency (IEA) and/or the GHG Protocol calculation tools. The total value reflects direct (Scope 1) and indirect (Scope 2) emissions. On December 3, 2013, the Board of Management approved a strategic climate protection target for the entire Group. By the year 2020, we plan to reduce total CO₂ emissions in the Group (excluding T-Mobile US) by 20 percent compared with 2008. Supported by Group Headquarters, 36 business units from 27 countries collaborated to define the Group-wide climate protection target.

Reporting against standards.

By measuring progress based on our CO₂ Emissions CR KPI, we report our CO₂ emissions in accordance with the Greenhouse Gas Protocol together with our self-defined CO₂ reduction goal, thereby complying with criterion 13 of the German Sustainability Code (Greenhouse gas emissions). By reporting this data, we fully cover the EN 16 (Total direct and indirect greenhouse gas emissions by weight) GRI performance indicator and partially cover the E02-01 (Scope 1-3 greenhouse gas emissions) EFFAS indicator. This data is also relevant for criteria 7 (Rules and processes), 11 and 12 (Usage of natural resources) and 13 (Greenhouse gas emissions) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Environmental responsibility).

CR KPI „CO₂ Emissions“ Deutsche Telekom Group.

Changes compared against 2008 base
year in thousands of metric tons of CO₂



CO₂-Emissions are calculated in CO₂ values based on energy and fuel consumption in accordance with the Greenhouse Gas Protocol and employing the emissions factors specified by the International Energy Agency and the Greenhouse Gas Protocol.

Renewable energy certificates purchased by the Group (such as RECS—Renewable Energy Certificate System—certificates) were not taken into consideration when calculating the CO₂ Emissions CR KPI.

Minor corrections were made subsequently to total emissions (– 0.7 %) and the CO₂ Emissions CR KPI –1 percentage point for 2012 due to minor adjustments to energy and fuel consumption at individual national companies and to a retroactive correction of emission factors by IEA that was relevant for individual national companies.

✓ Data verified by PwC. For detailed audit comments see "DT Group in Germany" and "T-Mobile USA".

TOTAL CO₂ EMISSIONS (SCOPE 1 & 2).

Because our CO₂ emissions are primarily generated by our consumption of electricity, the considerable year-on-year increase in emissions can primarily be attributed to the fact that we stopped purchasing RECS certificates in Germany in 2013, causing our Scope 2 emissions generated by electricity to double. The interactive tool includes detailed comments on each subsidiary's KPIs. This information can be used for comparative purposes.

We took reductions in emissions resulting from purchasing certificates for renewable energies into account when calculating our emissions. Certificates were purchased by the national companies T-Mobile Netherlands, Magyar Telekom, OTE and Cosmote Greece. The emissions values for 2011 and 2012 were corrected compared to those pub-

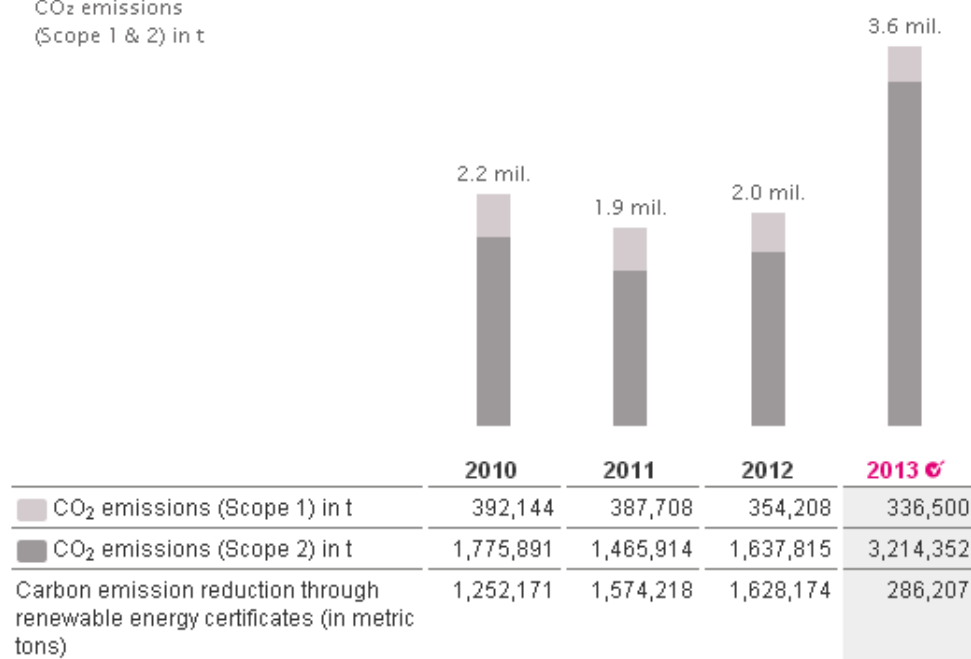
lished the previous year. See the comments on the national companies for details.

Reporting against standards.

By reporting our direct and indirect CO₂ emissions (Scope 1 & 2) in accordance with the Greenhouse Gas Protocol, we fully cover the EN 16 (Total direct and indirect greenhouse gas emissions by weight) GRI performance indicator and we partially cover the E02-01 (Scope 1-3 greenhouse gas emissions) EFFAS indicator. This data is also relevant for criteria 11 and 12 (Usage of natural resources) and 13 (GHG emissions) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Environmental responsibility).

Total CO₂ (Scope 1 and 2) Emissions Deutsche Telekom Group.

CO₂ emissions
(Scope 1 & 2) in t



Renewable energy certificates purchased by the Group (such as RECS—Renewable Energy Certificate System—certificates) were included in our calculation of Scope 1 and 2 emissions generated throughout the Group in the amount of around 3,074 GWh for 2012, indicating a reduction in emissions by 1,411,972 metric tons of CO₂. These certificates, however, were not included in calculations of the CO₂ Emissions CR KPI.

☑ Data verified by PwC. For detailed audit comments see "DT Group in Germany" and "T-Mobile USA".

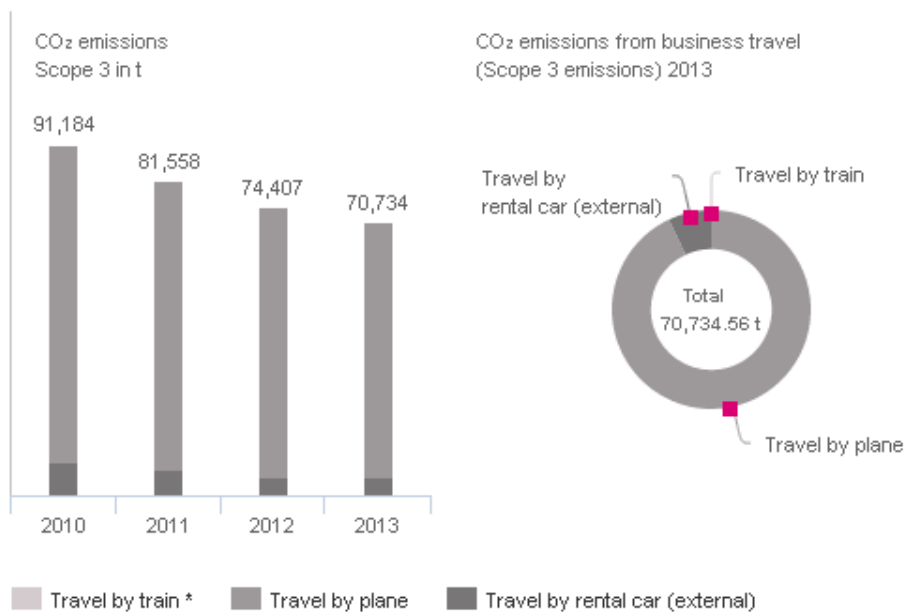
CO₂ EMISSIONS FROM BUSINESS TRAVEL (SCOPE 3 EMISSIONS).

Deutsche Telekom was able to significantly reduce scope 3 emissions during the reporting period. This can particularly be attributed to reduced emissions from flights. Reducing scope 3 emissions is part of Deutsche Telekom's climate protection strategy the goal of which is to systematically minimize all CO₂ emissions (scope 1–3).

Reporting against standards.

By providing this information we partially cover the EN 16 (Total direct and indirect greenhouse gas emissions by Weight) GRI performance indicator as well as the E02-01 (Greenhouse gas emissions, total) EFFAS indicator. Further, the information is relevant for the criteria 11 and 12 (Usage of natural resources) as well as 13 (Greenhouse gas emissions) of the German Sustainability Code. It is also used for reporting in accordance with the Global Compact Principles 7 (Precautionary approach) and 8 (Environmental responsibility).

CO₂ Emissions from Business Travel Deutsche Telekom Group in Germany (Scope 3 Emissions).



* All business trips taken with the Deutsche Bahn railway company have been carbon-neutral.

MOBILITY.

NUMBER OF VEHICLES.

The total number of vehicles was reduced by 4 percent compared with 2012. This can primarily be attributed to the fact that Deutsche Telekom in Germany, T-Systems Iberia and T-Mobile Czech Republic all reduced the number of service vehicles in their fleets. The interactive tool includes detailed comments on each subsidiary's KPIs. This information can be used for comparative purposes.

The total number of vehicles with alternative powertrain increased by 18 percent. This can partially be attributed to Magyar Telekom's decision to purchase more of these types of vehicles. The values for 2012 were adjusted retroactively for some national companies. See the comments on the national companies for details. Due to insufficient manufacturer supply in the required vehicle categories, the number of natural gas-powered vehicles in the fleet decreased. We are nonetheless consistently working toward reducing the environmental impact of our need for mobility and promoting low-emissions mobility.

Reporting against standards.

Logistics and transport are carried out by service providers at Telekom. The environmental impacts of transportation are influenced by the contractual arrangements with the service providers. By reporting additional vehicle fleet data we fully cover the EN 29 (Environmental impact of transportation) GRI performance indicator. This data is also relevant for criterion 11 (Usage of natural resources) of the German Sustainability Code.

Number of Vehicles Deutsche Telekom Group.

	2010	2011	2012	2013
Number of vehicles (total)	46,838	45,262	43,411	41,731
Number of vehicles with diesel fuel	38,108	37,005	34,931	33,538
Number of vehicles with gasoline fuel	8,294	7,958	8,234	7,903
Number of vehicles with alternative drives	436	299	246	290
Number of company cars	15,152	15,645	15,287	14,670
Number of service vehicles	31,686	29,617	28,124	27,061

MILEAGE.

Mileage throughout the Group decreased by around 6 percent as the result of a reduction in fleet size at several national companies. The interactive tool includes detailed comments on each subsidiary's KPIs. This information can be used for comparative purposes.

The reduction can be partially attributed to reduced mileage at Deutsche Telekom and T-Systems Iberia. The values for 2012 were adjusted retroactively for some national companies. See the comments on the national companies for details.

Reporting against standards.

Logistics and transport are carried out by service providers at Telekom. The environmental impacts of transportation are influenced by the contractual arrangements with the service providers. By reporting additional vehicle fleet data we fully cover the EN 29 (Environmental impact of transportation) GRI performance indicator. This data is also relevant for criterion 11 (Usage of natural resources) of the German Sustainability Code.

Mileage Deutsche Telekom Group.

In thousand km.

	2010	2011	2012	2013
Mileage (total)	1,111,909	1,032,053	1,018,620	959,958
Mileage by company cars	488,131	458,709	476,854	447,749
Mileage by service vehicles	623,778	573,344	541,766	512,209
Mileage by vehicles with diesel fuel	946,706	872,539	854,930	800,365
Mileage by vehicles with gasoline fuel	155,731	153,811	158,516	154,170
Mileage by vehicles with alternative drives	9,473	5,703	5,174	5,424

FUEL CONSUMPTION.

Group-wide fuel consumption also decreased by around 6 percent due to the fleet reductions implemented at many international subsidiaries and the resulting reduction in vehicle mileage. The interactive tool includes detailed comments on each subsidiary's KPIs. This information can be used for comparative purposes.

The reduction can be partially attributed to reduced fuel consumption at Deutsche Telekom and T-Systems Iberia. The values for 2012 were adjusted retroactively for some national companies. See the comments on the national companies for details.

Reporting against standards.

Logistics and transport are carried out by service providers at Telekom. The environmental impacts of transportation are influenced by the contractual arrangements with the service providers. By reporting additional vehicle fleet data we fully cover the EN 29 (Environmental impact of transportation) GRI performance indicator. This data is also relevant for criterion 11 (Usage of natural resources) of the German Sustainability Code..

Fuel Consumption Deutsche Telekom Group.

In liters.

	2010	2011	2012	2013
Fuel consumption (total)	89,232,509	81,677,578	78,562,320	73,580,929 ✓
Fuel consumption by company cars	36,256,203	33,672,498	33,530,307	31,514,921
Fuel consumption by service vehicles	52,976,307	48,005,080	45,032,013	42,066,008
Fuel consumption by vehicles with diesel fuel	69,927,828	62,593,130	59,893,066	55,816,139
Fuel consumption by vehicles with gasoline fuel	18,473,571	18,559,375	18,161,792	17,373,845
Fuel consumption by vehicles with alternative drives	831,110	525,073	507,461	390,945

✓ Data verified by PwC. For detailed audit comments see "DT Group in Germany" and "T-Mobile USA".

JOBTICKET.

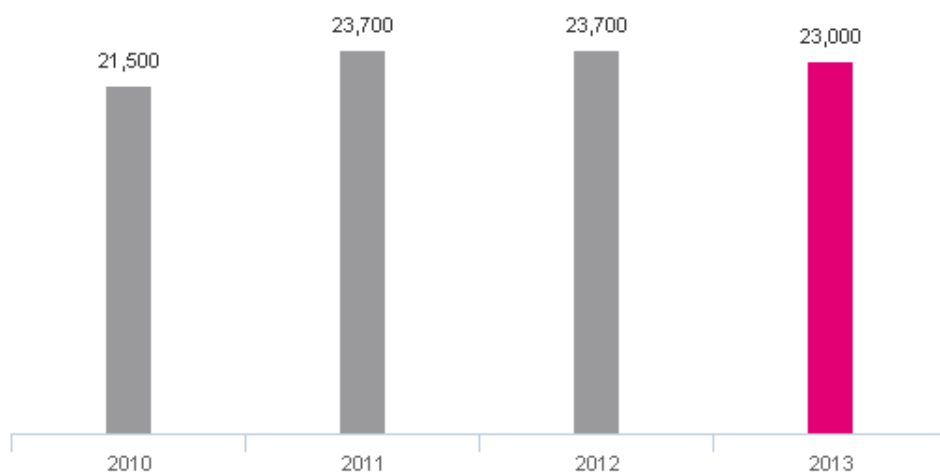
Around 23,000 employees of the Telekom Group in Germany used a season ticket provided by their employer to commute via public transportation in 30 transportation networks in 2013.

We offer regional discount season tickets (monthly or annual) to our employees at many of our German Telekom sites, especially in high-density population areas. The offer encourages our employees to use climate-friendly public transportation and helps them keep their commuting costs down.

Reporting against standards.

By providing this information about the use of the discounted season ticket (Jobticket) we partially cover the EN 18 (Initiatives to reduce greenhouse gas emissions) GRI performance indicator as well as the V04-13 (Percentage of services for offsetting carbon emissions) EFFAS indicator. Further, the information is relevant for the criteria 2 (Implementation of the sustainability strategy) and 10 (Innovation and product management) of the German Sustainability Code. It is also used for reporting in accordance with the Global Compact Principles 7 (Precautionary approach) and 8 (Environmental responsibility).

Jobticket Deutsche Telekom Group in Germany.



USED CELL-PHONE COLLECTION AND WASTE VOLUME.

Fewer cell phones were collected during the reporting period than in 2012. We collected 167,232 cell phones in Germany in 2013. Various cell phone collection initiatives were conducted throughout the Group. This reduction can partially be attributed to lower collection volumes at T-Mobile Netherlands. See the comments on the national companies for details.

CR KPI „USED CELL PHONE COLLECTION“ DEUTSCHE TELEKOM GROUP IN GERMANY.

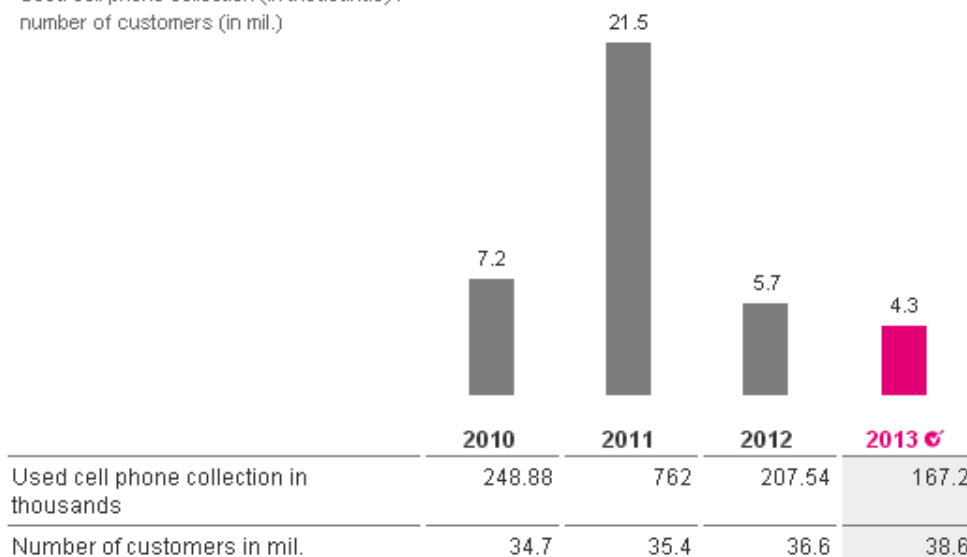
Our Used Cell-Phone Collection CR KPI indicates the number of cell phones collected (in thousands) in relation to the number of mobile customers (in millions). Data is recorded in kilograms or in units. When using kilograms, we apply a Group-wide conversion factor of 7.25 units per kilogram unless another conversion factor is typically used in that country.

Reporting against standards.

By reporting the Used Cell Phone Collection CR KPI as an indicator of progress achieved in the resource-efficient and environmentally friendly use of products, we fully cover the EN 26 (Initiatives to mitigate environmental impacts), PA 11 (Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use) and TA 1 (Examples of the resource efficiency of telecommunication products and services delivered) GRI performance indicators. By reporting this data, we also partially cover the EN 27 (Percentage of products sold and their packaging materials that are reclaimed by category) GRI performance indicator and the E14-01 (Recycling ratio) EFFAS indicator. This data is also relevant for criteria 7 (Rules and processes), 10 (Innovation and product management), 11 and 12 (Usage of natural resources) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Environmental responsibility).

CR KPI „Used Cell Phone Collection“ Deutsche Telekom Group in Germany.

Used cell phone collection (in thousands) /
number of customers (in mil.)



Data verified by PwC. Calculation of collected cell phones is partly based on projections.

WASTE GENERATION.

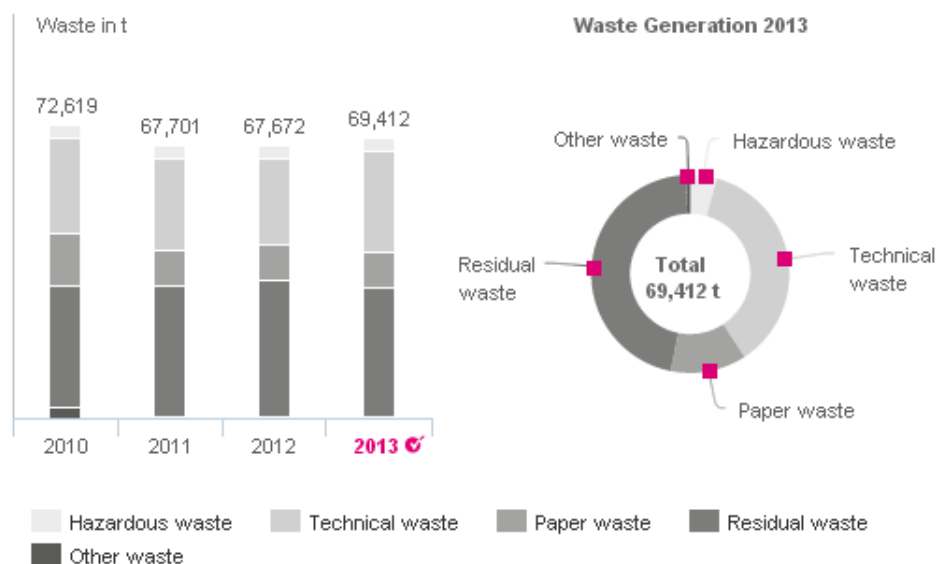
The amount of waste produced throughout the Group increased slightly compared to 2012. The amount of technical waste produced throughout the Group experienced a year-on-year increase. We recorded a decrease in the production of hazardous technical waste. These volumes fluctuate from year to year based on projects that are conducted at irregular intervals. The interactive tool includes detailed comments on each subsidiary's KPIs. This information can be used for comparative purposes.

The remaining waste was disposed of in an ecologically sound manner. See the comments on the national companies for details.

Reporting against standards.

By reporting the amount of waste we generate, we fully cover the EN 22 (Total weight of waste by type and disposal method) GRI performance indicator and the E04-01 (Total waste in tonnes) EFFAS indicator. This data is also relevant for criterion 11 (Usage of natural resources) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Environmental responsibility).

Waste Generation Deutsche Telekom Group.



OTHER ENVIRONMENTAL DATA.

WATER CONSUMPTION.

Water consumption throughout the Group experienced a slight decrease of around 2 percent. The interactive tool includes detailed comments on each subsidiary's KPIs. This information can be used for comparative purposes.

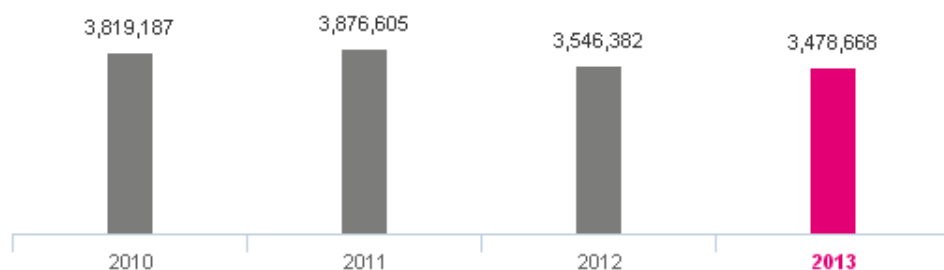
The reduction can partially be attributed to water conservation measures conducted at the national companies T-Systems Mexico and IT-Services Hungary. Developments at the national companies tend to differ greatly. The values for 2012 were adjusted retroactively for some national companies. See the comments on the national companies for details.

Reporting against standards.

By reporting water consumption we fully cover the EN 8 GRI performance indicator (Total water withdrawal by source) and the E28-01 (Total water withdrawal) EFFAS indicator. This data is also relevant for criterion 11 (Usage of natural resources) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Environmental responsibility).

Water Consumption Deutsche Telekom Group.

In m³



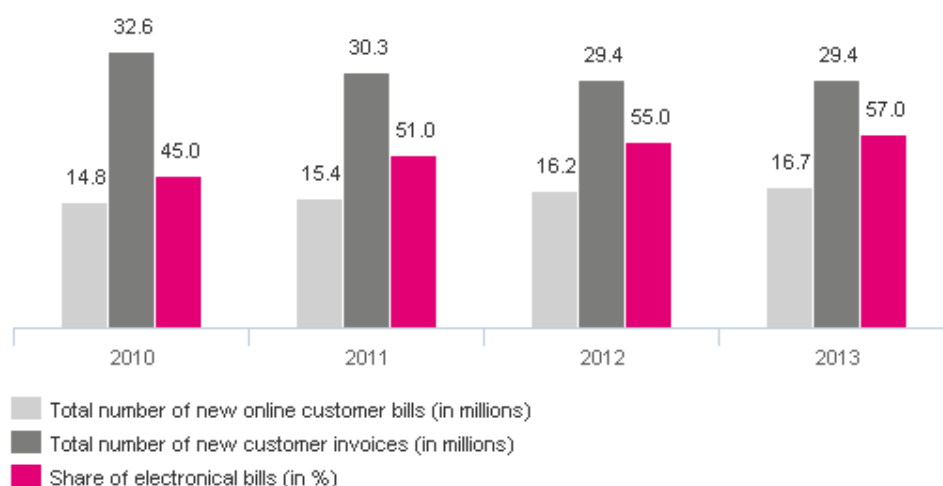
ONLINE CUSTOMER BILLS.

16.7 million online bills were sent out in 2013. This is the equivalent of approximately 57 percent of all bills and credit notes for fixed-line and mobile communications customers. This indicates that the percentage of online bills has grown continuously over the past four years.

Reporting against standards.

By reporting data on the number of online customer bills, we fully cover the EN 26 (Initiatives to mitigate environmental impact) and TA 1 (Examples of the resource efficiency of telecommunication products and services delivered) GRI performance indicators and partially cover the EN 7 (Initiatives to reduce indirect energy consumption) GRI performance indicator and the V04-13 (Percentage of services or products for increasing eco-efficiency of own products) EFFAS indicator. This data is also relevant for criteria 2 (Implementation of the sustainability strategy) and 10 (Innovation and product management) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Environmental responsibility).

Online Customer Bills Deutsche Telekom Group in Germany.



LAND USE.

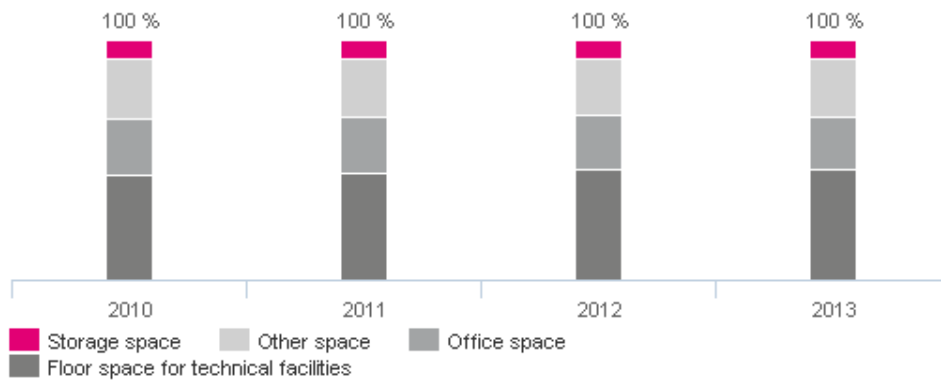
16.7 million online bills were sent out in 2013. This is the equivalent of approximately 57 percent of all bills and credit notes for fixed-line and mobile communications customers. This indicates that the percentage of online bills has grown continuously over the past four years.

Reporting against standards.

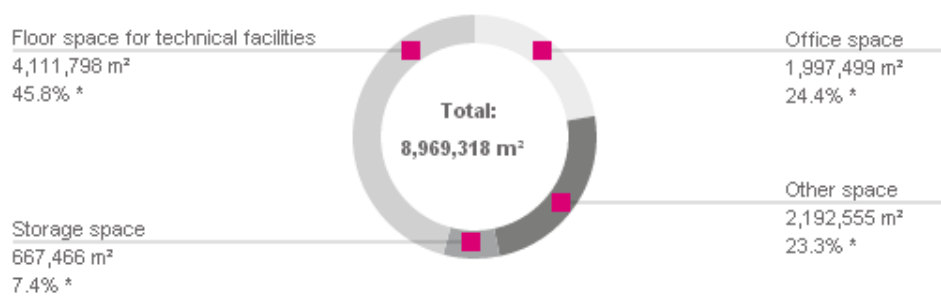
By reporting data on the number of online customer bills, we fully cover the EN 26 (Initiatives to mitigate environmental impact) and TA 1 (Examples of the resource efficiency of telecommunication products and services delivered) GRI performance indicators and partially cover the EN 7 (Initiatives to reduce indirect energy consumption) GRI performance indicator and the V04-13 (Percentage of services or products for increasing eco-efficiency of own products) EFFAS indicator. This data is also relevant for criteria 2 (Implementation of the sustainability strategy) and 10 (Innovation and product management) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Environmental responsibility).

Land Use Deutsche Telekom Group in Germany.

In Prozent.



* Individual figures have been rounded.



* Individual figures have been rounded.

SOCIAL INVOLVEMENT.

As shown below, we measure our performance in society with the Social Commitment CR KPI. The CR KPI shows that in 2013 our performance was rated significantly higher than the level of importance attached by the public to the subject. We plan to review this CR KPI in 2014 with a view to potentially implementing a new indicator.

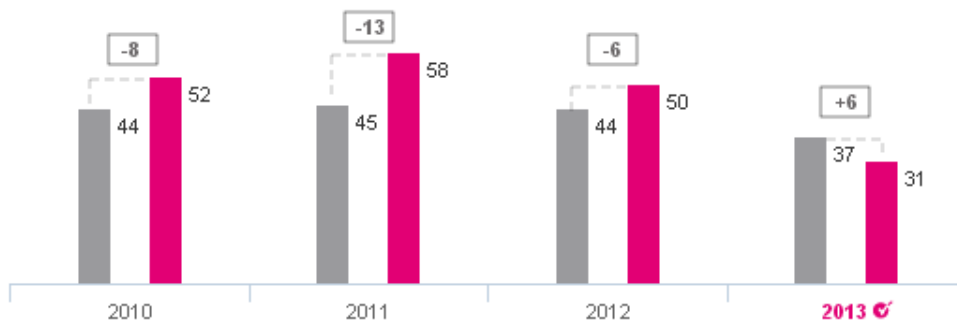
CR KPI „SOCIAL COMMITMENT“ DEUTSCHE TELEKOM GROUP IN GERMANY.

We use an exclusive telephone survey of 1,200 people from the German residential population (customers and non-customers) conducted by TNS Infratest to measure our Social Commitment CR KPI. To measure the importance of involvement in the community, TNS Infratest asked the following question: „How important do you think it is for companies

to be involved in the community?“ In order to rate the performance of the Deutsche Telekom Group in Germany, TNS Infratest read the names of several companies to those surveyed and asked them to indicate whether those companies were involved in the community by answering „yes“ or „no.“

Reporting against standards.

By reporting our Social Commitment CR KPI as an indicator of progress regarding the effectiveness of our community involvement we partially cover the SO 1 (Impacts of operations on communities) GRI performance indicator. This data is also relevant for criteria 18 (Corporate citizenship) and 7 (Rules and processes) of the German Sustainability Code.



- Activities: Percentage of respondents who considered Deutsche Telekom to be committed to social issues (in %).
- Importance: Percentage of respondents who considered corporate social commitment to be "important" or "very important" (in %).
- CR KPI "Social Commitment": Difference between the assessment of the importance of social commitment and Deutsche Telekom's social commitment activities (expressed in percentage points).
- ✓ Data verified by PwC. Data is partly provided by external service providers.

ENGAGEMENT@TELEKOM.

Employees at the national companies show their commitment to society in many different ways. This commitment (corporate volunteering) frequently focuses on helping people who are not yet able to help themselves, children and young people in need. Corporate volunteering is very popular at almost all of our national companies. We have been recording core data on these activities within the scope of our international implementation of engagement@telekom since 2012. Although fewer Social Days were held in 2013, the scope and number of participants at the events increased, e.g., in aid efforts for victims of the floods that hit central Europe in 2013. Through these efforts, the number of volunteers increased by around 2,000 to a total of 16,847. The number of hours volunteered in this context increased to more than 91,000. The focus of our activities also shifted away from our Social Days to skill-based volunteer efforts (e.g., cell phone and computer skills).

engagement@telekom.

	2012	2013
Number of volunteering projects	312	240
Number of volunteers (employees)	14,829	17,447
Working hours	83,564	170,518

EMPLOYEE SATISFACTION.

We use the CR Employee Satisfaction KPI to assess how well our employees identify and how satisfied they are with our CR activities. The calculation is based on an employee survey that is conducted at the international subsidiaries every two years. This KPI serves as the basis when defining future targets. The first employee survey took place in 2010. The last survey conducted in 2012 indicated a considerable increase in employee satisfaction with regard to our CR activities. The next survey will be conducted in 2014.

CR KPI „EMPLOYEE SATISFACTION CR“ DEUTSCHE TELEKOM GROUP.

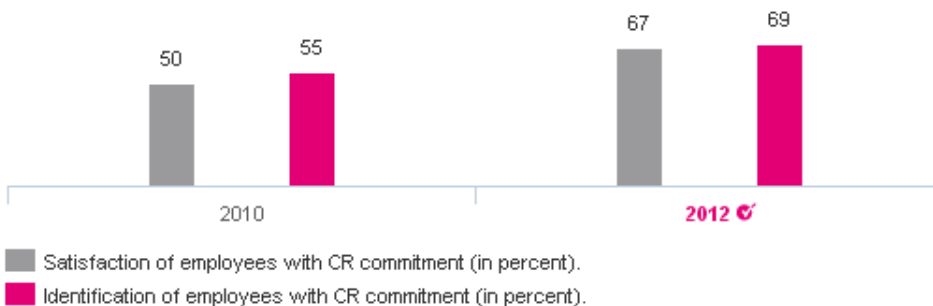
The 2012 survey indicated a considerable increase in employee satisfaction with regard to our CR activities. One example of these activities is the "Sustainability for breakfast" campaign that we launched in 2012. Deutsche Telekom's Corporate Responsibility department handed out

breakfast boxes at different corporate locations. The contents gave insight into the many ways in which the company contributes to sustainability. We are planning to continue the campaign in 2013. In addition, many Telekom employees also make a very personal contribution to society by volunteering their time, breathing life into our CR strategy. Our employees throughout the Group work for a clean environment and for climate protection and nature conservation, for example. Please see the section on Society for more detailed information on our corporate volunteering and corporate giving activities.

Reporting against standards.

This data is relevant for criteria 7 (Rules and processes) and 14 (Employee rights and diversity) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 3 (Freedom of association) and 6 (Elimination of discrimination).

CR KPI „Employee Satisfaction CR“ Deutsche Telekom Group.



☞ Data verified by PwC. Data is provided by external service providers. Values cannot be directly compared to the previous year because the general basis is different as some international subsidiaries participated for the first time.

PULSE CHECK.

The 2013 pulse check indicated that employee satisfaction was again high. 70 percent of those surveyed said they felt good working at the company. These results show that the upward trend indicated in previous year results is ongoing.

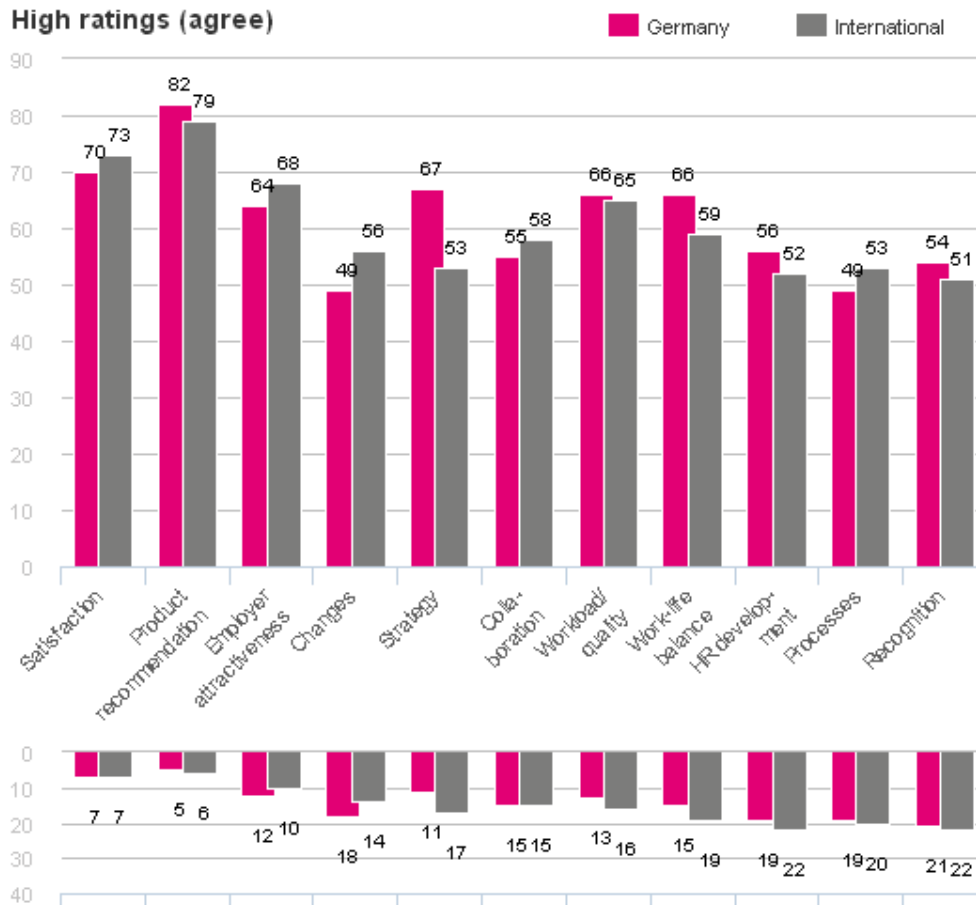
Reporting against standards.

This data is relevant for criteria 14 (Employee rights) and 15 (Diversity and health) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 3 (Freedom of association and the right to collective bargaining) and 6 (Elimination of discrimination).

Pulse check.

Results from the pulse checks conducted from 2007 to 2012 (in percent).

High ratings (agree)



Low ratings (disagree)



High ratings = Very good, good/agree fully, agree.

Low ratings = Poor, very poor/do not agree, do not agree at all.

"Neither agree nor disagree" ratings are not included.

Explanations of questions asked:

Satisfaction = How do you feel in the company?

Product recommendation = I recommend the products/services of our company to potential customers outside of my work environment.

Employer attractiveness = I would recommend our company as a great place to work.

Changes = I can understand the changes in our company.

Strategy = I can clearly explain to others the strategy of Deutsche Telekom.

Collaboration = In my experience, we all work together as partners at Deutsche Telekom in the interests of the Group's success.

Workload/quality = In my team, the workload and quality requirements are consistent with one another.

Work-life balance = The current working hours allow a good balance between private (family/leisure act.) and job-related interests.

HR development = Our company offers sufficient training opportunities to support my professional development.

Processes = Processes and procedures allow me to effectively meet my (internal and/ or external) customers' needs.

Recognition = Considering all my efforts and achievements, I feel that I have received the appropriate amount of recognition at work.

DIVERSITY AND COMPANY PENSION SCHEME.

WOMEN AT THE GROUP.

In 2013, the percentage of women in middle and upper management positions experienced a year-on-year increase, particularly in Germany, to 25 percent while remaining stable at our national companies at around 29 percent.

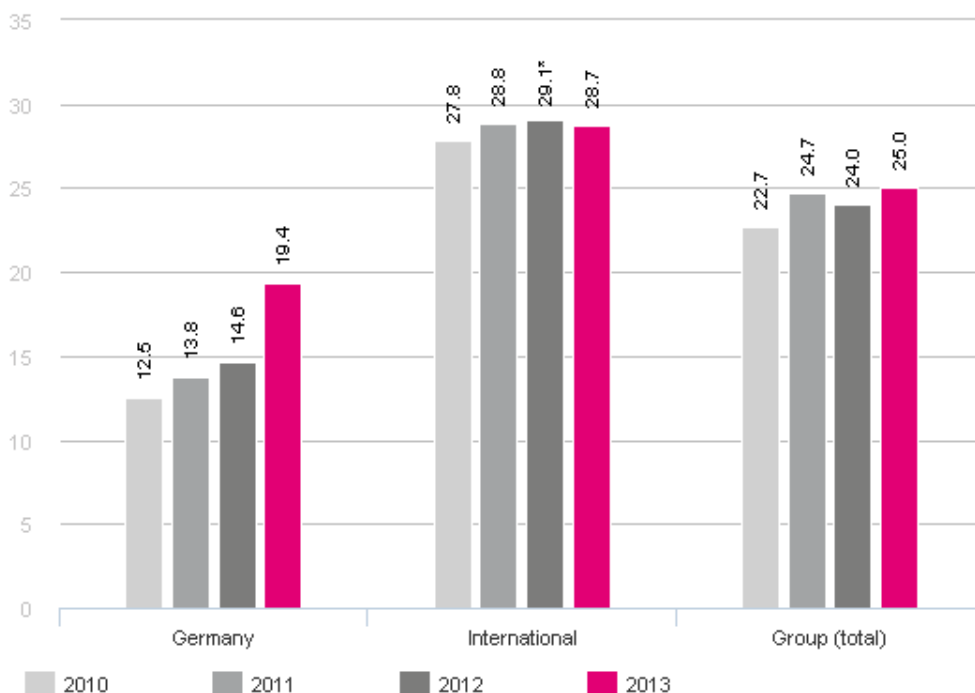
By the end of 2015, 30 percent of upper and middle management positions are to be filled by women. This rule applies to all of Telekom's international subsidiaries. You will find more information in our Human Resources Report at www.hr-report.telekom.com.

Reporting against standards.

By reporting data on the percentage of women holding positions in middle and top management, we partially cover the LA 13 (Composition of governance bodies and breakdown of employees per employee category) GRI performance indicator and the S10-01 (Percentage of female employees in relation to total employees) EFFAS indicator and fully cover the S10-02 (Percentage of female FTEs in senior positions) EFFAS indicator. This data is also relevant for criterion 15 (Diversity and health) of the German Sustainability Code. It is also used for reporting on the Global Compact principle 6 (Elimination of discrimination).

Women in middle and upper management.

In percent.



* Differences caused by rounding of figures corrected for 2012

PART-TIME EMPLOYEES.

The share of part-time employees came to around 13 percent in 2013, a slight year-on-year increase.

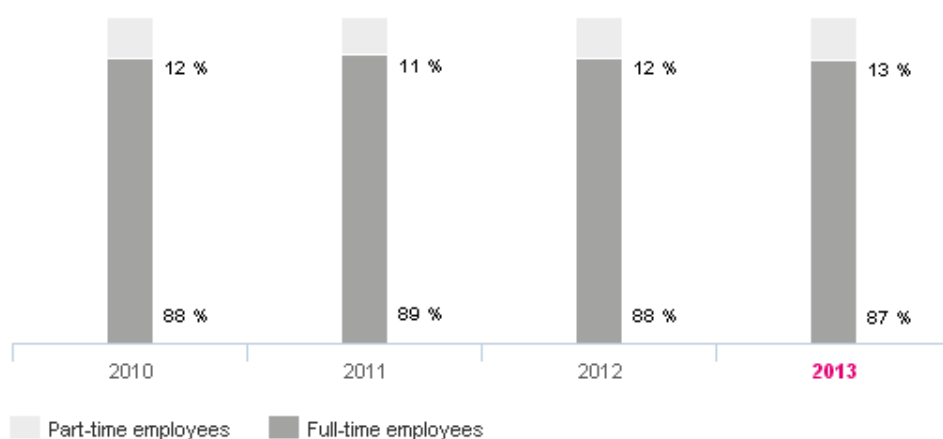
You will find more information in our Human Resources Report at www.hr-report.telekom.com.

Reporting against standards

The data is relevant for criteria 14 (Employee rights) and 15 (Diversity and health) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 3 (Freedom of association and the right to collective bargaining) and 6 (Elimination of discrimination).

Percentage of part-time employees in the Deutsche Telekom Group in Germany.

In percent.



EMPLOYEES WITH DISABILITIES.

Supporting and integrating people with disabilities is important to us. The share of part-time employees came to around 13 percent in 2013, a slight year-on-year increase.

You will find more information in our Human Resources Report at www.hr-report.telekom.com.

Reporting against standards.

This data partially covers the LA 13 (Composition of governance bodies) GRI performance indicator. This data is also relevant for criterion 15 (Diversity and health) of the German Sustainability Code. It is also used for reporting on the Global Compact principle 6 (Elimination of discrimination).

Employees with disabilities Deutsche Telekom Group in Germany.

By operating segments.

	2009	2010	2011	2012	2013
Germany	6.3	6.6	6.7	7.1	7.6
Europe					2.5
Systems Solutions	3.6	3.7	3.8	4.1	4.2
Group Headquarters and Group Services	7.7	7.9	8.1	7.6	5.6
Group (total) in Germany	6.0	6.2	6.3	6.4	6.4

AGE STRUCTURE.

The age structure at Telekom in Germany remained unchanged for the most part in 2012 compared to the previous year. The majority of our employees are between the ages of 46 and 55. We experienced a clear decrease in the age group between the ages of 36 and 45 in the four-year trend. The percentage of employees in this age group decreased from 31 to 28 and then, finally, to 25 percent. The share of employees between the ages of 56 and 65 increased from 9 to 11 percent compared to the previous year.

Reporting against standards.

This data partially covers the LA 13 (Composition of governance bodies and breakdown of employees per employee category) GRI performance indicator and fully covers the SO3-01 (Age structure/distribution) EFFAS indicator. This data is also relevant for criterion 15 (Diversity and health) of the German Sustainability Code. It is also used for reporting on the Global Compact principle 6 (Elimination of discrimination).

Age structure at Deutsche Telekom Group in Germany.

In percent.



COMPANY PENSION SCHEMES.

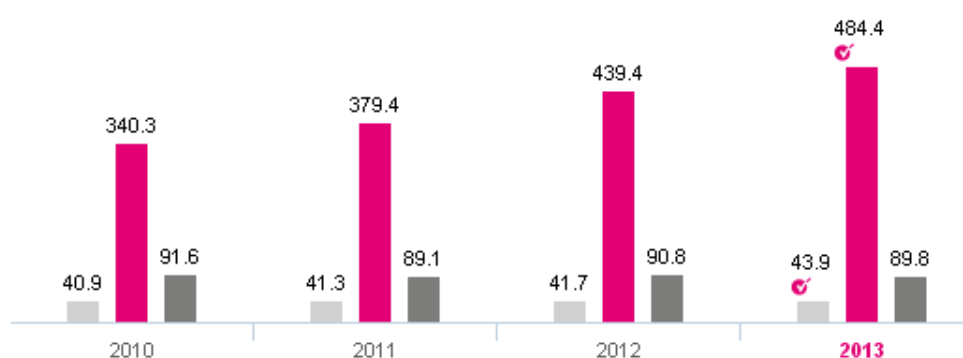
The increase in fund assets can be attributed to the payments of the increasing number of plan participants (as was the case in previous years). Because the majority of participants in the 2001 pension plan are still active, i.e., still paying into their retirement plans, this increase will remain steady over the next few years.

Please refer to Chapter Strategy and Management for more information on our socially responsible investment strategy for assets associated with our company pensions schemes and similar obligations in Germany.

Reporting against standards.

This data fully covers the EC 3 (Coverage of the organization's defined benefit plan obligations) GRI performance indicator.

Company Pension Deutsche Telekom Group in Germany.



■ Number of participants in Telekom Pension Fund (total) in thousands*

■ Telekom Pension Fund assets (total) in mil. €

■ Capital account obligations (Telekom's employer-financed pension schemes) in thousands

* The volume comprises the assets of the Telekom-Pensionsfonds in the 2001 pension plan.

✓ Verified by PwC: only number of participants in Telekom Pension Fund and Telekom Pension Fund assets.

TRAINING AND DEVELOPMENT.

SKILLS DEVELOPMENT AT TELEKOM TRAINING.

We conducted 36,054 seminars with 278,575 participants in Germany in 2013 within the scope of Deutsche Telekom's training measures. Based on the number of days completed, the average comes to 4.0 days of training per employee. We also conducted 930,800 online training courses.

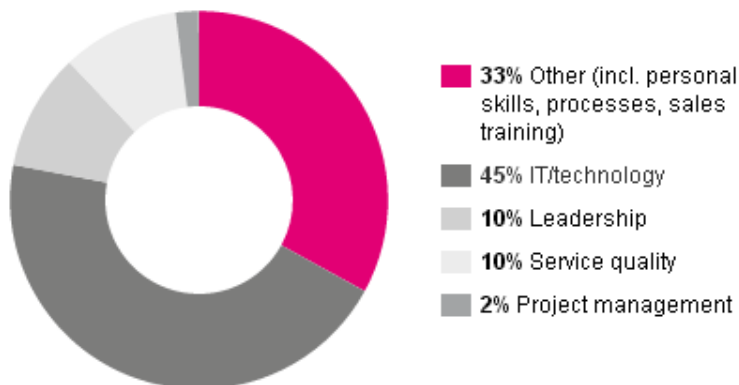
You will find more information in our Human Resources Report at www.hr-report.telekom.com.

Reporting against standards.

By reporting this data, we partially cover the LA 10 (Average hours of training per year per employee by employee category) and LA 11 (Life-long learning) GRI performance indicators and the S02-02 (Average expenses on training per FTE p.a) EFFAS indicator. This data also covers criterion 16 (Steps taken to promote the general employability of all employees) of the German Sustainability Code.

Further Education at the Deutsche Telekom Group in Germany.

In Germany, by key themes, as of Dec. 31 2013.



Seminars: **36,054**

Participants: **278,575** (Ø of 2 seminars attended per employee)

Participant days: **477,086**

Ø number of training days per participant: **1.7**; per employee: **4.0**

Number of web-based training courses carried out (content usages on internal e-learning platform): **930**

APPRENTICES AND TRAINING PROGRAMS.

The number of trainees (including students) decreased slightly from 9,565 in the previous year to 9,399.

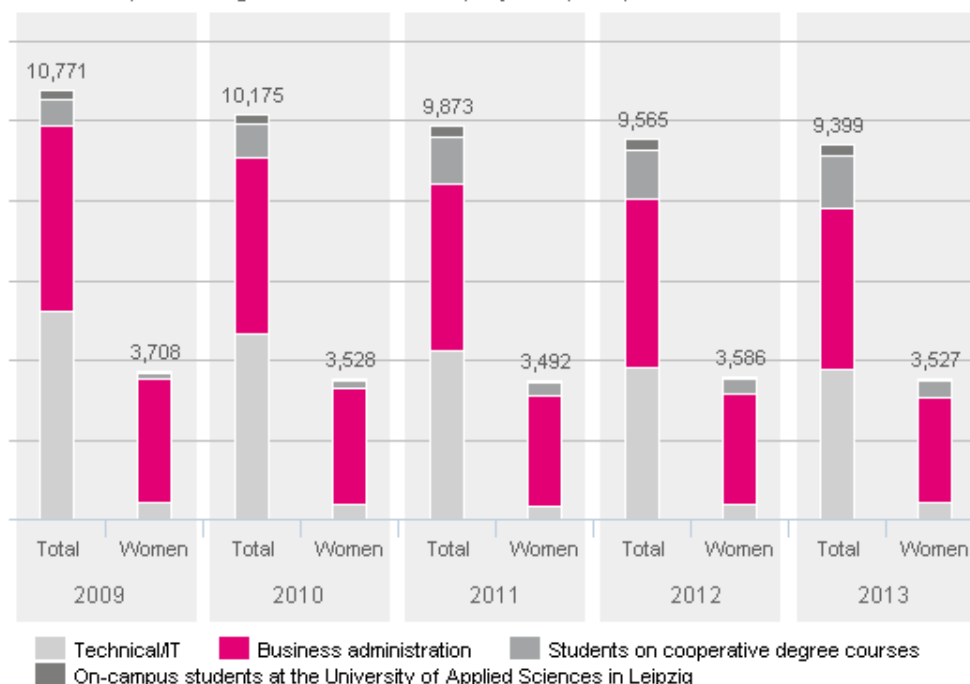
You will find more information in our Human Resources Report at www.hr-report.telekom.com.

Reporting against standards.

The data also partially covers the LA 10 (Average hours of training per year per employee by employee category) GRI performance indicator. This data is also relevant for criterion 15 (Diversity and health) of the German Sustainability Code.

Apprentices and training programs in Germany.

Total and percentage of women, in employees (FTE).



Examples for commercial training programs: office communications administrators, retail sales or dialog marketing assistants, industrial business administrators

Examples for cooperative study programs: Bachelor in Business Administration, Communications and Information Technology, Business Information Systems.

EMPLOYEE HEALTH.

HEALTH RATE.

The health rate at Telekom in Germany remained constant at a high level over the course of the past four years at almost 94 percent. You will find more information in our Human Resources Report at www.hr-report.telekom.com.

Reporting against standards.

In combination with data on work-related accidents, the health rate data fully covers the LA 7 (Rates of injury, occupational diseases, lost days, and absenteeism) GRI performance indicator. This data is also relevant for criterion 15 (Diversity and health) of the German Sustainability Code.

Health rate at Deutsche Telekom in Germany.

By operating segment, in percent.

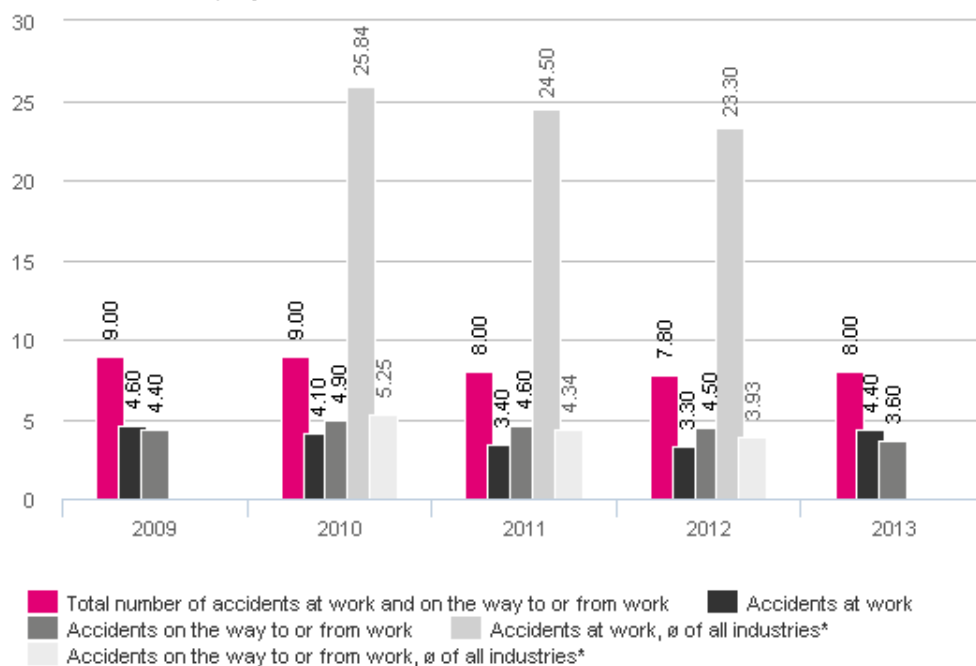
	2009	2010	2011	2012	2013
Germany	93.3	93.4	93.5	93.6	93.4
Europe	97.4	97.8	97.7	97.3	96.8
Systems Solutions	96.4	96.5	96.2	96.3	96.3
Group Headquarters and Group Services	94.0	94.3	94.4	94.5	94.3
Group (total)	94.0	94.2	94.1	94.2	93.9

OCCUPATIONAL ACCIDENTS.

The number of all accidents at work and on the way to or from work remained constant year-on-year at around eight accidents per one-thousand employees. Fortunately, there were no fatal accidents during the reporting period.

Occupational accidents Deutsche Telekom Group in Germany.

Per thousand employees.



* Accidents from 2013 have not yet been included in the statistics published to date.

HEADCOUNT.

WORKFORCE DEVELOPMENT WORLDWIDE.

The number of employees decreased in 2012 compared to the previous year.

You will find more information in our Human Resources Report at www.hr-report.telekom.com.

Reporting against standards.

In combination with additional data on the number of employees, the data on the trend in employee numbers worldwide fully covers the LA 1 (Total workforce) and LA 2 (Total number and rate of employee turnover) GRI performance indicators. It also partially covers the S01-01 (Percentage of FTE leaving p.a.) EFFAS indicator.

Workforce development worldwide.

By operating segments, in employees (FTE).

	2009 [*]	2010 [*]	2011 [*]	2012 [*]	2013
Germany	81,336	70,902	69,574	67,497	66,725
USA	40,697	37,760	32,868	30,288	37,071
Europe	71,163	63,338	58,794	57,196	52,519
Systems Solutions	46,021	51,742	52,170	52,847	50,286
Group Headquarters and Group Services	20,703	23,035	21,726	21,858	21,995
Group (total)	259,920	246,777	235,132	229,686	228,596

^{*} Figures deviate from previous reporting due to restatements. These restatements result from organizational changes within the Group.

DEUTSCHE TELEKOM WORKFORCE 1998 TO 2013.

As in previous years, the number of employees continued to decrease in 2013.

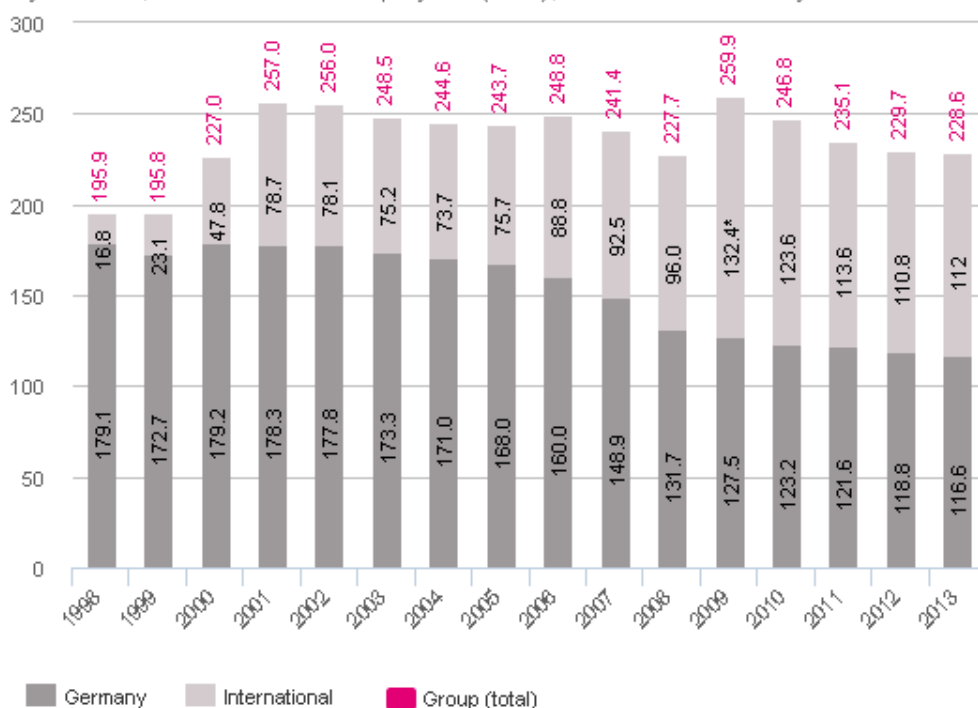
You will find more information in our Human Resources Report at www.hr-report.telekom.com.

Reporting against standards.

In combination with additional data on the number of employees, the data on employees in the German Group and at international level fully covers the LA 1 (Total workforce) and LA 2 (Total number and rate of employee turnover) GRI performance indicators. It also partially covers the S01-01 (Percentage of FTE leaving p.a.) EFFAS indicator.

Deutsche Telekom workforce 1998 to 2013.

By location, in thousands of employees (FTE), as of Dec. 31 each year.



*2009 figures include 32,990 FTE at OTE.

PROPORTION OF CIVIL SERVANTS IN GROUP WORKFORCE.

The number of civil servants employed in Germany decreased from 40,828 in 2011 to 38,224 in 2012 as a result of the general employee trend.

You will find more information in our Human Resources Report at www.hr-report.telekom.com.

Reporting against standards.

In combination with additional information on the number of employees, the data on the proportion of civil servants fully covers the LA 1 (Total workforce) and LA 2 (Total number and rate of employee turnover) GRI performance indicators.

Percentage of civil servants Deutsche Telekom Group in Germany.

In employees (FTE).

	2009	2010	2011	2012	2013
Active civil servants	29,188	25,570	23,516	21,958	20,523
Civil servants on temporary leave from civil servant status*	6,597	1,678	1,537	1,430	1,412
Civil servants at affiliated companies	13,267	16,729	15,774	14,836	14,179
Civil servants (total)	49,052	43,977	40,828	38,224**	36,114**
Number of non-civil servants in Germany	78,435	79,197	80,736	80,616	80,529
Total number of employees in Germany	127,487	123,174	121,564	118,840	116,643
Percentage of civil servants in Germany (in %)	38.5	35.7	33.6	32.2	30.96

* Civil servants whose status as such is currently suspended. They have temporarily switched to an employee relationship not covered by collective agreements.

** All figures calculated on the basis of precise detailed data. Since figures are rounded, totals may differ.

VIVENTO WORKFORCE.

The number of civil servants employed in Germany decreased from 40,828 in 2011 to 38,224 in 2012 as a result of the general employee trend.

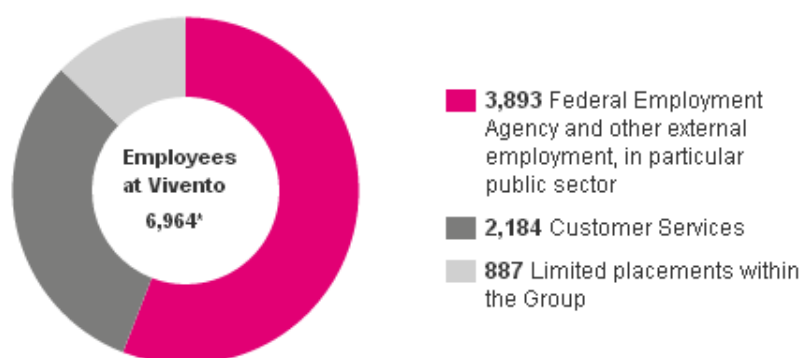
You will find more information in our Human Resources Report at www.hr-report.telekom.com.

Reporting against standards.

In combination with additional information on the number of employees, the data on employees at Vivento fully covers the LA 1 (Total workforce) and LA 2 (Total number and rate of employee turnover) GRI performance indicators.

Vivento workforce.

Incl. business models and projects.



Permanent employees and support staff: **592**

Number of employees who found a new job through Vivento in 2013: **766**

Staff transfers to Vivento since its foundation: **50,898**

Staff who have left Vivento since its foundation: **42,868**

*All figures calculated on the basis of precise details. Since figures are rounded, totals may differ.

TOOLS FOR SOCIALLY RESPONSIBLE STAFF RESTRUCTURING.

We continued our efforts to engage in socially acceptable staff restructuring in 2012. We use internationally proven tools giving employees the option to voluntarily leave the company as part of this process.

You will find more information in our Human Resources Report at www.hr-report.telekom.com.

Reporting against standards.

This data is relevant for criteria 6 (Rules and processes) and 14 (Employee rights) of the German Sustainability Code.

Tools for socially responsible staff restructuring at the Telekom Group in Germany.

In employees (FTE).

	2009	2010	2011	2012	2013
Early retirement (civil servants)	2,788	3,947	2,564	2,266	1,618
Early retirement (non-civil servants)	468	121	0	3	27
Severance payments	2,192	2,227	709	955	1,316
Partial retirement (start of passive phase)	643	846	959	1,417	711
Other socially responsible tools	132	782	163	120	241

FLUCTUATION RATE.

Fluctuation rate.

Unmanaged (termination by employee).

	2012	2013
Germany	1.95%	1.82%
International*	**	7.63%
Group (total)*		4.17%

* without USA

** Fluctuation figures for 2012 not yet complete for Systems Solutions.

IDEAS MANAGEMENT.

GENIAL@TELEKOM. IDEENMANAGEMENT.

In 2013, employees submitted 12,146 suggestions for improvement using the genial@telekom ideas platform. The savings generated by these improvements came to EUR 83 million. We registered 148 patents in the reporting period as well.

Reporting against standards.

Employee involvement is encouraged via the genial@telekom ideas management platform. This data is relevant for criterion 14 (Employee rights) of the German Sustainability Code.

genial@telekom. Ideas management.

	2009	2010	2011	2012	2013
Ideas submitted	5,592	10,498	10,831	13,043	12,146
Savings in millions of EUR	122	136	116	104	83

PORTFOLIO OF INTELLECTUAL PROPERTY RIGHTS.

We registered 148 patents during the reporting period. The number of current property rights came to around 7,500 at the end of 2013, slightly less than previous year values. We manage these property rights based on cost-utilization criteria. The IPR portfolio is reviewed on a regular basis and those rights that are no longer relevant are eliminated.

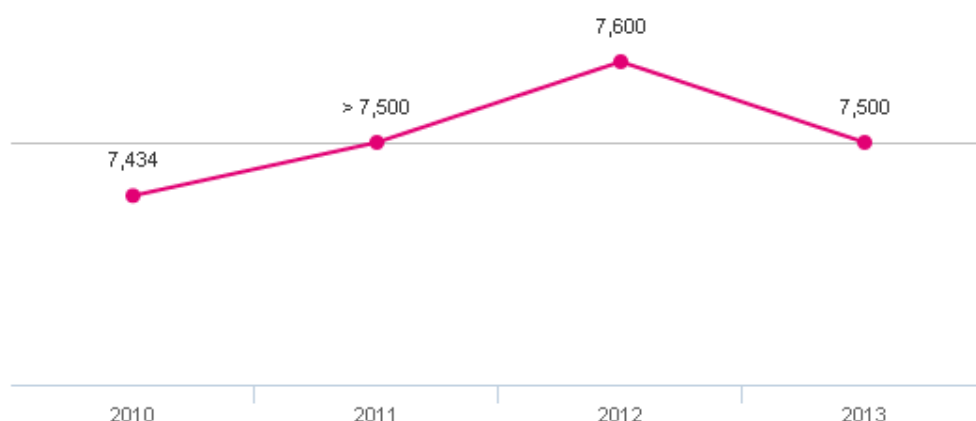
Industrial property rights include inventions, patent applications, patents, utility models and registered designs. The latter give their owners the sole right to use an aesthetic format (design, color, form).

The IPR portfolio is reviewed on a regular basis and those rights that are no longer relevant are eliminated. We manage these property rights based on cost-utilization criteria.

Reporting against standards.

This data partially covers the TA 5 (Practices relating to intellectual property rights) GRI performance indicator as well as the V04-05 (Number of patents registered within the last 12 months) and V04-06 (Percentage of patents registered within last 12 months in relation to total number of patents) EFFAS indicators.

Portfolio of intellectual property rights at the Telekom Group in Germany.



IMPRINT.

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Further information on Deutsche Telekom's corporate responsibility activities can be found at:

<http://www.telekom.com/corporate-responsibility>
<http://www.telekom.com/corporate-responsibility/news/123304>

and

www.annualreport.telekom.com
www.hr-report.telekom.com
<http://www.e-paper.telekom.com/data-privacy-report-2013/>

Concept/research/design/programming:

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Stakeholder Reporting GmbH, Hamburg
1000°DIGITAL GmbH, Leipzig

Photos:

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The 2013 CR Report is available in German and English. The English version of the CR Report is a translation of the German version of the CR Report. The German version of this CR Report is legally binding. Translated by DTAG Corporate Language Management.

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