Corporate Responsibility 2010/2011.

We take responsibility.

Life is for sharing.

About this report.

Telekom has provided extensive information to its stakeholders and 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.

Just as the two previous reports, this year's CR Report also bears the title "We live responsibility." We keep this title as it illustrates that Telekom attributes lasting importance to corporate responsibility. By the year 2015, we plan to achieve our goal of becoming a global CR leader in the ICT industry. 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 2010 and February 2011, and of the goals we are setting for the future.

Additional sources for CR-relevant content .
In addition to the present online CR Report for 2010/2011, we also provide information about corporate responsibility in our Annual Report, in the HR Report and in the Data Privacy Report . We continually report on current activities relating to CR within the Group on our responsibility portal. The international subsidiaries 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.
For example, the information provided by subsidiaries is available through the subsidiaries' profile pages in the CR Report 2010/2011.

Looking back on Deutsche Telekom's CR reporting.

While our initial reports focused on ecological issues, we have increasingly integrated social and economic topics in recent years. From 2003 through 2006 the Group published a combined annual HR and Sustainability Report, which enabled us to satisfy our stakeholders' increased need for information on economic, ecological and social issues. 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.

CR Report 2010/2011 focusing on online reporting.

In order to better comply with the requirements and preferences of our stakeholders, we decided to exclusively publish the present report online. The online CR Report 2010/2011 has been available since the end of June 2011 in German and English. Various service functions such as the download area, the search function and dialog functions facilitate individual use.

We also published a CR brochure in parallel with the online report. This brochure is available for download and can be ordered as a printed version starting mid-July 2011. It enables a clear and easily understandable introduction to our comprehensive reporting on the Internet. The next CR report will be published in Q2 of 2012.

Reporting period, scope of application and target groups.

The CR Report 2010/2011 is a Group report and includes all European and U.S. subsidiaries in which Telekom holds the majority share. Any deviations are marked accordingly.
This report ties in with the CR Report 2010. The reporting period for the various topics spans from March 1, 2010 to February 28, 2011. All quantitative data and KPIs refer to the 2010 calendar year. Any deviations are marked accordingly.

This report is primarily aimed at analysts and investors, CR ranking and rating agencies as well as non-governmental organizations. At the same time, we wish to address representatives from the worlds of science, research, education and politics.

Selection of the main topics for the CR Report 2010/2011.

To select the main report topics, we conducted a multiple-phase materiality process in Q4 of 2010. This is a fixed part of our annual CR reporting. It is a tool to help identify the topics with maximum relevance for our internal and external stakeholders.

Structure of the current online report.

The online CR Report 2010/2011 has been designed as a progress report that focuses on the important

developments of the reporting year. Using the vertical navigation bar the reader can access the five main sections of the report:

- Society
- Customers
- Employees
- Suppliers
- Climate and environment

These five sections are supplemented by three others:

- The Strategy and management section describes the management of CR processes and the Group-wide integration of Telekom's CR strategy.
- The majority of the subsidiaries whose CR activities are described in this report are presented on profile pages. These pages can be found under the Subsidiaries menu item.
- In the Key figures section, consolidated and commented indicators provide information about our progress in past years.

Each introductory page has a materiality matrix containing all the section's topics assessed in the materiality process. The graphic depiction (font size and position in the matrix) results from the relevance assessment by our stakeholders.

In this report we have used a drop-down function for the first time. The advantage of this function is that all the aspects of a topic can be determined at a glance and the reader can make a targeted decision to immerse him/herself into individual aspects.

Independent assurance report.

Selected indicators of the CR Report 2010/2011 from Germany as well as from Magyar Telekom Hungary, Slovak Telekom and T-Mobile Netherlands were audited as part of an assurance engagement of the auditing firm PricewaterhouseCoopers (PwC).
The following sections were also audited:

- Strategy and management
- Suppliers
- The independent assurance report can be found under the assurance report menu item.

All of the audited contents of this report are marked with and will remain valid without change until the publication of the next CR report.

Implementation of international reporting standards.

Telekom's CR Report 2010/2011 fully complies with the guidelines (G3) of the Global Reporting Initiative (GRI). This also applies to the GRI Telecommunications Sector Supplement (applicable to companies in the telecommunications industry) in its pilot version of 2003. Conformance with both requirements catalogs was checked by GRI, which issued the highest application level A+ for it.

The current CR Report 2010/2011 also serves as Telekom's Communication on Progress (COP) in line with the United Nations Global Compact. The Global Compact Communication on Progress provides an overview of the specific measures to implement the Global Compact principles.

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Foreword by the Chairman of the Board of Management.

Ladies and gentlemen,

The images of the tsunami disaster in Japan and its consequences have moved us all deeply. But these events have also led to a rethinking of energy supply strategies. The expansion of renewable energies is being discussed in many countries.

Irrespective of concrete schedules, it is clear that the energy turnaround can only function with an intelligent power grid. Many small local power stations such as solar panels or large offshore wind parks must be integrated into the network. Such an endeavor entails a host of new challenges in terms of balancing out supply and demand in the energy market. State-of-the-art information and communications technology (ICT) plays an important role in this process. Deutsche Telekom can also do its part in helping the energy turnaround to succeed.

René Obermann

In recent years we initiated the implementation of new intelligent electricity meters called “smart meters” in many pilot projects, such as at our T- City Friedrichshafen. And we launched cooperative ventures with energy suppliers focusing on intelligent power station management. As far back as the spring of 2010, we designated ICT solutions in the energy sector as a vital growth segment in our corporate strategy. In coming years we will contribute our expertise and our technology to developing the power grid of the future. Our products are already contributing to energy savings and energy efficiency in many sectors, such as facility management, logistics and industrial automation.

Of course, we are also aware that modern ICT services have resulted in a significant increase in energy consumption in recent years, for example for the operation of our infrastructure. This is why we are massively intensifying our efforts to reduce our own CO2 emissions. In 2010 we adopted our new climate protection strategy, initially for Germany. Our goal is an ambitious one: by 2020 we plan to emit up to 40 percent less CO2 compared to 1995.

But energy efficiency and climate protection are only one part of our corporate responsibility. The following pages contain many additional details about our CR activities. Here is a small example: Our “Yes, I can!” initiative was launched in 2009 to promote children and adolescents from socially disadvantaged areas. We give them an opportunity to learn new skills, thereby opening up new perspectives to them. It always pleases me greatly to see the enthusiasm with which these kids are involved in the various projects. This initiative recently received the Politics Award 2010 in the category “Corporate Social Responsibility”.

But even more important than such distinctions is maintaining open dialog with our customers, our shareholders, our suppliers and, of course, our employees. We utilize their feedback to refine our sustainability strategy. And we are involved in numerous organizations in order to bring even more attention to the topic of sustainability, for example in the context of the Global Compact . Since its founding in 2000, we have been championing the principles of this United Nations initiative, such as human rights, climate protection and combating corruption. Since January 2011, we have been the only German company in the Lead Steering Committee of the UN Global Compact.

All of this is helping us to reach our goal of assuming a pioneering role in the ICT industry by 2015 when it comes to taking societal and ecological responsibility. I am confident that we will succeed in this ambition, because for us corporate responsibility is a fixed and indispensable component of our corporate values and our corporate strategy.

I hope you will find this report both entertaining and informative.

Bonn, June 2011

Sincerely,

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

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Group profile.

Deutsche Telekom is one of the world's leading integrated telecommunications companies, with approximately 129 million mobile customers, 36 million fixed-network lines and more than 16 million broadband lines in around 50 countries. We offer consumers as well as corporate and business customers a comprehensive portfolio of products and services in the areas of fixed-line/broadband, mobile communications, Internet and Internet TV as well as other innovative solutions for connected life and work . We were able to generate revenues of EUR 62.4 billion with a staff of some 247,000 employees worldwide in fiscal year 2010.

Group strategy.

Deutsche Telekom is continuing to restructure its business with the Group strategy, Fix — Transform — Innovate , introduced in March 2010. In addition to stabilizing its traditional fixed and mobile access business, the focus is on developing and expanding new growth areas in five strategic action areas .

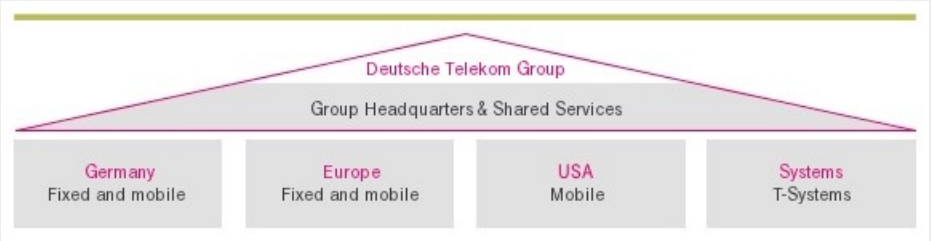
The Group is expressly committed to its corporate responsibility and bases its actions on economic as well as social and ecological criteria. In line with our objective of becoming a global leader in connected life and work , we continue to pursue our vision of becoming an industry leader in assuming corporate responsibility (CR).

One Company — fixed and mobile services from a single source.
An important component of the new Group strategy is merging our fixed-line and mobile business in Hungary, Montenegro, Croatia, Germany and Slovakia.

Group structure and operating segments.

On February 24, 2010 the Supervisory Board decided to merge the operating segments Southern and Eastern Europe and Europe. Accordingly, Telekom's organizational and management structure comprises the operating segments Germany, Europe, United States and Systems Solutions as well as Group Headquarters & Shared Services.

The organizational structure at a glance.



- **Germany:** The Germany operating segment entails all the activities of the fixed-line and mobile business in Germany as well as wholesale telecommunications services for the Group's other operating segments. We were able to slow down the year-on-year decrease in total revenue in our German business. Although we saw a decline in revenue in the fixed-network business mainly due to line losses caused by regulation, we were able to increase our revenue by 3 percent in the mobile business compared to last year. The mobile Internet once again proved to be a growth driver. In 2010 we invested EUR 4.8 billion in broadband expansion in Germany, which was about 50 percent more than the previous year.

- **Europe:** The new Europe operating segment encompasses the fixed-network and mobile operations of the subsidiaries in Greece, Romania, Hungary, Poland, the Czech Republic, Croatia, the Netherlands, Slovakia, Austria, Bulgaria, Albania, Montenegro, the FYR of Macedonia as well as the joint venture in the UK. The International Carrier Sales and Services unit, which mainly provides wholesale telecommunications services for the Group's other operating segments, is also part of the Europe segment. The tough economic situation in the countries of Southern and Eastern Europe in particular had a considerable impact on total revenue. Business with high-value contract customers drove growth in our mobile communications segment.

- **United States:** The United States operating segment combines all our mobile activities in the U.S. market. We further expanded our high-performance network in the U.S. and more than doubled the

number of 3G and 4G smartphone users in fiscal year 2010. In March 2011 Telekom announced that it would be selling T-Mobile USA to U.S. telecommunications company AT&T. The Group will take a stake of up to 8 percent in AT&T as a result of this sale. The transaction still needs the approval of the U.S. Department of Justice and the U.S. regulatory authority, the Federal Communications Commission.

- **System solutions:** T-Systems provides individual ICT solutions for corporate customers, operating networks and data centers all over the world. Despite the fact that prices in the ICT business are falling, T-Systems' total revenue increased on the back of strategically significant new deals, with the high level of demand for cloud services playing a considerable role.

Group Headquarters & Shared Services.
Group Headquarters & Shared Services comprises all Group units that cannot be allocated directly to one of the operating segments. This area performs strategic and cross-divisional management functions and is responsible for operating activities that are not directly related to our core business. Shared Services include, for example, property management, DeTeFleetServices GmbH vehicle fleet management and the internal personnel services provider Vivento. The Shared Services unit primarily provides services in Germany.

Corporate transactions during the reporting period.

The following transactions took place in the course of the new strategic alignment:

- **The Everything Everywhere joint venture in the UK:** On April 1, 2010, together with France Télécom S.A., we merged T-Mobile UK and Orange UK to create a joint venture in which the two shareholders hold equal shares of 50 percent. Against this backdrop, we decided not to include the CR activities of T-Mobile UK in Telekom‘s CR Report 2010/2011.

- **STRATO and ClickandBuy:** We fully consolidated STRATO AG and STRATO Rechenzentrum AG (STRATO) as of January 1, 2010. The transaction makes us a leading provider of Web hosting products, especially for consumers and small business customers in Germany. As of April 1, 2010 we also acquired the remaining shares in the Internet payment service provider Firstgate along with the ClickandBuy brand, in which we have had an interest since 2006.

Complete take-over of mobile provider PTC.
Deutsche Telekom has been the sole shareholder of the Polish mobile communications company PTC since January 2011. An agreement was concluded with French company Vivendi, the Polish company Elektrim and Elektrim’s creditors in December 2010, which provided for the settlement of all legal disputes between the parties. This means that we have finally reached an amicable conclusion to a long-running legal dispute in Poland.

Business development in 2010.

Net revenue was EUR 62.4 billion, which amounts to EUR 2.2 billion less than the previous year. However, the deconsolidation of T-Mobile UK as per April 1, 2010 had a considerable impact here. The operating segments Systems Solutions and United States both recorded a revenue increase, whereas all others recorded decreases. We also fully delivered on the shareholder remuneration policy we announced for the 2010 to 2012 fiscal years with a dividend payment of EUR 0.70 per share and the share buy-back amounting to EUR 0.4 billion in 2010. With investments of almost EUR 10 billion, we pushed ahead with the broadband roll-out and invested in expanding the capacities of existing networks and in faster mobile networks.

Adjusted EBITDA.
The adjusted EBITDA of EUR 19.5 billion achieved in fiscal year 2010 means a decrease of about 6 percent compared to the prior year. Here too the deconsolidation of T-Mobile UK played a role. Our performance corresponded to our Guidance published at the beginning of the year.

Net profit.
At EUR 3.4 billion, Deutsche Telekom‘s adjusted net profit in 2010 was at the prior-year level. At EUR 1.7 billion, the unadjusted net profit showed a EUR 1.3 billion increase year-on-year.

Free cash flow and net debt.
At EUR 6.5 billion, the Group’s free cash flow was EUR 0.4 billion less than the prior year, although it was clearly above the expected value of EUR 6.2 billion which we announced at the beginning of the year.

Net debt increased slightly by EUR 1.4 billion year-on-year, to EUR 42.3 billion.

For detailed information about the company's performance and Telekom’s financial data, please refer to the Annual Report 2010 .

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Rankings, ratings and 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 subsidiaries were also honored for their CR commitment in various areas. An overview of this can be found on the respective profile pages of the subsidiaries.

SRI rankings and ratings.

Dow Jones Sustainability Indexes	
„Prime“ Rating von oekom research	
ASPI and ESI by Vigeo: Vigeo is one of the leading rating agencies for CSR analyses in Europe. Vigeo's SRI products include ESI (Ethibel Sustainability Index) and the ASPI Eurozone Index (Advanced Sustainable Performance Indices). The latter rates 120 of Europe's leading sustainability performers.	
FTSE4Good Index	
Carbon Performance Leadership Index	
FTSE KLD Global Climate 100 Index The Global Climate 100 Index encompasses 100 companies worldwide that are leaders in combating short-term and long-term consequences of climate change and its causes.	

Newsweek-Green-Rankings

Awards.

Strategic approach.

UN Global Compact : Telekom was honored for its long-standing commitment to sustainability and its efforts in its capacity as a UN Global Compact member at an anniversary event of the UN Global Compact.

Society.

Politics Award 2010: Commendation for the “Yes, I can!” initiative .

UN Decade of Education for Sustainable Development: “Yes, I can!“ is an official project of the UN Decade.

Customers.

“connect“ readers‘ choice: 21,000 readers of the telecommunications magazine “connect“ provided their ratings in 26 categories for 2010. In total, Telekom received 10 top ratings and was crowned Mobile Communications Network Operator of the Year for the 11th time in a row.

European Most Trusted Brands: t-online.de was named the most reliable Internet portal of 2010. Reader's Digest polled consumers in 16 European countries and determined the most reliable brands.

Service Desk Award 2010: The customer support offer “ Telekom helps“ via Twitter and Facebook was

honored with the 2010 Service Desk Award, one of the most coveted awards for IT support in Germany, Austria and Switzerland.	Service Desk Award 2010
Carrier & Provider 2010: The Carrier & Provider 2010 vote of the renowned IT and telecommunications journal “funkschau“ awarded Telekom first place in the Value-added Services category.	Carrier & Provider 2010 funkschau
Employees.	
Employer Branding Award	EMPLOYER BRANDING AWARDS 2010
Climate and environment.	
365 Places in the Land of Ideas competition to promote innovation	Deutschland Land der Ideen
Büro & Umwelt (Office & environment) 2010: ■ Germany’s most environmentally friendly office ■ Special award for the paperless office concept	Wettbewerb 2010 Büro & Umwelt
GreenIT Best Practice Award: The DataCenter 2020 was one of five projects to become a finalist for the 2010 GreenIT Best Practice Award of the GreenIT BB network, thereby setting itself apart among more than 200 competitors.	GreenIT Best Practice Award 2010 NOMINIERT
Communications and Marketing.	
ARC Awards : Telekom‘s 2009 Annual Report and 2010 CR Report were honored in seven categories, including for design and photography, at the world’s largest competition for company reports, the ARC Awards. The CR Report received a Gold rating overall.	2010 24th Annual ARC AWARDS INTERNATIONAL

iF communication design award: T-Systems received the Design Award in the Print Media — Corporate Communications category for its “Best Practice“ customer magazine in 2010.

Deutscher Marketing-Preis: In 2010 the German marketing association Deutscher Marketing-Verband honored Telekom with its annual award for excellent marketing achievements.

Econ-Awards 2010: Telekom received the Silver award for its printed version of the CR Report 2010. The ECON Award for corporate communication is handed out by the publishing house Econ Verlag, Handelsblatt newspaper and other organizations and public institutions in the German-speaking realm.

intermedia-globe Award: Telekom received the intermedia-globe Gold Award , for its “We take responsibility” image film in the corporate responsibility category. This award is given out annually at the international WorldMediaFestival in Hamburg

Research and development.

Open Innovation Award 2010: For its concept of open innovation with external partners and customers, T-Labs was awarded with the Open Innovation Award 2010 of the Zeppelin University in Friedrichshafen on December 2, 2010.

Certificates.

Customers.

TÜV “value for money” certificate: The mobile communications and DSL discounter congstar, a Telekom subsidiary, has been “value-for-money tested" since 2010. Its overall score of 1.9 was based on a survey by technical services provider TÜV Saarland among existing congstar customers.

TÜViT Trusted Process certificate: The quality assurance for the billing processes for Telekom’s mobile communications was certified by TÜV Informationstechnik in December 2010. The certificate is valid until December 31, 2012.

Climate and environment.	
Climate Neutrality certificate from First Climate: Softwareload is the first download platform to receive the Climate Neutrality certificate from First Climate, a leading company in the European emissions trade.	
TÜV Bluefleet certificate: CO_2-controlled Telekom vehicle fleet in Germany	
ISO 14001 umbrella certificate	
OHSAS 18001	

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GRI index.

Telekom's CR reporting is based on the requirements defined by the Global Reporting Initiative (GRI). Telekom's CR Report 2010/2011 fully complies with the GRI guidelines (G3). This also applies to the GRI Telecommunications Sector Supplements (applicable to companies in the telecommunications industry) in the pilot version of 2003. Conformance with both requirements catalogs was checked by GRI, which issued the highest application level A+ for it.

The GRI index below indicates the scope to which we take the GRI indicators into account and the places in this year's CR Report where the corresponding information is available. The index also contains references to GRI-relevant text passages in other Telekom publications. The GRI index also states why Telekom does not report on individual GRI indicators.

Additional indicators that we have taken into account in the CR Report 2010/2011, but whose fulfillment is not compulsory for level A+, are printed in italics.

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Profile.

Indicator	Reference	Status

1.Strategy and analysis

1.1 Statement from the most senior decision-maker

- Foreword by the Chairman of the Board of Management

1.2 Key impacts, risks and opportunities

- Group profile
- Group-wide steering
- Risk and opportunity management
- Annual Report 2010 > Corporate governance report (p. 3/6)
- Annual Report > Risk and opportunity management

2.Organizational profile

2.1 Name of the organization

- Group profile

Deutsche Telekom AG

2.2 Brands, products and/or services

- Group profile

2.3 Organizational structure

- Group profile
- Annual Report > Group organization (p. 1/6 f.)

2.4 Headquarters location

- Group profile
- Annual Report > Group organization (p. 2/6)

2.5 Countries in operation

- Group profile
- Annual Report > Group organization (p. 2/6)

2.6 Nature of ownership

- Group profile
- Annual Report > Group organization (p. 2/6 f.)

2.7 Markets served

- Group profile
- Annual Report > Group organization (p. 2/6)
- Annual Report > The economic environment (p. 1/4 f.)

2.8 Scale of the organization

- Group profile
- Annual Report > Overview of the 2010 financial year (p. 1/3)
- Annual Report > Development of business in the Group (p. 1/11)
- Annual Report > Employees (p. 1/6 f.)

2.9 Significant changes regarding size, structure, or ownership

- Group profile
- Annual Report > Group organization (p. 2/6 f.)

- HR Report 2010/2011 (p. 15 f.)

2.10 Awards received

- Rankings, ratings and awards
- Subsidiaries

3.Report parameters

3.1 Reporting period

- About this report

3.2 Date of most recent previous report

- About this report

3.3 Reporting cycle

- About this report

3.4 Contact point for questions

- Contact form and publishing information

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3.5 Process for defining report content

- About this report
- Stakeholder involvement

3.6 Boundary of the report

- About this report

3.7 Limitations on the scope or boundary of the report

- About this report

3.8 Joint ventures, subsidiaries, and outsourced operations

- Annual Report > Group organization (p. 2/6 f.)
- www.telekom.com

3.9 Data measurement techniques

- About this report
- Key performance indicators
- Independent assurance report
- Indicators
- Organization and management

Telekom has an internal reporting and indicator management system that allows us to incorporate the entire Group. i.e. all international subsidiaries and all strategic business areas, in almost every topic area.
Since early 2010, we have been using a CR database to systematically collect and manage relevant data for our CR reporting activities. This web-based data collection tool is currently still under development.

3.10 Effects of re-statement of information provided in earlier reports

When information from previous reports is re-stated in the CR Report 2010/2011 in a modified form, this is indicated in the relevant places.

3.11 Significant changes in the scope, boundary, or measurement methods

- About this report
- Indicators

3.12 GRI Content Index

Present

3.13 External assurance

- About this report
- Independent assurance report

In addition to the "Strategy and management" section, Telekom asked auditing firms to audit the "Suppliers" section and selected indicators from Germany and our international subsidiaries Magyar Telekom, OTE and T-Mobile Netherlands.

4.Governance, Commitments and Engagement

4.1 Governance structure

- Organization and management
- Annual Report > The Board
- Annual Report > Corporate governance report (p. 1/6 f.)

4.2 Indication whether chairperson is also executive officer

- Annual Report > The Board

4.3 Independent members at the board

- Annual Report > The Board

4.4 Mechanisms for shareholders and employees to provide recommendations to the board

- Stakeholder management
- Socially responsible investment
- Internationalization
- Annual Report > Supervisory Board's report (p. 1/7 f.)
- Annual Report > Corporate governance report (p. 1/6 f.)
- HR Report 2010/2011 (p. 18)

4.5 Linkage between executive compensation and organization's performance

- Annual Report > Corporate governance report (p. 4/6 f.)

4.6 Processes to avoid conflicts of interest at the board

- Annual Report > Corporate governance report

4.7 Expertise of board members on sustainability topics

- Organization and management

4.8 Statements of mission, codes of conduct, and principles

- Values and Guiding Principles
- Goals and achievements
- Stakeholder management
- Mobile communications and health
- Consumer protection
- Climate protection
- Environmental management
- Low emissions mobility
- Suppliers
- Basics for product development and product design
- Protecting minors

4.9 Procedures for board governance on management of sustainability performance

- Strategy and management

As part of Corporate Communications and thanks to the Board Representative for Sustainability and Climate Protection, the CR unit is firmly integrated in the Chairman's department. The sustainability performance is managed by means of targets.

4.10 Process for evaluation of the board's sustainability performance

- Annual Report > Corporate governance report (p. 4/6 f.)

The Telekom Board of Management is responsible for the operational management of the Group and strives to constantly improve the company's sustainability performance.

4.11 Precautionary approach

- Compliance
- Risk and opportunity management

- Annual Report > Corporate governance report (p. 1/6 f.)

Risk management, compliance management and the CR KPIs provide approaches for proactive action at Telekom.

4.12 External charters, principles, or other initiatives ●

- Stakeholder management
- Network and infrastructure expansion
- Protecting minors
- Mobile communications and health
- Consumer protection
- International collaboration
- Climate protection initiatives
- Environmentally friendly network infrastructure
- Environmental management

4.13 Memberships in associations ●

- Stakeholder dialog
- Stakeholder involvement
- Sustainability strategy for procurement
- International collaboration
- Protecting minors

4.14 Stakeholder groups ●

- About this report
- Stakeholder management

4.15 Stakeholder identification and selection ●

- About this report
- Stakeholder management

4.16 Approaches to stakeholder engagement ●

- About this report
- Stakeholder management
- Socially responsible investment
- Government relations and regulatory issues
- Mobile communications and health
- engagement@telekom
- Educational commitment
- Suppliers
- Employee involvement

4.17 Topics and concerns raised by stakeholders ●

- About this report
- Stakeholder management
- Socially responsible investment
- Government relations and regulatory issues
- Mobile communications and health
- Customer satisfaction
- Supply chain management
- Employee involvement

Status

● Covered completely
◆ Not relevant
◐ Covered partly

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Economic performance indicators.

Indicator	Reference	Status
Disclosure on management approach		●

- Group profile
- Annual Report > Group strategy and Group management (p. 1/4 f.)

EC1 Direct economic value generated and distributed ●

- Net added value
- Annual Report > Selected financial data (p. 1/1)

Telekom's net value added shows how the company performance is distributed among the various stakeholders, for example in the form of wages or salaries.

EC2 Financial implications due to climate change ●

- CR strategy
- Climate and environment
- Annual Report > Corporate responsibility

EC3 Coverage of the organization's defined benefit plan ●

- Company pension schemes

EC4 Financial government assistance ●

The Group received financial assistance amounting to approx. EUR 6.82 million for partial retirement in Germany—for Telekom and the T-Service companies—from the Federal Employment Agency in 2010.

EC5 Entry level wage compared to local minimum wage ●

- *Remuneration*
- *Annual Report > Employees* (p. 1/6 f.)

Despite some necessary adjustments to market levels, e.g., as part of the collective wage negotiations for Telekom Service, the starting salaries of our employees are still attractive compared to the sector average, especially in Germany.

EC6 Locally-based suppliers ●

- Sustainability strategy for procurement
- Supplier selection

With a volume of almost EUR 398 million, around 1.9 percent of the goods and services that we procure via direct channels come from developing and emerging economies. This figure is far higher if we include our indirect procurement channels. Many of our European and North American suppliers and their suppliers also have their goods manufactured in developing and emerging economies. Hence, we help support local economies at least indirectly in many different parts of the world.

EC7 Local hiring ●

- Regional added value
- Competitive workforce
- Talent agenda
- HR Report 2010/2011 (p. 14 f.)

Highly qualified personnel are the prerequisite for customer-centric products, solutions and services—and thus for Telekom's business success, today and in the future. For this reason, the selection of personnel at Telekom is not based on nationality or proximity to place of work but on the qualifications and skills of the candidates. To enable the cross-border transfer of expertise and skills and internationally harmonized global personnel development demanded of a global player, Human Resources (HR) develops the necessary structures, processes and measures within the HR strategy.

EC8 Infrastructure investment and services for public benefit ●

- Network and infrastructure expansion
- engagement@telekom

- Educational commitment
- Sponsorship
- Disaster relief

EC9 Indirect economic impacts ●

- *Regional added value*
- *Economic indicators*

Status

● Covered completely
◆ Not relevant
◐ Covered partly

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Environmental performance indicators.

Indicator	Reference	Status
Environmental performance indicators		●

- CR strategy
- Key performance indicators
- Organization and management
- Climate and environmentally friendly products and services
- Research and innovation
- Sustainability strategy for procurement
- Using raw materials
- Supplier selection
- Supply chain management
- Climate protection
- Environmentally friendly network infrastructure
- Environmental management
- Low emissions mobility
- Annual Report > Innovation and product development

EN1 Volume of materials used ◆

This indicator is not relevant to Telekom as the company does not manufacture anything itself.

EN2 Recycled materials ◆

- Network upgrading
- Resource efficiency

Since Telekom is a service company, this indicator is of low relevance.

EN3 Direct primary energy consumption ◐

- Energy & emissions

Daten zum direkten Energieverbrauch wurden bisher in MWh erhoben. Angaben in Joule sind voraussichtlich ab 2012 verfügbar.

EN4 Indirect primary energy consumption ◐

- Energy & emissions

Information on indirect energy consumption has always been recorded in MWh to date. Volumes in joules are likely to be available from 2012.

A breakdown by renewable and non-renewable energy sources is not relevant for Telekom as the purchase of RECS (Renewable Energy Certificate System) certificates means electricity consumption in Germany is covered—directly or indirectly—entirely from renewable energy sources. In virtually all other countries, the proportion of renewable and non-renewable energy is in line with the electricity mix in the relevant country.

EN5 Energy conservation ●

- *Energy & emissions*

EN6 Initiatives for energy-efficiency and renewable energy ●

- Climate and environmentally friendly products and services
- Supply chain management
- Energy management
- Environmentally friendly network infrastructure
- Resource efficiency

EN7 Initiatives for reducing indirect energy consumption ●

- Environmentally friendly network infrastructure
- Low emissions mobility
- Energy & emissions

EN8 Total water withdrawal ●

- Water consumption

  Water consumption is not linked to provision of services to customers. The main source of water, which is used for sanitary facilities and the watering of outdoor areas, is the public drinking water supply system. No other sources are used.

EN9 Effect of water withdrawal ◆

To our knowledge our water consumption has no major impact on the environment.

EN10 Water recycled and reused ◆

Water recycling facilities are not installed in significant numbers.

EN11 Land assets in or adjacent to protected areas ●

In the reporting period, we have financed compensation measures to restore natural habitats under nature conservation regulations.

EN12 Impacts on biodiversity ●

- Biodiversity

  Internal guidelines regulate potential impacts on biodiversity, such as from the installation of cables or from electromagnetic fields. Aside from this, our business activities only have an indirect impact on biodiversity. We have a greater potential to help protect biodiversity through our climate protection activities.

EN13 Habitats protected or restored ●

- Biodiversity

  In the reporting period, we have financed compensation measures to restore natural habitats under nature conservation regulations.

EN14 Strategies for biodiversity ●

- Biodiversity
- Environmental management

EN15 Endangered species ◆

This indicator is not relevant to Telekom.

EN16 Greenhouse gas emissions ●

- Energy management
- Energy & emissions

EN17 Other greenhouse gas emissions ●

- Energy management
- Energy & emissions

  CO_2 emissions are calculated in accordance with the Greenhouse Gas (GHG) Protocol. No disclosures beyond CO_2 emissions (for example, on NOx, SOx or other air emissions) are possible.

EN18 Initiatives to reduce greenhouse gas emissions ●

- Climate and environmentally friendly products and services
- Supply chain management
- Climate protection
- Energy management
- Environmentally friendly network infrastructure
- Environmental management
- Low emissions mobility
- Environmentally friendly network infrastructure
- 2nd and 3rd generation mobile communications

EN19 Emissions of ozone-depleting substances ◆

Telekom is not a manufacturing enterprise. As such, this indicator is not relevant to Telekom.

EN20 NOx, SOx and other air emissions ◆

Telekom is not a manufacturing enterprise. As such, this indicator is not relevant to Telekom.
CO_2 emissions are calculated in accordance with the Greenhouse Gas (GHG) Protocol. No disclosures beyond CO_2 emissions (for example, on NOx, SOx or other air emissions) are possible.

EN21 Water discharge ●

- Water consumption

  Since we participate in the public water supply, water withdrawal is nearly equal to water discharge.

EN22 Waste by type and disposal method ●

- Environmental management
- Network upgrading

EN23 Significant spills ◆

Since Telekom does not manufacture any products, this indicator is not relevant.

EN24 Waste deemed hazardous under the terms of the Basel Convention ◆

Since Telekom does not transport any waste, this indicator is not relevant.

EN25 Impacts of discharges and runoff on biodiversity ◆

This indicator is not relevant for Telekom, as no direct discharges of water take place.

EN26 Initiatives to mitigate environmental impacts ●

- Basics for product development and product design
- Climate and environmentally friendly products and services
- Environmentally friendly network infrastructure
- Phone and cell phone recycling
- Energy & emissions

EN27 Packaging materials ●

In Germany Telekom takes back 100 percent of its packaging in accordance with the Packaging Ordinance. In its international units, the company deals with packaging materials according to the legislation in the country concerned. Accordingly, a complete description is not possible at this juncture.

EN28 Sanctions for non-compliance with environmental regulations ●

- Annual Report 2010

  We received an umbrella ISO 14001 certificate in June 2009. This ensures compliance with environmental regulations throughout the Group. No significant breaches became known in the reporting period.

EN29 Environmental impacts of transport ●

- Low emissions mobility
- Vehicle fleet
- Climate and environmentally friendly products and services
- Energy & emissions

  Logistics and transport are carried out by service providers at Telekom. The ecological effects of transport are influenced by the contractual arrangements with the service providers.

EN30 Environmental protection expenditures ◐

- Energy management

  Total greenhouse gas emissions equivalent to 3,718 metric tons of CO_2 were offset in the reporting period. No further data is recorded centrally at present regarding expenditure on and investment in environmental protection.

Status

● Covered completely
◆ Not relevant
◐ Covered partly

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Social performance indicators.

Indicator	Reference	Status

Social performance indicators: Labor practices and decent work

Disclosure on management approach

- Employees
- HR Report 2010/2011 (p. 6 f.)

LA1 Workforce by employment type and region

- Headcount
- Part-time employees
- HR Report 2010/2011 (p. 15 f.)

LA2 Employee turnover

- Headcount
- Part-time employees
- HR Report 2010/2011 (p. 15 f.)

LA3 Benefits to full-time employees

- Company pension schemes
- Annual Report 2010 > Employees (p. 2/6 f.)
- www.telekom.com (only available in German)

LA4 Employees with collective bargaining agreements

- HR Report 2010/2011 (p. 16, p. 18)

In Germany Telekom has agreed most of the conditions of employment for its employees with its employee representatives on the basis of collective bargaining. There are exceptions for senior executives and a few small companies not covered by collective agreements. Internationally, Telekom aligns itself to the participatory culture of the relevant country. This means there is a diverse landscape of collective bargaining agreements in the various international Group companies. The responsibility for the negotiating and signing collective agreements lies with the management of the relevant national company.

LA5 Minimum notice period(s) regarding operational changes

- HR Report 2010/2011 (p. 18)

In the case of significant operational changes, the relevant works councils are informed and involved according to the legally applicable provisions such as the German Works Constitution Act.
In addition, there is a regular exchange with the employee representatives, both on the national and international level. We have established a Global Employee Relations Management (ERM) unit at Group level during the reporting period. It provides guidance and promotes an exchange of experiences for building the diverse employee relationships in various countries. It is also a central contact for all international employee and employer committees and the labor unions.

LA6 Workforce represented in joint health and safety committees

Telekom has various committees on occupational safety and health involving both employee and employer representatives.

LA7 Occupational diseases, lost days, and number of fatalities

- Health rate
- Occupational accidents
- HR Report 2010/2011 (p. 17)

LA8 Training on serious diseases

- Health management
- HR Report 2010/2011 (p. 17)

By setting up universal standards and guidelines throughout the Group, we anchored this key topic firmly in our company and management structures as early as 2007. Employees can utilize advisory and training services, as well as preventive medical check-ups,

as part of our health management.

LA9 Trade union agreements on health and safety ●

Industrial safety issues are also addressed in negotiations with the social partners.

LA10 Training per employee ◐

In 2010, our employees received on average 37.2 hours of training.
A breakdown by employee category is not relevant for Telekom as the training and development offers are open to all employees equally.

LA11 Programs for lifelong learning ●

- Talent agenda
- Personnel and organizational restructuring
- HR Report 2010/2011 (p. 16, p. 35 f.)

LA12 Regular performance and career development reviews ◐

- Human resources development
- Cultural transformation
- *HR Report 2010/2011 (p. 13 f.)*

  Since 2008, all employee groups that take part in the target agreement process have received a variable salary component based among other things on their service performance. For senior executives, the achievement of the four company targets accounts for a third to half of the bonus. Telekom also has various instruments for giving employees feedback on their work behavior. For example, we offer 360° feedback, an optional instrument for personal assessment.

  The percentage of employees who receive regular performance and career development reviews is not determined at present. We plan to determine this percentage from 2012.

LA13 Composition of governance bodies ●

- Diversity
- Annual Report 2010 > Members of the Supervisory Board (p. 1/2 f.)
- HR Report 2010/2011 p. 29 f.

LA14 Gender pay disparity ●

- Remuneration

  In harmony with our Group-wide Diversity Policy, remuneration at Telekom is not gender-related.

Social performance indicators: Human rights

Disclosure on management approach ●

- Values and Guiding Principles
- Competitive workforce
- Sustainability strategy for procurement
- Supply chain management

HR1 Investment agreements ●

- Sustainability strategy for procurement
- E-TASC
- Social Audits

HR2 Supplier screening on human rights ●

- 2010 audit results

HR3 Training on human rights ◐

- *Compliance*
- *Supplier selection*

  Within the framework of our sustainable procurement strategy, we offer training courses for procurement managers and joint workshops with suppliers. The new e-learning tool in the CR area will also introduce CR and the associated human rights issues to a wide range of employees.

  Intranet-based e-learning programs are also available to all employees in Compliance Management. These are supplemented by risk-specific on-site training.
  Quantitative information on this indicator is not available at present as the majority of training programs are completed on a self-study

basis on the intranet.

HR4 Incidents of discrimination ●

There was no confirmed incident of discrimination in the reporting period.

The Code of Conduct and the Group-wide Diversity Policy ban discrimination on the basis of gender, age, disability, ethnic origin, religious beliefs and sexual orientation. The "Tell me!" portal was set up as an inbox to submit information regarding violations of the codex, in case discrimination occurs despite the standardized processes.

HR5 Freedom of association and collective bargaining ●

We are not aware of any incidents of this nature.

Deutsche Telekom recognizes the fundamental right to freedom of association and the right to collective bargaining within the scope of national regulations and existing agreements. These basic rights form an integral part of the Social Charter, are binding for the entire Telekom Group, and must be confirmed in writing annually by the Group companies, which includes T-Mobile USA.

T-Mobile USA respects all aspects of U.S. law. This, naturally, also applies to U.S. labor law governing relations with the company's own employees. T-Mobile USA complies and will continue to comply with the meaning and spirit of U.S. labor law (U.p. National Labour Relations Act), which guarantees employees freedom of association and the right to set up and join a union. The employees of T-Mobile USA have the right to set up a union or join one of their own free will, as well as to decide not to do so. T-Mobile will neither obstruct its employees from joining a union nor discriminate against anyone who attempts to do so. If a group of employees were to join a union based on the legal procedure in place in U.S. law, T-Mobile USA would recognize the right of that group to exercise its collective bargaining rights. Ultimately, however, it is the decision of each individual employee as to whether he/she wishes to join a union or not. To date, no T-Mobile employee has decided to have his/her interests represented by a union.

HR6 Child labor ●

- 2010 audit results
- Work and ethics

We work to counter risks relating to child labor by auditing selected strategic and particularly high-risk suppliers.

HR7 Forced labor ●

- 2010 audit results
- Work and ethics

We work to counter risk relating to forced labor by auditing selected strategic and particularly high-risk suppliers.

HR8 Training for security personnel ●

As a global player, we insist that all our companies and all our suppliers around the world comply with internationally accepted social standards.
We have committed ourselves to this policy in our Social Charter , which is a constituent of the Telekom Code of Conduct. We check for compliance on an annual basis, holding audits in the form of declarations of compliance issued by the management of individual Group units.

HR9 Violations of rights of indigenous people ◆

This indicator is not relevant to Telekom.

Social Performance Indicators: Society

Disclosure on management approach ●

- CR strategy
- Stakeholder management
- Compliance
- Data privacy
- Government relations and regulatory issues

SO1 Impacts on communities ●

- Stakeholder management
- Risk and opportunity management
- Mobile communications and health
- Connected life
- Basics for product development and product design
- Climate and environmentally friendly products and services
- Research and innovation
- Annual Report 2010 > Risk and opportunity management (p. 2/11 f.)

Telekom employs an integrated risk and opportunity management system to systematically leverage its opportunities without losing sight of the related risks. This system not only considers legal and financial aspects, but also social and environmental risks.
As part of its risk management, Telekom aims to allay concerns in the general public by means of an objective, scientifically sound and transparent information policy, both at the beginning and at the end of a business initiative.
Telekom is the only company in the world, for example, that has an international policy on electromagnetic fields (EMF) for its mobile communications segment, which sets out minimum standards for information campaigns, transparency, participation and the promotion of research.

SO2 Corruption risks

The systematic prevention of white-collar crime is a top priority at Telekom. Compliance with legislation in this area is a requirement that applies to the entire Group, in all countries and to every member of staff. Any emerging fraud risks are systematically analyzed and any cases are documented.
49 business units were audited for corruption risks in the reporting period, which corresponds to coverage of 38 percent.

SO3 Anti-corruption training

The Compliance department kicked off 2008 with an extensive anti-corruption campaign, which was also rolled out internationally in 2009.

The target groups include all members of the Group Board of Management and their direct reports, upper management levels in all Group companies, and departments and functional units selected on the basis of risk exposure. The training covers laws and regulations applicable in the individual countries. In some countries, we have already trained trainers who can handle the transfer of knowledge within the Group companies.

Data collection has not yet been implemented Group-wide so that the percentage of employees trained in anti-corruption policies and processes cannot be stated for the time being.

SO4 Actions taken in response to incidents of corruption

- Compliance

  In order to be able to intervene quickly when corruption is suspected, we have set up contacts in all organizational units and publicize these in a suitable manner.
  Potential breaches of internal guidelines, laws or codes of conduct can be reported via the entry portal “Tell me!.” All stakeholder groups —employees, business partners, customers, shareholders and other stakeholders—can approach us via this portal, anonymously if preferred.

SO5 Lobbying

- Government relations and regulatory issues
- Mobile communications and health

SO6 Donations to political parties and politicians

It is of paramount concern to Telekom that its relationships with political decision-makers should be characterized by transparency and trust. This also extends to our refusal to support the work of any political party with donations.

SO7 Legal actions for anticompetitive behavior

- *Annual Report 2010 > Risk and opportunity management*

SO8 Sanctions for non-compliance with laws and regulations

- Annual Report 2010 > Risk and opportunity management

Social performance indicators: Product responsibility

Disclosure on management approach

- Basics for product development and product design
- Values and Guiding Principles
- Mobile communications and health
- Consumer protection
- Data privacy

PR1 Health and safety impacts along product life cycle

- Mobile communications and health
- Climate and environmentally friendly products and services

PR2 Non-compliance with health and safety standards

- *Annual Report 2010*

At the moment no significant violations of health standards are known to the Group Headquarters.

PR3 Product information ●

- Mobile communications and health
- Protecting minors
- www.t-mobile.de > SAR-Werte (only available in German)

PR4 Non-compliance with product information standards ●

- *Annual Report 2010*

At the moment no significant violations of product information labeling standards are known to the Group headquarters.

PR5 Customer satisfaction ●

- Customer satisfaction

PR6 Marketing communication standards ●

Our commitment to protecting our consumers is based on our Code of Conduct, which was adopted in 2007. It also applies to all of Telekom's sales partners.

Standards for advertising are devised at the national level, in particular by means of self-regulation by the advertising industry, and therefore vary greatly from country to country. Telekom complies fully with all the legal and self-regulatory rules in the telecommunications industry in all company units. This concerns in particular the protection of children and young people and compliance with data protection. Telekom and its international subsidiaries have made major contributions to the development of two global, voluntary commitments by the industry: (a) the GSMA Code of Conduct against Mobile Spam from 2006 and (b) the GSMA Mobile Advertising Program.

PR7 Non-compliance with marketing communication standards ●

- *Geschäftsbericht 2010 > Risk and opportunity management (p. 7/11 f.)*

PR8 Complaints regarding customer privacy ●

- *Compliance*
- *Data privacy*
- *Data Privacy Report 2010 (p. 6 f.)*

PR9 Sanctions for non-compliance with product and service related regulations ●

- Annual Report > Risk and opportunity management (p. 7/11 f.)

Status

● Covered completely
◆ Not relevant
◐ Covered partly

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GRI Telecommunications Sector Supplement.

The GRI guidelines contain indicators that apply equally to all industries and types of organizations that strive to provide transparent, comparable and stakeholder-oriented CR reporting. In addition, supplementary indicators are defined for individual industries in specific sector supplements. The following Telekom report is based on the indicators in the GRI Telecommunications Sector Supplement in pilot version 1.0 from 2003.

Indicator	Reference	Status

Operational processes

Investments

IO1 Capital investment in infrastructure broken down by region

- Network and infrastructure expansion

IO2 Costs for extending non-profitable services to remote areas and low-income groups; description of statutory provisions

This indicator is not relevant to Telekom.

Health and Safety

IO3 Practices to ensure health and safety of personnel involved in infrastructure installation

A health, safety and environmental management system will be rolled out across the Group based on the OHSAS 18001 and DIN ISO EN 14001 standards.
The direct customers are those local business units that are integrating the end-to-end management system into their structures. Employees benefit from the system, as systematic occupational health and safety management alongside quality and environmental management makes workflows easier and minimizes health risks and factors that are harmful to the environment.
Communication on health, safety and the environment exists throughout all levels of the company.

IO4 Compliance with ICNIRP standards on handset radiation

- Mobile communications and health
- www.t-mobile.de > Sicherheit

IO5 Compliance with ICNIRP standards on base station

- Mobile communications and health
- www.t-mobile.de > Sicherheit

IO6 Actions with respect to SAR values of handsets

- Mobile communications and health
- www.t-mobile.de

Infrastructure

IO7 Actions with regard to siting of transmission masts

- Network and infrastructure expansion
- Mobile communications and health
- Network upgrading
- www.t-mobile.de > Umweltschutz

IO8 Number of stand-alone and shared sites

Due to the large number of mobile communications masts and transmission sites across the world, Telekom does not at present gather the exact number of masts and antennas used either individually or shared. In future the number of shared locations is to be further increased.

Providing Access

Access to telecommunications products and services: Bridging the digital divide

PA1 Strategies and actions in low population density areas

- Network and infrastructure expansion

PA2 Strategies and actions to overcoming barriers to access and use

- CR strategy
- Network and infrastructure expansion
- Equal opportunities in the information society
- Connected life
- Barrier-free products and services

PA3 Strategies and actions to ensure the availability and reliability of products and services

- Network and infrastructure expansion
- Research and innovation
- Network upgrading

PA4 Level of availability and market shares for products and services

- Network and infrastructure expansion
- Annual Report > Innovation and product development (p 1/4 ff.)

PA5 Number and types of products and services made available to low and no income sectors of the population

- Barrier-free products and services

PA6 Programs and actions to provide and maintain services in emergency situations

- Network and infrastructure expansion

Access to content

PA7 Strategies and actions to manage human rights issues relating to access and use of telecommunications products and services

- Protecting children and young people
- Protecting minors

Ensuring compliance with human rights is an integral part of Telekom's corporate policy.

Customer relations

PA8 Strategies and actions to publicly communicate on EMF-related issues

- Stakeholder involvement
- Mobile communications and health
- www.t-mobile.de > Umweltschutz

PA9 Investments in activities in electromagnetic field research

- Mobile communications and health
- www.t-mobile.de > Umweltschutz

PA10 Initiatives to ensure clarity of charges and rates

- Consumer protection

PA11 Initiatives to inform customers about responsible, efficient and environmentally preferable product use

- Customer communication
- Phone and cell phone recycling
- Customer care

Technical applications

Resource efficiency

TA1 Examples of resource efficiency of telecommunications products and services

- Climate and environmentally friendly products and services
- Research and innovation
- Connected life
- Environmentally friendly network infrastructure
- Resource efficiency

TA2 Examples of replacing physical objects through telecommunications

- Connected life
- Climate and environmentally friendly products and services
- Barrier-free products and services
- Research and innovation
- Resource efficiency

TA3 Changes in customer behavior caused by use of the above products and services ●

- Connected life
- Climate and environmentally friendly products and services

TA4 Impacts of use of the above products and services and lessons learned for future development ●

- Connected life
- Basics for product development and product design
- Climate and environmentally friendly products and services
- Environmentally friendly network infrastructure

TA5 Practices relating to intellectual property rights ●

- Social indicators
- Annual Report 2010 > Innovation and product development (p 2/4)
- Annual Report 2010 > Summary of accounting policies. (p 5/21 f.)

Status

● Covered completely
◆ Not relevant
◐ Covered partly

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Statement: GRI Application Level Check.

Statement as PDF-download

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Deutsche Telekom AG** has presented its report "2010/2011 Corporate Responsibility Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 27 June 2011

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+ GRI REPORT GRI CHECKED

The "+" has been added to this Application Level because Deutsche Telekom AG has submitted this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 7 June 2011. GRI explicitly excludes the statement being applied to any later changes to such material.*

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Global Compact Communication on Progress.

This CR Report also serves as a COP (communication on progress) from Deutsche Telekom as part of the United Nations Global Compact. The table refers to the text passages where we provide information about our commitment to implementing the ten principles of the Global Compact in this CR Report and in other Group publications. Deutsche Telekom co-founded Global Compact LEAD during the reporting period and Telekom is the only German company to be a member of the Global Compact LEAD steering committee.

Principle 1: Support and respect the protection of internationally proclaimed human rights.

- Values and Guiding Principles
- Compliance
- Data privacy
- Government relations and regulatory issues
- Mobile communications and health
- Basics for product development and product design
- Competitive workforce
- Health management
- Remuneration
- Diversity
- Sustainability strategy for procurement
- Supply chain management
- Occupational accidents
- Health rate
- Annual Report 2010 > Group strategy and Group management (p 1/4 ff.)
- Annual Report 2010 > Employees (p 1/6 ff.)
- Annual Report 2010 > Members of the Supervisory Board (p 1/2 f.)
- HR Report 2010/2011 (p. 6 ff., 15 - 18, 29 f.)
- Data Privacy Report 2010 (p. 6ff.)

Principle 2: No complicity in human rights abuses.

- Values and Guiding Principles
- Compliance
- Government relations and regulatory issues
- Mobile communications and health
- Competitive workforce
- Sustainability strategy for procurement
- Supplier selection
- Supply chain management

Principle 3: Uphold freedom of association and the right to collective bargaining.

- Values and Guiding Principles
- Compliance
- Government relations and regulatory issues
- Competitive workforce
- Sustainability strategy for procurement
- Supplier selection
- Supply chain management

- HR Report 2010/2011 (p. 6 ff., 16, 18)

Principle 4: Elimination of all forms of forced and compulsory labor.

- Values and Guiding Principles
- Compliance
- Government relations and regulatory issues
- Competitive workforce
- Sustainability strategy for procurement
- Supplier selection
- Supply chain management
- Annual Report 2010 > Group strategy and Group management (p 1/4 ff.)

Principle 5: Abolition of child labor.

- Values and Guiding Principles
- Compliance
- Government relations and regulatory issues
- Competitive workforce
- Remuneration
- Talent agenda
- Diversity
- Sustainability strategy for procurement
- Supplier selection
- Supply chain management

Principle 6: Eliminate discrimination in respect of employment and occupation.

- Values and Guiding Principles
- Compliance
- Competitive workforce
- Remuneration
- Annual Report 2010 > Members of the Supervisory Board (p 1/2 f.)
- Annual Report 2010 > Group strategy and Group management (p 1/4 ff.)
- HR Report 2010/2011 (p. 6 ff., 14-16 , 29 f.)

Principle 7: Support a precautionary approach to environmental challenges.

- CR strategy
- Key performance indicators
- Organization and management
- Government relations and regulatory issues
- 2nd and 3rd generation mobile communications
- Basics for product development and product design
- Climate and environmentally friendly products and services
- Customer communication
- Phone and cell phone recycling
- Research and innovation
- Sustainability strategy for procurement
- Using raw materials
- Supplier selection
- Supply chain management
- International collaboration
- Climate protection
- Environmentally friendly network infrastructure
- Environmental management
- Low emissions mobility
- Biodiversity
- Energy & emissions
- Annual Report 2010 > Group strategy and Group management (p 1/4 ff.)
- Annual Report 2010 > Innovation and product development
- Annual Report 2010 > Corporate Responsibility (p 1/4 f.)

Principle 8: Undertake initiatives to promote greater environmental responsibility.

- Values and Guiding Principles
- CR strategy
- Key performance indicators
- Organization and management
- Government relations and regulatory issues

- 2nd and 3rd generation mobile communications
- Basics for product development and product design
- Climate and environmentally friendly products and services
- Customer communication
- Phone and cell phone recycling
- Research and innovation
- Sustainability strategy for procurement
- Using raw materials
- Supplier selection
- Supply chain management
- International collaboration
- Climate protection
- Environmentally friendly network infrastructure
- Environmental management
- Low emissions mobility
- Biodiversity
- Environmental indicators
- Annual Report 2010 > Innovation and product development
- T-Mobile > SAR-Werte

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

- CR strategy
- Key performance indicators
- Organization and management
- Basics for product development and product design
- Climate and environmentally friendly products and services
- Customer communication
- Phone and cell phone recycling
- Research and innovation
- Climate protection
- Environmentally friendly network infrastructure
- Environmental management
- Low emissions mobility
- Sustainability strategy for procurement
- Using raw materials
- Supplier selection
- Supply chain management
- International collaboration
- Annual Report 2010 > Innovation and product development

Principle 10: Work against corruption in all its forms, including extortion and bribery.

- CR strategy
- Stakeholder management
- Compliance
- Risk and opportunity management
- Data privacy
- Government relations and regulatory issues
- Sustainability strategy for procurement
- 2010 audit results
- Annual Report 2010 > Corporate governance report (p 1/6 ff.)
- Annual Report 2010 > Risk and opportunity management (p 7/11 ff.)

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Audit certificate.

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft has been engaged to perform a limited assurance engagement on selected information of the online version of the Corporate Responsibility Report 2010/2011 in German language and issued an independent assurance report in German language, which is authoritative and has been translated by Deutsche Telekom AG as follows:

Independent Assurance Report

To Deutsche Telekom AG, Bonn

We have been engaged to perform a limited assurance engagement on selected areas of the online version of „Corporate Responsibility Report 2010/2011" ("CR Report") for the calendar year 2010 prepared by Deutsche Telekom AG, Bonn, (the "Company"). Where our assurance engagement covered full web pages these are labeled with a check symbol . Specific information, such as data on the webpage "KPIs" which are subject to our engagement are directly labeled with a check symbol . Data referred to and links to web pages outside the report pages were not included in the scope of our assurance engagement.

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

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

Practitioner's Responsibility
Our responsibility is to express a conclusion based on our work performed as to whether any matters have come to our attention that cause us to believe that the information of the CR Report for the calendar year 2010 marked with the check symbol has not been prepared, in all material respects, in accordance with the abovementioned GRI criteria. This selected information is presented on the web pages "Strategy and Management ", " Suppliers" as well as " KPIs" of the CR Report.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to provide our conclusion with limited assurance. In a limited assurance engagement the evidence-gathering procedures are more limited than in a reasonable assurance engagement (for example, an audit of financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": German Commercial Code), and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment. Within the scope of our work we performed amongst others the following procedures:

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

Conclusion
Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the selected web pages and data for the calendar year 2010 marked with the check symbol

has not been prepared, in all material respects, in accordance with the GRI criteria.

Emphasis of Matter – Recommendations

Without qualifying our conclusion above, we make the following recommendations:

- The integration of the central CR strategy should continue in the Group's international subsidiaries (e.g. through the planned roll-out of the CR KPI).
- The data collection and consolidation processes upstream of the CR-database should be more standardized and documented. In singular cases the indicator definitions should be described more in detail.

Dusseldorf, June 30, 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Andreas Bröcher
Wirtschaftsprüfer
(German Public Auditor)

ppa. Nicole Kummer

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User help.

We have included different service features to make it easier to read and use this online report. These features can be found in the service tabs in the right hand column next to the main text. You can use the service tabs to contact us as well. You will also find videos and interactive illustrations on the start pages to each chapter. Below is a description of how to use these contents and service features.

Chapter start pages.

Videos
You can watch the videos directly on your computer or on a mobile audio or video player.

Terms of use:
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Materiality matrix
The illustrations on the start pages to each chapter depict a materiality matrix. This matrix indicates topics that have been evaluated over the course of a materiality process for their relevance in terms of Telekom's most important stakeholder groups. The larger the print and icon are, the higher the topic was rated by the stakeholders surveyed.

Main text.

Drop-down caption
The text contained in this online CR Report has been structured with drop-down titles to make the content easier to navigate. If you would like to learn more about a certain topic, you can open that section of text by clicking on the appropriate title. You can close that section of text by clicking on the title again. This feature lets you open several sections of text, one after the other.

You can also use the service box entitled "THIS CHAPTER," located on the right-hand side of the page. Click on the "Open list" icon to view the entire text on that page and then hide it again when you are done.

KPI illustrations
Selected KPIs from the Group as well as from individual international subsidiaries are depicted in illustrations in which these values can be viewed as tables, bar graphs or line graphs. The "All subsidiary data" field is located in the top right corner. Clicking on it will give you access to an interactive KPI tool. The tool will open in a separate window and lets you compare the Group's KPIs over several years as well as those of selected international subsidiaries. To do this, select the "Subsidiary comparison" setting instead of "KPI overview" on the left-hand side of the new window. An overview of Telekom in Germany and 14 international subsidiaries will then appear. You can use a filter to select or exclude individual subsidiaries and annual results.

Service tab in the right-hand column.

Contact
You can use the "CONTACT" service tab to send your questions or comments to the appropriate party at Telekom.

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You will find the "Add to info cart" feature under the "THIS CHAPTER" service tab. This feature functions like the basket feature that you may be familiar with from making online purchases. You can use this feature to collect individual chapters as PDFs while reading the report and then download or print them at a later time. You can view the documents you have selected under "View basket." You can download or print individual documents or several documents at one time. If you decide to download several documents at one time, all the selected documents will be saved as compressed ZIP files on your computer. 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.

Bookmarks
You can view up to five pages of the online report at once with a single click in the right-hand column under "MY BOOKMARKS." Cookies need to be activated on your browser in order to use this function.

Service

The most important CR publications from the past several years are available for download in the download center. You will find a form in the order center that you can use to order a printed version of the 2010 CR Report.

Social bookmarks
A social network and social bookmark function is activated for the CR Report pages. This feature lets you post the page of your choice in the desired network with just a click of the mouse.
The following services are currently available:

- Mister Wong
- Twitter
- Digg
- Del.icio.us
- Facebook
- StumbleUpon
- Google

Upper service bar.

Glossary
The glossary contains definitions of the most important terms used in the CR Report. These are marked with the icon. You can view the definition of a term by hovering your mouse over the symbol. 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 content of the online report.

Search function
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Strategy and management.

Deutsche Telekom's strategic goal is to become a global leader in connected life and work. For us, this also means taking on a leading role when it comes to assuming social responsibility. We are planning to become the industry leader in terms of corporate responsibility by 2015. Last year, we were able to make significant progress on our way to achieving this ambitious goal.

Sustainability as a way to success

In a conversation with Prof. Dr. Klaus Leisinger, President and Managing Director of the Novartis Foundation for Sustainable Development, Luis Neves, head of CR at Deutsche Telekom, explains the measurable contribution that a sustainability strategy makes to decreasing risks for the Group.

How we define the key issues.

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Values and Guiding Principles.

Content verified by PwC

"We take responsibility." Based on this principle, we are pursuing the goal of becoming a global leader in corporate responsibility (CR). We are working on establishing a value-oriented corporate culture throughout the Group driven by responsible and sustainable conduct.

Our Guiding Principles and the Code of Conduct based on them constitute the framework for our business activities when dealing with our customers, suppliers, partners, the public and within our company.

Guiding Principles — guidance for responsible conduct.

Valid throughout the Group and available in 19 languages.

Our corporate culture is based on our Guiding Principles, which were developed in collaboration with employee representatives and published in January 2009. They apply throughout the Group — in 19 languages, 34 countries and 50 business units. These principles represent our values and convictions and influence our actions. They help us create and maintain values that for both our stakeholders and our company.

Tekekom's five Guiding Principles:

- Customer delight drives our action.
- Respect and integrity guide our behavior.
- Team together — Team apart.
- Best place to perform and grow.
- I am T — count on me.

Implementation of the Guiding Principles was completed in 2010 for the most important business and human resources processes. The employee surveys that were conducted in July and October 2010 showed that the majority of employees had already embraced the Guiding Principles: Eight out of ten of those surveyed indicated that they had understood the Guiding Principles. Seventy percent of the employees surveyed said that they were already applying the Guiding Principles in their daily work routines.

Guiding Principles Day — corporate values for all to see.

First International Guiding Principles Day on October 6, 2010.

Our current focus is placed on making suggestions for integrating these Guiding Principles into the employees' daily work routines. For this purpose, October 6 is now our International Guiding Principles Day. Employees may contribute to this day with their own ideas, based on their individual needs.

For the premiere in 2010, our employees all over the world illustrated the practical use of applying the Guiding Principles in their daily work in different ways. For example, employees who did an excellent job of applying the corporate values were awarded the title of “Guiding Principles King,” discussion panels were held, and photo exhibits creatively illustrated the corporate values.

The event initiatives even crossed company borders. For example, employees from Makedonski Telekom got involved in their immediate surroundings by collecting clothing, toys and books for the Red Cross, bringing the Guiding Principles to life.

Code of Conduct thoroughly revised in 2010.

Our Code of Conduct puts the five Guiding Principles into more specific terms and has served as a reference for clear rules of conduct for our daily work since 2006. The Code of Conduct applies to all employees of the Telekom Group worldwide — from trainees to Board members. As an orientation framework, our Code of Conduct links the principle of compliance with laws and regulations with our specific requirements for ethical conduct and our five Guiding Principles.

Download: Code of Conduct

Updating the Code of Conduct.
The introduction of the Guiding Principles at the beginning of 2009 and society’s intensified requirements

on compliant and legally unimpeachable business conduct called for an update of the Code of Conduct. The Compliance department therefore revised the existing Code of Conduct in 2010 in collaboration with Human Resources and other experts from the Group.

The revised version includes an extensive description of what type of conduct is required under the individual Guiding Principles. Focus was placed on specifying conduct requirements regarding integrity and on compliance with rules of conduct.

Group-wide introduction since the beginning of 2011.
We have been implementing the revised version of the Code of Conduct throughout the Group since January 2011. Even before this, we carried out legal adaptation audits in 39 countries to prepare its introduction. The necessary preparatory processes were initiated and responsibilities were assigned. A Telekom Code of Conduct MyWiki and an intranet site on the Code of Conduct provide an extensive selection of communication and training measures for Group units.

The international integration of the revised Code of Conduct was a decisive step in establishing a common, value-based corporate culture at all Group companies. This was especially targeted at executive managers as role models for and multipliers of the Code of Conduct.

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CR strategy.

Content verified by PwC

As a successful international player, we are planning to become a leader in connected life and work . At the same time, we also want to be an international industry leader when it comes to taking on social and ecological responsibility. We are expecting to achieve this goal by 2015.

We committed ourselves to pursuing sustainable corporate governance with our Group-wide CR strategy, which was revised in 2008. The CR strategy has been harmonized with our Group strategy and also provides a framework for international subsidiaries when it comes to implementing CR in their respective areas of responsibility.

CR vision: Telekom as a driver of sustainable development.

In line with our commitment "We take responsibility," Telekom developed a CR vision in March 2010. It expresses a philosophy that goes beyond short and medium-term goals and calls for the alignment of all our business activities with sustainability principles. The CR vision provides a long-term, Group-wide orientation framework and emphasizes our commitment to promoting sustainable development. Based on the CR strategy, our vision includes all fields of activity that are at the core of our commitment.

Our CR vision:

„Deutsche Telekom is a driving force internationally for sustainable conduct, it sets the standard for connected life and work , it sets an example in the integration of people in the information society, and it is a leader on the way to a climate-friendly society.“

International CR leadership as a strategic goal.

We want to become an industry leader in terms of corporate responsibility by 2015.

"Fix — Transform — Innovate" is the slogan that defines Telekom's strategic realignment. In this context, our CR strategy makes a significant contribution to achieving the Group's strategic goals .

Telekom intends to be an international leader in the ICT industry when it comes to assuming responsibility for society and the environment. We had planned to attain this ambitious goal by the end of 2011. However, in-depth analyses of our involvement and important framework conditions showed that we needed to adjust our goal. That is why we have reviewed our time schedule and now intend to achieve our goal of becoming a CR leader by 2015. The "Leading the way" project, which was initiated during the reporting period, will make a significant contribution to this.

The "Leading the way" project — a milestone on our way to becoming a CR leader.

The central CR department launched the internal "Leading the way" project to help us pursue our objective of becoming a CR leader with even more determination and monitor our progress in this area. Our goal was to come up with criteria based on which our progress in becoming a CR leader in the international ICT industry could be assessed and transparently evaluated. We developed a catalog of criteria by conducting extensive competitor and trend analyses as well as an internal analysis in which the integration status of CR into key business processes was measured.

This catalog covers the entire range of corporate responsibility topics and focuses on industry-specific challenges, in particular. The criteria catalog is in line with existing corporate goals and the CR strategy. It is essential when it comes to permanently integrating CR into our core business and entrenching the concept of sustainability throughout the entire Group.

We derived concrete recommendations for action on the basis of these progress criteria. By 2015, the recommended measures will be subject to review and monitoring processes. We will also review existing CR key performance indicators on the basis of internal project results by 2015.

Focus on three CR categories.

Change is part of everyday routine in business and society. Technological progress and means of communication that are independent of place and time are radically changing our lives, both at work and in our free time. Sustainable products, solutions and initiatives facilitate connected life and work , support equal opportunities in the information society and promote climate protection to the benefit of our customers and partners, employees, investors, society and the environment.

We take responsibility ….

…for connected life and work.

We are helping shape the change in the increasingly digitalized work and living environment in a positive way. 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 active, equal-opportunity participation in the information and knowledge society.

Independent of their social or economic opportunities, we try to involve as many people as possible in social development. With this goal in mind, we promote numerous social initiatives and support projects for media competence development.

….for a climate-friendly society.

One of the biggest challenges for humanity is global warming and its consequences. We are sustainably reducing our own emissions with comprehensive initiatives. At the same time we are also empowering our customers and partners to make their contribution to climate protection with our solutions.

Download brochure: "Protecting the climate, reducing costs. Sustainable ICT solutions"

Making headway in embedding CR within the Group.

By gradually integrating CR at Group areas and international subsidiaries, we are laying a foundation that will help us achieve our strategic goal of becoming a CR leader among the international competition in the ICT sector. Our employees' awareness of CR topics plays an important role in this process. During the reporting period, a number of activities helped us increase awareness of CR in different departments, both nationally and internationally.

- Employee contribution to sustainable development: Internal ideas competitions and the support of volunteering activities help inspire our employees to get involved in social and environmental issues. Our employees also got involved in an internal recycling campaign for old cell phones in the reporting period, thereby protecting valuable natural resources.
- Sustainable product portfolio: Within the scope of the " Sustainable product portfolio " project, employees from different Group areas made valuable contributions to improving the sustainability performance of our product portfolio by participating in a workshop and numerous individual interviews.
- Group-wide collaboration by using the CR database: In early 2010, we launched the CR database , a web-based tool used to systematically collect and manage relevant data for our CR reporting activities. A number of employees from different Group areas and international subsidiaries have been actively included in the data collection process via this software.

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Goals and achievements.

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Telekom's CR program includes mandatory objectives that are implemented in all relevant core business processes throughout the Group.

The 2010/2011 CR program continues where last year's program left off. It is divided up into three strategic CR categories and five areas of action and includes specific goals and appropriate measures for achieving these goals. We have set up a time schedule for implementing each measure. The "Implementation status" section provides information on the progress we made during the reporting period. The CR key performance indicators have been allocated to the program's various topic areas. Each program topic has also been illustrated in a diagram to visually depict progress. These diagrams represent a subjective assessment and are not subject to audits.

CR program 2010/2011.

Targets, measures, processes, and results. With our new CR program, Deutsche Telekom is setting binding targets that we are implementing in our core business, in all relevant processes Group-wide. The 2010 CR program continues where the previous year's program left off. It is divided into three strategic CR categories and five CR action areas and defines targets and measures for all of them. It defines the time frame within which the measures are to be implemented and provides information about their current implementation status. Some of these targets were revised and reformulated in 2010 as a result of new developments within the Group. Targets that were already reached in 2009 are no longer described in this CR program. The pie charts in this document illustrate the respective levels of target achievement. These pie charts represent a self-assessment by Deutsche Telekom and, contrary to the CR program, are not subject to audit by an external accounting firm.
New targets are highlighted with a gray background.

In addition, the CR program refers to metrics, or key performance indicators (KPIs), which we use to measure quantitative performance in each of the areas.
The CR program was the subject of an assurance engagement of an external accounting firm.

The highlights during the reporting period:

- Climate Change Group established and new CO_2 goal adopted for Germany: 40 percent based on 1995 to 2020
- Continuation of the sustainability communication campaign using various messages
- 250,000 old devices collected as part of cell phone return campaigns
- "Yes, I can!" initiative involving a total of 139 projects and organizations to date. More than 30,000 children reached during the first round of funding
- Women's quota of 30 percent by 2015 in middle and upper management positions is on the right track
- New Guiding Principles and new Code of Conduct for Group employees implemented

Strategy and management.

Sub-targets	Timeline	Status of implementation / measures	
Target: Become an international leader in CR. (KPI: Socially responsible investment (SRI)			
Implement a CR governance structure	2011	Target achieved. ▪ Start of work and regular meetings of the CR Board ▪ Climate Change Group established ▪ Germany core team meets regularly	100
Group-wide CR strategy rollout	2009 – 2011	Implementation underway. ▪ Group-wide CR vision developed (target achieved)	75

		▪ CR strategy road shows (nine in 2009; eight in 2010) ▪ Four road shows in 2011	
Implement Group-wide performance management system based on KPIs (key performance indicators)	2015	Implementation underway. ▪ Target date adjusted. ▪ KPI structure and contents for 2010 defined at international level ▪ KPI monitoring in the entire Group	50
Expansion and further development of stakeholder dialogs	2009 – 2011	Implementation underway. ▪ Board of Management signed "Change-maker Manifesto" (target achieved) ▪ Board of Management signs “Leitbild für die deutche Wirtschaft” (guiding principles for German business) ▪ English intranet for international CR manager network and employees of the international subsidiaries (target achieved) ▪ Establishment of a stakeholder management process in line with the requirements of AA1000 ▪ Enhancement of materiality process	75
Intensify customer dialogs on subject of sustainability	2012	Implementation underway. ▪ Continuation of sustainability communication campaign	75
Perform trend and gap analyses based on SRI ratings and studies	2009 – 2011	Target achieved. ▪ Trend and gap analyses implemented	100
Application of analysis results	2015	Implementation underway. ▪ Recommendations for action, measures and measurement criteria established ▪ Activity controlling developed ▪ Measures implemented	25

Connected life and work.

Sub-targets	Timeline	Status of implementation / measures	
Target: Be a driver for sustainable life and work.			
Develop flagship projects for sustainable living and working	2009 – 2011	Target achieved. ▪ Development of work-life@telekom project	100
Continue and expand life@telekom program	Ongoing	Implementation underway. ▪ Permanent integration into the corporate and leadership culture through innovative policies, e.g., voluntary commitments on use of mobile devices and promotion of part-time work ▪ Advice to parents and senior citizens with Arbeiterwohlfahrt (AWO, German Workers' Welfare Organization) ▪ Expansion of company day care facilities by 240 places in 2011 ▪ Implementation of an international youth exchange program	75
engagement@telekom: Establish corporate volunteering program	2009 – 2015	Implementation underway. ▪ Target date adjusted ▪ Launch of database for projects and topics ▪ Expansion of corporate giving ▪ Volunteer work by 1,000 employees planned in 2011; successive expansion of volunteer activities to 5,000 employees in 2015 ▪ Corporate volunteering projects in 10 countries	75
Establish and expand part-time degree programs (Bologna@Telekom)	Ongoing	Implementation underway. ▪ Further development of the Bologna@Telekom initiative in Germany ▪ Cooperation with seven universities and promotion of part-time study programs in 25 selected Bachelor and Master degree programs	75

Active, equal-opportunity participation in the information society.

Sub-targets	Timeline	Status of implementation / measures	
Target: Set an example in the integration of people into the information and knowledge society/equal opportunities . (KPI: CR Leadership indicator (Social Commitment)			
Set-up of junior engineer academies with a proportion of female students of at least 50 percent	2008 – 2011	Target achieved. ▪ Increase the number of schools with junior engineer academies in Germany to a total of 25 (end of 2010) ▪ New target: 50 schools by the end of 2013	100

Continue set-up of junior engineer academies	2011 - 2013	▪ New target: 50 schools	25
Develop flagship projects to integrate people in the information and knowledge society in nearly all markets	2009 – 2011	▪ Target achieved."Yes, I can!" initiative in Germany established: more than EUR 650,000 for 139 projects and organizations. More than 30,000 young people reached during the first round of funding ▪ Offer of Internet crash courses for older people in 15 Hungarian villages as part of the Digital Bridge Program on Small Settlements by 40 employees of Magyar Telekom	100
Expand foreign-language customer care facilities in all Group units	Ongoing	Implementation underway. ▪ Multilingual hotlines and information material ▪ Assignment of English, Russian and Turkish-speaking employees in Germany and Spanish-speaking staff at T-Mobile USA	75
Reduction of access barriers for people with disabilities	Ongoing	Implementation underway. ▪ Promotion of deaf and hearing-impaired people at Slovak Telekom (large public campaign, training of employees and interested citizens in sign language, support of hearing-impaired business founders) ▪ Hearing-impaired chat at T-Mobile Austria ▪ IT training for blind people at T-Systems Czech Republic ▪ Development of product portfolio for people with disabilities ▪ Special rates for people with special needs at various subsidiaries	75
Strengthen the protection of minors, improve cooperation between the programs and intensify international exchange of information about specific projects within the Group	2011	Target date adjusted. Implementation underway. ▪ Establishment of structures for regular exchange of information ▪ Youth protection guideline ▪ Teach Today project ▪ Child protection software	50

Low carbon society.

Sub-targets	Timeline	Status of implementation / measures	
Target: Lead the way to a low carbon society and bring about a significant reduction of the CO_2 footprint. (KPI: Total CO_2 emissions (in metric tons and %), based on 1995 figures)			
Develop a Group-wide climate change strategy and revise the specific target for reducing CO_2 emissions	2009 – 2012	Target date adjusted. Implementation underway. ▪ Board of Management has adopted a new CO_2 target for Germany ▪ Internationalization and development of a Group-wide target by 2012	50
Execute a carbon footprint project (CFP) for a uniform Group methodology	2009 – 2012	Target date adjusted. Basic project carried out in 2009 Implementation underway. ▪ Verification of CFP results by the Climate Change Group ▪ Collaboration in a GHG road testing project ▪ Collaboration with the Product Carbon Footprint pilot project "Platform for climate-compatible consumption" in Germany ▪ Determining carbon footprint of selected Telekom products based on PCF methods (e.g., De-mail)	75
Implement a Group-wide environmental management system compliant with ISO 14001	2008 – 2011	Implementation underway. ▪ Umbrella ISO 14001 certificate for 18 companies in the Deutsche Telekom Group ▪ Further integration of all environmentally relevant Group companies	75
Implement a health, safety and environment (HSE) management system according to ISO 14001 and OHSAS 18001	2010 – 2013	Implementation underway. ▪ Certification of 4 companies in 2010 ▪ 6 additional companies planned for 2011	25
Support for sustainable mobility	2010-2011	Target achieved. ▪ Green Car Policy approved; effective at all German Group companies as of April 1, 2010; goal: reduce average CO_2 emissions of newly purchased vehicles to 110 g CO_2/km by 2015 ▪ Business trips with national railway Deutsche Bahn carbon-neutral since February 15, 2010 ▪ Expansion of subsidized season ticket scheme ▪ DeTeFleet certified by TÜV Rheinland with Bluefleet seal of approval as CO_2-conscious vehicle fleet (new)	100

Network infrastructure.

Sub-targets	Timeline	Status of implementation / measures	
Target: Reduce costs and CO_2 emissions by controlling energy efficiency in infrastructure, systems and the delivery process. (KPI: Energy consumption/revenue			
Further reduction of electricity consumption in the mobile network	2008 – 2010	(Target achieved.) ▪ Significant energy savings through equipping more than 8,000 sites with energy-efficient UMTS technology (2009 - 2010)	100
Improve climate management in buildings and data centers	2009 – 2014	Target date adjusted. Implementation underway. ▪ Climate Change Group to determine specific new reduction targets for the real estate sector ▪ 7,000 installations for air conditioning with new control software with potential savings of 50 GWh per year (2009 to 2014)	50
"Power Off" task force	End of 2012	Implementation underway. ▪ Continuation within the framework of the Save4Service program in Germany ; disconnecting equipment with 12,800 kW by the end of 2012	50
DESI (end-to-end energy-sensitive ICT production) and LOLA (load-adaptive networks and LANs) project	2011 – 2013	Implementation underway. ▪ Decreased energy consumption of ICT production across the entire supply chain	25
“Best and Backup” task force project	2011 – 2012	Implementation underway. ▪ Optimization of power supply units in multi-functional cabinets based on energy-efficiency aspects and development and testing of backup alternatives for our ICT networks	25
TEMPO task force project	2011 – 2012	Implementation underway: ▪ Analysis and optimization of operating temperatures for ICT technology	50

Sustainable procurement and e-waste management.

Sub-targets	Timeline	Status of implementation / measures	
Target: Ensure compliance with our social and environmental standards in the supply chain, to reduce CR risks and potential damage to image. (KPI: Ratio of audited procurement volume to total procurement volume)			
Develop a Group-wide waste strategy	2008 – 2011	Implementation underway. ▪ Coordination of international cell phone return activities ▪ Testing of a certifiable cell phone return process including data deletion to increase reuse rate ▪ Return of about 250,000 cell phones in 2010 in Germany ▪ Return of 1 million cell phones by the end of 2011 in Germany	50
Online training of buyers on topics relevant to sustainability	2009-2011 (international)	Implementation underway. ▪ Regular annual review of the training program ▪ Concept revised in 2010 ▪ New concept to be rolled out in 2011 for all buyers	75
Increase share of procurement volume (first supply level) reviewed using E-TASC and other risk assessment tools	2009 – 2011	Implementation underway. ▪ Increase of the procurement volume reviewed using E-TASC and supplier audits from 36 percent (2009) to 55 percent in 2010. Target for end of 2011: 70 percent	75
Further develop suppliers through comparison and awareness training for Telekom's sustainability requirements, in at least four dialog rounds or workshops annually	2009 – 2011	Implementation underway. ▪ Sustainable Procurement Stakeholder Dialog Day in 2010 ▪ International Stakeholder Dialog Day in China planned for 2011 (new) ▪ 4 workshops with strategically important suppliers	75
Increase the number of supplier audits conducted (risk verifications)	2009 – 2011	Implementation underway. ▪ 4 audits in 2009 (target achieved) ▪ 26 audits in 2010 (target achieved) ▪ 80 audits planned for 2011	75
Internationalization of sustainable	2010 – 2011	Implementation underway.	50

supply chain management		▪ Expansion of the Sustainable Procurement Working Group (SWPG) by T-Mobile Netherlands, T-Mobile USA and the Procurement and Technology Office in China; greater integration of international subsidiaries planned in 2011	
Consideration of weighted sustainability criteria when awarding contracts	2010 - 2011	Target date adjusted. Implementation underway. ▪ Inclusion of sustainability criteria tried out in 5 bids in 2010 ▪ Establishment of standard process	25

Sustainable products, customer solutions, and services.

Sub-targets	Timeline	Status of implementation / measures	
Target: Improve sustainability of product portfolio, intensify the trust aspect in the Telekom brand, and improve customer communication. (KPI: Contribution of products, services and solutions to sustainability)			
Increase efficiency of switched-mode power supplies to over 90 percent	2009 – 2011	Implementation underway. ▪ Increased efficiency in small power supply units for ICT products	25
Develop customer-relevant sustainability criteria and KPIs for the expansion and controlling of the portfolio for sustainable products and services	2009 – 2013	Target date adjusted. Implementation underway. ▪ Criteria and indicators developed with external and internal stakeholders ▪ Regular stakeholder expert talks. ▪ Implementation of criteria and indicators in product and sales-relevant processes ▪ Introduction of product-related sustainability controlling ▪ Development of customer guidance ▪ Internationalization	50
Develop and implement a strategy for Products & Innovation, to embed CR in the product development cycle and innovation process	2009 – 2011	Implementation underway. ▪ Criteria and indicators embedded in the Design Principles of the Products & Innovation department	50
Climate-friendly products and services	2009 - 2011	Target achieved. ▪ Reduction of costs and CO_2 emissions through climate-neutral phone and web conferences; equivalent to 557 metric tons of CO_2 by the end of 2010 ▪ Transparency and optimization of energy consumption through climate-neutral smart metering platform; equivalent to 150 metric tons of CO_2 by the end of 2010 ▪ Climate-neutral download portals (Gamesload, Musicload, Softwareload, Videoload)	100

Employees.

Sub-targets	Timeline	Status of implementation / measures	
Target: Best place to work, best place to perform and grow. (KPI: Employee satisfaction)			
All senior executives of the Group in Germany attend the Service Academy regularly	Ongoing	Implementation initiated in December 2007 ▪ Almost 100% participation of senior executives in phases 1 and 2; almost half have completed phase 3. ▪ Fourth phase is being planned	75
Introduction of expert careers with emphasis on specific areas	2009 – 2011	Implementation underway. ▪ Group-wide relaunch of the "Go Ahead!" HR development program; inclusion of more than 35,000 experts	75
First DAX 30-listed company to introduce a quota for women in middle and upper management	2010 – 2015	Implementation underway. ▪ Systematic quota schemes along the talent pipeline ▪ Accompanying enhancement of work-life balance, e.g., through policies and expansion of day care centers	50
Group-wide introduction of new Guiding Principles	2009 – 2011	Target date adjusted. Implementation underway. ▪ Development of Guiding Principles ▪ Implementation between early 2009 and 2010 ▪ 2011: solidifying integration of Guiding Principles	100
Trainee ratio	2013	Implementation underway. ▪ Ratio of 2.9 percent p.a. of Group employees in Germany (not including Vivento or business models); extended in collective bargaining agreements until 2013	100

Strengthen international employee relations	Ongoing	Implementation underway. ▪ Establishment of Global Employee Relations Management (ERM) as main point of contact in 2010 ▪ Introduction and application of Guideline for the Cooperation with Employee Representatives ▪ Introduction of an employee relation policy planned for 2011	75
Refocusing of ideas management	2008 – 2011	Target date adjusted. Implementation underway. ▪ Central organization and Group-wide provisions implemented in Germany ▪ Establishment of a standardized Group-wide, web-based IT platform genial@telekom ▪ Special sustainability campaign in Ideas Management resulting in 346 ideas in 2010 ▪ Expansion by a communication platform based on web 2.0 planned in 2011 ▪ Integration of synergies for ideas development at the Group	75
Improve health rate and prevention of accidents (in Germany)	2008 – 2011	Implementation underway. ▪ Implementation of an improved electronic accident reporting system (UNDIS) in Germany ▪ Organizational integration of health management, occupational safety and fire prevention into the Human Resources area ▪ Restructuring of the local health & safety organization	75
Group-wide health management	2010 – 2012	Implementation underway. ▪ Development and implementation of an early warning cockpit (in Germany) for mental stress suffered by employees ▪ Derivation of recommendations for action and monitoring of measures ▪ Implementation of a uniform management system with minimum standards and health & safety guidelines starting in 2010	75
Deutschlandstipendium scholarship program	2015	Starting in the 2011 summer semester, support of the German government's scholarship program; sponsorship of 360 scholarships in the next four years	75

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Internationalization.

Content verified by PwC

Implementing and embracing the CR strategy Group-wide is key to Telekom reaching its goal of become a CR leader. An important prerequisite for the successful rollout of the CR strategy is to create a shared understanding of the core CR topics and define common goals despite the different stages of CR maturity at the subsidiaries.

One important step in this direction is focusing all activities on the three strategic CR categories. The majority of the sixteen subsidiaries that are currently represented in the CR Manager Network have already incorporated these into their local strategies. New, common focal topics of the international collaboration include internationalizing the new climate protection strategy and recycling programs for cell phones that are no longer being used.

The international subsidiaries made notable progress during the reporting period, particularly in terms of incorporating CR into their internal processes and structures, despite some budget cuts that were necessary in the wake of the economic crisis. Another milestone in the international CR strategy rollout was reached when the CR key performance indicators were approved by the CR Manager Network.

CR roadshows to strengthen collaboration throughout the Group.

The central CR department continued to conduct CR roadshows at the international subsidiaries during the reporting period. The purpose of these events is to increase CR awareness among the top executives of the international subsidiaries and to expand international collaboration at the operational level.

Six CR roadshows were held during the reporting period:

- April 2010: T-Mobile Czech Republic
- June 2010: OTE and Cosmote (Greece) and T-Mobile USA
- October 2010: PTC (Poland)
- February 2011: Makedonski Telekom (Republic of Macedonia)

Additional roadshows are scheduled for 2011:

- Magyar Telekom (Hungary)
- Crnogorski Telekom (Montenegro)
- T-Systems Iberia (Spain)

Slovak Telekom: New CR strategy and new CR body.

In 2010, a new shared CR strategy based on the Group-wide CR strategy was developed as part of T-Mobile Slovensko's incorporation into Slovak Telekom.

In this context, the company founded the CR Forum in November 2010. It is comprised of eight executives from different departments as well as other employees who are responsible for key CR topics. The CR Forum approves and monitors development and implementation of the local CR strategy. Members of the forum also discuss specific targets and CR KPIs. In addition, they submit suggestions to the Board of Management for appropriate measures.

T-Mobile Czech Republic: CR Board founded.

We conducted our second CR roadshow at the Czech subsidiary in April 2010. The focal point of the event was incorporating CR into the company's structures and processes. Inspired by the event, T-Mobile Czech Republic decided to create a CR Board, which held its opening meeting on April 22, 2010. A coordination team comprised of representatives of all T-Mobile Czech Republic's key corporate areas supports the implementation of the measures approved by the board.

T-Systems Iberia: Local CR strategy adopted.

In April 2010, T-Systems Iberia's CR Board approved an extensive CR master plan for the period from 2010 to 2012. This plan was developed to bring the company's interests in line with the expectations of the different stakeholder groups. The CR master plan includes plans for the Spanish subsidiary to publish its own CR report.

OTE: Including additional departments in CR-relevant processes.

As part of integrating CR into its corporate structure, the Greek subsidiary OTE added twelve new members from additional corporate areas to its interdisciplinary CR team in 2010. These new members

will provide extensive support to the core team, which began working together in 2006 and is responsible for creating the subsidiary's CR report. In particular, the new members are responsible for collecting environmental data for the report.

Cosmote Greece: CR training for managers.

The Greek subsidiary Cosmote launched an extensive internal training program during the reporting period. From November to December 2010, 300 employees from the middle and upper management levels participated in four-hour CR training sessions. The discussions revolved around current trends in the CR area and their significance for Cosmote. In particular, the training sessions addressed the question how employees can get even more involved in CR.

Creating new CR responsibilities.

- **T-Mobile USA:** Since February 2010, a full-time Environmental and Sustainability Manager has been responsible for all corporate activities that deal with social and environmental issues.
- **PTC:** Inspired by the CR roadshow in October 2010, the Management Board of the Polish subsidiary PTC decided to create a full-time CR manager position.
- **Cosmote international subsidiaries:** In 2010, both the Bulgarian subsidiary Globul and the Albanian subsidiary AMC created CR teams that are based within the Corporate Affairs department.

First local CR reports published in Croatia and the Netherlands.

The Croatian subsidiary T-Hrvatski Telekom published its first local CR report in May 2011.

T-Mobile Netherlands published its first local CR report in August 2010. As a result, the Dutch Ministry of Economic Affairs decided to include T-Mobile Netherlands in its transparency benchmark that same year.

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Key performance indicators.

Content verified by PwC

We have been using Group-wide KPIs, the CR key performance indicators (CR KPIs), since 2009 to manage our CR performance. These serve as management tool that make it easier for us to systematically and transparently optimize our services on an ongoing basis.

Due to developments in the Group as well as external changes, we reviewed the CR KPIs during the reporting period and adjusted them to the new general conditions and requirements. We now distinguish between mandatory CR KPIs (that are mandatory throughout the Group) and KPIs that are voluntary for the time being.

Group-wide implementation launched.

April 2010: 16 international subsidiaries commit to measuring their CR performance.

During the revision process, the CR key performance indicators were continuously adjusted with representatives of the international subsidiaries. The final versions were approved at the meeting of the CR Manager Network , which was held in Berlin on April 12, 2010. All international subsidiaries represented at the meeting committed themselves to introducing the mandatory CR KPIs.

As was the case with previous CR reporting data, data for the CR KPIs is collected using the Group-wide data collection tool . The first data collection for fiscal year 2010 was conducted in February 2011. Based on this initial data, we will use a benchmark report in the second quarter of 2011 to compare the performance of all international subsidiaries in terms of the mandatory CR KPIs. The next step will be to develop ambitious targets and parameters for the KPIs.

Mandatory CR KPIs throughout the Group.

We identified five indicators that apply throughout the Group. These fall into two categories, namely indicators with parameters applicable throughout the Group and indicators with country-specific parameters that have been adapted to the specific conditions at the international subsidiaries.

KPIs with Group-wide parameters:

- The Employee Satisfaction CR KPI is used to determine the satisfaction of our workforce. It is calculated based on the employee survey , which takes place every two years.
- We use the Socially Responsible Investment CR KPI to measure our progress in the area of sustainable investments . This KPI indicates the share of Deutsche Telekom AG stock that is owned by investors who show concern for environmental, social and governance criteria in their investment strategies.
- The Sustainable Procurement CR KPI measures the share of our overall procurement volume that we receive from suppliers who have been assessed for risk through audits and/or by using E-TASC .

KPIs with country-specific parameters:

- We use the CO_2 Emissions CR KPI to determine CO_2 reduction based on the reference year 2008.
- The Energy Consumption CR KPI , which we use to measure our energy consumption is based on the monetary power efficiency indicator (MPEI). It shows the amount of energy consumed compared to net revenue.

Voluntary CR KPIs.

Subsidiaries can decide for themselves how they want to use the voluntary CR KPIs and which measuring methods they wish to apply. We are planning to standardize measuring methods throughout the Group in the medium term.

- We use the Social Commitment CR KPI to measure our social commitment based on public awareness of Telekom's CR activities. We regularly conduct a market research study in Germany for this purpose.
- The Take Back Mobile Devices CR KPI indicates the mobile devices we have collected measured in number of items or the equivalent value in kilograms, in relation to the number of customers a subsidiary has.
- We plan to use the Sustainable Products CR KPI to measure the sustainability performance of our product portfolio. This indicator is currently being developed within the scope of the "Sustainable product portfolio" project.

As part of the review and adjustment of the CR key performance indicators in 2010, we decided to retain the Mobile PCs CR KPI intended for measuring the number of employees with mobile PC equipment, which was announced in the last report, for internal Group management only.

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Organization and management.

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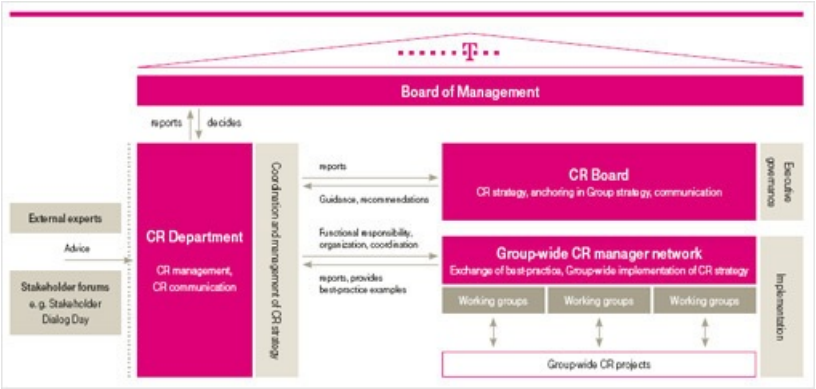
Telekom has created an integrated CR governance structure to guarantee that strategic control is closely interlinked with operational implementation throughout the entire Group. By incorporating CR into the CEO's department, Telekom has made sure that sustainability issues become an integral part of all of Telekom's business activities.

CR-Governance



CR Board as a central governance body.

The CR Board is comprised of the heads of those corporate areas that play a key role in steering and implementing CR throughout the Group:

- Corporate Communications
- Human Resources
- Procurement
- Public and Regulatory Affairs
- Brand Management
- Chairman's Office
- Technology
- Deutsche Telekom Foundation
- Europe Board department
- Corporate Responsibility

This broad organizational basis ensures that the CR strategy is in line with the Group and brand strategy as well as with the corporate values. Cross-area collaboration forms an essential foundation for embracing CR throughout the Group.

Steering the Group-wide CR strategy.
The CR Board develops recommendations for the Board of Management regarding the implementation and future focus of the CR strategy. The objectives and key performance indicators for the Group-wide CR program are also discussed at its meetings.

CR Board meetings during the reporting period.
The CR Board generally meets three times a year to discuss the latest developments at the Group, in society at large and on the markets on which Telekom is active. Additional meetings are called as needed. Two meetings were held during the reporting period for the current CR Report.

- The meeting scheduled for July 2010 could not take place because the quorum could not be achieved due to the board members having other obligations. The members were sent the documents that were on the agenda and were able to discuss them at the next CR Board meeting.
- The agenda of the CR Board meeting in November 2010 included current CR topics such as ratings in the area of socially responsible investment and measures for a more sustainable supply chain. The strategy for stakeholder management and our participation in Global Compact LEAD were presented and discussed as well.

CR Manager Network to ensure Group-wide exchange of knowledge.

The CR managers from the different business areas and subsidiaries are responsible for operational implementation of the CR strategy. They report regularly on their progress and activities to the central CR

department. The international CR Manager Network was established to intensify Group-wide collaboration.

An ever-expanding international network.
At the end of the reporting period, T-Systems Slovakia became a new member of the CR Manager Network, which now comprises 16 international subsidiaries. At their regular meetings and teleconferences, CR managers discuss current topics and best practice examples. The international subsidiaries also work together in working groups focusing on specific topics.

Two meetings held during the reporting period.
The CR managers met on April 12, 2010, at T-Mobile Czech Republic in Prague and on November 24, 2010, at Telekom's Berlin representative office. The representatives of the subsidiaries discussed the following topics within the context of best practice exchange:

- Taking back and recycling cell phones
- Sustainable products
- Implementing the CR strategy at each subsidiary

At the meeting, they also committed to introducing the CR key performance indicators revised in 2010.

Climate Change Group — climate protection expertise.

Next milestone: internationalization of the climate protection strategy.

In connection with its efforts to make a contribution to creating a low carbon society , Telekom founded the Climate Change Group in 2009. The group is comprised of internal energy and climate experts and consults with external specialists as the occasion demands. The working group's task is to effectively reduce the Group's energy consumption and CO_2 emissions. To do this, the experts identify reduction potential and develop suitable targets, measures and key performance indicators. The group held its constituent meeting in the first quarter of 2010.

During the reporting period, the Climate Change Group focused on revising the Group-wide climate protection strategy. In light of current developments, a new, ambitious climate protection strategy for Germany was adopted in September 2010.

The next milestone for the Climate Change Group will be to internationalize the climate protection strategy, which is scheduled for 2011, and to develop country-specific targets.

CR department — coordinating and steering CR throughout the Group.

The central CR department is responsible for strategic CR management and CR communication. It coordinates and manages the implementation of the CR strategy in day-to-day business operations throughout all business areas and international subsidiaries.

At the Group level, the CR department acts as an interface in collaboration with all relevant departments. For example, during the reporting period it conducted numerous talks with major Group units in order to join forces and further advance CR performance. These included

- Technology, Telekom Deutschland
- Group Travel Management
- Facility and Fleet Management
- PASM
- Deutsche Telekom Laboratories
- Procurement
- Brand Management
- Human Resources
- T-Systems and
- Deutsche Telekom Foundation .

CR data management to manage data relevant for decision-making.

The main tool for managing CR throughout the Group is the CR database. This web-based data collection software enables a transparent reporting process throughout the Group and ensures standardization and greater integrity. All CR-relevant data and KPIs are validated in a multiple-phase process and then consolidated centrally. This gives us a better understanding of the quantitative developments of strategic and operational CR topics and makes it easier to monitor deviations from set targets. The software also enables Group-internal benchmarks.

Optimizing the central CR database.
The CR database is currently still under development. It was used to collect data for the first time for the last CR report. Upon completion of this first phase, we initiated a feedback process in which we collected feedback from many participants and used this information to launch an optimization process. We placed greater emphasis on the needs of the international subsidiaries and reduced the number of steps required in the data collection process. We plan to repeat the feedback and review process after

collecting data for the current CR report and tap into any optimization potential identified.

CR controlling process being established.
In order to support the CR department's management in relevant decision-making processes, Telekom is aiming to establish a CR controlling process. CR controlling can be used for early identification and management of opportunities and risks regarding matters such as reputation, costs and profit. To establish an effective CR controlling process, it is important to first define the relevant driving forces and strategic targets.

We laid the necessary foundation in identifying the CR key performance indicators along with integrating these CR KPIs into the CR database. This made it possible for us to collect all relevant data for the current report for the first time at the beginning of 2011. We will determine concrete targets for the indicators in 2011 based on the initial data collected, including analysis and interpretation of the results, which will help lay the foundation for central CR controlling processes.

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Stakeholder management.

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Shaping the dialog with our stakeholders is one of the most important issues for our CR management. The knowledge of their interests and demands harbors major opportunities for our company. Firstly, it enables us to identify risks at an early stage and focus our activities and measures accordingly. Secondly, we use the interchange with our stakeholders to identify trends and developments in society early on, and take them into account systematically in the further development of our CR commitment. At the same time, the interaction also helps us deepen our stakeholders' understanding of our concerns and activities, as well as build and maintain networks.

That is why engaging in open and trusting dialog with our stakeholders is a key component of our CR strategy and our CR program. The interaction between our company and our stakeholders on issues related to CR is coordinated by the central CR department. It is the point of contact for company stakeholders and processes incoming inquiries in coordination with experts from the departments concerned. The CR unit is also responsible for operative implementation, together with the specialized units in the Group.

To create the foundation for a consistent stakeholder management practice Group-wide, we are currently developing a stakeholder involvement strategy that is based on the three AA1000 principles of materiality, inclusivity and responsiveness.

Major Telekom stakeholders.

The key prerequisite for systematic stakeholder management is knowledge of the relevant stakeholder groups and their importance for the company. We have determined the relevant stakeholder groups for Telekom based on the criteria "strategic importance" and "closeness to company and core business."

The importance of the individual stakeholder groups for Telekom also depends largely on our company's CR focuses. We identify these through the involvement of internal and external stakeholders. From the list of major CR topics, we can derive the relevant stakeholder groups who are particularly interested and/or especially affected by a topic.

Telekom carries out a variety of activities for and with these stakeholder groups. An ongoing analysis of our stakeholder groups helps us align our activities with the requirements and expectations of the various stakeholder groups, and shape them in accordance with our own needs. We differentiate

between three forms of interaction, depending on how intensively we involve the stakeholders in business decisions and processes: stakeholder communication, stakeholder dialog and stakeholder involvement.

The three forms of interaction with our stakeholders.

- Stakeholder communication: The focus of our stakeholder communication activities is on transparent, comprehensive information about our CR activities and progress. Examples include our annual CR reporting, press events arranged for representatives of the media, and roadshows to communicate with our shareholders.
- Stakeholder dialog: We use dialog with our stakeholders to participate actively in discussions within society, better understand external perspectives and at the same time, help create understanding for our own concerns. Through surveys, multi-stakeholder forums and memberships, we regularly exchange information and opinions involving topics that are of special interest to both us and our stakeholders.
- Stakeholder involvement is the most intensive form of interaction with our stakeholders. We cooperate with our stakeholders on selected topics with the aim of involving them in our corporate decision processes, systematically and in the long term, in order to take into account their views and interests. This ambitious approach will form the future focus of our strategic stakeholder management. We are already following this approach successfully in several projects today.

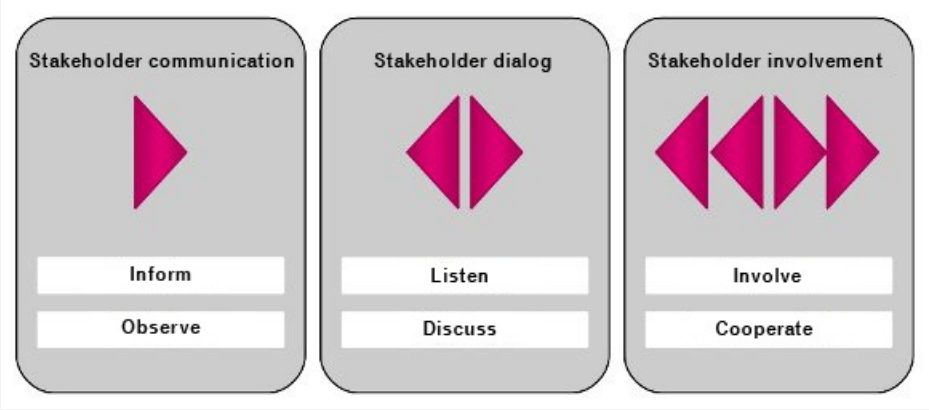

Illustration: Forms of interaction with our stakeholders.

Developing a stakeholder involvement strategy.

The systematic involvement of relevant stakeholder groups is becoming increasingly important for Telekom in the face of ever more complex social challenges. In this context, we began to develop a stakeholder involvement strategy during the reporting period that is focused on the three principles of materiality, inclusivity and responsiveness. The aim is to create a targeted framework for our stakeholder involvement activities within the Group. Among other things, this involves advancing existing processes for determining relevant stakeholders and major CR topics [link to 2.3.3 Stakeholder involvement (CR reporting: Inclusion of external experts)]. We also have to further develop the existing forms of documenting the interaction with our stakeholders to enable more targeted use of the findings from past activities. Another important element is the creation of a stakeholder database, which was initiated during the reporting period, to simplify the targeted involvement of relevant stakeholder groups in future.
The stakeholder involvement strategy is being developed with the assistance of the relevant specialist units, along with selected external stakeholders. This gives them the opportunity to actively shape the stakeholder involvement strategy.

A barometer for this strategy is the international AA 1000 standard. Another point of reference is the ISO 26000 standard on the social responsibility of companies.

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Stakeholder communication.

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Telekom provides relevant stakeholder groups with transparent, comprehensive information concerning the company's CR commitment and its activities in the areas of sustainable development and responsible corporate governance. As can be seen in the table below, we focus our communication activities on the general public as well as on selected stakeholder groups such as employees, analysts and media representatives, addressing a broad range of topics.

Selected stakeholder communication activities.

www.telekom.com/verantwortung.

Stakeholder group:	All
Description:	Deutsche Telekom AG website on sustainability and corporate responsibility
More information:	New website is even easier to use. With our website, www.telekom.com/verantwortung, we hope to share more about Telekom's CR activities not only with CR experts but with the general public as well. That is why our focus in updating the website is to structure the content more clearly and make the website even easier to use. Our new, streamlined website will focus on the following topics: ■ Climate and environment ■ Responsibility to society ■ CR strategy and management ■ Sustainable product

CR reporting.

Stakeholder group:	All
Description:	Information about Deutsche Telekom's progress regarding CR topics during the relevant reporting period
More information:	Overview of all Deutsche Telekom CR reports

Trade fair participation.

Stakeholder group:	Customers, potential customers and their representatives Suppliers The business world and its representatives Analysts, investors and their representatives
Description:	Information for trade fair visitors about Telekom's CR activities
More information:	SRI roadshows **CeBIT 2011: Presenting our CR activities.** Just like in previous years, our presence in March 2011 in Hanover at CeBIT, the world's largest ICT trade fair, was the focal point of our stakeholder communication activities. CR experts presented all of the Group's CR activities to trade fair visitors. This year the focus was on Group-wide climate protection activities. We presented the new climate protection goals as well as different initiatives and projects being conducted to realize these goals. At the trade fair we also supported an initiative for cell phone recycling being conducted by the industry association Bitkom.

Press events.

Stakeholder group:	Media
Description:	Information on current developments in our CR activities

Sustainability drive.

Stakeholder group:	Customers, potential customers and their representatives
Description:	Deutsche Telekom's communication drive entitled "Big changes start small"

More information:	**Sustainability drive: Encouraging responsible consumption.** Since the fall of 2009, we have been encouraging sustainable consumption through our "Big changes start small" sustainability drive, which is scheduled to run for several years. With our website, TV advertisements and print ads, we hope to communicate the value of sustainable consumption to consumers. We want to give them specific suggestions for making small contributions that take little effort, yet combined can make significant contributions to sustainable development. Through these efforts CR is made accessible to the general public instead of remaining a topic for selected experts.

CR e-Learning tool on the intranet.

Stakeholder group:	Employees
Description:	An interactive platform to raise awareness of CR topics at Telekom with specific tips for integrating sustainability into daily work activities

World Environment Day.

Stakeholder group:	Employees, potential employees and their representatives
Description:	Information event on environmental protection, health and mobility
More information:	Supporting World Environment Day

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Stakeholder dialog.

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We also communicate with our stakeholders on different levels. We regularly invite representatives of important stakeholders to attend dialog forums and participate in externally organized events as well. Through our memberships with different organizations, we get involved in discussion processes and collaborate on international committees. We also regularly conduct surveys to assess the quality of our stakeholder relations. Our stakeholders can also use different online channels to contact us.

Telekom multi-stakeholder forums.

Second International Corporate Responsibility (CR) Day.	
Stakeholder group:	All
Description:	Annual multi-stakeholder event with diverse focal points
More information:	CR Day in Berlin open to the general public. On November 23, 2010, we held our second international Corporate Responsibility (CR) Day in Berlin under the slogan "Leading with responsibility." Some 180 representatives from the world of politics, the media, business associations, NGOs and research institutions attended the event. Presentations held by René Obermann and bestselling author Frank Schätzing at the start of the event set the tone for a lively audience discussion. Afterward, two forums were held to discuss the topics of "Integrating people in the gigabit society" and "Responsibility for sustainable consumption." **Live Internet coverage.** As a special feature, this year's event was open to the general public who was able to participate in the discussion during a live broadcast on the Utopia website. **Eliminating our carbon footprint.** To minimize the environmental impact of this event, we fully compensated for all of the CO2 emissions caused by the CR Day by investing in a climate protection project.

Magyar Telekom's 3rd Sustainability Day.	
Stakeholder group:	All
Description:	Sustainability Day held by the Hungarian subsidiary Magyar Telekom to promote responsible conduct and a sustainable lifestyle
More information:	**Magyar Telekom: Conference to promote sustainability.** The Hungarian subsidiary held its third Sustainability Day in Budapest on September 25, 2010. The aim of this type of event is to encourage public sustainable lifestyle awareness with the help of discussion rounds, presentations and exhibits as well as concerts for young people. Discussions at this year's Sustainability Day revolved around topics such as the potential of harmonizing the economic, social and environmental aspects of sustainability and the limits of practical implementation. Sustainability criteria were also taken into consideration when planning the event such as by encouraging people to use other means of transportation besides their car to get to the event. With around 1,200 guests, Magyar Telekom was able to reach almost twice as many people at its third Sustainability Day than it had the year before. The new sustainability campaign Hello Tomorrow was also launched at the event.

T-Hrvatski Telekom's 3rd Growing through Knowledge conference.	
Stakeholder group:	The business world and its representatives Political sphere and regulatory authorities Science, research and education
Description:	Annual conference held by the Croatian subsidiary T-Hrvatski Telekom to promote knowledge exchange
More information:	**T-Hrvatski Telekom: Communicating vision — encouraging innovation.** T-Hrvatski Telekom held its third "Growing through knowledge" conference on September 28, 2010, in Zagreb, Croatia. The aim of this annual conference is to encourage knowledge transfer. Around 600 guests from the worlds of business, politics and research attended the presentation given by renowned economist Jeremy Rifkin, who talked about his vision of a society characterized by empathy. Nicholas Christakis also spoke on how social networks influence people's daily lives. After their presentations, the presenters engaged in dialog with the

	audience.

Sustainable Procurement Stakeholder Dialog Day.	
Stakeholder group:	Suppliers
Description:	Annual multi-stakeholder event on supply chain management
More information:	Sustainable Procurement Stakeholder Dialogue Day

Dialog activities at external events.

Participation in the Utopia conference.	
Stakeholder group:	Customers, potential customers and their representatives NGOs and interest groups The business world and its representatives Media Science, research and education
Description:	Annual conference organized by Utopia AG to bring together ideas and inspiration from different stakeholder groups and to come up with new solution approaches for climate and environmental protection and a socially-minded society.
More information:	Involved in open dialog with "Utopians"

CSR conference at Humboldt University in Berlin.	
Stakeholder group:	Science, research and education Political sphere and regulatory authorities NGOs and interest groups The business world and its representatives
Description:	Conference on social responsibility that takes place every two years
More information:	**Participation in the 4th CSR conference held by Humboldt University in Berlin.** From September 22-24, 2010, around 600 participants met at the 4th CSR conference held by Humboldt University in Berlin to discuss the question of how companies, politicians and the general public can master the challenges of globalization in the wake of the financial crisis. Telekom representatives participated in the discussions at several forums. Telekom also supported the conference as a sponsor and helped raise awareness with an information booth on cell phone recycling.

Examples from the international subsidiaries.	
Stakeholder group:	All
Description:	Subsidiaries participating in local dialog events on various topics
More information:	**Spain: Participation in the Sustainability Day in Barcelona.** On March 25, 2010, T-Systems Iberia participated in the Sustainability Day hosted by the trade organization Asociación de Empresas e Instituciones del área de negocios 22@. Representatives of the Spanish subsidiary are also actively involved as members of the trade organization's environmental and sustainability committee. **Poland: Dialog on green ICT .** The Polish subsidiary presented and discussed its green ICT activities at two expert conferences: ■ Investment Barriers for Construction of Mobile Networks in Health Resorts ■ The Second Polish and European Energy Security Conference **Austria: Membership with respACT.** T-Systems Austria has been a member of respACT (Austrian business council for sustainable development) since 2010. In this context, the company is expanding its dialog with NGOs and participating in a diversity workgroup, for example. During the reporting period, T-Systems Austria participated in two events in Vienna: ■ "Marktplatz der guten Geschäfte" (marketplace for good business) on January 26, 2011 ■ Social Business Day on March 23, 2011

Online dialog and social networks.

CR Day 2010 with public participation—around 700 online discussion entries.

utopia.de

Stakeholder group:	Customers, potential customers and their representatives NGOs and interest groups
Description:	The largest online platform for sustainable consumption in the German-speaking countries. Since October 2009, Telekom has been providing current information on its CR activities and offering various ways to engage in dialog within the context of its corporate profile.
More information:	**Involved in open dialog with "Utopians".** During the reporting period Deutsche Telekom explored new options in public discussion with critical stakeholders. The company's corporate profile on Utopia, the largest online platform for sustainable consumption in the German-speaking countries, gives platform users the opportunity to discuss the sustainability of the company's activities with Telekom representatives. Utopia users were able to discuss issues with Telekom CEO René Obermann and Dr. Ignacio Campino, Representative of the Board of Management for Sustainability and Climate Protection, in live chats. René Obermann also answered questions posed by participants during the Utopia conference, which was broadcast live online on October 28 and 29, 2010. By being involved in Utopia.de, we also emphasize our support of the principles set forth in Utopia's Change-maker Manifesto, which René Obermann signed on April 22, 2010. Under the manifesto, we have undertaken to comply with ten commitments, complemented by concrete targets and measures on topics such as waste reduction, climate protection and social responsibility. Telekom is the first DAX-listed company to join the ranks of the change-makers, who are currently twelve in number (as at: May 2011). In May 2011 we started communicating our progress as a change-maker on the Utopia platform. Within this context, we updated our corporate profile on the online portal and focused it exclusively around the contents of the manifesto. Download: Change-maker Manifesto **CR Day live stream on utopia.de.** As a special feature, Telekom's 2010 CR Day was open to the general public who was able to participate in the discussion during a live broadcast on www.Utopia.de. Around 700 contributions were made using the comments function and Twitter. The broadcast hosts selected numerous comments and questions and integrated them into the discussion in Berlin. More than 3,000 Internet users followed the live online broadcast in English and German.

Customer service via Twitter and Facebook.	
Stakeholder group:	Customers, potential customers and their representatives
Description:	Telekom employees answer customers' questions via social networks
More information:	"Telekom helps" pilot project on Twitter "Telekom helps" also on Facebook

Surveys.

Feedback tool for CR Report.	
Stakeholder group:	All
Description:	Readers of the CR report can use an online feedback tool to give us feedback on what they think of the report and to make suggestions for improvement
More information:	Feedback and suggestions for improvement for the current CR Report

Market research.	
Stakeholder group:	Customers, potential customers and their representatives
Description:	Regular surveys on how the general public perceives Deutsche Telekom's CR activities and what they think of them

Employee survey.	
Stakeholder group:	Employees
Description:	Regular surveys on how Group employees perceive Deutsche Telekom's CR activities and what they think of them
Weiterführende Informationen	Employee survey

Selected memberships, cooperations and activities.

The only German company represented on the Global Compact LEAD steering committee.

UN Global Compact.	
Stakeholder group:	NGOs and interest groups Political sphere and regulatory authorities

	The business world and its representatives
Description:	As a founding member of UN Global Compact, Telekom has been committed to the enforcement of the ten principles of the Global Compact for years now and bases its own actions on these principles. Many of our international subsidiaries have also committed themselves to the ten principles within the scope of their own membership: ■ Magyar Telekom (Hungary) ■ OTE (Greece) ■ Cosmote Greece ■ T-Hrvatski Telekom (Croatia) ■ Crnogorski Telekom (Montenegro)
More information:	**Telekom is a co-founder of the UN Global Compact's LEAD initiative.** Deutsche Telekom co-founded Global Compact LEAD during the reporting period. This new platform for corporate sustainability leadership was officially introduced in January 2011. The Global Compact Office invited particularly active members of the UN Global Compact to participate in this new leadership platform. Global Compact LEAD is comprised of 56 multinational companies from different industries and regions. The purpose of the platform is to make further progress in the areas of environment, social issues and governance as well as to set new standards for CR . Telekom is the only German company to be a member of the Global Compact LEAD steering committee. In the context of LEAD membership the Chairman of the Board of Management has publicly promised compliance with the ten principles of the Global Compact. But that is not all: the entire Board of Management issued a comprehensive Board commitment in March 2011. As part of this commitment, all Board members became sponsors for particular topics under the various Global Compact principles. **Participation in the German Global Compact Network.** Telekom is a member of the steering committee of the German Global Compact Network (DGCN). The DGCN helps Global Compact members in Germany implement the ten principles of the Global Compact. Learning together with stakeholders from society, government agencies and research as well as being able to participate in open discussions in a confidential atmosphere are key aspects of DGCN's efforts. Global Compact Communication on Progress

Code of responsible conduct for business.	
Stakeholder group:	The business world and its representatives
Description:	Initiative launched by German entrepreneurs, who have developed a code in cooperation with the Wittenberg Center for Global Ethics. The signatories are committed to both success-oriented and value-oriented leadership in the spirit of a social market economy.
More information:	The "Code of responsible conduct in business ", developed by companies under the stewardship of the Wittenberg Center for Global Ethics, was presented to the public in November 2010. Chairman of the Board of Management of Deutsche Telekom AG René Obermann and Chief Human Resources Officer Thomas Sattelberger were among the first signatories of the code, committing themselves personally to success-oriented and value-oriented corporate governance. The aim of the initiative is to counter the lack of confidence in managers, companies and the economic system as felt by many people and to present their position on controversial topics such as management remuneration and respect for rules. Deutsche Telekom will stage a cross-company dialog in cooperation with the Wittenberg Center in October 2011.

Business and industry associations.	
American Chamber of Commerce Germany	Deutsche Telekom AG
Association of Greek Companies (S.E.V.)	Cosmote Greece OTE
Association of ICT Companies in Greece (S.E.P.E.)	Cosmote Greece OTE
BDA (Confederation of German Employers' Associations)	Deutsche Telekom AG

BITKOM industry association	Deutsche Telekom AG
BVDW (German Federal Association for Digital Business)	Deutsche Telekom AG
Czech Association of Mobile Network Providers (APMS)	T-Mobile Czech Republic
DIHK (Association of German Chambers of Industry and Commerce)	Deutsche Telekom AG
European Association of Mobile Communication Services (GSM-Europe)	Cosmote Greece
European Telecommunication Standards Institute (ETSI)	Cosmote Greece OTE T-Hvratski Telekom
European Telecommunications Network Operators' Association (ETNO)	Magyar Telekom OTE Slovak Telekom Deutsche Telekom AG T-Hrvatski Telekom
Forum for Sustainable Development of German Business (econsense)	Deutsche Telekom AG
GSM Association (GSMA)	Alle Mobilfunk-Tochtergesellschaften der Deutschen Telekom AG
Insitute of Electrical and Electronics Engineers (IEEE)	T-Hrvatski Telekom
International Chamber of Commerce (ICC)	Deutsche Telekom AG
International Telecommunication Union (ITU)	OTE Slovak Telekom
Mediterranean Cable Maintenance Agreement (MECMA)	T-Hrvatski Telekom
Mobile Communication Association of Croatia (UPKH)	T-Hrvatski Telekom
Mobile Operators Association (EEKT)	Cosmote Greece
Austria Wirtschaftsservice	T-Systems Austria
UMTS Forum	T-Hrvatski Telekom
Federation of German Industries (BDI)	Deutsche Telekom AG
World Economic Forum (WEF)	Deutsche Telekom AG
Sustainability and CR.	
Business for the Society	T-Mobile Czech Republic
Business in the Community (BITC)	OTE
Business Leaders Forum Slovakia	Slovak Telekom
Business Leadership Forum of Macedonia	Makedonski Telekom
CEE Responsible Investment Universe (CEERIUS)	T-Hrvatski Telekom
Coordination committee of the local UN Global Compact initiative	Crnogorski Telekom
Corporate Donor Club	Slovak Telekom
Corporate Responsibility Institute	OTE
Croatian Business Council for Sustainable Development (HR PSOR)	T- Hrvatski Telekom
Donator Club	T-Mobile Czech Republic
Global Reporting Initiative	OTE
Greek Network for Corporate Social Responsibility	Cosmote Greece OTE
HBLF (Hungarian Business Leaders Forum)	Magyar Telekom
RespACT – Austrian Business Council for sustainable development	T-Systems Austria
Sustainable Development Committee of the Association of Greek Companies (S.E.V.)	OTE
Climate and environmental protection.	
B.A.U.M. e. V.	Deutsche Telekom AG
Brennstoffzellenforum	Deutsche Telekom AG

Carbon Disclosure Projekt	OTE
EU Corporate Leaders Group on Climate Change	Deutsche Telekom AG
Global e-Sustainability Initiative (GeSI)	Cosmote Greece OTE Deutsche Telekom AG
ICT-Arbeitsgruppe des griechischen Ministeriums für Infrastruktur, Transport und Netzwerke	Cosmote Greece OTE
2° — German Entrepreneurs for Climate Protection initiative	Deutsche Telekom AG
Green Dynamics Initiative (to promote environmentally friendly IT)	T-Systems Austria
Pontis Foundation (member of the Climate Change Group)	Slovak Telekom
Product Carbon Footprint (PCF)	Deutsche Telekom AG
Slovak Electronic Waste Agency	Slovak Telekom
Sustainable Leadership Forum	Deutsche Telekom AG
WWF Austria	T-Mobile Austria
Mobile communications and health. Selected memberships and sponsorships	
Czech Operator Association	T-Mobile Czech Republic
Forum Mobile Communications (FMK)	T-Mobile Austria
GSM Association's web portal on 'Health & Environment'	Deutsche Telekom AG
Hungarian Mobile Operator's ' EMF Portal'	Magyar Telekom
Informationszentrum Mobilfunk (IZMF)	Deutsche Telekom AG
Macedonian Operator Working Group on EMF	T-Mobile Macedonia
Mobile Communication Association of Croatia (UPKH)	T-Hrvatski Telekom
Mobile Netwerk Operators association (MoNet)	T-Mobile Netherlands
Mobile Operators Association (EEKT)	Cosmote Greece
Polish Society of Applied Electromagnetics' (PTZE) web portal 'Electromagnetic Fields'	PTC
T-Mobile USA's web portal on EMF and mast siting	T-Mobile USA

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Stakeholder involvement.

Content verified by PwC

We define stakeholder involvement as all activities in which stakeholders — and their views and interests — are involved in the company's business and decision-making processes for a specific topic, systematically and in the long term. Within the framework of this topic-specific collaboration, Telekom commits itself to taking up the suggestions from its stakeholders, reflect on expectations and needs and integrate them into company processes to the extent possible. We also address concerns that we cannot fulfill and, should the case arise, explain to our stakeholders why their suggestions cannot be implemented either in part or in full. With this approach, we give our stakeholders a sincere way to influence and get involved, to find solutions to complex social issues on a cooperative basis. This will create a win-win situation for the involved stakeholders, for Telekom and for society as a whole.

We believe this active, systematic collaboration with our stakeholders on the basis of partnership are the most important element of our stakeholder management. To strengthen this ambitious form of stakeholder involvement in future, we have begun developing a stakeholder involvement strategy during the reporting period.

Selected stakeholder involvement activities

Criteria development on the topic of sustainable products.

Stakeholder group:	NGOs and interest groups
Description:	Involvement of selected NGO representatives in the "Sustainable products and services" project to enable consideration of their expectations and needs in developing the criteria
More information:	**Sustainable product portfolio: Targeted stakeholder integration.** The question as to which sustainability aspects our products and services need to offer from our customers' point of view is a constant focus in our development activities. To fulfill our customers' demands, give them guidance in future and improve the sustainability performance of our product portfolio, we rely on the systematic involvement of major stakeholders in our internal development processes. As part of the "Sustainable product portfolio " project, initiated in 2010, we actively involved external and internal stakeholders in the development of a set of criteria, which we can use to rate the sustainability performance of our products and services. Stakeholder selection and the involvement process were carried out in line with the international standard AA1000. The process was accompanied by the institute for applied ecology, Öko-Institut Freiburg . Together with external and internal stakeholders, we were able to develop a series of criteria and indicators during the reporting period that will be successively incorporated into the development and procurement processes in the form of requirements. Along with the sustainable improvement of our product portfolio, we aim to introduce a suitable labeling scheme as a guidance for our customers. We plan to involve our stakeholders in this process as well.

Commitments on EMF.

Stakeholder group:	Political sphere and regulatory authorities Municipalities and their representatives NGOs and interest groups
Description:	The key factor for successful network expansion is the participation and integration of all the involved parties and dialog with major external stakeholders, such as local authorities, the general public, people living near base stations, as well as NGOs. Telekom has developed clear guidelines for this in its EMF policy.
More information:	Mobile communications and health

Cooperation between Telekom Deutschland and German environmental aid organization DUH.

10 years of successful partnership.

Stakeholder group:	NGOs and interest groups
Description:	The basis of this partnership is the establishment of a Telekom environmental fund, with which environmental and nature conservation projects can be supported. DUH advises Telekom Deutschland GmbH on important environmental issues and proposes opportunities for improvement to our environmental protection activities as a critical partner.

More information:	**Successful cooperation with Deutsche Umwelthilfe (DUH).** ■ Telekom has pursued stakeholder involvement for a long time, as evidenced by the ten-year collaboration with the German environmental aid organization DUH. Primary topics of our collaboration include questions regarding electromagnetic compatibility, the sustainable use of telecommunications products and the link between raw materials extraction and the loss of biodiversity. Our joint work focuses on the following issues: ■ **Cell phone recycling:** Together with DUH, we established a successful system for returning used cell phones in 2003 for consumers, environmental initiatives and school classes, and aimed to achieve the highest sustainability standards in the cell phone take-back und utilization process. Since then, the revenues from the joint cell phone recycling activities have made it possible to support more than 700 environmental and nature conservation projects. ■ **Dialog with expert network:** In 2010, DUH and Deutsche Telekom held regular rounds of expert talks with representatives from NGOs, environmental authorities and academia. This continuously expanding network of experts discussed topics such as sustainable product design. We also held a series of stakeholder events on the occasion of the ten-year anniversary of our collaboration during the reporting period. ■ **Living Forests nature conservation fund:** Since 2009, together with DUH and the Living Forests nature conservation fund, we have supported five outstanding projects aimed at preserving biodiversity in Germany. ■ **Award for environmental journalism:** Telekom also has supported the Environment Media Award presented by DUH for outstanding achievements in environmental journalism and the effective presentation of environmental and nature-related topics in the media for seven years. With their excellent articles on environmental issues, the winners of the Environment Media Award contribute to educating and informing the public about the global challenges of climate and environmental protection.

Materiality process 2010/2011.

Stakeholder group:	All
Description:	Survey of internal and external stakeholders on the major topics for CR reporting
More information:	**CR reporting: Inclusion of external experts.** We have reflected our stakeholders' expectations and assessments for many years now within the context of our CR reporting. To determine which topics are the most important for the respective stakeholder group during the reporting year, we conduct an annual, multi-stage materiality process. **Shared definition of focal topics.** The materiality process is based on the requirements of the Global Reporting Initiative (GRI) and the top ten sustainability topics for companies in the ICT industry identified by the Global e-Sustainability Initiative (GeSI). We ask selected Telekom employees and external stakeholders from Germany and abroad to assess these topics, using a cross-check survey. **Results of this year's survey.** The results of the survey showed that internal and external assessments of the topics are for the most part similar. All stakeholders placed high importance on strategic and industry-specific topics, in particular. **The results in detail:** ■ Economy ■ Strategy ■ Society ■ Customers ■ Employees ■ Suppliers ■ Climate and environment **Integration of assessments into the CR Report.** The results of the materiality survey influenced the structure of the current CR Report and helped us focus the report on the needs and interests of our stakeholders. ■ The highlight projects on the homepage were selected in consideration of the results of the materiality survey. ■ The topic-specific survey results are contained in the illustrations at the respective main navigation levels. The greater the importance of a topic in the materiality survey, the more prominent that topic is depicted in the illustration. We have linked the keywords to the associated section in the report so that readers can directly access the content of their choice. ■ In addition, an external stakeholder and a Telekom expert discuss a critical topic on each main navigation page. These topics were also selected based on a materiality survey.

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Group-wide steering.

Content verified by PwC

Deutsche Telekom's new Group strategy, Fix — Transform — Innovate, which was presented to the public in March 2010, will pave the way for the Group's lasting business success in the next few years.

There are two main focal points. Telekom will work to stabilize its traditional line business in the fixed-line and mobile communications sectors and tap into and expand new growth areas. Five strategic action areas address the challenges and opportunities of the market.

Five strategic action areas.

Improving the performance of mobile-centric assets.
Telekom intends to further improve its performance in those countries where it is predominantly a mobile services provider. We are going to invest in new technologies, develop innovative services and expand our portfolio of mobile devices.

Competitive edge in integrated markets.
The new strategy will systematically continue the approach taken under the One Company project of integrating fixed-line and mobile communications. This should enable us to stabilize revenue and continue to improve customer service.

Networks and processes for the gigabit society.
Global data traffic will continue to grow at a rapid pace in the coming years. That is why Telekom is working toward increasing the efficiency of its networks and satisfying the growing demand for larger bandwidths by expanding its fiber-optic network.

Connected life across all screens.
Mobilizing data services, particularly mobile Internet access, presents the largest growth opportunity for Telekom. That is why we intend to develop and market our own innovative, multi-screen services for connected life.

Connected work with leading ICT solutions.
Telekom provides its business customers with tailor-made ICT services, with T-Systems helping to standardize internal IT solutions. We plan to continue the restructuring of our corporate customers segment in order to increase profitability. T-Systems intends to increase external revenues from IT services, focusing on strong growth outside Germany.

One Company — fixed network and mobile communications from a single source.

An important component of the new Group strategy is merging our fixed-line and mobile business. During the reporting period, we were able to make further progress toward becoming One Company following the mergers of mobile and fixed-network operations in Hungary, Montenegro and, at the beginning of 2010, in Croatia.

One Company in Germany.
The two independent business units, T-Home (fixed line) and T-Mobile (mobile communications), were merged into Telekom Deutschland GmbH on April 1, 2010. We now provide fixed-line and mobile communications services, (V)DSL and mobile Internet from one source to our customers on the German market under the "T" brand.

One Company in Slovakia.
We were able to successfully implement the One Company approach in Slovakia as well. On July 1, 2010, the mobile communications arm T-Mobile Slovakia was integrated into Slovak Telekom.

New Board department for Europe.
An important milestone in the One Company process was establishing a new Board of Management department for Europe. Between April and September 2010, the European fixed-line and mobile communications segments were merged into a joint management structure.

CR strategy in harmony with new Group strategy.

A meeting between the Group's CR and Strategy units was held during the reporting period to discuss the CR strategy in connection with the realignment of the superordinate Group strategy. Participants found no need to change the CR strategy as it continues to be fully in line with the revised Group strategy.

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Compliance.

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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 at our company. Telekom follows clear, ethical principles, which have been incorporated into the Group's Guiding Principles and the Code of Conduct .

All compliance management activities are in accordance with legal regulations and with Telekom's Privacy Code of Conduct, a policy on handling personal data at the Deutsche Telekom Group.

[Download: Privacy Code of Conduct]

Compliance organization — certified effectiveness.

Important components of the compliance management system include establishing a compliance organization in all major Group units, creating a risk-oriented compliance program and systematically implementing it across all policies, conducting training courses, providing consulting services and responding appropriately to violations. The effectiveness of Deutsche Telekom's compliance organization was certified by independent auditors as at December 31, 2010 in terms of adequate implementation of the minimum requirements and implementation specifications defined by Deutsche Telekom.

Compliance management — firmly embedded into the organization.

Responsibility for the compliance management system is in the hands of Telekom's top executive management. In line with the high relevance of the topic, a separate Board of Management department for Data Privacy, Legal Affairs and Compliance was created in 2008.

Group-wide structures have been making efficient compliance management possible since 2005. The compliance organization is comprised of the Chief Compliance Officer and the Compliance Committee as well as central and regional compliance organizations.
The compliance organization develops Group-wide standards, tools and processes to guarantee compliant conduct at the company.

Compliance Committee — internal advisory committee.
The Compliance Committee consists of executives from the following areas:

- Compliance
- Legal Affairs
- Data Privacy
- Internal Audit
- Security
- Human Resources

The purpose of the committee is to establish and monitor structures for a functional compliance program and to advise the Board of Management regarding any relevant questions about compliance. The Chief Compliance Officer is the chairman of the Compliance Committee.

Compliance Officer — key role in compliance management.
The Chief Compliance Officer reports to the Group Board of Management member for Data Privacy, Legal Affairs and Compliance. He is instrumental in setting up the compliance management system and maintaining it in the long term. While the Board of Management decides on the establishment of the compliance management system and the form it will take, the Chief Compliance Officer is responsible for the implementation of the compliance management system and the continued development of its methodology. The CCO regularly informs the Group's Board of Management and the Audit Committee about the current status of the Group's compliance activities. According to the German Corporate Governance Code, the purpose of the Audit Committee is also to address compliance issues.

Enhancing monitoring and sanction mechanisms.

Systematic action is taken against misconduct. During the reporting period, we further developed our internal monitoring and sanction mechanisms to avoid corruption. We implemented risk-based preventative measures as part of due diligence processes for investments and acquisitions.

Compliance Days — supporting Group-wide collaboration.

Lively discussions with Compliance employees from 25 countries.

Compliance with laws and regulations is an issue of international importance. In order to strengthen

Group-wide collaboration, the central Compliance department hosts an annual meeting for compliance representatives from the international subsidiaries - the International Compliance Days.

Excellent conduct when dealing with customers.
The customer was the main focal point of International Compliance Day, which took place at Telekom Headquarters in Bonn on March 24, 2010. Some 120 employees from 25 countries participated in the Compliance department's fifth international get-together. There, they learned about topics such as the German Customer Contact Compliance project, the aim of which is to promote integrity, values and adherence to legal standards when interacting with customers.

Discussing the revised Code of Conduct.
At the end of June 2010, the Compliance department also invited around 120 employees from 25 countries to a two-day event in Vienna, Austria. One focus of this International Compliance Day was the revision and implementation of the new Code of Conduct .

E-Learning on antitrust laws.

We support compliant conduct at Telekom especially through our internal training programs and campaigns where we increase employee awareness of compliance issues. In 2010 we informed our employees in Germany of the basics of antitrust laws via a new e-Learning tool. This program showed them

- how to avoid antitrust violations,
- what antitrust violations are and
- which contractual agreements and pricing policies are prohibited.

In 2010, a total of 3,535 out of 4,428 employees in the relevant German units participated in these risk-specific training programs.

Ask me! and Tell me! portals to prevent misconduct and raise awareness.

Ask me!
We set up the Ask me! portal to prevent misconduct. Employees can use this portal to ask questions about compliance-related issues such as the Code of Conduct, laws and internal policies. It is important to Deutsche Telekom that all employees act in accordance with the company's values and in keeping with the law. If employees are uncertain about what is considered proper conduct, Ask me! quickly provides reliable information that they can apply in their daily work.

Tell me!
We are dependent on the input of our employees, business partners, customers and other stakeholders when it comes to investigating violations of internal policies, laws or codes of conduct. The Tell me! portal is an open "whistleblower" portal also available to external parties on which users can report misconduct via e-mail, phone or fax. Despite the fact that we delisted from the New York Stock Exchange in 2010, we will continue to operate this portal — even though we are no longer obligated by law to provide a public reporting system.

Suspected corruption during the reporting period.

Investigation into contracts concluded in FYR Macedonia and Montenegro.
The audit of the financial statements of Magyar Telekom for the 2005 financial year identified contracts for which it was not possible at the time to fully ascertain an appropriate business background. The Audit Committee of Magyar Telekom commissioned an independent law firm with investigating the lawfulness of these contracts. Magyar Telekom informed the U.S. authorities (the Department of Justice and the SEC), who then initiated investigations into potential breaches of the Foreign Corrupt Practices Act (FCPA). Magyar Telekom and Deutsche Telekom as the parent company of the Group cooperated fully with these investigations and reviewed and improved their compliance programs.

Magyar Telekom's and Deutsche Telekom's legal representatives are currently in talks with the U.S. authorities about the status of the investigation and the possibility of bringing the proceedings to a close. The outcome of these talks cannot be foreseen. It is also not foreseeable at present whether the U.S. authorities will take further action and, if so, what kind, if an agreement cannot be reached to conclude the proceedings. The public prosecutor's office in Bonn launched its own investigations in the reporting period having received a request for legal assistance from the U.S. authorities. In the meantime, the public prosecutor's office has dropped investigations against individual persons.

Checking for irregularities in sponsorship activities at T-Systems International.
Within the scope of an internal investigation that was triggered by an anonymous tip, suspicion arose that an arrangement violating compliance regulations had been made in the context of the business relationship between T-Systems International GmbH and a major car manufacturer to reward sponsorship involvement by awarding future contracts for IT services. Due to this, T-Systems International GmbH immediately terminated employment of its former CSO, the responsible sales manager and an external consultant and sent the internal report to the prosecutor's office responsible for the matter for further review. On the basis of the report, the public prosecutor initiated a preliminary criminal investigation, which is still underway.

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Data privacy.

Content verified by PwC

Millions of customers entrust us with their data. In order to live up to this responsibility, Telekom places the highest priority on protecting our customers' private data. We developed an extensive catalog of measures and created a separate Board of Management department for Data Privacy, Legal Affairs and Compliance to handle the topic at the highest managemenl level of our company. We undergo regular audits conducted by an external Data Privacy Advisory Council as well as independent certification procedures.

We place great emphasis on transparency. That is why we were the first DAX 30 company to publish an annual data privacy report. This report documents all company processes concerning data privacy.

Download: 2010 Data Privacy Report

Additionally, we 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 data at www.telekom.com/datenschutz.

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Risk and opportunity management .

Content verified by PwC

Telekom's corporate environment is becoming increasingly complex and dynamic. Technological developments, state regulation and intensifying competition require a systematic, anticipating management approach to risks and opportunities.

The Group-wide risk and opportunity management system is a key strategic tool in our corporate management processes. It helps us identify and evaluate negative effects and the potential of current and future trends at an early stage and control their consequences.

The 2010 Annual Report of Deutsche Telekom provides extensive information on current opportunities and risks that are also significant in terms of our responsibility for society.

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Government relations and regulatory issues.

Content verified by PwC

Deutsche Telekom is subject to statutory, cross-industry obligations such as general laws on competition, consumer protection, social law and labor law. There are also additional regulations and requirements in the telecommunications sector for operating and providing telecommunications networks and services. These sector-specific, national regulation frameworks generally specify additional requirements on telecommunications companies that possess particular market power, e.g., where competitors are given access to those companies' networks for a price set by the regulatory authority. This means that sector-specific regulation has a significant, direct influence on both the product portfolio and price structuring at Deutsche Telekom as well as on the Group's options in terms of making investments in new and very cost-intensive mobile and fixed-line broadband networks, investments that need to be justified commercially. The political sector, the regulatory authorities and the telecommunications companies therefore need to engage in lively discussion and dialog.

Broadband network regulation to promote investment.

Deutsche Telekom works for a pioneering regulatory framework that provides more incentive for investment and planning security for the industry in order to trigger investment in broadband connections of the next network generation . The EU directives on telecommunications that were passed in December 2009 take these issues into account and provide decisive, positive impetus. It is therefore important to systematically embrace incentives for these investments and cost reduction levers in national law as part of the implementation of these EU directives that is currently underway in all EU member states. This includes:

- Increasing planning and legal security for investors before network expansion begins,
- Giving market solutions priority above regulation,
- Establishing regionally differentiated regulation that takes the competitive situation in the various regions into account,
- Better opportunities to distribute risk fairly between investors and competitors who require access and
- Creating synergies by making it easier for all parties to use the infrastructure available in all network industries.

Dialog between consumers, companies and the political sector.

Politics and regulatory authorities influence the development and availability of the network infrastructure, technologies and services provided by future ICT solutions. Not only does this immediately 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 their financial dimension, networks and services are also meaningful when it comes to cohesion and culture in society. The decision-makers in parliaments, authorities and governments are reliant to a large extent on exchange with consumers and companies. That is why Deutsche Telekom engages in active, constant dialog with stakeholders from politics and the general public.

In the contexit of this dialog it is of utmost importance that our partners are able to maintain their independence and integrity. This principle is set forth in the Group Code of Conduct, which was revised at the beginning of 2011, and in employee guidelines . These specify, for example, that Deutsche Telekom does not allow any donations to be made to political institutions in Germany and does not tolerate any non-transparent attempts to exercise influence. Our positions are based on clear facts and unequivocally represent the company's views. They rely on Telekom's longtime expertise, credibility and integrity in all its dealings at a national and international level. All this is vital for addressees to experience our political communication as authentic and trustworthy, so that it can be assimilated in the opinion-building processes of political and social groups.

Protecting the open Internet.

There was much discussion about the topic of network neutrality during the reporting period. More specifically, many parties are worried that today's Internet, which is based on the “best effort” principle, could be limited in the future, meaning that services which can now be accessed freely will no longer be offered. However, Deutsche Telekom is committed to the open Internet — all legal content currently available online will remain accessible according to the best effort principle in the future. Even today, networks need to be actively managed in order to guarantee their performance and security for customers.

Based on the rapid growth of customer usage and the right of providers of online content and applications to provide their services in the future as well, network operators have to constantly expand their transmission capacities as well as their infrastructure. That is why Deutsche Telekom is developing business models that the Internet sector can use to develop and offer innovative services based on a

"best effort Internet" that require a certain level of performance when it comes to transmission quality. Deutsche Telekom will be able to offer different quality standards in a way that does not discriminate and in competition with other telecommunications network providers. This will support medium and long-term financing of broadband network expansion.

That is why Deutsche Telekom expressly supports mandatory transparency and provision of information on service quality, which will become national law as part of the implementation of the new European directives of 2009. National regulatory authorities will also have the opportunity to impose minimum requirements on service quality. In combination with general competition law, these legal provisions are sufficient to guarantee the open Internet in the foreseeable future — even without having to introduce any new laws.

Encouraging consumer dialog.

In line with Deutsche Telekom's intent to become the most highly regarded service company in the industry, we also focused heavily on consumer topics during the reporting period. We strengthened consumer structures internally 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 that extend beyond the law included:

- Securing consumer data protection , e.g., in mobile communications and geodata services
- Comprehensive, cross-technology protection of minors
- Improving our customer service standards
- Consumer protection in telecommunications , e.g., when switching providers

In all these areas, Telekom stands for a constructive and solution-oriented approach that is geared to both the consumer’s interests and the interests of our company.

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Regional added value.

Content verified by PwC

As a responsible corporate citizen, Telekom considers it its obligation to promote regional added value and social stability at our company sites. With a staff of some 247,000 employees throughout the world, we generated revenues of EUR 62.4 billion, over half of it outside Germany, in fiscal year 2010. Deutsche Telekom awarded contracts totaling EUR 20.94 billion in 2010. These figures show that long-term business success is closely linked to the progress made at our company sites.

Net added value — investments at company sites.

Telekom publishes the net 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 sites. Net added value increased to EUR 33.3 billion in 2010 from EUR 31.3 billion in 2009.

Encouraging participation in the information society.

In the past couple of years, including during the reporting period, our focus was placed on investments to expand fast and stable networks. Our Cash CAPEX, a KPI that summarizes our investment in equipment and systems, came to EUR 4,756 million for Germany in 2010. Of this, we invested EUR 2,338 million in intangible assets (without goodwill) and EUR 2,427 million in property, plant and equipment.

Both in Germany and at several international subsidiaries, we also supported initiatives and offered needs-based solutions to give disadvantaged people access to new communications technologies and media:

- Special rates for low-income and severely disabled people
- Extensive involvement in promoting media skills
- Facilitating the integration of socially disadvantaged people

Telekom helps close the digital divide by supporting equal opportunities for all to participate in education, knowledge and communications. In this way, the Group makes an important contribution to creating an economically and socially attractive environment and to enhancing competitiveness at its company sites and on its markets.

Investing in education as a key location factor.

With trainees and students on cooperative degree courses numbering around 10,000, we are one of Germany's largest training providers. The Deutsche Telekom Foundation consistently contributes to the German educational landscape to improve the quality of education in the field of natural sciences along the entire educational chain — from day care centers to universities.

Promoting research and development in Germany.

The development of innovative ICT solutions is a key growth driver not only in our industry but also in many other sectors.

Deutsche Telekom Laboratories (T-Labs) are the Group's central research and development unit. In addition to our German locations in Berlin and Darmstadt, we also run institutes in Israel and the U.S. In 2010, a total of 180 Telekom experts worked at T-Labs together with 180 international researchers from different disciplines on fast, secure and sustainable communications solutions.

We are also committed to financing professorships and developing forward-looking ideas in cooperation with universities. In 2010, Telekom's expenses for research and development totaled EUR 100 million.

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Socially responsible investment.

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Socially responsible investment (SRI) refers to an investment strategy that is based not only on income potential but also on ethical considerations.

As a global player, Deutsche Telekom focuses on generating sustainable added value. It is our general goal to keep our medium and long-term capital costs at a reasonable level. Sustainable investments play an especially important role in this.

Our goal is to consistently increase the proportion of shares held by ethically oriented investors. Our performance in this area is measured by the Socially Responsible Investment CR key performance indicator.

SRI — a booming investment trend.

11 percent of all Telekom shares are held by sustainable investors.

According to the Sustainable Business Institute (SBI), there were a total of 354 sustainable public funds in Germany, Austria and Switzerland in 2010 with a total volume of around EUR 34 billion, thus continuing the growth of sustainable public funds in the fourth quarter of 2010. At the end of 2009, the SBI recorded only 313 funds. All funds that claim to take particular account of ecological, social or governance (ESG) criteria are included.

The interest of these funds in Deutsche Telekom stock continues to remain high. In 2009, 11 percent of Deutsche Telekom AG stock worldwide were owned by sustainable investors. 9 percent were owned by investors who took SRI/ESG criteria into account at least to some extent when making their investment decisions. 2 percent of T-Shares were held by investors who give priority to SRI/ESG aspects when managing their funds (source: Ipreo).

Dialog with analysts and investors.

Telekom works to continuously increase the share of T-Shares that is owned by sustainable investors. In order to achieve this and to address increasing interest in CR-relevant topics, we pursue open, continual dialog with all players on the capital market.
Between May and August 2010, we held roadshows in Europe (Paris and London) and in the U.S. (New York, Washington and Sacramento) for investors. We also went to trade shows where we talked to analysts, financial experts and fund managers, for example, at the MoneyShow in San Francisco in August 2010. We also responded to investors' queries in telephone conferences and by mail.

Current rating and ranking results.

Deutsche Telekom stock (T-Share) is listed on the most important sustainability indexes and is part of numerous SRI funds. In our internal "Leading the way" project , ranking and rating results are an important benchmark in evaluating our progress in becoming a CR leader in the ICT industry.

Dow Jones Sustainability Index — number two in the mobile communications industry.
In the renowned SAM (Sustainable Asset Management) rating, Telekom once again qualified for the important Dow Jones Sustainability Indexes (DJSI) — the DJSI World and DJSI Europe. In an industry comparison of mobile communications companies, we came in second in 2010 after having been recognized as the industry leader in 2009.

Best telecommunications company in Newsweek ranking.
The U.S. news magazine Newsweek established a ranking of the 100 most environmentally friendly companies worldwide (Global 100) for the first time in 2010. Telekom made it onto the Global 100 list in seventh place, making it the best German company.

Recognized by the Carbon Disclosure Project.
Telekom's successful climate protection activities led to the Group being listed in the Carbon Performance Leadership Index newly created by the Carbon Disclosure Project (CDP) in 2010. The index focuses on the CO_2 reduction efforts of 500 major companies, such as climate management strategies, energy reduction plans, emission reduction targets and measures.

In the Carbon Disclosure Leadership Index, Telekom received excellent scores for the quality and transparency of its climate protection reporting. However, we are still not listed in this index.

Once again given prime rating by oekom research AG.
After coming in second among the DAX30 companies in the last full update conducted by the researchers

at oekom in 2009, Telekom was in fourth place at the start of 2011 according to an interim update. However, our stock is still rated as prime. The next full update is scheduled for the end of 2011.

FTSE4Good Index.
In 2011, Deutsche Telekom was once again listed in the FTSE4Good Index. The index is published by FTSE, an independent company owned by the Financial Times and London Stock Exchange.

Content management system for rating questionnaires.

Telekom has had its CR performance assessed by leading German and international rating agencies for many years now. This involved repeated data surveys that have raised awareness of SRI within Telekom as well. Telekom developed a central web-based tool in 2010 in order to handle and efficiently process the growing number of information requests. This tool was used for the first time in February 2011 to respond to rating surveys.

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Corporate Responsibility Report 2010/2011

© Deutsche Telekom, 2011

Cosmote | OTE

Greece
Cosmote.

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Number of employees	9,137 (December 2010)
Shareholding of Deutsche Telekom AG since	2008 (Cosmote is a wholly owned subsidiary of OTE)
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(Last updated: September 2010)

Michael Tsamaz, CEO of OTE S.A.

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"In the current difficult times for Greece, Corporate Responsibility is more important than ever. OTE S.A. exercises a longstanding critical role in Greece's economy and society and is determined to play a full part, both through its products and services as well as through its social and environmental programs. We are convinced that leadership requires nothing less!"

Our CR highlights:
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Cosmote Greece presented at special events held in November 2010 at Lesvos the new program "Surfing The World" for remote schools in remote Greek islands areas as a part of its Corporate Responsibility actions. Through this program Cosmote installs technology equipment in schools (desktops, Wi-Fi routers, multifunction devices and web camera) to offer students and teachers free wireless broadband Internet access at high speeds. This effort is supported by the University of Aegean, which has undertaken the development of a special online portal to enhance the educational process and which is expected to become the center of development for new technology knowledge for every school. The aim is to reach over 4,000 school students in over 1,000 schools through the program by the end of 2011.

The company upgrades its telecommunications network in those specific areas, bringing multiple benefits not only to students and teachers but indirectly also to residents. With this project, Cosmote Greece is giving itself the challenge of providing residents in remote areas with access to the information society – particularly in the context of the education process.

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Romania
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Slovakia
Slovak Telekom.

Key facts at a glance	
Markets, business areas and market share	Slovak Telekom is the leading telecommunications provider in Slovakia, in the business-customer and consumer markets. Slovak Telekom has a market share of 35 percent across both segments.
Number of customers	2,407,000
Number of employees	4,650
Shareholding of Deutsche Telekom AG since	2000
Please refer to the Internet for further information	www.slovaktelekom.sk
Local CR reports	Slovak Telekom has published an annual local CR report since 2005

Miroslav Majoros, Chairman of the Board of Directors and CEO

Why is CR important for our company with regard to our local market/environment?
„Many have claimed that due to the economic crisis, this is not the right time for corporate responsibility. As a representative of the Company, which was among the founders of the Business Leaders Forum, an association of companies committed to act as leaders in upholding the principles of corporate responsibility, I think the opposite is true. Corporate responsibility based on the principles of sustainability, transparency and credibility is particularly in this time even more relevant. The crisis has brought about not only increased efficiency in doing business but also more effective and professional conduct of activities in the area of CR on the part of businesses as well as their non-profit sector partners. Since business activities of Slovak Telekom concern provision of advanced telecommunications and infocommunication services, our mission in the CR field is to help wherever information and access to it improve the quality of life of individuals or communities."

Our CR highlight:
7th sense campaign – experiencing what it is like to be deaf
Continuing its years of support for the hearing impaired, the company organized a special program in which seven Slovak celebrities went through seven different life situations for seven days during the International Week of Deaf People (last week of September) – without saying a word. Actors, singers and television personalities performed tasks including a visit to the doctor, shopping, a job interview and ordering a meal in a restaurant. Each day, another celebrity told his or her story and showed their personal support for the hearing impaired.

The purpose of the campaign was to show that everyday tasks that may be easy for anyone else are indeed very difficult for people with a hearing disability. The achievements of the project were more than 100 media outputs raising awareness of the problems hearing-impaired people face every day. It was challenging to start the campaign on Facebook and steer spontaneous content sharing via the corporate Slovak Telekom Facebook site.

Film for campaign

Our awards during the reporting period:

- Via Bona Slovakia Awards: Award for Innovative Solutions to Social Inclusion and Award for Socially Responsible Market Operations.
- Third prize in the competition Zdravá firma roka (Healthy Company of the Year), honouring efforts made in the field of employee healthcare.
- First prize in the PR Prokop 2011 competition targeted at Public Relations projects for the 7th Sense project.

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Bulgaria
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Austria
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 3.8 million customers, making it Austria's second largest mobile provider.
Number of customers	3 800 000
Number of employees	1 400
Shareholding of Deutsche Telekom AG since	2000
Please refer to the Internet for further information	www.t-mobile.at

Robert Chvátal, CEO T-Mobile Austria

Why is CR important for our company with regard to our local market/environment?
"As a big company we shoulder a high degree of responsibility for Austria's society and environment. That is why we are trying to set a good example with activities that advance climate protection in Austria – such as investing in an energy-efficient mobile communications network and promoting local environmental projects with T-Mobile Umwelt- und Nachhaltigkeitsfonds (T-Mobile Environment and Sustainability Fund) – and through social involvement to combat marginalization, in particular. And just like last year, T-Mobile is the main sponsor of this year's Life Ball. This charity event, Europe's largest and most spectacular, is a vocal and colorful manifesto for life and the fight against HIV and AIDS. In addition to this, it is also important to us to make a contribution to integration and education. T-Mobile developed a retail business administration training program emphasizing telecommunications, which has already made the company a leader in apprenticeship training for years. We also have a successful partnership with the lobby.16 association, which helps underage refugees gain a foothold in Austria."

Our CR highlight:
Support for young refugees in Austria
T-Mobile Austria has been supporting lobby.16, an NGO that campaigns for the right to education of teenage refugees who live in Austria without parental care, since 2010. The goal of the project is to give young people a fair chance so that they can make an active contribution to society. Many of them often fail during the job application process because their résumés have a lot of gaps in them. T-Mobile nevertheless includes young people who are interested in T-Mobile in the recruiting process. Three young lobby.16 charges managed to land a spot in the apprenticeship training process on their own steam and started their training on August 2, 2010. They are very proud of this, as around 1,000 youths apply for an apprenticeship at T-Mobile every year.

Just like lobby.16, we too believe in the potential of these young people, which is why T-Mobile is working together with lobby.16 to develop a new concept that is applied even earlier: a trainee program for lobby.16 youths who are interested in training at T-Mobile. The aim is to make these young people ready to enter the labor market early on – with German and math courses, intercultural and sales training and practical training in the shop.

Furthermore, our brand tele.ring supports lobby.16 with prepaid handsets and a monthly recharging voucher worth 20 euros in order to enable networking activities among the young

people.

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Albania
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South Africa
T-Systems South Africa.

Key facts at a glance	
Markets, business areas and market share	T-Systems South Africa is the third largest ICT service provider in South Africa, with a market share of 7.7 percent. The company is the leading provider on the local market when it comes to full IT outsourcing.
Number of customers	152
Number of employees	2,047
Shareholding of Deutsche Telekom AG since	1997
Please refer to the Internet for further information	www.t-systems.co.za

Collin Govender, Vice President Human Resources

Why is CR important for our company with regard to our local market/environment?
„To operate as a successful multi-national in South Africa we need to show our commitment to the social agenda of the country. We need to meet the legal requirements for Employment Equity (EE) and Black Economic Empowerment (BEE) and to ensure that we maintain and/ or improve our BEE rating. This in turn gives us access to more business and positions us as an “employer of choice” who lives its brand, brings soul to the IT industry and therefore is a good place to work.“

Our CR highlight:
CIDA ICT Campus – supporting young IT students
In South Africa there has been a major challenge of access to higher education for black people. This was historically due to past apartheid laws which excluded black people from actively participating in the economy, which indirectly led to financial challenges which disadvantaged youth from access to higher education. CIDA (Community and Individual Development Association) City Campus, a nonprofit private higher education institution was founded in Johannesburg in 2000 to address this challenge. Students from disadvantaged economic backgrounds can apply to study a three-year Bachelor of Business Administration at this institution.

Against the backdrop of a shortage of IT specialists in South Africa, T-Systems South Africa established the CIDA ICT Academy in partnership with other players in the South African IT industry and the CIDA City Campus in 2003. The aim of the ICT Academy was to create a pool of employable graduates with relevant ICT skills and competencies to enable the youth to participate and contribute efficiently in a sustainable and competitive South African economy. Day-to-day teaching is complemented by practical experience, which the students gain at partner

companies during semester vacations.

The number of students at the CIDA ICT Academy has increased by 16.5 percent over the last twelve months. The number of students completing an internship at T-Systems South Africa also doubled over the same period. Between 2006 and 2010, T-Systems South Africa alone has employed, either full time or on internships, a total of 41 students from the CIDA ICT Academy. The academy has a high success rate: 85 percent of all students find employment after completing their studies.

The ICT Academy is fully operationally managed by T-Systems South Africa. Ten of the fourteen employees are former students who have successfully gone through the academy.

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Spain
T-Systems Iberia.

Key facts at a glance	
Markets, business areas and market share	T-Systems Iberia is the eighth largest IT service provider for business customers on the Spanish ICT market, with a market share of 3.43 percent.
Number of customers	2,457
Number of employees	4,583
Shareholding of Deutsche Telekom AG since	2001
Please refer to the Internet for further information	www.t-systems.es

Mr. Antonio Turmo, Managing Director of T-Systems Iberia

Why is CR important for our company with regard to our local market/environment?
„We have started a comprehensive program for embedding corporate responsibility in our company. Among other things, we analyzed the expectations of interest groups and the activities going on in our sector. Our conclusion was that CR activities vary a great deal, although it can be said that the integration of sustainability criteria in business management is a common practice among companies that demonstrate responsible behavior. In the same way, in the current context and in light of trends in the field of the sustainability in Spain, the integration of the CR in the management of the company contributes to building a sustainable economy, society and environment.

In a less obvious way than in other countries, the Spanish society is becoming increasingly aware of the challenges of sustainability. We are a country that is vulnerable to the effects of the climate change and whose economy is growing. This is a time that requires innovation and responsibility.

The Spanish Government, committed to the promotion of corporate responsibility, created the State Board of Social Responsibility to promote an ongoing multi-stakeholder dialogue and initiate measures to bring CR issues to the attention of the Government. In addition, the Government is developing a consistent legislative framework governing the social and environmental responsibilities of companies, and has developed a sustainable development strategy. In fact, the Spanish Ministry of Defense submitted its first sustainability report in November 2010.

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.“

Our CR highlight:
Strategic integration of corporate responsibility within the company
T-Systems Iberia, with its commitment to corporate responsibility, has introduced a master plan of corporate responsibility extending over a period from 2010 to 2012. The CR master plan had been approved by the Corporate Responsibility Committee of the company in April 2010 and provides the basis for the strategic and functional implementation of CR in all relevant corporate decision structures.

During 2010, T-Systems Iberia has integrated, among others things, a sub-project for the implementation of corporate responsibility in the operational control system of the company. T-Systems Iberia integrated 16 GRI indicators from the HR and compliance area, 12 GRI indicators related to environmental aspects and 8 of the 10 CR KPI indicators of Deutsche Telekom into the operational control system of the company. By including these corporate responsibility indicators into the operational control system, T-Systems Iberia wants to develop strategic actions which are to promote sustainability within the company.

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Montenegro
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 97.7-percent share in the fixed-network market, a 87.9-percent share in ADSL and a 37,7-percent share in IPTV. Crnogorski Telekom has a 37 percent share in the mobile market.
Number of customers	Mobile: 457,800 Fixed network: 166,700 ADSL: 57,400 IPTV: 41,200
Number of employees	800
Shareholding of Deutsche Telekom AG since	2006
Please refer to the Internet for further information	www.telekom.me For more information about Crnogorski Telekom's CR activities, please see the current 2010 Annual Report (pages 21-23) .

(Data as at December 31, 2010)

Daniel Szasz, Chairman of the BoD of Crnogorski Telekom

Why is CR important for our company with regard to our local market/environment?
"CR implies embracing the principles of sustainable development and committing to social, environmental and governance issues. By doing that, we are building a company our employees, customers and stockholders are proud to belong to. Being the leading telecommunications company in Montenegro, our responsibility is to be the country's leading partner when it comes to the transformation into an information society. Our goal is to improve the quality of life of as many Montenegrin citizens as possible, by providing them access to modern ICT services, wherever they are, whatever they do.

Being one of the biggest and most successful companies in Montenegro – not only in the telco industry – gives us even more responsibility. That is why Crnogorski Telekom is proactively involved in all areas important for Montenegrin society."

Our CR highlight:
Superhero campaign – supporting voluntary activities
The face of the campaign was a young girl, who promoted volunteering and believed that Montenegro was full of "superheroes. She wanted to find all the superheroes of Montenegro and to arrange with them a collective good deed – an environmental action in Virpazar, a small historical place near the Podgorica. She also invited all "superheroes" to record a video about good deeds and upload it to the Facebook Profile page.

„Superhero“-Campaign
The campaign was conducted in July and August 2010 and targeted T-Mobile prepaid users. The campaign promoted the concept of volunteering. In the final phase of the campaign - the environmental action - around 100 people participated in cleaning the Crmnicka river and the public area in Virpazar together with employees of Crnogorski Telekom.

“Superhero” on Facebook

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Poland
PTC.

Key facts at a glance	
Markets, business areas and market share	With a 31-percent market share, PTC (Polska Telefonia Cyfrowa) is one of the three leading providers in the Polish mobile market.
Number of customers	13,300,000
Number of employees	5,616
Shareholding of Deutsche Telekom AG since	1995 (majority shareholder, since December 2010 100-percent shareholding of Deutsche Telekom)
Please refer to the Internet for further information	www.t-mobile.pl

Miroslav Rakowski, CEO of PTC

Why is CR important for our company with regard to our local market/environment?
„PTC does not see corporate responsibility as a fashionable trend but as an integral part of our company's strategy. We continuously strive to make the advantages of mobile technology available to our society in order to reduce emissions of CO2 and waste of paper and energy. A few years ago our customers were mainly interested in the newest products and gimmicks. Nowadays they would also like to know how their handsets are produced by the manufacturer and what kinds of material are used. Many of them use the opportunity to return their used mobile devices to our shops for recycling.

We also implement new pro-environmental solutions to our daily business and pay special attention to our youngest users. Hence PTC introduced, e.g., a code of conduct dedicated to the protection of minors who use the Internet.

We encourage our employees to think about the environment and other aspects of CR responsibilities by continuously increasing their awareness about these issues. In 2010, for example, hundreds of them volunteered to help in areas affected by floods, and the company supported them in their efforts."

Our CR highlight:
Flood 2010 – We Act Together to Help
On May 23, 2010, 4,400 hectares of land were flooded, 11 villages and 350 houses were damaged, over 450 families lost their livelihood. PTC employees collected PLN 58,500 in total (approx. 14,790 Euro), which was matched zloty for zloty by the company. Thus PLN 117,000 (around 29,580 Euro) was the amount provided by PTC and its employees to children and families harmed by floods.

Support for victims of flooding
PTC also launched a voluntary service program and enabled its workers to visit flooded areas and help with reconstruction. 109 volunteers took this opportunity. All of them helped flood victims in the communities of Slubice and Wilkow for almost 260 man-days. PTC employees started several initiatives to collect clothing, toys, small household appliances and other much-needed items and delivered them to the flood victims in these two communities.

Our awards during the reporting period:

- Neptun Award in the “Excellent Partner for Projects Implemented with the European Social Fund” category (Consulting and Executive Training Centre ODiTK)
- Laurels of Responsibility for the PTC Christmas auction program
- "Commitment to Europe" prize in the "Arts and Business Awards"
- "Poland’s Strongest Brand" for the PTC Era brand for the second time in succession (Rzeczpospolita – Polish daily newspaper)

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Malaysia
T-Systems Malaysia.

Key facts at a glance	
Markets, business areas and market share	T-Systems Malaysia, which is based in Cyberjaya, provides ICT solutions to global customers. 1000 staff use global production facilities including a data centre site in Malaysia to deliver key support services.
Number of customers	2 multinational companies (MNCs) plus a number of Asia Pac customers
Number of employees	approx. 1,000
Shareholding of Deutsche Telekom AG since	2008
Please refer to the Internet for further information	www.t-systems.com.my

Chris Wilson, MD & VP ICT Operations of T-Systems Malaysia

Why is CR important for our company with regard to our local market/environment?
„Malaysia is very proud of its diverse culture. It is also conscious of a strong work-life and family balance. It is important that T-Systems, as an international organization with a business-critical hub in Malaysia, respects this cultural diversity and acknowledges it within its working practices. T-Systems has been supported by the Malaysian Government during its start-up years, and as part of its corporate responsibility, it is important that T-Systems returns that support with support for the local and national community.

Since its inception in 2008, T-Systems Malaysia has encouraged and supported staff in raising funds for the less fortunate groups in our community. In 2010, these donations went to local orphanages. We encourage work-life balance through inter-company games, for example with Shell and other IT companies such as HP and AT&T. This contributes to corporate networking and team work outside of the usual work environment. In addition, we encourage diversity and inclusiveness through the DCAN task force to raise cultural awareness.“

Our CR highlight:
Fundraising campaigns after typhoon and earthquake
In October 2009, T-Systems Malaysia organized donation campaigns for victims of Typhoon Ketsana (Philippines) and the earthquake at Padang (Indonesia).

donation campaign
In support of this cause; the management of T-Systems Malaysia has agreed to make a personal top-up for each of the total employee donations collected for the countries. The amount of donations that were collected was RM 6,500 for Typhoon Ketsana (approximately EUR 1,540) and RM 5,000 (approximately EUR 1,190) for the earthquake at Padang. All donations to the victims were made through the Malaysian Red Crescent Society (MRCS) which then channeled these donations to the respective Red Crescent Societies in Manila, Philippines and Padang, Indonesia.

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Italy
T-Systems Italia.

Key facts at a glance	
Markets, business areas and market share	T-Systems Italia is one of the leading ICT service providers in Italy.
Number of customers	approx. 80
Number of employees	approx. 500
Shareholding of Deutsche Telekom AG since	2001
Please refer to the Internet for further information	www.t-systems.it

Paola Simona Pavero, Head of Marketing & Communication

Why is CR important for our company with regard to our local market/environment?
„We are securing our reputation as an employer and the continued motivation of our employees by improving their living and health conditions. Physically and mentally healthy employees are a basic prerequisite for T-Systems to be able to provide customers with services of a consistently high quality. For this purpose, health and safety at work are strategic objectives of the company."

Our CR highlight:
E-learning in Burundi
T-Systems Italy has been providing computers free of charge to various non-governmental organizations within and outside Italy for three years now. The East African country of Burundi is one of the focal areas of activities. The foundation for our activities in this country was the establishment of the WITAR organization, an alumni association of the Lycée Technique Alessandro Rossi (technical school), in 1999. The goal of the NGO is to promote teaching of technical knowledge in developing countries.

eLearning in Burundi
It was with great enthusiasm that a group of Italian volunteers belonging to WITAR started reconstructing the buildings of the Lycée Technique A. Rossi in Ngozi (Burundi), setting up labs and workshops in 2003. With the goal to combine practice and theory, they provided the proper tools and machinery, so that the Burundian students could put into practice their theoretical knowledge of electronics, computer maintenance and electro-mechanics.

In 2005 an Italian/Burundi e-learning program was started. The project leader is Michele Popescu, Head of Desktop Services & Solutions at T-Systems Italy. He analyses the requirements of the students in Burundi and coordinates donations of PCs and laptops, which his department provides. The equipment he sent to Ngozi, together with a new satellite dish

donated by Eutelsat, enabled the pupils not only to learn ‘on site’, but also to connect to their Italian counterparts and take part in e-learning classes. Now the students enjoy unlimited access to the Internet and, therefore, to a vast variety of online training resources. This is vital, as no up-to-date books and no libraries are available in Ngozi.

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Czech Republic
T-Mobile Czech Republic.

profile in native language

Key facts at a glance	
Markets, business areas and market share	T-Mobile Czech Republic is the leading mobile provider in the Czech Republic, with a 41-percent market share.
Number of customers	5,460,000
Number of employees	2,500
Shareholding of Deutsche Telekom AG since	1996
Please refer to the Internet for further information	www.t-mobile.cz

Martina Kemrová, Senior Head of Corporate Communication

Why is CR important for our company with regard to our local market/environment?
In 2010, the activities conducted by T-Mobile CZ in the area of social responsibility were focused primarily on the manner of using our resources and knowledge to address topical social issues related to our area of business. We are convinced that a company's economic success cannot be separated from the success of the society as a whole. CSR is no longer something that makes a company look “nicer” in the eyes of the public and that can be eliminated at any time when it is necessary to make budget cuts. On the contrary, by solving social problems, CSR can benefit the company itself, not only its image. We believe that working together with the community on solving problems is much more beneficial than the distribution of money, however well-intentioned that may be.

Our CR highlight:
PR workshops for non-profit organizations
T-Mobile CZ organized four public relations workshops for the non-profit sector in cooperation with the VIA Foundation in 2010. The goal of these workshops is to show representatives of non-profit organizations how the media work and what they can do to raise awareness of their projects.

The first workshop started on April 28, 2010 and took place at T-Mobile's headquarters in Prague. NGOs were very interested in the seminars, and we even had to reject some of the candidates

because of lack of capacity. Feedback from the participants - 109 persons from 106 NGOs - was very positive. The seminar, which was held by employees experienced in PR and professional journalists, provided mainly practical information on media skills: for example how to write a press release or things to remember during an interview with a journalist. There was also a professional photographer present to take photos which could then be used for the participants' promotional materials or Internet presentations. These photos were free of charge.

The goal of these workshops is to show representatives of non-profit organizations how the media work and what they can do to raise awareness of their projects. Many NGOs do not have sufficient staff or know-how to present themselves in the media. Their interesting and important work is therefore not visible and escapes the attention of potential sponsors.

Our awards during the reporting period:

- TOP Philanthropist Award in the „Responsible Partnership with Employees 2010“ category

Czech Republic
T-Systems Czech Republic.

To help people with disabilities and age-related limitations participate in the information society, T-Systems Czech Republic launched the “Connect people with disabilities” project in 2010.
> more information

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USA
T-Mobile USA.

Key facts at a glance	
Markets, business areas and market share	T-Mobile USA is active in the US 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	33,600,000
Number of employees	more than 40,000
Shareholding of Deutsche Telekom AG since	2001 to 2011
Please refer to the Internet for further information	http://www.t-mobile.com

(as at: Q1 2011)

Philipp Humm, CEO and President of T-Mobile USA

Why is CR important for our company with regard to our local market/environment?
„We are proud of our employees, who continue to engage in community service, giving back to our local communities through our T-Mobile Huddle Up volunteer program. Over the last five years, more than 8,500 employees at T-Mobile USA have provided almost 70,000 volunteer hours, benefiting 52,000 children with improved afterschool programs. Additionally, we invested in several environmental sustainability programs this year as we continue to focus on reducing greenhouse gas emissions throughout our U.S. operations."

Our CR highlight:
"Huddle up"- corporate volunteering program
T-Mobile Huddle Up is T-Mobile USA's national community outreach and employee volunteer program that connects kids, primarily from single-parent families in high-need, urban communities to positive people, places and programs, especially during the afterschool timeframe. T-Mobile partners with City Year , a national nonprofit, to manage our T-Mobile Huddle Up service days. Between 100 – 300 T-Mobile employees work together at each event to improve the physical afterschool program space through landscaping, painting, making overall improvements to the facility and creating a stronger environment for learning and fun.

Now in its sixth year, T-Mobile by the end of this year will have held 68 service days, engaged 10,500 employees in 84,000 volunteer hours, benefiting 57,000 children. Our goal is to raise awareness of the importance of quality afterschool programs in communities where T-Mobile does business. T-Mobile Huddle Up is another way employees can enrich the lives of our customers and the communities where we live and work.

The program is also a key component of our ongoing effort to make T-Mobile a "Best Place to Perform. Feedback from our employees on the service days shows that we are achieving success in this regard: Our event day survey scores prove it with an average overall satisfaction score of 4.7 out of 5.

Our awards during the reporting period:

- 2010 Most Ethical Company Award from Ethisphere Institute

- Various “Best Place to Work” Awards:
  - King County’s Best Workplaces Award for Recycling and Waste Reduction
  - Award for being one of the best large companies by the Idaho Business Review
  - Top Workplaces award from the St. Petersburg Times
  - Named Best Place to Work by the Tampa Bay Business Journal
  - Included in the list of “Metro Atlanta’s Top 100 Workplaces” by the Atlanta Journal-Constitution
  - T-Mobile’s call centers in Salem and Redmond named to the “Oregon 100 Best” by Oregon Business magazine

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Singapore
T-Systems Singapore.

Key facts at a glance	
Markets, business areas and market share	T-Systems Singapore operates in Southern Asia, primarily in Thailand, India, Vietnam and the Philippines, and provides multinational corporations with fully integrated ICT services - from computing services, desktop services, network services and systems integration to full outsourcing services. In terms of revenue, the company is in 42nd place in the Asian market when it comes to telecommunications services and 112th place when it comes to IT services.
Number of customers	approx. 250
Number of employees	approx. 160
Shareholding of Deutsche Telekom AG since	1990
Please refer to the Internet for further information	www.t-systems.com.sg

Uwe Schlager, Managing Director of T-Systems Singapore and India

Why is CR important for our company with regard to our local market/environment?
„Singapore is the key gateway in Asia and has significant diplomatic ties with the neighboring countries. Thus for T-Systems in Singapore, corporate responsibility forms an important pillar of the culture to build a sustainable future for our customers, employees and stakeholders in the region."

Our CR highlight:
Christmas campaign: "Adopt a Christmas Joy"
Together with the Highpoint Community Services Association, T-Systems has organized a Christmas party for 100 children from low-income families. Ex-offenders were also mobilized to help support this event, also to help them to reintegrate into the community. Highpoint Community Services Association supports former offenders and their families in getting back to an orderly lifestyle.

„Adopt-a-Christmas-Joy“
With "Adopt a Christmas Joy", T-Systems Singapore had two goals: to enable the success of a Christmas party for 100 children from low-income families in Singapore and to help ex-offenders to reintegrate into the community and gain acceptance through a community event. T-Systems employees covered 40 percent of the costs for food, an activity program and presents for the children, with donations of SGD 10 (approx. EUR 6) each.

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Netherlands
T-Mobile Netherlands.

profile in native language

Key facts at a glance	
Markets, business areas and market share	T-Mobile Netherlands is the 3rd largest mobile operator in the Netherlands. 4.5 million consumers and business customers in the Netherlands use the mobile solutions of T-Mobile. T-Mobile owns a state-of-the-art mobile network for voice and data services. With regard to quality and speed this is one of the best and most innovative networks in Europe.
Number of customers	4,526,000
Number of employees	2,013 (FTE)
Shareholding of Deutsche Telekom AG since	2001
Please refer to the Internet for further information	www.t-mobile.nl
Local CR reports	T-Mobile Netherlands also publishes her own local CR report . (available in Dutch only)

(as at: Q4 2010)

Bart Weijermars, Managing Director of T-Mobile Netherlands BV

Why is CR important for our company with regard to our local market/environment?
„For T-Mobile it is very important to contribute to the creation of a better environment and a healthy future for coming generations. Corporate social responsibility is the only form of good business. And this is critical to also achieve sustainable results for the company and its stakeholders. We see growing interest from outside: More and more customers are interested in our CSR policy (especially corporate customers), and the government's interest in CSR transparency is also increasing.“

Our CR highlight:
Environmental activities – certification according to ISO 14001
T-Mobile Netherlands is focusing on making a positive contribution to the environment. We are doing this by implementing an environmental management system. In March 2011 we were the first telecom provider in the Netherlands to become ISO 14001 certified.

The environmental management system ensures the safety and health of all T-Mobile employees and strives to ensure the least possible impact to the environment. An important aspect of the management system is that we continuously seek to improve the environment.

The Executive Committee of T-Mobile is responsible for the design and implementation of the management system. Every year the Executive Committee commits to a number of objectives, which focus on the prevention of pollution by the organization. In addition, the Executive Committee will take all measures possible to ensure that this policy is understood, endorsed and disseminated by all employees. Every employee has the responsibility of fulfilling the agreements identified in the management system.

Many initiatives aiming at reducing environmental impact were introduced in 2010. These include the use of green energy, digital invoices, the use of low-energy lighting, the collection of used handsets and logistics optimization.

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Mexico

T-Systems Mexico.

T-Systems Mexico launched a project to improve energy efficiency at Puebla I, its largest data center, and at its offices.

> more information

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Macedonia
Makedonski Telekom.

profile in native language

Key facts at a glance	
Markets, business areas and market share	Makedonski Telekom has a share of 80 percent in the fixed-network market and 59 percent in the broadband market. T-Mobile Macedonia has a share of 51.3 percent in the mobile market. This means that the Macedonian subsidiaries are market leaders in their business areas within the FYR Macedonia. (Information based on internal estimates.)
Number of customers	Fixed network: 338,153 Broadband: 149,007 IPTV: 30,123 Mobile: 1,295,285
Number of employees	1,685 (Makedonski Telekom: 1,265; T-Mobile Macedonia: 440)
Shareholding of Deutsche Telekom AG since	2000
Please refer to the Internet for further information	www.telekom.mk

Nikolaj Beckers, CEO of Makedonski Telekom

Why is CR important for our company with regard to our local market/environment?
„Today, it is widely accepted that companies cannot have profit as their only goal. In view of the fact that they influence (either positively or negatively) the communities where they operate, they must also address societal needs.

In Macedonia, the concept of corporate responsibility has started to be discussed and practiced more intensively in the last couple of years. At the same time, this concept is very often seen as an obligation only of profitable companies. Therefore, it is very important for Makedonski Telekom to engage in corporate responsibility activities. However, the company needs not only to present its responsible role via sponsorship and donation activities, as CR is mostly perceived in the local market, but needs to convey to the public and the local environment that CR should be related to sustainable development, stimulating competitiveness, economic growth and job creation by applying the practice and experience of the DT Group.“

Our CR highlight:
T-Mobile for Macedonia Foundation
The T-Mobile for Macedonia Foundation is a voluntary organization, founded by T-Mobile Macedonia in 2002. Its members are volunteers of the company, and since this year, of the entire Makedonski Telekom Group. It receives most of its funding from grants of its founder.

In 2010, the activities of the Foundation continued to focus on improvement of health care provided to the people living in FYR Macedonia, a strategy that we have been focusing on in the past three years. In line with that, last year the foundation donated an artificial ventilation machine worth EUR 32,000 to the State Intensive Care Clinic in Skopje. As part of its strategy to help those most in need, the T-Mobile for Macedonia Foundation also donated EUR 16,000 for refurbishment of the children’s ward in the University Clinic for Infective Diseases in Skopje.

New Year Caravan
Since its inception in 2002, the Foundation has been organizing the Humanitarian Christmas Caravan, which consists of different activities in order to bring the Christmas spirit to children in need. During the last week of December 2010, the Foundation distributed around 900 Christmas presents (chocolates and toys) to children in institutions, economically deprived children, and children with special needs.

In addition to direct donations, the T-Mobile for Macedonia Foundation also supports the Macedonian society by opening donation hotlines to help individuals in need, especially for urgent medical treatments and organizations who are engaged in some type of social activity. In 2010, more than 60 donation hotlines were opened for humanitarian purposes on which more than EUR 150,000 were raised as a direct donation from the people of FYR Macedonia, back to the people of FYR Macedonia.

Our awards during the reporting period:

- "Most successful company in 2010" (Economic Chamber of Macedonia)
- T-Mobile for Macedonia Foundation was awarded by the Centre for Institutional Development

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Brazil

T-Systems do Brazil.

With the Jovem Aprendiz program, T-Systems do Brazil has been making it easier for young people from difficult circumstances to start a career since 2003.
> more information

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United Kingdom
T-Systems UK.

Key facts at a glance	
Markets, business areas and market share	T-Systems is one of the leading ICT service providers in the UK. Over the past two years its revenues has increased by an average of 13% year on year (six times faster than the market growth rate) signing ground breaking contracts with BP, TUI Travel and Everything Everywhere that are shaping the market for cloud computing and unified communications. In the UK, T-Systems works across a range of industries but in particular, has focused on building upon its experience of working with the countries leading utilities such as Centrica and E.ON to become a leading developer of solutions for smart grid and smart metering.
Number of customers	n.a.
Number of employees	1,100 full-time positions (as at: March 2011)
Shareholding of Deutsche Telekom AG since	2001
Please refer to the Internet for further information	www.t-systems.co.uk

Why is CR important for our company with regard to our local market/environment?
„CR is an important element of the Breakthrough culture change program in the UK. Following the initial Analysis and Definition stages of Breakthrough we identified a desire in the organization to "give something back" to the communities in which we operate. A Corporate Social Responsibility (CSR) workgroup has been set up with Executive level involvement demonstrating long term commitment to the aim of improving our performance whilst ensuring we do things in the right way. The CSR workgroup identified a way forward and approach, aligned to the Group's "Fix, Transform, Innovate" strategy which seeks to allow colleagues to get involved, empower them to act and enable them to take a role in developing how we work in the wider community.

One of the first acts of the CSR workgroup was to create a charitable framework which managed the selection of T-Systems' Corporate Charity for 2011 in the UK, The Respite Association. The Respite Association is a charity which provides carers with support, often the only break they get from looking after and supporting others on a full-time basis. T-Systems has funded the rebranding of The Respite Association to enable them to market themselves and their services better. Our Systems Integration team is now working with the association to design a new website for launch in 2011.

To date T-Systems colleagues have also raised nearly £3000 which will be matched pound for pound by the business. Future fund raising plans include running sponsorships, raffles and events which are being organized by Communi-T, the Sports and Social Club for T-Systems in the UK. Communi-T is another example of how T-Systems are looking to help employees engage with

each other and the business. Giving Something Back is an important principle for T-Systems in the UK, a key area for improvement that will help improve employee engagement, build pride and improve performance."

Our CR highlight:
Print Centre Air Cooling Project
The efficient and continuous operation of the print centers is dependent on maintaining an ambient temperature of below 29 degrees Celsius. Heat output from printers and mailing machines contribute to temperatures frequently in excess of 30 degrees, especially during summer months. This can lead to machine downtime and adverse employee health effects. This issue had been temporarily addressed by the hire of a temporary air cooling plant which not only impacts upon valuable space within the production floor area(s) but is also prohibitively expensive. The cost of electricity to maintain the print centre production environment using short term hire units was prohibitively high at £273,000 (approx. Euro 320,120) PA. As oil and therefore electricity prices remain high, an opportunity to reduce both the utilities usage and expenditure was explored. Customers are also increasingly asking the business to substantiate its 'green' credentials and show how it is making efforts to reduce its carbon footprint, as well as maintaining its ISO 14001 accreditation.

As such, the highly energy efficient Air Economizer system was installed at two print centers of T-Systems UK between July and October 2010. The physics are simple, hot air produced by machines / servers is expelled outside and external cool air is drawn inside to provide equipment cooling. In theory, a chiller plant would only be required when external air temperature exceeded 29 degrees Celsius. An additional heating plant would only be required when external air temperatures fall below 12 degrees Celsius. Initial indications from one site are that we may achieve a saving of almost 60,000 KWh per quarter and thus an annual reduction in carbon production of up to 100 tons per site.

This is a win/win/win situation: T-Systems reduces its carbon footprint; at the same time it saves money by purchasing less energy; and this in turn means we spend less on the UK government's, Carbon Reduction Commitment, Energy Efficiency Scheme. We intend to extend similar approaches to our data centers as well in future.

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Germany
Telekom Deutschland.

Detailed information on Telekom's commitments in Germany can be found in all chapters of this report

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Croatia
T-Hrvatski Telekom.

profile in native language

Key facts at a glance	
Markets, business areas and market share	T-Hrvatski Telekom is the market leader in all business areas on the Croatian market: It has a 46,7-percent share of the mobile market and holds the leading position of the fixed-network market as well as leading position of the Internet market.
Number of customers	Mobile: 3 million Fixed network 1,4 million Internet (ADSL): 642,000 TV customers: 317,000
Number of employees	6,267
Shareholding of Deutsche Telekom AG since	1999
Please refer to the Internet for further information	http://www.t.ht.hr/

(as at: Q1 2011)

Ivica Mudrinić, CEO of T-Hrvatski Telekom

Why is CR important for our company with regard to our local market/environment?
„Corporate social responsibility is fully integrated in the long-term strategy of the T-HT Group for all its stakeholders. We also have a well-established policy of environmental protection, and we have committed ourselves to the principles of United Nations Global Compact."

Our CR highlight:
Ecological disposal of mobile phones
On May 3, Croatian Telecom launched a campaign to dispose ecologically of used mobile handsets, which lasted until June 30. More than 20,000 used devices and batteries were collected during the action. The campaign was organized in cooperation with Sony Ericsson and provided customers with benefits in the shape of discounts granted on the purchase of a new device. This campaign was not limited to Hrvatski Telekom's customers only.

T-Mobile Croatia was the first company in Croatia to start organized collecting and disposal of old mobile handsets, long before this became a legal obligation. The first campaign of this kind was organized back in 2005, and until today, more than 100,000 old mobile handsets were disposed of in an eco-friendly way. By continuing the ecological disposal of devices throughout the year, Hrvatski Telekom reinforces its focus on and commitment to environmental protection and preservation, which is part of its overall business operations.

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Hungary
Magyar Telekom.

Key facts at a glance	
Markets, business areas and market share	Magyar Telekom is the leading ICT service provider in Hungary, both in the consumer sector (fixed network and mobile) and the business customer sector. Market share in consumer sector: Data products: DSL: 63 percent; broadband: 20 percent Mobile: SIM 43.4 percent; broadband: 47.8 percent
Number of customers	Consumer arm: Total voice access: 1,587,192 Total retail broadband customers: 662,731 Total TV customers: 748,774 Number of mobile customers (RPC): 4,416,312 Business customer arm: Fixed line operations: Voice services total lines: 326,599 Data products: Number of leased line Internet subscribers: 564; Number of total DSL accesses: 161,157 Number of mobile customers (RPC): 792,106
Number of employees	10 258 (Magyar Telekom group)
Shareholding of Deutsche Telekom AG since	2000
Please refer to the Internet for further information	www.telekom.hu

Christopher Mattheisen, Chairman and Chief Executive Officer Magyar Telekom

Why is CR important for our company with regard to our local market/environment?
„Magyar Telekom, as one of the key players of the economy and society of Hungary and a leading ICT company in the CEE region, recognized the importance and relevance of sustainability for the success of its business activities a long time ago. Sustainability is an essential strategic principle for us and as such penetrates our entire operation, corporate governance and business activities along all there key dimensions of the term: economic, social and environmental.

We aim to live up to the responsibility of our size and presence in more than one aspect and towards all our key stakeholders: as a significant economic force, as one of the largest employers and towards our customers and partners. As an ICT company with the professional competence to play a leading role in the sustainable development of the digital society, we are specially devoted to help to close the digital gap and to improve access to the digital world for deprived or isolated groups of society. Today Magyar Telekom is recognized in Hungary to be amongst the leading companies concerning sustainability, and we aim to further increase awareness and visibility of our respective activities amongst employees and customers alike.

By offering and communicating a set of easy to access programs and activities relevant for a multiple set of stakeholder groups , we aim to improve knowledge concerning sustainability and

add to the general development of the society as well."

Our CR highlight:
Digital Bridge Fest– overcoming the digital divide
The program's aim is to increase awareness for the achievements and opportunities offered by information and communication technologies in regions which might be affected by the digital divide. The program also provides better communication means to disadvantaged settlements of less than 3000 inhabitants, thus supporting local and regional development. Magyar Telekom's volunteers provide customized, efficient Internet training to those living in the small settlements. 151 events of this kind had been held by the end of 2010. 278 Magyar Telekom volunteers helped them to get familiar with the Internet.

In 2009, the Digital Bridge at Small Settlements Program was supplemented by a new element. In addition to training, a talent contest is held by the Hungarian celebrity, singer, musician and choreographer, Péter Novák, and a Hungarian website supporting culture (Kultúrpart). Any types of performances are welcome. The winners are offered the opportunity to perform for a wider live audience and through the Internet. In 2010, 8 settlements hosted 3 Digital Bridge Fest events.

Furthermore, the Digital Bridge program includes another initiative called Egálnet (with Internet for equal opportunities) that enables NGOs supporting disadvantaged groups to get and keep in touch with each other and their stakeholders by creating a website and providing technical support for it, all for free.

Further information on the "Digital Bridge at Small Settlements "

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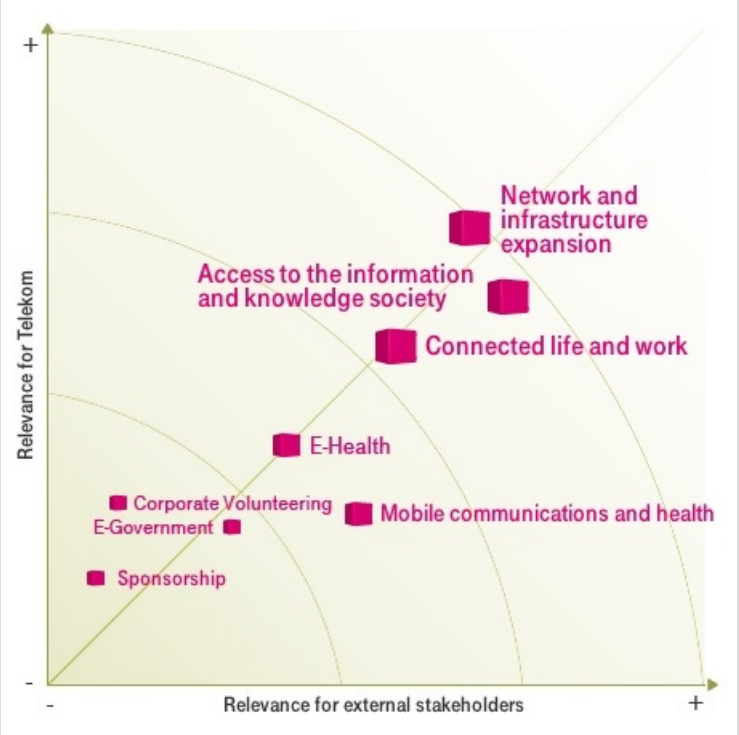
Society.

We want to give as many people as possible access to the information and knowledge society both within and beyond the scope of our business activities.

We are pushing forward wide-area expansion of the broadband infrastructure in Germany and internationally. High-speed Internet and reliable mobile communications connections are a key prerequisite when it comes to enabling equal participation in society. In addition to providing this technological basis, we help people overcome existing barriers through the diversity of our social commitment. There are still many people who are not yet able to take advantage of the opportunities that new information and communications technology presents. We particularly promote the development of media skills across generations. Together with our employees, we work to help disadvantaged people through numerous projects and initiatives.

Bridging the digital divide.

Niek Jan van Damme, member of the Deutsche Telekom Board of Management and Managing Director of Telekom Deutschland, describes how the Group's network upgrade is helping to overcome the digital divide in society. You can find a video on the subject in the online CR Report.



How we define the key issues.

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Network and infrastructure expansion.

Digital networking is one of the main trends in the modern information society. Full broadband coverage is becoming a key requirement for participating in society. However, many people have little or no access to this opportunity. Society is segmented by a digital divide. Our efforts in the CR category, "Participating in the information and knowledge society," are focused on using new technologies to cover new regions.

Increasingly high-speed standards can provide top data transmission speeds even in remote regions:

- ADSL and ADSL2+
- VDSL
- GPRS/UMTS and HSDPA/HSUPA
- LTE

The network infrastructure is at the heart of our business. Telekom builds and operates networks that meet the high requirements of the gigabit society. We are planning to change our networks over to an all-IP infrastructure in the next few years. With this step, fixed network and mobile communications will be comprehensively integrated in a next generation network based on the Internet Protocol (IP). Numerous IT systems will be simplified and updated for this purpose. The steps that Telekom plans to take on the road to the network of the future in the medium term are described in the Group's comprehensive network expansion strategy, which was approved in July 2010. Telekom's main goals are growth, efficiency and quality.

Network expansion in line with financial goals.

Our goal by 2016: High-speed Internet for 90 percent of all households in areas of Germany where there was previously no coverage.

In order to secure favorable conditions for economic growth in Europe, the European Commission passed a digital agenda in May 2010 as part of its Europe 2020 strategy. This agenda specifies that all Europeans will be able to surf online at speeds of at least 30 Mbit/s by the year 2020. Connections enabling at least 100 Mbit/s should be available to half of all European households by that year.

In line with the EU's digital agenda, the German federal government decided to pursue a similar goal in its broadband strategy, which was passed in 2009. The plan is to provide network access with speeds of up to at least 50 Mbit/s to three-quarters of all households by 2014, giving priority to infrastructure expansion in rural areas.

Telekom supports the goals of the EU Commission and the German government. By 2016, we plan to provide high-speed Internet access to around ninety percent of all households in the mostly rural areas of Germany that are not yet covered. We are primarily relying on the Long Term Evolution (LTE) mobile communications standard. This represents a central element of future ICT solutions in the technology mix including the fixed network standards ADSL, ADSL2+ and VDSL. We are pushing the development and expansion of fast networks in all the markets where we are active.

Investments in broadband expansion in Germany.

In Germany, the Group plans to invest around EUR 10 billion between 2010 and 2012 in fiber-optic networks, new mobile communications technologies and IT processes to give customers more speed and new products. In order to make sure we take people's wishes and concerns into consideration as we expand our network infrastructure, we engage in dialog with governments and communities. This helps us gain wide-spread acceptance of new technologies, particularly when it comes to the expansion of our mobile communications infrastructure.

Achieving full broadband coverage.

2010: More than 1,000 German towns connected to the broadband network.

The backbone of high-speed broadband Internet is a fiber-optic network. Wide-coverage expansion of the fiber-optic infrastructure requires tremendous financial investment. Experts are talking of EUR 40 to 50 billion in Germany alone. The more remote the municipalities the higher the costs. Reasons for this include the necessary civil engineering works, which can cost up to EUR 60,000 per kilometer.

Telekom will not be able to afford to finance blanket coverage under financially viable conditions by itself. Even in Germany, where we have a share of around fifty percent of the broadband market, we will only be able to manage this task in collaboration with our competitors. That is why we encourage

German and European government offices to provide sufficient incentive to secure the necessary industry-wide participation of all ICT network operators.

Progress in providing high-speed access to German communities.
In 2010, Telekom was able to connect more than 1,000 communities in Germany where there had not been any high-speed Internet service to the broadband network. Approximately half of the connections are based on LTE radio technology; the others use other wireless or fixed network technologies such as UMTS or DSL. Telekom is planning to continue the systematic expansion of its broadband network over the next few years as well. We are planning to connect another 1,500 communities in Germany to the LTE network in 2011.

More than 2,200 collaboration projects with local authorities in Germany completed.

2010: High-speed Internet access provided to 360,000 households.

Broadband expansion in many rural municipalities is not financially viable due to the low number of potential customers and high investment. In cases such as these, Telekom promotes collaboration solutions. The company has been doing this since the end of 2007 as a component in its expansion of the DSL network and since 2010 in the expansion of the VDSL network. The company informs the municipalities about the costs and offers them various collaborative options.

- Use of the municipalities' existing cable duct systems or unused pipes to reduce civil engineering costs
- Local authorities taking on tasks such as conducting civil engineering works
- Providing advice in applying for possible subsidies

In 2010, we received a total of around 6,000 inquiries regarding network expansion collaborations. The number of planned expansion projects rose in the same period of time to more than 800 compared to 720 in 2009. This means that some 360,000 households received access to high-speed Internet last year. We have entered into more than 2,200 collaborations with communities since 2007. We expect to enter into a similar number of collaborations in 2011 as we did in 2010.

High-speed Internet access is also an important factor in making a location attractive. The German Association of Towns and Municipalities (DSTGB) published a guideline entitled "More broadband for Germany" to inform decision-makers in local authorities of the possibilities and potential of broadband expansion. Deutsche Telekom contributed a series of expert articles to this publication. In doing so, the company is fulfilling its obligation to keep people informed and provide them with access to the information society.

Download: More broadband for Germany (PDF) (only available in German)

In collaboration with different municipalities, we are also planning radio relay solutions for providing DSL connections in rural areas as a cost-efficient alternative to fiber-optic network expansion. Expansion of the fourth generation mobile network (LTE) began outside of highly populated areas in 2010.

Telekom expands high-speed fiber-optic network.

Deutsche Telekom intends to continue to expand its high-speed network over the next few years, laying the foundation for the gigabit society. This network of the future will give customers in Germany full-coverage high-speed access to the Internet, entertainment offers and multimedia applications.
Fiber optics is the fastest data transfer medium. That is why our goal is to connect a large number of households directly to the fiber-optic network in 2012. This will make it possible to use applications such as 3-D TV, HD video telephony, online gaming and cloud computing as well as access IT infrastructure online almost in real-time.

The expansion of its fiber-optic network is based on the Fiber to the Home (FTTH) concept. That means we will be laying fiber optic cables all the way to the customer's home. This makes optimal use of fiber-optic technology's high-speed potential. It will be possible to download data at speeds of up to one gigabit per second (Gbit/s) and upload it at speeds of up to 0.5 Gbit/s.

Telekom plans to have completed the expansion of its fiber optic network in 10 German cities by the end of 2011. Hanover, Neu-Isenburg, Offenburg, Mettmann, Potsdam, Kornwestheim, Rastatt, Braunschweig, Hennigsdorf and Brühl. We will initially make the network available to up to 160,000 households. Other cities will soon follow. Homeowners who agree to the expansion will experience a considerable increase in the value of their property.

How business will look in the future.

With its new network expansion strategy, the Group is exploring important growth opportunities. In order to take advantage of these opportunities, Telekom needs to rethink its current business model, which consists of three elements.

1. The network factory.
Our business is based on the network infrastructure and this will remain so. To update the infrastructure, we are planning to change entirely over to an all-IP infrastructure in the next few years. Fixed and mobile networks will be fully integrated. The aim will not only be to provide higher bandwidths but also the

highest quality and best service experience to our customers. Our promise: The best connection wherever you are.

2. Standard services toolkit.
The second component is a modern, highly efficient and standardized IT factory. Telekom currently still operates thousands of IT systems. The plan is to reduce and simplify and update these systems. The all-IP network will be merged with T-Systems' IT in the process. This will save money while improving the quality, flexibility and speed of our services.

3. Content and services for customers.
The third element of our strategy is our enabling services. With these services we want to enable our customers to become more efficient as well as more growth and customer-oriented.

Our network and IT capabilities will be combined to create a toolkit of standard services. This applies to our own products, but we will also be offering third parties, e.g., companies and software developers, the chance to integrate our standard services into their own services via standardized interfaces. This toolkit will be instrumental in developing new business models and exploiting sales opportunities. With this toolkit, we enable our partners to develop innovative solutions while participating in the process ourselves.
Telekom helps its business customers bring their content and services to their customers. For example, Telekom provides cutting-edge billing models, installs modern access management software and guarantees high quality services.

Connected work services.

In addition to network infrastructure, IT systems and enabling services, we offer our customers solutions for connected life. Services for connected work are becoming increasingly important as well. T-Systems is already the leading provider of cloud computing services and customized SAP solutions for corporate customers. Telekom also focuses its efforts on developing industry solutions for four sectors with considerable growth potential: Energy, healthcare, media distribution and connected cars

Our high expectations remain - and they apply to all elements of this business model. We want to be the most highly regarded service company in our industry. The Group has made huge and measurable progress in this area over the past few years. In the gigabit society with a growing number of products for connected life and work , outstanding service is becoming an increasingly important competitive advantage.

Universal bandwidth as the basis for future growth.

In order to keep up with growing data traffic, we are currently updating and expanding the entire network for a changeover to an all-IP infrastructure within the scope of our new network expansion strategy . This development will make all-IP-ready broadband connections standard for our customers. The strategy is being implemented in several projects and programs.

Energy consumption will temporarily increase as we will be operating two networks at the same time. However, the new all-IP network is considerably more efficient, so that the complete changeover of the network will result in a significant reduction in energy consumption and greenhouse gas emissions. This development will make an important contribution to the Group-wide climate protection strategy .

Broadband expansion in Greece, Hungary, Croatia and Poland.

T-Hrvatski Telekom: Broadband connection for 97.8 percent of the Croatian population.

Telekom made considerable progress in expanding its network in different eastern and southern European regions during the reporting period.

OTE — driving force behind broadband expansion in Greece.
20 percent of Greek households had a broadband connection by the end of 2010. OTE remains the country's driving force when it comes to new information and communications technology. The company is the customers' first choice for broadband services. Accordingly, broadband coverage for OTE customers is particularly high. Coverage was at more than 30 percent in December 2010.

Cosmote — number one in high-speed Internet.
Cosmote Greece set the bar in the area of mobile communications not only in Greece but internationally as well by updating its 3G network. In tests conducted in real-life network conditions, the company was able to achieve downlink data rates of up to 42.2 Mbit/s. Cosmote Greece also presented its first pilot application for the new LTE technology in Athens at the 12th Info-ComWorld Conference in October 2010. Visitors were able to experience data transmission rates of up to 100 Mbit/s, rates previously unheard of in Greece, first hand at the conference.

Pilot project to expand broadband launched in Hungary.
Under the Economic Development Operative Program (GOP) run by the Hungarian Development Agency, Telekom's Hungarian subsidiary participated in broadband expansion projects in six micro-regions in 2010. 40 municipalities will receive broadband Internet access including TV and telephony. At

total of HUF 1,200 million — almost EUR 4.4 million — was invested in the projects to provide some 30,000 residents with broadband Internet.

T-Hrvatski Telekom — nationwide broadband coverage and IPTV offer.
The Croatian subsidiary T-Hrvatski Telekom realized extensive broadband coverage with 97.8 percent of the total population by the end of 2010. The company has also been offering IPTV via satellite to areas that previously did not have coverage since December 2010. In addition, 99.39 percent of the population has access to EDGE while 59.3 percent has access to HSDPA and a minimum bandwidth of 1.8 Mbit/s.

PTC — investments in rural areas.
Since January 2011, PTC has been involved in a solution developed by several mobile communications providers to connect regions in Poland that previously did not have Internet service. The Office of Electronic Communications offered to do their part by reducing fees for network infrastructure usage. The operators hope to use the around 200 million Polish zlotys, or EUR 50.6 million, possibly resulting from this to reinvest in new base stations. That would give several hundred thousand residents in Poland access to mobile communications.

Network quality and availability.

T-Hrvatski Telekom — network failure in Croatia.
Telekom invests extensively in making sure its networks and services operate smoothly. Nevertheless, there were difficulties with voice services in the mobile communications network lasting two days in Croatia in November 2010 on account of network expansion activities. T-Hrvatski Telekom immediately informed its customers of the extent of the difficulties and the measures taken to fix the problem via numerous media channels and via text messages. All customers affected by the failure were given two days worth of free phone calls as compensation. Customer account managers apologized to business customers in writing and with personal phone calls.

T-Mobile Czech Republic — network quality leader.
A series of independent tests conducted by an internationally active engineering services provider and the Brno University of Technology rated T-Mobile Czech Republic as having the highest quality in 2G and 3G networks at the beginning of 2011. T-Mobile Czech Republic came in first in the categories of 2G and 3G data services and GSM voice services (2G) not only compared to domestic competitors but also in a European-wide comparison.

The partners tested data transmission rates, latency times and the actual experiences users had with e-mails, downloading files and setting up websites. T-Mobile Czech Republic attributes these results to investments it made in its GSM network in 2010 as well as the expansion of a fiber-optic backbone and the 3G infrastructure that makes the company the only Czech network operator to meet the requirements for the HSPA+ standard. The only category in which T-Mobile Czech Republic came in second was 3G voice services. The fact that the company's base stations are still spread too far apart meant that the testers had to switch between the 2G and 3G network often, leading to delays. T-Mobile Czech Republic is currently extending its base stations and hopes to improve the quality in this area.

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Fixed network and Internet technologies.

A variety of innovative technologies is the basis for well-functioning Internet infrastructure and Internet access. Many people already use network-based solutions to organize their day-to-day lives conveniently and individually. That is why we are continuously striving to improve our offer of high-speed lines, both for fixed network and mobile communications.

The DSL-based transmission protocols ADSL, ADSL2+ and VDSL as well as the expansion of the fiber-optic network to customers' homes (FTTH) enable ever higher data rates in the fixed network sector.

A comparable increase in performance is taking place in mobile communications by upgrading from second generation networks (2G) to third generation networks (3G) with the UMTS-based standards HSDPA/HSUPA and HSPA+. With the switch-over to Long Term Evolution (LTE), or 4G, the mobile communications transmission standard of the future, data rates will increase several times over.

At a glance — Internet access technologies.

Fixed network technologies

	Upstream	DownStream	Datenrate
ADSL (Asymmetrical Digital Subscriber Line)	max. 640 kbit/s	max. 8 Mbit/s	max. 25 Mbit/s
ADSL2+ (aktuelle Weiterentwicklung von ADSL)	max. 1 Mbit/s	max. 16 Mbit/s	max. 50 Mbit/s
VDSL (Very high bit rate Digital Subscriber Line)	max. 10 Mbit/s	max. 50 Mbit/s	max. 100 Mbit/s
FTTH (Fiber to the home)	max. 100 Mbit/s	max. 200 Mbit/s	max. 1000 Mbit/s
WLAN (Wireless Local Area Network)	max. 34 Mbit/s	max. 34 Mbit/s	max. 34 Mbit/s

Mobile communications technologies.

2G mobile communications	**Upstream**	**DownStream**	**Datenrate**
GSM plus EDGE (Global System for Mobile Communications)	max. 220 kbit/s	max. 260 kbit/s	max. 260 kbit/s
3G mobile communications	**Upstream**	**DownStream**	**Datenrate**
UMTS (Universal Mobile Telecommunications System)	max. 64 kbit/s	max. 384 kbit/s	max. 384 kbit/s
HSDPA/HSUPA (High Speed Downlink/Uplink Packet Access/High Speed Uplink Packet Access)	max. 3,6 Mbit/s	max. 7,2 Mbit/s	max. 7,2 Mbit/s
HSPA+ (High Speed Downlink Packet Access+)	max. 5,8 Mbit/s	max. 42,2 Mbit/s	max. 42,2 Mbit/s
4G mobile communications	**Upstream**	**DownStream**	**Datenrate**
LTE (Long Term Evolution)	max. 50 Mbit/s	max. 100 Mbit/s	max. 100 Mbit/s

ADSL and ADSL2+.

Makedonski Telekom: Largest broadband infrastructure in the FYR of Macedonia.

ADSL (Asymmetrical Digital Subscriber Line) is the DSL standard currently used by Deutsche Telekom for fixed network connections. It allows for the fast transmission of large amounts of data at speeds of up to 25 Mbit/s.

ADSL2+ advances the ADSL concept. With data rates of up to 50 Mbit/s, Internet television can be

received via these lines. Between 2006 and late 2010, 1,000 towns and cities with 19 million households were switched over to ADSL2+ in Germany alone.

ADSL expansion in the FYR Macedonia.
With more than 150,000 ADSL customers at the end of 2010, Makedonski Telekom had the most extensive broadband network in Macedonia. With this network, the company is able to provide almost all households in the country with access to broadband services.

VDSL and fiber-optic network expansion .

With VDSL (Very high bit rate Digital Subscriber Line), Telekom once again significantly increased the speed of its DSL connections: Four-times as fast as ADSL and twice as fast as ADSL2+. Data rates of up to 100 Mbit/s are possible with the new technology; however, these speeds require a hybrid network. In a hybrid network, fiber-optic cables are laid all the way to the subscriber's neighborhood. Conventional copper lines are used to cover the last 300 to 500 meters to the customer.

10.5 million German households with VDSL capacity.
We were able to make 10.5 million households VDSL-ready in Germany alone. The expansion of the VDSL network is being accompanied by an additional expansion of the fiber-optic network , which however, is being done solely on the basis of financial criteria.

OTE — ADSL and VDSL expansion in Greece.
By the end of 2010, the ADSL network operated by the Greek subsidiary OTE covered 96.6 percent of the country's OTE phone lines with 1,933 network node points. In order to be able to offer Greece's entire population access to the new technology, in particular to broadband Internet, OTE does all in its power to expand its infrastructure even in sparsely populated areas.
In 2010, OTE also launched a pilot application of the VDSL standard with speeds of up to 50 M/bits per subscriber. The company is planning to start marketing the product commercially with packages offering different speeds in 2011.

FTTH — fiber to the home for high-speed Internet.
Telekom began implementing the FTTH (fiber to the home) concept in Germany in 2010. It involves deploying fiber-optic lines also on the last mile to the customer.

With this concept, we will be able to provide initial data transmission rates of 100 Mbit/s with the option of using the same technology to increase these rates to 1 Gbit/s and higher. More than 10,000 households in pilot areas in Henningsdorf and in Braunschweig will have the opportunity to have fiber optics installed in their homes by mid-2011. Schools and other public institutions are scheduled to be connected as well. The general FTTH rollout in Germany is planned to begin in 2012.

Investments in VDSL and FTTH expansion.
The expansion will pick up speed over the new few years. The size of the investment volume will depend on profitability and market attractiveness. Telekom is planning to invest a total of around ten billion euros in the network expansion over the next three years. The total investment amount will be strongly influenced by the regulatory framework, which is currently being specified in in-depth discussions with all market participants. Telekom will base its broadband expansion program on the results of these discussions.

Fiber-optic network expansion at international subsidiaries.

By the end of 2010, T-Hrvatski Telekom had 260,000 FTTA (home passed) customers, 80,000 FTTH customers and 5,000 connected customers (pursuant to regulatory framework).

- Magyar Telekom: Expansion of the fiber-optic network continues in Hungary. The company has connected 227,000 households in 29 settlements so far.
- At the moment, Makedonski Telekom is the only provider of FTTH lines in the FYR Macedonia. Makedonski Telekom introduced the first commercial FTTH services to the market in Macedonia in 2009. By the end of 2010, more than 2,000 Makedonski Telekom customers had an FTTH line. The company is continuously working to expand its FTTH network.
- In November 2009, Crnogorski Telekom also began introducing the FTTH infrastructure in four Montenegrin cities within the scope of different pilot projects. The expansion covered 2,480 households by late 2010. The company completed installing the fiber-optic network in the homes of 1,154 customers. A total of 189 customers had a line installed by late 2010.

Pilot project in Germany — Data transfer via radio relay.

The villages of Burrweiler and Gleisweiler in the state of Rhineland-Palatinate are the first in Germany that will receive VDSL via radio relay. The two neighboring municipalities signed a cooperation agreement with Deutsche Telekom in December 2010. The lines should be installed by the end of 2011. They will give 660 households the opportunity to surf online at speeds of up to 50 Mbit/s.

Faster access on the go with WLAN — Telekom HotSpots.

We already offer our customers a variety of options for mobile broadband Internet use.

HotSpots — high-speed wireless Internet access.
Telekom provides high-speed wireless Internet access at its HotSpots. Users of the service can use WLAN to conveniently access data and information at more than 8,000 locations in Germany and at more than 40,000 of our partner locations worldwide. The use of HotSpots is included in the flat rate for fixed network and mobile communications packages.
Since 2008, Telekom customers in Germany have also been able to use WLAN HotSpots to go online on selected Deutsche Bahn AG routes with data transmission rates of between 1.5 and 16 Mbit/s, or an average of approximately 6 Mbit/s.

HotSpots in the FYR Macedonia.
Makedonski Telekom began setting up its HotSpots in 2010. The company is planning to have set up 300 HotSpots in restaurants, cafes, bars and other commonly frequented locations in the FYR Macedonia by mid-2011 to provide customers on the go with high-speed online access.

T-Mobile Netherlands — installing WLAN in trains.
At the end of 2009, T-Mobile Netherlands signed an agreement with the Dutch railway company, Nederlandse Spoorwegen — the NS Groep N.V., for the provision of free WLAN access in their trains. The first train was equipped with mobile Internet in March 2010. The IT partner of the project is Internet Nomad Digital Ltd., a leading provider of Internet solutions for the transport sector. By 2013, 400 trains are expected to be equipped with the technology.

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2nd and 3rd generation mobile communications.

In addition to setting up state-of-the-art mobile communications networks , Telekom is also continuing to pursue the expansion of the current 2G and 3G infrastructure. We are also updating older systems in accordance with the latest systems technology . By doing this, we can save a considerable amount of energy and avoid CO_2 emissions.

Mobile and satellite-based Internet.

Mobile and satellite-based Internet provide viable alternatives to broadband coverage via landlines. The two access alternatives play a key role in overcoming the digital divide in Germany.
For regions where expansion of the fiber-optic network is too expensive, we are increasingly investigating mobile communications and radio relay solutions or the possibility of providing connections via satellite-based DSL for stationary use at home.

With Sky DSL (satellite-based DSL) Call & Surf Comfort via radio (LTE), we already offer products for full broadband coverage in Germany. With these offers, we meet the German federal government's challenge to close the coverage gaps in Germany.

Convenient, fast access to demanding Internet applications on the go is closely connected with customer demand for more mobile bandwidth. That is why Telekom is increasing its efforts to provide 3rd and 4th generation mobile communications technology.

Mobile Internet at DSL speeds.

Customers in all of Germany's highly populated areas can also go online via UMTS (Universal Mobile Telecommunications System), the third generation (3G) mobile communications technology. This technology currently provides data rates of up to 384 kbit/s. With the new UMTS-based protocol, High Speed Packet Access+ (HSPA+), data transmission speeds can be increased to DSL level, i.e., up to 42.2 Mbit/s.

The 3G SWAPS program to update our UMTS network technology was completed in August 2010, thereby fulfilling the prerequisites for mobile communications with even higher bandwidths. The new technology is considerably more energy-efficient, making energy savings of up to 30 percent possible, and takes up less space.
With the completion of 3G SWAPs, 83 percent of the population in Germany currently has access to 3G technology. Over the course of 2011, coverage is to be expanded to cover 85 percent. We are also planning to update the network to HSPA+, which will enable us to provide users with data rates of up to 42.2 Mbit/s.

Using new technology to save energy.

T-Mobile Austria — new system technology saves 2,500 metric tons of CO_2 per year.
To provide high-speed Internet access throughout Austria, T-Mobile Austria is planning to introduce the high-speed 3G standard HSPA+ in addition to setting up an LTE network infrastructure . The company managed to lay the foundation for this, including upgrading over 3,000 base stations, by April 2010. The new system technology supports the current mobile communications standards GSM and UMTS as well as their extensions, EDGE, HSDPA/ HSUPA and HSPA+. It can be adapted to support LTE in the future as well. The company is also hoping for climate friendly side effects. The new, more efficient technology reduces energy consumption by 40 percent and CO_2 emissions by an estimated 2,500 metric tons per year.

T-Mobile Czech Republic — use of energy-efficient base stations.
Within the context of updating its 2G infrastructure, T-Mobile Czech Republic replaced 4,500 transmission stations with new, climate and environmentally friendly technologies in 2009 and 2010. The company was able to reduce energy consumption by around 40 percent with these changes. These compensate for the increasing energy needs that went hand in hand with 3G network expansion, which the company tackled at the same time.

To improve 3G network coverage, the company set up 1,100 new base stations in 2010 and is planning to add another 1,200 in 2011. At the end of 2010, residents of thirty towns and cities, or around thirty percent of the population, had access to high-speed mobile Internet. The company plans to expand the network to cover 500 towns and cities by 2012. T-Mobile Czech Republic also made high-speed HSDPA+ technology available to people in fourteen Czech cities.

T-Hrvatski Telekom — extensive investment in the broadband network .

In 2010, T-Hrvatski Telekom finished updating its 3G network after replacing more than 640 network nodes . By updating its network, T-Hrvatski Telekom laid the foundation for a faster installation of HSDPA/HSUPA technology. The new network nodes are more efficient and help reduce energy consumption. In addition to updating the 3G network, the company introduced environmentally-friendly air-conditioning systems.

T-Mobile USA — experiencing 4th generation mobile communications with HSPA+.
In January 2011, T-Mobile USA put the largest high-speed mobile network in the U.S. into operation. It covers more than 100 cities, reaching around 200 million people. T-Mobile USA also offers a wide range of products that can be used with the network. Over the course of the year, the network's speed is expected to be doubled, allowing for top speeds of up to 42 Mbit/s. At the same time, T-Mobile USA is planning to introduce other HSPA+-compatible devices to the U.S. market.

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4th generation mobile communications.

The next generation of mobile networks can be realized with different technologies. These include LTE (Long Term Evolution) and WiMAX (Worldwide Interoperability for Microwave Access). The growing demand for high-speed, location-independent Internet can be met with these fourth generation (4G) mobile communications technologies, even in areas with weak infrastructure. However, deploying new network technologies only makes sense if devices are available that can access these new networks. That is why Telekom offers numerous products that are compatible with the latest state of technology, including smartphones and tablet computers.

LTE: LTE — high-speed Internet even outside highly populated areas.

LTE succeeds the UMTS mobile communications standard and stands for a new generation of mobile communications technology (4G) that is currently being developed. Telekom is playing a key role in this development.
LTE enables even greater acceleration of data transmission in mobile as well as fixed network Internet to up to 100 Mbit/s. LTE offers transmission speeds that are 20 times faster than in previous mobile networks.

Another advantage is network coverage even in areas where cell phone and DSL reception have not been possible to date. The radio technology enables a reliable network for telephony calls and Internet access. LTE creates a stable network, both in closed rooms and in cars or on the train.

At the same time, technology developers are trying to reduce the impact of electromagnetic fields on the environment. The latest research conducted by the German Institut für Mobil- und Satellitenfunktechnik (IMST) on pilot applications confirms that the intensity of electromagnetic fields that the population is exposed to is considerably below applicable maximum level.

Better conditions for LTE rollout in Germany.

The German government's decision to reassign the frequency bands between 790 and 862 MHz, which had previously been used for TV and radio, gave new impetus to the development of LTE technology because this reassignment, known as the digital dividend, included the frequency range around 800 MHz, which is perfect for LTE. In May 2010, Telekom purchased ten frequency blocks at auction including two containing the coveted LTE frequencies.

The range of these 4G frequencies is around 10 kilometers and surpasses the transmission distance of previous generations by almost five times. That means considerably fewer base stations are needed to operate the network and makes LTE particularly effective for expanding mobile communications networks in rural areas and filling gaps where broadband access has not been available to date. That is why Telekom is currently focusing on rural areas in its LTE network expansion activities.

In February 2011, Telekom in Germany began pre-sales of its first LTE products designed especially for rural areas. Soon, HSPA and LTE allow customers who previously had to do without DSL to access the high-speed broadband Internet and make calls with the Call & Surf Comfort rate plan via a wireless link. Approximately 270,000 households are given the opportunity to surf at downlink speeds of up to 3 Mbit/s and uplink speeds of up to 500 kbit/s using a stationary LTE or HSPA router.

However, we have been setting up LTE networks in highly populated areas since 2011 as well. We are using the higher, less far-reaching frequency ranges around 1.8 and 2.6 MHz for this. An Internet USB stick for the computer will be used for network access. The technology will provide speeds of up to 100 Mbit/s.

Setting up the LTE network in Germany.

Pilot and implementation teams are connecting the municipalities to the LTE infrastructure. In addition to Telekom planners, employees of Deutsche Funkturmgesellschaft and our suppliers are involved as well. Together, they decide how best to connect the municipalities to the Telekom network infrastructure, for example via fiber-optic lines or radio relay. They also specify the set-up and technical equipment needed for the base stations and the orientation of the antennas. Some 40 colleagues are conducting laboratory tests of the LTE system technology in our LTE test environment in Bonn. The tests focus on the functionality and interaction of the different systems.

Telekom began selling LTE rates in April 2011. Included in the offer is an LTE router and rates such as the Call & Surf Comfort via radio .

Kyritz in the state of Brandenburg is Germany's first LTE city.

Kyritz, which is located north-east of Berlin, is the first town in Germany to have an LTE infrastructure. Telekom has thus kept its promise to begin the Germany-wide 4G network expansion in eastern Germany and to eliminate existing gaps with the new technology. Telekom customers in Kyritz can use data services such as e-mail, social network offers, timetable information and multimedia services as part of their fixed and mobile communications services.

Progress made in setting up LTE in Europe.

The time needed for the rollout of LTE and 4G infrastructure depends on local conditions. Telekom is one of the pioneers of the new technology in all of its markets.

“Network of the future” making good progress in Austria.
In 2010, T-Mobile Austria was the first mobile communications operator in Austria to equip an entire city with an LTE network. Equipping the city of Innsbruck in Tyrol marked the beginning of T-Mobile Austria's efforts to provide LTE to all Austrian state capitals. By the end of 2013, at least 25 percent of all of the country's residents are expected to have access to 4G technology. T-Mobile Austria's medium-term financial planning includes investments in setting up LTE of around EUR 500 million by 2014.

Introducing visionary LTE services in Croatia.
T-Hrvatski Telekom paved the way for fourth generation mobile communications services in collaboration with Huawei, Nokia Siemens Networks, and Ericsson Nikola Tesla Croatia. T-Hrvatski Telekom presents an entire range of services that are enabled by LTE. All three providers plan to set up test networks in the cities of Rijeka, Split and Zagreb in 2011. The tests will help T-Hrvatski Telekom's engineers gain more in-depth knowledge of LTE. The LTE plans of T-Hrvatski Telekom are set for early 2012, when the company plans to introduce LTE technology commercially at a frequency of 1800 MHz.

T-Mobile Czech Republic — 3G as a stepping stone to LTE.
T-Mobile Czech Republic is setting up a 3G pre-LTE network as part of the process of realizing an LTE mobile communications network. The reason for this is the increasing demand for data services characterized by the rapidly increasing use of smartphones and similar devices. In addition to installing new technology, T-Mobile Czech Republic is increasing the efficiency of the pre-LTE network by agreeing to share network capacity with another network operator. This will make it possible for customers to use services from both providers at one location simultaneously. The pre-LTE 3G technology will also make it possible for the company to launch the full LTE standard at the same base stations as soon as enough devices are available and customer expectations have surpassed the capacity of 3G technology. Some of the stations can thus be used for both 3G and LTE customers at the same time.

Crnogorski Telekom.
Our subsidiary in Montenegro has been preparing to set up an LTE infrastructure. Market conditions and regulatory circumstances will determine when the technology will be introduced.

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engagement@telekom.

engagement@telekom: This is our commitment to extensively support social and ecological issues both on the part of the company and with the help of volunteer work of our employees. Under the motto, "We take responsibility," we have launched numerous initiatives and have sponsored non-profit organizations to live up to our responsibility to society. The form, scope and focus of our involvement are as varied as are the local requirements and needs at our international subsidiaries. engagement@telekom can be generally structured into three categories:

- **Employee participation:** We regularly offer our employees the opportunity to volunteer for a good cause as part of existing projects and collaboration with non-profit organizations and NGOs. For example, our employees can register to donate bone marrow or participate in Christmas campaigns. This employee participation helps employees identify more with the Group and serves to integrate social commitment more strongly into our corporate culture.
- **Participation and integration:** Information and communications technology (ICT) have become integral parts of our everyday lives. They are an important basis for equal participation in society. We we want to help as many people as possible to fully exhaust the potential of new technologies. That is why we support non-profit initiatives and projects that facilitate the integration of disadvantaged people and make it easier for them to participate in an increasingly digitized world.
- **Corporate volunteering:** We support our employees throughout the Group in their volunteer work for the community, for example within the scope of volunteer days or food drives. Corporate volunteering activities have become a fixed component of vocational training and continuing education in many Group areas. Working together for social institutions and non-profit organizations builds employee team spirit and helps increase social awareness. One important element in this context is making donations (corporate giving) to organizations including those for which our employees volunteer.

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Employee participation.

Telekom places importance on long-term collaboration as part of its social commitment. We are involved in long-lasting partnerships with many organizations such as the “Nummer gegen Kummer” youth counseling line and DKMS, the German Bone Marrow Donor Center. Our employees traditionally play a major role in these collaborations. They are regularly involved in supporting good causes and providing financial support in the form of donations.

In 2010, we focused even more on linking our external collaborations with our employees volunteering activities. We keep our employees regularly informed of current partnerships and ask them to get involved via forums such as the intranet and our employee magazine, You&Me. We offer them a variety of opportunities to help influence Telekom's social commitment. For example, they can help decide where donations go or volunteer for long-term charity work.

Many initiatives are submitted to the central CR department by individual employees or departments. That shows how important it is not only to present our CR involvement to the outside world but to present it with just as much passion to those within the Group as well.

Ready to donate blood and bone marrow.

2010: Around 1,250 additional employees registered as bone marrow donors.

Collaboration with the DKMS (German Bone Marrow Donor Center).
Telekom supports the fight against leukemia and has been financing bone marrow typing at its sites for 16 years. Every potential donor that wants to be registered in the DKMS bone marrow database submits a tissue sample to be typed. Almost 5,000 employees of Telekom in Germany have registered with the DKMS bone marrow database.

In 2010, 23 typing drives were held at 17 Telekom offices in Germany. 1,247 employees signed up to be registered in the database for the first time. Ten German employees donated stem cells in 2010, giving sick people the chance of a new life.

With its involvement in numerous activities, Telekom is one of DKMS' most active supporters. Within the scope of the 2010 Christmas campaign we donated EUR 138,500 to DKMS.

Little Great Gift project at Slovak Telekom.
Slovak Telekom participated in the annual Our Bratislava volunteer weekend for the 2nd time in mid-June 2010. For the first time, the Slovakian subsidiary initiated its own project within the scope of this event. Little Great Gift, making big things happen by doing something small. The company called upon its employees to donate blood and register in the Slovakian bone marrow database. And they did. 40 Slovak Telekom employees donated blood and 18 employees were registered in the national bone marrow database. The campaign was conducted again in December 2010. Another 47 employees donated blood and ten of them were registered in the local database.

More people donating blood at OTE.
Employees of the Greek subsidiary OTE donated a total of 3,214 bags of blood in 2010, 241 more than the previous year. 1,014 were made available to OTE employees throughout Greece. The other 2,200 bags were used outside the company.

Employees choose Christmas donation recipient in Germany.

More than half a million euros for charity organizations.

Inspired by the response of many employees, Telekom in Germany decided to initiate a new donation campaign at Christmas in 2010. Instead of giving Christmas presents to its employees, Telekom donated a total of EUR 500,500 to charity organizations in Germany. The employees were able to decide which organizations would receive the donations.

More than 15,500 employees from all over Germany participated in the internal voting process from the end of September to mid-October 2010. Based on the amount of votes an organization received, the total amount of EUR 500,500 was distributed among the following partner organizations:

- Deutsche Knochenmarkspenderdatei (DKMS): EUR 138,500
- Bundesverband Deutsche Tafel e.V.: EUR 138,000
- SOS Kinderdorf e.V.: EUR 80,000
- Deutscher Kinderschutzbund (German association for the protection of children): EUR 61,000
- ACHSE e.V. (German Alliance for Chronic Rare Diseases): EUR 46,500

- Nummer gegen Kummer: EUR 36,500

Many employees help select Christmas cards.
Employees were not only involved in deciding who would receive the Christmas donation. They also voted for their favorite motif for Telekom Deutschland's Christmas cards. The cards were designed in cooperation with Lebenshilfe für Menschen mit geistiger Behinderung , the German association for people with mental disabilities. Artistic people with mental disabilities came up with eight different designs for the cards. Over 3,600 employees selected four of these designs in fall 2010.

With its Christmas card initiative, Telekom supported the Lebenshilfe organization as well as the artists who made the Christmas images that were printed on 250,000 cards. The organization is particularly involved in promoting equal opportunities for the disabled and in creating a barrier-free society.

Christmas campaigns at the international subsidiaries.

Polish subsidiary PTC receives award for Christmas auction.

Just like in Germany, many of our international subsidiaries used the Christmas season to do some good.

More than one thousand presents for disadvantaged children in Austria.
At the end of 2010, customers and employees of T-Mobile Austria got together to fulfill one of the dearest wishes of disadvantaged children. From the end of October to mid-November 2010, they submitted suggestions for charitable projects for children throughout Austria for the Santa's Project Christmas initiative, which was initiated to help those children. Nine projects from almost 60 suggestions were selected, one from each Austrian state. Children's villages, education centers for young people with special needs and organizations that care for severely ill children were included.

From November 24 to December 20, 2010, they asked all of Austria to donate presents for the selected projects at the country's 48 T-Mobile Shops. The children's wish lists were posted on the Internet site www.santasprojekt.at . More than 1,000 gifts were collected and delivered to the children for Christmas.

Macedonia — employees spread Christmas cheer.
The T-Mobile for Macedonia Foundation has been encouraging volunteering in the Republic of Macedonia and donating to charities since 2002. In December 2010, the foundation initiated the New Year Caravan for the sixth time in a row. 30 employees from T-Mobile Macedonia and Makedonski Telekom handed out Christmas presents to 900 children at orphanages, hospitals and other institutions, sang Christmas carols with the children or helped them put on a play.

Montenegro — Christmas packages for disabled children.
As part of an employee-initiated Christmas campaign, Crnogorski Telekom called upon its employees in the city of Podgorica to collect goods for children in need for the local "Center for education of children with disabilities" in December 2010. And they did a good job. The employees collected two truck loads full of toys and sweets, which were handed out to the children at the end of December 2010.

PTC — traditional Christmas auction.
The Polish subsidiary PTC has been conducting an annual Christmas auction since 2002. Works of art that employees created together with children in the Share your Passion project are auctioned off at the event. In December 2010, 500 employees participated in the auction on behalf of their departments. The non-profit organizations that participated in the Share your Passion project received a total of PLN 127,000 (around EUR 32,110) generated by auctioning off the works of art. In April 2010, PTC received the Laurels of Responsibility award from the Lewiatan Polish Confederation of Private Employers for its Christmas initiative.

T-Systems Singapore — Christmas party for disadvantaged children.
In collaboration with the Highpoint Community Services Association, T-Systems Singapore invited 100 children from low-income families to attend a Christmas party [link to 3.17 T-Systems Singapore] on December 11, 2010.

T-Mobile Netherlands — long-term partnership with War Child.

T-Mobile Netherlands has been supporting the War Child aid organization since 2007. The organization supports children and young people from conflict regions. In addition to donating funds, the Dutch subsidiary contributes its ICT experience and provides suitable technical infrastructure and devices. The company's employees regularly get involved in this partnership as well.

- T-Mobile Netherlands has been a partner of War Child's Conn@ct Now program since October 2010. With the help of this program, children can be reached via radio, phone, SMS or Internet in regions where doing so can be very difficult for safety reasons or logistical difficulties. A T-Mobile Netherlands employee traveled to Uganda in June 2010 and conducted a workshop for local telecommunications operators in order to integrate them into the Conn@ct Now program.

- 130 T-Mobile Netherlands employees volunteered to run a donation hotline together with friends and family at a peace concert held by War Child in April 2010.

T-Systems North America — employees volunteer to help the blind.

T-Systems North America supports the charity organization Leader Dogs for the Blind, which is dedicated to enhancing the lives of people who are blind, visually impaired or deaf and blind. In 2010, members of the Management Board and employees of the U.S. subsidiary volunteered for the organization. By participating in charity events such as golf tournaments, for example, they were able to raise money for the charity. They were also able to raise public awareness of the Leader Dogs for the Blind organization. In addition to its employees' volunteer efforts, the company donated USD 15,000 to the organization, which is approximately EUR 10,840. An additional USD 3,000, or around EUR 2,170, was donated by employees at the company Christmas party in 2010 and then given to Leader Dogs for the Blind.

T-Hrvatski Telekom — photo exhibition supported by employees.

On January 25, 2011, T-Hrvatski Telekom supported the Croatian association for the blind with a photo exhibition organized by employees that raised 80,000 Croatian kunas (around EUR 10,770). The exhibition was called FotoToranj 2010 and was a joint project conducted by the Croatian subsidiary together with its employees. The exhibition was open until February 3 at the T-Hrvatski Telekom Museum in Zagreb.

Encouraging our employees to get involved in the community.

Telekom has been a partner of the Nummer gegen Kummer youth counseling line for 20 years.

We actively include our employees in Telekom's social commitment. Within the scope of the 2010 Christmas campaign and our partnership with DKMS Knochenmarkspenderdatei and other initiatives, employees got involved and made a contribution to the community in their own way.

Youth counseling line.
The Nummer gegen Kummer e.V. youth counseling line has been providing advice to children and young people in difficult life situations for 30 years now. Numerous Telekom employees in Germany support the initiative and have been volunteering at the hotline for years. Deutsche Telekom has been a partner of the “Nummer gegen Kummer” youth counseling line for the past 20 years and supports the organization both financially and with technical expertise. In December 2010, we donated EUR 36,500 to the organization within the scope of our Christmas campaign. The organization was also able to conduct its third Nummer gegen Kummer study with Telekom's financial support in 2010. The study involves a scientific evaluation of the anonymous phone calls from children, young people and parents.

Crisis counseling helpline.
TelefonSeelsorge, the crisis counseling helpline run by the Protestant and Catholic churches in Germany, is there to help callers in crisis situations. More than 7,000 extensively trained, volunteer advisors, including numerous Telekom employees, make sure that the hotline is available 24 hours a day. We have been supporting the hotline for people in distress since 1997 by providing free numbers and special services.

Volunteering at the Ecumenical Church Day.
Our employees also volunteered at the second Ecumenical Church Day in May 2010. They helped set up and take everything down and organize the flow of people at the ports of entry and worked as bicycle messengers, with the security staff and at information booths. T-Systems Deutschland was the official telecommunications service provider of the event.

Time off to work at the Special Olympics in Athens.
The Greek subsidiaries OTE and Cosmote Greece are official sponsors of the Special Olympics that will be held for people with mental or multiple disabilities in Athens in the summer of 2011. As part of their sponsoring activities both companies set up special employee teams who will give their full support to the events. Employees who want to participate will be given three days off. OTE and Cosmote Greece hope to give their employees a chance to share experiences and gain a better understanding for people with mental disabilities.

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Participation and integration.

We want to give equal access to the information society to people with physical disabilities, age-related limitations or who come from socially disadvantaged backgrounds. We ensure this through our offer of need-based services and barrier-free products and the support of projects as part of engagement@telekom that promote the integration of these people into society.

For example, we have sponsored 139 projects and institutions that help young people discover their individual talents with our “Yes, I can!“ initiative in Germany since April 2009. Numerous international subsidiaries also help make the information society accessible to as many people as possible by sponsoring projects for disadvantaged people.

“Yes, I can!” initiative — targeted youth development initiatives.

Over 800 applications in 2010.

In an increasingly connected and complex world, people need specific skills enabling them to find their way, to interpret information correctly and to tap into the vast spectrum of opportunities. With the “Yes, I can!” initiative, Telekom improves the skills that enable children and young people to take on the challenges of their everyday lives and shape their life successfully. Based on the criteria published by the Organization for Economic Co-operation and Development (OECD) these core key skills include

- the ability to act independently
- the ability to successfully interact with different social groups and
- complete command of communication and knowledge.

The initiative targets children and young people between the ages of 9 and 14. By experiencing success, such as in music workshops, cooking classes or by working together to build a boat, young people are to be encouraged to refine their skills. Particular emphasis is placed on the support of institutions in the direct or indirect vicinity of socially deprived areas.

Growing response in the second selection round.
In the fall of 2010, more than 800 youth work institutions applied for support from Telekom’s “Yes, I can!“ project. This means that response to the second round of applications was 30 percent higher than in the first round. 73 projects were chosen from the applications, each of which is being supported with up to EUR 15,000. The overall financial support totals EUR 570,000.

In the first sponsorship round, we supported 66 projects that reached around 30,000 children and young people. The third round was initiated in March 2011. You can find an overview of the projects sponsored by the “Yes, I can!“ initiative at www.initiative-ich-kann-was.de .

Sponsorship focal points 2010: Financial competence.
In 2010, our sponsorship activities focused on teaching young people how to manage their money responsibly. We want to help children and young people live independent lives and make sound financial decisions. In the projects we sponsor, young people can set up their own businesses, for example. They learn how to budget and how to pursue their own financial goals responsibly.

The “Yes, I can!“ initiative published the Use your brain before your cell phone online brochure in 2010 for young cell phone users. Among other things the brochure contains cell phone checklists on possible cost traps and stories about what young people need and want when it comes to using their cell phones.

The initiative also produced an online radio broadcast called "Cell phone cost traps" to help young people stay out of debt. The radio broadcast was recorded at an institution sponsored by the initiative. Young people who had been affected by cell phone debt, a lawyer and a representative of a debt counseling center and a Telekom representative gave interviews on the topic. Before the broadcast, participants went into the topic in greater detail at a round table talk with street and education welfare worker Thomas Sonnenburg.

Both the brochure and the radio show can be used by the sponsored institutions and projects in their work with young people.

Telekom employees support “Yes, I can!“.
Personal employee commitment has a long tradition at Telekom - also when it comes to different “Yes, I can!“projects.

- In May 2010, employees at the Technical Service Branch Office in the northern district collected EUR 800 and donated this money to IN VIA Lübeck e.V. The non-profit organization helps girls in difficult life situations. IN VIA not only supports them during crises and with making life decisions but also offers them recreational activities and seminars.

- 17 Bonn-based Telekom trainees organized a charity run in August 2010. They were able to raise almost EUR 2,500. The money was donated to different “Yes, I can!“ projects.

Public recognition of our commitment.
The Telekom „Yes, I can!“ initiative was awarded several prizes in 2010.

- **Official UN Decade project:** In March 2010, “Yes, I can!“ was recognized as an official project of UN Decade "Education for Sustainable Development". The initiative is one of 60 projects that supports a sustainable approach at schools and other educational institutions.
- **2010 Politics Award** : In November 2010, the “Yes, I can!” initiative received the 2010 Politics Award in the category for Corporate Social Responsibility. In this category, the Politics Award was awarded to the contestant with the most effective and best communicated corporate responsibility concept for society.

Supporting the deaf and hearing impaired in Slovakia.

Specially trained employees at 67 T-Centers.

Slovak Telekom has been promoting the integration of the deaf and hearing impaired as well as the improvement of their quality of life since 2002. The Slovakian subsidiary was recognized for its longstanding dedication in April 2010 with the Award for Innovative Solutions to Social Inclusion and the Award for Socially Responsible Market Operations at the Via Bona Slovakia Awards .

Seventh Sense Campaign — experiencing what it is like to be deaf.
Slovak Telekom initiated the Seventh Sense Campaign [link to 3.6 Slovak Telekom] in September 2010. Seven of the country's celebrities including movie and TV stars experienced different everyday situations without speaking a word, relying exclusively on sign language. The aim was to increase general public awareness of what it is like to be deaf with the campaign.

Campaign movie

Learning sign language.
In September 2010 the Slovakian Pontis Foundation conducted a free sign language course for interested residents in cooperation with the Endowment Fund Slovak Telekom . 20 participants including parents of deaf children, NGO staff and a policeman were selected to learn the basics of sign language in a five-day course.

Slovak Telekom has already trained many of its sales staff in sign language. There are currently 67 T-Centers in Slovakia that serve hearing-impaired customers. The Slovakian subsidiary also offers special services and products for the deaf and hearing impaired.

Start-up programs for the deaf and hearing impaired.
Slovak Telekom also helps the deaf and hearing impaired with their professional careers. In its start-up program, Looking for Another Sense for Business, the Slovakian subsidiary offers a week-long course called "How to launch a business."
Participants learn how to put their own business ideas into practice and have the chance to receive a grant of up to EUR 3,320 to help them get started.
In 2010, 13 deaf and hearing impaired people participated in the week-long course. At the end of the course, 11 participants presented their business ideas including illustrating children's books, producing parachutes and opening a cafe.

Slovak Telekom — helping disadvantaged people.

Through its Endowment Fund Slovak Telekom, Slovak Telekom continued its social involvement in 2010. By sponsoring projects, the fund, which was initiated in 2007, helps give people with disabilities and people from difficult social backgrounds access to state-of-the-art ICT so that they can actively

participate in the information society. In 2010, the Endowment Fund Slovak Telekom donated a total of EUR 228,000 to 56 projects and 23 individuals.

The fund is managed by the Slovakian Intenda Foundation, which also supports the sponsored projects. Around 197 projects and 132 individuals were sponsored with about EUR 655,000 by the end of 2010.

T-Systems in the Czech Republic — Connect people with disabilities.

To help people with disabilities and age-related limitations participate in the information society, T-Systems Czech Republic launched the “Connect people with disabilities” project in 2010. Within the scope of this initiative T-Systems employees in the Czech Republic provide training to the blind. In December 2010, they once again helped ten sight-impaired individuals understand how IT components work.

The project also focuses on equipping charity organizations and senior centers with computers and online access at no charge. In June 2010, T-Systems Czech Republic entered into a collaboration with the charity organization Sue Ryder in the Czech Republic for this purpose. Three computers have been provided since the start of the cooperation. T-Systems employees have already used these computers to teach some 20 seniors how to use new media.

Audio-books for visually-impaired children offered by Makedonski Telekom.

Visually impaired children at the State School for Rehabilitation of Children and Youth with Visual Impairment 'Dimitar Vlahov' received gift packages and two audio-books for the New Year. Makedonski Telekom donated the CDs and the T-Mobile for Macedonia Foundation donated the gift packages. The audio-books were produced with the support Makedonski Telekom. Another four audio-books were recorded by the end of February 2011 including classics such as Crime and Punishment by Fyodor Dostoyevsky as well as children's books and books for young adults. The aim of this remarkable project is to make art and literature more accessible to people with visual impairments. With the project, Makedonski Telekom is making a contribution to the cultural and social integration of all members of the community.

lobby.16 — helping young refugees in Austria.

T-Systems Austria and T-Mobile Austria are working hand in hand to support the non-profit organization lobby.16. The organization gives career perspectives to young refugees from Afghanistan and Sudan living without their parents in Austria. for example by helping them find internships and training programs. The aim is to help young people develop their skills, become confident in their abilities and gain self-confidence as well.

From May to July 2010, ten young people took a three-month computer course sponsored by T-Systems Austria to prepare them for the job market. Seven of them completed the course successfully. Not only did they receive a certificate of completion, they were also given a prepaid cell phone that T-Mobile Austria will charge with EUR 20 every month for a year. The second computer course started in September 2010. Six young people completed the course successfully.

Three of the young people from Afghanistan who successfully completed the first computer course and showed particular interest in the mobile communications business started a three-year training course at T-Mobile Austria to become retail business administrators specialized in telecommunications. T-Systems Austria offered an internship to two other young people who had successfully completed the course. The cooperation with the lobby.16 organization will be expanded in 2011. Additional computer courses are being planned and lobby.16 will give more young refugees the opportunity to attend a training program at the Austrian subsidiaries.

Award for research on rare diseases.

Often, not enough research is being done on rare, chronic diseases. What's more, the information that is available is often hard to access for patients and doctors alike. To solve this problem, Deutsche Telekom founded the information and communication portal www.achse.info together with ACHSE e.V., the German alliance for chronic rare diseases. The partnership, in which Deutsche Telekom provides financial support as well as human resources and infrastructure, has been underway since 2007. The Group also helps ACHSE e.V. organize and conduct public events and campaigns.

Eva Luise Köhler is the patron of ACHSE e.V. She is the wife of the former German President as well as founder of the Eva Luise und Horst Köhler Stiftung für Menschen mit Seltenen Erkrankungen, a foundation for people with rare diseases. In March 2010, the foundation awarded the Eva Luise Köhler Research Prize for Rare Diseases worth EUR 50,000 for the third time at Telekom’s Berlin Representative Office. In the presence of Spanish crown princess Letizia, Eva Luise Köhler presented the award to the two physicians Karin Jurkat-Rott and Marc-André Weber. They are conducting research on new medicines to treat the muscular disease, hypokalemic periodic paralysis.

Bonner Chancen — creating a stimulating environment for children.

With its Bonner Chancen competition, Telekom has been sponsoring educational and recreational offers for children and young people at its Headquarters in Bonn since 2005. The purpose of the competition is

to provide young people with a better recreational and educational offer in an attractive environment for life in the city. Every year, Telekom donates around EUR 100,000 for participants to realize creative project ideas.

A jury of experts headed by Birgit Klesper, head of Corporate Responsibility at Deutsche Telekom, presented awards to six schools and four youth centers in Bonn in May 2010. The slogan "For each other - with each other!" called upon all of Bonn's residents to spend time thinking about integration. The message encouraged people to get involved in schools and social institutions for children and young people.

Bonner Chancen 2011 — helping to cross borders.
In 2011, we hope to create a feeling of community and motivate people to conduct projects that cross borders, whether it be an integrative sports project, a multilingual play or a multimedia musical, through our Bonner Chancen initiative with the slogan "Different together. You. Me. Us." All of the projects will be presented to the public at a festival event in fall 2011. The winning projects receive funding of up to EUR 10,000 in this local sponsorship competition.

Brazil — educational opportunities for young people.

45 trainees in 2010.

With the Jovem Aprendiz program, T-Systems do Brazil has been making it easier for young people from difficult circumstances to start a career since 2003. Young people are given the opportunity to complete a technical, vocational training program even without any prior work experience. Students learn both theory and practical application during the two-year vocational training program. T-Systems do Brazil gives graduates of the program the opportunity to start working for the company full-time.

In 2010, 45 trainees participated in the program. 25 young people have successfully completed the training program since the program was launched. The program will be continued in 2011. The Brazilian subsidiary is currently reworking the program content so that it will be able to more effectively train young people to work in customer service since there is great demand for junior employees in that area.

Magyar Telekom — sponsoring a disadvantaged region.

The joint project "Jövő/Menő" conducted by Magyar Telekom and the Szívlapát Foundation focuses on providing long-term support to the poorly developed region of Mezőcsát in the north of Hungary by setting up a sustainable infrastructure. The region, which is home to some 15,000 residents, suffers from a high unemployment rate, poor medical care and very little tourism. In addition, the digital divide is particularly apparent in this region. Magyar Telekom will support "Jövő/Menő" for three years within the scope of a strategic partnership with the Szívlapát Foundation.

Integrating the Hungarian subsidiary's Digital Bridge Initiative will be an important contribution to the project. A second project will involve creating an online catalog in which agricultural businesses can present themselves and their products to a broad public. As a third step, a media school for young people will publish online reports on new developments in the region. Magyar Telekom employees from the area will support the joint project within the scope of corporate volunteer work.

The purpose of this initiative is not only to mobilize locals but also make them familiar with sustainable solutions that can simplify their everyday lives.

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Corporate volunteering.

Volunteering is highly respected in most countries in which Telekom is active. Many Telekom employees also make a personal contribution to society, thereby breathing life into the strategic CR category, "Connected Life and Work". We help our employees combine their charitable activities with their job. As a responsible company, we intend to make a contribution to the positive development of society together with all of our employees.

We use the positive effects of our employees' combined involvement, such as increasing social awareness and strengthening team spirit, in personnel development activities at many areas of the Group. We are also involved in making corporate donations (corporate giving) worldwide to support social issues. And we give our employees the opportunity to help decide where donations should go.

Germany — New corporate volunteering concept.

In fall 2010, Telekom in Germany introduced a comprehensive corporate volunteering concept within the scope of engagement@telekom, which consists of three main components.

- A new intranet portal gives employees tips on volunteering in their free time as well as contact information for participating in activities and opportunities to talk about their experiences with other active colleagues.
- Corporate volunteering is being integrated into employee vocational training and continuing education offers.
- Employees can apply for aid funding for the charitable projects they support. The corporate giving approach is based on Deutsche Telekom's internal donation policy which has been in place for years. 1,000 applications submitted by employees are approved each year and the company makes donations totaling EUR 250,000. One key requirement for receiving support from the company is a connection to one of the three strategic CR categories as well as proof that the employee volunteers for the organization in their free time.

Telekom in Germany — coaching school students.

Telekom in Germany significantly extended its volunteering opportunities within the scope of its new corporate volunteering program. Telekom employees can choose among different volunteering options posted on the intranet portal. They can also continue to volunteer on their own initiative.

For example, Telekom employees in Bonn have been supporting the “It's your turn” pilot project organized by tandem4you, a non-profit association, since October 2010.

The association's goal is to get students from lower secondary schools ready for trainee programs. Students from these schools have less chances of getting accepted into companies’ vocational training programs compared with students who graduate from the more advanced secondary schools. The "It's your turn” pilot project is designed to create more equal opportunities for school students. Deutsche Telekom employees in Bonn support this cause. They help the teachers at Theodor-Litt secondary school in Bonn by assisting in classes and providing private tutoring, extra classes and Internet courses. The project will continue until the end of the 2010/11 school year. If it proves successful, it will be expanded to include other lower secondary schools in Bonn.

T-Mobile Czech Republic — One day for people in need.

Almost every fourth employee volunteers to help people in need.

More than 600 T-Mobile Czech Republic employees, almost a quarter of all employees in the country, participated in the volunteering program “One day for people in need“ in 2010. Under this program employees can work one day for the NGO of their choice while still getting paid. Since the beginning of the corporate volunteering campaign in 2005, T-Mobile Czech Republic employees have spent a total of 1,729 work days working at NGOs.

“One day for people in need” received the TOP Philanthropist Award in November 2010. The Czech subsidiary received this international prize from the Business for the Society platform in the Responsible Partnership with Employees 2010 category for its pioneering work in the field. T-Mobile Czech Republic was one of the first companies in the country to enable their employees to do volunteer work during paid working time.

During the reporting period, T-Mobile Czech Republic expanded its support of non-profit organizations in cooperation with in VIA Foundation. By the end of 2010, a total of 109 NGO employees had participated in PR workshops, which were held by employees of the Czech subsidiary. The company expanded its training offer in 2011 and now offers in-depth workshops and courses on new subjects including

marketing and human resources.

T-Mobile Macedonia — employees support foundation activities.

The T-Mobile for Macedonia Foundation was established in 2002 as one of the first corporate foundations in the Republic of Macedonia. The foundation money is used for non-profit initiatives. Work for the foundation is primarily done by the employees of T-Mobile Macedonia and Makedonski Telekom. They have representatives on the foundation's board, work in the foundation offices and volunteer for different charity projects sponsored by the foundation.

For example, October 2010 was named the Month of Active Volunteering. Employees of the two Macedonia subsidiaries delivered more than 500 pieces of office furniture to three NGOs and one hospital on four campaign days. In December 2010, the foundation held its New Year Caravan for the sixth year in a row.

In 2010, the foundation was recognized for its charity work by the Macedonian Center for Institutional Development.

Art for charity in Poland.

The goal of the Share your Passion project is to motivate children to do art. PTC employees have been involved in this project since 2002. In 2010, they worked together with NGOs to organize seven art workshops for children. The pieces by the young artists were auctioned off to employees of the Polish subsidiary before Christmas. PTC matched the sum that was raised at the auction so that a total of PLN 127,000 (around EUR 32,110) went to partnering NGOs, making a valuable contribution to further educational projects for children. The NGOs included the Equal Opportunities Foundation from Lodz, the Educational Advantages Foundation and the Common Playground Association from Warsaw.

T-Mobile USA continues Huddle Up project for a better neighbourhood.

T-Mobile USA employees have been committed to the Huddle Up project since 2006 to improve the recreational offer for children and young people. With the employees' financial help and volunteering work, afternoon recreational activities can be offered to young people. This also brings the people from the neighborhood together and inspires them to actively get involved to improve their community. More than 8,000 employees have put in volunteering work on almost 60 campaign days since the project was launched.

Employees collect food for people in need.

Supporting Deutsche Tafel.
Telekom has been supporting Deutsche Tafel e.V., the German federation of food pantries, with money and equipment donations since 2009. Within the scope of the 2010 Christmas donation, the Group donated EUR 138,000 to Deutsche Tafel, which used the money to purchase 13 refrigerated vehicles.

The Group's involvement has repeatedly been supported by employee initiatives. At the Fruit Logistica trade fair that took place in Berlin in February 2010, T-Systems Multimedia Solution employees collected food for people in need together with 350 other volunteers. Around 150 tons of food, i.e., around 29 truck loads, were collected in less than three hours. This was the most extensive joint campaign for food collection in Europe.

Supporting food pantries in Vienna.
Employees from T-Mobile Austria made a contribution to helping disadvantaged people in Vienna in November 2010. They collected more than 250 kilograms of food and personal care products, which were then sent by the Wiener Tafel organization to women's shelters and shelters for mothers and their children.

T-Systems Austria also supports food pantries in Vienna. In the summer of 2010, the company equipped the Wiener Tafel organization with an Internet network and the necessary technical devices when the organization moved to new offices near T-Systems headquarters.

Food for those in need in Madrid and Barcelona.
In 2010, an employee from T-Systems Iberia initiated the company's first food drive. Employees of the Spanish subsidiary collected a total of 273 kilograms of food in Madrid and Barcelona for the NGO Food Bank in May 2010. The company is planning to repeat the success again in 2011, this time with two events.

Working internationally for nature and the environment.

Our employees throughout the Group work to promote a healthier environment and nature conservation.

Slovak Telekom — employees plant 600 trees.
More than forty employees of Slovak Telekom planted 600 trees in the Slovakian nature conservation area in the High Tatra on one weekend in August 2010. The event was a continuation of the subsidiary's dedication to reforesting the Tatra National Park, which the company has been involved in since 2004.

T-Hrvatski Telekom — donations and employee reforestation efforts.
The Croation subsidiary T-Hrvatski Telekom has been supporting different environmental projects since 2008. In 2010, the international subsidiary donated a total of half a million kunas (around EUR 67,310) to the environmental project, Afforestation of Burnt Areas, in cooperation with the Croation Forests public institution. 215 T-Hrvatski Telekom employees supported the company's involvement in October 2010 by volunteering to participate in the reforestation of areas destroyed by forest fires.

Cosmote — reforestation in Greece, Romania and Bulgaria.

- In 2010, Cosmote employees in Greece once again got involved in reforestation efforts in regions damaged by forest fires. 70 employees participated in a reforestation campaign in Penteli near Athens in March 2010. A total of 45,000 trees were planted during the campaign. In October 2010, another fifteen Cosmote employees helped plant 200 trees in the mountain region of Hymettus.
- In Romania, around 150 Cosmote employees participated in the largest reforestation initiative of 2010 with the aim of replanting an entire forest. They planted 10,000 small oak trees in an area of 20,000 square meters in November 2010 in cooperation with the second largest Romanian environmental organization, MaiMultVerde.
- Our subsidiary Globul supported the Bulgarian National Park Day for the second time in a row in May 2010. The company conducted a country-wide information campaign together with the Bulgarian World Wide Fund For Nature (WWF). 150 employees of the Bulgarian subsidiary also helped clean up national parks.

OTE — helping nature and animals.

- OTE employees have been involved in conserving nature and animal species with the support of the two NGOs, ANIMA (since 2010) and CALLISTO (since 2008). In October 2010, OTE and ANIMA organized an event for employees and volunteers to reintroduce wild birds to their natural habitats. 70 OTE employees and their families participated.
- In addition, OTE conducted an internal communication campaign, calling upon its employees to get involved in World Environment Day .

Makedonski Telekom — planting trees for the future.
Employees of Makedonski Telekom have been supporting the Macedonian citizens' initiative "Tree day — Plant your future" since 2008. In 2010, Makedonski Telekom helped expand the project throughout the country by conducting a wide-spread campaign. The company reached many of the country's residents with its campaign, thereby increasing awareness of reforestation. In the meantime, employees of Makedonski Telekom and T-Mobile Macedonia have started planting trees and beautifying parks twice a year together with many of Macedonia's residents.

Employees work to raise social awareness.

Both long-time managers and fresh talent at Telekom got involved in corporate volunteering activities in 2010. Not only the beneficiaries but also the employees themselves benefited from this involvement in terms of personal development.

Social Day — junior staff works locally.
Social Day has become a permanent fixture in the Start up! program for junior staff. Young, talented people at Telekom in Germany have the opportunity to spend a day working for a good cause. On the occasion of the second Social Day in April 2010, more than 20 Start up! participants volunteered for the Maria im Walde children's home in Bonn. The junior staff worked together with young people from the children's home to remove weeds and moss from the center's tree-lined pathways. The third Social Day will take place in 2011.

Social Day was initiated in 2009 by the Human Resources department in cooperation with the CR department , which is responsible for the content of the initiative. By being required to get involved in social issues early on in their careers, future managers are made aware of the significance of corporate responsibility.

Joint activities with disabled people.
12 Telekom employees hosted a BBQ at the Bonn-Beuel Therapiezentrum, a residential center for adults with physical or multiple disabilities. After the BBQ, our high potentials and residents of the center attended a Bundesliga basketball game played by the Telekom Baskets.

New recreational space for Lebenshilfe Bonn residential center.
In November 2010, a team of Telekom managers helped the Ingeborg-Thomae-Haus, a residential center run by Lebenshilfe Bonn, revamp its recreational space. The managers worked alongside residents for two days to freshen up and paint a dozen wooden chairs and tables for the outside area. They also built a stage with two-level stands to seat some 100 spectators. Their accomplishments far exceeded their own expectations. Working together brought the colleagues closer and they were able to test out their own strengths and weaknesses in an unfamiliar environment.

T-Systems Austria — working for disadvantaged children.
In October 2010, twenty-two T-Systems Austria employees got involved in the community within the scope of a team building event. They built a playground with a herb garden for Villa Mia , a home for

children and young people in Burgenland. The young people living there were not the only ones to benefit from the employees' work. Two departments at T-Systems Austria had been merged a few months before the event, creating a single department with 22 employees. The event made it easier for everyone to get to know each other, supported team spirit and increased motivation at the new department. Villa Mia opened its doors in November 2010 and has been providing a sanctuary for traumatized children ages 2 to 14 ever since.

Germany — getting trainees and students involved.

Telekom is one of the largest vocational training providers in Germany. In addition to providing our more than 10,000 trainees and students in cooperative study programs with specialized technical skills we also want to communicate values and increase their social skills. That is why volunteering activities are a permanent fixture in Telekom's training programs.

“Responsibility wins.” Recognizing exceptional initiatives by young people with talent.
Since 2009, we have been recognizing the volunteer work of our junior staff in an internal competition, “Responsibility wins.” The competition entered its second round in January 2011. Around 1,000 trainees and students in cooperative study programs submitted over 90 projects on topics such as freedom and independence, fairness, respect, moral fiber and environmental awareness.
The winning projects came from the training centers in Bielefeld, Potsdam and Landshut.

- The winning team from Bavaria supported the organization of a charity sports event.
- With their We are good - but better with you! project, the trainees from Bielefeld laid the foundation for a partnership between the Telekom training center and the local youth training facility.
- The team from Potsdam composed a song and made a documentary film. With their contribution, the trainees hope to raise awareness of social injustice.

Personal involvement at volunteer day in Essen.
Deutsche Telekom trainees volunteered their organizational skills at the 1st volunteer day held by the volunteer agency Freiwilligenagentur Essen in June 2010. On that day, non-profit organizations and initiatives opened their doors to volunteers with the slogan "Essen helps." Telekom trainees gave their full support to the volunteer organization in preparation of the event. They organized an info hotline, designed the website and advertised for the event.

Telekom trainees support aid convoy.
In December 2010, 16 Telekom trainees from Regensburg, Passau and Traunstein, Germany, collected some EUR 760 to help an aid convoy. The money was used to buy food, pharmacy articles and toys for 35 aid packages, which were sent to people in need in Albania, Bosnia, Moldova and Romania.

Helping the SOS Children's Village center in Bremen.
The trainees at the Telekom training center in Bremen have been volunteering for the new local SOS Children's Village center since the beginning of 2011. In collaboration with SOS employees and as part of their final project, they will be designing the new media room at the old city library, equipping it and setting up a network. Some of the trainees will give training courses and computer courses to visitors and employees in the media room. Funding for the expansion of the SOS equipment set-up in the old city library is also being donated by Telekom. Within the scope of the 2010 Christmas donation the company was able to collect EUR 80,000 for the Bremen SOS Children's Village center, which was given to the organization in January 2011.

Promoting integration and raising awareness in Kiel.
Since January 2011, trainees in Kiel have been helping refugees get oriented and giving them language courses. They are also working to teach locals about other cultures, thereby promoting integration. Some 15 refugees of different nationalities with different languages from countries such as Yemen, Afghanistan and Algeria are participating in discussion rounds and taking German language classes. The education and consulting center for migrants in Schleswig Holstein is Telekom's partner in this project.

Charity run for the “Yes, I can!” initiative.
Another example of our trainees' responsible conduct and social involvement during the reporting period is the charity run they organized to support the “Yes, I can!” initiative at the Telekom offices in Bonn.

Croatia — employees make suggestions for donations.

"Together we’re stronger": T-Hrvatski Telekom has been asking its employees every year since 2006 to nominate local humanitarian initiatives or institutions for the company's donation program. In July 2010, a total of 27 projects and institutions were selected out of 198 entries by a jury of employees. The selected initiatives range from support for seniors and children, educational and healthcare projects to providing support for socially disadvantaged people and people with illnesses. Employees selected a project by the Croatian Red Cross to build a playground for children who grow up in the proximity of mine fields, for example. T-Hrvatski Telekom contributed 1 million kunas, which is around EUR 134,630, to the projects that were proposed by its employees in 2010.

The Croatian subsidiary also introduced internal donation guidelines in June 2010. These guidelines guarantee a standardized approach to donating money and equipment, such as cell phones or used office equipment. The internal guidelines were developed in accordance with the Group-wide CR

strategy. Supported projects and organizations have to be related to one of the three strategic CR fields of activity.

Videos by T-Hrvatski Telekom for the „Together We Are Stronger“ campaign:

http://www.youtube.com/v/4xNICXfxCQg
(only available in Croatian)

http://www.youtube.com/v/ZyYZhlTHBuU
(only available in Croatian)

http://www.youtube.com/v/QufFtONNxq4
(only available in Croatian)

Poland — employees donate part of their salary.

Employees of the Polish subsidiary PTC can have their donations for projects and institutions directly taken out of their paycheck as part of the Together for Others campaign. The amount donated is then matched by PTC and transferred to the cooperation partner United Way Foundation. With this initiative, PTC and its employees have contributed to the financing of over 100 different projects, e.g., for educational and healthcare initiatives. In 2010, the company collected donations in the amount of PLN 108,160 (around EUR 27,340).

Czech Republic — sponsoring environmental protection groups.

For the sixth year in a row, T-Mobile Czech Republic supported NGOs that are active close to the company's three main locations with donations from its T-Mobile Fund in 2010. The current focus is placed on projects that promote a healthy planet. Out of 126 submissions 43 projects were selected aimed at improving social conditions and natural habitats in these regions.

The organizations that were supported received donation vouchers in a total amount of CZK 2.5 million (approx. EUR 102,660). The company also equipped twelve green organizations with cell phones and SIM cards worth CZK 250,000 (around EUR 10,270). Since 2005, T-Mobile Czech Republic has already supported 585 projects with a total value of 37 million Czech korunas with the T-Mobile Fund (around EUR 1.5 million).

Malaysia — financial aid for disaster victims.

T-Systems Malaysia has been giving its employees the opportunity to get involved in the community within the scope of donation drives since 2009. In 2010, the company worked together with a customer to collect donations of money and goods for local orphanages. T-Systems employees donated clothing and shoes, for example, fulfilling the wishes of children who had included these items on their Christmas wish lists. In addition, the company supported victims of disasters such as the earthquake in Indonesia through the Malaysia Red Crescent aid organization. By hosting donation drives, T-Systems Malaysia hopes to raise employee awareness of social responsibility and increase their willingness to get involved in the community.

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Connected life.

E-mails instead of letters, online encyclopedias instead of printed encyclopedias, travel portals instead of travel agencies: Life is becoming more digitized every day. As a leading ICT Group, Telekom is also driving this development. With the transformation from a traditional telephone company into a provider of innovative solutions for connected life and work , we are positioning ourselves as a competent partner in an increasingly digital world. We intend to become a driving force for connected life and work. We set this goal as part of our CR strategy in the Connected Life and Work category.

Promoting media skills.
We want to take people along with us on our journey toward creating a digital world, keep them informed and offer them assistance along the way. That is why we promote media skills of children and young people as well as older individuals to enable them to use ICT products and services as well as media offers safely and accurately. We also offer effective tools to give children and young people ways in which they can use new technologies responsibly.

T-Cities — model cities for the digitized world of tomorrow.
We are testing the opportunities and risks involved in making the shift from an offline to an online society at two "future labs" known as T-Cities in the German city of Friedrichshafen and in the Hungarian city of Szolnok. In these cities, residents, companies, schools, scientific institutes and medical facilities as well as the city administration are all involved in the development of innovative applications for daily life online. New services and products for the connected life of tomorrow are being tested there.

Innovative solutions for the common good.
We are also working on developing solutions for the benefit of society as a whole. For example, our e-health initiative is designed to set up a state-of-the-art ICT infrastructure to support the healthcare and medical service sectors.

Increased use of Web 2.0 and social media at the Group.
Increasingly, our employees also benefit from connected life and work. In addition to increasingly flexible working conditions, e.g., telework, we are also experiencing increased internal networking. Our employees increasingly communicate through blogs, wikis and social networks on the intranet and Internet. These new communication channels require new rules. That is why we have provided our employees with social media guidelines on appropriate conduct in online communication.

Telekom also offers content and services online in social networks to reach out to our customers on the Internet. For example, with our Telekom helps project we are the first DAX company to offer customer service via Twitter and Facebook.

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Media skills.

Telekom is dedicated to promoting media skills in society. The focus here is on showing young people and the elderly how to use the new media safely because the new media can help them to make their lives easier and to participate in the networked society.

Free Internet access for educational institutions.

Online surfing for free at 34,000 schools in Germany.

As one of the most important information and communications media, the Internet holds tremendous potential for conveying knowledge. That makes it a valuable tool in the classroom. People can access teaching and learning materials online while the Internet itself can also function as an important teaching and learning platform. At the same time, young people learn how to responsibly use new media by using the Internet. As can be seen in the following international examples, Telekom in Germany and numerous international subsidiaries have been providing high-speed Internet access to educational institutions for many years.

Telekom@School — long-term involvement at German schools.
In Germany, Telekom has been providing free Internet access to around 34,000 general education and vocational schools as part of its Telekom@School infrastructure project since 2000. Around 30,000 of these schools already have a DSL broadband connection. The aim is to give school children and their teachers the chance to incorporate new forms of communication and media into the educational process.

Telekom increased the performance of the Telekom@School connections to 16 MBits (from the previous 6 MBits) in spring 2011 and added a safe surfing program to the included service package. Schools located in areas hooked up to VDSL can get a VDSL connection for a low additional monthly fee. As a result of the recently completed DSL and VDSL expansion more than 20,000 of the some 34,000 schools already have better broadband availability. 7,500 of these schools already have VDSL.

Surfing the World — high-speed Internet on Greek islands.
Since 2010, the Greek subsidiary Cosmote has been supporting unlimited Internet access in rural areas as part of its Surfing the World [link to 3.1 Cosmote] project, which is one of a kind in Greece. By the end of 2011, the international subsidiary plans to connect all schools on the Greek islands to the broadband network and equip them with the necessary hardware. This way, more than 100 schools with over 3,000 students will receive unlimited Internet access.

The island Iraklia in the southern Aegean Sea was the first to receive high-speed Internet. Since the end of 2010, a total of 13 island schools in Greece have been given unlimited Internet access.

Long-term involvement in Croatia, Montenegro and Macedonia.
Other international subsidiaries have been supporting schools and other educational institutions in their countries for years.

- For ten years now, T-Hrvatski Telekom has been providing free high-speed Internet access to around 2,635 elementary and secondary schools in Croatia as part of the Net in School project. The Croatian Ministry of Science, Education and Sports is the project's partner.
- Crnogorski Telekom has been providing schools in Montenegro with free high-speed Internet access for four years now. Around 150 elementary and secondary schools have benefited from the initiative so far.
- In a joint project with FYR Macedonia, Makedonski Telekom is working toward making high-speed Internet available free of charge to children, teenagers and young adults throughout the country. In 2010, all student residences in the Republic of Macedonia were equipped with the required network access within the scope of the project. The subsidiary has so far provided high-speed online access to 1,951 classrooms in 93 schools.

Teach today — promoting media skills at Europe's schools.

A European-wide competition for the safe use of electronic media (eSafety) was launched in September 2010. The purpose of the competition was to promote media skills and communication between teachers and their students. The competition was organized by European Schoolnet in collaboration with the European Teachtoday consortium. Teachtoday Germany is an initiative organized by Telekom, Google, Microsoft, O2 and Vodafone in cooperation with Freiwillige Selbstkontrolle der Multimedia-Diensteanbieter (FSM e.V.), the German association for voluntary self-monitoring of multimedia service providers, and the EU initiative Klicksafe.

Until mid-January 2011, teachers from all EU countries were called upon to submit eSafety projects that

they had conducted together with their students. The main theme was the responsible use of communications technologies, from cell phones to chatting on social networks. A teacher was awarded "Teacher of the Month" for the best project each month. The winning projects were also presented in an extensive report on www.teachtoday.de.

Slovak Telekom awards use of ICT in the classroom.

Slovak Telekom has been working to improve basic ICT skills at schools for many years. In 2010, the company awarded the Slovak Telekom Award for the fifth time to teachers who use information and communications technology (ICT) in innovative ways in the classroom.

Nearly 600 teachers have submitted their ideas since the Slovak Telekom Award was established in 2006. These can be publicly accessed in an online database on the project website www.cenast.sk, which is intended to encourage other teachers to integrate ICT into their lessons. A total of 840 projects were registered there by the end of 2010.

Bestowal of the “Slovak Telekom Award”

(only available in Slovak)

Videos on the 2009 winners:

Project on the use of multimedia in geography class at a school in Nitra

Spustiť video

(only available in Slovak)

Elementary school project in Žilina

Spustiť video

(only available in Slovak)

Music project in the town of Hrčeľ

Spustiť video

(only available in Slovak)

The Netherlands — having fun learning media skills.

Around 1.2 million young people reached.

Young people between the ages of eight and eighteen in the Netherlands have been learning how to use mobile Internet safely as part of the WifiWijs program since October 2010. The educational program was initiated by the Dutch foundations Media Rakkers, with which T-Mobile Netherlands has a longstanding partnership, and Kinderconsument.

As a partner of the project, T-Mobile Netherlands contributed to publishing a special issue of the Donald Duck comic book. The international subsidiary designed two pages of the book entitled "WifiWijs in Duckstad" with information directed at children on the topic of mobile living. In October 2010, the special issue was available in all of the publications for young people in the Netherlands published by the Sanoma publishing house. "WifiWijs in Duckstad" reached around 1.2 million children and young people in the Netherlands. The Donald Duck story is continued online four times a year at www.wifiwijs.nl and deals with mobile living topics such as using mobile Internet and social networks. Young people who are interested in participating can help design the content of the cartoon.

T-Mobile USA encourages media skills among the youth.

T-Mobile USA has been supporting the Wireless Digital Connectors initiative at its headquarters in Seattle since January 2011. The mentoring program teaches young people between the ages of 14 and 21 how to use new media safely and competently and prepares them for the challenges of the information society. At the same time, the young people also act as mentors for others in their community when it comes to using new media and technology. During the eight-month training program, they visit homes for the elderly, educational institutions, churches and other institutions in their community two to three times a week to teach people there about the Internet.

Employees from T-Mobile USA act as mentors to the young people and help guide them with their expert knowledge. The U.S. subsidiary also provides the technical infrastructure for the project. T-Mobile USA's support of Wireless Digital Connectors is a continuation of the company's corporate volunteering project, Huddle Up , which has been in place for years.

Germany — employees become Internet mentors.

Since August 2010, Telekom has been supporting "Internet erfahren - gemeinsam durchs Netz" (Experience the Internet, surfing together), a pilot project initiated by the the German Federal Ministry of Economics and Technology (BMWi). The initiative is directed at people that do not know how to use the Internet properly so that they can take advantage of the professional and social opportunities provided by digital media. In September 2010, ten exemplary projects were recognized in the Germany-wide competition "Wege ins Netz" (Access to the Net). Telekom was a member of the jury for the competition. We also funded the special Social Networks award worth EUR 5,000. The jury awarded the prize to an outstanding Internet project that promotes active participation in society and encourages people to help create the future. Social networks and blogs were just as popular as websites revolving around to offline activities.

However, our employees made the largest contribution to the BMWi initiative during the reporting period. Our employees have always been involved in a variety of ways in the community, giving our CR activities a personal touch.

- Many employees willing to become mentors. In October 2010, we called upon all of our employees in Germany to complete a training course to become an Internet mentor and teach their relatives, neighbors and friends about the Internet in their free time. Their task is to familiarize Internet beginners with the technology and applications in their familiar environment in order to eliminate any fear of the new media they might have. Around 250 employees declared themselves willing right away to teach media skills as an Internet mentor. The second call for mentors has been going on since January 5, 2011.
- Employee idea leads to advancement of Internet mentor concept. One employee suggested addressing residents from a variety of cultural groups within the scope of the Internet mentor program. The employee received an award for their idea at CR Day on November 23, 2010, in Berlin.

Crnogorski Telekom supports Internet courses for young and old.

Within the scope of a long-term cooperation with the Montenegro Ministry for Information Society and the Ministry of Education, Crnogorski Telekom conducted Internet courses at the country's elementary and secondary schools in 2009. The company also offered special courses for older people to help familiarize them with the Internet. The goal of the long-term project is to help both young and old improve their Internet skills. The partners are planning to significantly expand the training program for seniors during the second half of 2011.

T-Mobile Czech Republic promotes media skills among senior citizens.

In 2010, T-Mobile employees in the Czech Republic taught 1,700 older people how to use cell phones. The Czech subsidiary has been supporting the "Seniors communicate" project since 2007. The project was initiated by the endowment fund ran by Czech head of state Václav Klaus and his wife Livia.

Magyar Telekom — bridging the digital divide.

Internet training courses in 150 communities.

In 2010, employees of Magyar Telekom showed people living in 23 rural communities in Hungary how the Internet can make life easier when looking for a job, for example, or as a way to stay in touch with family members abroad. Some of these training sessions were held within the scope of the Digital Bridge Festival, where the company offered two-day courses.

Digital Bridge, a program run by the international subsidiary Magyar Telekom, has been helping bridge the digital divide between large cities and rural communities as early as 2004. People who live in places with a population of less than 3,000 become familiar with the Internet in courses and are given the opportunity to participate in the modern information society. Magyar Telekom has reached 150 municipalities with its Internet training program since the start of the project. 275 Group employees have been involved in the courses so far.

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T-City.

The goal of Telekom's T-City concept is to turn the world of tomorrow into reality. In the meantime, we have done so at two locations: In the German city of Friedrichshafen at Lake Constance and in the city of Szolnok in central Hungary.

At these "future labs", we have been implementing our ideas for connected life and work in collaboration with administration, academia and business. As part of these projects, we have been working with local initiatives, associations and residents to develop and advance sustainable and innovative applications for key areas of life.

T-City Friedrichshafen.

Since the project launch in 2007, Telekom has realized around 40 projects in the following six areas in T-City Friedrichshafen:

- Learning and research
- Mobility and transport
- Tourism and culture
- Citizens, the city and the state
- Business and work
- Health and support

You can read about these topics and the implemented projects in detail on the T-City website. Since its update in October 2010, T-City Friedrichshafen's website has been hosting new interactive social media applications. For example, users can access new developments and information about T-City in real-time using a Twitter box.

"BIGkidscoach — an online platform for a healthier lifestyle.
An increasing number of children in Germany do not get enough physical exercise, which often leads to health problems and motor deficits. Because of this, the T-City BIGkidscoach project was launched in October 2010. The goal of the project is to use different online tools available at www.bigkidscoach.de to motivate children and teenagers between the ages of 6 and 18 to do more physical activities and to eat healthier food.

The Internet platform was founded in cooperation with the health insurer BIG direkt and the Institut für Prävention und Nachsorge GmbH (IPN). Children and young people can analyze their fitness and current physical activity level online. An individual training plan based on the results is developed and a 3D animated trainer coaches the children. Any progress made is documented in their fitness profile and illustrated in a graph. The children also receive tips on how to eat healthy. Teachers and coaches can also use the broad spectrum of tests and exercises offered in their work with young people.

Independent living.
Being able to live independently at an old age is an understandable desire that will become easier to realize in the future with ICT. T-City Friedrichshafen launched a project called "Independent living" in February 2011 to test the use of touchscreen terminals to make life easier for the elderly. Tenants living in 19 different apartments can access a number of service offers from their homes. They can order groceries or medication or even call the janitor via a touch-sensitive screen. They are also in close contact with their neighbors via a video telephone. We are planning to extend the service offer to include energy services and applications for telemedicine for example.

T-City Szolnok.

In May 2009, Telekom brought its T-City concept to a second town, the Hungarian city of Szolnok. The Hungarian subsidiary Magyar Telekom has been coming up with innovative ideas in cooperation with the local Szolnok government ever since.

Live broadcast of sporting and cultural events.
Cultural and sporting events held in Szolnok's sports arena are broadcast live online and recorded using four IP-based cameras. With this its first cultural T-City project, Magyar Telekom is also helping athletes with their training since they can use the recordings to analyze their games.

RFID-based access system for schools.
The company began testing an RFID (radio frequency identification) system at an elementary school in Szolnok at the beginning of the 2009 school year. The system uses electronic IDs to automatically register school students' arrival and when they leave the premises. Parents are automatically sent an SMS letting them know that their children are at school. They can also access this information online.

The system's security was further improved in 2010.

Supermarket of the future.
A store belonging to the supermarket chain Coop has been upgraded to become a "supermarket of the future." Innovative service tools help customers shop consciously and conveniently, keeping them up-to-date with the latest developments.

Improving media skills for people of all ages.
In order to minimize the digital divide that exists in society, Magyar Telekom offers Szolnok residents two programs free of charge. The main goal of these programs is to introduce children and older people to information technology and teach them how to use the Internet.

- Participants learn about new cell phone and online applications at the T-City Kids Training courses. In three of the four training courses for elementary and secondary school students that were held in 2010, participants also learned about online safety. At the Magyar Telekom offices, the Blue Line Foundation team gave children tips and ideas on how to use the Internet safely.
- The company founded the Internet Academy especially for older people. There they learn how to use the Internet safely.

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E-health.

The healthcare sector is a strategic growth sector for Telekom. That is why we are involved in numerous pilot projects for setting up a state-of-the-art ICT infrastructure in the healthcare sector. The aim is to connect doctors, hospitals, patients and health insurance companies using technology that complies with the strictest security standards. In doing so, we are contributing to improved medical care and providing valuable support to older and chronically ill people, in particular. In view of increasing expenses in the healthcare sector, innovative ICT solutions are also an important tool for reducing costs.

The focal point of our strategy in the healthcare sector is to develop new offers based on mobile communications. These could particularly help patients with physical limitations manage their everyday lives and guarantee seamless medical care.

The goal is to further reduce the time to market for new mobile communications offers following successful pilot projects. In this context, we call for a uniform standard for data exchange between IT systems in the healthcare sector: The Integrating the Healthcare Enterprise (IHE) Standard . The basis for using these new solutions is a full-coverage broadband network .

International healthcare sector as a new growth area.

We also want to tap healthcare markets outside of Germany in the future. For example the Hungarian subsidiary Magyar Telekom acquired ISH during the reporting period, an important step toward strengthening its future role in the healthcare sector. ISH is the local leading provider of hospital software and system solutions. Magyar Telekom also developed new concepts and launched pilot projects on topics such as remote monitoring and patient consulting services, making progress in the end-customer segment as well. We are also planning to market solutions from Germany with international partners.

Use of mobile communications in telemedicine.

More and more smart phones and tablet computers are being used for patient care at hospitals. At its stand at Medica 2010 in Düsseldorf, Germany, the world's largest medical technology trade fair, Telekom presented solutions including Checkpad MED, a hospital application for the iPad. Data from different hospital systems, such as x-rays or lab results, are all sent to the computer. That makes faster, more precise diagnoses and treatment possible.

In T-City , Telekom is already trying out different telemedicine solutions in real-life.

- Take the BodyTel system for example. It can be used to telemonitor blood sugar levels, blood pressure and weight. With the BodyTel solution, patients can check their levels wherever they are. The system automatically documents and transfers the results. In addition to improving patient quality of life, this home diagnostics system increases efficiency at doctor's offices and hospitals.
- Another example is derBUTLER, a mobile emergency call system with innovative location technology.

Deutsche Telekom Laboratories support Smart Senior project.

According to current calculations, half of the population in Germany will be older than 50 in the year 2035 and one-third will be over 60. This development is a major challenge even today: We need to create solutions that enable the older generations to live independently for as long as possible. The SmartSenior – Intelligent products and services for seniors initiative is addressing the topic. As one of the project's 28 partners, Deutsche Telekom is promoting this research project, which is being conducted by the German Federal Ministry of Education and Research (BMBF) .

For this project Deutsche Telekom Laboratories developed a central communication component for the home. The solution connects different technical systems like sensors, blood pressure monitors and emergency equipment. For example, the solution can be used to send vital patient data directly to their doctor or to the responsible care service automatically.

In addition, Deutsche Telekom supported publication of the fourth updated edition of BAGSO's brochure A guideline through the digital world – for older residents. The brochure was financed by the German Federal Ministry of Food, Agriculture and Consumer Protection (BMELV). The brochure describes how the Internet can enrich and simplify everyday life, informs about laws and rights and gives useful tips and advice.

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Mobile communications and health.

Electromagnetic fields (EMFs) are often associated with potential environmental and health damage. Public acceptance problems relate both to cellular base stations and to the use of end devices. We aim to overcome doubts among the general public by pursuing an objective, scientifically well-founded, and transparent information policy.

We are convinced that the current threshold values guarantee the safe use of mobile communications technology. They are based on current findings of independent national and international expert committees that continue to analyze all relevant studies and research results. Recognized organizations such as the World Health Organization (WHO) and the International Commission on Non-Ionizing Radiation Protection (ICNIRP) have repeatedly verified the current threshold values for mobile communications, thereby confirming the safety of this technology.

However, due to its rapid development, mobile communications technology continues to be a cause of concern and uncertainty among the public when it comes to possible health risks. That is why Telekom naturally promotes open dialog with everyone involved in network expansion including local authorities, skeptical initiatives, interested residents and customers and does its best to answer questions quickly and thoroughly. We will only be able to run a successful business and systematically drive network expansion if our technology are widely accepted by the people. This also means actively promoting transparency and the funding of independent research on mobile communications.

All of our principles on how to deal responsibly with the issue of mobile communications and health are specified in the Deutsche Telekom EMF policy. EMF stands for "electromagnetic fields," which are the physical basis of mobile communications. With our EMF 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.

EMF policy on mobile communications and health.

In March 2004, Telekom approved the EMF policy, a central guideline dealing with the responsible handling of mobile communications and health. It contains ten recommendations being classified according to four key principles, which are decisive for our commitment in this area:

- Transparency
- Information
- Participation
- Supporting scientific research & partnerships

The EMF policy contains mandatory recommendations for Telekom's European mobile communications subsidiaries. These are implemented in different markets in line with the local circumstances and requirements.

At a glance: International subsidiaries whose board of management has approved the EMF policy.

- T-Mobile Austria
- T-Hrvatski Telekom
- T-Mobile Czech Republic
- Telekom Deutschland GmbH
- Magyar Telekom
- T-Mobile Macedonia
- T-Mobile Netherlands
- PTC
- Cosmote Greece
- Slovak Telekom (scheduled for 2011)
- Crnogorski Telekom (scheduled for 2011)

T-Mobile Macedonia signed the EMF policy during the reporting period. Slovak Telekom's signing of the Policy, which was scheduled for 2010, was rescheduled for 2011 due to restructuring activities of the company.

Download: Deutsche Telekom EMF policy
Download: Background information on the EMF policy

Ongoing international implementation of the EMF policy.

Our goal is to make sure that the EMF policy is effectively applied at all mobile subsidiaries and contributes to a constructive discourse on mobile communications and health in society as well as to effective risk management in the relevant markets. This requires our international mobile subsidiaries to continuously implement the ten recommendations set forth in the EMF policy. Telekom supports them in this process by regularly evaluating their progress and working together with the mobile subsidiaries to strengthen their commitment in the mobile communications and health area.
We prepared a progress report based on the results of previous evaluations in 2010. Following up this report, we defined standardized minimum requirements in collaboration with all of our mobile subsidiaries in March 2011. We will identify work areas and targets in consultation with the individual subsidiaries and agree on how these targets are to be achieved in the course of the year.

EMF core team applies best practice approach.

The EMF core team plays a key role in the exchange of information between Group Headquarters and the mobile communications subsidiaries. This team is a Group-internal, cross-functional coordination workgroup consisting of members from all of the Group's mobile subsidiaries.
At regular meetings, the EMF core team monitors and coordinates strategy processes and suggestions for improvement concerning the responsible handling of mobile communications and health. The team also helps each company implement the EMF policy at national level.
Since the introduction of the EMF policy, the best practice approach, i.e., testing out new developments at one subsidiary in order to then successfully implement them at the others, has proved especially effective.

Communicating best practice examples is the central focus of the EMF core team's activities. In this process, the mobile subsidiaries share their experiences and benefit from the approaches taken by other international subsidiaries with many years of experience in addressing the public mobile communications debate. Companies such as Telekom Deutschland GmbH, which implemented a number of measures as early as 2001 as part of the EMF policy, play a particularly supportive role in this process.

T-Mobile Macedonia, for example, was able to benefit from the best practice approach when it implemented the EMF policy in 2010. The subsidiary's board of management adopted it as an official policy in September 2010. In addition, the company put some initial recommendations into practice, such as cooperating with research institutes to conduct measuring campaigns. The company is planning to engage in a partnership with Skopje University for this purpose.

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Transparency.

Telekom has specified three focal points to promote transparency in the area of mobile communications and health. These are reflected in three recommendations made in the EMF policy.

- Telekom requires its mobile subsidiaries to clarify and establish internal responsibilities and processes regarding technology, safety and health issues.
- They are encouraged to support the accessibility of information on existing electromagnetic fields to the general public. This includes conducting EMF measuring campaigns and supporting national EMF databases.
- Proof of compliance with the ICNIRP limit values for each individual mobile communications antenna must be made available upon request.

Measures to promote transparency were established and further expanded at all Telekom mobile subsidiaries during the reporting period. This particularly included measuring the electromagnetic fields actually being emitted by mobile communications antennas. This data will be made available in publicly accessible databases whenever possible. With these activities, Telekom is contributing significantly to making the public discussion on mobile communications and health more objective.

Setting up workgroups in the FYR Macedonia and Romania.

Cosmote Romania and T-Mobile Macedonia established cross-functional, internal workgroups to improve EMF risk management.

T-Mobile Macedonia's internal workgroup, which is comprised of employees from the Technology, Legal Affairs and Corporate Communications, began working together in the second quarter of 2010. Their cross-area functions in the mobile communications and health area include addressing customer inquiries and the internal coordination of activities related to the topic as well as training employees and raising employee awareness.

The workgroup founded at Cosmote Romania in 2010 consists of members from Regulatory Affairs, Corporate Affairs, Legal Affairs and Network Expansion. Its activities include risk management regarding mobile communications and health and the processing of customer inquiries.

LTE measuring campaign in Germany.

Informationszentrum Mobilfunk (IZMF), an information center financed by network operators, commissioned a pilot study to measure EMFs near LTE transmitters in Germany parallel to the introduction of the new LTE mobile communications standard. IZMF commissioned the renowned Institut für Mobil- und Satellitenfunktechnik (IMST) to conduct the study. IZMF presented the results of the study providing an assessment of exposure to LTE transmitter radiation in November 2010.

The measuring results clearly show that emissions amount to only a fraction of the permissible electromagnetic field levels despite the setting up of additional LTE transmitters. In other words, we can be certain that LTE expansion will not exceed the applicable limit values.

Download the brochure "Abschätzung der Exposition der Bevölkerung durch LTE-Sendeanlagen" (Assessment of exposure to LTE transmitter radiation) (only available in German)

EMF monitoring in Greece and Romania.

Cosmote Greece continues to expand its PEDION 24 measuring system.
So it was possible in 2010 to take 24-hour measurements at 165 selected locations in all the regions of Greece. Cosmote Greece supplemented these monitoring activities with its own measurements and those taken by commissioned universities. The public can view all of the results online on the Pedion 24 portal.

Cosmote Romania is currently developing a similar EMF monitoring system covering more than 100 locations. The company is setting up the system in collaboration with the National Institute of Public Health and the Regulatory Authority for Communications and Information Technology.

Other EMF measuring activities at the mobile subsidiaries.

During the reporting period, Crnogorski Telekom and T-Mobile Macedonia conducted measurements of electromagnetic fields in collaboration with recognized research institutes.
T-Hrvatski Telekom also conducted measurements in Croatia in 2010. In cooperation with the Ministry of Health, the company measured electromagnetic fields present at around 170 sites, thereby contributing to transparency and public information about any existing electromagnetic fields.

Standardized calculation method to verify compliance with limit values in the Czech Republic.

T-Mobile Czech Republic standardized the national calculation method for compliance with maximum values in 2010 in collaboration with other network operators in the Czech Republic and the County Hygienic Station. By creating a standardized procedure, Czech network operators are helping increase transparency in terms of compliance with ICNIRP limit values for cellular base stations.

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Participation.

The basis for successful network expansion is active inclusion of all participants early on in the process as well as actively pursuing dialog with stakeholders including local authorities, citizens and residents living in the vicinity of base stations as well as with initiatives and NGOs that are skeptical of EMF impact. We therefore made participation a basic principle of our EMF policy .We developed three essential recommendations that are based on this principle.

- We expect our mobile subsidiaries to work in close cooperation with local authorities and support them with their expert knowledge in order to answer questions that people have on the topics of network development and site selection for base stations.
- When selecting sites for cellular base stations, conflicts should be resolved by finding solutions that are acceptable to the municipalities involved whenever possible. This requires assigning contacts to these projects as a liaison with those involved at the regional level. This makes it possible to resolve conflicts or answer questions quickly and easily on the basis of expert knowledge.
- We try to keep interference with the landscape and cityscape to a minimum. We therefore do our best to avoid creating any visual nuisances when selecting sites for our base stations.

Our mobile subsidiaries have been conducting appropriate measures to encourage participation for several years. In Germany, these activities are particularly based around the voluntary commitment of mobile operators signed by Telekom Deutschland.

Voluntary commitment of mobile operators in Germany.

Telekom Deutschland along with the other mobile operators in Germany made a commitment to the German federal government to implement a series of measures under the voluntary commitment of mobile operators in 2001. Mobile providers in Germany once again reinforced their voluntary commitment in 2008 and announced additional measures. In signing the voluntary commitment, Telekom Deutschland assumed responsibility

- for including municipalities and keeping them informed in the site selection process,
- for improving its consumer information offers, particularly on cell phone use, and
- for providing financial support for mobile communications research activities initiated by the German federal government.

An integral part of this voluntary commitment is having the measures regularly reviewed by a consortium of experts comprised of representatives of Deutsches Institut für Urbanistik (DIFU), the German institute for urban affairs, and the German consumer organization Verbraucherzentrale Nordrhein-Westfalen. Every two years the results of the review are collected in an independent expert report that is then submitted to the German federal government. The ministries involved and the Federal Chancellor’s office praised the successful implementation of the voluntary commitment after receiving the annual expert report for 2009 in September 2010. They emphasized the necessity of continuing to remain involved in issues such as safety and consumer, environmental and health protection, e.g., as part of the introduction of the new Long Term Evolution (LTE) standard.

For Telekom Deutschland, this expert report confirms the company's responsible handling of the topic of mobile communications and health . The implemented measures have had a positive effect on public discussion of mobile communications over the past few years. This has a positive impact on the current expansion of Telekom Deutschland's mobile communications network.

Dialog on LTE rollout in Germany stepped up.

The introduction of new technologies can cause concerns among the population, particularly if people have not been sufficiently informed and included in the process early on. That is why engaging in dialog and cooperating with municipalities early on in the process as well as trusting communication with residents is key in our activities to introduce the new LTE infrastructure.

Telekom Deutschland uses events such as the annual meeting of the Deutscher Landkreistag, the German association of districts, to address critical questions posed by local decision-makers and show them how they can get involved. Regular dialog with representatives of associations of local authorities generally plays a key role. That is why Telekom Deutschland uses various occasions to engage in discussion with representatives of the German Association of Cities (Deutscher Städtetag), the German Association of Towns and Municipalities (DSTGB) and the German association of districts (Deutscher Landkreistag). The focal point of our dialog with these associations has been the new LTE mobile communications standard and setting up the LTE infrastructure.

Active dialog on LTE expansion in Austria.

T-Mobile Austria pursued a similar dialog strategy within the scope of LTE expansion in Austria. Initial meetings were held with the city of Vienna to discuss pending issues in 2010. The company is also planning to host an LTE information roadshow in 2011 throughout Austria.

Research dialog with authorities and NGOs in Germany.

The round table that was originally initiated under the German Mobile Communications Research Program (DMF) and took place until 2009, will now be held under a new name, the Electromagnetic Fields Round Table (RTEMF).
This decision was made in 2008 in collaboration with the German Federal Office for Radiation Protection in connection with the review of the implementation of the mobile operators' voluntary commitment.

The second meeting of the RTEMF was held in September 2010. Experts on health, environment and consumer protection as well as scientists were invited to attend. An EMF expert from Telekom Deutschland participated as well. The discussion revolved around questions about the future development of mobile communications technology and possible health effects of the new mobile communications standard, LTE.

Represented in EU group of experts.

In March 2011, a Telekom representative was appointed as a member of the Stakeholder Dialogue Group on Electromagnetic Fields, which was recently founded by the European Commission. The panel was founded to develop solutions for dealing with EMF and any associated health risks and to address opinion-shaping processes among the general public. The group is comprised of internationally recognized experts from the worlds of science, politics and business as well as from NGOs and regulatory authorities.
The Telekom representative is the only representative of mobile communications providers in the group. The work done by the expert panel will also be transparent for the public. The members' profiles, topics being discussed and results will be published on the Commission's website.

Actively involvement in the GSMA Europe Members' EMF Forum.

Along with the internal exchange of ideas, dialog with other network operators is an important source for improvements in the way we deal with questions about mobile communications and health. That is why Telekom has been active for many years in the global industry association GSMA as well as in the association's European organization GSMA Europe. Telekom's mobile subsidiaries also made several contributions at the GSMA Europe Members' EMF Forum, which was held in October 2010. The forum gave participants the opportunity to share experience and best practice cases regarding dialog and participation efforts as well as information measures.

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Supporting scientific research & partnerships.

The effects of electromagnetic fields on human beings have been researched thoroughly over the last few decades. All recognized expert committees confirm on the basis of sound research results that current limit values guarantee that mobile communications can be used safely.

However, in light of new technological developments, it is important that we continue to update the information available on the effects of mobile communications. We therefore made the principle of promoting research and partnerships a key component of our EMF policy and developed two recommendations for how best to interact with the worlds of science and research:

- As a leading mobile network provider, Telekom supports scientific research on public health impacts of EMF and contributes to independent research programs.
- Maximum levels for electromagnetic fields need to be determined on the basis of proven research results and undergo constant review. Telekom not only relies on external expertise, we also conduct our own evaluations of the latest research results.

Supporting research and knowledge transfer in Germany .

The German Research Association for Radio Applications (FGF) made the decision to dissolve as an association at the end of 2009. Ever since, the German scientific community has been lacking a platform where national and international researchers can discuss and share their knowledge of EMF topics. In order to fill this gap, Telekom supported the foundation of the new Wissenschaftsforum EMF , a scientific EMF forum, in 2010. The organization responsible for Wissenschaftsforum EMF is the Institute for Technology Assessment and Systems Analysis (ITAS) of the Karlsruhe Institute of Technology (KIT), a member of the Helmholtz Association, an association of German research centers.

The forum is advised by a committee of internationally recognized researchers from the areas of biology, electrical engineering, communications and healthcare. The aim is to develop research expertise in the area of mobile communications and health and to make extensive, clear and current information available to professional circles. The forum's activities include:

- Promoting scientific dialog on current EMF research
- Considering different perspectives relevant in EMF risk assessment
- Clarifying possible scientific contributions to solving the public controversy surrounding mobile communications and health
- Guaranteeing research quality and integrity as well as clear communication about mobile communications and health

After the introductory event on April 11, 2011, the forum will hold several spezialized workshops with national and international scientists on these topics and objectives. All stakeholders including those from the worlds of science, politics, business, NGOs and resident initiatives are welcome to attend. All of the forum's work and results will be openly communicated and made available to the public.

Promoting independent research.

Support for mobile communications and health projects sponsored by the German government.

Together with the other network operators in Germany, Telekom Deutschland is supporting mobile communications and health projects under the German federal government's environmental research plan with a contribution of one million euros. From 2008 through 2012, several projects focusing on the long-term effects of mobile communications use will be conducted by renowned research groups. Particular emphasis will be placed on researching a potentially higher sensitivity of children to the electromagnetic fields involved in mobile communications. This involvement is part of the voluntary commitment made by German mobile operators to the German federal government, which also included Telekom's financial support of the German Mobile Communications Research Program from 2001 through 2008.

Mobi-Kids study.

Researchers from Ludwig Maximilian University (LMU) in Munich have been looking into the connection between frequent use of cell phones and the occurrence of tumors in young people. In compliance with current data privacy regulations, Telekom Deutschland is providing the researchers with all necessary data on the frequency with which those participating in the study are using their cell phones. This lets researchers analyze possible illnesses in relation to actual cell phone use, forms the basis for an improved research methodology and leads to more reliable results.

Database for studies on EMF impact.

The availability of scientifically sound information and studies on the topic of mobile communications and health is fundamental to constructive social dialog. That is why Deutsche Telekom continues to sponsor the database run by the German Research Center for Bioelectromagnetic Interaction (FEMU) of RWTH Aachen University.

FEMU collects all scientific studies that have been published on the topic of mobile communications and health and makes them available to the public. Those interested can access the EMF portal at no charge at www.emf-portal.de . The database currently contains more than 14,000 articles and has proven itself to be a reliable source of national and international scientific studies on mobile communications and health over the past few years. The World Health Organization (WHO) recommends the EMF portal as a comprehensive and valuable source of information.

Research on LTE.

With the introduction of the new mobile communications technology, LTE, new questions are also being raised such as how compatible LTE is with other technological systems. In order to answer these questions, Telekom commissioned the Institut für Mobil- und Satellitenfunktechnik (IMST) to conduct a study early on. Focus of the research is the interaction of LTE with other technologies in the same frequency range such as wireless microphone systems.

Research on EMF values at Magyar Telekom.

Magyar Telekom provides financial support for research projects on EMF values conducted at the National Research Institute for Radiobiology and Radiohygiene. The goal is to improve the existing EMF monitoring systems for measuring electromagnetic fields in homes.

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Educational commitment.

Education is one of the most important prerequisites for innovation. It makes a major contribution to progress in society and business. As a technology and innovation company, Telekom also relies on qualified junior staff. That is why we consider promoting young, talented people key to our long-term success.

We are very involved in making sure that future generations develop the skills they need, even beyond our company borders.

- For many years now, the key element of our educational commitment in Germany has been the Deutsche Telekom Foundation, which is one of the largest corporate foundations in Germany.
- Within the scope of our talent management activities, we actively encourage STEM initiatives and sponsor disadvantaged young people.
- When it comes to vocational training and continuing education, we rely on collaborations with universities, on scholarships and on grants.
- We sponsor the next generation at an international level within the scope of different collaborations, by granting scholarships and in contests.
- Our employees help children and young people develop their skills and increase their knowledge.

Cosmote expands scholarship program.

Since 2010, all Cosmote subsidiaries have been helping young people get started with their studies.

Cosmote Greece has been helping young people in Greece get their educational career started with a scholarship program for nine years now. Each year, ten students are given financial support of EUR 15,000 each for their first year of college as well as a laptop with free online access. In 2010, interested school students were able to apply using an online platform for the first time. This simplified application process was a huge success. The number of applicants rose by 45 percent compared to the previous year.

Cosmote Romania granted scholarships to five Romanian students for the first time in 2010. This marked the end of the successful expansion of the scholarship program to include all Cosmote international subsidiaries. The AMC international subsidiary has been supporting ten students in Albania each year since 2002, giving them the opportunity to do an internship at the company after completing their studies. The Bulgarian subsidiary Globul introduced a local scholarship program in 2006. It gives students the chance to gain practical experience in a corporate environment, expand their knowledge of the field and possibly be offered a job at the company.

http://www.youtube.com/v/pDMuSYeH7PU
(only available in Greek)

Continuing to support future electrical engineers in Croatia.

Each year, the Croatian subsidiary, T-Hrvatski Telekom, sponsors the country's best up-and-coming electrical engineers in the last year of their studies. In 2010, a total of eleven students from three Croatian universities received scholarships. In addition to providing financial support, T-Hrvatski Telekom also helps those receiving scholarships when it comes to the content of their studies. Experts from the Croatian subsidiary act as mentors and give guest lectures at partner universities. In 2010, 160 future electrical engineers attended those lectures. T-Hrvatski Telekom offers the top scholarship holders a job at the company after they have completed their studies. The program was initiated in 2007 by T- Hrvatski Telekom's mobile communications subsidiary, T-Mobile Croatia.

In addition, the international subsidiary recognizes the best telecommunications students from the Faculty of Electrical Engineering and Computing at the university in Zagreb each year and invites students to attend the annual T-HT Conference.

T-Mobile Austria — supporting young business talent.

Second "Bessermacher Academy" competition.
For the second time, students in Austria were able to get an idea of what it is like to work for a mobile operator. At the "Bessermacher Academy," students work in teams to develop a mobile communications package for their target group, including a sales and marketing concept and a cell phone offer.

Ninety teams from all over Austria responded to tele.ring, a T-Mobile Austria mobile communications brand, and Sony Ericsson's call to apply to the Bessermacher Academy in January 2010. Sixty of them

submitted finished concepts. In June 2010, a jury of experts selected the winning project, which had been submitted by five students from the university of applied sciences, FHWien. Together with experts from T-Mobile Austria, the winners are going to put their ideas into practice.

Developing an app for business games.
The goal of the school project, Business Schoolgames, which is being sponsored by T-Mobile Austria, is to communicate knowledge about business to students and encourage the development of their entrepreneurial skills while having fun at the same time. More than 50 percent of all schools in Austria have been participating in the project since it began in 2005. That means that over 100,000 students have been able to test out their entrepreneurial skills.

Knowledge is communicated using a "business game" as a platform. T-Mobile Austria developed a smart phone application for the project in 2010. Students can use the application to practice answering the questions posed in the game on their mobile device and then send the test results to their teacher.

T-Systems Austria awards special prize to young researchers.

In 2010, T-Systems Austria awarded a special prize for information and communications technology for the fourth time as a main collaboration partner of the Austria-wide student competition, "Jugend Innovativ" (Innovative youth). The prize was presented to two students of the Höhere Technische Bundeslehranstalt und Bundesfachschule in Braunau, Austria for their project "Universal Robot Control – Bilder von der Bodenkontrolle" (Universal Robot Control – Images from Ground Control). Winners went on a trip to Berlin to visit the Telekom Group's research laboratory, Deutsche Telekom Laboratories. There they had the chance to present their projects to experts from Telekom's innovation management department and to discuss the feasibility of their projects with them.

Czech students develop projects on cell phone recycling.

T-Mobile Czech Republic launched the Mobilobrani project in September 2010 in cooperation with the NGO Aisis. Young people from five schools in the Czech Republic are participating in the project. With the help of a teacher, the students are working in teams to come up with their own concept for recycling used cell phones. From project management to coming up with a budget and a marketing plan, the students work independently. The teams are working together toward a major project goal. They plan to collect at least 20,000 cell phones by July 2011 to raise awareness of the necessity of introducing recycling measures. T-Mobile Czech Republic is currently thinking about expanding the Mobilobrani project to encourage students to create an independent social business concept.

T-Mobile Czech Republic — support for dedicated school students.

T-Mobile Czech Republic and the NGO Aisis have been recognizing student involvement in the community since 2007 with their Small Grants project. Students from secondary schools throughout the Czech Republic can apply to participate in the non-profit project by submitting their ideas. The call for applications in 2010 took place under the slogan "Healthy planet." Since the project began four years ago, T-Mobile Czech Republic has supported the education of teachers and students as well as the implementation of 330 student projects with a total of EUR 355,000. More than 2,000 students have participated in the project in the last four years.

At the end of 2010, T-Mobile Czech Republic decided to recognize the students' involvement by founding the Small Grants Award, which goes to the best project of the year. The first person to win the prize was a student from Poděbrady. She received EUR 400 to continue her “Break down the wall” project. The grant will make it possible for students to continue to spend time with sick children in the children's ward of the Motol hospital in Prague, reading to them, playing with them and teaching them how to use the Internet.

T-Systems Iberia supports young entrepreneurs.

Inspired by a suggestion from an employee, the Spanish subsidiary has been supporting a project conducted by the NGO Escuela Emprendedores since 2008. Young entrepreneurs and start-up initiators simulate starting a company within the scope of a four-week camp. During the process, they gain valuable knowledge of how to best implement their own business ideas. T-Systems Iberia provides the IT equipment for the camp. The company plans to support the project for three years.

T-Systems Italia — e-learning and IT equipment for schools.

At the initiative of an employee and in cooperation with the Alessandro Rossi Technical Institute (WITAR) T-Systems Italia has been regularly donating outdated but fully functional laptops, PCs, monitors and keyboards to school students in the East African country of Burundi. The company sent 250 devices to Burundi in 2010. In addition the company has been involved in an eLearning project since 2005 in which students from Burundi have the opportunity to access a vast variety of technical course materials. 840 students from Burundi participated in the program in 2010.

Since 2010, the T-Systems subsidiary has also been supporting the introduction of IT in Italian classrooms to connect Italian students with each other via e-learning programs. T-Systems Italia donated around 100 PCs and laptops to some 2,000 students at an elementary school near company headquarters in Milan.

South Africa — supporting IT degree students.

18 graduates of the CIDA ICT Academy hired on as employees in 2010.

In 2003, T-Systems South Africa and its partners founded CIDA (Community and Individual Development Association) City Campus in Johannesburg. CIDA is a private, state-recognized, non-commercial university for students who otherwise would not have the chance to attend a university due to lack of financial resources. 762 students have graduated from the program so far. Students can do internships during the course of their studies to gain valuable experience.

In 2010, T-Systems South Africa hired 18 graduates of the CIDA ICT Academy, more than in any previous year. With its involvement in the academy, T-Systems South Africa makes a significant contribution to producing qualified IT employees in light of the country's economic growth.

IT Services Hungary — educational partner in eastern Hungary.

Professorship endowed at the University of Debrecen.

IT Services Hungary, the Hungarian subsidiary of T-Systems International, is an important partner of the educational sector in eastern Hungary, initiating and sponsoring different collaboration programs with educational institutions, from secondary schools to universities.

Training school students to become IT specialists.
To counteract the lack of qualified personnel in the region and provide IT training to young people, IT Services Hungary sponsors a state-recognized IT training program at two secondary schools in Debrecen in eastern Hungary, the company's second largest site. School graduates with a higher education entrance qualification can complete the two-year program to qualify to work at IT Services Hungary. A total of 44 participants have been attending two courses since September 2010. As a collaboration partner, the Hungarian subsidiary is primarily involved in developing curricula and training teachers. Out of the 17 people who graduated in 2010, eight were hired on as employees of IT Services Hungary.

IT skills for better career prospects.
Since 2009, IT Services Hungary and the University of Debrecen have been conducting IT courses in the computer sciences department for students from all faculties. The company particularly helps develop lesson content and made a financial contribution in the first three years to setting up the necessary IT infrastructure. T-Systems experts give lectures as well. In 2010, a total of 89 students participated in the three courses, Operation Systems, Networks and IT Operations, that were offered in parallel. Ten graduates were hired by IT Services Hungary on a permanent basis in 2010.

Creating an academic chair.
IT Services Hungary further intensified its cooperation with the University of Debrecen in February 2011. Together, they created the "External chair for ICT systems operations," which is headed by the managing director of IT Services Hungary and will give IT students the opportunity to intensify their practical IT knowledge upon completing their fourth semester of study.

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Deutsche Telekom Foundation.

The non-profit Deutsche Telekom Foundation has been working to improve education in the STEM subjects, science, technology engineering and mathematics since 2003. With a trust capital of EUR 150 Million, the Foundation is one of the largest corporate foundations in Germany. The foundation's sponsorship activities include

- Early education
- Secondary schools
- Universities
- Innovation

and thus covers the entire educational spectrum. In 2010 some EUR 9.1 million flowed into project work.

Changes in personnel and publishing a new magazine.

New chairman of the board of trustees.
In May 2010, the Telekom Board Member for Finance, Timotheus Höttges, became chairman of the Foundation's board of trustees. It is a tradition at the company for the CFO to assume this position.

Magazine for STEM education.
The Deutsche Telekom Foundation presented m.b. – Das Magazin für MINT-Bildung (m.b. – the magazine dealing with the STEM subjects science, technology, engineering and mathematics) for the first time in October 2010. The magazine will provide information twice a year on the Foundation's current educational projects and can be accessed online as an e-book . The theme of the first issue was media education. The second issue was published in February 2011 and focused on the topic of mathematics in everyday life.

Focus on early education — Science-Nature-Knowledge project.

Science-Nature-Knowledge is the Foundation's largest project for sponsoring early education. The Deutsche Telekom Foundation has been helping teachers communicate STEM skills to young children since 2006 as part of these activities.

In 2010, the Foundation began educating multipliers to then train educators at day-care centers and nursery schools throughout Germany.
They equip educational institutions with teaching materials that have been developed over the last few years as part of the Science — Nature — Knowledge project. By the end of 2011, more than 600 multipliers are expected to have participated in the Germany-wide skills development programs.

Cooperating with the "Haus der kleinen Forscher" foundation.
The foundation "Haus der kleinen Forscher" (Little Scientists' House) also focuses on training preschool staff. The Deutsche Telekom Foundation has been supporting this project since June 2010 under a collaboration agreement with "Haus der kleinen Forscher." As part of their collaboration, both foundations want to combine their efforts to promote education in natural sciences and technology at day care centers and nursery schools in Germany. The Deutsche Telekom Foundation trains HdkF multipliers, a key element in the cooperation. The partners have been able to realize synergy effects, especially by giving each other access to their sponsorship networks.

Collaboration with BIBER.
The Deutsche Telekom Foundation entered into a new collaboration as part of the Science — Nature — Knowledge project in fall 2010. Together with BIBER, the network for early childhood education run by the German schools online initiative Schulen ans Netz e.V. , the Foundation is working to improve the media skills of teachers at day care centers and nursery schools.

"Interactive schools" — successful introduction in three German states.

Program underway in Hesse, North Rhine-Westphalia and Saxony.

Within the scope of its focus on sponsoring secondary schools, the Deutsche Telekom Foundation initiated the "Interactive schools" (interactive school) project in 2005. The project investigates the integration of new media into teaching and learning activities. Teachers developed their own concepts for incorporating new media into the classroom at 19 secondary schools in the German states of North-Rhine Westphalia, Hesse and Saxony.

The project was handed over to the participating states, North-Rhine Westphalia, Hesse and Saxony, at the start of the 2010/2011 school year. The states plan to integrate the findings gained during the five-year pilot project into their own training and school development systems. The network will be expanded

to include more than 40 schools in the spring of 2011.

The Deutsche Telekom Foundation will continue to provide financial support for the project until the end of 2011 in order to help the participating states as they continue to run the project. The Foundation will also continue the website www.schule-interaktiv.de and an internal platform where participants can exchange knowledge and experience. In addition, the foundation will organize a network meeting of all participating schools in 2011.

"Be a math whiz" project at secondary schools.

EUR 1.4 million donated to research project for developing better math courses.

The Deutsche Telekom Foundation has made improving education in mathematics one of its focal points. Under the Foundation's priority program on secondary education, it launched the "Be a math whiz" project in 2011 with EUR 4.1 million in funding.

The funding is used to develop and research into lesson structures, concepts and materials for struggling school students and their teachers for grades 7 through 10. The aim is to make math lessons more customized to the individual and structure the subject more effectively. The project is being conducted in collaboration with Dortmund University of Technology , Freie Universität Berlin , Freiburg University of Education (PH) and WWU Münster University . The project is scheduled to run for three years.

Focus on universities — mathematics at all educational levels.

EUR 5 million for teacher educational center.

The focus of the university program continued to be placed on training teachers in the STEM subjects during the reporting period.

Study on math education.
A milestone was reached in this area with the 80-page study, "Mathematik entlang der Bildungskette" (Math across the educational spectrum), which was published in September 2010. The study, which was commissioned by the Deutsche Telekom Foundation in 2009, researched math education in Germany. The commissioned committee of experts presented the following results: Improvements can only be attained with a math quality campaign. One important step toward this would be to set up a national university competence center for teacher training.

Setting up a national competence center for teacher training.
Following the experts' recommendation, the Deutsche Telekom Foundation is planning to found a national competence center for teacher training at a German university in 2011. Universities in Germany that train STEM teachers can apply for the program between January and the end of April 2011.

The competence center will be designed for educational staff in the day care center and nursery school area and math teachers as well as other multipliers who want to develop their skills. The Foundation is planning to invest around EUR 5 million in setting up and operating the center over the next five years. Because a solid education in math is important for developing and furthering skills in the other STEM subjects, work at the competence center will initially be primarily focused on mathematics. The plan is to offer scientific and pedagogic training courses in the other STEM subjects in the future.

Sponsor in community learning initiative.

Under its program on innovation, the Deutsche Telekom Foundation participated in the community learning initiative "Lernen vor Ort " in 2010. The project, which was initiated by the German Federal Ministry of Education and Research (BMBF) in 2009 in collaboration with an association of foundations comprising over 100 foundations, creates incentives for cities and counties to set up consistent, cohesive educational management structures.

As the sponsor of the business, technology, environment and science categories, the Deutsche Telekom Foundation contributes concepts and materials from its projects Science-Nature-Knowledge , “ Class kits ”, “ Junior engineer academies ” and " Doing math differently ”. The Foundation is currently planning to support the initiative for three years.

International comparison of innovative strength.

The "Innovation rating for Germany" is a study that provides information on the innovation conditions in Germany as a center of business. It was conducted in a collaboration between the Deutsche Telekom Foundation and the Federation of German Industries (BDI) . In a ranking of different countries, the study compares the conditions for innovation in Germany with those of the leading industrial nations worldwide. Between 2005 and 2009, it was published annually by the German Institute for Economic Research (DIW).

The project was put up for bid once again within the scope of an ideas competition in spring 2010. As of 2011, a consortium under the leadership of the Fraunhofer Institute for Systems and Innovation Research ISI is being responsible for the study.

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Sponsorship.

Culture and sports are two areas where society gets its innovative strength. They create a feeling of community, encourage communication across borders and inspire people.

We have been involved in the world of sports and promoting the cultural landscape in Germany for almost twenty years. In the meantime, we are among the largest national sponsors in these areas. The international subsidiaries are also active in promoting culture and sports. This approach is an expression of how we see ourselves - as an international company which accepts its social responsibility.

Our cultural sponsorship activities are focused on promoting music and fine arts. We support established artists and people with artistic talent.

Regardless whether it is competitive sport, mass sport, school sport or sport for the disabled — what matters to us is team spirit and tolerance. This concept is at the heart of our sports sponsorship activities.

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Cultural sponsorship.

From Beethoven and electric beats to contemporary art and cross-over events, Deutsche Telekom encourages variety in cultural expression. Together with various partners from the national and international music and art scene, we want to give people access to an extensive cultural event offer. We use our experience to effectively communicate and market events to a wide audience. We also provide state-of-the-art technology and products as needed.

Supporting talented young pianists.

We support young musicians on their way to the top, for example by the International Telekom Beethoven Competition Bonn. We initiated this piano competition in 2005 together with the piano manufacturer Steinway & Sons, the city of Bonn, the Beethoven Orchestra in Bonn and the Beethoven-Haus Bonn. Every two years, young pianists from all over the world play before a top-class international jury.

The competition will enter its fourth round with 24 participants from December 2 - 10, 2011. In addition to having the chance to compete for prize money for the best solo performance as well as other special awards, pianists can also win a coveted concert engagement. Applications can be submitted until the end of May 2011.

Street gigs and electronic beats.

Internet community with over 71,000 members.

We have been making another contribution to music culture in Germany since 2007 with our Telekom Street Gigs. The concert series is particularly targeted toward the musical tastes of the younger generations. They feature well-known bands playing in unusual locations, such as in a quarry or an observatory, in a parking structure, on a car ferry or in a climbing gym. In 2010 some 7,400 fans watched performances by Jamie Cullum, Fettes Brot, Fantastische Vier, Wir sind Helden and others. The Street Gigs Online Community has been constantly growing since 2007 with 71,593 members at the end of 2010.

Telekom is also the initiator of the international music and lifestyle program, Electronic Beats. Live events with well-known artists are particularly popular. Electronic Beats has grown into a Europe-wide community over the course of its ten year history. Hundreds of thousands of fans have celebrated internationally-known and new, up-and-coming artists at more than 200 events in cities such as Amsterdam, Berlin, Budapest, Vienna, Prague, Edinburgh and along the Croatian Adriatic coast.

Telekom Extreme Playgrounds — music meets sports.

We have been supporting Telekom Extreme Playgrounds as chief sponsor since 2007. The event, which combines extreme sports and music, is especially popular with young people. Top athletes from all over the world compete against each other in BMX, mountain bike, wakeboard and skateboard competitions. Popular bands keep the party atmosphere going between the competition rounds. Competitions were held in Hamburg, Duisburg and Berlin during the reporting period. The public has become increasingly more aware of the Telekom Extreme Playgrounds over the past two years. According to market research results, awareness of the event grew by 63 percent in 2010 alone.

OTE promotes Greece’ s cultural heritage.

The Greek subsidiary has taken it upon itself to promote the country's cultural heritage. In 2010, OTE continued its cooperation with the Benaki Museum in Athens, which has been going on for four years. The company's efforts were focused on digitizing and archiving the museum's collections. OTE also pursues its cultural sponsorship at the local level by supporting numerous activities throughout Greece.

T-Hrvatski Telekom supports museum for contemporary art in Croatia.

T-Hrvatski Telekom has been a partner of the Museum of Contemporary Art in Zagreb since 2007. The Croatian subsidiary supports the museum both financially and by providing a telecommunications infrastructure and associated services. The 3rd T-HTnagrada@msu.hr competition was held in 2010 as part of the cooperation. The competition is the most renowned annual award event for contemporary art in Croatia. The winning pieces are displayed as part of the T-Hrvatski Telekom collection at the Museum of Contemporary Art.

PTC supports the Royal Castle in Warsaw.

PTC is a patron and strategic partner of the Royal Castle in Warsaw. The Polish subsidiary supports

numerous events within the scope of this partnership, including hosting a visitor contest to explore the castle. PTC employees also benefit from the partnership. Their children can participate in special art courses at the castle, for example.

In addition to supporting numerous permanent and temporary exhibitions at the Royal Castle, PTC is also a partner of the lecture series, "Poland - Germany. One thousand years as neighbors in Europe." The lecture series was officially begun in May 2010 by Wladysław Bartoszewski, former Polish senator and ambassador. Among the speakers were guests from Germany including the German political scientist Gesine Schwan.

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Sports sponsorship.

Our sports sponsorship philosophy is centered around the values of fairness, tolerance and team spirit. We promote these values, which also apply to our company, as part of long-term commitments and collaborations in the world of sports.

Acting on our social responsibility, we are now more active than ever in supporting mass sports, school sports, sports for the disabled and talented young athletes.

Sports with a handicap — "New sports experience" for students.

Program reaches young people at 150 schools in Germany each year.

In collaboration with the German Association of Sports for the Disabled (DBS) and the German Wheelchair Sports Association (DRS), we initiated a one-of-a-kind school sports project in Germany in October 2009 entitled "New sports experience." Within the context of the project, seventh through tenth grade students spend a day learning about the sporting world of people with handicaps. The kids get the chance to play sports that they would not normally find at their schools, including wheelchair basketball, goalball and blind soccer. Getting this unusual perspective makes it easier for them to understand and respect people with disabilities.

The "New sports experience" program is offered at 150 secondary schools in Germany each year including 2010. A total of around 15,000 young people participated in 2010 at schools in Baden-Württemberg, Lower Saxony, Bremen and Hamburg. The project will be conducted in Bavaria, Berlin and Brandenburg in 2011.

Shortly before the start of the Alpine World Ski Championships in the German town Garmisch-Partenkirchen in February 2011, the most successful mono skier of all times, Martin Braxenthaler, taught students about the basic techniques of his sports as part of the "New sports experience" program. With this project day Telekom extended its commitment to a Paralympic winter sports for the first time.

Extensive media coverage of the project is expected to help increase public awareness of disabled sports and people's understanding of those with disabilities.

Supporting disabled sports in Germany.

Supporting mass sports for the disabled and the international Paralympic movement has been a permanent element in Deutsche Telekom's sports sponsorship activities since 2006.

In preparation for the 2012 Summer Paralympic Games in London, we are currently conducting a mentor program for 15 young hopefuls. Three teams of five to seven young athletes each are being supported by an athlete from the Paralympic Top Team.

Telekom also financed the first Paralympic youth camp held at Winter Games in 2010. Twelve disabled young people between the ages of fourteen and seventeen traveled together with eight attendants to the Winter Paralympic Games in Vancouver and Whistler at the beginning of March 2010. The integrative youth camp is hosted by Deutsche Behinderten-Sportjugend (DBSJ). The goal is to motivate young athletes and help them set goals for their athletic careers.

OTE and Cosmote Greece support Special Olympics.

The Greek subsidiaries OTE and Cosmote Greece support a better quality of life for people with intellectual disabilities. The international subsidiaries have been official sponsors of the Special Olympics Games ATHENS 2011 since the spring of 2010. OTE and Cosmote Greece are providing the telecommunications services needed before and during the games. They also invested some EUR 1.6 million for the required technical infrastructure.

Cooperation with Deutsche Sporthilfe.

New career paths for former top athletes.
Telekom initiated the "Duale Karriereplannung" (Dual career planning) sponsorship program in collaboration with the Deutsche Sporthilfe foundation in 2009 to make it easier for top athletes to start a new career once their athletic careers are over.

Experts from Telekom's Recruiting & Talent Service provide the athletes with assistance in applicant training courses. They help them compile application documents and prepare them for job interviews. 40

top athletes participated in the courses in 2010. We also offer top athletes the opportunity to do internships at the Telekom Group and apply for jobs with the company.

Telekom supports tour truck.
Since summer 2010, a tour truck, or information bus, has been advertising for the Deutsche Sporthilfe foundation at major sporting events throughout Germany. Deutsche Telekom is one of four German sponsors to support this campaign. With the slogan "Dein Name für Deutschland" (Your name for Germany), the truck will stop at 70 sporting events throughout Germany each year until the Summer Olympic Games take place in London in 2012. Sports fans can visit the truck to become an official sponsor of the German Olympic athletes for three euros a month and contribute to the German athletes' success.

Sponsoring the marathon in Bonn.

Since 2005, Deutsche Telekom has been sponsoring the RheinEnergie marathon in Bonn. The 10th annual marathon was organized in April 2010. More than 10,000 runners participated in the event. As part of our sponsorship activities, we want to motivate the residents of Bonn and our employees to do sports and support them before and during the marathon.

A total of 500 Telekom employees signed up for the half-marathon or for the full-distance marathon in 2010. Telekom supported them over six months and organized weekly running groups including training tips and information events. We will continue our sponsorship of the marathon in 2011 as well.

Cosmote Greece — sponsoring the Athens Classic Marathon.

The Greek subsidiary Cosmote supports sporting events at their headquarters in Athens. In 2010, they supported the Athens Classic Marathon for the fifth time. A total of 122 employees participated in different running events. Cosmote Greece donated money to the Life Line Hellas NGO for each kilometer that their employees ran.

OTE: Sponsor des „Homeless World Cup" .

Seit vier Jahren unterstützt die Landesgesellschaft OTE die griechische Obdachlosen-Fußballmannschaft. Im Oktober 2010 nahm die Mannschaft am „8. World Homeless Cup" in Rio de Janeiro teil. OTE unterstützte die Obdachlosen bei der Vorbereitung auf den Wettbewerb finanziell. Ziel des Engagements ist es, sozial schwachen Gruppen in Griechenland zu mehr Aufmerksamkeit zu verhelfen.

T-Mobile Austria — long-term soccer sponsorship.

Audio commentary makes it easier for people with visual impairments to experience soccer games.

Involvement in sports has a long tradition at T-Mobile Austria. The international subsidiary has been sponsoring the Austrian Bundesliga soccer league since 1997 and is the league's exclusive mobile communications partner.

Barrier-free soccer.
With the start of the second half of the 2009/2010 season, T-Mobile Austria began offering the "Bundesliga on ear" service in February 2010 together with the Austrian soccer league. Blind and sight-impaired people can access audio commentary via a special radio frequency in four Austrian stadiums free of charge and receive the signals live at the stadium, on their radio-enabled cell phones or at home online.

Award — the Fairplay award.
T-Mobile Austria also encourages fair play in sports. For the fourth time the company recognized the most sportsman-like team in the Austrian soccer league by presenting them with the Fairplay Award. In 2010, the prize went to FK Austria Wien. As part of the award, the company also presents a grant of EUR 5,000 to one of the winning team's junior players. In 2010, the grant went to an entire junior team for the first time, FK Austria Wien's 15-and-under team, which used the money to finance a training camp and a tournament trip.

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Disaster relief.

Natural disasters such as floods and earthquakes often result in disastrous consequences for those affected. People lose their foundations of life from one day to the next and have to rely on the help of others.

Telekom has been working with renowned partners for years in order to help the people affected and provide direct, fast help. We provide equipment and money right after disaster strikes. Our employees are always ready to help people who have been affected by floods or earthquakes.

Fast aid after the earthquake and tsunami in Japan.

Free communications services.
After the devastating earthquake in Japan on March 11, 2011, Telekom helped its customers get in touch with relatives and friends in Japan.

- Consumers in Germany were reimbursed for fees for phone calls made to Japan between March 10 and April 9, 2011, including calls made from their landlines and cell phones as well as SMS, MMS and data roaming charges. The company did not charge for calls and other communications services used by aid organizations from and to Japan as well as within the country itself.
- Our international subsidiaries also provided extensive aid in the Japanese disaster area. We offer free phone calls and other communications services to Japan from Austria, Croatia, the Czech Republic, Greece, the Netherlands, Romania and the US.

Supporting employees on site.
However, the safety of our employees and their families on site had top priority. T-Systems Japan in Tokyo was not damaged by the earthquake. Because of increased radiation levels and the unresolved situation with the damaged nuclear plant in Fukushima, however, the T-Systems Management Board recommended all of its employees in Tokyo and the surrounding area not to go to the office or visit customers. We recommended that our German employees leave the country. We provided 20 hotel rooms in a city 800 kilometers south of the capital for Japanese employees and their families.

Donations for Japan.

- To help those affected by the disaster in Japan, we called upon all employees in Germany to donate to the Aktion Deutschland Hilft relief coalition, a longstanding cooperation partner of Deutsche Telekom.
- T-Mobile Austria supports Volkshilfe Österreich's donation campaign, "Poverty hurts" (Armut tut weh) with an SMS initiative. Money donated is sent to Japan to help the people there rebuild.
- Crnogorski Telekom asked its customers to donate money to victims in Japan via a donation hotline that the company set up for that purpose. One euro is donated to the Red Cross in Montenegro for each phone call. The Red Cross then sends the money to Japan.
- T-Mobile customers have the chance to help in the US as well. By sending an SMS to the number 90999, customers automatically donate ten dollars to the Red Cross. The money is charged as part of their phone bill.

Helping flood victims in Pakistan.

94 trainees in Essen initiate spontaneous donation drive.

Heavy monsoon rain caused unprecedented floods in Pakistan in the summer of 2010. One-fifth of the country was flooded and more than 14 million people were affected by the floods. According to official figures, more than 1,700 people lost their lives, almost 2,700 people were injured and more than 1.7 million buildings were damaged.

Employees in Germany donate around EUR 75,000.
Right after disaster hit, Telekom was asking its employees in Germany for donations. Around 1,000 employees donated a total of EUR 75,000 by September 2010. Telekom trainees also made a contribution. In September 2010, 94 Telekom trainees in Essen took initiative and raised around EUR 500 for flood victims in Pakistan under the motto "I take responsibility for all that I do."

Money and equipment for immediate aid.
In addition to the donations from its employees, Telekom made a direct donation to the German charity organization Aktion Deutschland hilft (ADH) in the amount of EUR 25,000. This donation helped the people of Pakistan get food and water, blankets, temporary housing and medical aid. ADH was founded in 2001 by ten German charity organizations and has been approved by the German Central Institute for Social Issues (Deutsches Zentralinstitut für soziale Fragen (DZI)).

Deutsche Telekom also provided nine trucks loaded with 280 pallets of medical gloves, medical masks and disinfectants in September 2010. These items were taken from the logistics center in Euskirchen to the Leipzig Airport in cooperation with the THW, the Federal Agency for Technical Relief . From there they were transported to Pakistan together with other supplies under the direction of the EU and NATO.

Call for donations on TV from Telekom's Berlin Representative Office.
In August 2010, Telekom offered rooms at its Berlin Representative Office free-of-charge to the German broadcasting network ZDF to record a special on the floods in Pakistan. Viewers donated around EUR 8 million for flood victims in Pakistan.

Help for Haiti.

Employees in Germany donate EUR 430,000 to earthquake victims.

Almost 23,000 people died in the 7.0 earthquake, which struck on January 12, 2010, in Haiti.

Telekom and employees in Germany donate almost EUR 1 million.
Our employees were deeply moved by the images from Haiti and were inspired to donate generously. Some EUR 430,000 were donated between mid-January and the end of February 2010. This was the highest donation amount from our employees so far.

The Group matched their donation. CEO René Obermann handed over a check in the amount of EUR 860,000 to our partner organization, the German relief coalition Aktion Deutschland hilft (ADH) , in April 2010. The money was invested in immediate aid and the reconstruction of the country. Including EUR 100,000, which is the amount that Deutsche Telekom donated to ADH directly after the catastrophe struck in January 2010, a total of almost EUR 1 million was donated to the people affected by the earthquake in Haiti. One important project to which we donated around EUR 400,000 is the construction of the Telekom School in a neighborhood near the capital city of Porte-au-Prince. Work was completed faster than planned and more than 1,200 children have been attending the school since May 2011.

Telekom employees help on site.

- A T-Systems Deutschland employee participated in the rebuilding with tremendous personal involvement. The Service Delivery manager from Leinfelden-Echterdingen, Germany, volunteered for around four weeks in April 2010 and handled logistics for the technical aid organization THW in Haiti. He and four other helpers from THW set up a drinking water treatment plant in Leogane, which is west of the island's capital Port-au-Prince. T-Systems Deutschland gave him time off so that he could participate in this project.
- A former T-Systems employee also volunteered for the Malteser relief organization in the earthquake disaster area in Haiti at the beginning of 2011. He handled organizational and practical work, particularly in cooperation with other aid organizations and the military.

Support from international subsidiaries.
The situation of the people in Haiti also inspired employees and customers of our international subsidiaries to donate generously.

- The subsidiaries and their employees in Slovakia, the Czech Republic, Austria, Hungary, Croatia, Greece, the Netherlands and the U.S. made donations in the amount of EUR 420,000. The money was sent to national aid organizations for specific purposes. Two employees of T-Systems Iberia initiated an internal donation campaign. The Spanish subsidiary was able to collect around EUR 22,500.
- Some companies also offered SMS donation services free of charge. Telekom customers donated some EUR 4.5 million internationally via hotlines.
- The international subsidiaries also donated supplies to earthquake victims in Haiti. Magyar Telekom, for example, financed a mobile hospital in Haiti, which is operated by the Medical and Health Science Center of the Hungarian University of Debrecen. T-Mobile USA provided hardware and technical infrastructure for the reconstruction efforts in Haiti.

Aid for flood victims in southern and eastern Europe.

Donation hotline run by Crnogorski Telekom: fast aid for flood victims in Montenegro.

In the spring and summer of 2010, days of rain caused devastating flooding in large parts of eastern Europe. Several people lost their lives and numerous cities were cut off for days in Poland, Hungary, Slovakia and the Czech Republic. Telekom's subsidiaries in these countries responded immediately and provided aid in many different ways.

Donations and employee commitment.

- Employees of the Polish subsidiary PTC supported families affected by the floods along the Vistula River with donations in the amount of 58,500 zlotys. PTC matched the amount, doubling it to 117,000 zlotys (around EUR 29,580). 109 employees also spent a total of 260 days helping reconstruct buildings that were destroyed by the flood in the summer of 2010.
- Slovak Telekom employees raised EUR 4,500 for a summer camp. 200 children from flooded areas along the Weichsel River attended the camp in June 2010. In addition, the Endowment Fund Slovak

Telekom donated EUR 30,000 in aid for flood victims.

- Magyar Telekom donated a total of 60 million forint (around EUR 221,630) for flood victims in Hungary in June 2010. With that money, the Hungarian Red Cross rebuilt the homes of around 400 families affected by the floods. Magyar Telekom also provided 200 cell phones for helpers and affected people for free. Flood victims also received help via a donation hotline that the company set up in collaboration with other Hungarian telecommunications operators. Donations were given to the Hungarian Red Cross who used the money to help those affected by the flood.

Products and services at reduced prices.
Slovak Telekom, Magyar Telekom, T-Mobile Czech Republic and PTC supported their customers affected by the floods by offering products and services at reduced prices. The Czech subsidiary, for example, provided flood victims with new SIM cards for free and offered them new cell phones at reduced prices. In those ten communities that were hit hardest by the floods, Magyar Telekom fixed-line customers in Hungary did not have to pay their basic monthly charge for one month. Slovak Telekom replaced their customers' technical devices that were damaged by the flood including set-top boxes and routers at no charge, did not charge the monthly rate for their fixed lines for two months and gave prepaid customers nine euros in credit.

Donation hotline for flood victims in Montenegro.
Floods also hit Montenegro in December 2010 and caused tremendous damage. The Montenegrin subsidiary immediately installed a donation hotline for flood victims and encouraged people to donate. A total of 37,383 calls were made to the hotline from December 6, 2010, to March 7, 2011. One euro (not including VAT) was donated for each phone call. Crnogorski Telekom also donated EUR 25,000 to the Red Cross in Montenegro. The money was used to buy and distribute aid supplies and household goods to people affected by the flood.

Magyar Telekom helps people affected by mud wave.

In October 2010, highly toxic mud destroyed the small town of Kolontár and the neighboring village of Devecser located in western Hungary. The Hungarian subsidiary Magyar Telekom provided aid right after the most extensive accident with chemical substances in the country's history.

- The company set up a toll-free donation hotline in collaboration with other Hungarian mobile communications operators to help those affected. Donations were given to the Hungarian Red Cross who used the money to help those affected by the disaster.
- The company provided cell phones and laptops for helpers, which they could use free of charge for three months to help coordinate the rescue teams.
- Families that had to evacuate their homes also received cell phone packages. Magyar Telekom also provided them with furniture and kitchen tools, which came from corporate vacation homes, in order to help them out.
- Magyar Telekom sent text messages to their customers and asked them to donate to the Hungarian Relief Fund, the Hungarian government emergency fund for flood victims.

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Customers.

Innovation, competence and simplicity are the values that characterize our brand. With the goal of becoming the market leader in connected life and work, we focus our work around establishing long-term customer relationships. We improve the sustainability of our products and services in order to offer our customers solutions that help conserve natural resources. We address sustainability topics in our customer communication to raise people's awareness of social and environmental issues. We research into and develop innovative, climate and environmentally friendly ICT solutions in order to help shape the transformation into a digital society.

Sensitive handling of customer data

Ellen Mayer, Senior Analyst at oekom research AG, a sustainability rating agency, talks to Dr. Klaus-Dieter Ulmer, Group Privacy Officer at Deutsche Telekom, about the type, scope and effectiveness of the Group's current data protection measures. The entire conversation is available as a video in the online CR Report.

How we define the key issues.

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Basics for product development and product design.

Private consumption contributes heavily to increasing CO_2 emissions, especially in the industrialized countries. According to information published by the German Federal Environment Agency, private households are responsible for around 40 percent of greenhouse gas emissions in Germany. This means that responsible consumer decisions can make a big difference when it comes to protecting the climate and the environment.

Telekom considers it its responsibility to improve the sustainability of its product portfolio, thus contributing to climate-friendly consumption and a low carbon society. In this context we compensate for unavoidable CO_2 emissions by making the relevant activities carbon-neutral.

New “Sustainable product portfolio” program.

The systematic creation and expansion of our climate-friendly product and service offerings is a decisive step toward achieving our goal to become a CR leader by 2015.

In 2010 we launched the “ Sustainable product portfolio ” program, which is scheduled to run until 2012, in order to improve the sustainability of our products. We work to help our customers lead a sustainable lifestyle with attractive products of high ethical and environmental quality. We also want to increase customer satisfaction and minimize the social and environmental impact of our products.

End-to-end sustainability in product development.
The CR department works in close collaboration with numerous other departments such as Product & Innovation, Sales and Procurement in the context of our “Sustainable product portfolio” program. The program will play a key role in helping us realize our aspiration of "leading the way" in CR because it represents the next phase of maturity in terms of doing sustainable business and links this aspiration to our corporate goals.

We plan to achieve the following results with our “Sustainable product portfolio” program in the years 2010 to 2012:

- Defining criteria that determine the sustainability of products
- Incorporating sustainability into product-relevant core processes and objectives
- Preparing employees for resulting changes
- Implementing an evaluation process
- Establishing a Sustainable Product CR key performance indicator
- Improving customer communication

Another objective is to increase people's trust in the T brand so that customers experience Deutsche Telekom as a sustainable company. This will help us set ourselves apart from our competitors and position ourselves as a premium brand.

First project phase 2010: Creating a basis.
The purpose of the first phase in 2010 was to enable the assessment of our business-to-consumer products in terms of sustainability. We defined environmental, individual and social sustainability criteria and indicators for product assessment and product development in cooperation with internal and external stakeholders. We assured quality and acceptance through an iterative process conducted together with internal and external stakeholders. Criteria indicators were fine-tuned during several feedback sessions and then submitted to external stakeholders for critical evaluation.

Second project phase: Taking action.
During the second phase scheduled for 2011 and 2012, we will work to make sure our program goals are achieved. To this end, we will incorporate sustainability into the relevant product development, selection and sales processes as well as in our market communication activities.

Integrating CR into product design.

Product development has been subject to the binding Deutsche Telekom Design Principles, which reflect our Group strategy, since the end of 2009. The primary principle, "Act responsibly — think globally," was derived from the CR strategy.

The Deutsche Telekom Design Principles provide the foundation for the Deutsche Telekom Experience Style Guide and the Sustainability Guideline for Product Design. The design guidelines set forth in the Experience Style Guide are mandatory for all product development activities and are there to guarantee a consistent user experience when it comes to Telekom hardware and software products. Because the

Experience Style Guide is based on the Design Principles it is also in line with Deutsche Telekom's sustainability criteria.
As part of the “Sustainable product portfolio” program , the Sustainability Guideline for Product Design will be reviewed by Öko-Institut and then updated over the course of 2011.

Deutsche Telekom Design Principles at a glance.

1. Be responsible. Think global.
2. Analyze and picture the future to design towards it.
3. Create memorable moments.
4. Support throughout the day.
5. Start with the emotion.
6. Focus on core use.
7. Use learned recognition with a new interpretation.
8. Be coherent.
9. Cook with passion, love and »obsessive« care for detail.
10. Create desire at first glance.

These principles were used for the first time in pilot projects conducted during the reporting period:

- During the development of the Media Receiver for our Entertain products, which connects TV to the Internet, we defined ecological criteria and implemented them after coordination with our suppliers.
- In enhancing efficiency requirements for our Terminal Management, with which multiple mobile devices can be programmed and managed centrally.

The Experience Style Guide will be introduced at the international subsidiaries over the course of 2011. The style guide will be used to align product specifications for all hardware and software products accordingly. This will guarantee end-to-end sustainability and a consistent user experience for Deutsche Telekom's entire product portfolio.

T-Systems: Creating a sustainable portfolio.

T-Systems' corporate customers already receive integrated solutions for a networked future of business and society. At the beginning of 2010, Telekom's corporate customer segment defined five new strategic core beliefs for improving sustainable product development in order to meet its customers' increased demands. The core beliefs were derived from business and society-related megatrends.

Sustainability and corporate responsibility — a permanent fixture.
With its fifth core belief, Sustainability & Corporate Responsibility, T-Systems contributes to the implementation of Telekom’s CR strategy . The company supports its customers in reducing the use of natural resources while saving costs at the same time, e.g., by switching from paper-based mail to e-mail. T-Systems also applies this core belief to the healthcare sector to which it provides a number of innovative ICT solutions.

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Climate and environmentally friendly products and services.

With a growing offer of sustainable products and services, we effectively help millions of customers contribute to sustainable development. Both private and business customers are able to reduce their energy consumption and avoid CO_2 emissions with the help of our innovative ICT services for the benefit of the climate and the environment. We are constantly working to further reduce the environmental impact or our products and services and to improve their carbon footprint.

Measuring the carbon footprint of our products.

Products and services cause CO_2 emissions throughout their lifecycles, from production and use to disposal. The amount of emissions caused by a product or service can be shown by calculating the product carbon footprint, which will allow us to provide our customers guidance for sustainable consumption in the future.

PCF project to create standards for CO_2 calculation.

No generally recognized method has been established for the calculation of product-related CO_2 footprints. That is why Deutsche Telekom has been participating in the Product Carbon Footprint (PCF) project since 2008. The project was launched by the Thema 1 initiative and is being conducted in collaboration with Öko-Institut e.V., the World Wide Fund For Nature (WWF) and the Potsdam Institute for Climate Impact Research.
Aside from its participation in the PCF project, Telekom is also involved in the enhancement of industry-wide standards, such as the Greenhouse Gas (GHG) Protocol Initiative.

Calculating the Call & Surf carbon footprint.

In 2008, Telekom and nine other companies implemented a pilot project as part of the PCF project to determine the carbon footprint of 15 selected products. For Telekom, the study determined the amount of CO_2 emissions that are caused by a customer when making phone calls via the fixed network and surfing the Internet with a Call & Surf flat rate.
Current analyses show that 50 kilograms of CO_2 emissions are generated by the network and 53 kilograms of CO_2 emissions by the production, operation and disposal of the router.
We used these results as a basis for optimizing the carbon footprint of our routers.

Download: Documentation: Call & Surf Comfort
Download: Results poster: Call & Surf Comfort
(Source: http://www.pcf-projekt.de/main/press-and-documentation/case-studies/)

Reducing the carbon footprint of our routers.

We continuously work to reduce CO_2 emissions throughout the entire lifecycle of our network infrastructure. This also includes realizing reduction potential in the customer's infrastructure. We experienced initial success in talks with our supplier. The circuit board and casing have been made smaller so that the product requires less packaging and fewer resources are needed for transport. The Media Receiver is also going to be coated with a water-soluble paint, making the product even more environmentally friendly.

We are working on the development of a load adaptive operation mode in order to make operation of routers more energy efficient and reduce CO_2 emissions. With its intelligent power down mode, this feature activates the router to full power only when the router is actually being used. This mode can also be used to increase energy efficiency in the Telekom network infrastructure, e.g., at data centers.
We plan to complete development of this innovation by 2012. This development supports the commitment we made when we signed the Code of Conduct on Energy Consumption of Broadband Equipment. This industry-specific, voluntary code of conduct provides for a step by step reduction of energy consumed by the network infrastructure.

Interviews with Claudia Schwab (only available in German)

Active climate protection with green downloads.

Telekom's download portals such as Gamesload, Musicload, Softwareload and Videoload, reduce CO_2 emissions by 80 percent compared to retail-based sale of corresponding products. This provides our customers with a climate-friendly way to shop. Customers can find out more about the advantages of no-emissions downloads at www.gruenerdownload.de.

CO_2 emissions are unavoidable when hosting download portals. According to calculations, Telekom's download offers will generate an estimated 775 metric tons of CO_2 by the end of 2011. We will offset these emissions by investing in the "Biomass energy in Brazil" project.

Virtual answering machines — saving energy the easy way.

Instead of using conventional answering machines, Deutsche Telekom customers can have their calls routed to a virtual voice mailbox, which is available free of charge to all Telekom fixed-line customers in Germany. By doing without conventional answering machines, customers conserve valuable resources. It takes approximately 27 times less energy to provide the virtual mailbox than to manufacture and use conventional answering machines, which reduces CO_2 emissions.

Online billing — environmentally friendly and convenient.

Over 14 million customers in Germany are signed up for online billing.

More than 14 million Telekom customers in Germany already have their monthly bills sent to them via e-mail at no extra charge. They can also access their data on the customer online portal. That saves a lot of paper as well as water, energy and other resources that are needed to produce a paper bill.

In addition, no transportation is necessary, which significantly reduces CO_2 emissions as well. According to a study by Öko-Institut e.V. , the Institute for Applied Ecology, online billing impacts the environment five times less than paper bills, provided that customers do not print out their online bills.

Download: Ecological assessment of online billing compared to paper bills (only available in German)

Chargeable paper bills from T-Mobile Austria.
The international subsidiary T-Mobile Austria introduced an online billing system in 2008. The company was able to save a total of 185 tons of paper using this system. Three out of four customers currently use online billing.

T-Mobile Czech Republic introduces online billing to help UNICEF.
Conserving resources and supporting families in need at the same time: with this in mind, the Czech subsidiary launched a campaign in May 2010 to encourage its customers to switch over to online billing. T-Mobile Czech Republic donated 1 Czech koruna to projects conducted by the child aid organization UNICEF for every piece of paper saved through the campaign. Since each bill has three pages, the company was able to save a lot of paper and raise a lotof money for UNICEF. With a donation of CZK 223,023 (around EUR 9,160), UNICEF was able to secure the water supply for 880 families in need in Africa

PTC plans to offer free minutes for online billing.
The Polish subsidiary PTC is planning to introduce online billing for its consumers in January 2011. The company is offering its customers a one-time gift of 60 free minutes to make the switch to online billing more attractive.

Leasing instead of buying to benefit the climate and environment.

Telekom in Germany has been offering its customers a leasing service that contributes to the avoidance of electronic waste since 2009. Customers can lease devices such as DSL routers or media receivers for

the time period of their choice with no minimum term of contract. Customers return the devices once the leasing period is over. Necessary repairs are made and some of the devices can then be reused as replacement devices. That conserves resources and extends the options for the reuse of devices. The new device service package meets with great interest. More than one million customers opted for the attractive hardware and service package in the first year after marketing began in April 2009.

De-Mail — legally valid data communications throughout Germany.

Electronic communication between private individuals, companies and authorities is increasingly rapidly, accompanied by data privacy risks.
The De-Mail system, in which all data is encrypted, can guarantee a higher degree of confidentiality, reliability and security in data communications. With the corresponding law passed at the end of February 2011, De-Mail became legally valid and was given the same legal status as postal deliveries. Deutsche Telekom conducted a pilot project on De-Mail at T-City Friedrichshafen between October 2009 and March 2010. The pilot showed that T-Systems is able to create the infrastructure for legally valid electronic communication that meets our customers' demands. 90 percent of those who participated in the pilot project in Friedrichshafen said that they would recommend De-Mail to their business partners. Deutsche Telekom launched the service at CeBIT in March 2011. Since July 2010, private customers of Deutsche Telekom have been able to reserve their De-Mail addresses at www.de-mail.t-online.de .

Video conferencing — an important contribution to climate protection.

According to a study conducted by IDC , a leading provider of market data for the ICT industry, video conferences already replace every tenth business trip. The World Wide Fund For Nature (WWF) estimates that the emission of an additional 28 million metric tons of CO_2 could be avoided if every fourth business meeting was done via video conferencing.

Climate-neutral Telekom conferencing systems.
For several years, Telekom has enabled its customers to reduce CO_2 emissions and costs by using telephone, web and video conferencing technology. They can conveniently book and manage all types of conferences via the online conference portal . However, ICT resources must be provided to use these services, all of which consume energy. Telekom has been offsetting these CO_2 emissions since 2009.

From September 1, 2009, to December 31, 2010, a total of 557 metric tons of CO_2 emissions were offset. Since the technical infrastructure for the conferencing services has been extended at Telekom locations in Germany, energy consumption and therefore CO_2 emissions will increase to a total of 850 metric tons in 2011.
We offer an easy-to-use and convenient online calculator to our customers which they can use to find out how much emissions they save by holding a virtual conference instead of an on-site meeting.

TelePresence — top image and sound quality.

We launched the sale of the new TelePresence service in Germany in September 2010. The service offers top video and audio quality and creates a personal meeting atmosphere despite the distance. This new service makes it even easier to cut travel and personnel expenses and to reduce CO_2 emissions.

We achieved full TelePresence coverage at eight locations in Germany during the reporting period. We plan to offer the video conferencing system at over 1,000 locations worldwide in 2011 and introduce an online billing system as well.

Smart metering service for the mass market.

The EU energy efficiency directive states that utility companies have to inform their private customers about their current power and gas consumption once a month. Accordingly, German law states that smart meters have to be installed in new and renovated buildings as of 2010.

We have joined forces with the power utility Stadtwerke Friedrichshafen to offer a smart metering service in a pilot project at our T-City since 2008, which we are continuously expanding. With our Smart Metering & Home Management platform, we are the first ICT company to offer a mass market solution. This modular data communications solution enables housing associations, meter operators, utility companies, distributors and distribution network operators to provide their end customers with smart metering services. Meter operators can now not only serve their industrial customers as previously but also provide this service cost-efficiently to private customers.

Active contribution to promoting a climate-friendly society.
Smart meters are a key component when it comes to operating smart grids . Smart metering helps promote the use of renewable energy and protect the climate because smart grids are the only way we will be able to optimally use different energy sources in combination with each other in the future.

In order to compensate for the CO_2 emissions generated by operating the Smart Metering & Home Management platform, Deutsche Telekom has been investing in a biomass project in Brazil since November 2009.

Multimedia offers:
Podcast Project manager Andreas Bentz reports live from CeBIT 2009 about smart metering (only available in German)

Video on smart grids (only available in German)

Corporate customers testing smart metering.
Deutsche Telekom laid the initial foundation for realizing significant reduction potential in a pilot project. The company installed an energy management system with meters, communications modules and data lines at 50 selected stores of the fashion chain KiK. Data communication between meters and the central database will take place via Deutsche Telekom's network. The project was completed at the end of January 2011. The goal of the pilot project was to gain a detailed overview of KiK's consumption pattern. The results will be used to analyze the company's demands and optimize energy use.

Cloud computing — working green with virtual computers.

Cloud computing is based on the principle of outsourcing IT applications and IT infrastructure to a virtual cloud. That means that software and data are no longer processed on the office computer but in an external infrastructure such as a T-Systems data center. Deutsche Telekom's corporate customers arm offers its customers software and computing services online and on demand.

Data centers of the future — efficient and environmentally friendly.
Pooling computing services at central data centers within the context of cloud computing, places high requirements on T-Systems' infrastructure. The data center of the future needs to be energy-efficient, secure and fast as well as cost-efficient in every way.

T- Systems and Intel have joined forces to research the energy savings potential of data centers in the DataCenter 2020 project since 2009. Innovative technologies are being used at a test center in Munich to reduce the energy consumption of servers, for example. DataCenter 2020 also provides important information on how to manage high-performing computers so that they produce less CO_2.

T-Systems brings cloud computing to its customers.

T-Systems has enabled its customers to outsource business-critical IT services to dynamic platforms since 2004. These dynamic services constitute a private cloud computing model in which resources are billed based on use. This type of dynamic, network-centric sourcing offers customers significant advantages:

- Resource and cost savings
- Less time and effort spent on maintenance and repair
- More flexibility, e.g., to respond to fluctuations in order volumes or business developments
- Meeting increased statutory compliance requirements
- The highest data security and data privacy standards

More than 100 large companies currently use dynamic services.
T-Systems meets all legal cloud computing requirements.

Saving on power and hardware with dynamic services.
When customers outsource their business applications to T-Systems with our dynamic services solution, cutting edge virtualization technologies and a high degree of automation enable optimal use of the hardware capacities provided by T-Systems at any time. This solution saves up to 80 percent on electricity compared to company-owned computers and servers.

Saving paper with Managed Document Services.

Companies in Germany push more than 800,000 tons of paper through their printers every year — and

the trend is rising. But with sustainable business on the agenda, the graph of paper consumption should be heading downwards. With Managed Document Services, T-Systems customers can reduce their consumption of paper and energy by transferring all or part of their processes into a digital workflow. This allows companies to optimize their use of resources.

T-Systems handles the whole document process, from digitalizing and archiving to sending documents in e-mails, as letters or on an Internet site. All documents are not only fed into the customer's digital workflow but also saved to a tamper-proof archive. For this, Managed Document Services use a qualified electronic signature and meet statutory requirements, including the German "Principles of data access and auditing of digital documents" (GDPdU).

The archiving function encompasses SAP, various document management systems, billing archives and digital personnel files. At the end of the process, the outgoing mail can be distributed in any desired output format. Bills, for example, still go out to customers in printed form or as e-mail attachments; or Managed Document Services can place the documents on an Internet portal. Here, customers can view their invoices and download them as required. The printing and dispatch of documents are largely automated. For all outgoing letters, faxes and e-mails, Managed Document Services use the layout standards defined by individual customers.

Paper, Pen & Phone — making paper forms digital.

Even if more and more business processes are becoming digital, there are times when it is impossible to avoid using paper forms, for example when signing a contract. T-Systems developed a system to optimize these processes with its Paper, Pen & Phone product. Introducing this system at all Telekom Shops in Germany has made it possible for sales personnel to serve their customers faster and more efficiently.
A special pen records the biometric data of the writing process. It records the position on the paper by using a micro-camera to read a barely visible matrix on the form. The data is then typically sent to the user's cell phone via Bluetooth where it is then sent to the T-Systems data center via a mobile data connection. The form can be further processed within seconds after it has been filled out. For example, the technology can be used to send orders directly to the company's SAP system via an interface. The product makes lengthy, cost-intensive manual data entries a thing of the past. These processes make it possible to reduce CO_2 emissions by 90 percent compared to using paper forms with carbon copies, which are often used for delivery notes at large companies.

Available to customers in Austria as of 2011.
In February 2011, T-Mobile Austria and T-Systems Austria entered into a sales cooperation for Paper, Pen & Phone. The system was put into operation in January 2011, even before the companies signed the partner agreement.

Sustainable sales through climate-neutral postal delivery.

GoGreen: Compensation for 132 metric tons of CO_2 produced by T-Online shops.

In Germany we started to use GoGreen, the climate-neutral shipping offer provided by Deutsche Post, to ship all of our standard parcels in 2008. We were able to offset a total of 132 metric tons of CO_2 in 2010 for the shipment of T-Online Shop parcels alone.

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Barrier-free products and services.

State-of-the-art communications have become an important aid in daily living. To make it easier for people with age-related or physical limitations to use new media, we develop products and services that meet their needs and continuously work to improve user friendliness. Telekom also offers different subsidized rates throughout the Group that enable people with low incomes or disabilities to make phone calls and surf online at low costs. This is in line with our CR strategy , through which we want to help as many people as possible to make use of the diverse opportunities involved in the new media and the information society.

Using cell phones at an old age.

A large display, large buttons and an especially loud ring tone make cell phones from the Emporia series particularly practical for older people. Simple call and SMS features make the cell phones easy to use. During the reporting period, we also introduced cell phones for older people to the markets in other countries in which we are active and added new models to expand the offer.

- Magyar Telekom in Hungary and PTC in Poland have been offering their customers the easy-to-use cell phone, emporiaELEGANCE, since 2010 in addition to the Emporia TALKpremium, which they launched in 2009.
- The Greek subsidiary Cosmote Greece has been selling the age-appropriate cell phone, the ZTE S202, since August 2010.
- The sales launch of the emporiaELEGANCE in Germany began in June 2010.
- In August 2010, sales of the Emporia TALKpremium from T-Mobile Czech Republic also began in the Czech Republic.

Offers for the hearing and sight impaired.

Slovak Telekom receives award for special rates.

The Slovakian subsidiary has been supporting the deaf and hearing impaired with lower rates, special data, SMS and MMS services as well as e-mail services for eight years now. It developed these offers in a long-term partnership with the Slovakian association for the deaf.
Slovak Telekom was presented with the Via Bona Slovakia Award 2009 in the category of Award for Socially Responsible Market Operations for its special rates in 2010.

Sales staff in Slovakia are also trained in sign language. Slovak Telekom is a pioneer in this area in Slovakia. 67 of Slovak Telekom's customer centers are currently able to serve people with hearing impairments.

The Slovakian subsidiary also supports the deaf and hearing impaired as part of its social commitment. In September 2010, Slovak Telekom initiated its country-wide Seventh Sense Campaign to raise public awareness of the needs of the deaf and hearing impaired. Slovak Telekom also offers start-up seminars to help people with hearing impairments with their careers.

Chat for the hearing impaired successfully launched by T-Mobile Austria.
In June 2010, the Austrian mobile communications company launched a special service for people with hearing impairments. Customers and non-customers alike can contact T-Mobile Austria's service hotline via e-mail or chat functions. Service employees act in their name and handle activities such as scheduling doctor's appointments, for example. Because of the positive experience with the pilot project and more than 5,000 inquiries, the brand tele.ring has been offering this service, which is the only one of its kind in Europe, for EUR 3 a month since the spring of 2011.

Innovative InformA reading aid by T-Labs.

In May 2010, three German Paralympic athletes tested an innovative reading aid developed by Deutsche Telekom Laboratories (T-Labs) in collaboration with Freie Universität Berlin.
The InformA reading aid was designed to simplify everyday life for people with visual impairments. With the help of an integrated camera, the device automatically reads printed documents such as letters or package inserts. The device can also be connected to the Internet. In complicated situations, users can send an image of a document to a call center and have someone read it to them, such as when dealing with their heating bill. The device helps people with vision impairments read and write e-mails as well.

While InformA was being tested by around 50 people during the reporting period, experts at Freie Universität Berlin were working on a mobile version of the reading aid, in cooperation with Allgemeiner Blinden- und Sehbehindertenverein Berlin e. V., a Berlin-based association of blind people and people with visual disabilities, and IBM.

Group-wide subsidized rate offers.

As can be seen in the following examples, we offer special rates both in Germany as well as at numerous international subsidiaries. These are directed at two target groups: people with low income and people with disabilities.

- Crnogorski Telekom offers ADSL and mobile Internet at reduced rates to people with disabilities.
- In Greece, Cosmote grants people who are unemployed and senior citizens over the age of 65 a discount of 15 percent for one year. By doing so, the Greek subsidiary is addressing the limited financial options of its customers that arose as a result of the financial crisis.
- Subsidized rates have a long tradition at Telekom Deutschland. Private individuals with a fixed-line connection can take advantage of these rates if they are low income or handicapped.
- T-Mobile Czech Republic grants discounts to people with physical disabilities and to veterans. T-Mobile customers with especially low income can get 200 minutes of free calls and send 200 free text messages in their own network each month.

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Customer communication.

The Internet has become one of the most important sources of information for consumers. More and more consumers are sharing information about products on blogs, in forums and via other networks. We focus on the needs of consumers and put topics that are important for people on our agenda. By doing so, we hope to be a trustworthy, reliable communications partner to our customers.

Sustainability in particular is becoming increasingly important in our interaction with our customers. That is why we initiated a sustainability campaign in Germany that is scheduled to go for several years with the slogan "Big changes start small" in fall 2009. Numerous international subsidiaries also conducted communication campaigns during the reporting period to increase public awareness of sustainability.

Germany-wide campaign — joining forces to make big things happen.

We want to make a contribution to sustainable development in collaboration with our more than 40 million customers in Germany. We are convinced that together we can create a lot of change. In order to motivate our customers and the general public, we launched an ambitious sustainability campaign on September 5, 2009, with the slogan "Big changes start small." Our target group with this campaign is primarily end customers. We hope to raise their awareness of what it means to consume responsibly and to inspire them to adopt a more sustainable lifestyle.

Focus on different topics with wide reach.
Before launching the campaign, we selected sixteen focal points and conducted market research to test how important they were to our customers. Focal points of the multimedia campaign include topics such as cell phone recycling, green downloads, online billing and safer Internet for children .

Online information platform.
The website telekom.com/nachhaltig-handeln is at the heart of the campaign. The website features many options for customers to make their consumption more sustainable by using Telekom's ICT products and services. For example, the website explains how much plastic consumers can save by downloading their music from the Internet instead of buying CDs. We are asking people to get involved through various initiatives. In 2010, we particularly encouraged people to hand in their cell phones for recycling.
In 2011 we are going to increasingly integrate interactive offers. For example, by early summer people will be able to set up a personal profile, participate in different initiatives and watch videos. With this we hope to increase interaction with our customers and make our websites more attractive.

genial@telekom — a wealth of ideas on sustainability.

Our Germany-wide sustainability campaign “Big changes start small“ included an internal ideas competition launched in 2010. Employees in Germany were able to upload their ideas on environmental protection and social responsibility on the internal ideas platform genial.telekom.de and were asked to submit their opinions on how to best continue the sustainability campaign. Employees submitted around 350 ideas between the beginning of September and the beginning of October 2010.

We selected the best ideas and presented those who submitted them with awards at Telekom's CR Day in Berlin in November 2010. For each idea that was submitted, Telekom donated 10 euros to Lebenshilfe für Menschen mit geistiger Behinderung, the German association for people with mental disabilities. The company handed over a check for EUR 3,500 at CR Day.

“Big changes start with small steps” is the motto of our Bulgarian subsidiary.

During the reporting period, the Bulgarian subsidiary Globul launched a campaign to promote the use of eServices, such as online contracts and online billing, and worked to raise awareness of Internet security and environmental protection issues. With the motto "Big changes start with small steps," the company used the sustainability campaign's website to raise public awareness of cell phone recycling, battery recycling, music downloads and teleconferences, for example.

"hello holnap!" sustainability campaign in Hungary.

On the occasion of the third Sustainability Day in September 2010, Magyar Telekom launched its extensive sustainability campaign, "hello holnap!" ("hello tomorrow!").
The Hungarian subsidiary initiated an essay competition in collaboration with the climate protection organization Vegyél Vissza! to launch the campaign. Students between the ages of 15 and 25 were asked to submit their essays on the question "What is in store for us in 2020." The essays focused on what Hungary could look like in the future in light of climate change. Winners received a prize in November 2010.

Multimedia campaign to pave the way for more sustainability.
On December 27, 2010, Magyar Telekom launched an extensive media campaign in Hungary as part of the "hello holnap!" campaign. Practical examples were broadcast on the radio, TV and online to demonstrate how each individual can contribute to creating a more sustainable future. The Hungarian subsidiary received support from celebrities who presented their resolutions for more environmental and sustainable behavior in the new year.

The campaign's website www.helloholnap.hu explains how the company can help each individual lead a more sustainable lifestyle and includes reports on the company's contributions to sustainability. By the end of February 2011, anyone interested was able to post their video and audio contributions on the topic of sustainability. The best entries received a prize.

Recycling campaigns in Greece and Bulgaria.

Sustainability campaign to raise awareness for how to consume responsibly.

On June 5, 2010, Cosmote Greece broadcast several ads within the scope of the "Join us in recycling" program to increase awareness of the value of old devices and accessories that are no longer being used. This was the Greek subsidiary's contribution to World Environment Day, the environmental program launched by the United Nations and it got results. After the campaign, sales of cell phones containing recycled materials increased significantly.

Globul, the Bulgarian subsidiary of the Cosmote group, also launched a sustainability campaign in October 2010. The company used print ads , a TV commercial and info materials at their customer centers to provide consumers with a variety of information, particularly about environmentally friendly service offers such as online billing, cell phone recycling and teleconferencing solutions.

Campaign for volunteering activities in Montenegro.

"Superhero" was the title of a campaign for volunteering activities conducted by Crnogorski Telekom in Montenegro in July and August 2010. The campaign showed that each individual could make a difference in their own environment. The company also addressed its own employees. And they did a good job. A number of employees participated in a river clean-up project together with 100 volunteers and also did some maintenance work at a historical site near Podgorica.

Singing for children in need in Germany.

To mark the opening of the new Telekom Music Shop in November 2010, Telekom in Germany launched the Million Voices initiative. Along with famous German musician Thomas D, we asked people to record their version of the song "7 seconds" and send it to Telekom. We received 12,000 video entries by the end of 2010 and edited them together to form a big online choir. The song Million Voices (7 Seconds) was produced as a result of the campaign and is available at the Telekom Music Shop , where people can download it for a fee. It can also be downloaded on musicload.de and purchased at retail stores. Proceeds from the sale of this song all go to the Bild hilft e.V. “Ein Herz für Kinder“ charity organization. The successful Million Voices campaign will be continued in 2011. During the campaign we are planning to put together a long version of the TV ad with new participant entries.

Ongoing New Year's campaign by Cosmote group.

Cosmote customers in Greece have been sending Happy New Year greetings on their cell phones for a good cause for the past twelve years. The majority of the fees due for text messages and multimedia messages that were sent between midnight and 7 a.m. on January 1st were donated to NGOs that help children in need. Cosmote also matched the amount that had been spent on customer gifts and donated the money to a charity organization for children.
In the New Year's campaign in 2011, eight Greek organizations dedicated to supporting ill and disabled children received a total of EUR 320,000.
Cosmote Romania and AMC in Albania participated for the third time in a row in the annual campaign in 2011 and donated EUR 56,000 to charity organizations.

Authentic, direct interaction through social networks.

We want to offer our customers a variety of ways to get in touch with us. In addition to using our earlier service offers, customers can also contact us on different Internet platforms. We have established a transparent, open exchange platform in a personal setting on both Facebook and Twitter. Our sites on these networks attract more and more fans and followers each day.

- The Deutsche Telekom AG Facebook site already has more than 9,000 fans.
- Over 16,400 users follow our Deutschetelekom profile on Twitter.

Customers can also contact our customer support service on Facebook and Twitter, a feature which is becoming increasingly popular.

- The “ Telekom hilft ” site already has over 3,000 fans. The Telekom service team has been answering questions about products and services on the site since September 2010.

- Customers can also contact the customer care service on Twitter. Around 1,200 followers currently keep track of the Group's tweets on Twitter.

We also set up another innovative Facebook page called Developer Garden. Here, app developers can download software, exchange information and talk about their new ideas.

Multimedia offer: Movie: Telekom on Web 2.0

MachMitMob — 140 characters for sustainability.

July 16, 2010: More than 1,300 contributions make sustainability a top topic on Twitter in Germany.

16 Telekom employees in Germany took a stand for sustainability with their Twitter campaign MachMitMob in 2010. With the slogan "What are you doing for sustainability," the employees organized a virtual flash mob, a kind of online demonstration. Private individuals as well as organizations and companies participated.

On July 16, 2010, anyone interested had 24 hours to post their thoughts, tips and experiences with the topic of sustainability in 140 characters or less. With more then 1,300 tweets, sustainability became one of the most frequently accessed terms on Twitter that day in Germany.

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Phone and cell phone recycling.

Deutsche Telekom promotes reusing and recycling used cell phones. Together with its customers, the company makes an important contribution to conserving natural resources and protecting the climate and the environment with these activities. Deutsche Telekom considers reusing used, functional cell phones to be a key component of sustainability because the extended lifetime of the cell phones means their carbon footprint improves significantly.

In Utopia's Change-maker Manifesto we committed ourselves in April 2010 to collect 1 million used cell phones in the next one to two years. We reached our first milestone at the end of 2010. By that time we had collected some 250,000 cell phones to be reused or recycled, which was four times more than what we collected in 2009.

Other companies in Germany are following our example and conducting similar collection campaigns, thereby showing their social commitment.

Take Back Mobile Devices CR KPI.

We introduced the Take Back Mobile Devices CR KPI during the reporting period in response to the high relevance of cell phone recycling. This KPI compares the collected cell phones, measured in quantities and the equivalent in kilograms, with the number of customers of a Group subsidiary.

Valuable raw materials in Germany's drawers.

99.52 percent of old fixed-line phones recycled.

Around one third of all cell phone users keep their old devices at home instead of recycling them. In a representative survey conducted at the end of 2010 and commissioned by the industry association Bitkom, 4 percent of those surveyed said that they throw their unusable cell phones into the trash. Not only is that harmful to the environment, it also wastes valuable resources. It is currently possible to recycle more than 80 percent of raw materials contained in cell phones. Assuming that there are approximately 72 million unused cell phones in Germany, we can collect an impressive amount of valuable resources by recycling cell phones: around 3.6 tons of gold, 36 tons of silver and 2,180 tons of copper. In light of increasing demand by ICT device manufacturers, electronic waste is an invaluable source of raw materials.

Metals and ores are often extracted under conditions that are problematic for people and the environment. Because of this, collecting, reusing and recycling old ICT products is very important. Some of the high-quality cell phones returned by customers can be reused after making a few repairs and deleting all personal data. People in Asia or Africa, for example, are then able to purchase fully functioning cell phones at lower prices. Defective devices and cell phones that require extensive repairs or data deletion are recycled.

Deutsche Telekom also collects and recycles old fixed-line telephones. 99.52 percent of the fixed-line phones collected in Germany in 2010 were recycled.

Legal regulations for collecting old devices.

According to the European electronic waste directive and the WEEE (Waste Electrical and Electronic Equipment) directive, it is mandatory for manufacturers of new electrical and electronic devices in Europe to take back old devices at no charge and dispose of them properly. Deutsche Telekom is involved in this process beyond the scope of legal requirements with extensive campaigns and targeted initiatives for collecting old devices. In order to meet our legal obligations to inform consumers of how to properly dispose of electronic products, we include an informative flyer with each new device.

Data privacy poses a particular challenge when collecting cell phones. Telekom's Data Privacy and Data Security department is involved in the collection system to guarantee data privacy and keep customer data from being abused.

Raising awareness of sustainable consumption.

We want to inspire consumers to handle ICT products conscientiously and responsibly. With the help of numerous initiatives as part of our sustainability campaign, we intend to raise awareness of how important — and easy — it is to conserve resources. During the reporting period, for example, we also encouraged people to hand in their used cell phones as part of our sustainability campaign.

Various collection campaigns at Telekom in Germany.

The environmental organization Deutsche Umwelthilfe (DUH) and Telekom Deutschland have been asking people to hand in their old cell phones for seven years. There are several ways people can hand in their old devices.

- People can turn in devices in the Telekom Shops.
- Cell phones can be sent through the mail to Deutsche Telekom free of charge. We provide address stickers to download for this purpose.
- Our logistics partner offers free pick-up for ten or more cell phones.
- Customers can exchange high-quality used cell phones for a voucher at the Telekom Shops via a portal. Five percent of the proceeds from each cell phone that gets turned in is donated to a charity. Customers can also choose to donate part or all of the proceeds to DUH or the aid organization German Doctors.

During the reporting period we also conducted different campaigns to help us collect as many cell phones as possible.

"Bring and win" campaign.
From August 2 to August 15, 2010, Telekom in Germany advertised via different channels — TV, Internet and radio — with the slogan "Bring and win" to encourage people to hand in their old mobile devices. The media campaign was accompanied by different events at Telekom shops and a sweepstakes.

Flyers and media cooperation.

- In September and October 2010 three million flyers containing sweepstakes cards and postmarked return envelopes were distributed to households in Germany. Customers could win attractive prizes by sending in their old devices to Telekom by October 15, 2010.

- At Christmas time in 2010 we also distributed three million flyers with postmarked return envelopes to households along the River Elbe. The focus of this initiative was to encourage people to hand in their old cell phones as a way to raise money for the German Doctors aid organization and the DUH-run Living Elbe project.

- Telekom also called upon all schools in Germany to collect old cell phones as part of a media cooperation with Focus Schule magazine. A "learning atlas," a special issue that also dealt with the topic of cell phone recycling, was published at the end of September. A total of 300 schools participated in the campaign and set up collection boxes. A total of EUR 10,000 was raffled off among the participating schools.

Supporting doctors for developing countries and environmental projects.

Deutsche Telekom is doing more than just protecting the environment with its cell phone collection activities. Deutsche Telekom donates some of the proceeds to non-profit organizations such as the environmental association Deutsche Umwelthilfe (DUH) and German Doctors.

DUH uses the donations to help important nature conservation projects such as maintaining natural river landscapes and forests as well as funding environmental education projects. More than 700 environmental and nature conservation projects were financed last year by donations from Deutsche Telekom. The majority of these projects were conducted in collaboration with "collection groups" at schools and local environmental and nature conservation groups. Registered collection groups receive a donation for every cell phone they send in for their own projects including initiatives to redesign school buildings or campuses to make them more environmentally friendly or to conduct environmental education activities.

The German Doctors aid organization works to improve the healthcare situation and living conditions of people in developing countries through the volunteer efforts of doctors. With donations from cell phone collection activities, we are able to support mobile outpatient facilities in Mindanao (Philippines), which provide basic care to the people living there.

Recycling campaign in Croatia — discount for new devices.

T-Mobile Croatia, the mobile communications segment of T-Hrvatski Telekom, was the first company in Croatia to systematically collect and recycle old cell phones. And they did a good job: the company has recycled more than 100,000 devices since 2005. In a joint campaign with Sony Ericsson, the company was able to collect 20,000 used devices and batteries in the time period from May 3 to June 30, 2010, alone. Customers received a discount on a new Sony Ericsson cell phone when they turned in their old device. Customers were able to make an additional contribution to the protection of the environment by selecting a Sony Ericsson model made of recycled materials.

Industry initiative launched by T-Mobile Netherlands.

On January 5, 2010, T-Mobile Netherlands initiated the nationwide cell phone recycling program, the "GSM return plan," together with TNT Post. By the end of 2010, the cooperation partners were hoping to collect 100,000 devices. However, this goal was too ambitious. The partners were able to recycle some

40,000 devices in the first year. They will continue the initiative with the goal of collecting a total of 65,000 cell phones by the end of 2011.
Proceeds will be donated to War Child and the World Food Programme. Two other companies from the ICT industry have been participating in the "GSM return plan" since late 2010. Together, they intend to promote the important topic of cell phone recycling in the Netherlands.

(only available in Dutch)

Donations and discounts from T-Mobile Czech Republic.

T-Mobile Czech Republic explored new ways ways of motivating people to hand in their old phones during the reporting period. The Czech subsidiary offered visitors at a music festival a discount coupon in exchange for their old cell phones. The company was able to collect 355 old cell phones during the four-day festival.

T-Mobile shop customers also received free minutes for each cell phone they turned in from July 3 to August 20, 2010. A total of 2,379 cell phones were turned in as part of this initiative. T-Mobile Czech Republic gives a donation to an aid project for each cell phone collected.

T-Mobile USA — protecting the environment and promoting education.

With the goal of collecting one million devices in 2010, T-Mobile USA sent e-mails and text messages each month to new customers asking them to recycle their old cell phones. The US subsidiary also addressed the topic on its Facebook site . A total of 191,000 used devices were recycled in 2010.

Greece: Protecting the environment.

Cosmote Group subsidiaries protected the environment and conserved resources during the reporting period as well.

- Cosmote Greece successfully continued Join us in Recycling, its cell phone and accessories return initiative, at the Cosmote and Germanos sales centers and offices. Around 12 metric tons of used cell phones and 53 metric tons of old batteries were recycled. This initiative was accompanied by an extensive communication campaign. In addition, Cosmote Greece disposed of 1,524 ink cartridges in an environmentally friendly way.
- Globul in Bulgaria collected 2.8 metric tons and Cosmote in Romania 200 kilograms of cell phone and accessory waste.

The Greek subsidiary OTE supports the recycling of materials when upgrading their networks. Since 2006, 4,781 metric tons of metal and plastic have been recycled by a certified recycling company. In 2010, OTE offices and shops collected a total of 138 metric tons of electronic and electrical waste.

1.5 tons of old cell phones and batteries collected by PTC.

The Polish subsidiary PTC has been conducting a recycling program for used cell phones for three years now. Old batteries and cell phones are collected at their shops and either reused or recycled. In 2010, more than 1,520 kilograms of old devices and accessories were collected

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Consumer protection.

Consumers benefit immensely from information and communications technology when it comes to communicating with others or finding and spreading information. However, there are also risks involved in one's own actions or those of third parties. From the security of personal data and price transparency to protecting children from inappropriate content, protecting its customers is a key aspect of Telekom's corporate responsibility. We want to create a secure, trustworthy user environment for all of our customers. In our efforts to do so we have been able to successfully market new — and sensitive — services such as mobile payment. Not only do we comply with legal consumer rights when designing and marketing these products, we also do our best to meet our own high standards and values.

We especially want to contribute to the safe use of digital media by children and young people. We hope to do this by improving their media skills, and by offering parents in Germany special child protection software, giving them effective tools to ensure age-appropriate use of the Internet.

Improving cost transparency in mobile communications.

Today, customers can use their cell phone to pay for many services including parking fees, subway tickets and ring tones. Mobile operators such as Deutsche Telekom assume responsibility for billing between the service provider and our customers on the basis of a so called factoring contract.

Telekom protects customers from scams.
However, not all online offers are serious. Again and again customers fall prey to subscription traps when offers that seem to be free of charge are in fact just a front for costly subscriptions or when all it takes is a click of the mouse to sign up for a subscription. Our billing service, which is actually there to make things more convenient for our customers, has repeatedly been the subject of negative press in the past. Due to current cases related to the use of smartphones, in July 2010 we began requiring all of our content partners in the mobile sector to immediately review their ordering processes and make changes were necessary. All of our content partners are now required to introduce double confirmation as well as provide transparent information on prices and subscriptions. Should these providers violate these requirements, we will take the necessary action and protect our customers from these offers. This includes enforcing contractual penalties and discontinue billing entirely or for a specific period of time.

At the end of 2010 and the start of 2011, our customers vehemently complained about unjustified charges on their fixed-line bills. Telekom is obligated by law to include such charges from third parties on its bills. In this case, a provider apparently included our customers in a "sweepstakes registry" without their permission and charged them for this service. Telekom immediately took all legal steps available against this company — in close collaboration with the German Federal Network Agency — to protect its customers at its own risk. We expect that with these actions we have put a general stop to such obviously illegal business models.

Industry-wide collaboration against subscription traps.

Again and again customers unintentionally sign up for subscriptions online that are then invoiced in their cell phone bill. Prices and subsequent costs are often not presented clearly. In order to protect our customers and increase customer trust in mobile payment, the four German mobile providers founded Kompetenzzentrum Mehrwertdienste that provides advice on value-added services. In doing so they have set a new quality standard for online billing of content such as ring tones, games and sweepstakes. The focal point of the collaboration is a standardized payment screen that requires providers of online services of this kind to transparently provide important information such as prices, subscription duration and notice periods. The participating companies have been praised by politicians and consumer protection authorities for the collaboration which is being fully rolled out in the first half of 2011.

Control over roaming costs.

High roaming charges resulting from using cell phones abroad will soon be a thing of of the past. Data roaming in particular often results in unexpected high costs for many customers. At the Mobile World Congress in Barcelona in February 2011, Deutsche Telekom announced drastically reduced, easy-to-control mobile data rates. Customers of almost all European subsidiaries will be able to benefit from this new type of data roaming model from 2011. The new, less expensive rates will be valid throughout the EU. Our customers can sign up for these rates online or via text message and regularly keep track of any costs they incur. Telekom customers in Germany can take advantage of two day passes, which give them complete cost control over their data roaming charges throughout the EU. Deutsche Telekom will introduce the first data roaming flat rate in the EU in the summer of 2011 with its Travel & Surf offer.

Global initiative to protect private mobile communications data.

Industry-wide support of customer-friendly data privacy standards.

Deutsche Telekom actively participated in the Mobile Privacy Initiative (MPI) in 2010. Initiated by the GSM Association (GSMA), MPI was officially launched in January 2011. GSMA is a global mobile communications association that was founded in 1987. Members include more than 800 mobile providers. The purpose of MPI is to develop customer-friendly data privacy standards for Internet-enabled and multifunctional cell phones, otherwise known as smartphones. The underlying system is based on different providers of end devices located all over the world, and the operating systems, telecommunications services, software programs (apps) and online services used on these devices. The aim is to establish customer-friendly standards to be incorporated into products by product developers right from the start.

MPI's Privacy Principles, which were published in January and comply with internationally recognized extensive data privacy standards, form the basis for detailed, product-oriented guidelines. For example, the principles state that companies must clearly and transparently inform customers about any data they collect. The initiative is currently finalizing an initial guideline for developers and software applications in consultation with interested stakeholders. The guideline will be discussed with selected stakeholders from the worlds of business and politics as well as data privacy authorities and NGOs in the spring of 2011. Additional guidelines on topics such as location-based services are expected to follow. Along with Deutsche Telekom and its mobile communications subsidiaries, other international mobile communications groups joined the initiative in January 2011.

Download: Mobile Privacy Principles
(Source: http://www.gsmworld.com/documents/GSMA_Privacy_Principles_UPDATED.pdf)

Voluntary commitments and codes of conduct.

As depicted in the following table, we comply with the highest standards of voluntary commitments and codes of conduct for consumer protection throughout Europe.

At a glance: Examples of voluntary commitments and codes of conduct on consumer protection.

Examples of voluntary commitments and codes of conduct on consumer protection.	
Data privacy code for geodata services with BITKOM	Deutsche Telekom
Specific Price Control Measures in the General Terms and Conditions § 13 (3)	T-Mobile Austria
General Recommendations for the Provisioning of Audiotex Services	T-Mobile Czech Republic
General Rules of Provision of Premium Services (Premium SMS, Premium MMS)	T-Mobile Czech Republic
Code of Conduct for Premium SMS/Mobile Services and Web-based Services	Telekom Deutschland (mobile communications)
Code of Conduct for Value Added Services Provided through Mobile Phones and for the Protection of Minor Users	Cosmote Greece
Bill Limit Service	T-Hrvatski Telekom
Code of Conduct - Mobile Premium Services	Magyar Telekom (mobile communications)
Code of Ethics for Premium Rate Services	Magyar Telekom (mobile communications)
Anti Spam Policy	T-Mobile Macedonia
SMS Service Provision Code of Conduct	T-Mobile Netherlands
General Rules for Providing SMS Services by T-Mobile Slovensko for Not-branded Projects	Slovak Telekom (mobile communications)
Cellular Telecommunications & Internet Association's (CTIA) Wireless Consumer Checklist	T-Mobile USA
Cellular Telecommunications & Internet Association's (CTIA) Consumer Code for Wireless Service	T-Mobile USA

e-Etiquette — communicating consciously and appropriately.

Chatting, e-mailing, blogging, twittering — the new communication channels and media need their own rules. The digital e-Etiquette provides orientation. Developed by Deutsche Telekom in consultation with a number of external

stakeholders, it was designed to raise awareness for how to use new communication media. The document uses catchy, humorous guidelines to do this. For example, e-Etiquette points out that users should allow their data on Facebook to be viewed by selected groups only. Users can also discuss, make comments on and post new suggestions for the guideline on Facebook and Twitter.

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Protecting minors.

The Internet has become part of everyday life for children and young people. According to a study conducted by Medienpädagogischer Forschungsverband Südwest , a research association for media education, young people aged 18 or 19 spent an average of almost 140 minutes online each day in 2010.

Some young people are still naive when it comes to using the new technology. In addition to the increasing number of attractive, age-appropriate offers for children and young people, they may come across content that is not appropriate for their age and stage of maturity. They may also be tempted to reveal too much private information or even engage in financial risks in online games.

Therefore it is essential to teach children and young people to use new media responsibly and protect them in their everyday use of modern communication channels. That is why Deutsche Telekom follows a three-pillar approach when it comes to the protecting minors. This approach includes:

- **Attractive, age-appropriate online offers for children:** By providing age-appropriate websites and content such as fragFINN.de or our Kids Portal , which has been up and running since 2004, we hope to offer children and young people exciting, attractive content.
- **Promoting media skills** : We promote competent, confident use of the Internet and mobile communications. This is the only way for children and young people to learn how to recognize risks and stay within boundaries.
- **Offering user-autonomous protection tools:** One important step is to provide users with protection tools. Telekom Deutschland has been offering a reliable solution for many years now with its child protection software.

Telekom Deutschland — engaging in dialog with politics and society.

Close cooperation of all parties involved is crucial to pushing forward the protection of minors. That is why Telekom relies on collaborations with partners from the worlds of business, politics and society.

Round table event with federal and state governments in Germany.
Since 2009, we have been participating in the multi- stakeholder dialog between the federal and state administrations to enhance youth protection in Germany. The common goal is to establish unified standards and regulations. A consensus could not be reached during the reporting period despite constructive discussion. In December 2010, the amendment to the Interstate Treaty on the protection of minors (JMStV) was not passed because it was rejected by the North Rhine-Westphalia state parliament. That means that our intensive dialog with stakeholders from the worlds of politics and society in Germany will also be on the agenda in 2011 — for Deutsche Telekom as well.

Increasing public awareness.
In 2010, we intensified our PR activities regarding the protection of minors in Germany. An important contribution was presenting relevant offers as part of our "Big changes start small " sustainability campaign.

Our employees also actively promote the protection of children and young people. Numerous Telekom Deutschland employees regularly volunteer in their free time to raise the awareness of children, young people and adults and to teach them media skills. They volunteer at educational institutions and sports clubs. Our employees also volunteered their time during the reporting period, as can be seen in the following two examples:

- The Telekom fathers' network hosted an informational event in Bonn in collaboration with the local police. Those interested could attend the event to learn more about current efforts to protect minors.
- Telekom apprentices held awareness events on cyber bullying at two schools in Bremen in 2009 and 2010.

fragFINN — protected Internet space for children.
Telekom continued its involvement in the child-appropriate online search engine fragFINN.de during the reporting period. In March 2010, we discussed different ways to help protect minors in Germany together with other member companies of the fragFINN e.V. association. We also talked with German state and federal politicians about possible ways to protect minors as well as the amendment of the Interstate Treaty on the protection of minors (JMStV). We have been discussing advertising on websites for children at FINN e.V since 2010. The process is still ongoing.

We were also able to hire the German national soccer player Philipp Lahm for the second TV commercial for fragFINN.de, which was created by Telekom. Telekom hopes to further increase awareness of safe Internet content for children with this initiative.

fragFINN.de gives children the opportunity to safely surf online without stumbling upon inappropriate content. The protected Internet space has been around since 2007. The platform was developed as a contribution to the “Ein Netz für Kinder ” (One Network for Children) initiative run by the German government. In November 2009, Deutsche Telekom founded the association fragFINN e.V. in collaboration with other ICT companies in order to enable the platform for safe Internet content to offer its services over the long term.

Protecting minors with products and services.

New version of child protection software makes it even easier for parents to protect their children.

Protecting children and young people from damaging influences presented by the media is an important aspect of product development at Deutsche Telekom. Group-wide design principles [link to 5.1 Basics for product development and product design (Integrating CR into product design)] have been mandatory since the end of 2009. In accordance with the "Be responsible" principle, we make sure that criteria to protect minors are taken into account even during the product development phase.

New standards for protecting minors.
Standards and labels created by associations for voluntary self-monitoring are particularly important for protecting minors. These give guidance to children, young people and adults.

That is why Deutsche Telekom makes sure to comply with the age recommendations published by Freiwillige Selbstkontrolle der Filmwirtschaft (FSK) , the German movie rating organization, along all distribution channels it offers.

We are currently looking at categorizing the content of our websites according to the new classification standard of Freiwillige Selbstkontrolle der Multimedia-Diensteanbieter (FSM) , the German association for the voluntary self-monitoring of multimedia service providers. This modern approach could possibly replace the previous ICRA standard that is currently only being supported by a few content providers. This classification approach is also important when it comes to protecting minors with the help of technological solutions such as the Telekom child protection software.

Child protection software by Telekom Deutschland.
The new version of Telekom's child protection software has been available free of charge to our Internet customers in Germany since November 2010. The software helps parents regulate their children's Internet use with features such as filters for page content and time limitations. The new software is even easier to use. Not only can parents block websites with the new software, they can also block programs and downloads. A new feature makes it easier to make the time children spent surfing more age appropriate.

We have set four basic goals for 2011 in connection with our child protection software:

- Increasing penetration of the German market
- Refining the software continuously
- Continuously adjusting the software to new risks and developments
- Exchanging ideas and information with other companies that are working on innovative programs for the protection of minors in order to discuss innovative approaches and possible features

International subsidiaries for safer Internet use.

50,000 brochures handed out in Romania alone to promote the safe use of new media.

Telekom's international subsidiaries also provide different offers to help parents make the use of the Internet safe for their children.

The Greek subsidiary OTE launched an informative campaign at the end of 2010 to raise the awareness of the public and its own employees on using the Internet securely and appropriately. The company distributed brochures at all OTE stores that were primarily targeted at parents, teachers and young people. In cooperation with the OTE Telecommunications Museum, the OTE Cultural Clubs and the Adolescent Health Unit (A.H.U.), OTE also held a series of events on the topic. The company plans to continue the campaign in 2011.

Both the Greek subsidiary OTE and Cosmote Greece also make an important contribution to the public debate on Internet safety in Greece, particularly through their support of Safer Internet Greece , a Greek initiative that promotes safe and responsible Internet use. The initiative, which has been underway in Greece since 2004, was founded under the patronage of the European Commission. OTE has been supporting the helpline for teenagers YpoSTIRIZO: 800 11 800 15 since 2009. In February 2011, Cosmote Greece participated for the fourth time in Safer Internet Day, which was celebrated in 73 countries.

Other international subsidiaries also conducted a wide range of measures during the reporting period.

- Slovak Telekom is an important partner of the Zodpovedne.sk Stopline.sk Internet portal run by the

NGO eSlovensko.sk . This project focuses on raising public awareness of how to use the Internet responsibly. As a cooperation partner, Slovak Telekom makes a variety of contributions to raising awareness such as publishing and distributing information materials. Employees of the company regularly give presentations and offer instruction for teachers, police officers and parents. In 2010, a total of 91 information events were held, 1,050 training sessions and presentations were conducted and 500,000 flyers and brochures were handed out.

- During the reporting period, Globul, Cosmote Romania and AMC developed services for parents that enable them to control and restrict their children's access to ICT services.
- During the reporting period, Cosmote Romania handed out more than 50,000 brochures at their customer centers and Germanos Romania shops on using telecommunications services responsibly.

Group-wide involvement in initiatives and voluntary commitments.

We address the protection of minors in numerous initiatives and projects throughout the Group. We support numerous initiatives to protect minors in our markets.
A basic understanding of how to protect minors from inappropriate use of the new media is influence by national laws, country-specific social conditions and discussions. Therefore our international Group subsidiaries individually determine their involvement in improving the protection of minors from inappropriate use of the new media.

In 2011, Deutsche Telekom is working together with all its international subsidiaries to establish Group-wide youth protection regulations.
It is a tremendous challenge to develop comprehensive youth protection regulations that encompass all technologies and content in view of the increasing convergence of access technology and content. In order to tackle this challenge, Deutsche Telekom began supporting a European industry initiative during the reporting period. The goal of the initiative is to develop comprehensive guidelines for the protection of minors in Europe together with stakeholders from the world of politics and society. Large telecommunications companies and device manufacturers as well as online service providers participate in this initiative.

Effective protection of minors requires that we closely cooperate with stakeholders. We joined forces to improve the protection of young people in numerous initiatives and cooperation projects during the reporting period:

At a glance: Initiatives and collaborations for the protection of minors and Internet security.

Adolescent Health Unit (A.H.U.) of the Second Department of Pediatrics - University of Athens (P & A Kyriakou Children's Hospital)	OTE
Advisory council of the klicksafe.de project	Telekom Deutschland
Deutschland sicher im Netz e.V. (Making Germany safe on the Net)	Telekom Deutschland
fragFINN e.V.	Telekom Deutschland
Freiwillige Selbstkontrolle Multimedia-Diensteanbieter e.V. (FSM, association for the voluntary self-monitoring of multimedia service providers)	Telekom Deutschland
Greek Awareness Centre Saferinternet.gr	Cosmote Greece
Jugend und Handy (Youth and cell phones)	Telekom Deutschland
Informationszentrum Mobilfunk e.V.	Telekom Deutschland
Internet Content Rating Association (ICRA) German Consortium	Telekom Deutschland
Internet Service Providers Austria	T-Mobile Austria T-Systems Austria
Kinder sicher im Netz (Making children safe on the Net; in collaboration with FSM e.V. and the police crime prevention units of German state and federal governments)	Telekom Deutschland
Lokale Safer Internet initiatives under the patronage of the European Union	Telekom Deutschland T-Mobile Czech Republic PTC

	Slovak Telekom
Mobile Alliance against Child Sexual Abuse Content	Deutsche Telekom
Safenet	OTE
Media Rakkers foundation	T-Mobile Netherlands
NGO e-Slovensko	Slovak Telekom
European Framework for Safer Mobile Use by Younger Teenagers and Children	Deutsche Telekom
TeachToday.eu in the UK, Germany, the Czech Republic, Italy and Spain	Deutsche Telekom
Support for the " Wege ins Netz " media skills competition by the German Federal Government	Deutsche Telekom

Effective action against child pornography.

As a responsible company, Deutsche Telekom considers it its obligation to take rigorous action against child pornography, i.e. child abuse and its documentation

Deutsche Telekom has been working with criminal prosecution authorities and NGOs active in this area in Germany and in other countries for some time now to ban such content from the Internet. We receive tips from our customers, national and international Internet complaints offices and prosecution authorities. After first consulting with prosecution authorities, we delete content whenever we have direct access to it, e.g., on private homepages hosted on our servers.

Blocking mobile access to Internet sites containing illegal content.
In compliance with the Mobile Alliance Against Child Sexual Abuse , several mobile providers have been blocking access to websites containing child pornography since 2009 and 2010. In particular, companies block websites that are listed in the database of the well-known British organization, the Internet Watch Foundation (IWF) and that are connected to child pornography, child trafficking and child abuse. This type of customer access control is often a controversial topic in society. Measures suspected to amount to censoring are very controversial, especially in central and eastern European countries. Deutsche Telekom subsidiaries need to take cultural aspects in their respective countries into account.

Other key components of the Mobile Alliance include support for reporting hotlines for customers, immediately removing illegal content from the companies' own hosting services and collaborating with criminal prosecutors.

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Customer satisfaction.

Only if we understand what our customers want and are able to translate their expectations into high-quality, reliable products, can we be successful.
Wit our efforts to become a driving force for connected life and work at global level, we are also pursuing the goal of providing the best service in the ICT industry. With optimal service, we not only want to meet our customers' expectations, we want to exceed them. In order to find out how satisfied our customers really are, we regularly conduct customer surveys. Systematic complaint management shows us where we need to improve.

We have embraced our aspiration to “delight our customers” in our Group-wide Guiding Principles. We develop innovative, sustainable products that are extremely reliable and easy to use with intuitive interfaces.

Wide spectrum of measures to increase customer satisfaction.

We consistently work to improve those aspects that are most important to our customers by investing in top-of-the-line networks and innovative products, services and consulting offers. Telekom's customer service also guarantees a high degree of availability and makes every effort to keep promises and deadlines.

Our customers’ expectations are the yardstick based on which we systematically work toward improving customer service. This includes, for example, further developing our customer care, which is now also available on Facebook and Twitter.

Better customer contact management.
During the reporting period, we were able to improve service and product quality by implementing a number of crucial measures.

- Reduction of complaints and unnecessary contacts from the customer's perspective by simplifying processes.
- Greater transparency along the entire process chain by actively communicating with customers, for example updating them on their order status after they have placed orders via text message or e-mail.
- Increased automation of provision and fault clearance processes for fast and reliable processing of customer requests.
- Improving customer contact by conducting ongoing quality assurance measures at call centers.
- Simplifying the product portfolio.
- Introducing a "moment-of-truth" approach: Based on this approach, we assume the customer’s perspective in situations that are of critical importance to the customer, e.g., complaints. It is also necessary for all parties involved to work together across departments to find the best possible solution to the customer's request.

Customer feedback — different channels and analysis instruments.

We systematically evaluate all customer feedback so that we can develop products and services meeting customers’ demands and expectations. A variety of channels are available to the departments responsible for products to continuously analyze customer feedback, including:

- The TRI*M index, which measures customer loyalty
- User experience tracking, which evaluates user-friendliness of products
- The innovation index which measures the innovation degree of Deutsche Telekom core products and the user experience involved, especially in comparison with competitor products
- Evaluation of posts in selected Internet forums
- Direct information exchange between product managers and staff who work with customers on a daily basis

Telekom Deutschland also uses a number of survey tools such as “process tracking,” in which Telekom systematically surveys people who became customers based on a recommendation or who themselves recommended Telekom to others. Our service staff also learn about how satisfied customers are in their daily work. If customers give us their permission, we ask them about the service quality they received at a Telekom shop, using a hotline or from a service technician.

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Customer surveys.

Our customers are one of our most important stakeholder groups. As a service-oriented, responsible company, we feel obliged to respond to their needs and expectations. That is why we evaluate customer satisfaction at all of our locations by conducting systematic surveys, and consistently integrate the survey results into our management processes.

TRI*M — systematic measuring, managing and monitoring.

The standardized TRI*M index is used to measure customer loyalty four times a year and provides us with data that is comparable throughout the Group. The index analyzes

- how customers see our performance
- the intention to remain with us and recommend us
- our cutting edge over the competition

The results are expressed as the TRI*M index.

New committee to increase customer loyalty.
We established the Loyalty Forum at the beginning of 2010. As part of the TRI*M 2010 Program, this cross-functional committee's goal is to develop and implement different types of customer loyalty measures and evaluate the results.

TRI*M results 2010 show slight improvement in customer loyalty.

The TRI*M analysis results were relatively stable in 2010 and indicated a slight improvement in customer loyalty. Telekom Deutschland experienced an overall increase of 3 percent compared to 2009. Our goal is to achieve a consistent improvement rate of up to 8 percent in Germany by 2014.

Sustainability as an evaluation criterion at OTE.

OTE, the Greek mobile subsidiary, has conducted customer surveys twice a year, focusing on criteria such as sustainability and marketing aspects, for five years. The company surveyed around 12,000 customers in 2010. Their answers provided information on the perception of OTE's CR involvement and the effects on customer purchasing decisions. The survey also showed how customers would like to be informed about the company's CR activities and in which areas they see potential for improvement.

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Complaints management.

Critical feedback from our customers is especially valuable to us because it shows us in what areas we can improve. Systematically evaluating customer queries and complaints gives us the chance to identify and eliminate the causes and to achieve our aim of significantly reducing the number of complaints.

Enhancing customer service through contact reduction project.

In 2009, the contact reduction project was launched in Germany. Its original goal was to reduce complaints and repeat calls in the area of fixed-line services for consumers by 20 percent. This initial goal has been consistently extended. In 2010, mobile services were included and in 2011 the project is being extended to include business customers as well. We are planning on decreasing the number of complaints and repeat calls by 20 percent in each area.
All organizational units that have direct or indirect influence on complaints are being included, from Sales and Marketing to Product Management, Process Management, Finance and Technology.

Successful reduction of complaints.

Around one-fourth fewer inquiries and complaints than in the previous year.

As in the year before, we were also able to reduce the number of complaints in Germany in 2010. Compared with the end of 2009, we were able to reduce the number of complaints and repeat calls by 24 percent in the areas of fixed-line and mobile communications.

More transparency for fixed-line and mobile customers.
We were able to increase customer satisfaction, in particular, in the fixed-network area by significantly improving provision processes for products and services. One reason for this was increased order status transparency. Another reason was that customer inquiries were resoved during initial contact, which avoided the need for repeat calls.

We also implemented a number of measures to improve our complaint management processes in the mobile communications such as indicating basic prices more transparently in bills. Customers who have questions about their bills can also get useful information from videos on our website. A simplified identification policy also improved the customer friendliness of our service. It enabled us to complete most customer inquiries on first contact.

Communication training for our service staff.
Dealing with unhappy customers requires special skills from our service staff. That is why we organized training courses for more than 3,100 employees in Germany in 2010.

Striving to inform customers proactively.
We intend to significantly improve the quality of complaints processing in 2010. Proactive customer information is the most important aspect here. We plan to intensify communication and training to make sure that our employees provide customers with all the information they need regarding their requests and steps that might follow their call. Customers are proactively updated regarding the processing status of their request especially when it comes to longer processing times.

T-Mobile Austria makes cell phone costs more transparent.

"My T" app downloaded more than 100,000 times.

According to a report published by Rundfunk und Telekom Regulierungs-Gesellschaft (RTR), the Austrian Regulatory Authority for Broadcasting and Telecommunications, T-Mobile Austria received the most customer complaints of all Austrian mobile communications providers in 2010. The reasons for the complaints particularly included costs that occurred during data downloads once the free data volume as stated in the contract was exceeded. Another reason for the complaints was the rates for value added SMS services.
In response to these complaints, T-Mobile Austria introduced cost control options for its customers during the reporting period. Customers can check their data usage via My T, an application which has already been downloaded more than 100,000 times, My tele.ring and their user account on the website. Customers are in full control of their costs if they sign up for an unlimited data flat rate or choose to go with an additional option for unlimited data usage. If users reach the set data limit, download speed is slowed down automatically with no additional costs charged. Additionally, every T-Mobile and tele.ring customer automatically receives an SMS once they have reached their specific data limit.

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Customer care.

More than 40 percent of all requests sent to Telekom in Germany regarding service issues can already be solved online. We were able to significantly boost the use of these services via social networks by providing our customers free, fast and easy support via Twitter or Facebook.

"Telekom helps" pilot project on Twitter.

Fast customer support in 140 characters.

Since May 5, 2010, our customers in Germany have been able to contact Telekom's customer service via the information network Twitter. Under "Telekom helps" employees do not need more than 140 characters to respond to customer inquiries about service offers and products — just the length of a tweet. Our service staff not only responds to requests but also search out tweets that indicate customer questions or problems. An increasing number of users appreciate this form of uncomplicated support in a personal atmosphere. Sales employees provide their name and even a photo to make this form of support more personal and transparent. Users can also browse through older entries on the website to look for support.

Of course, service staff strictly comply with data privacy regulations . If it is necessary to reveal private data, requests are processed via e-mail.

Twitter gives us the chance to get in touch with our customers and interested parties on a platform where they communicate on a daily basis. Telekom uses the experience gained from this pilot project for other projects to further promote sales and service via social media.

"Telekom helps" — on Facebook as well.

Since September 2010, Telekom has been operating an official fan site on Facebook called " Telekom helps". There, a service team consisting of 12 Telekom employees is available for Facebook users during weekdays from eight in the morning to eight in the evening. Users can post their questions and comments on the site's wall or directly get in contact with staff members that have a personal profile with a photo.

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Research and innovation.

Innovation and the consistent enhancement of products and services are key elements for Telekom in becoming a global leader in connected life and work . We are not content with just being state-of-the-art, we want to anticipate new developments and participate in shaping the future. That is why we invest in wide-ranging research and development activities, in particular in the work of Deutsche Telekom Laboratories.

This is not the only specialized area at the Group where we see high innovation potential. In order to tap into our employees' creativity and knowledge gained in their daily work, we implement systematic ideas management.

We are also committed to financing professorships and developing forward-looking ideas in cooperation with universities. Telekom invested a total of EUR 0.1 billion in research and development in 2010.

Research and development expenditure in the narrower sense refers to pre-production research and development, such as the search for alternative products, processes, systems, and services. However, this does not include expenses for developing system and application software aimed at enhancing productivity.

Interdisciplinary innovation research at T-Labs.

Deutsche Telekom Laboratories (T-Labs) was founded in 2005 as our central research and development unit and conducts research primarily on new technologies that are expected to be ready for or launched on the market within one to five years.

Organized as a private scientific institute affiliated to Technische Universität (TU) Berlin, T-Labs has become a globally renowned research institution with six professorships. The T-Labs main location is directly on the TU Berlin campus. There and at two other locations in Germany (Berlin and Darmstadt), in Israel and in the U.S., a total of around 360 experts and researchers are working in different fields to develop innovations for the simple, fast and secure communications of the future. This successful concept is based on making innovation processes accessible to third parties. It enables productive exchange between selected institutions and companies, between Telekom experts and researchers from around the globe.

Open Innovation Award 2010 — the 50th award granted to T-Labs.
The Open Innovation Award 2010, which was presented by Zeppelin University in Friedrichshafen for the first time on December 2, 2010, was granted to T-Labs for their open innovation program involving external partners and customers. This was the 50th award for the research laboratories in the past six years.

Promoting innovative developments with BarCamps.

For around two years, Telekom has been giving its employees the chance to participate in what is called BarCamps where they can talk about current topics and company projects and develop these further. A BarCamp is a kind of workshop with the structure and content being determined by participants in the course of the workshop.

Web 2.0 innovations at 5th BarCamp.
Around 300 employees from all over Germany participated in the 5th BarCamp in June 2010. They discussed the topic of connected life and work in different discussion rounds and workshops. The participants were especially interested in sessions on the new Group strategy and on current trends and activities dealing with Enterprise 2.0, i.e., involving the use of content management systems, blogs and virtual teams at the company. Another hot topic on the agenda was the introduction of a women's quota at Telekom.

Networking and discussions at 6th BarCamp.
The 6th BarCamp was held on October 12, 2010, in Bonn with a total of 630 visitors in attendance. Participants learned about new Telekom products and services as well as current topics such as social media and customer service in 29 sessions.

Developer Garden as a platform for independent developers.

Deutsche Telekom's Developer Garden is an open communication and download platform for the global developer community. At www.developergarden.com developers have been able to access telecommunications services, such as phone and SMS features, that they can integrate into their own applications since May 2009. With this platform, Telekom has opened up its interfaces to developers and

made another step on its way toward open development.

The community can exchange experiences and access the latest information about applications via the company's website or on Facebook and Twitter.

Smart grids and data centers in the focus of research.

Together with the Switzerland-based energy and automation technology group ABB, we are currently working to develop solutions for smart grids that we are already testing at T-City Friedrichshafen.

Experts work together to develop innovative ICT solutions in order to increase energy efficiency for the interaction between power grids and end devices. One such effort is developing devices that have a highly energy-efficient intelligent power down mode. In the LOLA project, experts are researching how to optimally control power in smart grids.

Datacenter 2020 — the energy efficient data center of the future.
Data centers hold high energy savings potential. In the context of our DataCenter 2020 project, we are working on developing the ideal data center of the future, one that is fast, secure and energy-efficient.

Reducing emissions and traffic jams in mega-cities with smartphones.

Pioneering project in Shanghai.

Air pollution in urban areas is a global problem. Aside from industrial plants, cars, in particular, create CO_2 emissions and a high concentration of dust particles, which can cause health problems. In collaboration with GTZ, the German Technical Cooperation agency that was merged into Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ, the German agency for international cooperation) in January 2011, Deutsche Telekom develops ICT solutions to improve people's quality of life, especially in mega-cities in developing and emerging countries.

Strategic alliance for sustainable mobility.
The partners founded a strategic alliance for sustainable mobility in November 2010. In a joint effort, Telekom and GTZ intend to offer mobile Internet services in mega-cities in Asia, South America and Africa to reduce emissions. With the help of mobile communications and satellite positioning, CO_2 emissions from cars can already be measured with little effort. For example, car drivers can view CO_2 emissions on their smartphone, online route planner or navigation device. This enables them to plan energy efficient routes and trips.

“Pay-as-you-pollute” fee.
Possible models for effectively reducing emissions include a billing system based on consumption, which was tested in Beijing and Shanghai in a pilot project. The pay-as-you-pollute solution was presented at Expo 2010 in Shanghai in October. Smartphones that were equipped with a special app and calculated CO_2 emissions in real time were used in the 50 cars of the VIP fleet at Expo 2010. The data was consolidated in a traffic model developed by Tongji University to provide a comprehensive picture of traffic flow and emissions in Shanghai.

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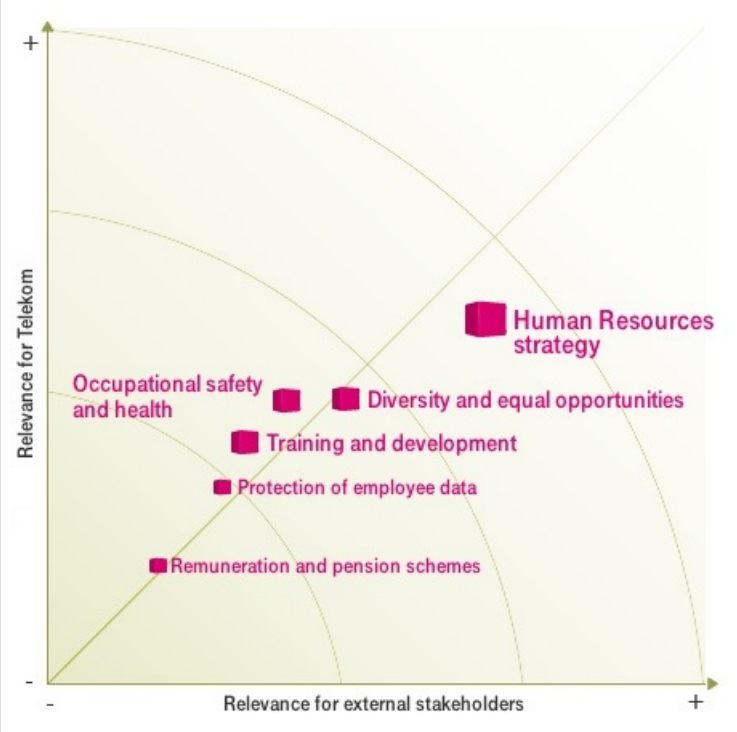
Employees.

What makes a company successful in the long term? Telekom has a simple answer: A company needs a lively corporate culture and structures that facilitate and promote new ideas. We have taken key measures on our way to establishing this kind of corporate culture and becoming the most highly regarded service company in our industry.

The challenge of demographics

Prof. Heike Bruch, Director of the Institute for Leadership and Human Resource Management and full professor at the University of St. Gallen, and Mechthilde Maier, head of Group Diversity Management at Deutsche Telekom, discuss the question of how the Group includes demographic developments in its HR planning.



How we define the key issues.

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Competitive workforce.

Sustainable HR work for excellent services and products.
Our goal is to do the right thing for our customers at the right location and with the right people. In order to achieve this, we not only need an excellent service and product portfolio but also efficient corporate and HR structures. To this end, we are pressing ahead systematically with the reorganization of Telekom as One Company . This is how we are strengthening the global competitiveness of our company, its customer orientation and its flexibility. This will enable us to create and protect jobs with a long-term perspective. Attracting young talent is one key to tackling the tasks that lie ahead of us. A high degree of personnel efficiency and effectiveness, which we manage via the Group-wide Total Workforce Management system, is the basis for this.

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Getting our staff ready for the future.

We need a variety of new skills to exploit our opportunities not only in our core businesses but also in our innovation and growth areas.

Germany: New hires, young talent.

Around 2,000 junior staff hired on after completing their training.

We plan to hire around 10,400 new, suitably qualified staff in Germany and 18,000 throughout Europe by 2012. Attracting outstanding experts around the world from outside the company and promoting our own talented employees is the mix that will make our company fit for the future. More than half of the new recruits in Germany, for instance, therefore came from the ranks of our internally trained junior staff. In 2010 we transferred some 2,000 junior staff from our own training courses, including over 90 students from cooperative degree courses and 40 graduates from our University of Applied Sciences in Leipzig (HfTL) to permanent jobs. This enabled us to improve yet again our high rate of trainees taken on permanently. In total, we hired 4,000 new employees in Germany in 2010, around 2,000 of whom were external university graduates and experts with professional experience. On the external labor market, we primarily recruit software developers, IT architects, business administrators, arts graduates and social scientists, product managers and business analysts. The fact that we also plan to hire a considerable number of professionals for customer service again supports our claim to offer our customers the best service in the industry. We again offered around 3,300 young people in Germany the opportunity to take up high-quality vocational training. With trainees and students on cooperative degree courses numbering around 10,000, we are one of Germany's largest training providers.

Acquisitions and personnel transfers to T-Systems in Europe and worldwide.

We continue to gain new staff with market-based know-how at European and global level. One of T-Systems' moves in 2010 was to sign agreements covering 15 projects involving personnel transfer in its worldwide systems business. Within this context, more than 600 employees were transferred to T-Systems and to international subsidiaries. Outstanding examples include British Petroleum (U.K., Germany, Denmark), Deutsche Post DHL (Germany) and DHL (U.S.), Informationsverbund Berlin-Bonn (IVBB, Germany), the business and consulting organization KPMG (England), Philips (10 countries in Europe, the U.S. and India), Sasol chemicals (South Africa) and T-Mobile (Netherlands). The key factor in successful integration of the new staff was, and continues to be, skilled and cautious HR change management. This allows for smoothly integrating new staff into the Telekom network based on respect for different backgrounds, established corporate structures and cultures.

We will continue on this successful course in 2011. For example, E.ON IT has chosen T-Systems as its worldwide partner for communication & collaboration. With the service unit, employees in 10 European countries moved to T-Systems at the end of the first quarter in 2011. Currently, T-Systems is bidding on 13 additional projects involving personnel transfers. If it succeeds in closing the deals, almost 3,000 employees will transfer to T Systems and bring fresh know-how to the company.

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Personnel and organizational restructuring.

We are getting our corporate and personnel structures ready for the future. We have been streamlining our global corporate organization and making sure — where necessary — that personnel restructuring is moderate and as socially acceptable as possible.

Streamlining corporate structures and organization under the One Company concept.

With One Company we are setting the scene in Germany as well as at an international level for offering our customers attractive, integrated fixed and mobile services from a single source. In Slovakia, for example, we were able to merge our fixed and mobile businesses and combine them in a new, integrated organization called Slovak Telekom on July 1, 2010. Other companies in which we have already completed our future-oriented transformation to an integrated provider are Magyar Telekom in Hungary and Hrvatski Telekom in Croatia. Makedonski Telekom in Macedonia is currently in the preparation phase. This means that the pioneering One Company concept has already been implemented, or is under way, in five of our European companies.

Successful first year for Telekom Deutschland GmbH.

Having cemented our position as No. 1 in new DSL customer business, revenue market leader in mobile communications, and having outstripped the financial targets in the Save for Service efficiency program, the fusion of our fixed and mobile activities into One Company in Germany is a complete success. Following our Group's equally successful realignment in the corporate and business customer segments, our customers are already feeling the benefit of our outstanding, tailor-made service. Our sights are now set on systematically entrenching the One Company concept for our national fixed and mobile business in the minds of our employees. Logically, One Company stands for more than simply establishing competitive conditions and structures. It also means involving our employees in our development as an integrated provider in the long term to ensure that they are motivated and fully committed to this development. Among other things, we are currently working on establishing competitive, integrated training structures with the aim of securing jobs and our success on the market in the long term.

Location concept for business customer sales and service.

Other aspects that we need to transform include the traditional small-scale structure of our business customer sales and service force as well as the regional line-up of our IT units in Germany. With this in mind, Telekom plans to build modern sales and service centers as well as sales offices throughout Germany in the coming years. At the same time, we are merging our IT teams at IT innovation centers. In these two areas, Telekom guarantees to retain the jobs of a total of over 9,500 employees. In addition, we plan to invest a figure high in the double-digit million range in modernizing these jobs and in systematic human resources development in the IT segment. In our IT segment alone, we plan to assign over 100,000 additional training days within the framework of IT skills development for our employees and ongoing IT expert careers.

Act4Service: On the way to a simplified business model at T-Systems.

T-Systems is addressing its goal of achieving efficient processes for top quality from a customer viewpoint with a new business model. From 2011 it will streamline collaboration between the individual company units, make processes more efficient and define responsibilities more clearly. The Act4Service project has been paving the way for the new business model under the sponsorship of the Managing Director responsible for HR since October 2010 — from the startup organization on January 1, 2011, through to full implementation in Germany and international rollout in the individual national companies by January 1, 2012. Alongside its sponsorship of the project, HR is responsible for negotiations, reorganization, change management and employee transfers.

Moderate personnel restructuring and downsizing.

In 2010, we continued our efforts to implement our personnel restructuring processes in a socially acceptable way while creating future-oriented jobs with a high skills profile. In parallel to our extensive skills development programs for teams, we applied instruments that enable staff to leave the company voluntarily in order to fulfill our responsibility to our employees as well as to the company. They include early retirement schemes for civil servants and non-civil servants (from the age of 55), implementation of current partial retirement arrangements and special severance programs put in place for specific units. The collective agreement on partial retirement expired on the same date as state support (December 31, 2009), with the result that this instrument was no longer available for new agreements in 2010.

Vivento: Personnel restructuring provider in Germany.

In 2010 Vivento consolidated its position as a specialist provider for our workforce restructuring. For

many years, Vivento has counted on the readiness of company staff to change and on creating new employment perspectives. In 2010, it focused in particular on cooperation with the German Federal Employment Agency (BA) to lever potential for permanent alternative employment in the public sector. At the end of December 2010, more than 2,500 Telekom employees were deployed on BA projects.

In 2010 Vivento succeeded in

- Finding new, enduring perspectives for more than 700 employees with the German Federal Employment Agency (BA) and other public sector employers. Many employees who have been working at BA for some time opted to make their move permanent. The high number of transfers shows that we are successful in harmonizing the requirements of workforce restructuring with the needs of our employees.
- Offering some 6,880 employees attractive alternative employment — both inside and outside the company. Temporary assignments remained at a high level. Some 3,600 employees alone were deployed with BA and other public sector employers.

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HR planning.

In order to remain competitive, we not only need to take current but also future developments into consideration. This applies particularly to personnel planning. We need to be able to identify future challenges as early and reliably as possible, whether it be market shifts, technological innovations or demographic change.

Total Workforce Management for sustainable HR planning.

HR needs to be able to determine and systematically optimize the worldwide demand for staff, their employment and quality. In order to do so, we use Total Workforce Management (TMW), a state-of-the-art HR tool, to identify and manage the skills, added value contribution, number and cost of our own employees and of third-party providers that we need to commission as well. We assumed the role of frontrunner in our industry as well as innovator in the league of big corporate groups in 2008/2009, when we launched our TWM rollout, based on our business strategy, initially for Germany. With TWM we laid a new foundation for human resources planning throughout the Group. It also naturally provides the basis for longer term workforce development planning and talent management. TWM creates global transparency on all internal and external staff, and does so in terms of quantity and quality, skills, age structure, costs and productivity. External resources include freelancers, consultants and employees in outsourced work areas.

Total Workforce Management at international level: Poland and Hungary are first up.

The first successful international TWM pilots have already taken place at PTC in Poland and Magyar Telekom in Hungary. This means that we can now also optimize the quality of the workforce and the long-term personnel and know-how structures on the basis of business needs in these two countries. The tool will be introduced in 2011 at other European subsidiaries in Slovakia and the Czech Republic, and at all remaining international subsidiaries presumably in 2012.

Global Labor Cost Management.

The Global Labor Cost Management (LCM) project was launched in summer 2010 and is one component within Telekom's Total Workforce Management. LCM supports planning and management of personnel costs. This way, LCM contributes to effective HR planning and market-oriented remuneration. The object of the project is to make personnel costs and remuneration structures in the national companies transparent for the entire Group. Once established, this transparency makes it possible to steer the necessary adjustments to economic, industry-related and local cornerstones in the international subsidiaries. So-called LCM reports, documents that summarize the key results per legal entity, were developed and are made available to the companies as a management instrument.

Skills management to secure skills and expertise.

Within the context of skills management activities, we systematically create and promote future-oriented expertise and skills at our company. Forecasting skills that will be required in the future and comparing them with the skills base in the individual job families within the current workforce provides the basis for effective skill management. As part of our specialist CAMPUS programs, we teach our employees throughout the Group skills they still need to learn. T-Systems also set up a service agency for the entire organization on July 1, 2010, in order to implement its skills-shift measures. It coordinates and manages skills (re)development for employees in order to equip them with the know-how they will need to satisfy future market requirements. Parallel to this, T-Systems is pursuing skills (re)development for some 1,100 employees with the People Empowerment project. The aim is to build success-critical know-how within the company itself. T-Systems manages its staffing — assigning the right people to the right jobs — for customer projects primarily through a skills database, which currently holds over 20,000 skills profiles.

New training approach.

We also support efforts to build up know-how with our internal training and development unit. It offers forward-looking skills development and learning concepts that support the transformation process in the different Group units. In January 2011 our "new training and development" unit was launched under the Telekom Training brand. Our realigned internal advanced training provider pools employees from several of the Group's advanced training units. Its aim as a true service unit is to tune its services to business needs, offering efficient structures and high quality. Our advanced training provider, Telekom Training, is systematically involved in strategic business development from an early stage, through Group-wide skills development planning based on Total Workforce Management. This paves the way for optimal resources deployment and guarantees the future employability of our staff.

Skills development through comprehensive advanced training offers.

2010: 6.2 training days per employee in Germany.

Up-to-date know-how is vital in order to keep Telekom on track for success. Giving our employees the chance to move forward personally as well as in their careers is a crucial factor in keeping employees motivated and inspired to work for the Group.
In Germany alone, our employees completed some 775,000 training days in the year 2010.
This is equivalent to 6.2 days that we gave each employee for continuing education — and an investment of almost EUR 170 million in the know-how of our workforce.

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Health management.

A purely reactive health management system is not acceptable to us. Our goal is to be a leader in establishing a proactive health culture. And we are well on our way.

Proactive health culture for timely detection of health risks.

We received the Corporate Health Award sponsored by the Federal Ministry of Labor and Social Affairs for our efforts to protect the mental health of our workforce in 2010. The debate on issues such as work structuring, stress levels and coping with change processes calls for commitment not only from the health and HR experts but also from all management and employee representatives. This applies in particular where work structure and leadership deficiencies are revealed. In order to review this aspect, our first step was to put some 50 questions on work-related mental stress and health in our employee survey , which was conducted from October 25 to November 14, 2010. We hope that the survey will help us identify risks resulting from the work situation and launch measures to counter them at an early stage.

Promoting health competence and health awareness.

Our health measures range from specific offers for junior staff and seminars on stress management to flu shots and health checks. Outside the realm of the employee survey, we use our health management system and preventive offers to promote health literacy and health awareness among the entire workforce — for example, through the frequently used personal and telephone-based counseling service for executives and employees. One fact is absolutely clear even without these programs and offers: the key prerequisite for a healthy corporate culture is that management staff reflect on their leadership behavior, reduce high-intensity change and improve the quality of their planning.

International health & safety system with consistently high standards.

We support the Group-wide concept of occupational safety and health with a standardized international health and safety management system. Rollout has already started in eleven international subsidiaries, namely at the T-Systems companies in Brazil, the U.K., Malaysia, Mexico, Austria, the Netherlands, South Africa, Hungary, the U.S. and Slovakia as well as at Slovak Telekom. With this step, we have laid the foundation for defining consistent global standards for occupational health and safety. The system is based on the international OHSAS 18001 , ISO 14001 and ISO 9001 standards for occupational safety and health, environmental protection and quality. Plans include minimum standards for hygiene, first aid and medical activities in a crisis. We are also defining standard KPIs, such as the number of days absent from work. The use of minimum standards and KPIs will enable us to create not only greater transparency and better comparability but also additional optimization potential at international level. Consistent standards and KPIs are also a basis of our long-term pandemic prevention plans. We expect them to provide optimal protection for our staff and, on the other hand, to put our company in a position in which it can maintain the global telecommunications infrastructure in a crisis. On the basis of the experiences already made, we are set to implement the health and safety management system in ten more Group units in 2011 and 2012.

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Remuneration.

Fair and market-oriented pay and benefits are a key tool to steer Telekom in times of change and high competitive pressure.

Deutsche Telekom is committed to fair pay.

Group Diversity Management conducted a salary survey to compare the salaries of female and male employees in March 2009. Analysis revealed that there are no gender-specific pay differences for employees outside the collective bargaining system in Germany. Among employees covered by the collective bargaining system, we can exclude the possibility of gender-specific disadvantages, since pay is determined solely by an employee's assignment to a function group. These results prove that Deutsche Telekom practices fair pay for women and men, and is opposed to all forms of salary discrimination. The analysis was based on random sampling and will be expanded in future.

2011 collective bargaining results. We lay emphasis on a trusting relationship with employee representatives. The results of the collective wage negotiations are one example of our successful cooperation. In the 2011 collective bargaining round the negotiating partners agreed on the following terms for the employees of Deutsche Telekom, Telekom Deutschland and the service companies:

- Employees of Deutsche Telekom AG, Telekom Deutschland GmbH, Deutsche Telekom Technischer Service GmbH, Deutsche Telekom Kundenservice GmbH and Deutsche Telekom Netzproduktion GmbH will receive a raise of 3.15 percent, but not less than EUR 75 per month, as of April 1, 2011. On the basis of a 12 month agreement, this means a raise of 2.25 percent, which is in line with the industry.
- Employees of the service companies who were affected by the pay cuts that were agreed in 2007 will receive an additional 2 percent raise backdated to January 1, 2011.
- The term of the collective agreement will begin on January 1, 2011 and end on January 31, 2012.
- Redundancy protection for Deutsche Telekom AG and Telekom Deutschland GmbH employees, which originally expired at the end of 2010, has been extended to December 31, 2012. Current protection against redundancy for employees of Deutsche Telekom Technischer Service GmbH, Deutsche Telekom Kundenservice GmbH and Deutsche Telekom Netzproduktion GmbH continues to apply until December 31, 2013.
- Pay for apprentices will be increased by EUR 40 as of April 1, 2011.

Group-wide standardized remuneration system for executives.
Remuneration for executives has been standardized throughout the Group under the Global Compensation Guideline. The guideline ensures that remuneration packages for executives in the Group are harmonized and market-oriented. They can also be evaluated comprehensively in the respective market environment and analyzed and assessed systematically throughout the Group.

Company pension scheme.

- Capital account plan: Telekom offers its employees an attractive, employer-financed company pension scheme on the basis of voluntary commitments. The capital account plan is a modern, defined contribution system.
- Telekom pension fund: In addition to the capital account plan, Telekom also offers its employees an optional company pension scheme, which is exclusively financed by the employee. This enables employees to close any retirement income gaps and, if desired, to protect themselves against occupational disability and/or secure financial support for relatives in case of death.

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Internationalization.

Under One Company, Deutsche Telekom is fusing into one global corporation. The Human Resources department promotes this development with its internationally minded human resources approach.

Employee relations — national autonomy, global framework.

When crafting relationships with our employees, we need to focus our attention on regional, national and cultural features. In this area in particular, it is important that we show respect for each individual country's legal and cultural characteristics. This is true above all in dealings with employee representatives and national labor unions but also with national companies in which specific, legally required recognition proceedings prevent union representation. We respect forms of cooperation with legitimate employee representatives and/or workforces that have developed in different countries. In our Guideline for Cooperation with Employee Representatives, we have made it very clear that we support the individual responsibility of national management bodies and their HR managers in building employee relations. In addition to our Guiding Principles and national regulations, the guideline is also based on internationally recognized principles such as the ones set forth in the Global Compact of the United Nations, the OECD guidelines and the core labor standards of the International Labour Organization (ILO).

Global employee relations management — taking a multi-faceted approach to employee relations.

The Global Employee Relations Management unit offers guidance and encourages the exchange of experiences on structuring employee relations in different countries. To this end, the unit has collaborated with the international HR community and other competence centers to develop a Group-wide employee relations policy. This outlines our global philosophy regarding our relationship with our employees, while respecting the valid laws and cultural customs in the individual countries. Within the context of shaping our global employee and industrial relations management, in spring 2011 the “Employee Relations in a Connected World” forum will promote and intensify dialog on this topic. The unit also promotes and advises on compliance with labor laws and international Group policies. and is responsible for HR coordination and integration tasks within the context of Deutsche Telekom's international mergers and acquisitions.

Platforms for employer/employee relationships in Germany and at international level.

We have a trusting relationship with the Group Works Council, with which we collaborate closely on all codetermination issues in Germany. The Group Works Council usually meets every six to eight weeks. One fixed aspect of these meetings is the discussion with the employer, with the Chief Human Resources Officer and other decision-makers regularly taking part. Besides this, we join in holding various negotiations, committee meetings and other meetings, which played a vital role in enabling us to reach our corporate goals again in 2010. Through Deutsche Telekom's European Works Council (EWC), we maintain an active relationship with the employee representatives of the subsidiaries and affiliated companies in the Member States of the European Union. Two regular EWC meetings and four EWC Board Meetings are held each year; members of the Group Board of Management attend the EWC meetings regularly to join in discussions and provide explanations.

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Service culture.

A thorough transformation to the “new Telekom”.
Efficiency is not always creative and creativity often not efficient. Still, Telekom needs both elements to stay successful on the market in the future. We want to strike a balance between being a highly efficient service company and a creative innovation driver. The keys to achieving this are good governance, exemplary service conduct by our executives, and above all, a global corporate culture devoted to the entrepreneurial co-responsibility of our employees. We created the foundation for this in our Guiding Principles. As “Enterprise 2.0” we want to reduce hierarchy and status symbols and create scope for more co-entrepreneurship. Social media and Web 2.0 create ideal opportunities for global networking, interactivity and short communication channels.

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Vision.

Successful implementation of our Guiding Principles.
In 2010, we updated our Code of Conduct (CoC) . This is where our Guiding Principles are substantiated and defined. In January 2011, we initiated the international roll-out phase of our new CoC in Germany. This helps illustrate what the Guiding Principles mean to employees and executives in their everyday working lives, and gives guidance on proper conduct for the entire Group. We call on our executives to set an example of the conduct we expect from our employees. We are expecting all employees of the Deutsche Telekom Group to strictly comply with the Guiding Principles and report any violations of legal or ethical principles. We consciously support our executives in their role as multipliers of the Group's strategy, Guiding Principles and Code of Conduct. At Telekom Deutschland GmbH, for example, half of all German executives had already taken part in the workshops of the multi-stage program, 2010 Initiative for Germany by September 2010. Strategy and Integration – Guiding Principles and Leadership." This has proved highly effective at deepening management's understanding of One Company. Feedback from workshop participants has been very positive, and the dialog on One Company is firmly established throughout all management levels. This was verified by an evaluation of the initiative in the spirit@telekom survey in October 2010, which revealed that 68 percent of respondents have confidence in the success of One Company. 73 percent confirm that they put the Guiding Principles into practice in their everyday work.

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Initiatives.

We launched a host of initiatives to systematically pursue our goal of top excellence in customer service in Germany and the rest of Europe, as well as in the U.S.

Living service culture throughout the Group.

One example of an international service initiative is the three-stage service culture program of the Croatian company Hrvatski Telekom. The three years up to and including 2011 were spent training its technical personnel on all aspects and concerns of the service culture. The aim is to delight customers. Here in Germany, we are also intensively involved in service training. In our three service companies alone, employees completed more than 100,000 service training days in 2010.

Service Academy continues.

2010: Training for 1,900 managers.

We have built on the success of the German Service Academy to give our executives a better understanding of good service. Since 2008, the Academy has been driving this development and helping to anchor the new service focus. In a series of workshops, training courses and practical assignments, executives at the German Group learn to center their conduct around the customer and to lead their employees in a service-focused manner. While the first two phases focused on communicating and experiencing a shared understanding of management ("service leadership"), since May 2010, phase 3 has concentrated on the practical application of what they have learned in real projects. Service Academy courses were attended by more than 1,900 executives in 2010, around 900 of whom have already completed phase 3. Many of the national companies have introduced similar service initiatives to inspire their executives and secure their commitment.

Service careers — a distinct career path for top service-providers.

The service career is a new career path that is precisely tailored to all three service companies in Germany. It offers our high potentials another valuable opportunity to develop professionally — through top performance in service. A total of 1,100 employees have commenced their compact training to prepare for their new role as part of the service career. The training phase takes no more than ten months and qualifies employees for a range of activities in Sales and Service in Germany, for instance as a customer service representative or team leader. With this initiative, we want to improve both our employees' personal development opportunities, and the solution and service competency of our employees for our customers. The service career also offers financial rewards.

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Cultural transformation.

Change management to support change.
We need a professional, high-quality, Group-wide change management system that takes into account emotional and subjective concerns. This is the only way to get employees involved in continual, radical change processes on our way to becoming the "new Telekom," and to integrate the corporate culture and new structures in the everyday work routine. In 2009 and 2010, the HR team focused on actively accompanying One Company integration.

Change House as a basis for change management.

We have combined our tools and initiatives for transformation under the term Change House. Since 2010, Change House has helped us establish efficient, consistent Group-wide change management practices that also take specific regional and local conditions into account. This also enables us to implement systematic international transformation management processes.

Change Navigator, training and Change Community.

Telekom Wiki platform supports change management.

The Change Navigator provides the basis for our Group-wide change management. The Navigator contains practical tools, work documents and best practices from the individual Group units that can be used by all change experts in their work. The tools are designed to be flexible so that executives accompanying change processes can use the Change Navigator as well. In early 2011, we began the international rollout of the revised Change Navigator. As well as providing support in the ongoing change management process, the training of all change experts, HR contacts and executives is another important element of the Change House. We have developed a graded training system through which our change experts can get information and develop their skills in that area. This concerns major change projects, for example the Change Management Professional Program, which was launched in November 2010 by the renowned Henley Business School in the U.K., one of our cooperation partners. The Change Community provides change experts with a forum for exchanging project experiences and best practices worldwide in international community calls four times a year and at the international Change Community Conference, where they meet face-to-face. The last one was held in November 2010 in the Slovakian capital of Bratislava.

HR Europe also developed Transformation Management, a Telekom wiki platform. HR personnel, change experts and interested employees can use this tool to obtain comprehensive information about change management in the Group or in individual segments. Another example is the Transformation Management Toolbox, providing HR experts throughout the Group with guidelines and best practices for developing and implementing their own change measures.

Additionally, T-Systems provides information to for managers, HR Business Partners and change experts through its online Change Orientation Tour.
We also recognize the importance of supporting our executives, as the engines of change, with corresponding development programs. T-Systems, for example, has created its own series of workshops, HRD@T-Systems. It strengthens the role of executives as both HR developers and change managers. This successful series will be rolled out to all T-Systems national companies in 2011. In future, we will continue to draw on external experts to advise and accompany change projects across the entire Telekom Group.

Indicators for success: Employee involvement, controlling and feedback.

We use a closely knit feedback system to review the success, trends and possible need for adjustment of our change management processes. This includes our pulse surveys, which take place twice a year. They provide a snapshot of current trends and sentiments among our employees, for example with regard to satisfaction and acceptance of the Group strategy. Our employee survey provides us with detailed feedback when it comes to our employees' commitment, service conduct and health. In addition to this comprehensive employee feedback, we also measure change progress individually, for example via "360° feedback" for our executives. “Initiative 2010" (see above), for example, uses 360° feedback for personal position-finding.

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Employee involvement.

Our employees need to be actively integrated into the organization so that their interest in the development of the company increases and they identify themselves with it. This can be achieved by giving them the opportunity to anonymously contribute ideas and suggestions. More streamlined hierarchical structures, new forms of work and communication channels and regular surveys also promote open dialog and the productive exchange of ideas.

Record response to 2010 employee survey.

Around three-fourths of all employees worldwide surveyed.

138,000 employees in 27 countries took part in the three-week employee survey in October/November 2010, representing a record response rate of 72 percent. Telekom was the first DAX-listed company to include detailed questions on mental and physical well-being in its current employee survey. We developed a questionnaire for this purpose in cooperation with the Technical University of Dresden. The university also provided benchmark figures for companies in the service, manufacturing, administration and IT sectors. Measured against these, Deutsche Telekom is slightly above average in terms of health. Of the factors that affect health, the employees were particularly positive about the interpersonal atmosphere within the company and the leadership qualities of their direct superiors. Both of these aspects help to cushion the perceived relatively heavy workload. Overall, employees evaluated their direct superiors somewhat less favorably, however, than they did in the employee survey two years ago. In a subsequent phase starting in mid-February. each manager received a detailed team evaluation of the survey results with recommended actions derived from this. Specific measures will be derived from the individual results.

Ideas management — getting employees involved in Telekom's future development.

Ideas management at Telekom already plays an important role in getting employees involved in the company's development. This applies to all issues, aspects, and areas at Telekom, from customer service and internal processes to product innovations. Interactive tools at ideas management also pave the way toward even greater openness for Telekom, both internally and externally.

Enterprise 2.0 — Telekom among the leading social media companies.

We consider Enterprise 2.0 to be the strategic redesign of our information, dialog and collaboration processes based on technology on the one hand and transforming culture and collaboration on the other with the aim to accelerate transformation into the "new Telekom." The newly established Enterprise 2.0 Center of Excellence presents the fast-paced 2.0 developments to our customers and employees. The following summary shows one thing above all: as a company, we at Deutsche Telekom are already present and firmly integrated in many areas of Web 2.0, both in terms of our external image, for example in recruiting (finding fresh talent and experts), as well as with regard to our internal workflows and knowledge management, both internationally and in the German Group.

- We have more than 31,000 registered users of our in-house Enterprise 2.0 media such as Telekom wiki, the blog platform and our internal People Network.
- More than 1,300 projects are handled via our Wiki cooperation platform. Wiki is available to all employees as the open TelekomWiki, and to closed project and user groups as Telekom MyWiki. The internal media survey revealed that, since going live almost two years ago, Telekom Wiki has become the most trusted medium with the greatest perceived benefits among employees, even ahead of editorial articles on the intranet. 51 percent of all employees are familiar with the wiki platforms.
- The Group has more than 50 German-language Twitter channels.
- There are more than 80 Telekom Facebook accounts and 20 YouTube channels.
- The best example: T-Mobile USA reaches more than 10 million customers via the targeted use of social media.
- With Social Media in HR, we were ranked number one out of 110 DAX, MDAX and TecDAX companies for HR marketing in the two leading ratings by Professors Wolfgang Jäger and Christoph Beck.

Customer and partner dialog through the Enterprise 2.0 Center of Excellence.

We are now focusing on using Web 2.0 even more selectively and stringently to accelerate our development as market leaders for connected life and work under Enterprise 2.0. Our Culture Management unit launched the Enterprise 2.0 Center of Excellence in July 2010 to drive four core topics: new interaction in customer and partner dialog, culture, communication and an integrated Enterprise 2.0 infrastructure.

The objective is to involve as many people as possible — employees, customers and partners — in our

value creation processes. This means that we examine both our value chains for possible partner incorporation, as well as the use of 2.0 instruments. This entails ensuring the convergence of customer media internally and building new interaction platforms. We have already launched our first programs, for example in the areas of open innovation with the developer community Developer Garden and in customer dialog via an extensive range of activities on social media platforms such as Twitter, Facebook and in various forums.

Competence and technology for Enterprise 2.0.

The aim is for all employees to develop a high level of expertise in dealing with new and pioneering media. The first step is to create uniform framework conditions for using the interactive media. We have already drawn up social media guidelines together with marketing recommendations to cover this area. Internally, interactive communication means completely refocusing the intranet as a feedback and dialog tool, further expanding collaborative instruments such as the wikis, blogs and social networks, and reinforcing our external Enterprise 2.0 communication. In 2011 we will be familiarizing Board of Management members, executives and employees with the use of social networks in their everyday working lives with a series of coaching sessions and training courses. We plan to create a uniform, internal Enterprise 2.0 infrastructure with integrated technologies. This heralds a brand new era of collaborative working. The goal is to establish an international, Group-wide and network-independent infrastructure that enables efficient work processes on any device, anywhere and at any time. We are currently evaluating the standards on which to base Telekom's Enterprise 2.0 infrastructure in order to guarantee user-friendliness, simple access and security.

New corporate culture for improved self-organization.

In order to encourage our staff to act independently, we are currently developing concepts as to how Enterprise 2.0 management tools and initiatives can be embraced in our corporate culture. We are also developing flexible models for individual control over working hours and training measures such as mentoring programs for junior staff. Sessions such as independently organized meetings and conferences with our customers also promote increased involvement and encourage our employees to take on an entrepreneurial mindset. The focus here is clearly on facilitating direct, open communication.

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Talent agenda.

Creating the “new Telekom” through diversity of talent.
We need highly competent and creative employees at all levels and in all areas of our company, whether apprentices, students on cooperative programs, young people at the start of their careers, or experts and executives with professional experience. These are the people who create real innovations, turn them into attractive products and services and in so doing drive Deutsche Telekom forward. In order to recruit, retain and develop these employees, the Group is pioneering a future-minded human resources and talent policy. We draw on the best talent in all its diversity by offering attractive development opportunities and work environments as an employer. And we combine the different potential and needs of women and men in a targeted and profitable way.

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Employer brand.

On the way to the top as an attractive employer.
Once again, we were the most coveted employer in the telecommunications industry in Germany in 2010. Part of the reason for this is our innovative talent recruiting. Telekom is now considered to be a pioneer among the DAX 30 companies in terms of using social media tools to recruit talent. The diverse and innovative activities of our central Recruiting & Talent Services (RTS) are setting the standard here. Our excellent training and development programs and our long-standing commitment to the Bologna process contribute significantly to our excellent reputation as an employer. We are well on the way to becoming one of the top talent companies.

Excellent employer image.

Second place in the Employer Branding Award.

Various recent awards have proven that we are an excellent employer, including our second place in the Employer Branding Award ranking by Trendence for the most successful image transformation. Our international subsidiaries and shareholdings also won a host of awards in 2009/2010. Slovak Telekom, for instance, topped the table in the Slovakian “Best Employer” study. Our Croatian subsidiary Hrvatski Telekom also took first place in the 2010 Employer of First Choice ranking. The Hungarian subsidiary Magyar Telekom was not only named No. 1 in the 2009 Best Employer study in Hungary, since 2010 it has also been one of the top 10 Best Employers in CEE — out of all the major employers in central and eastern Europe. Our mobile communications companies in the Netherlands, Austria, Poland, the Czech Republic and the U.S. also achieved excellent rankings.

“The great experience” — global employer positioning.

On the way to becoming a top talent company, we have stepped up our activities since 2010 to systematically establish Telekom as a global, high-profile employer brand. Only in this way will we succeed in inspiring talented young people from all over the world to join Telekom. Under the slogan “The great experience,” we are currently implementing unique selling propositions in order to distinctively convey the qualities of our company as an employer. A global job search platform gives job seekers a worldwide overview of the externally advertised vacancies in our companies. This allows applicants to learn more about Telekom and find out about the attractive starter opportunities, not only in their home country, but also around the world. At the same time, we also plan to make “The great experience” come alive at the company with new and more flexible work forms and work environments designed to make our company even more attractive to its employees. We are sending a strong signal here — with Group-wide diversity management and a wide range of measures on the issue of work-life balance.

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Talent management.

Any company looking for new talent should go where the talent can be found. The digital native generation, for example, can be found online, in particular in social media.

Looking for talent in the digital world.

On the Internet, especially in social networks, digital natives use all possibilities of interactive networking and real-time communication with unconventional exchange forums and flat hierarchies. Nowadays, applicants expect direct insight into the company. They want to know what their potential employer looks like, they want to meet their future colleagues and get an idea of topics and areas. In short: they want an interactive company. This is one of the great advantages of social media. Unlike traditional media, social media enable direct exchange between companies and candidates and encourage them to directly exchange ideas and get involved. For this reason, we use platforms such as Facebook, Twitter and Xing for recruiting purposes. We interlink our online presence in social networks and the career pages of our company. This enables the Group to considerably expand and improve contact management activities. Our job app for the iPhone was downloaded 22,000 times in the first year after its launch (as of February 2011), a great success. Our company also has expanded its presence significantly to include a number of social networks. As part of “T-Systems meets XING,” we are successfully combining online recruiting via social networks with making personal contact during after work events.

Attracting talent among students and graduates.

"Jump in!": direct career start for more than 250 graduates in 2010.

Since there was a focus in the reporting period on approaching talented students and graduates, we also continued our dialog forum, the Technology meets Talent BarCamp. As another point of contact for student recruits, we also set up two intern programs, Connect! and Be International! The latter provides above-average students with the opportunity of an internship at a Telekom company in another country. The student network Connect! provides the opportunity for all interns to maintain contact with the Group after completing their internship or to take part in seminars and workshops. We successfully continued our entry-level offers for graduates, the entry program Start up! and the direct entry program Jump in! in 2010. Around 50 excellent university graduates participated in Start up!. Jump in! enabled more than 250 graduates in total in 2010 to directly enter their preferred area of work at Telekom.

Targeted support for outstanding talent in the IT area.

In addition to our university involvement, we set up and continued other training initiatives in the reporting year, which further enhance our search for and promotion of talent. They included, for example, the Young IT Talents program, with which we want to specifically promote and retain up to three percent of our best IT apprentices and students each year.

Commitment to education.

We are also intensively committed at society level in order to inspire girls and young women to consider Telekom as an employer:

- **STEM (science, technology, engineering, and mathematics):** Through a wide range of STEM initiatives, we hope to inspire girls and young women to go for technical and science-based careers, professional and management positions. In the last five years, for instance, we have sponsored the “MINT Zukunft schaffen” (Creating a STEM future) and “erlebe IT” (Experience IT) initiatives as well as the JUMP in MINT mentoring program for young people. As part of the industry initiative “Jugend denkt Zukunft” (Young foresight), we held an innovation week for Berlin schools again in 2010.
- This year's participation in the annual **Girls' Day** was even more successful than in previous years. We participated with more than 4,000 girls (around 2,600 in 2009) at 55 locations throughout Germany.

Programs for disadvantaged young people.

66 young adults given career opportunities.

Initial experiences with our entry-level training scheme for young people known as EQJ have been very promising: Of the 61 young people who took part, 50 managed to get training positions. Thus this project also makes a significant contribution to fostering undiscovered talent. In 2010, we offered another 66 young people the opportunity to get a foot on the career ladder. We plan to give more young people, especially from poor educational backgrounds, solid prospects for beginning a career with the pilot project “My chance to get going,” which we are carrying out in collaboration with the German Federal

Employment Agency, until at least 2012.

We are currently developing further initiatives and programs in our efforts to secure the next generation of employees. We will increasingly approach specific target groups in the coming years to secure a fresh supply of talent in the long term despite the demographic shift. In addition to continuing with the EQJ program, we also plan to work with the German Federal Employment Agency to specifically recruit single parents for training or cooperative degree programs.

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Training and development.

In order to offer our customers inspiring solutions for connected life and work , we need a multi-faceted and diverse array of talent among our employees, whether apprentices, students on cooperative programs, young people at the start of their careers, or experts and executives with professional experience.

Top training provider.

It is a fact that Telekom is one of the largest training providers in Germany. And there's a good reason for that: nowhere else can we get such direct access to such a huge pool of highly qualified, talented people for our company. Nowhere else do we have to do so little to overcome the public-authority image of a former state-owned enterprise than with young people who complete their first degree or vocational training with us. In training year 2010/2011, we had some 10,000 apprentices and students on cooperative degree programs overall.

Bologna@Telekom as a talent breeding ground.

Around 1,000 of our junior staff are students on cooperative degree programs. On top of this, more than 200 students are enrolled in a full-time degree program at our own University of Applied Sciences (Hochschule für Telekommunikation — HfTL) in Leipzig. As a determined advocate of the Bologna university reform, Telekom's Bologna@Telekom initiative doesn't just pool all activities related to the full-time and cooperative degree programs. We also increasingly use it to promote part-time academic courses for our experienced employees. Since the 2009/2010 winter semester, selected young talent can study for a bachelor's or master's degree at one of our partner universities alongside their job and with support from the Group in terms of time and financing. From the 2011 winter semester, around 200 more employees will take up this offer on top of the 224 who are currently supported.

Partnerships with universities restructured.

In order to make our involvement with universities even more effective, transparent, multi-dimensional and international in the future, we have restructured our partnerships. We have made them much more targeted and Telekom can now be experienced as One Company right from the university campus. Students can discover that "Life is for sharing" while still at university. Below are three examples to illustrate this:

- **Zeppelin University in Friedrichshafen:** previously a research partnership within the scope of T-City, now a partner university with the new part-time Master of Digital Pioneering degree course and source of inspiration for Enterprise 2.0
- **Ludwig Maximilian University in Munich:** previously endowed chair sponsored by the Deutsche Telekom Foundation, now active advisory board membership, innovation center for T-Systems, frequent guest lectures by Telekom experts, joint research projects with Deutsche Telekom Laboratories, draft of a master's degree program for Bologna@Telekom 2012, partner for the Deutschlandstipendium scholarship program
- **Goethe University in Frankfurt am Main:** previously endowed chair for Mobile Commerce, currently active advisory board membership, guest lectures by Telekom experts, employee training and development in the field of mobile security, recruiting events at the Frankfurt campus

Scholarships and awards.

Deutsche Telekom AG is one of the first DAX 30 companies to support the German government's Deutschlandstipendium scholarship program from the 2011 summer semester. Over the next four years, the Group will sponsor a total of 360 students under this scheme. Students can receive support at seven German universities: TU Dresden, WWU Münster, LMU Munich, HS Munich, TU Darmstadt, TU Dortmund and FH Dortmund.

Furthermore, we want to further raise the external profile of our partnerships, for instance by awarding from 2011 an annual sponsorship prize for exemplary university work. Deutsche Telekom will evaluate all university partnerships and award the prize to the best one.

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HR development.

We want to fill the majority of our expert and management positions with top performers from within the company. First and foremost, we offer our future experts and managers attractive working conditions in order to keep them in the Group. We assign demanding, exciting and challenging tasks. At the same time, we want to open up long-term prospects for their personal professional development.

Talent Spaces to raise the profile of talented people internationally and across segments.

The Talent Spaces initiative is an excellent milestone for our international and cross-functional talent management. True to our Guiding Principle “Best place to perform and grow,” the aim of the initiative is to network and raise the profile of participants within the company. It allows us to overcome national boundaries in our company as well as previously isolated departmental “silos.” The kick-off event with the first 200 international participants took place at the end of October 2010. They were proposed by superiors and senior management, are above-average performers and have demonstrated potential for greater challenges. The participants from 22 countries all over the world now have time and opportunity to network with each other and get noticed by decision-makers for up to 18 months. Further project assignments and individual activities such as mentoring are planned. Talent Spaces was initially launched for employees in five functional areas: HR, Finance, Procurement, IT and Technology. Additional areas will follow in the next few years.

Talent platforms in the Telekom Group.

Our German and international companies support Talent Spaces with their own talent platforms. These platforms raise the profile of potential future leaders and experts at company level, which then allows us to incorporate them in our Group-wide talent initiatives such as Talent Spaces. For example, Telekom Deutschland GmbH has had additional talent platforms since 2010. These are aimed at employees who want to network across functions and engage in a company-wide dialog on strategic and business-related issues. The aim is to raise the profile of talented people within the company. “Managing director’s talents,” “Cross mentoring” and “Delight your customer” — as well as “Dinner talks” at T-Systems — address target groups with different professional experience. In 2011, T-Systems will continue — in a new form — its Talent Acceleration Initiative (TAI) launched in 2009, in which eleven talented women with initial management experience from Germany and other countries were prepared for taking over executive positions. T-Systems has also installed talent platforms at its national companies, e.g., the Talents@T-Systems initiative in Austria.

Performance & Potential Review, an established tool for feedback and development.

The Performance & Potential Review (PPR) makes a significant contribution to establishing Group-wide transparency and harmonizing HR development processes. In 2010, we successfully used it for international executive development as part of STEP up!. Furthermore, the PPR was extended to include 2,700 executives and team leaders not covered by collective agreements in Germany and more than 2,000 executives in other countries. Overall, our executives are very satisfied with the PPR as the platform for personalized management development. We used the feedback of executives to improve the IT tool once again, which was used for the first time in 2009. In order to determine how satisfied the newly included executives and team leaders are with the PPR, we conducted a new survey at the start of 2011.

STEP up! — international roll-out of development programs.

In order to further develop high performers from within the company, to network them and prepare them for tasks with greater responsibility, we have established a wide array of development programs for executives throughout the Group. This includes the Leadership Excellence Programs (LEP), which are differentiated by management group. In 2010, over 800 executives took part in LEPs, including executive staff from our international units. The Executive Development Program (FEP) and its international equivalent, the Leadership Development Program (LDP), particularly support employees who are preparing for their first management position, but also executives.

Expert career path throughout the Deutsche Telekom Group.

As an alternative to a traditional management career, we have introduced a development program for experts (Go Ahead!) in the company. Currently, some 33,000 T-Systems employees in Germany alone benefit from Go Ahead!. In addition, participants include colleagues from the national companies and our European fixed-line and mobile subsidiaries. Expert development measures focus on competition-critical areas such as information and communications technology and project management. In addition, more than 3,000 experts from T-Systems took part in the strategic CAMPUS training programs for expert development in 2010.

Alternatives to a management career.

In addition to broad-scale further training activities for our specialists, T Systems selected more than 560 top performers and high potentials in 2010 to take part in development programs for expert careers. The employees have already been assigned to the relevant expert groups. In the international programs Professional Expert Program and Professional Expert Conference, as well as the Top Expert Community, experts network with each other and with top management. Thanks to the positive feedback, the programs will be continued in 2011 with larger numbers of participants and a greater proportion of women and international participants.

The Go Ahead! rollout continues at international level.

Other Group companies are also joining the internationalization of T-Systems Go Ahead!. At T-Mobile Austria, the development program for professionals has already been fully implemented for around 1,200 experts. Go Ahead! has also been introduced for selected groups of experts at the Croatian company Hrvatski Telekom, in the Netherlands and in the Czech Republic. Initial preparations are underway at Magyar Telekom (Hungary) and PTC (Poland). We are gradually continuing our international roll-out in the Czech Republic, Slovakia, the Netherlands and Greece.

A special career path: the project career.

In view of the increasing importance of projects and the project business, we are planning, as part of Go Ahead!, to establish a new career path in the Telekom Group: the project career. In addition to a high level of added value for the company, it will offer top performers and high potentials in particular new career options in project management. Among other things, we want this option to increase transferability between project and management career paths, improve and standardize development processes, and encourage networking between project and program managers. In 2011, we plan to define the form and structure of the project career and launch an initial pilot by the end of the year.

International exchange and knowledge transfer.

In order to drive the development of know-how as well as a shared concept of One Company at a business-specific level and across national borders, we set great store by international development measures:

- **Telekom X-change:** The program offers high performers the opportunity to experience everyday work in an international environment for three to six months. This includes assignments to and from Germany, as well as directly between national companies.
- **Professional programs (PP):** Together with renowned business schools, we are expanding and developing specialist knowledge and strategically relevant skills of our employees. In 2010, a total of 162 participants visited English-language courses in the areas of finance, HR, marketing and IT. The PPs also provide opportunities to acquire a master's degree.
- **Master classes:** This development offer is aimed at top performers among our experts from all functions in Germany and the international subsidiaries. In 2010, we offered four master classes: Change Management, Influence and Leadership, Innovation, and General Management. Due to the extremely positive feedback from participants, we will increase the number of master classes offered in 2011.

Telekom School of Transformation — breeding ground for a culture rethink.

In order to step up our efforts to drive Telekom's transformation at the personal, enterprise and social levels, we are set to found our Telekom School of Transformation in 2011. This will not be a classic corporate university but, instead, the breeding ground for our new culture, improved organization and changed business. Its object is to influence our leadership culture, international collaboration and the focus of our business. It will shape the long-term transformation in the Group, its units and each and every individual. It will, additionally, strengthen the attraction of Telekom as an employer for talented people and promote exchange with society.

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Diversity.

For Deutsche Telekom, diversity means productive variety. Our aim is to promote and harness this diversity within and outside of our company as a source of business success, creativity and innovation.

Diversity management to embrace a culture of openness.

Diversity is a key driver for change in our corporate culture — and at the same time our contribution to active openness and respect in society. With the shift from a monoculture to an open company, we offer talented young people a wide variety of opportunities in their different phases of life to develop professionally and personally. We create attractive work environments and flexible working conditions for women and men alike, in which achieving a good work life balance is a given.

Quota for women in place for a year — starting off with a bang.

Number of women in managerial positions worldwide increased from 19 to 22.7 percent.

By the end of 2015, 30 percent of middle and upper management positions will be held by women. This Board of Management resolution was a milestone on Telekom's way toward a new corporate culture. In order to achieve the 30-percent target, we are managing our program to implement the women's quota systematically through target values along the entire talent development chain. The quota has found particularly strong resonance in our home market, triggering a broad debate both within and outside of our company. One year after introduction of the women's quota, we have succeeded in recruiting large numbers of women, especially for top management positions and key HR development programs:

- The percentage of female executives worldwide has increased from 19 percent to 22.7 percent.
- Since March 2010, the number of women in the 66-strong management team below the Group Board of Management, the Business Leader Team, has increased from two to five.
- The company has appointed 13 female supervisory board members at German first and second-tier subsidiaries, bringing the total number of women sitting on Telekom supervisory boards to 17. At international subsidiaries, 15 women hold a position on supervisory boards.
- Increasing the percentage of women among new high-potential recruits corresponds with Telekom's self-proclaimed goal of providing comprehensive and systematic support to women. The percentage has risen from 33 percent at the beginning of 2010 to 51 percent.
- The percentage of women in management development programs rose from 18 percent in 2009 to 34.6 percent in 2010.

The introduction of the women's quota and resulting debate are fueling our cultural change. Assumed givens are being questioned and traditional patterns of thought deconstructed. The quota particularly leads to new ways of thinking about flexibility of working hours. For example, an increasing number of male executives are considering flexible working models, family-friendly working hours are being encouraged and working from home rather than the office is becoming more common.

Dialog promotes cultural change.

Diversity needs to be internalized by employees and executives. For this purpose, we held a number of events over the last year:

- **Dialog forums: In 2010, we held three dialog forums overall, attended by Board of Management members and prominent guests.** The forums aimed to allow an open dialog with employees about how the company and culture need to change.
- **Telekom held its inaugural Diversity Convention in 2010.** Under the slogan "Success through diversity — it's all in the mix," more than 300 international executives intensively discussed the issue of putting diversity into practice at work.
- **Networks for women:** The events we offer our female employees and managers include Telekom Deutschland GmbH's IT business lunches, Deutsche Telekom Technischer Service GmbH's forum for female professionals and executives and the women networks Women@T-Systems and women@EU organized by Telekom's Europe board department.
- **queerbeet:** The network for lesbian, gay, bisexual and transsexual Deutsche Telekom employees and their friends and supporters was established at the end of 2002. querbeet aims to help ensure that employees reach and contribute their full potential in and for the company, regardless of their sexual identity.

work-life@telekom — encouraging new worlds of work.

With our work-life@telekom program, we have been placing particular emphasis on a healthy work-life balance since 2009. In order to retain and develop employees and help them reach their full potential,

we want to boost their sense of personal responsibility and give them increased control over their own time. Telekom also encourages its employees with a range of offers in these areas, allowing for different personal situations through flexible employment opportunities. The main focuses of the program are working hours and location, family and social life and health and fitness in the context of a work-life balance.

Three voluntary commitments to create a work-life balance.

In order to permanently embed a work-life balance in the corporate culture and in everyday life, we introduced three trendsetting voluntary commitments to the benefit of our employees and executives in the reporting period.

1. Use of mobile devices. A leadership and corporate culture based on respect and personal responsibility includes treating free time with respect, whether vacation, weekends, or just outside of work on workdays. In a voluntary commitment, we explicitly stated that employees are not required to use company mobile devices in their free time. Also, there is no obligation to answer work e-mails or calls during free time.

2. Flexible working hours. We have introduced a voluntary commitment on flexible working hours for executives. As role models, managers are encouraged to take advantage of flexible working hours more often and motivate their staff to creatively use their existing options. The goal is to make part-time work a standard component of our management culture, as is the case at T-Mobile Netherlands .

3. Standardized parental leave process. With its parental leave process “Stay in contacT,” Deutsche Telekom plans to encourage its employees even more systematically to stay in contact with the company. We have established an exemplary process at T-Mobile Austria .

Diversity consultants provide advice on parental leave and worktime models.

During the reporting year, we introduced the diversity consultant function at Group level. We offer men and women competent contacts that provide answers as to how to make working hours more flexible, on parental leave and returning to work after long absences. The goal is to take advantage of the existing regulations in order to come up with solutions that are tailored to the employee's situation, if necessary together with the HR department.

You can find further examples of support offers that help reconcile family and work in the current HR Report .

Generation@Telekom — ready for the demographic shift.

The European trend toward aging societies is also reflected in Telekom’s workforce. That is why it is not only important to us to attract and retain young people with high potential who bring fresh know how to our company. We also need to secure the extensive and long-standing expertise of our experts and managers. We are preparing to meet these challenges. In our Enterprise 2.0 strategy, for example, we continued with our intergenerational reverse mentoring program, which encourages the exchange of knowledge and understanding between the generations. Young employees introduce their older colleagues to the world of Web 2.0 and explain applications to them. Children’s Day was also held again in 2010, when parents and grandparents were invited to bring their children and grandchildren to work. Some 250 children participated in Children’s Day at nine offices in Bonn.

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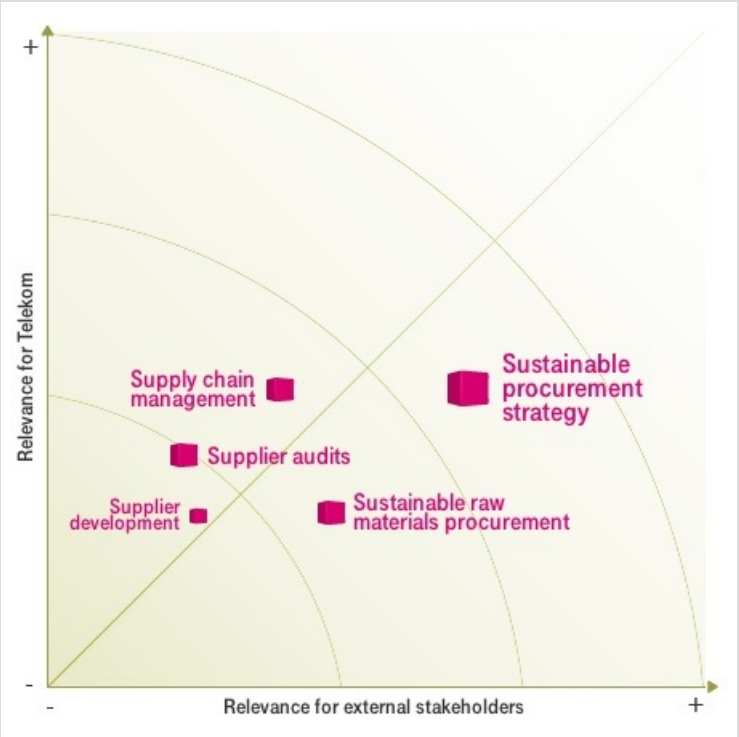
Suppliers.

As a globally active company, Telekom procures goods and services worldwide and is involved in supplier relationships in more than 50 countries. We emphasize trust and dialog as well as controls in these relationships. We promote a sustainable supply chain throughout the Group. Within the scope of industry initiatives, we develop procedures for working together to structure supplier relationships sustainably. In doing so, we underscore our claim to leadership when it comes to responsible procurement practices as well.

Raw materials, but not at all costs.

In a conversation with Klaus Milke (right), Chairman of the Board of Germanwatch e. V., Volker Pyrtek (left), Chief Procurement Officer at Deutsche Telekom, explains how the Group ensures sustainability in its procurement management processes.



How we define the key issues.

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Sustainability strategy for procurement.

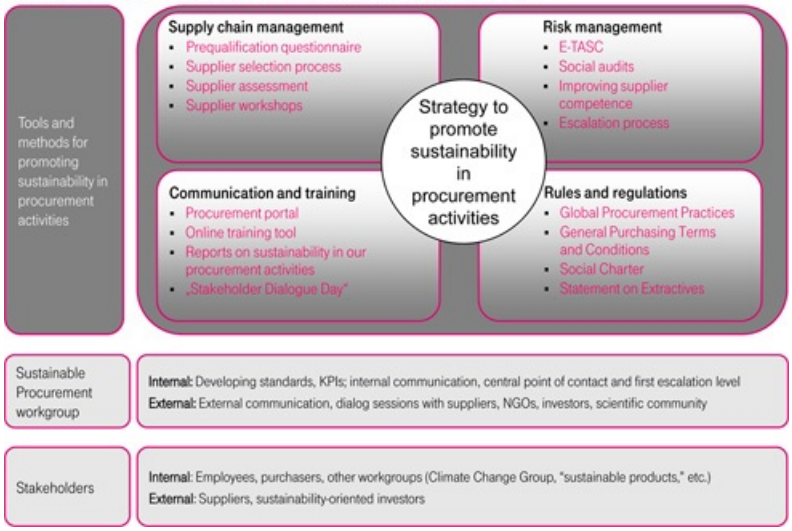
Content verified by PwC

Within the scope of its CR strategy Telekom, as a reliable partner, is working toward becoming the industry leader also in the area of procurement and supply chain management. The fact that we were once again at the top this year in renowned sustainability rankings is proof that we are already on our way to successfully achieving this goal.

Compared to our competitors, we hold a leading position when it comes to managing our supply chain. We intend to solidify this position and expand it further. The basis for this is the strategic integration of sustainability into our procurement activities.

During the reporting period, we focused our activities on further developing measuring tools and expanding our social audit activities. We also made some organizational changes in Group procurement.

Sustainability in procurement activities of Deutsche Telekom. Methods, tools and stakeholders.



At a glance: Sustainability in procurement activities at Deutsche Telekom. Methods, tools and stakeholders.

Procurement volumes and procurement regions.

We work with suppliers in over 50 countries. We procured a total of EUR 398 million in goods and services from emerging and developing countries during the reporting period. That is the equivalent of 1.9 percent of Telekom's total procurement volume.
Comparatively, 12 percent of Telekom's procurement volume came from emerging and developing countries in the previous year - goods in the amount of EUR 2.4 billion. This difference can be attributed to the new data collection method being used in our procurement area. We introduced this new method during the reporting period. By introducing it, we modified our earlier procedures so that we now use the supplier's location and not the location of the site ordering the goods or services to determine local allocation. This has increased process effectiveness.

Close collaboration with stakeholders in these countries plays a significant role in making sure the production conditions meet Telekom's environmental and social standards. We consider it our duty to ensure basic social and environmental standards, particularly in emerging and developing countries.

CR KPI introduced throughout the Group.

The CR KPI Sustainable Procurement enables us at the Group level to calculate the share of total procurement volume that we receive from audited suppliers or from suppliers that provide self-assessments using E-TASC.
The share reviewed in this manner for the reporting period was calculated at 55 percent.

As part of our efforts to enhance the CR key performance indicators (KPIs), we have defined the scope of the Sustainable Procurement CR KPI. As of 2011, it will be mandatory for all international subsidiaries represented in the CR Manager Network to report their Sustainable Procurement KPIs.

Positioning within the organization.

The Corporate Procurement Strategy department has been responsible for developing concepts and methods for achieving sustainability in our procurement practices since 2010.
The Sustainable Procurement Working Group continues to provide assistance when it comes to realizing sustainability in our procurement activities throughout the Group. Experts from the CR area work together with representatives from Telekom's major procurement areas on this international committee.

Group-wide implementation of our strategy for realizing sustainability in our procurement activities is being actively pursued through the increasing participation of the CR manager network within the scope of the international implementation of our CR strategy.

Strategic framework for realizing sustainability in our procurement activities.

Telekom places importance on more than just financial aspects when it comes to procurement. Ecological and social criteria need to be taken into consideration as well. This has been laid down in our Group-wide Sustainable Procurement Strategy designed to implement sustainability in our procurement activities, which was approved in 2007 and revised in 2010. We refer to this strategy as the Sustainable Procurement Strategy. All guidelines and processes dealing with improving sustainability in the supply chain are based on this strategy. For example, the entire life cycle of products and services is analyzed for potential environmental impact before any decisions are made regarding procurement. Telekom also acknowledges its social responsibility with this strategy, i.e., regarding fair payment and the observance of basic human rights.

Binding rules of conduct.

The Deutsche Telekom Group requires all of its suppliers, as far as possible, to comply with the company's Code of Conduct and prefers to work with suppliers that exhibit environmental and social responsibility in their business practices. Our fraud policy designed to fight corruption applies to all supplier relationships as well. We also demand that our suppliers take all standards that apply to them and obligate their own suppliers to comply with these as well. We conduct regular social audits to make sure that our suppliers comply with the mandatory minimum standards specified in the Code of Conduct, the Fraud Policy and the Social Charter.

Social Charter.
Deutsche Telekom prefers to work with suppliers that exhibit environmental and social responsibility in their business practices. Because of this, we passed our Social Charter in 2003. As an integral part of Deutsche Telekom's Code of Conduct, the charter is based on the values of the UN Global Compact, the guidelines of the International Labour Organization (ILO) and the OECD.
It contains Group-wide guidelines on

- Human rights and working conditions
- Environmental protection
- Equal opportunities
- Occupational safety and health
- The right to set up and join a trade union

The principles described in the charter apply to all Telekom business units worldwide. In the charter, which is an integral part of our General Purchasing Terms and Conditions, we require all suppliers to comply with these basic principles as far as possible. Our fraud policy designed to fight corruption applies to all supplier relationships as well.

An internal Supplier Code of Conduct has been in force at Cosmote Greece since April 2008. In keeping with the principles and values of Telekom's Social Charter, this code requires all of Cosmote's suppliers to adhere to minimum social and ecological standards.

T-Mobile Netherlands will require compliance with the Social Charter and environmental criteria in its supplier contracts as of 2011, thereby further integrating sustainability criteria into its procurement practices.

Download: Code of Conduct
Download: Fraud Policy
Download: Social Charter

Sustainable procurement policy and practices.

New version of purchasing guidelines ups demands on suppliers.

The Global Procurement Policy plays a vital role as part of a series of internal guidelines for integrating high standards into the supply chain. The policy was revised during the reporting period and the new version was approved by the Telekom Board of Management in November 2010. With this policy, we have raised our demands on our suppliers and contribute to the Group-wide standardization of our requirements. The policy is being rolled out successively at Telekom's international subsidiaries in 2011.

Our Global Procurement Practices provide detailed rules and standards for our buyers, fleshing out the general standards contained in the Global Procurement Policy. The document defines standards for our procurement processes including principles for supplier selection that is sustainable and avoids any undue risk. The Global Procurement Practices are currently being revised and the new version is scheduled to be published during the first half of 2011.

In 2011, T-Systems Iberia is planning to introduce its own procurement guidelines and a prequalification system as part of the supplier selection process. These will supplement existing Group-wide Telekom guidelines and regulations and form the basis for a procurement policy that is in line with local conditions.

CO_2 footprint in the supply chain.

Our goal was to develop an effective evaluation method for CO_2 emissions in the supply chain in 2010 as well as to identify and make targeted use of reduction potential. We were unable to fully accomplish this goal during the reporting period. Our research has shown that, due to the lack of effective methods, it is still not possible to report a realistic goal for CO_2 reduction in the supply chain.

We therefore launched a sub-project for the supply chain within the scope of our new climate protection strategy. In this project, we plan to collect and evaluate information on Scope 3 emissions as defined by the Greenhouse Gas Protocol – above all emissions resulting from the supply chain - and energy efficiency. Based on these evaluations, we plan to develop joint measurement procedures and a joint reporting approach together with selected suppliers, thereby laying the foundation for mandatory emissions reduction targets.

Guidelines for a responsible supply chain.

Telekom is on the board of the International Chamber of Commerce (ICC) for Germany. There we participated in the development of the “ICC guidance on supply chain responsibility.” These guidelines were published in 2010 to help guarantee a responsible supply chain. They provide a global, cross-industry reference and include a plan to establish the mutual recognition of company-internal codes. Telekom supported the work of the International Chamber of Commerce during the meetings held between February 2010 and March 2011 and contributed its expertise to the cross-industry establishment and further development of minimum standards for supply chains.

Participation in the German Global Compact Network.

Telekom also contributes to improving social conditions in the procurement area through its participation in the German Global Compact Network (DGCN). In 2010, Telekom participated in two DGCN meetings and discussed the issue of balancing business and human rights with other companies.

DGCN has offered three training courses for companies on human rights since 2008. An informal workgroup on business and human rights was founded based on these courses. In the workgroup, eleven multinational companies get together to discuss the progress being made and the challenges involved in conducting projects to enforce human rights.

Telekom also makes a significant contribution in supporting DGCN's activities with its expertise and recognized CR performance. Topics discussed in the Business and Human Rights working group include the observance of human rights in the supply chain, the risks involved and available options. The workgroup is planning to develop a benchmark tool in 2011, which will be used to monitor compliance of the the Guiding Principles on Business and Human Rights drawn up by UN special representative John Ruggie. The workgroup meets at least twice a year. The next meeting is scheduled for May 26, 2011, at Telekom Headquarters in Bonn. At the meeting, the eleven members will discuss the new benchmark tool with representatives of other companies among other matters.

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Using raw materials.

Content verified by PwC

Sustainable procurement of raw materials in the ICT industry comes with big challenges. Numerous metals are used in making phones, cell phones, computers and other ICT products. These valuable raw materials are often extracted in emerging and developing countries under problematic conditions.

One example of this is the metal tantalum, which is extracted from coltan and is present in many products that are sold or used by Telekom. We do not directly purchase this raw material or the metal that is extracted from it. Nevertheless, we consider it our duty to minimize the harm caused to people and the environment in connection with extracting these substances and to completely put a stop to these consequences in the long term. We work closely with our suppliers in the context of our efforts to make improvements in this area.

We are planning to develop specifications based on the Sustainable Guideline for Product Design passed by Öko-Institut e.V., to be used in procurement bidding procedures. One purpose of developing these specifications is to minimize the use of raw materials by our suppliers as well. We also conduct an extensive e-Waste management program via which we are able to collect old cell phones. This helps conserve our natural resources.

Rules for procuring raw materials.

The extraction of valuable metals and ores such as coltan, tin, gold and platinum has a serious impact on the environment and people in a number of developing countries. We passed a Statement on Extractives in 2009 as an update of and supplement to our Coltan Statement, which was passed in 2005.
This statement specifies compliance with the minimum standards contained in our Social Charter for the entire supply chain. By doing this, we hope to guarantee that both our direct suppliers as well as their sub-suppliers minimize the risks associated with extracting raw materials.

We expect a clear commitment to the Statement on Extractives from our suppliers. During the reporting period, we sent a letter to all of our strategic suppliers to inform them of our Statement on Extractives. We also explicitly demanded compliance with the requirements contained in the statement.

In addition, we actively support the efforts of the industry association Global e-Sustainability Initiative (GeSI). One of the initiative's goals is to increase transparency in the raw materials extraction process and minimize the negative social and environmental impact of raw material extraction.

Download: Coltan Statement

Download: Extractives Statement

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Supplier selection.

Content verified by PwC

Telekom lays the foundation for a sustainable supply chain even when selecting its suppliers. Suppliers and sub-suppliers interested in entering into a relationship with Telekom will undergo a prequalification process.

With the help of an online questionnaire on our procurement portal, we are also able to collect information on compliance as well as conformity with sustainability criteria and then take these factors into consideration during the further selection process.

Stricter requirements on selected supplier groups.
Not only do our strategic suppliers and suppliers from high-risk industries have to pass the prequalification, they are also asked to provide additional information on the topic of sustainability using the Electronics Tool for Accountable Supply Chains (E-TASC). The term “strategic suppliers” refers to suppliers that are significant for procurement activities at Telekom due to the extent of the supply relationship, their position on the market or their potential for innovation.

Prequalification process in Hungary, Greece and Croatia.

Magyar Telekom in Hungary has been working with a new system for supplier prequalification since December 2010. The prequalification process includes key aspects of the Group-wide sustainability criteria for Deutsche Telekom suppliers.

In 2010, Cosmote Greece also introduced a supplier assessment system that covers 77 percent of its entire procurement volume. In order to guarantee a sustainable supply chain, we ask our suppliers to fill out CR self-assessment questionnaires during the evaluation process as well. This system was also tested at the international subsidiaries, AMC, Cosmote Romania, Globul and Germanos, in a pilot project.

Since February 2011, T-Hrvatski Telekom has also been requiring its main suppliers to fill out a questionnaire providing information on their social, ecological and ethical standards.

Sustainability criteria during the bidding process.

2,000 T-Shops in Europe equipped according to sustainability criteria.

In 2009, we developed criteria for evaluating proposals in terms of environmental and social requirements. In 2010, we began thoroughly reviewing these criteria within the scope of different pilot projects and were able to identify initial improvement potential.
For example, one such project involved opening 2,000 T-Shops in Europe, 800 of which were in Germany. Suppliers were selected for this project on the basis of criteria such as environmental protection and resource efficiency. Compliance with standards such as occupational safety and health, preventing child labor, observing human rights and fair pay were also taken into consideration.
The company is also planning to equip the T-Shops with energy-efficient LED lighting in 2011.

Additional pilot projects for other procurement activities are currently underway. Once the pilot projects have been evaluated, the company is planning to introduce these criteria and standards for all of its procurement activities step by step.
Systematic application of the sustainability criteria in bid procedures is scheduled to begin in 2011.

Adjustments to the contract award notice.
In 2010, we included the concept of sustainability in our contract award notice regarding high-volume procurement decisions. With the revised contract award notice, we will be able to create more transparency regarding the integration of sustainability aspects in contract awared decisions.

Online CR training tool for Telekom buyers.

We established an internal online training tool on the topic of corporate responsibility for our buyers already in 2008. We intend to synchronize concepts for sustainable procurement throughout the Group with this tool. During the reporting period, we began revising the content and methods used in the tool concept in cooperation with Humboldt University in Berlin. Use of the tool is now more efficient and user-friendly due to shorter training periods and reduced content. These measures should make it easier to use the tool on a daily basis. The revised tool will be introduced sometime in 2011.

By using the tool, employees are trained to recognize risks in the supply chain. They become familiar with tools and techniques for engaging in sustainable procurement activities and learn about the advantages of being able to steer the supply chain. They also get tips on how to best include their

suppliers in the process of developing sustainable solutions.

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Supply chain management.

Content verified by PwC

The processes and instruments that Telekom uses to evaluate its suppliers are a key aspect of supply chain management. These are, for example, valuable in identifying financial improvement potential and in controlling supplier progress in social and environmental areas.

By systematically managing its suppliers, Telekom is able to identify possible risks in the supply chain in advance and respond to them.

For this purpose, we use

- A software-based prequalification system ,
- An extensive supplier self-assessment questionnaire in E-TASC and
- Social audits on suppliers' premises.

We also rely on dialog in cooperation with our suppliers when it comes to sustainability. For us at Telekom, it is important to know that our business partners are supporting new ways of achieving sustainable business practices. This is the only way to effectively improve the supply chain. To this end, we also participate in industry initiatives such as the Global e-Sustainability Initiative (GeSI) and the Joint Audit Cooperation in order to improve ethical, social and ecological standards.

Dialog to promote sustainable procurement.

Telekom considers itself to be an open, transparent company and is involved in constant communication with its stakeholders. This also includes internal groups such as the Procurement department and Telekom's international subsidiaries.
In addition to our suppliers, who are our most important external procurement stakeholders, our collaboration partners , institutions and NGOs are important stakeholders when it comes making the supply chain more sustainable.

Results of communication with stakeholders in 2010.
Inspired by discussions with our stakeholders, we decided to post a link on our procurement portal that takes our contract partners to online training courses for corporate responsibility and sustainability, which are offered on the Deutsche Telekom CR website. We developed the training content in collaboration with GeSI and EICC (Electronic Industry Citizenship Coalition). The courses have been designed to familiarize our suppliers with CR topics and help them comply with our sustainability requirements.

Supplier workshops for a more sustainable supply chain.

Telekom organizes workshops in Germany with important suppliers in order to more firmly integrate sustainable elements into the supply chain. The company conducted four sustainability workshops during the reporting period:

- with Research In Motion Deutschland GmbH in September 2010
- with Microsoft in May 2010
- with HTC in November 2010
- with Vattenfall in November 2010

At these four workshops, company representatives discussed topics including the integration of sustainable elements into research and development activities as well as into the supplier selection process. Closer collaboration in calculating the CO_2 footprint of product lifecycles was also on the agenda. These dialog sessions are helpful when it comes to comparing corporate standards regarding sustainability issues and serve as a platform for future collaboration on the basis of common standards.

Sustainable Procurement Stakeholder Dialog Day.

The Group's third Sustainable Procurement Stakeholder Dialog Day, which is held annually, was on June 29, 2010. The main focus of this year's open stakeholder discussions was Telekom procurement topics for daily business practices.

Participants discussed the following questions in workshop groups:

- What are the sustainability requirements of our customers?
- Can you save money with sustainable procurement?
- What are the challenges and opportunities of sustainable business practices in procurement activities?

Besides Telekom employees, mainly from Procurement and CR, more than sixty supplier employees as well as representatives of universities and non-governmental organizations (NGOs), such as

Germanwatch, participated in this event.

In an effort to extend talks with local suppliers, institutions and NGOs in high-risk regions, we are planning to conduct a dialog event in the Southern Chinese city of Shenzhen during the fourth quarter of 2011.

Sustainable sourcing research project.

The Corporate Procurement Strategy department is currently participating in a research project being conducted by the European Business School within the scope of the Effizienzcluster LogistikRuhr initiative. The focus of this joint Sustainable Sourcing Excellence project includes:

- Developing a procedure for the standardized measurement of environmental impact caused by purchasing and procurement logistics
- Creating a sourcing governance code
- Creating guidelines for sustainable purchasing and procurement logistics
- Creating a CO_2-efficient sourcing platform
- Developing an IT-based sustainability risk management system for purchasing and procurement logistics

Telekom decided to participate in this project, which is sponsored by the German Federal Ministry of Education and Research (BMBF), for a period of two years to begin with. Initial results are expected to be released sometime in 2011.

Magyar Telekom recognizes dedicated trading partners.

In June 2010, the Hungarian subsidiary presented the DOLPHIN Award for the third time to suppliers showing particular dedication in the area of sustainability. Magyar Telekom recognized four suppliers for their activities in three sustainability categories:

- Innovation realized in the interest of sustainability (positive impact on social and environmental effects).
- Supporting equal opportunity and non-discrimination within and outside of the company.
- Sustainability education and awareness.

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E-TASC.

Content verified by PwC

E-TASC, or the Electronics Tool for Accountable Supply Chains, is an online information system for evaluating our suppliers' risks in terms of sustainability that is used throughout the industry. This tool enables us to recognize existing or potential CR risks in the supply chain early on and to respond to them appropriately.
As a member of the Global e-Sustainability Initiative (GeSI) [link to 7.5 International collaboration (GeSI: Initiative in the telecommunications industry)], Telekom played a key role in the development of this system and is involved in its further development.

Using E-TASC at Telekom.

We thoroughly examine selected suppliers for possible sustainability risks. That is why we require them to use E-TASC even during the selection process. If a supplier is not able to provide us with the information we have requested, we will initiate an internal, multiple phase process to encourage the supplier to use E-TASC. Through repeated discussions we have been able to achieve this goal in collaboration with our suppliers in many cases.
Several escalation phases are applied within the process should disagreements arise. Suppliers use the online information system to provide detailed information on their social and environmental production conditions as well as their management systems. They also benefit from using E-TASC because this helps them to demonstrate their CR status to other business partners and critical members of the public.

Increasing international use.
The international subsidiary Magyar Telekom also takes advantage of E-TASC's potential when it comes to assessing its local suppliers. OTE, T-Mobile USA and Slovak Telekom have also indicated their interest in using E-TASC.

In addition to the E-TASC tool, which is used throughout the industry, our supplier scorecard (SSC) is another element for evaluating selected suppliers. The SSC is generated every 6 months. In addition to evaluating key performance indicators, it also provides a Group-wide overview of the performance of our strategic suppliers when it comes to sustainability.

Increased willingness to provide self-assessment information.

More than half of our purchasing volume is registered in E-TASC.

Over the past few years, the willingness to provide self-assessment information using E-TASC has constantly increased. This trend also continued during the reporting period. From January to December 2010, 126 suppliers were invited to use E-TASC for this purpose. By the end of 2010, the number of suppliers participating in E-TASC had risen to 69, compared to only 58 at the end of 2009. The procurement volume share of suppliers that post information in E-TASC increased from 36 percent in 2009 to 55 percent at the end of 2010.

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Social audits.

Content verified by PwC

We significantly expanded and systematized our social audit activities in 2010. By commissioning recognized auditing firms, we were able to audit significantly more suppliers than in the previous years. During this process, we created a systematic audit program using the recently developed audit risk matrix. Selected strategic and particularly high-risk suppliers were included in this audit program. We identified these suppliers on the basis of specific risk aspects such as sales volume, material group, information provided by the suppliers themselves or information from reports by NGOs.

Components of the social audit.

A social audit at Telekom comprises the following essential elements:

- A general risk assessment of suppliers conducted by Telekom,
- An evaluation of the supplier self-assessment conducted by Telekom,
- Personal communication with the suppliers and
- The on-site audit.

Finally, the external auditors write up an audit report including an audit rating. Instead of ending our business relationship with suppliers who violate our policies, Telekom works together with these suppliers to permanently improve conditions.
We address any problems in an action plan and work together with the supplier to remedy these within a pre-defined period of time.

Social audits in 2010.

From July to the end of December 2010, external auditors conducted a total of 26 social audits of our suppliers. In the past, internal auditors were only able to audit an average of four to six suppliers each year. With this significant increase, we were able to improve our performance in important sustainability ratings in the supply chain category compared to 2009. Due to the extensive selection process we engaged in when choosing the auditing firms, which continued until the end of June 2010, we were not able to attain our goal of conducting 50 social audits in 2010.

The international subsidiaries also increased their social audit activities.

- Hrvratski Telekom in Croatia audited five suppliers in 2010. That means a total of 18 audits have been conducted since 2003.
- OTE Greece is also planning to audit selected suppliers.

Audit collaboration in the telecommunications industry.

2010: 18 audits in collaboration with Orange/France Télécom and Telecom Italia.

Collaboration between Telekom and its competitors Orange/France Telecom and Telecom Italia was initiated in December 2009. This collaboration is unique in the industry. The companies agreed to engage in a joint procedure to improve the sustainability of their supply chains in Asia. In October 2010, this decision resulted in a binding agreement, the Joint Audit Cooperation (JAC).

JAC comprises a strategy that enables the three companies to audit their shared suppliers globally on the basis of standardized criteria. The collaboration partners are also striving to establish social, ethical and environmental standards at their suppliers. The processes used for accomplishing this goal are based on the international social and environmental standards SA 8000 and ISO 14001 . Audits are conducted by internationally recognized auditing firms.

JAC improves the efficiency of social auditing processes since only one audit needs to be conducted of shared suppliers. The three companies then provide the results to each other.

Joint activities in 2010.
Within the scope of JAC, we are planning to conduct a total of 34 social audits of shared suppliers and sub-suppliers. 18 were already conducted in 2010 and 16 are scheduled for 2011. Experience gained so far has been absolutely positive. Of course there were a few cases where we had to work to convince the parties involved, but the majority of the targeted suppliers endorsed and supported the JAC initiative.

We are planning to expand our cooperation with Orange/France Télécom and Telecom Italia. Our next step will be to develop joint measures as part of JAC to improve supply chain transparency in 2011.

Social audit activities as of 2011.

We will continue to focus our social audit activities on Asia. We are also considering conducting audits of suppliers from other high-risk regions, such as Latin America and Eastern Europe.

Our goal is to have external auditing firms conduct a total of 200 social audits of strategic suppliers between 2010 and the end of 2012.

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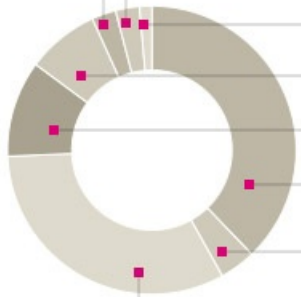
2010 audit results.

Content verified by PwC

In 2010, we conducted 26 social audits of Deutsche Telekom's direct suppliers and sub-suppliers. We particularly focused our social audit activities on suppliers located in China, Japan and Taiwan. However, we also conducted three social audits in Southern and Eastern Europe. We were therefore able to significantly increase our risk coverage compared to 2009, when we only conducted four social audits. T-Hvratski Telekom conducted an additional five social audits of its suppliers in 2010. Their results have not been included in the list below.

At a glance: The 2010 audit results



	Amount
Discrimination	2
Environment	2
Forced labor	1
Child labor	6
Wages and payments	8
Work- and health protection	28
Unternehmensethik	3
Working hours	24

Results and measures for improvement.

Four social audits were conducted by internal auditors and 22 were conducted by external auditors. Of these, 18 audits were conducted within the scope of the Joint Audit Cooperation (JAC). In general, the auditors looked at areas in which Telekom generates the highest procurement volume and which involve the highest risk potential. Among the 26 suppliers audited were manufacturers/suppliers from the terminals, IT services, IT hardware/software and network areas. We did not find any cases of corruption. Weak points were found in the following areas:

- Work and ethics
- Environment, health and safety
- Corporate ethics

We found violations against Telekom supplier requirements in a total of 74 cases, 28 of which can be considered critical. Suppliers primarily violated regulations regarding occupational health and safety and working hours. Based on these findings, measures were immediately introduced to improve conditions on site.

Work and ethics.

Issue	Key findings	Measures and improvements made
Working hours	▪ A significant amount of overtime was found. ▪ Employees at one production site were scheduled to work 24 days in a row.	▪ A system was introduced to automatically register and monitor working hours. ▪ Additional employees were hired. ▪ A mandatory day off after seven working days was introduced.
Pay and benefits	▪ Insufficient pay for regular working hours. ▪ Overtime was not paid in accordance with legal regulations. ▪ No social security contributions for unemployment and pregnancy were made.	▪ Payment of the legal minimum wage was introduced for regular work and overtime. ▪ Payment of social security contributions in accordance with legal regulations was introduced.
Child labor	▪ One employee was younger than the legal minimum age of 16. ▪ Young people ages 16 to 18 were working the	▪ The 15-year-old employee was given the opportunity to go to school instead of working at the factory, with the option of returning to work at the factory once they turned 16.

	night shift.	■ A system to reliably determine the age of employees, which prevents the use of forged documents, was introduced. ■ A guideline banning younger employees from working the night shift was introduced. ■ Recruiting measures targeted at very young people were canceled.
Discrimination	■ Special disciplinary measures used for immigrant workers were identified. ■ Female employees had to undergo a pregnancy test before being hired.	■ Standardized disciplinary rules for all employees were introduced. ■ Pregnancy tests are no longer being conducted before a female employee is hired.
Forced labor	■ Trainees were employed via an agency. Due to a lack of controls and steering measures, there was a risk of exploitive and forced labor.	■ Trainees are now hired directly in all cases.

Environment, health and safety.

Issue	Key findings	Measures and improvements made
Environment	■ Environmental certificates from suppliers of products involving higher environmental risks were not being requested.	■ Mandatory environmental certification was introduced for suppliers of products involving higher environmental risks.
Occupational health and safety	■ The emergency lighting was defective. ■ Emergency exits were blocked. ■ Fire safety equipment was not suitable. ■ There were no adequate emergency plans in case of fire on the premises. ■ There were no regular medical check-ups for employees who work with hazardous substances. ■ Employees were not wearing appropriate protective gear. ■ There were not enough occupational health and safety officers. ■ Employee sleeping quarters were too cramped.	■ Adequate emergency lighting was installed. ■ The emergency exits were cleared. ■ The fire safety equipment was updated and regular controls were introduced. ■ Medical check-ups are now being conducted regularly. ■ Filters in the ventilation system are now replaced more frequently. ■ Wearing personal protective gear was made mandatory and is being controlled regularly. ■ Occupational health and safety officers were hired and/or trained. ■ The number of employees per sleeping area was reduced.

Corporate ethics.

Issue	Key findings	Measures and improvements made
Corporate ethics	■ Lack of social commitment to promote sustainable business processes. ■ Lack of requirements for suppliers to comply with ecological, social and ethical standards.	■ Social commitment was intensified. ■ Mandatory environmental and social standards for suppliers were introduced, including regular assessments.

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International collaboration.

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Telekom has been working on an international level toward establishing sustainable supplier relationships for several years now; this can be seen, for example, in the Global e-Sustainability Initiative (GeSI).

We are also directly active in the countries of our suppliers. One focus of our current activities is China. In addition to our official branch in Beijing, our procurement, technology and product management units have an office in Shenzen in the south of China. As a partner of the SWITCH-Asia project, we work toward embedding sustainability in the Chinese electronics industry.

GeSI: Initiative in the telecommunications industry.

As a founding member of GeSI, Telekom has been promoting more transparency in the supply chain since 2001. The main goal of GeSI is to improve social and environmental conditions when it comes to the extraction of raw materials.

Telekom has been heading the initiative since 2006. During the reporting period, we also participated in several workgroups including

- the Supply Chain Working Group,
- the Climate Change Working Group and
- the Extractives Working Group.

We also supported the further development of E-TASC as a member of the E-TASC Executive Council.

Raising awareness of sustainability in China's small and medium-sized enterprise sector.

As a strategic partner, we support the SWITCH-Asia project in China, which was initiated in 2009 and is funded by the EU. In this project, Telekom is the sole representative of the ICT industry. The objective of this project is to provide information and training to more than 500 small and medium-sized enterprises from the electronics industry in areas such as ecological efficiency, occupational safety and CR.

During the reporting period, Telekom participated in several activities in China.

- We took part in a workshop in Shanghai in April 2010. The workshop's goal was to give local Chinese companies insight into the topics of environmental efficiency, occupational safety and health and CR.
- In May 2010, we visited different SWITCH Asia project partners in Beijing and were updated on the project status.
- Representatives of the Chinese Ministry of Industry and Information Technology, the Chinese Ministry of Environmental Protection and the Chinese Institute of Electronics visited different institutions in Germany and Belgium within the scope of the Policy Tour in Europe, which also took place in May. As part of the tour, the Chinese government representatives also visited Telekom Headquarters in Bonn.
- Additionally, we participated in the EC/SWITCH seminar at the UN Conference on Climate Change, which took place in New York City in May 2010.
- In October 2010, Telekom participated in a local kick-off event in Shunde, China. At the event, representatives of small and medium-sized companies learned about the benefits of improved ecological efficiency, health and safety standards and the CSR performance, among others.

The goal of SWITCH Asia is to conduct 35 training workshops between 2010 and 2012 in the five project regions and reach out to around 500 companies. We will continue to support this goal as a strategic partner in 2011.

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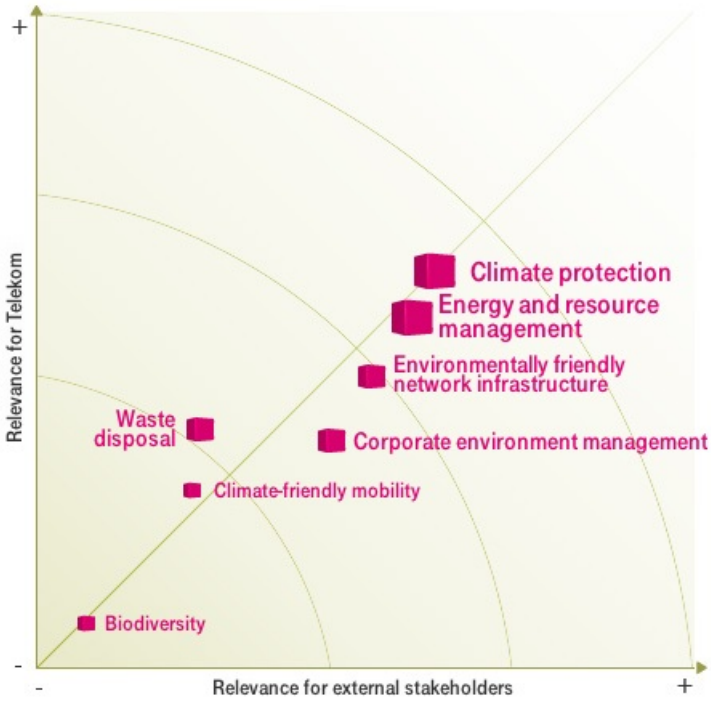
Climate and environment.

In light of the demand for energy, which is increasing globally, the ICT industry is assuming a key role when it comes to containing the negative consequences of climate change. Telekom is also working on a wide scale to help create a low carbon society. We develop innovative ICT solutions that enable environmentally-friendly consumption. At the same time, we invest extensively to establish a climate and environmentally friendly network infrastructure and act as a trend setter in our industry.

Telekom works hard throughout the Group to continuously reduce the impacts on climate and environment caused by its business activities by taking comprehensive measures. We intend to reduce our CO_2 emissions even more effectively with the help of our new climate protection strategy. We conduct extensive campaigns to raise the awareness of our employees and our customers as to what they can do to reduce environmental impact.

Less CO_2 with ICT

Dennis Pamlin, Director of the Low Carbon Leaders project of the UN Global Compact, talks with Dr. Ignacio Campino, Board Representative for Sustainability and Climate Protection at Deutsche Telekom, about which concrete contribution Telekom can make to a low carbon society.



How we define the key issues.

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Climate protection.

The ICT industry will play a key role in containing the negative consequences of climate change. Digital technologies and innovative ICT solutions can contribute significantly to reducing global greenhouse emissions. However, other industries can do their part to reduce CO_2 emissions as well. Intelligent use of new information technology could lead to significant reductions particularly in other industries. This primarily applies to all aspects of smart buildings, smart logistics, smart grids , smart motors and dematerialization. These were the findings of two studies that were supported by Telekom over the last few years:

- the SMART 2020 Globale Studie (SMART 2020 Global Study) conducted by GeSI in 2008 and
- the SMART 2020 Addendum Deutschland (SMART 2020 Addendum Germany) , which was published in 2009.

Based on these findings, we have integrated the promotion of a climate friendly society into our CR strategy. We also support different industry initiatives for climate protection across corporate boundaries. Additionally, our innovative products and services are already making an important contribution to creating a climate-conscious society. The Telekom Group also works continuously to reduce its own CO_2 emissions, particularly with the help of our new climate protection strategy that was developed during the reporting period.

New climate protection strategy — ambitious target by 2020.

40 percent less CO_2.

Under our previous climate protection strategy, which was laid out in 2005, our Group in Germany planned to reduce its CO_2 emissions by 20 percent by the year 2020 based on the 1995 values. This goal was no longer ambitious enough in view of the rapidly progressing climate change and the growing need for energy in a gigabit society, stricter government regulations and new research on global warming.

That is why we revised our climate protection strategy in 2010. The Group Board of Management passed new targets for the Telekom Group in Germany in September 2010: By the year 2020, we intend to reduce our CO_2 emissions by 30 percent compared to the values from 2008. That is the equivalent of a total reduction of 40 percent compared to our emissions in 1995. We are being consequent in our pursuit of a low carbon society by taking this step for climate protection.

Reductions at the Telekom Group will primarily result from the transition to the more energy efficient Internet protocol (All-IP) over the next couple of years. The Green Car Policy and reductions in the area of facility management will make a major contribution to achieving this goal. Reductions will be measured using the CO_2 Emissions CR key performance indicator .

International rollout of the new climate protection strategy.

The internationalization of the climate protection strategy including the international subsidiaries is planned for 2011. We are setting individual CO_2 reduction targets for this purpose. This involves comparing and combining Group-wide specifications with local reduction potential. Additionally, CO_2 emissions along the entire value chain are to be taken into account. We will also initiate a number of accompanying projects. For example, we are planning to take climate protection criteria into account when making investments.

Expert teams for climate protection.

The Climate Change Group , an internal expert committee that was founded in 2009, developed the new climate protection strategy.

We established a climate task force in addition to revising our climate protection strategy. This workgroup develops and initiates concrete measures. By implementing these measures we will be able to reduce our CO_2 emissions by 20 percent between 2011 and 2015. The climate task force will help us put into practice the EU recommendation on the reduction of CO_2 emissions in the ICT industry as far as possible.

Listed in the Carbon Performance Leadership Index.

Telekom is one of nine German companies to be included in the Carbon Performance Leadership Index , which was first published in 2010 by the Carbon Disclosure Project (CDP). This index recognizes companies that have committed themselves to climate protection. Factors such as climate management

strategies, energy saving plans, emission reduction targets and the measures to implement these were taken into account.

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Climate protection initiatives.

Fighting global warming will be one of the main issues in our future. Close collaboration between the worlds of business, politics and society is very important in developing effective solution approaches to climate protection. That is why Telekom is involved in numerous initiatives to protect the climate and the environment.

EU Corporate Leaders Group on Climate Change.

The initiative created by the Prince of Wales, the EU Corporate Leaders Group on Climate Change, is an association of 18 leading European companies from different industries. As a founding member of the EU CLG, Telekom dedicated itself an ambitious, fair agreement on the global reduction of CO_2 emissions.

As a co-signer of an open letter written by the initiative in May 2010, we support the increase of emissions trading and promote the development and use of more low carbon technologies. In doing so, we supported the European Union's efforts to increase the CO_2 reduction target from 20 to 30 percent by 2020 compared to the base year 1990, before the Climate Change Conference was held in Cancún.

2° - German companies for climate protection.

The goal of the 2° - German companies for climate protection initiative is to limit global warming to a maximum of two degrees Celsius in the long term compared to the level it was at before the Industrial Age. Together with the most important leaders in the German business sector and as part of the initiative, Deutsche Telekom supported the German government at both a national and international level in developing a successful policy to protect the global climate. The initiative considers its most important contribution to German climate protection policy to be the development of technologies, procedures and services that can be used worldwide to reduce greenhouse gas emissions.

Forum for research and innovation for climate protection.
In February 2010, the 2° Forum 2010: Research and Innovation for Climate Protection was held at Telekom's Berlin Representative Office. More than 300 participants discussed possible approaches and key projects for conducting successful, climate-friendly business. Participants included Hans Joachim Schnellnhuber from the Potsdam Institute for Climate Impact Research and German Federal Minister for Research and Technology, Annette Schavan.

Supporting the German government's energy concept.
In September 2010, the members of the 2° initiative promised the German government to help implement an ambitious energy concept. This concept plans to set the national reduction targets for greenhouse gases at 40 percent by 2020 and 80 percent by 2050 (compared to the base year 1990). One way the government hopes to achieve this is by investing in infrastructure and new energy technologies. The concept also includes the expansion of high-performance smart grids to promote climate protection. The business sector has said that it would make a contribution to the investment and work together with policy makers and environmental organizations to raise people's awareness of how important these changes are.

Cancún Communiqué on Climate Change.
Before the Climate Change Conference was held in Cancún, Mexico, Telekom supported the Cancún Communiqué on Climate Change together with companies from other countries as part of the 2° initiative. We called for a reliable international framework agreement and concrete steps to be taken for climate protection such as promoting technology to avoid the emission of greenhouse gases. The Communiqué is the largest international initiative of companies for global climate protection worldwide. Telekom also signed communiqués at the climate conferences in Bali, the Polish city of Poznan and Copenhagen.

Global e-Sustainability Initiative.

Deutsche Telekom and OTE sign broadband code of conduct.

Telekom has been involved in the Global e-Sustainability Initiative (GSI) as a founding member since 2001, and has been heading the initiative since 2006. This industry initiative is dedicated to fully exploit the global CO_2 reduction potential that state-of-the-art information technology offers society. GeSI also works to make the extraction of raw materials more transparent and to improve social and environmental conditions in raw material extraction.

In 2010, the Greek subsidiaries OTE and Cosmote, along with their subsidiaries in Romania, Bulgaria and Albania, became members of GeSI. German as well as Greek colleagues participated in various

GeSI workgroups during the reporting period.

GeSI members sign EU Commission broadband code of conduct.
In September 2010, Telekom was one of twenty GeSI members to sign the Code of Conduct on Efficiency of Broadband Communication Equipment, which was developed by the European Commission. The purpose of the code of conduct is to reduce energy consumption of network infrastructures by introducing maximum target levels for broadband equipment. Besides the Telekom Group in Germany, the Greek subsidiary OTE also committed itself to complying with the code. Altogether, the signatories now represent more than 70 percent of the broadband market in the EU.

Close collaboration between public and private sector.
GeSI presented the Guadalajara ICT Declaration at the 16th United Nations Climate Change Conference in Cancún in December 2010. The declaration was developed under the leadership of GeSI and the Mexican government and in collaboration with companies based in Guadalajara. As a GeSI member, Telekom was also involved. The Guadalajara ICT Declaration aims to better exploit the potential of state-of-the-art ICT to reduce CO_2. To achieve this, the declaration promotes close collaboration between the public and private sectors.

Product Carbon Footprint cross-industry project.

Telekom has participated in creating a cross-industry platform to promote climate-friendly consumption as a member of the Product Carbon Footprint (PCF) project since 2008. The purpose of this platform is to develop strategies to reduce emissions along the value chain. In addition, the project partners want to develop new approaches to customer communication in order to convince consumers to engage in climate friendly consumption.

The PCF project is collaborating with various NGOs and research institutions such as Öko-Institut e.V. and the Potsdam Institute for Climate Impact Research to develop the platform.

Deutsche Telekom has been participating in a pilot project for the PCF project to calculate the CO_2 footprint since 2009. The product carbon footprint for the Call and Surf Comfort phone service is being calculated within the scope of the pilot project.

Supporting the GHG Protocol Initiative.

In 2010, Telekom participated in road testing for the global greenhouse gas accounting standards set forth by the Greenhouse Gas (GHG) Protocol Initiative. The goal was to check the standards developed by the initiative, i.e., specified measuring methods and the disclosure of CO_2 emissions, for their applicability.

Telekom analyzed the standard for product lifecycles using the video conferencing system TelePresence. In addition, we conducted extensive testing on the standard for the carbon footprint of the entire company. The basis for this was an emissions level that Telekom calculated in 2009 in cooperation with the consulting firm Pricewaterhouse Coopers (PwC). The results regarding the standard's applicability and benefit were presented at the 4th Product Carbon Footprint World Summit Forum in October 2010.

Movie: Claudia Schwab's presentation at the 4th Product Carbon Footprint World Summit Forum

Greece: OTE and Cosmote Greece participate in ICT working group.

In July 2010, our Greek subsidiaries OTE and Cosmote became members of a working group run by the Greek Ministry of Infrastructure, Transport and Networks. Together with representatives of the Technical Chamber of Greece, the Greek Computer Society and other ICT companies, experts from OTE and Cosmote Greece meet to discuss how state-of-the-art information and communications technology could positively impact climate protection. The working group's major goal is to develop "green rules" for the ICT industry in Greece.

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Energy management.

In order to achieve our ambitious climate protection goals, not only do we use information and communications technology that conserves resources in our products and services for our customers, we also work to consistently optimize our operational processes and our infrastructure in terms of climate protection.

We are working on gradually severing the link between the power consumption in connection with our business activities and CO_2 emissions. We have been using our CO_2 emissions CR key performance indicator to record progress in this area since 2010.

Germany: Use of regenerative energies.

Telekom in Germany has been getting 100 percent of its power from regenerative energy sources from RECS-certified (Renewable Energy Certificates System) water and wind power plants in Scandinavia since January 2008. And we continue to work on expanding the use of green technologies. We are also exploring new channels for this, such as generating our own green electricity.

The TÜV-certified energy service provider PASM.
PASM (Power and Air Condition Solution Management GmbH) is a subsidiary of Deutsche Telekom AG. It is responsible for procuring, making available and delivering energy to Deutsche Telekom as well as providing the associated services.

In 2010, PASM was certified by TÜV Süd as an energy-efficient company pursuant to § 41 seq. of the German Renewable Energy Sources Act (EEG). The subsidiary also plans to become certified in accordance with the ISO 16001 energy standard by the fourth quarter of 2011. The company's management board has already appointed an energy management officer at managerial level and commissioned the introduction of an energy monitoring system as an initial step.

During the reporting period, PASM focused on increasing its use of energy from regenerative sources.

- **Study on the use of green energy.** Upon commission by the Climate Change Group, PASM conducted a study in which it compared the use of regenerative energy, participation in projects to promote the use of renewable energy and use of green energy. The company is currently looking into the extent to which PASM's use of green energy poses an ecological and cost-efficient alternative to RECS certificates.

- **Feasibility study on self-generated power.** During the reporting period, PASM analyzed the ways in which biogas can be used to generate heat and electricity. The subsidiary put ten small-scale CHP units into operation to generate heat and electricity for the Telekom network nodes . The results of a feasibility study showed that the use of biogas did not meet Telekom's efficiency requirements. The company therefore began using natural gas in the small-scale CHP units and analyzed the use of green gas certificates. These certificates apply to biogas plants in Hungary that are run on agricultural waste. In addition to a high degree of efficiency at over 90 percent, green gas is also very environmentally friendly.

The Netherlands: Using green electricity only.

100 percent of electricity from renewable sources.

T-Mobile Netherlands is setting the bar in the Dutch telecommunications sector when it comes to using environmentally friendly energy sources. 100 percent of the electricity used by T-Mobile Netherlands has been provided by renewable energy sources since 2010. This is an increase of some 17 percent compared to the previous year.

To further increase energy efficiency, T-Mobile Netherlands put an energy efficiency plan into practice in 2010. The plan specifies clear energy savings targets and measures to achieve these targets for the entire company. It is part of the Dutch subsidiary's ISO 14001 -certified environmental management system.

Hungary: Environmentally conscious energy use.

Our Hungarian subsidiary also reduced its CO_2 emissions by using renewable energy. Magyar Telekom currently gets fifteen percent of its energy from renewable sources. The company plans to expand this figure in the coming years and is trying to tap its own sources of renewable energy as part of this strategy.

Magyar Telekom has also been optimizing its energy consumption since 2008 with the PC Switch-off project. All computers at the company automatically switch to standby if they have not been used for 15 minutes. The company was able to save 817 megawatt hours of electricity in 2010 thanks to the initiative.

Greece: Energy and CO_2 monitoring.

The Greek subsidiary Cosmote developed a strategic tool for measuring its energy consumption and associated CO_2 emissions, which was introduced in 2010. The purpose of the internal tool is to collect and analyze all of the company's energy data. The company plans to monitor and forecast its future energy consumption based on the results.

Energy-efficient facility management.

Effective facility management is a key component in Telekom's efforts to achieve its ambitious climate protection goals. That is why we conduct an energy-related inspection of heating and ventilation systems as part of all facility renovation work and are constantly working to make our facility management practices even more energy efficient.

- **Employee initiatives for renewable energy.** Employees of Telekom in Germany launched the "Innovative energy supply" project in 2008 in which they operate a photovoltaic system themselves. The project was continued during the reporting period. Thirty company buildings were analyzed for their suitability for installing a photovoltaic system. Two new systems were installed by the end of 2010.

- **LED pilot projects successfully completed.** In 2010, LED lighting was installed in several underground parking structures in Germany as part of a pilot project. The results were promising. Telekom will be able to save 380,000 kilowatt hours of electricity in its three underground car parks in Bonn alone, equaling a reduction of 155 metric metric tons of CO_2. In Leipzig a project launched during the reporting period was successfully developed into a test site for LED lighting in office buildings. Based on the results, Telekom wil install energy-efficient LED lighting at further office locations in Germany in the future.

- **OTE expands energy calculations for its buildings.** During the reporting period, the Greek subsidiary continued its project launched in 2008 to calculate the CO_2 footprint of its buildings. The purpose of the program is to measure the energy consumption at all large company buildings throughout the country and make this information transparent. Three company buildings in the southern and western regions of Greece were included in 2010, meaning that a total of nine properties are currently being assessed in the energy calculations. OTE expects to include all of its major buildings by the end of 2011.

Investment in climate protection to compensate for CO_2 emissions.

We do our best to keep our business activities as energy efficient as possible. Nonetheless, it is impossible to avoid generating a certain amount of CO_2. To compensate for this, we are investing more and more in high-quality climate protection projects. With these investments, we are able to compensate for emissions generated by a number of products and services as well as for those generated by Telekom events and business trips.

At a glance: Activities to eliminate the carbon footprint during the reporting period

Products and services

- Phone, web and video conferencing technologies (can be ordered on the conference portal)
- Gamesload
- Musicload
- Softwareload
- Videoload
- Smart metering platform
- Package shipment

Business trips taken by employees of Telekom in Germany

- Business trips by train

Events held by Telekom in Germany

- 2010 annual general meeting
- 24 Hours Berlin
- Environmental workshop
- World Cup United 2010
- CR off-site
- IFA 2010

- Agile Day
- Auditor assessment
- The Great Transformation – 100% Future
- CR Day
- Trade fair stand at the E-World 2011 trade fair
- Trade fair stand at CeBIT 2010
- Various internal events

During the reporting period, Telekom compensated for green house gas emissions totaling at 3,718 metric tons of CO_2 to guarantee that events were climate-neutral.

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Environmentally friendly network infrastructure.

State-of-the-art information and communications technology (ICT) increasingly helps replace energy and resource-intensive products and services with more efficient ones. At the same time, however, the amount of data that needs to be transported is growing due to ever more sophisticated applications. According to the SMART 2020 global study published by the Climate Group of the Global e-Sustainability Initiative (GeSI), the ICT industry was responsible for around two percent of global emissions in 2007 with emissions of around 830 megatons of CO_2. Estimates foresee an increase of up to 6 percent by 2020.

That is why it is becoming even more important in terms of climate protection to design an infrastructure, i.e., networks and data centers that are not only higher performing but also more energy-efficient. The goal is to drastically reduce energy consumption per equipment or service unit.

Telekom switches off, replaces and recycles any old systems that have been made redundant. We choose the most energy-efficient and environmentally friendly technology currently available when making new purchases. We also motivate our customers to save energy and reduce CO_2 emissions by providing them with efficient solutions. For this purpose we published the "Protecting the climate, cutting costs" brochure based on the SMART 2020 study.

Download: “Protecting the climate, cutting costs” brochure

Signing the Broadband Code of Conduct.

In September 2010, 20 European telecommunications companies, all members of GeSI, signed the Code of Conduct on Efficiency of Broadband Communication Equipment (CoCBB). In making this voluntary commitment, those who signed the code of conduct, including the Telekom Group as well as the Greek subsidiary OTE, committed themselves to optimizing energy requirements in the data center and broadband areas.

The CoCBB specifies standards for devices and places a number of requirements on systems manufacturers:

- Maximum consumption levels for the entire infrastructure chain, from the operator to the end customer's devices
- Placing all participants under the obligation to produce, select and use devices in compliance with energy-efficient criteria
- Providing information on improvements in energy efficiency regarding end devices and equipment used in the infrastructure chain

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Network upgrading.

Energy efficiency is not only an important goal for Telekom in planning new networks, it is also important when optimizing existing ones. Better performance and less energy consumption go hand in hand.

Upgrading Telekom Deutschland GmbH's UMTS mobile communications network in 2009 and 2010 reduced CO_2 emissions by around 12,000 metric tons per year. From July 2009 to August 2010, we replaced a total of 8,400 UMTS base stations in the German mobile network alone. As of 2011, this will enable us to save around 30,000 MWh of electricity each year compared to the old UMTS technology. That is a reduction of around 30 percent. We also introduced numerous upgrade measures in the fixed network area and achieved high reuse and recycling rates when disposing of old systems and cables.

Measures to update networks in Germany.

8,400 new base stations save up to 30 percent on energy.

The high-speed VDSL network is based on fiber-optic cables. We began laying these cables at different locations in 2004. Nationwide expansion began in 2006. We continued to use the former locations of cable distribution boxes, recognizable as gray boxes throughout the city, as nodes and replaced these boxes by the new, multifunctional cabinets whenever possible. We set up 2,600 of these multifunctional cabinets in the course of 2010. Its number totaled 47,000 in January 2011. We put 2,633 outdoor DSL access multiplexers into operation during the expansion period, which bundle DSL data traffic in regions with larger distances between customers and exchanges.

Pilot project for efficient emergency power supply.
In order to further increase the effectiveness of the energy being used and minimize any losses in performance, we are testing two alternative types of power supply to provide back-up power to the technology in our multifunctional cabinets: Fuel cell technology and lithium-ion batteries. The focal point of the pilot project is selecting the most effective network devices and increasing the energy efficiency of our system technology. The less energy a multifunctional cabinet needs, the longer the emergency power supply will last. This also lowers operating costs.
The Best Backup project will run from October 2010 to December 2012. The first demo system will be ready by the fourth quarter of 2011. One special feature of the new concept is the option of creating self-sufficient multifunctional cabinet sites, i.e., sites that run independently of the power grid. We have also been able to replace the environmentally hazardous lead batteries at some sites. The fuel cell system will also enable us to develop new power supply concepts. For example, individual units in a region can be connected to virtual power plants using smart power grids.

New hardware saves up to 30 percent on energy.
Telekom Deutschland GmbH customers have most likely not noticed that the company has been upgrading its mobile network by replacing its old 3G equipment with state-of-the-art technology. More than 8,400 base stations were replaced within one year by mid-August 2010. With the new, energy-efficient and more compact hardware, we were able to reduce energy consumption by up to 30 percent. At the same time, the network bandwidth were increased significantly in seven regions in Germany. This technology shift is getting Telekom's UMTS network ready for the new 3G standard HSPA+.

Energy savings by dismantling old systems earlier than planned.
The Power Off task force at Telekom in Germany analyzes which residual modules can be removed from the network with a reasonable effort and systematically organizes the dismantling of outdated systems.

By dismantling outdated power supply and air conditioning systems earlier than planned, we can free up investment funds and use them to help us set up the new networks more quickly. This also saves a significant amount of energy. Systems with an output of 4,189 kW were disconnected in 2010. By dismantling these systems, Telekom saves around 37 GWh in electrical energy and electricity costs as well as other recurring costs amounting to EUR 8 million each year. Moreover, one-time investment costs of approx. EUR 8.4 million were saved and 16,000 metric tons of CO_2 emissions were avoided.

Adding value by disposing of cables and electronic waste.

The switch over to the fiber-optic network generates large amounts of waste. In 2010, Telekom removed more than 12,000 metric tons of copper cable from cable ducts in Germany alone, including different types of cable such as plastic-sheathed cable, lead-covered cable and corrugated steal-sheathed cable.

The electronic waste and old cables resulting from dismantling activities were almost entirely recycled by certified waste disposal facilities. Most of the metal and plastic was introduced back into the production cycle in high quality. There were only minimal production losses involved in dismantling the cables and recycling the copper. Depending on the composition of the electronic waste, we achieved recycling rates

of approximately 70 to 90 percent.

Monitoring the entire disposal chain.
Telekom inspects cable disposal facilities every year. We used the results of these inspections during the reporting period to optimize dismantling processes together with the firms commissioned and to maximize the amount of copper recovered.

We guarantee a high degree of safety and seamless traceability with our control procedure, which is compliant with the statutory waste disposal regulations, and additional internal transportation documentation. Additionally, we had the composition of old cables analyzed by DEKRA Industrial GmbH in September 2010. Within the scope of these analyses, experts classified most cable types as "non-hazardous waste."

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Climate technology and energy use.

Mainframe computers generate a lot of heat. Around 40 percent of the energy at data centers is used for cooling. Energy-efficient climate technology offers significant reduction potential. Deutsche Telekom - particularly T-Systems - conducts intensive research and development in order to optimize data center infrastructures in consideration of financial and ecological aspects.

In terms of climate protection, energy generation from renewable sources such as wind, sun and water is an important topic when it comes to data center operation. That is why we develop and use smart solutions for the employment of renewable energy.

PASM: Climate technology and energy expertise from one source.

The development and use of energy-efficient air conditioning systems for data centers is a central element of the PASM (Power and Air Condition Solution Management GmbH & Co. KG) product portfolio. PASM, a Telekom subsidiary, manufactures and markets complete, energy-based solutions for technical systems for corporate customers, especially for companies from the information and telecommunications industry. PASM considers it its responsibility to constantly improve the energy efficiency of what are referred to as "availability products" comprised of uninterruptible power supply and cooling for network nodes .
PASM provides its energy-based products to Telekom Deutschland and T-Systems Deutschland upon request for use in their fixed network and their data centers. PASM also provides its products to around 20,000 base station systems and mobile switching centers of T-Mobile Deutschland's mobile communications network.

Pilot project as part of the Heat Power Business initiative.
In collaboration with Telekom's Group Facility Management unit, PASM initiated the Heat Power Business innovation project in 2010. Within the scope of the project, ten small-scale CHP units with capacities of between 4.5 and 50 kW were set up and put into operation at network nodes used by different parties in December 2010. Aside from generating electricity, they use waste heat for facility heating. Total usage of employed primary power is therefore over 90 percent. The return on investment was confirmed beforehand in a feasibility study.

Pilot project on self-sufficient power supply for mobile communications systems.
PASM has been participating in the NOW (Nationales Innovationsprogramm Wasserstoff und Brennstoffzellentechnologie) program of the German federal government since 2009. Within the scope of this program, PASM is planning to set up a self-sufficient energy mobile communications base station at the trade fair grounds in Hanover. This will be the first time a base station is powered by entirely renewable energy sources in Germany. The power, which will be generated by a photovoltaic plant and a wind power plant, will be used to directly power the system. Excess energy will be stored in a large battery and then fed back into the system by the battery or reconverted into electricity using a fuel cell in times where there is little wind or sun.

Cooperation between PASM and China Telecom.
PASM also conducts international projects to optimize energy efficiency. For example, PASM cooperates with China Telecom in the area of cooling and power supply to office buildings and data centers. In October 2010, PASM conducted a workshop with Chinese energy and climate technology experts where they were able to exchange information with each other. The experts discussed topics such as fresh air cooling, high-voltage DC transmission, data center cooling and operating temperatures and their impact on lifespan and failure frequency.

Cooperation between Telekom and STRABAG.

Energy efficiency means climate protection. By applying efficiency indicators, PASM has improved efficiency at around 8,000 network nodes and data centers in Germany. PASM commissioned the Property and Facility Services (PFS) unit of the construction company STRABAG to conduct on-site analyses of its production systems as part of its TOP 100 program. Each year, 100 of our most energy-inefficient buildings are identified and analyzed within the context of the program. STRABAG PFS engineers analyze energy efficiency potential and develop solutions as to how to effectively exploit this potential. PASM was able to significantly increase energy efficiency in the past few years by replacing inefficient fans, installing innovative control units or simply adjusting the systems to current demand. Telekom in Germany was able to improve its PUE value , which is used to measure energy efficiency, from over 1.75 for its fixed network (not including data centers) in 2005 to 1.53 in 2009.

Climate technology innovations by international subsidiaries.

Innovative climate technology for data centers holds great emissions reduction potential especially in

countries with warmer climates. This is the reason why a number of international subsidiaries in Southern Europe conduct their own development projects to improve energy efficiency, especially that of their mobile base stations.

Cosmote Greece — installation of new air conditioning systems in base stations.
Cosmote Greece is continuing to install air conditioning units with open air cooling, a process which it began in 2010, in order to reduce its energy consumption. The systems use the difference between the inside and outside temperatures at indoor base stations to cool the air. The total number of systems installed in 2010 rose to 1,448 with the installation of 47 additional, open cooling systems.

T-Hrvatski Telekom — energy efficiency through fresh air cooling.
The Croatian subsidiary also uses energy-saving open air cooling when updating its air conditioning systems.

T-Systems Mexico — data center optimization project.
T-Systems Mexico launched a project to improve energy efficiency at Puebla I, its largest data center, and at its offices.
Since the beginning of 2010, different projects have been conducted to improve energy efficiency, for example, server updating. All energy users in the respective buildings were reviewed and their consumption values gradually optimized. This led to reduced energy costs by around EUR 73,000 in 2010.
Updating the precision air conditioning unit is the focal point of the measures that were introduced in 2011. Around 70 percent of all energy used went into cooling in the past. By installing new systems, this value can be reduced by 5 percent at the Puebla I data center.

T-Systems UK — new air-conditioning system.
In November 2010, T-Systems UK replaced the diesel-fueled air conditioning systems at its two printing centers in Bristol and Bromborough with more environmentally-friendly and more energy efficient air cooling systems. The company is currently analyzing the reason behind discrepancies between forecast consumption and actual consumption at one of the sites. Based on the results of the analysis, the company will determine whether or not the new technology can be installed at other locations as well.

Smart grids — intelligent power networks thanks to state-of-the-art ICT.

The European Union has set the 20-20-20 target, i.e., by 2020 companies should be emitting 20 percent less greenhouse gases compared to 1990. At the same time, primary energy consumption is to be reduced by 20 percent. 20 percent of the energy is to be supplied by renewable sources.

The use of wind and solar energy poses a great challenge to energy providers. The fluctuation of wind and sun energy has an impact on power generation. However, voltage has to remain stable.
An increasing number of households produce their electricity themselves, for example by using small cogeneration or photovoltaic systems. The energy created has to be managed intelligently with the help of state-of-the-art ICT in order to keep an overview of the technological and financial aspects of this decentralized distribution network. This requires a smart grid.

Electricity providers use smart grids to balance supply and demand and to keep voltage at a stable level. In these smart grids, consumers represent virtual power plants that can be regulated up or down at short notice.

In order for a smart grid to work properly, a huge amount of data needs to be evaluated in real time for operators to see when and where how much electricity is being generated and how much needs to be supplied. The plan is to use smart meters to supply this data. We have joined forces with the power utility Stadtwerke Friedrichshafen to offer a smart metering service in a pilot project at our T-City since 2008, which we are continuously expanding. In this project, we have also been testing smart grid solutions for the first time.

DESI — milestones for introducing smart grids.

Solutions for implementing smart grids have been one of the big technology goals for the past few years. In the DESI project (German acronym for “consistently energy-sensitive ICT) PASM has been working on developing an all-encompassing solution approach in collaboration with Deutsche Telekom Laboratories (T-Labs). The project was initiated by T-Laboratories and Telekom Deutschland and is scheduled to be carried out between 2011 and 2013.

The DESI solution approach focuses on three core areas:

- Creating ICT component connectability in smart grids
- Integrating ICT components into the entire energy supply chain
- Control of variable energy supply for ICT networks

The first smart grid solutions are already being used at T-City in Friedrichshafen.

LOLA — load-adaptive ICT networks.

Networks that can adjust to fluctuating demand are only activated when demand arises. These networks

enable better control of network capacities, which are a scarce resource. The LOLA project explores how intelligent control systems can save energy in networks and end-devices. The project is initially focusing on customer networks and access networks. In the long run, the goal is to develop an intelligent control system that can be used for the entire network structure. Initial model analyses and lab evaluations indicate a total CO_2 emission savings potential of around 30 percent. Another goal is to advance international standardization. The project is scheduled to run from October 2010 to December 2012.

Using renewable energy for ICT systems.

Telekom strives to increase the share of renewable energy in its energy mix. For example, the company has equipped mobile communications base stations with systems for generating their own renewable energy within the scope of pilot projects.

Crnogorski Telekom — sustainable base stations pilot projects.
Crnogorski Telekom is operating two base stations with self-sufficient wind and solar energy within the scope of a wide-spread company initiative on the topics of environmental protection and global warming.

OTE — using wind and solar energy.
OTE operates a total of 180 small photovoltaic systems to provide energy to high-capacity masts in different remote areas of Greece. The company uses both solar energy and wind power stations to operate its wireless broadband network on Mount Athos.

OTEestate, the unit responsible for the administration and management of the company's properties, set a budget for the conceptualization of wind and photovoltaic projects for 2011 in order to advance the use of renewable energy sources.

Guaranteed power with fuel cell technology.
In addition to using renewable energy, low CO_2 generation and the temporary storage of energy in fuel cells provides many opportunities to create a climate-friendly energy future. Fuel cell technology is also a requirement for operating stations that are not located near the power grid in a way that is environmentally friendly and efficient. This is why Telekom actively supports the advancement of this technology to get it ready for the market.

Wind-powered repeaters on the coast.
T-Hrvatski Telekom has been working with an expert for renewable energy to supply self-sufficient base stations along the Adriatic Coast with energy generated from wind and solar turbines. By doing so, T-Hrvatski Telekom hopes to encourage others to switch to alternative energies. The Croatian subsidiary continuously conducts studies to prove the cost efficiency of using alternative energy supplies for base stations.

Using fuel cells for ICT systems.

Making a new technology ready for the market often requires the joint effort of many players from business, politics and science. As a co-founder and partner of Clean Power Net , a German competence network, the Group unit PASM promotes the advancement of market-ready fuel cells. The Clean Power Net initiative was founded by the Bavarian State Government in collaboration with NOW (National Organisation for Hydrogen and Fuel Cell Technology) and users and manufacturers of fuel cells in October 2010. In October 2010, PASM and Rittal, a systems provider, took over official representation of the network.

Developing new emergency supply systems.
Hydrogen fuel cells not only generate energy through the oxidation of hydrogen but also offer the option to reverse the process and generate hydrogen with electricity. The cells can be also be used as data center and base station emergency power supply, for example. In order to fully exhaust the potential of this technology, Telekom in Germany initiated the Best Backup project to test lithium-ion batteries and hydrogen fuel cells in emergency power supply systems in the ICT network The goal is to develop and test a closed, innovative emergency power supply concept that is based on hydrogen. Generating and storing hydrogen on site is the central aspect here. Power generation can be realized with excess power from the network of energy providers. If needed, the energy bound by hydrogen can then be reconverted into energy via a fuel cell. Storing energy in lithium-ion batteries is also being tested.
An important area of application is the backup supply in multifunctional cabinets of the new fiber-optic networks.

The Group company PASM is currently developing a polymer electrolyte membrane (PEM) fuel cell system for backup systems in network nodes . These PEM fuel cell system is supposed to replace the previously used lead batteries and, additionally, serve network providers as storage for peak load management. Within the scope of the National Innovation Program, PASM was awarded the contract for the installation of three integrated fuel cell systems per year between 2009 and 2012. PASM will use these as backup systems for the emergency power supply of the fixed network.

Smart management of communications networks and energy grids.
PASM also uses the electricity meter to combine its integrated fuel cell system with the one provided by

the network provider. On the basis of the data provided, PASM can reduce power surges of the property during peak load times. In this way PASM benefits from the economic advantages of an intelligent load management. The fuel cell systems have been integrated into a virtual power station provided by the University of Applied Sciences in Bingen in order to test and refine the provision of minute reserve capacities for network providers. This quickly available balancing energy is becoming increasingly important in order to compensate for power fluctuations in energy grids due to wind and solar energy.

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Environmentally friendly data centers.

Energy efficiency is the most important instrument to effectively improve the CO_2 footprint of data centers. Telekom is pursuing an integrated, end-to-end approach for efficiency increases in its network infrastructure, from cooling and energy provision to optimized utilization of hardware capacities.

DataCenter 2020 — test environment for energy-efficient green IT.

Within the cooperation with Intel, T-Systems opened up its DataCenter 2020 in September 2009 at Euro-Industriepark in Munich. At DataCenter 2020, Telekom tests solutions that enable highly efficient and profitable data center operation to benefit the environment and climate. There, the technology partners work on developing pioneering business models and new, cost-efficient ICT solutions for users and customers.

Among the 200 contestants who competed for the GreenIT Best Practice Award 2010, the DataCenter 2020 project made it into the top five.

Energy efficiency — surprising test results.
A milestone of the project partners is to achieve a PUE (power usage effectiveness) value of 1.3.
The PUE value is the most important indicator of data center energy efficiency. It compares the entire amount of energy used for data center operation with computer energy consumption.
The average PUE value for data centers of T-Systems International or PASM is 1.75. That means that 1.75 kilowatts need to be supplied to the data center for each kilowatt of electricity used by the servers. Telekom's goal is to decrease this value for new fixed network data centers to 1.4 and for existing data centers to 1.6 by 2020.
At the DataCenter 2020 model data center, a PUE value of between 1.49 and 1.41 has already been achieved.

Experts found a number of surprisingly simple solutions when looking for optimal energy efficiency in data center set-up and operation. For example, the PUE value can be significantly improved by strictly separating hot and cold air. Additionally, experts found that it was not necessary to cool the room temperature down to 22°C, as is common. Temperatures of up to 27°C do not have a negative effect on computing performance. However, selecting the right location, the type of energy supply and the distance to the customers who order computing capacities are important factors. T-Systems plans to take these results into account when building or restructuring data centers.

Exchange and dialog about DataCenter 2020.

Research and development in the area of green IT has a strong practical focus. That is why it is even more important to facilitate exchange between decision-makers at the companies and external ICT experts. By promoting an open dialog, we want to increase the willingness to introduce effective energy and cost optimization initiatives.

DataCenter2020 — presenting results at CeBIT.
On March 3, 2010, the German Federal Environment Agency conducted a Green IT conference at CeBIT. At the conference, T-Systems presented initial results from its green IT laboratory known as DataCenter 2020. Main focal points included air conduction, water temperature and hardware utilization.

Executive manager forum at the Saxony state representation office in Berlin.
In October 2010, T-Systems participated in an executive manager forum, which was organized by the German publication Behördenspiegel and Oracle. A T-Systems representative used the opportunity to present the results from DataCenter 2020 to over 100 people from the worlds of business, science and politics. He pointed out that significant reductions could be achieved even with standard technologies.

Large customer interest in DataCenter 2020.
Between October 2009 and the end of 2010, around 150 customers and international T-Systems sales staff took a tour of the testing laboratory, gaining insight into the ICT solutions of tomorrow.

Positive results from the Green Data Center project.

T-Systems International and PASM are testing solutions in live operation to increase the efficiency of their computers. Between 2008 and 2009, 14 data centers participated in the Green Data Center project implemented by STRABAG Property and Facility Services. Openings for ventilating pressure floors or false floors from below were closed. Additionally, new frequency converters were installed and the amount of circulated air was reduced. The target values for cooling water and air temperature were raised in order to be able to control air temperature in the computer rooms even without a compressor. Additionally, energy consumption was reduced by installing an indirect fresh air cooling system. With

these measures, we were able to reduce energy consumption by around 10 Gwh per year.

Optimizing data center energy consumption at international subsidiaries.

The international subsidiaries are also working on the optimization of their data centers, partly in collaboration with other ICT providers.

Slovak Telekom — new data center.
In September 2009, Slovak Telekom started a joint project with IBM. The goal of the joint New Data Center project is to provide private and business customers with energy-optimized technologies for data centers. In August 2010, the foundation was laid for a new, energy-efficient data center. The data center is scheduled to be completed in June 2011.

T-Mobile USA — polaris data center.
T-Mobile USA launched a model project at one of its data centers in 2009 with the aim of minimizing environmental impact and reducing costs. Focus was placed on the quantitative identification of environmental impact and full energy supply from renewable sources. 98 percent of the energy supply was generated from hydropower and another 2 percent from wind energy. Between April 2009 and April 2010, T-Systems USA was able to reduce its costs by USD 1.4 million compared with the same period in the previous year thanks to the project. The company also reduced the data center's annual CO2 emissions by 3,011 metric tons.

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Environmental management.

Telekom has been using an environmental management system that complies with the international ISO 14001 standard since 1998. Twenty international subsidiaries are now certified under the umbrella certificate that the Group received in 2009.

Our aim is to create a Group-wide, standardized health, safety and environment (HSE) management system in order to control and minimize the impact of our business activities on the environment and our employees. Systematic, standardized HSE management is key to being able to successfully pursue our CR strategy. During the reporting period, we laid the foundation for establishing a Group-wide HSE management system as well as for incorporating resource efficiency into all corporate processes and making it a component of employee conduct.

Central environmental management system in accordance with ISO 14001.

22 companies certified worldwide.

As a step toward developing a standardized HSE management system, the Telekom Group introduced a central environmental management system in 2009. This complies with the ISO 14001 standard. Key components of the environmental management system include a standardized environmental policy, a manual and documented procedures that apply throughout the Group, central document management and standardized Group-wide processes.

The following 15 Group companies were certified under the ISO 14001 umbrella certificate in June 2009:

- Fixed-line segment: Germany, Greece, Slovakia, Hungary, Croatia
- Mobile communications segment: Poland, Germany, Austria, Croatia, Great Britain, the Republic of Macedonia
- T-Systems: Germany, the Czech Republic, Spain, Hungary

Seven more international subsidiaries certified
The ISO 14001 umbrella certification was also expanded to include seven additional subsidiaries during the reporting period:

- **DeTeFleetServices.** Our mobility services provider was certified in September 2010. In addition to ISO 14001 certification, DeTeFleetServices also was certified to the ISO 9001 quality management standard.
- **PASM.** (Power and Air Solutions) were certified to ISO 14001 in the third quarter of 2010.
- **T-Hrvatski Telekom.** In June 2010, T-Hrvatski Telekom became the first and, at that time, only company in Croatia to be ISO 14001-certified. The Board of Management passed a new Group-wide environmental policy in March 2010 in preparation of the certification. Furthermore, numerous employee training sessions were conducted.
- **T-Systems Austria.** In 2010, T-Systems Austria set up an environmental management system that was certified to ISO 14001 and to the OHSAS 18001 occupational health and safety management standard in November.
- **T-Mobile Czech Republic.** T-Mobile Czech Republic received ISO 14001 certification on November 19, 2010. The company conducted mandatory online training for each employee to raise internal awareness of environmental topics.
- **T-Mobile Netherlands.** T-Mobile was the first network operator in the Netherlands to be certified to ISO 14001 on March 1, 2011. T-Mobile Netherlands also introduced guidelines for environmentally friendly employee conduct. Our employees were also able to contribute their ideas on environmental management at the company in an internal ideas competition.
- **OTE.** The Greek subsidiary OTE was certified under the Telekom Group's umbrella certificate in 2010 as well. The company's current environmental management systems were certified. OTE is currently reviewing the introduction of a company-wide standardized environmental management system in compliance with ISO 14001.

That means that some 60 percent of the Group’s locations now have a certified environmental management system.

Cosmote. Improving strategic environmental management.
During the reporting period, Cosmote Greece pushed ahead with establishing a standardized environmental management system within the Cosmote Group. To this end, the Greek subsidiary conducted an environmental workshop with representatives of Cosmote Romania, Globul and AMC. Along with getting an overview of global environmental trends, participants mainly discussed the group-wide environmental strategy and current progress in introducing a standardized environmental management system.

T-Systems Iberia. Expanding the environmental management system.
The environmental management systems at the T-Systems locations in Barcelona and Madrid were certified to ISO 14001 during the reporting period. At the same time, the Spanish subsidiary expanded its environmental management system to include three additional locations in Barajas, Valencia and Leon. More locations are scheduled to follow over the course of 2011.

Group-wide HSE management system in set-up phase.

First milestone: all data centers in Germany certified according to OHSAS 18001.

In 2010, we started setting up a comprehensive HSE management system based on several international standards: OHSAS 18001 for occupational health and safety, ISO 14001 for environmental management and ISO 9001 for quality management.

The first International Health & Safety Environmental System Start Up Conference was held in October 2010. Employees from 14 countries met in Vienna to learn about topics dealing with the Group-wide introduction of a standardized HSE management system and to share their initial experiences with introducing the system at their companies.

In addition to T-Systems' data centers in Austria, Mexico, the United Kingdom and Slovakia, all Telekom data centers in Germany became OHSAS 18001-certified in 2010. The goal for 2011 is to have Group Headquarters in Bonn certified along with other international subsidiaries.

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Resource efficiency.

Telekom wants to keep the negative impact of its business practices on the environment to an absolute minimum. That is why all companies throughout the Group support the responsible handling of natural resources.

We feel that we share responsibility for the entire value chain, even outside the scope of our own business activities. That is why we require our suppliers to commit to using practices that protect resources as much as possible as part of our Statement on Extractives . We also encourage our customers to make a personal contribution to conserving natural resources with initiatives such as our cell phone recycling programs.

Environmental check for more sustainability at T-Systems Austria.

In January 2010, T-Systems Austria had its operational processes as well as its energy consumption analyzed for savings potential by recognized experts as part of an environmental check. The analyzed information included data on energy and water consumption, waste management and mobility. The "EcoBusiness check" is part of ÖkoBusinessPlan Wien the City of Vienna's environmental initiative. Based on the results, the company was able to implement initial measures to realize improvement potential during the reporting period.

- **Recycling program.** Since February 2011, T-Mobile and T-Systems Austria have recycled around 45,000 coffee pods, which are used each month at their shared site, the T-Center in Vienna. This helps improve waste separation at the T-Center and reduce the amount of waste produced there.
- **Environmentally friendly meetings.** When hosting events, T-Systems Austria complies with the Austrian Green Meetings standard established by the Austrian Ministry of the Environment. The first large employee event with 300 participants was certified with the "Eco-label for green meetings" in February 2011.
- **Raising internal awareness.** T-Systems Austria conducted information campaigns during the reporting period to raise employee awareness of environmental protection issues. The company held its first Green Day in March 2010 together with T-Mobile Austria at company headquarters in Vienna. This was the first of a series of internal measures. Under the slogan "Go for action" the company offered a bicycle repair service for employees and set up an online car sharing platform in the intranet. T-Systems Austria introduced a new printing system which reduced paper use by around 40,000 pages a month. The company also revised its air conditioning system to meet the needs of employees and make it more energy-efficient, and optimized the electric lighting at its facilities.

Recycling — highly valued at the Group.

The recycling rate of all Group units in Germany has been at almost 100 percent since 2006. The international subsidiaries also continue to push ahead with recycling, as can be seen in the following examples from the reporting period.

- **T-Mobile USA** conducted a comprehensive recycling program in the third quarter of 2010 in line with the slogan “Best place to perform.” The aim was to reduce waste by up to 30 percent. T-Mobile USA also set up an intranet site to report on the company's environmental activities. Employees can also submit questions, ideas, comments and best practice examples regarding environmental topics to the e-mail address green@t-mobile.com.
- **Cosmote Romania** actively participates in conserving resources and recycling with its Green Office program. In 2010, the company was able to add 4 metric tons of paper and 1.2 metric tons of plastic to its recycling volume. The company gets its employees actively involved in the program and raises their awareness of how to conserve resources at the workplace. The Romanian subsidiary has already received several awards for its program.

Awards. Germany's most environmentally friendly office.

More than 900 environmentally friendly office materials in internal order system.

Telekom in Germany received an award for the most environmentally friendly office in the Germany-wide "Büro und Umwelt" (office and environment) competition in 2010. The environmental organization Bundesdeutscher Arbeitskreis für Umweltbewusstes Management (B.A.U.M.) e.V. has been holding the competition every year since 2008. We went from third place in 2009 to first place in the category for companies with more than 500 employees. The jury focused on employee conduct that conserved resources in their daily work, the procurement of environmentally friendly office materials and an environmentally friendly office set up. Deutsche Telekom was able to convince the jury particularly with the following measures:

- **Ordering system encourages the use of environmentally friendly office items.** Our internal

ordering system eBest offers a selection of more than 900 environmentally friendly items such as recycled paper and recycled files as well as writing utensils made from recycled materials. Employees can easily find these materials and then order them by entering the key words "environmentally friendly" into the search function. In order to encourage the use of environmentally friendly office materials, Telekom conducted online training in Germany for its secretarial offices and for those responsible for ordering supplies at the service companies.

- **Testing thin clients.** Thin clients are a resource and energy efficient alternative to standard office workstations. They look like desktop PCs but do not have a hard drive, CD drive or fan. The only thing that runs on the end-device is software that enables data input and output. Data processing is outsourced to a central server. That reduces the CO2 footprint of the devices throughout the entire value chain. Around 50 percent less CO2 is emitted from manufacturing to disposal than would be emitted by conventional PCs. The end-devices also last longer and require less maintenance. The IT Deutschland department introduced thin clients at its own department in pilot phases and combined these activities into the Virtual Desktop Service program. Pilot projects for thin clients are currently underway at call centers and T-Shops.
- **Increased use of recycled paper.** Using paper made from recycled material instead of new fibers helps protect the environment considerably. Savings in water and energy consumption alone come to around 60 percent compared to using non-recycled paper. At the end of 2010, 30 percent of the paper used at our locations in Germany was recycled paper. As a member of the Pro Recyclingpapier initiative, we intend to consistently increase the use of recycled paper. That is why we are planning to make the purchase of non-recycled paper even more difficult in 2011 with our internal ordering system eBest.
- **Conserving resources with state-of-the-art printers.** We were able to save a total of 700 metric tons of paper at Telekom locations in Germany in 2010. We were able to achieve this goal in part by replacing workstation printers with central, energy-efficient multifunctional printers at 100 locations in Germany and made progress in our attempt to create a paperless office . These measures were conducted within the scope of the Office Standardization project. We are currently using 1,050 environmentally friendly, multifunctional printers with the Blue Angel seal, which save over 1 million KWh of energy each year. The goal is to install more than 6,000 new devices at Group locations.

Paper-free system for increased resource efficiency.

Special award for the paperless office concept.

Telekom relies on digitally processing documents, thereby effectively conserving resources as can be seen in the following examples.

- **Germany: B.A.U.M. competition award.** Not only did Deutsche Telekom receive an award at the 2010 "Büro und Umwelt" (office and environment) competition held by B.A.U.M. e.V. in the large companies category for running Germany's most environmentally friendly office , it also received an award in the special "paperless office"category. Deutsche Telekom's concept makes an important contribution to conserving paper at the office. By introducing Software Managed Services, i.e., standardized and software-based processes used in areas such as orders, HR accounting and travel management, Telekom in Germany avoids unnecessary paper printouts and having to keep a paper-based filing system.
- **Hungary: Initial success with new document management system.** IT Services Hungary, a subsidiary of T-Systems International, is working on reducing the amount of paper used at its offices. A working group has been developing solutions to reduce the use of paper for specific administrative processes at the company since 2009. As a result, the company installed a self-service portal in 2010 to support paperless processes in six areas such as travel management and user-oriented HR processes. The project is scheduled to be completed by the end of 2011. With the help of this and other initiatives, IT Services Hungary was able to reduce its use of office paper by around 30 percent per employee over the past few years.
- **OTE: Digital processing saves tons of paper.** By developing and using online forms, the Greek subsidiary OTE was able to electronically process around 2 million inquiries, reducing paper consumption by around 10 metric metric tons. The company saved an additional 1.8 metric tons of paper with the help of the PAPIROS system, which employees use to scan incoming documents and then process them digitally.
- **T-Systems Singapore — printing with PIN code only.** One effective measure that T-Systems Singapore employed to reduce its paper consumption was making it mandatory for employees to enter a password before being able to print. T-Systems Singapore has been able to drastically reduce its printing volume and the number of printing mistakes made at the company as well as reduce its printing costs by an estimated 60 percent since August 2010.

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Employee commitment.

Effective environmental protection at the company calls for the personal involvement of our employees. For years now, Telekom has placed great importance on incorporating employees and raising employee awareness worldwide. For example, we address our employees in Germany in our employee magazine "you and me," in our internal environmental protection newsletter and on the intranet where we regularly provide them with tips on how to conserve resources at the workplace as well as background information on other environmental topics.

Cell-phone recycling campaigns for employees.

We actively collect used cell phones to promote sustainability. Our aim is to extend the lifespan of cell phones for as long as possible. For example, after making a few repairs and deleting all personal information, cell phones can be sent to Asia or Africa to give people there the chance to make phone calls at reasonable costs. We send defective cell phones to our recycling partners to be recycled. Cell phones contain valuable raw materials that can be reused.

In 2010, we called upon our customers and also our employees in Germany and in the U.S. to hand in their old cell phones.

Telekom's most successful cell-phone collection campaign in Germany.
From October 18 to November 30, 2010, Telekom conducted a large-scale cell phone recycling campaign for all of its employees in Germany as part of its sustainability campaign. We asked our employees to send in as many old devices as they could via internal mail. Support for the campaign came from the top of the ranks. In a video statement, René Obermann asked all employees to participate. And they did. We were able to collect more than 13,000 devices, more than ever before.

Telekom donated the money generated from reusing or recycling the cell phones to non-profit organizations such as the German environmental organization Deutsche Umwelthilfe and German Doctors, an aid organization active in developing countries. The campaign had another positive effect as well: more and more employees are now using internal mail to send in old cell phones as they have become aware of this simple and practical option.

T-Mobile USA.400 cell phones collected on one day.
As part of its internal "Walking the talk" campaign, T-Mobile USA called upon its employees to set an example of environmentally friendly conduct. The company conducted a cell phone recycling campaign at its headquarters in Bellevue, Washington. The company was able to collect 400 devices on one day.

Environmental campaign at T-Mobile und T-Systems Austria.

Tremendous employee participation: more than 200 suggestions for improved climate protection.

In 2010, T-Mobile and T-Systems Austria held two Green Days at the T-Center, their joint headquarters in Vienna. The purpose of the campaign was to raise employee awareness of climate and environmentally friendly conduct with the slogan "T goes green." Employees learned about savings potential regarding electricity and paper, for example. In addition to employees, experts from Greenpeace were among the over 400 visitors in attendance.

The first Green Day, which was held on March 23, 2010, was the kick-off for an internal ideas competition. From March 24 to April 30, 2010, employees submitted 200 ideas that were then displayed on an idea tree at the T-Center.

At the second Green Day, which was held on June 7, 2010, employees were given an overview of the variety of ideas submitted and plans for their implementation. Some of the ideas that were implemented right away were setting up containers to separate waste and collection points for collecting used cell phones in the building. Sustainable mobility is now being encouraged by providing a car pool forum and a bicycle repair service for employees.

T-Mobile Netherlands. "Dat kann beter" ideas competition.

T-Mobile Netherlands called upon its employees to participate in the "Dat kan beter" ideas competition in September 2010. Participants were asked to submit their ideas for making improvements in the area of environmental and climate protection. The three best ideas were announced in October at an internal workshop. They will be implemented by T-Mobile Netherlands by the end of 2011. Employees can keep track of progress being made on the intranet.

Employees also helped expand and optimize the Dutch subsidiary's environmental management system. On 01.03.11, T-Mobile Netherlands' environmental management system was certified in accordance with the international ISO 14001 standard.

Environmental protection training at T-Hrvatski Telekom.

The Croatian subsidiary focused on extensively training its employees during the reporting period to raise their awareness of environmentally friendly conduct in their daily work activities. Around 1,800 employees participated. 550 of them attended short seminars while the others learned about environmental issues in online training sessions. Since 2010, a new e-mail address (zastita.okolisa@t.ht.hr) has been available as the central point of contact for internal and external environmental inquiries.

WWF Earth Hour — turning off the lights for climate protection.

Just like it did the year before, Telekom participated in the global Earth Hour initiative, initiated by WWF in 2010 as well. Every year on March 26, we turn off the lights between 8:30 and 9:30 p.m. In 2010, over 80 countries participated in Earth Hour.

The lights were turned off at Telekom's locations in Germany, including Group Headquarters in Bonn. Numerous international subsidiaries also took a stand for global climate protection and conserving resources. In addition to shutting off the lights at its company headquarters in Prague and other local sites, T-Mobile Czech Republic also turned off the lights on its billboards and other ads wherever technically possible, dimmed the lights in all T-Mobile shops in the Czech Republic and switched its company website to an energy-saving mode.

The following international subsidiaries conducted similar measures to participate in Earth Hour 2010:

- Cosmote Greece
- Cosmote Romania
- Globul (Bulgaria)
- Magyar Telekom (Hungary)
- Makedonski Telekom (Republic of Macedonia)
- OTE (Greece)
- T-Hrvatski Telekom (Croatia)
- T-Mobile Austria
- T-Mobile Czech Republic
- T-Mobile Macedonia (Republic of Macedonia)
- Crnogorski Telekom (Montenegro)
- T-Systems Iberia (Spain)

Campaign by T-Mobile Czech Republic on the occasion of the Earth Hour:

http://www.youtube.com/v/tZi_xDm5FG8
(only available in Czech)

Supporting World Environment Day.

On June 5, 2010, Telekom participated in World Environment Day in different countries.

- To mark the day, we neutralized the carbon footprint of our online marketing platform Softwareload in Germany.
- Cosmote Greece conducted an internal campaign to raise employee awareness of environmental topics. Under the slogan "Even your smaller action for the environment …makes the world better," a group of actors helped organize an interactive environment quiz for the company's employees. The initiative was accompanied by communication measures on the intranet.
- The Greek subsidiary OTE used the intranet to ask its employees to participate in different initiatives, which were organized in collaboration with the OTE employee cultural centers. On World Environment Day, over 1,000 employees and their families were able to attend local events at 35 of the company's cultural centers.
- Earth Day is celebrated in Poland on April 22 every year. The Polish subsidiary PTC published a press release on the company's internal CR activities to mark the occasion.

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Low emissions mobility.

With over 32,000 registered cars and service vehicles in Germany alone, our company fleet is one of the largest in Europe. The CO_2 emissions of the entire vehicle fleet makes up around 60 percent of our direct emissions (scope 1 according to the Greenhouse Gas Protocol) in Germany. Using a sustainable mobility approach therefore makes an important contribution to our climate protection goals.

Telekom pursues a three-pillar approach in developing a climate-friendly vehicle fleet.

- **"Rightsize"** By choosing state-of-the-art, energy-efficient vehicles, we are working toward making our company fleet more environmentally friendly. Telekom's mobility services provider DeTeFleetServices explicitly selected low-emissions models in the past already. Greater emphasis is now also being placed on this aspect at the company car department. Our new Green Car Policy is paving the way.
- **"Economize"** With special driver training programs, we train employees who use company cars to drive in a way that uses less fuel and therefore leads to reduced emissions.
- **"Substitute"** By trying out different mobility concepts, we are encouraging the use of low-emission, alternative drive systems.

Green Car Policy for a climate friendly fleet.

Our goal by 2015: all new cars below the EU limit for CO_2.

On April 1, 2010, Telekom introduced its new Green Car Policy for company cars in Germany and revised its previous car procurement strategy to include environmental aspects. The policy sets forth a CO_2-based selection procedure when purchasing new company cars. These include vehicles provided by Telekom to employees on account of their position or level of responsibility that can also be used privately.

The intention is to reduce standard emissions of all new fleet vehicles to an average of 110 g/km by 2015, an objective which is also supported by purchasing energy-efficient service vehicles. This amounts to an average fuel consumption of 4.2 liters of diesel per 100 kilometers. This fuel consumption rate will put us well within the EU climate protection target limits of 120 grams per kilometer for new cars applicable from 2015. Even now, DeTeFleetServices only offers vehicles with a maximum CO_2 emissions level of 190 g/km.

CO_2-based selection procedure.
In order to motivate users of company cars to choose more energy efficient models, the company introduced a bonus-malus system within the context of the Green Car Policy. Employees share the costs of both higher mobility and greater strain on the environment in the form of a penalty if they decide in favor of a car with a high CO_2 emission rate. Users who choose particularly environmentally friendly vehicles receive a bonus in relation to the savings in fuel costs. Telekom thus actively involves their employees in the achievement of climate protection targets.

Initial results of the Green Car Policy.
We were able to reduce the average CO_2 emissions of new company cars in 2010: Based on manufacturer specifications, emissions were reduced from155 g/km in 2009 to 136 g/km in 2010. We are planning to take emission levels down to 124g/km for all new company cars in 2011. Three of the then seven (now six) Board of Management cars, some of them with CO_2 emissions far exceeding 230g/km, were replaced with more economical vehicles with CO_2 emissions of below 190g/km during the reporting year. Five of the six Board of Management vehicles currently have CO_2 emissions of less than 190 g/km.

Telekom fleet awarded with TÜV seal of approval.

Blue Fleet seal of approval for a CO2-conscious vehicle fleet.

In December 2010, the Telekom fleet in Germany was analyzed by TÜV Rheinland and awarded the Bluefleet seal of approval for its " CO_2-conscious" vehicle fleet. The seal is a confirmation of the sustainable approach of our vehicle fleet management processes by an independent authority. The TÜV inspection will be repeated each year providing a good opportunity to review the effectiveness of our Green Car Policy.

T-Systems Iberia reduces its fleet.

T-Systems Iberia permanently reduced its company fleet by 10 percent in 2010. That enabled the company to save around 23,250 liters of gasoline.

Low-emission travel to work and business appointments.

Some 21,500 employees use the public transport season ticket.

Deutsche Telekom takes different approaches to making its employees' business trips and commute to the workplace as climate and environmentally friendly as possible.

Neutralizing the CO_2 footprint left by train travel.

Since February 2010, we have been neutralizing the CO_2 footprint of all train trips taken by Telekom employees in Germany to get to business appointments. This has been made possible thanks to an agreement with Deutsche Bahn, who adds a corresponding amount of electricity from renewable resources to its network to match the energy used for company travel. Energy from renewable resources is purchased ahead of time and managed in an energy pool set up specifically for that purpose. With this process, which was audited and certified by TÜV Süd, we were able to compensate for around 5,675 metric tons of CO_2 in 2010.

Cheaper to go to work using public transport.

In 2010, around 21,500 employees in Germany used a season ticket, a reduced-price monthly ticket for traveling to and from work. That means just as many employees took advantage of the offer in 2010 as in 2009. A regional season ticket offer is available at all Telekom offices located in large conurbations. To convince even more employees to take advantage of the season ticket offer, Telekom held three information events in Bonn during the reporting period. The company also sent an e-mail to all 16,000 employees in North Rhine-Westphalia informing them of the advantages of the monthly ticket.

Increased use of virtual conference rooms.

Telekom Group Travel Management launched a new project to avoid business trips whenever possible and to promote "virtual mobility." The project was launched in October 2010 to simplify the organization of online conferences and to increase usage in daily business processes.

Taking your bicycle to work - or to your next meeting.

- In order to promote CO_2-neutral trips to meetings and events within the city, we provide 51 bicycles to our employees at all 13 locations in Bonn free of charge. Our service technicians in Bonn, Berlin and Cologne can also use bicycles tailored to their special needs to visit their customers in city centers easily.
- In 2010, Telekom in Germany once again supported the " Cycling to work " campaign ("Mit dem Rad zur Arbeit") organized by German public health insurer AOK and the bicycle advocacy club Allgemeiner Deutscher Fahrrad-Club e. V. (ADFC). Around 500 employees participated in this initiative.
- A project inspired by the ideas competition of the first Green Day was implemented in Austria during the reporting period. T-Mobile and T-Systems Austria offered their employees a bicycle repair service on June 24, 2010. More than 40 bicycles were repaired that day in Vienna and Gmünd. Due to high demand, a second service day was organized for July 29, 2010. Additionally, an internal car pooling initiative was launched.

T-Systems North America encourages carpooling.

T-Systems North America gives its employees different incentives to motivate them to use public transportation and form car pools. For example, employees who use public transportation to go to work have been receiving tax advantages since 2007 under the Transportation & Commuter Benefits initiative.

The Trip Reduction Program was launched in Arizona in July 2010. The company hopes to reduce the number of employees who travel to work alone, which was still at 88 percent in April 2010, by 10 percent each year. T-Systems North America's long-term goal is to reduce this number by 60 percent by 2015. With this program, the company supports an initiative launched by local government which calls for companies to reduce the number of employees who travel to work alone.

European Mobility Week - working for climate protection.

The European Mobility Week was held from September 16-22, 2010, and was supported by the European Commission. Two international subsidiaries used the occasion to raise employee awareness of environmentally friendly mobility options:

- Slovak Telekom participated by conducting an internal campaign to reduce car traffic. The company offered prizes to employees who submitted a photo of themselves going to work by bus, train or bicycle. The company also uses a carpool forum. and installed new bike stands at some sites.

- T-Mobile Czech Republic also called upon its employees to use their cars less to get to work and to use public transportation, their bicycle or inline skates to go to work instead. The company also handed out an award for the car driver with the lowest gas mileage in 2009 at the company as part of Mobility Week. In addition, the company invited all employees to attend eco-driver courses.

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Driver training.

The success of a low emissions mobility strategy depends decisively on the behavior of every employee. That is why we have been conducting training sessions on efficient driving with drivers of our company and service vehicles since 2009.

Eco-driving courses as part of service skills development.

In 2010, the eco-driving program, a combined driver and safety training, was established as a fixed part of our skills development offer for our service staff in Germany.

- Within the scope of the program, around 130 driving courses with around 2,600 participants were completed in Germany in 2010 at Network Production. In the training courses, the consumption reduction rate per driver was between 18 and 20 percent. In the long-term, drivers can be expected to achieve a reduction rate of up to 8 percent in their everyday driving. We intend to repeat the training sessions in 2011.

- Two eco-driver courses were also implemented for the Technical Service department. The company is planning to introduce the program throughout Germany in 2011. We are planning to offer 160 driver courses for 3,200 employees in this area.

Online calculator to identify savings potential.

Since October 2010, DeTeFleetServices, Telekom's fleet operator in Germany, has been providing a cost comparison calculator. This tool enables company car owners and DeTeFleetServices customers to calculate the cost savings potential of environmentally friendly cars and the impact of this cost reduction on the entire fleet. The calculation is based on car specifications and driving style.

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Alternative drive systems.

Our strategy for low emissions mobility relies on using alternative drive systems in the vehicle fleet. DeTeFleetServices, Deutsche Telekom's mobility services provider, has been operating a large natural gas fleet for many years and is testing the use of innovative electric and fuel cell cars, from initial pilot attempts to regular use.

Pilot projects — electric cars performance test.

Telekom has been operating electric service vehicles for more than ten years in the sensitive protected landscape area of Hiddensee, an island in the Baltic Sea. Since 2010, Telekom has also been participating in the e-mobility Berlin project, one of the most extensive field tests for the use of electric cars worldwide. In this project, DeTeFleetServices and other Group units tested the practical deployment of six "electric drive" cars by Smart. Our participation in the e-mobility project gives us valuable information about possibly using electric cars in our vehicle fleet. A pilot project with electric cars by Renault, which began in North Rhine-Westphalia in the spring of 2011, will also provide us with practical information.

Cargo bikes with alternative drive.

Hydrogen fuel cells are one of the cutting- edge technologies available for low-emission energy generation. Telekom has been supporting the potential of this technology as part of the innovative Cargo Bikes pilot project since 2009. The purpose of the project is to test the use of load carrying bikes with alternative drive at T-City in Friedrichshafen as well as at Telekom's Technical Customer Service at the trade fair grounds in Hanover. The results have shown that cargo bikes are a suitable alternative in limited areas such as at trade fairs, conventions and events. We will therefore continue to use them at the trade fair grounds in Friedrichshafen and plan to begin using them on the island of Juist in the North Sea. Telekom received a prize for its dedication to using cargo bikes at the 365 Places in the Land of Ideas competition in December 2009.

Fuel cells - long-term real-life test completed.

From 2004 to 2010, Deutsche Telekom participated in the Clean Energy Partnership (CEP) Hydrogen project by using three Mercedes A-Class F-Cell models with fuel-cell drives. After more than five years of real-life testing, DeTeFleetServices decided to abandon the F-Cell project since the efforts to set up a fuel station infrastructure for hydrogen did not keep pace with the requirements for use in the field. DeTeFleetServices intends to primarily focus on practical testing or the possible regular use of electric cars over the next few years.

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Biodiversity.

The United Nations proclaimed the year 2010 the "International Year of Biodiversity." Telekom also considers biological diversity as something that needs to be protected and has been dedicated to supporting the preservation of biodiversity for years in collaboration with the environmental organization Deutsche Umwelthilfe (DUH) . We have supported more than 700 environmental and nature conservation projects and many environmental education initiatives, for example projects designed to protect lakes, rivers and endangered species. Our employees also got involved in environmental sustainability efforts during the reporting period by engaging in activities such as reforestation efforts.

The "Living Forests" nature conservation fund.

In collaboration with the German environmental organization, Deutsche Umwelthilfe, Telekom founded the Living Forests nature conservation fund in 2009. The fund sponsors exemplary nature conservation projects in Germany that are committed to conserving forests as well as the plants and animals that live in them. The sponsored projects were selected by the German environmental organization Deutsche Umwelthilfe and recommended for implementation by a committee of recognized nature conservation experts.

In 2010, the nature conservation fund sponsored a total of five projects. It also initiated a stakeholder discussion event on protecting the biodiversity of Germany's forests.

Along with the specific changes in the forests, all of the nature conservation projects included information and awareness work. In addition to focusing on local contacts such as forestry authorities, forest owners, nature conservation groups and schools, the project also addressed local media. In 2010, Telekom reported on the project being conducted by the nature conservation fund and on the significance of biodiversity in local forests in all three issues of its customer magazine "telekom_life."

Projects sponsored during the reporting period.

Focus on maintaining forest wildlife habitats.

The Living Forests nature conservation fund sponsored the following projects during the reporting period:

- **Renaturation of riparian forests around Lake Constance.** The project owner, the Lake Constance Foundation, is dedicated to securing, restoring and rejuvenating the riparian forests around Lake Constance. Intact, moist forests such as these are more than just a major focal point when it comes to protecting endangered species. They also play a key role when it comes to climate protection by storing the climate-relevant gas, carbon dioxide.
- **The living Weser - "We're planting a riparian forest."** The habitats along the Weser in the Weser basin in North Rhine-Westphalia are being explored with the help of school children. Woods that are typical to the riparian forest are being multiplied and made ready so that workers can replant an area that was flooded. A local workgroup for nature studies and the Ostwestfalen-Lippe University of Applied Sciences oversaw this education project.
- **Habitat for the hazel dormouse.** The hazel dormouse is a species under strict protection whose natural habitat in forests continues to vanish. By doing some restructuring in forests in Lower Lusatia, the German Association for Landcare in Saxony (DVL) was able to create better living conditions for the hazel dormouse.
- **Protecting the rosalia longicorn and the stag beetle.** With this project, the Listhof Environmental Education Center worked to protect the endangered beetle species, the rosalia longicorn and the stag beetle, in its habitat in the Swabian Alp biosphere reserve and the conservation area of Listhof. Within the scope of the project, the center worked together with students to conduct restructuring efforts in the forest and record places where the beetles are spotted with GPS.
- **Resettling the hazel grouse.** In the forests managed by the Prinz Reuss'schen Forstverwaltung Wurzbach in the mountains of Thuringia and Franconia, forest biotopes are being made ready for the resettlement of the hazel grouse, which is originally indigenous to the area. The newly resettled hazel grouse will be monitored long-term to see how it adjusts.

T-Mobile Austria founds environmental fund.

Environmental contribution introduced to aid environmental projects.

In collaboration with the tele.ring brand, T-Mobile Austria founded the T-Mobile Environment and Sustainability Fund in January 2011. Every year, the fund donates EUR 150,000 to promote Austrian environmental projects. With this contribution, Telekom supports selected environmental and nature conservation projects conducted by renowned private organizations and initiatives.

The fund is partially financed by an environmental fee that tele.ring and T-Mobile Austria charge their customers for each paper-based delivery. In doing so, the Austrian subsidiary is creating an incentive to conserve natural resources.

T-Hrvatski Telekom supports reforestation.

T-Hrvatski Telekom has been pursuing the sponsorship of environmental projects in collaboration with strategic partners for three years. In 2010, the company sponsored reforestation projects in the Croatian coastal cities of Benkovak, Makarska and Metković as well as on the island of Hvar. Planting new trees in areas affected by wildfires is an important contribution to promoting ecological diversity in Croatia. The project volume amounts to half a million kunas, which is about EUR 67,300. 215 employees volunteered in the reforestation project in October 2010.

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KPIs.

We record and publish KPIs in the CR areas of economics, ecology and society in order to monitor target achievement, steer measures and identify potential for improvement.

As in the previous year, ecological data on energy, emissions, the vehicle fleet, waste and water will be made available in a user-friendly, interactive KPI tool. This allows Telekom to illustrate its progress in the CR area over a period of up to four years. With the KPI tool, it is also possible to compare ecological fundamentals of the Group's international subsidiaries.

The following data information applies to all consolidated KPIs:

- Data in connection with the name "Deutsche Telekom Konzern" refer to all units in Germany and to major foreign Group subsidiaries with majority participation. The data contained in the Group values for Greece in 2008 only serve as additional information because OTE and Cosmote were not taken into account in the customer and financial figures published for fiscal 2008.
- Data indicated in relation to "Telekom Deutschland" refer to all locations of the Group units in Germany. Unless stated otherwise, this data were taken from internal sources.

Group-wide indicators of CR performance
For CR progress management purposes, we have been using standardized KPIs that apply throughout the Group, our CR Key Performance Indicators [link to 2.2.3 Key performance indicators] (CR KPIs), since 2009.
As a management tool, the CR KPIs enable systematic, transparent and regular optimization of our sustainability performance. Due to changes at the Group and external modifications, we reviewed the CR KPIs during the reporting period and adjusted them to fit the new conditions and requirements. What we previously referred to as the CR Leadership Indicators, which indicated the listing of T-Shares in sustainability indexes and the evaluation of our social involvement, are now included in the Socially Responsible Investment and Social Commitment KPIs.

Scope
Selected KPIs from Germany and the international subsidiaries Magyar Telekom plc., T-Mobile Netherlands and now also the Greek subsidiary OTE were assessed for commercial aspects by PricewaterhouseCoopers (PwC), an auditing agency. The subject of the audit was largely the same as in the previous year.

Data included from commercial audit have been marked with a .

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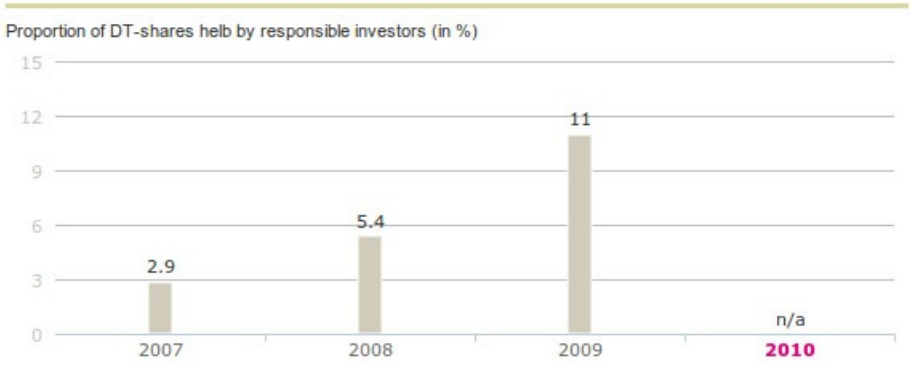
CR KPIs.

CR KPI "Socially Responsible Investment" Deutsche Telekom Group.



Since 2009, data have been provided by ipreo, a financial service provider (until 2008: Sustainable Business Institute). Data for 2011 will be made available in the course of 2011.

The "Socially Responsible Investment" KPI indicates the number of T-Shares that is held by investors whose investment strategy takes ecological, social and governance criteria into account. In 2009, 9% of all Deutsche Telekom shares were held by investors who, at least partially, took SRI/ESG criteria into account when making investment decisions. 2% of the T-Shares are held by investors who manage their funds primarily based on SRI/ESG-related criteria. (Source: Ipreo)

Related topics:

- Socially responsible investment
- Rankings, ratings and awards

CR KPI "Employee Satisfaction CR" Deutsche Telekom Group.

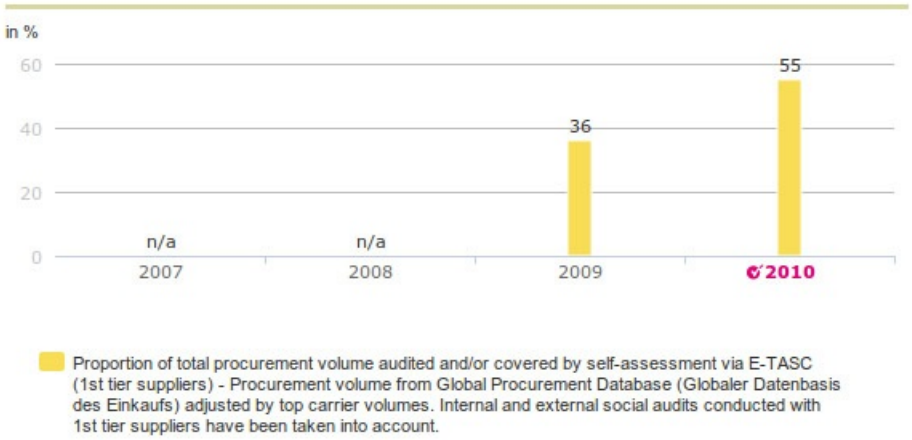
The "Employee Satisfaction" CR KPI indicates employee identification and employee satisfaction with the company's CR involvement.

This KPI is measured every two years via an employee survey which is conducted at all affiliated companies This year's data will be used as a basis for defining target values.

Related topics:

- Employees
- Employee involvement 2010

CR KPI "Sustainable Procurement" Deutsche Telekom Group.

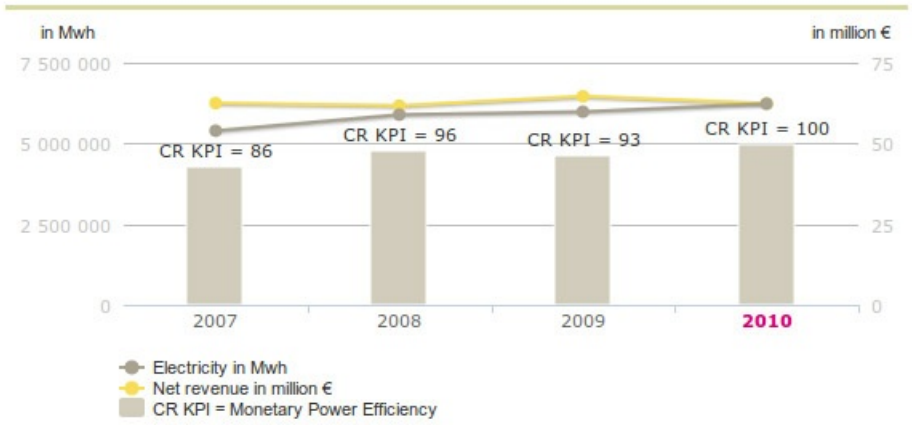


The value for the "Sustainable Procurement" CR KPI can also be indicated for 2009. The KPI rose significantly from 36% to 55%. Most companies audited in 2010 provided their self-assessment via E-TASC .

Related topics:

- Suppliers
- E-TASC

CR KPI "Energy Consumption" Deutsche Telekom Group.

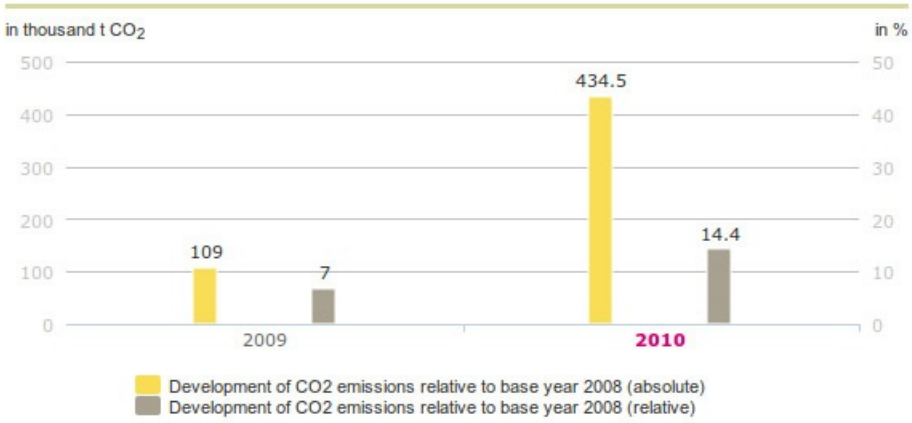


This CR KPI is reported for the first time in this report and can be backdated and indicated from 2007. The increase of 7 in the CR KPI "Energy Consumption" can be attributed to slightly increased electricty consumption at the Group (+4%) as well as to a lower sales volume for the Group (-3%).

Related topics:

- Climate and environment
- Energy management

CR KPI "Emissions" (absolute and relative) Deutsche Telekom Group.

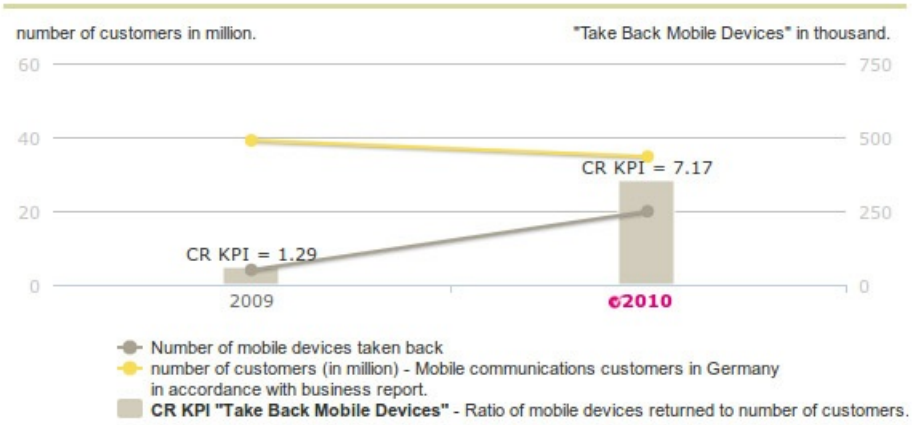


Reporting CR KPI Emissions from 2010 (Base Year 2008). Different to reporting of emissions in 2008: data is shown without emissions of T-Mobile UK and without business units that only relevant from 2010 (T-Systems units Austria, Slovakia, Mexico, U.K. and Iberia). Difference to reporting of emissions (all years): no consideration of RECS Certificates for emissions from power consumption in Germany (around 1,28 Mio. t CO2 in 2010 / 1,17 Mio. t CO2 in 2008).

Related topics:

- Climate and environment
- Climate protection

CR KPI: "Take Back Mobile Devices" Deutsche Telekom Group in Germany.

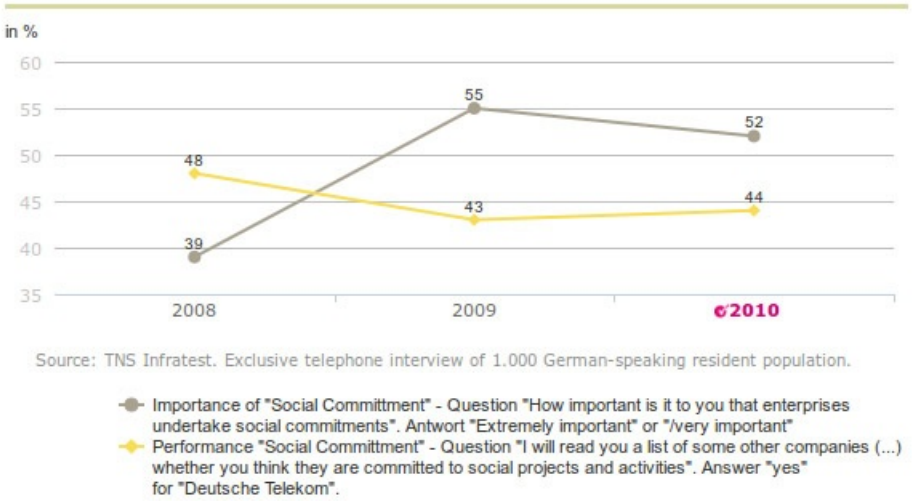


The "Take Back" CR KPI can be backdated to 2009 and indicated. In different initiatives in 2010, we asked people to return their old cell phones, e.g., via sweepstakes or on Facebook. Thanks to these initiatives, we were able to collect almost 250,000 old cell phones during the reporting period. The decrease in the number of customers can also be attributed to the automatic cancellation of pre-paid cards (if no money was put on the cards for two years or more) and also contributed slighty to the improvement of this KPI.

Related topics:

- Phone and cell phone recycling

CR KPI "Social Committment" Deutsche Telekom Group in Germany.



The CR KPI "Social Committment" can be backdated to 2008 and indicated. There is often a great disparity between the importance that people attach to social commitment and the perceived performance of companies in this area. According to a representative survey in Germany, this disparity decreased from 12 to 8 percent for Telekom between 2009 and 2010.

Related topics:

- Society

Related topics:

- Key performance indicators

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Financial indictors.

The most important financial CR indicators are the percentage of sustainable investment in T-Shares, Deutsche Telekom' s score in the major ratings and rankings, and the listing in the key indices.

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Listing of the T-Share.

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

Rating agency	Indexes/ratings/ranking	Successfully listed in index			
		Fulfilled in 2010	Fulfilled in 2009	Fulfilled in 2008	Fulfilled in 2007
SAM	DJSI World	✓	✓	✓	✓
	DJSI STOXX®	✓	✓	✓	✓
Oekom	„Prime"	✓	✓	✓	✓
Vigeo	ASPI	✓	✓	✓	✓
	ESI	✓	✓	✓	✓
imug/EIRIS	FTSE4Good	✓	✓	✓	✓
CDP	CD Leadership Index	–	–	–	✓
	Carbon Performance Leadership Index (new since 2010)	✓	n.a.	n.a.	n.a.
Sarasin	DAX Glob. Sar. Sust.	✓ ( )	✓ ( )	✓	✓
RiskMetrics	FTSE KLD Global Climate 100	✓	✓	✓	✓
	FTSE KLD Global Sustainab.	–	–	–	✓
Newsweek Green Rankings Global 100	Rank Germany #1, Global #7, Technology #3	✓	n.a.	n.a.	n.a.

✓ = Successfully listed.

– = Not successfully listed.

( ) = Biennial cycle.

Related topics:

- Socially responsible investment
- Rankings, ratings and awards

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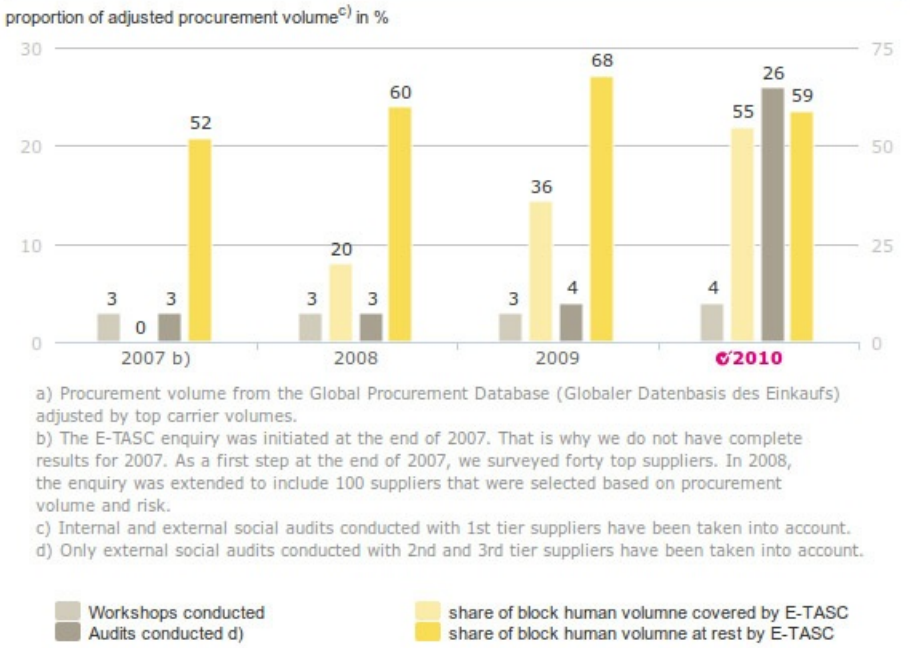
Suppliers.

Risk management for supplier relationships at the Deutsche Telekom Group.



a) Procurement volume from the Global Procurement Database (Globaler Datenbasis des Einkaufs) adjusted by top carrier volumes.
b) The E-TASC enquiry was initiated at the end of 2007. That is why we do not have complete results for 2007. As a first step at the end of 2007, we surveyed forty top suppliers. In 2008, the enquiry was extended to include 100 suppliers that were selected based on procurement volume and risk.
c) Internal and external social audits conducted with 1st tier suppliers have been taken into account.
d) Only external social audits conducted with 2nd and 3rd tier suppliers have been taken into account.

Der Anteil des durch E-TASC abgedeckten Einkaufsvolumens stieg gegenüber dem Vorjahr von 36 % auf 55 % deutlich an. Im Zeitraum Juli bis Ende Dezember 2010 führten Auditoren insgesamt 26 Social Audits bei Lieferanten und Sublieferanten durch. Der Anteil des auditierten Einkaufsvolumens im Berichtszeitraum steigerte sich auf 18%. Wie in den Vorjahren wurden Workshops mit Top-Lieferanten durchgeführt.

Related topics:

- Suppliers

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Net revenue, EBITDA and net profit.

Net revenue, EBITDA/EBITDA margin (adjusted for special factors), and net profit of the Deutsche Telekom Group.

EUR billion	2007	2008	2009	2010
Net revenue	62,5	61,7	64,6	62,4
EBITDA (adjusted for special factors) [a,b,c)]	19,3	19,5	20,7	19,5
EBITDA margin (adjusted for special factors) [a)] (%)	30,9	31,6	32	31,2
Net profit	**0,6**	**1,5**	**0,4**	**1,7**

[a-c)] **see footnotes on page 3 of 2010 Deutsche Telekom Annual Report**

A more detailed description of financial KPIs is provided at www.telekom.com/investorrelations.

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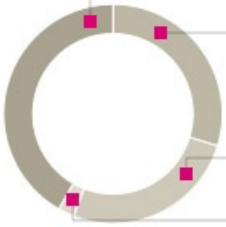
Net value added.

Net value added.



	in billion €
Payments to employees	13.9
Payments to investors	9.9
National	5.5
International	4.4
Payments to foreign capital	8.7
Payments for tax	0.8
Total	**33.3**

The numbers for net value added reflect the extent to which the individual Group stakeholders participate, e.g., via wages or taxes, in executive management processes. Deutsche Telekom net value added results from sales proceeds plus income from the disposal of assets, minus operating costs and other expenses. In contrast to the income and loss statement, the net value added account only indicates actual payment flow.This means that deferred tax expenditure for example, and the recognition of provisions have no effect on net value added for the reporting period. Although these expenses decrease the consolidated surplus shown in the income and loss statement, they are not associated with payment to a stakeholder group, as is the case with the net value added account. Payments for this are made at a future point in time and, therefore, will be indicated in the net value added results for the following years.

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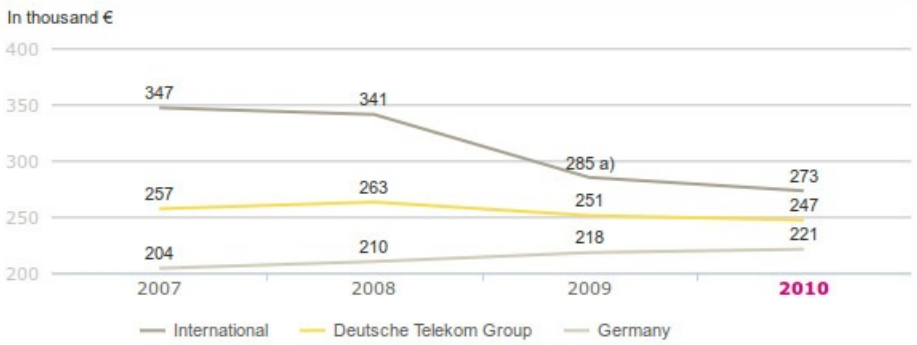
Personnel costs, EBITDA and revenue per employee.

Personnel costs and EBITDA per employee.
FY 2008 and 2009, per FTE.

Thousands of €	Adjusted personnel costs 2009	Adjusted personnel costs 2010	EBITDA 2009	EBITDA 2010
Germany	65,6	67,3	74,5	72,1
International	41,3	43,9	86,1	82,2
Group as a whole	53,6	55,7	80,2	77,1

Revenue per employee.



a) 2009: OTE acquisition resulted in a disproportionately high increase in international employees in relation to revenue growth

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Energy & Emissions.

Table | Bars | Lines | Data for all countries

Total - Energy consumption

MWh	2007	2008[a)]	2009	2010
Energy consumption total	7 219 306	7 767 481	7 847 181	8 097 038
Energy consumption electricity	5 394 013	5 892 727	5 983 238	6 229 541
Energy consumption district heating	228 134	220 418	216 479	235 283
Energy consumption fossil fuels	631 885	709 767	701 831	727 756
Energy consumption fuels vehicle fleet	965 273	944 569	945 632	904 458

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

Data contains PwC-verified values for Deutsche Telekom Group in Germany, Magyar Telekom plc., OTE S.A. and T-Mobile Netherlands.

Correction of Electricity Consumption Data (2008 and 2009), District Heating and Fossil Fuel Data (2009) as well as the resulting sums compared to data published in CR Report 2010. Details see interactive tool.

In line with the global trend in the ICT sector, energy consumption at the Deutsche Telekom Group also experienced an overall increase in 2010 and rose once again in many countries where we have subsidiaries, but only slightly compared to other companies in the industry. By implementing comprehensive measures to save energy and increase energy efficiency, we were able to avoid a higher increase in energy consumption. The slight increase compared to 2009 was due to the inclusion of several international subsidiaries in this year's report.

The reason for the increase in heating consumption (district heating and fossil fuels) was the inclusion of several international subsidiaries in this year's report and, in part, the longer, colder winter we had in 2010, which meant that the offices in many countries needed more heat.

Fuel consumption could be reduced as a result of improved drivers behaviour and reduced mileage.

Table | Bars | Lines | Data for all countries

Telekom Konzern in Deutschland - Emissions total (Scope 1 & 2)

t CO_2	2007	2008	2009	2010
Emissions total	885 070	299 268	316 304	313 825

All emissions were calculated on the basis of energy consumption data. The footnotes on energy consumption and the vehicle fleet provided in the tables apply.

The CO_2-emissions are calculated based on the various energy and fuel consumption data. This was done according to the requirements of the Greenhouse Gas (GHG) Protocol and using the emission factors of the International Energy Agency (IEA). The reporting of the GHG Protocol is based on the following scopes: - Scope 1: direct emissions from own sources - Scope 2: Indirect emissions from purchased electricity and district heating.
Due to rising energy consuption, CO_2 emissions in Deutsche Telekom Group have risen in the past year in total and in almost all single categories - except for Scope 1 emissions from vehicle fleet fuel consumption. As in the two previous years, CO_2-emissions from electricity consumption in Germany could be reduced to zero through the implementation of numerous measures to save energy and increase energy efficiency and the purchase of RECS certificates (Renewable Energy Certificate System) for more than 3 000 GWh. This way, in 2010 our total electricity demand in Germany was again covered directly or indirectly by renewable energy sources. Our subsidiary T-Mobile Netherlands has covered its full electricity requirements and 23 % of its gas consumption directly from renewable energy sources.

Emission from Business Travel at by Deutsche Telekom Group in Germany. (Scope 3 Emissions)

Germany		2008	2009	2010
Travel by train	t CO_2	5.337	5.408	759 *
Travel by plane	t CO_2	76.411	74.673	81.651
Travel by rental car (external)	t CO_2	13.376	11.506	8.775
Total	t CO_2	95.124	91.587	91.184

*** From February 2010 all Train Travel with Deutsche Bahn is CO_2-free.**

Severing the link between power consumption and CO_2 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 otained from cogeneration
4 Power utilities no longer provide data for their power mix > calculation based on power mix for Germany
5 Purchase of power from renewable energy sources
6 All electricity requirements covered directly or indirectly by renewable resources

Related topics:

- Climate and environment

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Vehicle fleet.

Table | Bars | Lines | Data for all countries

Telekom Konzern in Deutschland - Number vehicles

#	2007	2008	2009	2010
Number of total vehicles	**42 584**	**39 034**	**31 667**	**30 938**
Number of diesel vehicles	0	0	30 839	30 217
Number of gasoline-powered vehicles	0	0	353	414
Number of alternative vehicles	0	0	473	307
Number of company cars	k.A.	11 708	10 090	10 504
Number of service vehicles	k.A.	27 326	21 577	20 434

Data contains PwC-verified values for Deutsche Telekom Group in Germany. Data comes partly from external service providers.

Data comes partly from external service providers

Information from the international subsidiaries on the number of vehicles classified as either service vehicles or company cars was provided in the interactive KPI tool for the CR online report

Data contains PwC-verified values for Deutsche Telekom Deutschland, Magyar Telekom plc., OTE and T-Mobile Netherlands.

Fleet Management has been optimized in many group companies, such as Germany, Croatia and the Netherlands. The slight increase of 1% compared to 2009 results from conflicting organizational effects, as some of the international T -Systems units (Austria, UK, Spain/ Iberia, Slovakia, Mexico)and the Greek distribution company GERMANOS (under COSMOTE) have been included in the reporting.

Table | Bars | Lines | Data for all countries

Telekom Konzern in Deutschland - Mileage

Mio. km	2007[a)]	2008[a)]	2009[a)]	2010
Total mileage	**922**	**820**	**900**	**813**
Service vehicle mileage	k.A.	0	452	389
Company car mileage	k.A.	0	449	424
Diesel-powered vehicle mileage	k.A.	0	878	798
Gasoline-powered vehicle mileage	k.A.	0	8	8
Alternative vehicle mileage	k.A.	0	14	7

[a)] Breakdown by engine type available from 2009.

Data contains PwC-verified values for Deutsche Telekom Group in Germany. Data comes partly from external service providers.

Data comes partly from external service providers

Information from the international subsidiaries on mileage based on drive system and classified as either service vehicles or company cars was provided in the interactive KPI tool for the CR online report

Data contains PwC-verified values for Deutsche Telekom Deutschland, Magyar Telekom plc., OTE and T-Mobile Netherlands.

The decrease in annual mileage was primarily the result of declining kilometer values for company cars with diesel engines in Germany. Changes in usage requirements and improved driving behavior also contributed to this development. See company level for detailed comments.

Table | Bars | Lines | Data for all countries

Telekom Konzern in Deutschland - Fuel consumption

	2007	2008[a)]	2009	2010
Fuel consumed by all vehicles	**68 800**	**61 318**	**65 609**	**59 252**
Fuel consumed by company cars	k.A.	29 761	33 649	28 858
Fuel consumed by service vehicles	k.A.	31 557	31 960	30 394
Fuel consumed by diesel-powered vehicles	k.A.	59 787	63 927	57 882
Fuel consumed by gasoline-powered vehicles	k.A.	761	814	788
Fuel consumed by alternative-drive vehicles	k.A.	770	868	581

a) Arithmetic allocation of fuel consumption for company cars and service vehicles in 2008 calculates similar to current consumption ratio of 2009.

Data contains PwC-verified values for Deutsche Telekom Group in Germany. Data comes partly from external service providers.

Data comes partly from external service providers

Information from the individual subsidiaries on fuel consumption and classified as either service vehicles or company cars was provided in the interactive KPI tool

Data contains PwC-verified values for Deutsche Telekom Deutschland, Magyar Telekom plc., OTE and T-Mobile Netherlands.

Fuel consumption could be reduced as a result of improved drivers behaviour and reduced mileage. See company level for detailed comments. Slight deviation in the reported total value of 2009 compared to previous reports due to minor subsequent corrections at different international subsidiaries (e.g., T-Mobile USA, OTE).

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

as at Dec. 31	2007	2008	2009	2010
Vehicles, total	**42 591**	**39 034**	**31 667**	**30 938**
Service vehicles [a]	28 460	27 326	21 577	20 434
Company cars [b]	14 124	11 708	10 090	10 504
Mileage (million km)	**922,0** [c]	**820**	**900,3**	**813,2**
Service vehicles [a]	416,0 [c]	432	448,8	424,3
Company cars [b]	506,0 [c]	387	451,5	389
Consumption (million liters)	**68,8**	**61,3**	**65,6**	**59,3**
Service vehicles [a]	30,8	31,6	32	30,4
Company cars [b]	38	29,8	33,6	28,9

[a] **including pool vehicles.**

[b] **including manager vehicles.**

[c] **Data were calculated in consideration of unchanged average fuel consumption figures in the second half of the year.**

Information on vehicle fleet, mobility and consumption classified as either service vehicles or company cars was provided in the interactive KPI tool for the CR online.

The decrease in mileage (-10%) can primarily be attributed to reduced consumption for company cars with diesel engines. Modified usage requirements partially contributed to this development. The amount of fuel consumed decreased in line with the decrease in mileage and improved driving behavior (e.g., result of ecological driver training).

Related topics:

- Climate and environment
- Climate-friendly mobility

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Waste.

Table | Bars | Lines | Data for all countries

Telekom Konzern in Deutschland - Waste

metric tons	2007	2008	2009	2010
Total waste	57 727	52 454	50 339	47 080
Hazardous waste	7 807	6 406	7 231	1 157
Technical waste	16 599	15 702	16 660	19 555
Paper waste	19 972	17 506	6 629	6 405
Residual Waste	13 348	12 840	19 569	18 907
Other waste	0	0	250	1 052

- Deutsche Telekom Group in Germany: Data contains PwC-verified values. For detailed auditor's comment see kinds of waste.
- Data verified by PwC
- Deutsche Telekom Group in Germany: Data on paper waste is based on estimates and projections.
- Deutsche Telekom Group in Germany: Data on residual waste is based on estimates and projections.

Information from the individual international subsidiaries on waste volumes was provided in the interactive KPI tool

Data contains PwC-verified values for Deutsche Telekom Deutschland, Magyar Telekom plc., OTE and T-Mobile Netherlands.

The amount of total waste sunk by around 6% throughout the Group in 2010. This reduction was basically the result of less waste being produced by the cable project in Germany as well as the reductions in paper and residual waste resulting from employee reduction efforts. Reduction came to 4% at the international subsidiaries, particulalry as a result of the deconsolidation of T-Mobile UK. The share of the entire amount of waste produced by the Group that was produced outside of Germany increased slightly from 34.6% to 35.2%.

Related topics:

- Climate and environment
- Environmental management

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Water.

Table | Bars | Lines | Data for all countries

Telekom Konzern in Deutschland - Water consumption

m³	2007	2008	2009	2010
Total water consumption	1 785 096	1 745 219	1 922 000	1 986 138

Information from the individual subsidiaries on water consumption was provided in the interactive KPI tool.

The slight decrease in group wide water consumption (ca. -135.000 m^3 / -3%) is a result of improved accuracy in data collection. In 2010, data relevant for water consumption could be increasingly well identified basedon service providers' bills. Additionally, developments regarding content were balanced by organisational effects (e.g. Optimization of z.B. Optimierung der cooling techniques in buildings and data centers; integration of international data for T-Systems). Note concerning 2009: Late correction of total value for 2009 (ca. -10.000m^3), as data for "groundwater consumption" had accidentially been included in 2009 data (for Slovak Telekom).

Related topics:

- Climate and environment

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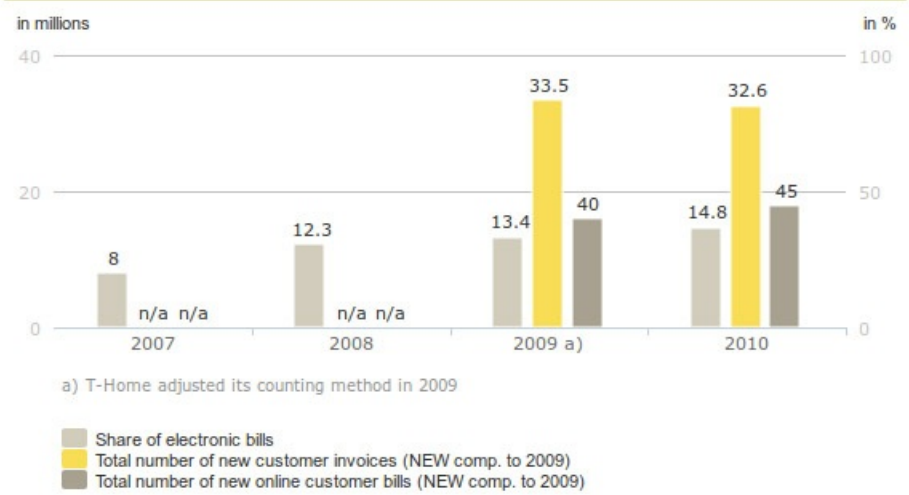
Electronic bills.

Electronic bills at the Deutsche Telekom Group in Germany.



The number of online bills is comprised of electronic invoices and credit granted for fixed-line and mobile communications customers. The data for the year can only be compared to a limited extent with previous years due to reorganization and modified counting methods. The share of online bills comes to 45%.

Related topics:

- Online billing

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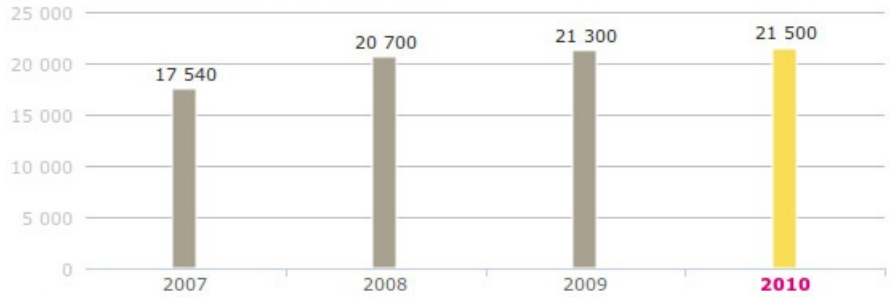
Season tickets.

Job Ticket scheme at the Deutsche Telekom Group in Germany.

Subsidized season tickets for public transport, in numbers



80% of the data comes from the online ordering tool for season ticket administration. 20% of the data was provided by public transportation companies.

Season tickets are public transportation tickets that are valid for a specific period of time and that the city provides at a discounted price when large quantities are purchased and if the company assumes management of the tickets. Telekom employees at all locations served by public transportation have access to a season ticket offer for their region. We have also been able to provide season ticket offers to some low-traffic regions (Schleswig Holstein, Emsland, Saarland). We are planning to provide these offers to other sites in low-traffic regions as well. DB season tickets are available to all Group employees who need to travel between regions. This offer is currently being used by more than 1,000 employees.

Related topics:

- Climate and environment
- Climate-friendly mobility

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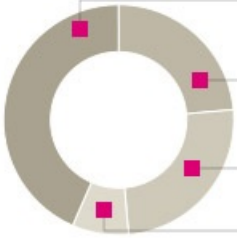
Space usage.

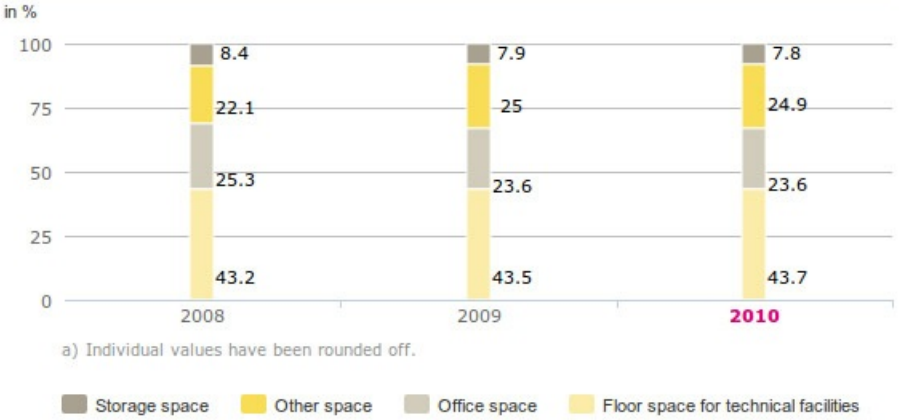
Space usage by the Deutsche Telekom Group in Germany.



	in m^2	in %[a)]
Floor space for technical facilities	4 025 332	43.5
Office space	2 184 442	23.6
Other space	2 318 768	25
Storage space	734 953	7.9
Total	**9 263 495**	

a) Individual values have been rounded off.

Space usage by the Deutsche Telekom Group in Germany.



a) Individual values have been rounded off.

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HR indicators.

This section of the report presents the key HR indicators from a CR perspective. A detailed presentation of human resources issues can be found in Deutsche Telekom's Human Resources Report 2010 / 2011 at www.telekom.com/hr-report .

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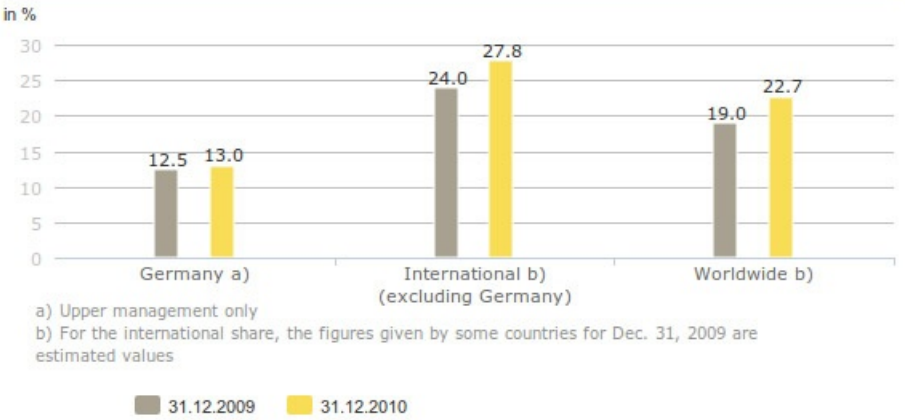
Women in the Group.

Women in the Deutsche Telekom Group in Germany.



a) Upper management only
b) For the international share, the figures given by some countries for Dec. 31, 2009 are estimated values

Related topics:

- Employees
- Diversity

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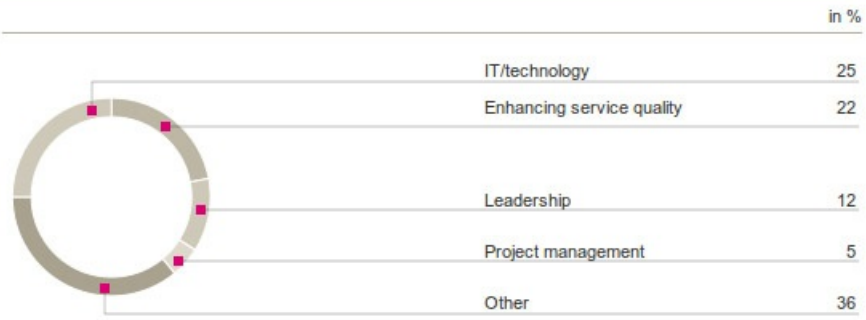
Training and development.

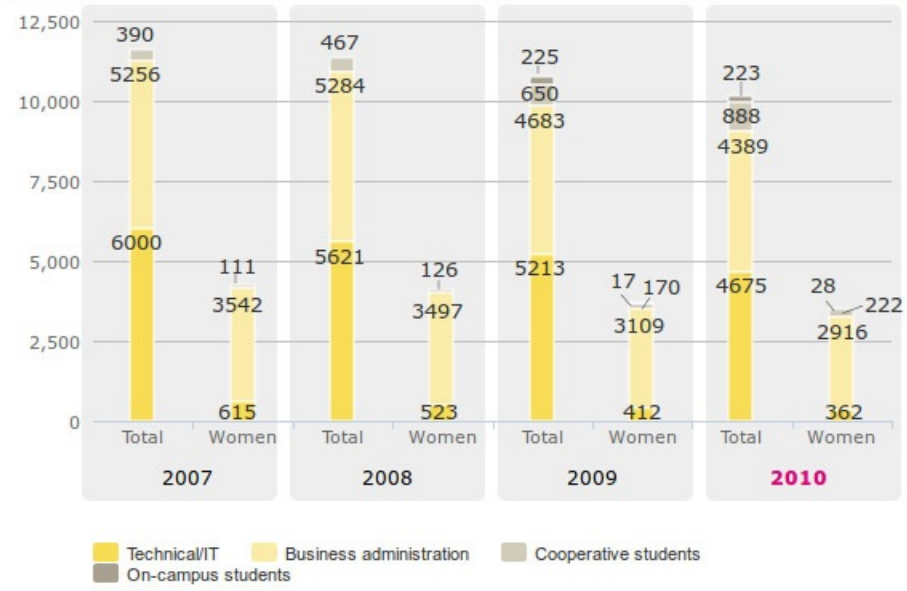
Further education at the Deutsche Telekom Group in Germany.



- Seminars: 47,271 | Participants: 298,319 | Participant days: 775,021
- Average number of training days per participant: 2.6, per employee: 6.2
The lower number of participant days is due to – amongst other things – a lot of (very) short,part-time trainings.
- Accesses to Global Teach (internal e-learning platform): 475,958

Trainees and training programs in Germany.

Total and share of woman, figures for Deutsche Telekom AG.



Related topics:

- Employees
- Training and development

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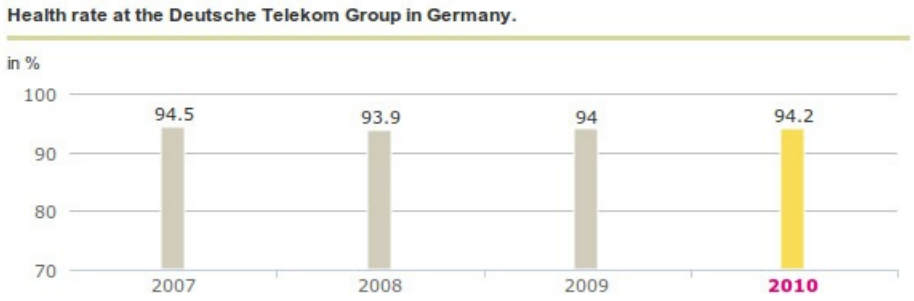
Health rate.



Employee health rate at Telekom in Germany remained high over the course of the year at around 94%. Deutsche Telekom was the first DAX 30 company to include extensive questions on psychological and physical health in its 2010 Employee Survey. We have also begun the rollout of a standardized health & safety management system to promote a proactive health culture at the company.

Related topics:

- Employees
- Health management

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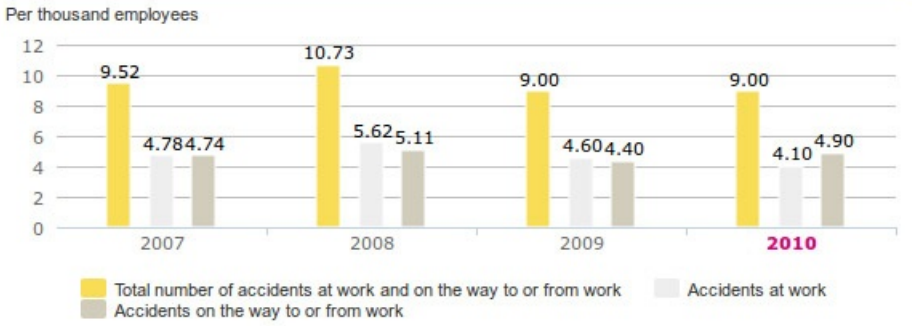
Occupational accidents.

Occupational accidents at the Deutsche Telekom Group in Germany.



Related topics:

- Employees
- Health management

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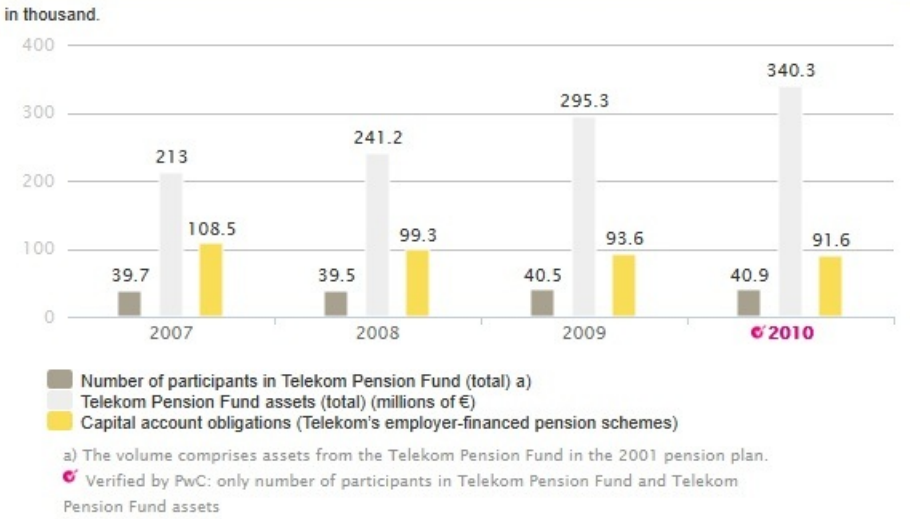
Company pension.

Company pension schemes at the Deutsche Telekom Group in Germany.



(As was the case in the previous years), the increase in fund assets can be attributed to the contribution payments made by the increasing number of plan participants. Because the majority of people participating in the 2001 pension plan are still actively working and are therefore still building their pension, this value will continue to increase over the next few years.

Related topics:

- Employees
- Remuneration

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Ideas management.

genial@telekom. Modern ideas management on the advance.

	2008	2009	2010
Suggestions for improvement	7 295	5 592	10 498
Savings inmillion €	141	122	136
Patent applications	665	713	913

Patent applications at the Deutsche Telekom Group in Germany.

	2007	2008	2009	2010
Patent applications	5.800	6.328	6.881	7.434

Industrial property rights include inventions, applications for patent, patents, utility models and design patents. The inventory is reviewed regulalry and rights that are no longer relevant are removed. We take cost-benefit aspects into account when managing these rights. (Source: 2010 Group Report, p. 103)

Related topics:

- Employees

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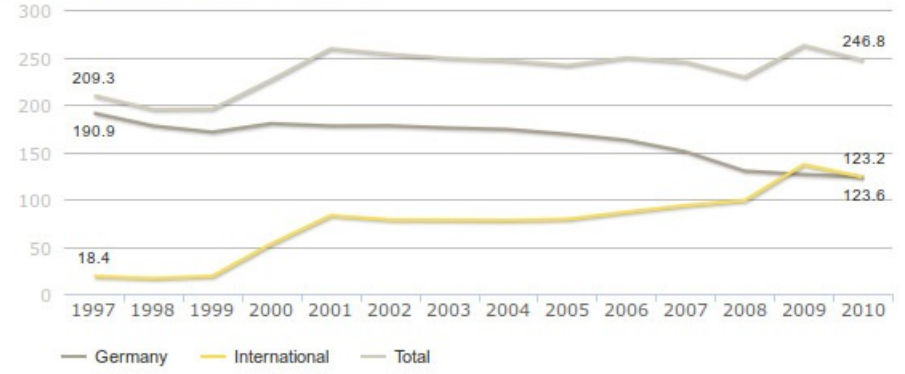
Workforce.

Workforce development worldwide.

By business areas and regions, as of Dec. 31.	2007	2008	2009	2010
Europe	18 043	18 255	17 631	12 108
Mobile Communications USA	33 750	38 031	40 697	37 760
SEE	22 491	20 885	53 532	51 230
Germany	91 337	85 637	81 336	76 478
T-Systems	49 835	45 862	46 021	47 707
Group Headquarters & Shared Services	25 970	19 077	20 703	21 494
Group as a whole	241 426	227 747	259 920	246 777

Workforce, Germany/international.

No. of employees in thousands, all as of Dec. 31.



Proportion of civil servants Germany.

	2007	2008	2009	31.12.2010
Active civil servants	35 559	32 113	29 188	25 570
Civil servants on temporary leave from civil-servant status*	3 963	3 033	6 597	1 678
Civil servants at affiliated companies	20 318	17 610	13 267	16 729
Total civil servants	**59 840**	**52 756**	**49 052**	**43 977**
Number of non-civil servants in Germany	89 098	78 957	78 435	79 197
Total number of employees in Germany	**148 938**	**131 713**	**127 487**	**123 174**
Percentage of civil servants in Germany	40,2	40,1	38,5	35,7

* Civil servants whose status as such is currently suspended. They have temporarily switched to an employee relationship not covered by collective agreements.

Vivento workforce.

Incl. business models and projects, as of December 31, 2010.	FTEs
Employees at Vivento	**6 880**
of which: Fed. Employment Agency and other external employment, in particular public sector	3 576
of which: call centerInfo unit incl. Customer Services	2 674
of which: loan and temporary staff inside the company	357
of which: Deutsche Telekom Direct Sales and Consulting	273

Permanent staff and support personnel incl. Vivento Customer Services	**824**
Number of employees who found a new job via Vivento in 2010	**1 292**
Employees scheduled to find a new job via Vivento in 2011	**870**
Staff transferred to Vivento since its foundation	**47 005**
Staff who have left Vivento since its foundation	**38 059**

Related topics:

- Employees
- Personnel and organizational restructuring

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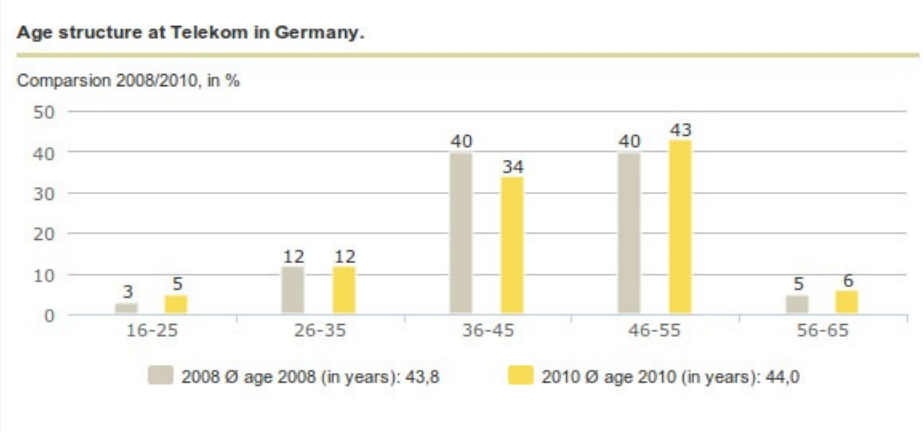
Age structure.



Related topics:

- Employees
- Diversity

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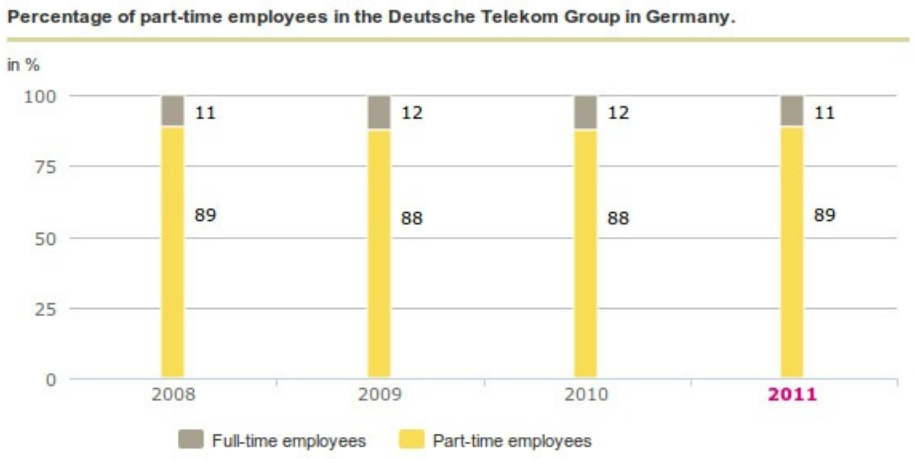
Part-time employees.



Part-time employees make up around 11% of the workforce.

Related topics:

- Employees

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People with disabilities.

Deutsche Telekom Group in Germany, in %.

	2007	2008	2009	2010
T-Home	7,0	7,0	*	*
T-Mobile	3,3	2,6	*	*
T-Systems	3,8	4,3	3,6	3,7
Group Headquarters & Shared Services	8,3	8,1	7,7	7,9
Group as a whole in Germany	**6,2**	**6,3**	**6,0**	**6,2**
Germany	*	*	6,3	6,6
Europe	*	*	1,2	1,6

*Due to restructuring, previous figures per segment are not comparable.

Related topics:

- Employees

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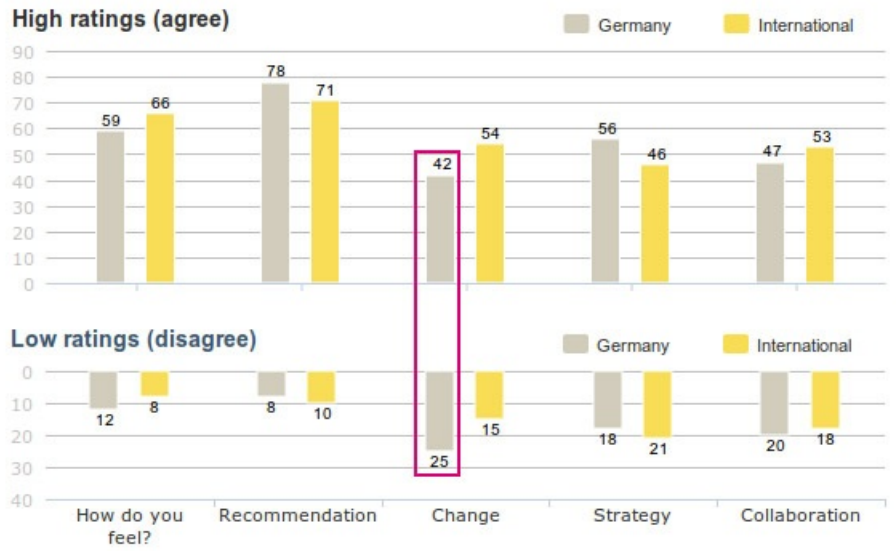
Pulse survey.

Pulse-Check.

in %



- 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: How do you feel? = How do you feel in the company?
- Recommendation = Do you recommend our products and services to your family and friends?
- Change = Do you understand the changes taking place in the company?
- Strategy = I can explain the strategy to others.
- Collaboration = I feel that we at Deutsche Telekom cooperate as partners in the interest of the company's overall success.

Related topics:

- Employees
- Employee involvement 2010

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