

Deutsche Telekom's continuing commitment to the United Nations Global Compact

The Deutsche Telekom Group was among the 50 worldwide founding members of the United Nations Global Compact and is therefore committed to it since its inauguration by the UN Secretary-General, Mr. Kofi Annan, in summer 2000.

Deutsche Telekom regards the Global Compact Principles as a matter of course and did not hesitate to support actively the addition of a 10th principle against corruption to the framework of the Global Compact.

Of course we are aware of our responsibility to the society and play an active role with the aim to move the agenda forward on the performance related human rights, labour rights and the environment.

Nevertheless to move the above mentioned agenda forward is an ongoing process which we are continuously and actively working on and hereby are reporting to our progress by this letter.



Dr. Heinz Klinkhammer

Member of the Deutsche Telekom Board of Management

-Human Resources-

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Deutsche Telekom's Global Compact Communication on Progress 2004

1) Communication with Stakeholders

Stakeholder involvement is a one of the key elements of Deutsche Telekom's communication process to make the activities regarding the 10 principles transparent and credible.

Examples for stakeholder dialogues are

- the Deutsche Telekom Group Sustainability Report (once per year) at the Deutsche Telekom homepage:
(<http://www.telekom3.de/en-p/comp/9-su/home/030227-sustainability-updated-ar.html>)
- organizing a Group Sustainability Day (once per year)
as a direct exchange with stakeholders
- participation in specialists forums, i.e. GC-policy dialogues or learning forums
- organizing and/or hosting issue specific global workshops
i.e. GeSI – Climate Change Workshop (www.gesi.org)
- organizing and/or hosting workshops on sustainable investment or renewable energies
- active participation in the German GC-Network
- active contribution to the German "Global Compact Yearbook"

2) Examples on specific actions

2.1 Implementation of the Global Compact Principles in the Company Strategy

The implementation of the 10 principles needs internal (organisational and strategic) but also external actions (i.e. partnerships) to make the Compact alive.

Internally the Deutsche Telekom Board of Management has adopted a Group wide Sustainability Strategy containing eight strategic guidelines where all business units need to identify their specific goals.

http://download-dtag.t-online.de/englisch/company/9-sustainability/040401_sustainability_strategy.pdf

Based on the above the Board of Management will receive a progress report minimum once per year.

2.2 Bridging the digital divide: The Slovak "PC for Schools" project

From 2000 to 2002 the project "**T@School**" was initiated where Deutsche Telekom sponsored and installed 20,000 computers and provided free internet access to 35, 000 German schools within less than 21 month.

To round the project off also approx. 46,000 teacher have been taught how to use this new media.

Due to its excellent experience made by the above mentioned project, Deutsche Telekom decided also starting to **bridge the digital divide** in other countries where companies of the Deutsche Telekom Group are present:

Deutsche Telekom AG, the parent company of Slovak Telecom was supporting a unique project "**PCs for Schools**" in the amount of SKK 1 billion (25 million Euros). The project has become an integral part of the eSlovakia initiative; it has significantly accelerated the PC penetration in schools and increased the Internet penetration throughout Slovakia. The PC penetration in schools was the largest barrier to informatisation of schools.

The "**PCs for Schools**" Project officially started on January 15, 2004 and has been finished before Dezember 2004.

The history of this significant activity started to be written on 18 July 2002, when the Ministry of Education of the Slovak Republic and Slovak Telecom signed the Memorandum of Co-operation in the eSlovakia Project. Therein both parties declared the objectives of informatisation of primary and secondary schools in Slovakia such as: creation of realistic opportunities for all pupils to work with the Internet and preparation of the youth to be able to succeed in the information society of the 21st century. The parties started the project in consideration of the Slovak Republic's long-term goals and with the aim to fulfil its ambition to become an equal and valuable member of the EU. They agreed that all primary and secondary schools will be connected to the Internet by the end of 2004. In December 2003 the total number of primary and secondary schools connected to the Internet equalled 1,445, which was approximately 44% of the total number of schools. The main barrier to connecting other schools to the Internet was the low PC penetration in schools, and therefore during the discussions about strategic direction of further investments, schools were given the highest priority in informatisation of the society.

The shareholders of Slovak Telecom have therefore decided to support the Slovak schools. **Deutsche Telekom** as the majority shareholder has provided hardware and equipment worth Euros 25 million (SKK 1 billion) for PC classrooms to all Slovak schools included in the Primary and Secondary Schools Network. In practice this means that Deutsche Telekom AG, the Ministry of Transport, Posts and Telecommunications of the Slovak Republic, Ministry of Education of the Slovak Republic and Slovak Telecom have co-operated in order to fulfil their **commitment - to connect all schools to the Internet by the end of 2004**. The project enables each school to establish one PC classroom and arrange for the services necessary for running of the classroom. The PC classroom includes **5 student PCs and one teacher PC, equipped with a printer, scanner and tablet**. PCs will be connected to a LAN and made ready to be connected to the Internet.

The Ministry of Transport, Posts and Telecommunications of the Slovak Republic, as a shareholder of Slovak Telecom and a competent body in building up the information society in Slovakia, ensured co-ordination of collaboration with the Government of the Slovak Republic in implementing this project, so that the employed investment was used as efficiently as possible and applied with the aim of attaining the stipulated goals. As a shareholder and Party accepting the donation, the Ministry of Transport, Posts and Telecommunications of the Slovak Republic assumes the donation in its ownership.

The Ministry of Education of the Slovak Republic as an institution responsible for education in the Slovak Republic ensured co-ordination of the project with respect to schools, their methodological guidance and management throughout the project's realisation phase as well as the provision of all documents and information necessary for effective and proper delivery of the technology and services to individual schools.

The Ministry of Education of the Slovak Republic ensured co-ordination of its activities in 2004 in compliance with this project and sensible utilisation of the Internet in the teaching process. Furthermore, it ensures the means for operating schools equipped in this way as well as the creation of educational content in a modern, multimedia form.

Also the **long term maintenance** of the Project is ensured: Deutsche Telekom's subsidiary Slovak Telecom will i.e. further on teach the teacher and finance the hardware maintenance carried out by local companies.

3) Other Practical Actions

Actions to GC-Principles 1-6:

Deutsche Telekom is one of the co-founder of the Global e-Sustainability Initiative (GeSI, with the kind support of UNEP). As such we have soon realized the fact that solutions in the area of human rights and labour issues are mainly identified and to be solved by cooperative actions within the specific industry sector. As a consequence of the above GeSI has established a "Supply Chain Working Group" where Deutsche Telekom together with other global acting companies are just developing an online tool to ensure all issues within the broad area of the supply chain also involving i.e. the manufacturer and subcontractor.

Independent from the above, Deutsche Telekom has developed its company specific Social Charter: http://download-dtag.t-online.de/englisch/company/9-sustainability/040302_socialcharter.pdf

Human Rights

Principle 1: support and respect the protection of international human rights within their sphere of influence; and

Principle 2: make sure their own corporations are not complicit in human rights abuses.

Labour

Principle 3: freedom of association and the effective recognition of the right of collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Actions to GC-Principles 7-9

According to its experiences and its responsibility Deutsche Telekom is strongly engaged in climate change issues. We provide information through public available measures and investigations how to dematerialize materials and/or substitute i.e. traveling to reduce CO₂ emissions and to reduce the global warming.

Environment

Principle 7: support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

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

Actions to GC-Principle 10

Immediately after the implementation of the 10th principle into the Global Compact framework Deutsche Telekom startet to revise its group wide valid Code of Conduct which will be ready for communication approx. end of 2005.

Anti Corruption

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

4) Measurement of Outcomes

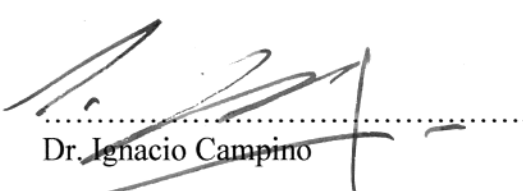
Deutsche Telekom Group is reporting to the public through its “**Human Resources and Sustainability Report**” on a yearly basis.

http://download-dtag.t-online.de/englisch/company/9-sustainability/HRaSR_2004_engl.pdf

This report of course includes an index according to the **Global Reporting Initiative (GRI)** and therefore provides the public the possibility to judge our activities.

In addition to the above Deutsche Telekom has also provided a set of **internal sustainability indicators** as a management tool, which contains economic, ecologic and social but also integrated indicators (see also the above mentioned “Human Resources and Sustainability Report”, page 70) .

Bonn / GERMANY, June 09, 2005



Dr. Ignacio Campino

Deutsche Telekom AG
Group Headquarters
Vice President Corporate Sustainability & Citizenship