



Telekom CR-facts

Working models

Having the chance to structure your work according to your own needs considerably improves your work-life balance and helps prevent stress and the feeling of being overworked. That is why Deutsche Telekom expressly encourages flexible working models. Deutsche Telekom's working models comply with current collective agreements for employees, the Federal Civil Service Act and internal regulations.

The range of possible working models has expanded already, and will continue to do so in future. Different forms of project organization including a flexible pool organization, location-independent and virtual teams are just some of the current options. We are committed to making our managers and employees fit for the future, since these forms of collaboration often require more trust and flexibility on both sides than a conventional working relationship.

Deutsche Telekom's flexible working model offer ranges from flex-time and part time to lifetime work accounts. Deutsche Telekom also expressly encourages mobile work forms where employees can work from home or on the go in order to be able to better coordinate their professional and private lives. With their manager's permission, Deutsche Telekom employees whose position allows for flexibility can work from a suitable location of their choice.

Part-time work

Telekom is one of the first companies in Germany to take advantage of the opportunities of the Family Care Leave Act. Since 2012, the company has been offering its employees the chance to reduce their working hours down to 15 hours a week for a period of 2 years to care for family members. Employees also receive a 50 percent advance to help compensate for the money they won't be earning because of their reduced working hours. The company then deducts a part of the advance from the employee's pay check each month once the employee has returned to their regular

work schedule.

With the voluntary commitment to provide part-time hours for managers made by Telekom in 2011, the company is explicitly promoting part-time working hours for managers as well. The aim is to promote part-time work, with a view to improving the work-life balance and facilitating integration into everyday working life, for both women and men. We have also made a similar voluntary commitment regarding employees under collective agreements and civil servants.

In 2013 we specified framework conditions for guaranteed return to a full-time position for employees switching to part-time in order to encourage employees to make the switch. These conditions allow employees to return to their original number of weekly hours (generally full-time) upon submitting a three-month notification, regardless of current operational needs. That means considerably more flexibility and security for employees.

Telekom also has many other part-time regulations to reduce working hours including job sharing, where two or more employees share one position. This option can be employed using a job splitting model where each employee is responsible for different tasks or via job pairing, where employees share responsibility for one area.

Other part-time models are structured for specific target groups:

Phased retirement

Phased retirement is a model to help employees phase out their working hours to get them ready for retirement. Employees aged 55 and above can reduce their final working years and begin early retirement. Telekom offers phased retirement both as a block and as a part-time model:

- The block model consists of two phases: an active phase of generally one to four years followed by an equally long leave or passive phase.
- Employees participating in the part-time model continue to work until normal retirement at half of their previous working hours. This model has been available since April 1, 2013.

Unlike regular part-time policies, Telekom pays a considerable addition to the

employees' net part-time pay with its phased retirement offer. That means that reducing their weekly hours does not mean a severe reduction in net pay for employees.

Part-time training for single parents

Deutsche Telekom has been offering single parents up to the age of 25 the opportunity to complete a training program or cooperative course of study part-time since 2011 in collaboration with the German Federal Employment Agency.

Returning to work after parental leave

The Stay in Contact network provides our employees with support during parental leave by encouraging frequent contact, making it easier for them to return to work.

Time off

Telekom also offers employees different customized models, some of which are pre-financed by the company, for employees who want to take a specific amount of time off from work. In addition to traditional forms of taking time off such as leave of absence without pay, Telekom also offers additional models for time taken off for particular reasons.

Time-off for education

Time-off for education is based on the current offer of leave of absence without pay and makes it possible for employees to take up to four years off for a degree course or a doctorate. The employment contract is put on hold during this time and the employee does not receive any pay. Civil servants employed at the company can also take advantage of this offer in the form of "leave of absence without pay for reasons of private interest." This time does not apply to their pension and no salary is paid.

Lifetime work accounts

Deutsche Telekom has been offering lifetime work accounts to executives at all German Telekom subsidiaries in which Telekom has a majority interest since July 2012. The model opens up new ways of achieving a better work-life balance in all stages of life.

The lifetime work account basically works by converting salary components. Regular or one-time payments can be made to the lifetime work account from the executive's gross monthly salary as well as from the variable component. The credit is protected

against insolvency and is invested in the capital market at a guaranteed minimum interest rate.

Executives can use their credit ...

- To take up to twelve months off (sabbatical), which the manager can use freely to pursue their own interests
- In the context of agreements to reduce working hours (part time)
- When taking advantage of leave options provided by law (family care, parental or caregiver leave)
- For early or phased retirement from active working life until reaching the applicable retirement age

We are also planning to offer lifetime work accounts to employees outside of and covered by collective agreements within the Group.

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