# **CORPORATE RESPONSIBILITY REPORT 2012.**

**GRI-INDEX.** 

GLOBAL COMPACT COMMUNICATION ON PROGRESS.



# **PROFILE**

2012 Annual Report > The economic environment

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- About this report
- > Facts & figures

# 3.12 GRI Content Indexicon

Included

- 3.13 External assurance
- About this report
- About this report > Independent assurance report

#### 4. Governance, Commitments and Engagement

- 4.1 Governance structure
- > Strategy and management > CR governance
- 2012 Annual Report > The Board of Management
- 2012 Annual Report > Corporate governance report

## 4.9 Procedures for board governance on management of sustainability performance

Strategy and management

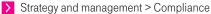
As part of Corporate Communications and thanks to the Board Representative for Sustainability and Climate Protection, the CR unit is firmly integrated in the Chairman's department. Sustainability performance is managed by means of targets.

- 4.10 Process for evaluation of the board's sustainability performance
- 2012 Annual Report > Corporate governance report

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

Status Indicator Reference

## 4.11 Precautionary approach



- Strategy and management > Risk & opportunities management
- 2012 Annual Report > Corporate governance report

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

# 4.12 External charters, principles, or other initiatives



- Networks > Network & infrastructure expansion
- Customers > Consumer protection
- Customers > Protecting minors
- Networks > Mobile communications and health
- Networks > Environmentally friendly network infrastructure
- Suppliers > International collaboration
- Climate & environment > Climate protection > Climate protection initiatives
- Climate & environment > Environmental management

#### 4.13 Memberships in associations

> Strategy and management > Stakeholder involvement > Formats of involvement > Broad-based involvement: memberships and collaborations

# 4.14 Stakeholder groups



- About this report
- > Strategy & management > Stakeholder involvement

# 4.15 Stakeholder identification and selection



- About this report
- Strategy & management > Stakeholder involvement

# 4.16 Approaches to stakeholder engagement



- About this report
- Strategy & management > Stakeholder involvement
- Strategy & management > Government relations & regulatory issues > Encouraging consumer dialog
- Networks > Mobile communications & health > Transparency
- Society > engagement@telekom > Corporate volunteering & corporate giving > Corporate volunteering
- Suppliers > International collaboration

# 4.17 Topics and concerns raised by stakeholders



- About this report
- Strategy & management > Stakeholder management
- Strategy & management > Socially responsible investment
- Strategy & management > Government relations & regulatory issues
- Society > Mobile communications & health
- Customers > Customer satisfaction
- Suppliers > Supply chain management
- Employees > Employee involvement & satisfaction > Cooperation with employee representatives throughout Germany and internationally.

**GRI-INDEX**ECONOMIC PERFORMANCE INDICATORS

5

# **ECONOMIC PERFORMANCE INDICATORS**

Indicator Reference

Status

#### Disclosure on management approach

#### **Economic performance**

- About this report > Group profile
- 2012 Annual Report > Group strategy
- 2012 Annual Report > Management of the Group > Finance strategy
- 2012 Annual Report > Management of the Group > Value management and performance management system

#### Market presence

> Strategy and management > Regional added value

#### Indirect economic impacts

- > Strategy and management > Regional added value
- Networks > Network & infrastructure expansion

# EC1 Direct economic value generated and distributed



- Indicators > Economic indicators > Financial indicators > Net value added
- Society > engagement@telekom > Corporate volunteering & corporate giving
- 2012 Annual Report > Financial data of the Group

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

# EC2 Financial implications due to climate change



- Strategy & management > CR strategy > Action areas
- Climate & environment
- Climate & environment > Climate protection
- Networks > Environmentally friendly network infrastructure
- Networks > Upgrading networks
- Networks > Upgrading networks > Replacing outdated 2G network technology
- Networks > Climate technology and energy use > Heat Power Business project
- Networks > Climate technology & energy use > ComGreen
- Networks > Green data centers
- Customers > Basics for product development & product design
- Customers > Basics for product development & product design > Sustainable Product Portfolio program completed successfully
- Customers > Basics for product development & product design > Policies for sustainable product design
- Customers > Climate and environmentally friendly products & services
- 2012 Annual Report > Corporate responsibility > Our commitment to social responsibility

In its annual statement for the Carbon Disclosure Program, Telekom

Indicator Reference

Status

makes a qualitative and quantitative assessment of the consequences that the progressing climate change will have on Deutsche Telekom as far as possible.

#### EC3 Coverage of the organization's defined benefit plan

•

Facts & figures > Social and HR indicators > Diversity and pension schemes > Company pension scheme

# EC4 Financial government assistance



2012 Annual report > Notes to the consolidated statement of financial position

The German federal government holds shares in Deutsche Telekom.

## EC5 Entry level wage compared to local minimum wage



Employees > Compensation > Deutsche Telekom is committed to fair pay

Despite some necessary adjustments to market level, entry-level salaries of our employees are still attractive compared to the sector average, especially in Germany.

# EC6 Locally-based suppliers



- Suppliers > Sustainable procurement strategy > Procurement volumes and regions
- Suppliers > Sustainable procurement strategy > Implementing the sustainable procurement strategy

As an ICT company, Telekom relies on suppliers from around the world. That is why we do not have Group-wide policies giving priority to local suppliers at our locations.

#### EC7 Local hiring



The prerequisite for customer-centric products, solutions and services—that means for Telekom's current and future business success—is having highly qualified personnel. 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.

Status

# EC8 Infrastructure investment and services for public benefit



- Networks > Network & infrastructure expansion
- Strategy & management > Regional added value > Telekom net added value
- Strategy & management > Regional added value > Research investments in Germany
- Strategy & management > Regional added value > Connect the unconnected
- Strategy & management > Regional added value > Education—the foundation of a sustainable society
- Society > engagement@telekom
- Society > Education
- Society > Sponsorship

# EC9 Indirect economic impacts



- Networks > Network expansion
- Customers > Barrier-free products & services
- ➤ Strategy and management > Regional added value > Connect the unconnected

7 - - - -

# ENVIRONMENTAL PERFORMANCE INDICATORS

Indicator Reference

Status

Indicator

Reference

Status

#### Environmental performance indicators

#### Environmental performance malea

#### Materials

The amount of materials we use such as raw materials, supplies and semi-finished products is very small for Telekom as a service company and is therefore not relevant.

#### Energy

- Strategy and management > CR governance > Climate Change Group
- Climate & environment > Climate protection
- Climate & environment > Climate protection > Climate protection
- Climate & environment > Climate protection > Energy management

#### Water

Climate & environment > Environmental management

#### **Biodiversity**

Climate & environment > Biodiversity

## Emissions, effluents and waste

- Strategy & management > CR governance > Climate Change Group
- Climate & environment > Waste management & disposal
- Climate & environment > Resource efficiency in the workplace
- Climate and environment > Climate protection

## Products and services

- Customers > Climate and environmentally friendly products and services
- 2012 Annual report > Innovation and product development

#### Compliance

- Climate & environment > Environmental management
- 2012 Annual Report > Risk and opportunities management

#### Transport

Climate & environment > Climate-friendly mobility

#### Overall

- Climate & environment
- Networks > Environmentally friendly network infrastructure
- Climate & environment > Climate protection

## EN1 Volume of materials used

The amount of materials we use such as raw materials, supplies and semi-finished products is very small for Telekom as a service company and is therefore not relevant.

# EN2 Recycled materials

Because the amount of materials we use is very small for Telekom as a service company and is therefore insignificant, the share of recycled material is not relevant to this report.

# EN3 Direct primary energy consumption



- Facts & figures > Environmental indicators > Energy
- > Facts & figures > Environmental indicators > Total energy consumption

## EN4 Indirect primary energy consumption



- Facts & figures > Ecological indicators > Energy
- Facts & figures > Ecological indicators > Energy > Total energy consumption

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 2012. 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



- Networks > Upgrading networks > Power Off task force
- Networks > Climate technology & energy use > Heat Power Business project
- Customers > Climate and environmentally friendly products & services > Cloud computing
- Climate & environment > Resource efficiency in the workplace > Conserving resources with state-of-the-art printers
- Climate & environment > Climate protection > Energy management
- Facts & figures > Ecological indicators > Energy
- Facts & figures > Ecological indicators > Energy > Total energy consumption

# EN6 Initiatives for energy-efficiency and renewable energy



- Networks > Environmentally friendly network infrastructure > Code of Conduct on Energy Consumption of Broadband Equipment
- Networks > Environmentally friendly network infrastructure > Replacing outdated 2G network technology
- Customers > Climate and environmentally friendly products & services > Cloud computing
- Customers > Climate and environmentally friendly products & services > Improving energy efficiency and compensating for CO<sub>2</sub> emissions

GRI-INDEX
ENVIRONMENTAL PERFORMANCE INDICATORS

8 . . .

Indicator Reference

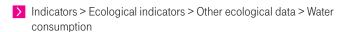
Status

# EN7 Initiatives for reducing indirect energy consumption



- Networks > Environmentally friendly network infrastructure > Lowpower mode on the road to green DSL
- Customers > Climate and environmentally friendly products & services > Improving energy efficiency and compensating for CO<sub>2</sub> emissions
- Climate & environment > Energy management
- Climate & environment > Climate protection initiatives > Involvement in the Global e-Sustainability Initiative
- Climate & environment > Climate-friendly mobility
- Climate & environment > Resource efficiency in the workplace > Using recycled paper

#### EN8 Total water withdrawal



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

We financed compensation measures to restore natural habitats under nature conservation regulations in the reporting period.

## EN12 Impacts on biodiversity

Climate & environment > Biodiversity

Possible impacts on biodiversity, such as the impact of laying cable or of electromagnetic fields, are regulated by law in Germany. 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

Climate and environment > Biodiversity

We financed compensation measures to restore natural habitats under nature conservation regulations in the reporting period.

## EN14 Strategies for biodiversity

Climate and environment > Biodiversity

Possible impacts on biodiversity, such as the impact of laying cable or of electromagnetic fields, are regulated by law in Germany. 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

Indicator Reference Status protection activities.

# EN15 Endangered species

This indicator is not relevant to Telekom.

#### EN16 Greenhouse gas emissions

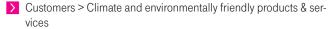
Facts & Figures > Ecological indicators > CO<sub>2</sub> emissions

Facts & Figures > Ecological indicators > CO<sub>2</sub> emissions > Total CO<sub>2</sub> emissions (Scope 1 & 2)

## EN17 Other greenhouse gas emissions

Facts & Figures > Ecological indicators > CO<sub>2</sub> emissions > CO<sub>2</sub> emissions from business trips (Scope 3)

## EN18 Initiatives to reduce greenhouse gas emissions



- Suppliers > Supply chain management
- Climate & environment > Climate protection
- Climate & environment > Climate protection > Energy management
- Networks > Environmentally friendly network infrastructure
- Climate & environment > Environmental management
- Climate & environment > Climate-friendly mobility
- Networks > Network & infrastructure expansion > 2nd & 3rd generation mobile communications

# EN19 Emissions of ozone-depleting substances

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

# EN20 NOx, SOx and other air emissions

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

 ${\rm CO_2}$  emissions are calculated according to the Greenhouse Gas (GHG) Protocol. No disclosures beyond  ${\rm CO_2}$  emissions (e.g., on NOx, SOx or other air emissions) are possible.

# EN21 Water discharge

Facts & figures > Environmental indicators > Other environmental indicators > Water consumption

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

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Status

Indicator

Reference

Status

#### EN22 Waste by type and disposal method



- Climate & environment > Waste management & disposal
- Climate & environment > Waste management & disposal > Recycling 9,000 metric tons of cable
- Climate & environment > Waste management and disposal > Experts manage systematic network upgrade
- Networks > Environmentally friendly network infrastructure > Upgrading networks

Disposal methods are regulated by law. We have almost all of our technical waste recycled because of the valuable metals it contains. Disposal of domestic waste depends strongly on each individual country. While domestic waste is almost entirely incinerated and disposed of thermally in western countries like Germany, Austria and the Netherlands, most domestic waste is still sent to landfills in Eastern European countries.

# EN23 Significant spills

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Since Telekom is not a manufacturing company, 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



- Customers > Basics for product development and product design > Sustainable Product Portfolio program
- Customers > Basics for product development and product design > Policies for sustainable product design
- Customers > Basics for product development and product design > Reductions in end-device packaging
- Customers > Climate and environmentally friendly products and services > Paper-free documentation
- Networks > Environmentally friendly network infrastructure
- Climate and environment > Resource efficiency in the workplace
- Facts & Figures > Ecological indicators > Energy
- Facts & Figures > Ecological indicators > CO<sub>2</sub> emissions

# EN27 Packaging materials



- ➤ Facts & figures > Environmental indicators > Used cell phone collection & waste generation
- Customers > Phone and cell-phone recycling

Customers can return all of their packaging to Telekom in Germany 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



2012 Annual report > Risk and opportunities management > Risks

We have an umbrella certificate according to ISO 14001 since the end of June 2009, which ensures that there are no violations of environmental regulations Group-wide. No significant breaches became known in the reporting period.

# EN29 Environmental impacts of transport



- Climate and environment > Climate-friendly mobility
- Indicators > Ecological indicators > Mobility
- Indicators > Ecological indicators > Energy
- Indicators > Ecological indicators > CO<sub>2</sub> emissions

Logistics and transport services are provided by service providers at Telekom. The environmental impacts of transportation are influenced by the contractual arrangements with the service providers.

#### EN30 Environmental protection expenditures



Climate and environment > Climate protection > 12,139 metric tons of CO₂ compensated for by certificates

Investments in environmental protection that exceed compensating for greenhouse gas emissions are not compiled centrally at present.

# SOCIAL PERFORMANCE INDICATORS

Status

Indicator Reference

Social performance indicators: Labor practices and decent work

# Disclosure on management approach

#### **Employment**

- Employees > Corporate culture
- Employees > Performance & development
- Employees > Employee involvement & satisfaction
- Employees > Workforce and organizational restructuring
- 2012 Annual Report > Employees > HR strategy

#### Labor/management relations

- Employees > Performance & development
- Employees > Workforce and organizational restructuring
- Employees > Compensation
- Employees > Employee involvement and satisfaction

#### Occupational health and safety

Employees > Health & safety

#### Training and education

2012 Annual Report > Employees > HR strategy

# Diversity and equal opportunity

- Employees > Diversity and equal opportunities
- Employees > Diversity and equal opportunities > Demography as an opportunity
- Employees > Corporate culture

# LA1 Workforce by employment type and region

Facts & figures > Social & HR indicators > Workforce

# LA2 Employee turnover

Telekom compiles data on natural fluctuation for Group Headquarters, the operating segments in Germany and Europe:

Fluctuation rate

Natural fluctuation at Telekom in Germany: -1.95% -2,375.82

Group headquarters and Shared Services -4.06% -886.78

T-Systems International in Germany -2.28% -675.65

Germany operating segment -1.16% -807.38

Europe operating segment in Germany: -1.21% -6.00

Natural fluctuation in Europe segment (not including Germany): -8.68% -4,993.81

Staff leaving the company (FTEs)

Natural fluctuation at Telekom in Germany: -2,375.82

Group Headquarters and Shared Services: 886.78

Indicator Reference

T-Systems International in Germany: 675.65

Germany operating segment: 807.38

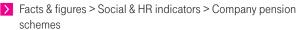
Europe operating segment in Germany: 6.00

Natural fluctuation in Europe segment (not including Germany): 4,993.81

Natural fluctuation figures include termination of the employment by the employer or the employee as well as termination of the employment as a result of retirement or incapacity to work. To calculate the fluctuation rate, we divide the total number of employment contracts terminated (FTEs) by the total number of employees (FTEs) at the end of the previous year.

Our annual workforce structure report does not state the number of retired employees. We therefore cannot provide a breakdown of natural fluctuation according to gender and age.

# LA3 Benefits to full-time employees



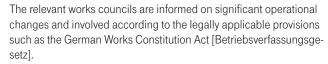
2012 Annual Report > Employees

# LA4 Employees with collective bargaining agreements

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 executives and a few small subsidiaries not covered by collective agreements. At an international level, Telekom aligns its activities to the culture of co-determination existing in each country, which gives us a different landscape for collective agreements at each of our international subsidiaries. The responsibility for negotiating and signing collective agreements lies with the management of the relevant national company.

78,894 out of 118,840 employees with permanent employment contracts were covered by collective agreements in 2012. This is a share of 66.4 percent.

# LA5 Minimum notice period(s) regarding operational changes



In addition, there is a regular exchange with the employee representatives, both on the national and international level. We established a Global Employee Relations Management (ERM) unit at Group level in 2010. 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.



Status

# 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

Facts & figures > Social & HR indicators > Employee health

## LA8 Training on serious diseases

Employees > Health and safety

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 employee representatives.

#### LA10 Training per employee

Our employees spent an average of around 36 hours attending training events in 2012.

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

- Employees > Diversity and equal opportunities > Time-off with and without pay
- Employees > Performance & development
- Employees > Diversity & equal opportunities > Demography as an opportunity
- Employees > Workforce and organizational restructuring
- Employees > Workforce and organizational restructuring > Vivento: Assisting with workforce restructuring at Deutsche Telekom in Germany.

## LA12 Regular performance and career development reviews

Employees > HR development > Performance management as a basis for transparency and comparability

All employee groups that take part in the target agreement process receive a variable salary component based among other things on their service performance. For all executives, service targets are part of the medium to long-term, pay-related targets (variable pay). All other employees in service functions receive variable pay based on their service performance.

Percentage of employees who receive regular performance assessments and development plans:

Performance asssessment

for all employees = 86 percent

Indicator Reference Status

for executives = 99 percent

for employees not covered by collective agreements = 96 percent

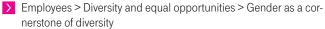
Development plan

Status

for all employees = 93 percent

No data on development planning is available for employee groups in the categories "executives" and "employees not covered by collective agreements." However, we can assume that all employees who receive a performance assessment (99 percent of executives and 96 percent of employees not covered by collective agreements) also received a development plan.

#### LA13 Composition of governance bodies



2012 Annual Report > Members of the Supervisory Board of Deutsche Telekom AG in 2012

#### LA14 Gender pay disparity

Employees > Compensation > Deutsche Telekom is committed to fair pay

#### Social performance indicators: Human rights

# Disclosure on management approach

# Investment and procurement practices

- Strategy and management > Compliance > Respect for human rights as an ingrained practice
- ➤ Suppliers > Sustainable procurement strategy > Laying down principles and taking responsibility for the supply chain

#### Non-discrimination

- Strategy and management > Compliance > Respect for human rights as an ingrained practice
- Strategy and management > Values & Guiding Principles
- > Strategy and management > Compliance
- ➤ Employees > HR responsibility > Social Charter: Complying with minimum standards
- Suppliers > Sustainable procurement strategy > Participation in the German Global Compact Network
- Suppliers > Social audits

# Freedom of association and collective bargaining

- Strategy and management > Compliance > Respect for human rights as an ingrained practice
- Employees> HR responsibility > Social Charter: Complying with minimum standards
- Suppliers > Sustainable procurement strategy > Participation in the German Global Compact Network
- Suppliers > Social audits

# Child labor

- > Strategy and management > Compliance > Respect for human rights as an ingrained practice
- ➤ Employees> HR responsibility > Social Charter: Complying with minimum standards
- Suppliers > Sustainable procurement strategy > Participation in the German Global Compact Network

Status

#### Forced and compulsory labor

- Strategy and management > Compliance > Respect for human rights as an ingrained practice
- Employees> HR responsibility > Social Charter: Complying with minimum standards
- Suppliers > Sustainable procurement strategy > Participation in the German Global Compact Network
- Suppliers > Social audits

#### Security practices

Strategy and management > Compliance > Respect for human rights as an ingrained practice

#### Indigenous rights

This aspect is not relevant for Telekom.

#### HR1 Investment agreements



- > Suppliers > Supply chain management
- Suppliers > Social audits
- Indicators > Economic indicators > Sustainable procurement

ples and taking responsibility for the supply chain

Deutsche Telekom requires all of its suppliers to comply with the Groupwide Code of Conduct and the policies contained in the Social Charter. These are based on the values set forth in the UN Global Compact, the guidelines of the International Labour Organization (ILO) and the OECD guidelines for multinational companies.

The Social Charter contains policies on

- human rights and working conditions,
- · environmental protection,
- · equal opportunity,

occupational health and safety and the right to set up or join a trade union. These policies apply throughout the Group.

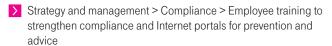
The principles described in the Charter apply to all Telekom business units worldwide. In the Charter, which is an integral part of our General Purchasing Terms and Conditions, we require all suppliers to comply with these basic principles as far as possible.

#### HR2 Supplier screening on human rights

- Suppliers > Sustainable procurement strategy > Expanding the Sustainable Procurement CR KPI
- Suppliers > Social audits > 2012 audit results
- Facts & figures > Economic indicators > Suppliers

Telekom uses the Sustainable Procurement CR KPI to record the supplier share of our procurement volume that has been checked for compliance with human rights on the basis of voluntary information or social audits.

#### HR3 Training on human rights



- Suppliers > Supplier selection > New online training tool for buyers
- Suppliers > Sustainable procurement strategy > Participation in the German Global Compact Network

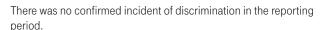
Indicator Reference Sta

Within the framework of our sustainable procurement strategy, we offer training courses for buyers and joint workshops with suppliers. The new CR e-learning tool 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



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 Group, and must be confirmed in writing annually by the Group companies.

- Employees > HR responsibility > Social Charter: Complying with minimum standards
- Employees > HR responsibility > Employee Relations Policy
- Employees > HR responsibility > Accompanying measures for the Employee Relations Policy
- Employees > HR responsibility > First collective agreement at T-Mobile USA
- Strategy and management > Compliance > Respect for human rights as an ingrained practice
- Employees > Employees involvement and satisfaction > Cooperation with employee representatives throughout Germany and internationally

## HR6 Child labor



- Employees> HR responsibility > Social Charter: Complying with minimum standards
- Suppliers > Social audits > 2012 audit results
- Suppliers > Social audits > 2012 audit results > Work and ethics

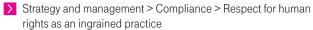
We work to counter risks relating to child labor by auditing selected strategic and particularly high-risk suppliers.



Reference Indicator

Status

#### HR7 Forced labor



- Employees > Personnel responsibility > Social Charter: Complying with minimum standards
- Suppliers > Social audits > 2012 audit results
- Suppliers > Social audits > 2012 audit results > Work and ethics

We work to counter risks 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



### Community

- > Strategy and management > Stakeholder involvement
- 2012 Annual Report > Risk and opportunities management

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.

# Corruption

> Strategy and management > Compliance

#### Public policy

Strategy and management > Government relations & regulatory issues

#### Anti-competitive behavior

Strategy and management > Compliance

#### Compliance

- > Strategy and management > Compliance
- Strategy and management > Data privacy

# SO1 Impacts on communities



2012 Annual Report > Risk and opportunities management

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 transIndicator Reference Status

parent information policy, both at the beginning and at the end of a business initiative.

Telekom is the only company in the world 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.

We conducted compliance risk assessments with a special view to corruption risks for 116 of 239 fully consolidated companies during the reporting period. We also monitor another 43 companies in a two-year cycle. This corresponds to a rate of 67 percent based on the number of all fully consolidated companies. Most of the companies that were not included in compliance risk assessments have no business operations or are not personalized.

#### SO3 Anti-corruption training



Deutsche Telekom once again conducted an awareness program to communicate key anti-corruption topics in 2012.

More than 1,700 managers and experts in Germany, from the Board of Management, top management and employees from other selected areas, completed custom anti-corruption training programs in 2012. These face-to-face events, which will continue in 2013, cover the main anti-corruption regulations, using case studies to deepen understanding. The compliance team worked with the various areas in advance to develop specialist case studies so that training courses could be tailored to the specific needs of each area.

Telekom addresses other employee groups with its anti-corruption e-learning module. This e-learning program is designed to teach employees, who were selected on the basis of exposure to risk, about the contents of our Anti-Corruption and Benefits Policies and to help them recognize typical corruption risks in their daily work environment and respond accordingly. Almost 16,000 employees in Germany received this risk group-specific training between September and December 2012. This corresponds to a rate of 15 percent. We are rolling out the e-learning program internationally in 2013.

# SO4 Actions taken in response to incidents of corruption



> Strategy and management > Compliance > Investigations of suspected corruption

In order to be able to intervene guickly 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.

Reference Indicator

#### Status

#### Indicator

Status

Currently, Group Headquarters is not aware of any significant violation of health standards.

# PR3 Product information



- Networks > Mobile communications and health
- Customers > Protecting minors
- www.t-mobile.de > SAR levels

#### PR4 Non-compliance with product information standards

2012 Annual Report > Risk and opportunities management

Currently, Group Headquarters is not aware of any significant violations.

## PR5 Customer satisfaction

2012 Annual Report > Risk and opportunities management

# PR6 Marketing communication standards

- Strategy and management > Compliance > Internet portal for prevention and advice
- Networks > Mobile communications and health
- Customers > Protecting minors
- Customers > Research and innovation > E-health

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 of 2006 (http://www. gsmworld.com/our-work/public-policy/mobile\_spam.htm) and (b) the GSMA Mobile Advertising Program (http://www.gsmworld.com/mme/ map.shtml).

# PR7 Non-compliance with marketing communication stand-



- Strategy and management > Compliance > Investigations of suspected corruption
- 2012 Annual Report > Risk and opportunities management

# PR8 Complaints regarding customer privacy



- > Strategy and management > Compliance
- Strategy and management > Data privacy
- 2012 Data Privacy Report

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

2012 Annual Report > Risk and opportunities management

# SO5 Lobbying

- Strategy and management > Government relations & regulatory
- Networks > Mobile communications & 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

2012 Annual Report > Risk and opportunities management > Risks

#### SO8 Sanctions for non-compliance with laws and regulations

2012 Annual Report > Risk and opportunities management > Risks

#### Social performance indicators: Product responsibility

# Disclosure on management approach

# Customer health and safety

Customers > Basics for product development & product design

## Product and service labelling

- Networks > Mobile communications & health
- Customers > Protecting minors

#### Marketing communications

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 of 2006 (http://www. gsmworld.com/our-work/public-policy/mobile\_spam.htm) and (b) the GSMA Mobile Advertising Program (http://www.gsmworld.com/mme/ map.shtml).

# **Customer privacy**

- Strategy and management > Compliance
- Strategy and management > Data privacy
- 2012 Data Privacy Report

#### Compliance

- > Strategy and management > Compliance
- Strategy and management > Data privacy

## PR1 Health and safety impacts along product life cycle

- Networks > Mobile communications and health > EMF policy
- Customers > Research and innovation > E-health

## PR2 Non-compliance with health and safety standards

2012 Annual Report > Risk and opportunities management

# GRI TELECOMMUNICATIONS SECTOR SUPPLEMENT

Indicator Reference Status Indicator Reference Status

#### Investments

- IO 1 Capital investment in infrastructure broken down by region
- Networks > Network and infrastructure expansion

IO 2 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**

- IO 3 Practices to ensure health and safety of personnel involved in infrastructure installation
- ➤ Climate and environment > Environmental management > Progress in implementing HSE management

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.

## IO 4 Compliance with ICNIRP standards on handset radiation

- Networks > Mobile communications and health > Transparency
- Responsibility > Mobile communications and health

# IO 5 Compliance with ICNIRP standards on base station

- Networks > Mobile communications and health > Transparency
- Responsibility > Mobile communications and health

#### IO 6 Actions with respect to SAR values of handsets

Networks > Mobile communications and health > EMF policy

# Infrastructure

- IO 7 Actions with regard to siting of transmission masts
- Networks > Network and infrastructure expansion
- EMF policy

# IO 8 Number of stand-alone and shared sites

Telekom records the number of radio sites used 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

PA 1 Strategies and actions in low population density areas

- Strategies and actions in low population density areas
- Networks > Network and infrastructure expansion
   Networks > 4th generation mobile communications > Setting up the LTE network in Germany

# PA 2 Strategies and actions to overcoming barriers to access and use



- Networks > Network and infrastructure expansion
- Society > engagement@telekom > Media skills
- Customers > Barrier-free products and services

# PA 3 Strategies and actions to ensure the availability and reliability of products and services

- Networks > Network and infrastructure expansion
- Customers > Research and innovation
- Networks > Environmentally friendly network infrastructure > Network upgrading
- ➤ Employees> Health and safety > Health and safety standards and management system

PA 4 Level of availability and market shares for products and services

- Networks > Network and infrastructure expansion
- 2012 Annual Report

PA 5 Number and types of products and services made available to low and no income sectors of the population

Customers > Barrier-free products and services

Status

vices

PA 6 Programs and actions to provide and maintain services in emergency situations

- Employees > Health & safety > Health & safety standards and management systems
- Society > engagement@telekom > Disaster relief

#### Access to content

PA 7 Strategies and actions to manage human rights issues relating to access and use of telecommunications products and services

Customers > Protecting minors

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

#### **Customer relations**

PA 8 Strategies and actions to publicly communicate on EMF-related issues

- Networks > Mobile communications and health > Information
- Networks > Mobile communications and health > Transparency
- Responsibility > Mobile communications and health

PA 9 Investments in activities in electromagnetic field research



- Networks > Mobile communications and health
- Responsibility > Mobile communications and health

PA 10 Initiatives to ensure clarity of charges and rates



Networks > Mobile communications and health > Supporting independent research

PA 11 Initiatives to inform customers about responsible, efficient and environmentally preferable product use

- Customers > Customer communication
- Customers > Climate and environmentally friendly products and services

#### **Technical applications**

#### Resource efficiency

TA 1 Examples of resource efficiency of telecommunications products and services



- > Customers > Climate and environmentally friendly products and
- Customers > Research and innovation
- Networks > Environmentally friendly network infrastructure

TA 2 Examples of replacing physical objects through telecommunications



- Climate and environment > Resource efficiency in the workplace
- Customers > Climate and environmentally friendly products and services
- Customers > Barrier-free products and services

Indicator Reference Status

Customers > Research and innovation

TA 3 Changes in customer behavior caused by use of the above products and services

- Customers > Climate and environmentally friendly products and services
- Customers > Research and innovation > E-health

TA 4 Impacts of use of the above products and services and lessons learned for future development

- > Climate and environment > Climate protection
- Networks > Environmentally friendly network infrastructure
- Customers > Basics for product development and product design

# TA 5 Practices relating to intellectual property rights



- 2012 Annual Report > Innovation and product development
- 2012 Annual Report > Other disclosures

# GLOBAL COMPACT COMMUNICATION ON PROGRESS

Status

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

- Strategy and management > Values and Guiding Principles
- > Strategy and management > Compliance
- > Strategy and management > Data privacy
- Strategy and management > Government relations and regulatory issues
- Networks > Mobile communications and health
- Customers > Basics for product development and product design
- Employees > HR responsibility

Reference

Indicator

- > Employees > Corporate culture
- Employees > Competitive workforce > Health management
- Employees > Occupational safety & health
- > Employees > Compensation
- > Employees > Diversity and equal opportunities
- Suppliers > Sustainable procurement strategy
- Suppliers > Supply chain management
- Suppliers > Social audits
- Facts & figures > Social and HR indicators > Employee health
- > Facts & figures > Economic indicators > Sustainable Procurement CR KPI
- About this report > GRI index > Social performance indicators: Human rights
- Data Privacy and Data Security
- Annual Report 2012 > HR strategy
- Annual Report 2012 > Group strategy
- Annual Report 2012 > Management of the Group

# Principle 2: No complicity in human rights abuses.

- Strategy and management > Values and Guiding Principles
- > Strategy and management > Compliance
- Strategy and management > Government relations and regulatory issues
- Networks > Mobile communications and health
- > Employees > HR responsibility
- Suppliers > Sustainable procurement strategy
- > Suppliers > Supplier selection
- Suppliers > Supply chain management
- > Facts & figures > Economic indicators > Sustainable Procurement
- About this report > GRI index > Social performance indicators: Human rights

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

- > Strategy and management > Values and Guiding Principles
- Strategy and management > Compliance
- > Employees > HR responsibility

Indicator Reference

Status

- Employees > Employee involvement and satisfaction
- Suppliers > Sustainable procurement strategy
- Suppliers > Supply chain management

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

- > Strategy and management > Values and Guiding Principles
- > Strategy and management > Compliance
- Strategy and management > Government relations and regulatory issues
- > Employees > HR responsibility
- Suppliers > Sustainable procurement strategy
- Suppliers > Supplier selection
- > Suppliers > Social audits
- Annual Report 2012 > From value chain to value cycle

#### Principle 5: Abolition of child labor.

- > Strategy and management > Values and Guiding Principles
- > Strategy and management > Compliance
- Strategy and management > Government relations and regulatory issues
- Employees > Corporate culture
- > Employees > HR responsibility
- Employees > Diversity and equal opportunities
- Suppliers > Sustainable procurement strategy
- Suppliers > Supplier selection
- Suppliers > Supply chain management

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

- > Strategy and management > Values and Guiding Principles
- Strategy and management > Compliance
- > Employees > Employee recruitment
- > Employees > Compensation
- About this report > GRI index > Social performance indicators: Human rights
- About this report > GRI index > Social performance indicators: Labor practices and decent work
- Annual Report 2012 > Diversity management and health & safety management
- Annual Report 2012 > Corporate governance report

GLOBAL COMPACT COMMUNICATION ON PROGRESS

18 . . .

Indicator Reference

#### Status

Indicator

Reference

Status

# Principle 7: Support a precautionary approach to environmental challenges.

- > Strategy and management > CR strategy
- Strategy and management > CR strategy > Key performance indicators
- Strategy and management > CR governance
- Strategy and management > Government relations and regulatory issues
- > Strategy and management > Risk and opportunities management
- Networks > Network and infrastructure expansion > 2nd and 3rd generation mobile communications
- Networks > Environmentally friendly network infrastructure
- Customers > Basics for product development and product design
- Customers > Climate and environmentally friendly products and services
- Customers > Customer communication
- Customers > Phone and cell phone recycling
- Customers > Research and innovation
- Suppliers > Sustainable procurement strategy
- Suppliers > Sustainable procurement strategy > Laying down principles and taking responsibility for the supply chain
- Suppliers > Supplier selection
- Suppliers > Supply chain management
- Suppliers > International collaboration
- Climate and environment > Climate protection
- Climate and environment > Environmental management
- Climate and environment > Climate-friendly mobility
- Climate and environment > Biodiversity
- Facts & figures > Environmental indicators > Energy
- Facts & figures > Environmental indicators > CO<sub>2</sub> emissions
- Facts & figures > Environmental indicators > Used cell-phone collection and waste volume
- > Facts & figures > Environmental indicators > Other environmental data
- Annual Report 2012 > Risk and opportunity management system

# mental responsibility.

Principle 8: Undertake initiatives to promote greater environ-

- Strategy and management > Values and Guiding Principles
- Strategy and management > CR strategy
- Strategy and management > CR strategy > Key performance indicators
- > Strategy and management > CR governance
- Strategy and management > Government relations and regulatory issues
- Networks > Environmentally friendly network infrastructure
- Customers > Basics for product development and product design
- Customers > Climate and environmentally friendly products and services
- Customers > Customer communication
- Customers > Phone and cell phone recycling
- Customers > Research and innovation
- Suppliers > Sustainable procurement strategy
- Suppliers > Sustainable procurement strategy > Laying down principles and taking responsibility for the supply chain
- Suppliers > Supplier selection
- > Suppliers > Supply chain management
- Suppliers > International collaboration
- Climate and environment > Climate protection

- Climate and environment > Environmental management
- Climate and environment > Climate-friendly mobility
- Climate and environment > Biodiversity
- Climate and environment > Waste management and disposal
- Facts & figures > Environmental indicators
- ▼ T-Mobile > SAR-Werte
- Annual Report 2012 > Environmental and climate protection
- Annual Report 2012 > Risk and opportunity management system

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

- > Strategy and management > CR strategy
- Strategy and management > CR strategy > Key performance indicators
- > Strategy and management > CR governance
- Customers > Basics for product development and product design
- Customers > Climate and environmentally friendly products and services
- Customers > Customer communication
- Customers > Phone and cell phone recycling
- Customers > Research and innovation
- Networks > Environmentally friendly network infrastructure
- Climate and environment > Climate protection
- Climate and environment > Environmental management
- Climate and environment > Climate-friendly mobility
- Suppliers > Sustainable procurement strategy
- Suppliers > Supplier selection
- Suppliers > Supply chain management
- > Suppliers > International collaboration
- Annual Report 2012 > Innovation and product development

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

- Strategy and management > CR strategy
- > Strategy and management > Compliance
- Strategy and management > Risk and opportunities management
- Strategy and management > Data privacy
- Strategy and management > Government relations and regulatory issues
- Suppliers > Sustainable procurement strategy
- Suppliers > Social Audits > 2012 audit results
- About this report > GRI index > Social Performance Indicators: Society
- Annual Report 2012 > Corporate governance report
- Annual Report 2012 > Risk and opportunity management system