

# Corporate Responsibility Report 2020



LIFE IS FOR SHARING.

# Contents

This PDF document contains all information on accountability ("Management & facts") from Deutsche Telekom's 2020 CR Report.

The themed pages "Green future", "Digital life", "New ways of working", and "Good stewardship" may be downloaded individually using the "Print this page" function or as one document using the "Info basket" function.

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# Foreword

Dear Readers,

2020 didn't go the way we would have liked it to: although Deutsche Telekom turned 25, we were unable to celebrate. The coronavirus pandemic has changed our lives in so many ways, and presented us with new challenges. In this special year, Deutsche Telekom once again proved that we are there when society needs us.

Our networks were stable and enabled closeness in time of physical distance. 180,000 employees worldwide switched to working from home at the start of the pandemic, and our field service employees were given appropriate protective equipment so that we could be there for our customers. Our secure home office solutions also help companies to keep their business going, while at the same time protecting their employees. We offer solutions that make the digital classroom and safe learning from home more of a given. In cooperation with SAP, we developed the Corona-Warn-App that traces contact between the application's users. We provided data volume to our customers free of charge, initiated support measures for the food service and cultural sectors, and donated cell phones to retirement homes.

We are in the fortunate position of being able to help others, because, even though the pandemic and its impact have not left us unscathed, we had a successful financial year in 2020. In our anniversary year, we were also not only named the most respected DAX company in Germany, but also the most valuable telecommunications brand in Europe.

Our task is to enable participation. And we have a clear goal: we won't be satisfied until everyone can #takepart. That means we have given ourselves a target that combines two things: commercial success, since it is the prerequisite for everything we do, and the social responsibility we assume in that. We are committed to creating a liberal, inclusive society, to more climate protection, and to sustainable business practices.

To this end, we have set ourselves an ambitious goal that we have continued to pursue despite coronavirus. We reached a milestone in 2020: in a series of countries such as Germany, Hungary, or Greece, our customers are already surfing the green Deutsche Telekom network, powered 100 percent by electricity from renewable sources. As part of our environmental "we care for our planet" program, we protect resources by using circular models, and reduce packaging materials. We put our Guidelines for Artificial Intelligence into practice in our daily work and our offerings. We promote media and democratic literacy in society, so that people



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

can navigate the internet securely and independently. We sent a clear signal in 2020 for more online civil courage with our "#TAKEPART – No hate speech" campaign.

In the last 25 years, Deutsche Telekom has adapted time and again: to technological change, to the new needs of our customers, and to growing social expectations. In 2020, we once again demonstrated that our digital solutions can help solve urgent challenges. We report extensively on these and other sustainability activities in this year's Sustainability Report.

We remain committed to the principles of the United Nations Global Compact and the German Sustainability Code. Both of these frameworks, along with the UN Sustainable Development Goals, guide us in what we do.

We live in a time of profound change. Let us face the upcoming challenges together.

Best regards,  
Tim Höttges

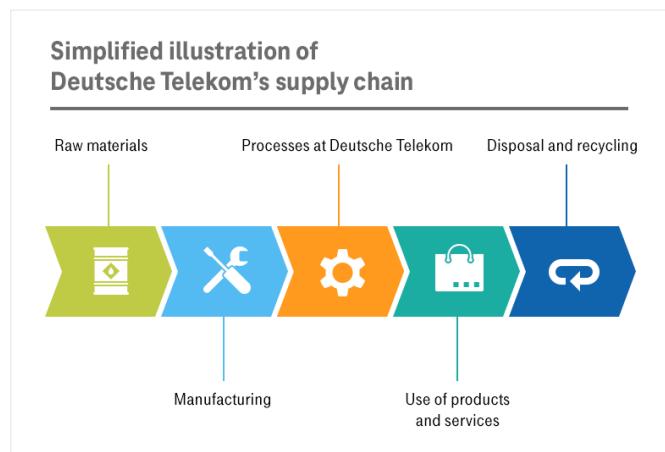
# CR strategy & management

## Business activities and organization

You can find a description of our business activities on our website and detailed information about our business development in the 2020 annual report. Our Group is broken down into five operating segments:



We are convinced that commercial, social, and ecological aspects can complement each other. We aim to make a positive contribution to sustainable development throughout our entire value chain.



## Reporting against standards Global Reporting Initiative (GRI)

- GRI 102-1, GRI 102-2, GRI 102-6, GRI 102-7, GRI 102-18, GRI 102-1, GRI 102-20 (General Disclosures)

## Current organizational structure



Overall responsibility for CR (Corporate Responsibility) lies with our Board of Management; it discusses and decides on important CR matters. The Chief Human Resources Officer and Board Member for Human Resources and Legal Affairs is also in charge of the Corporate Responsibility unit. She decides which CR matters are to be classed as important and represents them on the Board of Management. The Group Corporate Responsibility (GCR) unit reports to the Human Resources and Legal Affairs Board department. It develops Group-wide policies and guidelines with the goal of advancing the corporate culture with regard to sustainable innovation and social responsibility. In order to always ensure a direct exchange between CR and our core business, the CR Board advises GCR. This board is made up of the heads of the main Group units.

The managements of the different business units and national companies are responsible for implementing our CR strategy. They collaborate within the international CR Manager Network, where they coordinate their activities and share best practices.

Our CR Policy provides the formal, mandatory framework for the sustainability management activities at all Group units. The CR Policy has also been successfully introduced in a majority of European national companies since 2017.

## Reporting against standards

### Global Compact

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)
- Principle 9 (Encourage the development and diffusion of environmentally friendly technologies)

### CR controlling – measuring and managing sustainability

We use an IT-based data collection system to record environmental, social, and governance (ESG) data. It supports standardized, mandatory processes at the Group and national levels and enables Group-wide benchmarks.

We use this data primarily to calculate relevant indicators and our ESG KPIs (Key Performance Indicators), which we use to measure and control our CR performance throughout the Group. Our CR controlling ensures that we can report both ESG data and KPIs transparently in good time in the “Management & facts” section and in the interactive KPI tool of this CR report.

We are continuously improving our performance indicator system on the basis of internal and external requirements. In 2020, we extended our reporting on resource conservation so that we can provide information on the various successes in our “we care for our planet” program and the “Green Pioneers” employee community. We also developed new KPIs for our supplier management.

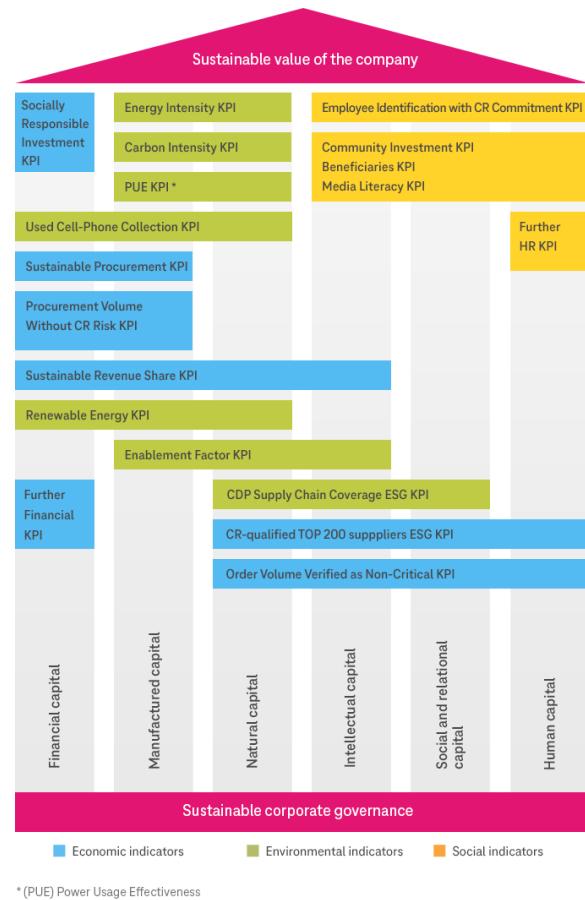
### Our management tools – the ESG key performance indicators

ESG KPIs (key performance indicators) are used as management tools for our CR activities. Since they are highly relevant, we also publish them in the combined non-financial statement of our annual report.

Our national companies assist in the collection of Group-wide ESG KPIs by recording CR data themselves. These national companies represent 99 percent of the Group's net revenue.

For the purpose of integrated financial and sustainability reporting, the KPIs map all six types of capital (see diagram).

## Types of capital



## Reporting against standards

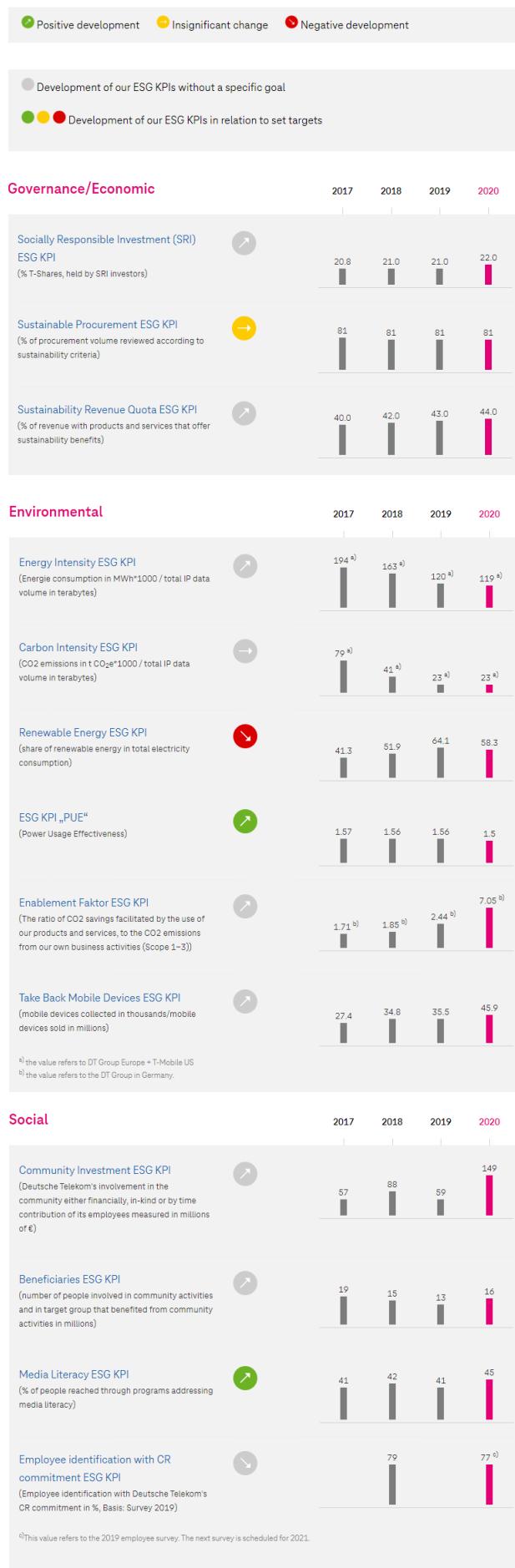
### Global Reporting Initiative (GRI)

- GRI 102–11 (General Disclosures)

### Global Compact

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)
- Principle 9 (Encourage the development and diffusion of environmentally friendly technologies)

## Development of our ESG KPIs



## CR strategy

Sustainability and social responsibility have played a key role in our corporate activities for more than two decades. Today, we consistently organize our core business processes on a sustainable footing. In 2019, we adapted our Group strategy to explicitly make the concept of "acting responsibly" a fundamental element.

## Corporate strategy: Leading European Telco



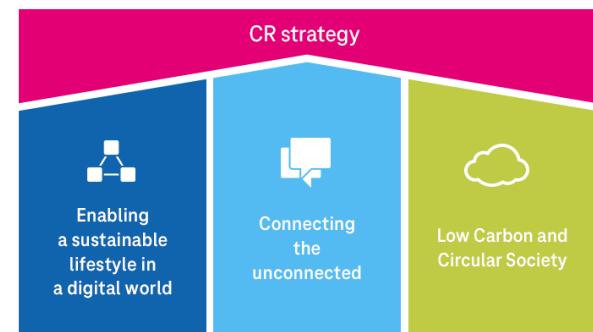
You can find additional information on our Group strategy in the 2020 annual report.

## Our CR mission



Our CR strategy is derived from the Group strategy and revolves around our three CR action areas and six focus topics.

## Our CR action areas and focal topics



### Focal topics:

data security and data protection, digitization, sustainable supply chains, human rights, circular economy, resource conservation, and a responsible employer approach

The national companies use our CR strategy to determine their own sustainability activities. An integrated organizational structure helps us to closely interlink strategic management and operational implementation of our CR strategy throughout the Group. Overall responsibility for sustainability lies with the Deutsche Telekom Board of Management.

### Reporting against standards

#### Global Compact

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)
- Principle 9 (Encourage the development and diffusion of environmentally friendly technologies)
- Principle 10 (Work against corruption in all its forms of, including extortion and bribery)

### 2020 CR program – targets, activities, and deadlines

The CR program is where we define targets and report on progress regarding their implementation. In 2020, we once again aligned the CR program in accordance with the four pillars of our Management & facts section – Strategy, Economy, Environment and Social.

### Risk and opportunity management

For us, comprehensive risk and opportunity management also means considering the opportunities and risks arising from ecological or social aspects, or from the management of our company (environment, social and governance – ESG). We actively and systematically involve relevant stakeholders in order to identify which current and potential ESG risks and opportunities are important for Deutsche Telekom. We also participate in a number of working groups and committees. We continuously track ESG issues and systematically ascertain our stakeholders' positions on these matters.

Important tools we use for this purpose are:

- Our risk management system that systematically identifies, evaluates, and addresses relevant risks
- Our (annual) evaluation of emerging risks, which provides an overview of new and long-term trends in external risks
- Fortnightly social media monitoring, which evaluates information appearing on social media that is relevant to us
- Our involvement in working groups and committees, numerous national and international business associations, and social organizations (GeSI, Federation of German Industries, Bitkom, econsense, and the German National Association of Senior Citizen's Organizations, for example)
- Stakeholder dialog formats organized by us
- Our various publications, such as the press review and newsletters.

- Our internal compliance evaluation, which also examines the most important sustainability risks
- Our materiality process

In our annual report we also provide information about the following issues, which we have defined as key aspects of our risk and opportunity management:

- Climate protection
- Suppliers
- Health and the environment

We are currently investigating internally how we can align our reporting on climate-related financial risks and opportunities with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For this we are building on the existing approaches for strategy, controlling, technology, and risk management. Further information on the TCFD is available [here](#).

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 102–11 (General Disclosures)
- GRI 102–15 (General Disclosures)

#### Sustainability Accounting Standards Board (SASB)

- Code TC-TL-230a.2 (Data Security)
- Code TC-TL-520a.3 (Competitive Behaviour & Open Internet)
- Code TC-TL-550a.2 (Managing Systemic Risks from Technology Disruptions)

#### Global Compact

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 10 (Work against corruption in all its forms of, including extortion and bribery)

### Values and Guiding Principles

Corporate responsibility (CR) is based on shared values. To solidify our corporate culture, we convey the basic values of our company to all employees through binding (Guiding Principles). We use various measures such as reviews and updates, as recently in the reporting year, and the annual "Living Culture Day" to remind employees of these values again and again, entrenching them in our everyday work. And the measures have been successful. According to our pulse survey in November 2020, 90 percent of our employees believe that the Guiding Principles are applied to our everyday work.

In addition, we use our Code of Conduct and the Code of Human Rights & Social Principles to ensure that everyone at our Group and our partners demonstrates corporate responsibility in their conduct. They are also the basis for our compliance management system, which guarantees that our business activities are in compliance with laws and regulations. We also use the Code of Conduct & Social Principles to entrench ethical standards and, in particular, the protection of human rights throughout the Group.

## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 102-12 (General Disclosures)
- GRI 102-16 (General Disclosures)

### Global Compact

- Principle 1 (Support and respect for internationally proclaimed human rights)
- Principle 2 (No complicity in human rights abuses)
- Principle 3 (Uphold freedom of association and the right to collective bargaining)
- Principle 4 (Elimination of all forms of forced and compulsory labor)
- Principle 5 (Abolition of child labor)
- Principle 6 (Elimination of discrimination in respect of employment and occupation)

### Certified health, safety and environmental management:

#### almost all workplaces covered

Our integrated management system for Health, Safety and Environment (HSE) contributes at Group level to making sustainability a component of all our business processes and of our employees' everyday lives.

It helps us to systematically plan, implement, and improve our processes in the areas mentioned. This promotes the health of our employees and also has a positive effect on their performance. It also helps us to bid on new projects in which potential commercial customers require their suppliers to provide HSE certificates.

Our Group-level HSE management system is covered by an umbrella certificate based on the international standards ISO 45001 (formerly OHSAS 18001) for occupational health and safety and ISO 14001 for environmental management. For some units, it also covers international standard ISO 9001 for quality management.

Some of the national companies are not covered by an umbrella certificate because they have their own certifications, some of which are even more comprehensive. This is the case in Greece, for example. The OTE Group has an integrated management system. In addition to the above-mentioned standards, it also covers the international standards ISO 50001 for energy management and ISO 27001 for data security.

All of our employees in Germany have ISO 14001- and ISO 45001 certified workstations. We further expanded coverage by the end of 2020, with certification of the following companies: T-Systems Polska and T-Systems Schweiz, Deutsche Telekom Service Europe (Czech Republic, Romania), Deutsche Telekom Global Business Solutions (Austria, Hungary, Slovakia) according to ISO 45001 and ISO 14001, and T-Systems ITC Iberia according to ISO 45001. That means we already cover 98 percent of our employees internationally.

## CR program 2020

### Strategy

Objectives	Target achievement	Implementation
Continue to develop reporting with a clear focus up to 2020	▪ Implemented in 2020	▪ About this report
Additional implementation of health, safety, and environmental management systems in five more companies	▪ Implemented in 2020	▪ Certified health, safety and environmental management system
Contribute to the Sustainable Development Goals (SDGs)	▪ Focus on 2, 3, 4, 5, 7, 8, 9, 11, 12, 13, 15	▪ Our contribution to the Sustainable Development Goals ▪ Measures and KPIs relevant to SDGs
Conduct an international employee survey on compliance	▪ Implemented in 2019, next survey in 2021	▪ The results of our employee study on the culture of compliance
Implement the AI guidelines adopted in 2018	▪ Integration into training and development courses for our employees, internal testing procedures, and test seals developed for AI projects, integration of the Guidelines for Artificial Intelligence as an additional testing step in our Privacy and Security Assessment	▪ Responsible use of artificial intelligence (AI)
Reporting in accordance with the standards of the Sustainability Standards Accounting Board (SASB)	▪ Mapping in the GRI index and reference to relevant content	▪ SASB

## CR program 2020

### Business

Objectives	Target achievement	Implementation
Cover 70 percent of our procurement from carbon-intensive suppliers with the CDP Supply Chain Program by 2020	<ul style="list-style-type: none"> <li>▪ 70 percent coverage in 2020</li> </ul>	<ul style="list-style-type: none"> <li>▪ CDP Supply Chain Program</li> </ul>
Review 80 percent of procurement volume by 2020	<ul style="list-style-type: none"> <li>▪ 81 percent coverage in 2020</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sustainable Procurement ESG KPI</li> </ul>
Have 75 percent of the top 200 suppliers CR-qualified by 2020	<ul style="list-style-type: none"> <li>▪ 84 percent coverage in 2020</li> </ul>	<ul style="list-style-type: none"> <li>▪ CR-Qualified Top 200 Suppliers ESG KPI</li> </ul>
Procurement Volume Verified as Non-Critical ESG KPI	<ul style="list-style-type: none"> <li>▪ 62% in 2020 (external procurement volume for Deutsche Telekom excluding USA and network capacity)</li> </ul>	
95 percent of our procurement volume should be without an identified CR risk by 2025	<ul style="list-style-type: none"> <li>▪ 99.6 percent of procurement volume in 2020</li> </ul>	<ul style="list-style-type: none"> <li>▪ Procurement Volume Without CR Risk ESG KPI</li> </ul>
99 percent LTE coverage in Germany by 2020	<ul style="list-style-type: none"> <li>▪ 98.7 percent coverage in 2020</li> </ul>	<ul style="list-style-type: none"> <li>▪ Progress in network expansion</li> </ul>
99 percent LTE coverage in Europe by 2021	<ul style="list-style-type: none"> <li>▪ 97.6 percent coverage in 2020</li> </ul>	<ul style="list-style-type: none"> <li>▪ Progress in network expansion</li> </ul>
99 percent 5G coverage in Germany by 2025	<ul style="list-style-type: none"> <li>▪ Deutsche Telekom's 5G network available in 4,700 German cities and municipalities at the end of 2020</li> </ul>	<ul style="list-style-type: none"> <li>▪ 5G expansion</li> </ul>
Increase Group-wide customer retention (measured using TRI*M index)	<ul style="list-style-type: none"> <li>▪ Significant improvement: 2020: 72.2 (benchmark value: 67.9)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Measuring customer retention and endorsement</li> </ul>
Obtain relevant service awards	<ul style="list-style-type: none"> <li>▪ Achieved, among other things, thanks to accolades associated with the TÜV quality seal, the title "Service-König" (King of Service) from the trade magazine Focus Money, the top rating of "very good" in the CHIP online test for all four hotlines for new customers, and "Top Digital Assistant 2021" from the Computer Bild magazine</li> </ul>	<ul style="list-style-type: none"> <li>▪ Awards for our service</li> </ul>
Greater use of sustainable financial instruments	<ul style="list-style-type: none"> <li>▪ Detailed evaluation of sustainable financial instruments and preparation of related documents, e.g. for a sustainability-linked bond</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sustainable investment at Deutsche Telekom</li> </ul>
Integration of requirements from EU Taxonomy	<ul style="list-style-type: none"> <li>▪ Case study carried out and draft concept drawn up for implementation based on preliminary criteria, support for regulatory development</li> </ul>	<ul style="list-style-type: none"> <li>▪ EU Taxonomy</li> </ul>
Ensure inclusion in relevant sustainability indices	<ul style="list-style-type: none"> <li>▪ Inclusion in three additional indices in 2020</li> </ul>	<ul style="list-style-type: none"> <li>▪ T-Shares in sustainability ratings and indices</li> </ul>

## CR program 2020

### Environment

Objectives	Target achievement	Implementation
Decrease Group-wide Scope 1 and 2 emissions by 20 percent by 2020 compared to 2008 (without T-Mobile USA)	<ul style="list-style-type: none"> <li>▪ Achieved, with a decrease of around 60% compared to 2008</li> </ul>	<ul style="list-style-type: none"> <li>▪ Climate strategy</li> <li>▪ Climate protection from 2020 onward – new climate goal and revision of the climate protection strategy</li> <li>▪ Total CO<sub>2</sub>e emissions (Scopes 1 to 3)</li> <li>▪ Total CO<sub>2</sub>e emissions (Scope 1 and 2 emissions)</li> </ul>
Decrease Group-wide Scope 1 and 2 emissions by 90 percent by 2030 compared to 2017	<ul style="list-style-type: none"> <li>▪ 38 percent reduction from 2017 to 2020</li> </ul>	<ul style="list-style-type: none"> <li>▪ Climate strategy</li> <li>▪ Climate protection from 2020 onward – new climate goal and revision of the climate protection strategy</li> <li>▪ Total CO<sub>2</sub>e emissions (Scopes 1 to 3)</li> <li>▪ Total CO<sub>2</sub>e emissions (Scope 1 and 2 emissions)</li> </ul>
Reduce emissions from the upstream and downstream value chain (Scope 3) by 25 percent per customer by 2030 compared to 2017	<ul style="list-style-type: none"> <li>▪ 7 percent reduction per customer from 2017 to 2020</li> </ul>	<ul style="list-style-type: none"> <li>▪ Climate strategy</li> <li>▪ Climate protection from 2020 onward – new climate goal and revision of the climate protection strategy</li> <li>▪ Total CO<sub>2</sub>e emissions (Scopes 1 to 3)</li> </ul>
Boost the efficiency of our data centers	<ul style="list-style-type: none"> <li>▪ 2011 to 2020:</li> <li>▪ Global PUE value lowered from 1.85 to 1.61</li> <li>▪ Germany: 1.67 to 1.50</li> <li>▪ Data centers (Biere) PUE value: 1.31</li> </ul>	<ul style="list-style-type: none"> <li>▪ PUE ESG KPI – lower CO<sub>2</sub> consumption in data centers</li> </ul>
Switch Group-wide power consumption to 100 percent renewable energy by 2021	<ul style="list-style-type: none"> <li>▪ Proportion of renewable energy at Deutsche Telekom in Germany in 2020: 100 percent</li> <li>▪ Group-wide in 2020: 58.3 percent</li> <li>▪ Hungary in 2019: 100 percent</li> <li>▪ Greece in 2019: 100 percent</li> <li>▪ Austria in 2020: 100 percent</li> <li>▪ Netherlands in 2020: 100 percent</li> <li>▪ Croatia in 2020: 100 percent</li> </ul>	<ul style="list-style-type: none"> <li>▪ Climate strategy</li> <li>▪ Climate protection from 2020 onward – new climate goal and revision of the climate protection strategy</li> <li>▪ Renewable Energy ESG KPI</li> <li>▪ Renewable energy in the Group</li> <li>▪ Renewable energy in the national companies</li> </ul>
Raise the profile and boost the impact of the Green Pioneers community	<ul style="list-style-type: none"> <li>▪ Increase from 200 to 250 Green Pioneers in 2020; coverage of 45 sites in Germany; more community initiatives in our national companies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Green Pioneers</li> </ul>
Reduce the CO <sub>2</sub> attributable to customers' use of our products and solutions compared to our own emissions	<ul style="list-style-type: none"> <li>▪ Improvement of the enablement factor in Germany to 7.05 (2.44 in 2019);</li> <li>▪ Across Europe, to 4.31 (1.74 in 2019)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enablement Factor ESG KPI for DT Group in Germany</li> <li>▪ Enablement Factor ESG KPI for Deutsche Telekom Group in Europe</li> </ul>

## CR program 2020

### Social

Objectives	Target achievement	Implementation
Increase the Media Literacy ESG KPI to 45 percent by 2020	<ul style="list-style-type: none"> <li>▪ December 31, 2020: 61 percent</li> </ul>	<ul style="list-style-type: none"> <li>▪ ESG KPIs “Beneficiaries” and “Media Literacy”</li> </ul>
Increase the proportion of women on the Supervisory Board and in top positions in middle and upper management to 30 percent by 2025	<ul style="list-style-type: none"> <li>▪ December 31, 2020: 35.45 percent women Group-wide</li> <li>▪ On Board of Management: 37.5 percent</li> <li>▪ Total number for Supervisory Board, Board of Management, middle and upper management: 26 percent (December 31, 2020)</li> <li>▪ Group Supervisory Board: 45 percent</li> </ul>	<ul style="list-style-type: none"> <li>▪ Proportion of women on the Board of Management</li> <li>▪ Proportion of women in middle and upper management</li> <li>▪ Proportion of women on supervisory boards of Deutsche Telekom national companies</li> <li>▪ Commitment to increasing the proportion of women</li> </ul>
Increase the Group-wide health rate to 95.9 percent by 2020	<ul style="list-style-type: none"> <li>▪ Achieved – 2020:</li> <li>▪ 95 percent (including long-term illnesses)</li> <li>▪ 96.5 percent (excluding long-term illnesses)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Health rate</li> <li>▪ Effectiveness of our health and safety measures</li> <li>▪ Health in figures</li> </ul>
Reduce the accident rate in Germany	<ul style="list-style-type: none"> <li>▪ 2020: Reduction to 3.8 accidents (resulting in more than three days of absence) per thousand employees (6.8 in 2019)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Effectiveness of our health and safety measures</li> </ul>
Revise the Employee Relations Policy	<ul style="list-style-type: none"> <li>▪ Implemented</li> </ul>	<ul style="list-style-type: none"> <li>▪ Employee Relations Policy updated</li> </ul>
Boost digital further training	<ul style="list-style-type: none"> <li>▪ 2020: approx. 69 percent of hours of study spent on digital offerings (+21.6 percent compared to 2019); a total of 99 percent of courses bookable Group-wide were taken online</li> </ul>	<ul style="list-style-type: none"> <li>▪ Our approach to training and development</li> <li>▪ Training courses offered by Telekom Training in Germany</li> <li>▪ Online learning</li> <li>▪ “youlearn”</li> </ul>
Expand #DABEI-Geschichten.com	<ul style="list-style-type: none"> <li>▪ One new module on digital civil courage</li> </ul>	<ul style="list-style-type: none"> <li>▪ Promoting media literacy and democratic competence</li> </ul>
Improve employee satisfaction	<ul style="list-style-type: none"> <li>▪ Commitment index in 2019: 4.0 (Commitment index in 2017: 4.1)</li> <li>▪ Survey every two years</li> </ul>	<ul style="list-style-type: none"> <li>▪ Our employee survey</li> <li>▪ Satisfaction and commitment indexes</li> </ul>
Performance of Human Rights Impact Assessment (HRIA) and Employee Relations Review (ERR)	<ul style="list-style-type: none"> <li>▪ Perform ERR at: Crnogorski Telekom in Montenegro</li> <li>▪ Perform HRIA at: In view of the coronavirus pandemic, we were unable to perform any further assessments abroad in 2020.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Human Rights Impact Assessments</li> <li>▪ Reviewed: Employee relations at our national companies</li> </ul>

# Materiality

## Our process for identifying material CR topics

We annually identify which topics are of particular importance in defining Deutsche Telekom's sustainability management and sustainability reporting focus from the perspective of our stakeholders as well as from an internal corporate perspective. We have also analyzed and adjusted the material topics for this report. This process factored in changes in stakeholder expectations and current external and internal developments.

We have utilized the methodology of the Global e-Sustainability Initiative (GeSI) to assess materiality since 2015. It covers 55 topics that are relevant for the ICT industry, and places them into nine categories: digital inclusion, employee relationships, climate change, circular economy, sourcing and manufacturing, customer relationships, freedom of expression and privacy, governance and management, and local community and environment impacts. These topics have been developed to pertain to a variety of companies and are therefore recognized in the industry.

### Step 1: Document analysis

Document analysis is the starting point for our materiality process. This takes into account new legal texts and draft laws, studies, position papers, and media publications that provide information about the demands and expectations made on Deutsche Telekom with regard to sustainability management. The analysis also considers whether Deutsche Telekom has any influence on the respective topic and whether the expectations have an impact on Deutsche Telekom's business activity. The tables below set out the criteria that determine whether or not a topic is highly relevant.

<b>Stakeholder perspective</b>	
High expectations for the relevant topic when ...	
NGOs	... the majority of NGOs express specific expectations or demand compliance with certain targets or standards.
Competition	... multiple competitors actively communicate a more ambitious strategic objective or development concepts.
Legislation	... there are concrete regulatory objectives, laws or guidelines that directly impact the company.
Financial market	... the topic is part of the criteria for the ratings in question and is considered a top issue in the industry.

<b>Company perspective</b>	
Highly influenced by the relevant topic when ...	
Value creation	... all stages of the value chain are affected by the topic.
Sustainable Development Goals	... the topic is directly related to several SDGs.
Industry	... the ICT has a big influence on it and Deutsche Telekom holds a leading industry position on the topic.

The 2020 document analysis shows a further increase in our stakeholders expectations, particularly with regard to

- topics related to climate and human rights,
- social relevance of ICT products, and
- stable network infrastructures.

Both the climate crisis and the Covid-19 pandemic are drivers of these growing demands. In this context, issues regarding digital ethics are increasingly prioritized.

### Step 2: Interviews with experts

In the past years, stakeholders have grown less interested in taking part in online surveys. We were therefore no longer able to use our 2020 online survey to obtain representative results. Instead, we conducted interviews with experts from various stakeholder groups. In these interviews, we asked for their assessment of opportunities and risks for Deutsche Telekom and asked them to rate our material topics. In particular, the experts emphasized the importance of climate and environmental issues – and primarily highlighted the contribution of Deutsche Telekom's products and activities to tackling the climate crisis. In addition, they repeatedly underscored that the role of companies in more sustainable development and the credibility of their commitment are continuing to grow in importance. The issue of the resilience of companies and the future viability of their business models was also highlighted several times as especially relevant for the coming years, as was Deutsche Telekom's responsibility as an ICT company for equal opportunity and competent digital participation. Last but not least, the importance of digital ethics was emphasized in the interviews.

**Step 3: Internal analysis and validation** In a workshop with experts from our company, the results of the document analysis and expert interviews were compared with an internal evaluation.

The result is the basis for our 2020 CR reporting. We are presenting the results of the analysis in a materiality matrix in accordance with the requirements of the Global Reporting Initiative (GRI).

We have included the following topics in our materiality matrix for the 2020 reporting year:

- Circular economy (previously electronic waste)
- Disruptive technologies
- Tax transparency and contribution
- Water consumption at operating sites
- Waste generation at operating sites

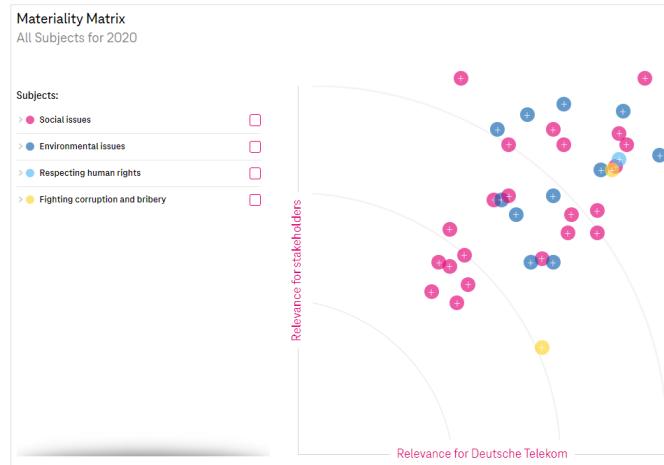
### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 102–40 (General Disclosures)
- GRI 102–44 (General Disclosures)
- GRI 102–46 (General Disclosures)

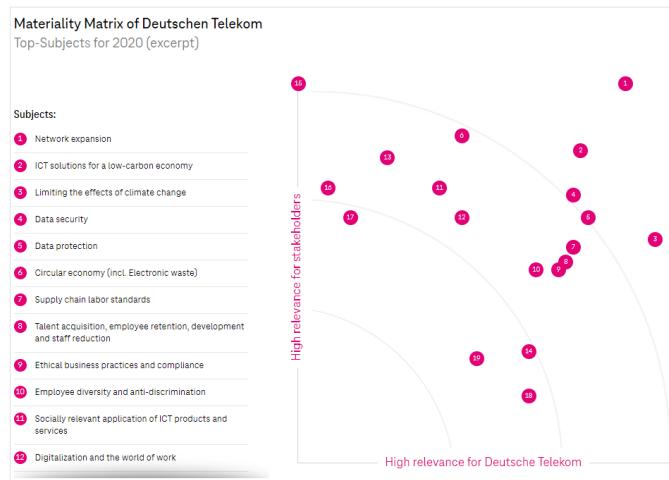
### Results of the materiality analysis

Topics were rated as “very relevant,” “relevant,” “less relevant” and “not relevant” in the materiality analysis. We translated their weighting results onto a 100-point scale. Here are the results of the analysis.



### Top topics for Deutschen Telekom's sustainable business development

We consider all topics that achieved more than 70 points on average in the materiality process to be top topics. They are presented on a scale of 50 to 100 below.



### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 102–46 (General Disclosures)
- GRI 102–47 (General Disclosures)

**Material topics matched with GRI aspects**

The following overview indicates which GRI aspects can be matched with the material areas of the stakeholder survey.

**Reporting against standards****Global Reporting Initiative (GRI)**

- GRI 102–46 (General Disclosures)
- GRI 102–47 (General Disclosures)

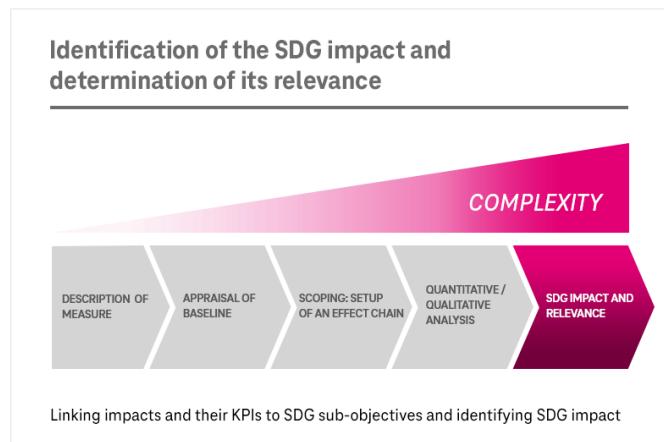
#	Material aspects	GRI aspects	Management approach
1	Network expansion	▪ Indirect economic impacts	▪ Our approach to infrastructural expansion
2	ICT solutions for a low-carbon economy	▪ Products and services	▪ Our approach to sustainable products and services
3	Climate change mitigation	▪ Emissions ▪ Energy	▪ Our approach to measuring our progress with regard to climate protection ▪ Our approach to energy-efficient networks
4	Data security	▪ Customer privacy	▪ Our approach to data protection
5	Data privacy	▪ Customer privacy	▪ Our approach to data protection
6	Circular economy (including electronic waste)	▪ Waste and waste water ▪ Products and services	▪ Our approach to resource conservation and environmental protection
7	Supply chain labor standards	▪ Procurement practices ▪ Forced or compulsory labor ▪ Evaluation of suppliers with regard to compliance with human rights	▪ Our approach to sustainable procurement ▪ Our approach to protecting human rights ▪ Our approach to integrity and compliance
8	Talent acquisition, employee retention, development, and staff reduction	▪ Training and development ▪ Employment	▪ Our approach to training and development
9	Ethical business practices and compliance	▪ Socioeconomic compliance ▪ Anti-corruption	▪ Our approach to integrity and compliance
10	Employee diversity and anti-discrimination	▪ Non-discrimination ▪ Diversity and equal opportunities	▪ Our approach to protecting human rights ▪ Our approach to diversity and equal opportunity
11	Socially relevant application of ICT products and services	▪ Products and services	▪ Our approach to sustainable products and services
12	Digitalization and the world of work	▪ Training and development	▪ Our approach to training and development
13	Sustainable product design	▪ Products and services	▪ Our approach to sustainable products and services
14	Employee health, safety and wellness	▪ Occupational health and safety	▪ Our approach to protecting human rights ▪ Our approach to diversity and equal opportunity
15	Disruptive technologies	▪ Products and services ▪ Compliance	▪ Our approach to sustainable products and services ▪ Our approach to infrastructural expansion
16	Product energy efficiency	▪ Products and services ▪ Energy	▪ Our approach to sustainable products and services ▪ Our approach to energy-efficient networks
17	Media literacy (including ICT and child safety)	▪ Customer health and safety ▪ Customer privacy	▪ Our approach to social responsibility
18	Transparency and reporting	▪ Identified material aspects and boundaries ▪ Report profile	
19	Service quality	▪ Stakeholder engagement	▪ Our approach to top service quality

# Impact measurement

## Impact measurement and management

We want to make our contribution to achieving the United Nations Sustainable Development Goals (SDGs). For us, that also includes continuously improving the positive impact of our products, solutions, and activities, and minimize their negative impact. With the support of internal and external experts, we have developed a five-tiered approach to measure and evaluate the impact of our activities – our blueprint as it were.

The blueprint enables us to identify the impact of projects, products, or activities on key ecological, social, and economic issues. On this basis, we can determine, for example, how a product needs to be modified. We look at the impact for both the starting point and the target situation, in other words, once the product has been modified. This allows us to evaluate the change. To obtain transparent and comparable results, we describe the effects of the contributions using established metrics and with the aid of external frameworks such as the SDGs and the Universal Declaration of Human Rights. That allows us to also evaluate our contributions to sustainable development from a global perspective. In doing so, we always ensure that our methods are based on robust data and assumptions, and are effective for several years. We also describe the relevant starting point, or baseline, as accurately as possible so that we can reliably evaluate and account for the concrete external impact. We use the results for internal management and communication to investors, business customers and other interested parties.



In the past years, we have carried out the impact measurement described for various products and activities. The qualitative and quantitative results are presented in the following sections

## How we are enhancing our impact measurement

Impact measurement is a strategic topic at Deutsche Telekom. Group Corporate Responsibility (GCR) is continuously refining our existing approach to impact measurement, our blueprint, taking internal and external requirements into account. In 2021, we plan to make our methodology accessible to a wider group of users at the Group. We will also closely and systematically link our #GreenMagenta and #GoodMagenta labels to the implementation of an impact measurement in accordance with the blueprint. This will make the proven impact of our products, solutions, and activities on the SDGs and other sustainability goals known to a wider public.

## Impact measurement: Broadband expansion beneficial in the long term

Broadband expansion allows us to make a positive impact on many aspects of society and help deliver the following SDGs:

- Improved network coverage (SDGs 9 and 17) can help create new jobs, as a growing number of new businesses are established, for instance (SDG 8). This will also lead to higher average incomes and gross domestic product.
- Network expansion is the foundation for many other positive effects, such as improved and more equal access to digital services in the educational and health care field, for example (SDGs 3, 4 and 10).

However, network expansion also has negative consequences:

- On an intermittent and one-off basis, the civil engineering works that have to be undertaken to expand infrastructure consume resources, generate emissions, and sometimes infringe on natural habitats.
- The expansion of higher-performance network infrastructure can lead to increased energy demand.

To mitigate these effects, we are expanding our network in an energy-efficient manner and increasingly using renewable energy (SDG 7), which means that, in the long term, the positive impacts will outweigh the negative consequences.

### **Impact measurement: Online billing is more eco-friendly than paper billing**

Gradually switching from paper billing to online billing is a good example of the sustainability potential inherent in digitalization. We applied our new approach to impact measurement in order to analyze the effects more closely for Deutsche Telekom.

It showed that the negative environmental consequences of online billing are more than 50 percent lower than those associated with paper billing. Striking elements include a lower consumption of paper and ink and included reduced logistics services (SDGs 3, 6, 7, 8, 9, 11, 12, 13 and 14).

We have identified the potential negative consequences of this measure as a drop in sales for the timber and paper industries and logistics sector. However, these consequences are less substantial than the positive effects.

### **Impact measurement: Optimized packaging for routers and media receivers**

We are working to further reduce the amount of materials we use for the transport and sales packaging of our devices. We used our impact measurement methodology to analyze the effects of packaging improvements for key core products such as routers and media receivers.

For example, simply by using 100 percent biodegradable Paper-Foam for one of the products analyzed, we are saving approximately 95 metric tons of paper and around 200 metric tons of CO<sub>2</sub> (per 250,000 packaging units). In addition, we are gradually reducing the packaging material for other products or switching to alternative packaging materials.

We are implementing additional measures to optimize product packaging as part of our environmental program.

Our measures contribute to nine SDGs, with a particularly striking impact on certain sub-goals of SDGs 6, 12, 13 and 14, including lowering water pollution, CO<sub>2</sub> emissions, and the use of plastics.

The improved packaging was also a factor in the Speedport Smart 4 router winning the #GreenMagenta label.

### **Impact measurement 2020: SIM card**

The classic plastic SIM card has become smaller and smaller in recent years. By introducing the “half SIM” in 2019, we are making an additional contribution to waste prevention, with SIM holders being halved in size. In the first year after its introduction, we were already able to reduce plastic waste in Germany by 21 metric tons. Another contribution to resource conservation is the “eSIM”: This card is permanently installed in many new devices and replaces the classic plastic SIM card. The eSIM profile is transmitted electronically. It contains all the important data for accessing the Deutsche Telekom mobile network.

In 2020, we conducted a first detailed analysis of the ecological impact of the technological switch to an eSIM card, looking at the entire value chain associated with SIM cards. The most important lever is, of course, the elimination of material consumption and production activities for the physical card. But there are also other positive environmental effects. Above all, these include the elimination of logistics services, related correspondence, and disposal services. The transition to an eSIM card therefore has a clear, positive impact on SDGs 12 and 13; in addition, it also impacts the sub-goals of SDGs 3, 6, 8, 9, 14, and 15. Similar to the impact measurement for “Online billing”, there are potential negative effects on jobs and revenue in production, the wood and paper industry, and the logistics sector.

### **The innovative IoT application “Building Monitoring & Analytics”**

(BMA) enables sustainable building management. BMA uses sensor technology and the IoT platform “Cloud of Things” to visualize and transparently show energy consumption and space utilization in buildings. In addition to monitoring, the application also provides analysis features for optimizing and reducing energy and resource consumption.

This solution also received the #GreenMagenta label in 2020.

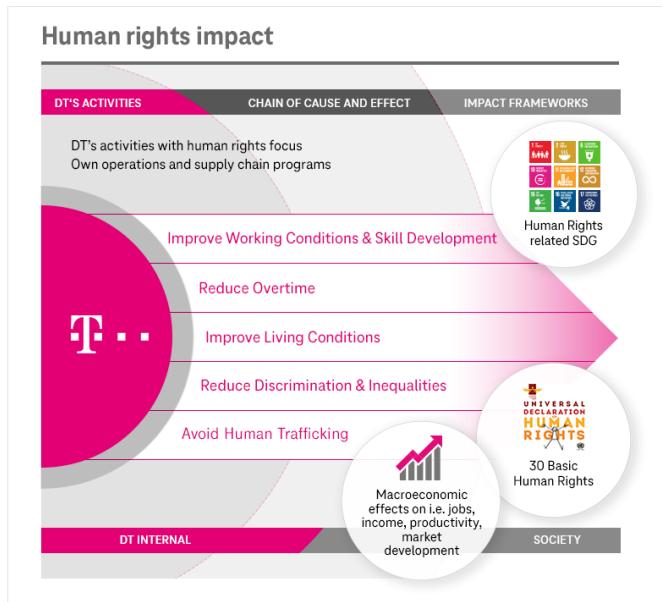
### **Impact measurement 2020: CO<sub>2</sub> reduction in mobility management**

The „Low Carbon Mobility Management“ (LCMM) solution reduces CO<sub>2</sub> emissions in mobility management. The app evaluates the efficiency profile, driving performance, and driving behavior – both during and after the trip. LCMM helps users reduce their fuel consumption by 8 to 15 percent, lowering the emission of related greenhouse gases, and therefore contributing to SDG 12 and 13. Because the solution also reduces driving time, particulate matter, brake abrasion, and driving costs, and supports a safe and relaxed driving style, it also has a positive impact on SDGs 3, 8, 9 and 11.

We awarded this solution the #GreenMagenta label in 2020.

### **Impact measurement: Our contribution to respect for human rights**

The following diagram illustrates the positive impact that can be achieved in our value chain and beyond through our commitment to human rights.



### Specific commitment to human rights in the supply chain

In 2020, we once again conducted a Human Rights Impact Assessment – this time at Crnogorski Telekom in Montenegro. We examined the impact of our suppliers in terms of working hours and conditions, work-life balance, mental and physical stress, and discrimination in the workplace.

We used the findings to implement changes to the way work is planned. We also initiated various measures to raise awareness, including workshops to explain overtime regulations.

These activities help us meet SDGs 3 and 8 and implement the recommendations of the United Nations Office of the High Commissioner for Human Rights. More information on human rights can be found [here](#).

### Impact measurement: Multimedia learning for media literacy

We analyzed the effectiveness of our Teachtoday initiative for the topic of media literacy. Joint research with the auditors from PwC showed that the methods used by Teachtoday are more than twice as effective as conventional forms of learning (SDG 4). The reason: The multimedia learning methods used by Teachtoday incorporate several senses at once, unlike conventional methods.

The Teachtoday activities to improve media literacy have a new motto every year: After "digital democracy" in 2019, the theme for 2020 was "online civic courage". More information on media literacy can be found [here](#).

# Sustainable Development Goals

## Our Contribution to the Sustainable Development Goals

**"Acting sustainably is a core element of our corporate strategy. We are making our contribution to many of the SDGs through our climate- and environmental-protection measures and our work toward a democratic society with equal opportunities. In addition, our digital innovations enable our customers to play their part in overcoming ecological and societal challenges."**

We support the 17 Sustainable Development Goals (SDGs) of the United Nations (UN). Various studies have come to the conclusion that 103 (of a total of 169) subgoals associated with the SDGs can benefit from the use of ICT. Examples include the study entitled "ICT-centric economic growth, innovation, and job creation" published in 2017 by the International Telecommunication Union and the "SMARTer2030" study launched by the GeSI (Global e-Sustainability Initiative) initiative in 2019.

We contribute to society and the environment with many of our products, solutions and measures, and, as a result, to achieving these goals. Our network infrastructure forms the technological foundation; it enables solutions to social and ecological challenges, hence contributing to achieving many SDGs. That is why we believe we can make the biggest impact on SDG 9: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation."

In our contributions both in this CR report and our annual report, we draw attention to the SDGs. The relevant sections are marked with the corresponding SDG symbols. In addition, we explain how our commitment to the SDGs benefits our company. Our transparent external reporting in relation to the SDGs has earned special recognition, e.g. from PwC (PricewaterhouseCoopers).

The following overview details how we contribute to implementing the SDGs. It also shows how we measure our contribution, and refers to specific examples from the current CR report.



Birgit Klesper - Senior Vice President, Group Corporate Responsibility & Sustainability, for Deutsche Telekom AG

SUSTAINABILITY GOAL 8

## Decent Work and Economic Growth

We provide excellent working conditions for our employees and work continuously to make the supply chain more sustainable. [Our contribution](#)



SUSTAINABILITY GOAL 11

## Sustainable Cities and Communities

Our innovative solutions and the network infrastructure build-out help shape the transformation of cities into smart urban spaces. [Our contribution](#)



SUSTAINABILITY GOAL 9

## Industry, Innovation and Infrastructure

We invest billions in a stable, secure network infrastructure and, in doing so, create the basis for economic performance and participation in the knowledge and information society. [Our contribution](#)



SUSTAINABILITY GOAL 12

## Responsible Consumption and Production

We increase the share of innovative, sustainable products in our portfolio, ensuring transparency about this by identifying these products with our #GoodMagenta and #GreenMagenta labels. Moreover, we reduce the waste volume generated by our Group and are committed to proper recycling. [Our contribution](#)



SUSTAINABILITY GOAL 3

## Good Health and Well-being

We support the health care sector by providing various ICT solutions - from hospital management systems to our contact tracing app, the Corona-Warn-App. We also promote the health and well-being of our employees across the Group. [Our contribution](#)



SUSTAINABILITY GOAL 4

## Quality Education

We support the population's media literacy and democratic skills with various projects and initiatives. We offer our employees a wide range of individual vocational training and development programs. [Our contribution](#)

SUSTAINABILITY GOAL 13

## Climate Action

We contribute to climate protection - within the Group by taking measures to increase energy efficiency and using renewable energy, and outside the Group by providing sustainable products and services. [Our contribution](#)



SUSTAINABILITY GOAL 15

## Life on Land

ICT solutions help increase yields in agriculture and conserve resources. We are committed to conserve biodiversity and call on our suppliers to protect the environment. [Our contribution](#)



SUSTAINABILITY GOAL 5

## Gender Equality

We promote equal opportunities and use targeted measures to increase the share of women in management, in supervisory boards and in STEM professions. We also call on our suppliers to ban gender discrimination. [Our contribution](#)



SUSTAINABILITY GOAL 1

## No Poverty

Our networks provide the conditions for economic and social participation and thus also access to education, the lack of which is one of the main causes of poverty. [Our contribution](#)



SUSTAINABILITY GOAL 7

## Affordable and Clean Energy

We increase the share of green energy of our total energy consumption and use energy-efficient technology. [Our contribution](#)



SUSTAINABILITY GOAL 2

## Zero Hunger

ICT solutions help to boost crop yields while conserving resources such as seeds and water. [Our contribution](#)

SUSTAINABILITY GOAL 6

## Clean Water and Sanitation

ICT solutions help reduce the use of water and fertilizer in agriculture. Smart metering systems enable utilities and customers to manage water consumption in a sustainable way. [Our contribution](#)



SUSTAINABILITY GOAL 10

## Reduced Inequalities

We are clearly committed to diversity and support our employees, irrespective of gender, age, sexual orientation, disability or non-disability, ethnic origin, religious beliefs, and cultural background. In addition, we expect our suppliers to pay minimum wages in line with the ILO Convention. [Our contribution](#)

## Our value contributions

Our contributions toward achieving the SDGs have also had a positive effect on our company. In order to highlight these contributions, we have divided them into five areas: Finance, Structure, Relationships, Employees and Environment. Each sector has its own logo. These logos appear alongside the SDG symbol in both our annual report and the “Management & facts” section of the CR report



SUSTAINABILITY GOAL 14

## Life Below Water

Our ICT solutions can help save water. We also take various measures to reduce our own water consumption. [Our contribution](#)



SUSTAINABILITY GOAL 16

## Peace, Justice and Strong Institutions

We are clearly committed to ethical codes and legal provisions and have set up a comprehensive compliance management system. Furthermore, our dedicated efforts and products contribute to data protection and data security. [Our contribution](#)



SUSTAINABILITY GOAL 17

## Partnerships for the Goals

We collaborate with associations, institutions, and companies at national and international level. [Our contribution](#)

# Stakeholder Management

## Our stakeholders

Our interaction with stakeholder groups helps us find support for the things that matter to us and makes it easier to identify trends early on, thereby fostering our innovation processes.

The following overview sets out who our stakeholders are and what matters to them most:



## Analysts, investors and their representatives

TOP-SUBJECTS:

- Cyber safety
- Privacy
- ICT Solutions for a Low-Carbon Economy
- Employee involvement
- Mitigating climate change

STAKEHOLDER GROUPS:

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

## Customers, potential customers and their representatives

TOP-SUBJECTS:

- Data security
- Employee involvement
- Privacy
- Cyber safety
- ICT Solutions for a Low-Carbon Economy

## Stakeholder groups:

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

## Business sector and its representatives

TOP-SUBJECTS:

- All top-subjects of the materiality analysis 2020

## Stakeholder groups:

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

## Science, research and education

TOP-SUBJECTS:

- Employee involvement
- Socially relevant application of ICT products and services
- Cyber safety
- ICT Solutions for a Low-Carbon Economy
- Privacy

## Stakeholder groups:

- CR and sustainability research institutions
- Political and business research institutions
- Universities
- Schools
- Day care centers
- Student organizations and university associations
- ICT, sociology and design research institutions

## NGOs and special interest groups

TOP-SUBJECTS:

- Privacy
- Cyber safety
- Socially relevant application of ICT products and services
- Transparency and reporting
- ICT and child safety

Stakeholder groups:

- Humanitarian organizations and charities
- Business ethics groups
- Multi-thematic organizations
- Churches and their relief organizations as well as other religious and social groups
- Foundations
- Environmental protection organizations

**Media**

TOP-SUBJECTS:

- All top-subjects of the materiality analysis 2020

Stakeholder groups:

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

**Politics**

TOP-SUBJECTS:

- Privacy
- Cyber safety
- Socially relevant application of ICT products and services
- Transparency and reporting
- ICT and child safety

Stakeholder groups:

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

**Employees, potential employees and their representatives**

TOP-SUBJECTS:

- Data Security
- Privacy
- Cyber safety
- ICT Solutions for a Low-Carbon Economy
- Employee involvement

Stakeholder groups:

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

**Suppliers**

TOP-SUBJECTS:

- Privacy
- Cyber safety
- Mitigating climate change
- Talent acquisition, retention, development and staff reduction
- Data Security

Stakeholder groups:

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

## Formats for stakeholder engagement

We encourage stakeholder engagement in our corporate activities. With this in mind, we developed an appropriate strategy in 2011. It is based on the three AA1000 principles developed by the NGO AccountAbility: materiality, inclusivity, and responsiveness. Our conformity with these principles was investigated and verified by an auditing firm in 2013.

We used a case-based relevance analysis to identify the type and intensity of our stakeholder engagement. The more relevant a stakeholder group is to the topic or project concerned, the more intensive the engagement of that stakeholder group can be. Depending on the intensity, we make a distinction between three types of engagement: participation, dialog, and information.



The feedback that we receive from our stakeholders is incorporated into our CR activities.

## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 102-40 (General Disclosures)
- GRI 102-42 (General Disclosures)
- GRI 102-43 (General Disclosures)

## Overview of memberships and collaborations

### Business and industry associations

- American Chamber of Commerce in Germany
- Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA, Confederation of German Employers Associations)
- Bitkom industry association
- European Telecommunications Network Operators' Association (ETNO)
- Forum Nachhaltige Entwicklung der Deutschen Wirtschaft e.V. (econsense, Forum for Sustainable Development of German Business)
- GSM Association (GSMA)
- International Chamber of Commerce (ICC)
- Bundesverband der Deutschen Industrie e. V. (BDI, the Voice of German Industry)
- Internationaler Controller Verein (ICV) (International Association of Controllers)

### Climate protection and environmental organizations

- CDP
- B.A.U.M. e.V. environmental management organization
- Global e-Sustainability Initiative (GeSI)
- Stiftung 2° – Deutsche Unternehmer für Klimaschutz (2° Foundation – German CEOs for Climate Protection)
- Sustainability Leadership Forum (in collaboration with B.A.U.M.)
- European School of Management and Technology (ESMT) (Sustainable Business Roundtable)
- Global Compact
- Joint Audit Cooperation (JAC)
- Deutsches CSR-Forum (German CSR Forum)
- Nachhaltig.digital (Germany's skills forum for sustainability and digitalization among SMEs)
- co2ncept plus
- RE100
- German Sustainability Award

### Civic and aid organizations

- Charta der digitalen Vernetzung (Charter for Digital Networking)
- Deutschland sicher im Netz (Making Germany safe on the Net, DsiN)
- Code of Responsible Conduct for Business
- London Benchmark Group
- Bundesnetzwerk Bürgerschaftliches Engagement (National Network for Civil Society)
- Aktion Deutschland Hilft e.V. (Germany's Relief Coalition)
- DKMS Deutsche Knochenmarkspenderdatei gemeinnützige Gesellschaft mbH (German Bone Marrow Donor Center)
- Lebenshilfe Bonn e.V. (aid organization for the mentally disabled)
- Nummer gegen Kummer (youth counseling line)
- TelefonSeelsorge (crisis counseling helpline)
- Deutsche Telekom Stiftung
- Deutschlandstiftung Integration (German Foundation for Integration)
- Bundesarbeitsgemeinschaft der Senioren-Organisationen (BAGSO – German Association of Senior Citizen's Organizations)

- Correctiv (German investigative newsroom)
- Managerfragen.org
- ichbinhier e.V.
- Bündnis gegen Cybermobbing
- Digitale Helden (Digital Heroes)
- Gesicht Zeigen! (Show your face)
- Juuport e.V. (Anti-cyberbullying organization)
- VielRespektStiftung
- Amadeu Antonio Foundation
- Bildungsstätte Anne Frank
- Cybermobbing Prävention e.V.
- Dare to Care
- Diskutier Mit Mir e.V.
- Freunde fürs Leben e.V. (Friends for Life)
- HateAid
- Klicksafe
- LOVE-Storm
- Prävention 2.0 e.V.
- 100% MENSCH
- exclamo
- ZDK Gesellschaft Demokratische Kultur (Hass hilft)
- Friedrich-Ebert-Gymnasium Bonn (a secondary school in Bonn)
- Nebenan.de Foundation
- Femtec
- Global Digital Women
- Blogfamilia
- Supplier Development Program (SDP)

#### **Reporting against standards**

##### **Global Reporting Initiative (GRI)**

- GRI 102-12 (General Disclosures)
- GRI 102-13 (General Disclosures)
- GRI 102-43 (General Disclosures)

# Compliance

## Holistic compliance management system

We have clearly expressed our commitment to complying with ethical principles and both legal and statutory requirements. This commitment has been incorporated in our Guiding Principles and Code of Conduct. The Code of Conduct is valid throughout the Group and has been introduced in all of our national companies.

At Deutsche Telekom, compliance means following the rules and always doing the right thing. Integrity – which necessarily encompasses compliance – forms the basis of all our business decisions and activities. It defines the behavior of all our employees when dealing with customers, employees, investors, managers, and Deutsche Telekom's general environment.

We have set up a holistic compliance management system to ensure lawful and ethical conduct in all areas of the Group and successfully tackle compliance risks. Responsibility for the compliance management system at Deutsche Telekom lies with top management, which underscores the great importance we attach to the topic. The Group-wide design, development, and implementation of the compliance management system falls under the remit of the CCO (Chief Compliance Officer) of Deutsche Telekom AG and the Group Compliance Management unit she runs. We also have COs (compliance officers) at each of our operating segments and national companies. It is their job to ensure the compliance management system and our compliance goals are implemented on site.

We have derived the following objectives for our compliance work:

- Preventing compliance violations and unethical business decisions
- Integrating compliance into business processes at an early stage and on a lasting basis
- Minimizing liability risks for the company
- Being viewed as a dependable partner by customers and business partners
- Adopting a consistent approach to preventing, identifying, and responding to non-compliance
- Fostering a compliance culture and ethical conduct

## Reporting against standards

### Global Reporting Initiative (GRI)

GRI 102-17 (General Disclosures)

## Ongoing audit of compliance management continued

In 2020, we continued the regular audits of our compliance management system that began in 2010 in accordance with audit standard 980 of the Institute of Public Auditors in Germany, with "anti-corruption" as its main emphasis. This is how we aim to constantly ensure that we can confront risks of corruption consistently and have established effective processes in the company.

Between 2016 and 2018, we verified compliance management at a total of 25 German and international companies. A new audit cycle began in 2020: Nine audits were carried out at German companies in the reporting year. 14 international companies will follow in 2021. The audit focuses on processes that are exposed to an increased risk of corruption, for example, in procurement, sales, events, donations, sponsorships, and human resources.

For the companies audited in 2020, auditors again confirmed the appropriateness, functionality and effectiveness of the compliance management system. Please see the relevant audit reports for details.

## Further development of the compliance management system through regular risk assessment

Our goal is to systematically identify, analyze and evaluate compliance risks for the company. Risk-oriented measures can then be derived to prevent legal and regulatory violations. For this reason, an overall compliance risk assessment (CRA) is carried out centrally by Group Compliance Management on an annual basis. It also includes Deutsche Telekom subsidiaries that are selected on a risk basis. For this we have established a Group-wide compliance management process, established responsibilities, and defined assessment criteria. The individual steps are documented transparently. In detail, the CRAs proceed as follows:

- The companies that will take part in the CRA are selected according to the level of maturity of their compliance management system (maturity-based model). In 2020, 69 companies participated. That equates to a coverage of 94.27 percent (based on the number of employees of the fully consolidated companies at the end of 2019). Responsibility for conducting the CRA lies with the respective national company. The central compliance organization also assists with its implementation and provides a standardized methodology. Group Compliance Management then uses the findings from the CRA to derive risk-oriented Group-wide measures. The Board of Management and Audit Committee of the Supervisory Board of Deutsche Telekom AG are regularly informed about the Group's compliance risk situation.

■ The national companies' managements are responsible for the results of the compliance risk assessment. Activities and responsibilities for the following year's compliance program are developed on the basis of these results. The management then passes a formal resolution to approve the program. The measures from the compliance program are monitored closely. Any potential risks for our company are listed in a Group risk map. It enables the various Deutsche Telekom companies, with their different business models, to conduct systematic risk analyses. In 2020, the risk map covered 27 core risk categories, including, for example, corruption, anti-trust law violations, and violations of the Code of Human Rights & Social Principles. In view of the rapid pace of digitalization, we plan to add the topic of "digital ethics" to the risk map in 2021. Each national company can add more categories specific to their business needs and as warranted. This involves defining which specific threat each risk poses to the national company and stating which steps have already been implemented to rule out this risk as far as possible. If necessary, additional measures are developed to reduce the risks to a manageable level.

#### A clear reference framework: Our Code of Conduct and Guidelines for Artificial Intelligence

Integrity, respect, and compliance with the law – these are the principles on which Deutsche Telekom's business activities are based. The Code of Conduct is valid throughout the Group and was revised in 2020. Our Code of Conduct is the central reference framework for lawful and ethical conduct. It makes a significant contribution to our business success by providing a solid, ethical foundation for our business activities.

Our Guidelines for Artificial Intelligence (AI) supplement our Code of Conduct at the strategic level. They set out clear requirements for how we want to deal with AI at Deutsche Telekom. In following the AI guidelines, we have made it our goal to use and refine our AI products and services in a responsible manner. We are also committed to complying with applicable laws and regulations at all times.

#### Raising awareness of compliance risks among staff

We aim to ensure the conduct of our employees in their day-to-day work is always ethical and lawful, which is why we implement the following measures across the entire Group:

- A Group-wide Code of Conduct that sets out clearly how our employees are expected to behave.
- Compliance-related Group policies on areas such as anti-corruption, gifts, invitations, and events, as well as on dealings with consultants and sales partners.
- A policies database that helps staff find and implement applicable regulations.
- Preventive measures that are combined in a compliance program.

- Regular compliance and anti-corruption training, which is also part of our onboarding process (see GRI 205-2), supplemented by a Group-wide e-learning campaign since 2020
- Since 2020, gradual rollout of a revised online training course for basic compliance issues (E-Learning Compliance Fundamentals 2.0 e-learning course)
- The "Ask me!" portal for questions relating to compliance. The portal contains FAQs with example cases, as well as information on laws, internal policies, and conduct rules. It also gives users the opportunity to contact the "Ask me!" advisory team, which will provide reliable answers if employees are unsure about what to do in a particular situation. The number of inquiries and the topics covered can be viewed [here](#).
- Annual compliance risk assessment (CRA), which we use to identify and assess compliance risks in the national companies and specify key areas for suitable preventive measures.
- Since 2013, to mark the worldwide UN Anti-Corruption Day on December 9: Implementation of Group-wide communication campaigns and various topic-related activities at the companies
- Regular anti-corruption statements by Deutsche Telekom Board of Management members

#### Systematic handling of infractions

We follow up on all tip-offs related to a violation of legal or internal regulations, provided the description of the facts is adequate. One of the channels we use to receive tip-offs is the whistleblower portal „Tell me!“.

- All tip-offs are treated as confidential, checked for plausibility, and carefully investigated.
- Any violations we uncover will be rigorously sanctioned without exception according to legal provisions, regardless of the rank and position of the persons involved. This also includes possible termination of the employment relationship and an assertion of claims for damages. Any weaknesses identified in the internal control system during the investigation are systematically analyzed and remedied.

Deutsche Telekom is party to proceedings both in and out of court with government agencies, competitors, or other parties. We have reported on what Deutsche Telekom views as key processes in the 2020 annual report.

#### Reporting against standards

##### Global Reporting Initiative (GRI)

- GRI 102-17 (General Disclosures)
- GRI 416-2 (Customer Health and Safety)
- GRI 418-1 (Customer Privacy)
- GRI 419-1 (Socioeconomic Compliance)

**Sustainability Accounting Standards Board (SASB)**

- TC-TL-220a.3 (Data Privacy)
- TC-TL-520a.1 (Competitive Behaviour & Open Internet)

**"Tell me!" whistleblower portal**

We have created the Tell me! whistleblower portal to uncover non-compliant conduct. Both our employees and external parties such as business partners and customers can use the portal to report misconduct – and can do so anonymously. We have introduced a Group-wide reporting process to control and monitor these activities.

In 2020, 113 compliance-related reports were made to Deutsche Telekom via the "Tell me!" portal (122 reports were made in the previous year). 12 of those are still being reviewed for plausibility (as of December 31, 2020). A total of 38 were confirmed as actual misconduct and were prosecuted accordingly. 63 plausible reports were investigated as compliance cases.

- Most of the tip-offs received in 2020 focused on "financial interests" (possible cases of fraud, breach of trust, manipulation of targets, and unfair sales methods).
- In confirmed cases, we impose systematic sanctions that are proportionate to the act and the guilt of the perpetrator and are in line with applicable legal provisions. A list of the actions taken is published on our website.
- Naturally, we always follow up on all compliance-related tip-offs, even those that reach us through other channels.

**Receipt and handling of tip-offs on the "Tell me!" portal\***

	2020	2019	2018
Reports (overall)	1 060	1 058	953
Compliance-relevant tip-offs	113	122	137
Thereof anonymous tip-offs	57	61	76
Confirmed misconduct	63	38	46
Under investigation	12	13	9
Non-plausible tip-offs	38	35	40

\* Tip-offs received directly by the international companies are only included here if they are relevant to the Group.

**Measures to strengthen our corporate culture**

Since 2016, our "Compliance-based Corporate Culture" initiative has reinforced ethical and moral conduct and an active speak-up culture at the Group.

Various measures were derived from our 2018 and 2019 employee surveys; these were rolled out across the Group in 2020 based on the advice and support of independent external experts and institutes.

**Further development of the Compliance organization**

Deutsche Telekom's market environment is constantly shifting – and the working world at Deutsche Telekom is also changing rapidly. This is coupled with the need to constantly adjust the range of duties covered by Compliance and keep the knowledge of Compliance employees up to date. To prepare our Compliance organization for the increasingly digital and agile developments in the working world, we launched the "Compliance Next Level" initiative in 2020. The vision of the initiative is closely linked to Deutsche Telekom's strategic evolution into a purpose-driven company and the redesign of its Guiding Principles. The "Respect and Integrity" Guiding Principle plays a particularly important role in this. Every employee at Deutsche Telekom – from the Board of Management to staff member – is expected to implement these Guiding Principles in their daily work. The measures in the "Respect and Integrity" Guiding Principle are managed primarily by the Group Compliance Management unit.

**The results of our employee study on the culture of compliance**

In 2019, as part of the Compliance-based Company Culture initiative, we conducted our second ever international employee survey on compliance after 2017. This will be continued in 2021. The aim was to once again review how our compliance culture has developed. In the future, the survey will be repeated regularly every three years at the most. The European School of Management and Technology (ESMT Berlin) and Hertie School of Governance were our research partners in this initial study. 46,000 Deutsche Telekom employees took part in the last survey, once again more than in the first survey. The initiative is supported by an expert committee created specifically for this purpose.

Responses from our employees were more positive than in 2017:

- 98 percent of respondents affirmed their commitment to Deutsche Telekom's rules and said they would not be willing to participate in unethical conduct (2017: 97 percent).
- 88 percent said that their manager set a good example of ethical conduct.
- Almost 90 percent said they had been well informed by the company about appropriate conduct at work and felt prepared to handle ethically questionable situations responsibly.
- The clear majority of respondents stated that management sets a good example in ethical conduct.
- They identified weaknesses in the area of feedback culture. Some employees said they did not feel confident in expressing their opinion openly.

The identified weaknesses were discussed in depth by the Board of Management and compiled into a set of measures. The aim of the measures: to reinforce the value-oriented compliance culture at the Group and to continue the mainly positive trend in the future. Among other things, the virtual reality program "Managing

Dilemmas” was introduced. It aims to help our employees recognize critical situations and behave correctly in conflict situations. We also promoted our speak-up culture through a new e-learning program and other measures. This involved a focus on virtual learning experiences in 2020 due to the coronavirus pandemic: Among other things, we offered an e-learning course for managers on “Ethical Leadership” and the virtual reality training course “Managing Dilemmas” for all employees.

#### Crossing borders: Worldwide cooperation for compliance

Different legal practices and cultural values in the countries where Deutsche Telekom is active represent a significant compliance challenge for us. The increasingly dynamic development of global markets, the emergence of new, digital business models, and intensified international competition also influence our compliance strategy.

In line with the Group's international orientation, we discuss strategic compliance issues with an internal international compliance advisory team twice a year. In 2020, compliance officers from the largest and/or strategically most significant international units shared with Group Compliance Management in online conferences due to the coronavirus pandemic. The annual International Compliance Days were likewise not held in-person in 2020 due to the coronavirus pandemic. Monthly international Compliance WebEx video conferences were held in their place. Strategic projects were presented and experiences from compliance activities at our international units exchanged. Topics included “Being Agile and Compliant,” “Digital Ethics” and “Corporate Strategy”.

We also exchange ideas with national and international organizations and experts on compliance issues, among other things. In addition, we regularly promote the further development of compliance standards and management systems through specialist presentations, publications, and other contributions.

#### Commitment to anti-corruption initiatives

Deutsche Telekom regularly contributes to national and international organizations that focus primarily on compliance issues. As a member of associations and organizations such as the German Institute for Compliance (DICO e.V.), the Compliance & Integrity forum of ZfW (Center for Business Ethics) and Bitkom, Germany's digital association, we make use of opportunities to exchange ideas and experiences related to compliance.

For years now we have been using the United Nations International Anti-Corruption Day on December 9 as an opportunity to raise awareness in the Group about the issue of bribery and corruption. The communication measures were deliberately launched during the pre-Christmas period, when many questions arise about the ethical handling of gifts.

#### Responsible use of artificial intelligence (AI)

Digital responsibility is a task for society as a whole. Deutsche Telekom develops artificial intelligence (AI) and uses it in a variety of products. The Group had more than 100 ongoing AI-supported projects at the end of 2020. Deutsche Telekom stands for an ethical approach to AI in which the focus is always on people and their

needs. Last but not least, we have a great interest in ensuring that our customers can trust our products.

Against this backdrop, in 2018 we were one of the first companies in the world to develop management guidelines for the ethical handling of our AI. They clarify how we at Deutsche Telekom intend to use AI responsibly and develop our AI-based products and services. As with our Code of Conduct, additional steps, regulations, and processes were required to elaborate and implement our AI guidelines. To that end, we initiated the following measures in the reporting year:

- True to the motto “share and enlighten”, we created an online training course on “Digital Ethics” for our employees and held „Artificial Intelligence Roadshows” with presentations on AI topics at the German and international levels.
- Owners of AI projects are advised directly by our Digital Ethics Team and can acquire an internal quality seal.
- Since AI does not stop at company boundaries, the existing Supplier Code of Conduct has been supplemented with corresponding requirements for handling AI.
- Within our committee work, we share our experiences and insights with other companies – including as part of our work in the Federation of German Industries (BDI), Germany's digital association, Bitkom, the German Association for Digital Economy (BVDW), the Center for Business Ethics (ZfW) and in the Ethisphere Institute.

In 2020, we integrated the AI guidelines into our operational processes. They were included as an additional test in our Privacy and Security Assessment. We also developed internal testing procedures and test seals for Deutsche Telekom's AI projects. In addition, we integrated the guidelines into various training courses for our employees. For example, we developed data scientist courses and our “Re-Skilling Academy”, and offer these in various attractive formats, including virtual tours, online training courses and “Digital Learning Journeys”.

#### Further development of the Compliance organization

Due to the increasing challenges in our market environment and changes in the working world, we are constantly adjusting the range of duties covered by Compliance. We also keep Compliance employees up to date in terms of knowledge and skills. For example, 20 employees from Deutsche Telekom's German and international Compliance departments had the opportunity to take part in a wide-ranging compliance training course (“Certified Compliance Manager”). Due to the coronavirus pandemic, it was held exclusively online for the first time this year.

To prepare our Compliance organization for increasingly digital and agile ways of working, we launched the “Compliance Next Level” transformation initiative in 2020. The initiative included a virtual workshop to identify future requirements, tools and skills for the Compliance organization, and the compilation of compliance requirements from employees already working in agile structures.

- In view of the new requirements of a dynamic, agile and digital working world, we revised and supplemented our Guiding Principles in 2020. Numerous Group-wide measures enabled our employees to get a better understanding of the Guiding Principle “Respect and Integrity”, for which Group Compliance is responsible. To this aim, we developed various training and communication measures – such as our Living Culture Day – which serve to describe risks, conflicts and compliance-related dilemmas and deal with them.
- We designed the Future of Leadership program with the goal of helping managers maintain integrity and efficiency while coping with digitalization and an increasingly agile working world.

The measures are designed and supervised by Group Compliance Management.

# Political advocacy

## Commitment to consumers

Deutsche Telekom aims to become the leading European telco. That is why we again gave high priority to consumer-related topics in 2020.

Main topics included:

- Maintaining consumer data privacy, such as in the online advertising business,
- Improving comprehensive, cross-technology protection of young people at national and EU levels (in particular by advancing a comprehensive, Group-wide minimum standard within the EU and ongoing dialog with organizations involved in the protection of minors both nationally and at EU level).
- Improving customer service standards.
- Striving to provide better transparency for our customers (e.g., the data protection one-pager and the product information sheet on the Transparency Ordinance).
- Improving consumer protection in telecommunications (e.g., during the ongoing IP migration and when switching providers for fixed-line and mobile connections).

As part of IP migration in the fixed-line network, we have switched 98 percent of our customers to IP in the last five years and taken numerous measures to make the process as easy and seamless as possible for customers. The IP migration is nearing completion. Only voice connections still had to be migrated in 2020.

We are also continuing our commitment in issues of provider switching, with the goal being to make it easy for both fixed-network and mobile consumers to switch providers, largely without any service interruptions. In all these areas, Deutsche Telekom stands for a constructive and solution-oriented approach that is geared to both consumer interests and the interests of our company.

## Political advocacy tools

Our partners from parliaments, governments, and non-profit organizations need to uphold their independence and integrity. This principle is codified in Deutsche Telekom's Code of Conduct. Donations to political institutions, parties, and political representatives are not allowed, for example. Instead, we place importance on factual communication, competence, credibility, and integrity. As a result, politicians and stakeholders feel that the information we provide is authentic and credible and can refer to this information when forming their own opinions.

Deutsche Telekom is registered in the official transparency register for lobbyists in Brussels. Within the context of our collaboration efforts in associations and other bodies, we feel that we are under the obligation to comply with all ethical codes and legal provisions. In 2020, our political advocacy work focused on the following key issues:

- Network stability during the coronavirus pandemic
- Fixed network/broadband build-out
- 5G auctions and expansion
- Partnerships in the area of expansion
- Amendment to the Telecommunications Act
- Regulatory procedure
- Amendment to the German IT Security Act
- European cloud ecosystem
- Platform regulation
- Consumer protection
- Green ICT

## Association fees – the main political advocacy outlay

Active involvement in associations is the cornerstone of our political advocacy work. Accordingly, all the various membership fees (for umbrella/trade/industry associations) account for the majority of our outlay in this area. To make our involvement transparent, an overview of the main fees paid in the past three years is provided below.

Category	Institution	2018	2019	2020
Annual total monetary contributions/ donations (in EUR)	Trade Associations	< 5,000,000*)	< 5,000,000*)	< 5,000,000*)
	Political Parties	-	-	-
	(Deutsche) Industrie und Handelskammer (IHK/DIHK)	2,231,980	1,082,182	896,506
Largest single annual contributions (in EUR)	Bundesverband der deutschen Industrie (BDI e.V.)	500,000	500,000	500,000
	Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA)	400,000	400,407	400,410
	Bitkom e.V.	360,000	360,000	360,000

\* The numbers for contributions to trade associations listed above mean “less than 5 million euros per year” (value may vary year-on-year; this is the maximum approximate value). Deutsche Telekom does not make contributions, grant advantages or give benefits of any kind, directly or indirectly, to political parties, political movements, or trade unions or their representatives or candidates, except as required by applicable laws and regulations.

### **Our position on broadband – investment incentives are needed**

Having a high-performance, reliable and secure broadband infrastructure is the basis of success for all business sectors and is a key factor in making a business location attractive. Deutsche Telekom has been making considerable contributions for years by investing heavily in the infrastructure for mobile internet and the fixed-line network, in particular in our FTTH (fiber to the home) networks. We show more commitment than any other company to providing full-area coverage, including in rural areas.

In order to drive network expansion, network operators in Germany need investment incentives, legal and regulatory planning security, and technological freedom of action. That enables them to respond flexibly to the circumstances of enterprises and households and meet political, economic, and social requirements. This is the only way to fully harness the potential for cost-effective private network expansion using all available technologies. When it comes to areas where cost-effective broadband expansion is not possible, it is down to the public sector to ensure the gaps are plugged by providing technology- and supplier-neutral funding programs and exercising sound judgment. Legal frameworks and regulatory practice need to actively support private-sector investment in new fiber-optic networks and prevent unnecessary financial burdens and red tape for the network operators investing in networks.

In view of the fact that the internet and telecommunications markets are converging rapidly and in light of the growing market power of a few global internet players, the sector-specific regulation of telecommunications that has been pursued to date is creating more and more of an imbalance. The same laws and regulations that apply to telecommunications companies also need to apply to internet companies providing the same services. The objective here must be to create equal competitive conditions and enable fair distribution of the financial burden involved in broadband expansion.

### **Our position on network neutrality – the internet should stay open**

As part of the EU Telecoms Package, regulations on the open internet were adopted and came into effect on April 30, 2016. The regulations particularly address permitted traffic management and transparency requirements and limit commercial product and service differentiation on the internet.

Deutsche Telekom remains committed to preserving an open internet. Content and services will continue to be available online in accordance with the best effort principle. This means that data packets are processed on the internet without preferential treatment and forwarded in the best possible way. We are continuing to expand our infrastructure so that we can cope with rapidly increasing amounts of data traffic and facilitate innovation in our network. As a result, we are satisfying our customers' growing demands and meeting the expectations of online content and application providers, who want to be able to provide their services in high quality both now and in the future.

Building on the best effort internet, we are developing an innovative network architecture – 5G networks – which can better and more flexibly meet the various transmission quality requirements of specific services. We thereby fulfill business and regulatory requirements and enable innovation in the services we offer on our networks. Content is not monitored, nor do we have any influence over user or provider content. When competing with other network operators, we will also continue to market services with guaranteed quality features exclusively on a non-discriminatory basis.

# Sustainability standards

## UN Global Compact – Communication on Progress

This CR report also serves as a Communication on progress (CoP) from Deutsche Telekom as part of the United Nations Global Compact. The table refers to the text passages in which we provide information about our commitment to implementing the ten principles of the Global Compact in this CR report and in other Group publications, thereby also meeting the expanded Global Compact Advanced criteria.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 102-12 (General Disclosures)

### German Sustainability Code

As part of its Corporate Responsibility report, Deutsche Telekom regularly publishes a comprehensive declaration of conformity with the German Sustainability Code. The German Sustainability Code aims to make companies' commitment to sustainability transparent and comparable under a binding framework.

Deutsche Telekom's declarations of conformity for 2020 can be found here, when it is published.

The German Sustainability Code was approved by the Federal Government's Council for Sustainable Development. Deutsche Telekom was one of the first companies to accede to the Sustainability Code.



### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 102-12 (General Disclosures)

## Sustainability Accounting Standards Board (SASB)

There are various standards for CR reporting for companies. The number of international requirements and frameworks is growing. Our CR report has been based for many years in particular on reporting in accordance with GRI. Since 2017, we have also been using the SDGs to make our performance transparent. However, we want to adequately meet the growing interest of our stakeholders in having comparable sustainability information. For this reason, we addressed the sustainability standards of the Sustainability Accounting Standards Board (SASB) in the reporting year, and the industry-specific analysis for the information and communications technology sector.

In this CR report you will therefore find an assignment of our industry-specific SASB criteria to our relevant content – specifically in the GRI content index and other selected sections of the report. Where applicable, we report the SASB criteria in our KPIs.

In the future, we will also monitor the dynamic requirements for sustainability reporting, and take appropriate steps to communicate our extensive commitment to sustainability as transparently as possible in line with external requirements.

### GRI-Index

The CR Report 2020 of Deutsche Telekom was created in line with the Global Reporting Initiative (GRI) guidelines and in compliance with the "Core" option.

In the GRI content index we refer to content pertaining to general and specific standard disclosures and explain this content when necessary. The standard disclosures are based on the very relevant aspects identified in our materiality process. Selected content from different action areas and information on the materiality process were subjected to an assurance report and are identified with a ✓ in the index. The index also contains links to and explanations on other GRI aspects that are included in the report.

# Awards

## Award for climate protection along the supply chain

Working on behalf of investors, the non-governmental organization CDP regularly assesses the climate protection activities of listed companies worldwide and compiles an index of leading companies, referred to as the A List. In 2020, Deutsche Telekom featured in this list for the fifth time in a row.

In 2017, we reported our ESG KPI "CDP supply chain coverage" for the first time. It shows the degree to which our procurement volume from carbon-intensive suppliers is covered by the CDP Supply Chain Program.

As part of the CDP supplier program, companies ask their key suppliers about their emissions and their climate strategy. We make use of this: In 2020, we invited 409 suppliers to participate in the CDP Supply Chain Program. They cover more than 80 percent of our procurement volume. 222 of these suppliers, who cover 70.2 percent of the procurement volume (2019: 63 percent), participated. That means we have reached our goal of covering 70 percent of our carbon-intensive suppliers by 2020.

Through our commitment to climate transparency in supply chains, we were already awarded a place in the „Supplier Engagement Leader Board“ in 2019.

## Awards for social commitment

### Heroes of the Crisis

Deutsche Telekom and Deutsche Telekom Healthcare and Security Solutions were honored as "Heroes of the Crisis" by the F.A.Z. Institute in September 2020. We were distinguished alongside other companies, institutions and individuals – for exemplary action and commitment during the coronavirus pandemic.

### „Comenius Award 2020“: Two medals for SCROLLER and „Teachtoday“

In April 2020, the first episodes of SCROLLER TV were launched on the #TAKEPART channel of our MagentaTV streaming service. This is a half-hour format for elementary school children that complements our SCROLLER magazine and is being offered by our „Teachtoday“ initiative. Like the magazine, the aim of the TV format is also to promote creative, safe, and proficient media usage.

In September 2020, Deutsche Telekom received two Comenius EduMedia Awards for its infotainment concept: SCROLLER magazine plus SCROLLER TV, and „Teachtoday“, each received the Comenius Medal, the most important European award for digital educational media.

## Stiftung Lesen" seal for SCROLLER Magazine

In 2020, Stiftung Lesen, the German Reading Foundation, awarded its "Stiftung Lesen" seal of approval to our SCROLLER children's magazine. In its summary, the foundation praised the magazine for its appealing and clear layout along with its overall good concept.

## Awards for our service



### TÜV quality seal for "tested customer satisfaction"

For the sixth time in a row, TÜV Rheinland awarded our hotline, our technical service, and the Telekom

Shops the "tested customer satisfaction" quality seal based on a representative survey. Some 2,550 customers in Germany were polled for the study. Deutsche Telekom received the rating "good", with an average grade of 2.0 or better in each of the individual categories.



### "Connect" hotline test: Fixed network 2020

Our broadband/fixed network hotlines were also distinguished by "Connect" magazine in 2020 – likewise in the categories of accessibility, waiting time, staff friendliness, and quality of statements. With 426 out of 500 points, "Connect" named Deutsche Telekom the test winner in the fall – for best customer service.



### "Connect" hotline test: Mobile communications 2020

Every year, "Connect" magazine tests the mobile hotlines of various providers and evaluates the categories of accessibility, waiting time, staff friendliness, and quality of statements. In issue 5/2020, "Connect" praised Deutsche Telekom's customer service as "very good." The magazine certified us as having the best mobile hotline with 436 out of 500 points.



### "Connect" survey: Customer satisfaction – internet providers B2B 2020

In 2020, "Connect" and the Fachinstitut für Technikthemen (FfT, Specialist Institute for Technology Issues) again surveyed business customers (1,618 in total) about various internet providers. The survey was conducted online in the categories of customer service, brand/provider, network, and hardware and software (e.g., TV app). Deutsche Telekom emerged as the overall winner and impressed in particular in the network, brand/provider, and hardware and software categories.



### "Connect" survey: Customer satisfaction – mobile providers B2B 2020

In 2020, "Connect" and FfT once again conducted a survey among 2,216 business customers about various mobile communications companies. The online survey assessed the categories of customer service, brand/provider, network, and software (e.g., smartphone app). Deutsche Telekom took first place, and particularly stood out in the customer service, network, and brand/provider categories.



### CHIP hotline test: Fixed network and internet providers

In 2020, the trade magazine CHIP put hotlines for new customers in eight industries to extensive tests. The testers made 6,921 test calls and conducted 1,340 in-depth interviews. They tested Deutsche Telekom in the categories of fixed-network and internet providers, mobile providers, TV/VoD providers and hosting providers – and rated each in the categories of service, waiting time, accessibility, and transparency. This year for the first time, Deutsche Telekom was named the test winner in all four categories, also making it the best fixed-network and internet provider. In this category, we achieved the top score of 1.0 in the service and transparency categories.



### CHIP hotline test: Mobile providers

Trade magazine CHIP tested hotlines for new customers in 2020 and named Deutsche Telekom test winner in the mobile provider category. We achieved the top grade of 1.0 in the service and transparency categories.



### CHIP hotline test: TV and VoD providers

In the 2020 new customer hotline test, the trade magazine CHIP named Deutsche Telekom the test winner in the TV and VoD provider category – with the top score of 1.0.



### CHIP hotline test: Hosting providers

Deutsche Telekom was also named test winner in the hosting provider category in the 2020 new customer hotline test from trade magazine CHIP. We received the top score of 1.0 in the service, waiting time and transparency categories.



### "King of Service" 2020 by "Focus Money"

In 2020, Deutsche Telekom once again took first place in the customer satisfaction survey conducted by "Focus Money." The trade magazine collected 282,391 customer votes for its survey.

Deutsche Telekom came out top for the telecommunications sector, both on a national level and in 51 out of 56 cities.



### "Computer Bild": Top Digital Assistant 2021

For the first time, "Computer Bild" and Statista tested the best digital assistants (service chatbots) from four industries (telecommunications, insurance, finance, utilities). At the end of 2020, Deutsche Telekom was recognized as having the best digital assistant within the telecommunications industry. User guidance, functionality, user experience, security, and ethics were evaluated.

### Award for our mobile network in Germany

#### CHIP (edition 1/2021)

We won the "Mobile Network Test" of the CHIP trade magazine for the eleventh time in a row in 2021 and were declared the "best network."

### "Connect Mobile Network Test" (edition: 1/2021)

We were also the overall winner of the "2021 Mobile Network Test" of "Connect" magazine, with a rating of "very good." Testing focused on the performance and reliability of the networks for voice (e.g., call setup time) and data (e.g., downloads and uploads).

### Awards for our work in training and development

A strong employer brand is essential for recruiting and retaining talented individuals, especially in today's increasingly competitive labor market for IT and tech specialists. One of our main goals is therefore to consistently improve the perception of Deutsche Telekom as an attractive employer for IT/tech talent.

We also received awards in 2020 for our achievements as an employer and training provider, which confirms our recruiting and employer brand strategy. Among other things, this is evident in the "Trendence Ranking" for "Young Professionals in IT", in which we were able to improve our perception as an employer in the target group of IT young professionals by four places and ranked 19 out of 100 companies.

The online edition of our youth magazine "reif" also received the "FOX Award" in Gold for its efficient, digital communication concept. The analog version proved to be a winner, too, with the poster-format magazine taking home a silver "FOX Award." In addition, we were awarded second place in the "Recruiting" category of "Deutscher Personalwirtschaftspris" (German Human Resources Management Award) for our #IWILLNOTSTOP recruiting campaign. In this year's "Potentialpark 2020 Study", we were also certified as having excellent quality in our online communication for and with our candidates: We came in at a very good third place in all four subcategories of career website, mobile, online application, and social media.

In a study by women's magazine "Brigitte", which assesses aspects such as work-life balance, career advancement, transparency, and equality, we were also named one of the best employers for women – we received four out of a possible five stars. In addition, we were among the top five with our Career Matcher at the "German Award for Online Communication." By answering 18 questions, students and graduates can compare their interests with the appropriate internship and graduate vacancies at Deutsche Telekom to get suggestions for suitable job offers.

## Excellent reputation

### Two awards for best reputation

Deutsche Telekom received double distinctions: The Group and its CEO Tim Höttges have the highest reputation among the 30 DAX companies. That's the result of the reputation study by economic research institute Dr. Doeblin in December 2020.

Dr. Doeblin surveyed around 1,000 people online from November to December 2020 to determine which DAX company has the highest reputation in Germany. Deutsche Telekom came out on top in the categories "financial solidity," "dynamism," and "solidarity with the German economic hub," and was able to enhance its reputation in particular in the "likability," "financial solidity," and "attractive employer" criteria.

Dr. Doeblin regularly surveys business journalists to identify which CEO from the 30 largest German companies has the best image. Timotheus Höttges received the top spot at the end of December 2020. The criteria used are "expertise and personality," "strategic vision," "open approach to the media," and "likability."

### Tim Höttges given the "Personality of the Year" award

The „German Diversity Award“ was presented for the first time in 2020 by the BeyondGenderAgenda diversity initiative. Leading figures and companies that had shown outstanding commitment to diversity were recognized in eight categories. Tim Höttges received the prize for „Personality of the Year.“

The reasoning behind the jury's decision: "Tim Höttges personally campaigns for diversity and inclusion. This culture also shapes Deutsche Telekom. 25 years ago, DT was predominantly German and male. Today, 26 percent of managers are women. In 2010, Deutsche Telekom was the first company listed on the German stock exchange to introduce a quota for women. In November 2020, it became the first DAX 30 company to have three women on its intercultural Board of Management."

# Sustainable finance

## Socially responsible investment

SRI investment products consist of securities from companies that have passed an audit based on environmental, social, and governance (ESG) criteria. The development of demand from socially responsible investors for T-Shares serves as an indicator we can use to assess our sustainability performance.

With our Socially Responsible Investment ESG KPI we measure how the financial markets perceive our CR activities.

The concept of the United Nations' Sustainable Development Goals (Sustainable Development Goals (SDGs)) is an increasingly popular topic among investors. To assess the impact of our activities on the SDGs and put it into quantifiable terms, we conducted an impact measurement project as early as 2018 and are continuing to do so consistently.

## T-Shares in sustainability ratings and indexes

As part of our CR strategy, we have taken part successfully for many years in ESG ratings, which we select based on reputation, relevance, and independence.

In 2020, T-Shares were again listed on leading sustainability indices, including S&P SAM's prominent DJSI World and DJSI Europe. Our shares were also listed yet again in the FTSE4Good index (for the ninth year running) and the UN Global Compact 100 index.

In the reporting year, three other sustainability indices also listed our shares: the S&P Europe Developed LargeMidCap ESG Index, S&P SAM's S&P Global 1200 ESG Index, and Vigeo Eiris' Euronext Vigeo World 120.

A selection of other T-Shares' listings can be found in the table below.

Rating agency	Indexes/ratings/ranking	Successfully listed in index				
		2016	2017	2018	2019	2020
S&P SAM	DJSI World	✓	✓	✓	✓	✓
	DJSI Europe	✓	✓	✓	✓	✓
	S&P Global 1200 ESG	—	—	—	✓	✓
	S&P Europe 350 ESG	—	—	—	✓	✓
	S&P Europe Developed LargeMidCap ESG	—	—	—	✓	✓
CDP	STOXX Global Climate Change Leaders	✓	✓	✓	✓	✓
	Supplier Engagement A-List	✓	✗	✓	✓	✓
MSCI	ESG Universal Indexes	—	✓	✓	✓	✓
ISS-oekom	„Prime“ (Sector Leader)	✓	✓	✓	✓	✓
Bloomberg	Gender Equality Index	✗	✗	✓	✓	✓
Sustainalytics	STOXX Global ESG Leaders	✓	✓	✓	✓	✓
	EURO STOXX 50 ESG	—	—	—	✓	✓
	ISTOXX 50 SD KPI	✓	✓	✓	✓	✓
	UN Global Compact 100	✓	✓	✓	✓	✓
	FTSE Financial Times Stock Exchange	✓	✓	✓	✓	✓
Vigeo eiris	Euronext Vigeo World 120	✗	✗	✗	✗	✓
	EURONEXT Vigeo Index: Europe 120	✗	✗	✗	✓	✓
	EURONEXT Vigeo Index: Eurozone 120	✗	✗	✗	✓	✓

✓ Successfully listed   
 ✗ Not listed   
 — Index did not exist in the relevant year  
● Data checked by PwC.

## Reporting against standards

### Task Force on Climate-related Financial Disclosures (TCFD)

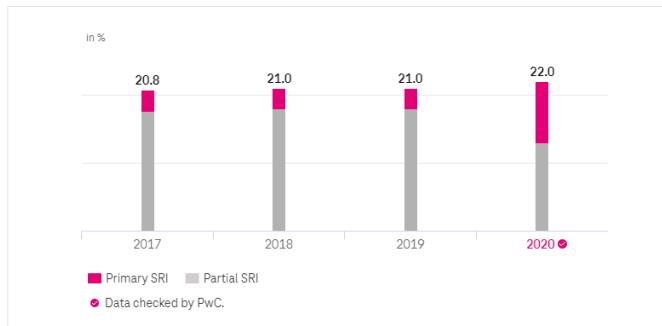
- The most important key figures for measuring and managing climate-related opportunities and risks

## Socially Responsible Investment (SRI) ESG KPI

The Socially Responsible Investment (SRI) ESG KPI indicates the proportion of shares in Deutsche Telekom AG held by investors who take, among other criteria, environmental, social, and governance criteria into account for their investment strategy. („SRI Investment“; SRI for „Socially Responsible Investment“)

And our commitment for more sustainability pays off: As of September 30, 2020, 13 percent of all T-Shares were held by investors who partially take environmental, social, and governance criteria into account for their investment strategy; 9 percent were held by investors who manage their funds primarily in accordance with SRI aspects.

Our ambition: increase KPI



As the basis of calculation is updated annually, year-on-year comparisons may be of limited value. (Source: Ipreo until 2016; from 2017 Nasdaq based on data of Thomson Reuters)

### Reporting against standards

#### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

#### German Sustainability Code

- Criterion 1 (Strategy)
- Criterion 7 (Control)

### Sustainable investment at Deutsche Telekom

We also apply our sustainability principles to the assets of the Telekom Pension Fund. Besides financial aspects, we have also been factoring in ecological and social principles, as well as guidelines for good corporate governance since 2013 in selecting these investments. This encompasses:

- Targeted efforts to achieve the Sustainable Development Goals (SDGs) by exercising our rights to have a say in decisions as a shareholder
- General ban on all investments in companies that manufacture or do business with “controversial weapons” (e.g., anti-personnel mines, cluster munitions, nuclear weapons, biological or chemical weapons)
- Ban on investments in companies that have repeatedly violated the principles of the UN Global Compact

We pursue a best-in-class approach and therefore focus on investments in companies that are the best in their sector in terms of sustainability performance. Our aim is to reconcile attractive profit expectations with sustainable values

The sustainable capital investment strategy for the Deutsche Telekom Pension Fund received praise from experts in 2019, when we came second in the “ESG Implementation” category at the Institutional Assets Awards organized by the specialist publishing house of German newspaper Frankfurter Allgemeine Zeitung. The award recognizes successful investment strategies that have been implemented in a particularly coherent manner.

In 2020, portfolio institutionell, the medium for institutional capital investment, gave the Telekom Pension Fund two awards. In the reporting year we received the award for the “Best pension fund/CTA” – already for the third time. The Telekom Pension Fund also took first place in the “Best sustainable investor” category for its sustainable capital investment.

Since 2019, Deutsche Telekom’s capital investments (DT Trust) have also been geared toward ecological and social standards. The DT Trust is based on the criteria for Norway’s Government Pension Fund (“Norges”). Among other things, we exclude companies that violate human rights, manufacture certain weapons, or whose core business is considered harmful to the environment.

We evaluate other sustainable and attractive financing models at regular intervals in close consultation with the Corporate Responsibility and Treasury units.

### EU Taxonomy

To ensure that our reporting meets our stakeholders current requirements, we monitor and support the development of regulations at national, European, and global levels. Where required, we actively contribute to legislative activities through position papers and consultation contributions within the framework of interest groups and industry associations - for example, ETNO (European Telecommunications Network Operators Association) and econ-sense. One of the most critical, forward-looking European regulatory initiatives of 2020 was adopting the so-called EU Taxonomy Regulation.

### The aim of the taxonomy: to create incentives for more sustainable investment strategies.

The EU regulation aims to channel capital flows into sustainable economic activities. The EU taxonomy is to regulate which activities are to be regarded as sustainable in this sense with an extensive catalogue of criteria, which will be published in the first quarter of 2021. As a critical element of the European Green Deal, the taxonomy intends to accelerate the shift towards an ecologically responsible economy.

#### Conditions of the Taxonomy

<b>Substantially contribute</b>	<b>Do no significant harm</b>	<b>Comply with minimum safeguards</b>
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#### Substantially contribute

To at least one of the six environmental objectives, as defined in the proposed regulation

## Do no significant harm

An activity can only be considered to contribute to one of the six objectives if it does not result in other significant adverse environmental effects (“Do no significant harm” / “DNSH” principle).

## Comply with minimum safeguards

The minimum safeguards are social requirements in accordance with

- the OECD Guidelines for Multinational Enterprises,
- the United Nations Guiding Principles on Business and Human Rights,
- the Core Labor Standards of the International Labor Organization ILO
- as well as other requirements of European legislation.

Deutsche Telekom complies with the minimum protection measures at the Group level. We report transparently on this in the section „Human rights“.

## Impact on Deutsche Telekom

At the time of going to press for this CR Report, the final legal act of the EU („Delegated Act“) and the specific criteria associated with it were not yet available. We continuously evaluate the draft criteria published by the EU so that we can react promptly to developments. As things stand at present, we assume that the taxonomy criteria for the Network and Data Centers business areas will be relevant for Deutsche Telekom.

According to the analyses, the following two aspects will play a central role in our future reporting, which will take full account of the requirements of the Taxonomy Regulation:

### ▪ “Greening of“: Measures to improve the energy efficiency of our networks and data centers

Key insights that will play a role in this in the long term can already be found in this 2020 report. These indicators have been audited by the auditing firm PricewaterhouseCoopers (PwC). You can find out more about „Greening of“ at: Energy efficiency, PUE, TCFD, SASB.

### ▪ “Greening by“: The contribution we make to climate protection in other sectors

Many key figures and information that will play a role in greening in the long term can already be found in this report. The underlying indicators have been audited by the auditing firm PricewaterhouseCoopers (PwC). Further information on „Greening by“ can be found at: Enablement Factor, Sustainable Revenue Quota, TCFD, SASB.

Currently, we see an increased need for clarification in assessing the potential of our products and services to contribute to climate protection in other industries.

## How we can meet future requirements

We are already analyzing our activities based on case studies in individual business areas. The findings from these will be of use to us in subsequent company-wide reporting.

## Investor communication

We have observed that investors are increasingly incorporating SRI approaches in their investment strategies. More and more investors and rating agencies are also inquiring about our CR activities. To meet these requests, we use different formats – both in our reporting and in direct dialog.

We annually publish this Corporate Responsibility Report and a non-financial statement in the annual report. We also offer ESG information for financial market players on our company website under “Responsibility” and on our investor relations portal under “Socially Responsible investments (SRI)”.

We strive to engage in personal dialog with investors and regularly hold national and international information events as SRI roadshows. We also regularly take part in SRI conferences or meetings, and, upon request, present our CR strategy as best practice. In addition, we provide information to interested investors in conference calls, and answer numerous direct inquiries. This year, most of our investor dialog – such as our SRI roadshows – took place online due to the coronavirus pandemic.

## Tax policy guidelines

The Group Tax department is responsible for ensuring that the Deutsche Telekom Group pays taxes at the national and international level in accordance with the applicable laws. This includes the Group's income taxes, which must also be regularly reported in our IFRS financial statements, as well as VAT and income tax on salaries payable within the context of customer transactions and for Group employees.

Group Tax also ensures that the Group has an efficient tax structure within the framework of German and foreign tax laws as applicable in each country (avoidance of any unnecessary tax burden not prescribed by law). The goal is to achieve sustainable tax efficiency for the Group, for which Group Tax regards transparent, trust-based cooperation with local tax authorities as essential, e.g., in the context of company reorganizations that are advisable in business terms.

In addition, Group Tax undertakes to contribute as much as possible to the success of Deutsche Telekom's operations, e.g., by providing detailed advice regarding new business models or innovative technological developments. In such matters, it focuses particularly on clarifying upfront any unresolved tax law-related issues as well as providing practical solutions to meeting all applicable tax requirements.

The tax strategy – Tax Compliance, Sustainable Tax Efficiency, Tax as Valued Business Partner – has also been adopted by the Deutsche Telekom Board of Management.

You can find out more about what Group Tax does, its principles, and its approach to responsible tax practices in this related document.

Deutsche Telekom participates in initiatives intended to develop a comprehensive approach to determining and publishing meaningful information about tax payments by enterprises and groups. The aim is to give a full and differentiated view of the various contributions to the financing of the public domain that are made in connection with or otherwise result from enterprises and entrepreneurial activities. In this context, Deutsche Telekom determines "Total Tax Contribution" for the main European Group companies in the telecommunications sector. This approach is explained in more detail in the attached document on Total Tax Contribution, which also contains the respective information relating to Deutsche Telekom. Deutsche Telekom also intends to determine and publish such information for the coming years.

### **Tax strategy – Tax Compliance, Sustainable Tax Efficiency, Tax as Valued Business Partner**

In line with our tax policy guidelines, compliance with all applicable tax laws and regulations is the top priority for Group Tax. In this, we consider not only the letter of the law, but also its spirit, reason, and purpose, as well as its wider context.

The Group Tax approach is therefore as follows:

- Determination of the relevant facts, the business, economic, financial, legal and other motivations and aspects
- Development of viable, practical, and robust solutions in cooperation with the other parties involved
- Formulation of sound tax analysis
- Documentation of the facts and the tax positions taken including the respective analysis
- Use of efficient processes to correctly comply with tax declaration obligations
- Engagement in a close, trust-based working relationship with the tax authorities

A great deal of emphasis is placed on the professional and personal qualifications of employees. Many Group Tax employees are qualified as tax advisors and/or lawyers, as well as having additional relevant qualifications such as studies abroad or other academic titles; the majority of them have a degree in business studies or law. The regular training of employees is ensured by means of internal and external, regular and ad hoc seminars, meetings, conferences, and through other forms of knowledge sharing. Employees are involved in a wide range of relevant working groups and committees of industry associations to ensure that the latest topics and developments are addressed. Appropriate specialization and coverage of special issues ensure the necessary specialist knowledge. Development measures not addressing the expert

qualifications, in particular regarding team building, include for example keynotes and workshops with respect to inter alia energy management, attitude, leadership as well as working environment, collaboration and communication.

In the context of digitalization, special IT tools are increasingly being created for and by Group Tax to support the efficient documentation of tax-relevant facts and compliance with tax obligations as well as to create the best possible working environment for the tax authorities for tax audits.

Accurately analyzing the tax situation and providing support to ensure the tax efficiency of issues and projects requires a precise and profound knowledge of the business, economic, and financial issues as well as their legal and other aspects and relevant general conditions. We therefore also focus on ensuring a general closeness to the business units and to other relevant departments in the Group. To this end, special opportunities have been created in the Group Tax department in particular for short secondments and other opportunities for exchange, in addition to the other usual sources of information.

Group Tax is involved in the decision-making process for all of the Group's significant measures. In this context, the relevant facts are comprehensively determined and considered for the tax analysis. In the event of multiple suitable alternatives to achieve the same purpose, Group Tax will recommend the most tax-efficient option. Of course, tax aspects are not usually the deciding factor, rather the process weighs up all relevant aspects. To prepare for decisions, Group Tax works efficiently with all other departments involved.

Tax analyses are carried out, for example, with respect to:

- the development of new and amendment of existing business, production, and sales models, the development of new markets
- the acquisition and disposal of shares, business operations, entities, and groups of companies
- corporate restructurings and other restructuring measures, as well as changes in the relevant internal processes
- financings
- other relevant projects and transactions

### **Our responsible approach to tax**

It is the aim of Group Tax to facilitate the business and value creation in the Group as much as possible, not to hinder it, and to make a constructive contribution to the formulation of solutions and approaches that are as robust and practicable as possible from a tax perspective through a deep knowledge of the Group's business activities and processes. Group Tax is committed to creating value for the shareholders of Deutsche Telekom by means of sustainable tax efficiency and by contributing to the joint success of the

Group. As such, the decisions and approaches taken by Group Tax also take into account the consequences for business activities and the Group's internal processes as well as any other implications, for example, for the reputation, profile, or policies of the Group.

Group Tax endeavors to keep disputes with the tax authorities to an absolute minimum.

We seek to rule out or minimize in advance tax risks wherever possible and reasonable on a case-by-case basis by obtaining binding statements from the competent tax authorities.

#### **Approach to tax structures and transfer prices, publication of tax information**

For transfer pricing matters, the Deutsche Telekom Group has a Transfer Pricing Guideline, which applies the current arm's length principle. The Transfer Pricing Guideline is implemented on a groupwide basis and binding. It provides the employees of Deutsche Telekom with information regarding the tax requirements with respect to the setting of prices for intra-group supplies and gives respective instructions. We ensure through appropriate processes that the arm's length principle is taken into account when agreeing the terms and conditions of intragroup relationships. In this respect the implementation of the Transfer Pricing Guideline is secured by transfer pricing experts of Group Tax through the carrying out of expert communication exchanges with and the monitoring of business units.

The Deutsche Telekom Group is implementing the new reporting obligations arising in connection with the BEPS developments, including country-by-country reporting. A project team was set up early on and a specific IT tool developed for this purpose. The respective information and documents are sent to the competent tax authorities on time. There will be no further publication at present beyond the already extensive information included in Deutsche Telekom's annual report, since the data ultimately would not provide transparency with regard to the distribution and appropriateness of the tax burden in our individual countries due to a lack of informative value on account of the idiosyncrasies of local tax laws and the special features of our foreign activities, e.g., due to the existence of tax loss carryforwards from our past business activities. Nevertheless, all along our published annual reports as well as further publications and statements that are accessible to the general public contain extensive data and other information regarding the tax framework and the tax circumstances of the Group, also with respect to our segments, and in this context also relevant country-related information concerning some jurisdictions of particular relevance, including respective derivations and explanations; in order to avoid repetition here we would like to make full reference thereto.

In accordance with our profile as an international telecommunications group, we have business activities in a large number of countries. Generally, we conduct local business activities through subsidiaries in the respective country.

For example, in the Netherlands, a key location for the Deutsche Telekom Group, we conduct substantial business activities through a number of subsidiaries. Among other things, T-Systems has a presence there, as in many other countries, through a Dutch subsidiary, which is responsible for local activities. We are also extensively involved in mobile communications there, through the subsidiary T-Mobile Netherlands, which has additionally taken over the activities of the Dutch Tele2 group. Due to the Netherlands being a market-standard jurisdiction for this, we already established a Group financing company as well as our international holding company there years ago.

As an international group, Deutsche Telekom aims to set our activities on an international footing and not to concentrate them entirely in Germany, so as to further good international cooperation and partnerships within the Group.

From a tax perspective, inappropriate profit transfers are prevented from the outset by applying the arm's length principle. Furthermore, the shift of the taxable basis out of Germany is impossible due to the use of German-controlled foreign corporation rules' relevant tax provisions. There is no artificial shifting of created value to low-tax countries.

We do not have any artificial special purpose entities without economic substance in low-tax countries. There is no use of jurisdictions without transparency or of so-called "tax havens" for tax avoidance.

We do not operate any aggressive tax structures without economic substance exclusively for tax avoidance. Group Tax engages in robust tax planning based on a comprehensive analysis of the tax laws and regulations.

In accordance with the obligation to generate value for the Deutsche Telekom Group and its shareholders, Group Tax is also subject to efficient cost control.

#### **Group Tax is award-winning**

Group Tax won the renowned Juve Award for Best Inhouse Tax Team 2016 for its special efforts with regard to its good working relationship with the tax authorities and its efficient digitalization of tax processes, as well as its participation in a special project for a prompt tax audit.

#### **Social commitment: Pro-bono consulting**

Deutsche Telekom welcomes and promotes the social engagement of its employees. As such, it expressly supports Group Tax staff who want to contribute their expertise in the form of pro-bono consultations for charitable purposes. The Corporate Responsibility unit provides them with help, where necessary, in finding suitable opportunities for such work. A framework policy from 2012 governs the exact approach for this kind of pro-bono work – e.g., the drafting of articles of association that satisfy public benefit criteria for tax purposes – by individual Group Tax employees.

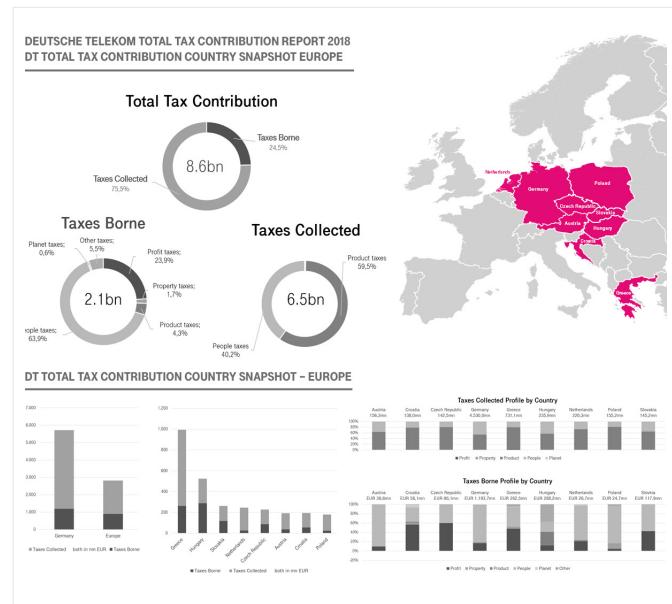
## Total Tax Contribution

With its participation in a survey carried out by PwC regarding the Total Tax Contribution, Deutsche Telekom supports an initiative of the European Business Tax Forum (EBTF) for the development and establishment of a comprehensive approach regarding the determination and publication of information relating to enterprises with respect to tax. In this context Deutsche Telekom has taken the main European group companies in the telecommunications sector into account. The figures were compiled for the first time by Deutsche Telekom in cooperation with PwC for the reporting year 2018. The corresponding figures have also been compiled for the reporting year 2019. The figures for 2019 are presented below. Deutsche Telekom intends to determine and publish such information also relating to subsequent years.

Put simply, the Total Tax Contribution addresses the contributions as a whole to the financing of public domain that are made in connection with, or are a result of enterprises and entrepreneurial activities. In this respect not only are the taxes levied on the profit of the enterprise or group of companies taken into account, further taxes are also addressed, which can be quite substantial, in particular also in the telecommunications sector. Moreover, the so-called "Taxes Borne" as well as so-called "Taxes Collected" are included in the approach in order to comprehensively visualize the financial weight of the enterprise and its activity for the public domain. For example, it also illustrates the aspects of employment and value-added through the presentation of wage taxes, social contributions and value-added taxes. As a consequence, a differentiated and therefore meaningful picture results regarding the positive financial impact on the public community in connection with the enterprise and its activity. In addition this approach can also show national differences in the tax frameworks.

Further information regarding the EBTF as well as the PwC survey can be found at <https://ebtforum.org/wp-content/uploads/2019/12/Total-Tax-Contributions-A-study-of-the-largest-companies-in-the-EU-and-EFTA-Full-report.pdf> and <https://www.pwc.com/gx/en/services/tax/publications/total-tax-contribution-framework.html>. Under both links, explanations and details regarding the definition of the Total Tax Contribution are also given, for example with respect to the concepts of Taxes Collected and Taxes Borne and further breakdowns of the Total Tax Contribution, as well as a presentation of the findings of the survey carried out by PwC.

For 2019 in relation to Deutsche Telekom and for the included group companies (telecommunication sector, Europe, materiality) the Total Tax Contribution was 9.1 bn EUR, consisting of 2.6 bn EUR of Taxes Borne and 6.5 bn EUR of Taxes Collected. With respect to Germany the Total Tax Contribution was approx. 6.6 bn EUR, the Total Tax Contribution relating to all further material European telecommunication group companies included in the study (except for Germany) combined amounted to approx. 2.5 bn EUR. The following charts show the Total Tax Contribution of the group companies addressed.



## Research and development

As a future-oriented telecommunications business, we support and participate in ongoing research. We collaborate with various universities. For example, we established a professorship for software engineering (with a focus on blockchain) at the CODE University of Applied Sciences in Berlin. We invest in various fields of research such as the Internet of Things (IoT). We invested a total of 33 million euros in research and development in the Group in 2020.

We promote young and innovative business ideas: Start-ups benefit from our experience at our tech incubator hubraum. Click here to find out more about current hubraum projects.

# Suppliers

## Our approach to sustainable procurement

Encompassing the entire procurement process, our Group-wide sustainable procurement strategy is put into action using internal and external performance indicators and management tools.

- The responsibility for ensuring sustainability in procurement lies with the Board departments for Finance as well as Human Resources and Legal Affairs.
- Our sustainability criteria are factored into the overall procurement process and given a weighting of 10 percent when choosing suppliers who have responded to tenders.
- In the event of a significant violation of our requirements, we initiate an escalation process.
- We train our employees throughout the Group using an e-learning tool. In addition, our Global Procurement Policy provides an overview of which CR criteria must be considered at which point in the procurement process.
- We ensure business partners and suppliers are up to the mark by offering workshops on specific topics and through our Supplier Development Program.

## Sustainable procurement strategy

### Norms and standards

- Supplier Code of Conduct:
  - Code of Conduct
  - Code of Human Rights & Social Principles:
    - ILO and OECD principles
    - Universal Declaration of Human Rights
    - UN Global Compact
    - UN Guiding Principles on Business and Human Rights („Ruggie-Principles“)

### Global Procurement Policy

### Procurement guidelines

### Other policies

### Implementation in the company

- Sustainability Strategy in Procurement
- Sustainable Procurement Working Group

### Steering tools

- CDP Supply Chain Coverage
- Risk analysis of suppliers via RepRisk
- Self-disclosure of selected suppliers via Ecovadis
- Audits and mobile surveys at selected suppliers
- ESG KPI „Procurement Volume Without CR Risk“
- ESG KPI „Order Volume Verified as Non-Critical“

## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 102-12 (General Disclosures)

### Global Compact

- Principle 1 (Support and respect for internationally proclaimed human rights)
- Principle 2 (No complicity in human rights abuses)
- Principle 3 (Uphold freedom of association and the right to collective bargaining)
- Principle 4 (Elimination of all forms of forced and compulsory labor)
- Principle 5 (Abolition of child labor)
- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)
- Principle 9 (Encourage the development and diffusion of environmentally friendly technologies)
- Principle 10 (Work against corruption in all its forms of, including extortion and bribery)

### Supplier compliance

With our Supplier Code of Conduct, we place our suppliers under an obligation to uphold the principles and values anchored in our Code of Conduct and in the “Code of Human Rights & Social Principles”. Suppliers of solutions involving artificial intelligence (AI) must also comply with the requirements of our Guidelines for Artificial Intelligence. Deutsche Telekom suppliers are also under the obligation to do everything necessary to prevent active and passive forms of corruption. We expect our suppliers to impose the same requirements on their subcontractors too.

The Supplier Code of Conduct forms part of our General Terms and Conditions for Purchasing, but does not, of course, supersede the laws and regulations of countries in which our suppliers operate. Rather, it is designed to facilitate compliance with these laws and regulations and ensure that legal requirements are implemented faithfully and effectively. Since 2014, we have offered online compliance training for our suppliers.

When selecting business partners, we conduct compliance business assessments based on the risk of compliance violations. In addition to suppliers, and development and joint venture partners, this applies in particular to certain consultants, such as sales agents. We have created a separate policy for partnerships with them Consultant Policy.

### Reporting against standards

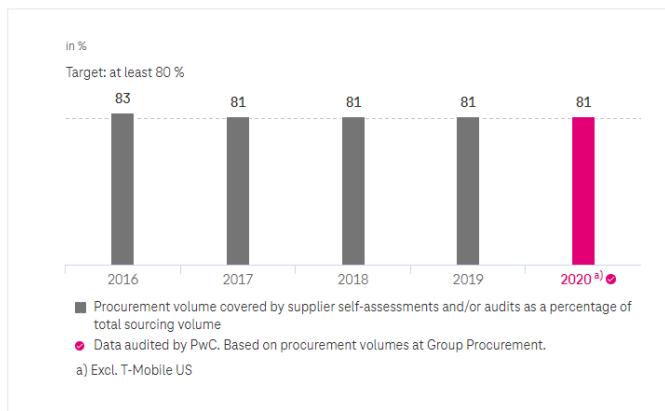
### Global Compact

Principle 10 (Work against corruption in all its forms of, including extortion and bribery)

### Sustainable Procurement ESG KPI

The Sustainable Procurement ESG KPI remained on a stable level against the prior-year figure. The share of the procurement volume that has been risk-assessed momentarily amounts to 81 percent. Our aim to keep a coverage of at least 80 percent until 2020 was thereby achieved.

As announced in the 2019 CR Report, we changed our sustainability performance metric for procurement in 2020 in order to meet the increasing requirements of our stakeholders. To this end, one of the steps we took was to define two new ESG KPIs: The “Procurement Volume Without CR Risk ESG KPI” and the “Order Volume Verified as Non-Critical ESG KPI”. The new KPIs replace the previous KPIs “Sustainable purchasing” and “CR-qualified top 200 suppliers”.



We measure the degree to which our procurement volume is covered by sustainable activities with the Sustainable Procurement ESG KPI. It measures the share of procurement volume we obtain from suppliers where one or several Group companies of the corporate group have been assessed for compliance with our social and environmental standards by way of self-assessments and/or audits. This also applies for audits carried out on subcontractors. In the coming years we expect our Sustainable Procurement ESG KPI to stay at a constant level.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 412-1 (Human Rights Assessment)
- GRI 414-1 (Supplier Social Assessment)

#### German Sustainability Code

- Criterion 1 (Strategy)
- Criterion 3 (Objectives)
- Criterion 4 (Depth of the Value Chain)
- Criterion 6 (Rules and Processes)
- Criterion 7 (Control)
- Criterion 17 (Human Rights)

#### Global Compact

- Principle 5 (Abolition of child labor)

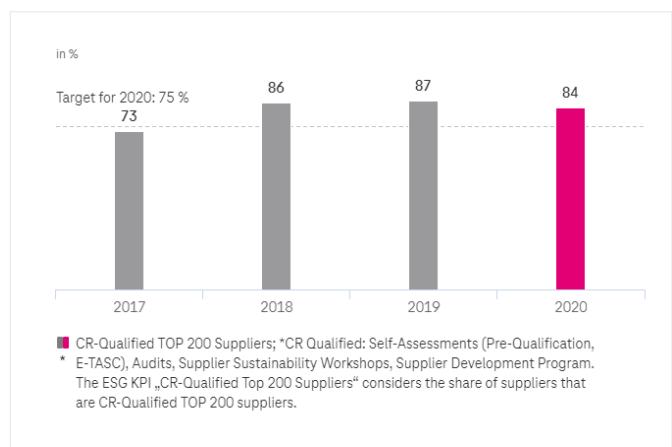
#### European Federation of Financial Analysts Societies (EFFAS)

- V28-04 (Supply Chain)

### ESG KPI „CR-qualified TOP 200 suppliers“

The ESG KPI „CR-Qualified Top 200 Suppliers“ is an internal management indicator which complements the ESG KPI “Sustainable Procurement”. While the ESG KPI “Sustainable Procurement” measures the share of procurement volume reviewed according to sustainability criteria, the KPI “CR-Qualified Top 200 Suppliers” reflects the share of suppliers from the Top 200 Suppliers pool. These are reviewed based on sustainability criteria according to Self-Assessments, Audits, Supplier Sustainability Workshops and Supplier Development Programs. The share of CR-qualified suppliers taken from the Top 200 pool amounts to 84 percent in 2020. Thus, our target to reach 75 percent by 2020 is exceeded.

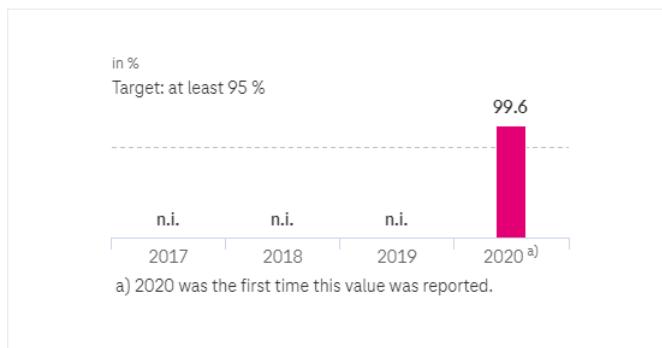
As announced in the 2019 CR Report, we changed our sustainability performance metric for procurement in 2020 in order to meet the increasing requirements of our stakeholders. To this end, one of the steps we took was to define two new ESG KPIs: The “Procurement Volume Without CR Risk ESG KPI” and the “Order Volume Verified as Non-Critical ESG KPI”. The new KPIs replace the previous KPIs “Sustainable purchasing” and “CR-qualified top 200 suppliers”.



### „Procurement Volume Without CR Risk“ ESG KPI

As announced in the 2019 CR Report, we changed our sustainability performance metric for procurement in 2020 in order to meet the increasing requirements of our stakeholders. To this end, one of the steps we took was to define two new ESG KPIs: „Procurement Volume Without CR Risk“ and „Order Volume Verified as Non-Critical“. The Procurement Volume Without CR Risk ESG KPI – for which the target is 95 percent by 2025 – measures the procurement volume from direct business partners on whom an established external service provider carried out checks in the reporting period for negative reports in the media and found no irregularities. It also includes suppliers for whom irregularities were identified, but where corresponding corrective action was taken. The share of this procurement volume subjected to a risk assessment amounted to 99.6 percent in 2020.

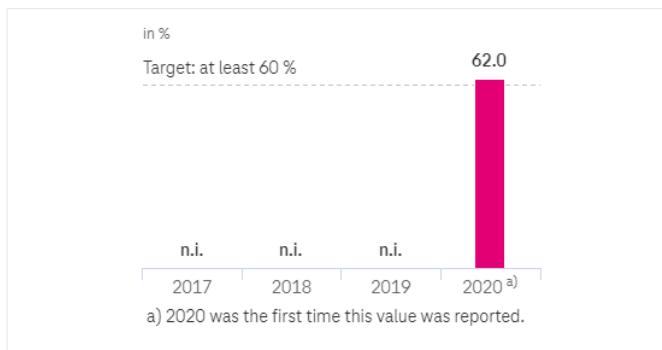
The new KPIs replace the previous indicators “Sustainable procurement” and “Top 200 CR-qualified suppliers.”



### „Order Volume Verified as Non-Critical“ ESG KPI

As announced in the 2019 CR Report, we changed our sustainability performance metric for procurement in 2020 in order to meet the increasing requirements of our stakeholders. To this end, one of the steps we took was to define two new ESG KPIs: „Procurement Volume Without CR Risk“ and „Order Volume Verified as Non-Critical“. The Order Volume Verified as Non-Critical ESG KPI – target for 2025: 60 percent – measures the share accounted for by suppliers checked for social and ecological criteria by means of dedicated reviews – e.g., via EcoVadis, the Carbon Disclosure Project (CDP), social audits, supplier visits, or our Supplier Development Program. In 2020, the share of these CR-qualified suppliers was 62 percent. Both ESG KPIs are calculated in respect of the audited Group-wide procurement volume already largely mapped in a standardized procurement reporting system (excluding the “Network Capacity” category and T-Mobile US).

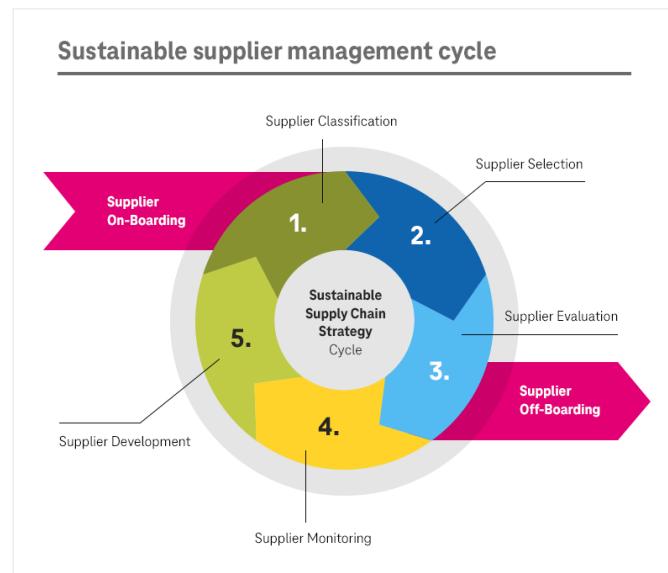
The new KPIs replace the previous indicators “Sustainable procurement” and “Top 200 CR-qualified suppliers.”



### Supply chain management

Before commencing business with us, every supplier must initially register in our supplier pool. Those who do are fully informed of Deutsche Telekom's fundamental principles and values – also regarding corporate responsibility and sustainability.

As a rule, our supplier management runs through a five-step cycle. The aim is to minimize risks in the supply chain and encourage our suppliers to improve their practices.



### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 102–9 (General Disclosures)

#### Global Compact

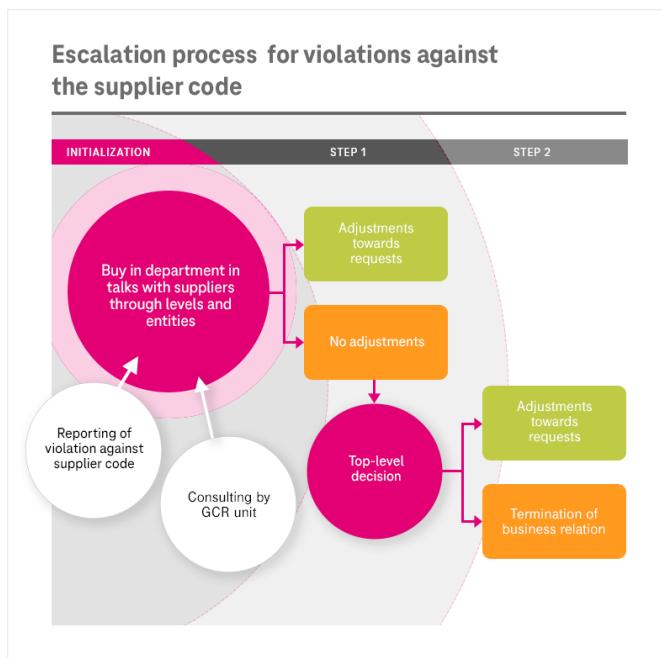
- Principle 1 (Support and respect for internationally proclaimed human rights)
- Principle 2 (No complicity in human rights abuses)
- Principle 3 (Uphold freedom of association and the right to collective bargaining)
- Principle 4 (Elimination of all forms of forced and compulsory labor)
- Principle 5 (Abolition of child labor)
- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)
- Principle 9 (Encourage the development and diffusion of environmentally friendly technologies)

### Escalation process

If a supplier cannot meet the sustainability requirements anchored in our Supplier Code of Conduct to our satisfaction, we initiate an escalation process.

Our procurement organization is primarily responsible for this process – with support and advice from Group Corporate Responsibility. We hold discussions with the supplier to make our requirements clear to them. If the discussions held on various levels do not lead to the desired outcome, our Board of Management, as the last resort, decides about how to proceed with the supplier. In the worst case, this could lead to the business relationship with the supplier being terminated.

Everyone who identifies irregularities in our supply chain regarding compliance with laws, internal guidelines, and standards of conduct, can report these – and can do so anonymously if they wish – using our Tell me! portal.



### Risk monitoring

In Procurement, we work with a comprehensive supplier risk monitoring scheme. Subjecting our existing supplier basis to an extended risk analysis. In the first step, we assess the risks associated with individual suppliers based on three criteria:

- Procurement volume
- Critical components
- Dependence on suppliers

Depending on the classification, we then carry out either basic or active risk monitoring:

- Basic monitoring: An external auditing company evaluates all suppliers according to financial, CSR and compliance criteria, and gives them a score.
- Active risk monitoring: Suppliers exhibiting the greatest risk are also monitored with regard to other global risks (e.g., natural disasters, political risks). Our aim is to address deficits together with the supplier and take appropriate corrective action. Only if no solutions are possible do we have to cut ties with suppliers.

### 2020 supplier sustainability reviews (excl. T-Mobile US)

In 2020, we conducted a total of 89 supplier reviews – 76 of which were on-site reviews (social audits) and 13 mobile surveys. 29 direct and 60 indirect suppliers were involved in the checks.

For the on-site reviews, we let the supplier know the approximate time of our visit in advance ("semi-announced audit"). This is necessary to make sure that relevant contacts in key functions are present for the audit. The mobile surveys give our suppliers' employees the opportunity to provide anonymous information about the social and ecological situation at their company. The surveys are primarily used to gain an initial impression of the local working conditions in order to then initiate further measures as needed, such as specific on-site reviews (social audits).

Due to Covid-19, we were not able to carry out all of the planned on-site reviews (> 100) of suppliers in 2020. If possible given the developments of the pandemic, we will catch up on these reviews in 2021.

	Number of reviews	Number of findings	Number of completed findings
Social audits (by external audit firms)	76	665	248
Mobile surveys *	13	-	-
EcoVadis (2014–2020)	353	-	-
CDP supply chain **	222	-	-
Total	664	-	-

\* Mobile surveys with selected suppliers as a supplementary, innovative review method

\*\* CDP's supply chain program is used for direct suppliers with high emission intensity.

### Auditing procedures

We focus our audit activities on strategically important and particularly risky suppliers. They are routinely audited every two to three years. This group includes roughly 250 of our 20,000 or so active suppliers. Together, they cover around 80 percent of our procurement volume. These audits give us transparency about the risks in large parts of our supply chain.

The majority of the audits are conducted within the scope of the Joint Audit Cooperation (JAC). The audits cover the following areas:

- Labor standards
- Social standards
- Living standards
- Environmental requirements

The JAC Guidelines require, among other things, that our suppliers:

- Pay a fair wage that enables employees to enjoy a decent standard of living;
- Respect the right to freedom of association and collective bargaining, and provide a healthy, safe working environment and
- Do not exceed a 48-hour working week and a weekly maximum of twelve hours' overtime, and grant at least one free day after six consecutive days of working.

Compliance with all these requirements is reviewed regularly during our on-site audits. This also includes inspection of the features and quality of the working, sleeping, and cafeteria areas.

Deutsche Telekom does not require its suppliers to obtain external environmental or social certification. But if suppliers cannot show any environmental and social responsibility certificates, we do expect equivalent management systems to be used. Our auditing

experience shows, however, that the majority of our relevant manufacturing suppliers have an external certificate or equivalent management systems.

Verification of important social and ecological aspects as well as fundamental human rights during our audits is in line with internationally recognized guidelines and standards such as the ILO core labour standards, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

### Reporting against standards

#### Global Compact

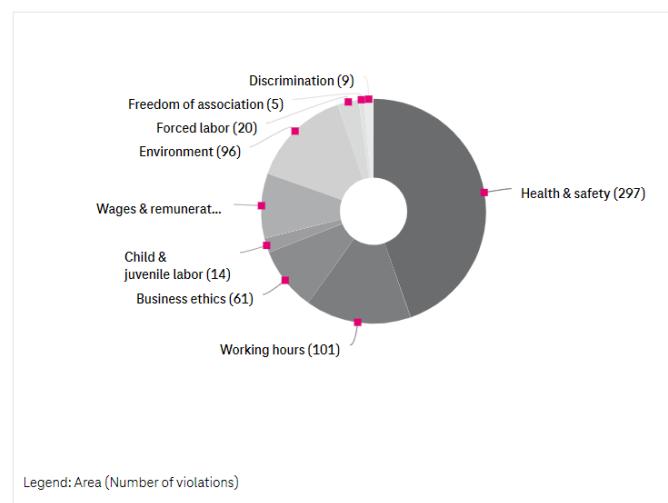
- Principle 1 (Support and respect for internationally proclaimed human rights)
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- Principle 8 (Undertake initiatives to promote greater environmental responsibility)
- Principle 9 (Encourage the development and diffusion of environmentally friendly technologies)
- Principle 10 (Work against corruption in all its forms of, including extortion and bribery)

### 2020 audit results

In the audit program, which was established and is controlled at Group level, a total of 76 audits were carried out in 2020.

As in previous years, we concentrated our auditing activities on suppliers in Asia, North America, Oceania, Africa, Southern Europe, and Eastern Europe.

Audited suppliers included manufacturers in the areas of IT hardware, software and services as well as networks and devices. In addition to serious violations of working conditions and working hours, we also found specific indications of forced labor and lapses in youth labor protection at one supplier during the inspections. The business relationship with this supplier was consequently terminated with immediate effect and only resumed after corrective measures were verified. Beyond this, no other cases of corruption, bribery, or critical violations of compliance policies or the right to intellectual property were found.



- Of the 76 suppliers we audited in 2020 (6 of which were in accordance with the validated audit processes of the Responsible Business Alliance), around 37 percent (28 audits) were direct suppliers and 63 percent (48 audits) were tier 2, 3, and 4 suppliers – that is, indirect suppliers.
- The audits carried out in 2020 revealed a total of 665 violations of Deutsche Telekom's supplier requirements. These findings are broken down as follows: 297 cases regarding occupational health and safety, 101 cases regarding working hours, 96 cases regarding environmental protection, 34 cases regarding labor practices, and 62 cases regarding wages and performance-related remuneration, and 61 cases regarding business ethics. These included 95 lapses to be dealt with with priority and a further 408 serious findings (according to the definition and assessment structure adapted in the reporting year). A total of 610 violations were corrected in 2020, including several open improvement measures from previous years. Examples of critical violations in 2020 and improvement measures can be found in the table below. As in previous years, most violations (45 percent) were linked to occupational health and safety (2019: 43 percent), followed by violations linked to working hours (15 percent, comparable to 2019). At 14 percent, environmental violations constituted the third biggest issue (2019: 16 percent).

Area	Findings at suppliers	Initiated improvements	Status (end of 2020)
<b>Environment</b>	The factory did not identify opportunities/ measures to reduce greenhouse gas emissions and set reduction target.	Energy consumption related to greenhouse gas emissions is mainly due to the use of electricity and water. The company has set annual targets for electricity and water consumption and conducts monthly evaluations. Measures for energy saving and emission reduction have been elaborated.	Closed
	According to documents reviewed and management interview, no systematic approach has been implemented to prevent pollution of stormwater runoff and illegal discharges and spills into the storm sewer.	Implementation of a management system for stormwater and wastewater discharge and daily maintenance.	Closed
<b>Business Ethics</b>	According to documentation reviewed and management interview, the facility did not have an adequate and effective process for monitoring, identifying, and ensuring compliance with applicable laws and business ethics regulations.	A process for monitoring, identifying, evaluating, and ensuring compliance with business ethics laws and regulations was established. A list of business ethics laws and regulations and customer requirements has also been established.	Closed
<b>Child Labour &amp; Juvenile workers</b>	Despite an existing procedure for the protection of juvenile workers that prohibits them from working overtime or night shifts, random sampling found juvenile workers working night shifts.	It has been established that juvenile workers are given special protection (e.g., no night shifts or overtime).	Closed
<b>Forced Labour</b>	None of the randomly sampled employment contracts contained information on working hours and compensation.	The employment contracts now require the signing of working hours and work compensation. Overtime work cannot exceed 36 hours, and hourly pay cannot be less than the local minimum wage standard.	Closed
<b>Health and Safety</b>	Some of the chemicals were missing secondary containments and valid safety labels (e.g., glue in the glue mixing rooms and ink in the packaging area).	Secondary containments were installed in the packaging area and in the glue room, and valid safety labels for chemicals were attached.	Closed
	Some emergency exits and evacuation routes were blocked.	The emergency exits and evacuation routes have been cleared and can now be passed normally.	Closed
	The production area of the assembly hall was not equipped with a fire alarm and emergency notification system. There was no evidence of regular technical maintenance of the fire alarm and warning system.	Missing fire detection sensors installed. There was also a contract signed for fire alarm system maintenance with a nationally recognized company.	Closed
<b>Working hours</b>	Workers' overtime hours exceeded legal requirement and their weekly working hours exceeded 60 hours.	The workers' overtime hours are now in compliance with legal requirements.	Closed
<b>Wages And Compensation</b>	During the audit, it was found that wage payments for workers were delayed. Wages of departed workers were also delayed.	The date of salary payment has been adjusted in accordance with local law requirements. In addition, the leaving salary must now be paid within three working days.	Closed

### Supplier Development Program

We collaborate as partners with our suppliers to make sure they are able to meet our high sustainability criteria.

Since 2018, we have continued the former Deutsche Telekom supplier development program as an industry approach (Sustainable Development Program, SDP). Telefónica and Swisscom have since joined this program. We expect more telecommunications providers and other ICT companies to join us in the near future. The diagram shows the areas in which we audit the suppliers participating in our program. Based on these audits, we work with the respective supplier to develop a plan for remedying any issues. All activities and findings are documented so that we can gauge the effectiveness of the measures employed.



### Capex/opex analysis for 2020

Our suppliers come from various industries and countries. To capture the diversity of our more than 20,000 suppliers, the following graphic depicts the types of suppliers we commission; the overview includes the share of our expenditure (capex and opex) attributable to them and their geographical distribution.

Supplier Category	Proportion of Spend %	Number of Consolidated Suppliers	Number of domestic subsidiary suppliers	Number of foreign subsidiary suppliers	Number of critical subsidiary suppliers	Number of risky subsidiary suppliers
Building, facilities, furniture and rel. services	2,90%	2645	688	2273	147	1
Civil Works	14,40%	6122	5504	1625	390	1
Consulting,contracting,temp. labour and service center	3,30%	1217	333	976	62	0
Electrodomestic appliances	0,00%	89	21	73	80	0
Enduser communication technology and equipment	17,20%	1320	504	1159	107	0
Energy, fuel, gas, water	2,80%	220	94	137	12	0
FinancialServices,insur,fees,inv estig,cert	2,70%	776	195	679	54	1
Fleet and travel	0,90%	534	196	399	31	2
Food and catering	0,20%	282	46	254	27	0
HR services, training and translation	0,80%	2424	1061	1639	164	6
Information technology	16,20%	5516	2154	4969	434	9
Logistics and mail	1,20%	587	258	446	42	0
Marketing, media, content, print, fairs	9,10%	4787	2170	3183	318	4
Network capacity	11,00%	1801	152	2141	136	1
Network infrastructure	12,30%	2372	1099	2157	201	3
Office equipment, office technology and stationery	0,20%	676	390	382	46	0
Service platforms	1,70%	754	341	576	70	2
Sim cards	0,10%	47	45	25	4	0
Tools and protection equipment	0,30%	692	314	462	42	0
Undefined/Undefined	2,70%	144	82	66	12	0
<b>TOTAL</b>	<b>100%</b>				<b>1810</b>	<b>20</b>
		Unique consolidated suppliers: 25149	Unique local/subsidiary suppliers: 31183		In total with no regards to the corresponding category	In total with no regards to the corresponding category

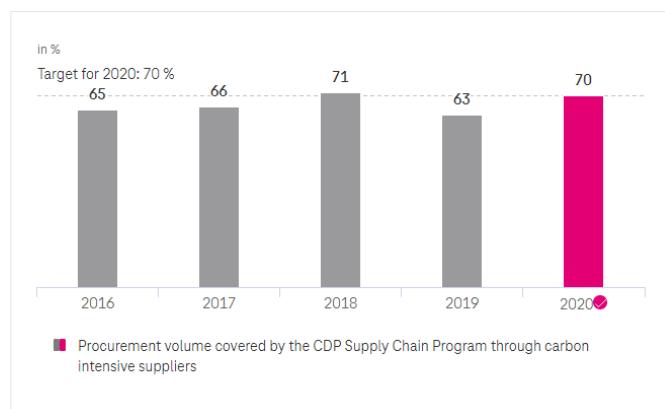
**Definitions and examples**

- Consolidated supplier = Group level.
- Domestic subsidiary supplier = Subsidiaries of the corresponding company located in Germany.
- Foreign subsidiary suppliers = Number of supplier subsidiaries which are located outside of Germany.
- Consolidated suppliers are uniquely counted at group level; local suppliers are multiple counted in case of different business operations/locations.
- Critical supplier: compliance, finance and resilience risks

## CDP Supply Chain Program

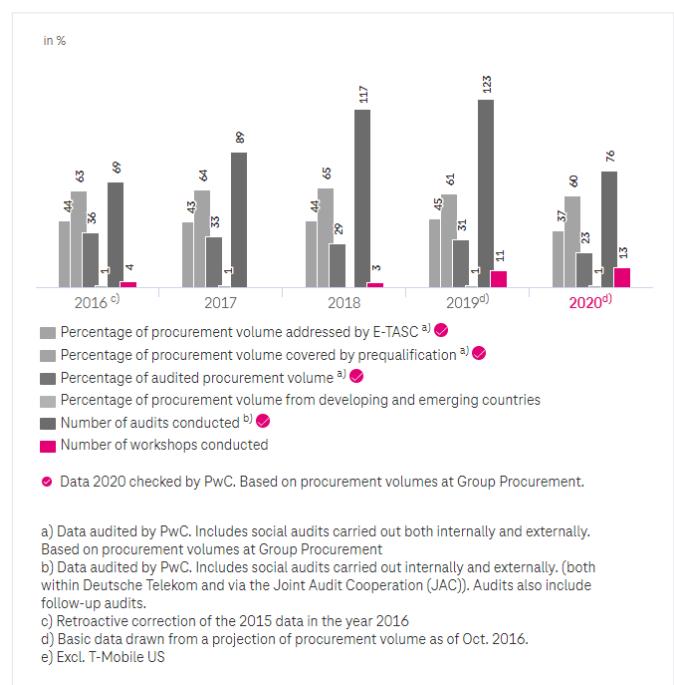
Since as early as 2016, we have been disclosing our activities to bring on board suppliers as part of CDP's supplier engagement rating. This rating assesses how well companies have been able to integrate the topic of climate protection into their supply chain. In 2020, we were awarded an A rating, as in the previous year. This has secured our place on the Supplier Engagement Leader Board. An important step in achieving this was calculating the supplier-specific emission intensities based on supplier responses to the CDP Supply Chain Program. This involved calculating the ratio between a supplier's overall emissions (Scopes 1 and 2 and Scope 3 for the upstream supply chain) and the supplier's overall sales.

We reported the CDP Supply Chain Coverage ESG KPI externally for the first time in 2017. It indicates the degree to which our procurement volume from carbon-intensive suppliers is covered by the CDP Supply Chain Program. In 2020, 70.2 percent of the procurement volume was covered by the CDP Supply Chain Program, which means we achieved our goal of covering 70 percent of our carbon-intensive suppliers by 2020.



## Supplier relationships

The percentage of audited procurement volume decreased from 31 percent in the previous year to 23.2 percent in 2020. At the same time, the percentage of procurement volume covered by EcoVadis decreased to 37 percent. This is mainly due to the fact that more purchases were made from suppliers, which unfortunately are not yet qualified. A supplier prequalification process via the Supplier Management Portal (SMP) took place for 60 percent of the procurement volume in 2020. Prequalification is mandatory for all suppliers for which we anticipate an order volume of more than 100,000 euros.



## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 414-1 (Supplier Social Assessment)

### German Sustainability Code

- Criterion 1 (Strategy)
- Criterion 3 (Objectives)
- Criterion 4 (Depth of the Value Chain)
- Criterion 6 (Rules and Processes)
- Criterion 17 (Human Rights)

### Global Compact

- Principle 1 (Support and respect for internationally proclaimed human rights)
- Principle 2 (No complicity in human rights abuses)
- Principle 5 (Abolition of child labor)

### European Federation of Financial Analysts Societies (EFFAS)

- V28-04 (Supply Chain)

## Responsible procurement of raw materials

We require our suppliers to protect the environment and use resources responsibly. This requirement is anchored in our "Code of Human Rights & Social Principles" and in our Supplier Code of Conduct.

As a form of verification, we request our suppliers to disclose information about their activities and we perform supplier audits (social audits). In these audits, we check whether our suppliers use an environmental management system, including a waste management system, and review how they manage their energy and water consumption. In addition, we always check whether there is a management system in place to address the issue of conflict resources.

When selecting suppliers and products, we review and evaluate the use of hazardous and conflict materials. The criteria were tested in 2020 as part of a pilot project and are to be applied in the future to the procurement of IT and network products.

### **Reporting against standards**

#### **Global Compact**

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)
- Principle 9 (Encourage the development and diffusion of environmentally friendly technologies)

# Sustainable and innovative products

## Our approach to sustainable products and services

Our core business consists of expanding and operating our network. That is how we lay the foundation for digital participation. We also enable our customers to reduce CO<sub>2</sub> emissions with innovative, network-based solutions and hence contribute to climate protection. To also make our network sustainable, we have set ourselves an ambitious climate target to transform the entire Deutsche Telekom network into a “green network” by 2021.

Our fundamental goal is to make our product portfolio increasingly sustainable. This requires consistent action along all stages of the value chain. We begin with procurement and strive to ensure that our suppliers comply with our ecological, social, and ethical sustainability requirements.

## Recognized ecolabels

A number of our products are certified by recognized ecolabels such as the Blue Angel and the TÜV Certified Green Product label. The strict requirements of these labels help us see how we can further improve our products. They also help us inform our customers of the benefits of choosing sustainable products. In addition, we have introduced #GoodMagenta and #GreenMagenta, our own labels for sustainable products, services, and initiatives from Deutsche Telekom.

## Packaging and collection

Even our product packaging is becoming more sustainable. Whenever possible, we use special packaging machines to reduce packaging size. To protect the technical devices in the packaging, we are utilizing more insulating elements free of plastic.

At the end of a product's life cycle, we contribute to its reuse or recycling. Depending on their condition, the mobile devices collected in Germany are properly disposed of and recycled or refurbished and resold. In 2019, we launched our sustainable cell phone recycling scheme: We buy used phones in very good condition, refurbish them, and resell them to our customers with a new warranty.

## Subsidized rates

In Germany and several national companies, we offer various subsidized rates to enable customers on a low income and people living with a disability to make calls at reasonable prices.

## Measuring progress

We measure our progress by means of various KPIs:

- We use the Sustainable Revenue Share ESG KPI to determine the proportion of sales generated with products and services that are classified as more sustainable based on a risk-benefit analysis.
- We measure the impact of our collection campaigns with our Used Cell Phone Collection ESG KPI.
- We use the Enablement Factor ESG KPI to calculate the positive CO<sub>2</sub> effects arising while our customers are using the products.

## Continued analysis of our products' sustainability benefits

To date, there is no industry-wide established system that provides sustainability information about ICT products and services. For six years now, we have been using our own analysis method at Deutsche Telekom to assess the sustainability of our products. This includes, for example, examining the safety of the products, or how well they can be recycled.

We inform our customers about how our products are contributing to sustainability. The results of our analyses also allow us to position ourselves as a responsible company with respect to the competition. In the future, we also intend to review selected products according to the criteria of the EU Taxonomy Regulation, and analyze a possible harmonization of the two approaches.

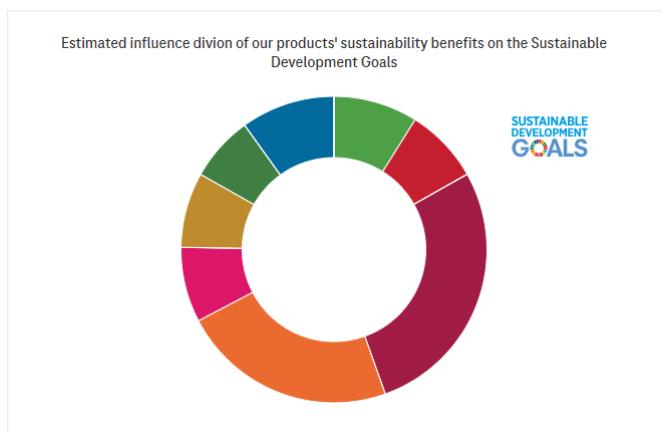
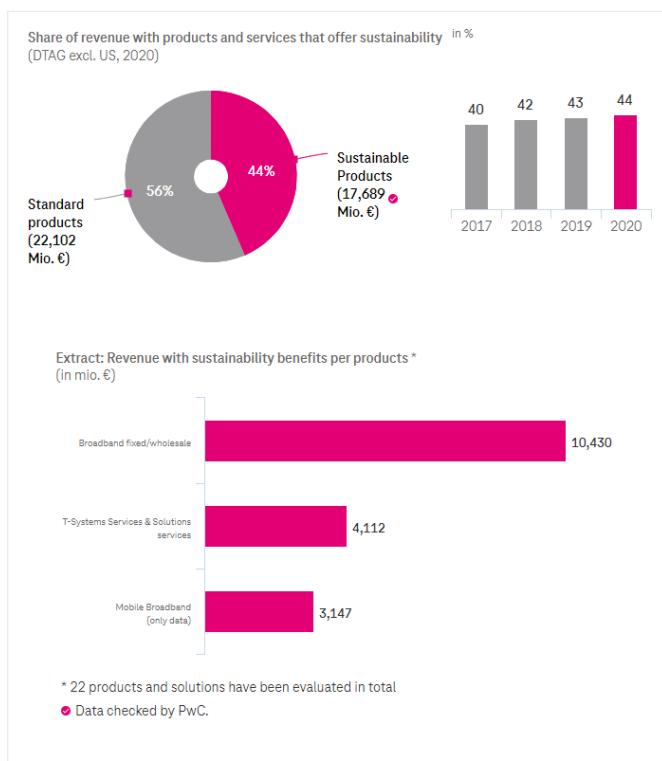
## Allocation to SDGs

In the reporting year we compared – with support from experts – the sustainability benefits of several of our products with the targets of the Sustainable Development Goals (SDGs). The degree of detail depended on the revenue generated with the product under review: If revenues were high, we considered the impact on all SDGs. Where revenues were limited, we only took the impact on the most relevant SDG into account.

## Results of the analysis

In total, we have looked in depth into 32 product groups since 2014, analyzing their contribution to sustainability and their business potential (as of the end of 2020).

We measure the result of this analysis with the Sustainable Revenue Share ESG KPI. The share of such sustainable products was around 44 percent in 2020 (excluding T-Mobile US). This is a slight increase compared to the prior year (43 percent in 2019). We expect this value to stabilize on the current level.



### #GoodMagenta and #GreenMagenta labels

In 2019, we launched the “we care” label for more sustainable Deutsche Telekom products, services, and initiatives. Deutsche Telekom employees can suggest offerings that should receive the label. The suggestions are then reviewed by a committee of experts.

To make our intense efforts toward achieving an increasingly sustainable business model even more clear, we changed this label in 2020 to #GoodMagenta and #GreenMagenta. The original idea of a separate label – to make our commitment more recognizable and create more transparency – remains the same. The comprehensive process of awarding the label by a committee also remains. #GoodMagenta stands for more than 40 initiatives that promote media literacy and respectful cooperation, while #GreenMagenta demonstrates that we take climate change and its consequences seriously. As part of our sustainability program “We Care for Our Planet”, we address climate and resource protection along our value chain in a variety of ways.

### Smart Innovation

In this section, we will introduce some „Smart Innovation“ solutions. The associated business models are based on the most advanced technology and provide an immediate value-add for our customers. At the same time, these solutions are also making an ecological and/or social contribution to society.

We are, for example, utilizing future-oriented and widely available technologies to make cities viable for the future and to develop solutions for social challenges. For this, we are relying on innovative NarrowBand IoT (NB-IoT) technology, with which we are paving the way for the Internet of Things. NB-IoT devices have a large operating range and long battery service lives. Consequently, this technology provides the basis for many innovative uses that are both cost- and energy efficient. Particularly useful areas of application for NB-IoT are, for instance, smart parking, smart cities, smart meters, as well as transport and logistics solutions. One example is the networking of irrigation systems.

In the field of smart parking, we are currently conducting two pilot projects in Hamburg and Pforzheim. The aim is to optimize traffic flows by providing parking spaces with sensors, thereby saving time and resources.

End of 2020, NB-IoT was available in more than 6,000 cities and municipalities in Germany. Deutsche Telekom has rolled out NB-IoT in 10 countries. In most of them the countrywide rollout is completed: Germany, Greece, Croatia, Netherlands, Austria, Poland, Slovakia and the USA.

### Smart Innovations: NB-IoT



10

Number of countries with NB-IoT net



6 000+

Number of cities and communities with NB-IoT supply (D)



600+

Number of companies which use NB-IoT (D)

### Accessible products and services

Deutsche Telekom wants to make it easier for people with disabilities to have access to the knowledge and information society. To that end, we offer them specially tailored services. We also check our products for accessibility and modify them when necessary: One example from the reporting year is the Corona-Warn-App. In September 2020, we released an update that improves the app's accessibility. Among other things, a note was added indicating that the app hotline supports Tess Relay services for the hearing impaired.

The national companies also make a dedicated effort to make their services accessible to their customers. Further information is available in the respective country profiles.

### Services for the hearing impaired

Back in 2003, we set up a hotline (Deaf Hotline) for deaf and hearing-impaired customers. Every day, up to 50 people contact the hotline. Customers and consultants can see each other using a video-based live chat application and can communicate with each other in sign language.

For deaf customers and members of the German deaf association, Deutscher Gehörlosen-Bund e.V., we operate a special online distribution site. There we offer a discounted mobile communications and fixed-line portfolio that is tailored to the exact needs of deaf people. Customers can order their desired plans directly on the website, can contact the employees of the Deaf Hotline or be forwarded to the information exchange platform Deaf Café in the Telekom Hilft community.

Since 2018, hearing-impaired people in Germany have had access to a 24-hour emergency call service with sign language interpreters for emergency situations. The service is jointly financed by the mandatory social security contribution paid by Deutsche Telekom to Germany's Bundesnetzagentur (Federal Network Agency).

### Supporting users with simplified language

According to studies, 12 percent of people in Germany are not able to grasp complicated texts. In our endeavor to make it easier for them to access our products, we also offer some of our product information in simpler language. Our CR report homepage and our #TAKEPART stories are offered in simplified language, too.

### Circular economy and products

In order to achieve the goal of climate neutrality, Europe must take a more thorough approach to a circular economy. The EU Commission's Circular Economy Action Plan recommends measures to extend the product life cycle and reduce electronic waste. We at Deutsche Telekom have already started down this path and are continuing to follow it single-mindedly.

For example, as part of our "we care for our planet" program, we have introduced a sustainable smartphone recycling scheme: When buying a new device, customers can trade in their used smartphone. We recondition selected, technically sound devices and resell them at affordable prices. In addition, we have been accepting all old mobile devices for many years and make sure that functioning devices will continue to be used and that the remaining devices are properly recycled. Since introducing the mobile phone collection program in 2003, Deutsche Telekom has already helped conserve resources by reusing or recycling more than three million used cell phones.

To promote sustainability, we are also committed to ensuring that routers and media receivers are not simply disposed of after being replaced. With our "Rent instead of Buying" rental service, we conserve resources, reduce the volume of electronic waste, and thus avoid carbon emissions. Last year, we returned around one million refurbished devices to our customers in Germany.

We also aim to reduce packaging materials and intensify our use of sustainable product packaging. For example, the housing of our new Speedport Smart 4 (Plus) router is made of around 90 percent recycled material. The packaging was designed to be plastic-free and therefore easy to recycle. Most of the paper used is already recycled, or comes from sustainable forestry (FSC®-certified). The use of harmful substances (such as in electronic components) is restricted beyond the level required by law.

# Network expansion

## Our approach to infrastructural expansion

Deutsche Telekom is Germany's largest investor when it comes to expansion of the network infrastructure. We are continuously expanding our networks, increasing the efficiency of our network systems and further strengthening our role as a leader in network quality.

We follow the coverage requirements of Bundesnetzagentur (BNetzA, Federal Network Agency) in expanding the mobile network. By the end of 2020, we provided almost 99 percent of households with LTE coverage. We will also continuously improve the coverage of traffic routes with bandwidths of 100 Mbit/s or 50 Mbit/s. At the same time, we began rolling out the new 5G mobile generation across the whole of Germany. Our goal: By the end of 2025, we will provide 5G coverage to 99 percent of the population.

We have almost completed our FTTC (fiber to the curb) build-out in the fixed network. With our FTTH (fiber to the home) expansion, we are installing fiber-optic connections directly in customers' homes. Our aim is to close gaps in the network in rural areas and provide urban centers with the high bandwidth they require. We want to continue this rollout efficiently and, to this end, are also participating in funding programs. Over the coming years, we will extend our FTTH expansion to reach an average of two million households each year.

## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 203-1 (Indirect Economic Impacts)

## Progress in network expansion

Part of our network strategy is to also systematically build out our mobile networks with 4G/LTE technology to increase transmission rates in all national companies. Thanks to investments in our 4G/LTE network, our customers enjoy better network coverage with fast mobile broadband. In 2020, for example, we were already providing approximately 98.7 percent of households in Germany with LTE coverage and 98 percent in Europe.

Furthermore, more than 33 million households in Germany can already order a rate with up to 100 Mbit/s on our fixed network. This figure keeps growing daily. Our progress can be followed in our online expansion tracker.



a) From 2017, adjusted calculation method according to BNetzA definition.

## Updating and stabilizing the network architecture

The migration of German fixed-network lines to Internet Protocol (IP) technology was completed by the end of 2020. A total of around 25.3 million fixed network customers now use IP-based lines.

The fundamental aim is to operate our networks in the most stable and failure-free manner possible. Major events such as festivals and summits place the network under particular strain. We make sure, however, that voice calls and data are still transmitted in the quality our customers have come to expect by temporarily setting up extra mobile masts or laying additional fiber-optic cables. In the event of natural disasters such as floods, our Disaster Recovery Management team ensures those affected can quickly start communicating again via the network.

## Rollout of the new 5G mobile generation

We vigorously drove expansion of the new 5G mobile generation in 2020: Deutsche Telekom upgraded 000 antennas with 5G between January and December 2020. Residents in more than 4,700 cities and communities are already benefiting from this. Most of the antennas transmit on the 2.1 GHz frequency, both in large cities and in smaller communities and rural areas. And since the end of 2020, 5G is being transmitted on the 3.6 GHz frequency in 26 cities. That means Deutsche Telekom is providing particularly fast high-speed 5G in places where many people live in a confined

area. There are more than 1,000 antennas operating on this frequency. They are also in use in places such as the Allianz Arena in Munich and Frankfurt Airport. Overall, more than two thirds of the German population can already use 5G in Deutsche Telekom's network.

And Deutsche Telekom will continue the 5G expansion in 2021. By the end of 2021, the overall goal is to provide some 80 percent of people in Germany with 5G coverage. At the same time, all 3G sites will be upgraded to modern and faster 5G stations by the middle of the year. LTE will be used at the few sites where this is not technically possible.

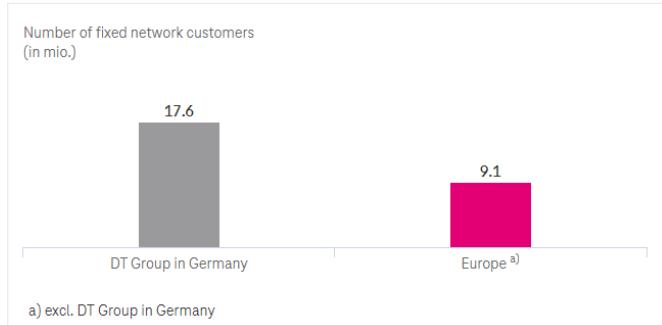
#### Continuing expansion of the fiber-optic network

The Deutsche Telekom fiber-optic network is the largest in Europe, covering a length of around 575,000 kilometers in Germany alone. As global data traffic continues to grow rapidly, we are continuing to expand our fiber-optic network. To do this as quickly and efficiently as possible, we use planning software and modern deployment methods such as trenching. We use our expansion tracker for Germany to illustrate our progress.

To expand the fiber-optic network, we are using FTTC (fiber to the curb) technology with super vectoring and are expanding FTTH (fiber to the home) as well.

	<b>DSL</b>	<b>FTTC with super vectoring</b>	<b>FTTH</b>
Download	up to 16 Mbit/s	up to 250 Mbit/s	up to 1,000 Mbit/s
Upload	up to 2.4 Mbit/s	up to 40 Mbit/s	up to 500 Mbit/s

#### Number of fixed network customers



# Customer satisfaction

## Our approach for top service quality

"We strive to offer our customers impeccable service. That's why our staff members are free to decide for themselves, based on the relevant circumstances, how to best help our customers and ensure they enjoy a positive experience. Our solution consists of devoting more time to customers, answering their queries on the spot and with a smile, and being there when they need us. In this way, we transform contact with customers into genuine client relations.

## Always available – even in the crisis

Since 2017, we have been able to cut the number of customer complaints in Germany by a total of 75 percent. Despite the COVID-19 pandemic, our service technicians were always there for our customers in the reporting year, switching and fixing lines. In 2020, we reduced the proportion of missed technician appointments to less than one percent.

Also in 2020, callers to our hotline had to wait less than two minutes on average to speak with their service team member. The only difference: A total of 16,000 service employees worked from home due to the pandemic, providing customers with continuous and reliable support even during the lockdown.

## Customer service from the region for the region

Following a pilot project in Frankfurt, we also set up "Regio-centers" in 2020 in Düsseldorf and Meschede. The teams at the Regiocenters address the needs of their regional customers. From in-house and technical customer service to field service – all the service expertise required is available locally. We automatically forward customers from a region to their Regio team, where they will find a solution to all their needs – mobile network, fixed network, service disruption, or a field service request – with no detours.

## Promoting skills

We continuously provide our service employees with training on products and services. They can learn about and try out the latest solutions in specially equipped rooms at our service centers. We have also intensified our personal coaching by team leaders in everyday work. Knowledge databases also make it easier for our employees to deal with our customers' requests even faster.

The high quality of our services has been independently verified by numerous successes in tests. They show that we are on the right track.

## Improving contact and process quality

We want to give all customers the best service experience. To meet that goal, several million responses from our customers are annually collected and analyzed by our quality management team. Customer satisfaction and resolving their request on first contact are our top priorities.

Our surveys are conducted either directly after a contact (for example, via the hotline, in a shop, on a field service call, or after an online inquiry by email or chat) or a completed process (for example, after service provisioning).

If a customer tells us in a survey that their request has not yet been resolved, a callback offer is made to clarify the request once and for all. The results of customer surveys are also used for internal training of our customer advisors.

Regular test wins in comparison tests by leading trade journals corroborate the excellent quality of our customer service.

## Measuring customer retention and endorsement

We use the TRI\*M index to gauge customer retention and regularly participate in benchmarking. The recorded data is based on a customer survey conducted in all markets and segments (expect T-Mobile US). To measure the TRI\*M value, customers are asked four standardized questions – for example, whether they would recommend Deutsche Telekom to others; their answers are compiled in a key performance indicator. The TRI\*M value for the Deutsche Telekom Group is calculated as an overall value from the individual measurement results of the countries or segments.

The Group-wide TRI\*M index was 72.2 points in the 2020 reporting year, which constitutes a significant improvement compared to the benchmark value of 67.9 and means the Group exceeded the slight increase it had hoped for. All three operating segments - Germany, Europe, and TSI - contributed to the positive development with improvements in customer loyalty.

At 66 points, the TRI\*M index for Germany was significantly higher than the prior year (63.5) and is more than two points above the competition overall. We also increased the figure in the EU from 65.3 to 69.1, and in TSI from 82 to 89. That means we exceeded our goal of a slight increase. Our goal for 2021 is to achieve a further increase for the Group as a whole.

Customer satisfaction and loyalty scores are factored into both the long-term variable remuneration scheme for our board members

and, to an extent, the performance assessments of our managers, meaning some of their variable salary components are linked to these ratings. This key performance indicator is also used as a parameter in the long-term incentive plan for our managers (excluding Board of Management members).

# Consumer protection

## Our approach to consumer protection

Consumer protection is a multi-faceted topic at Deutsche Telekom. A core element is keeping our customers' data safe and secure. Data protection and data security are therefore top priorities for us.

Children and young people, in particular, need to be shielded from dangers online. That's why protecting children and young people also plays a big part in what we do. We take youth protection aspects into consideration in our product and service design. When we develop services that are relevant in terms of youth protection in Germany, we consult our youth protection officer for suggestions of restrictions or changes. We have appointed a child safety officer (CSO) at each of our national companies within the EU who is responsible for issues pertaining to the protection of minors. The CSO acts as a central contact for stakeholders from the community in the respective country and plays a key internal role in coordinating issues related to youth protection. We thereby strengthen Deutsche Telekom's lasting and transparent commitment to protecting minors.

Above and beyond this, we strive to ensure the safety of our network and mobile devices: We respond to the latest scientific research on mobile communications and health, and provide our customers with transparent updates in this regard.

## Our approach to protection of minors in the media

We want to protect children and young people when using digital media. We pursue a three-pillar strategy to do this:

- We provide attractive, age-appropriate offers for children. We give parents and guardians filters that they can use to prevent minors from accessing harmful content.
- We participate in combating child abuse and its depiction to the extent that this is permitted within the national legal framework.
- We implement various measures to ensure that young people acquire media skills and can interact safely with online content.

We also collaborate closely with prosecuting authorities and NGOs as well as other partners from business, politics, and society to ban online content that is harmful to children and young people. We have anchored our commitment to protecting minors from unsuitable media content in Germany in relevant codes and introduced minimum standards. In 2007, we committed ourselves to fighting

child pornography on the internet throughout the European Union. Dasselbe Ziel verfolgt auf globaler Ebene der Verband der Mobilfunk-Anbieter GSMA, dem wir seit 2008 angehören.

To better coordinate our activities within the Group, we have been following binding general guidelines since 2013 for our activities to help protect minors from unsuitable media content, thereby setting new standards in our markets. In consideration of their particular cultural situation and business model, each international subsidiary in the European Union can further specify these measures and adopt additional measures to determine their own strategic focal points.

## Cooperation with organizations for the protection of minors

Protecting minors from unsuitable media content poses a challenge that affects many industries. We therefore work together with different organizations for the protection of minors and participate in coalitions that coordinate the involvement of companies and organizations from the internet and media sector.

- For example, we are a member of the "Alliance to better protect minors online", which has set out to make the internet a safer place for kids..
- We have also taken a leading role in the "ICT Coalition for Children Online." In this coalition, we pursue a comprehensive and cross-industry approach based on six principles that expressly includes helping young people learn media skills.

In 2013, as part of both coalitions, we announced plans to implement an EU-wide set of measures based on the principles of the ICT Coalition. We provide transparent and regular information on its implementation, most recently in 2019 in our ICT Coalition report. The ICT Coalition had first published an annual report in 2014 on the implementation of corresponding measures at all of the companies represented in the ICT coalition. This report was written by an independent expert from the Dublin Institute of Technology, and comes to the conclusion that Deutsche Telekom's approach to implementing the ICT Coalition's principles is exemplary.

## Online Park – A social experience

During the coronavirus pandemic, everyone is using the internet more – including children. In a social experiment, Telekom Romania wanted to raise parental awareness about the risks their children are exposed to: The national company brought online dangers into the real world with the "Online Park". Daunting online

threats were recreated in an amusement park in Bucharest in such a way that they became tangible and visible – as a supposed balloon stand or hall of mirrors, for instance. These “attractions” allowed parents to see what their children can be confronted with online and how they would react to cyberbullying, criminals in disguise (e.g., digital data predators) or inappropriate content.

In addition to this experiment, Deutsche Telekom Romania has again added the “Safe Kids Premium” application from security software manufacturer Kaspersky to its selection: To make the online world safer for children and help parents protect them, and to ensure that parents are more aware of what their kids are doing online.

### Reporting against standards

#### Sustainability Accounting Standards Board (SASB)

- Code TC-TL-220a.1 (Data privacy)

### Our approach to safe mobile communication

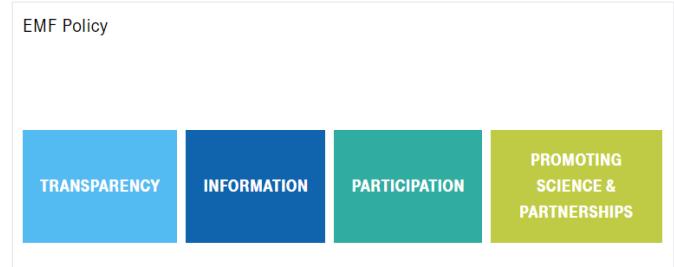
We want to make our mobile communications infrastructure and our products, as well as the processes on which they are based, as resource-efficient, secure, and safe for health as possible. In Germany these activities are based in particular on voluntary commitments by mobile communications providers and an agreement with local authorities' associations. Compliance with these voluntary commitments is reviewed every two years by external experts. In 2020, we once again submitted a current annual mobile communications expert report to the German Federal Government, which was coordinated by Deutsches Institut für Urbanistik (German Institute for Urban Studies) and eventually published by the Federal Ministry of the Environment. According to the report, mobile communications expansion is progressing for the most part free of conflict. The report surveyed municipalities throughout Germany, 92 percent of which said they had little or no controversial decision-making cases.

In June 2020, together with the leading municipal associations and other German network operators, we revised and updated the existing agreement on the exchange of information for the expansion of mobile networks that has been in place since 2001. Its goal is to ensure that municipalities are involved in establishing the 5G networks and in a swift and conflict-free expansion of the network infrastructure. In addition, the four network operators added a regulation for the expansion of small cells to the 2020 agreement with the municipal associations. Network operators had already agreed to this in February 2020 in their voluntary commitment to the German government.

### Policy on Electromagnetic Fields

The policy on electromagnetic fields (EMF) in force throughout the Group since 2004 plays a primary role: Our EMF Policy contains uniform minimum requirements for mobile communications and health that go far beyond the national legal requirements. Our policy provides our national companies with a mandatory framework that makes sure that the topic of mobile communications and health is addressed in a consistent, responsible way throughout the Group. All of our national companies have officially accepted the EMF Policy and implemented most of the required measures.

Our EMF Policy stipulates the following principles and measures:



### Transparency

We place importance on openly discussing issues involved in mobile communications. We make all relevant information regarding our mobile communications equipment in Germany accessible to the public, e.g., on the EMF database operated by the German Federal Network Agency.

### Information

We provide consumer information that is easy to understand and pursue a fact-based, sound information policy. On our Group website we provide the latest information to those interested. We also provide our customers with information online on the SAR levels of their mobile devices. Additional details are also available in the shops and through our free environmental hotline.

### Participation

We rely on close collaboration and constructive dialog with all those involved, including municipalities, when it comes to network expansion. Our goal is to find amicable solutions and negotiate acceptable compromises, which can only be achieved by responding fairly to critical arguments and being ready to learn from mistakes.

### Promoting science & partnerships

Our guidelines call for promoting targeted research, scientific excellence, transparency, objectivity, and intelligibility.

We conduct ongoing reviews of compliance with our EMF Policy. Our international working group, the „EMF Core Team“, uses the findings to improve individual aspects a to jointly develop solutions.

### Mobile communications and health (EMF)

Electromagnetic fields (EMFs) are a prevalent part of our connected world, even if we are not able to perceive them directly. Their effects on our health remain a topic of discussion. Deutsche Telekom, like all providers, must ensure that the statutory threshold values are observed in mobile communications. In Germany, the threshold values are set by the Federal Government and are based on the recommendations of the International Commission on Non-Ionizing Radiation Protection (ICNIRP).

The effects of EMFs have been thoroughly researched over the past decades in numerous scientific studies. The World Health Organization (WHO) analyzes the findings of scientific research and most recently made a statement regarding the results in 2014.

In its statement, it concludes that the current threshold values for EMFs ensure that mobile communications technology can be used safely but that further research is required. In 2020, after evaluating current scientific research, the ICNIRP once again confirmed the protection concept for EMFs, as they occur in mobile communications. According to ICNIRP, the threshold values ensure comprehensive protection for people and the environment. This also applies to frequency ranges used by 5G, because, like earlier network types, 5G requires high security standards. Safe operation of mobile communications technology in Germany is therefore ensured.

Deutsche Telekom has made a commitment to actively address scientific research on mobile communications and health. We provide detailed information on our Group website on the latest technology and scientific risk assessments published by expert committees. In 2020, for instance, we updated our „Fakten zu Mobilfunk und Gesundheit“ (“Facts about mobile communications and health”) brochure and our flyer, which contains answers to the 14 most important questions regarding mobile communications and health. In addition, we published explanatory videos in the reporting year – on issues such as threshold values, health protection, and on our cooperation with municipalities when planning new sites.

Together with the three other 5G licensees - Telefónica Germany, Vodafone, and 1&1 Drillisch - we provide support for Informationszentrum Mobilfunk (mobile communications information center). The portal provides scientific facts about basic issues relating to mobile communications, some of which are subject to controversial public debate – health and safety, technology and network build-out, environment and sustainability, and politics and legal questions. In 2020 the information center joined forces with the German Association of Towns and Municipalities (DStGB) and published two new brochures on „5G“ and „Information and dialog on network build-out“.

Further information on this subject can be found under “CR facts”.

# Data protection and data security

## Our approach to data protection

The highest standards of data privacy and data security are part of our brand identity. Our active data protection and compliance culture, which has been built up over ten years, sets national and international standards.

The Board department for Data Privacy, Legal Affairs and Compliance (DRC), established in 2008, was dissolved effective at the end of the term of office of Dr. Thomas Kremer, Board member for DRC, on March 31, 2020. As of January 1, 2020, the individual areas of this department were assigned to other Board departments ("Finance," "Human Resources," "Technology and Innovation"). Chief Human Resources Officer Birgit Bohle has headed up the extended Human Resources and Legal Affairs Board department since January 1, 2020.

Since 2009, the Group Board of Management has been advised by an independent Data Privacy Advisory Board comprising reputable experts from politics, science, business, and independent organizations. At the beginning of 2020, the Advisory Board took on a bigger role through the addition of new members from the Board of Management and the Supervisory Board of Deutsche Telekom AG. Deutsche Telekom Security GmbH combines the security activities from various Group areas, thereby reinforcing our portfolio of cybersecurity solutions.

## Underlying regulations

Data protection and data security at Deutsche Telekom are subject to the following regulations:

- The Binding Corporate Rules on Privacy govern the handling of personal data.
- The Group Security Policy includes significant security-related principles followed within the Group.

Both guidelines set forth binding standards that are in line with international standard ISO 27001. These policies allow us to guarantee an adequately high and consistent level of security and data privacy throughout the Group.

## Ensuring effective data privacy

### ▪ Consistent transparency vis-à-vis the public

We provide comprehensive information about our data protection activities such as the implementation of the GDPR at [www.telekom.com/data-protection](http://www.telekom.com/data-protection). We have also published an annual transparency report since 2014. Moreover, in the Consumer protection section of this CR report we explain how we make our products and services safe for users.

### ▪ Regular employee training courses

Telecommunications companies are obliged to provide new employees with information on data privacy regulations. We go above and beyond these legal requirements. Every two years, we train all Group employees and place them under an obligation to uphold data privacy and telecommunications secrecy. We have also introduced specific training in the customer and human resources departments. This training includes online courses for independent learning, presentations on data privacy and face-to-face courses on specific topics such as data protection at call centers. This helps us ensure that all employees have in-depth understanding of the relevant data privacy policies.

### ▪ Regular review and adaptation of measures

Every two years, we conduct an annual Group data privacy audit to measure and improve the general data privacy standards throughout the Group. 15 percent of the Group employees, who are randomly selected, are asked to participate in an online survey. The Group data privacy audit is supplemented by internal and external on-site checks.

Group Privacy assesses the results and checks whether action needs to be taken in the respective units. Where necessary, the Global Data Privacy Officer calls for improvement measures and, to this end, holds personal meetings with the responsible directors, managers, and data privacy officers at the different departments. Group Privacy offers advice on the implementation of the measures and determines whether they are effective. We take unusual audit results into consideration when planning the follow-up audit.

### ▪ Certifications

We have our processes, management systems, products, and services certified by external, independent organizations such as TÜV, DEKRA, and auditing firms. This reporting year, TÜV Nord once again confirmed that the IT systems used by Telekom Deutschland are safe and secure.

## Our approach to big data and artificial intelligence

When very large volumes of data are being processed, we must take precautionary measures to protect citizens' privacy, which is why, back in 2013, we approved eight mandatory principles for handling big data. In 2015, we also approved specific measures to protect data and infrastructure in our "Ten-point program for increased cybersecurity." Against this background, we have developed special protective products, including our Mobile Encryption app, which ensures end-to-end encryption of mobile communication for smartphone users. Furthermore, in 2018 we published a Guideline for designing artificial intelligence (AI) in compliance with data privacy requirements.

## Reviewing our products

Data privacy and security play an important role that starts during the development of our products and services. Our Privacy and Security Assessment (PSA) procedure allows us to review the security of our systems in each step of the development process. This procedure applies to newly developed systems as well as existing systems that undergo changes in technology or in the way data is processed. We use a standardized procedure to document the data privacy and data security status of our products throughout their entire life cycle.

## Reporting against standards

### Sustainability Accounting Standards Board (SASB)

- Code TC-TL-220a.1 (Data Privacy)
- Code TC-TL-230a.2 (Data Security)

## Transparency report

As a telecommunications company, we are legally obliged to assist security agencies. This includes, for example, monitoring and recording telecommunications connections of certain criminal suspects or providing information about subscribers.

International legal framework conditions differ considerably. In some countries it is illegal to disclose security measures, while in others surveillance is directly conducted by the authorities without the involvement of telecommunications companies.. You can find details of the different situations in the relevant countries on our website.

Every year since 2014, Deutsche Telekom has published a transparency report for Germany; since 2016, we have also published an international transparency report. Here, we reveal the nature and extent of information we had to disclose to security authorities to the extent legally permitted. We consider it the responsibility of the authorities to ensure transparency regarding security measures, a claim we also made in our ten-point program in 2015. Until state authorities meet our demands, we will strive to provide the necessary transparency ourselves to the extent legally possible.

## Reporting against standards

### Sustainability Accounting Standards Board (SASB)

- Code TC-TL-220a.4 (Data Privacy)

## Cybersecurity

Effective July 1, 2020, we transitioned our Telekom Security unit into an independent company - Deutsche Telekom Security GmbH. This company with its many years' experience in the Group's internal security processes also provides our customers with the perfect security solutions along the entire value chain – from product development and applications through to secure, high-performance networks and high-security data centers.

Increasing connectivity and digitalization can also harbor risks, which is why we develop targeted measures for combating potential new security risks and preventing some threats from even arising in the first place.

We want to enhance collaboration in the area of digital defense and therefore regularly host the Cyber Security Summit together with the Munich Security Conference.

In addition, we collaborate with research institutes, industry partners, initiatives, standardization committees, public institutions, and other internet service providers on a global scale. Together, we want to fight cybercrime and improve online security. We collaborate, for example, with the German Federal Office for Information Security (BSI) throughout Germany and with the European Union Agency for Network and Information Security (ENISA) at a European level.

We also provide up-to-date information about all of our security and data protection activities on our Group website.

## Reporting against standards

### Sustainability Accounting Standards Board (SASB)

- Code TC-TL-230a.2 (Data Security)'

## Our cybersecurity infrastructure

### Cyber Emergency Response Team

We are always working to develop new ways to defend against attacks. We launched a Cyber Emergency Response Team (CERT) in the mid-1990s, which is responsible internationally for managing security incidents for our information and network technologies. Since then, we have continued to expand our activities in relation to cyberdefense, and promote more information and information sharing. Since 2020, our CERT has been officially certified according to the SIM3 standard (Security Incident Management Maturity Model). It is now one of only two German CSIRT (Computer Security Incident Response Team) / CERT organizations that comply with this standard.

### Cyber Defense Center

The defense center of Deutsche Telekom Security GmbH is the largest integrated cyber defense and security operations center (SOC) in Europe, analyzing around one billion pieces of security-relevant data from 3,000 data sources, almost fully automatically. Our security specialists identify attacks in near real-time, defend against them, and analyze the approach adopted by the attackers. Up to 70 million attacks on Deutsche Telekom honeypot systems – traps deliberately set for attackers – are not uncommon nowadays. In addition, we are the only internet provider in Europe to actively tackle botnets (interconnected computers infected with malware) in the Deutsche Telekom AG network. This is how we protect our infrastructure, and hence also our customers' data. Some 200 security experts work round the clock at the SOC in Bonn and its affiliated national and international locations.

In the same way, we also provide other companies with our measures to fight cyberattacks: More than 30 German DAX companies and SMEs employ our services for their own protection.

## Reporting against standards

### Sustainability Accounting Standards Board (SASB)

- Code TC-TL-230a.2 (Data Security)

### Protection of personal data

Protecting our customers' data is one of our top priorities. We also provide regular, sometimes up-to-the-minute information about all of our activities on our Group website under data protection and data security. The following are just a few examples of our recent activities during the reporting period.

In 2020, we joined with software company SAP to develop our contact tracing app, the Corona-Warn-App. It informs users in Germany and several other countries about possible contact with people infected with coronavirus. Even before development began, the data protection and security concept was a topic of intensive discussion. To ensure maximum protection of personal data, the German Federal Government opted for a decentralized approach; the data remains on the user's own phone and is not stored centrally. This concept has paid off: In Germany alone, the app has been installed as many times as similar solutions in other European countries combined – more than 23 million times through December 2020.

### International cooperation for cybersecurity

In 2020, we once again promoted data security on an international level. Among other things, we are a founding partner of the Charter of Trust. One of its objectives is to establish general minimum standards for cybersecurity that are aligned with state-of-the-art technology. Together with our partners, we have identified ten action areas in this context which call for more activity in order to ensure cybersecurity.

We already underscored our commitment to security in the digital world by signing the Paris Call for Trust and Security in Cyberspace in 2018. We thereby pledge to intensify collaboration in support of integrity and security in the digital world.

### Knocking out botnets

An international comparison shows that Deutsche Telekom AG is the only network operator in Europe to actively suppress botnets (as of December 2020). Botnets are countless devices interconnected by an unauthorized entity that misuses them for a variety of criminal attacks. The bigger the network, the more extreme the impact of a cyberattack. To keep hackers from controlling the devices, Deutsche Telekom Security GmbH experts analyze the structures of the network and suppress communication with the controlling servers. It is possible for botnets to take over the devices of our customers. In 2019, we helped our customers 155,000 times in such cases and regained control of their systems.

### Uncovering stolen identities

The "fraud scouts" (experts from the Deutsche Telekom security team) use a special application to search the world wide web and the dark web for stolen identities. If they find anything, we then warn and help our customers.

### Security on the go

Since 2017, we have partnered with the company Check Point Software Technologies to offer the „Protect Mobile“ security solution. Our consumer customers can use Protect Mobile for their smartphones: It provides reliable protection from cyberattacks

through a combination of network protection and app – for instance, for downloading apps, doing online banking or surfing the browser. Deutsche Telekom customers can add this option free of charge to their existing mobile phone contract and download the app for Android or iOS for the most complete protection.

### Smart can also be safe and transparent

We not only want to comply with legal guidelines, we want to actively ensure that our customers' data is protected. To do so, we continue to enhance technical standards, and promote maximum transparency.

For example, with our „SprachID“ service, we do not save our customer's voice, but instead record a mathematical pattern that is calculated from characteristics in the voice. A person can therefore not be traced back through the voice pattern.

Another example is the "Magenta Speaker", the first intelligent European voice assistant. When customers set up this smart speaker, they receive an explanation in simple language about the data we process and store and for what purpose. During use, customers can access their data in the smart speaker app at any time and delete it if needed.

### Commendation for handling of customer data

For the fourth time, in 2020 we were commended by the independent testing authority TÜV Informationstechnik (TÜViT) for our handling of customer data. TÜViT certified that our processing of data, as it relates to billing, for example, is done in a secure and careful manner.

### Building trust in the cloud

Together with Deutsche Telekom and other experts, the German Federal Ministry for Economic Affairs and Energy has developed a standard for the certification of cloud services in accordance with the General Data Protection Regulation (GDPR): AUDITOR. GAIA X, a European cloud project for high-performance and secure data infrastructure, will apply the standard to its project. As part of a pilot, we will also certify our cloud solutions Open Telekom Cloud and vCloud services in accordance with AUDITOR. Even though our standard is exemplary, the responsible supervisory authorities have yet to approve a uniform data protection certification for cloud services. However, Deutsche Telekom views this as essential for a protected data infrastructure in Germany and Europe.

### Simple data privacy statements for everyone

Data Privacy Notices are often incomprehensible to the layperson. We offer customers our "one-pager": an easy-to-read, brief overview of the main data processing activities. It does not replace our formal data privacy statement which complies with legal requirements and to which we also link in the document. With this one-pager, we have followed an initiative launched by the National IT Summit, supported by the Federal Ministry of Justice and Consumer Protection.

### Encryption for all

Together with the Fraunhofer Institute for Secure Information Technology (Fraunhofer SIT), we launched the "Volksverschlüsselung"

IT encryption solution in 2016. It is a simple, free way to encrypt emails. The keys are generated on the user's device. The user is the only person with access to them; they are not sent to the infrastructure operator. To use the encryption, users only need to install the software and identify themselves as part of a simple one-time process. We operate the infrastructure at a high-security data center. This product supports the federal government's digital agenda. What's more, we fulfill the requirements of the "Charta zur Stärkung der vertrauenswürdigen Kommunikation" (charter for the promotion of trustworthy communications), which was proposed and signed by representatives from the business and scientific communities as well as by political representatives.

Other projects can be found in our CR facts.

### IT security & data protection

A random sample of 50,000 Telekom employees are surveyed on the topics of data protection and IT security every two years. The findings of the survey are used, for example, to determine the Security Awareness Index (SAI) and the Data Protection Award indicator. The indicators help us to review the effectiveness of our measures in the areas of IT security and data protection. The data protection award indicator was last measured in 2020 and stood at 86 percent (without T-Mobile US). In the last survey in 2018, security awareness reached 80.3 (without T-Mobile US) of maximum 100 points (which is higher than for all other companies in the benchmark).



The Data Protection Award indicator measures the level of data protection within the units on a scale of 0 to 12. It is calculated based on what the employees said they thought, did and knew about data protection.

The Security Awareness Index measures our employees perception of IT security at Deutsche Telekom. The assessment is based on Deutsche Telekom employee answers on management awareness of the topic, the security culture, the influence of security requirements on their own work, and their personal responsibility for and attitudes towards IT security.

The index includes a scale from 0 to 100 – the higher the value, the higher IT security is rated at Deutsche Telekom.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 418-1 (Customer Privacy)

#### Global Compact

- Principle 1 (Support and respect for internationally proclaimed human rights)

# Financial performance indicators

## Net value added

The decrease in net value added from 40.2 billion euros to 35.5 billion euros is mainly due to significantly higher repayments of financial liabilities in 2020. This resulted from the goal of reducing net debt, which increased as a result of the merger of T-Mobile US and Sprint. Thus, the payments to providers of capital were reduced. Investments for the network build-out in the United States and the fibre roll-out in Germany remained at the same high level year-on-year. Payments to capital investors increased, in particular due to the merger of T-Mobile US and Sprint in April 2020. This was offset by lower headcounts in Germany.



In contrast to the statement of income, the net value added only takes account of real payment flows. That means that deferred tax expenses and the accrual of provisions do not impact the net value added of the reporting period. Although these costs are deducted from net profit in the statement of income, they are not linked to any current payments to stakeholder groups, as is the case with net value added. Outpayments in this respect are scheduled for the future and will only be accounted for in net value added in future years.

## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 201-1 (Economic performance)

## Net revenue, EBITDA and net profit

A detailed clarification of our financial KPIs is available at [www.telekom.com/investorrelations](http://www.telekom.com/investorrelations).

in bn. €	2017	2018	2019	2020
Net revenue	74.9	75.7	80.5	101.0
EBITDA AL (adjusted for special factors) <sup>a,b,c</sup>	n.a.	23.1	24.7	35.0
EBITDA AL margin (adjusted for special factors) <sup>c</sup>	in %	n.a.	30.5	30.5
Net profit (loss)		3.5	2.2	3.9
		4.2		

<sup>a</sup>) Deutsche Telekom defines EBITDA as profit/loss from operations before depreciation, amortization and impairment losses.

<sup>b</sup>) EBITDA AL adjusted for special factors, net debt, and free cash flow are non-GAAP figures not governed by the International Financial Reporting Standards (IFRS). These measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways. For further information relevant to alternative performance measures, please refer to the Annual Report section *Management of the Group*, page 39 et seq., or to Deutsche Telekom's Investor Relations website.

<sup>c</sup>) Our operational performance is now measured on the basis of "EBITDA after leases" (EBITDA AL) and not on the basis of EBITDA. EBITDA AL is calculated by adjusting EBITDA for depreciation of the right-of-use assets and for interest expenses on recognized lease liabilities.

## Revenue development

In 2020 Deutsche Telekom generated Group revenue of 101.0 billion euros. With growth of 20.5 billion euros, it rose by around 25.5 percent compared with the previous year's level. The international share of Group revenue increased by 6 percentage points to 75 percent.

in bn. €	2018	2019	2020	Change on 2019 (in bn/pp)
Net revenue Germany <sup>a)</sup>	25.0	25.2	25.2	0%
Net revenue international <sup>a)</sup>	50.7	55.4	75.8	36.8%
Net revenue Group (total)	75.7	80.5	101.0	25.5%
International revenue as a percentage of Group revenue	67.0%	69.0%	75.0%	6 pp

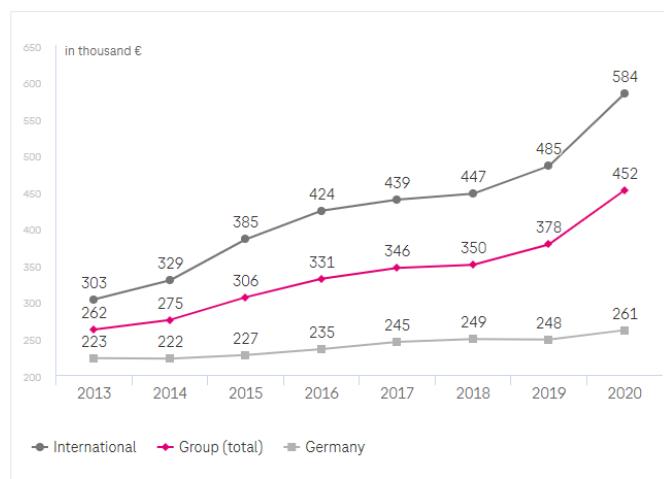
<sup>a</sup>) Since revenue allocation to determine ratios is from an HR perspective, it reflects the location of employees (FTE); see annual report section 'Workforce statistics'. In the annual report revenue is allocated to the country where it is generated.

# Financial personnel indicators

## Revenue per employee

In the year 2020, revenues per employee increased to EUR 452,000 groupwide – this represents an increase of about 20 percent.

In Germany, the revenues per employee has increased by 5 percent. Outside Germany, revenues per employee increased by about 20 percent. You can find further information in the HR Fact-book.



## Personnel costs and personnel cost ratio

in bn. €	2013	2014	2015	2016	2017	2018	2019	2020
Personnel costs in the Group	15.1	14.7	15.8	16.5	15.5	16.4	16.7	18.9
of which: Germany	9.4	9.1	9.4	9.8	8.5	9.2	8.7	8.8
Special factors	1.4	0.9	1.2	1.5	0.6	1.2	1.0	1.8
Personnel costs in the Group adjusted for special factors	13.7	13.8	14.6	14.8	14.9	15.2	15.7	17.0
Net revenue <sup>a)</sup>	60.1	62.7	69.2	73.1	74.9	75.7	80.5	101.0
of which: Germany	26.3	25.7	25.7	25.3	25.2	25.0	25.2	25.2
Adjusted personnel cost ratio Group (total, in %)	22.7	22.0	21.2	20.3	19.9	20.1	19.5	16.8
Adjusted personnel cost ratio Germany (in %)	32.3	32.9	33.0	32.9	32.1	33.0	31.6	30.7

<sup>a)</sup> As revenue allocation is separated into Germany/International from an HR perspective, this reflects employee location, unlike the financial report, which allocates revenue to the country where it was generated.

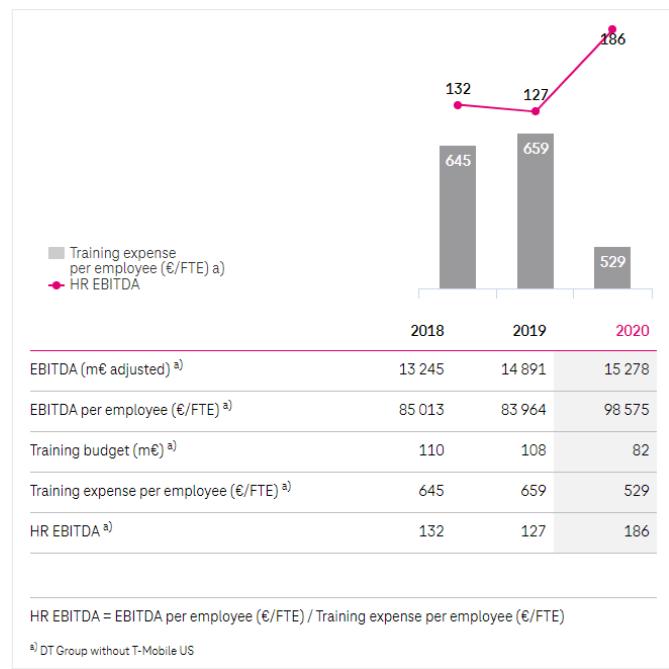
By personnel costs we mean basic personnel costs (salaries) and incidental personnel expenses. The indicator is adjusted for special factors in conjunction with personnel restructuring measures (individual downsizing instruments). The personnel cost ratio represents personnel costs as a proportion of revenue.

The development of this rate serves as a benchmark for company business. In the Group as a whole, the personnel expenses ratio in 2020 fell slightly compared with 2019. One driver for the 2.7 percentage point improvement in the adjusted personnel expenses ratio in the Group is the significant increase in Group revenues.

The disadvantage of the personnel cost ratio is that it ignores external personnel costs. Therefore the total workforce costs ratio is more meaningful for the management of personnel costs at Deutsche Telekom.

## HR EBITDA (Ratio)

The so-called „HR EBITDA“ of Deutsche Telekom Group (without T-Mobile US) puts into ratio the calculated earnings per employee with the investments in training per employee.



## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 404-1 (Training and Education)
- GRI 404-2 (Training and Education)

### German Sustainability Code

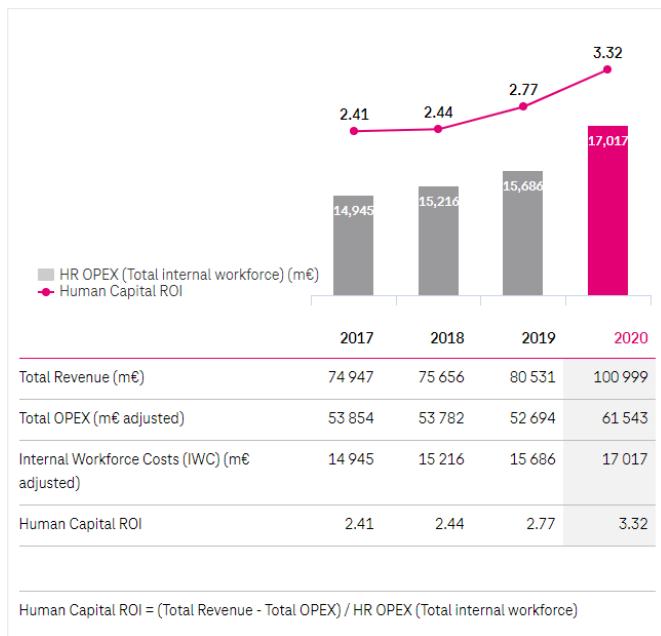
- Criterion 16 (Qualifications)

### European Federation of Financial Analysts Societies (EFFAS)

- S02-02 (Training expenses per employee)

## Human Capital ROI

The so-called „Human Capital Return on Invest (ROI)“ illustrates the company's return on investment in human capital by building a ratio between revenue, OPEX and the costs of our internal workforce (IWC).



## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 404-1 (Training and Education)
- GRI 404-2 (Training and Education)

### German Sustainability Code

- Criterion 16 (Qualifications)

### European Federation of Financial Analysts Societies (EFFAS)

- S02-02 (Training expenses per employee)

## Total Workforce Costs

In bn. €	2015	2016	2017	2018	2019 <sup>1)</sup>	2020
TWC <sup>a)</sup>	16.5	16.8	16.9	17.1	17.5	19.1
of which: Germany	9.2	9.1	8.9	9.0	8.7	8.3
IWC <sup>b)</sup> (PC <sup>c)</sup> adjusted)	8.5	8.3	8.1	8.1	7.9	7.7
EWC <sup>d)</sup> Leased and temporary workers	0.05	0.03	0.04	0.05	0.04	0.03
EWC <sup>d)</sup> Freelancers and consultants	0.7	0.7	0.8	0.8	0.75	0.5
of which: international	7.2	7.8	7.9	8.0	8.8	10.7
IWC <sup>b)</sup> (PC <sup>c)</sup> adjusted)	6.1	6.5	6.8	7.1	7.7	9.3
EWC <sup>d)</sup> Leased and temporary workers	0.4	0.5	0.2	0.2	0.2	0.2
EWC <sup>d)</sup> Freelancers and consultants	0.7	0.8	0.8	0.8	0.9	1.2

<sup>a)</sup> Total workforce cost: external workforce cost + personnel cost adjusted for special factors  
<sup>b)</sup> Internal workforce cost  
<sup>c)</sup> Personnel cost  
<sup>d)</sup> External workforce cost: cost of leased and temporary workers + cost of freelancers and consultants  
<sup>1)</sup> The value for 2019 has been corrected compared to the previous year's published value.

## Total Workforce Ratio

Total workforce management allows HR to be managed in a holistic manner, enabling qualitative and quantitative personnel planning over the long term. The total workforce ratio describes the relationship between all personnel expenditure and revenue. This means: if the ratio has fallen in comparison with the previous year, either revenue has remained constant while total workforce costs have gone down, or revenue has increased with stable Total Workforce Cost.

Deutsche Telekom's total workforce quota improved in 2020. The adjusted ratio for the Group as a whole dropped by 2.8 percentage points in 2020 compared with the previous year. While total revenue was up 25.4 percent (20.5 billion euros) in 2020, total workforce costs only increased by around 1.6 percent year-on-year.

in bn. €	PA <sup>a)</sup> adjusted 2020	EWC <sup>b)</sup> 2020	TWC <sup>c)</sup> 2020	Revenue <sup>d)</sup> 2019	TWQ <sup>e)</sup> adjusted 2017	TWQ <sup>e)</sup> adjusted 2018	TWQ <sup>e)</sup> adjusted 2019	TWQ <sup>e)</sup> adjusted 2020
Germany	7.7	0.6	8.3	25.2	35.4%	36.1%	34.8%	33.1%
International	9.3	1.5	10.7	75.8	15.9%	15.9%	15.8%	14.2%
Group (total)	17.0	2.1	19.1	101.0	22.5%	22.6%	21.7%	18.9%

<sup>a)</sup> Personnel cost

<sup>b)</sup> External workforce cost: cost of leased and temporary staff + cost of freelancers and consultants

<sup>c)</sup> Total workforce cost: external workforce cost + personnel cost adjusted for special factors

<sup>d)</sup> As revenue allocation is separated into Germany/international from an HR perspective, this reflects employee location, unlike the financial report, which allocates revenue to the country where it was generated.

<sup>e)</sup> Total workforce quote = TWC/revenue

# Climate strategy

## Climate strategy

We are helping to mitigate climate change and contributing to compliance with the Paris Climate Agreement. In 2013, we adopted a Group-wide climate protection target for the first time: By 2020, we planned to reduce CO<sub>2</sub>e emissions by 20 percent compared to the base year 2008 (excluding T-Mobile US). We have achieved this target. Our current climate targets for the period after 2020 were adopted by the Board of Management in 2019 and their ambition level was raised in March 2021:

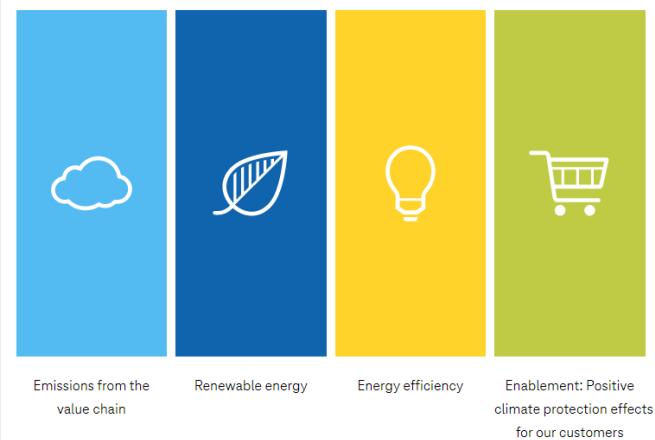
- By the end of 2021, we intend to source 100 percent of the electricity used by the Group from renewables (Scope 2). In Germany, we have already reached this goal by the end of 2020.
- By the end of 2025, we want to achieve climate neutrality in the company. To achieve this, we want to reduce our CO<sub>2</sub> emissions by up to 95 percent compared to 2017 (Scope 1 and 2) and offset remaining emissions through suitable offsetting measures. In addition to switching to renewably sourced electricity, we plan to achieve this especially by implementing energy efficiency measures.
- Over 80 percent of our CO<sub>2</sub> footprint arises from the production and use of our products. We plan to achieve a 25 percent reduction per customer in these emissions by 2030 (versus 2017) (Scope 3, categories: goods and services acquired, capital goods, use of sold products, rented or leased equipment). We maintain a close dialog with our suppliers in order to reduce the emissions generated during production and to ensure the products manufactured consume less energy during the utilization phase.

These targets were developed on the basis of the “Science Based Targets initiative” (SBTi). The SBTi officially confirmed in May 2019 that we are the third DAX-listed company to contribute toward implementing the Paris Climate Agreement through our climate protection targets. We have thus followed our national companies in the United States and Hungary, whose targets were already endorsed by SBTi in 2018 and at the start of 2019, respectively.

## Integrated climate strategy

Our integrated climate strategy is based on four pillars: Emissions from the value chain, renewable energy, energy efficiency, and enablement: positive climate protection effects for our customers. We have defined objectives and/or key performance indicators for each of the four pillars.

The four pillars of our integrated climate strategy



## Emissions from the value chain

We record all direct and indirect emissions using the globally recognized “Greenhouse Gas (GHG)” Protocol. Most of our emissions are caused by the use of electricity. To reduce our emissions, our primary focus is on increasing the share of renewable energies in the electricity mix (see “Renewables”). We will also reduce emissions produced through the use of gas and oil, for instance. In addition, we will improve efficiency in areas with particularly high energy consumption, especially in our networks and data centers. This has already allowed us to reduce our emissions over the past few years – despite rapidly growing data volumes and the necessary network build-out. Indirect emissions from the upstream and downstream value chain (Scope 3 emissions) make up the largest share of our total emissions. We maintain a close dialog with our suppliers in order to reduce the emissions generated during production and to ensure the products manufactured consume less energy during the utilization phase.

## Renewable energy

By the end of 2021, we will obtain all our electricity needs from renewable sources, and hence also convert the entire Deutsche Telekom network, across the entire gamut from mobile telecommunications to the high-speed DSL network, to use electricity entirely from renewable sources. To that end, we aim to expand our own production and conclude power purchase agreements (PPAs). In 2020, a PPA was signed in Germany for the first time for a wind farm in Mecklenburg-Western Pomerania. We are currently drawing up a guide for the entire Deutsche Telekom Group, the purpose of which is to support our various national companies in choosing the ideal solution for their individual needs by providing informa-

tion on the various options they have available for the purchase of green electricity. We already sourced 100 percent of the electricity from renewable sources in 2020 in the following countries: Germany, Greece, Croatia, the Netherlands, Austria, and Hungary.

### Energy efficiency

Because the operation of our network infrastructure calls for a considerable amount of energy, we are also investing in energy-efficient technology to reduce CO<sub>2</sub> emissions. For instance, we are migrating our network infrastructure to IP technology, which is not only more powerful, but also consumes less electricity than existing technologies. The migration is 99.8 percent complete. In addition, we are working to process data traffic from no more than a few, particularly efficient data centers. The PUE factor serves as an indicator for enhancing the energy efficiency in our data centers. We determine this metric using the method recommended by The Green Grid Association. In order to measure our progress, we use also the key performance indicators (KPIs) Energy Intensity and Carbon Intensity.

### Enablement: Positive climate protection effects for our customers

Many of our products and services provide sustainability advantages. They can help reduce energy consumption and CO<sub>2</sub> emissions, improve healthcare and make logistics more efficient. In addition to our own carbon footprint, we also calculate the positive CO<sub>2</sub> effects facilitated for our customers through using our products and solutions. We assess both variables in relation to the "Enablement Factor" ESG KPI. This helps us evaluate our overall performance in relation to climate protection. By increasing sales of sustainable products and solutions and reducing our own emissions, we aim to further improve the enablement factor in the future.

### Alignment with core business

We see ourselves as a responsible company and have made that a core element of our Group strategy. Our Corporate Responsibility strategy is derived from this and covers three fields of action. The climate protection strategy specifies the "Low-carbon society" field of action. This is how we ensure that climate protection measures are closely connected with our core business.

To support the climate protection strategy and achieve the ambitious Group targets, the national companies have developed and implemented their own climate protection strategies, concepts and measures. These can be viewed in the relevant profiles.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 305-5 (Emissions)

#### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

### Our approach to measuring our progress with regard to climate protection

We calculate our emissions for our climate targets along the entire value chain according to the market-based method of the internationally recognized Greenhouse Gas (GHG) Protocol. We have broken down all our CO<sub>2</sub>e emissions in detail here.

The emissions make up various KPIs that we use to measure our contribution to climate protection and make our progress transparent. The Carbon Intensity and Energy Intensity KPIs are used to analyze the relationship between our CO<sub>2</sub>e emissions or energy use and the transmitted data volume. Using data volume as a reference parameter makes it possible to create a direct link to the performance of our networks. The Enablement Factor, PUE, and Renewable Energy KPIs also improve the management and transparency of climate protection issues.

Indirect emissions along our value chain, or Scope 3 emissions, make up the majority of our total emissions. By recording them, we lay the foundation for reducing emissions in our value chains through targeted measures together with our suppliers and customers.

The Board of Management is informed each year in detail by the Group Corporate Responsibility (GCR) unit about the status of the programs we have implemented to achieve our climate targets. In 2020, as in the previous years, we succeeded in further reducing our emissions.

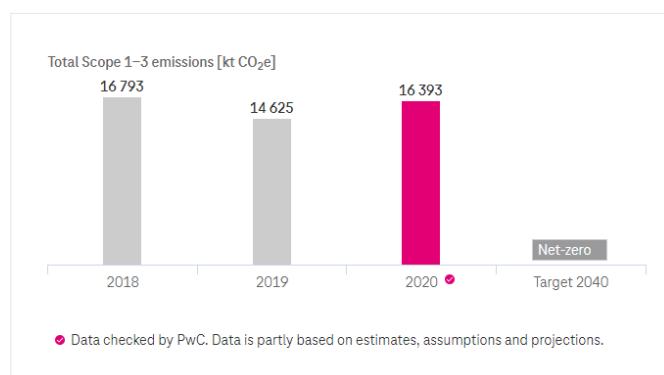
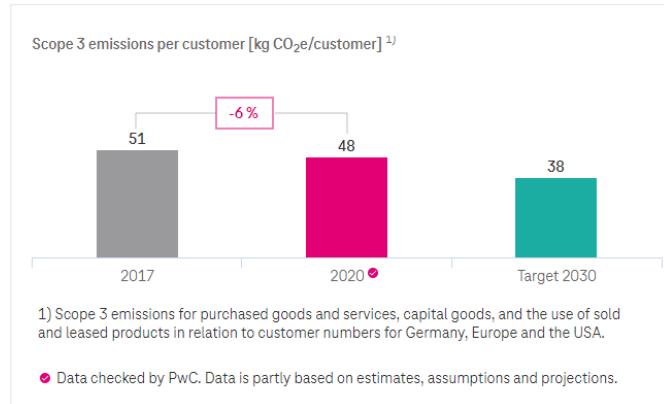
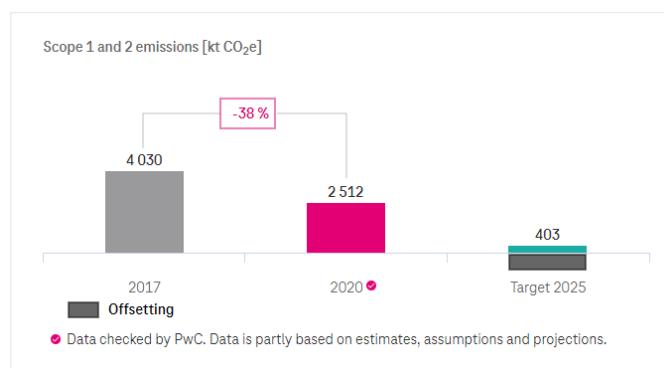
### Climate target achievement

The achievement of the climate targets was at the forecasted level at the end of the year. Base year emissions were recalculated based on the merger of T-Mobile US and Sprint and are therefore above the 2017 level communicated in the last report.

Our targets foresee reducing Scope 1 and Scope 2 emissions by up to 95 percent already by 2025 compared to 2017 and compensating for remaining emissions through appropriate offsetting measures in order to achieve climate neutrality in our own operations.

Over 80 percent of our CO<sub>2</sub> footprint arises from the production and use of our products. We plan to achieve a 25 percent reduction per customer in these emissions by 2030 (versus 2017) (Scope 3, categories: goods and services acquired, capital goods, use of sold products, rented or leased equipment).

We also aim to achieve net-zero emissions across all three scopes by 2040. The goal is to remove all emissions that have not yet been reduced from the atmosphere throughout the entire value chain.



	2017 <sup>1)</sup>	2018	2019	2020 <sup>1)</sup>
Scope 1 and 2 emissions	kt CO <sub>2</sub> e	4 030	2 354	1 797
Scope 3 emissions <sup>2)</sup>	kt CO <sub>2</sub> e	12 580	11 939	10 985
Number of customers <sup>2)</sup>	in mio.	248.0	213.6	216.9
Scope 3 emissions per customer <sup>2)</sup>	kg CO <sub>2</sub> e/customer	51	56	51
		48		

Data audited by PwC. Data is partly based on estimates, assumptions and projections.

<sup>1)</sup> Data includes Sprint in 2017 (base year of target) and 2020 due to the merger with T-Mobile US in 2020. 2017 base year data also excludes AMC Albania, which was sold in 2019. 2018 and 2019 were not recalculated.

<sup>2)</sup> Scope 3 emissions for purchased goods and services, capital goods, and the use of sold and leased products in relation to customer numbers for Germany, Europe and the USA.

## Alignment with the recommendations of the TCFD

The United Nations Climate Change Conference hosted in Paris in 2015 saw the launch of the “Task Force on Climate-related Financial Disclosures” (TCFD), which sets out to develop voluntary, consistent climate-related financial risk disclosures. In 2017, the TCFD published specific recommendations for putting these disclosures into practice, which companies can use as a guideline to inform investors, lenders, insurers, and other interest groups about the risks climate change presents for their business model.

Deutsche Telekom welcomes the aims behind the TCFD. Among the risks that climate change harbors, meteorological extremes are one we are already experiencing. This is having a direct effect on our stakeholders, e.g., our customers, suppliers, and employees. The risk is assessed in relation to the continuation of operations as part of risk management and is managed at an operational level in the business units. In addition, we evaluate internally how reporting on climate-related financial risks and opportunities can be aligned with the recommendations of the “Task Force on Climate-related Financial Disclosures” (TCFD). This should build on the existing approaches for strategy, controlling, and risk management.



## Reporting against standards

### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

## Reporting against standards

### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

## Governance

Disclosures	Guidance	Input
a) Describe the Board's oversight of climate-related risks and opportunities.	<ul style="list-style-type: none"> <li>▪ Processes and frequency by which the Board is informed about climate-related issues.</li> <li>▪ Does the Board consider climate-related issues when <ul style="list-style-type: none"> <li>▪ reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans?</li> <li>▪ setting the organization's performance objectives?</li> <li>▪ monitoring implementation and performance?</li> <li>▪ overseeing major capital expenditure, acquisitions, and divestitures?</li> </ul> </li> <li>▪ How the Board monitors and oversees progress against goals and targets for addressing climate-related issues.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Deutsche Telekom's Board of Management is informed every year about the status of the company's climate target achievement and climate protection issues in the Climate Target Monitoring Board Report.</li> <li>▪ Deutsche Telekom's risk management unit reports on a quarterly basis. If any unforeseen risks arise outside the regular reporting of key risks and opportunities, they are recorded as appropriate.</li> <li>▪ The identified relevant risks are reported to the Board of Management of DT. The DT Board of Management informs the Supervisory Board accordingly.</li> <li>▪ Leading climate protection KPIs (Energy Intensity, Carbon Intensity) are part of the quarterly reporting to the responsible Board member (CHRO).</li> <li>▪ The Audit Committee of the Supervisory Board appraises the risks at its meetings, and the main relevant risks for the Deutsche Telekom Group are also integrated into our Annual Report.</li> <li>▪ The CR-Board is informed about climate protection issues based on requirements.</li> <li>▪ Risk reporting will be expanded to encompass even more comprehensive inclusion of long-term climate-related risks.</li> <li>▪ Financial implications have been integrated into business planning; further management instruments are evaluated for integrating climate protection into investment decision-making (e.g. internal price on carbon).</li> <li>▪ Deutsche Telekom's Board of Management decided on a new climate protection strategy for 2030 including a Science-Based Target.</li> <li>▪ The overarching corporate strategy was extended at the end of 2019 by "acting responsibly". This puts a major focus on CO<sub>2</sub> and resource reduction as part of Telekom's strategic direction.</li> <li>▪ As part of our „we care for our planet“ initiative, we have examined our value chain for opportunities to achieve greater resource efficiency and CO<sub>2</sub> reduction. Ten areas for action have been identified and these were approved by the Board of Management.</li> </ul>
b) Describe management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> <li>▪ Has the organization assigned climate-related responsibilities to management-level positions or committees?</li> <li>▪ And, if so:</li> <li>▪ Do such management positions or committees report to the Board?</li> <li>▪ Do those responsibilities include assessing and/or managing climate-related issues?</li> <li>▪ Description of the associated organizational structure(s).</li> <li>▪ Processes by which management is informed about climate-related issues.</li> <li>▪ How management (through specific positions and/or management committees) monitors climate-related issues.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Deutsche Telekom's current organizational CR structure can be found in the CR Report</li> <li>▪ At DT, the responsibility for CR includes oversight of climate-related issues.</li> </ul>

## Strategy

Disclosures	Guidance	Input
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<ul style="list-style-type: none"> <li>▪ Description of what they consider to be the relevant short, medium, and long-term time horizons.</li> <li>▪ Taking into consideration the useful life of the organization's assets or infrastructure and the fact that climate-related issues often manifest themselves over the medium and longer term.</li> <li>▪ Description of the specific climate-related issues for each time horizon that could have a material financial impact on the organization.</li> <li>▪ Description of the process used to determine which risks and opportunities could have a material financial impact on the organization.</li> </ul>	<ul style="list-style-type: none"> <li>▪ ICT solutions have the potential to facilitate the transformation to a decarbonized society. DT is therefore participating in the studies of the GeSI (Global e-Sustainability Initiative) so as to systematically evaluate potential. For more details, please refer to the latest issue of the study.</li> <li>▪ We are currently evaluating internally how reporting on climate-related financial risks and opportunities can be aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This is to be based on the existing approaches to strategy, controlling and risk management.</li> <li>▪ In 2020, we held various workshops with experts from technology, purchasing, and strategy &amp; risk management to define the main climate-related opportunities and risks and to make an initial weighting. On the one hand, we considered the consequences for our business activities that could result from the physical effects of progressive climate change. We also analyzed the impact of political, technological and social developments that could accompany the transition to a low-carbon economy. Further Details can be found in the CR-Report.</li> </ul>
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<ul style="list-style-type: none"> <li>▪ What is the impact on the business and strategy in the following areas: <ul style="list-style-type: none"> <li>▪ products and services</li> <li>▪ supply chain and/or value chain</li> <li>▪ adaptation and mitigation activities</li> <li>▪ investment in research and development</li> <li>▪ operations (including types of operation and location of facilities).</li> </ul> </li> <li>▪ Description of <ul style="list-style-type: none"> <li>▪ how climate-related issues serve as an input to their financial planning process</li> <li>▪ the time period(s) used</li> <li>▪ how these risks and opportunities are prioritized.</li> </ul> </li> <li>▪ The impact on financial planning in the following areas: <ul style="list-style-type: none"> <li>▪ operating costs and revenues</li> <li>▪ capital expenditure and capital allocation</li> <li>▪ acquisitions or divestments</li> <li>▪ access to capital.</li> </ul> </li> <li>▪ Description of climate-related scenarios, if they were used to inform the organization's strategy and financial planning.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Considerations of physical risks to network infrastructure, e.g. due to extreme weather, are part of our Business Continuity Management, Technical Planning and Telekom Security, as well as the regular planning process for networking.</li> <li>▪ Dialog is held with major suppliers on climate protection issues (e.g. Scope 3 emissions) and energy efficiency. Telekom was also repeatedly included in the CDP A List.</li> <li>▪ Several programs have been launched to improve energy efficiency at our sites and operations.</li> <li>▪ As part of our „We Care for our Planet“ initiative, we have examined our value chain for opportunities relating to greater resource efficiency and CO<sub>2</sub> reduction. Ten key areas for action have been identified for future measures leading to a more sustainable company in general. <ul style="list-style-type: none"> <li>▪ As part of that program, the #GoodMagenta and #GreenMagenta label is awarded to products that have been approved by a committee of internal experts. This label is intended to help customers to identify customer-facing examples in our sustainability program.</li> </ul> </li> <li>▪ The impact on our R&amp;D budget follows the “win with partners approach”, using suppliers and especially start-ups to develop new innovative sustainable products and services in order to help our customers reduce their carbon emissions.</li> <li>▪ Please note: We are currently evaluating internally how reporting on climate-related financial risks and opportunities can be aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This is to be based on the existing approaches to strategy, controlling and risk management.</li> </ul>
c) Please note: We are currently evaluating internally how reporting on climate-related financial risks and opportunities can be aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This is to be based on the existing approaches to strategy, controlling and risk management.	<ul style="list-style-type: none"> <li>▪ Description of <ul style="list-style-type: none"> <li>▪ how resilient their strategies are to climate-related risks and opportunities (taking into consideration a transition to a lower-carbon economy consistent with a 2°C or lower scenario) and</li> <li>▪ scenarios consistent with increased physical climate-related risks.</li> </ul> </li> <li>▪ Organizations should consider discussing: <ul style="list-style-type: none"> <li>▪ where they believe their strategies may be affected by climate-related risks and opportunities</li> <li>▪ how their strategies might change to address such potential risks and opportunities and</li> <li>▪ the climate-related scenarios and associated time horizon(s) considered.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ DT set a Science-Based Target that is consistent with a 1.5°C scenario (for Scope 1+2) and signed the UN Global Compact net zero pledge.</li> <li>▪ We are currently evaluating internally how reporting on climate-related financial risks and opportunities can be aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This will build on the existing approaches to strategy, controlling and risk management.</li> <li>▪ In 2020, we analyzed - initially as an example - 500 Deutsche Telekom AG sites in Germany with regard to their physical climate risks. The risk exposure for the respective sites was considered in two climate scenarios of the Intergovernmental Panel on Climate Change (IPCC): a business-as-usual scenario (RCP 4.5), in which the global temperature increase will be over two degrees, and a 4-degree scenario (RCP 8.5). Further details can be found here in the CR Report.</li> </ul>

## Risiko Management

Disclosures	Guidance	Input
a) Describe the organization's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> <li>▪ Risk management processes for identifying and assessing climate-related risks.</li> <li>▪ Determining the relative significance of climate-related risks in relation to other risks.</li> <li>▪ The consideration of existing and emerging regulatory requirements related to climate change (e.g. limits on emissions) as well as other relevant factors.</li> <li>▪ Processes for assessing the potential size and scope of identified climate-related risks.</li> <li>▪ Definitions of risk terminology or references to existing risk classification frameworks used.</li> </ul>	<ul style="list-style-type: none"> <li>▪ In 2020, we held various workshops with experts from technology, purchasing, and strategy &amp; risk management to define the main climate-related opportunities and risks and to make an initial weighting. On the one hand, we considered the consequences for our business activities that could result from the physical effects of progressive climate change. On the other hand, we have also analyzed the impacts that could result from political, technological and social developments associated with the initiated transition to a low-carbon economy. Further details can be found here in the CR Report.</li> <li>▪ The process for the identification of climate change related risks and opportunities includes: <ul style="list-style-type: none"> <li>▪ screening media and NGO publications</li> <li>▪ actively supporting the work of various industry associations dealing with climate change, e.g. GeSI, econsense, 2-Degree Foundation, ICC, GSMA, ETNO</li> <li>▪ participation &amp; initiation of climate change related stakeholder dialogs</li> <li>▪ analysis of the responses to the CDP supply chain program</li> <li>▪ analysis of changes in information requests from ratings such as SAM, CDP, Sustainalytics, and others</li> <li>▪ quarterly assessment of relevant data.</li> </ul> </li> <li>▪ The process for the assessment of climate change related risks and opportunities includes: <ul style="list-style-type: none"> <li>▪ identification &amp; quantification of the relevant developments</li> <li>▪ calculation of the impact on operations</li> <li>▪ analysis of impact on value chain.</li> </ul> </li> <li>▪ Furthermore, Telekom's processes for identifying and assessing climate-related risks are integrated into multi-disciplinary company-wide risk identification, assessment, and management processes.</li> <li>▪ Current regulation is relevant and always considered, owing to the need to comply with statutory regulations. DT (in Germany) therefore uses the WEKRA database, which is assessed by CR specialists, to track changes in the regulatory environment. DT also uses its internal capacities (e.g. policy and regulatory affairs) for assessing and evaluating the impact of existing regulations, like ETNO, BDI, bitkom, econsense, etc.</li> <li>▪ Emerging regulation is considered whenever it is relevant and can be anticipated. DT is also aware of upcoming regulations by actively working within various industry associations, e.g. GeSI, econsense or bitkom and intensive stakeholder dialogues with NGOs, e.g. WWF.</li> </ul>
b) Describe the organization's processes for managing climate-related risks.	<ul style="list-style-type: none"> <li>▪ Processes for managing climate-related risks, such as <ul style="list-style-type: none"> <li>▪ how decisions are made to mitigate, transfer, accept, or control those risks</li> <li>▪ which processes are available for prioritizing climate-related risks</li> <li>▪ how materiality determinations are made within the organization.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ DT manages (climate-related) risks and opportunities, identified by intensive risk screening and assessed on the basis of market research and expert knowledge, according to the process described above and published in our Annual Report.</li> </ul>
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<ul style="list-style-type: none"> <li>▪ How the processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management.</li> </ul>	<ul style="list-style-type: none"> <li>▪ In 2020, we held various workshops with experts from technology, purchasing, and strategy &amp; risk management to define the main climate-related opportunities and risks and to make an initial weighting. On the one hand, we considered the consequences for our business activities that could result from the physical effects of progressive climate change. On the other hand, we have also analyzed the impacts that could result from political, technological and social developments associated with the initiated transition to a low-carbon economy. Further details can be found here in the CR Report.</li> <li>▪ In the future, we plan to analyze the opportunities and risks identified as material in the various climate scenarios.</li> </ul>

## Metrics and Targets

Disclosures	Guidance	Input
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> <li>■ Key metrics used to measure and manage climate-related risks and opportunities.</li> <li>■ Metrics on climate-related risks associated with water, energy, land use, and waste management (where relevant).</li> <li>■ Description of whether and how related performance metrics are incorporated into remuneration policies.</li> <li>■ Where relevant: <ul style="list-style-type: none"> <li>■ the internal carbon price</li> <li>■ climate-related opportunity metrics (e.g. revenue from products and services designed for a lower-carbon economy).</li> </ul> </li> <li>■ Metrics for historical periods to allow for trend analysis</li> <li>■ Description of the methodologies used to calculate or estimate climate-related metrics (where not apparent).</li> </ul>	<ul style="list-style-type: none"> <li>■ Key metrics used to measure and manage climate-related risks and opportunities are: <ul style="list-style-type: none"> <li>■ Scope-1–3 emissions</li> <li>■ Share of renewable energy</li> <li>■ Energy consumption</li> <li>■ Energy Intensity KPI</li> <li>■ Carbon Intensity KPI</li> <li>■ Enablement Factor</li> </ul> </li> <li>■ Furthermore, we calculate our sustainable revenue quota and continually analyze the sustainability benefits of our products.</li> <li>■ Historical emission data for all DT subsidies can be found in the CR-report's interactive benchmarking tool.</li> <li>■ The achievement of individual goals and/or targets related to an area of responsibility for selected relevant functions is part of target related remuneration, as well as targets based on the ESG KPI „Socially Responsible Investment“ and the target „Listing of the T-Share in the sustainable indices/ratings“ which reflect climate change issues and the directly related CR KPIs „Energy Intensity“ and „Carbon Intensity“.</li> <li>■ The introduction of an internal price on carbon is currently being evaluated.</li> </ul>
b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<ul style="list-style-type: none"> <li>■ Scope 1 and Scope 2 emissions</li> <li>■ Scope 3 emissions and the related risks.</li> <li>■ Calculation of GHG emissions in line with the GHG Protocol methodology to allow for aggregation and comparability across organizations and jurisdictions.</li> <li>■ As appropriate, related, generally accepted industry-specific GHG efficiency ratios.</li> <li>■ GHG emissions and associated metrics for historical periods to allow for trend analysis.</li> <li>■ Description of the methodologies used to calculate or estimate the metrics (where not apparent).</li> </ul>	<ul style="list-style-type: none"> <li>■ Telekom annually discloses Scope 1–3 emissions in its CR Report and Annual Report.</li> <li>■ Scope 1 and 2 emissions are calculated in line with the GHG protocol. The Scope 3 emissions calculation is based on the GHG protocol.</li> <li>■ Carbon Intensity ratios are also published annually in the CR Report and Annual Report. It puts CO<sub>2</sub> emissions in relation to the volume of data handled.</li> <li>■ Historical emission data for all DT subsidies can be found in the CR-report's interactive benchmarking tool.</li> </ul>
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> <li>■ Description of the key climate-related targets (e.g. those based on GHG emissions, water usage, energy usage, etc.) in line with anticipated regulatory requirements, market constraints, or other goals.</li> <li>■ Other goals may include: <ul style="list-style-type: none"> <li>■ efficiency or financial goals</li> <li>■ financial loss tolerances</li> <li>■ GHG emissions avoided throughout the entire product life cycle</li> <li>■ net revenue goals for products and services designed for a lower-carbon economy.</li> </ul> </li> <li>■ A description of the targets should include the following: <ul style="list-style-type: none"> <li>■ a definition of the target as absolute or intensity based</li> <li>■ timeframes over which the target applies</li> <li>■ the base year from which progress is measured</li> <li>■ key performance indicators used to assess progress against targets.</li> </ul> </li> <li>■ A description of the methodologies used to calculate targets and measures (where not apparent).</li> </ul>	<ul style="list-style-type: none"> <li>■ DT's climate emission targets can be found in the CR Report.</li> <li>■ Our targets based on energy efficiency are disclosed here.</li> <li>■ We also calculate the positive CO<sub>2</sub> effects facilitated for our customers through the use of our products.</li> <li>■ Furthermore, we calculate our sustainable revenue quota and continually analyze the sustainability benefits of our products.</li> <li>■ We also publish targets for sustainable procurement here.</li> </ul>

## Progress in implementing the TCFD recommendations

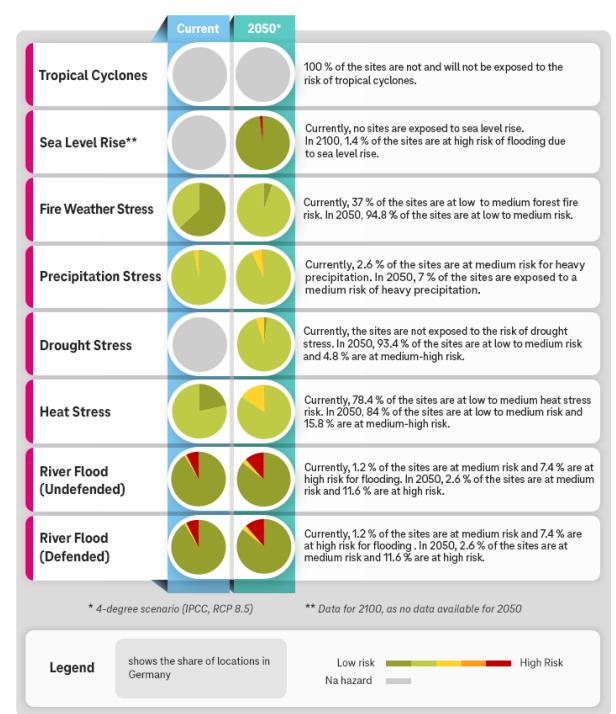
Deutsche Telekom welcomes the TCFD recommendations and is committed to implement the goals. As a first step, we conducted a gap analysis to see to what extent our measures already comply with the TCFD recommendations (see here). In various workshops with experts from technology, purchasing, strategy and risk management, we defined the material climate-related risks and opportunities and carried out an initial weighting. On the one hand, we considered the consequences for our business activities that could result from the physical impacts of progressing climate change. On the other hand, we have also analyzed the effects that could result from political, technological and social developments associated with the transition to a low-carbon economy.

A key climate-related risk is the potential failure of network infrastructure due to damaged secondary infrastructure (power outages, e.g.) or failed cooling equipment. Another risk is the possible damage to or failure of the network due to damage to the network infrastructure itself, which may occur as a result of climatic events or changes in climatic conditions. In contrast, we identified the increasing use of energy-efficient technologies (in grid operation, e.g.) and the growing demand for climate-friendly products and services as significant climate-related opportunities.

In the next step, we analyzed - on an initial exemplary basis - 500 Deutsche Telekom AG sites in Germany with regard to their physical climate risks. This climate risk analysis was prepared using the „Climate Change Edition“ of the „Location Risk Intelligence“ software from reinsurer Munich Re. The analysis comprises eight indices (see graphic). We consider the risk exposure for the respective locations in two climate scenarios of the Intergovernmental Panel on Climate Change (IPCC): a business-as-usual scenario (RCP 4.5), in which the global temperature increase will be more than two degrees, and a four-degree scenario (RCP 8.5). In addition to the climate scenarios, we also examine the risk exposure in different time frames: current, for the year 2050, and for 2100.

The following graph shows a sample of the results: The risks for the year 2050 according to the 4-degree scenario:

## Scenario analysis: physical climate risks of investigated sites in Germany



In the future, we intend to analyze the risks and opportunities identified as material in the different climate scenarios. We also plan to extend the physical climate risk analysis to further countries.

## Reporting against standards

### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

## Addressing climate risks

In the context of our integrated climate strategy, we determine climate-related risks and opportunities both for us as a company and for our stakeholders. Our Board of Management is informed quarterly about current climate risks in a Group Risk Report. You will find more information on risk management in the “Risk and opportunity management” section of our annual report.

## Physical risks

Extreme weather conditions as a consequence of climate change will have a negative impact on our business processes and will inevitably lead to incidents or even network outages. Among the effects of such breakdowns is their massive impact on the management of rescue operations, for example, sometimes even rendering such emergency efforts entirely impossible. In order to be able to react appropriately in these cases, we have defined the necessary responsibilities, processes, and measures in our internal “Group Policy on Continuity and Situation Management”. The policy also outlines how to handle emergency and crisis situations like floods.

We also take possible consequences of climate change into account when planning our future business activities. For example, our network infrastructure is set up to be better protected from storm conditions, changes in temperature, and high winds.

#### **Financial risks**

Climate change also carries financial risks, whether from levies on CO<sub>2</sub> emissions or an increase in energy costs. Our contribution to the mitigation of these risks includes measuring our own energy efficiency and developing measures for improvement. To prevent infrastructure failure due to extreme weather events, additional investment in a more robust infrastructure might be necessary.

#### **Prevention**

We also help our customers reduce their own carbon footprint, thus helping to mitigate climate change, by providing them with innovative solutions. Possible examples include projects in the area of sustainable urban development and mobility, and also a real-time solution for agriculture (“Precise Positioning”). It can be used, for instance, to correct GPS data that is often too inaccurate for agricultural purposes and transmit precise location data in real time – using 5G mobile technology. Our low-threshold, comparatively inexpensive solution helps farmers deploy their machinery with greater precision to reduce emissions, dose fertilizer and seeds more accurately, and increase their yields. That way we can also make an indirect contribution to achieving the second sustainable development goal (SDG) of “zero hunger”.

We also help our customers deal with the adverse effects of climate change (adaptation). In the event of an imminent catastrophe, our infrastructure can be used, for example, to send alerts via early warning apps.

#### **Reporting against standards**

##### **Task Force on Climate-related Financial Disclosures (TCFD)**

- The most important key figures for measuring and managing climate-related opportunities and risks

# Our environmental program

## Holistic “We care for our planet” environmental project

In the context of adopting our new climate targets, the Deutsche Telekom Board of Management issued a mandate in 2019 to further expand our existing commitment to climate, environmental protection and resource conservation. We then identified areas along our value chain in which we can improve resource efficiency and make an effective contribution to achieving our climate targets. We summarized the measures required for this in the “we care for our planet” program. Group Corporate Responsibility (GCR) manages implementation of the program. Deutsche Telekom’s segments and departments are implementing numerous measures as part of the program, which have been divided into different workstreams. To measure our progress, we adopted new KPIs in 2020 (see below).



“Green Pioneers”, our internal ambassadors for sustainability, participate in all the workstreams of the “we care for our planet” program. The Green Pioneers are also firmly integrated in the program management of “we care for our planet”. In our national companies, employee-led initiatives are also working to reduce our environmental footprint.

## We care for our planet international

Our international companies are already implementing various measures as part of “we care for our planet”. 2020 saw the start of intensive international cooperation in our environmental program.

The aim is to synchronize activities as much as possible and, in the long term, establish a regular exchange of experience between the departments in Germany and the national companies.

## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 305-5 (Emissions)

## Green shop

Which Deutsche Telekom products are particularly sustainable? How does the sustainable smartphone recycling scheme work? Our customers should get answers to these questions in our shops. That's why we introduced a variety of measures in 2020 under the slogan “Green Point of Sale”: At our flagship stores in Stuttgart and Frankfurt, for example, we present selected sustainability highlights on tablet computers in the waiting area. We also held training courses for our shop employees, with more than 3,500 employees taking part. To find out how our customers perceive our sustainability efforts, we have included questions on sustainability in the regular surveys of our customers in Germany and Austria. This survey will also be conducted in other countries in 2021.

Since 2018, we have added ecological floor coverings and plant walls – “green walls” – at all new or renovated larger shops in Germany. Recyclable LED lights have been installed in around 70 percent of our shops. The “Green Shop” concept is also being implemented at many of our national companies’ stores: We have installed ecological flooring in around 100 stores; 34 international locations have plant walls. We are also eliminating single-use plastic and reducing our paper consumption. Digital invoices and online payment methods are offered across the board at all national companies. At the beginning of 2021, a virtual workshop was held with representatives from all national companies to discuss best practice examples related to “green stores”. The topics included sustainable clothing for shop employees, paper reduction, and our sustainable cell phone recycling scheme.

## Sustainable products and services

We are offering our customers more and more sustainable products and services. The basis for these is Deutsche Telekom’s “green network”, which is powered 100 percent by renewable energies. We identify our sustainable range of products and services with the #GoodMagenta or #GreenMagenta labels. That makes the decision to buy easier for our customers, and shows transparently and credibly which products make a positive contribution to environmental protection or digital participation. We also want to help our business customers meet their sustainability goals and implement regulatory requirements – such as the EU Green Deal.

We use communication campaigns like “Sustainable with IoT” to inform our customers about sustainability issues: The campaign focuses on the potential of Internet of Things solutions for business and corporate customers to contribute to ecological sustainability. Our range of sustainable products and services will be further expanded in 2021.

### Implementation at the national companies

We also offer a variety of sustainable products and services at our national companies: For example, T-Mobile Polska introduced a series of green products in 2020, including recycled mobile phones. In Romania, customers can rent routers and modems so that they can be reused after they are replaced. “Green rates” are offered by Maygar Telekom in Hungary and T-Mobile in the Netherlands, among others.

### Measuring progress with KPIs

We measure our progress in expanding our sustainable product portfolio using various key performance indicators (KPIs), e.g., unit sales or revenue and gross profit for sustainable and refurbished equipment in the mobile and fixed-network segments. We also specify the ratio of sales from sustainable products to total sales of all devices. In addition, we collect KPIs on the collection of devices for recycling purposes and on the compensation of CO<sub>2</sub> emissions through shipping with DHL GoGreen and tree planting campaigns.

Number	2017	2018	2019	2020
Refurbished non-mobile devices leased	-	-	-	533 152
Refurbished own media receivers leased to our customers	-	-	-	242 124
Refurbished own routers leased to our customers	-	-	-	291 028

### Sustainable product packaging

We have set ourselves the goal of reducing packaging materials. From 2021, we want to use only sustainable product packaging for all newly launched Deutsche Telekom-branded products throughout the entire value chain. To that end, we have developed and defined appropriate sustainability criteria in a packaging guideline. This is part of our “Standard Design Specifications”, which also include requirements for product components and design. All product manufacturers must meet these criteria when developing Deutsche Telekom devices.

In particular, we are eliminating plastic as a packaging material. We carried out a comprehensive analysis to examine the potential for replacing plastic. The result: In 2021, we expect to be able to save more than 60,000 square meters of plastic film in Germany – the size of nearly 8.5 soccer fields. By producing packaging based on demand, we have already been able to reduce paper consumption by 80 percent. By introducing a cardboard scrap/shredding machine, we have been able to lower the use of additional paper for filling material by a further 50 metric tons per year. We are also increasingly using PaperFoam, a biobased and biodegradable alternative to conventional packaging materials. PaperFoam is non-toxic, recyclable in paper recycling streams, and reduces the carbon footprint by up to 85 percent compared to other materials.

In 2020, we offered several Deutsche Telekom-branded products in sustainable packaging in Germany, including the Smart Speaker Mini and the MagentaTV Box.

We also use sustainable product packaging for devices that we do not manufacture ourselves but source from third-party suppliers; by the end of 2022, we also want to use sustainable packaging for these third-party products. We are currently examining the sustainability of existing packaging as part of our quality audits. If our sustainability standards are not met, we will discuss this with the manufacturers. Some manufacturers do not yet fully meet our requirements, but have introduced promising plans for sustainable packaging. In 2020, more than 20 percent of all smartphones sold by Deutsche Telekom in the EU (as of Q4/2020) used sustainable packaging.

Our “Standard Design Specifications” will also be applied in our national companies (with the exception of T-Mobile US) in the future. The new media receiver and router in the European hardware portfolio already complies with the specifications and has a sustainable design and packaging. We also want to make logistics more sustainable and optimize parcel packaging, for example. To that end, we are involved in internal dialog with our international companies, and are developing innovative concepts.

### Paper-free and low-paper work

Running a large company like Deutsche Telekom involves high paper consumption. We have gradually been reducing our paper consumption for several years. With the Paperless Office project, we aim to completely eliminate paper by 2025.

Given the immense paper consumption of around 4,000 metric tons currently at our German locations alone, and the large number of processes that require paper, it is a very ambitious goal to achieve a paperless Deutsche Telekom. To minimize our consumption, we implemented various measures in Germany in 2020:

- Correspondence with our millions of customers is one of the biggest levers for saving paper. Thanks to online billing and increasingly digital communication, we sent out around 28 million fewer items in 2020 than in 2019.
- In our shops, paper bags were replaced by bags made from recycled PET bottles.
- By reducing paper bags, “thank-you folders” and other paper materials, we saved 75 metric tons of paper.
- Our internal HR processes are also being gradually digitalized: salary statements, sick notes, etc. can be retrieved and submitted digitally. This saved around 25 metric tons of paper in 2020.
- We are also raising awareness among our employees to print less. Flipcharts, notebooks and the like are also increasingly being shifted to digital alternatives.
- Until we reach our target, we will obtain our paper from sustainable sources and use certified paper.

The next step is to network more closely with our national companies, which can also already boast a number of successes:

- DTSE Slovakia: 3.35 million fewer printed pages in 2020
- Croatia and Romania: Reduced paper consumption through digital contract signing
- Greece/OTE: The “MyNet.Go” app enables employees to submit paperless vacation requests, among other things.

#### **Circular economy in the network and IT infrastructure at Deutsche Telekom**

We are carrying out projects in various Board departments. The common goal: We want to achieve our climate protection targets, implement the circularity requirement, and introduce a holistic TCO approach for our network and IT infrastructure.

- Projects to promote energy efficiency and energy saving measures in Germany and Europe
- Project to optimize energy use and costs

#### **Promoting the circular economy at our national companies**

Our international companies are also implementing measures to promote the circular economy in the network and IT infrastructure. In the United States, efficiency in data centers is being improved through cold aisle containment. Hungary is promoting the use of renewable energies: For a donation, employees sponsor solar modules that supply electricity to a training building. In return, employees receive various benefits, such as an extra day of vacation. In the Netherlands, the dismantling of the Tele2 network results in savings of 36 metric tons of CO<sub>2</sub> emissions. Other examples include PC recycling at Magenta Telekom in Austria and the refurbishment of mobile masts in Romania.

#### **Greener Deutsche Telekom buildings**

Our goal is to promote sustainability in our buildings. To that end, we are implementing various measures to reduce CO<sub>2</sub> emissions, improve the energy balance, optimize waste separation, and promote longer use of furniture.

Reducing vacancy is a major lever for greater sustainability, as this can lead to significant CO<sub>2</sub> and energy savings. We are currently examining the future demand for office space and how we can make the best use of this space. This involves developing and testing new and more flexible space and office concepts.

Internationally, we are also implementing measures to reduce energy consumption, such as optimizing the energy efficiency of major sites, switching off advertising pylons at night, and carrying out simulation tests to identify energy-saving potential in technical buildings. We also have an energy-saving campaign to raise awareness among our employees.

In Greece, three OTE Group buildings received LEED Gold (Leadership in Energy and Environmental Design) certification. In addition to the Kerameikos office building and the Cosmote TV Services building, the office building in central Athens, renovated in 2020, was also certified Gold under the U.S. Green Building Council's (USGBC) international LEED certification scheme for green and sustainable buildings. The Mill Park building of IT Services Hungary Szolgáltató Kft. in Budapest also received LEED certification.

#### **Promoting green mobility at Deutsche Telekom**

We are promoting a green DT mobility strategy throughout the Group. This includes promoting e-mobility in our fleet, as well as sustainable travel and commuting for our employees. In particular, we want to promote micromobility (bicycles, pedal scooters, scooters, etc.). We are also committed to expanding e-mobility by building and supporting the e-charging infrastructure.

#### **#movegreen – getting there sustainably**

Our Green Pioneers organize various campaigns to raise awareness and motivate our employees toward “greener” forms of mobility. Under #movegreen, the “New Mobility Concept Squad” project team invited employees at five locations in Germany to take part in campaigns on the topic of sustainable mobility in the late summer and fall of 2020. Colleagues from different areas were able to exchange ideas in discussion events on eco-friendly options for the daily commute. A total of around 20 sessions were held with over 400 participants. In addition, employees had the opportunity to borrow bicycles or electric bikes free of charge for a week and attend interesting presentations and training sessions. They were also able to participate in the “Bike to Work” campaign of health insurer AOK: more than 360 participants had cycled over 313,900 km by the end of November 2020, saving around 59,640 kg of CO<sub>2</sub> compared to traveling by car. The #movegreen campaign weeks went down very well with our employees; posts on our internal social network “You and Me” (YAM) were viewed around 5,000 times.

#### **Expanding the charging infrastructure**

To drive e-mobility forward, it is crucial to provide the appropriate infrastructure. We are therefore upgrading parts of our existing telecommunications infrastructure to charging stations, primarily using our large technical facilities such as main distribution frames. Using the existing infrastructure eliminates the need for additional constructions in the cityscape. The electricity used for charging comes from renewable energy sources.

The nationwide electric charging network is being equipped with rapid charging points with up to 150 kW capacity by Comfort Charge GmbH. Comfort Charge is part of the Deutsche Telekom Group and is funded by the Telekom Innovation Pool (TIP). The company operates charging stations for electric vehicles throughout Germany and offers services related to electromobility. The company is thus creating the necessary infrastructure for the breakthrough of e-mobility in Germany.

Around 500 rapid charging stations are planned over the next three years. They are not part of the existing telecommunications infrastructure and will be set up at Deutsche Telekom locations with medium-voltage installations, which give users up to 150 kW of power. This enables charging for an approximately 100-kilometer range in just ten minutes. We also offer installation and maintenance services for wall boxes/wall charging stations (44 kW) for business customers. Some of them are also provided and operated by Comfort Charge.

E-mobility is also being promoted at our national companies: in Croatia, for example, a digital charging service for electric vehicles via app has been offered since July 2020. Charging columns have been installed in front of the T-Systems Netherlands building in Utrecht.

We measure our activities to promote greener mobility at Deutsche Telekom using various KPIs, which we reported for the first time in 2020.

- Amount of standard e-charging stations (AC) | standard chargers
- Amount of high-power e-charging stations (DC) | fast chargers
- Enabling: Saved CO<sub>2</sub> emissions per customer in Germany

In the reporting year, we provided a total of 569 e-mobility rapid charging stations and 1,542 standard charging stations.

Number	2017	2018	2019	2020
eMobility charging stations sold	-	-	-	2 111
Standard charging stations (< 50 kW)	-	-	-	1 542
Wall-mounted standard eCharging stations	-	-	-	1 407
Detached mounted standard eCharging stations (outdoor)	-	-	-	135
HighPower charging stations (≥ 50 kW)	-	-	-	569
Detached mounted high power eCharging stations (outdoor)	-	-	-	569

### Ecological sustainability program at T-Systems

As part of the Deutsche Telekom Group, T-Systems has also committed itself to the Group-wide climate targets and integrated sustainability into its strategy, setting up its own program to support the Group goals. The fundamental areas and goals are:

### Enablement of our customers

T-Systems wants to increasingly identify sustainability aspects and present them transparently to customers so that they can take them into account in their purchasing decisions. For example, to determine the carbon footprint of its products, T-Systems uses an impact measurement approach that also includes social and economic factors. It looks at the entire value chain. An important factor in impact measurement are the positive CO<sub>2</sub> effects produced for our customers through the use of T-Systems' ICT products.

### Reducing T-Systems' own carbon footprint

T-Systems aims to consistently lower its own CO<sub>2</sub> emissions. To that end, a baseline was established and the largest emissions sources were identified. Further analyses followed, including impact assessments for products and the inclusion of waste. These will identify areas that present particular potential for reducing the ecological footprint.

### Reducing CO<sub>2</sub> in operations

The Group-wide conversion of all our own buildings to renewable energy by the end of 2021 does of course also include the T-Systems data centers. We are also gradually making the data centers more energy-efficient and sustainable, for example, with the aid of innovative technologies, photovoltaic systems, and artificial intelligence. At T-Systems' largest office location in Leinfelden-Echterdingen, a pilot project is currently underway to expand it into a sustainable development site. This will produce findings for other T-Systems sites.

### Raising employee awareness

Employees also play an important role in improving our carbon footprint at T-Systems. In this connection, we are reducing travel and making increasing use of digital meetings – and will continue to do so even after the coronavirus pandemic. T-Systems is also raising employee awareness for thinking and acting sustainably (e.g., by taking part in sustainability-related workshops or through tips on saving electricity). The goal is to establish the sustainable mindset and corporate culture among employees in all T-Systems countries and production sites.

### International activities at T-Systems

The Mill Park building at IT Services Hungary in Budapest received LEED certification in 2020 and uses around 25 percent less energy than traditional office buildings. Employees at T-Systems Mexico can bring their private waste to the company for recycling. In 2020, this helped recycle around 60 metric tons of PET bottles, paper, and cans. In addition, laptops were donated and energy-saving measures implemented in T-Systems' office buildings in 2020. In Spain, a new SmartCity platform was introduced that includes services such as air monitoring, lighting, and energy efficiency in buildings.

More information on the topic of green IT at Deutsche Telekom can be found [here](#).

# Employee initiatives

## Green Pioneers in Germany

Internal sustainability ambassadors around the world are dedicated to promoting a sustainable corporate culture. In doing so, they are helping us to implement our “we care for our planet” environmental program. The internal “Green Pioneers” ambassador program was launched in Germany in 2018. Its aim is to further promote and expand responsible management and conduct among the workforce. We make room to support this – for example, by offering flexible working models available to all employees, such as the “80:20” model and “job visits”. In addition to their core activities, our employees can also gain cross-departmental experience and apply their knowledge and skills. For example, the Green Pioneers take advantage of these opportunities to work on sustainability activities.

The Group Corporate Responsibility (GCR) department creates suitable conditions for the Green Pioneers’s work. Community Management, which is part of GCR, organizes regular virtual and in-person meetings to share information and experience, offers internal and external expert talks, and helps plan activities. It also provides up-to-date information about the initiative on the internal social network You and Me (YAM). At the end of 2020, the Green Pioneers area on YAM had 1,100 active followers. The initiative has gained increasing attention and followers among our employees.

There are now 260 Green Pioneers in Germany. Active at 45 locations and in more than 20 departments, they seek out improvement potential and initiate appropriate measures. Depending on their location, interests and know-how, the Green Pioneers come together to form subject-related or regional “hubs”. They act as internal multipliers for change by motivating employees to be involved in numerous resource conservation campaigns, such as an exchange for office supplies, clothing exchange campaigns, tree-planting and waste collection campaigns, and an internal company ride-sharing agency. Green Pioneer representatives are also involved in all “we care for our planet” workstreams.

## Green employee networks at our national companies

Numerous employee initiatives aimed at sustainability and environmental protection are also active at the national companies of Deutsche Telekom AG:

### T-Mobile US (USA)

There's an online sustainability community in the United States. Around 50 employees regularly discuss and keep up-to-date on T-Mobile's environmental initiatives through an online forum. The “Huddle Up Volunteer Grants” program encourages T-Mobile

employees nationwide to form small teams in support of youth-oriented NGOs through volunteer activities. Teams can apply to the T-Mobile Foundation for a 5,000 U.S. dollar grant to support their youth projects. In 2020, the program awarded 214,500 U.S. dollars for employee volunteer projects before it had to pause due to the Covid-19 pandemic. The program will continue in 2021.

### T-Mobile Polska (Poland)

T-Mobile's Green Community in Poland has implemented a variety of measures and organized activities under the “we care for our planet” program. It published the “We Care Guide”, a short guide for employees about small changes to their daily habits that can have a sustainable effect. An idea contest inspired employees to reflect on sustainable ideas, and more than 30 ideas for more sustainability in everyday life were distinguished and included in the “We Care Guide”. For four weeks, “Eco Fridays” offered workshops and courses on recycling, zero waste, sustainable cosmetics and cleaning products, and discussions with experts about the environmental impact of new technology. New recycling bins were installed in the offices that encouraged waste sorting and provided relevant tips. As part of the “Save Energy” and “Save Water” campaigns, more than 500 stickers were distributed at headquarters to encourage the sparing use of resources among employees.

### T-Mobile Netherlands (Netherlands)

In 2019, T-Mobile Netherlands created a committed employee community to engage as many people as possible in recycling, efficiency, and the circular economy. Three teams were set up that are jointly responsible for developing a long-term vision, setting annual targets, formulating action plans to achieve these targets, and inspiring other employees to join them. Among them is a group of “ambassadors” – employees who work to improve resource conservation in the work environment.

### T-Systems ITC Iberia (Spain)

Founded by T-Systems ITC Iberia at the end of 2019, the T-OGETHER community started its work at the beginning of 2020. T-OGETHER is a group of volunteers dedicated to promoting sustainable initiatives. At the heart of this community is the executive committee, currently consisting of ten dedicated employees. They are supported by an internal advisory committee made up of environmental, corporate responsibility, and communications experts. The aim of T-OGETHER is to develop ideas for sustainability in line with the company's ecological and social goals, and to raise awareness of environmental issues among all employees. The members develop initiatives and propose them to the company

management. Once an initiative and budget have been approved, the board of management initiates the implementation. There are now commissions on waste reduction and mobility. Both commissions contribute to meeting the goals of the T-Systems CR strategy.

### IT Services Hungary (Hungary)

At IT-Services Hungary, the “ITSH Environmentally Conscious Club” community aims to raise awareness among employees in order to reduce electricity, water and paper consumption, and promote more effective use of the vehicle fleet and waste recycling. In addition, IT-Services Hungary is currently in the process of establishing an internal environmental network to make it easier for employees to connect with their colleagues regarding environmental concerns and ideas.

### OTE Group (Greece)

The “Green Ambassadors”, a team of employee volunteers, were established in 2019. Ten members of the Corporate Communications Department work to create a green culture, inspire OTE Group employees, collect ideas and provide information about projects such as #ZEROPLASTIC and recycling programs. Since 2019, more than 2,000 employees from nine departments have undergone 75 training sessions on #ZEROPLASTIC and recycling programs.

### Magyar Telekom (Hungary)

Magyar Telekom was the first company in Hungary to introduce the “Community Solar Project” in 2019. As part of the project, 100 Magyar Telekom employees could rent a solar panel from the company for one year. As a reward for their contribution to Deutsche Telekom’s climate protection activities, the donors received benefits such as an additional day off. The solar modules were installed on our training building; the energy generated is used on site. The panels cover a quarter of the building’s energy consumption. The project was continued in 2020: Within a record time of about 38 minutes, all the solar panels had been rented.

Other national companies committed to a more sustainable corporate culture include:

- **T-Systems Singapore:** Similar to the Green Pioneers in Germany, there are 20 change agents in Singapore dedicated to sustainability.
- **T-Systems Mexico:** The “Count on Me Committee” in Mexico, with around 20 active members and 100 temporary supporters, organizes long-term, sustainable projects that provide solutions to various social problems thanks to the employees involved and their links to NGOs.
- **DTSE Europe:** The DTSE Green Pioneers team motivates employees to participate in environmental activities (e.g., volunteering, workshops, etc.) and identifies opportunities for sustainable improvements within the company.

▪ **Deutsche Telekom IT RUS and T-Systems RUS (Russia):** The “Think Green” community with a core team of seven employees is committed to reducing plastic, recycling, and promoting a “green corporate culture”.

▪ Employee communities are also active or in the process of being established at other national companies such as T-Mobile Czech Republic, Hrvatski Telekom (Croatia), Magenta Austria, T-Systems Limited (United Kingdom), Crnogorski Telekom (Montenegro), and Telekom Romania.

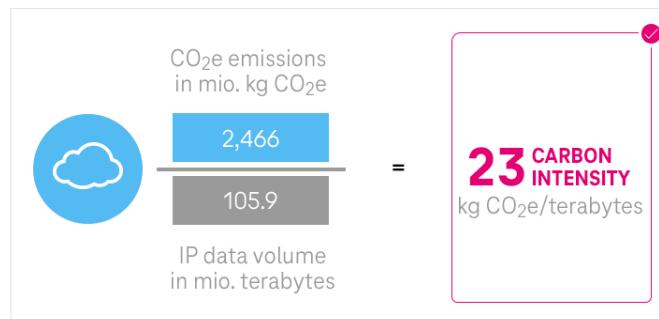
To find out more about the involvement of their employees and corporate responsibility in our national companies, please visit the relevant profiles.

# CO<sub>2</sub>e emissions

## Carbon Intensity ESG KPI Deutsche Telekom Group

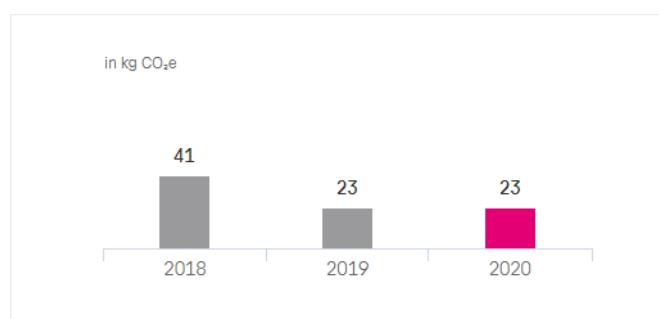
Since 2016, we have reported on the Carbon Intensity ESG KPI. In contrast to the existing CO<sub>2</sub> emissions ESG KPI, the new ESG KPI shows the CO<sub>2</sub>e emissions in proportion to the transmitted data volumes. Using data volume as a reference parameter makes it possible to create a direct link to the performance of our networks.

Our ambition: decrease KPI



✓ Data assured by PwC. Data is partly based on estimates, assumptions and projections.

The ESG KPI figure also takes into account total CO<sub>2</sub> emissions for all energy sources – fuel, gas, district heating and electricity. The data volume is composed of the transmitted IP data volumes (including Voice over IP, Internet, IP-TV).



## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 305-1 (Emissions)
- GRI 305-2 (Emissions)
- GRI 305-4 (Emissions)

### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

## German Sustainability Code

- Criterion 13 (Climate-Relevant Emissions)

## Global Compact

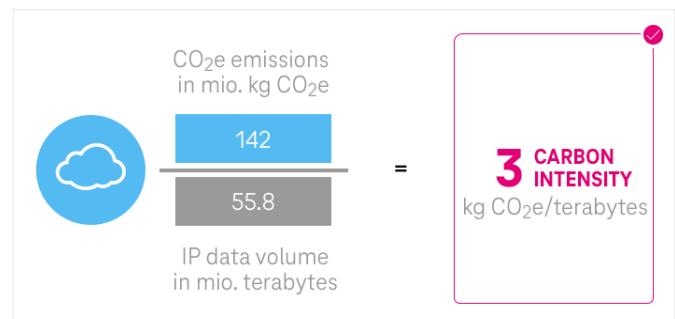
- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)

## European Federation of Financial Analysts Societies (EFFAS)

- E02-01 (Greenhouse gas emissions Scope 1–3)

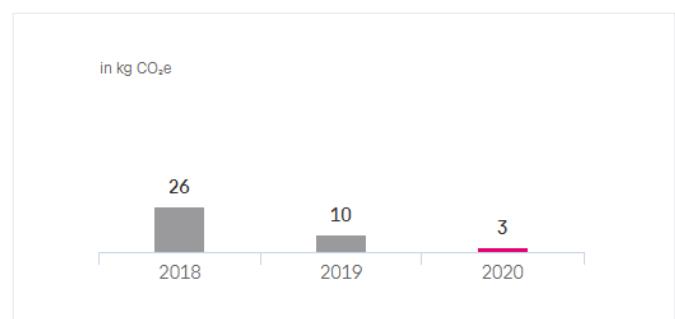
## Carbon Intensity ESG KPI DT Group in Germany

Since 2016, we have reported on the Carbon Intensity ESG KPI. In contrast to the existing CO<sub>2</sub> emissions ESG KPI, the new ESG KPI shows the CO<sub>2</sub>e emissions in proportion to the transmitted data volumes. Using data volume as a reference parameter makes it possible to create a direct link to the performance of our networks.



✓ Data assured by PwC. Data is partly based on estimates, assumptions and extrapolations.

The ESG KPI figure also takes into account total CO<sub>2</sub> emissions for all energy sources – fuel, gas, district heating and electricity. The data volume is composed of the transmitted IP data volumes (including Voice over IP, Internet, IP-TV).



## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 305-4 (Emissions)

### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

### German Sustainability Code

- Criterion 13 (Climate-Relevant Emissions)

### Global Compact

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)

### European Federation of Financial Analysts Societies (EFFAS)

- E02-01 (Greenhouse gas emissions Scope 1–3)

## Total CO<sub>2</sub>e emissions (Scopes 1 to 3)

We present our Scope 1 to 3 greenhouse gas emissions uniformly so that they can be compared with each other. To that end, emissions are converted into metric kilotons of CO<sub>2</sub> equivalents (CO<sub>2</sub>e). We also break down emissions along our value chain. This gives us an overview of where most of the emissions are produced in our value chain.

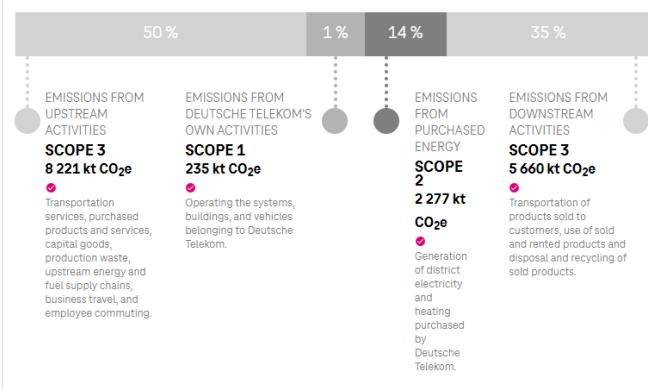
The successful business combination of T-Mobile US and Sprint to form the larger T-Mobile US had an impact on the environmental data of the Deutsche Telekom Group as a whole - both on absolute energy consumption and the resulting emissions. In 2020, market-based Scope 1 and 2 emissions throughout the Group amounted to around 2.5 million metric tons of CO<sub>2</sub>e, up more than 40 percent compared with last year. Without the merger with Sprint, emissions would have decreased by 11.5 per cent to 1.6 million tonnes CO<sub>2</sub>e. You can find out more about the business combination in our current annual report for 2020.

In 2020, Scope 3 emissions also increased compared to last year – by 8.3 percent to around 13.9 million metric tons of CO<sub>2</sub>e. Most of these emissions resulted from the manufacture of products and components (in particular devices and network technology), and from the use of our products and services (for example, sold or rented fixed-line and mobile phones, routers, and media receivers) by our customers. We also include emissions resulting from the use of our services by our customers' own devices, such as laptops or televisions. Emissions from the manufacture and transportation of technology required for establishing our networks are also taken into account.

We are currently examining various factors that will have an impact on our future energy consumption – and hence also on our emissions. The widespread introduction of the Internet Protocol (all-IP), for example, will reduce consumption. The switch to the new mobile communications standard 5G, wider network coverage, and higher-quality fixed lines are expected to result in increases.

### CO<sub>2</sub>e emissions (Scope 1–3)

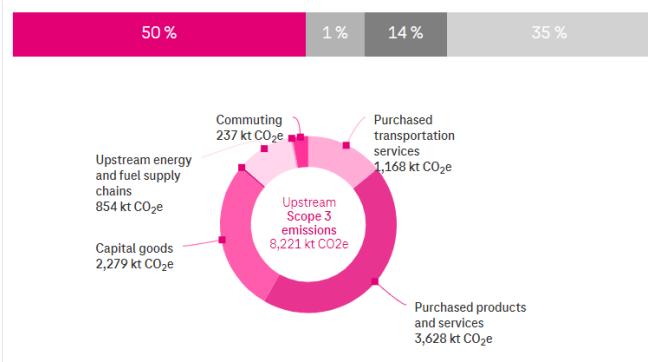
Interactive graphics



✓ Data assured by PwC. For detailed assurance comments see „DT Group in Germany“ and „T-Mobile US“.

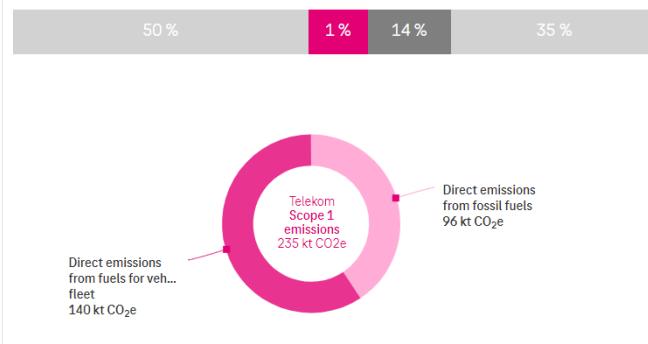
### CO<sub>2</sub>e emissions (Scope 1–3)

Interactive graphics

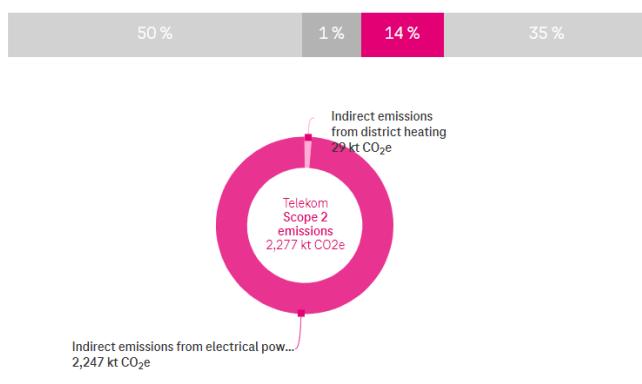


### CO<sub>2</sub>e emissions (Scope 1–3)

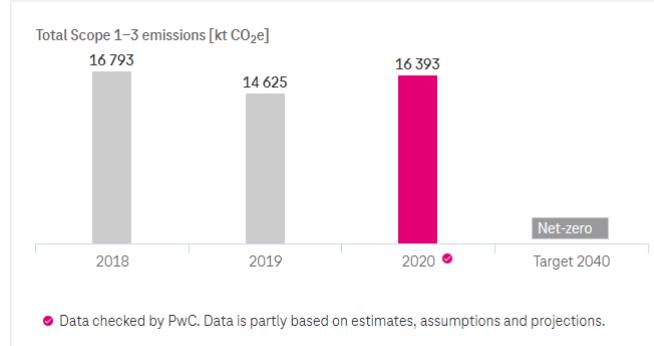
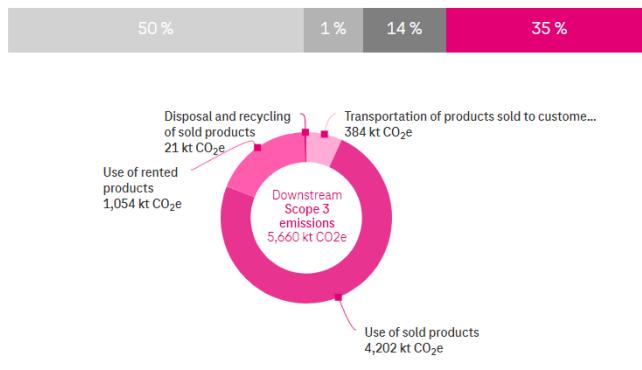
Interactive graphics



**CO<sub>2</sub>e emissions (Scope 1–3)**  
Interactive graphics



**CO<sub>2</sub>e emissions (Scope 1–3)**  
Interactive graphics



## Reporting against standards

### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

### Total CO<sub>2</sub>e emissions (Scope 1 & 2 emissions)

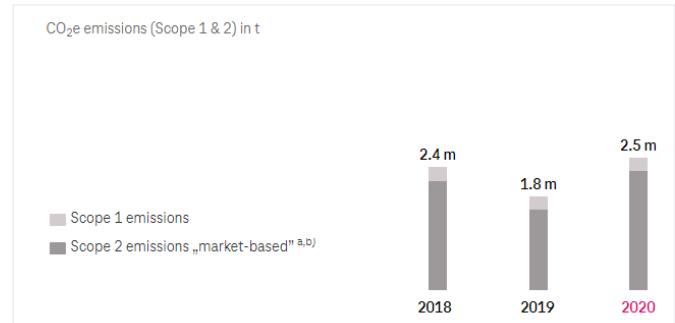
Our CO<sub>2</sub> emissions are largely driven by our electricity consumption. That's why the table below contains very detailed information about the Group numbers for the Scope 2 emissions resulting from our electricity consumption. We differentiate between the market-based and location-based methods, thereby adhering to the GHG Protocol Scope 2 Guidance. Market- and location-based emissions are reported in CO<sub>2</sub> equivalents (CO<sub>2</sub>e). This change was made in order to allow a transparent comparison between Scope 1 to 3 emissions and to be consistent with the requirements

of the Science-Based Targets Initiative, to which the new target is also geared.

The leading reporting method is the market-based approach. This method is used to calculate emissions with a specific emissions factor (provider factor) per DT company. This factor depends on a company's actual energy procurement (electricity mix); procuring renewable energy (direct purchase, certificates) reduces emissions.<sup>a)</sup>

In contrast to the market-based method, with the location-based method the emissions factors for the respective country are used (the country mix factor of the International Energy Agency (IEA)). A company's actual energy procurement (electricity mix) is hence not taken into account, i.e., not even the procurement of renewable energy over and above the country mix.

Change compared to the previous year: The Scope 2 emissions calculated according to the market-based method are about 48 percent higher than in the previous year. The increase is primarily a result of the successful merger of T-Mobile US and Sprint in 2020. This also shows a clear impact on the ecological data and leads to both an increase in total energy consumption and an increase in the resulting emissions.



Scope 1 and Scope 2 („market-based“)<sup>a,b)</sup>

Total in million	2.4	1.8	2.5
t CO <sub>2</sub> e emissions Scope 1	276 727	253 940 <sup>c)</sup>	235 261 <sup>c)</sup>
t CO <sub>2</sub> e emissions Scope 2 („market-based“) <sup>a,b)</sup>	2 077 415	1 543 311 <sup>c)</sup>	2 276 607 <sup>c)</sup>
t CO <sub>2</sub> e emission reduction through additional purchase of electricity from renewable energies (PPA, GOO, RECS)	573 764	1 506 541	1 705 363

Scope 2 („location-based“)

t CO <sub>2</sub> e emissions (Scope 2, „location-based“)	3 476 569	3 438 913 <sup>c)</sup>	4 815 423 <sup>c)</sup>

<sup>a)</sup> If no provider factors are available for the market-based method, the country-related residual factor is used (based on the RE-DIIS project of the European Commission, which assessed the national share of renewables). If there is no residual factor available either, the IEA factor is used (same as with the location-based method). As a rule, the value of the emission factor in the residual mix is higher than the IEA's country mix factor. Renewable energy certificates are included in all cases.

<sup>b)</sup> For the national company T-Mobile US, the market-based Scope 2 emissions were calculated using the eGRID emissions factors, which are reported by the American Environmental Protection Agency according to different grid regions in the USA. In addition, the quantities of electricity from renewable energy sources obtained under Power Purchase Agreements (PPAs) were taken into account in reducing emissions.

<sup>c)</sup> The values were corrected compared to the information published in the previous year's report.

● Data verified by PwC. Data is partly based on estimates, assumptions and projections.

## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 305-1 (Emissions)
- GRI 305-2 (Emissions)

### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

### German Sustainability Code

- Criterion 11 (Usage of Natural Resources)
- Criterion 12 (Resource Management)
- Criterion 13 (Climate-Relevant Emissions)

### Global Compact

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)

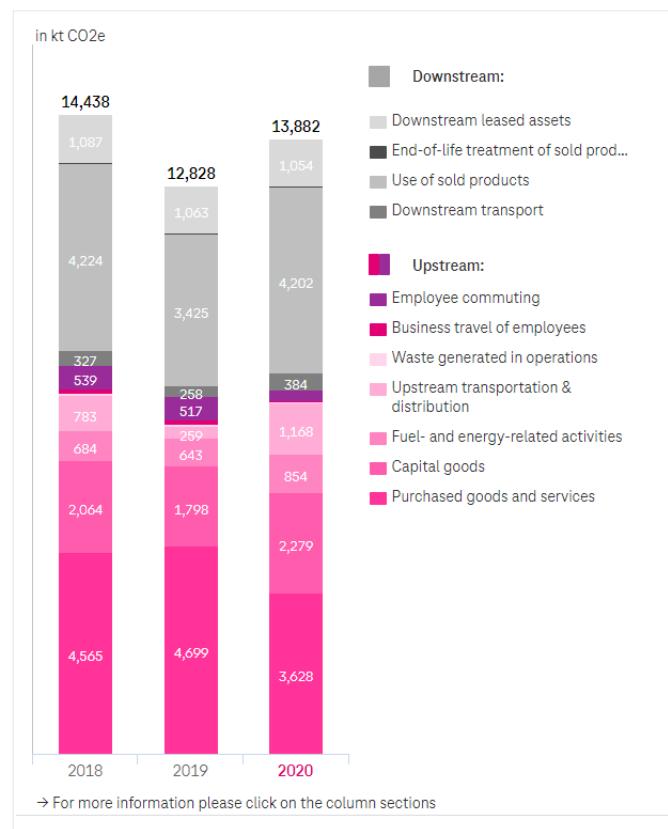
### European Federation of Financial Analysts Societies (EFFAS)

- EO2-01 (Greenhouse gas emissions Scope 1–3)

## Total CO<sub>2</sub>e emissions (Scope 3) Deutsche Telekom Group

The majority of our total emissions can be classified as Scope 3 emissions. Scope 3 emissions are all emissions from the upstream and downstream value chain, which are generated in the supply chain, by business travel, commuter traffic („upstream“) or at the customers premises by the use of products and services („downstream“). Their recording is based on the globally recognized „Greenhouse Gas (GHG)“ protocol.

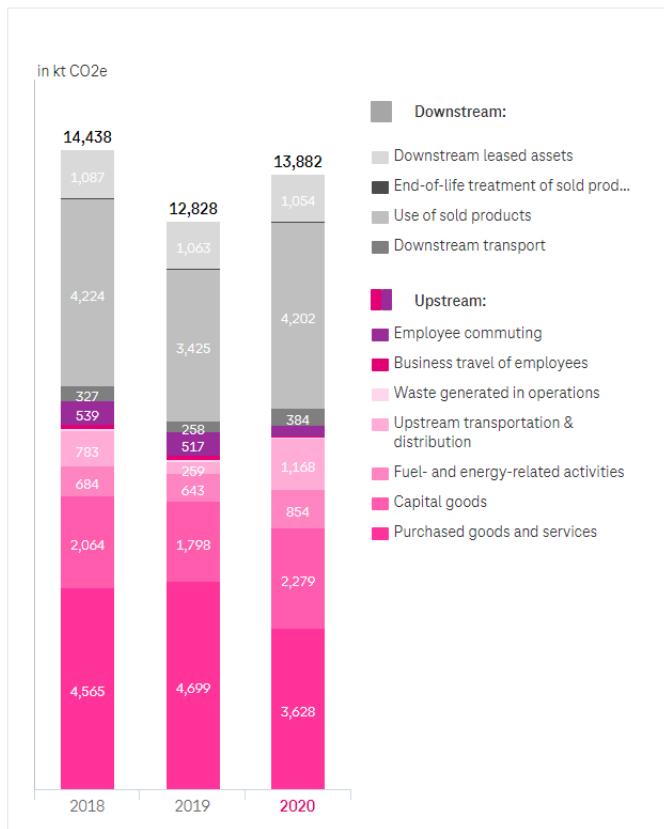
The graph shows Scope 3 emissions from 2018–2020, classified by emission sources. Upstream emissions accounted for around 59 percent of Scope 3 emissions in 2020, while downstream emissions accounted for around 41 percent. The basic data used to calculate Scope 3 emissions are reported in the key figure tool. You will find more information on recording Scope 3 emissions along the value chain here.



## Total CO<sub>2</sub>e emissions (Scope 3) Deutsche Telekom EU\*

The majority of our total emissions can be classified as Scope 3 emissions. Scope 3 emissions are all emissions from the upstream and downstream value chain, which are generated in the supply chain, by business travel, commuter traffic („upstream“) or at the customers premises by the use of products and services („downstream“). Their recording is based on the globally recognized „Greenhouse Gas (GHG)“ protocol.

The graph shows Scope 3 emissions from 2018–2020, classified by emission sources. Upstream emissions accounted for around 39 percent of Scope 3 emissions in 2020, while downstream emissions accounted for around 61 percent. The basic data used to calculate Scope 3 emissions are reported in the key figure tool. You will find more information on recording Scope 3 emissions along the value chain here.



\* Konzern DT in Germany + Europäische Festnetz/Mobilfunk-Gesellschaften

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 305-3 (Emissions)

#### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

#### German Sustainability Code

- Criterion 11 (Usage of Natural Resources)
- Criterion 12 (Resource Management)
- Criterion 13 (Climate-Relevant Emissions)

#### Global Compact

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)

#### European Federation of Financial Analysts Societies (EFFAS)

- E02-01 (Greenhouse gas emissions Scope 1–3)

### CO<sub>2</sub> compensation

Our efforts to prevent greenhouse gases include relying on renewable energies, and reducing our energy consumption through more energy-efficient technologies. So far, however, this has not allowed us to prevent all CO<sub>2</sub> emissions, which is why we compensate for those emissions by investing in certified climate protection projects. Our Event Policy specifies the ways in which we compensate for emissions generated by events. Due to the pandemic, hardly any events took place in 2020 that would have required compensation according to our event policy.

# Enablement Factor

## Enablement factor: Customers saving on CO<sub>2</sub> emissions

We enable our customers to reduce their emissions through our products and solutions. The enablement factor gives us the ratio between this savings potential for our customers and our own carbon footprint, allowing us to assess our overall performance – both positive and negative – when it comes to climate protection. Since 2014, we have examined the savings potential for various products on the user side; we carried out 18 such assessments in 2020. Added to those from the previous year, we included emission reductions from the installation of wall boxes. We identified the greatest potential in web and video conferencing, and in mobility. Other savings potential lies with cloud computing, which enables our customers to reduce their CO<sub>2</sub> emissions by using our cloud services and outsourcing their existing infrastructure to our efficient data centers. Better servers, more energy-efficient data centers, and higher infrastructure capacity utilization can thus cut energy consumption and the associated emissions by up to 80 percent.

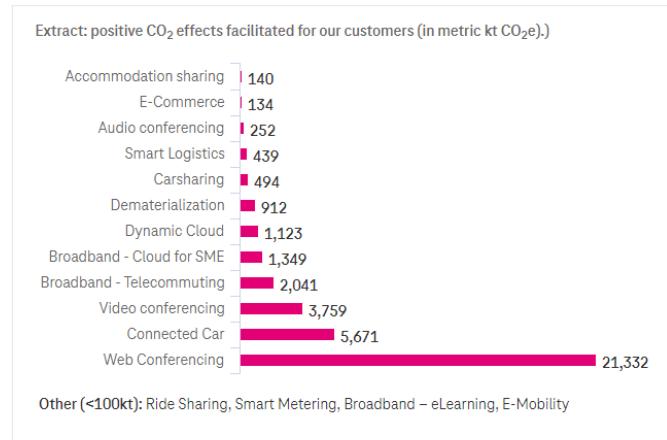
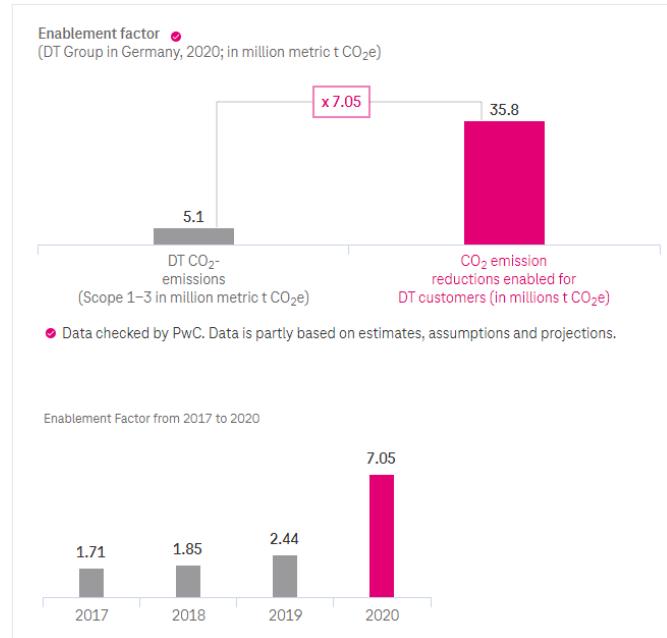
## ESG KPI Enablement factor for DT Group in Germany

We use the “Enablement Factor” to measure our overall performance in climate protection. According to this, in 2020 in Germany the positive CO<sub>2</sub> effects enabled by our customers were 605 percent higher than our own CO<sub>2</sub> emissions (enablement factor of 7.05 to 1).

The positive CO<sub>2</sub> effects facilitated for our customers through the use of our products and solutions rose from 13.9 to 35.8 million tons in 2020.

**With the ESG KPI “Enablement factor” we calculate the positive CO<sub>2</sub> effects that arise on the customer side through the use of our products.**

Our ambition: increase KPI



## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 305–5 (Emissions)

### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

### German Sustainability Code

- Criterion 13 (Climate-Relevant Emissions)

**Global Compact**

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)

**European Federation of Financial Analysts Societies (EFFAS)**

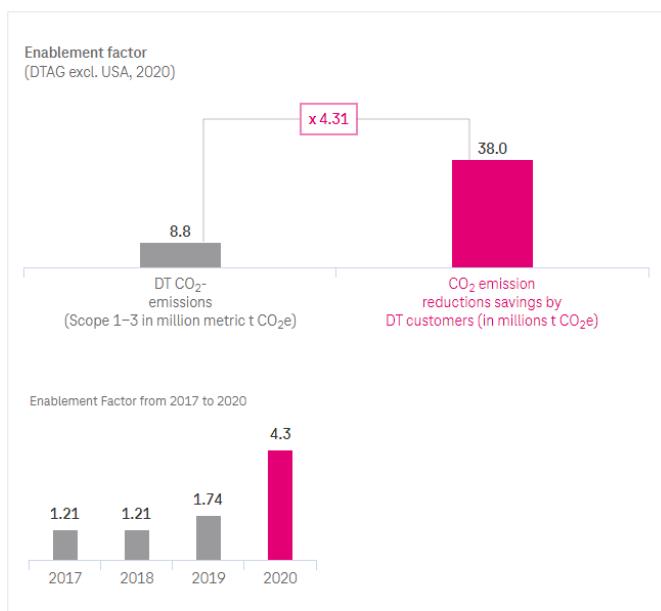
- S13-01 (Intermodality)

**ESG KPI Enablement factor DT Group Europe**

In 2020, the positive CO<sub>2</sub> effects enabled by our customers across Europe were 331 percent higher than our own CO<sub>2</sub> emissions (enablement factor of 4.31 to 1).

The positive CO<sub>2</sub> effects made possible on the customer side by using our products and solutions amounted to almost 38 million tonnes in the reporting year.

**With the ESG KPI “Enablement factor” we calculate the positive CO<sub>2</sub> effects that arise on the customer side through the use of our products.**

**Reporting against standards****Global Reporting Initiative (GRI)**

- GRI 305-5 (Emissions)

**Task Force on Climate-related Financial Disclosures (TCFD)**

- The most important key figures for measuring and managing climate-related opportunities and risks

**German Sustainability Code**

- Criterion 13 (Climate-Relevant Emissions)

**Global Compact**

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)

**European Federation of Financial Analysts Societies (EFFAS)**

- S13-01 (Intermodality)

Through our interactive benchmarking tool, important facts and figures of our national companies can be analysed and compared.

# Energy consumption & efficiency

## Our approach to energy-efficient networks

We operate our own fixed-line and mobile networks in Europe and the United States. The majority of our energy requirements come from operating this network infrastructure. To handle growing amounts of data and improve the speed and quality of data transmission, we continuously increase the capacity and performance of our networks. To ensure that our energy consumption grows much less than the amounts of data transmitted, we are pursuing various approaches:

- We are updating our network infrastructure, e.g., by migrating the fixed network to IP technology and removing equipment we no longer need, such as 3G antennas. The 3G network will be switched off on June 30, 2021.
- We have established specifications and requirements that firmly anchor energy efficiency in the architecture and design phase when selecting new technologies.
- We use more energy-efficient technology for our networks. This also applies to the lighting, monitoring and, above all, cooling of our plants.
- The energy management practices of our internal energy service provider Power & Air Solutions have been ISO 50001 certified since 2013.
- In 2020, we published an energy guideline applicable throughout the Group. It helps our national companies implement our Climate Protection Strategy 2030. The guideline compiles selected measures and proposed solutions for better energy efficiency, including operational energy-saving functions, optimized energy management, decommissioning of legacy systems, and/or the use of more energy-efficient technologies.

By systematically reducing how much electricity our technology consumes, we were able to save around 137 GWh in Germany in 2020 with our cross-departmental Telekom Technik project. That corresponds to the annual consumption of about 34,000 four-person households.

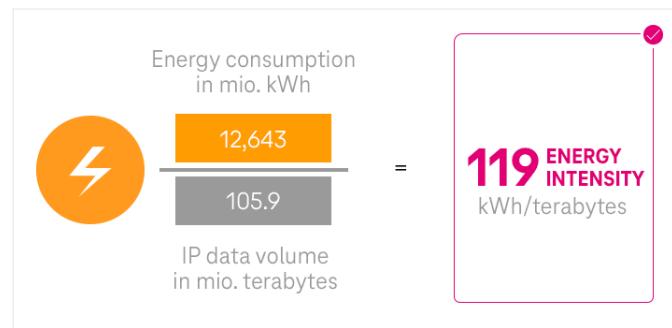
In 2020, we joined the Solar Impulse Foundation (SIF) 1000+ Solutions Alliance. The aim of the SIF is to identify more than 1,000 solutions that tackle environmental problems – especially as a result of climate change. For Deutsche Telekom, the focus is on developing technologies for the ICT industry that have a positive impact on reducing CO<sub>2</sub> emissions, on energy management and energy efficiency, and on collecting and recycling digital devices.

In addition, SIF not only supports the development of solutions like these; it also certifies them. In 2020, it recognized a solution used by Deutsche Telekom and its partner Cloud&Heat to cool servers using an innovative water cooling system.

## Energy intensity ESG KPI Deutsche Telekom Group

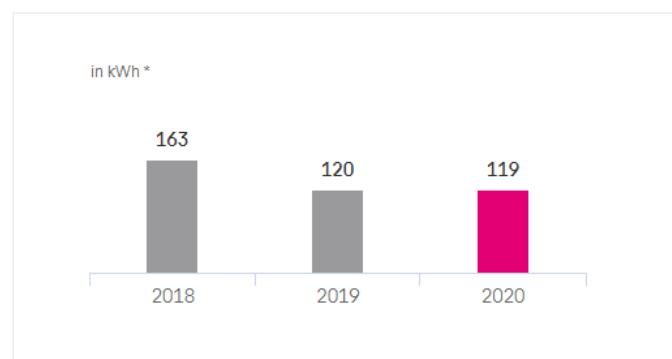
Since 2016, we have reported on the Energy Intensity ESG KPI. In contrast to the existing Energy Consumption ESG KPI, the new ESG KPI shows energy consumption in proportion to the transmitted data volumes. Using data volume as a reference parameter makes it possible to create a direct link to the performance of our networks.

Our ambition: decrease KPI



✓ Data assured by PwC. Data is partly based on estimates, assumptions and projections.

The ESG KPI figure also takes into account total energy consumption for all energy sources – fuel, gas, district heating and electricity. The data volume is composed of the transmitted IP data volumes (including Voice over IP, Internet, IP-TV).



### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 302-3 (Energy)

#### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

#### German Sustainability Code

- Criterion 12 (Resource Management)

#### Global Compact

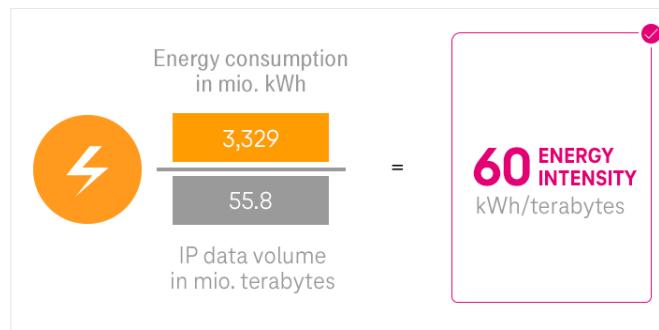
- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)

#### European Federation of Financial Analysts Societies (EFFAS)

- E01-01 (Energy consumption, total)

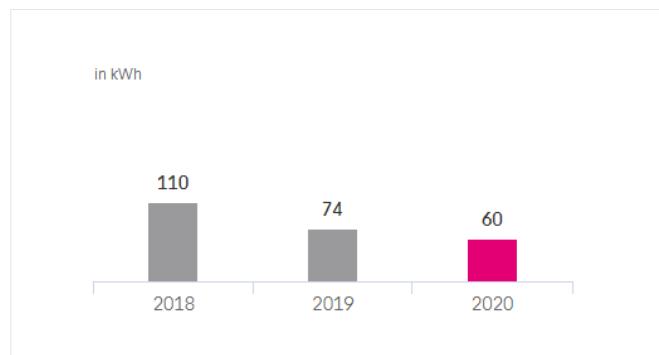
### Energy intensity ESG KPI DT Group in Germany

Since 2016, we have reported on the Energy Intensity ESG KPI. In contrast to the existing Energy Consumption ESG KPI, the new ESG KPI places the energy consumption into a ratio with the managed data volumes. Using data volume as a reference parameter makes it possible to create a direct link to the performance of our networks.



✓ Data assured by PwC. Data is partly based on estimates, assumptions and extrapolations.

The ESG KPI figure also takes into account total energy consumption for all energy sources – fuel, gas, district heating and electricity. The data volume is composed of the transported IP data volumes (including IP telephone, internet, IP-TV).



### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 302-3 (Energy)

#### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

#### German Sustainability Code

- Criterion 12 (Resource Management)

#### Global Compact

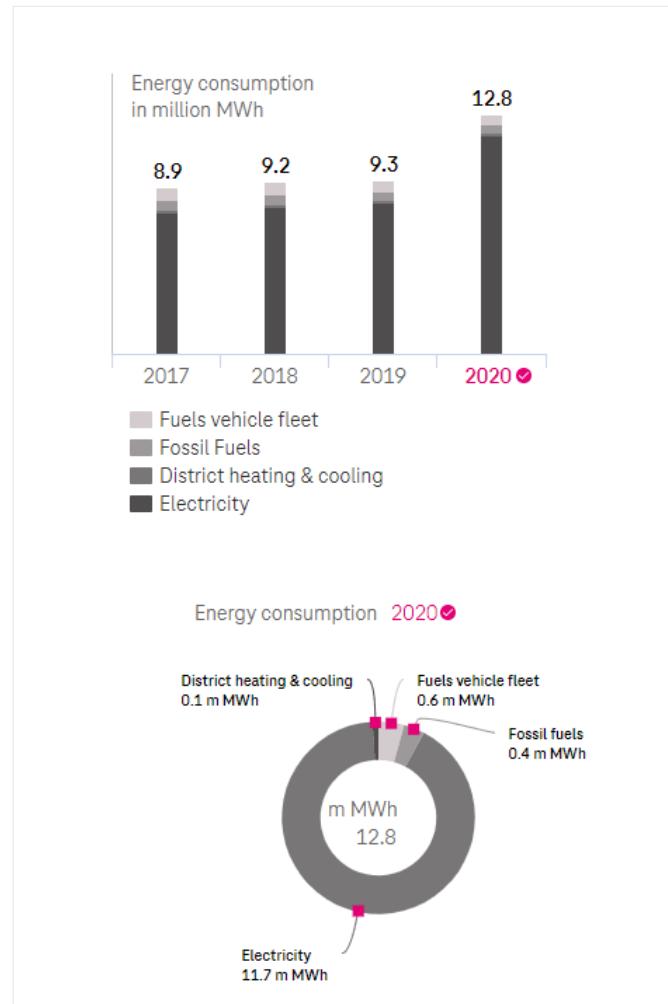
- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)

#### European Federation of Financial Analysts Societies (EFFAS)

- E01-01 (Energy consumption, total)

### Total energy consumption

Total energy consumption increased by 38 percent year over year as a result of the successful merger of T-Mobile US and Sprint in 2020. This also shows a clear impact on the ecological data and leads to both an increase in total energy consumption and an increase in the resulting emissions.



## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 302-1 (Energy)
- GRI 307-1 (Environmental Compliance)

### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

### Sustainability Accounting Standards Board (SASB)

- Code TC-TL-130a.1 (Environmental Footprint of Operations)

### German Sustainability Code

- Criterion 11 (Usage of Natural Resources)

### Global Compact

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)

### European Federation of Financial Analysts Societies (EFFAS)

- EO1-01 (Energy consumption, total)

## Decoupling Power Consumption and CO<sub>2</sub> Emissions

Deutsche Telekom was able to reduce the emissions generated by its electricity consumption to zero from 2008 to 2012 by purchasing RECS certificates (Renewable Energy Certificate System). However, we feel that these certificates have not had as positive an impact on the environment as we had hoped. Demand for certificates was generally limited. As a result, RECS certificates do not make a noticeable contribution to encouraging the expansion of renewable energy sources. That is why we feel it makes more sense both in terms of ecological and economic aspects to invest in reducing our energy consumption and increasing our energy efficiency than to purchase RECS certificates. We are also increasingly purchasing electricity from renewable energies.



## Reporting against standards

### German Sustainability Code

- Criterion 3 (Objectives)
- Criterion 11 (Usage of Natural Resources)
- Criterion 12 (Resource Management)

### Global Compact

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)

### European Federation of Financial Analysts Societies (EFFAS)

- E16-05 (Alternative energy consumption)

## Energy efficiency in buildings

The goal of our energy management in Germany is to minimize the energy requirements of buildings. We continuously monitor consumption values and use this data to identify potential for improving efficiency.

Achieving this goal includes using the following measures:

- Through innovative location and office concepts, we improve space utilization in our buildings and hence reduce space requirements. We lease space that is no longer needed to avoid vacancies and save energy.
- To identify anomalies in energy consumption, we use specific indicators such as "kilowatt hours per square meter" to compare similar facilities. In addition, we analyze the course of energy consumption (load profile) of individual buildings.
- We use communication measures to raise awareness of energy consumption among our employees and motivate them to be energy-conscious at the workplace.
- We pay attention to energy efficiency during construction and renovation work on a building's exterior.

The Deutsche Telekom subsidiary Power & Air Solution Management GmbH (PASM) procures energy for the Deutsche Telekom Group companies in Germany. Its energy management system is certified as per the ISO 50001 international standard. In addition, Deutsche Telekom's office buildings undergo an energy audit according to DIN standard 16247 every four years.

## Heating and hot water

We regularly assess the need for repairs at our properties and conduct profitability analyses to further reduce consumption, concentrating on necessary and economically viable measures, such as:

- Energy optimization of heating systems (e.g., by replacing old burner technologies)
- Updating heat generators and related hydraulic components (such as pumps and valves)

- Using waste heat (e.g., by using heat recovery systems)
- Using combined heat and power (e.g., from cogeneration plants)
- Reducing supply losses when heating water (e.g., by switching to local hot water supply)

## Electricity

The supply infrastructure accounts for the biggest share of electricity consumption in office buildings (e.g., pumps, ventilation and cooling systems, building automation systems, elevators, and lighting). To reduce electricity consumption, we are focusing on the following measures:

- Using LED lighting and motion sensors
- Turning off light sources (advertising pylons) at night
- Controlling the room temperature of our network infrastructure more accurately
- Using efficient building technology (e.g., high-efficiency pumps, frequency-dependent ventilation)
- Optimizing pre-programmed usage profiles (such as through absence profiles)
- Using efficient building automation systems
- We are also expanding the infrastructure of e-charging stations in our parking areas to support the use of electric mobility by our employees and reduce CO<sub>2</sub> emissions.

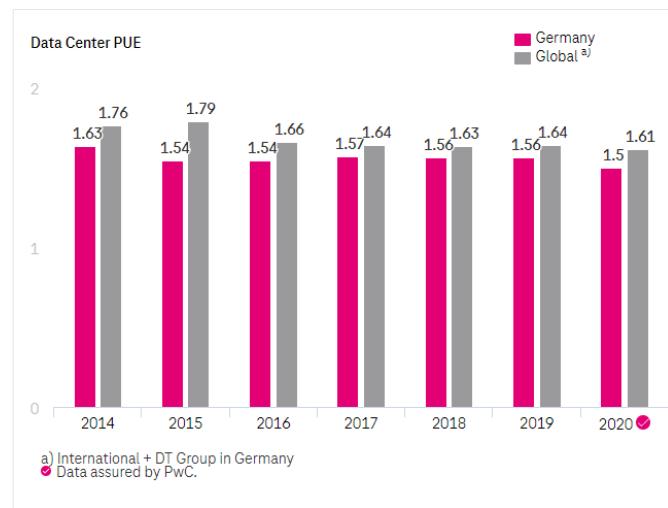
## IoT and innovations

- Using sensor technology to actively control indoor temperatures in buildings in real time
- Using predictive maintenance to maintain and fix elevators
- Using predictive weather-dependent building technology controls
- Using thermal and fluidic building simulation to increase building and building technology efficiency

## PUE ESG KPI – lower CO<sub>2</sub> consumption in data centers

We are reducing the CO<sub>2</sub> emissions of our data centers by optimizing energy consumption and improving processes at the individual data center sites. The “Power Usage Effectiveness (PUE)” metric serves as one indicator for enhancing the energy efficiency in our data centers. We determine this metric using the method recommended by The Green Grid Association, which has to take the total energy consumed by data centers into account – and not only that used to operate the servers. The PUE factor is calculated using the ratio between the total electrical energy consumed by the data center and the amount of electrical energy consumed by IT.

We reduced the average global PUE factor at our T-Systems data centers from 1.85 to 1.61 between 2011 and 2020. Likewise, for our data centers in Germany, we reduced the PUE from 1.67 in 2008 to 1.5 in 2020; this value is significantly below the average for all data centers in Germany, which is around 1.8. In addition, we operate one of Europe’s most efficient data centers, which has a PUE factor of 1.31. We forecast a further decline in the coming years. This will allow us in part to compensate for increasing energy requirements due to growing volumes of data and new features.

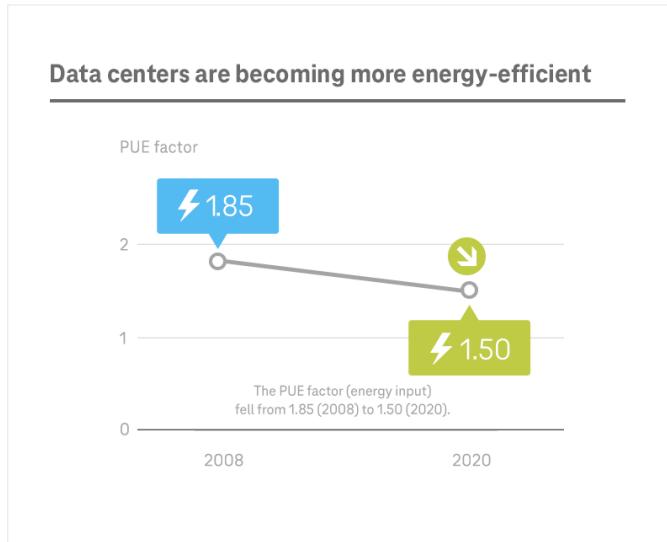


## Data centers are becoming more energy-efficient

As part of the DC11@2018 program, we worked until the end of 2018 to combine data center capacity worldwide in FMO (Future Mode of Operation) data centers with the latest IT technology and hence improved energy efficiency. Physical data center consolidation (reducing data center space and sites) was combined with logical consolidation (virtualizing IT infrastructure). Within the scope of the physical consolidation, we decommissioned several old data centers in Germany.

The follow-up program “Data Center Next” was launched in 2019. Our aim is to further homogenize and virtualize the IT landscape, and optimize utilization of the data center infrastructure according to IT requirements. The “Data Center Next” program aims to increase efficiency by means of various measures, including through selective cooling of individual areas and raising the temperature within the allowed range. At the same time, we comply with defined thresholds. We want to achieve efficiency improvements across the board. To that end, we plan to further standardize the IT landscape and simultaneously ensure optimum utilization of data center infrastructure, IT hardware, and the software used on the systems.

A majority of our high-availability, modern internal FMO twin-core data centers were included in the “EU Code of Conduct for Energy Efficiency in Data Centers” (EU CoC) at the end of 2020. We therefore already meet, to a large extent, what is likely to be a future criterion of the new European regulation for sustainable business (EU Taxonomy). At the same time, we are working to further optimize energy efficiency in all data centers.



### Reporting against standards

#### Sustainability Accounting Standards Board (SASB)

- Code TC-TL-130a.1 (Environmental Footprint of Operations)

### Compliance with the EU Code of Conduct for Energy Efficiency in Data Centers

The European Union (EU) introduced the “EU Code of Conduct for Energy Efficiency in Data Centers” in 2008. Its goal is to motivate operators and owners of data centers to reduce energy consumption and hence the negative impact on the environment, the economy, and energy supply security. Companies can join this voluntary initiative, which T-Systems did in 2014. The related EU Commission page provides transparent, detailed information about the participation of individual data centers.

The T-Systems data centers are currently undergoing a transformation as part of the “DC11@2018” consolidation program. The program involves consolidating data center capacity in FMO (Future Mode of Operation) data centers using the latest, significantly more energy-efficient IT technology. We currently operate a total of 14 FMO twin-core data centers in Europe at seven FMO twin-core sites – eight internally and six externally – in addition to five local customer-specific data centers. At the end of 2020, seven of our eight internal European FMO data centers and one external FMO twin-core data centers were listed in the EU Code of Conduct. By taking part in this EU Code of Conduct, T-Systems meets what is expected to be an important criterion of the new regulatory initiative for sustainable business activities (EU Taxonomy). You can learn more about our commitment to the EU Taxonomy here.

# Renewable energy

## Our approach to more renewable energy

By the end of 2021, our goal is to source all of our electricity throughout the Group exclusively from renewable sources. This represents more than 80 percent of our total energy requirements. We have joined the global RE100 initiative to underscore this commitment, which aims to advance the purchase of electricity from renewable sources.

We have already reached our goal in Germany, Greece, Croatia, the Netherlands, Austria, and Hungary.

In this context, we are sourcing more green electricity directly, acquiring corresponding guarantees of origin, or concluding special power purchase agreements (PPAs), as is the case in the United States. Whenever possible and practicable, we invest in our own power plants, such as cogeneration plants or photovoltaic systems.

We use the "Renewable Energies" ESG KPI to measure our progress. In addition, we have also introduced parameters throughout the Group that are used to assess electricity procurement at all of our national companies in terms of sustainability.

Since 2019, we have been testing a climate-neutral power supply for mobile masts by using fuel cells instead of diesel generators. They are economical, silent, low-maintenance and, thanks to the use of bio-methanol, they are one thing in particular: carbon neutral.

## Renewable energy ESG KPI

The Renewables ESG KPI is calculated based on the share of renewable energy in the total electricity consumption. We are committed to increasing our reliance on renewable energy throughout the Group. The new climate protection target includes obtaining 100 percent of energy requirements from renewable sources. To this end, all national companies can purchase renewable energy directly as well as through certificates (guarantees of origin for electricity from renewable sources) if needed.

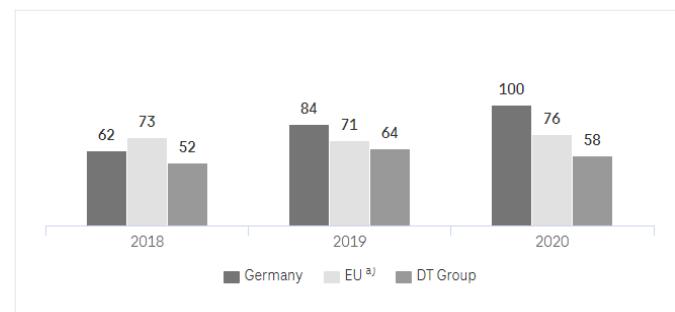
In 2020, Deutsche Telekom obtained 58 percent of its electricity from renewable sources.

The average share of electricity from renewable sources in the country mix across all countries where Deutsche Telekom is active was 30 percent. This was based on the supplier-specific electricity mix, the residual mix or the average country mix according to the U.S. Energy Information Administration, depending on the statis-

tics available. The residual mix uses country-related residual factors (based on the RE-DISS project of the European Commission, which assessed the national share of renewables following subtraction of declared quantities of electricity). The share of renewable energy in the residual mix is typically lower than the share in the country mix. For Germany, the EEG surcharge paid is taken into account when calculating the share of renewable energy.

The share of electricity obtained from renewable sources based on the country mix amounted to 25 percent ("remaining" country mix).<sup>b)</sup>

## Share of renewable energy in the total electricity consumption (in %)



	2018			2019			2020		
	D	EU <sup>a)</sup>	Group	D	EU <sup>a)</sup>	Group	D	EU <sup>a)</sup>	Group
Electricity from renewable energy (in GWh)	1 702	1 335	4 091	2 242	1 336	5 196	2 719	1 450	6 837
Total electricity consumption (in GWh)	2 769	1 840	7 874	2 656	1 880	8 102	2 718	1 895	11 716
Renewable Energy (ESG KPI)	62 %	73 %	52 %	84 %	71 %	64 %	100 % <sup>c)</sup>	76 %	58 % <sup>c)</sup>
Ren. energy mix	53 %	30 %	32 %	52 %	30 %	31 %	63 %	24 %	30 %
Certificates	17 %	49 %	18 %	32 %	48 %	22 %	37 %	53 %	18 %
Self-generation	0.12 %	0.04 %	0.05 %	0.12 %	0.04 %	0.05 %	0.12 %	0.03 %	0.03 %
Direct purchase	0.0 %	13.0 %	10.7 %	0.0 %	12.9 %	17.7 %	0.0 %	15.2 %	2.6 %
"Remaining" country mix <sup>b)</sup>	44 %	11 %	23 %	52 %	10 %	24 %	63 %	8 %	25 %

<sup>a)</sup> EU = National companies in Europe excluding Germany and T-Systems

<sup>b)</sup> The "remaining" country mix represents the remaining share of renewable energy from the national electricity mix, after subtracting direct purchases, certificates, and self-generation.

<sup>c)</sup> Data assured by PwC. Data is partly based on estimates, assumptions and projections.

## Reporting against standards

### Task Force on Climate-related Financial Disclosures (TCFD)

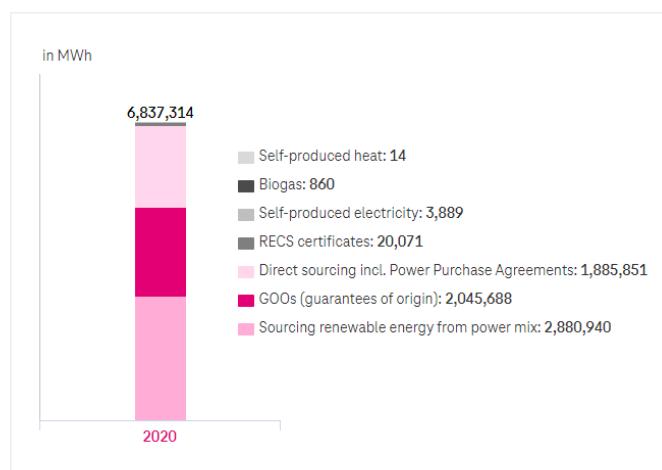
- The most important key figures for measuring and managing climate-related opportunities and risks

### Sustainability Accounting Standards Board (SASB)

- Code TC-TL-130a.1 (Environmental Footprint of Operations)

## Renewable energy in the Group

We are committed to increasing our reliance on renewable energy throughout the Group. To this end all European national companies can also purchase renewable energy certificates if needed.



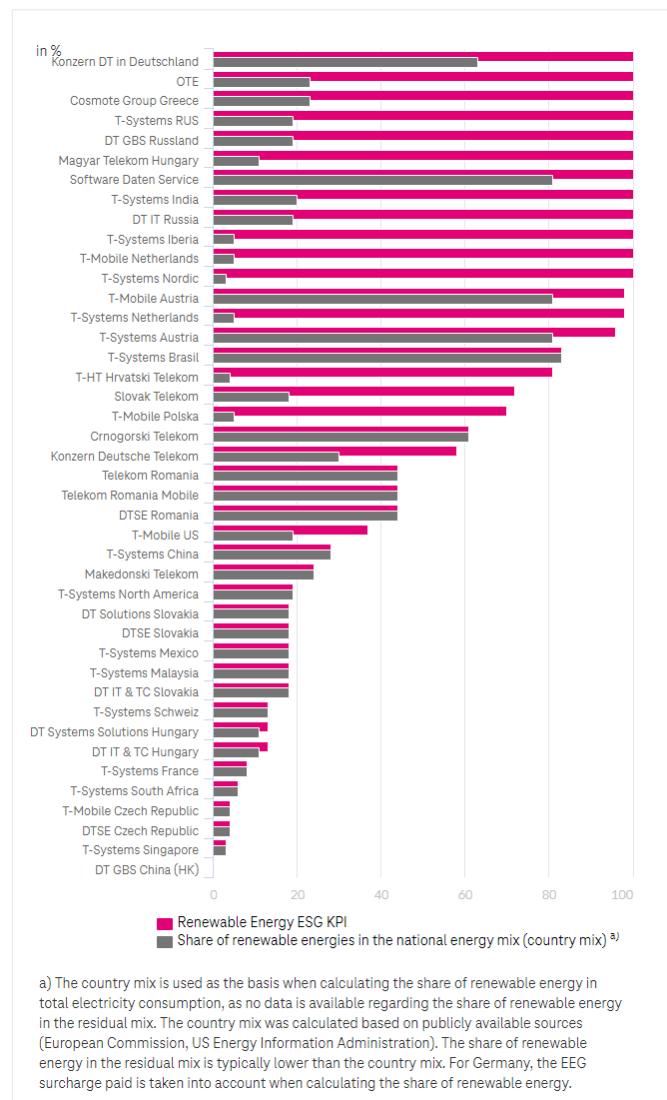
## Renewable energy in the national companies

In the reporting period, the share of renewable energy at our national companies was an average of almost 30 percentage points above the respective country mix(a). In determining the amount, the national companies can also include certificates (guarantees of origin) and power purchase agreements (PPAs) for electricity obtained from renewable energy.

Our national companies in Germany, Greece, India, the Netherlands, Russia, Spain and Hungary are already pioneers in this field: They cover 100 percent of their electricity needs with renewable energies. Deutsche Telekom in Germany purchases its electricity as part of a green tariff. Around 60 percent comes directly from renewable energies. The rest is covered by guarantees of origin, power purchase agreements (PPAs), and a small proportion by in-house generation.

T-Mobile US intends to reach our Group target primarily with wind power, but with solar energy as well. To that end, the American national company has concluded long-term contracts (12–15 years) with wind and solar farm operators, which gives the power producers security of investment. As a result, five wind farms and three solar farms in the U.S. already feed their energy into the grid or will do so by 2021.

We use the “Renewable Energies” ESG KPI to measure our progress. It is calculated based on the share of renewable energy in total electricity consumption, and is compared here to the share of renewable energy in the national energy mix (country mix)a) for all national companies.



## Reporting against standards

### Task Force on Climate-related Financial Disclosures (TCFD)

- The most important key figures for measuring and managing climate-related opportunities and risks

# Mobility

## Our strategy for climate-friendly mobility in Germany

In every reporting year since 2008, we were able to significantly reduce the CO<sub>2</sub> emissions caused by our vehicle fleet – by using CO<sub>2</sub>-optimized vehicles, for instance. In addition, modern technologies mean that we need fewer and fewer maintenance visits to our customers. Savings were even higher in 2020 since we used our fleet much less due to the coronavirus pandemic. Related CO<sub>2</sub> emissions fell by more than 20 percent compared to the previous year. We were also able to reduce our fleet in Germany by more than 2,200 vehicles to 21,000.

The transition to climate-friendly mobility requires not only environmentally friendly drive systems (electric or natural gas) but also the intelligent networking of existing and new forms of mobility. For example, we will offer a digital platform (“Mobility as a Service” - MaaS) for employee commutes between home and work, combining various company-owned means of transport and public transport.

The three pillars of our mobility strategy are:

- Diversified portfolio: Building a more efficient, increasingly sustainable fleet with diversified drive systems and integrating micro-mobility (e.g., bicycles, e-scooters)
- Digital services: Pooling and sharing solutions, digital mobility services such as an e-logbook, a mobility app (E2E digitalization of lifecycle services for company cars and service vehicles)
- For us, connected mobility means linking existing and new mobility services. To that end, we are building a MaaS platform and app for Deutsche Telekom employees. By doing so, we offer our employees highly flexible access to both public and private shared transportation and to our internal Deutsche Telekom transportation (shuttle on demand, car sharing, etc.).

## “Green Fleet”

As part of our Green Car Policy, we have been using a CO<sub>2</sub>-based selection process for procuring new vehicles for ten years. These also include company cars provided to employees on account of their position or function that can also be used privately. The Green Car Policy contains a bonus/penalty system as an incentive to encourage our employees to select fuel-efficient models. Employees who choose a particularly low-consumption model receive a bonus based on the fuel cost savings. In contrast, drivers of high-consumption vehicles must make a financial contribution for the increased mobility costs and greater environmental impact.

The Green Car Policy was revised in November 2020. Since then, there has been just one uniform emissions reference value of 130 g/km for all vehicle categories. The policy will be reviewed in 2021 to determine whether additional adjustments are required.

In the reporting year, we increased the share of vehicles with alternative drives. We started regular operation of both electric and natural gas vehicles. With regard to company cars, employees entitled to a company car can choose from the regular e-vehicle portfolio we have maintained since February 2020, after completion of initial pilot projects in 2019. Around 10 percent of all new orders for company cars have since been for electric drives. At the end of 2020, we had 320 electric company cars in our inventory or on order. Around four percent of the service fleet consists of natural gas and electric vehicles. That number increased from 160 to 362.

We are participating in a nationwide funding project from the German Federal Ministry for the Environment (BMU) and the German Federal Ministry for Economic Affairs (BMWi) until the end of 2023. This will enable us to create further opportunities for using electromobility. The prerequisite for this is an appropriate charging infrastructure. Various units in the Group are collaborating on this, including ComfortCharge as the operator of a public charging infrastructure, and Telekom Service as the partner for installation and support. Together with an external service provider and Telekom Service as the nationwide installation partner, we also offer our employees a home charging solution that is paid for by them. Users of e-company cars in particular benefit from this complete package consisting of a wall box charging point, flat rate installation fee and automated reimbursement procedure for charging costs incurred at home. Since November 2020, the purchase price of a private wall box has been subsidized with 900 euros by KfW (Kreditanstalt für Wiederaufbau).

Demand for electric vehicles is still limited due to high acquisition costs, even though the non-cash benefit is taxed at a lower rate and buyers have a net saving compared to a comparable diesel vehicle. In addition, there is a much smaller range of electric vehicles than of cars with conventional drives.

## Compensation of CO<sub>2</sub> emissions

In the transition phase to zero emission mobility, we are using CO<sub>2</sub> compensation to reach our climate protection targets: since September 2020, we have offset 96 percent of the CO<sub>2</sub> emissions from Deutsche Telekom’s vehicle fleet business operations in Germany. In this context, an annual contribution to the fuel purchased

is made by the mineral oil manufacturers. This CO<sub>2</sub> compensation aids projects that are certified according to recognized standards and ensures that the vehicle fleet is largely climate-neutral while we transition to zero emission mobility. These quantities are not included in emissions accounting according to Greenhouse Gas (GHG) Protocol, since the emissions are not avoided but offset by climate protection projects.

### Salary sacrificing scheme: bicycles or e-bikes

Since 2015, our salary sacrificing scheme has enabled our employees to sacrifice some of their salary for the purchase of resource-conserving and health-promoting bicycles or e-bikes, which they can lease from their employer for three years. The monthly payments are deducted from the employee's gross salary. In 2020, so many employees wanted to use the salary sacrifice scheme that all bikes had been allotted after just eight weeks. For the start of the 2021 season, we have completely revised the salary sacrifice scheme so that employees can choose their bike dealer and the time of their order more flexibly.

As part of our mobility strategy, we are working together with our employees on intelligent solutions for a new, more sustainable mobility. In light of the impact of both work-related and private mobility on climate change, intelligent sustainable solutions are a must. We also communicate directly with our customers and use their feedback to continuously improve our products and services. Our goal is to make it a matter of fact that alternative forms of mobility are used at the Group; any decision about a particular means of transportation should be scrutinized. You can learn more about our activities to promote sustainable mobility here.

### Reporting against standards

#### Global Compact

- Principle 7 (Support a precautionary approach to environmental challenges)

### Number of vehicles

The total number of vehicles at our company decreased slightly year over year. For detailed comments on the figures for each individual company, please refer to the interactive benchmarking tool. You can read more about our Green Car Policy img, alternative engines and our goals for climate-friendly mobility here.

	2018	2019	2020
Total number	40 225	39 548 <sup>a)</sup>	39 503
Number of vehicles with diesel engines	34 460	33 550 <sup>a)</sup>	30 416
Number of vehicles with gas engines	5 411	5 370	7 984
Number of alternative fuel vehicles	354	628	1 103
Number of company cars	11 520	11 246 <sup>a)</sup>	12 721
Number of service vehicles	28 705	28 302	26 782

<sup>a)</sup> The values were corrected compared to the information published in the previous year's report.

The total number of our vehicles with alternative drive systems increased by around 76 percent compared to the previous year. When purchasing company and business vehicles, we continue to use alternative or low-consumption drive systems wherever economically feasible.

### Reporting against standards

#### German Sustainability Code

- Criterion 11 (Usage of Natural Resources)

### Fuel consumption

Overall fuel consumption fell by approximately 10 percent, and by 11 and 9 percent respectively for company cars and service vehicles. For detailed comments on the figures for each individual company, please refer to the interactive benchmarking tool.

in liter	2018	2019	2020
Fuel consumption (total)	63 830 580	61 201 141 <sup>a)</sup>	55 252 535
Fuel consumption by diesel-powered vehicles	47 739 113	44 773 730 <sup>a)</sup>	35 819 699
Fuel consumption by gasoline-powered vehicles	15 981 500	16 218 581 <sup>a)</sup>	19 038 604
Fuel consumption by vehicles with alternative drives	109 967	208 830	394 232
Fuel consumption by company cars	20 999 018	19 814 221 <sup>a)</sup>	17 552 364
Fuel consumption by service vehicles	42 831 562	41 386 920	37 700 172

<sup>a)</sup> Data audited by PwC. Data is partly based on estimates, assumptions and projections.

<sup>a)</sup> The values were corrected compared to the information published in the previous year's report.

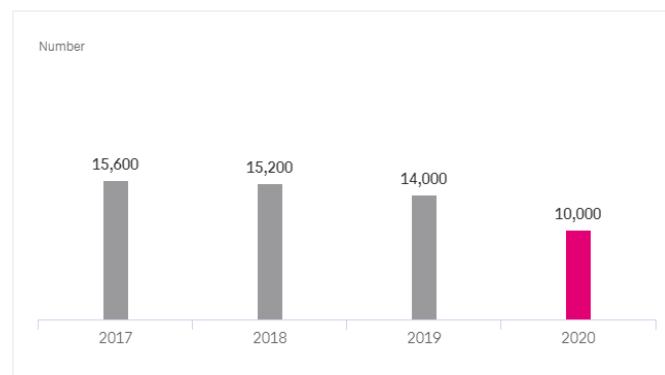
### Reporting against standards

#### German Sustainability Code

- Criterion 11 (Usage of Natural Resources)

### Job ticket

In 2020, 10 000 employees of the Deutsche Telekom Group in Germany used a discount season ticket provided by their employer to commute by public transport. This reduction is mainly due to COVID-19 related constraints.



We offer regional discount season tickets (monthly or annually) to our employees at many of our German Deutsche Telekom sites, especially in high-density population areas. The offer encourages our employees to use climate-friendly public transportation and helps them keep their commuting costs down.

### **Reporting against standards**

#### **German Sustainability Code**

- Criterion 2 (Materiality)
- Criterion 10 (Innovation and Product Management)

#### **Global Compact**

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)

#### **European Federation of Financial Analysts Societies (EFFAS)**

- V04–13 (Percentage of services to reduce impact on climate)

# Circular economy & resource efficiency

## Our approach to resource conservation and environmental protection

As a service provider, we use considerably fewer resources than manufacturing companies. The resource consumption for the manufacturing and use of our products and network infrastructure occurs in up- and downstream stages of the value chain – with our suppliers and customers. This is why we are committed to the responsible handling of resources within our value chain, and are pursuing the following measures:

- We are consolidating our projects to conserve resources in our Group-wide environmental program, “we care for our planet”, which was adopted by the Board of Management in 2019. Our goal is to raise awareness surrounding sustainability issues and integrate sustainability in the Group along the entire value chain.
- Our internal sustainability ambassadors, the Green Pioneers, also act as role models for all other Deutsche Telekom employees by organizing numerous campaigns inside and outside Deutsche Telekom.
- We promote the responsible use of raw materials and the reuse of materials among our suppliers. This includes reducing the use of plastic, paper, and packaging in key processes along the entire value chain.
- Resource efficiency is a priority at the workplace. To that end, we are reducing paper consumption through initiatives that call for less printing, for example; the digitalization of HR processes and use of white boards instead of flipcharts also support this.
- Our International Waste Management Framework guarantees standardized guidelines for all of our national companies. They are required to use this framework as a basis for identifying their own measurable targets and then monitor target achievement. This enables them to flexibly comply with general conditions specific to each country and company.
- We are committed to the reuse and proper recycling of cell phones.
- We have introduced a Group-wide, mandatory policy on copper cable recycling. These cables are being partially replaced over the course of our fiber-optic rollout.

In Germany, we reduced the size of SIM card trays in 2019, saving more than 20 tonnes of plastic in the same year. In 2020, we introduced the half-size SIM card in all European national companies and were thus able to increase our savings even further. We use selected KPIs to measure and monitor continued improvements. The Cell Phone Collection ESG KPI measures, for example, the ratio of cell phones in circulation to the number of used devices collected (excluding T-Mobile US). We measure progress toward copper cable recycling with the “Copper Cable Recycling” KPI.

With our health, safety, and environmental management system (HSE) we have made a commitment to continually improving our performance in these areas. The system is based on the international standards ISO 45001 on occupational health and safety, ISO 14001 on environmental management, and ISO 9001 on quality management. Our environmental guideline summarizes all of the current voluntary ecological commitments in effect throughout the Group.

## Reporting against standards

### Global Compact

- Principle 8 (Undertake initiatives to promote greater environmental responsibility)
- Principle 9 (Encourage the development and diffusion of environmentally friendly technologies)

## Resource efficiency at the workplace

We also contribute to resource efficiency at the workplace: We try to use as many green office supplies as possible. In 2020, 26 percent of all catalog-based office supplies were sustainable. We also took the following measures in Germany:

- Our “IT Remarketing” project: Used IT hardware is refurbished so that it can be reused.
- Some of our office products bear the EU Ecolabel, the Fairtrade seal, the Organic Farming seal, the Blue Angel eco-label, or the FSC® and PEFC environmental labels.
- A total of 26 percent of the products in our office products catalog in Germany are classified as sustainable.
- Office supplies are delivered largely in accordance with the carbon neutrality certificate.

- Since 2018, we have worked with a paper wholesaler to purchase only environmentally certified paper that has been awarded the "Blue Angel" (Blauer Engel) or the "Nordic Swan" certificate.
- To reduce the amount of paper used throughout the Group, we ask our employees to opt out of having salary statements sent by post and have them provided online instead.
- The goal of our "Paperless Office" project is to increase the number of e-books and e-papers to save even more paper.
- On our "You and Me" social network, we also offer our employees a platform where they can exchange used office supplies instead of ordering new supplies.
- Our partner, the charitable organization "AfB gemeinnützige GmbH", which offers jobs for people with limitations, receives some of our used IT hardware (e.g., laptops) for reconditioning and reselling.
- To meet the requirements of the Minamata Convention and curb mercury emissions, we are working to modernize the media technology used in our company. We are now replacing devices that still contain mercury with new mercury-free devices. The old devices are professionally recycled or disposed of.
- Where possible, we are opting for projectors with state-of-the-art lasers or laser-LED hybrids that work without any conventional lamps.

#### Online billing for mobile and fixed-line customers in Germany

More than 235 million online bills were sent out in 2020. This is the equivalent of around 83 percent of all bills and credit notes for mobile and fixed-line customers in Germany. Since 2017, the data has been collected using a more precise calculation method.



#### Reporting against standards

##### German Sustainability Code

- Criterion 2 (Materiality)
- Criterion 10 (Innovation and Product Management)

##### Global Compact

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)

##### European Federation of Financial Analysts Societies (EFFAS)

- V04-13 (Percentage of services or products for increasing eco-efficiency of own products)

#### Additional measures to conserve resources

##### Print on demand

Print on demand has many advantages: Quick reference guides can be printed as needed depending on orders and don't need to be preprinted, transported and stored. Changes to information sheets for our customers can be made on short notice, eliminating large quantities of outdated documents that need to be destroyed. Initially, we will have print on demand available for quick reference guides for the MagentaZuhause rates. In the next step, we will review whether other materials are also suitable for print on demand – such as those containing multiple pages, a brochure, or a SIM card.

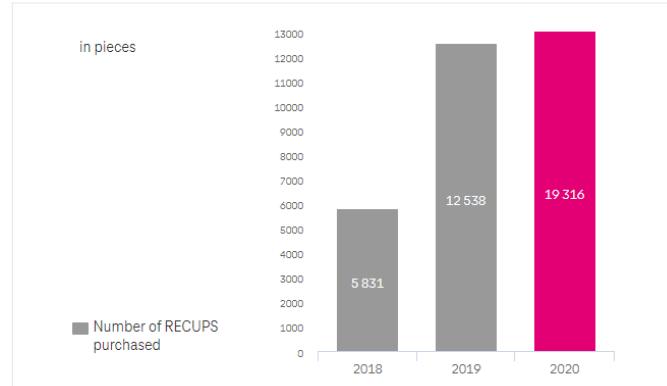
##### Discounted food

Since November 2020, we have offered our employees discounted items in the cafeterias after 4 p.m. at two locations in Germany. Employees can purchase items that would otherwise have to be thrown away, such as baked goods, salads and muesli, at half price. This has kept some 2,400 items from being thrown away.

##### RECUP returnable cup

In 2018, we joined forces with Sodexo, the company running our cafeterias in Germany, to introduce the RECUP returnable cup. Since then, the system has been introduced at many Deutsche Telekom sites. In the reporting year, the number of RECUP returnable cups rose by 54 percent to more than 19,000.

As a sustainable alternative, one reusable RECUP can replace around 500 disposable cups and can then simply be recycled. In return for a deposit of 1 euro, our employees get their coffee in a reusable RECUP. This can be returned to any participating partner, where the deposit is returned and the cup rinsed and reused.



# Waste management & recycling

## Mobile device collection

In Germany, we voluntarily go beyond the legal requirements to collect used cell phones. Devices that can be refurbished and reused can then be resold. The remaining devices are professionally recycled. Deutsche Telekom took back a total of around 250,680 used cell phones and smartphones in Germany in 2020.

Old mobile devices can be sent to us by mail or deposited in a Deutsche Telekom collection box. Everyone can get involved in cell phone collection via the online portal and order a free collection box.

In the reporting year, we conducted a wide-scale cell phone collection campaign with the SWR3 radio station. During the campaign period in October 2020, the station boosted its reporting on sustainability, cell phone collection, and urban mining. We collected around 20,000 devices from SWR listeners. Deutsche Telekom donated the 10,000 euros in proceeds to an insect conservation project from the Lake Constance Foundation.

We transport all collected devices in a controlled and safe manner to the Telekom Recycling Center. Each cell phone is then electronically recorded and registered in a database. Around 10 to 15 percent of them can be reused. All of the previous users' data from these cell phones and smartphones is carefully erased. Defective cell phones or devices, for which certified data deletion would be too costly, are properly recycled at the Telekom Recycling Center in Germany. Up to 100 percent of the materials are reused – as recycled metals or for energy generation.

We work with collection specialist Teqcycle for our device collection processes. Together, we are committed to secure, state-of-the-art solutions for the collection and transport of used equipment and data deletion. Deutsche Telekom maintains high security standards for data privacy; the entire collection process has been certified by the DEKRA testing company for data privacy. The joint collection system of Deutsche Telekom and Teqcycle via the cell phone collection center has also been awarded the official Blue Angel eco-label.

As a central element in our environmental program, we developed a sustainable device recycling program, where users can sell their old, but still functional smartphone or tablet to Deutsche Telekom and have the price credited toward a new device. The old device is refurbished and resold. This is one way we can reduce the ecological footprint of newly bought smartphones.

We use the proceeds from marketing and recycling to support projects in nature conservation and environmental protection, as well as social projects organized by the partners of the cell phone collection center.

## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 301–3 (Materials)

### "Take Back Mobile Devices" ESG KPI <sup>a)</sup>

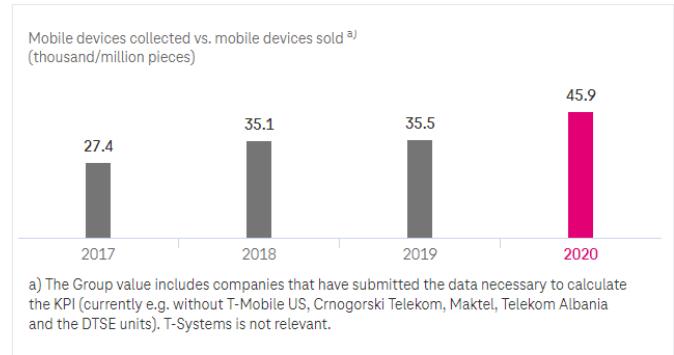
We are reporting the Take Back Mobile Devices ESG KPI based on the reference value "number of devices in circulation." This makes it possible to more precisely illustrate the ratio of the number of cell phones brought to market to the number of used devices collected. When customers use the devices for longer periods of time, the environment benefits from this decision and, as a result, this has a positive impact on the KPI. More than 390,000 mobile devices were collected throughout the Group (not including T-Mobile US, AMC, Maktel, Crnogorski Telekom, DTSE units) in 2020, an increase of 4 percent compared to the previous year.

The "Take-back of mobile devices" ESG KPI for the Group in 2020 is 45.9, which means that 4.6 percent of the end devices put into circulation were taken back through collection campaigns. Out of 1,000 devices put into circulation annually, we take back 46.

Our ambition: increase KPI

In 2020, about 5.9 million mobile devices were collected at TMUS alone. The KPI would be 86 for T-Mobile US and 82 group-wide incl. T-Mobile US.

The aim of the scheme to take back old cell phones is to give them a second life and, if that isn't possible, to properly recycle them to recover the valuable raw materials inside them. Thanks to this, over 3 million used cell phones have been reused or recycled in Germany since 2003, thus conserving resources. In this way, we have helped to improve the eco-balance of mobile devices.



The Take Back Mobile Devices ESG KPI measures the ratio of collected devices (in thousands) to the number of devices in circulation (in millions). The collected devices are recorded in kilograms or in units. When using kilograms, we apply a Group-wide conversion factor of 7.25 units per kilogram unless another conversion factor is typically used in that country. Mobile devices in circulation include smartphones, simple phones, tablets and cordless phones. Units are reported by Procurement for reasons of data quality.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 301–3 (Materials)

#### German Sustainability Code

- Criterion 7 (Control)
- Criterion 10 (Innovation and Product Management)
- Criterion 11 (Usage of Natural Resources)
- Criterion 12 (Resource Management)

#### Global Compact

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)

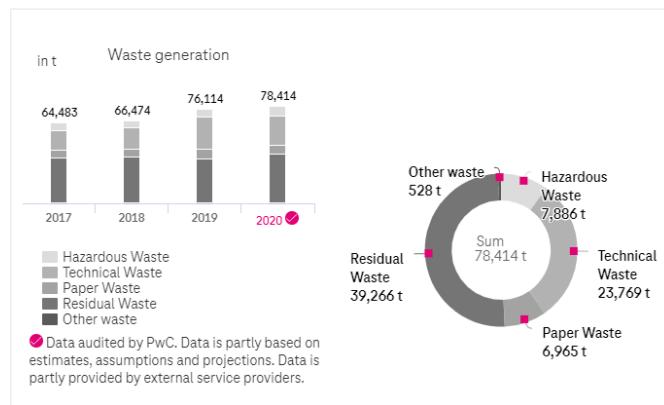
#### European Federation of Financial Analysts Societies (EFFAS)

- E14–01 (Recycling ratio)

### Waste management and volume

Our waste management is organized according to uniform principles across the Group. The implementation lies in the responsibility of the national companies. On a Group level, we have not set a goal for the reduction of hazardous and non-hazardous waste. Instead, our national companies are developing their own waste strategies or updating their current strategies on the basis of our International Waste Management Framework, which we adopted in 2013. They are also setting their own targets, giving top priority to reducing hazardous waste such as lead batteries.

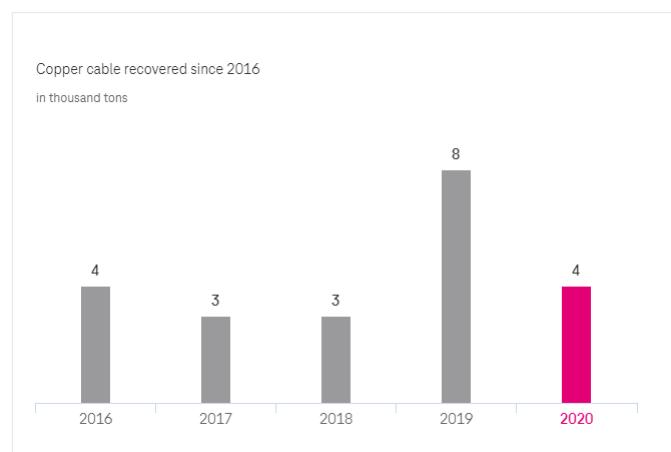
Group-wide waste increased slightly by 3 percent compared to 2019. For detailed comments on the figures for each individual company, please refer to the interactive benchmarking tool.



### Recovered copper cables

Copper cables were the main component of telephone lines for decades. Our fiber-optic roll-out means that this type of cable is now gradually being replaced. In 2016, we therefore introduced a Group-wide, mandatory policy. It provides a guideline to our national companies when it comes to the recycling and disposal of legacy cables and also contains requirements for copper cable recycling.

In 2020, Deutsche Telekom removed around 3,773 metric tons of copper cable from ducts in Germany alone. Certified waste disposal facilities process the cables in accordance with environmental standards at certified waste disposal facilities, and up to 90 percent of the material is then recycled.



### Reporting against standards

#### Sustainability Accounting Standards Board (SASB)

- Code TC-TL-440a.1 (Product End-of-life Management)

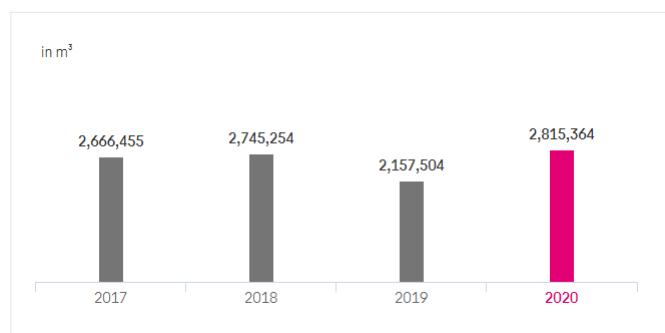
# Additional ecological information

## Water consumption

As a service provider, we almost exclusively use water within the scope of our office activities. Water consumption also plays but a minor role along our supply chain. For that reason, water is not a main focal area in our CR management activities. Nevertheless, our environmental guideline does include reducing our water consumption. We measure our annual consumption by means of our water consumption indicators.

In the reporting year, Group-wide water consumption increased by 30 percent. The merger of T-Mobile US with Sprint was the main reason for this.

We provide detailed information on the figures for each individual company in our interactive benchmarking tool.



## Protecting biodiversity

One major cause of species extinction is the fact that more and more space is being taken up by industry, agriculture, and transportation. As a telecommunications company, we take up significantly less space compared to companies in many other industries. However, our business activities can also impact biodiversity in other areas of our value chain – particularly our suppliers. This is why our suppliers must also comply with environmental regulations at all times. We verify this regularly during our on-site social audits.

ICT solutions can help preserve biodiversity. Our project "Bee and Me" involves intelligent sensors that collect data from beehives and transmit it to beekeepers. The beekeeper simply needs to look at their smartphone or tablet app to find out whether the bees are healthy. They can then take action if they notice any anomalies. We set up a total of 32 bee hives at 10 sites across Germany and at 13 other sites in Europe – 15 conventional ones and 17 digital ones which are equipped with sensors. The bee hives are home to around 1.3 million bees.

We also cooperate with environmental and nature conservation organizations. Proceeds from our various cell phone collection campaigns have so far benefited the following organizations, among others: Landesbund für Vogelschutz Bayern e.V., Pro Wildlife e.V., projects for the protection of gorillas of the Frankfurt Zoological Society, and species protection projects of Hellabrunn Zoo, Munich. In 2020, proceeds totaling 10,000 euros from the cell phone collection campaign we carried out with radio station SWR3 were donated to an insect conservation project of the Lake Constance Foundation.

In 2020, electromagnetic fields resulting from mobile communications were once again a topic of public discussion. There has been a great deal of discourse about their possible effects on animals and plants. The Federal Office for Radiation Protection has determined that there is no scientific evidence that high-frequency fields below the legal limits endanger plant and animal life.

In the fight against climate change, we support the international reforestation project of the Plant-for-the-Planet foundation. Trees store CO<sub>2</sub>, produce oxygen, regulate the water balance, provide a habitat for countless species, and thereby promote biodiversity. Many of our employees have become involved in the campaigns by donating trees or organizing tree plantings. We have combined existing projects in our "Magenta Forest" campaign and highlighted that many small gestures add up to make a big difference. Anyone can get involved, have trees planted through internet campaigns, and donate. An interactive tree counter displays the growing number of trees; donors can also have their names displayed in the "Magenta Forest". At the end of 2020, Plant-for-the-Planet was a focus of criticism as two journalists questioned the correctness of the progress reported. We are closely monitoring the investigation process together with our partner.

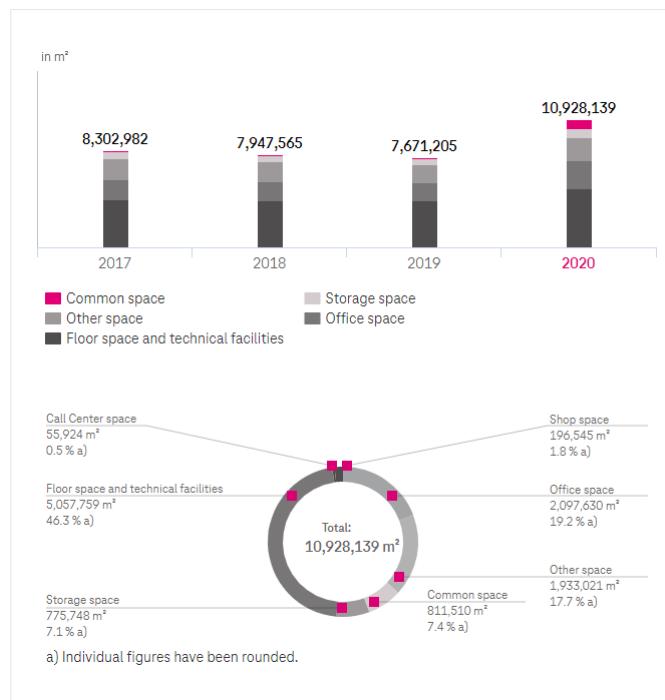
## Reporting against standards

### Global Compact

- Principle 7 (Support a precautionary approach to environmental challenges)

## Land use

The property used by Deutsche Telekom in Germany covers most of our demands for technology, office and storage space as well as providing space for other needs. Total take-up decreased year-on-year with a total of 10,928,139 square meters of space being used due to an expansion of the data collection.



## Reporting against standards

### German Sustainability Code

- Criterion 11 (Usage of Natural Resources)

### Global Compact

- Principle 7 (Support a precautionary approach to environmental challenges)
- Principle 8 (Undertake initiatives to promote greater environmental responsibility)

# Social commitment

## Our approach to social responsibility

### In focus: Driving digital participation

With more and more areas of life now digital, interacting online has become part of everyday life for most people, making digital participation an important element of participating in society. We at Deutsche Telekom want everyone to #TAKEPART. That's why, as part of our social commitment, we are working on enabling digital participation.

In an equitable, digital society, everyone has access to the necessary technology and digital offerings – regardless of their age, disability or non-disability, education, income, or where they live. That means everyone can benefit from the diverse opportunities offered by the internet for education, work, networking, and culture. It should be possible to consciously decide to opt out of digital participation – and not due to a lack of finance or know-how, for example.

We believe there are three crucial factors that allow people to participate equally in the digital society: technical access to fast networks, the affordability of equipment and services, and the ability to use digital media competently.

- **Access:** We are continuously expanding our network to enable technical access.
- **Affordability:** With different rates for every budget and our subsidized rate we are striving to make digital access affordable for everyone. More than one million customers in Germany take advantage of these special plans each year.
- **Ability/Competent use of digital media:** We help people to use media in a competent, responsible, and critical manner, and in line with basic democratic values. In the reporting year, we therefore devoted special attention to the issue of online civil courage;

but we also believe that digital participation requires the willingness to act responsibly online. Because in the spirit of our #TAKEPART promise, we not only stand for access to the internet, but are also committed to diversity, tolerance, and enjoyment in interpersonal interaction.

Our brand promise is "We help society take part in digitalization." Since 2020, digital participation has also been anchored in our Group strategy. It states, "To live responsibility means enabling digital participation, intensifying the willingness to change, meeting our climate targets." It also highlights how closely our social

commitment is linked to our core business: We have a sense of responsibility not only for our products and our network, but also for ensuring that people know how to use them properly. This allows us to put our expertise as a telecommunications provider to the best possible use for the benefit of society. Our commitment to fair and equitable digital participation also plays an important role in our positioning as an attractive employer.

### Volunteer work, sponsorship and international networking

In carrying out our social commitment, we not only implement our own projects and initiatives, but also encourage the volunteer efforts of our employees. In addition, we provide financial support, for example, by being involved as a sponsor and supporting projects and non-profit organizations that work for better coexistence and against exclusion.

Our national companies carry out independent regional initiatives. We also work closely across national borders when it comes to our social involvement and share experience and best practices. Close cooperation with social players such as NGOs, associations, and initiatives also plays an important role.

### Measuring success

We use a set of KPIs to measure our success:

- The Community Investment ESG KPI reflects our social commitment in terms of financial, human, and material resources.
- The Beneficiaries ESG KPI measures the number of active contributors as well as the target groups they reach.
- The Media Literacy ESG KPI highlights the percentage of projects and activities that help people use media proficiently. It is highly relevant to us, as it correlates closely with our core business.

Our measures are also based on the Sustainable Development Goals (SDGs) of the United Nations. We have listed the activities with which we are pursuing SDGs in an overview.

### Promoting media literacy and democratic competence

2020 opened our eyes to how important the internet has become in our everyday lives: During the coronavirus pandemic, many people found the internet was the only way to communicate with friends and family, to work or attend school from home, or shop. But digital communication also has its downsides: the unchecked spread of fake news and conspiracy theories, as well as the growing hate that many people face online.

For us, media literacy is the key to safe and competent use of digital media. At the same time, we believe that media literacy alone is not enough for peaceful and respectful coexistence in the digital world. For us, media and democratic literacy are inextricably linked. We therefore work to promote opinion-forming and trust, and to combat exclusion and hate speech online through a wide range of projects and initiatives.

### Action for no hate speech online

In the summer of 2020, we launched our #nohatespeech (#gegenhassimnetz) campaign. Its aim is to set an example and fight for an internet where everyone can #TAKEPART without fear. We also support initiatives that systematically tackle digital exclusion and thereby contribute to improving the situation of as many people as possible. We cooperate with 44 organizations and NGOs that are dedicated to the same goal. With our own measures in connection with online civil courage, we also call on society to support us in this commitment.

In cooperation with Facebook, we installed a Messenger bot in November 2020 to provide more specific help to those affected by hate speech. The bot lets you find the right contact point with just a few clicks – no matter whether you need help directly or want to take action against online hate yourself. Depending on the personal situation, you will be transferred to Juuuport, Nummer gegen Kummer or #ichbinhier, contacts offering advice in conflict and crisis situations.

### Promoting online civil courage

In the reporting year, our media literacy initiatives were focused on the topic of online civil courage. How can civil courage work on the internet? What steps can each of us take, and what is already being done to combat hate speech and fake news online? Is counterspeech on the internet effective in making dialog more constructive? And: What role do bots and algorithms play in promoting filter bubbles and the vast reach of hate speech and fake news? We have produced educational material on these topics for target groups aged from 9 to 99.

In 2020, we reached around 18,000 people with snackable content, discussion rounds, and workshops on the topic of online civil courage. In addition, we develop and offer online materials to opinion leaders, which they can use free of charge and without registering. Through these opinion leaders, we were able to reach many more people from all target groups. These numbers are not included in our count.

An example of one of our digital participation initiatives is Magenta Moon. Under the motto "Discover something new", participants could experience digital education for all from October 17 to November 1, 2020 – online and on site at Leipziger Platz in Berlin.

Its aim was to teach media skills in a playful way. In addition, the initiative developed new ideas and approaches to topics such as digital responsibility, sustainability, and innovation in workshops, talks, and interactive performances. With its varied program, Magenta Moon enabled digital education with equal opportunity for all, regardless of age, gender, and social background. The program will continue in 2021.

### Teachtoday

The Teachtoday initiative supports children, young people, parents, and grandparents as well as teaching professionals with hands-on tips and materials about safe, proficient media usage. The materials are available at [www.teachtoday.de](http://www.teachtoday.de) in seven languages (German, English, Croatian, Montenegrin, Polish, Romanian, and Hungarian). In 2020, we also focused on civil courage for this target group with the title "Courage on the internet".

Digital learning plays a particularly important role in this now that digital schooling and remote learning have become an even bigger part of students' day-to-day lives. This is why we published and expanded a new digital toolbox on Teachtoday in 2020. The toolbox offers more than 100 formats to promote media and democratic literacy among young people aged 9–16. These include project ideas, video tutorials, exciting quizzes, and brief learning units. It is aimed at learning groups, students, parents, and teachers.

Teachtoday also has its own YouTube channel with short catchy videos about safe, proficient internet use, data protection, and how truthful people are online.

### SCROLLER and SCROLLER TV

The SCROLLER children's media magazine is geared specifically to children aged nine to twelve to improve their media literacy. It is available in both an interactive web version and a free print format. We published the tenth issue, highlighting "Courage on the internet", in the reporting year.

In 2020, we introduced a new format, SCROLLER TV, aimed at giving children a meaningful and entertaining way to spend their time while at home during the Covid-19 pandemic. SCROLLER-TV offers important topics on media usage from the everyday lives of elementary school children and invites young and old to share experiences. Each topic combines expert interviews, animated films, tips, and do-it-yourself elements into an entertaining piece highlighting competent media use.

### #TAKEPART stories

Our #TAKEPART stories (#DABEI-Geschichten) initiative addresses socially relevant digitalization topics in a practical way and turns them into opportunities for opinion leaders. The initiative highlights potential for participation and responsible conduct on the internet and aims to encourage a critical discussion about this subject. In this way, the initiative contributes to our #TAKEPART campaign. The team uses didactic formats to develop the content and implement it in the form of innovative modules. The modules are available in German and English, as well as in simplified language. No matter how complex a topic is, we think it's important to leave it up to the users themselves to decide whether it's important for them. We ensure appropriate linguistic and didactic preparation of the material.

#TAKEPART stories offer various modules with a focus on civil courage: digital democracy, opinion making on the internet, online civil courage, and other topics from the digital world such as digital friendship and living in the city of the future.

## Connected schools

For the past 20 years we have been offering free 16 Mbit/s broadband lines to all general and vocational schools in Germany as part of the „Telekom@School“ initiative. In the fall of last year, around 22,000 schools had taken up this free-of-charge offer. Another 6,000 schools opted for chargeable, higher bandwidth lines, which are sponsored by Deutsche Telekom. We intensified our commitment to connected schools during the reporting year. In addition, we contacted around 17,000 schools to improve their access to modern IT infrastructure. They can now easily increase their internet speed to up to 250 Mbit/s by ordering an upgrade from ADSL to VDSL – which will be free of charge until August 2021. Around 10 percent of these schools have taken up our offer.

Our consultancy subsidiary Detecon supports schools in drawing up media development plans and funding requests. In the reporting year, we launched an educational flat rate for school operators, which receive unlimited data usage for a small monthly fee. In addition, they can equip disadvantaged students with equipment such as tablets or laptops, which are, for example, funded by the DigitalPakt initiative. This gives children and young people the opportunity to learn how to use digital media irrespective of their family background. Our Group Representative for Education has central responsibility for our commitment to schools.

Since the beginning of 2021, we have been working with Microsoft to further boost digital work at schools through a comprehensive digital education package. Under this initiative, we provide laptops or tablets and special education licenses for the Microsoft MS365 software - sometimes free of charge. A team of Deutsche Telekom experts – specially certified by Microsoft – provides the service and helps set up the devices for a fee. Schools can use the MS365 software free of charge if they have an A1 license.

In the United States, T-Mobile is also committed to connecting schools and students. The “Project 10Million” initiative was especially important in 2020 after more than 50 million school children in the US were unexpectedly instructed to begin distance learning as a result of the coronavirus pandemic. Hundreds of US school districts were able to get students connected with their schools for free thanks to the initiative. T-Mobile worked with school districts, extracurricular programs, and local authorities to offer affordable internet access to more than 2.5 million students nationwide.

In carrying out our social commitment, we not only implement central projects and initiatives, but also encourage the volunteer efforts of our employees. In addition, we provide financial support, for example, by being involved as a sponsor, and supporting projects and non-profit organizations that work for better coexistence and against exclusion.

The national companies carry out independent regional initiatives. We also work closely across national borders when it comes to our social involvement and share experience and best practices. Close cooperation with social players such as NGOs, associations, and initiatives also plays an important role.

## Deutsche Telekom Stiftung's commitment

Deutsche Telekom Stiftung is committed to better education in STEM subjects (science, technology, engineering, and mathematics), with numerous programs and projects. It does so because it is convinced that a modern education system must give young people the best possible preparation for meeting global challenges such as digital transformation, climate change, electromobility, and biodiversity.

## Community Investment ESG KPI

We report a set of three KPIs for calculating the impact of our social commitment. They comprise the Community Investment ESG KPI, the Beneficiaries ESG KPI and the Media Literacy ESG KPI. Our activities are based on the methods employed by the London Benchmarking Group (LBG), which incorporate the aspects „input“, „output“ and „impact“.

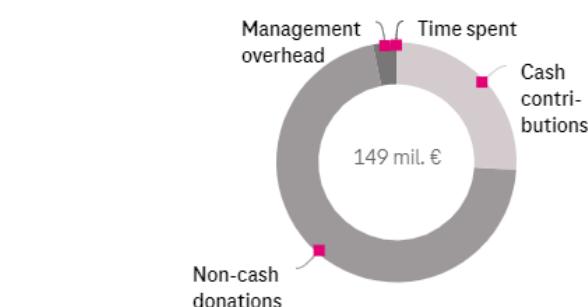
The Community Investment ESG KPI illustrates activities in which Deutsche Telekom was involved in the community either financially, through its employees, or through donating materials.

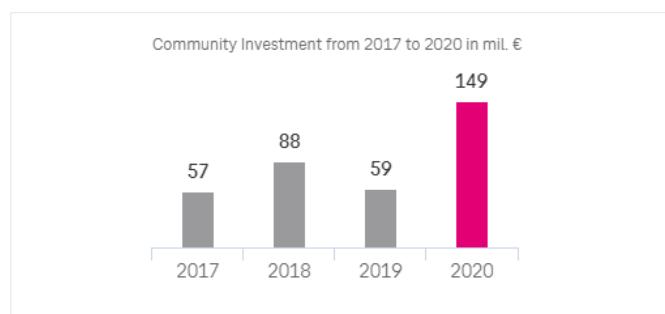
Our ambition: increase KPI

The investment volume for our entire network infrastructure in 2020 was € 17.0 billion (with more than € 5.5 billion of this in Germany), and we are already providing LTE to 98.7 percent of the population in our national companies. What's more, we operate the largest fiber-optic network in Germany, with more than 500,000 kilometers of cables, and are driving the expansion of a large-scale NB-IoT infrastructure for the cities of the future. Thanks to the Internet rollout, our investments are making an important contribution to facilitating access to fast Internet for large sections of the public. This, in turn, is the foundation for the positive development of our business KPIs, e.g. the Media Literacy ESG KPI. Furthermore, our products and services are contributing to climate protection and resource efficiency. Our products range from ICT solutions such as video conferencing and Industry 4.0 to sustainable connected farming and Smart City concepts.

Additionally, the Community Investment ESG KPI makes an important contribution to the Sustainable Development Goals. In 2020, about 67 million euros of the community investments have contributed to the SDG 4 (quality education).

ESG KPI “Community Investment“ (Input Split) 149 mil. €





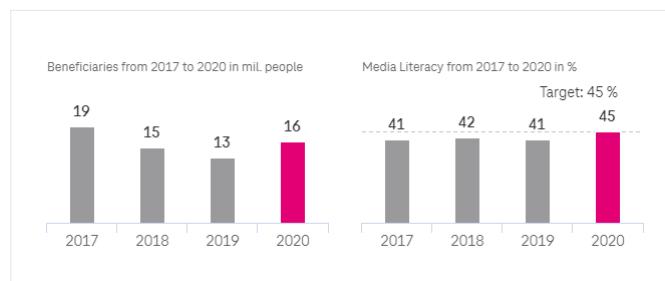
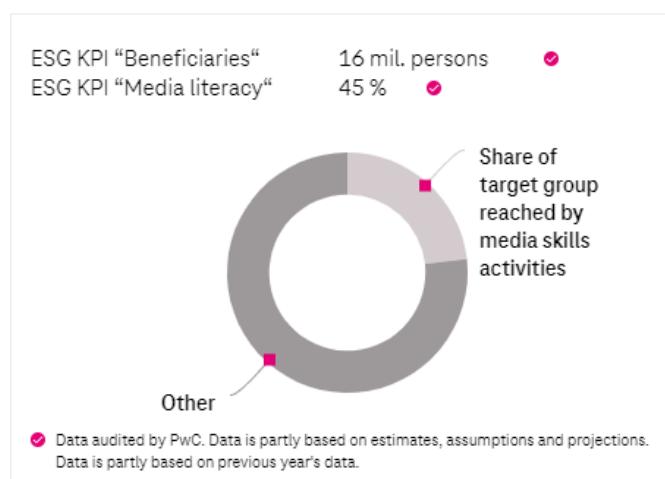
### Beneficiaries and Media Literacy ESG KPIs

The report comprises a set of three KPIs for calculating the impact of our social commitment. In addition to the Community Investment ESG KPI, we report the Beneficiaries and the Media Literacy ESG KPI here. Our activities are based on the methods employed by the London Benchmarking Group (LBG), which incorporate the aspects „input“, „output“ and „impact“.

The Beneficiaries ESG KPI reflects the number of people who got involved in community activities and the number of people in the target group that participate in or benefited from such activities (e.g. media literacy trainings, DSL connection in schools and crisis helpline).

Our ambition: increase KPI

The Media Literacy ESG KPI reflects the share of people we have reached through programs addressing this topic. This KPI establishes a direct correlation between these activities and our core business. The ESG KPI reached 45 percent by the end of 2020. We have thus achieved our goal of increasing the KPI to 45 percent by 2020.



### engagement@telekom

We support the social commitment of our employees with our range of corporate volunteering opportunities. Through their commitment, they play a major role in strengthening social cohesion, broadening their own horizons, and boosting their social skills. This in turn has a positive impact on teamwork at the company.

Our corporate citizenship program engagement@telekom pursues two aims – to support our employees' current involvement and encourage them to find new ways to contribute to society. To that end, we give them opportunities to volunteer: There are numerous Social Days, for example, for them to get involved in a good cause.

One focus of engagement@telekom is on projects that promote media literacy, where employees help people better understand digital phenomena, thus laying the groundwork for participation in the digital world. The environment is also a critical issue. Among other things, employees started their own activities as part of the Green Pioneers program which helps us reach our Group targets – for example, to reduce CO<sub>2</sub> emissions.

Number	2017	2018	2019	2020
Number of volunteering projects	379	666	2 097	388
Number of volunteers (employees)	28 477	28 785	39 649	25 923
Working hours	58 660	66 506	97 033	49 894

### engagement@telekom



As a telecommunications company, we have come through the pandemic relatively well so far compared to other industries. Deutsche Telekom thanked its employees for their strong commitment under difficult conditions in 2020 with a special payment. Executives at the Group are exempt from the special payment. On behalf of the group of executives, however, the Board of Management decided to donate 1 million euros to organizations that have been dedicated to helping the community in Germany and abroad during the coronavirus pandemic. All employees were explicitly called upon to use this as inspiration for possible private donations. Employees met this suggestion with much praise and approval and recognized it with #EvenStrongerTogether).

### Joint commitment with partners

We have taken on the task of driving forward the social discussion on digital responsibility. To do this, we participate in various alliances and partnerships such as the “Corporate Digital Responsibility” initiative run by the Federal Ministry of Justice and Consumer Protection.

We emphasize our commitment by signing the Charter of Digital Networking and through our involvement in its supporting association.

We have longstanding partnerships with many organizations, associations, and initiatives with whom we work as part of our social commitment. These proved particularly important during the Covid-19 pandemic: In 2020, for example, call volumes at our longstanding cooperation partner, the Telefondseelsorge crisis hotline, were consistently around 10 percent higher than usual.

The “Nummer gegen Kummer” youth counseling line has also seen increased need during the pandemic. Children and young people, parents and caregivers can call various numbers to share their concerns and needs with the counselors. Since March, there has been a 20 percent increase in the number of calls at both the parent line and the chat for children and young people, and the duration of calls is also significantly longer.

We have other partnerships, for example:

- With Aktion Deutschland Hilft,
- Deutschland sicher im Netz e.V. (DsIN), to support activities aimed at IT safety and data privacy (among other things, we support the Digital Neighborhood project, in which volunteers provide tips and advice on digital opportunities and data security),
- With nebenan.de,
- With the “German Association of Senior Citizens’ Organizations” (BAGSO) to promote media literacy among older people.
- As a participant in the “Woche des bürgerschaftlichen Engagements” (Community Volunteering Week) sponsored by the National Network for Civil Society.

In 2020, we gave special attention to our intensive partnerships with our campaign #TAKEPART – No hate speech. We worked to intensify 44 existing and new partnerships with NGOs and organizations that are dedicated to preventing hate speech online and, above all, that activate people to join us in combating hate online. Of course, victim support and follow-up of incidents also play an important role for us. We have added organizations to our portfolio to support these goals. We have communicated this involvement with our partners very clearly: We included a small selection of organizations in our commercial highlighting “Words must not become weapons”, which was seen by many millions of people;

we presented more organizations in our special feature on telekom.com, and held joint events, communications and discussions with many millions of people taking part. The more than 330 million contacts reached throughout the campaign demonstrate that the topic is highly relevant for society. And that is not the only reason we are continuing our commitment in this area beyond 2020.

To make it even easier for people to reach our partners in order to engage in constructive dialog online, or who have been victims of online hate themselves or know of people impacted, we activated a Messenger chatbot on Facebook that guides users to potentially interesting partners by answering just a few questions. Facebook users were able to see the chatbot right away and many millions of people were made aware of it.

### Financial commitment and sponsorships

In Germany we are involved in the fields of sport, culture, and social issues. The national companies are also engaged in these areas. In addition to providing funding, we help artists, athletes, event organizers, and associations with their communication and marketing activities. Our Sponsorship Policy provides the framework for sponsoring activities. Being involved in the regions where we are based is another important aspect. Examples of our involvement include:

- Music sponsorship
- Competitive sport sponsorship with partners such as the DFB (German Football Association), FC Bayern Munich, Telekom Baskets Bonn, and Deutsche Sporthilfe, DFB’s Sepp Herberger Foundation, and the German National Paralympic Committee
- Recreational sport sponsorship
- Sponsorship of social activities associated with partnerships

Additional information on the sponsorship activities of Deutsche Telekom AG is available [here](#).

### Corporate giving

Through our corporate giving program, we support the work of aid organizations worldwide – preferably in the form of long-standing partnerships – and provide rapid assistance in disaster situations. Our Group Donation Policy lays out the guidelines for these activities.

### Our contribution to containing the coronavirus pandemic

With the outbreak of the coronavirus pandemic, 2020 demonstrated the vast opportunities offered by digitalization for meeting social challenges: People have switched to working from home, online shopping, and contactless payment reduce the risk of infection, physicians offer virtual visits, contact tracking apps help contain the pandemic – and people throughout the world get together by video chat.

Containing the coronavirus pandemic was also a priority for us in 2020. Even in times of crisis, we remain committed to keeping everyone connected. Our multi-billion investments in network infrastructure paid off in the pandemic: Our networks are stable and we reported no major outages in 2020. We also helped contain the pandemic with numerous other activities. You can also find detailed information about our activities in our Corona-Ticker

#### **Breaking the chain of infection with the Corona-Warn-App**

At the request of the German government, we joined forces with SAP to develop a coronavirus contact tracing app, the Corona-Warn-App. It can be used to track infection chains and quickly break them. The contact tracing app is a useful digital supplement to the Covid-19 rules of conduct.

#### **Helping people work from home**

Millions of people in Germany worked from home in 2020. To enable employees to work from home efficiently and stay connected despite the distance, we offer our business customers secure solutions. Our home office configurator helps small and medium-sized businesses, for example, to develop customized solutions for staff working from home. Likewise, our Digital Schutzpaket Business (digital business protection package) keeps sensitive customer data safe.

#### **Protecting employees**

At Deutsche Telekom, we have introduced comprehensive regulations for working from home, hygiene concepts, and other support measures to fulfill our responsibility as an employer. We have taken special precautions for our employees in the Telekom Shops and in the field, who cannot work from home. We offered many courses from our extensive health program online in 2020. We also launched the "My Health Journey", a new mental health program.

#### **Supporting schools and distance learning**

We are also furthering the digitalization trend in schools: not only with fiber-optic connections, but also with a diverse offering. Our extensive range of media literacy offerings such as Teachtoday and SCROLLER provide informative content for students and parents in 2020.

#### **Free entertainment**

To make time at home easier, we expanded our free entertainment and cultural programming: In addition to a subscription to Disney+, we broadcast the #DABEI station through MagentaTV. In addition, we broadcast numerous concerts, bringing music into people's homes – from the global charity concert "One World: Together At Home" to the first digital "Wacken World Wide" festival.

#### **Reliable partner in times of crisis**

We also helped ease the impact of the coronavirus crisis on society with a range of further activities. The measures in question include providing additional data volume free of charge, gifting smartphones to retirement and care homes, and establishing a hotline to support nebenan.de, a neighborhood help portal.

In addition, we donated 1 million euros to aid organizations that have provided a wide range of community assistance during the pandemic.

The food service and cultural sectors have been particularly hard hit by the consequences of the coronavirus pandemic. We want to support those industries where there is an existential threat to people. That's why we launched a special solution for food service businesses: an online store that can be quickly up and running and enables reservations and contactless payment. The service could be used free of charge for six months as part of a test phase. We also supported the #lauterwerden festival and held a live stream for carnival in Cologne. The goal of the charity events was to raise awareness and support for the helpers who make the arts and culture scene possible in the first place – from technicians to caterers.

During the crisis, we proved that we are a reliable partner. That is why F.A.Z.-Institut, a company specializing in management, media and marketing information, honored us with a "heroes of the crisis" award in 2020.

#### **Examples of international engagement**

The "Project 10Million" initiative at T-Mobile US was especially important after more than 50 million school children in the US were unexpectedly instructed to begin distance learning as a result of the coronavirus pandemic. Hundreds of US school districts were able to get students connected with their schools for free thanks to the initiative. T-Mobile worked with school districts, extracurricular programs, and local authorities to offer affordable internet access to more than 2.5 million students nationwide.

T-Systems ITC Iberia organized a 24-hour SOLIDARITY HACKATHON in order to find a solution for food shortages which occurred during the pandemic. 20 developers from T-Systems searched for a technical solution to help speed up the delivery of fresh food – working non-stop, day and night. This resulted in the T-Mercabarna Solidaria app, which was developed in collaboration with Mercabarna. The app consists of a digital market place which brings unsold stock from wholesalers together with social welfare organizations, such as the Red Cross, and logistics companies who can transport the food.

Magyar Telekom donated laptops and tablets worth around 8.9 million forints, which corresponds to more than 24,000 euros, to UNICEF. This donation should help children who have no access to technical devices so they too can take part in digital education during the pandemic.

You can find more measures aimed at containing the coronavirus pandemic in the national companies' profiles.

# Employee relationships

## Our approach to shaping employee relations

We pursue dialog-oriented employee relations throughout the Group and engage in trust-based, constructive collaboration with employee representatives and unions. The works councils, central works councils, and Group Works Council represent the interests of our employees at our Group in Germany.

Our partner representing the employees' interests on a European level is the European Works Council (EWC). We also have executive staff representation committees and disabled employee representatives at the unit, company, and Group levels.

As the underlying laws and contracts vary from country to country, codetermination matters are managed locally together with trade unions and employee representatives. Group management is involved in all major issues as a matter of principle.

We have set Group-wide standards for managing employee relations. These were formalized in our Guiding Principles and our Group's Employee Relations Policy. The Employee Relations Policy was extensively revised in the reporting year. You can find comprehensive information about compliance with human rights at our Group in the human rights section and on a separate topic page.

## Updated Employee Relations Policy

The Group-wide Employee Relations Policy (ERP) sets out 12 core elements describing what Deutsche Telekom stands for worldwide as an employer. It outlines our commitment to trust-based collaboration with employee representatives as well as topics such as employee health, fair pay, or a ban on discrimination. The ERP is a framework that employees throughout the Group can refer to. Its aim is to enable them to contribute individually to the company's goals and enhance shareholder value. The framework refers to our "Code of Human Rights & Social Principles" and explains which tools we use to ensure compliance.

In 2020, we revised and updated the ERP and had it approved by the Board of Management in December. The basic character and core content remained unchanged. Because the working world and our processes have changed since 2011, however, we have added topics such as digitalization, freedom of opinion, and virtual working. The new version of the policy addresses the following topics:

- Values
- Recruitment and development
- Responsible management of organizational change
- Healthcare, safety and sustainability
- Remuneration and recognition
- Work-life balance

- Virtual working
- Leadership
- Diversity
- Ban on discrimination
- Commitment and communication
- Collaboration with employee representatives

We monitor compliance with the ERP as part of a regular review process. If the review indicates that our voluntary commitments are not adequately implemented, we follow up on these indications and initiate corrective measures. We publish reviews on the reports of our national companies on our Group portal under "Responsible Employer"

## Reviewed: Employee relations at our national companies

What progress have our national companies been making in implementing our Employee Relations Policy? We examine this issue by means of special reviews. Two to three national companies are subject to such a review each year. They use the results to further improve their relations with employees. The reviews also help us conduct a Group-wide assessment of employer/employee relations and any human rights risks involved in our business activities. Due to the Covid-19 pandemic, it was only possible to review one company in 2020: Crnogorski Telekom in Montenegro. The result can be found online.

If necessary, we formulate additional measures, including a "Human Rights Impact Assessment and Engagement", a process for estimating the actual and potential effects of business activities on human rights. The process also assesses the ability of the organization to prevent, mitigate, or eliminate these negative effects altogether. In this connection, we carried out a comprehensive human rights gap assessment at Group headquarters in 2020. The findings will be evaluated internally and used for additional measures. We are publishing the detailed results on our website. Since 2019, we have also been holding local workshops at our national companies to provide training on and raise awareness of human rights issues.

## Flexible working models for a wide range of needs at Deutsche Telekom in Germany

Designing work so that it is flexible and meets individual needs makes it easier for employees to achieve a good work-life balance, and prevent stress and symptoms of overwork. That is why we encourage flexible working models. Our offer in Germany ranges from flexitime and part time to lifetime work accounts. This paid off especially in 2020: Our employees were able to structure their working hours flexibly and adapt to the challenges of the coronavirus pandemic.

### Promoting part-time work

We support the establishment of part-time jobs and guarantee employees in Germany the possibility to return to their original working hours. 13.5 percent of employees covered by collective agreements and 18.6 percent of civil servants took advantage of part-time models (as at December 31, 2020). In addition, a total of 39 executives were working part-time (as at December 31, 2020). Detailed information about our numerous part-time regulations in Germany is available here.

### Mobile working

Mobile working is established at Deutsche Telekom. Since 2016, mobile working has also been part of our general collective agreement on mobile working with ver.di. Among other things, it includes rules regarding working from home and mobile working. Mobile working is also possible in many of our national companies.

### Part-time training for single parents

Since 2011, we have been working with the German Federal Employment Agency to address single mothers or fathers: We offer them the opportunity to complete a part-time vocational training program or a dual study program.

### Parental leave network

The "Stay in contacT" parental leave network enables employees to stay in touch with the company during parental leave and exchange information about job-related topics.

### Lifetime work accounts and leave of absence

The majority of employees in Germany can set up a long-term work-time account. This account can be used to accumulate work-time credit by means of deferred compensation or by saving up to 80 overtime hours per year, thus enabling the account holder to implement individual life plans. These work-time accounts are referred to as lifetime work accounts. In total, we have set up 13,190 accounts for employees and 652 accounts for civil servants (as of December 31, 2020). The credit can be used for a sabbatical, earlier retirement, or a higher part-time salary. For those without credit there is also the option to take unpaid leave. T-Systems employees can also use long-term work-time credit resulting from (project-related) overtime.

### Leave of absence for personal reasons

Employees have the option of requesting leave of absence at short notice for special reasons after consultation and approval by their manager. For instance, this is an option when caring for a relative or for the time after the statutory parental leave. In the individually agreed period, employees are exempt from performing their work and payment of the remuneration is suspended. All other aspects of the employment relationship remain unaffected.

### Time-off for education

Time-off for education is based on the current offer of unpaid leave and makes it possible for employees in Germany 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 remuneration is paid.

### The 80:20 model

Since 2017, we have been using the 80:20 model to give our employees the opportunity to spend parts of their working time on projects outside of their usual remit. This allows them to work with teams from other departments. Use of the model is voluntary and is tied to a specific Group project.

### Phased retirement

We offer employees over the age of 54 the option of phased retirement. This offer is not just for Germany but can be used across the Group by our employees. Separate regulations apply to employees and to civil servants. There are two options for phased retirement: the block model or the part-time model. During the reporting year, a total of 1,536 phased retirement contracts were concluded with employees both covered and not covered by collective agreements. Among civil servants there were 677 such contracts (as at December 31, 2020).

### Underlying regulations

These working time models are based on the laws and regulations applicable in the individual countries. Working hours at Deutsche Telekom in Germany are governed by collective agreements and works agreements. We document the daily working hours of our employees covered by collective agreements by means of electronic time recording in MyPortal or via the employee app. This guarantees compliance with legal and company regulations; for example, it makes sure that the weekly working hours for a specific flexitime balancing period are complied with. At a large corporation like Deutsche Telekom, regulations are diverse and cannot be fully specified for all the Group companies.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 404-2 (Training and Education)

### Achieving a good work-life balance at Deutsche Telekom

We offer our employees attractive offers to help them achieve a better work-life balance. Achieving this requires more flexible, family-friendly options, effective health promotion and not least, embracing work-life balance in our corporate culture. In Germany, the range of offers includes the following:

- Childcare offers: At a number of sites with large numbers of employees, we provide childcare facilities, holiday childcare programs, and parent-and-child offices.
- Free advisory and referral services: Through our cooperation partner "awo lifebalance" and an online service, we support our employees with childcare (including emergency care), care for relatives, and household services.
- Employee networks: Through various networks, such as the "Fathers' Network" or "Stay in contacT", we provide information for reconciling work and family life, as well as contacts and discussion forums.

- Family fund: We support employee projects that help them improve their work-life balance.
- Social fund: We provide fast financial aid to employees who find themselves in financial difficulties through no fault of their own. We also offer subsidies for recreational activities for severely disabled children.
- Welfare service: We provide support for children who have lost one or both parents, are committed to employees in crisis situations and students from low-income families, and promote leisure activities for senior citizens.
- Recreation service: Employees can take advantage of low-cost family holidays, for example at one of our 18 holiday resorts.

Our complete range of offers for a better work-life balance at Deutsche Telekom in Germany can be found at [www.telekom.com/work-life](http://www.telekom.com/work-life)

Work-life balance is also promoted at our national companies. In addition to mobile working and flexitime, we offer individual models and measures: In Croatia, the SmartWork model was implemented in June 2020, allowing all employees to organize their working environment and conditions to suit their individual needs. In Hungary, we are also committed to maintaining a healthy work-life balance by reducing overtime or promoting flexible working hours. The most suitable working models are selected together with the employees.

In Austria, there are company childcare facilities and holiday childcare programs for the employees' children. The OTE Group in Greece offers summer camps with sports, entertainment and creative activities for children during the holidays. At our Croatian national company, it is a tradition for employees to bring their children to work on a special day and show them around their workplace. In addition, all first grade parents get the day off on their children's first day of school so they can accompany them as they start this new stage in their lives. Employees in Singapore can go home early on one Friday in the month, and use this "Eat with Family Day" to have dinner with the family and spend more time with them.

There are also a variety of initiatives to promote health, such as online yoga classes and back health care in Spain or fitness activities as part of the "Healthy me" program in Romania. In 2020, we expanded our physical and mental health service offerings to give our employees special support during the coronavirus pandemic. In South Africa, for example, we launched the "We care" program aimed at making it easier for employees to deal with the new situation and mobile working. In Greece, we also set up a medical hotline to answer questions related to Covid-19, and created special mental and emotional counseling services.

### Digital collaboration

The key to effective and transnational cooperation is simple, fast and virtual communication. Consequently, it is not surprising that in the pandemic year 2020, the volume of online conferences more than doubled (1.79 billion).

Our „Chat & Messenger“-service „Jabber“ was completely replaced by „WebEx Teams“ last year. Here we can report 170,000 registered users.

	2016	2017	2018	2019	2020
WEBEX (conference minutes, in mio.)	672.52	763.73	835.10	883.88	1787.15
Jabber (Number of Jabber accounts)	27 254	37 062	42 102	64 668	-
WebEx Teams Accounts	-	-	-	-	170 000
You-and-Me (Number of created user profiles)	120 325	121 876	125 670	133 306	130 788

### Dialog and cooperation with employee representatives

We negotiated and adopted over 90 agreements in 2020 through constructive dialog with our works councils.

The organizational measures "PVG 2020" and DT@ITMotion, and the continuation of "T-Systems Transformation" were key transformation projects we conducted in 2020 in close coordination with the works councils.

In addition, 75 collective agreements were concluded with the union ver.di during the reporting year. With the conclusion of the collective bargaining rounds, we gave employees employees covered by collective agreements security in the coronavirus crisis and sent a clear positive signal in economic terms. As part of harmonizing remuneration systems at the Group, we also agreed collective bargaining provisions for a global, uniform job architecture.

Responsible collective bargaining plays an important role and has a long tradition at our company. The percentage of employees covered by collective agreements is published in the non-financial statement in our annual report.

### Constructive dialog

As the underlying laws and contracts vary from country to country, codetermination matters are managed locally with trade unions and employees' representatives. Group management is involved in all major issues as a matter of principle. Information is available in the 2020 annual report.

### Fair pay and benefits

We offer our employees competitive, performance-based pay oriented to the relevant national labor market. Our remuneration policies are structured to guarantee equal pay for men and women and do not discriminate.

With our “Global Compensation Guideline” for executives, our collective agreements and other collective bargaining regulations, we ensure a transparent and gender-neutral payment structure and remuneration for our employees at the Group. Under this guideline, pay is based on the degree of difficulty and complexity of the specific task, and not on the individual person. We thereby ensure that remuneration at the Deutsche Telekom Group is based on the type and scope of the work performed and the requirements of the respective job, irrespective of gender, age and nationality. We also offer our employees additional benefits such as our company pension scheme.

As part of our Group-wide employee survey, we regularly ascertain how satisfied our employees are with their pay and also conduct other surveys on specific topics and in specific units.

In 2018, we compiled a report on equal pay and equality for the first time in order to comply with the new legal requirements of the Act to Promote Transparency of Pay Structures. It is published every five years. You can find the latest report as an annex to the 2017 management report.

### Reporting against standards

#### Global Compact

- Principle 1 (Support and respect for internationally proclaimed human rights)
- Principle 3 (Uphold freedom of association and the right to collective bargaining)

### Salary development at Deutsche Telekom in Germany

In the 2020 collective bargaining round, a salary increase in two steps was agreed for roughly 60,000 employees covered by collective agreements at Deutsche Telekom AG in the Germany segment and at Deutsche Telekom IT GmbH. The first increase took effect on July 1, 2020. The second will follow on July 1, 2021. The increase covers a total of 5.0 percent in pay groups 1 to 5, 4.8 percent in pay group 6, and 4.6 percent in pay groups 7 to 10. The collective wage agreements have a term of 24 months. They may be terminated for the first time on March 31, 2022.

Two salary increases of 40 euros on July 1, 2020 and July 1, 2021 respectively were agreed for apprentices and dual students. Subsistence allowance for apprentices not living with their parents increased by 20 euros to €270.

### Harmonization of remuneration systems

As part of harmonizing remuneration systems at the Group, we agreed a uniform global job architecture with the employee representatives. During the harmonization process, all employees covered and not covered by collective agreements at Deutsche Telekom AG and Deutsche Telekom Service Europe SE were converted to the new job architecture in 2020. By introducing uniform requirements and job descriptions, it was possible to reduce the number of functions from more than 5,500 previously to well below 1,000. The job architecture thus improves the comparability of jobs and creates transparency with regard to the professional development opportunities for all employees at the Group. The job architecture will also be introduced at other companies in Germany in 2021.

### Salary development and remuneration systems at T-Systems in Germany

In the course of the 2018 collective bargaining round, the salaries of roughly 20,000 employees covered by the collective agreement were raised in two stages by a total of 5.5 percent for the lower pay groups and 4.5 percent for the higher pay groups. After the first increase on January 1, 2019, the second increase took place on January 1, 2020. The new collective wage agreement has a term of 33 months and will expire on December 31, 2020.

In 2019, we began to gradually harmonize regulations for variable remuneration at T-Systems as well. As a result of the 2018 collective bargaining round, variable remuneration in non-sales was eliminated effective January 1, 2021. A switch was made to fixed remuneration. In addition, negotiations on general pay increases were due to take place at the beginning of 2021, after the termination of the collective wage agreements on December 31, 2020.

# Employee satisfaction

## Our employee survey

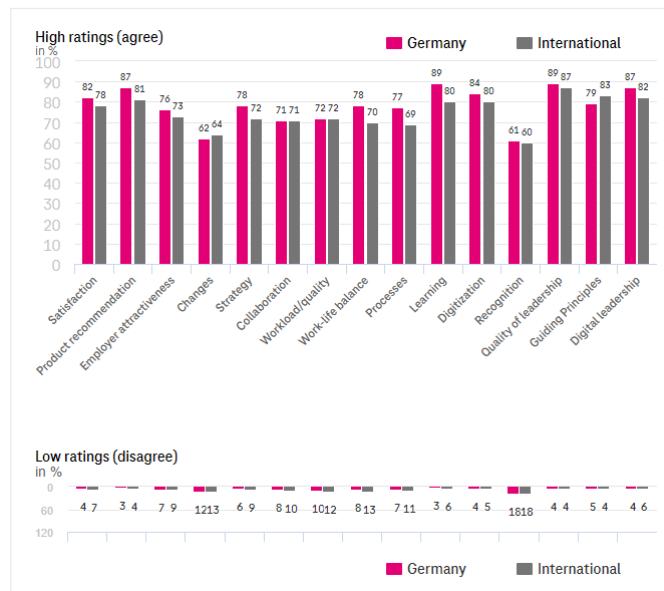
Every two years we ask our employees across the Group how satisfied they are with their work at Deutsche Telekom. This helps us to identify weaknesses and eliminate them. We use the responses to calculate the commitment index as a gage for employee satisfaction.

The last employee survey took place in 2019. 76 percent of employees throughout the Group took part. The Group index score for commitment reached 4.0 points on a scale of 1 to 5 (with 5 being the highest).

## Twice a year: The pulse survey

In addition to the employee survey, we also carry out a pulse survey every six months to gage employee satisfaction. The pulse survey in November 2020 saw a 77 percent response rate among employees.

We included a special survey on the Covid-19 pandemic in our Group-wide pulse surveys in 2020. Among other things, we learned that our employees felt very well informed by the company and had access to the necessary equipment and tools to be able to work. They were also very satisfied with Deutsche Telekom's dealings with its employees and customers.



High ratings = Very good, good/agree fully, agree.  
Low ratings = Poor, very poor/do not agree, do not agree at all.  
"Neither agree nor disagree" ratings are not included.

Explanations of questions asked:

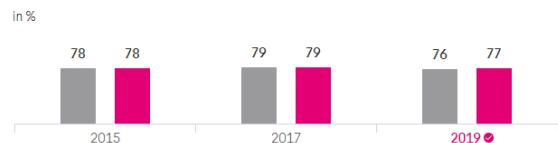
- Satisfaction = How do you feel in the company?
- Product recommendation = I recommend the products/services of our company to potential customers outside of my work environment.
- Employer attractiveness = I would recommend our company as a great place to work.
- Changes = I can understand the changes in our company.
- Strategy = I can clearly explain to others the strategy of Deutsche Telekom.
- Collaboration = In my experience, we all work together as partners at Deutsche Telekom in the interests of the Group's success.
- Workload/quality = In my team, the workload and quality requirements are consistent with one another.
- Work-life balance = The current working hours allow a good balance between private (family/leisure act.) and job-related interests.
- HR development = Our company offers sufficient training opportunities to support my professional development.
- Processes = Processes and procedures allow me to effectively meet my (internal and/ or external) customers' needs.
- Recognition = Considering all my efforts and achievements, I feel that I have received the appropriate amount of recognition at work.
- Guiding Principles = I feel that the Guiding Principles are reflected in my day-to-day work.
- Learning = Our company supports innovative learning formats and offerings.
- Digitalization = I feel that digital platforms/tools support dialog, networking, knowledge sharing, and collaboration at our company.
- Recognition = Considering all of my efforts and achievements, I feel that I have received the appropriate amount of recognition at work.
- Quality of leadership = My supervisor acts with integrity and walks the talk.
- Guiding Principles = I feel that the Guiding Principles are reflected in my day-to-day work.
- Code of Conduct = Our Code of Conduct is the basis for my behavior in my day-to-day work.

## Employee identification with CR commitment ESG KPI

We use the Employee Identification with CR Commitment ESG KPI to determine the degree to which our staff identify with, or how satisfied they are, with our CR commitment. This is based on the Group employee survey (excluding T-Mobile US), which we conduct every two to three years. The last survey has been conducted in May 2019.

Our ambition: increase KPI

Our ambition: increase KPI



■ Satisfaction of employees with CR commitment.

■ Identification of employees with CR commitment.

● Data verified by PwC. Data is partly provided by external service providers.

## Reporting against standards

### German Sustainability Code

- Criterion 7 (Control)
- Criterion 14 (Employee Rights)

### Global Compact

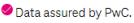
- Principle 3 (Uphold freedom of association and the right to collective bargaining)
- Principle 6 (Elimination of discrimination in respect of employment and occupation)

## Satisfaction and commitment index

Satisfaction rate	2017	2018	2019	2020
Germany	86 %	81 %	85 %	90 %
International	84 %	82 %	82 %	87 %
Group (total)	85 %	82 %	83 %	89 %
<hr/>				
Engagement-Index (Commitment-Index), scale of 1 to 5 <sup>b)</sup>	2017	2018 <sup>a)</sup>	2019	2020 <sup>a)</sup>
All employees	4.1	4.1	4.0	4.0 
All managers	4.5	4.5	4.4	4.4
Employees excl. managers	4.0	4.0	4.0	4.0

The calculated values are taken from the pulse and employee survey results current at the time. The most recent pulse survey was conducted in 2020, the most recent employee survey were conducted in 2019.

<sup>a)</sup> From prior year's employee survey.  
<sup>b)</sup> Divergences from previous reports are due to the fact that the commitment index referred all employees up to the year 2014.

 Data assured by PwC.

The Employee Satisfaction KPI has improved steadily in recent years. This is largely due to sets of measures which guarantee improvements right down to individual teams. We base this on the employee survey carried out every two years and monitor how effective these measures are through the half-yearly pulse survey. This allows us to continuously analyze and optimize our processes. It gives us the opportunity to continually improve employee satisfaction.

# Diversity

## Our approach to diversity and equal opportunity

### Diversity is our strength

At Deutsche Telekom, women and men, young and old as well as people with different abilities and cultural backgrounds from some 150 countries work together very successfully. This diversity is our strength. It helps us remain competitive around the world with good ideas and outstanding products, and consolidate our position as an attractive employer.

For us, diversity means that we offer our employees numerous opportunities to develop professionally and grow personally, regardless of their gender, age, sexual preference, health situation, ethnic background, religion, or culture. We are clearly committed to diversity and have a Group-wide approach for upholding that commitment: It is based on our Diversity Policy, the six Guiding Principles, the Employee Relations Policy and our Code of Human Rights & Social Principles. We are also a founding member of the corporate initiative "Diversity Charter" and aim to promote and use diversity both within and outside of the company.

Violations of our Guiding Principles and corporate values can be reported at any time to our anonymous whistleblower portal "Tell me!" and our contact point for human rights.

Right during the hiring process we emphasize diversity and consider options other than just traditional educational and life paths. Good examples of this are our entry-level training scheme for young people who are disadvantaged in terms of their social and educational background and our part-time apprenticeships/degree programs for single parents. We support an effective work-life balance with an extensive work-life portfolio to allow our employees to realize their abilities in the best possible way.

### Diversity in figures

At the end of 2020, 13.5 percent of employees covered by collective agreements and 18.6 percent of Deutsche Telekom civil servants throughout Germany were working part-time. 7.5 percent (as at December 31, 2020) of our employees in Germany are disabled, putting us well over the statutory quota of five percent. More than one percent of our apprentices and those in dual study programs in Germany are young people with disabilities. We are also above-average in this segment in view of the total number of disabled people in Germany.

We presented the internal company Inclusion Award from the Group Representatives for Disabled Employees for the fourth time in 2020. This award honors internal company projects that were committed last year to supporting and keeping employees with severe disabilities at the company.

### Gender equality from the outset

Gender equality is a particularly important issue for us. We have made it a priority for more than two decades. One of our central goals is to increase the number of women in expert and managerial positions; by 2025, we want to fill 30 percent of leadership positions on the Supervisory Board and in middle and upper management worldwide with women. The Board of Management agreed on this goal in October 2020 and initiated various measures.

### Recognition for our accomplishments

In 2020, Deutsche Telekom CEO Tim Höttges was named „Personality of the Year“ at the German Diversity Awards 2020. BeyondGenderAgenda is an initiative under the patronage of Federal Minister of Health Jens Spahn. Its goal is to promote diversity and inclusion in listed companies and SMEs. Tim Höttges donated the award to all employees who stand for diversity. In society, it is essential that everybody has equal opportunities. Irrespective of gender, skin color, origin, who one happens to love. It's a human right, according to Höttges.

### Diversity Charter

The Diversity Charter is an independent economic initiative that is supported by around 3,000 companies and institutions in Germany. Its goal is to create a work environment free of prejudice. All employees deserve respect and appreciation – regardless of gender, nationality, ethnic origin, religion or belief, disability, age, sexual orientation, and identity. Deutsche Telekom is a founding member of the initiative.

### Commitment to a larger share of women

Our goal is to increase the share of women on the Supervisory Board, the Board of Management, and in middle and upper management. We were not able to meet our goal of consistently reaching a 30 percent share of women worldwide by the end of 2020. We have therefore relaunched the target and initiated numerous measures. These will help us achieve a 30 percent share of women in positions in the above-mentioned areas worldwide by 2025:

- Our opportunities to achieve a good work-life balance through parental leave models, flexible working hours, and childcare services
- The “Child and Career” mentoring program for female candidates for the Supervisory Board
- Specifically addressing female talent through cooperative activities and at events
- Defining target agreements (SMART targets) to increase the share of women
- Filling more leadership positions with female talents
- Promoting the generation shift between male executives due to leave the company in the near future and female junior staff (mentoring)
- Maintaining or increasing the diversity score, also in transformation processes, especially when filling management positions
- Many more support and networking services

Our diverse range of measures has allowed us to continuously increase the share of women on the Supervisory Board, the Board of Management, and in middle and upper management – from 12.5 percent in 2010 to 26 percent on December 31, 2020.

At 45 percent, we have already exceeded our 30 percent target for the Group Supervisory Board. The same is true for the statutory gender quota introduced in Germany on January 1, 2016 for supervisory board committees. With a share of women of 37.5 percent (as of November 2020), the Deutsche Telekom Board of Management also exceeds our own and legal requirements. However, further efforts are needed to meet the above target for the remaining management positions on the two levels beneath Board of Management level, the management of the national companies, and the internal supervisory boards in Germany.

We are also working to increase the number of women participating in technical dual study programs. While in 2010 the share of women in these study programs was only 11 percent in Germany, it has meanwhile risen to 15 percent (as at December 31, 2020).

### Networking for success

Our women's network Women@Telekom helps women reach management positions by providing support, advice, and exchange with other women. Since 2018, the network has organized an annual AI hackathon (AI = artificial intelligence) to jointly develop useful new software. The third AI Hackathon planned for October 2020 was postponed until March 2021 due to the coronavirus pandemic.

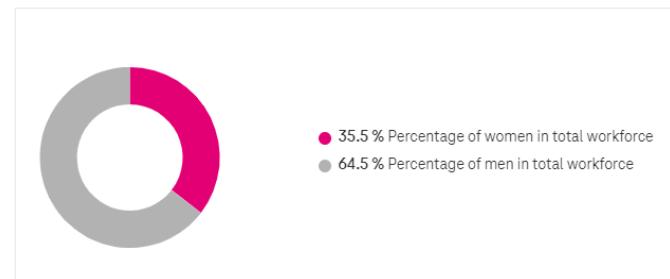
### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 405-1 (Diversity and Equal Opportunity)

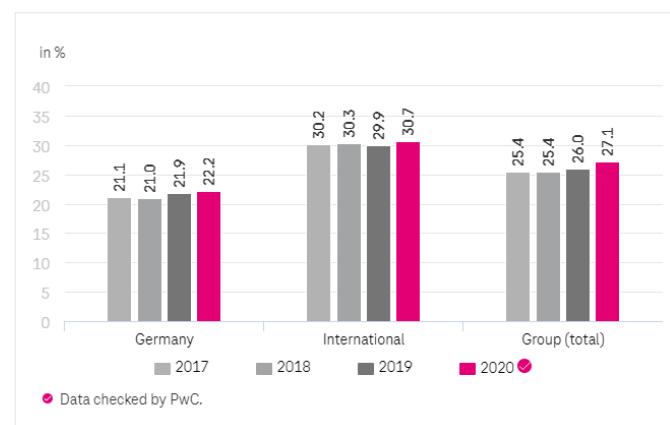
### Percentage of women in total workforce

In recent years, we have succeeded in maintaining the proportion of women in the total workforce at over a third and expect a slight upward trend in the future.



### Percentage of women in middle and upper management

In 2020, as well, we continued pursuing the goal of achieving 30 percent women in management positions. In Germany, the percentage of women in middle and upper management rose from 21.9 percent to 22.2 percent in 2020. Likewise, the figure for the entire Group increased and now stands at 27.1 percent.



You can find further information in the HR Factbook.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 405-1 (Diversity and Equal Opportunity)

### German Sustainability Code

- Criterion 15 (Equal Opportunities)

### Global Compact

- Principle 6 (Elimination of discrimination in respect of employment and occupation)

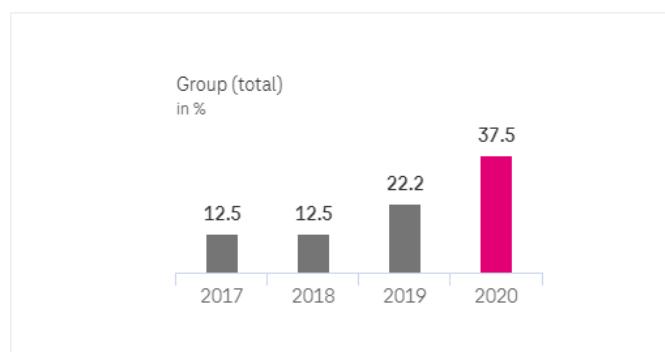
### European Federation of Financial Analysts Societies (EFFAS)

- S10-01 (Percentage of women in total workforce)
- S10-02 (Percentage of women in managerial positions)

### Percentage of women on the management board

In 2020 we achieved the goal of 30 percent women in management positions. Since November 2020, a third woman has been appointed to the Board of Management. This puts us at the top of all DAX Groups with a female share of 37.5 percent.

Deutsche Telekom is one of the few DAX Groups where women have been part of the Board of Management for several years now. In addition, more and more women are working in international management teams below the Board of Management level.



You can find further information here and in the HR Factbook.

### Reporting against standards

By reporting the percentage of women on the management board, we fully cover the GRI 405-1 (Diversity of governance bodies and employees) GRI indicator and the S10-02 (Percentage of women in managerial positions) EFFAS indicator and partially cover the S10-01 (Percentage of women in total workforce) EFFAS indicator. This data is also relevant for criterion 15 (Diversity and health) of the German Sustainability Code. It is also used for reporting on the Global Compact principle 6 (Elimination of discrimination).

#### Global Reporting Initiative (GRI)

- GRI 405-1 (Diversity and Equal Opportunity)

#### German Sustainability Code

- Criterion 15 (Equal Opportunities)

#### Global Compact

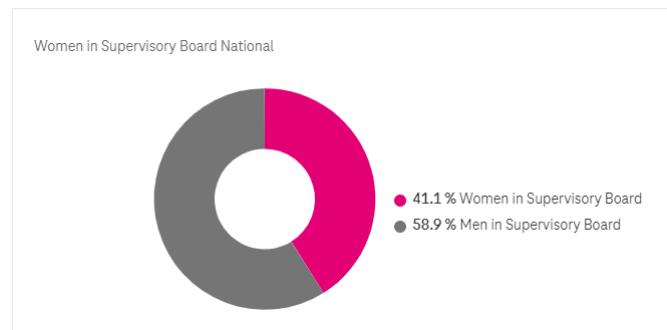
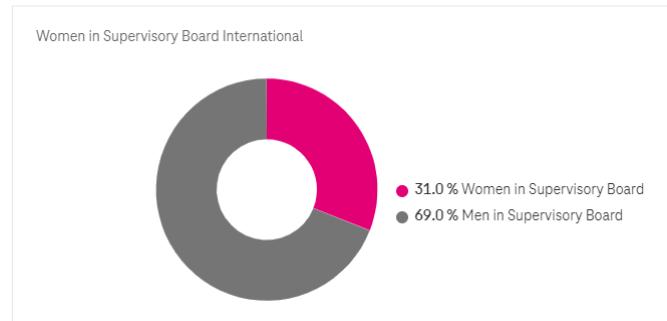
- Principle 6 (Elimination of discrimination in respect of employment and occupation)

#### European Federation of Financial Analysts Societies (EFFAS)

- S10-01 (Percentage of women in total workforce)
- S10-02 (Percentage of women in managerial positions)

### Percentage of women on the Supervisory Boards

In the supervisory boards of our fully-consolidated European subsidiaries, the percentage of women totals 31 percent (in Germany: 41.1 percent).



You can find further information here and in the HR Factbook.

### Promoting the diversity of our young talent in Germany

We are committed to diversity among our junior staff. That is why we encourage and support young people from different backgrounds and nationalities. In addition to offering a part-time training program or dual study program, we also support disadvantaged young people and refugees – with an entry-level training internship. We thereby offer all applicants the same opportunities when starting their careers. As of December 31, 2020, 7.94 percent of apprentices and dual students we employed were of non-German nationality; in total, 55 nations were represented.

### More diversity and inclusion for T-Mobile US

In the fall of 2020, the Board of Directors of our national company in the United States adopted a new declaration of intent for more diversity and inclusion. The declaration of intent was also signed by six major American civil rights organizations with whom T-Mobile US plans more intensive collaboration. To that end, T-Mobile US has established a Diversity and Inclusion Council where each of the signing civil rights organizations has a seat. Other organizations are also involved with the council; a complete list is published on the T-Mobile US website. The council, which has a total of 14 members, has no decision-making powers. It does, however, help T-Mobile US define key topics and draft and implement a strategic diversity plan. The council met for the first time in 2020; beginning in 2021, meetings will be held quarterly.

In addition to the new council, T-Mobile US also has an internal Diversity, Equality and Inclusion (D&I) network. Participants meet to address current issues, question prejudices, and learn from each other. Tens of thousands of employees participate in the D&I network; in total, some 39 percent of the workforce in the USA. The network includes a group for people with disabilities (Accessibility Community), a multicultural group (Multicultural Alliance), an intergenerational network (Multigenerational Network), an LGBTI\* community (PRIDE), a network for veterans and active military personnel (Veterans & Allies Network), and a women's network (Women's Alliance Network).

T-Mobile US has received several awards for its involvement, including the prestigious Forbes "Best Employers for Diversity" award.

### Employees with disabilities

Deutsche Telekom has already exceeded the prescribed minimum rate of 5 percent of disabled employees for a good many years, so that it heads the list of DAX 30 companies on this count. In 2020 the value of 7.5 percent could be maintained.

In %	2013	2014	2015	2016 <sup>a)</sup>	2017 <sup>b)</sup>	2018 <sup>c)</sup>	2019 <sup>d)</sup>	2020 <sup>e)</sup>
Group (total) in Germany	6,4	7,0	7,2	7,5	7,5	7,6	7,6	7,5

<sup>a)</sup> excl. Deutsche Telekom Capital Partners Management GmbH, Detecon International GmbH, Cronon AG, Deutsche Telekom Clinical Solutions GmbH, Orbit GmbH, operational services GmbH & Co. KG

<sup>b)</sup> excl. Deutsche Telekom Capital Partners Management GmbH, Detecon International GmbH, Deutsche Telekom Clinical Solutions GmbH, Orbit GmbH, operational services GmbH & Co. KG, HÄVG GmbH

<sup>c)</sup> excl. Deutsche Telekom Capital Partners Management GmbH, Detecon International GmbH, Deutsche Telekom Clinical Solutions GmbH, Orbit GmbH, operational services GmbH & Co. KG, HÄVG

<sup>d)</sup> excl. Deutsche Telekom Capital Partners Management GmbH, Detecon International GmbH, Deutsche Telekom Clinical Solutions GmbH, Orbit GmbH, operational services GmbH & Co. KG, HÄVG, goingsoft Deutschland, Toll4Europe GmbH

<sup>e)</sup> excl. Deutsche Telekom Capital Partners Management GmbH, Detecon International GmbH, Deutsche Telekom Clinical Solutions GmbH, Orbit GmbH, operational services GmbH & Co. KG, HÄVG, goingsoft Deutschland, Toll4Europe GmbH

You can find further information here and in the HR Factbook.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 405-1 (Diversity and Equal Opportunity)

#### German Sustainability Code

- Criterion 15 (Equal Opportunities)

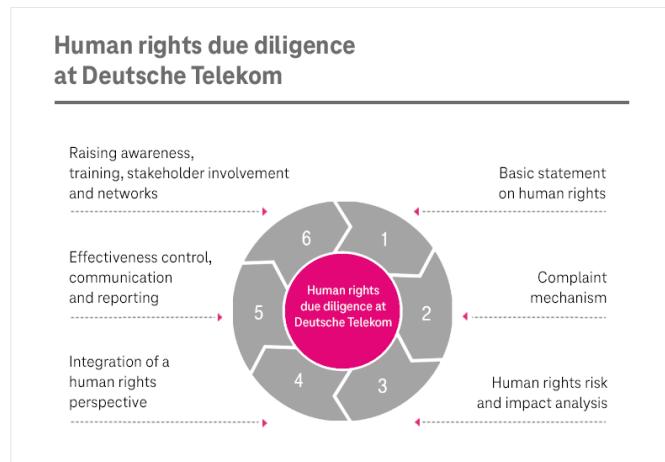
#### Global Compact

- Principle 6 (Elimination of discrimination in respect of employment and occupation)

# Human rights

## Our approach to protecting human rights

Deutsche Telekom has made an explicit commitment to the UN Guiding Principles on Business and Human Rights published by the United Nations Human Rights Council in 2011. These guiding principles require that we systematically identify the impact our operations have on human rights, and prevent, mitigate or compensate these negative impacts where necessary. In order to meet these requirements, we have developed an extensive program for the entire Group: We implement the UN Guiding Principles in an ongoing process that includes several interconnected measures and tools (see diagram).



## Mission statement on human rights

In several basic policies, Deutsche Telekom commits itself to respecting human rights, individual rights and freedom of opinion – and to safeguarding the right to collective agreements and to guaranteeing diversity and equal opportunity:

- Guiding Principles
- Code of Human Rights & Social Principles
- Employee Relations Policy
- Diversity Policy

## Dealing with complaints on possible human rights violations

We receive complaints about possible human rights violations at all times via the anonymous whistleblower portal "Tell me!" and our contact point for human rights, which has been in place since 2013. The contact point can be reached via the public email address [humanrights@telekom.de](mailto:humanrights@telekom.de). A complete overview of contact options can also be found on the "Tell me!" portal. We look into all tip-offs and reports received and introduce countermea-

ures as soon as the information is identified as plausible. You can find out how we handled the reports we received in 2020 here. In addition, we have also taken account of human rights aspects since 2013 in due diligence activities conducted in the context of mergers and acquisitions.

## Analysis of human rights risks and their potential impact

To review the potential impact of our business activities on human rights, we prepare a central Human Rights & Social Performance Report every year. In 2020, all 121 of the companies surveyed declared in this report that they comply with the principles of the Code of Human Rights & Social Principles. The report indicated no violations for 2020.

## Human rights and employee relations at our national companies

As needed, we also introduce special evaluation processes to assess employer-employee relations in the national companies. This is how we monitor implementation of the Group's Employee Relations Policy. In this context, we also take into account the results provided by our Human Rights & Employee Relations Cockpit.

We use this cockpit to measure progress at our national companies on the basis of five indicators pertaining to human rights:

- Employee satisfaction (source: semi-annual pulse survey)
- Willingness to recommend Deutsche Telekom as an employer (source: semi-annual pulse survey)
- Health rate (source: Health, Safety, Environment - HSE - cockpit)
- Number of employees giving notice (source: HSE cockpit)
- Country-specific human rights risks (according to "Human Rights Risk Index" from Maplecroft)

Based on each indicator, we classify the respective national company according to a traffic light system. The results are then discussed with the regional managers of the respective national company; if necessary, measures are agreed – such as "Human Rights Impact Assessments" (procedures that assess the actual and potential impact of corporate actions on human rights) or "Employee Relations Policy Reviews" (review of the Group policy on employer-employee relations).

## Ensuring the effectiveness and adherence of human rights in the supply chain

We expressly require our suppliers to assume responsibility as a way of making sure human rights are also protected in our sphere

of influence outside of the Deutsche Telekom Group. To this end, we supplemented our sustainable procurement strategy with supplier management to improve sustainability performance in our supply chain and ensure respect for human rights. This also includes audits of our suppliers. Detailed results of our Group-wide auditing program are available here.

### Raising awareness, training, stakeholder engagement, and networks

To ensure that human rights are safeguarded in accordance with our Guiding Principles and our Human Rights Code, we offer all employees worldwide online training courses on the subject. We also use internal communication campaigns to provide information on important aspects of human rights, such as the aspect of anti-discrimination.

We are also involved in numerous networks such as the Global Compact and econsense. Together with other companies, policy-makers, and civil society, we can draw attention to existing grievances and press ahead with solutions.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 412-1 (Human Rights Assessment)

### Code of Human Rights & Social Principles

The protection of human rights is firmly anchored at Deutsche Telekom. In 2017 we revised our Social Charter and renamed it our "Human Rights Code & Social Principles". This was adopted by the Board of Management in 2017. This underscored our commitment to the goals of the German National Action Plan on Business and Human Rights adopted by the Federal Government in 2016.

Our Code of Human Rights & Social Principles also represents our commitment to

- the guidelines and declaration of principles for Multinational Enterprises of the International Labour Organization (ILO),
- the Convention of the Organization for Economic Cooperation and Development (OECD),
- the Universal Declaration of Human Rights, and
- the Guiding Principles on Business and Human Rights and the United Nations Global Compact.
- UN Code of Conduct against LGBTI discrimination for companies

We are also committed to respecting human rights in our business principles, our Supplier Code of Conduct, the AI guidelines and in our "Manifesto on the New Ways of Working" as part of our Code of Human Rights & Social Principles.

### Reporting against standards

#### Global Compact

- Principle 1 (Support and respect for internationally proclaimed human rights)

### Reports and inquiries regarding human rights

Between January 1 and December 31, 2020, we received nine reports related to human rights through our contact point for human rights or via the "Tell me!" whistleblower portal.

- The inquiries and tip-offs related to topics such as discrimination, bullying, and management conduct.
- We also received several fundraising and support questions, which we forwarded to the appropriate departments.
- Of course, all reports were treated as confidential.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 406-1 (Non-discrimination)

### Human Rights and Social Performance Report

Deutsche Telekom has made an express commitment to the UN Guiding Principles on Business and Human Rights published by the United Nations Human Rights Council in 2011 and has anchored these principles in its Code of Human Rights & Social Principles.

### Social Performance Report

To review possible impacts on human rights, we have operated a central Contact Point for Human Rights since 2013, and we prepare a Social Performance Report each year. In 2020 all 121 fully consolidated companies of Deutsche Telekom state whether they comply with the principles of the Code of Human Rights & Social Principles. The report again shows no violations of our Social Charter for January to December 2020.

### Whistleblower Portal

Whistleblower portal 'Tell me': 8 tip-offs relating to human rights issues in 2020.

### Assessments & Review

- A Human Rights Impact Assessment in 2020 (Identification of further Group-wide challenges in the area of human rights, which necessitate adjustments to individual policies and communication measures. We will take measures in this regard by the end of 2021.): DT Group
- An 'Employee Relations Policy' review in 2020: Crnogorski Telekom in Montenegro

The Human Rights & Employee Relations Policy Cockpit is also used to measure impacts on human rights. To this end, the national companies collect data related to five human rights indicators and evaluate them according to a traffic light system.

✓ Data assured by PwC.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 406-1 (Non-discrimination)
- GRI 412-1 (Human Rights Assessment)

**German Sustainability Code**

- Criterion 17 (Human Rights)

**Global Compact**

- Principle 1 (Support and respect for internationally proclaimed human rights)
- Principle 2 (No complicity in human rights abuses)

**European Federation of Financial Analysts Societies (EFFAS)**

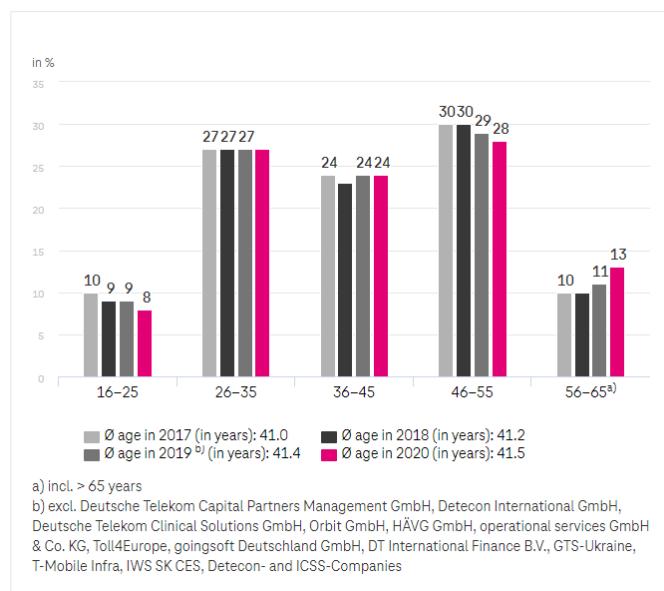
- S07-02 (Percentage of total facilities certificated according to SA 8000 standard)

# Demography and company pension scheme

## Age structure at the Deutsche Telekom Group

The average age in the Group is 41.5 years. Compared with previous years, it is only a slight increase. This is mainly due to the continuous increase in Germany.

As a result of the merger of T-Mobile US with Sprint, the international average age has risen slightly by 0.8 to 38.3.



You can find further information here and in the HR Factbook.

## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 405-1 (Diversity and Equal Opportunity)

### German Sustainability Code

- Criterion 15 (Equal Opportunities)

### Global Compact

- Principle 6 (Elimination of discrimination in respect of employment and occupation)

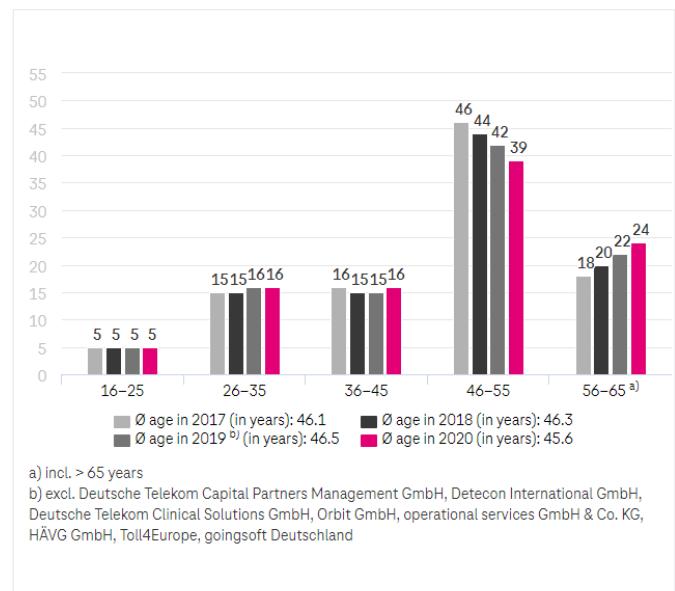
### European Federation of Financial Analysts Societies (EFFAS)

- S03-01 (Age structure/distribution)

## Age structure in the Deutsche Telekom Group in Germany

Demographic shifts and low natural attrition explain why the proportion of employees over the age of 55 has risen from 16 to 23.7 percent in the past five years.

Despite a 1.7 percent increase in the number of employees over 55, the average age of employees in Germany rose by only 0.1 to 46.6.



## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 405-1 (Diversity and Equal Opportunity)

### German Sustainability Code

- Criterion 15 (Equal Opportunities)

### Global Compact

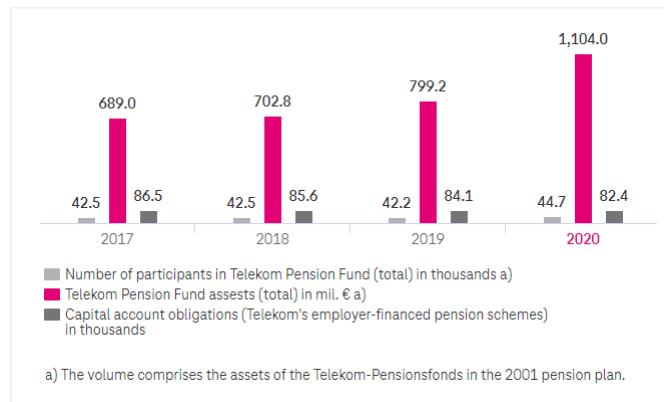
- Principle 6 (Elimination of discrimination in respect of employment and occupation)

### European Federation of Financial Analysts Societies (EFFAS)

- S03-01 (Age structure/distribution)

### Company pension schemes

The increase in fund assets can be attributed to the payments of the increasing number of plan participants (as was the case in previous years). Because the majority of participants in the 2001 pension plan are still active, i.e., still paying into their retirement plans, this increase will remain steady over the next few years.



Investments in the capital market made by Deutsche Telekom for company pension schemes and similar obligations in Germany are based on our sustainability principles. These principles were integrated into our socially responsible investment strategy for Deutsche Telekom pension providers, which we introduced in 2013, in the form of exclusion criteria. They prohibit investments in companies that produce NBC weapons, anti-personnel mines or cluster bombs or that trade in these or have repeatedly violated the UN Global Compact principles. Deutsche Telekom pension funds are also prohibited from purchasing government securities from governments that are subject to sanctions in accordance with public international law. Our pension providers agreed to our socially responsible investment strategy in 2013. This strategy was reviewed in 2017 and now incorporates Best-in-Class strategies and engagement approaches.

We are convinced that putting this strategy into practice will help improve our financial risk indicators. This strategy will also promote perception of Telekom as a socially responsible company. It will help us avoid high-risk, controversial investments and, instead, invest in long-term, stable values that are in line with our principles of sustainability.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 201-3 (Economic Performance)

# Training and development

## Our approach to training and development

We offer our employees a wide range of individual vocational training and development programs. Important principles for this are defined in the Employee Relations Policy and in our Guiding Principles. For many units of Deutsche Telekom, specific agreements were also reached with the employee representatives on the subject of training.

## Training the skilled workers of tomorrow

We have an extensive range of technical and commercial programs for training our skilled workers of tomorrow. In 2020, we provided 2,150 apprenticeships in Germany, of which 1,450 for vocational training, 675 openings for dual Bachelor's students and 25 for dual Master's students. This makes us one of the largest training providers in Germany. We provide training far beyond our own needs – and thereby make it possible for many young people to enter the working world.

## Promoting lifelong learning

We promote lifelong learning and support our employees on their individual learning path. We start by reviewing the skills our employees have now and those they will need in the future. Based on this, we offer our employees tailored training and development programs. These can include stays abroad or studies parallel to their jobs. For example, "Bologna@Telekom" gives employees access to part-time Bachelor and Master degree programs. Since its introduction more than ten years ago, over 2,000 employees in Germany have taken advantage of this opportunity.



## Digital training during the coronavirus crisis

In recent years, we have increasingly shifted our training to digital learning. During the coronavirus pandemic, this was very helpful in ensuring training for employees despite working from home and

no classroom courses. In 2020, more than 60 percent of our training measures took place on digital media and platforms. We further expanded our digital training offerings globally (with the exception of T-Mobile US) throughout the year, for example, with the innovative "Percipio" learning platform. In addition to a desktop solution, the Percipio app lets users access content anytime and anywhere. It offers a wide range of courses, videos, books and audio books on topics such as leadership, technology, and development, or digital transformation, and conveys the learning content in an entertaining way. By November 2020, 170,000 Deutsche Telekom employees were already registered on this platform. In addition, our employees can use the training materials from Coursera, the world's largest provider of online courses at university level. The courses on topics such as big data, cybersecurity, cloud, and artificial intelligence are provided by a network of around 200 universities.

## Digital skills - the key to the future

Worldwide, our employees invested around 2.5 million learning hours in their own training in 2020. Due to the Covid-19 pandemic, this was significantly less than in 2019. However, the share of digital learning increased significantly: Almost 69 percent was delivered digitally, about 23 percent more than in 2019. Today, our employees can access almost all learning opportunities digitally. In 2020, 99 percent of courses bookable Group-wide were digital.

Since 2019, we have pursued the goal of turning Deutsche Telekom into a learning organization with the "youlearn" initiative. We offer our employees worldwide (with the exception of T-Mobile US) the ability to largely manage their own training by means of digital offerings and to make learning an integral part of everyday working life. For example, "youlearn" invites employees to take part in a voluntary, informal "learning challenge". In October 2020, "youlearn day" was offered for the first time as a Group-wide digital learning event. On a digital conference platform, employees could choose from around 40 online sessions on the latest business topics – such as cybersecurity, data analytics, and software development – and participate for one day. 4,700 participants registered for this first "youlearn day". The Technology & Innovation segment offered its employees another learning day the next day.

Another example of self-managed, autonomous learning is the "Learning from Experts" (LEX) employee initiative launched in 2018, where experts from the Group pass on their knowledge to their colleagues in digital courses lasting around 30 to 60 minutes. By the end of 2020, some 3,000 such course options were available, making LEX the fastest-growing community at the Group.

### Boosting leadership skills in the digital age

We are also increasing the use of virtual solutions in our management development programs. The aim is to strengthen virtual leadership skills. As part of our “Lead to Win” performance and development process, our executives receive feedback on their current performance profile and individual development opportunities. The “Lead to Win” approach will be replaced by the new “WeGrow” performance development approach in 2021. This new process will help us increase the commitment of each employee through regular feedback, create clarity about tasks and expected results, and strengthen the trust-based relationship between manager and employee. In addition, the new approach will enable closer integration with other HR processes such as skills management, talent management, and succession planning and helps us meet our business targets. In addition, we use two uniform performance assessment tools throughout Germany:

- “Compass” for employees covered by collective agreements and civil servants, and
- “Performance & Potential Review” for managers and employees not covered by collective agreements. Many national companies also use the tool.

### Agile transformation of Deutsche Telekom in Germany

In Germany, we are focusing increasingly on agile working – especially in the development of new products. The goal is to intensify our focus on the customer and speed up our delivery capability. This is supported by a comprehensive training and education program, including courses in agile working and four-month training courses. They provide skills for role profiles within the agile concept, such as “Product Owner” or “Scrum Master”. A leadership program on agile working is also available for managers.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 404-1 (Training and Education)
- GRI 404-2 (Training and Education)

### Agile working and new learning concepts at T-Systems

#### Agile transformation at T-Systems

Against the backdrop of the Covid-19 pandemic, agile working at T-Systems continued to gain speed. We responded flexibly to the new circumstances and worked almost entirely from home during the lockdown phases in 2020. Our employees were assisted by “Agile Power Teams”, colleagues responsible for implementing agile working methods at T-Systems worldwide. The Agile Hub ensures the teams are connected and coordinated. It is made up of agile working experts. Among other things, they design training formats and support knowledge-sharing among the teams. In 2020, offerings included new and totally virtual training formats.

### “youlearn” at T-Systems

In 2020, the Group-wide “youlearn” initiative was also continued at T-Systems; this also included a relaunch of the “youlearn Guide T-Systems” training platform. T-Systems also took part in the Group-wide “youlearn day”. The focus at T-Systems this year was

on the “Digitize!” training initiative, which gives employees the skills they need to implement the digital transformation at the customer. It offers digital training on technological issues such as artificial intelligence (AI) and big data, and the part-time “Digital Engineer Program” in cooperation with RWTH Aachen University. This program trains employees to become a pilot for digital transformation within 10–12 months. 2020 marks the second time this program was offered. Graduates of the first training session were involved in the development of the Corona-Warn-App in 2020.

### Training program for cybersecurity professionals

IT security experts are still in short supply on the German labor market, which is why we developed our part-time training program for cybersecurity professionals (certified by the Chamber of Commerce and Industry) in 2014. The program is integrated into regular work processes and supplemented by topic-based and general modules in a variety of formats (classroom courses, e-learning, blended learning). After successfully passing the examination at the relevant Chamber of Industry and Commerce (IHK), participants receive an IHK certificate for IT security specialists. They can obtain credits in their Bachelor’s and Master’s program for the skills they have acquired as part of the training.

We are continuously developing our training programs, taking into account current and future IT security requirements. In 2020, for example, we developed and deployed new technical modules in cryptography and web and application security. In addition, we incorporated the topic of “mental health” at the request of participants and specialist companies and included a related workshop in the program.

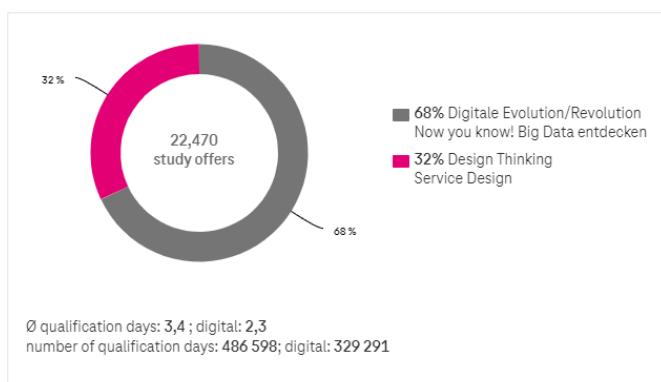
Despite the Covid-19 pandemic, we were able to carry out the full program in 2020. The contact restrictions simply meant that individual classroom events had to be carried out virtually.

Given the demand, including from other companies and public agencies, we have opened up our training to employees from other organizations. Now in its seventh year, the program was held digitally due to the pandemic and had 22 participants, two of whom came from external organizations. Fourteen participants came from Deutsche Telekom Security GmbH and six from Deutsche Telekom IT GmbH.

After six program sessions to date, we can give it a positive verdict: Four classes completed the training in full by June 2020 and were certified accordingly. The average age of the graduates was approximately 25. At 1.7 percent, the dropout rate among participants was very low. We now count a total of 97 program participants in seven years. All 40 graduates of the 2014 to 2017 classes were kept on at Telekom. Only two graduates decided to leave the company, one of whom returned after one year.

### Skills development at Telekom Training in Germany

Deutsche Telekom offers its employees a range of advanced training measures, which enable them to develop and brush up their skills.



You can find further information here and in the HR Factbook.

#### Reporting against standards

##### Global Reporting Initiative (GRI)

- GRI 404-1 (Training and Education)
- GRI 404-2 (Training and Education)

##### German Sustainability Code

- Criterion 16 (Qualifications)

##### European Federation of Financial Analysts Societies (EFFAS)

- S02-02 (Average expenses on training per FTE p.a.)

#### International development and leadership programs

The object of our international development and leadership programs is for high potentials and high achievers to gain a foothold in the Group, to keep them loyal to the company and to position them in suitable jobs. These programs focus on development of the upcoming leader generation and on support in coping with the challenges they face now and in the future. At the same time, the programs aim to enhance their sense of belonging, increase knowledge exchange and promote personal responsibility.

The Global Talent Pool was closed to new entrants in June 2020. A revised global approach - Talent Hub - has been developed and will be launched in 2021.

		2017	2018	2019	2020
Participants Trainee-Programm Start up! <sup>a)</sup>	total	32	44	71	44
Participants Trainee-Programm Start up! <sup>a)</sup>	of which women	50 %	59 %	44 %	59 %
Participants Global Talent Pool <sup>b)</sup>	total	858	976	952	-
Participants Global Talent Pool <sup>b)</sup>	of which women	25 %	26 %	26 %	-

<sup>a)</sup> The program lasts 15–18 months. The numbers listed are annual new hires.

<sup>b)</sup> Group-wide program for top talents. The program lasts 12 months (starts every summer).

Replaces the former „Talent Space“ program. New audience scope hinders the comparability with previous years data.

2020 saw the continuation of successful formats, ongoing improvements based on participant feedback, and the redesign of individual courses. After two successful rounds, we continued our state-of-the-art levelUP! executive program in 2020. In total, over 2,100 executive staff have already participated in this program.

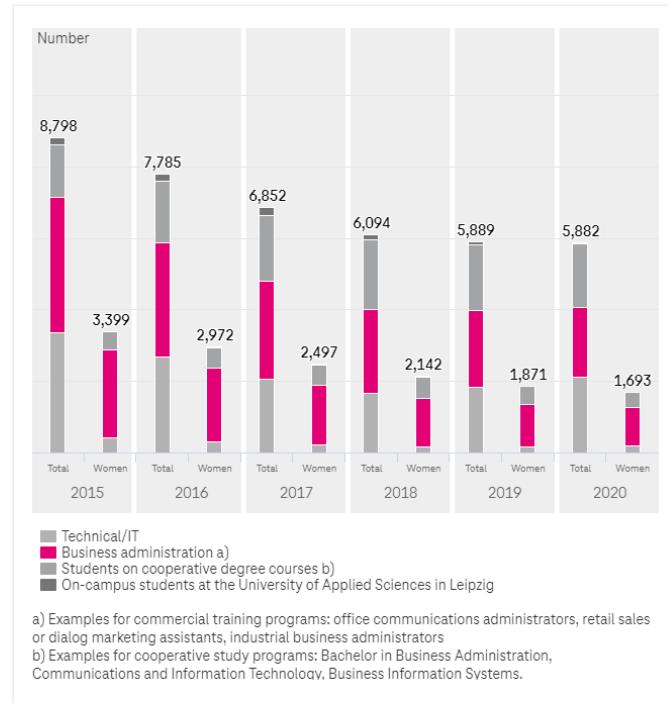
levelUP! is designed to help managers tackle future challenges and facilitate their own development journey. The main aspect pursued in 2020 was to focus on leadership in an agile context.



You can find further information here and in the HR Factbook.

#### Apprentices and training programs Deutsche Telekom Group in Germany

In 2020, we recruited around 5,900 junior employees for training or a cooperative degree program. More than 29 percent of them were women. The decrease on the previous year's figures is in line with the general employment trend at Deutsche Telekom.



You can find further information in the HR Factbook.

#### Reporting against standards

##### Global Reporting Initiative (GRI)

- GRI 404-1 (Training and Education)

##### German Sustainability Code

- Criterion 15 (Equal Opportunities)

### Employee recruitment Deutsche Telekom Group in Germany

In 2020, Deutsche Telekom hired almost 800 new employees from the external labor market in Germany. In addition, we gave around 1,100 internal junior staff permanent jobs on completion of their vocational training or cooperative study courses.



You can find further information here and in the HR Factbook.

# Occupational health and safety

## Our approach to health and occupational safety

We take our obligation to ensure the health and safety of our employees very seriously. The Board of Management assumes overall responsibility for occupational health and safety, and environmental protection. We combine and control our occupational health and safety programs at Group level; health and safety managers (H&S managers) are responsible for implementing these programs locally. The general responsibilities, duties and programs for health and safety management are outlined in the Management System Manual for Quality, Health, Safety and Environmental Protection. The handbook serves to harmonize and align our management systems with common targets across the Group.

Occupational health and safety is firmly anchored in our structures through certified management systems and related policies and guidelines. We are now aligned with the ISO 45001 standard: In 2018, we were one of the first DAX-listed companies to have our H&S management system certified according to the standard. Before that, we had been certified by OHSAS 18001 since 2011. By the end of the reporting year, 94 German and international locations were audited according to ISO 45001 and ISO 14001. Their certification was renewed in all cases.

We support our employees in maintaining and promoting their health with target-audience-specific measures and extensive programs. At the same time, safety at the workplace is our highest priority. We view occupational health and safety legislation as minimum requirements. Awareness-raising, prevention, and personal responsibility are of particular importance to us. Our portfolio of occupational health and safety measures also includes many voluntary measures to promote health within the company. These include, for example:

- An annual, comprehensive health check by the company doctor
- Vaccinations and hygiene measures
- Bowel cancer screening
- Exercise/fitness activities
- Programs for recovery and resilience, mindfulness, health-oriented leadership,
- and increasingly digital training exercises.

## Effectiveness of our health and safety measures

We systematically analyze and gage the effectiveness of our measures. This includes reviewing the results of our employee survey, evaluating stress prevention measures under collective agreements, competitor analyses, and other indicators. We analyze this information on a yearly basis and use it to derive measures that promote the health and well-being of our employees.

Different indicators reflect the effectiveness of our corporate health management activities:

- At Deutsche Telekom in Germany, the health rate for 2020 (including long-term illnesses) was 95.0 percent (prior year: 94.0 percent). Excluding long-term illnesses, the health rate in 2020 stood at 96.5 percent (prior year: 95.5 percent). We have thus achieved our Group-wide target for 2020 (95.9 percent excluding long-term illnesses). The health rate is reported to the Board of Management at the end of each quarter.
- The total number of work-related accidents declined in the reporting year in comparison with the previous year. The accident rate in Germany for 2020 was 3.8 accidents (resulting in over three days of absence) per thousand employees.
- The Group-wide health index – last calculated in 29 countries as part of the employee survey in 2019 – stood at 3.6 (on a scale from 1.0 to 5.0). The next health index will be measured in 2021.

## Measures during the Covid-19 pandemic

To protect our employees during the outbreak of the Covid-19 pandemic, we provided the opportunity to work from home whenever possible. Together with the Bonn Hygiene Institute, we also developed a comprehensive hygiene concept. After the first wave of infection subsided, some employees were able to return to their jobs at the company in May. When the second wave emerged in the fall, we again severely limited on-site work. Our Chief Human Resources Officer Birgit Bohle regularly informed employees about our extensive safety measures. Our approach to handling the pandemic received very strong approval from our employees, as confirmed by our pulse survey.

## New “My Health Journey” program

Despite the pandemic, we were able to launch the internal health program for emotional resiliency “My Health Journey” in Germany in 2020. In addition to a series of workshops on developing emotional resilience, it provides science-based mindfulness training for executives. Its aim is to promote self-reflection and self-organization. In addition, our employees have access to digital tools for diving deeper into the content.

## More awards

2020 marked the fourth time that Deutsche Telekom in Germany received the Corporate Health Award as the most socially sustainable employer in the information and communications technology sector. The award is organized by EuPD Research and the Handelsblatt newspaper. The award honors employers who demonstrate

an above-average commitment to employee health and who pursue a forward-looking, sustainable human resources strategy. Winning the award is a special recognition for our H&S management, especially in 2020 with the economic and HR-related challenges of the Covid-19 pandemic.

We also won international recognition in 2020: OTE Group Greece received six awards for individual health or safety topics.

#### **Psychosocial counseling as part of change management**

It is very important for Deutsche Telekom AG that the Employee and Executive Advisory Service (MFB) provides psychosocial support for various transformation processes Group-wide. The goal is to help affected employees, managers and teams deal with professional and private changes, and prevent psychosocial crises.

To this end, we offer free and anonymous individual counseling and consultation hours in Germany. After registering, employees can receive personal advice from experts. Immediate telephone advice is available through the "SPRECHZEIT" hotline from 8 a.m. to 8 p.m. Monday through Friday. If necessary, employees seeking help are referred directly to local experts or specialist agencies. The counselors have a duty to maintain confidentiality and are familiar with the specifics of the company. Due to the immense changes in 2020 caused by the coronavirus pandemic, we have expanded the range of services: SPRECHZEIT counsels on the impact and handling of reduced social contacts, and stress caused by closed care facilities and schools. In addition, a selected team of occupational physicians answers specific questions related to coronavirus.

We have supported experts and executives for many years with appropriate tools, such as presentations and workshops on the topics of "Healthy leadership: possibilities and limits in leadership behavior", "Shaping change successfully" and coping with psychological stress factors.

Courses on virtual leadership are also part of these offerings. Working in hybrid or distributed teams has long been part of everyday life for some segments of Deutsche Telekom. Nevertheless, the shift of workplaces to home offices due to Covid-19 – combined with severely limited personal contact – poses an additional challenge: Executives have to be sensitive to changes in teams and individuals and provide enough time for personal exchange, for instance, by planning regular video conferences.

#### **Digitalization and health – joint project launched with health insurer BARMER**

In 2017, together with one of our health partners, BARMER health insurance company, we launched the "Digitalization and Health" model project; the University of St. Gallen and IfOS in Cologne, among others, are lending us scientific support. In the context of digitalization, we are developing solutions that can improve employee health and enhance motivation and performance. Over the past three years, we have introduced various measures as part of the cooperation project and tested them together with Deutsche Telekom staff.

In 2019, our employees also tested the "Digital Health Guide", an online platform that helps employees select suitable health services and simplifies their use. Employees were also able to try out the NutriAssist app, which analyzes individual requirements for micronutrients such as vitamins, minerals, and omega fatty acids, and provides appropriate nutritional tips.

The pilot project "Healthy and mindful leadership" was also launched in 2019. This is a multimodal course designed to improve the digital health literacy of employees. The project was initially aimed at managers as important multipliers. In the course of the pilot project, we were able to scientifically demonstrate the positive training effects on health, stress perception, and mindfulness. Therefore, in 2020 we expanded the project nationwide as part of "My Health Journey" and offered executives a total of ten units comprised of 50 days each. So far, 90 people in senior management have taken part. In the meantime, additional positive effects have been demonstrated. Participants have also shown improved capacity to work, ability to cope with their work, and enhanced performance. As a result, the program will gradually be made available to other executives in 2021.

With support from BARMER, we also continued to address the topic of nutrition in 2020. As part of a pilot project, nutritionists and two well-known top athletes offered virtual lectures on various key topics such as comfort food and food preparation. Team workshops and additional services such as Weight Watchers Online were also available. The nutrition pilot project will be continued in 2021 with more campaigns and activities.

#### **Health rate**

Nationally, the health rate for the Deutsche Telekom Group in 2020 showed a slight improvement of 1.0 percent year-on-year, and stood at an average of 95 percent (including the long-term sick). Musculoskeletal disorders, respiratory diseases, and mental health problems account for the bulk of illness-related absenteeism at Deutsche Telekom AG.

The health rate is reported to the Board of Management at the end of each quarter. The 2020 health rate excluding the long-term sick is 96.5 percent. We aimed to bring the Group-wide health rate up to 95.9 percent by 2020 (excluding long-term illnesses).

Targeted health protection programs were implemented in the individual companies. Across all segments, management training courses on the topic of "healthy leadership" were either introduced or continued. The aim is to raise managers' awareness of this issue and train them accordingly. Additionally, a structured absence management system will be put in place to ensure that employees and managers regularly communicate about illness-related absences so that appropriate action can be taken early on.

	2013	2014	2015	2016	2017	2018	2019	2020
Group (national)	93,9	94,4	94,0	93,8	93,7	93,6	94,0	95,0 

 Data assured by PwC.

You can find further information in the HR Factbook.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 403-2 (Occupational Health and Safety)

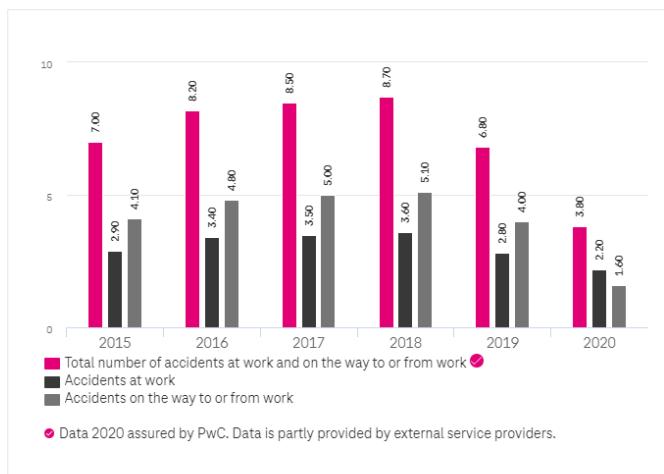
#### German Sustainability Code

- Criterion 15 (Equal Opportunities)

### Work-related accidents in Germany

The number of work-related and commuting accidents was lower than in 2019. The accident rate is well below the average at comparable companies.

Deutsche Telekom has a health and safety management system in place to reduce the number of work-related accidents. This certified system makes it possible to map the entire health and safety process and to develop sets of measures to further improve employee safety.



You can find further information in the HR Factbook.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 403-2 (Occupational Health and Safety)

# Headcount and part-time work

## Workforce development worldwide

The Group's headcount increased by 7.5 percent compared with the end of the prior year, mainly due to the integration of Sprint employees in the United States. Development across the segments was varied. The number of employees in our Germany operating segment declined by 4.4 percent as a result of efficiency enhancement measures and the take-up of socially responsible instruments in connection with the staff restructuring. The total number of employees in our United States operating segment increased by 50.7 percent as of December 31, 2019 compared with the prior year, primarily due to the integration of Sprint employees. In our Europe operating segment, the headcount was down 7.1 percent compared with the end of the prior year. The headcount decreased in Romania, Hungary, and Greece in particular. The number of employees in our Systems Solutions operating segment decreased by 4.7 percent compared with the end of 2019, mainly due to efficiency measures. The remaining headcount in this segment increased by 3.1 percent due to the insourcing of formerly external activities to realize cost savings at T-Mobile Netherlands. The headcount in the Group Headquarters & Group Services segment was down 4.1 percent compared with the end of 2019, mainly due to the ongoing staff restructuring at Vivento.

Number	2013	2014	2015	2016 <sup>a)</sup>	2017 <sup>a)</sup>	2018 <sup>b)</sup>	2019 <sup>b)</sup>	2020 <sup>b)</sup>
Germany	66 725	68 754	67 927	66 410	64 798	71 549	69 117	66 051
USA	37 071	39 683	44 229	44 820	45 888	46 871	47 312	71 303
Europe	53 265	53 499	48 920	46 808	47 421	47 964	44 410	41 272
Systems Solutions	49 540	46 244	37 850	37 472	37 924	28 945	29 800	28 395
Group Headquarters and Group Services	21 995	19 631	23 548	20 258	19 351	18 370	17 292	16 585
Group Development			2 768	2 572	1 967	1 976	2 603	2 684
Group (total)	228 596	227 811	225 243	218 341	217 349	215 675	210 533	226 291

<sup>a)</sup> Since January 1st 2017 we report the Board division technology and innovation via the segment Group Development and the segments Group Headquarters & Group Services. Year on year data has been adjusted accordingly.  
<sup>b)</sup> Values for 2018–2020 restated.

You can find further information in the HR Factbook.

## Reporting against standards

### Global Reporting Initiative (GRI)

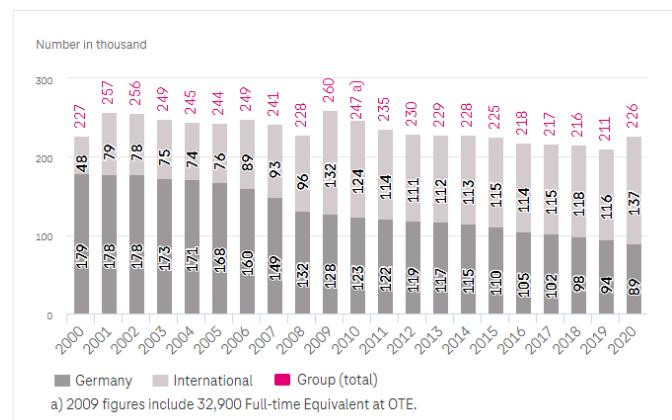
- GRI 401–1 (Employment)

### European Federation of Financial Analysts Societies (EFFAS)

- S01–01 (Percentage of FTE leaving p.a.)

## Deutsche Telekom workforce 2000–2020

Our strategy to become the leading telecommunications provider in Europe is reflected in the trend in our international employee headcount. The number of employees working at sites outside Germany has risen notably since the turn of the millennium – albeit with fluctuations in some places. Whereas 78.9 percent of company employees were working in Germany in 2000, the rate has leveled at around 50 percent since 2015. The figure for 2020 was 39.3 percent.

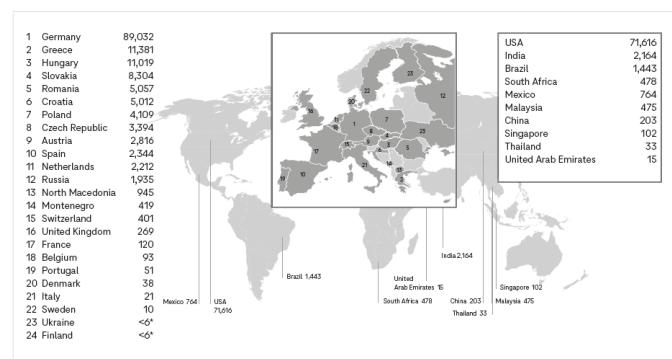


## Reporting against standards

### German Sustainability Code

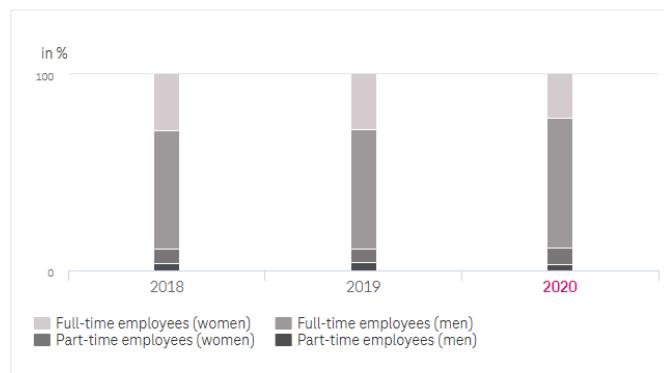
- Criterion 15 (Equal Opportunities)

## Number of employees by country



### Part-time employees Deutsche Telekom Group

We believe it is important to offer our staff flexible working conditions that fit their needs at every stage of their lives. This includes the opportunity to work part-time, but also the guaranteed option of returning to work when the employee no longer wants to work part-time. We also offer this to young parents so that they can balance starting their career through training or a part-time cooperative study course with the demands of family life as a single parent. Part-time training is available in all of our training programs, and means apprentices spend 25 hours per week either in the company, in school, or in the training center. The highlight: like all apprentices, part-time apprentices can cut their training to two and a half years and therefore apply for a job earlier than would have otherwise been possible. A success model all round, since Deutsche Telekom also benefits from the young people's commitment.



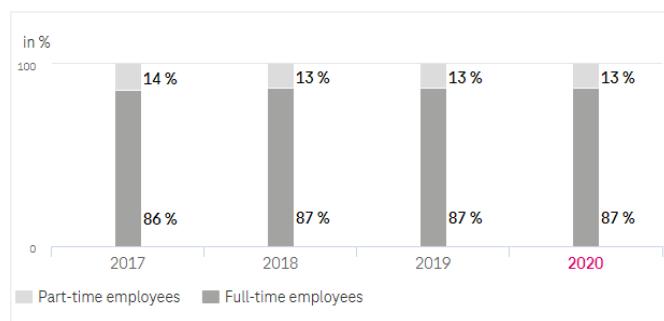
### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 102-8 (General Disclosures)

### Part-time employees Deutsche Telekom Group in Germany

The percentage of part-time employees came to around 13 percent in 2020, and thus remained stable compared to the previous year.



### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 102-8 (General Disclosures)

### German Sustainability Code

- Criterion 14 (Employee Rights)
- Criterion 15 (Equal Opportunities)

### Global Compact

- Principle 3 (Uphold freedom of association and the right to collective bargaining)
- Principle 6 (Elimination of discrimination in respect of employment and occupation)

# Fluctuation & staff restructuring

## Socially responsible staff restructuring

We must stay fit for the future and competitive in the long term – especially against the backdrop of digitalization and a dynamic and global market environment. That is why we support our employees in the best way possible on our way to the digitalized working world.

These changes are also accompanied by complex personnel restructuring. We are creating new jobs in growth fields and are training qualified personnel to fill these positions. Other areas are the focus of restructuring activities involving workforce reduction. We make sure that all staff restructuring measures are implemented in a socially responsible way for our employees.

The HR service provider Vivento has provided us with support for implementing staff restructuring in Germany for many years. Since 2013, Vivento has been exclusively responsible for providing support and placement services for civil servants. 149 civil servants employed at Deutsche Telekom in Germany opted for a permanent transfer to federal, state, or local authorities in 2020. The focus was primarily on transfers of civil servants to the the armed forces, the Customs Office, and the Federal Police Force. Employees were assisted in finding positions with administrative authorities. Since Vivento was established 17 years ago, the HR service provider has helped more than 52,500 employees (full-time equivalents, FTEs; as at: December 31, 2020) to gain a new perspective.

Surplus personnel have been looked after for several years in the segments, including T-Systems or Telekom Deutschland: They offer a special consulting concept for professional reorientation. They give employees in the change process prompt and comprehensive support – with the goal of finding permanent new employment.

## Reporting against standards

### Global Reporting Initiative (GRI)

- GRI 401-1(Employment)

## Job Service & Placement (JSP): Staff restructuring at T-Systems

Deutsche Telekom's systems solutions business is currently undergoing a transformation. Job Service & Placement (JSP), our internal service provider, advises and supports employees with a comprehensive program and various initiatives through the necessary change processes. The aim is to place employees within the Group or externally. In addition, T-Systems supports restructuring in a socially responsible manner – for example, by offering phased retirement, early retirement, and severance payments.

## Holistic staff restructuring and transfer management at Telekom Deutschland GmbH

Telekom Deutschland GmbH has implemented holistic staff restructuring and transfer management system since 2017. Its aim is to win employees over to the idea of a career change early on. In cases where tasks are being eliminated in the near or medium term, or different skills are required, the affected employees will be given advice proactively regarding opportunities for a professional reorientation. Managers are also actively involved in the change process. Together with them, internal and external employment alternatives are considered and personal labor market profiles developed. In addition, assistance is provided for individual application processes and – where necessary – training offered. Since 2018, around 1,000 employees nationwide received advice in the Germany segment. Approximately two thirds of them were able to find new options through these measures.

## Tools for socially responsible staff restructuring Deutsche Telekom Group in Germany

We continued our efforts to engage in socially acceptable staff restructuring. To this end, the Group continued to rely on the already proven tools of early retirement, severance pay and partial retirement in 2020.

Personnel cuts (FTEs).	2014	2015	2016	2017	2018	2019	2020
Early retirement (civil servants)	927	1 219	3 849	27	1 711	1 242	1 917
Early retirement (non-civil servants)	27	29	47	61	63	71	77
Severance payments	826	1 448	726	1 081	972	763	745
Partial retirement (start of passive phase)	332	1 345	1 393	1 687	1 890	1 692	1 899
Other socially responsible tools	471	11	<6	15	-	-	-
Transfers to public authorities (final) <sup>b)</sup>		711	418	417	326	321	146

<sup>a)</sup> Permanent transfers; civil servants are not entitled to return to the Deutsche Telekom Group – established as a cluster in 2015.

You can find further information in the HR Factbook.

## Reporting against standards

### German Sustainability Code

- Criterion 6 (Rules and Processes)
- Criterion 14 (Employee Rights)

### Fluctuation rate

The fluctuation rate in Germany decreased slightly compared to 2019 and was 1.98 percent. Internationally it has also fallen compared with 2019. At Group level, it also decreased slightly due to the decrease in Germany and internationally and stood at 3.94 percent in 2020.

in %	2017	2018	2019	2020
Germany	1.70	1.94	2.28	1.98
International <sup>a)</sup>	9.22	9.78	9.55	6.61
Group (total) <sup>a)</sup>	4.68	5.12	5.32	3.94

<sup>a)</sup> excluding USA

You can find further information in the HR Factbook.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 401-1 (Employment)

### Proportion of civil servants in Group workforce

The proportion of civil servants employed in the company fell once again in 2020. The reason for this is that Deutsche Telekom has not recruited any new civil servant staff since the company was privatized. In addition to civil servants leaving the company when they reach retirement age, others also took advantage of early retirement or moved to other agencies. This led to a continuous drop in the number of civil servants in our workforce.

	2013	2014	2015	2016	2017	2018	2019	2020
Active civil servants	20 523	19 881	18 483	15 999	15 482	13 507	12 153	10 583
Civil servants on temporary leave from civil servant status <sup>a)</sup>	1 412	1 340	1 220	889	731	657	553	405
Civil servants at affiliated companies	14 179	13 260	12 292	10 827	10 486	9 785	8 720	7 423
Civil servants (total)	36 114	34 482	31 995	27 716	26 699	23 950	21 426	18 412
Number of non-civil servants in Germany	80 529	80 267	78 360	76 946	75 202	74 143	72 685	70 620
Total number of employees in Germany	116 643	114 749	110 354	104 662	101 901	98 092	94 111	89 032
Percentage of civil servants in Germany (in %)	30.96	30.05	28.99	26.48	26.20	24.42	22.77	20.68

<sup>a)</sup> Civil servants whose status as such is currently suspended. They have temporarily switched to an employee relationship not covered by collective agreements.

### Reporting against standards

#### Global Reporting Initiative (GRI)

- GRI 401-1 (Employment)

# Ideas Management

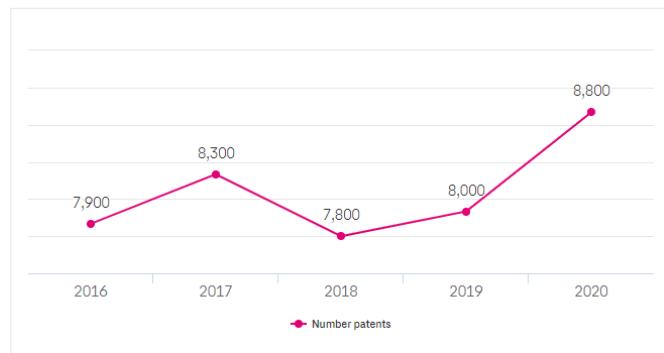
## Valuable contributions to Group-wide ideas management

With our Group-wide “Idea Generation Management” we encourage our employees to send us their suggestions and ideas for continued improvement at Deutsche Telekom. Due to the coronavirus pandemic, fewer employees took part in 2020 than in the previous year: Participation was lower, at 4,574 submissions, but the quality of the ideas was higher. The economic benefit amounted to 69.2 million euros in the form of savings or new business potential.

Deutsche Telekom took second place in the “Occupational health and safety” category of the German Ideas Management Award presented by the German Institute for Ideas and Innovation Management in 2020. The winning idea, to modify heavy-duty rails before they are installed, came from Andreas Thomas (Customized Hardware Service Individuell) and his colleagues. The idea generates a value of 400,000 euros.

## Portfolio of Intellectual Property Rights

By the end of 2020, we owned around 8,800 intellectual property rights (IPRs). We take a targeted approach to managing these IPRs in consideration of cost-benefit aspects. We regularly take stock of our IPRs and eliminate those that are no longer relevant.



Patents are gaining more and more significance in the telecommunications industry. Market players and their areas of activity are changing, with a knock-on effect on our IPR (intellectual property rights) agenda. On the one hand, our Group's scope for action must be maintained. On the other hand and alongside our own research and development activities, we want to pave the way to open innovation through collaboration projects and partnerships. National and international IPRs are vital for these types of activity. We are strongly dedicated to generating our own property rights. Industrial property rights include inventions, patent applications, patents, utility models and design patents.

Thanks to our intense efforts to develop and structure our IPR portfolio, the rights we hold are highly valuable and firmly in line with our Group's strategic objectives. We have put in place a professional patent law management process to keep our IPR assets safe. Additionally, we are represented on various standardization bodies in our industry. We manage our IPRs on the basis of cost/benefit aspects, filing only selected applications and de-registering patents systematically.

## Reporting against standards

### European Federation of Financial Analysts Societies (EFFAS)

- V04-05 (Number of patents registered within last 12 months)
- V04-06 (Percentage of patents registered within last 12 months in relation to total number of patents)

# About this report

"Act responsibly. Enable sustainability." is the title of our Corporate Responsibility (CR) Report 2020. We chose this title to emphasize our commitment to sustainable activity along the entire value chain and to highlight the potential that our products and services hold when it comes to addressing environmental, economic, and social challenges.

Deutsche Telekom has been involved in CR reporting for more than 20 years: Every year, in addition to our CR Report, we publish a non-financial statement in our Annual Report. To identify the key reporting topics for our company and stakeholders, we regularly carry out a comprehensive materiality process. Our reporting is supplemented by updates in the Corporate Responsibility section of our Website and by our We Care magazine.

## Structure of the online report

The CR Report 2020 is a Communication on Progress that looks at the key developments during the reporting period and provides additional information about the latest developments. We use different formats to reach the various target groups:

- The **start page** gives a brief and interesting introduction to three issues that are relevant to society. Readers can access comprehensive information about these topics by following the links to the pages that follow. Readers that are only interested in Deutsche Telekom's progress during the reporting period can follow a link to access our "Management & facts" Communication on Progress directly. A news ticker at the bottom of the start page provides updates on the latest events and activities.
- With the **focus topics**, we contribute to societal discourse by tapping into the latest societal debates and examining them from different perspectives in descriptive stories. We take a look at a new topic every quarter. This content is also available in simplified language.
- Our **themed pages** appeal to a wide readership, explaining our CR topics in clear, easy-to-understand language and taking readers through the four societal trends of "Good stewardship", "New ways of working", "Digital life", and "Green future."
- Users can find detailed information in the **Management & facts** section, in which we fulfill the requirements for conventional accountability reporting. Across the four pillars of Strategy, Business, Environment, and Social, we provide updates about the advances we have made in the reporting year by harnessing Deutsche Telekom's sustainability management structure.

Our key performance indicators (KPIs) are set out in transparent detail. In our interactive KPI tool, users can also pick and choose indicators to create a customized compilation.

- The majority of our national companies whose CR activities are described in this report have their own profile page. The profile pages can be found under the **National companies** menu option.
- The report is supplemented by the new CR facts format, which individual Deutsche Telekom departments use to report directly
  - on their sustainability-related projects and measures. Readers can access the **CR facts** section at any time by clicking the footer in the report.
  - As in previous years, a download area, search and dialog functions, and an interactive KPI tool make it even easier to navigate the report. What's more, the "info cart" lets readers select different content and create a customized PDF file.

## Scope, reporting period, and target groups

The report is a Group report that includes many national companies in which Deutsche Telekom holds a majority stake. The Communication on Progress for 2020 (Management & facts) follows up on the 2019 report. All quantitative data, key performance indicators, and descriptions of key events and activities under "Management & facts" refer to the 2020 year. Any deviations are marked accordingly.

Our themed pages are designed to cover the latest social developments, which is why they may be updated and extended throughout the year if necessary.

The current report is specifically addressed to Deutsche Telekom stakeholders. These include analysts and investors, CR ranking and rating agencies, and NGOs as well as customers, employees, business partners, and representatives from the worlds of business, science, research, education, and politics.

## Implementation of high international reporting standards

Deutsche Telekom's CR Report 2020 complies with the internationally recognized guidelines (GRI Standards) of the Global Reporting Initiative (GRI). We also highlight our contribution to achieving the SDGs in many places. This year for the first time, we draw attention to which content in the 2020 report contributes to

meeting the criteria established by the Sustainability Accounting Standards Boards (SASB). The CR Report 2020 also serves as a Communication on Progress (CoP) from Deutsche Telekom as part of the United Nations Global Compact. Deutsche Telekom also issues an annual, detailed Declaration of Conformity with the German Sustainability Code.

#### **Independent assurance report**

#### **Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information\***

##### **To Deutsche Telekom AG, Bonn**

We have performed a limited assurance engagement on the disclosures denoted with in the Corporate Responsibility Report of Deutsche Telekom AG, Bonn (hereinafter: "the Company"), for the period from 1 January to 31 December 2020 (hereinafter: "Report"). Our engagement in this context relates solely to the disclosures denoted with the symbol .

##### **Responsibilities of the Executive Directors**

The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter: "GRI-Criteria") and for the selection of the disclosures to be evaluated.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

##### **Independence and Quality Control of the Audit Firm**

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitäts-sicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

##### **Practitioner's Responsibility**

Our responsibility is to express a limited assurance conclusion on the disclosures denoted with in the Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the disclosures denoted with in the Company's Report for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria. This does not mean that a separate conclusion is expressed on each disclosure so denoted.

In a limited assurance engagement, the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria
- Analytical evaluation of selected disclosures in the Report
- Inspection of processes for collecting, controlling, analyzing and aggregating selected data at specific sites of the Company
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the selected disclosures regarding sustainability performance

##### **Assurance Conclusion**

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures denoted with in the Company's Report for the period from 1 January to 31 December 2020 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

**Intended Use of the Assurance Report**

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Munich, 31 March 2021

**PricewaterhouseCoopers GmbH**

**Wirtschaftsprüfungsgesellschaft**

Hendrik Fink ppa. Juliane von Clausbruch  
Wirtschaftsprüfer  
(German Public Auditor)

\* PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the Corporate Responsibility Report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

# Imprint

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Further information on Deutsche Telekom's corporate responsibility activities can be found at:

<https://www.telekom.com/en/corporate-responsibility>  
and  
<http://report.telekom.com/annual-report-2020>

**Concept/research/design/programming:**

Deutsche Telekom AG  
Stakeholder Reporting GmbH, Hamburg  
yoocon GmbH, Berlin  
1000°DIGITAL GmbH, Leipzig

**Photos:**

Frank Bauer  
Pictureworld, Deutsche Telekom

The 2020 CR Report is available in German and English. The English version of the CR Report is a translation of the German version of the CR Report. The German version of this CR Report is legally binding.

Translated by DTAG Corporate Language Management.

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