

Corporate responsibility.

Responsible corporate governance // Climate protection activities // Sustainability ratings and awards

Responsible corporate governance.

We aim to be a world leader in corporate responsibility (CR) by 2015, having assumed this position in many areas already. Since 2008, we have been working towards this goal within the framework of our Group-wide CR strategy with its three central fields of activity "Connected life and work," "Connect the unconnected" and "Low carbon society." We set the milestones for our ambitious CR goal with a new internal project: We began by using external benchmarks and internal SWOT analyses to determine the status quo of the integration of CR in Group processes and the Company's specific performance vis-à-vis third parties in terms of content. Our CR unit used the findings to not only derive criteria for achieving our goal, but also to develop specific recommendations for action. We put the first measures into practice in 2010. We will monitor and control each recommended measure until 2015. We will likewise review existing KPIs until 2015 on the basis of the findings of the internal project.

Climate protection activities and new climate protection targets.

Climate protection activities. Climate protection was a special focus of our CR activities in the 2010 reporting year and involved not only reducing harmful greenhouse gases in our own operations, but also helping our customers to reduce emissions through the use of our products and solutions. In our own operations, we concentrated – among other aspects – on sustainable mobility. In accordance with the new Green Car Policy, for example, the CO₂ emissions of new cars throughout the entire vehicle fleet will average 110 grams per kilometer by 2015. This corresponds to an average consumption of 4.2 liters of diesel per 100 kilometers. This figure is actually below the climate protection targets of 120 grams per kilometer that the European Union hopes to achieve by 2015.



With more than 33,000 cars and service vehicles in Germany, our company fleet is one of the largest in Europe. Our fleet was analyzed in detail by the TÜV Rheinland technical inspection agency in 2010 and awarded the Blue Fleet certificate for carbon-aware fleet management. This certificate will be reviewed every twelve months.

Furthermore, Deutsche Telekom employees travel carbon-free with Deutsche Bahn. Our staff travel some 128 million kilometers by train each year. Deutsche Bahn feeds the power needed for this directly into its grid from renewable energy sources. This agreement with Deutsche Bahn alone allows us to play our part by avoiding emissions of around 5,700 tons of carbon dioxide every year.

With the services we provide, our customers can also make a sizeable contribution to climate protection and the sustainable use of resources, for example through smart metering, an intelligent technology that helps make energy consumption more transparent and thus save energy, in both in companies and private households.

Smart grids are indispensable for connecting local energy generation plants efficiently. They enable energy providers to feed only the power needed at the time into their grid – or buy it in the required quantity. Using smart grids could avoid 23.6 megatons of carbon emissions by 2020 in Germany alone (source: Smart 2020 study, Germany Addendum).

New climate protection targets. Our commitment to climate protection dates back to 1995. Today, climate change is happening faster than people thought back then. Yet, a great deal of progress has been made in the field of information and communication technology in recent years as regards performance and energy efficiency. In 2005, our climate protection strategy envisaged cutting the Group's carbon emissions in Germany by 20 percent between 1995 and 2020. We now believe that this goal is not ambitious enough. Last year, we therefore began to overhaul our climate protection strategy on the basis of data collected in 2008 and are now working to reduce carbon emissions at Deutsche Telekom in Germany by 30 percent by 2020. Compared with the level in 1995, this represents a total reduction of 40 percent.

The reductions in the coming years will primarily be achieved through the changeover of the network to the more energy-efficient Internet protocol (all-IP), the new Green Car Policy, and savings in buildings and mobility (e.g., carbon-neutral business trips by train). The next milestone we set will involve internationalizing our climate protection strategy and defining specific targets for the different countries.

Sustainability along the entire supply chain.

Our corporate responsibility spans the entire value chain. We have a footprint in more than 50 countries as an international ICT services provider with the corresponding supplier relationships. That is to say, we also purchase goods and services directly and indirectly in developing and emerging economies. Often, the production conditions in these countries do not meet our environmental and social requirements. This is one of the reasons why we support the promotion and safeguarding of corresponding standards. We are also committed to ensuring our suppliers respect human rights.

In addition, we take steps in industry initiatives to make our supplier relationships sustainable. In mid-2010, we initiated a Joint Audit Commission as part of an agreement with France Télécom and Telecom Italia to conduct joint social audits of suppliers around the world. These joint audits are conducted by external audit firms on the basis of precisely defined, standardized criteria to establish and safeguard environmental, social and governance standards among our suppliers. We already carried out 26 audits at our suppliers in the reporting year (2009: 4); this figure is expected to reach 200 by 2012.

New channels for stakeholder communication.

Utopia cooperation. utopia.de is one of the most important online platforms for sustainable consumption in German-speaking regions.  This platform has featured our company profile, including a blog, since October 2009. In early 2010, we expanded our partnership with Utopia to a strategic partnership with the aim of driving forward the change in awareness for sustainable consumption through social dialog. This partnership is based on the Change-maker Manifesto of the Utopia Foundation, a voluntary commitment to sustainability in ten points. René Obermann was the first CEO of a DAX company to sign this manifesto in April 2010, directly before taking part in the first social dialog – a live chat on the Net with the Utopia user group.

Sustainability drive. We also want to specifically involve our customers in sustainable action. We took the first step in 2009, when we launched our multi-year sustainability drive "Big changes start small." One focus of this drive in 2010 was on taking back old cell phones. There are some 60 million old cell phones no longer in use in Germany that contain not only recyclable material but also harmful substances. We called for people to hand in old cell phones in a number of campaigns, including a major prize draw, and a Facebook campaign featuring pop star Katy Perry, all of which helped collect almost 250,000 old cell phones in the reporting year.

Twittmob. Another example of the new channels for stakeholder communication is the MachMitMob online demonstration voluntarily organized by Deutsche Telekom employees in their spare time. Under the motto "140 characters for sustainability," a call went out on the online platform Twitter in the run-up to July 16, 2010 for tweets on the subject of sustainability, e.g., tips, information, appeals, and initiatives. The response exceeded all expectations: On this day, sustainability was far and away the most tweeted subject in Germany.



For further information on the CR strategy and core CR topics, please refer to the printed CR report for 2010 and the online CR report at www.cr-report.telekom.de.*

Further achievements: sustainability ratings and awards.

Listing of the T-Share in sustainability indexes/ratings.

Rating agency	Indexes/ratings/ranking	Successfully listed in index			
		2010	2009	2008	2007
SAM	DJSI World	✓	✓	✓	✓
	DJSI Europe (until 2009 STOXX®)	✓	✓	✓	✓
Oekom	"Prime"	(✓)	✓	(✓)	✓
VIGEO	ASPI	✓	✓	✓	✓
	ESI	✓	✓	✓	✓
imug/EIRIS	FTSE4Good	✓	✓	✓	✓
Sarasin	DAX Global Sarasin Sustainability	(✓)	(✓)	✓	✓
CDP	Carbon Disclosure Leadership Index	X	X	X	✓
	Carbon Performance Leadership Index (new since 2010)	✓	n.a.	n.a.	n.a.
RiskMetrics	FTSE KLD Global Climate 100	✓	✓	✓	✓
	FTSE KLD Global Sustainability	X	X	X	✓
Newsweek Green Rankings Global 100	Rank Germany #1, Global #7, Technology #3	✓	n.a.	n.a.	n.a.

- ✓ = Successfully listed.
- () = Multi-year cycle.
- X = Not listed.

In the past year, we scored high again in terms of sustainability, for example in the renowned SAM (Sustainable Asset Management) rating. We requalified for a listing in the relevant Dow Jones Sustainability Indexes. In a peer comparison with other mobile companies, we achieved an excellent second place in the reporting year, after having been rated as sector leader in the prior year. The continuous listing in the indexes based on the VIGEO and imug/EIRIS analyses also confirms our achievements with regard to investors interested in socially responsible investment (SRI). As of the beginning of 2010, we took second place in the well-known ranking of Oekom and Wirtschaftswoche of DAX companies – another strong result.

A new development was the commendation of the U.S. news magazine Newsweek: In a ranking of the 100 largest companies in the world according to environmental friendliness, we came seventh – and were the best German company. In the category of technology companies, we ranked behind IBM, HP, and Sony.

New: huge increase in interest in sustainable investment. According to research by the Sustainable Business Institute (SBI), the volume of the 354 sustainable funds authorized for public sale in Germany, Austria and Switzerland at year-end 2010 comprised approximately EUR 34 billion, thus continuing the growth of sustainable public funds in the fourth quarter of 2010. At the end of 2009, only 313 funds were registered with the SBI. All funds that claim to take particular account of ecological, social and governance (ESG) criteria are included.

These funds continue to show high interest in shares of Deutsche Telekom. In 2009, 9 percent of Deutsche Telekom shares were held by investors who, at least to some extent, take SRI/ESG criteria into account when making investment decisions. 2 percent of T-Shares are held by investors who give priority to SRI/ESG aspects when managing their funds (source: Ipreo).

* Where the management report refers to Internet pages, the content of these pages does not constitute part of the management report.