

# HR-REPORT 2012 / 2013.



LIFE IS FOR SHARING.



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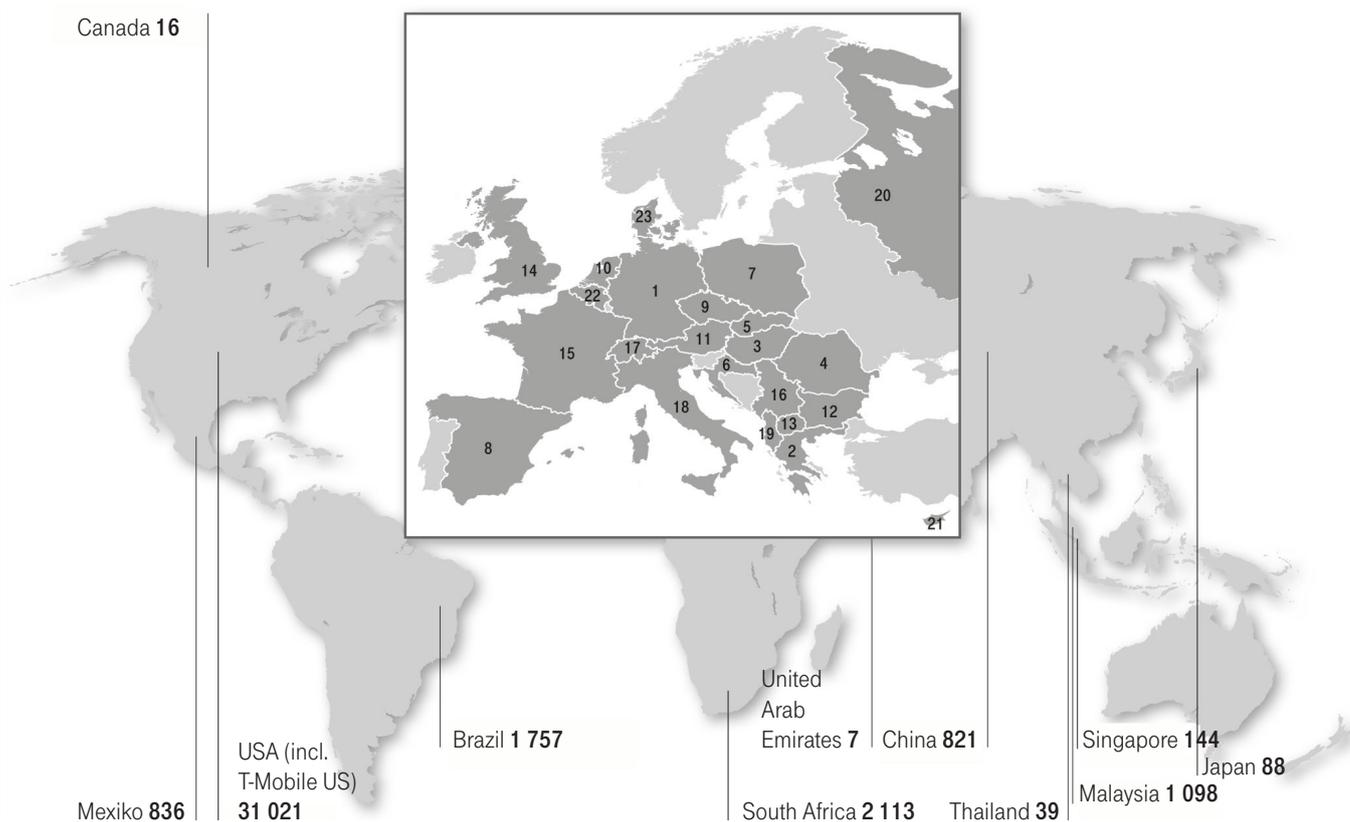
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## EMPLOYEES.

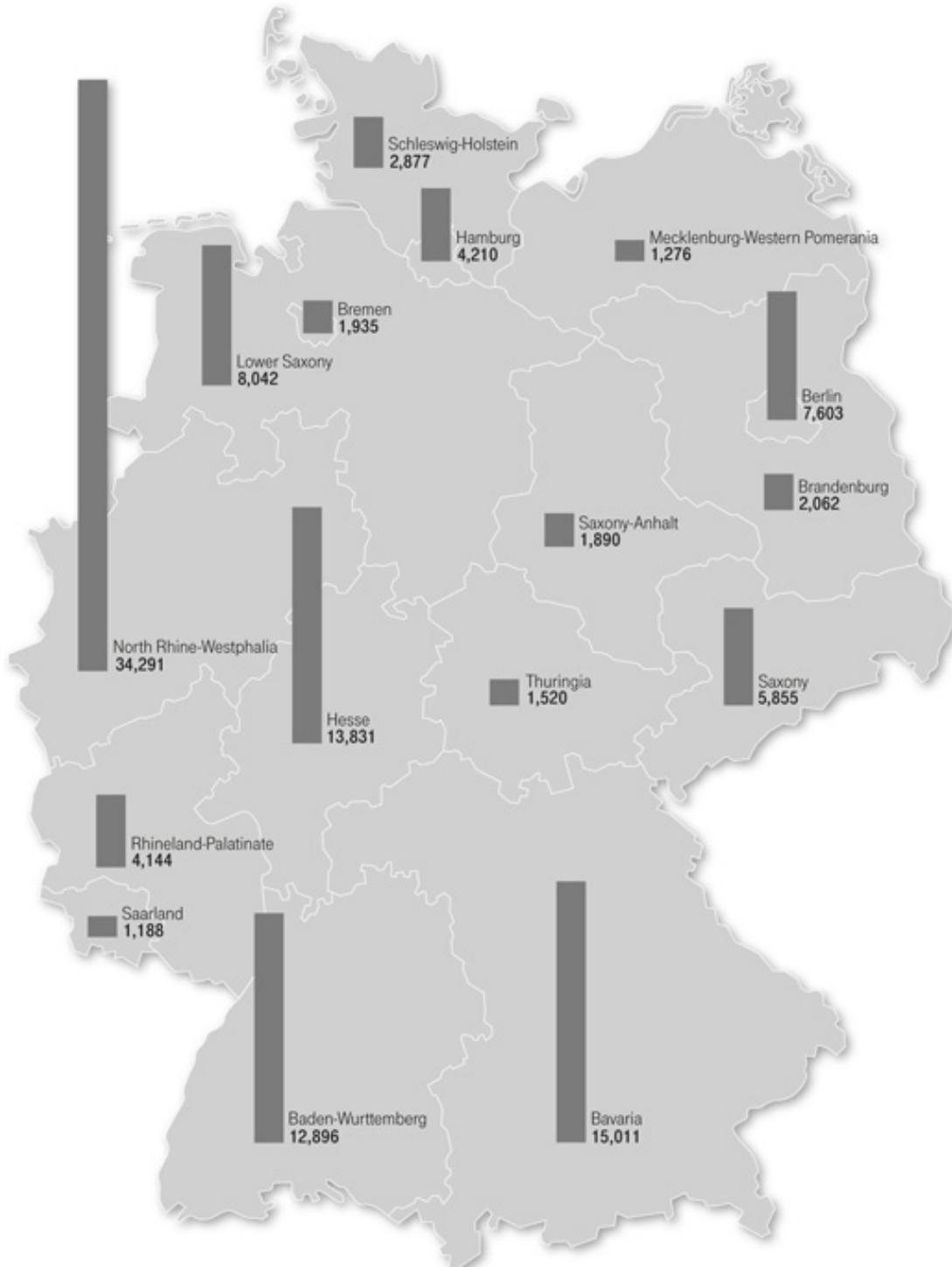
By countries, in employees (FTE).



1	Germany	118 840	USA (incl. T-Mobile US)	31 021
2	Greece	13 663	South Africa	2 113
3	Hungary	12 342	Brazil	1 757
4	Romania	9 709	Malaysia	1 098
5	Slovakia	6 688	Mexiko	836
6	Croatia	5 780	China	821
7	Poland	4 777	Singapore	144
8	Spain	3 763	Japan	88
9	Czech Republica	3 398	Thailand	39
10	Nederlands	2 221	Canada	16
11	Austria	2 024	United Arab Emirates	7
12	Bulgaria	1 945		
13	Macedonia	1 623		
14	United Kingdom	1 094		
15	France	951		
16	Montenegro	729		
20	Russia	705		
19	Albania	470		
18	Italy	420		
17	Schwitzerland	356		
21	Cyprus	106		
22	Belgium	97		
23	Denmark	45		

## EMPLOYEES IN GERMANY.

By state, in employees (FTE).



# FOREWORD.



## DEAR READERS,

What characterizes our company? I believe it is our workforce. People are behind everything Deutsche Telekom offers its customers in terms of products and services. People are responsible for our business operations and are committed to serving our customers on a daily basis. They are the ones who create groundbreaking innovations and make our claim to offer the best service in the business come true.

I consider this to be our paramount task as HR managers. We must ensure that Deutsche Telekom maintains and improves its competitiveness by having the right people in the right place. For me personally, this means empowering our workforce to be innovative. We foster the talent of each and every employee. We streamline working conditions and procedures to create even more space for new ideas and personal development.

We urge all employees to find the courage for change and be even more open to transformation. We view the Group's demographic structure as an opportunity, by tailoring modern career and development options, new work forms and worktime models to the different life phases of our employees. We emphasize respectful, appreciative leadership. And we organize our daily work as simply as possible, in teams, departments, units and business areas.

In order to execute these challenging tasks successfully, we in the Deutsche Telekom HR unit have a clear focus: with our HR strategy, with our strategic priorities - the „HR BIG 4“ - and with our highlights, which have special priority in 2013. You can learn about the specifics of our work and future plans in our new Human Resources Report, which is released as a purely online publication for the first time ever.

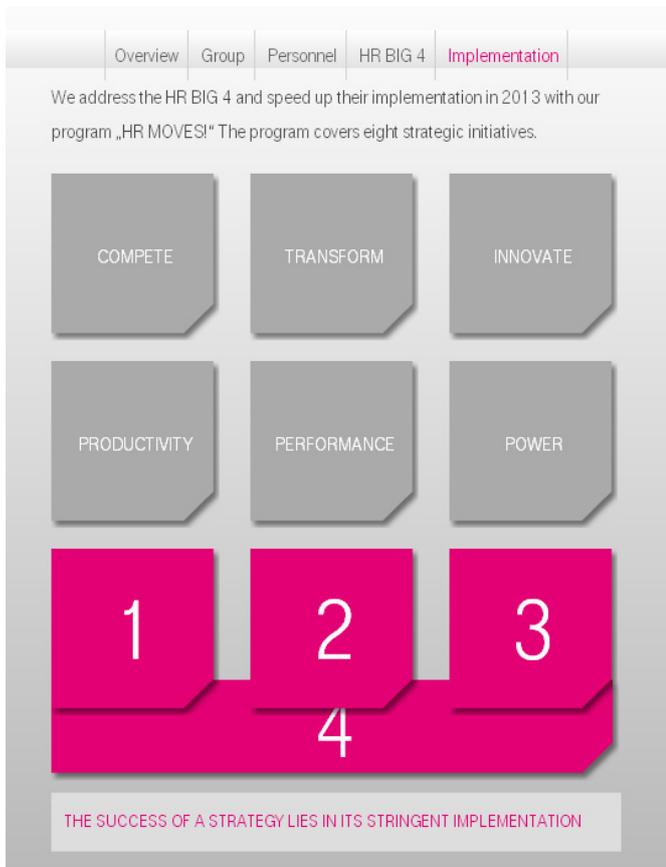
I invite you to get a picture of our innovative HR work!

Yours sincerely  
Marion Schick

Board member responsible for Human Resources

# THE STRATEGIC CONTEXT.

„Seamless connectivity for the Gigabit Society“, „More innovation by cooperation“, „Secure cloud solutions“ and „Best-in-class customer experience“ – these are the four areas of operation of Deutsche Telekom’s Group strategy. Their implementation is defined by the call to „Compete – Transform – Innovate“ which, in turn, provides the framework for our human resources strategy. We have also incorporated those external factors that could influence the focus of our personnel strategy, including megatrends such as globalization, individualization, sustainability and demographic change, as well as Deutsche Telekom’s competitive environment. Our mission is to permanently support and accelerate the success of our company and our employees. The strategic context diagram illustrates the correlations between all these topics. Click your way through from our Group strategy to our implementation projects.



## PRODUCTIVITY, PERFORMANCE, POWER – THE THREE TRIGGER POINTS OF OUR HR STRATEGY.

Our vision is clearly formulated: “HR accelerates success of business and people”.. With this strategic guideline, we promise to develop processes and products with a measurable influence on the success of our company and its employees. Our HR work is therefore clearly centered around the three strategic trigger points “Productivity”, “Performance” and “Power”.

- **Productivity** means deploying employees with the right skills and attitude, in the right place, and at an appropriate cost-capacity ratio. This is one of our fundamental tasks.
- **Performance** means establishing a leadership concept that clearly supports and adequately rewards performance.
- **Power** stands for our company’s agility, flexibility and innovative capacity. We set the framework conditions to inspire and motivate our workforce.

These three strategic trigger points make a decisive contribution towards Deutsche Telekom’s corporate success.



## SPECIFICALLY, OUR HR STRATEGY COMPRISES FOUR KEY STRATEGY AREAS: THE HR BIG 4.

In 2013, we prioritized the following four areas:

**HR BIG 1:** “We manage internal and external workforce to maximize labor efficiency. This means

- consistently implementing Total Workforce Management and
- introducing External Workforce Management for comprehensive steering of outsourced work across all Group units.

**HR BIG 2:** We design an inspiring leadership framework to foster and reward high performance. To this end, in 2013 we are

- preparing to roll out a new performance management system for our top managers to inspire even more entrepreneurial ideas and actions, and
- introducing Group-wide leadership principles for the first time.

**HR BIG 3:** We create a modern environment to share and enrich people's experiences. We achieve this by

- applying work models that reflect the different lifecycles of our employees in line with the demographic structure of our workforce, and introducing
- modern workplace concepts and new worktime models.

**HR BIG 4:** Our commitment: We make it lean and simple.

## HR MOVES! - EIGHT STRATEGIC INITIATIVES DRIVE THE IMPLEMENTATION OF OUR HR BIG 4.

We are speeding up the implementation of the HR BIG 4 in 2013 with the HR MOVES! program. This combines eight strategic initiatives which address our main challenges: demographics, work environments, collaboration, efficiency, leadership, performance and costs. These initiatives will maximize the effect of the HR BIG 4 in Deutsche Telekom's operational business. Here is an overview of the initiatives:

- „Demography as a chance“: We identify the challenges associated with demographic change, and develop appropriate solutions. The priorities are lifelong learning, health, concepts for greater flexibility of working hours, and cultural change.
- „Future Workplace“: In an initial pilot project, we have developed a workplace concept which incorporates architectural requirements and the necessary IT infrastructure, whilst also accommodating the culture of collaboration. Our office space is carefully designed to create a modern working atmosphere and encourage close collaboration between employees. This concept will become our standard for optimizing the Deutsche Telekom Group's property portfolio.
- „Global Collaboration“: We support international cooperation within the Group. This means encouraging the use of English in day-to-day operations. We are also developing technical solutions to make virtual collaboration even easier.
- „Fix the Basics“: We are scaling back the complexity of our HR products and processes, and streamlining the entire HR portfolio. We are also working on an integrated, customer-centric HR process landscape with extensive automation.
- Deutsche Telekom leadership principles: For the first time, we are developing consistent Group-wide leadership principles, and integrating them into our leadership processes and systems.
- New Performance Management: This initiative will simplify existing performance management tools for our executives, with an emphasis on rewarding strategy implementation and initiative.
- External Workforce Management: Our aim is to reduce the cost of outsourced work using efficient control mechanisms. To this end, we are introducing uniform quality criteria that will affect the volume, price and skills structure of our external workforce.
- „The Way We Work“: We are implementing methods and work processes in the HR unit to make our day-to-day working practices even simpler, more customer-centric and result-focused.

# HIGHLIGHTS.



HR is a key driving force in the ongoing development of our company. Selected topics from our HR work offer an insight into our current priorities. Below, we highlight the particular challenges we face, and showcase some of our outstanding successes.

- **Workforce & structure:** Safeguarding our corporate success
- **Health & safety:** Supporting lasting performance capability
- **Performance & development:** Effectively and transparently encouraging individual performance
- **What our employees are saying:** Keep implementing the improvements
- **Demography as a chance:** Preserving know-how, facilitating lifelong learning, and utilizing the Group's demographic structure
- **Fair share & diversity:** Using diversity for active transformation
- **Culture, collaboration & change:** Dealing with permanent change
- **Simplicity:** Implementing HR projects in a lean and efficient way

# WORKFORCE & STRUCTURE.



## SAFEGUARDING OUR CORPORATE SUCCESS.

Deutsche Telekom faces challenging times ahead, prompted by fierce price and regulatory pressure, ever faster innovation cycles and advances in knowledge, as well as demographic change. Against this background, our HR planning must address these challenges to successfully implement our Group strategy. This means having the right employees at the right time and at an appropriate cost. „Total Workforce Management“ is used to precisely anticipate and control demand, by combining both quantitative and qualitative aspects of HR planning. In 2013 we will be extending the processes, methods and tools from this system to include external workforce management. This is a strategic approach for controlling the entire workforce, including both internal and external staff.

- Deutsche Telekom generates 54% of its revenue abroad
- 3,800 new appointments in 2013 in Germany alone
- Vivento places 6,700 employees in alternative roles in Germany

## TOTAL WORKFORCE MANAGEMENT: BOOSTING PRODUCTIVITY, DEVELOPING SKILLS, DRIVING THE TRANSFORMATION FORWARD.

Our Total Workforce Management (TWM) system is being rolled out across the entire Group, in order to control the structure of our workforce with due regard for costs, capacities, skills, demographics and location. TWM is used to simulate the effects of different business scenarios on our HR work, for example with the expansion of hybrid broadband in Germany. Over the next few years, broadband demand will increase significantly, both in mobile communications and in the fixed network. With this in mind, Deutsche Telekom is stepping up its investments in broadband networks and products. This will improve our competitive position in the long term. Broadband investments are concentra-

ted in Germany, with the expansion of the LTE network and the use of new technologies in the fixed network. Against this backdrop, and with a view to the future requirements placed on our workforce, we make carefully measured decisions regarding

- HR development measures,
- The structure and principal content of vocational training,
- The number of apprentices or direct hires over the next few years, as well as
- The feasibility of new business models, based on existing HR capacities.

Our objectives are clearly defined:

- We want to boost the productivity of our personnel and thereby optimize Deutsche Telekom's cost situation throughout all markets.
- We want to deploy our employees according to their individual abilities, and reward them at the going market rate.
- We want to drive the Group's restructuring forward in a business-focused manner.

Another key control variable used in Total Workforce Management is to continuously review the health rate of our workforce. This helps us to identify action areas, derive selected centralized and local health protection measures, and review their efficacy.

## TOTAL WORKFORCE MANAGEMENT IN THE INTERNATIONAL ENVIRONMENT.

48 percent of our employees work outside of Germany, and we generate 54 percent of our revenue abroad. The Group-wide perspective is therefore pivotal to the success of Total Workforce Management. With this in mind, TWM has been anchored across the entire Group. Global decisions regarding how many staff with which skills are deployed where and at what cost are based on uniform criteria.

### External Workforce Management: Steering tool for external employees and service providers.

In 2013, Total Workforce Management is being extended to include External Workforce Management (EWM), aimed at ensuring the most cost-efficient deployment of external employees and service providers. By incorporating EWM into TWM, for the first time, we are developing an integrated view of internal and external employment. Consistent links between staff restructuring tools facilitate comprehensive steering of the workforce.

## UPSIZING, RESTRUCTURING, DOWNSIZING: THE STRATEGIC HR PROGRAM CONTINUES.

Deutsche Telekom actively addresses the challenges associated with technological and demographic changes. We are continuing to balance the age structure of our workforce by consistently building on the skills of our experts – including older employees – and attracting new expertise into the company. In Germany alone, we are planning up to 3,800 new appointments during 2013, including some 1,900 university graduates and experts with professional experience. A further 1,900 positions will be set aside for in-house trainees, particularly graduates of our cooperative degree courses. The number of new appointments at Deutsche Telekom therefore remains at a high level.

As part of the business-centric reorganization, in 2012 we continued our socially acceptable staff restructuring program, by using established instruments based on the voluntary principle. In Germany, these primarily centered around the new regulations on phased retirement for employees within and outside of the collective bargaining system and executives, introduced in fall 2011. Corresponding provisions on phased and early retirement also exist for civil servants. The packages we offer are far more generous than the law requires. We have a range of effective change instruments to support employees who are thinking of a change in direction, including a professional „new placement“ advisory service to advise and support employees in their search for a new position, and provide assistance with sabbaticals.

January 1, 2013 saw the launch of our revamped Group Headquarters and the modified Group Services. In the course of reorganization, we are simplifying our internal processes, eliminating inefficient duplications, and creating clear responsibilities. The new Group Headquarters focuses on motivating the Group and steering it in the right direction. Operational functions are being relocated to Group Services, which operates as an efficient service provider to Group Headquarters and other Group units. The relaunch of our Group headquarters necessitated extensive structural and personnel-related changes. Most of these were achieved in 2012 without compulsory redundancies by way of internal and external fluctuation and established exit models. Employees whose roles disappeared following the reorganization are receiving individual support with their search for new employment from a dedicated temporary business unit.



## VIVENTO: ASSISTING WITH WORKFORCE RESTRUCTURING AT DEUTSCHE TELEKOM IN GERMANY.

Vivento has been tasked with creating new employment prospects for Deutsche Telekom employees, both within and outside of the Group, and is therefore instrumental in helping to restructure the Group's workforce in a socially considerate manner. Vivento specializes in advising and placing employees who are seeking a new role outside of Deutsche Telekom while still working there. As per the end of 2012, Vivento had placed around 3,600 employees in external roles, primarily in the public sector, such as the Federal Employment Agency. A further 3,200 Vivento employees were working within the Group, primarily in the Service Center unit. Since Vivento was set up in 2003, it has helped a total of 41,400 employees (as at December 31, 2012) to change jobs.

Vivento has an excellent track record – here are just a few examples of its recent successes:

- It extended its cooperation with the Federal Employment Agency and intensified our collaboration with federal, regional and local authorities.
- Vivento continued to expand the internet portal „interamt.de“ and continuously improved the range of services associated with this inter-authority platform for public sector vacancies.
- It also continued to systematically improve the quality of advice and support offered to employees. Measures included the training of Vivento consultants, and an extended range of training and development measures, including virtual classrooms, web modules and attendance training courses.

- Vivento intensified its communication with external employees via a redesigned, web-based information and service portal. At present, for example, users can find a wealth of information on every aspect of career changes, prospects outside of the Group, and developments within the Group and on the labor market.
- Vivento held numerous information and dialog events about the options available for employees considering a move outside of Deutsche Telekom.
- Vivento was awarded the quality seal „excellent“ as a particularly service-focused HR services provider by the renowned Service-Rating GmbH, the first German company to offer a comprehensive ratings system.

In 2013, Vivento will be continuing its vital workforce restructuring duties within the Telekom Group, with a portfolio tailored to current and future requirements.



# HEALTH & SAFETY.

## SUPPORTING LASTING PERFORMANCE CAPABILITY.

We are committed to implementing health-promoting measures throughout all areas of the Group. For us, compliance with the statutory occupational health and safety requirements is seen as the bare minimum. Awareness-raising, prevention and individual responsibility are our top priorities, so we devise Group-wide campaigns to promote health awareness and health competency in the workforce. Our measures are carefully tailored to the specific requirements of the different employee groups. The portfolio of health and safety measures also includes a wide range of voluntary measures to promote health within the company. In particular, these include

- Stress prevention seminars
- Flu injections,
- Colon cancer screening,
- Information on diet, exercise and relaxation, as well as
- A comprehensive annual health check with the occupational health physicians, which is available to all employees.

As our uniform Group-wide health and safety management system is rolled out, we ensure that the appropriate organizational and content-related framework conditions are in place. The success of our measures is reflected in our health rate of 94.2 percent (as at December 31, 2012).

## OUR HEALTH & SAFETY MANAGEMENT SYSTEM.

A team of experts from different fields pursues an holistic, systematic approach to occupational health & safety and fire protection. Controlled by our Health & Safety organization, in Germany alone we have around 130 occupational health physicians and 120 safety specialists looking after our employees. Additionally, employees can take advantage of a free, confidential, nationwide advisory service on psychosocial issues, staffed by more than 50 experts.

At international level, our Health & Safety Management System prescribes a uniform basic structure, which our international subsidiaries can then shape according to their needs. From a total of 60 international subsidiaries with health and safety relevance, 32 (i.e. more than 50 percent) are already linked to our Health & Safety Management system. A further nine subsidiaries are due to join in 2013. Back in 2012, we collaborated with selected subsidiaries — T-Systems Mexico, T-Systems South Africa, T-Systems Malaysia, T-Systems UK, PTC, Slovak Telekom — on the definition of common health standards. These standards will become mandatory across our Group companies by 2014. On-site reviews will be carried out to assess whether companies are implementing these standards, carrying out health and safety improve-

ments, and complying with statutory workplace requirements. Our international subsidiaries are also certified to the international health and safety standard OHSAS 18001, which provides independent verification. In 2013, we will be further extending our certification activities, and 20 companies with a combined workforce of around 31,000 will have their legal and standard conformity certified by an independent agency.

## HEALTH AND SAFETY ACCOMMODATES DEMOGRAPHIC CHANGES.

Our clear goal is to keep our employees healthy and fit to work throughout their entire career with Deutsche Telekom. We continuously analyze age-related health risks, and use this information to derive specific preventive programs. In particular, these schemes are tailored to health problems that tend to be more common in certain working environments and selected job profiles.



For example, preventing lifestyle-related cardio-vascular and musculo-skeletal disorders is a paramount concern. These types of illnesses are likely to become more prevalent within our own workforce against the backdrop of an aging society. For example, our “Step by Step” scheme is aimed at preventing muscle and bone injuries from trips and falls. Training programs are held for specific target groups at the offices of Deutsche Telekom Technik and Deutsche Telekom Technischer Service. Working closely with the Post and Telekom Accident Insurance Fund and the Institute for Occupational Safety and Health (IFA) at Deutsche Gesetzliche Unfallversicherung (German Social Accident Insurance, DGUV), we take care to incorporate the latest scientific findings when developing such measures.

### **RAISING AWARENESS VIA HEALTH COMMUNICATION AND TRAINING.**

We ensure that employees have access to comprehensive information about the range of company health offerings available, particularly with a view to enhancing their mental health. This was the thinking behind our year-long health campaign in 2012. We use a range of in-house media to keep employees informed: our staff magazine „you and me“, the intranet, social media, as well as posters and brochures. Employees can take advantage of a wide range of services relating to exercise, nutrition, stress prevention and stress management. Campaigns such as the dialog forums on stress proved so popular, they will be repeated in 2013.

Our managers play a key role in prevention: In direct contact with their team members, they perform a duty of care, are ambassadors for healthy living, and provide guidance. We support our managers with a comprehensive range of materials, including guidelines and brochures e.g. outlining the training courses available on health-related and occupational safety issues.

The prevention of mental illness is particularly crucial. By acting quickly, it is often possible to avert the chronic suffering associated with a rapid drop-off in performance, long before the sufferer becomes unable to work. All employees have access to an extensive range of seminars on mental health and stress prevention, plus healthy living advice. Our innovative seminars on how to boost mental resilience are a popular option. Individual psychosocial counseling on stress, addiction, conflict, change, leadership and health is also available, both face-to-face and via our service line. In order to raise our managers' awareness for this important topic, we provide a web-based training course on mental health and what they can do to help. The program trains them to detect mental pressures, both in their team and in themselves, early on, act swiftly and, where necessary, arrange for professional support.



# PERFORMANCE & DEVELOPMENT.

## EFFECTIVELY AND TRANSPARENTLY ENCOURAGING INDIVIDUAL PERFORMANCE .

Deutsche Telekom relies on competent, creative employees at all levels of the company and throughout all units. They drive our business by delivering top-class service, powerful products and pioneering innovations. Our task is therefore to challenge and motivate our employees to advance and perform. Regular feedback on their personal performance status, fair pay and systematic development provide the basis. For us, development means being familiar with the different talents, interests and potential of our employees and providing them with tailor-made duties and development opportunities. Successful development should consider the individual needs of our employees at different life and career phases. At the same time, we expect our staff members to take the initiative and actively seek out and commit to development opportunities.

## PERFORMANCE MANAGEMENT AS A BASIS FOR TRANSPARENCY AND COMPARABILITY.

Assessing the achievements, competency and potential of our employees provides the starting-point for their subsequent development. A uniform approach ensures the transparency and comparability of individual achievements, both for employees and for the Group. Based on these assessment results, we can offer challenging, inter-departmental or international prospects, as well as being able to promptly identify suitable successors when vacancies arise.

When assessing the performance status of our workforce, as well as target management, we also use the Performance & Potential Review (PPR) and Compass performance measurement tools. Since 2012, these have been mandatory for all managers and experts in Germany, and for all managers at international level. Both tools promote dialog between managers and their teams. This exchange, which includes regular feedback on performance and development measured against uniform yardsticks, allows employees to identify their current career position. On this basis, they can then meet with their superiors to plan and implement subsequent development steps. Our assessment tools and related processes are constantly evolving to become even more efficient. Our new performance management system – one of eight strategic HR initiatives – combines and streamlines the target management system and PPR in a pilot scheme. From 2014, the new performance management system will be rolled out for our top managers. In future, successful strategy implementation and initiative will be even more richly rewarded. In this way, in accordance with our guiding principle „Best place to perform and grow“, we encourage the best possible results through individual endeavor.



## DEVELOPMENT: ATTRACTIVE PROSPECTS AT EVERY LIFE PHASE.

Every employee in our Group is given the opportunity to broaden their knowledge at every phase of their (professional) life, and to develop and grow. We believe that development should be closely linked to the individual career phase, because we are aware that employees' needs change over time. For example, those bringing up young children or caring for family members have particular employment needs. Learning interests are also constantly evolving: Recent university graduates are more interested in company-specific knowledge, whereas a long-established employee might be keen to broaden their specialist knowledge or share it with up-and-coming talents.

With this in mind, our lifecycle-based approach to HR development includes a wide range of target group-specific offerings, such as:

- Start up!, our Group-wide entry program for ambitious university graduates. Participants benefit from project placements at home and abroad, with mentoring provided by experienced managers. Members of Start up! gain a comprehensive insight into our Group and build their own interdepartmental network of contacts.
- The Bologna@Telekom initiative is aimed at our top performers, provided they have worked for the Group for at least two years. Each year, some 200 scholarships are awarded to employees wishing to study part-time for a Bachelor's or Master's degree. Since 2009, the scheme has even been open to those without formal university entrance requirements. As well as degree courses in information and communications technology, business information systems and economics, we also offer doctorates. Under the Bologna scheme, we pay half of the course fees at one of our partner universities and give students 10 days' leave of absence per annum for studying. Around 600 employees are currently studying for a degree under this scheme, 32 percent of whom are women, and a growing number of over-40s. All of them are increasing their employability parallel to working. For Deutsche Telekom, this represents a great opportunity to secure the loyalty of key top performers, and cover our demand for specialists. The first 33 employees graduated successfully from this scheme in 2012.

### **SPECIAL COURSES FOR PERSONAL PROFESSIONALIZATION AND CAREER DEVELOPMENT.**

Our experts can take advantage of special courses for their personal professionalization and career development under the Go Ahead! system. This standardized system aims to make job requirements transparent and elucidate which development paths will lead to which career and development goals. At any time, our employees can use a dedicated tool to explore suitable training and development measures for their particular role. In 2012, around 85,000 employees in Germany benefited from Go Ahead!, and there are plans to give the scheme a more international focus.

- Within the framework of Go Ahead!, we also offer a modular training system known as CAMPUS, aimed at developing and building essential strategic skills for experts. Within CAMPUS, we offer a portfolio of courses tailored to different sectors, such as finance and controlling. Our repertoire also includes a range of more general qualifications, such as project management.
- Additionally, our talent management scheme focuses on exceptionally high performers who are likely to develop into a significantly more complex and challenging role in the foreseeable future. Talent management pursues several objectives simultaneously: To identify motivated talents, make them visible within the Group for suitable positions and decision-makers, support them with Group-wide networking, and ensure that they are considered in succession management. For example, a part of our Group-wide talent management system is the Talent Space program, in which more than 240 expert and leadership talents from 22 countries are currently participating. Participants are given the opportunity to get involved in projects outside of their own unit, network with other talents at joint events, and receive specific career support from a mentor. Talent Space is available to a number of functional units such as HR, Technology and Finance. In 2012 we additionally incorporated the Innovation unit, in view of its particular strategic importance to the Group.



# WHAT OUR EMPLOYEES ARE SAYING.

## KEEP IMPLEMENTING THE IMPROVEMENTS.

Deutsche Telekom's image as an attractive employer continues to grow, as attested by the host of awards and prizes received in Germany and Europe during 2012. And our employees continue to give us high marks as well: In the latest internal employee survey, conducted worldwide, our scores in the key areas of commitment, leadership and health improved significantly, with double-figure percentage increases in some cases.

## AWARD WINNER: DEUTSCHE TELEKOM AS AN EMPLOYER.

Whether it is the outstanding quality of our recruiting, our excellent reputation as a provider of on-the-job apprenticeship, our attractive and transparent skills development programs and career paths or our stated goal of increasing the number of women in management positions throughout the Group: there are many good reasons why Deutsche Telekom receives so many German and international employer awards. For example, T-Mobile Austria was named one of the country's leading company for apprentices by the Austrian Federal Ministry of Economy, Family and Youth in 2012. Training programs for apprentices at our Austrian subsidiary are distinguished by the effective use of modern online training methods, with a special focus on personal development and social skills, resulting in an 80 percent rate of apprentices being transferred to permanent positions after completion of their training. Meanwhile, Magyar Telekom in Hungary was crowned Best Employer in 2012. The company has regularly received awards for its reputation as a quality employer since 2008. What's more, Telekom was also the recipient of many awards in Germany during 2012, especially for its diversity activities and online communication with talented young people using social media, the external Telekom career website and Telekom Job World.

## 2012 EMPLOYEE SURVEY: RECORD PARTICIPATION LEVEL, PLUS IMPROVEMENTS IN NEARLY ALL AREAS.

Our latest employee survey is the fifth in succession for the entire Group since 2005. We invited some 195,000 employees in 27 countries to provide us with structured feedback in 18 languages. Nearly 150,000 colleagues from around the world took part—that is 76 percent of all those contacted (the figure for the 2010 employee survey was 72 percent). Employees in Germany set an all-time record with a participation rate of 82 percent.

And there was more good news: The results at Group level, in almost all areas, were much better than those recorded two years ago. In some cases positive feedback increased by double-digit percentages. Responses related to employee commitment and leadership as a key

factor in this category continue to be very favorable, receiving even higher ratings than those recorded in 2010.

The survey trend is also positive when it comes to health. This is certainly due to the fact that we launched and implemented specific initiatives and programs following the 2010 employee survey. One example involved experts at Technische Universität (TU) Dresden, our health services provider B.A.D. GmbH, the employee and manager advisory service, local works councils and specialist health managers, who provided extensive support and advice to teams with below-par health scores. These measures have paid off, both for our employees and in terms of our reputation as a responsible employer.

We are continuing to uphold this level of commitment, and in mid-2013 we will again ask employees to provide us with anonymous feedback by participating in the pulse check. Two times throughout the year, we use this compact survey to determine the current mood of our employees.

When it comes to feedback on work intensity, the employee survey revealed a slight improvement in comparison to the figures gathered in the last survey. We are keeping attention focused on this matter, and we will promote those activities that have been particularly effective to date. We will continue to offer appropriate workshops for both management and employees. In these workshops participants can practice how to cope with increasing workloads and stress, while also learning to develop ways of simplifying work processes.

In 2013 we launched the strategic HR initiative "The Way We Work" to promote work processes that are simpler, more streamlined and customer-centric, with an eye toward achieving better results. This initiative focuses attention on how we collaborate as colleagues and has begun with our own processes in Human Resources: We are making things less complex, in addition to establishing efficient solution approaches and promoting efficient collaboration methods. We will draw upon the lessons learned from various pilot projects and information from the open discussions conducted by our employees in Telekom's own social network. With this approach we are initiating – together with our employees – a cultural change towards a way of working which is more agile and efficient. According to our Guiding Principle „Customer delight and simplicity drive our action,“ we are all required to examine the efficiency and simplicity of our processes and change them for the better, if necessary.

# DEMOGRAPHY AS A CHANCE.



## **PRESERVING KNOW-HOW, FACILITATING LIFELONG LEARNING, AND UTILIZING THE GROUP'S DEMOGRAPHIC STRUCTURE.**

Today much of the work done in Human Resources is influenced by demographic change in some way. And we are actively taking up the challenge associated with this development. In our selection and placement processes, we do more than examine grades and report cards – we also carefully evaluate the social skills of job candidates. We offer our employees attractive training opportunities, we promote their careers through long-term skills development programs, and we promise them new and interesting perspectives for their future in the Group—all of this contributes to employee retention.

In light of the current demographic trend, it is our aspiration to accompany and support each and every employee throughout his or her individual life cycle while a member of our workforce. One important aspect is the extension of flexible working hours. The introduction of lifelong working time accounts is the first step in this direction. Last year such accounts were established for our top managers. Our ultimate goal is to make this lifelong working time system available to all employees in the Group, in close agreement with employee representatives.

Health is another key aspect related to demographic change. When it comes to matters of health, we are already taking the lead with initiatives that promote good health among employees. For example, one project conducted at many of our locations in Germany was the „Back Fit“ program.

## **NEW EXPERIENCE-BASED FORMS OF TEACHING AND LEARNING FOR SPECIFIC AGE GROUPS.**

The age spectrum of our employees is continuously widening, and the average age of our workforce is on the rise. Employment lifetimes are also becoming longer. We steer and utilize these developments by implementing new formats for teaching and learning. These new approaches are specifically focused on the needs of the different generations and life cycles found among our employees. By supporting these new training methods, we make a significant contribution to job security for our experienced and seasoned employees. In addition, we make every effort to meet current training and learning demands within the Group, such as integrating the learning experience in daily work processes. For example, we achieve this by striking a balance between formal training sessions (workshops, reality training) and informal methods (collaboration via our internal Telekom network). Hands-on, practical teaching, coaching and mentoring are also intended to generate enthusiasm for lifelong learning. We currently take this approach when training specialists for network infrastructures, and in vocational and academic training programs for employees with vast experience in communications engineering.

### **Academic training at our in-house University of Applied Sciences.**

Since 2012, some 48 communications and electrical engineers at the Group's own HfTL University of Applied Sciences (Hochschule für Telekommunikation) in Leipzig have taken advantage of continuing education opportunities to refresh and update their expertise. The average age of these engineers is 53 years. This academic course takes 18 months and consists of several modules from the Bachelor course in communications and information technology. It contains specific coaching measures and individual support from specially trained tutors. The curriculum takes past learning experience into account, and lectures at the university are supplemented by hands-on training sessions in the real world. Additional training programs in business administration and economics will be introduced at the university in 2013.

### **VOCATIONAL TRAINING.**

In Germany we have been one of the biggest training providers for many years. Aktuell bilden wir rund 9 300 Menschen innerhalb des Konzerns aus, sowie rund 300 Studenten, die in Vollzeit an unserer konzerneigenen Hochschule in Leipzig (HfTL) studieren. Our commitment to vocational training also extends to our subsidiaries in other countries, such as the Netherlands, Austria and Switzerland, where young employees can take advantage of training options. And we have been quite successful: The Austrian government commended T-Mobile Austria for being the country's best training provider in 2012. Our commitment to education and training is much more than an active response to the

shortage of highly qualified specialists in the workforce. We take corporate and social responsibility seriously, with dedication that extends beyond national borders. Fast-paced technological progress is becoming more and more dynamic, thus creating a growing need for qualified specialists in areas where innovation and technical development take place. The purpose of our new training concept is to strengthen and boost our capacity for innovation at Telekom. We are constantly bringing new talent and expertise into the Group. This enriches our internal pool of qualified junior employees, who will be moving up through the ranks in the years ahead.

In 2012 we offered more than 3,200 young people the chance to profit from high-quality career development by entering training and cooperative study programs in Germany and at locations in foreign countries. Cultural diversity should play a major role in vocational training, which is why we currently employ trainees and students on cooperative degree programs from 49 nations.

**CREATING NEW PERSPECTIVES: MORE OPPORTUNITIES FOR THE DISADVANTAGED.**

In cooperation with the German Federal Employment Agency, we lend support to members of disadvantaged social groups by assisting them in finding jobs or through job qualification training programs.

The “Meine Chance – ich starte durch” (My chance to get going) project is aimed in particular at underprivileged young people receiving basic income support and job seekers with qualification deficits. The project has been quite successful: 100 trainees entered basic qualification programs in 2011, and one year later 66 of them began their vocational training at Telekom. What’s more, we also offered a second year of training to 47 project participants. And in 2012, an additional 120 young candidates began their internship with us.

In another project that was continued in 2012, we address the particular needs of single mothers and fathers. In light of the limited choices available to them, the goal of this project is to give single parents an opportunity to participate in training or a course of study on a part-time basis. We offer part-time training for all jobs at Deutsche Telekom that require vocational qualification. Part-time courses of study are also offered as part of the cooperative degree programs at the Group’s University of Applied Sciences in Leipzig (HfTL). In 2012 alone, 19 single mothers started their careers in the Group through this program.

We will be expanding both these projects in the future.



# FAIR SHARE AND DIVERSITY.



## USING DIVERSITY FOR ACTIVE TRANSFORMATION.

Deutsche Telekom represents employees from 34 countries with different cultural backgrounds, beliefs and capabilities. We promote this diversity and utilize it as a source of creativity and agility. We are convinced that diversity makes social integration easier and that it has a positive impact on career development. Diversity improves customer understanding, promotes innovations and contributes to the business success of the Group.

Furthermore, this diversity is a key factor that drives change within our corporate culture, thus ensuring that Telekom is an open, flexible and agile organization. Agility is necessary in order for us to successfully keep pace with dynamic and fast-changing customer, technology and labor markets. This is vital if we are to take advantage of market opportunities and stay competitive in the future. Our diverse teams, comprised of men and women of different nationalities and age groups, follow different approaches and establish synergies that enhance their competencies in ways that ensure our success in global markets.

## MORE WOMEN IN MANAGEMENT POSITIONS.

In 2010, Deutsche Telekom was the first DAX 30 enterprise to announce the target of the Fair Share initiative to fill 30 percent of the leadership positions available in mid-level and senior management throughout the Group by the end of 2015 with women. To achieve this goal, we are focusing our attention on development programs for women in the company who demonstrate management talent. We also support women in their current positions of leadership.

- In doing this, we establish Fair Share into segment-specific target structures and, based on standardized reporting and review the measures taken to achieve these targets.

- We rely on the forceful commitment on the part of our management employees, and we expect that our managers serve as role models by acting in ways that reflect the values of the Group. We support this with specific communications measures.
- We integrate diversity-compliant quality standards in all HR products and processes, especially in our hiring and appointment processes.

As a result, the percentage of women in management positions throughout the Group has been on the rise—from 19 percent in February 2010 to 24 percent in December 2012.

- We have also increased the number of women on our supervisory boards. In Germany the positive trend was particularly evident on the employer side—from 17.7 percent in 2010 to 24.8 percent at the end of 2012.
- During the same time period, the proportion of women representing employer interests on the supervisory boards of our international businesses grew dramatically, from 7.4 percent to 25.5 percent.
- What's more, two of the seven positions on the Supervisory Board of Deutsche Telekom have been held by women since 2012.
- In the Business Leader Team, comprised of some 60 international managers from the management level supporting the Deutsche Telekom Board of Management, we have increased the number of women from two (February 2010) to nine (December 2012).

## AWARD-WINNING DIVERSITY.

In 2012 we received a number of awards for activities that promote diversity in the Group while also establishing an integrative corporate culture. For example, with our comprehensive work-life balance concept, we were among the finalists in the 2012 „Family as a success factor“ competition for business enterprises, launched by the German Federal Ministry of Family Affairs, Senior Citizens, Women and Youth. The Völklinger Kreis e. V. awarded us the Max Spohr Award because we accept the sexual identity of our employees as an enrichment of corporate culture. And the Rhineland Regional Council (LVR) awarded us the title „Disability-friendly Employer.“

Over the past few years our international subsidiaries and affiliates have also been distinguished for their efforts in establishing more flexible and family-friendly working conditions. For example, in 2012, T-Systems in the Czech Republic defended its third-place ranking as „Employer of the Region,“ while T-Systems Malaysia won the silver „Employer of

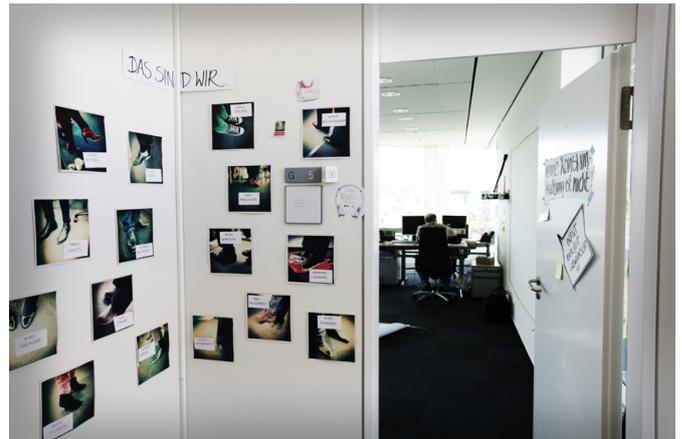
Choice Award“ and T-Systems Austria received the accolade „Great Place to Work.“

**LIFE BALANCE: THE HARMONIZATION OF WORK AND PRIVATE LIFE.**

We feel that it is very important for our employees to be able to balance their dedication to work and their interests in private life in the best way possible. That is why we continue to promote our life balance activities in a focused way, also sharing our expertise at the international level. We surveyed employees in 32 of our international subsidiaries with regard to life balance matters, such as reconciling family life with work, health and fitness, working conditions and the advancement of women. This survey was used as the basis for establishing an online platform to support the continuous exchange of information about best practices and projects that had been especially successful. There are many different examples of intelligent life balance activities: for example, child-friendly offices in Hungary as well as childcare centers in Italy, plus work-at-home agreements in China, France and the Czech Republic, along with the mobile working model adopted in Austria.

**GERMANY: MORE MEN ON PARENTAL LEAVE, MORE CHILDCARE OPTIONS.**

The reconciliation of work and family life is becoming more and more important in Germany, particularly for male employees. During the course of 2012, the proportion of men who take more than two months of parental leave increased from 11.3 percent to 22.1 percent. One of our central objectives is to provide all of our working parents with better options for childcare. We have been increasing the capacities of childcare centers within the Group—since 2010 we have added 212 places so that we can now accommodate a total of 559 children, and the capacity of vacation care programs for schoolchildren has risen from 170 to 300 places. In response to acute shortages in childcare options, we have set up seven parent-and-child offices for our employees at various company sites. Another ten are planned for 2013. In addition, we provide free support for families looking for local childcare places and free emergency care for children.



# CULTURE, COLLABORATION AND CHANGE.



## DEALING WITH PERMANENT CHANGE.

The telecommunications industry is undergoing a period of profound change in terms of technologies, business models, products and services. These transformation processes also have an impact on Deutsche Telekom. In recent years we have utilized the dynamics of change in order to achieve more efficiency and tap into new markets. However, we also realize that we need to support our employees, teams and business units as they strive to cope successfully with this ongoing change. Consequently, we have systemized our transformation management. We also promote the use of social networks as a way of establishing new forms of collaboration within the Group. In 2012, for example, we launched the “Telekom Social Network” in an effort to bring together the various internal collaboration platforms used in the company.

Another important aspect of change management involves the operative tools we use to professionally support our major change and transformation projects, such as the restructuring of Group Headquarters last year and the rebranding project conducted at our Polish subsidiary in 2011. We provide all employees with a „toolbox“ designed to meet the needs of specific target groups. This comprehensive toolbox contains the latest tools available for change management, along with examples of how they can be used effectively. With these tools our employees can proactively shape change processes. In addition, they can also take advantage of special offerings such as Facilitator training, which teaches employees how to steer and drive group processes forward.

## PROMOTING AGILITY, KNOWLEDGE TRANSFER AND INNOVATION CONSCIOUSNESS – A NEW UNIT GUIDES OUR ACTIONS.

We are consistently redefining the role of Human Resources. In January 2013 we began bundling activities related to cultural transformation at Deutsche Telekom and established the Group Transformational Change unit to manage these activities. This unit develops sustainable solutions and ideas for the world of the future—both on a professional and personal scale. These solutions include new forms of internal and external collaboration, agile work models, improved innovation and service orientation, as well as measures for promoting entrepreneurial thinking and acting. A series of pilot projects were launched in 2012. We then boosted these activities in 2013. Instead of utilizing standardized training and seminar programs, Group Transformational Change applies creative approaches that address specific needs as they arise. The concept is redesigning our corporate culture – not by merely following directives issued by Headquarters, but rather through concrete measures and initiatives originating in the various Telekom business units.

## OUR GUIDING PRINCIPLES – THE FOUNDATION OF OUR CORPORATE CULTURE WORLDWIDE.

Having a clear orientation based on accepted values is an integral element of our corporate culture. At Deutsche Telekom integrity, mutual respect, reliability, consistent customer orientation and performance orientation are among the principles that guide the conduct of our employees. These values are defined in our Guiding Principles, which are binding for all 56 Group companies—with the exception of OTE in Greece—that represent the consolidated units comprising Deutsche Telekom. OTE will be completing the implementation of the Guiding Principles during 2013.

The Guiding Principles are firmly rooted in our corporate and HR processes, such as corporate competency models and the performance review procedures in all of our subsidiaries. This enables us to create a viable basis for our corporate culture that is consistent throughout the Group. Through events and specific campaigns, we raise our employees’ awareness of our basic values and encourage them to act in accordance with our promoted principles. The highlight in 2012 was the “Guiding Principles Day”, which was observed throughout the Group for the third time. This event took place in 34 countries and 50 business units, with inspiring and novel activities conducted in 19 different languages to underscore the importance of our Guiding Principles. This event will also be held again in 2013.

Our employees confirm that our commitment to the values represented

by our corporate culture is paying off: 63 percent of those participating in the Group's 2012 employee survey said that acting in accordance with the Guiding Principles is becoming an accepted practice every day, and they view these principles as the solid basis for effective collaboration.

**Code of Conduct: promoting compliance every day.**

Ways of living up to the values of our Guiding Principles every business day are defined in our Code of Conduct, which applies throughout the Group. The code supplements the values stated in the Guiding Principles by outlining clear, legally compliant approaches to daily conduct that must be followed by our employees. Thus the Code of Conduct serves as a bridge between corporate culture and compliance awareness, offering us support in maintaining daily business conduct that is both ethical and legally compliant in every way.

The Code of Conduct was completely revised in 2010 and 2011, and was implemented in all of the fully consolidated companies within the Group. We monitored the implementation process in all units until the end of 2012 via the pulse check. When the implementation process was completed, some 72 percent of those surveyed said that the Code of Conduct represented an important source of orientation that influenced their professional behavior.

There has also been an increase in the number of employees who believe that they can report improper conduct without suffering negative repercussions. The proportion of employees throughout the Group sharing this view increased from 67 percent in 2010 to 75 percent in 2012, according to the results of the employee survey.

Campaigns, training sessions and guidelines spelling out the specifics contained in the various sections of the Code of Conduct were at the core of our activities in 2012. Typical examples included the anticorruption campaign and many on-site compliance training courses that were held throughout the Group. We also support employees by providing them with the latest guidelines pertaining to topics such as consulting and sponsoring.

**CONTINUING TO EXPAND OUR SERVICE ORIENTATION.**

Delivering the best possible service to our customers—anytime, anywhere—is a fundamental dogma at Deutsche Telekom, and it is one of our most important competitive value propositions in today's market. We have launched numerous initiatives and programs to raise service awareness in all Telekom companies and segments. These activities will ensure that we are—and remain—the customer's first choice. One example of these efforts is the "Voluntary Christmas Helpers" program at Magyar Telekom, in which more than 200 additional employees voluntarily help their colleagues in the shops during the holiday season. And



Slovak Telekom presents the "Service Hero Award" to those employees who demonstrate outstanding service consciousness. We have initiatives and programs in nearly every Group company so that we can maintain and improve the high quality of our service.

In Germany we have also relied on our "Service Academy" since 2008. In fact, all managers are required to participate in this program. The goal of the Service Academy is to maximize service consciousness, customer understanding and service competencies, especially for managers who do not have direct customer contact. To reach this goal, managers participating in the Service Academy are given an opportunity to learn about what customers expect from us in every day life situations. In addition to providing theoretical knowledge, the program also helps participants gain hands-on experience by having them visit various service units and shops, where they carry out tasks involving direct contact with customers. Over the past five years, 98 percent of our managers in Germany have participated in the Service Academy annually. In 2012 the number of those taking part in the program was about 1,800.

We are currently working on plans to further develop the Service Academy, which is a German initiative, so that we can transform it into an international program. In the future the target group will not be limited to upper-level management in Germany, but will also include international participants across all hierarchies. Future program content will be comprised of theoretical and practical modules that will be developed in collaboration with our stakeholders.

## IDEA MANAGEMENT: UTILIZING THE CREATIVE POTENTIAL OF OUR EMPLOYEES.

Our “Best Idea Management” encourages employees to actively contribute to the ongoing improvement of our products and services. Employees can submit their ideas for innovations. These ideas are then evaluated by our experts. If an idea is successfully realized, the employee is paid a bonus in recognition of his or her contribution. Suggestions submitted by employees have led to considerable cost reductions within the Group on a regular basis: In 2012, our idea management implemented 700 process, product and service improvements in Germany alone, resulting in overall savings of EUR 103 million. In 2012 our employees provided us with more than 13,000 ideas, which represented an increase of 20 percent over the previous year.

We continuously support the further development of tools and instruments for our idea management. Two IT portals have become well-established in the Group: “genial@telekom” is a site where ready-to-implement ideas can be submitted—whereas the “Ideas Garden” is a portal that supports joint development of new solutions. A third online platform—known as the “Jam”—was added in 2012. With Jam several thousand employees can work directly and interactively on concrete ideas or questions. Activities are clearly focused on a specifically defined task or issue, which participants must resolve within a specified time with support from a professional moderator. The platform was very popular from the start and has already hosted several Jams. A Jam developed for T-Systems attracted 500 participants who generated more than 100 solutions during the specified time period.

The collective intelligence of our employees is also of great value for “Telekom Prediction Markets”. This new tool was introduced in April 2012 to support management decision-making. Employees use a simulated exchange and trading system to provide their market forecasts in response to current or strategic questions submitted by various Group business areas. This data is then analyzed and compiled to produce forecasts that are just as precise as those coming from professional market research organizations. In 2012, those participating in Telekom Prediction Markets addressed more than 100 different market issues. Some 1,100 employees have already registered to use the tool.

## SOCIAL NETWORKS FOR NETWORKING AND DIGITAL WORK

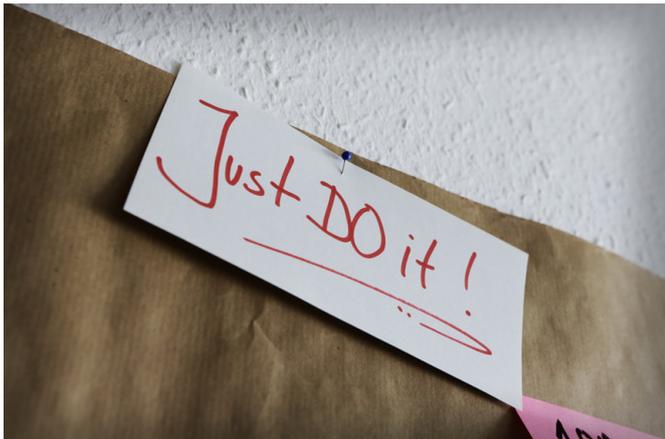
Deutsche Telekom is pushing ahead with the transformation of our working culture toward the concept of “Enterprise 2.0”. The term Enterprise 2.0 stands for all the options provided by social media for creating new forms of collaboration within an enterprise, in addition to new forms of customer contact. Above all, social media can dramatically improve communication within a business enterprise. More dialogue takes place, leading to more transparency and communication irrespective of hierarchies. Employees have more opportunities for setting their own agenda with topics of their choice, and it is also easier for them to join discussions that are already underway.

Since 2007 employees at Deutsche Telekom have been building networks on internal social media platforms to exchange ideas and promote collaboration across departments. As a result, we established the “Telekom Social Network” (TSN) in 2012, so that employees would have access to a central platform for their networking activities. By the end of 2012 more than 40,000 users throughout the Group were registered in TSN, and by late April 2013 the number had risen to about 60,000. Even members of the Board of Management are among the users. Thanks to these numbers, TSN has become one of the largest and fastest growing corporate networks in the world.

Social networks are also becoming more important for customer contact. Deutsche Telekom was the first DAX-listed company to offer customer service via Twitter by launching “Telekom hilft” (Telekom helps) in 2010. We also play a leading role when it comes to recruiting through social media. For the third time in a row, we were at the top of the HR Social Media Activities of DAX 30 Enterprises list in 2012. “Online Talent Communication”, a recent study published by the Potentialpark consulting firm, also underscores Deutsche Telekom’s leadership in social networking by ranking us second in the category Social Media Communications. A large number of job applicants follow our recruiting activities on various web 2.0 channels. For example, we have more than 3,600 followers on Twitter, about 8,000 Facebook fans and some 31,600 subscribers in the XING business network.

We promote the use of social media at Deutsche Telekom through numerous marketing, communications and HR projects. The strategic HR initiative “Global Collaboration” plays an important role in this regard. It aims to improve collaboration throughout the Group, across all segments and national borders.

# SIMPLIFY.



## REALIZING HR PROJECTS IN A LEAN AND EFFICIENT WAY.

HR at Deutsche Telekom has positioned itself as a partner and recognized consultant for operational business in the Group. We fill this role best by consistently focusing our activities on the needs of our internal customers, namely the employees at Telekom, who give their best every day to satisfy the Group's customers. That is the reason why we critically evaluate our product and service portfolio, along with our processes, at regular intervals. We keep three principles in mind:

- We tailor our offerings in response to the current needs of the various business areas in the Group.
- We speak the language of our customers and draft our offers in their language.
- We provide our products and services throughout the Group in line with consistent and standardized categories.

## FOR MORE SIMPLICITY: THE HR PORTFOLIO UNDER REVIEW.

In 2013 we are striving to achieve more simplicity through a number of concrete measures:

- The strategic HR initiative „Fix the Basics” helps us focus our attention on the simplicity of current HR products. That also means reducing the complexity of our product portfolio. Obsolete or inadequate products need to be upgraded or discontinued.
- “HR Category & Product Management” is an initiative for 2013 that is specially designed to sharpen the profiles of HR roles and establish clearly defined responsibilities in the Group. These roles have been defined according to the three-pronged model adopted by Telekom HR: Management and steering tasks are the responsibility of our “HR Competence Centers”, while our “HR Business Partners” provide consulting for strategic HR topics, and “Group HR Services” take care of our operational business matters. This structured approach enables us to constantly improve our cross-segment HR performance and facilitate smooth interaction among the various HR roles.
- In addition, the “Lean HR” initiative provides the Group with a market-conform rate in terms of HR support for the business side. This means that we continually improve our HR functions at all levels to achieve more efficiency. HR support should be available to management and employees in a quality that is in line with industry standards, with a consulting ratio comparable to that of similar ICT enterprises.

By accepting responsibility, by taking customer feedback seriously and by responding to key issues with consistent action, HR clearly focuses its efforts on meeting the requirements of the business side.

# FACTS AND FIGURES.

Here are some informative facts and figures about Deutsche Telekom. They are compiled and presented in line with our highlight topics and the corresponding strategy program. For your orientation, the assignment is marked in different colors in the charts and tables.

Highlights / Workforce & structure

## Employees.

By countries, in employees (FTE).

1	Germany	<b>118,840</b>
2	Greece	<b>13,663</b>
3	Hungary	<b>12,342</b>
4	Romania	<b>9,709</b>
5	Slovakia	<b>6,688</b>
6	Croatia	<b>5,780</b>
7	Poland	<b>4,777</b>
8	Spain	<b>3,763</b>
9	Czech Republic	<b>3,398</b>
10	Netherlands	<b>2,221</b>
11	Austria	<b>2,024</b>
12	Bulgaria	<b>1,945</b>
13	Macedonia	<b>1,623</b>
14	United Kingdom	<b>1,094</b>
15	France	<b>951</b>
16	Montenegro	<b>729</b>
20	Russia	<b>705</b>
19	Albania	<b>470</b>
18	Italy	<b>420</b>
17	Switzerland	<b>356</b>
21	Cyprus	<b>106</b>
22	Belgium	<b>97</b>
23	Denmark	<b>45</b>
	USA (incl. T-Mobile US)	<b>31,021</b>
	South Africa	<b>2,113</b>
	Brazil	<b>1,757</b>
	Malaysia	<b>1,098</b>
	Mexico	<b>836</b>
	China	<b>821</b>
	Singapore	<b>144</b>
	Japan	<b>88</b>
	Thailand	<b>39</b>
	Canada	<b>16</b>
	United Arab Emirates	<b>7</b>

Highlights / Workforce &amp; structure

## Employees in Germany.

By state, in employees (FTE).

North Rhine-Westphalia	34,291
Bavaria	15,011
Hesse	13,831
Baden-Wuerttemberg	12,896
Lower Saxony	8,042
Berlin	7,603
Saxony	5,855
Hamburg	4,210
Rhineland-Palatinate	4,144
Schleswig-Holstein	2,877
Brandenburg	2,062
Bremen	1,935
Saxony-Anhalt	1,890
Thuringia	1,520
Mecklenburg-Western Pomerania	1,276
Saarland	1,188

Highlights / Workforce &amp; structure / Total Workforce Management: Boosting productivity, developing skills, driving the transformation forward

## Employees.

By operating segments, in employees (FTE).

	2008	2009	2010	2011	2012
Germany OS*	85,637	81,336	76,478	69,574	67,497
Europe OS	18,255	17,631	12,108	58,794 **	57,196 **
SEE	20,885	53,532	51,230	**	**
T-Systems	45,862	46,021	47,707	52,170	52,847
USA	38,031	40,697	37,760	32,868	30,288
Group Headquarters and Shared Services	19,077	20,703	21,494	21,726	21,858
Group (total)	227,747	259,920	246,777	235,132	229,686

\*Operating segments \*\*from 2011 Europe incl. SEE

Figures deviate from previous reporting due to restatements dating back to 2011. These restatements result from organizational changes within the Group (EUREKA/Telekom IT: relocations from Group Headquarters/Shared Services and Germany OS to T-Systems; DBU: relocation from Germany OS to Group Headquarters/Shared Services; GTN: relocation from Group Headquarters/Shared Services to Europe).

Highlights / Workforce &amp; structure / Total Workforce Management: Boosting productivity, developing skills, driving the transformation forward

**Revenue per employee (FTE).**

In thousands of EUR.



\*2009: OTE acquisition resulted in a disproportionately high increase in international employees in relation to revenue

Highlights / Workforce &amp; structure / Total Workforce Management: Boosting productivity, developing skills, driving the transformation forward

**Personnel costs and personnel cost ratio.**

In billions of EUR.

	2008	2009	2010	2011	2012
Personnel costs in the Group	14.1	14.3	15.1	14.7	14.6
of which: Germany	9.8	9.0	9.2	9.2	9.1
Special factors*	1.1	0.5	1.0	1.2	1.1
Personnel costs in the Group adjusted for special factors	13.0	13.8	14.1	13.6	13.5
Net revenue	61.7	64.6	62.4	58.7	58.2
of which: Germany	29.7	28.4	28.1	27.2	26.7
Adjusted personnel cost ratio, Group (in %)	21.1	21.4	22.5	23.1	23.2
Adjusted personnel cost ratio, Germany (in %)	29.9	30.1	30.4	30.6	31.1

\*Special factors in billions of EUR, calculated and rounded on the basis of millions. Expenses for staff-related measures (early retirement arrangements, severance payments, compensation payments, etc.) in the Germany (-0.4), Europe (-0.2), T-Mobile USA (-0.1) and Systems Solutions (-0.2) operating segments as well as at Group Headquarters & Shared Services (-0.2).

2011: Expenses for staff-related measures (early retirement arrangements, severance payments, compensation payments, etc.) primarily in the Germany (-0.6), Europe (-0.1), and T-Mobile USA (-0.1) operating segments as well as at Group Headquarters & Shared Services (-0.2).

2010: Expenses for staff-related measures (early retirement arrangements, severance payments, compensation payments, etc.) primarily in the operating segments Germany (-0.4), Europe (-0.2), Systems Solutions (-0.1) and Group Headquarters & Shared Services (-0.1).

2009: Expenses for staff-related measures (early retirement arrangements, severance payments, compensation payments, etc.) primarily in the Germany (-0.3) and Systems Solutions (-0.1) operating segments, as well as at Group Headquarters & Shared Services (-0.1).

2008: Expenses for staff-related measures (early retirement arrangements, severance payments, compensation payments, etc.) primarily in the Germany (-0.8) and Systems Solutions (-0.3) operating segments.

Highlights / Workforce & structure / Total Workforce Management: Boosting productivity, developing skills, driving the transformation forward

## Total workforce costs.

In billions of EUR.

	2010	2011	2012
<b>TWC<sup>1</sup></b>	<b>17</b>	<b>15.6</b>	<b>15.5</b>
<b>of which: national</b>	<b>10.2</b>	<b>9.6</b>	<b>9.4</b>
IWC <sup>2</sup> (PC <sup>3</sup> adjusted)	8.5	8.3	8.3
EWC <sup>4</sup> Leased and temporary workers	0.1	0.1	0.1
EWC Freelancers and consultants	1.6	1.1	1.0
<b>of which: international</b>	<b>6.8</b>	<b>6.1</b>	<b>6</b>
IWC <sup>2</sup> (PC <sup>3</sup> adjusted)	5.5	5.3	5.2
EWC <sup>4</sup> Leased and temporary workers	0.2	0.3	0.3
EWC Freelancers and consultants	1.1	0.6	0.6

<sup>1</sup> Total workforce costs: external workforce costs + personnel costs adjusted for special factors

<sup>2</sup> Internal workforce costs

<sup>3</sup> Personnel costs

<sup>4</sup> External workforce costs: cost of leased and temporary workers + cost of freelancers and consultants

2011 figures deviate from previous reporting, due to the new definition of EWC (maintenance costs excluded due to non-controllability). Adjustment to facilitate comparability between 2011 and 2012.

Highlights / Workforce & structure / Total Workforce Management: Boosting productivity, developing skills, driving the transformation forward

## Total workforce ratio.

In billions of EUR and percent.

	PC <sup>1</sup> adjusted	EWC <sup>2</sup>	TWC <sup>3</sup>	Revenue	TWR <sup>4</sup> adjusted	TWR <sup>4</sup> adjusted 2011	TWR <sup>4</sup> adjusted 2010
<b>Total</b>	13.5	2.0	15.5	58.2	26.6%	26.7%	27.2%
<b>Germany</b>	8.3	1.1	9.4	26.7	35.3%	35.1%	36.3%
<b>International</b>	5.2	0.9	6	31.5	19.2%	19.4%	19.8%

<sup>1</sup> Personnel costs

<sup>2</sup> External workforce costs: cost of leased and temporary staff + cost of freelancers and consultants

<sup>3</sup> Total workforce costs: external workforce costs + personnel costs adjusted for special factors

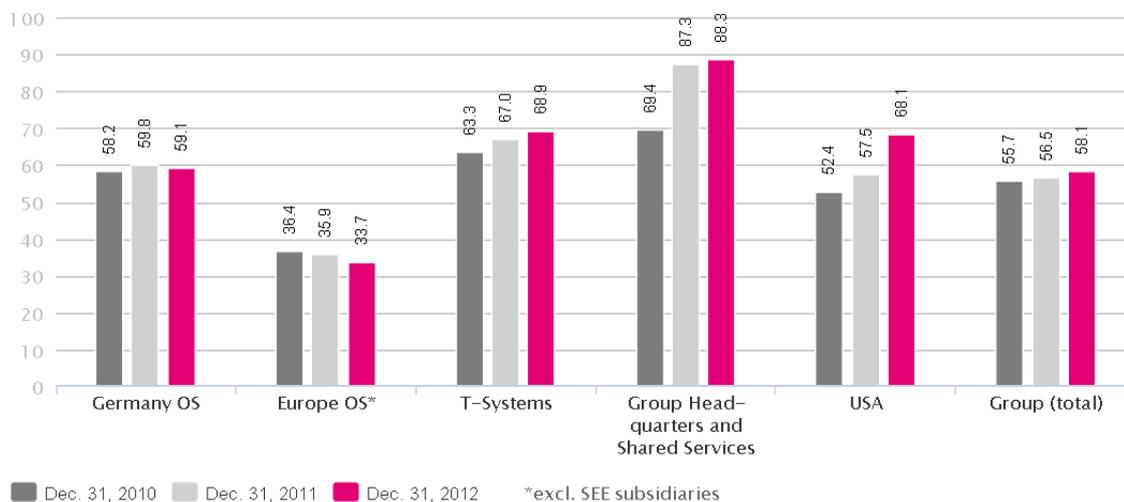
<sup>4</sup> Total workforce ratio = TWC/revenue

2011 figures deviate from previous reporting, due to the new definition of EWC (maintenance costs excluded due to non-controllability). Adjustment to facilitate comparability between 2011 and 2012.

Highlights / Workforce &amp; structure / Total Workforce Management: Boosting productivity, developing skills, driving the transformation forward

## Personnel costs.

By operating segments, per employee (FTE), in thousands of EUR.



Figures deviate from previous reporting due to restatements dating back to 2011. These restatements result from organization changes within the Group (EUREKA/Telekom IT: relocations from Group Headquarters/Shared Services and Germany OS to T-Systems; DBU: relocation from Germany OS to Group Headquarters/Shared Services; GTN: relocation from Group Headquarters/Shared Services to Europe).

Highlights / Workforce &amp; structure / Total Workforce Management: Boosting productivity, developing skills, driving the transformation forward

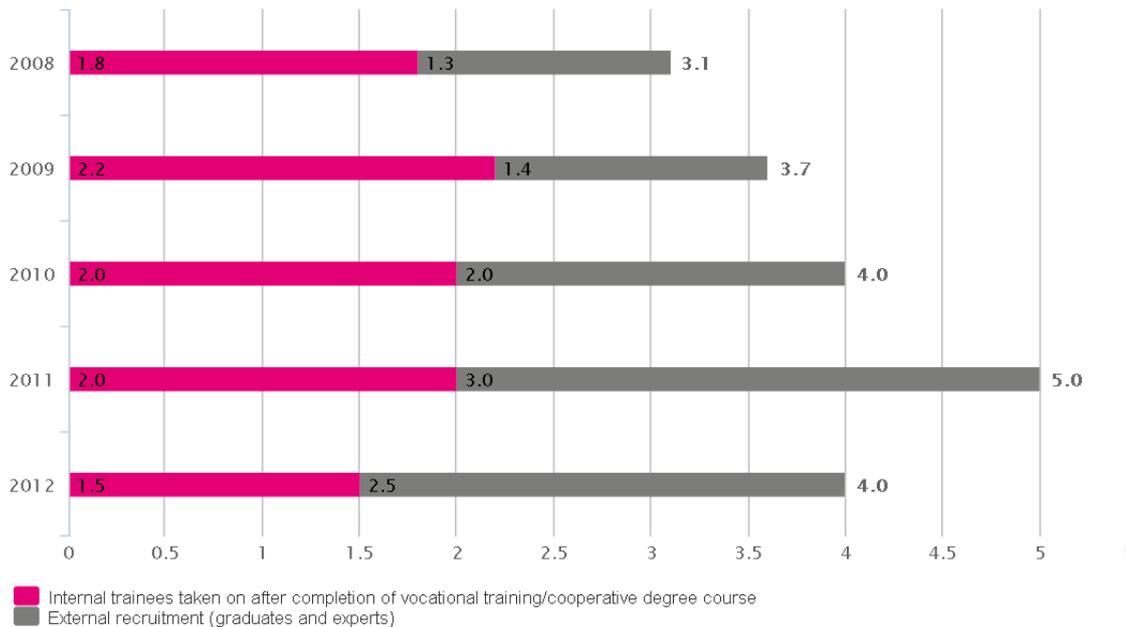
## Revenue development.

In billions of EUR.

	2011	2012	Change on 2011
Net revenue, Group (total)	58.7	58.2	-0.5
Net revenue, Germany	27.2	26.6	-0.5
Net revenue, international	31.4	31.5	+0.1
International revenue as a percentage of Group revenue	53.5%	54.1%	+0.6

Highlights / Workforce & structure / Upsizing, restructuring, downsizing: The strategic HR program continues

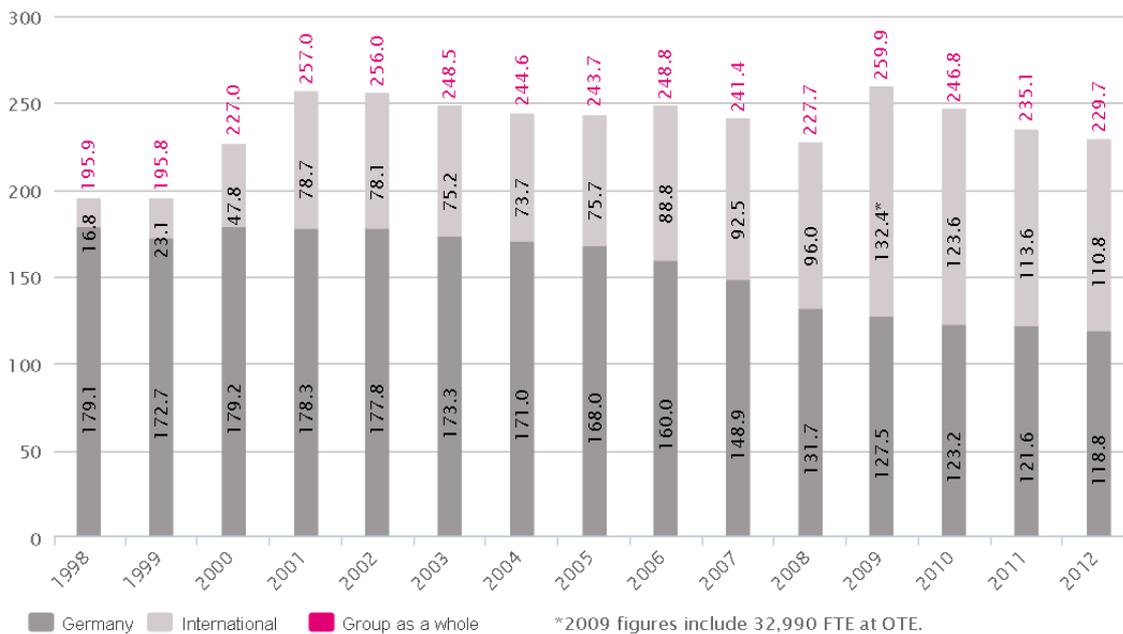
### Recruitment in Germany. In thousands of employees (FTE).



Highlights / Workforce & structure / Upsizing, restructuring, downsizing: The strategic HR program continues

### Employees.

By location, in thousands of employees (FTE), as of Dec. 31 each year.



Highlights / Workforce &amp; structure / Upsizing, restructuring, downsizing: The strategic HR program continues

## Proportion of civil servants in Germany. In employees (FTE).

	2008	2009	2010	2011	2012
Active civil servants	32,113	29,188	25,570	23,516	21,958
Civil servants on temporary leave from civil servant status*	3,033	6,597	1,678	1,537	1,430
Civil servants at affiliated companies	17,610	13,267	16,729	15,774	14,836
<b>Civil servants (total)</b>	<b>52,756</b>	<b>49,052</b>	<b>43,977</b>	<b>40,828</b>	<b>38,224**</b>
Number of non-civil servants in Germany	78,957	78,435	79,197	80,736	80,616
<b>Total number of employees in Germany</b>	<b>131,713</b>	<b>127,487</b>	<b>123,174</b>	<b>121,564</b>	<b>118,840</b>
Percentage of civil servants in Germany (in %)	40.1	38.5	35.7	33.6	32.2

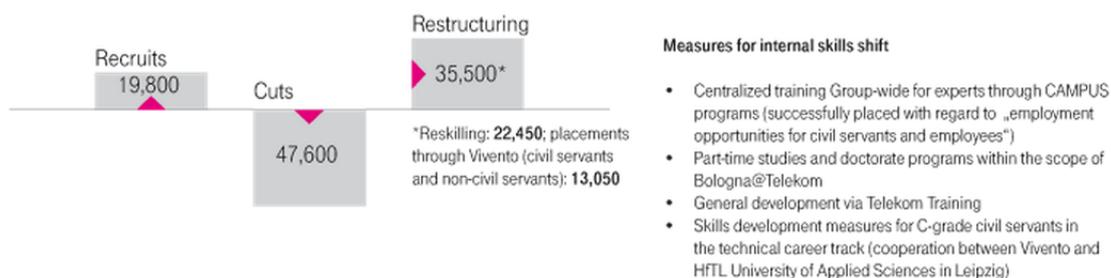
\*Civil servants whose status as such is currently suspended. They have temporarily switched to an employee relationship not covered by collective agreements.

\*\*All figures calculated on the basis of precise detailed data. Since figures are rounded, totals may differ.

Highlights / Workforce &amp; structure / Upsizing, restructuring, downsizing: The strategic HR program continues

## Flexibilization of workforce in Germany.

2008 - 2012: Reskilling and upskilling of employees increasingly replaces new hires and reductions.



Highlights / Workforce &amp; structure / Upsizing, restructuring, downsizing: The strategic HR program continues

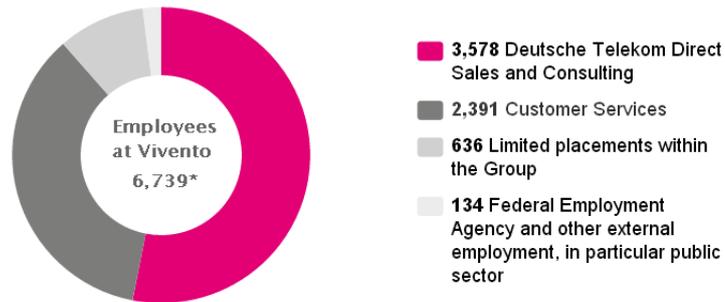
## Tools for socially responsible staff reduction in Germany. In employees (FTE).

	2008	2009	2010	2011	2012
Early retirement (civil servants)	2,779	2,788	3,947	2,564	2,266
Early retirement (non-civil servants)	218	468	121	0	3
Severance payments	3,252	2,192	2,227	709	955
Phased retirement (start of passive phase)	1,672	643	846	959	1,417
Other socially responsible tools	117	132	782	163	120

Highlights / Workforce &amp; structure / Vivento: Assisting with workforce restructuring at Deutsche Telekom in Germany

**Vivento workforce.**

Incl. business models and projects.



Permanent employees and support staff incl. Vivento Customer Services: **708**,  
 Number of employees who found a new job through Vivento in 2012: **781**,  
 Number of employees who are expected to find a new job through Vivento in 2013: **378**,  
 Staff transfers to Vivento since its foundation: **49,608**,  
 Staff who have left Vivento since its foundation: **41,380**

\*All figures calculated on the basis of precise details. Since figures are rounded, totals may differ.

Highlights / Health &amp; safety / Health and safety accommodates demographic changes

**Health rate in Germany.**

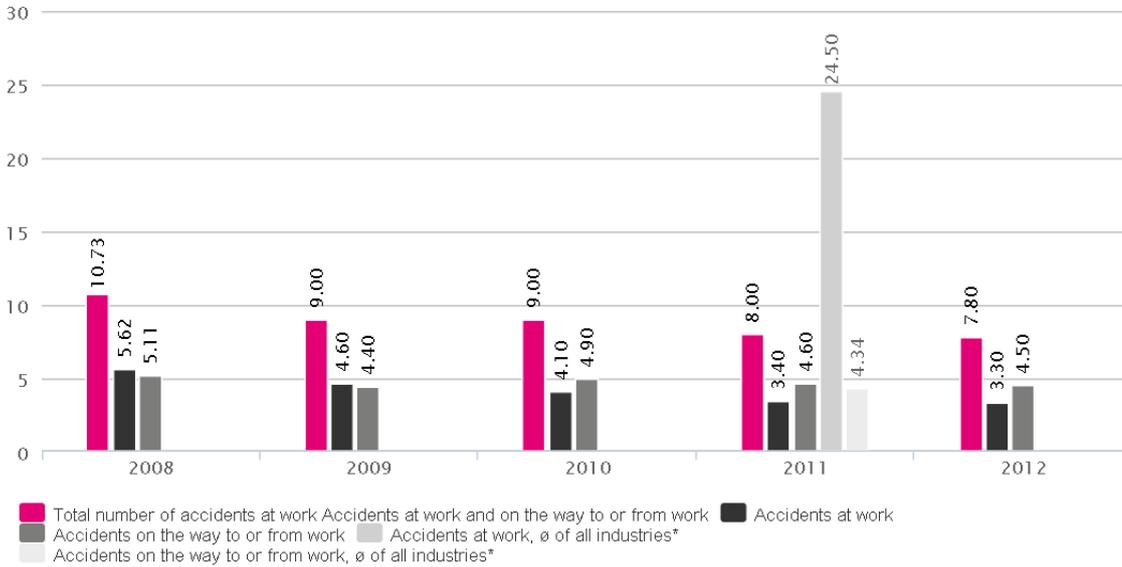
By operating segment, in percent.

	2009	2010	2011	2012
Germany OS	93.3%	93.4%	93.5%	93.6%
Europe OS	97.4%	97.8%	97.7%	97.3%
T-Systems	96.4%	96.5%	96.2%	96.3%
Group Headquarters and Shared Services	94.0%	94.3%	94.4%*	94.5%
<b>Group (total)</b>	<b>94.0%</b>	<b>94.2%</b>	<b>94.1%</b>	<b>94.2%</b>

\*Value corrected since last year's HR report, which included shares from Vivento, Vivento Customer Services and CTIO. The corrected value indicates the health rate excluding Vivento, Vivento Customer Services and CTIO. The three units are included in the value for the Group as a whole.

Highlights / Health & safety / Health and safety accommodates demographic changes

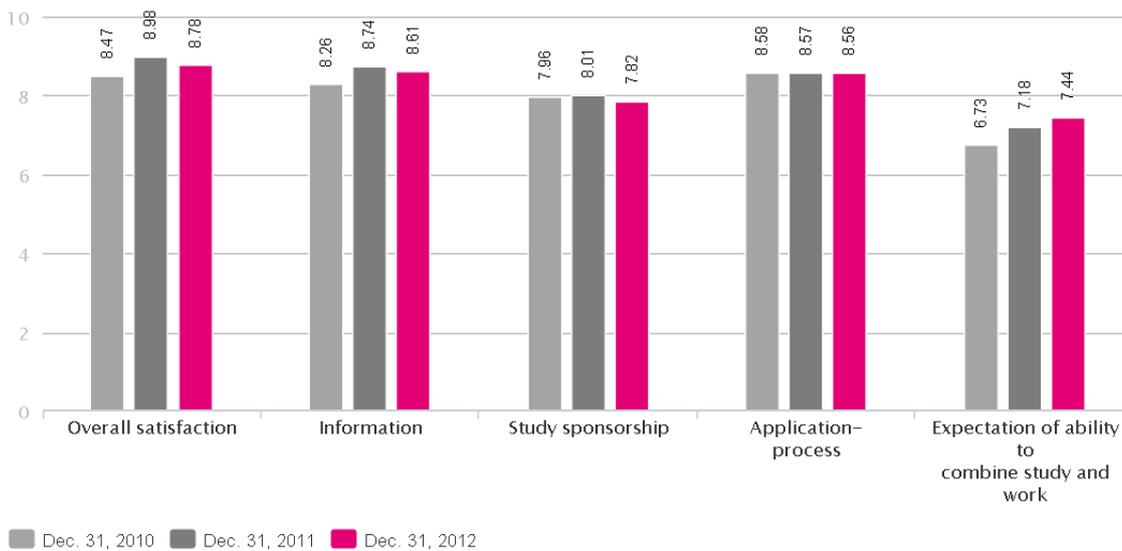
**Work accidents in Germany.**  
Per thousand employees (FTE).



\*Accidents from 2012 have not yet been included in the statistics published to date.

Highlights / Health & safety / Effectively and transparently encouraging individual performance

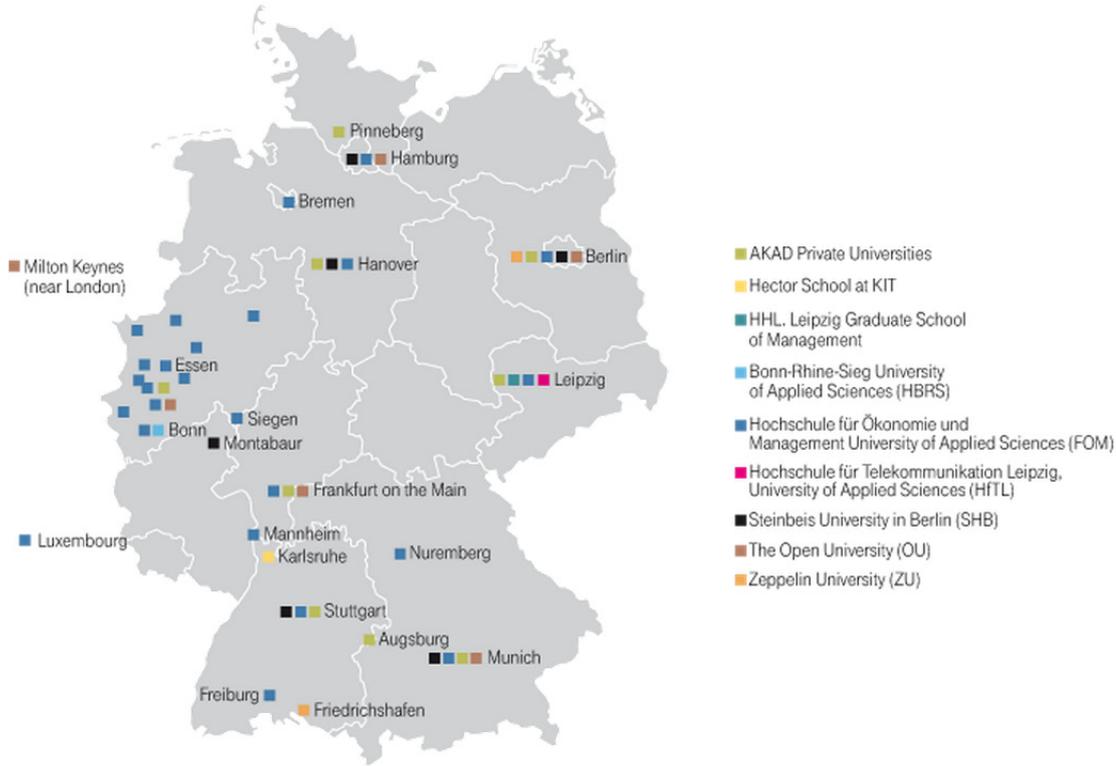
**Bologna@Telekom: level of satisfaction among new students.**  
Scale of 1 to 10.



2010: 157 respondents. 2011: 187 respondents. 2012: 158 respondents.

Highlights / Health & safety / Development: Attractive prospects at every life phase

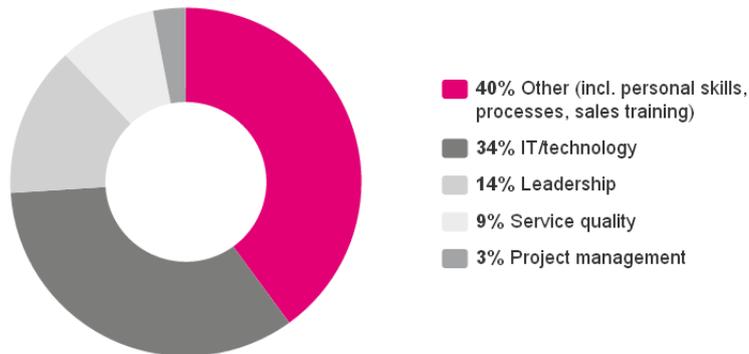
### Partner universities for Bologna@Telekom.



See also [personal.telekom.de/bologna](http://personal.telekom.de/bologna).

Highlights / Health & safety / Special courses for personal professionalization and career development

### Training courses offered by Telekom Training in Germany. By key themes.



Seminars: 37,074  
 Participants: 281,555 (Ø of 2 seminars attended per employee)  
 Participant days: 698,096  
 Ø number of training days per participant: 2.5; per employee: 5.9  
 Number of web-based training courses carried out (content usages on internal e-learning platform): 699,500

Highlights / Was uns unsere Mitarbeiter sagen / Special courses for personal professionalization and career development

## International development and management programs.

In employees (FTE).

		2010	2011	2012
Participants LDP*	Total	661	612	409
Participants LDP	Women	35%	32%	43%
Participants Professional Programs		162	164	167
Participants LEP**	Total	1.067	994	918
Participants LEP	Men	890	802	712
Participants LEP	Women	177	192	206
Participants LEP	National	930	855	710
Participants LEP	International	137	139	208

\*Leadership Development Program

\*\*Leadership Excellence Program

Highlights / What our employees are saying / 2012 employee survey: Record participation level, plus improvements in nearly all areas

## Satisfaction rate and commitment index.

Managers.

	2011	2012
Germany	83%	85%
International	70%	82%
<b>Group (total)</b>	<b>78%</b>	<b>84%</b>
Commitment index, scale of 1 to 5	3.8	4.0

The calculated values originate from pulse and employee surveys current at the time, the most recent carried out in October/November 2012.

Highlights / What our employees are saying / 2012 employee survey: Record participation level, plus improvements in nearly all areas

## Fluctuation rate.

Total and unmanaged (termination by employee).

	2011	2012
Germany (total)	1.93%	1.95%
International fluctuation in Europe* (total)	9.05%	8.68%

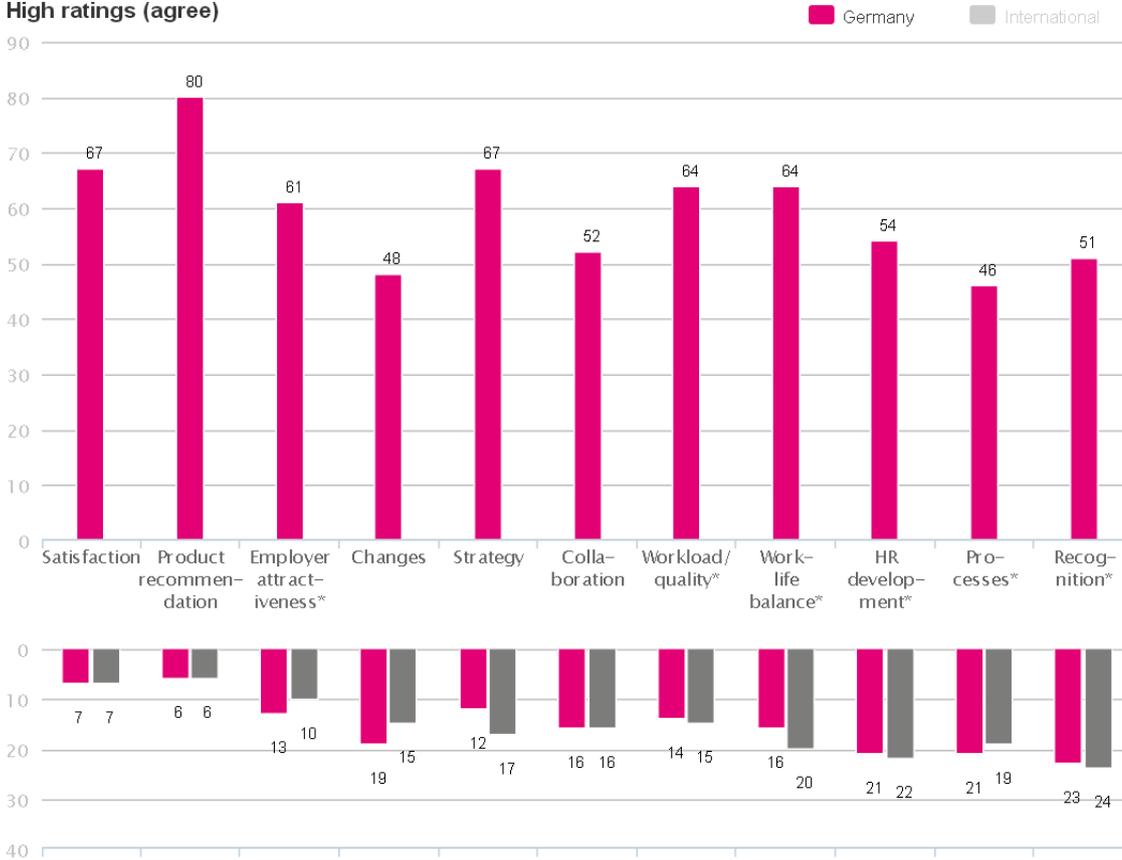
\*International excluding T-Systems International and USA.

Highlights / What our employees are saying / 2012 employee survey: Record participation level, plus improvements in nearly all areas

### Pulse check.

Results from the pulse checks conducted from 2007 to 2012 (in percent).

#### High ratings (agree)



#### Low ratings (disagree)

■ Germany ■ International

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, IT tools and procedures allow me to effectively meet my customers' needs.
- Recognition = Considering all my efforts and achievements, I feel that I have received the appropriate amount of recognition at work.

Highlights / What our employees are saying / 2012 employee survey: Record participation level, plus improvements in nearly all areas

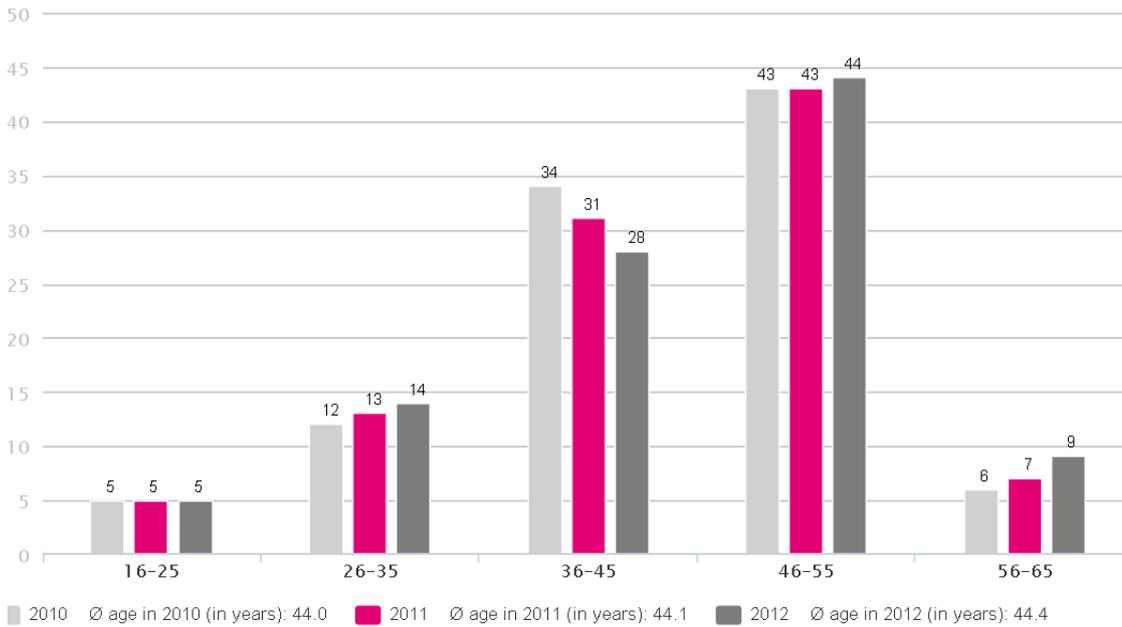
**Employee satisfaction in Germany.**  
Results from the pulse checks conducted from 2007 to 2012 (in percent).



\*Employee survey 05/06: "Overall, I am satisfied with Deutsche Telekom as a company." Surveys 2007–2012: "How do you feel about working at Deutsche Telekom?"

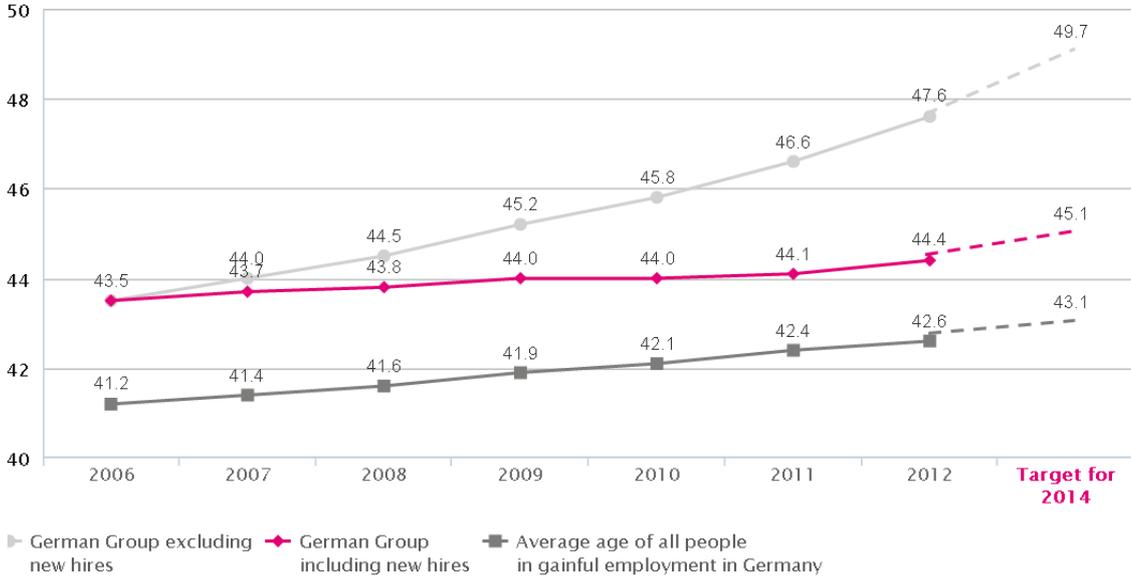
Highlights / Demography as a chance / New experience-based forms of teaching and learning for specific age groups

**Age structure in Germany.**  
In percent.



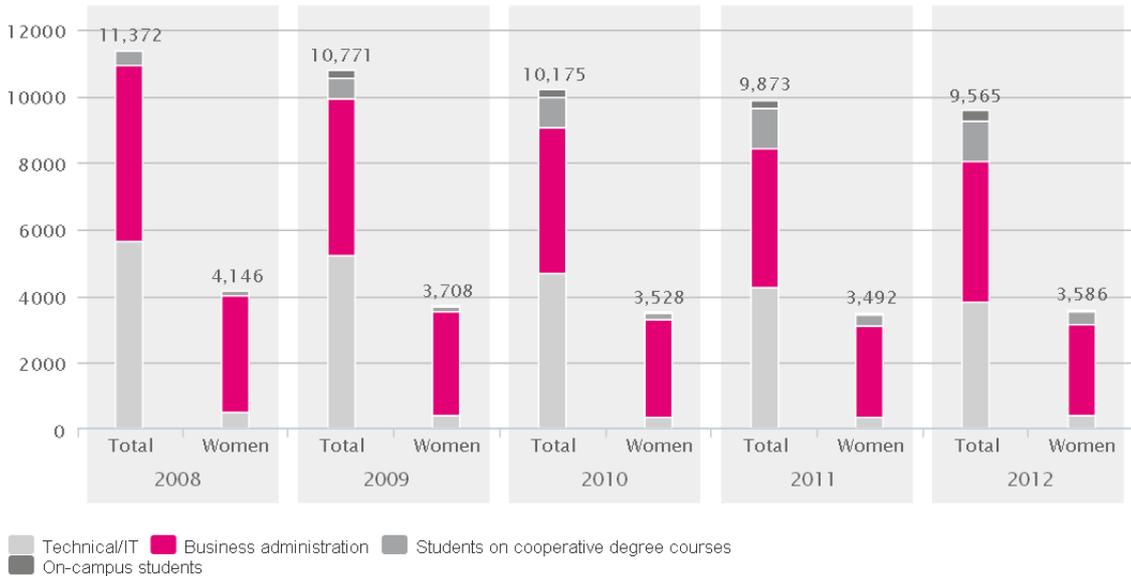
Highlights / Demography as a chance / New experience-based forms of teaching and learning for specific age groups

**Average age progression in Germany.**  
In years.



Highlights / Demography as a chance / Vocational training

**Apprentices and training programs in Germany.**  
Total and percentage of women.



Commercial training programs: office communications administrators, retail sales or dialog marketing assistants, industrial business administrators  
Cooperative study programs: Bachelor in Business Administration, Communications and Information Technology, Business Information Systems.

Highlights / Demography as a chance / Vocational training

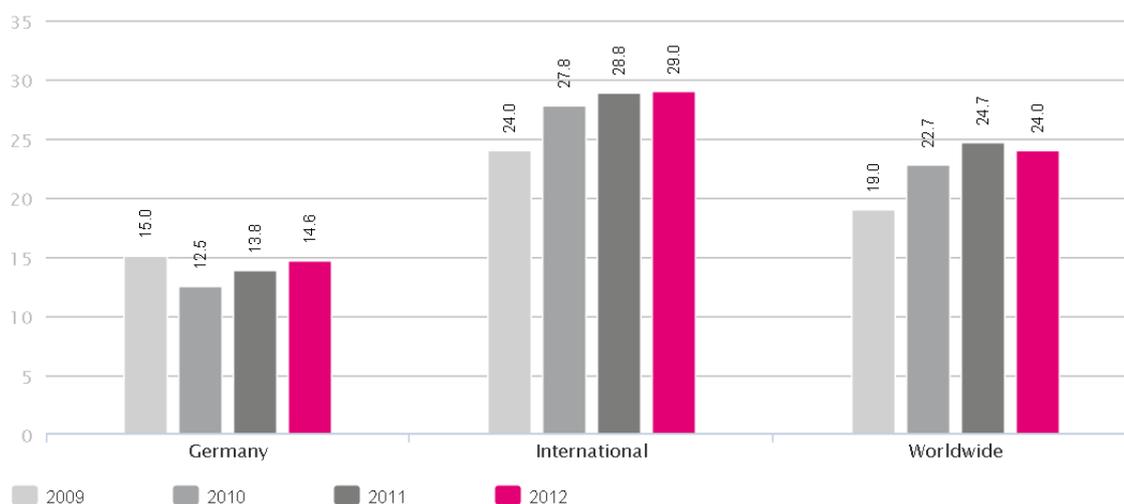
## Trends in applicant numbers and in permanent employment of junior staff after completion of training in Germany.

	2007	2008	2009	2010	2011	2012
Junior staff entitled to apply	3,811	3,828	4,046	3,742	3,433*	3,340
Of which applied	2,064	2,361	2,482	2,785	2,692	2,428
Of which applied	54%	62%	61%	74%	78%	73%
Taken on permanently	731	1,384	1,592	1,740	1,750	1,324
Percentage of those entitled to apply that were taken on permanently	19%	36%	39%	47%	51%	40%

Junior staff = apprentices and students on cooperative courses (excl. Vivento Interim Services and HfTL University of Applied Sciences).

Highlights / Fair share and diversity / More women in management positions

## Women in middle and upper management. In percent.



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Highlights / Fair share and diversity / Award-winning diversity.

## Employees with disabilities in Germany. By operating segments.

	2009	2010	2011	2012
Germany OS	6.3%	6.6%	6.7%	7.1%
T-Systems	3.6%	3.7%	3.8%	4.1%
Group Headquarters and Shared Services	7.7%	7.9%	8.1%	7.6%
<b>Group (total) in Germany</b>	<b>6.0%</b>	<b>6.2%</b>	<b>6.3%</b>	<b>6.4%</b>

Highlights / Culture, collaboration and change / Idea management: utilizing the creative potential of our employees

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## genial@telekom in Germany.

	2008	2009	2010	2011	2012
Ideas	7,295	5,592	10,498	10,831	13,043
Savings in million EUR	141	122	136	116	104

In 2012, the number of patent applications stood at 151.

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