

How Corporate Responsibility supports business @ Deutsche Telekom.

Luis Neves, Deutsche Telekom AG
Vice-President Corporate Responsibility
Brussels, 3 of September 2009

Life is for sharing.



Deutsche Telekom's vision. We take responsibility.



“We take responsibility” – the motto of this year’s report takes on new meaning in the current crisis. We have already pledged our commitment to sustainable development and plan to shape the future of our society on this basis .

René Obermann, CEO Deutsche Telekom AG,
Corporate responsibility Report 2009.



Corporate profile.

Deutsche Telekom at a glance.

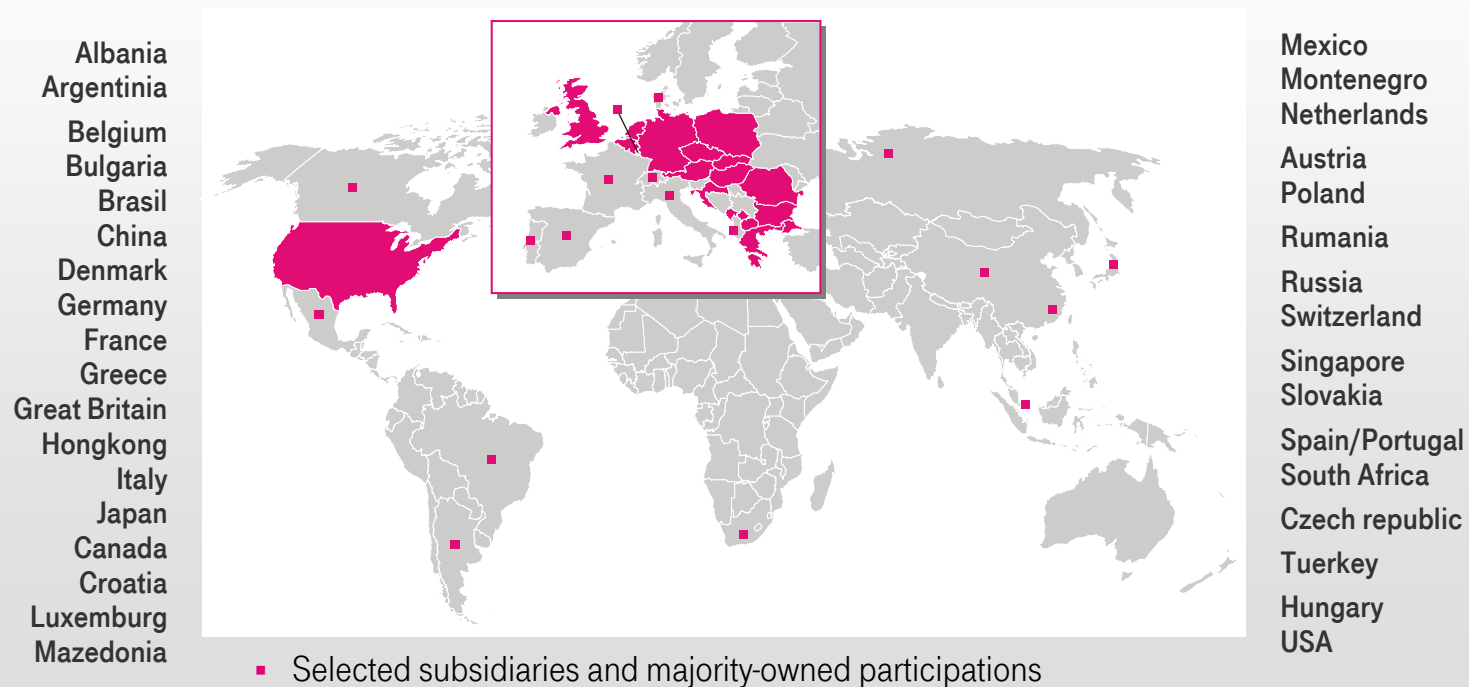
- Deutsche Telekom is one of the world's leading telecommunications and information technology companies with more than 160 mn customers world-wide.
- Everything from a single source: from fixed-network telephony, broadband Internet and mobile communications through to complex ICT solutions for business customers.
- Customer benefits take center stage: Deutsche Telekom wants to be the most highly regarded service company in the industry.
- Commitment to the principle of sustainability: the Group's activities are based on economic, social, and ecological criteria.



International presence.

The way to becoming an international Group.

Deutsche Telekom AG is represented in about 50 countries around the globe. As one of the leading telecommunications provider in Europe, the company is present in the most important markets in Europe, Asia and USA. Deutsche Telekom is an international company with approx. 261,000 employees worldwide (as per June 30, 2009).



Status: May 2009



Facts and figures.

Group results 2008.

millions of €	2008	2007	Change (%)
Net revenue	61,666	62,516	(1.4)
of which: domestic	28,885	30,694	(5.9)
of which: international	32,781	31,822	3.0
Adjusted EBITDA *	19,459	19,326	0.7
Adjusted net profit	3,426	3,005	14.0
Free cash flow (before dividend payments)	7,033	6,581	6.9

*Earnings before interest, taxes, depreciation and amortization.



Sustainability as Key Element of our Strategy.

Sustainability means business taking into account economical, social and environmental aspects.

In times of economic and financial crisis a solid financing is crucial. And on the eve of uncertain incidents because of climate change due to global warming an adequate strategy for facing the new situation could be also decisive between survival and catastrophe.

But crises have always hidden opportunities. We recognize these opportunities in the enabling role for other industries for being e.g. more efficient in the use of resources and particularly in the use of energy. Our customers can reduce costs and at the same time their CO₂ emissions.



CR strategy.

Our commitment is multi-faceted.



Corporate governance

- Corporate values (new principles)
- Code of Conduct
- Social Charter
- Anti-fraud
- Compliance
- Risk management
- Data protection
- Diversity policy



Customers

- Customer satisfaction
- Service range
- Consumer protection
- Data security
- Needs-based products and services
- Products and services for disabled people



Employees

- Training and skills development
- Pension scheme
- Employee satisfaction
- Diversity
- Employee dialog
- Health care
- Work-life balance
- Working on the move
- Corporate Volunteering



Suppliers

- Observing human rights
- Social and environmental standards
- Supplier diversity



Environment/Climate protection

- Waste management
- Recycling
- Vehicle fleet
- Reduction of CO₂ emissions in business processes and among customers
- ICT as enabler



Society

- Social commitment/corporate citizenship
- Innovations
- Socio-cultural impact of new products
- Broadband expansion
- Digital inclusion



Financial market

- Sustainable investments
- Assessment by rating agencies

CR strategy.

Sharpening the CR profile by focusing on three CR fields of activity.

How can we support our customers and employees in improving their quality of life and work?



We want to be a major driving force for sustainable life and work.

What can we do to enable people to be part of our information and knowledge society?



We want to be instrumental in giving everyone equal opportunities to be part of our modern information society.

What can we do to enable us and our customers to effectively contribute towards climate protection?



We want to be instrumental in implementing ICT to help create a low carbon society.



CR Strategy.
Connected life and work.

T

Life is for sharing.

Connected life and work.

Responsibility for Germany standing as a center of business.

96 % of households have the opportunity to use DSL lines.

In recent years, we have invested billions of euros in setting up a high-performance broadband infrastructure:

- EUR 100 million annual expenditure alone for closing gaps in DSL coverage in rural areas – more than any other company.
- Availability of the high-speed VDSL broadband network in Germany in as many as 50 cities.
- Opportunity for almost 20 million households to benefit from high bandwidths and enjoy innovative triple-play services via the broadband network.



Broadband communications based on a state-of-the-art fiber-optic network

- is a key production factor for companies,
- gives new impetus for research and education,
- secures jobs and
- is an important precondition for sustainable economic development.



T-City Friedrichshafen

Deutsche Telekom's future lab for the world to see.

Through T-City, Deutsche Telekom together with the city of Friedrichshafen is showing inhabitants, the business community and other organizations the added value introduced by innovative ICT and the potential and opportunities that lie undiscovered in these technologies.

The main areas of action are:

Deutsche Telekom will make available additional HR, infrastructure and financial services worth until the end of the project in 2012 in order to put selected project ideas into practice in the city of Friedrichshafen.

- Public administration
- Mobility and transport
- Research and learning
- Tourism and culture
- Business and work
- Health and support



T-City – ICT for a better life.

- Friedrichshafen - innovation city of Deutsche Telekom
- T-City applied to the contest with the best concept: creation of economical, social, ecological and cultural value for the city, involvement of citizens and institutions etc.
- T-City as a new approach: products and services are developed in an intensive interaction with the customers – public, business and private
- Potential market of cities with the same size: 429 cities between 25,000 and 100,000 citizens. We pursue to learn how communities live in a very typical German city. Results from Friedrichshafen with about 60,000 citizens could easily be transferred to other cities
- Infrastructure: fixed broadband up to 25 Mbit/sec (50 Mbit/sec)
 mobile broadband up to 3.6 Mbit/sec (7.2 Mbit/sec)

25 projects have been already launched (visit www.t-city.de)



T-City – Deutsche Telekom Institute for Connected Cities. A chair at the Zeppelin University.

Deutsche Telekom granted a chair for Connected Cities at the Zeppelin University in Friedrichshafen. The research and learning plans are focused on enhancing administration by ICT technologies and networking.

The “Deutsche Telekom Institute for Connected Cities” (TICC) will be dedicated to the analysis of the effects of high connectivity on the development of cities from the point of view of social and technological integration in international context.



T-City – Edunex.

Individualized educational platform for students and teachers.

The platform enables teachers to be more efficient in the preparation of classes by offers from the online library with a wide spectrum of licensed material:

- Planning and organization of classes
- Vast online library with licensed documents and materials for teaching
- Multi-media material can be used during the class

The platform is also available for students:

- Individualized teaching program
- Class situation, small groups

Customers:

- Ministry of Education
- Local education authorities



T-City – Intelligent metering.

- An online and wireless electricity metering system that enables private and business customers to monitor consumption on-time and to recognize saving potentials
- Consumption profile over days, weeks, months or years
- Identification of electricity “guzzlers”
- Energy saving plan, cost savings
- Energy supply rules by requirements and generation
- Customer: Local energy supplier



T-City – eHealth, a virtual doctor’s appointment.

Chronically sick citizens, especially when they are affected by cardiovascular diseases, don’t have to go to the hospital on a daily base.

The tele-monitoring system is based on:

- Regular weight measurements
- Taking the blood pressure and pulse
- Collected data is sent to the hospital automatically (bluetooth, set-top box)

Impacts:

- The patient receives an optimal care, gets more flexibility and a increased quality of life
 - The social system saves money thanks to less or shorter hospitalizations
 - The doctors can take care of a greater number of patients
 - Customers: Health insurance companies, hospitals and physicians
- Today more than 100 patients are already participating.

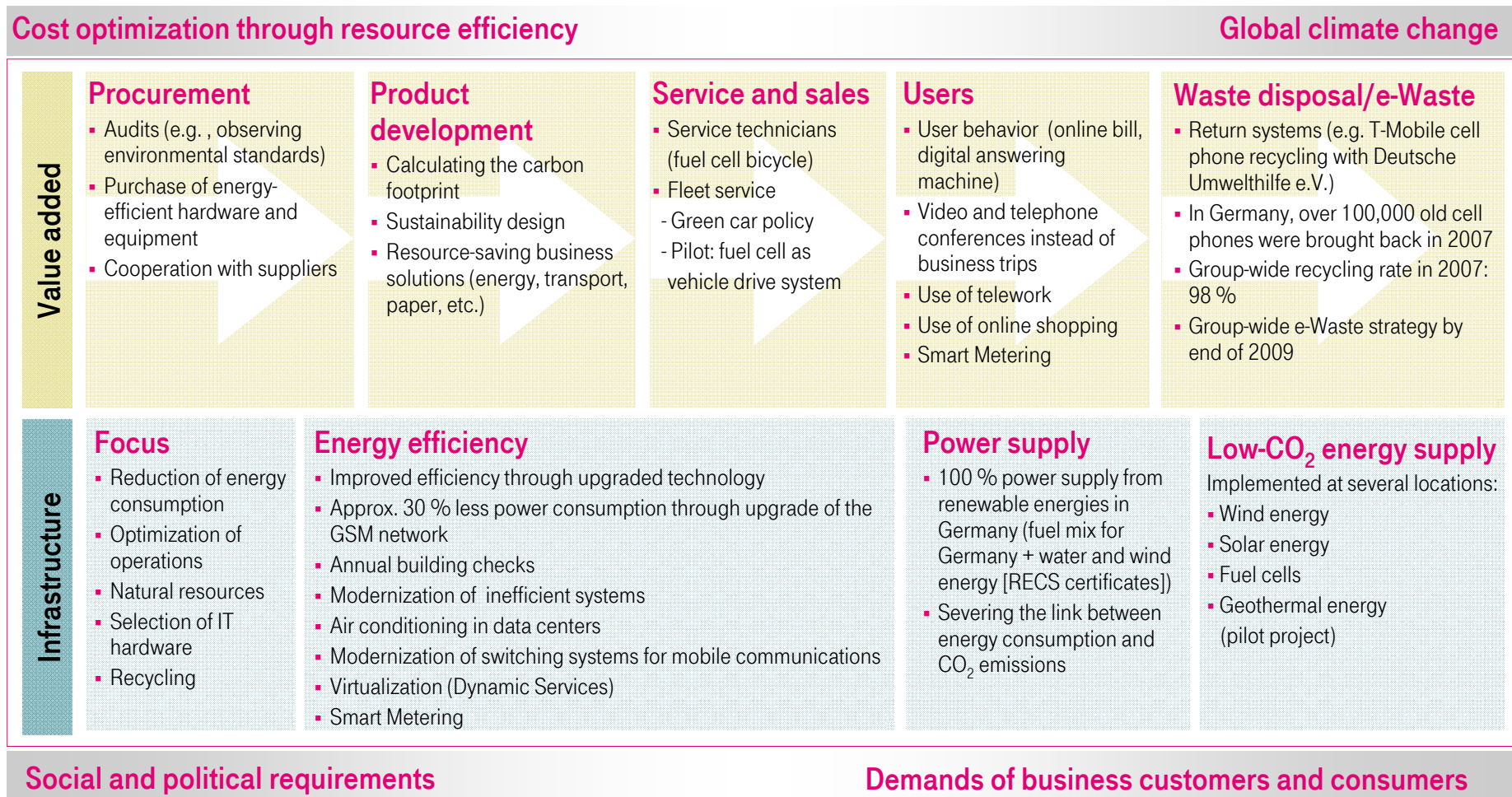


CR Strategy.
Low carbon society.

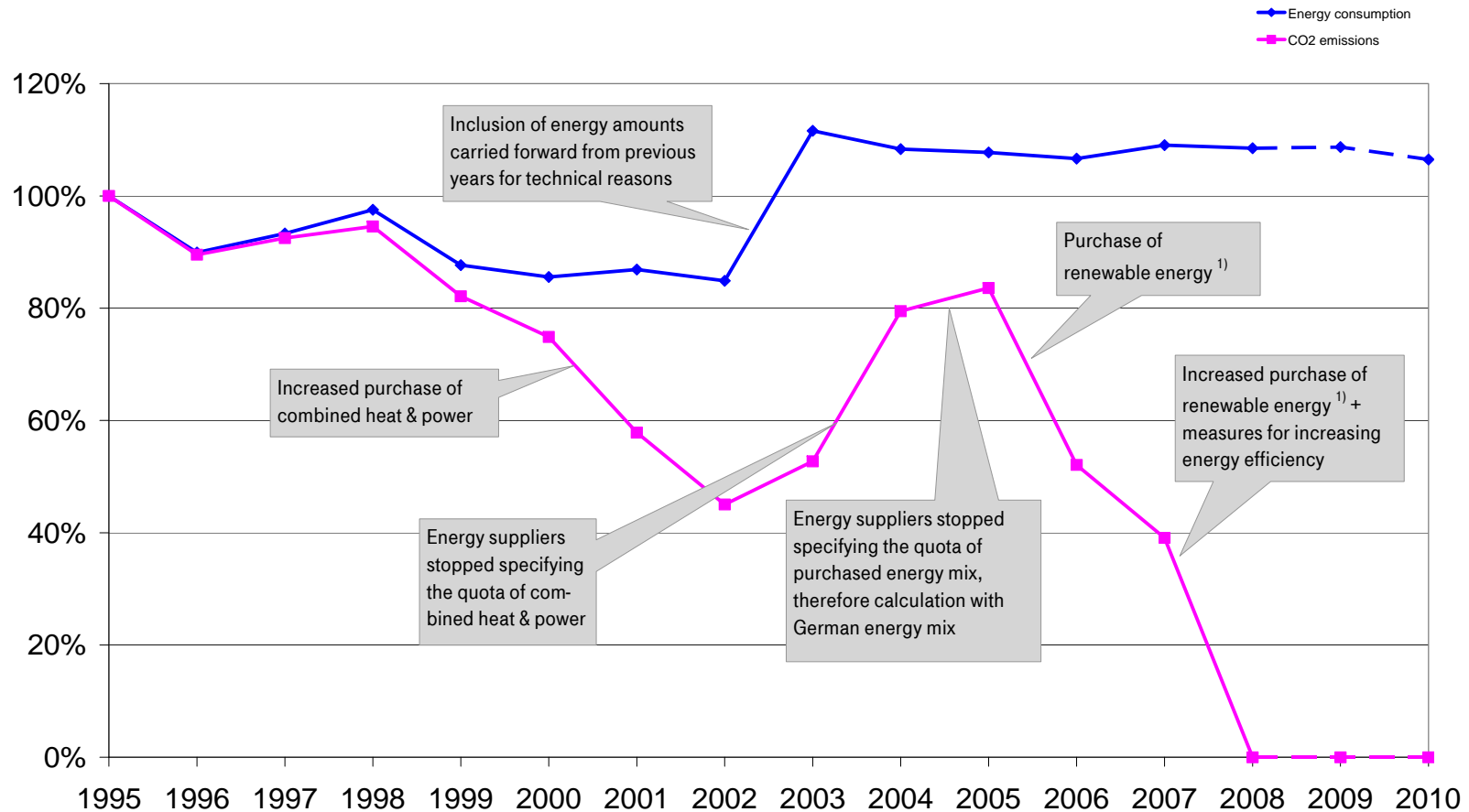
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Life is for sharing.

Low carbon society. Sustainable Contribution to environmental Performance.



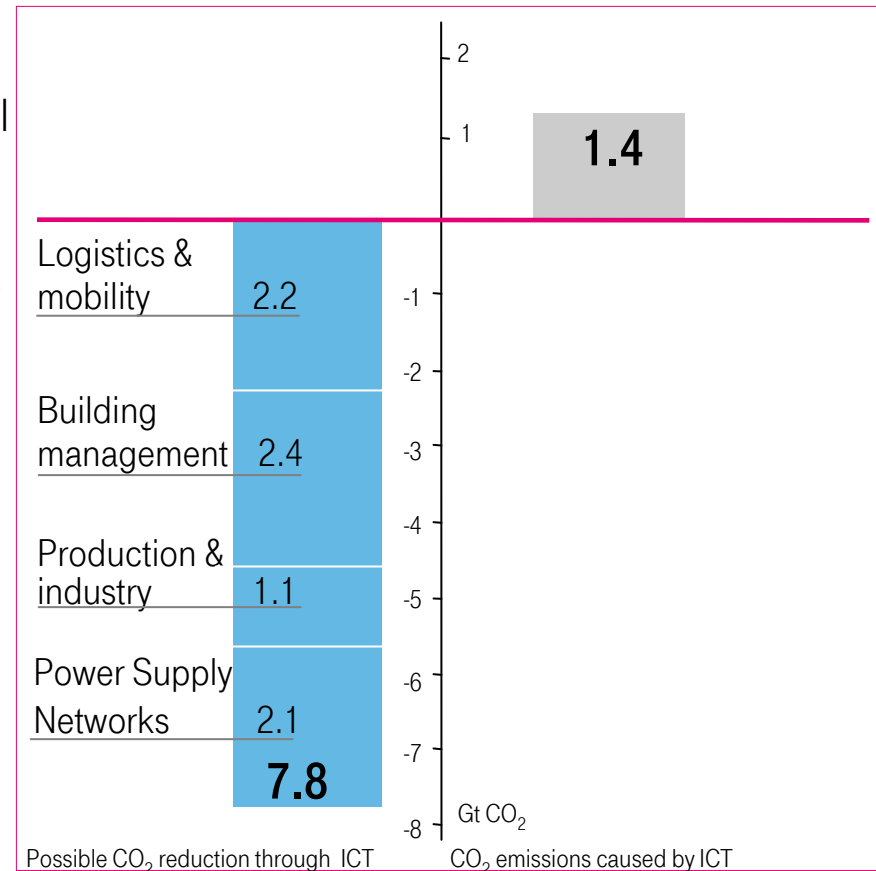
100% electricity from renewables in Germany. Cost reduction in 10 years: €500 million.



Low carbon society. SMART 2020 Study.

- According to the Smart 2020 study carried out by the Global e-Sustainability Initiative (GeSI), the ICT industry was responsible for emitting 0.83 Gt of CO₂ in 2007. This represents around 2 % of global carbon dioxide emissions.
- Smart 2020 has concluded that CO₂ emissions produced by the ICT industry will almost double to 1.4 Gt CO₂ by 2020.
- At the same time, digital products and solutions will help other industries become a lot more energy efficient in future.
- Smart 2020 predicts that with 7.8 Gt in 2020 the CO₂ reduction potential will be five times greater than the CO₂ emissions of the entire ICT industry.

CO₂ reduction potential in 2020.
(in gigatons - Gt)



Source: SMART 2020, Enabling the low carbon economy in the information age.





T-Home

Examples of product-related environmental activities.

Cordless telephones in the Sinus range

Switched-mode power units

30 - 60 % less electricity

Transmission from base station

reduced by about 99 %

Plus: The CO₂ emissions caused by energy consumption over a five-year period are compensated for with top climate protection projects. For around 1 million Sinus devices, certificates for over...

... 53,100 tons of CO₂ ¹⁾ were annulled.



1) s. Flyerr





T-Home

Examples of product-related environmental activities.

Telephone and data conferences (incl. 01805 1009 telephone conference)

In a telephone conference you communicate with your partner just like in a regular meeting – the only difference being that the participants find themselves in a virtual conference room. If you would like to show your conference participants a presentation or make changes to documents, you can simply add a data conference to your telephone conference.



approx. 4.6 million tons of CO² in 2007
(which would have been caused by business travel) ¹⁾



1) Based on telephone and data conferences held in 2007, see calculation in back-up





T-Home

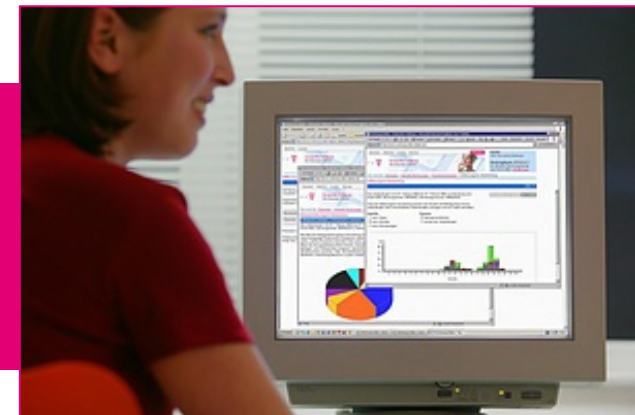
Examples of product-related environmental activities.

Online billing

Over 10 million customers take advantage of “online billing.” This way they forego paper bills, thus protecting our climate and forests.



about 2,560 tons of CO² p.a. ¹⁾



1) Based on calculations by Öko-Institut e.V., own projection.



Low carbon society. T-Home.Examples for climate-friendly products and services.



Start your meeting – wherever you are.
Telephone and data conferences.

Life is for sharing.



Data conferences are a kind of telephone conferences where presentations and documents can be discussed jointly. A special software allows a comfortable dealing with documents and creates a similar atmosphere among the participants. Accordingly, travel time, fuel usage and CO₂ emissions can be reduced.



About 4.6 million tons CO₂ in 2007 ¹⁾

1) Data: in 2007 carried out telephone and data conferences





T-Systems

Examples of resource-efficient customer solutions.

Establishment of an electronic workflow and archive for incoming bills *

Potential paper saved at customer end	approx. 150 t/a
Chemicals for microfiches saved	approx. 168,000/a
Transport savings (kilometers)	approx. 800,000



* German car manufacturers





T-Systems

Examples of resource-efficient customer solutions.

Digitization of records (German pension funds)

Potential savings volume of transported records

> 90 %





T-Systems

Examples of resource-efficient customer solutions.

Telematics (developed with truck manufacturer)

Potential savings per truck/a

approx. 2000 l diesel





T-Systems

Examples of resource-efficient customer solutions.

Electronic route optimization for service engineers (German telephone service provider)

Transport volume saved

approx. 25%





T-Systems

Examples of resource-efficient customer solutions.

Managed Document Service

Changeover from paper to mail for 50 key accounts with approx. 100 million mails a year



Paper saved: approx. 200t/a





T-Systems

Examples of resource-efficient customer solutions.

Car ICT

Intelligent traffic management

Reduce fuel consumption





T-Systems

Examples of resource-efficient customer solutions.

Remote meter reading

Intelligent infrastructure for energy suppliers



Enable intelligent energy management
Customer web portal with consumption statistics



Contribution of ICT increasing Efficiency in most Industries. Some Examples.

T-Systems our IT service provider for enterprises offers several special services for airports and aviation authorities:

- **Optimization of IT system for taxi routes and time management for planes on the ground in larger airports:** Time is money, fuel consumption and CO₂ emissions. Reduction of taxi routes and stop and go traffic of planes on the way to the runway reduces fuel consumption.
- **SAMS, an IT system for the management slots:** SAMS (Slot Allocation and Monitoring System) is a coordination and information systems about slots. Round 2.2 million slots are coordinated each year for almost 250 airlines at the 17 German biggest airports.
- **Real time communication system (video, voice, documents):** A packing manufacturer with 1,200 employees in seven sites in four different European countries halved the number of business trips and reduced the CO₂ emissions to almost 70% per year. The investment was paid in less than two years. The availability of employees increased significantly.
- **Digitalization of customer data:** A pension fund with 4,200 employees and more than 7 million customers reduced the storeroom and cost by digitalization of paper based customer data with a total length of 14 km.
- **Dynamic Services** is a concept for outsourcing data centers from companies with one or more processing peaks distributed over the year. Out sourcing brings an important rationalization potential. The power consumption may decrease from 40% to 70%.



Low carbon society.

T-Mobile US. Renewable handsets - MOTO W233 Renew .

- Consists of environmentally-friendly materials
- The world's first carbon neutral phone:
Made from plastics that contain recycled water bottles
- Launched in January 2009
- Features:
 - MicroSD expansion
 - MP3 player
 - FM radio with RDS
 - and other basics



T-Mobile USA Green Perks.

Innovative new ways to go green and save green.

- Green Perks, a new mobile application offers exclusive discounts on environmentally conscious products and services
- Available for download to many current T-Mobile handsets, the free-of-charge* application brings customers green-oriented offers and promotions from T-Mobile Green Perks partners
- The new promotional program is designed to reward consumers who make environmentally responsible purchasing decisions
- The opt-in Green Perks application delivers electronic coupons directly to customers' phones, which can be redeemed manually at store point-of-sale systems

*data plan required to receive coupons



Our growing list of partners.



Mobilize your friends >





T-Mobile

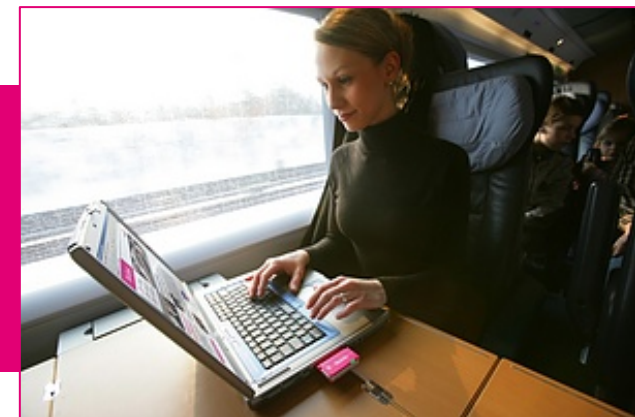
Examples of resource-efficient mobile communications services.

"Railnet" project

By providing W-LAN, train passengers can work on ICE trains while on the move. The Frankfurt–Munich, Frankfurt-Cologne and Cologne-Dortmund routes already have W-LAN, by 2011 all ICE routes will be equipped with Internet connections.



Fuel savings, increased productivity on business trips





T-Mobile

Examples of resource-efficient mobile communications services.

Routing

Up-to-the-minute routing via cell phones enables drivers to avoid congestion and find their way in unknown areas more easily.



Fuel savings





T-Mobile

Examples of resource-efficient mobile communications services.

Location Based Services

Location Based Services provide an efficient means of orientation in a new environment.



Route optimization and reduction in traffic volume





T-Mobile

Examples of resource-efficient mobile communications services.

Mobile video conferences (DTVC)

Mobile video conferences (DTVC) as an alternative to face-to-face meetings.



Avoids CO₂-intensive business travel.

From 11/2004 to 01/2008 8,200 tons of CO₂ were saved

1)



1) own calculations





Video conferences

The ecological alternative to business travel.

TelePresence

TelePresence is a virtual meeting in which the combination of audio and high-definition video create a unique live atmosphere: the dialog partners have the feeling they are sitting round a table with all the conference participants.

As well as enabling direct eye contact, TelePresence allows users to communicate in real time without delay.



Thank you.

