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ABOUT THE HR FACTBOOK 2015

What is typical of a Deutsche Telekom employee? How many colleagues work at each site? And how much money do we save through innovative ideas from our staff? The 2015 HR Factbook is all about our key figures in Human Resources. As a direct introduction we have summarized the most important data in our report in three infographics. The HR Factbook gives our stakeholders – customers, investors, employees and potential job applicants – a clear, more detailed insight into our Group, supplying information on its revenue, headcount, employee age structure along with employee health and contract termination rates.

Most of the data in the report refer to the 2015 calendar year and apply as of December 31, 2015. Any exceptions are marked accordingly. All figures are based on more precise data. Since some values are rounded, totals may differ slightly. The figures are often divided into the categories “Germany,” “International” and “Group.” Germany here represents employees based in Germany (irrespective of segment).

International refers to all employees based at locations outside of Germany and Group refers to all employees.

Some of the data are broken down over our operating segments, i.e., Germany, United States, Europe and Systems Solutions. Group Headquarters & Group Services comprises all Group units that are not directly assigned to one of the operating segments.
INTRODUCING:
A TYPICAL DEUTSCHE TELEKOM EMPLOYEE

Male
Works in Germany
40.6 years old
Generates 306,000 euros of revenue
DEUTSCHE TELEKOM AT A GLANCE: GERMANY

Employees

- 110,000 Employees

Proportion of civil servants

- Civil servants (29%)
- Non-civil servants (71%)

Age structure

- 56–65: 15%
- 46–55: 46%
- 36–45: 19%
- 26–35: 15%
- 16–25: 5%

Health rate

- 94.0%

Average number of training days per employee

- 3.6

Employee satisfaction

- 71% ± 21%

Apprentices and students: Proportion of women

- 61%

Recruitment

- External recruitment: 49%
- Junior staff: 51%

Employees with disabilities

- 7.2%

Savings made by employees’ ideas

- 146.5 million €
TELEKOM AT A GLANCE:
GROUP

Employees

Revenue per employee

Group revenue

Personnel costs, adjusted

Total workforce costs, adjusted

Total workforce quota, adjusted

Satisfaction among all employees

Satisfaction among all managers

Fluctuation rate (natural turnover)

Women in middle and upper management
Employees by location (in thousands of FTE, as of Dec 31 each year)

EXPLOITING THE BEST IDEAS FROM ALL MARKETS: CONTINUED INTERNATIONALIZATION AT DEUTSCHE TELEKOM

<table>
<thead>
<tr>
<th>Year</th>
<th>Germany</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>91.4%</td>
<td>8.6%</td>
</tr>
<tr>
<td>2003</td>
<td>69.7%</td>
<td>30.3%</td>
</tr>
<tr>
<td>2007</td>
<td>61.7%</td>
<td>38.3%</td>
</tr>
<tr>
<td>2011</td>
<td>51.7%</td>
<td>48.3%</td>
</tr>
<tr>
<td>2015</td>
<td>49.0%</td>
<td>51.0%</td>
</tr>
</tbody>
</table>

Our strategy to become the leading telecommunications provider in Europe is reflected in the trend in our international employee headcount. The number of employees working at sites outside Germany has risen notably since the turn of the millennium – albeit with fluctuations in some places. Whereas 91.4 percent of company employees were working in Germany in 1998, the rate has leveled at around 50 percent since 2009. The figure for 2015 was 49.0 percent.
In 2015, workforce figures in Germany fell by 3.8 percent on the previous year from 114,749 to 110,354. The Group achieved its highest growth in the United States, where the number of employees increased from 40,339 to 44,797. This is accounted for by a big rise in the customer base at T-Mobile USA in 2015. Employee numbers also increased slightly in Slovakia, Russia, Belgium, Brazil, Malaysia, Mexico and Thailand.
A major proportion of Deutsche Telekom staff in Germany, namely one third, works in North Rhine-Westphalia, the state that is home to the Group headquarters. Well over 10,000 people also work for Deutsche Telekom in each of the three states of Bavaria, Hesse and Baden-Württemberg.

One of the key components of our strategy is to provide the best customer experience. This includes the necessity to deliver the best service. Due to our presence in all of Germany’s federal states we are close to our customers and meet their individual needs.

Employees in Germany by state (FTE)

<table>
<thead>
<tr>
<th>State</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Rhine-Westphalia¹</td>
<td>34,474</td>
</tr>
<tr>
<td>Bavaria</td>
<td>13,116</td>
</tr>
<tr>
<td>Hesse</td>
<td>12,371</td>
</tr>
<tr>
<td>Baden-Württemberg</td>
<td>11,134</td>
</tr>
<tr>
<td>Lower Saxony</td>
<td>7,131</td>
</tr>
<tr>
<td>Berlin</td>
<td>6,884</td>
</tr>
<tr>
<td>Saxony</td>
<td>6,169</td>
</tr>
<tr>
<td>Hamburg</td>
<td>3,848</td>
</tr>
<tr>
<td>Rhineland-Palatinate</td>
<td>3,693</td>
</tr>
<tr>
<td>Schleswig-Holstein</td>
<td>2,478</td>
</tr>
<tr>
<td>Saxony-Anhalt</td>
<td>1,829</td>
</tr>
<tr>
<td>Bremen</td>
<td>1,683</td>
</tr>
<tr>
<td>Brandenburg</td>
<td>1,644</td>
</tr>
<tr>
<td>Thuringia</td>
<td>1,455</td>
</tr>
<tr>
<td>Saarland</td>
<td>1,207</td>
</tr>
<tr>
<td>Mecklenburg-Western Pomerania</td>
<td>1,154</td>
</tr>
</tbody>
</table>

¹ excluding emetriq GmbH, DT Capital Partners Management GmbH.
² incl. all employees transferred to Telekom Placement Services irrespective of location.
The Group’s headcount decreased slightly by 1.1 percent compared with the year 2014. Employee figures were down in all segments except the United States. Employees in the U.S. segment rose by 11.5 percent. New staff were recruited for the retail segment as well as for customer service and HR administration. In our Europe and Systems Solutions business, the employee base decreased as a result of efficiency improvements and personnel restructuring measures. Employee numbers in the Group Headquarters & Group Services segment were down 14.7 percent year on year due to personnel restructuring measures, which included employee transfers within the Group, and the sale of the T-Online.de platform and our InteractiveMedia digital marketing company.

For more information see page 115 of the 2015 Annual Report.
The proportion of civil servants employed in the company fell once again in 2015. The reasons for this included the fact that Deutsche Telekom has not recruited any new civil servant staff since the company was privatized. In addition, many civil servants took early retirement or were transferred to public authorities. This has led to a continual reduction in the proportion of civil servants in the workforce, from around one third in 2011 to under 29 percent in 2015. Besides this, 400 civil servants were seconded to the Federal Office for Migration and Refugees (BAMF) in the reporting year to provide support for refugee relief work, including the processing of asylum claims. In fact, Deutsche Telekom employees are now working at more than 50 percent of the BAMF offices throughout Germany.

1 Civil servants whose status as such is currently suspended. They have temporarily switched to a non-civil servant employee relationship.
Revenue per employee (in thousands of EUR, FTE, yearly average)

PRODUCTIVITY OUTSIDE GERMANY GREATLY IMPROVED – UNITED STATES KEY DRIVER OF GROWTH

In 2015 Deutsche Telekom generated Group revenue of 69.2 billion euros, reflecting growth of 6.6 billion euros, a significant increase year on year. The international share of Group revenue rose by four percentage points to 62.9 percent. Likewise, revenue per employee increased steadily in 2015 to 306,000 euros, translating into a growth rate of 11.3 percent.

While revenue per employee in Germany rose slightly by 5,000 euros following several years at a fairly constant level, international business reported growth in revenue per employee of around 17 percent. This is largely accounted for by our U.S. business. The number of employees in our United States operating segment increased by 11.5 percent, partly due to growth of 8.3 million new mobile communications customers as a result of the Un-carrier initiatives launched by T-Mobile USA. As a result, the United States segment achieved a revenue increase of over 29 percent year on year, thereby accounting for the largest share in Group revenue at 41.8 percent. This disproportionately high growth in revenue compared with the rise in headcount explains the segment’s higher productivity figures.

1 As revenue allocation is separated into Germany / international from an HR perspective, this reflects employee location, unlike the financial report, which allocates revenue to the country where it was generated. Totals were calculated on the basis of precise figures and rounded to millions.
By personnel costs we mean basic personnel costs (salaries) and incidental personnel expenses – where applicable including, or adjusted for, special factors in conjunction with personnel restructuring measures (individual downsizing instruments). The personnel cost ratio represents personnel costs as a proportion of revenue. The development of this rate serves as a benchmark for company business. This performance indicator has fallen continually Group-wide since 2012 from 23.2 to today’s figure of 21.2 percent. Again, the slight increase in the ratio for Germany compared with 2014 (32.9 to 33.0 percent) reflects expenditure on expanding and restructuring the networks and the investments associated with this.

Deutsche Telekom is driving network build-out not just in terms of coverage but also with regard to transmission speeds. The key driver of the Group’s adjusted personnel cost ratio, which fell by 0.8 percentage points, is the significant rise in revenue. It more than compensated for the rise in personnel costs in the Group.

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

1 As revenue allocation is separated into Germany / international from an HR perspective, this reflects employee location, unlike the financial report, which allocates revenue to the country where it was generated.
Total workforce costs, adjusted (in billions of EUR)

**STRONG GROWTH IN NEW CUSTOMERS IN THE UNITED STATES IS THE REASON FOR HIGHER PERSONNEL COSTS**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>TWC adjusted(^1)</td>
<td>15.6</td>
<td>15.5</td>
<td>15.3</td>
<td>15.4</td>
<td>16.5</td>
</tr>
<tr>
<td>Of which Germany</td>
<td>9.6</td>
<td>9.4</td>
<td>9.3</td>
<td>9.2</td>
<td>9.2</td>
</tr>
<tr>
<td>IWC(^2) (PC(^3) adjusted)</td>
<td>8.3</td>
<td>8.3</td>
<td>8.5</td>
<td>8.5</td>
<td>8.5</td>
</tr>
<tr>
<td>EWC(^4) Leased and temporary workers</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.05</td>
<td>0.05</td>
</tr>
<tr>
<td>EWC(^4) Freelancers and consultants</td>
<td>1.1</td>
<td>1.0</td>
<td>0.8</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Of which international</td>
<td>6.1</td>
<td>6.0</td>
<td>6.0</td>
<td>6.1</td>
<td>7.2</td>
</tr>
<tr>
<td>IWC(^2) (PC(^3) adjusted)</td>
<td>5.3</td>
<td>5.2</td>
<td>5.2</td>
<td>5.3</td>
<td>6.1</td>
</tr>
<tr>
<td>EWC(^4) Leased and temporary workers</td>
<td>0.3</td>
<td>0.3</td>
<td>0.2</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>EWC(^4) Freelancers and consultants</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.7</td>
</tr>
</tbody>
</table>

1 Total workforce costs, adjusted: external workforce costs + personnel costs adjusted for special factors.
2 Internal workforce costs.
3 Personnel costs.
4 External workforce costs: Costs of leased and temporary workers + cost of freelancers and consultants.

Total workforce management gives the company important information on the cost structures for internal and external employees (total workforce costs). Total workforce costs in the Group rose to 16.5 billion euros after four years at a constant level. This is largely due to success in the U.S. business and the associated growth in the workforce by around 4,500 new employees. By contrast, internal workforce costs and the costs for leased and temporary staff, freelancers and consultants in Germany remained stable.
Total workforce management allows HR to be managed in a holistic manner, enabling qualitative and quantitative personnel planning over the long term. The total workforce ratio describes the relationship between all personnel expenditure (internal and external) and revenue. This means that if the ratio falls in comparison with the previous year, either total workforce costs have dropped or revenue has increased.

While total revenue rose by 6.6 billion euros in 2015 (10.5 percent), total workforce costs increased by a mere 7 percent compared with 2014 (these increases are largely influenced by exchange rates, which are canceled when calculating the TWR since revenue is also affected by exchange rate factors). As a result, Deutsche Telekom was again able to improve the ratio. The adjusted ratio for the Group dropped by 0.8 percentage points in 2015 compared with the previous year.

### TOTAL WORKFORCE COSTS VS. REVENUE RATIO IMPROVES AGAIN

<table>
<thead>
<tr>
<th>Region</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PC adjusted</td>
<td>8.5</td>
<td>8.5</td>
</tr>
<tr>
<td>EWC</td>
<td>0.8</td>
<td>0.7</td>
</tr>
<tr>
<td>TWC adjusted</td>
<td>9.2</td>
<td>9.2</td>
</tr>
<tr>
<td>Revenue</td>
<td>25.7</td>
<td>25.7</td>
</tr>
<tr>
<td>TWO adjusted</td>
<td>35.90%</td>
<td>35.85%</td>
</tr>
<tr>
<td>International</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PC adjusted</td>
<td>5.3</td>
<td>6.1</td>
</tr>
<tr>
<td>EWC</td>
<td>0.8</td>
<td>1.1</td>
</tr>
<tr>
<td>TWC adjusted</td>
<td>6.1</td>
<td>7.2</td>
</tr>
<tr>
<td>Revenue</td>
<td>36.9</td>
<td>43.5</td>
</tr>
<tr>
<td>TWO adjusted</td>
<td>16.60%</td>
<td>16.64%</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PC adjusted</td>
<td>13.8</td>
<td>14.6</td>
</tr>
<tr>
<td>EWC</td>
<td>1.6</td>
<td>1.8</td>
</tr>
<tr>
<td>TWC adjusted</td>
<td>15.4</td>
<td>16.5</td>
</tr>
<tr>
<td>Revenue</td>
<td>62.7</td>
<td>69.2</td>
</tr>
<tr>
<td>TWO adjusted</td>
<td>24.60%</td>
<td>23.77%</td>
</tr>
</tbody>
</table>

1 Personnel costs.
2 External workforce costs: Costs of leased and temporary workers + costs of freelancers and consultants.
3 Total workforce costs, adjusted: external workforce costs + personnel costs adjusted for special factors.
4 Since revenue allocation to determine quotas is from an HR perspective, it reflects the location of employees (FTE). In the annual report revenue is allocated to the region where it is generated.
5 Total workforce quota, adjusted = TWC, adjusted / revenue.
In 2015 Deutsche Telekom recruited 1,700 new employees in Germany from the external labor market. We offered jobs to 1,800 own junior staff on completion of their vocational training or cooperative study courses in 2015. In comparison, we hired 11,900 new employees Group-wide, around 2,600 of them being own junior staff. We look for tech-savvy, creative minds and talent who will help Deutsche Telekom craft our future digital world. Deutsche Telekom maintains a creative presence in the social media for this target group and uses special campaigns to position itself as an attractive employer. This was confirmed by the 2016 Online Talent Communication study conducted by Potentialpark, which rated our Careers website the best employer presence in Germany.

As well as addressing our target group over the Internet, we take a proactive approach and invite potential staff to attend networking events, trade shows and other events. The Leave Your Mark university campaign gives students, graduates and career starters the chance to get to know Deutsche Telekom on a personal basis and to take a look behind the scenes, away from standard application forms. This campaign includes events such as the Telekom Career Night, when different units in the Group invite potential candidates to find out about the company as an employer, about the work involved and potential career openings.

Another example is the “Frauen-MINT-Award” (Women’s STEM Award – Science, Technology, Engineering and Mathematics), which we launched together with the “audimax” academic journal and the “MINT Zukunft schaffen” (Creating a STEM future) initiative in 2013. Prizes are awarded for the most convincing theses in the growth areas: networks of the future, Industrial Internet, cyber security, automotive technologies and digital universe. Our specific objective is to attract women to STEM-courses of study.
Deutsche Telekom continues to take a socially responsible approach to staff reductions. In doing so, the company relies in particular on its proven severance pay, phased retirement and early retirement schemes. Fluctuations in the extent to which the various schemes are applied arise above all from the requirements of individual business units. Phased retirement is based on a block model as a rule. This means that employees work full-time for the first few years ("active phase") followed by an equally long "passive phase" in the company, which then leads straight into actual retirement. In 2015 1,345 employees in Germany – four times the number in 2014 – moved from the active phase to the passive phase of the phased retirement model. Some 300 civil servants more than in 2014 opted for early retirement and 1,448 employees in Germany accepted severance offers in 2015.

<table>
<thead>
<tr>
<th>Tools for socially responsible staff reduction in Germany, personnel cuts (in employees, FTE)</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early retirement (civil servants)</td>
<td>2,564</td>
<td>2,266</td>
<td>1,618</td>
<td>927</td>
<td>1,219</td>
</tr>
<tr>
<td>Early retirement (non-civil servants)</td>
<td>0</td>
<td>3</td>
<td>27</td>
<td>27</td>
<td>29</td>
</tr>
<tr>
<td>Severance payments</td>
<td>709</td>
<td>955</td>
<td>1,316</td>
<td>826</td>
<td>1,448</td>
</tr>
<tr>
<td>Partial retirement (start of passive phase)</td>
<td>959</td>
<td>1,417</td>
<td>711</td>
<td>332</td>
<td>1,345</td>
</tr>
<tr>
<td>Transfers to public authorities (final)</td>
<td></td>
<td></td>
<td></td>
<td>711</td>
<td></td>
</tr>
<tr>
<td>Other socially responsible tools</td>
<td>163</td>
<td>120</td>
<td>241</td>
<td>471</td>
<td>11</td>
</tr>
</tbody>
</table>

1 Permanent transfers; civil servants are not entitled to return to the Deutsche Telekom Group – established as a cluster in 2015.
2 Variances compared with 2014 are due to the separate chart showing "Transfers to public authorities (final)."

MORE STAFF OPT FOR SEVERANCE PAY AND PHASED RETIREMENT
Telekom Placement Services workforce including business models and projects (FTE)

NEW CAREER PROSPECTS FOR DEUTSCHE TELEKOM EMPLOYEES

3,418 Telekom Placement Services staff in external employment (Federal Employment Agency and other external employment, particularly in the public sector)

1,208 in Customer Service

669 limited placements within the Group

Permanent employees and support staff: ................................................................. 499
Number of employees who found a new job through Telekom Placement Services in 2015: ................................................................. 379
Staff transfers to Telekom Placement Services since its foundation: ................. 53,118
Staff who have left Telekom Placement Services since its foundation: .............. 46,837

Personnel service provider Telekom Placement Services continued to support the Group in its workforce restructuring efforts in the year 2015. Since its foundation, Telekom Placement Services has offered fresh career prospects to almost 47,000 employees – particularly in the public sector, but also within the Group.

Once again, numerous internal vacancies were offered to employees in units with surplus staff, in keeping with our HR “Internal over external” initiative. The object of the initiative is to maximize the use of opportunities within the Group and thereby reduce the number of external hirings. In the reporting year alone, around 600 employees were assigned new positions inside the company up to December 31, 2015.
Health rate in Germany (in percent)

**HEALTH RATE REMAINS AT A VERY GOOD LEVEL**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>94.1</td>
<td>94.2</td>
<td>93.9</td>
<td>94.4</td>
<td>94.0</td>
</tr>
</tbody>
</table>

The health rate in Germany deteriorated slightly compared with 2014. The main reason for this was a serious flu epidemic in the months of February and March, which the Robert Koch Institute referred to as one of the worst in recent years. But with 94.0 percent, the rate almost matches the good previous year’s value. The trend at Deutsche Telekom is comparable with external figures from different German health insurance funds, although the average age of employees has continued to rise and therefore a statistical increase in sickness periods might be expected.
The low number of work-related accidents at Deutsche Telekom dropped once more. This applies to accidents occurring at work as well as on the way to or from work. To achieve a further reduction in the already low number of work-related accidents, Deutsche Telekom makes use of a health and safety management system.

This certified system makes it possible to map all health and safety processes and to develop sets of measures to further improve employee safety. The figures confirm that health and safety measures in the Group produce the desired results and that employees are rigorously implementing these measures. To combat accidents that occur on the way to and from work, Deutsche Telekom again offered its employees safe-driving training at a discounted rate with certified providers such as ADAC. Training takes place at all levels and for users of company and service vehicles as well as private cars. Younger employees including apprentices are offered special driving training. These measures helped to achieve a further reduction in accidents that occur on the way to and from work from 3.3 to 2.9 per thousand employees.
Deutsche Telekom offers its employees a range of advanced training measures, which enable them to develop and brush up their skills. Our workforce has invested over 4.5 million hours worldwide in training, some 45 percent of these outside Germany.

Formats such as the Magenta MOOC (massive open online course) help us reach many employees at global level. This ‘digital lecture hall’ was originally launched in 2014. In addition to knowledge conveyed by video presenters, the main focus is placed on virtual collaboration in small teams. For this format Deutsche Telekom won the Brandon Hall Excellence Award in Gold for Excellence in Learning in the Best Use of Social Collaborative Learning category. The second Magenta MOOC started in April 2016.

Whatever the format, advanced training that is tailored to the individual needs of our staff and to current business requirements ensures they maintain their performance levels and gives them new prospects for development. This is one of Deutsche Telekom’s central objectives in a highly dynamic information and communication technology (ICT) market, since sustainable training and development help us strengthen our business.
The object of our international development and leadership programs is for high potentials and high achievers to gain a foothold in the Group, to keep them loyal to the company and to position them in suitable jobs. These programs focus on development of the upcoming leader generation and on support in coping with the challenges they face now and in the future. Another focus is to enhance their sense of belonging, to increase knowledge exchange and to promote personal responsibility.

The Start up! trainee program is designed for innovative graduates with entrepreneurial mindsets. During a period lasting 15 to 18 months, trainees familiarize themselves with different areas of the company in Germany and abroad, for instance Customer Service. They are put in charge of challenging project activities in various business areas with the target of supporting Deutsche Telekom’s development. Potential high-flyers chosen from all areas of the Group take part in the Talent Space, a program for managers, experts and project managers. During the program, they work on vital projects outside their own areas of work, networking with other international talent and executives.

Through our management development programs in German (Führungskräfte-Entwicklungsprogramm, FEP) and English (Leadership Development Program, LDP) we offer a large range of advanced training courses for the leaders of the future. The programs prepare participants to assume their first or more complex leadership roles. One aim besides this is to achieve a common vision of leadership in the Group.
Fluctuation rate (natural turnover)

**FEWER EMPLOYEES IN GERMANY LEAVING THE GROUP**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>1.95%</td>
<td>1.82%</td>
<td>1.42%</td>
<td>1.28%</td>
</tr>
<tr>
<td>International¹</td>
<td>- ²</td>
<td>7.63%</td>
<td>8.57%</td>
<td>9.25%</td>
</tr>
<tr>
<td>Group¹</td>
<td>-</td>
<td>4.17%</td>
<td>4.21%</td>
<td>4.39%</td>
</tr>
</tbody>
</table>

¹ Excluding USA.
² The fluctuation figures for Systems Solutions were not collected in full in 2012.

Natural fluctuation refers to normal staff reductions that occur without specific cutback measures, for example due to retirement, incapacity for work, contracts terminated by employees, or contracts terminated by the employer for specific conduct or personal reasons. These are presented as a percentage of the total staff (final figure for the previous year).

The fluctuation rate in Germany has fallen steadily since 2012. In 2015 only 880 employees gave notice to leave the company, 580 took retirement on reaching pension age or due to incapacity for work – around 24 percent fewer than in 2014. In contrast, there was a slight increase in the fluctuation rate at international level, where around 6,700 contracts were terminated by the employer or by employees. This figure is around 340 more than in 2014, an increase of 5.3 percent. The number of employees at international level who took retirement on reaching pension age or due to incapacity for work rose from 40 to around 70. Due to a simultaneous reduction in the national workforce, the fluctuation rate across the Group also rose slightly in comparison with the year before.
Pulse check (in percent) and engagement index taken from employee survey

SATISFIED, MORE SATISFIED, TELEKOM

Explanations of questions asked:

**SATISFACTION**
- How do you feel at Deutsche Telekom?
- I am proud of the brand Telekom.

**BRAND IDENTITY**
- I would recommend our company as a great place to work.
- I can understand the changes in our company.
- I can clearly explain to others the strategy of Deutsche Telekom.

**EMPLOYER ATTRACTIVENESS**
- In my experience, we all work together as partners at Deutsche Telekom in the interests of the group’s success.
- In my team, the workload and quality requirements are consistent with one another.
- The current working hours allow a good balance between private (family / leisure activities) and job-related interests.

**CHANGES**
- Considering all of my efforts and achievements, I feel that I have received the appropriate amount of recognition at work.
- I experience the Guiding Principles being lived in my day-to-day work.

**STRATEGY**
- Our company offers sufficient training opportunities to support my professional development.
- Our company wants to pursue an open dialog and productive exchange with its employees. New working models and state-of-the-art communication options as well as regular employee surveys help us accomplish this. The main feedback tools which the Group uses to assess employee satisfaction include the employee survey, which is carried out every two years, and the semi-annual pulse survey, containing the 11 questions from the employee survey shown above.

**WORKLOAD / QUALITY**
- The calculated values originate from the employee survey current at the time. The last employee survey was carried out in spring 2015. The next employee survey is scheduled for 2017. The engagement index is the mean of several values in the employee survey, taken from previous years’ employee surveys.

**Workload / Quality**
- Increased communication over the intranet and excellent communication of the Deutsche Telekom strategy have resulted in positive figures for strategy understanding in the workforce at national level and improving figures at international level over the past two years.

**Collaboration**
- The calculated values originate from the pulse check current at the time. The most recent pulse check was carried out in November 2015.

**Work-life balance**
- The calculated values originate from the pulse check current at the time. The most recent pulse check was carried out in November 2015.

**HR DEVELOPMENT**
- The calculated values originate from the pulse check current at the time. The most recent pulse check was carried out in November 2015.

Deutsche Telekom wants to pursue an open dialog and productive exchange with its employees. New working models and state-of-the-art communication options as well as regular employee surveys help us accomplish this. The main feedback tools which the Group uses to assess employee satisfaction include the employee survey, which is carried out every two years, and the semi-annual pulse survey, containing the 11 questions from the employee survey shown above.

We measure employee satisfaction in our company with a question in the employee survey / the pulse survey as well as with the commitment index in the employee survey. This index is compiled from various questions in the employee survey, for example whether our employees are happy at Deutsche Telekom and would recommend the company as an attractive employer. The index also shows the extent to which employees bond emotionally with Deutsche Telekom and therefore their commitment and motivation for work. The 2015 employee survey was held in 30 countries. Over 144,000 employees worldwide took part, a response rate of 78 percent. The consistently high response bears witness to the high level of interest and a growing desire among employees to play an active role in shaping the Group.

This is also reflected in the pulse survey. 70 percent of employees took part in November 2015. The survey reveals increasingly positive brand awareness and identification with the brand among employees. The move from a technology to an experience brand accompanied by systematic communication have led to this change. Increased communication over the intranet and excellent communication of the Deutsche Telekom strategy have resulted in positive figures for strategy understanding in the workforce at national level and improving figures at international level over the past two years.

<table>
<thead>
<tr>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<td>3.6</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
<td>4.1</td>
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</table>

The calculated values originate from the employee survey current at the time. The last employee survey was carried out in spring 2015. The next employee survey is scheduled for 2017. The engagement index is the mean of several values in the employee survey, taken from previous years’ employee surveys.
Employee satisfaction in Germany (taken from pulse check and employee survey, in percent)

EMPLOYEE SATISFACTION IN GERMANY REMAINS POSITIVE

Employee satisfaction has improved greatly in Germany since 2011 and has settled at a positive level. This is largely due to sets of measures derived from the employee survey, which guarantee improvements right down to individual teams. The measures are defined in a structured follow-up process.

In this process, the results from all 90 questions in the employee survey are analyzed and made available to the teams. Responsibility for the follow-up process lies with managers, who use the results to develop and implement specific measures in order, for example, to improve employee commitment and satisfaction. In this respect, management staff are provided with valuable ideas for collaboration on activities that will make their leadership and the company more successful.
Satisfaction among management staff has improved continually in recent years and increased yet again for the Group in 2015. In addition, the commitment index lies at a very good 4.5 on a scale of 1 to 5. This is accounted for by a better feedback culture, thanks in part to our Lead to Win model, which applied to all executives at global level for the first time in 2015. The model contains our leadership principles “Collaborate,” “Innovate” and “Empower to perform” as well as our Guiding Principles, which are binding for all our executive staff.

Associated with it, the performance and development process – the Performance Dialog – supports implementation of the culture change. Essentially, this involves a continual exchange – at two performance check-ins during the year – between managers and their superiors to create a direct link between performance assessment and incentives as well as personal development paths. The leadership responsibility of individual managers is emphasized and strengthened as a result. Besides this, manager satisfaction is improved thanks to an extended offer of training formats for this specific target group. Ongoing strategy communication in the leadership cascade strengthens manager involvement, another factor that contributes toward greater satisfaction.

The calculated values originate from the pulse check and employee survey current at the time. The last pulse check was carried out in November 2015, the last employee survey in spring 2015. The next employee survey will be conducted in 2017. The engagement index is the mean of several values in the employee survey.

1 The figures for 2011, 2013 and 2014 are taken from the previous years’ employee surveys.
2 Divergences from previous reports are due to the fact that the commitment index referred all employees up to the year 2014.
As a result of demographic change and low fluctuation, the proportion of employees over 55 years of age has more than doubled in the last five years, from 7 to 15 percent. One advantage of this is that many experienced employees with a wealth of know-how work for Deutsche Telekom. We are responding to the challenges with activities in three areas:

1. Training and knowledge – we support lifelong learning. In 2016, for example, a new Magenta MOOC (massive open online course) started on the subject of digitization – participation is free of charge and can be arranged flexibly.

2. Health - we offer programs to prevent illness and improve physical and mental fitness. For example, our employees have access to a broad range of sports facilities. Another offer for Deutsche Telekom staff are attractive terms and conditions in fitness studios and clubs.

3. Working environment – we offer our staff flexible working conditions that fit their needs at every stage of their lives. For example, we offer our staff the “block leave” model, which gives them up to 20 extra free days per calendar year, and we guarantee that employees working part-time can return to full-time work.

Age structure in Germany (in percent)

**DEMOGRAPHIC CHANGE – CHALLENGE AND OPPORTUNITY**
The average age in the Group is still 40.6 years. Since the average age in Germany is rising, this figure is balanced out by the average age at international level (35.8 years).

In Germany we therefore place special emphasis on collaboration and an exchange of experiences between the generations. We do this, for instance, with our generation tandems – assigning older managers and young talent to one post for a temporary period. Another example is our Reverse Mentoring format, in which a junior employee helps an experienced manager, not vice versa as would be expected. In individual mentoring, experienced staff learn about the trends and challenges presented by work in the digital age from their younger mentors. Topics include learning about and using the various social media tools as well as acquiring skills for working in virtual teams.
Deutsche Telekom responds to the various needs and achievement levels of school-leavers, offering young people from vastly different backgrounds the optimal scenario for integration in the company. We offer young people equal opportunities and flexible programs to meet the needs of specific target groups, irrespective of gender, ethnic and social background or physical disability. We do so, for instance, through entry-level training schemes, training positions and grants for the Group’s in-house University of Applied Sciences in Leipzig (HfTL), refugees included. For example, Deutsche Telekom has cooperated with the Federal Employment Agency since 2011 to enable young parents to attend part-time training. Around 50 young people began vocational training or a cooperative course of study on a part-time basis again in 2015. For many of them this is the only way to combine training and their first job with the problems of life as a single parent. Part-time training is offered for all vocational training programs at Deutsche Telekom, and means 25 hours per week either in the company, in school or at the vocational training center. The highlight of this is that, like all apprentices, part-time candidates can cut their training to two and a half years and therefore apply for a job earlier than would have otherwise been possible. A success model all round, since Deutsche Telekom also benefits from the young people’s commitment.
Women in middle and upper management (in percent)

**OVER 25 PERCENT OF MANAGEMENT POSITIONS HELD BY WOMEN**

We have reported a positive trend in the percentage of women holding management positions since the launch of the Fair Share initiative in 2010. The initiative systematically supports high-achieving female employees on their career trajectory to a management role or when developing their current managerial position. In the first year of the initiative, the percentage of women in middle and upper management rose markedly from 22.7 to 24.7 percent. In December 2015 the figure was 25.8 percent. The percentage of women on supervisory boards in Germany has risen from 17.7 percent to 30.6 percent since 2010. Deutsche Telekom is one of only a handful of DAX corporations with an established track record of women on its Board of Management. The number of women working in the international management team reporting to the Group Board of Management has also risen. Whereas in February 2010 the figure was only two, it rose to 9 of a total of 58 members in December 2015.

When it came to assigning 250 supervisory board mandates for affiliated companies in and outside Germany, Deutsche Telekom cooperated with the European School of Management and Technology to develop a special training program. The initial pilot in 2015 was open to women only so that sufficient candidates were available for the assignment processes. And this was a success. On completion of the first two training cycles in June 2016, 57 qualified female employees will be available to take up positions on our supervisory boards. This training program for female supervisory board members, which we have now also opened up to men, is still unique in Germany, as confirmed by the great interest shown by the media. In December 2015 Deutsche Telekom signed the Women’s Empowerment Principles. Designed to advance the interests of women in the workplace, the principles are a joint initiative of the UN Women and UN Global Compact organizations. By observing these principles, business enterprises strengthen the position of women, guarantee them equal career opportunities and make their progress transparent. The principles include the establishment of a leadership culture based on gender equality, supporting education, training and career development for women, as well as measuring and publishing the details of successes achieved in the field of gender equality.
With a broad portfolio of offers to support people with disabilities, Deutsche Telekom helps create equal opportunities for them and get them involved in the community. This means offers for the workforce – such as a hotline for hearing-impaired colleagues – as well as advice and support for management staff, disabled representatives and all others in the Group who are involved with the inclusion. The first step is always to raise awareness. What does living with a disability mean? Deutsche Telekom is committed to this work not only within the Group but also in society as a whole. For example, it supplies teaching material entitled “High performers with a disability” to all secondary schools in Germany free of charge. As well as communicating specialist cognitive skills, the training materials can be used to develop tolerance and empathy as well as combat clichés and prejudice.

Deutsche Telekom has already exceeded the prescribed minimum rate of 5 percent of disabled employees for a good many years, so that it heads the list of DAX 30 companies on this count. In 2015 Deutsche Telekom again raised this figure by 0.2 percentage points.

<table>
<thead>
<tr>
<th>Employees with disabilities in Germany (in percent)</th>
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<tbody>
<tr>
<td>Germany</td>
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<td>---------</td>
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<tr>
<td>Germany</td>
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</tbody>
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Employees have the chance to submit their own ideas and, in doing so, to actively shape their workplaces. Costs that were reduced by 146.5 million euros in 2015 played a key role in keeping Deutsche Telekom competitive. In addition, workforce commitment enables the Group to position itself as a more innovative and more competitive enterprise. As an incentive for the innovators Deutsche Telekom awards attractive bonuses for successful suggestions. The Coppair idea took first place in the “Best employee idea” category of the 2015 Ideas Management Award presented by Deutsches Institut für Ideen- und Innovationsmanagement. The submitters of the idea proposed simultaneous usage of mobile and fixed-line communications, which vastly improves download and, in particular, upload speeds. This makes a high and constant data rate possible before fiber roll-out is complete. A large number of units throughout the Group were involved in its implementation, and their commitment resulted in the product launch of Magenta Hybrid.