

REFINITIV STREETEVENETS

EDITED TRANSCRIPT

DTEGn.DE - Deutsche Telekom AG Sustainability Day 2022

EVENT DATE/TIME: OCTOBER 12, 2022 / 12:30PM GMT

CORPORATE PARTICIPANTS

Adel B. Al-Saleh Deutsche Telekom AG - Member of the Management Board of T-Systems

Birgit Bohle Deutsche Telekom AG - Member of Mgt Board, Chief HR Officer & Legal Affairs, Labor Director & Member of Data Privacy Adv Board

Christian P. Illek Deutsche Telekom AG - CFO & Member of Management Board

Claudia Nemat Deutsche Telekom AG - Member of Management Board for Technology & Innovation

Michael Hagspihl

Michael Sievert

Srinivasan Gopalan Deutsche Telekom AG - Management Board Member - Germany & MD of Telekom Deutschland GmbH

Timotheus Hottges Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

Yvette M. Dominique Leroy Deutsche Telekom AG - Member of Management Board-Europe

CONFERENCE CALL PARTICIPANTS

Jakob Bluestone Crédit Suisse AG, Research Division - Research Analyst

PRESENTATION

Michael Hagspihl

Hello, and good afternoon, ladies and gentlemen. A warm welcome to DT's first Sustainability Day in this format here live in Bonn. My name is Michael Hagspihl, and since beginning of 2022, I took over the responsibility on sustainability and Tim Hottges, our CEO's team. As you can see, I'm very happy and excited that I'm surrounded live in person per video by the Board of Deutsche Telekom.

Personally, here on site, I would like to welcome Tim Hottges, our CEO; Dominique Leroy, Board member for Europe; Birgit Bohle, Human Resources and Legal Affairs, Srini Gopalan, Board member for Germany. And in addition, Claudia Nemat, Technology and Innovation; Adel Al-Saleh, Board member for T-Systems, Christian Illek, Board Member Finance, and our CEO from the U.S., Mike Sievert will join via video and later in the Q&A.

Although this is our first sustainability day in this format sustainability has already been an important topic on Deutsche Telekom's agenda for many years, and hence, is obviously not new at Deutsche Telekom. Our sustainability journey started several years ago. And you know that in the meantime, under the labels, green Magenta and good Magenta, we are proud of what we have achieved so far, let me just name something.

Since 2020, we reduced our CO2 emissions in scope 1 by 7%, scope 2 even 98%. Our networks run 100% by green energy worldwide since last year 2021. Our teams are diverse. You can witness this here by the Board, but it's all over Deutsche Telekom. We want to ensure that everyone is on board on the path to a digital society. And together with partner companies, we will campaign against hate speech like we do, and we will work for a respectful coexistence on the Internet.

And last but not least, sustainable plays-- sustainability plays an important part in our governance. We are listed in several important ESG rankings like S&P, CDP and sustainability and our ESG reporting has been awarded several times. As you know, Deutsche Telekom aims to become the leading digital telco. At the same time, act responsibly has been explicitly formulated into our DT strategy.

But as you all know, including a topic into a strategy does not mean we are there. We have to work on this. And we will -- and that's -- like everybody else, we are on our E&S&G journey. It will take time to transform us into the leading sustainable telco. But what we aim to prove today is that we are already in execution mode. We are fully committed.

Therefore, as a headline, as you can see for today's sustainability day, we have chosen walk the talk. We will not so much look back into the past and show what we have achieved. We will give you a deep insight into DT's group-wide ESG program, which is the playbook to achieve the ambitious targets we have given ourselves.

That said, let's start what the whole team from Melanie Kubin-Hardewig and all the other Board areas have prepared. Big thanks to them. And go into the presentation from the Board, tackling the areas of environmental, social and governance according to the well-known ESG framework. Afterwards, we will have time for questions, but you are happy and invite you to already put your questions into the chat or into the Webex.

Let's kick off by setting the scene and have a look into the ongoing challenges we find right around us. And to do this, I have the pleasure to hand over to our CEO, Tim Hottges.

Timotheus Hottges - Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

We crossed the river by the stones. It's an old Chinese say and that is the headline of what we are doing here. It's not something which we fulfill immediately. It is going to be one step after another, being very careful to not fall into the water.

Welcome, everybody, to the ESG Conference at Deutsche Telekom. Welcome, everybody to this very important event, which is not tackling all the daily concerns. We are facing these days. Talking about the future of our planet, talking about the future of Deutsche Telekom and talking about the future as well for our consumers and customers here at Deutsche Telekom.

This presentation is not about greenwashing. It's not about a marketing event. It's not about saying we are the best. This is not our ambition. This is about creating transparency. Creating transparency about what are we doing? How serious are we? How deep is ESG anchored in our organization? What are, let's say, the obstacles, which we are facing?

What are, let's say, the ambitions, which we are giving ourselves? What are the milestones on this long journey that we give a little bit more credit to ourselves but as well to the auto world to show how we are addressing this important sustainability ESG topic for our company.

Look, I can easily say, we are doing really well. Deutsche Telekom is on a great track with its operational performance. And to just release that here, everything what we are talking today is not affecting any kind of our financial guidance, know our financial prospects. Everything what we have said is fully intact and embedded in this ESG strategy, which we are presenting today.

More about numbers, you will learn at the 10th of November. I can only tell you one thing, we are doing pretty well. Customers appreciate our work, and I'm very grateful of this. But that said, on the sustainability, we are at the beginning. You know that whatever we do, we want to do with an attitude of leading.

We wanted to become the leading European telco. We are the leading European telco. We want to become the leading digital telco. We are on a good journey to really digitize all our efforts around it. But we want to be leading as well at one point in time when it comes to the sustainability. This is our ambitious, and we will draw the -- the plan for this journey together with you today.

We are living in tough times. That's for sure. And therefore, some of you might question why are you doing this event while at the same time, there is a war in Ukraine, there is energy crisis, inflation is at the highest level since the Second World War. Why are we addressing this?

First, we should not only focus on Horizon 1. We should never lose sight of Horizon 3 and the long-term targets. This tanker has to go smoothly for the storm and therefore, we need a kind of radar, a kind of coordination what we are aiming for. And second, I believe that this crisis is a big opportunity, never miss a big crisis.

And I think that this high energy prices are helping us to drive our sustainability targets because for the first time, there is a euro, a dollar sign on every kind of energy element, which is affecting our business. So therefore, it is driving us even faster into transforming our operations when it comes to climate neutral.

There are a lot of black swans. And sometimes I even think are there still some white swans in this world. I'm not sure about that one, but the amount of complexity, the amount of stress, which is on our system has never seen a drama (inaudible) like today. And therefore, let me quickly focus on the biggest challenge which we are currently facing.

The first one is the climate crisis. And that is why we are here. We have floods. We have crisis. We have fires in Australia. We had an earthquake in Greece. And therefore, I think there is no question about this change in our climate anymore. I'm not debating that anymore. This is over. I'm just tackling the issues and trying to bring this company into CO2 neutral situation as soon as possible with all the capability as we have.

Scope 1 and Scope 2 until 2025. This is our ambitions. By the way, on Scope 1, we are climate neutral already today. We are already producing all our grids, our networks based on green energy already off today, but there's still a way to go for Scope 2. I'm coming to that in a second. But for us Scope 1 and 2 is only a small piece of the value chain, which Deutsche Telekom is affecting.

Our suppliers, our end customers create a lot of CO2 emissions as well. And therefore, we take it as a duty to even manage this value chain neutral as well until 2040. This is a big ambition. You will see that we are talking about 14,000 million tons of CO2 emission, which we have to manage in this Scope 3 in the upcoming years.

The second thing is the energy crisis, which we are facing recently. Triggered by the war in the Ukraine, triggered by the shortage of gas, today, we hear the news that even oil is going to be limited in the future. The good thing is, and sometimes, you as a CEO or as a management team, you have to have luck. And I have the luck that we have very clever people at Deutsche Telekom, who hedged our energy consumption before the crisis.

So all our energy prices are based on levels which we have seen before the war, before the inflation at the beginning of 2021. So we are safe when it comes to the cost. But you know you can only secure your energy prices for a certain period of tough time. It's good for this year. It's good for next year. It's even good in our company until 2024. But 2025, we have to think about what is then the grid, what is the price for energy, which we are consuming and Deutsche Telekom is consuming quite an intensive consume of energy.

Around 14.5 terawatt hours on a global footprint is what we consume. This is really heavy. And by the way, the demand for data is increasing -- the demand for data center is increasing. So there is a risk that our energy demand will grow. But we want to manage this demand and we want to create a better productivity in our networks.

But at the same time, the most important thing is we want to build more energy based on autonomous services. PPAs, 50% of our energy grid in the future should come from PPAs means that we have direct supply from power plants, especially here, wind and from solar, which is giving us more sovereignty, more autonomous access to the energy grid, and it makes us more independent.

On top of that, we are changing the architecture of our networks. We want to create a new router architecture in our network. We want to deploy networks in the mobile space, more on the demand of consumers, means, in the night, we will switch off certain frequencies. And by doing this already until 2024, we will despite the fact that the increase of data drives energy consumption, we will reduce our consumption by more than 10%.

The third element of the black swans, which we are facing, I would call it a democracy crisis. It's the crisis of our societies in our Western world. Our freedom is challenged big time these days. And we face that on social media every moment, people becoming unsecured in the environments in which they're living. People don't know whom they can trust in this environment. There are more radical parties arising in our democracies than ever before.

And the rise of fake news, the rise of cyber attacks is really concerning. So we have to stand up as a telco operator who is connecting the world and to make sure that we're addressing this. And we have to be loud against any kind of hate and discrimination. As we have been in the past, this is something which will be anyhow driven by the purpose of our people and the purpose of our strategy.

Our industry is very, very important, not only for the democracy, not only for connecting people, not only for freedom because if people stop talking to each other, that is the moment where people start not understanding each other anymore. So we know about the purpose we are fulfilling for democracies in our site.

But digitization the connectivity of what our networks are doing every second is as well very important for sustainability. Without digitization no one, no one in the society will be able to fulfill the sustainability targets of the future. Now I made it a CEO topic, I took this role out of the Department of Birgit's organization to show everybody in our organization of the 214,000 people across the globe that this is a priority 1 CEO topic, which we have to tackle. So this is important.

And with Michael Hagspihl, I found somebody who is very well known in the company and experienced manager to run that important topic. But I can tell you, alone, it will not work. It has to be established throughout every kind of organizational unit within our company that we are able to fulfill the ambitious targets, which we are giving us.

On top of that, I'm very happy and very proud that independent from any governments which we organize here, we have a grass root development within our company. To give you an example, in Deutschland, in Germany, we have more than 300 green ambassadors. They are not Magenta ambassadors. They are green ambassadors. And they are some kind of supervisory board for sustainability for us.

They are guiding us from the bottom of our organization and addressing topics of sustainability within our organization. So it is that people are really getting active here in the organization to be frontrunners on sustainability in their fields. To give you an example of what these guys are doing.

For instance, they have convinced us that all our search, which Deutsche Telekom people are doing in the net is going via Ecosia. Now Ecosia is a search platform, which is donating all their money, which they make from the searches to building trees. And only by changing this search process, we were able to plant 45,000 trees already up to now. And I think this is a good example that everybody in this organization can contribute to the sustainable task of our organizations.

All segments, all leaders, all employees, the whole culture, the governance, everybody has to contribute to the sustainability otherwise it will not work that we are becoming leading in sustainability in our organization. And therefore, we even aligned our incentives, our targets to sustainability already. So I'm getting paid for achieving my sustainability target.

And this is not only true for me. It's true for all the leaders within our organization, and we will give you an overview about this one, at least. So we get paid for fulfilling the targets which we are presenting here of today. That said, ESG is a very, very important strategic pillar for our work, and it is following 3 elements: environment, social and governance.

These are the 3 pillars on this on what the company is built on. And that said, we have here the 3 pillars. And I want to give you a glance about what we want to achieve here. Building a climate-neutral future, leading the way with net-zero CO2 emission by 2040; Scope 1 already today, Scope 2 by '24 and Scope 3 by 2040, enabling customers, suppliers and whole society to a net-zero target.

Second pillar in environment is striving for full circularity. Becoming full circular is a big challenge for us around all the technologies which we are providing. That means that we want to manage that all devices are coming back to us latest by 2030. The T devices. So everything which is branded already with the T is already coming earlier. This target we want to achieve by 2024. But what is with all the devices which are sitting out there with our customers.

By the way, people, customers are all claiming that sustainability is important for them. But only 4% to 6% of the used devices are coming back into circularity. We have a big program. We will take back every single device, which is out there and put it back into the circular process but so far, people are still storing and gathering them at home.

So we really have to build new incentives, new motivations of doing this. One model, for instance, is the leasing model, which we have for our TV media receivers for our routers, which are used in the fixed line business. Because of that leasing model, we can take them back and 60%, 6-0, of

all these devices are already fully recycled of today. This is an encouraging KPI that I'm believing that it must be possible as well for the mobile phones and other devices in this world to get back into the circularity.

The second pillar is the pillar of being social. The good thing is Deutsche Telekom is a very purpose-driven company. Look, we have a big purpose. We won't stop until everyone is connected. It's a very strong purpose, bringing people together, enabling all this social interaction, which is taking place virtually today, is something which drives energy in our organization today.

And Deutsche Telekom with its heritage of being a governmental institution with a DNA of civil servants has even the DNA of helping. We have sometimes a helper syndrome. And by the way, a good helper syndrome. So to give you an example, whenever something is happening like the flood catastrophe in the Aul, when there is an earthquake somewhere happening, I do not have to intervene from the top. Nobody has to do.

Our organization is then self-organizing how the people can be supported who are in an emergency. And this is the kind of intrinsic motivation of our organization. In 2021, EUR 320 million EUR 320 million were donated or were organized to help people in this kind of situations. And by the way, this is just not something from -- designed from the top. This were money collected from all over the organizations to fulfill the needs in this environment.

We have to build on this one. We want to be an attractive employer. I'm standing here with my T because I'm proud about the brand, and I want to attract even maybe some young leaders to join us after this presentation to say, this is a cool company to work for. And to get the best people in this organization is the recipe of success of the future, not only for sustainability, even for earning money.

And it is driven by diversity, by equality and it's driven by inclusion. Our brand is not exclusive. Our brand is always inclusive for everyone, not only for a few. And this is the same true for our leadership principle. It should be from a gender perspective, it should be from an internationality perspective, it should be from a perspective of age, it should be from a -- always an inclusive organization with equal rights and the right to speak up.

We have a big duty because 290 million customers are giving us their trust on a daily business globally. And we have a lot of things, which is happening on the use of our networks. Think about hate speech. Think about cyber attacks. Think about the privacy issues, which are handled over our infrastructure. And we have to make sure that this is always a safe environment where our customers can move.

So therefore, a social aspect where we have to invest a lot of money to build trust around the privacy issue and the data security is a must for our company and embedded in our ESG responsibility. I have been once in the history, a long time ago as CFO of that company. And I can tell you what you cannot measure, you cannot steer and therefore, if you don't have KPIs on all levels, if you only collect the number once a year, nothing is happening in our organization.

You have to put KPIs data into every organization to understand whether they are making progress with regards to the targets. And we have built a controlling -- a sustainability controlling, which is embedded throughout the organization. We're at the beginning but at least we have the ambition to establish a full-fledged big data analytics around sustainability in organization that [clean stir] what we are aiming for.

That said, this picture has to be now filled with KPIs. And let me go quickly into the overview about our commitments in our KPIs, where you should steer us in the future. On climate, 100% renewable electricity for the whole DT Group from 2021 onwards. Not changing in the future. Double energy efficiency in Germany and in Europe until 2024 versus 2020.

So creating more data but with significant less energy impact. Net zero for direct and indirect energy consumption for Scope 1 and 2 for 2025 versus 2017, we are on track and achieving that. 25% emission reduction per customer for value chain emission on Scope 3. This is our very ambitious target. And here you see that we are not going for 2040, we are going for 2030.

So we want to make an interim step to see whether we are on the right track to get full neutral status in 2040. So in 2030, we have already achieved 25% emission reduction per customer. Reduction in energy consumption ex-U.S. This is our target where we have more ambitious levels here.

Because of the integration of Sprint and the new network, which we are building in the U.S., we are starting a little bit later. In Europe, we have started earlier with this ambitious and as I said, net-zero emission, latest 2040, which is our aim to be neutral along the whole value chain. Circularity, zero ICT waste to landfill in Europe in 2022. This is a very ambitious target here. And Adel will give you the details around that one.

100% circular around technology and devices in 2030. I laid out already that target. We have to convince customers and we have to convince our vendors to support this target and to help us to make it happen. And sustainable packaging for Germany and in Europe for our T-branded devices already this year.

Please go down in the shop or have a look. You will not find plastic there for our own products anymore and for all the other devices latest in 2025. On the social side, our tasks are as well defined by numbers. Remember, what you cannot measure, you cannot steer. We were the ones, Deutsche Telekom, very early to say we want to have a 30% female executive quota. To be honest, we achieved it on the supervisory board level, 47.5%.

We achieved it in the management board, 37.5%, already today. We achieved it on the second level as well but if you look to all the executives in our organization, we haven't achieved the 30% yet. So there's a way to go, and therefore, our commitment is in 2025, we will achieve this percentage for all our executives.

We have a very high employee satisfaction. It jumped up after corona, over the 80s and if you look to the KPIs and in this external survey, you will find that Deutsche Telekom is always among the best, I would call it the best percentile. But in some areas, we are even the #1 already.

80% of the people say they enjoy working for Deutsche Telekom. This is a very high level, and we want to maintain that and to further improve. Increase the share of digital experts. If you want to drive the digitization of society, which is an enabler as well for sustainability, you need the right skills on board.

And therefore, we have currently 3,500 open jobs for IT experts in the company, and there's more to come. The transformation for IT experts is rising at our company, and we are willing and able to invest into these sources. We increased digital inclusion activities into what we are doing.

Digital literacy is one of the topics we are talking about but as well the training of young people about what they are doing in the Internet or even bringing maybe the not digital natives into the new world of digitization must be always an effort of our doing. And last but not least, we have to stay as a kind of company which is working for crisis. And I can tell you, you would be surprised how much time we are spending on thinking about how vulnerable our networks are.

Today, we are not only thinking about the virtual, the software environment. We're thinking as well how vulnerable our physical infrastructure is after the latest attacks, which we have seen with Nord Stream 1 and 2 or the [GSM-R tech] which happened to the Deutsche Railroad recently. We are very much focusing as well about how can we protect the physical infrastructure in a better way.

And last but while one, integrate ESG into financial steering system and into the company targets is, I think, a must if you really want to have everybody committed to it. That said, we are now going into the deep dives. 4 deep dives we have today, climate, circularity, best team and digital inclusion and governance.

This is, let's say, what we're doing in the next 2.5 hours. Before I hand over to my dear colleague in Germany, Srin, on the climate. Let me just highlight one topic on climate here at the beginning. What you can see on this slide here is our climate ambition, which I have laid out already. But what you see on the right side of that slide is -- you see that we are -- on Scope 1, we have 219,000 kilotons (sic) [219 kilotons] of CO2 emissions, which we have to resolve and on Scope 2, we have 28,000 kilotons (sic) [28 kilotons] where we have already achieved a lot but there is still a gap which we have to close.

Scope 1 and Scope 2, mainly driven, by the way, by buildings, and by our mobility, by our fleet. So therefore, what are we doing to get beyond our network, these emissions are neutral. And we are announcing today that from next year onwards, 2023, it is obligatory for all newly ordered business cars that they are coming with full electricity.

So no combustion engine anymore, no diesel anymore. Everything will be then on electrical cars. And we keep on pushing beyond Germany and to the service cars. We can switch to service cars immediately. The problem is we do not have sufficient recharging stations or [oil boxes]. And we do not have sufficient the right cars already on hand and available at that point in time.

So the moment the availability is given, we will switch the whole fleet into electricity that we can reduce up to 40% of our emissions in this space until 2025. And we will do as well a small contribution towards recharging. And we have already built 200 fast chargers in Germany alone, and mainly close to locations of Deutsche Telekom, where we have the electrical capabilities here, and you see them here and we will build another 150 recharges next year to bring it up to more than 300 charging points which are helping us to support our own fleet, but as well fleets of others because it will be always open, accessible for third parties as well.

So it might be a small step. It might be a symbolic step from the whole emission, which we have to tackle, especially in Scope 3. But nevertheless, I think it's an important step further for us with regards to the mobility. On top of that, buildings, we are reducing significantly the amount of buildings. We have canceled more than 50% of all the square meters at Deutsche Telekom in Germany already.

So the cancellations are going on. And with desk sharing, with home office solutions and as well with the better utilization of our offices, we will make a contribution just by reducing offices as well to the emission. So here, I think, a topic which we will discuss as well later. But with this kind of appetite, (foreign language), whatever that is in English. I'd like to hand it over to Srini who will dig deeper on the climate issue.

Srinivasan Gopalan - Deutsche Telekom AG - Management Board Member - Germany & MD of Telekom Deutschland GmbH

Thank you so much, Tim. It's a pleasure to be here, and it's a pleasure to do my public speech in English for a long, long while. It's an absolute pleasure to be here, especially to talk about climate and sustainability and where we're going on that. Look, for us, the story of how you think about sustainability and climate starts with the customer.

So what do our customers say about this? And on the surface, it's fairly straightforward. 83% want corporates to do more. 90% don't believe we do enough, Gen Z in specific worries about it. On the other hand, as Tim said, only 5% to 6% of them return their devices. So how do we kind of put this passion on the one side and the inaction on the other side? How do we put that together. Is that kind of just general Gen Z skepticism and cynicism about large organizations? Or is there something deeper to that?

So we spent some time digging through why that contradiction exists. And the reality is half the people we talk to worry that being sustainable means being more expensive. The other half also say, we think you don't know enough, but we don't know what exactly you do. So what does that leave us with? So what's our take away from that?

Well, the first takeaway is that we need to figure out how we build sustainability into the core of our product rather than think about the sustainability premium or something that we add on top and charge more for. The second piece of it is we need to get a lot better at simplifying and talking about what we do. And today, in many ways, it's the first step of that.

So how do we start with -- how do we really build sustainability into the heart of our product and to everything we do. The answer for us is actually pretty straightforward. The heart of most of the things we do begins with the network and so sustainability for us begins with our network. Now Tim foreshadowed some of this. For us, our network being sustainable and green is our ticket to play in this space.

And we've made huge steps in this direction. We're 100% green in terms of our energy. Today, in Germany, 29% of our energy is sourced through PPAs. That number across Germany and Europe will rise to 50% by 2025, and these are green PPAs. The third thing is we're driving super hard on reducing energy consumption. Tim talked about it with 25% growth in data consumption every year, energy is a big ticket for us.

Just in Germany, we use almost 2.4 terawatt hours a year. That's a heavy energy consumption. Now one of the big routes for us to reduce our energy consumption is retiring old technology. Let me give you an example, SDH, one of our oldest platforms. Just SDH consumes almost 115 gigawatt hours, almost 5% of our entire energy consumption. We will close down SDH between '24 and '25.

Another example of this is some of the platforms we've already retired, which deal with traditional voice like PSTN. So driving down the use of our legacy platforms and modernizing to more digital, less energy-intensive platforms is another big part of really putting sustainability at the center of our network design and everything that we do with it.

The other piece of this is then driving innovations. So a couple of innovations I want to talk about: one, generating our own energy. Now this is small. But this year, we will have almost 15,000 square meters of solar panels on our roofs. This, over the next decade, will almost be 10% of our energy requirements. Now that's really important on the one hand from a sustainability and green energy perspective.

From an economic perspective, it makes a huge difference because while it might be only 10% of our overall energy consumption over the next 10 years, what it does is it enables us at peak to use alternative sources of energy. It enables us not necessarily to go completely to the grid at peak and that makes a lot of sense from an economic, apart from a green perspective.

And to the point Tim was making, one of the benefits of the crisis of (inaudible) that, is being sustainable and being economic are coming together at the same point in time. Another of the innovations that I'll share a bit more about is building our own ability to store. Now this becomes critical because as we start buying more energy from PPAs, as we start from green PPAs, as we start generating our own energy, obviously, an important piece is how do we store it.

Because that storage makes a massive difference to our ability to substitute green versus other types of energy from the grid, but it also does the same economic effect I talked about earlier of enabling us to use this energy in peak. Now our goal is to get to 300-megawatt hours until 2030 of being stored locally.

And this year, we will almost get to -- as we invest -- sorry, by '23, as we invest in these facilities in 4 areas in Germany, we will get to close to 20% of that being locally stored even by the end of 2023. So that gives you some sense of piece one of really putting our sustainability at the heart of our product, which, in our case, is fundamentally the network. But that's not all we do.

Digitization, as again, Tim talked about earlier, is one of the most fundamental drivers to sustainability and being climate-friendly. Whether it's using WebExes and reducing travel or it's all kinds of other digital enablers. These make a huge difference, and that's a big part of our role in society of how do we help contribute to the overall multiple by which we enable sustainability.

And when we look at the extent to which we are an enabler, the enablement factor for DT is almost 4.8%, which is everything we do, times another 5, is the amount of impact that we land up having in terms of digitization and reducing how consumptive our society is as a whole. Now we don't do this entirely by ourselves. We work very closely with a set of partners and innovations who help make this enablement factor even more powerful.

Let me give you some concrete examples. And we showcase some of these partners at our recently held Digital X. So whether it's players like Crem Solutions, who actually help make buildings more energy efficient or it's Remondis who help making things like waste disposal more efficient by tracking how much waste is in a container before the removal happens or it's smart illuminated advertising, which enables you to control things like the lighting in illuminated advertising significantly better or it's our very own Nachhaltigkeits-Manager, which enables companies to track their own ESG components and gives them a really good understanding of how they can actually move the needle from an ESG perspective.

Now that's just some examples of how we work, especially with our Mittelstand customers to improve our enablement factor and to bring sustainability, not just into our businesses but the heart of their businesses. But to build further on this, no one is better equipped to talk about the work we do, especially with some of our larger customers than Adel.

And so with that, I'll hand off to Adel to give you a sense of the work he and T-Systems do.

Adel B. Al-Saleh - Deutsche Telekom AG - Member of the Management Board of T-Systems

Thank you, Sridhar. I want to shift gears now to talk about how do we enable our clients in their sustainability journey. We, as T-Systems, have invested heavy in our processes including sustainability thinking from designing solutions all the way through delivering those solutions to our clients. We've dedicated the budget, we've dedicated the teams in order to execute those. And we've developed an interesting portfolio for our clients.

It goes beyond environmental. It is end-to-end. It uses our deep industry knowledge and its vendor independent. Our mission is to enable our clients on their digital journey. And that's how we develop these solutions in order to support them in that journey, but also think about CO2 emissions and environmental impact in their delivery of their capabilities to their businesses or to their customers. Now let me get a little bit deeper into our portfolio.

First example is our advisory and consulting practice developed by Detecon. We now have a dedicated practice with dedicated teams that are supporting our clients develop their strategies. With more than 70 projects now, the team is growing in capabilities and size to have a real impact. When it comes to sustainability, data is super critical. With our supply chain transparency suite that we have developed with ServiceNow, we're able to give our clients that transparency end-to-end and not only environmental also regulatory and ethics.

We use our deep industry experience to help our clients develop solutions that are relevant to them. Specifically, airport collaboration for logistics as an example, where we collect all the data in the airport to be able to optimize the work and reduce energy consumption within the airport or air pollution monitoring that we deploy with the government to support their initiatives, whether it's municipalities or states. And of course, the most important element is to be able to give our customers transparency of what are the technologies that they're using and what impact did these technologies have on CO2 footprint.

And that's what we do in our cloud services business to provide them that visibility and that transparency. And of course, none of that is possible if we didn't focus on our own footprint. And we looked at that from the beginning. First of all, understanding what is our CO2 footprint and developing the core data that tells us exactly where we are and then building our strategies and actions to reduce that over time.

An example of that is our overall space. 100% of our locations use 100% renewable energy. However, with our activity base working we have worked on reducing the need of that space by 70,000 square meters just last year, therefore, reducing the heating requirement and the district heating emissions. In May this year, I'm very proud that we have started switching our business fleets into eFleet. 90% of our new orders are all e-cars, which we're very, very proud of. With these actions, we've been able to reduce our Scope 1 and Scope 2 by 90%.

Of course, we know that the hard work is still to come in Scope 3, but we're ready for that. We're focused, we have plans. We're working with our suppliers. I want to call out specifically Lenovo and Cisco, who have been very active with us, building solutions that can help us reduce our Scope 3 requirements. We know to tackle Scope 3 will require some advancement in the technologies.

We will not be able to meet the requirements of the future with the old technologies. And that's what we've been doing in T-Systems. And our cloud services business specifically, we have been investing in these leading technologies, starting with consolidation of our data centers. Over the last 10 years, we've consolidated the data centers by 60%. We did that with the usage of the latest technologies. We actually have more power compute and store today than we had 10 years ago, even though we have 60% less data centers.

Energy in the data centers, as I already said before, is always 100% renewable energy but we must make sure that the efficiency of usage of that energy is also focused on. An example is our Munich data center, where we use AI to optimize well cooled water systems to drive the cooling of the data center. We're also investigating whether or not we should be switching to solar and wind energies in some of our data centers. All of these activities are leveraging the latest technologies available to the market.

And with that, we're driving the power consumption and the PUEs in our data centers dramatically. And I'm happy to report that our leading data center Biere is now sitting at 1.28 PUE. We take our responsibility as an IT service provider very seriously, whether it's starting with our own footprint or enabling our clients through our smart solutions to drive their footprints down.

We're committed to that, and we will work with our technology partners to enable base capabilities for our clients. With that, Claudia, to you.

Claudia Nemat - Deutsche Telekom AG - Member of Management Board for Technology & Innovation

Thank you, Adel, for your insights. The crisis of war and its impact on energy supply and inflation, seems to overshadow all other crises, which continue to exist, especially the continued ecological devastation of our planet, so climate change and biodiversity destruction. I'll focus on climate. As a telco, we are in a comparatively good position. According to Bitkom study, 50% of the required carbon savings in Germany until 2030 can be enabled by digital technologies. Think about application of fertilizers in agriculture, supply chain transparency as well as mobile working and home office to reduce traffic.

The enablement factor of Deutsche Telekom in Germany in 2022 is indeed 4.8. Yet, the telco industry has a significant CO2 footprint and electricity consumption itself. And that is why we are doubling down our efforts on energy efficiency, on innovation for resilience, on achieving carbon neutrality, not only regarding our own production and energy procurement, but also with regard to our supply and distribution chain and with regard to the usage of our products.

My first message, we exceed our Capital Market Day commitments until 2024, even though we continue to experience exponential data growth. More than 25% per year across Germany and Europe. In spite of that, our commitment was to keep the energy consumption at least stable at 4,600 gigawatt hours per annum across Europe and Germany. In practical reality, we even reduce our energy consumption in Germany significantly.

And staff exceed our CMD promise. To achieve that, we are more than doubling our energy efficiency. It's produced per energy unit used. And the biggest levers are first, rigorous retirement of legacy platforms. We are now realizing the energy savings impact of the completed full IP migration in the upcoming 4 years, we realized the energy savings of the SDH migration. And finally, rather by the end of the decade, the impact of copper shutdown and BNG to A4 migration will come into place.

Second, network modernization at high speed. Modernization means radical automation for better experience less mistakes and lower cost, cloud transformation to support automation and for less energy consumption, disaggregation for more choice and data and AI leverage for better experience with less resources.

There is unfortunately not one silver bullet or big lever, get hundreds of projects in detail. For example, the modernization of our rectifier systems. Those are systems that convert alternating current into direct current. After modernization is completed around 90 gigawatt hours will have been saved. Another example, the 3G switch-off. We retired 3G in Germany in summer 2021.

And in Europe so far in Czech Republic, Greece and Hungary. All others will follow in 2024. And now we are reusing the bands for 4G and 5G. In light of excluding data volume densification needs and coverage obligations, a 5G network does not consume less energy in absolute terms. But 5G technology can transfer up to 15% more data traffic in low and mid-band with similar power consumption as LTE due to optimized modulation and coding and up to 5.3x with massive MIMO.

And of course, in the context of the NT and IT cloud transformation, we are modernizing data centers. Third, innovation for energy efficiency. At the core of this, I see site sharing where it makes sense, smart adjustments of demand and supply on the basis of algorithms and AI and chipset innovation and design of resource-efficient software and AI together with our partners, especially as we move to open systems like O-RAN.

Let me provide now some concrete figures on electricity consumption looking at Germany. In Germany, we reduced electricity consumption by more than 10% between 2020 and 2024. Starting with 2,500 gigawatt hours in 2020 like-for-like we moved down to 2,200 gigawatt hours by 2024.

And the big reduction actually happens this year. And the main driver for this is the completion of the PSTN migration. The overall impact of that is massive, 470 gigabit hours per annum in 2023. Now going forward, it will be the SDH switch-off. The overall impact will be significant as well, 270 gigabit hours per annum in 2026.

What is important to understand, the energy saving impact of platform modernization will always only materialize the moment the legacy platform is shut down entirely in a region. As long as 2 platforms are being operated in parallel, this is not the case. For that reason, we expect the bulk of impact of copper shutdown and BNG to A4 migration rather as we move towards the end of the decade.

In addition to enhancing energy efficiency, we focus on innovation for resilience. We explore decentral power supply in Germany and in Europe. To put this into perspective, since last year, we have been group-wide at 100% electricity from renewable resources. Nevertheless, it is important to be even more resilient.

It has less dependent on the electricity grid alone. And we want to have alternatives for electricity peak savings as the peaks are usually expensive. A potential solution, we are currently trialing in Dittenheim and Meissen. We integrate electricity provided from photovoltaic panels wind craft, lithium ion batteries and fuel cells at one antenna sites. Integration, we are doing with Bosch and Siemens Energy.

In that setup, the self-sufficiency from solar production was between 4.5% and 81.7% and from wind carve between 19% and 100%. And battery charging status between 98% and 100% measured in February. Now this is a complementary solution for resilience. It will not create an autonomous nationwide network.

But on a local level, it can, as we have recently proven at our site in Monheim, in the region of the Northern Black Forest. In that setup, it was even possible to create an autonomous site with batteries, liquid gas and 100 square meters of photovoltaic panels. So far, I talked about our own electricity consumption and innovation for resilience. Now together with my colleague, Christian, we will take a step back and look at the entire CO2 footprint. A very warm, welcome, Christian.

Christian P. Illek - Deutsche Telekom AG - CFO & Member of Management Board

Claudia.

Claudia Nemat - Deutsche Telekom AG - Member of Management Board for Technology & Innovation

Great to have you here. So at our last CMD Day in 2021, I stated that the CO2 emissions from our own production and energy procurement count for 15% of overall emissions. In the meantime, this number came down to only 1.6%, equaling 237 kilotons of emitted CO2. The reason is that by now, we rely on energy from renewable sources around the globe being calculated as 0 emissions.

That means that more than 98% come from Scope 3. In particular, it comes from our supply chain, the purchased goods, services, capital goods and transportation. And it comes from the usage of the devices, people buy or lease from us. For example, if we look at the energy consumption of a fixed line access end-to-end, we see that between 70% and 85% of consumption comes from home network and Viva Rotor and not the telco network itself.

So Scope 3 is our biggest challenge. And I have to say, Christian, no one in our industry or in any other industry has really found the silver bullet solution. Nevertheless, we commit to be carbon neutral in Scope 3, latest by 2040. So how do we address this challenge through our supply chain resilience taskforce and transformation program. And this one does not only deal with the green aspects yet also with aspects of supplier diversity, geostrategic conflicts and shortage of raw materials and pre-product like chipsets.

I have to say that for our last 4 years, I personally spent more time with the question of resilience and global supply than with any other topic. Concretely, we started in-depth analysis with our strategic vendors along the entire supply chain, really down to spare parts level and country of origin. We agreed on direct commercial contracts with pre-product suppliers like chipset manufacturers.

With them, we also started innovation programs, for example, in the field of O-Ran. And we push and co-shape standardization along various angles, open interfaces for more choice, network APIs for monetization and common green key performance indicators for better transparency and comparability. And resilience by design. We decided to wait green criteria as relevant as TCO criteria and technical performance features.

And Christian, that is now the perfect point in time to hand over back to you.

Christian P. Illek - Deutsche Telekom AG - CFO & Member of Management Board

Thank you, Claudia. Okay. So how do we integrate sustainability into our procurement initiatives. And we said at the Capital Markets Day that we want to have a much closer tracking system and procurement when it comes to sustainability. Look, the most important issue is, as Claudia mentioned already, Scope 3. 98% of all emissions are coming from Scope 3, and we have given ourselves a net-zero target of 0% by the year 2040.

So how do we do this? we require information from our vendors. And that basically requires that they have to collaborate with us and we have a vendor scope of more than 7,000 suppliers in our ecosystem, which is applicable to our buying vendors, but also to our local vendors here. We got to make sure that the data quality of the information we're getting is consistent and that we also establish an incentive system that suppliers are incentivized to actually support us on the venue.

So what we're doing right now is we're combining public data as well as mandatory information, which will require from vendors in our analytics tool, and then we'll start with the qualification process. We're managing our vendors with our own scoring system, and that basically comprises 3 factors. The emission factor has a vendor a net-zero target and what is his or her ESG rating.

In the tender evaluation, sustainability has a 20% share in the qualification and the decision process. So we've got to make sure that we have sustainability not only been called as an important issue but also becoming a relevant decision-making criteria. And that covers a volume of 22 billion procurement volume overall.

On top, what we're also requiring from vendors is that they sign a supplier code of conduct which is not only dealing with sustainability, but also with human rights commitments. So the overall target is to incentivize and challenge vendors. And what we need to do is to establish a good collaboration between us and the vendors because without their information, obviously, we cannot track our Scope 3 emissions. So we are super committed to the sustainability targets.

I think we're on a mission with all of the vendors we are dealing with. Obviously, the transparency they're providing to us, they are also providing to others. Therefore, you have a multiplication effect, which is important to basically drive the ecosystem in the right direction, meaning to 0 emissions.

Let me get to another topic, which is energy. Since 2021, our electricity is built on green energy. And this has been secured by 2 vehicles. One is obviously green PPAs and the other one is so-called guarantees of Origin. And our ambition is to drive the renewable energy mix towards stronger shares of PPA in the future. If we're taking a look how it looks today, 15% of the energy demand is being covered by green PPAs.

In Germany, it's actually and 25% and 85% is being covered by Guarantees of Origin. In Europe, we just signed the first PPA green PPA deal, which is going to start effectively in 2023 and which will largely cover the local demand of the operations down there. But what is a PPA and especially green PPA. PPA stands for Power Purchase Agreements, and it means it's a long-term electricity supply contract between a power generation facility and us as a customer.

And it's being green if the energy generation is built on renewable energy sources can be wind, can be solar and so forth. We want to fulfill 2 topics or 2 purposes with this. First, we want to drive the share of renewables in our grid. And secondly, we also want to secure energy sourcing on the short and midterm. So this gets us to the target in 2025. In 2025, we're targeting a green PPA mix of about 50%, and we may also consider own production in our grid.

So it will help us to improve the overall mix of the energy production, and it will help us to secure demand going forward. And now I hand it over to Srinii, who will wrap it up.

Srinivasan Gopalan - Deutsche Telekom AG - Management Board Member - Germany & MD of Telekom Deutschland GmbH

So let me do the wrap up in. Sorry. Thanks, Christian. So let me do the wrap-up in a style that all of you who have seen our Capital Markets Days and all of you who cover our capital markets are familiar with, which is a slide which summarizes our commitments. And I'm sure the next time we talk about this, you'll have the normal red, amber, green traffic lights against them, which give you transparency on how we're performing.

So just to run through what is it that we're committing to, green energy? We're already at a place where 100% of our energy is green. And what we're talking about is moving that forward to 50% through green PPAs by 2025. Scope 1 and 2 already substantially lowered, now down to 247 kilotons of CO2 with the eFleet shift that Tim announced in Germany now rolling out.

What will we do next push for climate neutrality by 2025 and expand the green fleet or the eFleet into Europe as well. B2B customer enablement, we talked about the 4.8x enablement factor and the solutions that we're rolling out for our B2B customers, we will drive that further in terms of how we shape our B2B portfolio across T-Systems and in Germany but also in Europe.

Energy efficiency. Now we've seen a huge development from where we were in 2017 to the road map that Claudia talked about until 2026. And especially with the retirement of the old systems like SDH and PSTN making a difference as well as the beginnings of trials for decentral power generation. Where do we drive further on that?

We actually have a really strong ambition between now and 24 to 2x our efficiency, again, where with 2x the amount of data we get per gigawatt hour that we land up consuming, which is the way we think about energy efficiency. And there's lots of stuff in place for that, whether that is the things Tim talked about in terms of what we do on switching off some bands at night to legacy retirement to shaving off peaks by own power, a whole set of those, which will help drive us forward.

As well as scaling our own energy generation and storage. Last but not least, and this is the really hairy one, Scope 3, where our goal is net-zero emission until 2040. And that we've laid out today. I think a big part of Scope 3 is what is going to fundamentally challenge the way we build products and the way we build our network because I think as Claudia articulated, a lot of the energy consumption when you think of Scope 3 not only happens here, but happens within our suppliers, it happens within our customers and how they use our product.

And really looking to design from sustainability backwards is going to be the fundamental challenge we face in this space. But we started working on it. And as all of you familiar with the rigor with which we measure these things and talk about them, I'm sure you will see substantial progress as we go through the next few months and years and build on this to really move forward.

But with that, I'm going to hand off to Tim to take us through the overview of circularity and then -- and move us forward.

Timotheus Hottges - Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

Yes. Thank you, Srimi, Claudia and Christian here for giving us this update and maybe some 2 topics. I think the vendor selection is very important for us. And even the issue of retiring old legacy systems is very important. So the shift from copper to fiber and retiring copper, that is something which affects every customer and where you can see the impact of our initiatives here.

Coming to the second topic, which is circularity. And the fact is that worldwide 50 million tons of electrical garbage are produced. And in Europe, it's between 4 million and 5 million tons, which are generated on electrical garbage. And as of today, 49% of the economy in Europe is simply linear. There's no recycling or reuse of the products that we produce. And European institutions, they're estimating that a fully circular economy would contribute significantly to the climate targets up to 50% of the climate targets by full circularity.

So circularity is not only coming with a high impact on saving the resources like metal or like especially the rare earth topics, it will also have a direct impact to the CO2 emissions globally. Therefore, I think it's for us at DT obligatory that we set ourselves ambitious targets of becoming full circular for the electric devices and our target is by until 2030, if you heard it, and remember, right now, only 4% to 6%.

And by the way, I look into the audience here and think about how many of you are still sitting on old devices in your cupboards and in your home thing. Even the ESG ambassadors who are listening today are storing a lot of, let's say, these devices despite the fact that Deutsche Telekom already is collecting every single electrical devices and is filling that into the recycling process.

So that said, we have to teach the market here to a certain extent. And Dominique will give us a deeper dive into this one and the understanding and she's not talking about Europe alone, she's talking for Germany as well.

Yvette M. Dominique Leroy - Deutsche Telekom AG - Member of Management Board-Europe

Yes. So thank you, Tim, and very happy to be here and to be able to talk to all of you about the so important subjects of ESG and in particular, now circularity. I think when you look at what we have already done in circularity and it's indeed EU and Germany, we have already reached zero ICT waste to landfill in 2022, so this year. We are also, I think, quite good in take back schemes when we look at our fixed devices.

When we look at routers, set-top box, we have already on the first 6 months of the year, collected and refurbished or recycled around 3 million of those devices, which is around 60% of all the devices -- fixed devices we have. The place where I think we still need to do a big effort is on the smartphones. I mean, as Tim said, a lot of people use smartphone. A lot of them still have smartphone in the cupboard. And we currently have been able to collect around 300,000 devices, but we want to go much further.

One of the elements there that Germany has done successfully is to launch the concept of Device-as-a-Service together with everphone. So it is a way where we are not selling smartphone, but we are renting smartphone and at the end of the life cycle of the smartphone, those smartphones are immediately refurbished, reuse through the full circularity system of everphone.

In this circularity, 98% of the phones are manufactured reused and only 2% has to be recycled. In Europe, we have also launched very -- this year, very recently, an initiative that we called Good Cause initiative, where we really try to motivate our employees but also customers to bring back their old device, while for each device we receive, putting some money into a good cause initiative.

If we can look in the good case, you will see that most of them are really looking into how can we restore and protect forest areas, how can we protect coastal area and also how can we protect water reserves. So every single country currently has chosen what they think most essential to their country to be able to protect natural or man-made affected area through the climate crisis.

And what's important as well is that Germany will also come on this project as from next year. So we really hope through this to incentivize people to bring smartphone, but at the same time to do good stuff for environment in forest water and coastal area. When we then look at packaging because in the end, circularity packaging is one of the really big problem we currently have on earth, and we are more and more drowning under packaging waste.

Even though we try to reduce packaging, unfortunately, so far, we only see packaging increasing on the earth. So what we have decided is really to go as much as possible to eco packaging. First thing for us was really to ban plastic. No plastic is hardly biodegradable. So it's almost impossible to recycle plastic, every single plastic which we have put on earth so far is still on earth. So one of the key element is to make sure that we ban plastic from all the packaging we have.

We have currently a big part, I mean, all the T-devices, the fixed devices, the T-Phones and others are fully on eco-packaging. We have pushed our suppliers to bring also sustainable packaging to the market. Currently around 60% of what we supply is sustainable packaging, but we also want to go further.

And the last element, which I think is also quite a nice element is what we call paper form, which is an innovation we have pushed with supplier, which is a new form of packaging coming from potato starch. So you say you could even eat it, but I'm not sure it tastes so good. But this is packaging made from this potato starch and which we are now launching into most of our country, which is very much a new way and a bit of an innovative way to bring new type of sustainable packaging to the market.

Another element which is also important is making sure we help customers to make the right choice. And for that, labeling and certificates are quite important. I show here 3 elements. The first one is green Magenta, which is a label we have created ourselves. Around 30 of our products have this label today. And when you see the green Magenta label, it means that the product or the service really adhere to some very important climate protection and responsible use of resources.

Another example is the fact that we participate to the initiative eco rating, which is a pan-industrial initiative for smartphone with other, I mean, telco producers. But in that context, we have already 17 vendors which are adhering to this eco rating, and we give full transparency to customers on the durability, the circularity, the impact of all the devices that they buy on the environment.

And the last example, which I think is also an important one. It's external certification. You see here very recently this year, we have received a TUV certification for our latest smart speedport, the smart 4 and also the WiFi home extender, which also for us is a very important element where we can bring to our customer external certification on sustainable packaging or sustainable product.

So this is, I think, in a nutshell, what I wanted to present in details for circularity. If we now look at the key takeaways and you see here where we think we are already quite well advanced and what are the areas where we still need to do some progress. I think on the ICT waste, we are already well advanced, but that's very much Germany and EU. And we would also like to see how we can bring that to our U.S. colleague and T-Systems colleague.

Fixed-line device, 60% are recycled and reused. We need to find the solutions for the remaining 40%. Mobile devices, I told you the area where we really want to make a big step forward in the coming future by increasing circularity and the last one is about packaging, our own packaging old product, 100% eco-packaging, but the one we use from our supplier, how can we push it from a 60% eco packaging to 100%. And how can we also bring all these good ideas to our colleagues in the U.S.

So that's what I wanted to say on circularity. And I think now we go to the third topic, Tim.

Timotheus Hottges - Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

Yes. Thank you very much. And coming back to the next topic here, which is the best team and digital inclusion. Caring for social issue is part of that section. And I'm not sure whether you have children or experienced some of that. But 1 out of 3 young people have made that experience with online hate.

And there's much more. There's blackmailing. Everything is happening in the network. And I can tell you one thing, sometimes it's even scaring to see how helpless our executive, our police is helping these young people. So I think we have to speak up as a company as well. We have to educate the kids in this regard, we have to help them. And we are trying to be very loud at this.

And we have just recently launched a new campaign against hate speech. This is one of the examples of what Deutsche Telekom is doing. And I want to share this campaign with you if you haven't seen it yet, please video up.

(presentation)

Timotheus Hottges - Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

So we are very proud about that video. And the network is very fast. We reached over 1.5 billion, 1.5 billion contacts with this video alone. And I think we are taking the right topic. That is what you see by the response of that. 65% of people say they want to work for a company with a strong social conscious. And I think that is helping us as well.

It's good for society, but it's helping us as a company as well. And I mentioned it already, 3,500 open tech positions we currently have here in Europe. And we want to hire the best young talents into our organization, and we want to become one of the most attractive employers. And we

made good progress in this regard, but there's still a way to go. So it's worth doing a deep dive into the subject here. And for this Birgit Bohle, who is running our compliance, our legal and our HR department is taking the stage.

Birgit Bohle - Deutsche Telekom AG - Member of Mgt Board, Chief HR Officer & Legal Affairs, Labor Director & Member of Data Privacy Adv Board

Thank you, Tim. It's really a privilege to be here, and it's especially privilege to talk about our people. And when I'm talking about our people, I'm also talking about our people ambition. And that is fairly a modest and simple. It's the best team in the industry. Because to become the leading digital telco and to be leading in ESG, we need the best team.

And I would like today to focus actually on 3 areas: how we become an employer of choice, how we invest into future skills and how we promote diversity, equity and inclusion. And let me start with employer of choice. We have significantly improved our position in international rankings in the last years.

We're leading in our (inaudible) in our dual apprenticeship and dual student programs in Germany. And when we look what our people think of us, we also see that we are on the right track. Tim mentioned it in the beginning, employee satisfaction is at a record high, up 7% from 2019, and our people believe in what we're doing. They believe in our strategy. And coming back to the topic of today, they also acknowledge that we act responsibly towards our environment and society.

Our culture is at the heart of what we are doing and how we become an employer of choice. Tim mentioned we won't stop until everyone is connected. So our employer of choice and our we won't stop culture is at the center of creating the best place to work. We have 6 guiding principles and they are the compass on how we act and we bring them to life. For example, delight our customers with turning our customers into fence or win their hearts.

We celebrate our culture, and we recognize what our people are doing. So this summer with Awak3, we said thank you to all our people, especially the frontline people for their tireless efforts during the pandemic. And we just celebrated Living Culture Day under the motto, The Power of We. Last year, we launched Shares2You.

And in the first round, 36,000 of our employees in Germany became shareholders of Deutsche Telekom. For 2 shares invested, they got 1 for free. We encourage our people to engage. We already talked about the green pioneers. We have communities for MagentaPride for female networks and our people are taking the time and they are getting the time from us to actually engage in those grassroots initiatives.

Of course, compensation and incentives remain critical. And especially in this period of very high inflation to reach sustainable agreements on salary increases as we could in the last months is critical. Starting this year, talking about incentives, bonus for all executives will include target achievement on energy consumption and CO2 emissions just like for us in the Bonn.

To become the leading digital telco, we need to invest heavily into future tech and digital skills. We need to acknowledge one thing. We no longer choose tell us. They choose us. And when we look at the numbers, we promised that for the capital markets, we would have 17% digital experts by '23.

Right now, we are already at 18.6%, and we continue to go full steam ahead. This year, 70% of our incoming class of junior staff is starting in tech or IT professions. We're hiring more than 3,500 new employees across the globe, and we're building new T-Hubs as home for our tech and digital talents. But we also invest into skilling our existing employees.

So last year, we reskilled 8,500 colleagues for new digital roles and skill academies and just above 4,000, 4,500 people have embarked and explorer journey. So first learning about software development, cloud computing and AI. Diversity, equity and inclusion. That is not only a human right, it's also a business imperative. And many studies have proven that.

Diverse companies are simply more successful and you see us here as the most diverse Board of Management in the DAX and we're scoring continuously among the most diverse employers. We live inclusion. 7.7% of our employees in Germany have a severe handicap. Also, when we

look at female executives, the share outside the U.S. has risen to 22%, that's progress. But clearly, that's not good enough. And we need to stir up to reach the ambition of 30% by '25.

So how are we doing that? We have diversity implementation plans for each of the segment, and we continuously review them. When we look at our talent programs and succession pipelines, we clearly focus them on diversity. Gender, age, international talents. And we see first successes in the first half of '22, we had 33% female placements.

Thus diversity, equity and inclusion goes beyond promoting females. Our new company policy clearly understates that, and we have action plans for every of the 7 diversity dimensions. Because we want that all employees feel safe and supported because that's the foundation for them to give their best for the company.

So to wrap it up, where we are and what's next as employer of choice, we seek to further improve our employer rankings. We want to maintain our high employee satisfaction scores and to name just 2 actions. We're just about to launch our New Employer Value Proposition this week. And shares to you will go international, starting in Czech Republic and Slovakia. We already exceeded our CMD targets for digital experts, and we strive to go beyond. We're opening new T-Hubs as homes for our tech and digital talents in Greece, Spain, Poland and Romania.

And we're about to reskill another 10,000 people between 2022 and 2025. On diversity, equity and inclusion, we will drive all dimensions, but we keep focus to achieve our ambition of 30% females in exec positions by '25. So I just talked about diversity, equity, inclusion inside Deutsche Telekom and I'll hand it over to Srinu for digital inclusion in society.

Srinivasan Gopalan - Deutsche Telekom AG - Management Board Member - Germany & MD of Telekom Deutschland GmbH

Thank you so much, Birgit. This is something I'm passionate about for a couple of reasons, right? I think the defining political, social debate of our times is not just income and equality, but also digital inequality.

The world splitting between the digital haves and the have-nots. The gap between the connected and the unconnected, and I think this is a fundamental issue that has an impact on our society. The other reason I'm passionate about it is if there's one thing that describes the Deutsche Telekom DNA, it is this whole idea of we are here to connect everyone. We will not stop until everyone is connected. And that defines our DNA.

We are not a network builder who cherry pick certain areas. When we build, we build across the country. We're not an MVNO looking to piggyback on someone else's network. We build the entire country. And that is fundamentally our DNA. And that is across geography. That's across affordability. We're not purely a premium brand. We're a brand for everyone.

We're also a brand across groups of people with differing abilities, whether they're mentally or physically challenged, whether they're people like I've said, our economic haves or have-nots. And that defines, in many ways, the core DNA of Deutsche Telekom. And this is what we bring to this whole area of digital inclusion.

If I talk about it more specifically in the German context. Let's talk about fixed line. And one of the defining choices that happened about 7 or 8 years ago is how do we build fixed networks in Germany. And the way I described that choice is we had a choice of building gigabit for a few or high speed for many.

And we chose the route of going high speed for many with vectoring. And when you look at what happened during the corona crisis, no other country in Europe actually moved to homeworking quite as easily as we did because we did have more than 85% of Germany actually connected with the ability to do more than 100 Mbps.

And I know this has been the subject of much debate. But I think what happened through the corona crisis and the ease with which network switch to moving to working out of home, the extremely low number of interruptions we had, I think, drive some sense of our purpose of actually providing high speed to many.

Now as the demand for speed and data goes up, that is exactly the way we will build fiber as well. And that is the way we are looking to build fiber even today. By the end of this year, we'll have 5 million homes passed. As in line with our capital markets, we will exceed more than 10 million homes passed by 2024, and we'll move towards the 25 million to 30 million homes passed by 2030.

By the way, that's also the way we build 5G. So more than 93% of Germany is now covered with 5G. We believe technology fundamentally should be inclusive and we're in the process now of rolling out our network sharing deals to cover the white spots. But it's not just the issue of access. It's also the issue of affordability as well as ability. And with that, I'll hand off to Dominique to talk a little bit about those 2 themes. Over to you.

Yvette M. Dominique Leroy - Deutsche Telekom AG - Member of Management Board-Europe

Thank you, Srimi and would like to bring the same view for Europe, because I mean, we have, of course, the same objective, making sure that everyone is connected. And I'm very pleased to say that we also have been embarking on a fiber journey into the European footprint. You see here that we currently have a bit more than 7 million homes connected to fiber, a bit more than 30% of our geography in Europe, and we are continuously improving that by bringing one extra million of fiber homes every single year, reaching our 10 million ambitions by 2024.

We do that with organic rollout in several countries. We have put beginning of this year a very strong acceleration fiber plan for Greece with the EUR 3 billion investments. We do that in Hungary, in Croatia, in Slovakia, but also in countries where we used to be much more mobile only, we are also rolling out speedily or gigabit network, but there we do it very often in partnership.

We have in Austria recently created a fiber core together with Meridiam to extend the fiber footprint up to 60% of the country and in the Czech Republic, we do that with partners, which are other operators in the market like Cetin and Vodafone. Also on the mobile, I mean, you see on 5G that we are currently only at 37% coverage.

But if you look at the 4G coverage, it's very close to 99%. So we are there covering as well the whole territory with our 5G connectivity, providing access to all of the population in the country we are in. But giving access is not sufficient. We also need to take care of some people that have more difficulty to access our network.

A few examples here on the slide, I will only highlight 2 of them. One in Greece, for instance, where we have built free WiFi in 25 different museum or archeological site to provide free Internet to the people visiting the country. We also, in Germany, but also in Czech Republic, have made our call center and in Czech also the shop accessible for hearing disabled people by having speech to text and other kind of video system to provide accessibility to our service to those people.

Next to access, I mean Srimi put it forward, we talk about affordability. And in affordability, it is providing to also customers that are less wealthy, the opportunity to use our services. We have specific tariffs, specific discounts for a big number of people which are either unemployed or we socially disadvantaged families or people with some disabilities, but also sometimes senior and students, we are there for them with special tariffs.

And very recently, we launched this quite nice T phone. This is the last baby we launched, which is a very nice phone, which is 5G enabled, but also extremely affordable. It is 3 day on the market in 9 countries in Europe, and we have already sold more than 5,000 of those. So there is clearly a demand in the market for those type of affordable 5G devices.

If we then look at ability which is the last part of the digital inclusion towards society, we want everybody to be able to take part in the digital society. And therefore, we have put together a specific program for seniors, but also for children. Let me highlight the program in Croatia. There we -- during COVID, mainly we have put free Internet and given a lot of tablets to elderly homes so that those people that were cut very often from their families during this COVID time were still able to connect with their family, and we gave also the right training to make sure that they could do that.

For children, the program Teachtoday is a very nice program, which is available in 7 different languages, where we provide tips and tricks and tools -- teaching tools for kids and teens, for parents, grandparents, but also for teachers to make sure that they help the children to see how they can

go safely into the digital media, which is complementary to the hate speech video that we saw in the beginning, so we really try to educate people in that.

We also have a lot of initiatives where we help people to learn coding, directly to kids, but also through a school initiative, for instance, in Slovakia with the ENTER program, where we are reaching 600 out of 2,000 schools in the country with a specific coding program for elementary schools. And last element I want to highlight, which is, of course, unfortunate, but over the last year, we have seen so many crisis, and I must say, I'm very proud to say and to work for this company because this company has every time be present very fast in all those crisis to make sure that we could, of course, bring connectivity or rebring connectivity very fast, but also much more than that to have a lot of support, donations for those areas.

You see here some of the elements we have been facing in Europe. You also see AHRTAL in Germany, but you also see Ukraine, where for instance, in Europe, we have 4 of our countries, which has a border to Ukraine, so very much exposed. And there as well, a lot of solidarity from our employees, a lot of support, 1.5 million SIM cards that have been donated for free for Ukrainian refugee to be able to still connect with their families in the countries, but also a lot of the nation, a lot of support, both in money and in kind to the refugees and to Ukrainian people.

I mean, Tim said it in total, there is more than EUR 300 million -- close to EUR 320 million that we invested in '21 into this type of activity, donations, support social tariffs, crisis management. So quite a very significant and a lot of effort from DT to make sure that we are present where it matters. So if we now look at the key takeaways, I will go quickly through it. But I think one of the key elements in digital inclusion is make sure that.

We have a lot of initiatives. We are currently reaching around 26 million of people. We would like to add another 20 million of beneficiaries from digital inclusion towards 2024. In access and accessibility, it is further deploying our network also in white and gray area and increase the example of accessibility, affordability, it's about T-phone, but it's also about continuing to make sure that we have affordable tariffs and tariff for socially disadvantaged people.

Ability, it's about continuing what we have been doing for seniors, but also for children and also making sure that the Internet is a safe place for kids against hate speech, against fake news, against a lot of other danger unfortunately we see on the Internet, and it's also our task to help people to be trained to have a safe use of Internet.

And of course, the last one stay present. And hopefully, we are not confronted with that many number of crisis we have had -- but in the world where we live in today, we still want to be very much present and there to support people, which are confronted with the crisis. So this is for the part of the whole digital inclusion for society. And I think now I will again hand over to Tim for the last part, which is the governance.

Timotheus Hottges - Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

Yes. Thank you, Dominique, and we will deep dive now into the topic of governance. Now it might look like a more dryer topic, but it's a very important topic because you have to organize and structure all these ESG initiatives in a kind of structured way. Nevertheless, the most important thing is address it, especially to the listeners from Deutsche Telekom and its employee, it is our attitude. And it's our willingness and our ambitions and the culture, which we have in the company to make these ESG targets real.

That said, ESG in the governance is deeply incorporated into our strategy. It's part of the storylining and it's now embedded into the governance structure. The most important example for that one is that our executives are paid not only by reaching financial KPIs, but also reaching the KPIs on sustainability. Our compliance and risk management goes far beyond the legal requirements. So we have, for instance, a data privacy board with selected independent people who are advising us on the way how we're dealing with data in the company.

We are committed to the human-centric technology, yes. But what does that mean? We have to define rules for that because there are no standards or rules for that one. So we have established our own rules for digital ethics, which we are driving forward. And then the most important thing, the privacy and security by design is something which we have to build into every technology, which we deploy and this is another area of governance, which we are steering centrally across the group.

With this, I want to do the last deep dive led by Birgit and then hand it over to Claudia who will inform us a little bit more about our cyber security approach. And then later, Christian will give us an overview about how we do sustainability controlling.

Birgit Bohle - Deutsche Telekom AG - Member of Mgt Board, Chief HR Officer & Legal Affairs, Labor Director & Member of Data Privacy Adv Board

Thank you, Tim. So it's all about trust when I'm talking about data privacy because having high data privacy standards strengthens the trust of our customers, our employees and society and products and services at Deutsche Telekom. And Tim said it can be a bit boring sometimes to talk about data privacy, so I would like to give you just a bit of feeling of what we're actually doing when we're working on data privacy.

So how do we ensure our high data privacy standards. In 2021, for example, we answered 5,500 requests for information according to Article 15 GDPR. Mr. Schrems, he kept us busy. So we implemented, of course, all the requirements on the European Court of Justice ruling, and we contacted more than 20,000 suppliers, and we reviewed more than 3,000 systems. And where necessary, we made contract adjustments and the transfer impact assessments and the good news is we will be done by the end of this year as requested by the EU.

Privacy and security by design, how do we implement that? How do we make that practical. We conduct every year 4,000 privacy and security assessments. They have become the standardized part of our product and system development process. We conduct privacy controls, 170 in the year '21. And of course, we regularly train our employees at all levels.

Tim mentioned our Data Privacy Advisory Board, and it's really experts that advise us on strategic, but also on day-to-day projects on data privacy questions. So it all comes back to trust. Our goal is to create trust because our customers, shareholders, regulators, the general public, they all rightfully expect us to handle data entrusted to us with the utmost care.

And with that, I'll hand it over to Claudia for the next deep dive on data security and cybersecurity.

Claudia Nemat - Deutsche Telekom AG - Member of Management Board for Technology & Innovation

Thank you, Birgit. Those numbers prove that trust is key for us. Now I'm coming to a topic which is key for trust in our industry and which concerns all of us, cybersecurity. Attacks on both physical infrastructures like pipelines, electricity networks, data centers, as well as digital infrastructures, systems and data can come from various directions. State actors, cybercriminals with the intent to disrupt and create chaos or cyber criminals with the intent to make money.

And the global situation is unfortunately worsening, especially with regards to ransomware attacks. Here, attackers gain unauthorized access to systems, encrypt data and threaten to publish or to delete those data unless ransom money gets paid. The black market for unauthorized addresses in the darknet is actually booming, and not always do companies protect their access vendors properly.

For example, through strong 2 factor authentication. We expect the global damage from this to mount up to [USD 265 billion] by beginning of the next decade. Especially for smaller companies, the impact can be massive, estimated 10% of smaller companies who became victims of those attacks went bankrupt.

The reason can be that restoring the data would just be too costly while agreeing on the blackmail is, of course, no option either. Deutsche Telekom protects our own infrastructure data as well as the assets of our customers diligently. We operate Europe's largest integrated cyber defense and security operations center.

Per month, we analyze 220 billion safety-related events from 7,000 sources. And here, we collaborate intensively with security authorities and also with other telcos. I assume that some of you have received notifications from us. As we sent out 200,000 notifications to private customers in Germany per month, we are well prepared with more than 1,600 experts, security investments of more than EUR 200 million per annum, and we are market leader in Germany.

For us, security is not only a question of technology, tools, experts, processes and investment lapse. Yet, it is also a question of our DNA. It encompasses all stakeholder groups, our customers, our people, partners, for our shareholders. And we address the topic regularly in our Board of Management and Board of Directors. And it's contributed to the fact that we are indeed the leading critical infrastructure provider for the societies in which we operate.

Let me say a few sentences about our security DNA. I call this security by design, privacy by design, and digital ethics by design. Security by design means that already in the design phase of a product, we involve our security experts. And we conduct highly automated checks to be efficient. Per year, around 4,000 security tests are being executed already during the design phase.

In addition, we conduct regularly red team attacks, both with external, as well as internal cyber experts to be sure. privacy by design means that we protect the data privacy of our customers, needless to say according to the GDPR requirements in Europe, but also with regard to our standard to be transparent.

From my perspective, data privacy and data sovereignty is a [high good]. Data sovereignty means that human beings, customers must be able to control who gets access to their data for what purposes and for how long. Therefore, we always want to provide full transparency and control for our customers.

Digital ethics by design. Deutsche Telekom was among the first large companies to formulate guidelines for algorithms and artificial intelligence. For example, the need to always have a human [is unaccountable] and not to blame any recommendation or decision on algorithms. We also certify algorithms based on BSI standards, and we implement a digital ethics assessment to support that algorithms do not apply discrimination.

By the way, for those of you who are interested in that topic, I recommend listening into our AI action days in my podcast. Most recently, I talked to Ferdinand von Schirach who says, all humans have the right for digital self-determination. Manipulation is forbidden, algorithms have to be transparent. I really recommend that. And now I have the pleasure to hand back to my colleague, Christian who will explain how we measure all the things you heard about.

Christian P. Illek - Deutsche Telekom AG - CFO & Member of Management Board

Thanks, Claudia. You heard a lot today about our ESG strategy, the ambitions and the current achievements. But how do we want to steer ESG in our current environment. Simply saying treated the same way how we treat financial data. So therefore, we have to make sure that we come up with a story where we have an integrated planning, steering and reporting process when it comes to ESG that we basically collect all the different data sources.

It's more than 100 in our group that we bring it into our internal control system and that we make it an integrated planning and reporting process. The second important thing is put your money where your mouth is. And that gets us to incentives. Look, for a long time, we have ESG criteria already in our long-term incentive. 50% of our long-term incentive is dealing with employee satisfaction and customer satisfaction.

Since 2021, we introduced energy consumption and Scope 1 and 2 emissions as part of the short-term incentive. So therefore, every executive in our company, as well as the nontariff employees have now an incentive to work collectively against the targets which we have given ourselves.

And we have a long-term history with ESG reporting. We started off with that basically in 2000, and we are following state-of-the-art standards, whether it's the task force on climate-related financial disclosures or Sustainability Accounting Standard Board's requirements. So in order to make sure that everyone is looking from a same angle on those data that the data is credible.

So it's been audited by our auditor, based on limited or unreasonable assurance and that we've obviously been in line with our EU taxonomy. So you see that ESG is getting a role as financials are already having this in the company for many, many years. And I think I'm a strong believer in what gets measured, will get done. And therefore, let's treat ESG as we treat finance data.

Timotheus Hottges - Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

Okay. Thank you very much, Christian, and Tim here on this subject. Now we are talking a lot about Europe today and the German activities on all these different topics, but you know that T-Mobile U.S. is quite a big business of Deutsche Telekom with around 40% of our profitability in the group. And when I informed Mike that we have this sustainability day, he said, look, I'm coming over to have that discussion, but I said, No, you stay home because it is improving your CO footprint.

So therefore, we have them online here, talking about what is our U.S. activity contributing to our tags, how are they managing the environmental, social and government topics in Deutsche Telekom Group. And with this, I hand it over to Mike Sievert. Mike.

Michael Sievert

Hi, everyone. Thanks for inviting me to join today's event to share with you the progress that T-Mobile is making on our aspiration to create a connected world where everyone can thrive. At T-Mobile, our mission is to be the best in the world at connecting customers to their world. As the Un-carrier we're all in on our relentless pursuit of progress in ESG to sustainably manage our environmental footprint, provide equitable access to connectivity to everyone who needs it, and to champion diversity, equity and inclusion in our workforce and in society.

I'm excited to share a few examples of how we're doing just that with you today. Climate change is the challenge of a generation. And there is real urgency to make a meaningful change to how we operate right now. Because we know the products and services we offer our customers have an impact on the environment, we focused on taking important steps to reduce our carbon footprint.

In 2018, T-Mobile was the first in our industry to set ambitious goals to get all of our electricity from renewable sources, such as wind and solar by 2021. I'm proud to say we not only achieved that goal last year, but we did it ahead of schedule, despite our historic merger that significantly expanded our electricity needs. Moving forward, we plan to invest in and add even more renewable energy projects to our portfolio to match our future electricity needs.

In 2019, we were also the first in U.S. wireless to set aggressive independently verified science-based carbon reduction targets. Our goal is to reduce Scope 1 and 2 emissions by 95% and Scope 3 emissions by 15% per customer by 2025, we're bold, and we beat them. And we did it 4 years ahead of the original 2025 goal.

By the end of 2021, we reduced our Scope 1 and 2 emissions by 97% and reduced scope 3 emissions intensity by 16% per customer from 2016 levels. We still have a lot to do. But this kind of progress really makes our employees and customers so proud. Another significant focus for us has been our important work to bridge the digital divide, to ensure that everyone has the ability to access the Internet regardless of location or income level. Today, that matters more than ever, especially when it comes to kids and education. That's why we launched Project 10 million back in 2020. We had an audacious goal of providing 10 million students with a free hotspot, free or highly subsidized data plans and access to laptops and tablets. Our dream here is simple.

We want to see every child connected and eliminate the homework gap in this country. Since then, through this nationwide program, we've invested \$3.65 billion in services to connect more than 4.3 million students, and that number is rising every day. I also want to share a few important notes on our efforts around advancing diversity, equity and inclusion in our workforce and beyond.

Having a diverse workforce and reflecting the communities we serve positions us to deliver incredible experiences for our customers as the Un-carrier. But it's also not enough just to say we support DE&I. We try to put our words into action every single day. One way is through our 5-year equity and action plan that makes DE&I a priority at T-Mobile.

Our workforce comprises nearly 60% people of color and nearly half are women. Half of our people managers and more than 1/4 of our executives are people of color, more than 1/3 are women. We've increased diverse representation on our senior team and our Board of Directors, increased diverse supplier spending and established a comprehensive set of goals with the help of an impressive outside external advisory council. We're proud of what we've accomplished, but we also know we still have room to improve.

So we continue to press forward with pride, but also with humility. As we enter a new era of Un-carrier, T-Mobile is committed to being an even greater force for good in wireless and in the world in which we all live. We can't be the best at connecting customers to their world without also taking on the challenge of changing our industry for the better, and making a positive impact on the world around us.

It's exactly why we're using our expanded network and scale and resources as one of the world's leading companies to help create a connected world where everyone can thrive. And as you know, we won't stop. Thanks for having me at today's event.

Timotheus Hottges - *Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board*

Yes. Thank you, Mike, on this one here as well. Coming to the end of our presentation here, and a lot of facts has been shared. I just want to conclude and summarize a little bit where we are and where we push things. I said it at the beginning, we cross the river by the stones. So there is a long way to go. But at least I hope you got the feeling that first, everybody is involved in that company. Second, we have measurable targets for each of the ESG elements.

Thirdly, it's ambitious and comprehensive. When it comes to -- the topic is on climate. We are on track with climate and renewable energy targets, which we set out for 2025 and '24. And what we have now pushed forward is measurable interim milestones, which will make more transparency about how we get carbon neutral at the end of the plan.

We have the plan now to enter into more contracts with regards to PPAs. 50% of our whole energy grid should be supplied by direct PPAs within the next years. We have just signed a deal in Poland on this one. We are negotiating something in Germany, and we will keep you updated about our plans to have our own renewable energy supply. Double energy efficiency while reducing energy consumption until 2024 in Germany and in Europe.

I think it's clear that with the digitization, with the expansion of fiber and the expansion of 5G networks. And with all the demands coming from IoT and the B2B world, there is more demand for digital services. But nevertheless, what we are doing is we are doubling the energy efficiency by modernizing our network. The most important thing here is that we are able to retire old systems, what we call legacy.

And the retirement of copper is going to be by far the biggest supporter on the way to reduce our (inaudible) mission in the classical networks. On top of that in the mobile space, we have a big activity on its way, which is called MIMO, which is the mobile network modernization to put it in simple words, bringing all the spectrum into one antenna. So you need the antenna only -- the energy only for 1 antenna, then for different antennas who are covering 3G, 4G, 5G services.

Trailing new storage and decentral power supply. If you use renewable energy, very often, you can use it during the day, but what are you doing with the energy supply, which we need in the night. So working on storage is something which we are doing, and we want to impactfully collaborate with innovations in this industry that we have apart from renewable energies as well storage solutions, which are helping us to store energy at the sites and in the main operations.

Shift to e-mobility, starting in 2023. You can even say we have started already on this one, but we are not here to talk about the history. The systems has already made the test with its employees on company cars. This worked very successful. And therefore, we decided from beginning of next year. All new cars will be electric, and we will extend that beyond the company cars to all the service cars as soon as we have availability for recharging and for the appropriate cars.

Enabling customers to reduce their emissions. You saw that I can easily say Deutsche Telekom is green. Deutsche Telekom is delivering on Scope 1 and 2. Done deal. We have no duty to say, by the way, why should we care about what Samsung, Apple is doing? Why should we care about routers of Cisco? And why should we care about the end consumer and his duty to deliver on sustainability target. But we think that it's too easy.

We want to enable this value chain because we are sitting in the center of it. And therefore, we want to help that scope 3 emission is getting reduced to 0 by 2024. There are a lot of, let's say, solutions which we cannot all discuss here today. ICT solutions, smart city solutions on the B2B side are all helping data center modernizations. All of this is helping to reduce Scope 3. And only that I clearly state that the cloud is 1 of the biggest energy

savers which we have in our industries, because going from a decentralized data storage into cloud storages, you have a significant energy saving opportunity by centrally storing data. On circularity, our targets are set, 2030 is the milestone where we want to have 100% circularity in our -- with our electrical devices.

No waste in technology, concrete actions already on its way. For our own devices, it's very easy. For third-party devices, it needs a lot of more creativity as mentioned. Zero Waste initiative for ICT waste started attractive customer programs are needed to take back handsets and get back the mobile handsets is something where we are working on. Sustainable packaging on own devices achieved? Yes, that's nice, but it's only a fraction of the devices we are selling. We have to get sustainable packaging on all third-party devices. And I think the day was 2025 correct? Yes.

That said, coming to the next topic, best team and digital inclusion. Look, we are very happy on where we are positioned today. The employee satisfaction is really high. Please have a look into the benchmarks here. Deutsche Telekom is always in the top quartile of the rankings over the last 2 years. That is where we want to stay and keeping our troops committed to the task coming. Digital experts at 18.6%, Birgit said it. We had another target, which was in the 16-ish range. Now we are ahead of it. But we will not stand still. We want more digital skills. And we will, by the way, develop the skills, not only in Germany because Germany's market is almost empty with regard to these sources.

And therefore, we are building T-hubs, which are providing services for all our segments across Europe, and we are underway of funding them or some of them are already established. Female share is on a good way, but it's not where we want it to be. By the way, I can give you a lot of reasons why we are not where we are in all of the executives, but we will not stop on this target, 30% female share and further diversity dimensions are on track.

But diversity is always it's not a target. It's a mean for higher performance. And that is something which we should always keep in mind when we talk about diversity. 180% digital inclusion measures addressed. New programs for children, seniors are on its way, clear standpoint against hate on the Internet. I think this board, this team is very viral and visible, outspoken on their beliefs and their personal commitments. It's good to have the personal commitment with regard to this one, then rather naming it the target and then become owner of it. So we adjust as we are, and stating what we believe is the right thing to make a society social.

Last topic is on governance. ESG part of the overall governance model. E&S targets have been set. I think the integration of the agenda in our daily business and our business units is the most important thing.

And what I want to mention here guys is that we are standing here with the board with everybody is a statement. This is not yet an accident. This is a statement that in our company, every leader is owning ESG. It's not Tim topic or Michael Hagspihl's topic. It's not something which we have in the basement of the organization and pull it out on Page 247 in our annual report.

This is something everybody has to carry. Data privacy and security is getting more important. I think we're all aware about that one. We should be worried, and we are worried about that topic. And therefore, privacy and cybersecurity by design is a must-have. Steering of the ESG data, I call it the ESG controlling is something which has to deliver, approve the data because if you state your own data, people question that. We want to have that approved independently by the auditors that everybody can understand that.

By the way, it sounds easy. Think about an organization with capital employed of more than EUR 300 billion across the globe, bringing data IoT devices into every router in this organization to get data points and to understand the energy consumption is quite a challenge. So big data and the analytical piece of that is a big investment for us and a big commitment.

And last thing, Scope 3 challenge accepted. But this is a long way. It's a marathon to go on this big scope 3 here. But our statement and our demand towards our suppliers is very clear. We want to only have supplies in our organization are climate neutral latest by 2040. They know that they can get prepared for that one. It's a journey with them. And I see a lot of commitment, but everybody, not only us has to do a lot of things to achieve that.

With this, I'd like to thank my colleagues, thank the team around Michael for all the preparation has been done on bringing us together. I appreciate for all the time you had with us. And thanks to my team here. And let's open up the Q&A.

QUESTIONS AND ANSWERS

Operator

Yes, thank you very much, Tim, and everyone around here. And before we enter into the question-and-answer session, let us also welcome Adel who is now with us not just by video, and I also think we have Claudia and Christian with us now dialed in for answering questions. And before -- we can see them there, great that you have us that we have you with here.

Before going to the chat, we have some questions from the chat, but let's start here. So who have you have a question, and we can see this. We'll hand over the microphone to you so that everyone can hear you. And then please go ahead.

Jakob Bluestone - *Crédit Suisse AG, Research Division - Research Analyst*

Thank you for the interesting and exciting presentations. I think of part of being the best team in the industry also implies that. Well, you have to continuously work on your culture, learn from mistakes, make people, staff owners of problems.

How do you do that working on, I think it needs a lot of clarity, transparency in the organization. And how do you stimulate, for example, people to come forward with problems, talk about them? admit mistakes from -- basically from the top to the bottom and make all your management from all levels to lead by example.

Do you have procedures for that or do you have incentives, not only for the top management, but also for people lower in the organization.

Birgit Bohle - *Deutsche Telekom AG - Member of Mgt Board, Chief HR Officer & Legal Affairs, Labor Director & Member of Data Privacy Adv Board*

Yes. Maybe I'll take a first cut. In many of the areas where for example, working no longer in traditional ways, but in agile ways. And that is true for IT development. That is true for many areas in T-Systems. Hungary is a great example. And in these at our ways of working, there is permanent feedback and retro loops in that. So it's actually built in the way we work that after you've done a sprint, you do a so-called retro, where you discuss about what has gone well and what is not going so well.

When I'm talking about my area of responsibility for compliance, for example, we, of course, have systems, and we call them, tell me where we encourage people actually to tell us and to give us hints of what is going wrong. And what I'm feeling good about is that most of those comments and of those hints are by name. Of course, they can be anonymous.

But most people actually dare to say, I think this was going wrong and there is a compliance issue here, and I'm standing there as Birgit and saying the name. So these are just 2 examples. And I think also in the Board of Management, we very often have critical reviews on what we did. And of course, that's not only among us, but we have that together with our people.

So yes, I think feedback as motor for success and really looking back what has gone wrong and what we can do better is really a part to promote our culture. As I said, the agile ways of working is stimulating. We have a cultural program that we call Courage now. And what is beneath Courage is a feeling of psychological safety. So we have training, for example, for psychological safety, where we train our leaders how they can actually have in their teams a culture of speaking up.

And what is helping to do that and what is actually going against that, just as an example.

Timotheus Hottges - Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

By the way, first, we don't have incentive for mistakes. Yes, I think that is a little bit provocative question, but we're trying to avoid mistakes by definition. But nevertheless, I think you're reasoning on open things. The second thing is we have platforms to enable a dialogue, because the dialogue is always a start for feedback. Our dialogue is always an understanding about that one. We have town halls. We have social media. We have the Internet. I'm doing a regular town hall every month in the organization where everybody can contribute and raise this questions.

And so therefore, this is the way how we -- let's say, motivate people. We have anonymous ways of giving us feedback. By the way, I'm not talking about we have the poll survey, which we had facilitated since years, which is a kind of pull check about questions which are always the same, but as well questions about which are relating to the situation like how you feel handled in corona, were the hygiene material appropriate? And these kind of questions.

And on top of that, we have an enormous year survey which we are doing, which is a very long questionnaire with all the employees to get a deeper dive in understanding how the feedback is, always anonymously. Every presentation, every -- even this presentation, we will ask later on the feedback and the ranking about the things in a simple way because people don't want to answer long kind of surveys.

On top of that, I think it is very important that we dismantle the power of hierarchy. I think that we are not wearing ties and I miss ties here, and showing up is already a small symbol of it because we are putting ourselves to a normal employee in this company, and we are not hiding by dresses, by clothes, by signatures of power, which is creating a more open culture. And I'm always trying that every leader is deep diving into this organization.

That doesn't mean that a leader should not be a leader anymore. He should make the more important decisions, but at least a less hierarchy oriented structure of the company is helping us big time to get feedback because people feel more easy. I don't think it's a big issue within Deutsche Telekom. Nevertheless, you cannot -- I cannot -- nobody here in the room can speak for all of our leaders.

And there, I might be old school areas and there might be as well very modern areas in this organization. But I think the principle of our culture is an open and (inaudible) culture. Nevertheless, we have to take decisions. I think Deutsche Telekom problem is not the dialogue, it's not the dialectic, the problem is the alignment of interest if a decision is taking. Because it's not easy for the people then to accept that. This is, I think, one of the problems which we have in the organization.

Unidentified Company Representative

By the way, Tim talked about the poll survey, and we even have a question on failure culture in that one. And the rating, how do we handle mistakes, it's 83%. So that's a good term of agreement on how to handle failures.

Unidentified Analyst

Yes. But another question. Two questions actually. One is on the PPAs. And so do you have one already put in place. Can you specify a little bit about it? Is this, let's say, a matter of cost or a matter of cost saving. As I understand, that there are others circulating ascertaining these, let's say, companies or -- and so will it save you any money? How much? Or will it cost you money?

This is number one. And the second is very simple. When are you going to cut off copper and what will that save you.

Timotheus Hottges - Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

You want to take the PPA one, Christian?

Christian P. Illek - Deutsche Telekom AG - CFO & Member of Management Board

Yes, I can do the PPA, no problem. So first of all, whether we are saving money or not is a question on what do you relate to? If you go into the historic places, we're not saving money on a PPA. We have done a significant PPA in Poland, which covers pretty much 84% of the local demand. In the European segment, we're active with 2 other negotiations. And the PPA will not come in lower than the historic prices.

I think what you see right now is surprises around EUR 100 for a gigawatt hour. This is what you can expect, at least this is what we have on the table. So relatively speaking, we don't save money. On the other hand, we get secured supply, and I think that's also important by operating our networks that consumers and customers that we will be operational 7x24.

Srinivasan Gopalan - Deutsche Telekom AG - Management Board Member - Germany & MD of Telekom Deutschland GmbH

I'll pick up the question on copper. So 2 pieces. One of the nice things about the copper transition is unlike some of the other legacy technologies, it isn't a 0-1, you switch it off and only then do you save everything. So for example, when -- in a particular geographical area, we have enough fiber customers. Actually, what we can start doing is one of the biggest sources of consumption of power is within the MSAN, the number of line cards that go in.

We can actually start in that case, start saving our power consumption even without completely switching off copper in an area. So this is going to be less cliff-like than SDHS, for example. Secondly, the process of switching off power -- switching off copper is a dialogue that we've started now with the regulator. Like in several other countries, this is a dialogue that involves more than us because we need to work with our wholesale partners and with the regulator to time that right.

In the last gigabit forum, we had a very open conversation about beginning to pilot this. Now this has to be a well thought through process over the next little while to create the deadline. So U.K. and France, for example, have very specific deadlines on what needs to happen by when before we can inform the regulator that we would like to switch off copper here. Right? And that's a dialogue we're having right now with the regulator and the industry to lay out what those time lines are.

Unidentified Company Representative

Right. So we do also have some questions in the chat and probably before going through the round here as well, let me also share this here. And by the way, for everyone in the chat, if you want to raise your hand and speak out verbally, please raise the hand and the chat so that we can dial you in. But here's one, Adel for you. We had a question on, our Scope 1 is your customers' Scope 3. Can this help or does this help you with creating business with finding more opportunities? Is there something you can share with us already?

Adel B. Al-Saleh - Deutsche Telekom AG - Member of the Management Board of T-Systems

Yes. Both Scope 1 and Scope 2, but particularly Scope 1 has a direct impact on the clients. And as you heard me in the video, we've developed now solutions that are quantifying the impact and the savings that the customer can have. So as we drive more and more solutions, as we drive more and more reduction of our footprint within T-Systems, data centers, the utilization of power in the data centers. All that drives a benefit to the client. So there is a direct correlation.

And we're now seeing a very steep increase in the demand from our clients to actually bring solutions that are CO2 compliant that reduced their CO2 footprint. I just had a meeting with a CIO of a (inaudible) company today. And the discussion, half of it was actually centered around how do we make sure that our cloud solution can be measured, can be implemented and can reduce their footprint.

Unidentified Company Representative

Thank you. We have another question here in the room.

Unidentified Analyst

Yes. So you said that you want to improve your energy storage opportunities. So what is the current status now? How many storage do you have already?

Timotheus Hottges - Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

Do you want to take that?

Unidentified Company Representative

Claudia?

Claudia Nemat - Deutsche Telekom AG - Member of Management Board for Technology & Innovation

So yes, I do. So today, most of the storage we are actually having is still on a traditional level. Nevertheless, we are exploring intensively with fuel cell backup partially also hydrogen-based. So our objective is to move the storage also in the modern technologies because for us also storage is a way to actually do peak shaving because usually, the expensive part of the electricity are the electricity peaks. And the combination of storage and partially also with decentral energy production at an antenna side is something which actually makes us more resilient with regard to our networks.

Timotheus Hottges - Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

But if you want a number, I would say it's in a small single digit number.

Claudia Nemat - Deutsche Telekom AG - Member of Management Board for Technology & Innovation

Yes. Yes, the modern storage ones, yes.

Unidentified Company Representative

Look, it's also important to highlight that the technology of energy storage is evolving dramatically. Every 6 months, there is a new solution that's more efficient, that is better for the clients and -- that's what we need to time correctly, right, not to go big until we have actually a very efficient solution we can deploy.

Claudia Nemat - Deutsche Telekom AG - Member of Management Board for Technology & Innovation

Okay. What is also very important, what we need to work on is really the integration of the decentral energy production, the production from the grid and the modern storage technology because in the end, that is what moves the needle.

Unidentified Company Representative

Right. And I've just seen that we also have someone in the WebEx who wants to dial in. Not sure if it works, colleagues have to tell me whether we can...

Timotheus Hottges - Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

It's a telco company, come on guys. It has to work, otherwise, probably feedback process.

Unidentified Company Representative

Probably until we try -- I have another one, which is for you, Christian, on the Scope 3 targets and how we implement it in the processes. There was a question on -- we do have laid out an interim step for 2030 with the 25% for customers, but there is a quite big gap to reach until 2040. So what are the most important things that need to happen out soon and how confident are you with scaling up our processes.

Christian P. Illek - Deutsche Telekom AG - CFO & Member of Management Board

Look, the most important thing is that we have to get the process going and that we make sure that all suppliers understand what we're looking for. This is where they were part of the scorecard. So this is why I'm expecting a slower start and then an acceleration towards the end. But if we're seeing that we're moving faster, obviously, you will cost correct then adjust the target. But right now, this is the expert assessment, which we have done for 2030. That was the 25% because we are in the beginning of setting up this whole Scope 3 transparency.

Unidentified Company Representative

Right. And I can see that we still have a bit of problems of connecting that person, but we have some more written questions here. (inaudible) on attracting talent. There was a question. Can you be a little bit more explicit on measures on how to attract talent. So what drives the good results on the employer of choice rankings.

Claudia Nemat - Deutsche Telekom AG - Member of Management Board for Technology & Innovation

When we're talking about talents right now, it's important whom we are hiring. And we're hiring 2 groups of people. So we are hiring frontline people because we have churn and attrition and we need to fill in the gaps. And we are hiring tech and digital talents. And when we look into especially the tech and digital talents group, so the software engineers, the architects, the cloud designers, what they're looking for is a few things. First of all, attractive jobs in the sense of they want to contribute to something which has a purpose. They want to work on exciting projects and when the first one is over, it needs to be the next 1 and the next 1. We clearly can offer that because we are a large company, we are across the globe, and we have interesting problems to solve. So this purpose is actually driving motivation.

Second one is a culture, a strong culture, and we already talked about it and this purpose, [Gen Z], I think Tim mentioned that, it's driven by purpose, so we are [tracking] on our purpose and on making a difference to society. Interestingly, and that has come up in the last 1 to 2 years, and we don't yet know whether that's because of corona. Security is becoming more important, stability for those talents. It sounds a bit like a contradiction, but it is certainly a selling point that we're having. So these are the 3 main factors. And of course, pay is a must, yes, so it's not like you can trade a purpose and culture with noncompetitive pay, that's a no go, of course, that's a tick in the box for us as well.

Srinivasan Gopalan - Deutsche Telekom AG - Management Board Member - Germany & MD of Telekom Deutschland GmbH

Okay. Can I add just 1 small thing, but -- and it is around initiatives beyond what drives them to come to us, right? So we work really hard to think about innovative initiatives in the company that really resonate with the younger populations. And one example that worked super well is Chief Tomorrow Officer, right? We're now on a third or fourth, I think, version of a Chief Tomorrow Officer, where we bring a young talent and we put them in the middle of a very mature organization. A young talent, meaning out of university, maybe 1-year experience that is embedded in the engineering work or software developer work to be able to actually inject new thinking to the organization. And that attracts people.

Claudia Nemat - Deutsche Telekom AG - Member of Management Board for Technology & Innovation

This is like we leverage our employees as ambassadors to attract people. So Experts Hire Experts. We just launched that. So our people get money, yes, EUR 2,500. If they attract a person and we kick that off and (inaudible) systems as well. And the result is really amazing because we could fill out of 500 jobs, almost 100 through this channel and the applications we're getting, they're 60% valid. 60% of the applications we get through that channel, we actually hire. So a very big success, and we're expanding that to whole Germany right now.

Unidentified Company Representative

And I may just add one element because I think in Europe, we have also the luxury to have different countries. So we have also now started a program where we try to spot really high potential, very young, below 30 and really give them the opportunity to go to other countries, to learn things, to develop themselves to come to Berlin, to special university. And these type of very important fast-track program where people get opportunities to develop themselves, but also to see different country is also something which I think is specificity that Deutsche Telekom can offer for young talents in Europe.

Unidentified Company Representative

Thank you very much. There is another live question, I think, and we'll give it another try to see if it works now. Here we are right, the floor is yours.

Timotheus Hottges - Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

I know this guy. (inaudible)?

Unidentified Analyst

Had a simple question about your targets of reduction of absolute energy usage. I think you're one of the few companies actually that is targeting reduction in energy [users] in total, most just talk about a reduction of energy per gigabyte. And obviously, I mean some network (inaudible) like massive MIMO can boost capacity and improve energy consumption per gigabyte but lead to an overall higher usage and so a higher energy footprint. So what you disclose is very ambitious. But I wanted to understand how you approach the trade-off because data usage is growing probably faster than some of us were expecting. I think you care about providing the best service and product to customers, but at the same time, it will drive [petroleum] energy usage and you are now committed to reduce it. So how do you think about this dynamic and whether the risks to all of this?

Srinivasan Gopalan - Deutsche Telekom AG - Management Board Member - Germany & MD of Telekom Deutschland GmbH

Happy to pick that up and Claudia, do (inaudible).

Claudia Nemat - Deutsche Telekom AG - Member of Management Board for Technology & Innovation

You want to start? Okay.

Srinivasan Gopalan - Deutsche Telekom AG - Management Board Member - Germany & MD of Telekom Deutschland GmbH

Yes. So I think that's a really good point because there are 2 aspects of this, right? One is how do you deal with the simple increase in data volume, right? The other is how do you reduce the absolute amount. So on the increase in pure data volume, this is where some of the stuff that Tim was

talking about, the network modernization that we're doing, right? As you go into stuff like a wideband antenna. Now in absolute terms, you might see some increase in energy consumption, but it's a hell of a lot more efficient than having 4 individual antenna radiate. So if you assume data growth grows by 25% a year, as you think of wideband mid-band or wideband low-band, and you start deploying that, you're able to deploy more spectrum and therefore, per gigabyte transmitted, you're able to actually increase the efficiency.

The second bit, which is the ambitious bit about actually reducing absolute energy consumption. This is where sometimes being a legacy business is not so bad because what you've got is a whole bunch of old systems and legacy technology that you have now the opportunity to retire with time, right? And we talked about PSTN. We talked about SDH, there's the whole issue of copper.

Unidentified Company Representative

3G.

Srinivasan Gopalan - Deutsche Telekom AG - Management Board Member - Germany & MD of Telekom Deutschland GmbH

As we retired 3G. Yes, 3G is already gone, right? Look, I can't -- I can see the time when you will actually see some form of 2G shutdown as well, right? As we work through the legacy technologies, cleaning up that world and moving to newer, more efficient technologies actually does cause efficiencies. Because you've got to remember that at this point in time, I'm running 2 networks in Germany. I'm running a copper network and a fiber network. I'm -- you'll end up running effectively 3 different networks in parallel on mobile. You're running 2G, 4G and 5G. And in the midst of all of that, you're deploying spectrum reasonably and efficiently because of the history of antenna development, right?

Then there's a separate piece, which is just being significantly smarter and cleverer on how we extract more from our network for the same energy consumption, which is some of the things that Claudia and I talked about earlier, peak shaving, right? It's also the issue of can we think about different deployments and configurations of our spectrum for different times of the day. How do we land up using artificial intelligence to actually target the times at which we radiate all frequencies versus we radiate only some of the frequencies? So that's broadly the gamut of things, right, which I classify as being more efficient in terms of energy per gigabyte by using new technology, being aggressive about retirement of old technologies, which creates the absolute delta and then innovation for the incremental changes.

Claudia Nemat - Deutsche Telekom AG - Member of Management Board for Technology & Innovation

Maybe to add some numbers. I'm the biggest fan of legacy retirement because the impact of legacy retirement is actually tremendous. Just think about the PSTN migration, it delivered 470 gigabit hours. And as we move ahead, we will see the impact of SDH retirement in the order of magnitude of 270 gigabit hours. And then Srin described it as we move ahead through the end of the decade, we can do region by region copper to fiber migration. And what I mentioned before, the migration of the old [P&G] platform to the disaggregated [A4] platform. And the moment I can shut down a legacy platform in a region, you have the full savings. So that's indeed the biggest lever. And therefore, it's somehow in that regard, good to be, if you want, incumbent and some of legacy infrastructure.

To be a little bit more precise on 5G versus 3G and 4G, actually, of course, in absolute terms, looking at the explosion of data volumes, a 5G network does not consume in absolute terms, less energy because we have to build more antennas to deal with the data volume explosion and we meet our coverage requirements, of course. And Srin, you stated it rightfully, so we are not doing cherry picking. But nevertheless, here, the usage is more energy efficient. 5G is 80% more energy efficient than 3G. And if I look at the mid-band of 5G, it can actually transport 15%, 1-5 percent more data at the same energy consumption like LTE. And in massive MIMO, we are talking about a factor of [5.3]. So just to give you a numbers and a flavor in addition to what Srin described just perfectly, the innovation we are doing around algorithms that help to save energy, even though I have to say someone dealing with artificial intelligence over time, as industry, we need to work heavily to make sure that these algorithms and AI are really more energy efficient as we move ahead.

Unidentified Company Representative

Right. I hope that answered your question, [Matthew]. Thank you very much.

And (inaudible) we have 1 more participant who wants to pose a live question. (inaudible), welcome. Your questions, please.

Unidentified Analyst

Yes. Thanks for the presentation. This is a very interesting day. Just 2 questions to Mr. Hottges. One would be, which of your goals is the most ambitious one and why do you think it is so? And the second question, and very important question for me. How do you ensure that all of your [216,000] employees follow your approach? I mean, how can you change the behavior of your workforce?

Timotheus Hottges - Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

I can say you answered the first -- the second question was -- the first question was the second, but it would be the simple. Look, I think the most ambitious goal, which I see is the Scope 3 element. Because you have seen the numbers, [250] -- [245] coming from our own grid, which we have to solve. We have it in our hands to manage our buildings now for Scope 2 in a different way. We have reduced our office space by more than 50% and more to come. So there is a lot of things we can do. And our fleet is standing [for] a fraction. We can handle that. The PPA is something, which is just a willingness of us to go into longer-term commitments. And interesting wise, by the way, when we talk about PPAs, we should consider that the utilization of PPAs can be easily achieved because everybody in the industry has the same problem, and all the industries have the same problem. So I hear everywhere the willingness to bundle the demand. So therefore, I think this is all under control.

The issue is, if you think about -- just think about [Apple], if we're going to Apple by the way, we want a full circular industry, maybe even you know we want to replace certain elements of your mobile phone. Can you tell me why I have to throw away my Apple iPhone 14 if the screen is broken. I don't get that. But it's not in Apple's interest. Apple's commercial interest is to produce handsets and to throw them out for \$1,400. Now I'm not -- so to change their business model is something which is very challenging, knowing about the leverage of power this company has and these guys having.

And the same is true, by the way, on Scope 3 with the customers. Look, I think we should not underestimate the reluctance of customers. They say we are only investing to companies who are sustainable. They say we are committed to sustainable targets. They even vote the parties who stand for sustainability, but are they really changing their behavior? Fundamentally, this is a process which takes time. And I think we have laid it out today. We will do incentives, we will find ways of motivating them. We will offer easy processes to get the equipment back to put it into the circular -- circle here, but it will take time. And that is very ambitious, and we have to work outside. And there might be even a question from people in the organization, okay, what's the benefit for us. We can earn money by reducing our energy consumption. We can earn money. So what is the incentive to convince others about Scope 3.

Second, on the employees, look, I questioned this morning whether this event here is more event for the outer world or for the inner world. If you have followed Deutsche Telekom in the past, I've started with the Capital Markets Day and the Capital Markets Day were always to tell the insight what we have committed to the outside. So that this was transparent that there is no discussion about what we are doing because we have committed to this one already outside. So this event, this Sustainability Day will now be transferred to every employee in the organization. We will talk about that one. We will put it into the internal system.

Second is, we have to load it up with emotions. I like very much our Green Pioneers. These are heroes for me because they are the front runners of initiatives in this company. Even sometimes exhausting if they're criticizing me for -- because somebody has I think (foreign language) cut the lawn at a day where some birds are breathing, then I feel challenged as a CEO. But nevertheless, it is an appropriate feedback, which we have to take and then learn from that. This -- we have -- we need these ambassadors, these pioneers who showing the others that it's worth fighting for that one. And therefore, we have to load it up with emotions. I'm even thinking about this tree initiative. The tree is a very symbolic element for German. So if we can do something good and you can see it by having planted a tree somewhere, it gives you an emotional reasoning. So this is something which we have to work on, and we are working with Greece and some other countries on this subject already.

So it's communication. It is about following through. And by the way, if the leaders are not talking about it, nothing will happen. We cannot -- we have to walk the talk. And that is why it's important that it's not only the CEO, it is all board members here. It's all the leaders. The more automatism we create in the organization, the better we will achieve the targets. And that is part of the exercise here.

Unidentified Company Representative

Thank you very much, Tim. And I think that was also a good result example for the speaking up culture. If people reach out to you directly to inform you about their concerns when it's about how we run the building. Yes. Yes, it can be so simple. It can be so nitty-gritty.

But yes, one last question, Christian, to you that we have before, I think we're ending a little bit the time here. Christian, on the taxonomy, there was a question on -- as an industry, but also at Deutsche Telekom, we were only able to show relatively low figures in terms of eligibility and now we're up to prepare the first report on alignment. How do you perceive that? What is your message outside on how the taxonomy is going on and how it's structured at the moment?

Christian P. Illek - Deutsche Telekom AG - CFO & Member of Management Board

Look, right now, I think every operator is not satisfied with the way how the EU taxonomy accounts for green revenues and green costs and so forth. I think one big hope I'm going to have is that at least our infrastructure buildout when it comes to fiber will be accounted for and then those numbers will look completely different. And I think this is kind of the, I'd say, inconsistency we have to deal with. On the one hand, you're having ongoing debates on further accelerate fiber rollouts and increase the revenues with fiber. On the other hand, it's not been accounted for in the EU taxonomy. I think it's [on us] to explain to the authorities why this would be a good thing. So then obviously, we will see a larger degree of revenues being accounted for being green revenues and therefore, good revenues. But this is -- I think it's on our side to lead that discussion and persuade the authorities on this one.

Unidentified Company Representative

Thank you, Christian. I hope that answered the question as well.

Right. We're coming to an end in terms of the question-and-answer session, and I think it was a long day. And I think the last words for you, Tim, to wrap it up and call it a day today.

Timotheus Hottges - Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board

Okay. So I think -- thank you, everybody. I think we had more than 800 people are following us today. So thank you for your time and for this important topic here. Appreciate that we will flow up as we do it on the Capital Markets Day, we will do it for the Sustainability Day. So you will see us again seeing how we are executing on this one. I hope that this is not a marketing show here. Now it is looking [back show]. This is -- the purpose of this is to show you and give you transparency about where we stand and where we are aiming for with concrete milestones and that you see that the entire organization is engaged on this subject. We only have one planet, and we are part of that story, and therefore, we want to make our contribution with our people. They are asking for that one. And we are committed as well, personally, on this one, I hope you got that feeling. And by this, we cross the river by the stones. Thank you very much for being with us today.

Unidentified Company Representative

Thank you all. Thank you, Claudia. Thank you, Christian.

DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2022, Refinitiv. All Rights Reserved.