

Statement on extractives by the Deutsche Telekom Group

What is the problem with extractives?

The global demand for metals has risen sharply during the last years. The consumer electronics sector has been a major driving force behind the growth. Electronic products like mobile phones, laptop computers and mp3 players contain a substantial amount of numerous metals. Amongst those within the ICT industry, the most important ones are cobalt, tantalum (which is a metal won out of coltan ore), tin, gold and platinum.

Metals are extracted all over the world, but mostly in developing and high-risk countries. Mining operations are mostly owned by foreign enterprises. Beside that in some areas as e.g. in the Democratic Republic of Congo you also find small scale mining. The richness of mineral could in theory bring jobs and income and foster the development, but in practice it brings several downturns like environmental degradation, child labour, unacceptable working conditions and human rights violations. In some countries, these activities also finance military bodies and contribute to ongoing tensions and conflicts.

Electronic companies subscribe to ethical guidelines and initiatives for the industry and most have adopted individual codes of conduct. Additionally these initiatives have developed and deployed a consistent set of tools and processes to measure, monitor and improve supply chain corporate responsibility performance across the Information and Communications Technology sector. However, most companies which produce consumer electronics, only focus on addressing problems related to the top tier of the supply chain. They are not integrating the mining of metals in their social or environmental responsibility efforts, and fail to implement respective control mechanisms.

How does this affect Deutsche Telekom and what measures do we have implemented?

Deutsche Telekom as a service provider does not directly buy any metals like tantalum and/or other minerals. Despite that, many of the products we sell or use contain metals. Deutsche Telekom declares its commitment to pro-actively contribute in reducing the negative social and environmental impacts caused by mining activities.

The following measures have been taken to achieve this:

a) *We expect our suppliers to be aware of the minerals problem and therefore DT will*

- engage towards more responsible metal sourcing throughout the supply chain by requesting from its relevant suppliers a concept and/or policy on how they deal, source and operate with metals including their plans to improve the situation in the mining sector.
- if such policies and/or procedures are not in place insist on the development and implementation of respective measures to ensure that suppliers support our engagement to minimize the potential risks from mining activities.
- in case of missing commitment to address the minerals issue, contractual penalties may have to be considered including the termination of business relation depending on the degree of misconduct.

b) *We encourage our suppliers to use environmentally friendly materials*

The use of environmentally friendly materials is an essential part of our Procurement Policy and also addressed in our product design and development standards. As part of our supplier development programme, we are regularly conducting supplier workshops. In this way we encourage our suppliers to reduce the use of raw materials and to seek for new advantageous alternatives with respect to social and ecological consequences.

c) *We encourage our customers to save natural resources*

The reuse of metals can also contribute a lot to save natural resources. Therefore we have implanted several programs to encourage our customers to bring back their old cell phones. Additionally we promote the longer use of cell phones by offering attractive conditions for customers who decide to waive the right of a new cell phone at the end of the contract period.

d) *Deutsche Telekom Commitments*

DT's Social Charter commitments reflect our Corporate values and responsibility to foster the sustainable development of the global society. We want the principles of our social charter to apply for our entire supply chain. By participating in over 50 national and international initiatives we are progressing sustainability issues in the telecommunication industry, recognizing our huge responsibility. As a co-founder of GeSI we play an active role in our industry to contribute in the improvement of the situation in the mining industry with respect to respective human rights, improving labour and working conditions and reducing the negative social and ecological consequences. We support initiatives to build-up of a worldwide system to track the origin of minerals as helpful step to improve the transparency of our supply chain.