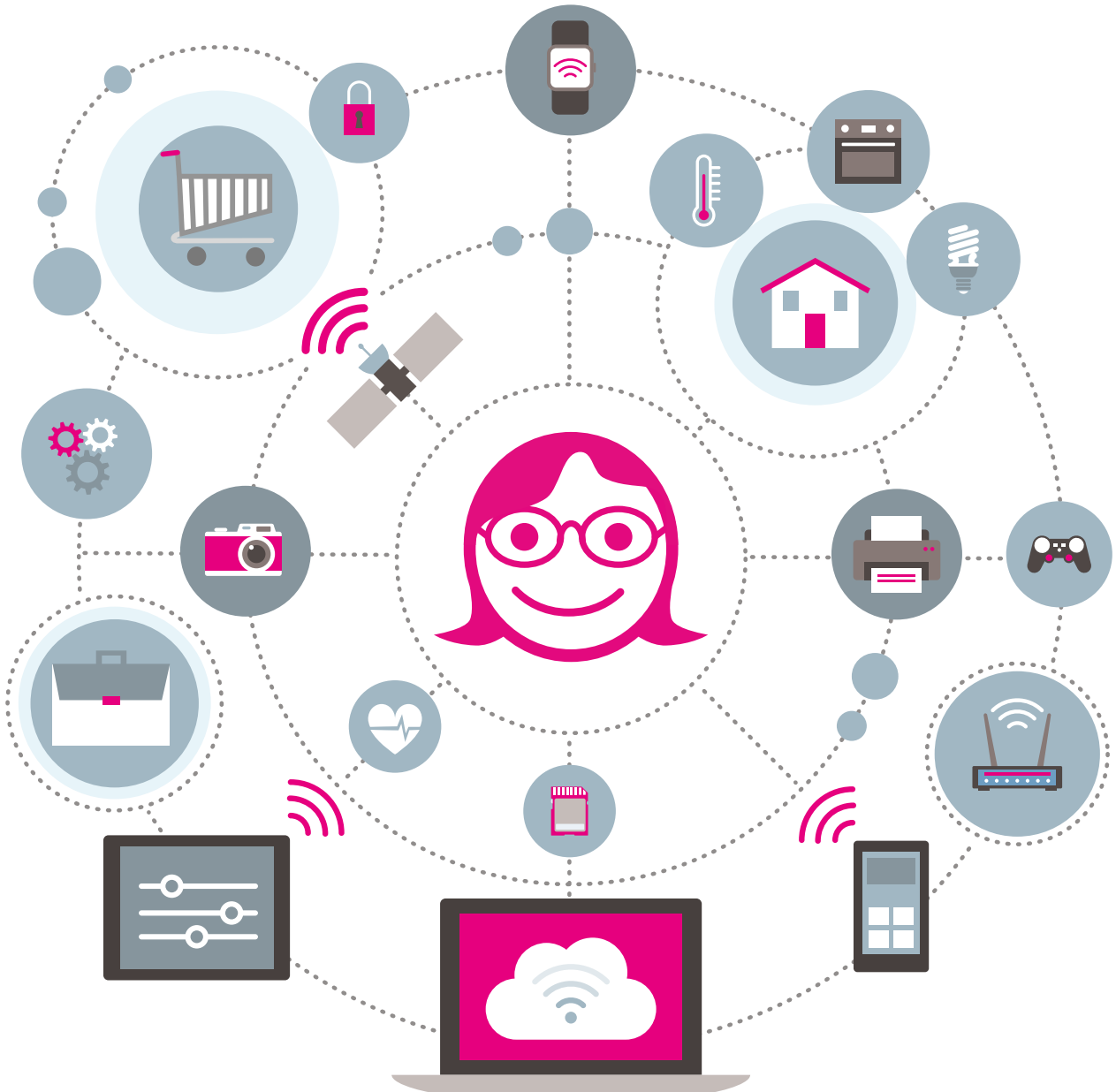


# HR Factbook 2018

## PEOPLE. FACTS. DEVELOPMENTS.



LIFE IS FOR SHARING.

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# ABOUT THE HR FACTBOOK 2018



Dear readers,

Digitalization is still the hot topic on everyone's lips, both in the private sphere and at work. Our life is becoming more and more digital.

We at Deutsche Telekom are a driving force in this transformation process and the growth engine of digitalization. In 2018, we strengthened our position as the leading European Telco, as reflected in various KPIs, such as market capitalization. As always, our success is driven by our employees, and the engine of digitalization relies on a powerful workforce. Human beings are still our ultimate success factor!

Although we as a company drive the digitalization process with the help of our technology, we also need to master the associated challenges at a human level, particularly in connection with our workforce. As humans are living longer, our working methods and processes are becoming ever more digital. The statistics on virtual communication and digital learning provide impressive evidence that we are on the right track.

This HR Factbook on the 2018 financial year follows a tried-and-trusted format, with a compilation of indicators and information on all aspects of the Deutsche Telekom workforce. These KPIs reflect the diversity of our workforce, our organizational culture and our productivity. At the same time, however, we also highlight the skills and performance potential of our workforce, as well as our commitment to leadership, health and safety. This comprehensive picture of our HR work is rounded off by an overview of HR costs, together with statistics on recruitment and attrition. As in previous years, the statistics reflect our growing commitment to working with refugees.

For an easy introduction to these topics, we have summarized the key findings of our report in three informative graphics, while deeper insights are given on the following pages.

I hope you enjoy reading it.

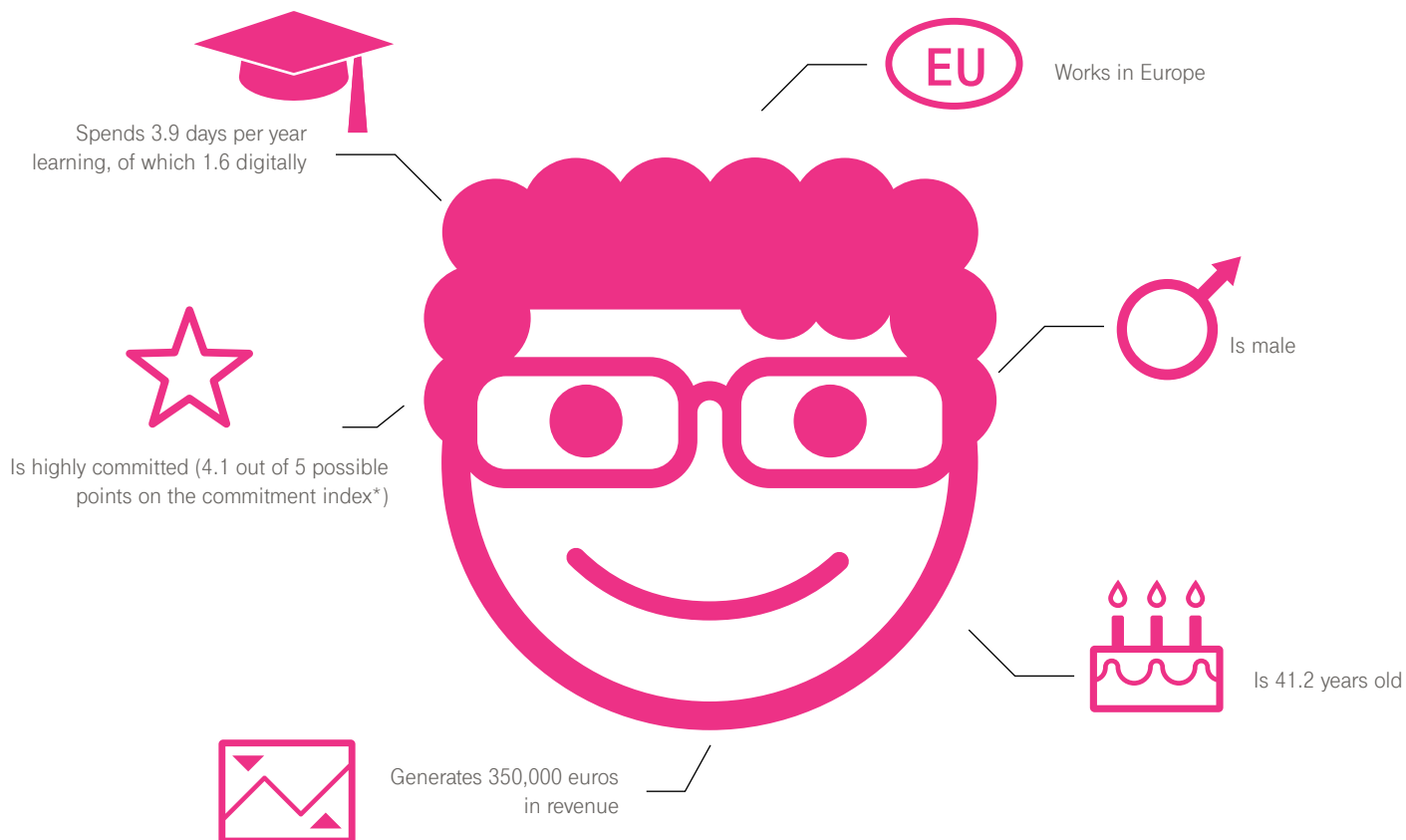
Best wishes,

Michael Rubas  
Senior Vice President for Human Resources Planning & Operations

Most of the data in the report refers to the 2018 calendar year ending December 31, 2018. Any exceptions are marked accordingly. All figures are based on more precise data. Since some values are rounded, totals may differ slightly. Some of the ratios are based on annual averages. The figures are often divided into the categories "Germany", "International" and "Group". In this case, "Germany" represents employees based in Germany (irrespective of segment). "International" refers to all employees based at locations outside Germany, while "Group" refers to the entire workforce. Some of the data is broken down into operating segments, i.e. Germany, United States, Europe, Group Development (since January 1, 2017) and Systems Solutions. Group Headquarters & Group Services (GHS) comprises all Group units that are not directly assigned to one of the operating segments. As of January 1, 2017, the subsegment Technology & Innovation also belongs to GHS, which has also absorbed parts of the Systems Solutions segment. In some instances, we have used the male form ("he"), e.g. with reference to employees. This is to make the document easier to read and is used as a generic term, but explicitly refers to all genders.

FTE stands for full time equivalents and is used in the Factbook as the unit of measurement for the size of the workforce. FTE therefore reflects the calculated number of full-time equivalents based on all full- and part-time staff.

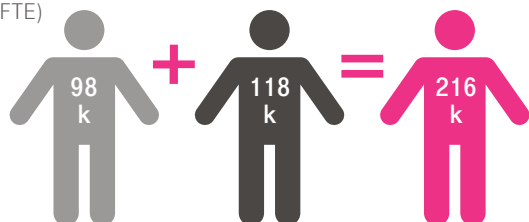
# INTRODUCING: A TYPICAL DEUTSCHE TELEKOM EMPLOYEE



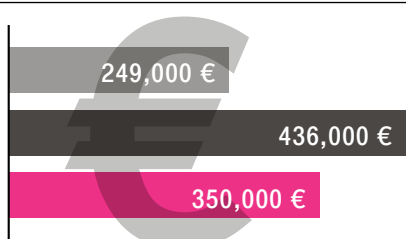
\*The commitment index is the mean value of several scores in the employee survey.

# DEUTSCHE TELEKOM AT A GLANCE: THE GROUP

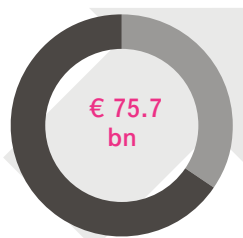
Employees (FTE)



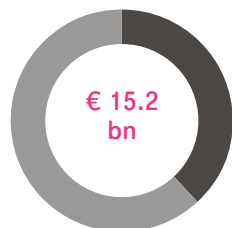
Revenue per employee



Group revenue



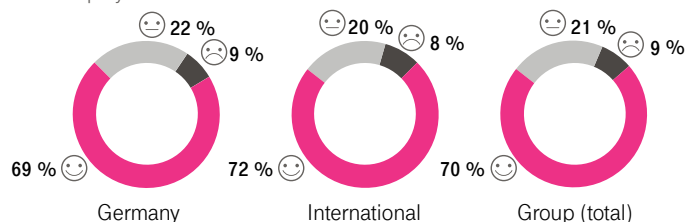
Personnel costs, adjusted



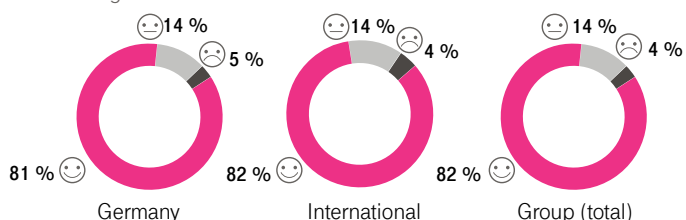
Average number of training days per employee



Overall employee satisfaction



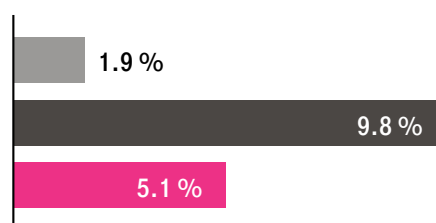
Overall manager satisfaction



Total workforce quota



Natural attrition



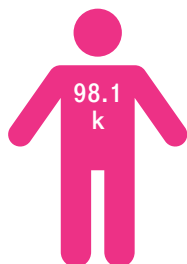
Women in middle and senior management



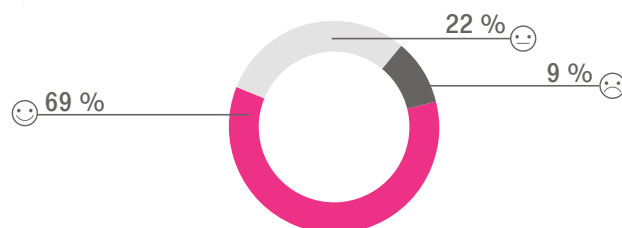
■ Germany ■ International ■ Group (total)

# DEUTSCHE TELEKOM AT A GLANCE: GERMANY

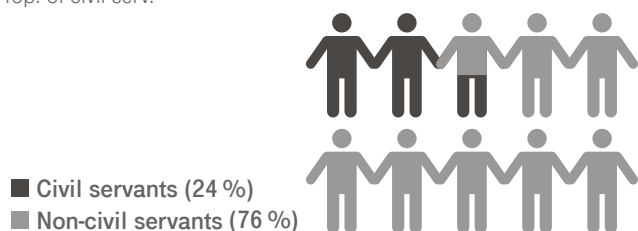
Employees (FTE)



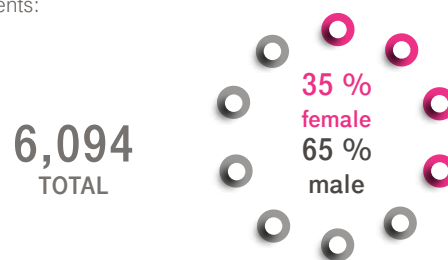
Employee satisfaction



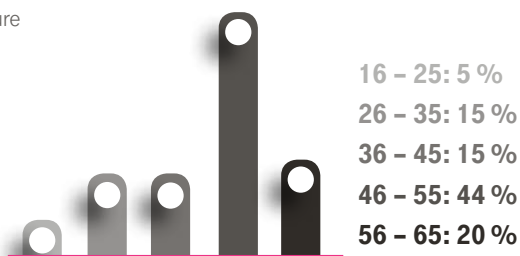
Prop. of civil serv.



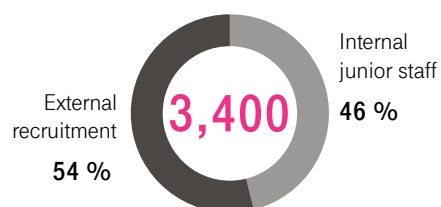
Apprentices & students:  
Prop. of women



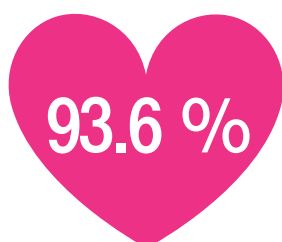
Age structure



Recruitments



Health rate



Employees with disabilities



Refugees at Deutsche Telekom

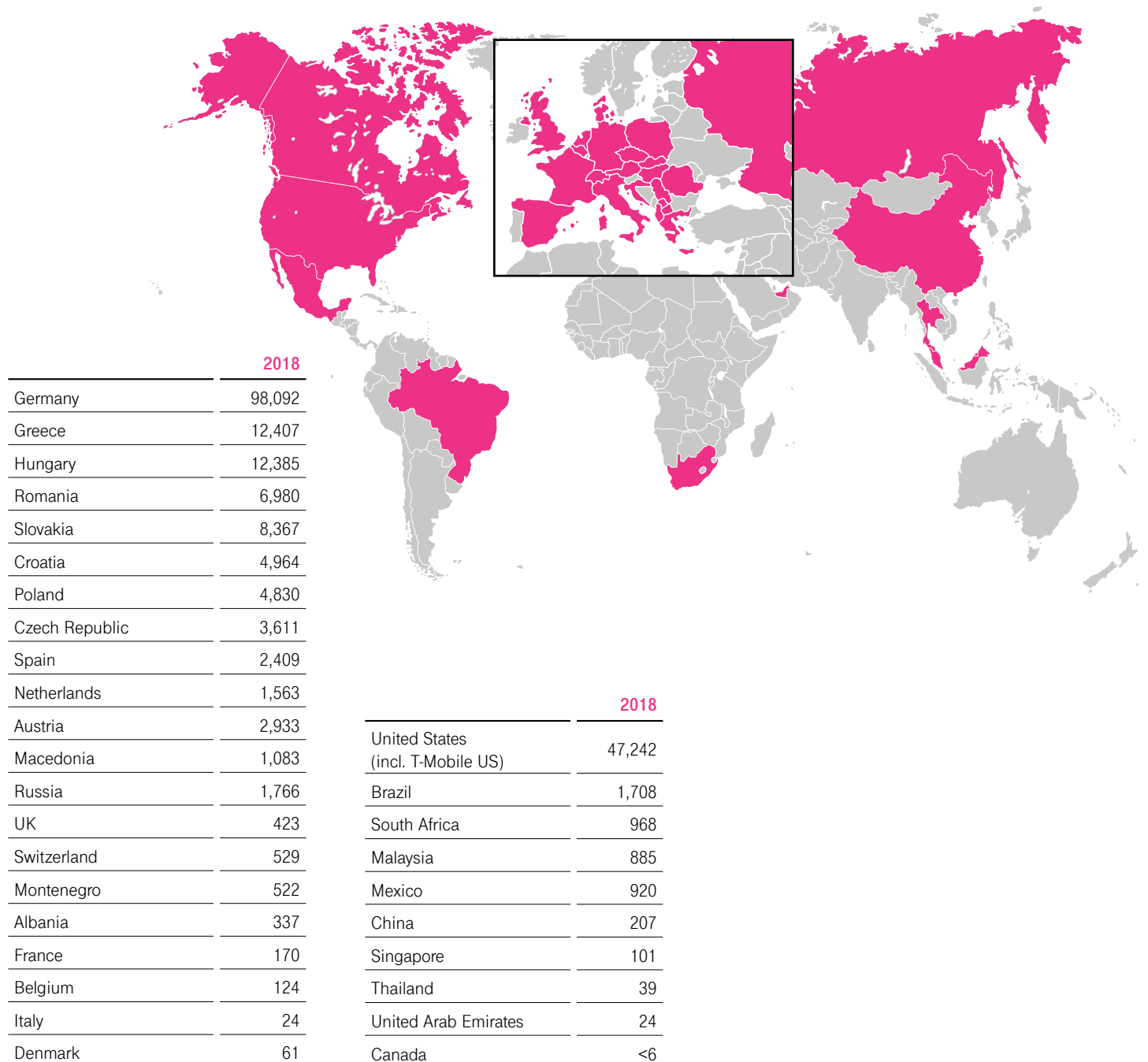


Savings through employee ideas



Employees by country (in FTE)

# DEUTSCHE TELEKOM: AT HOME WORLDWIDE



In 2018, the number of employees in Germany was down 3.7 percent year-on-year, from 101,901 to 98,092. Growth was highest in Austria, where the number of employees increased

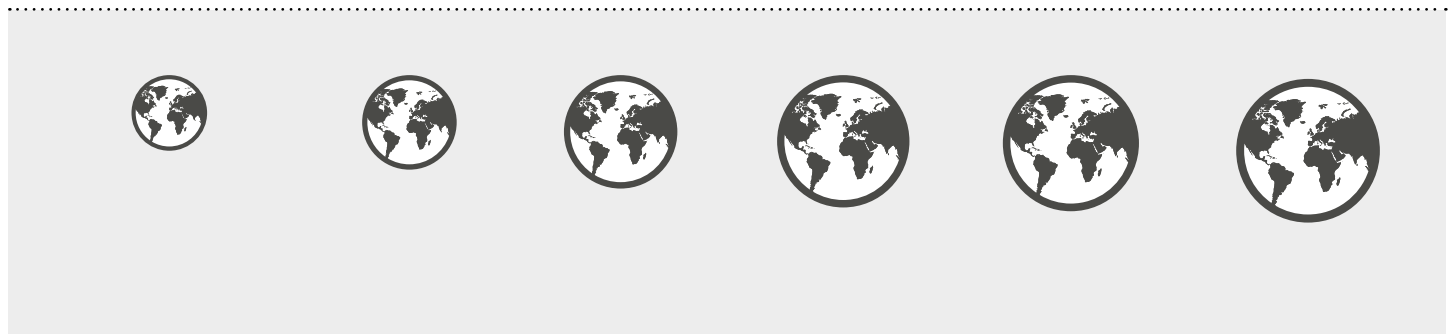
from 2,001 to 2,933, primarily as a result of the merger between UPC and T-Mobile Austria in 2018.

Employees in Germany and worldwide (in thousands of FTEs as at Dec. 31)

# DEUTSCHE TELEKOM MORE GLOBAL THAN EVER



2000	2003	2007	2011	2015	2018
Germany: 78.9 %	Germany: 69.7 %	Germany: 61.7 %	Germany: 51.7 %	Germany: 49.0 %	Germany: 45.5 %
International: 21.1 %	International: 30.3 %	International: 38.3 %	International: 48.3 %	International: 51.0 %	International: 54.5 %



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Germany	179.2	178.3	177.8	173.3	171.0	168.0	160.0	148.9	131.7	127.5	123.2	121.6	118.8	116.6	114.7	110.4	104.7	101.9	98.1
Group (total)	227.0	257.0	256.0	248.5	244.6	243.7	248.8	241.4	227.7	259.9	246.8	235.1	229.7	228.6	227.8	225.2	218.3	217.3	215.7
International	47.8	78.7	78.1	75.2	73.7	75.7	88.8	92.5	96.0	132.4	123.6	113.6	110.8	112.0	113.1	114.9	113.7	115.4	117.6

The percentage of employees at international locations has risen substantially since the 1990s. Whereas 79 percent of the workforce worked in Germany in 2000, this figure has

stabilized at below 50 percent since 2015, and stood at 45 percent in 2018.



Employees by operating segment (in FTE)

# SEGMENT DEVELOPMENT TREND UNBROKEN

	2014	2015*	2016*	2017*	2018
Germany	68,754	67,927	66,410	64,798	62,621
U.S.	39,683	44,229	44,820	45,888	46,871
Europe	53,499	48,920	46,808	47,421	48,133
Systems Solutions	46,244	37,850	37,472	37,924	37,467
Group Headquarters & Group Services	19,631	23,548	20,258	19,351	18,606
Group Development		2,768	2,572	1,967	1,976
Group (overall)	227,811	225,243	218,341	217,349	215,675

\*Since January 1, 2017, our report has included the Group Development segment and, within the Group Headquarters & Group Services segment, the Technology and Innovation Board of Management department. Comparative figures for prior years have been adjusted retrospectively.

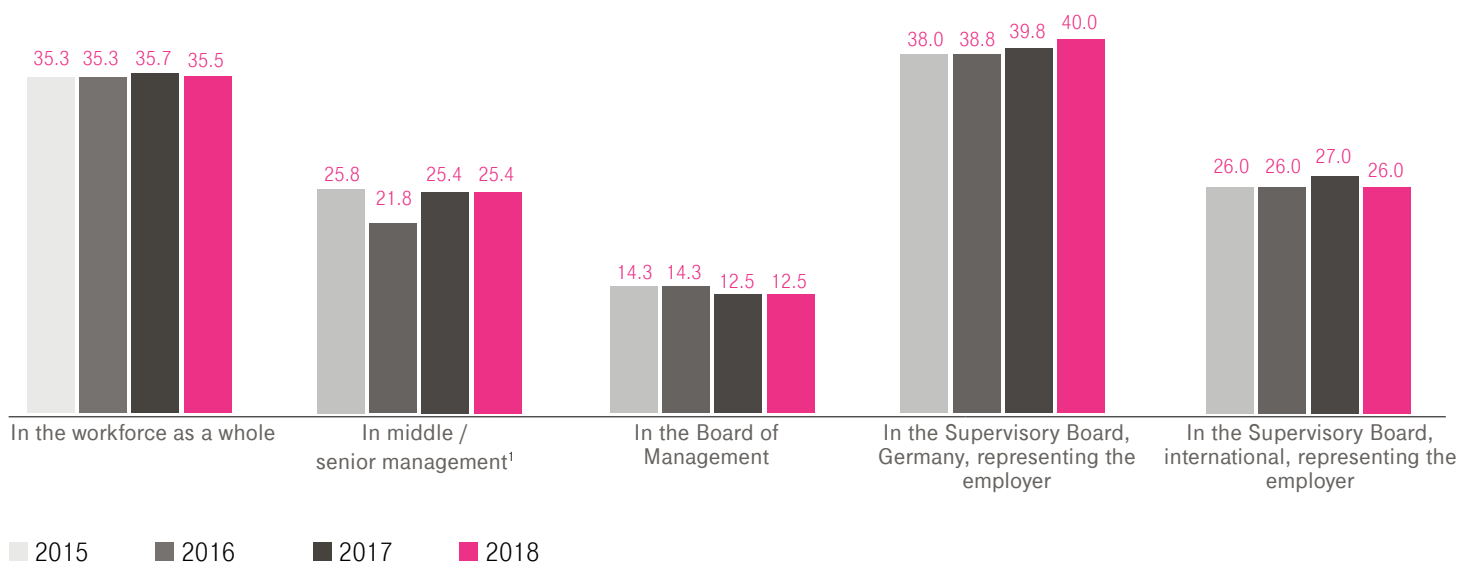
By year end, the Group headcount had fallen by 0.8 percent year-on-year. Development within the individual segments showed a varied pattern. For example, the headcount in our Germany operating segment was down 3.4 percent, as the combined result of efficiency enhancement measures, fewer hirings in the operating units, and the take-up of socially responsible staff reduction options.

As at December 31, 2018, the total headcount in our United States operating segment was up 2.1 percent year-on-year, primarily due to an increase in the customer support, back office and networks headcounts, although this was partially offset by a decrease in customer acquisitions.

In our Europe operating segment, the year-end headcount was up 1.5 percent. The transfer of personnel from UPC Austria by our Austrian NatCo and the expansion of services in Croatia have mainly contributed to the increase. The year-end headcount in our Systems Solutions operating segment was down 1.2 percent net against 2017, primarily as a result of restructuring measures. Our Group Development operating segment reported a slight year-on-year increase in the headcount, while the Group Headquarters & Group Services segment reported a 3.9 percent decrease. The headcount reduction associated with ongoing staff restructuring measures at Vivento was partially offset by an increased headcount in the Technology and Innovation Board of Management department.

Proportion of women in the Group (in %)

# WOMEN'S QUOTA STILL A TOP PRIORITY FOR THE GROUP



<sup>1</sup> Calculation of the women's quota in middle and upper management: female managers (headcount) in Management Groups 1-3 plus middle management per manager total at levels MG1-3 plus middle management x 100. The percentage of women in middle management was not reported in 2016.

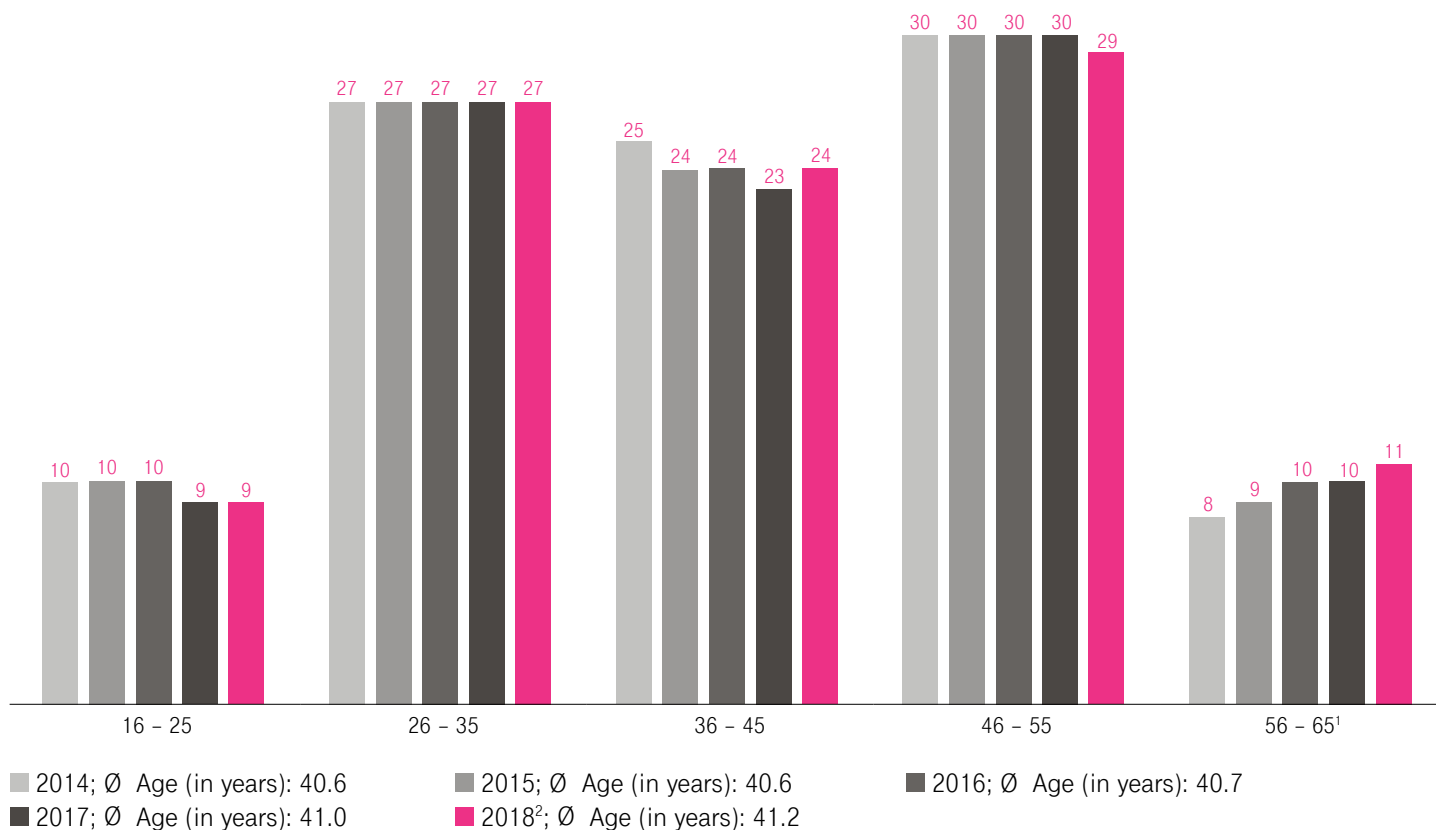
35.5 percent of all employees at Deutsche Telekom are female. In 2018, we continued to work toward our target of 30 percent women in management positions, supported by the "Fair Share" initiative. In Germany, the percentage of women in middle and upper management was down slightly from 21.1 percent to 21.0 percent in 2018. As before, this is attributable to Deutsche Telekom's restructuring program in Germany. Group-wide, the level has remained constant at 25.4 percent. A number of changes to reporting in the national and international Supervisory Boards were implemented in 2018. To ensure high-quality statistics, in future, the number of women will be reported nationally in the German legal entities. This figure improved by one percentage point year-on-year in 2018, exceeding the statutory quota of 30 percent. In future, reporting will include the ratio of female and male officers on international supervisory boards (in the one-tier governance system, these

are known as "non-executive directors") of the Group's fully consolidated telecom operators outside of Germany, with the exception of TMUS.

Deutsche Telekom AG is one of only a handful of DAX corporations with an established track record of women in its Board of Management. The Business Leader team reporting to the Group's Board of Management is currently comprised of nine women and 48 men. In 2016, Deutsche Telekom became a member of the "Chefsache" initiative, a network of managers from industry, academia, the public sector and the media, advocating equal opportunities for men and women. Through our cooperation with Global Digital Women and the launch of an "AI Hackathon" for women, we are continuing to raise Deutsche Telekom's profile among women in STEM professions.

Age structure in the Group (in %)

# AVERAGE AGE UP SLIGHTLY ACROSS THE GROUP



<sup>1</sup> Including > 65 years.

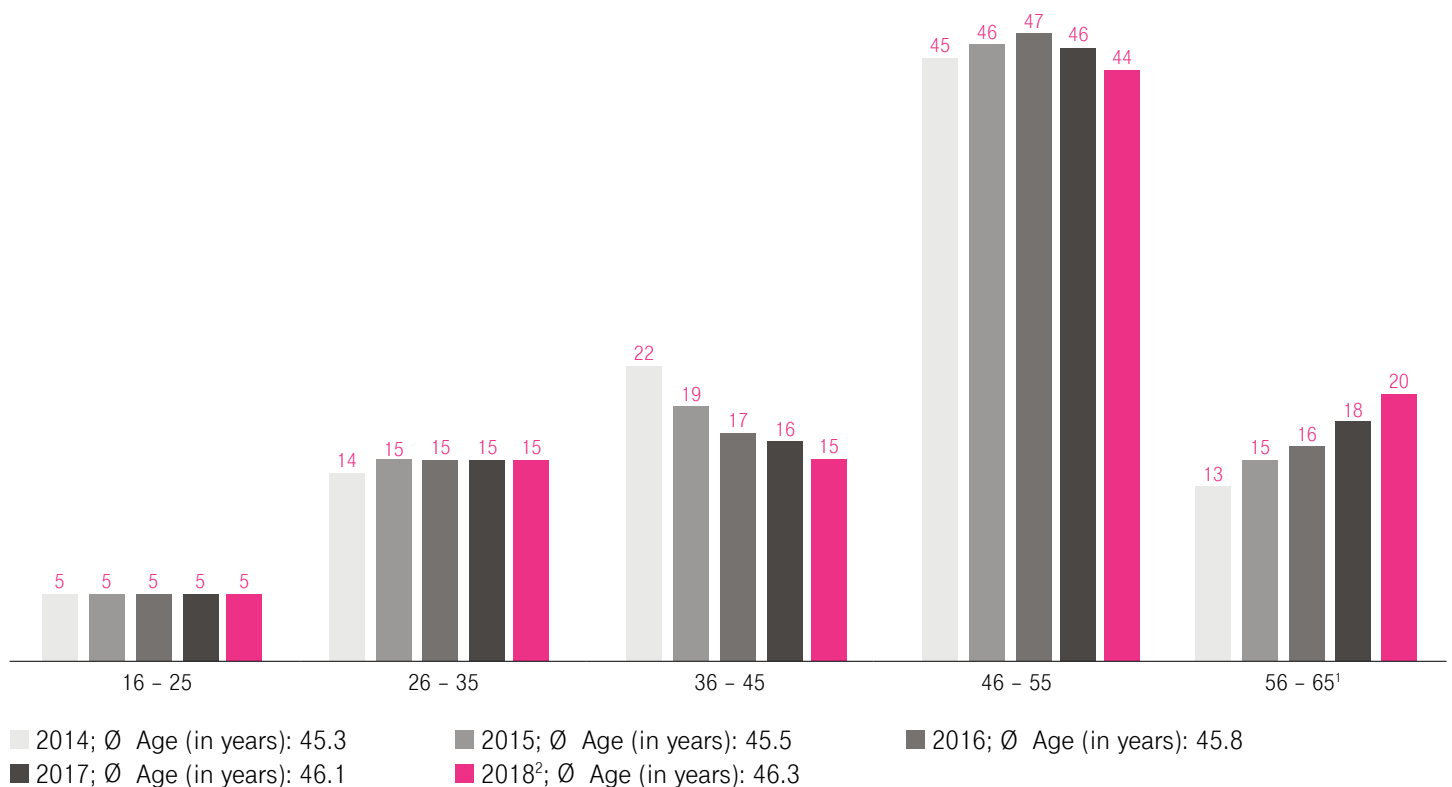
<sup>2</sup> Excluding Deutsche Telekom Capital Partners Management GmbH, Detecon International GmbH, Deutsche Telekom Clinical Solutions GmbH, Orbit GmbH, HÄVG GmbH, operational services GmbH & Co. KG, Toll4Europe, DT International Finance B.V., T-Systems Polska, DT North America, T-Systems Canada, T-Systems North America, IWS SK CES, and Detecon and ICSS companies

The average employee age in Germany is rising steadily, but this is balanced out by the average age internationally (37.1 years). The average age across the Group as a whole is 41.2 years.

In Germany, we place special emphasis on collaboration and the exchange of experiences between the generations. The soft skills and technical expertise of our employees over the age of 50 are valuable assets for Deutsche Telekom in the light of current demographic trends.

Age structure in Germany (in %)

# AVERAGE AGE IN GERMANY CLIMBS TO 46.3 YEARS DUE TO MINIMAL ATTRITION



<sup>1</sup> Including > 65 years.

<sup>2</sup> Excluding Deutsche Telekom Capital Partners Management GmbH, Detecon International GmbH, Deutsche Telekom Clinical Solutions GmbH, Orbit GmbH, operational services GmbH & Co. KG, HÄVG GmbH, Toll4Europe, DT Deutsche Telekom International Finance B.V.

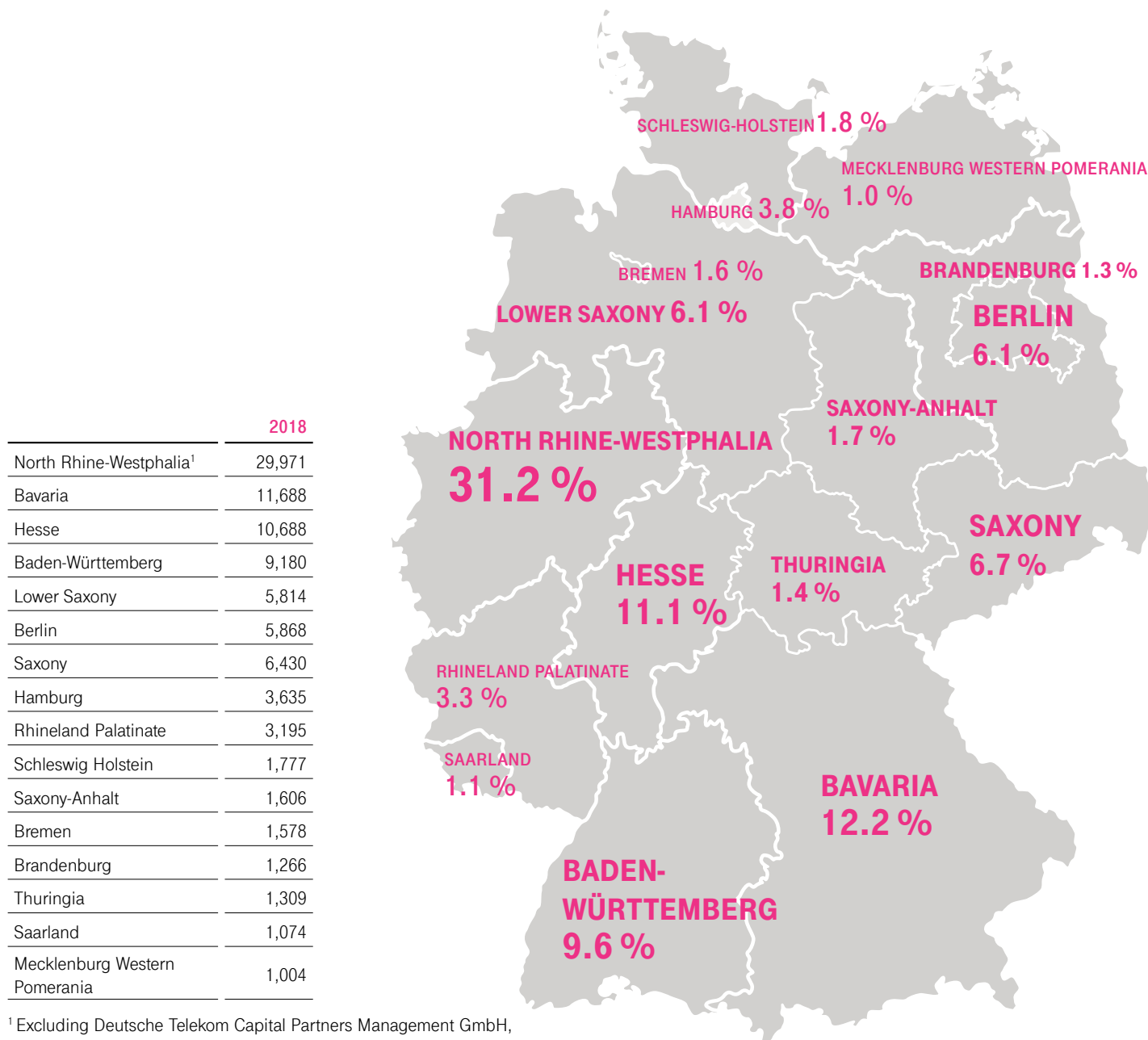
Demographic shifts and low natural attrition explain why the proportion of employees over the age of 55 has risen from 13 to 20 percent in the past five years. In 2018, the average age of employees rose slightly to 46.3 years. One advantage is that Deutsche Telekom benefits from the vast know-how of its many experienced employees. We are responding to the challenges associated with an aging workforce with activities in three areas: 1. Skills development and knowledge: We encourage lifelong learning. For example, in 2018, we launched a new edition of the Magenta MOOC (massive open online course) on the subject of Design Thinking. Participation is free of charge and can be arranged flexibly.

2. Health: We offer programs to protect employees from illness and improve physical and mental fitness. For example, our employees have access to a broad range of sport facilities. Deutsche Telekom also offers its staff attractive membership rates in gyms and sport clubs.

3. Working environment: We offer our staff flexible working conditions that fit their needs at every stage of their lives. We also guarantee that employees working part-time can return to full-time work.

Employees in Germany by federal state (in FTE)

# ALWAYS CLOSE TO OUR CUSTOMERS



<sup>1</sup> Excluding Deutsche Telekom Capital Partners Management GmbH, Detecon International GmbH, Deutsche Telekom Clinical Solutions GmbH, Orbit GmbH, operational services GmbH & Co. KG, HÄVG GmbH

North Rhine-Westphalia has the biggest number of Deutsche Telekom employees in Germany, a large proportion of whom work at the Group headquarters in Bonn. Bavaria and Hesse each have well over 10,000 Deutsche Telekom employees. Our nationwide

presence is the logical consequence of a key element of our strategy: delighting customers and delivering the best service. Our nationwide presence enables us to stay close to our customers and precisely meet their individual needs.

Employees by status group in Germany (in FTE)

## FEWER EMPLOYEES WITH CIVIL SERVANT STATUS

	2014	2015	2016	2017	2018
Active civil servants	19,881	18,483	15,999	15,482	13,507
Civil servants on temporary leave from civil servant status <sup>1</sup>	1,340	1,220	889	731	657
Civil servants at affiliated companies <sup>1</sup>	13,260	12,292	10,827	10,486	9,785
Civil servants (total)	34,482	31,995	27,716	26,699	23,950
Non-civil servants in Germany	80,267	78,360	76,946	75,202	74,143
Total employees in Germany	114,749	110,354	104,662	101,901	98,092
Proportion of non-civil servants in Germany (%)	69.95	71.01	73.52	73.80	75.58
Proportion of civil servants in Germany (%)	30.05	28.99	26.48	26.20	24.42

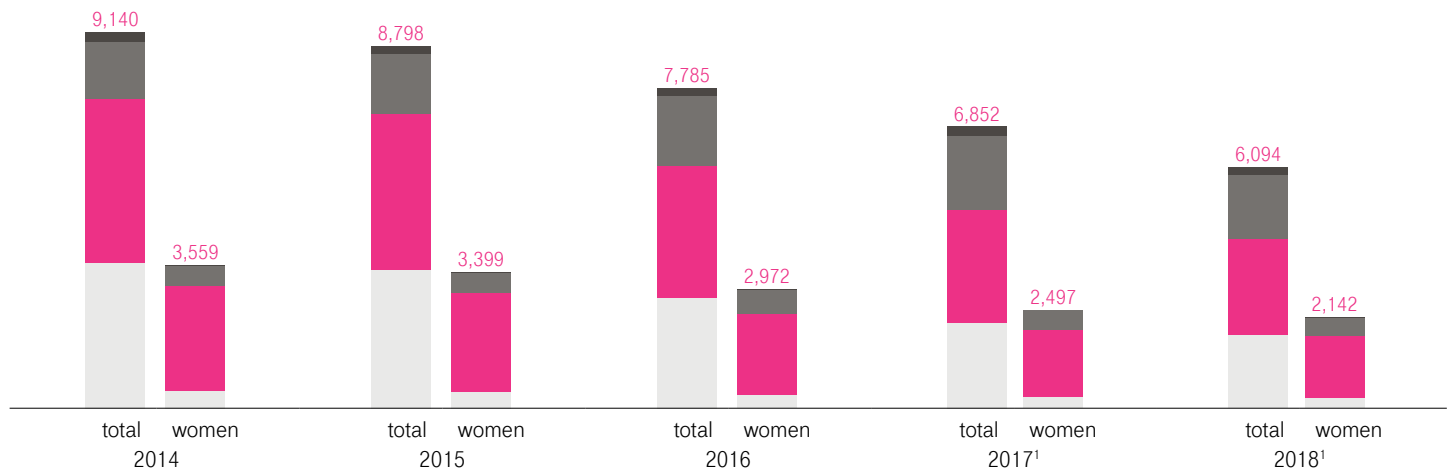
<sup>1</sup> Civil servants whose status as such is currently suspended. They have temporarily switched to a non-civil servant contract.

2018 saw a further decrease in the number of civil servants. The reason for this is that Deutsche Telekom has not recruited any new civil servants since the company was privatized. Alongside natural age-related attrition, other contributing factors include ongoing transfers to government authorities

together with the regulations on the dedicated retirement scheme for civil servants. This has led to a continual reduction in the proportion of civil servants in the workforce, from around 30 percent in 2012 to less than 25 percent in 2018.

Apprentices and students in Germany; total and proportion of women (in heads)

# ATTRACTIVE ENTRY OPTIONS FOR JUNIOR STAFF



<sup>1</sup> Cooperative degree program students in 2017 and 2018, including cooperative Master's degrees

■ IT ■ Commercial ■ Students on coop ■ On-campus students at HfTL University of Applied Sciences in Leipzig

Examples of IT professions: IT systems electronics technician, IT systems business administrator, IT technician specializing in application development/systems integration

Examples of commercial professions: office management administrator, dialog marketing administrator, retail sales assistant

Examples of cooperative study programs: BA in Business Management, BEng in Communications and Media Technology, BSc in Business Information Systems

In 2018, we offered 2,200 training positions to young people keen to benefit from our high-quality cooperative vocational training and degree programs. Deutsche Telekom responds to the various needs and achievement levels of school-leavers, offering young people from vastly different backgrounds the optimal scenario for integration in the company. We offer equal opportunities and flexible programs to meet the needs of specific target groups of young people, irrespective of gender, ethnicity, social background or physical disability. Our cooperative vocational training and degree programs also include entry-level internships, a program for refugees and part-time training courses. As an example, since 2011, Deutsche Telekom has cooperated with the Federal Employment Agency to provide part-time training for young single parents. 23 young people embarked on part-time vocational training or cooperative study programs in 2018.

Telekom Ausbildung was quick to recognize the opportunities and potential of digitalization, and to promote this in its training and cooperative study programs. Digital elements and the digital perspective are firmly embedded in the Telekom Ausbildung didactic concept and are implemented systematically. Throughout their training, our paramount aim is to ensure that our apprentices and students understand the need to acquire and share know-how, connect with others, and reflect on their own

actions, with the help of digital media. Telekom Ausbildung firmly believes this will inject flexibility and agility into the learning process.

From day one, our trainees plan, document and reflect on their own learning process in an "e-portfolio", helping them to plan and execute their next steps independently. Our trainees and students also have access to a learning platform, where they can share job-related content for future use.

Specialist training courses, the majority of them in virtual format, provide students with basic knowledge relating to their training and study program. Exchange with colleagues across the Group is also supported by the in-house social network "You and Me". In addition to this, we arrange for our apprentices and students to meet via our WebEx conferencing program and in virtual classrooms, thus linking knowledge transfer with an active exchange. This knowledge management system benefits our junior employees as soon as they embark on the practical phases of training in the Group and continues after they have completed their vocational training or degree course. Besides this, they pass on the key skills they have acquired to other employees in the Group.

Employees with disabilities in Germany (in %)

# INCLUSION: DEUTSCHE TELEKOM WELL ABOVE NATIONAL AVERAGE

	2014	2015	2016	2017	2018 <sup>1</sup>
Germany	7.0	7.2	7.5	7.5	7.6

<sup>1</sup> Excluding Deutsche Telekom Capital Partners Management GmbH, Detecon International GmbH, Deutsche Telekom Clinical Solutions GmbH, Orbit GmbH, operational services GmbH & Co. KG, HÄVG GmbH

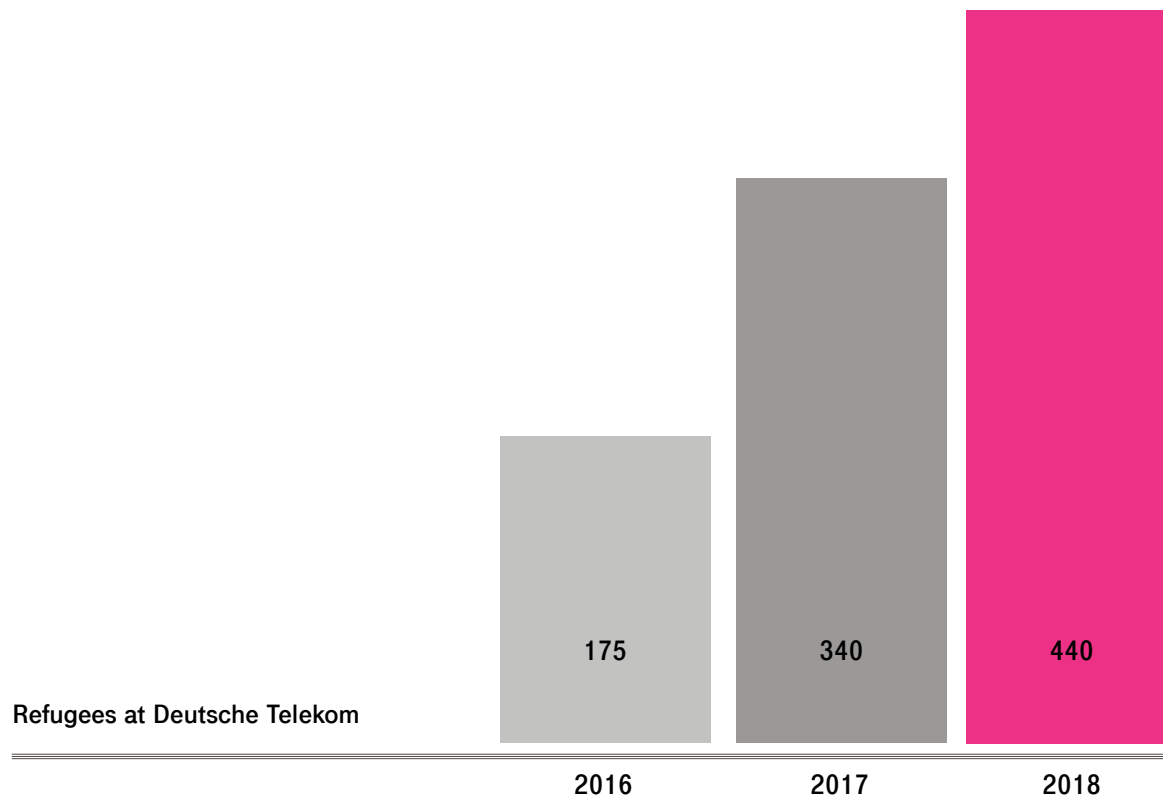
For years, Deutsche Telekom has been campaigning for inclusion. With a broad portfolio of offers to support people with disabilities, Deutsche Telekom helps to create equal opportunities for them and get them involved in the community. Last year, in particular, we made a number of advancements in removing barriers for deaf and hearing-impaired employees. For example, we now offer simultaneous sign-language interpreting for most Board of

Management presentations. Deutsche Telekom has exceeded the prescribed minimum rate of 5 percent disabled employees for a good many years, placing it well above the German average (of 4.1 percent according to the most recent survey). In 2018, the high proportion of disabled employees continued to increase slightly to 7.6 percent.



Integration of refugees into the labor market (in heads)

# COMMITTED TO HELPING REFUGEES: INTEGRATION INTO THE LABOR MARKET, INTEGRATION INTO SOCIETY



Back in 2015, at the initiative of the Board of Management, Deutsche Telekom set up a task force to help refugees. The main focus was on providing rapid assistance to incoming refugees in the form of free WiFi at reception facilities, an internet platform with information about living and working in Germany, the provision of accommodation, and the assignment of staff to the Federal Office for Migration and Refugees, as well as supporting private voluntary work by its own employees. From providing initial assistance, in 2016, the task force evolved into its current project “Deutsche Telekom helps refugees”, managed by Group Corporate Responsibility. The focus now is on integration into the labor market.

Alongside our aim of ensuring continuity, in 2018, we also focused on the long-term integration of refugees into the labour market. We provided 440 opportunities in the form of internships, entry-level qualifications, training, cooperative study programs and our “Internship PLUS” direct entry scheme. 250 of these were newly created positions. We successfully filled around 30 percent of longer-term vacancies with former interns from the target group. The Internship PLUS direct entry scheme has since been revamped and continued in those units with the greatest staffing

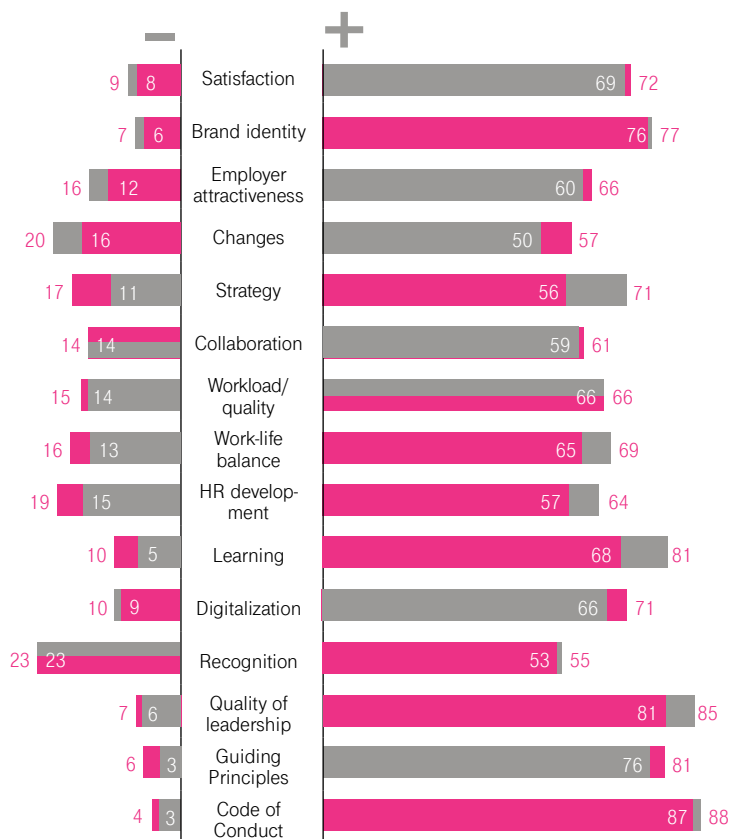
requirements. A three- to six-month orientation phase is followed by a two-year employment contract.

The advantage is that refugees have time to improve their language skills and to gradually find their feet in their new roles while working at the same time. In 2018, the scheme won the HR Excellence Award in the Corporate Social Responsibility category. The first interns will graduate in 2019. To assist their long-term integration into the work environment, in late 2018, the first interns were offered the opportunity to participate in the “Fit for the German labor market” training course by CPC Unternehmensmanagement AG. On successful completion, participants receive a certificate from the German Technical Inspectorate (TÜV).

As part of a technology partnership, Deutsche Telekom provides ongoing support to the Handbook Germany internet platform, containing information about living, learning and working in Germany in German and 6 other languages, including English, Arabic and Persian. In 2018, it was awarded the Bronze German Digital Award in the Branded Content – Content Platforms / Digital Magazines category. It also won the German Online Communications Award in the Corporate Responsibility category.

Results from the November 2018 pulse survey (in %) and commitment index from the May 2017<sup>1</sup> employee survey

# EMPLOYEES SATISFIED WITH DEUTSCHE TELEKOM



■ Germany ■ International

„Neither agree nor disagree“ ratings are not included.

Figures are taken from the latest pulse survey results.

The most recent pulse survey was carried out in November.

	2014	2015	2016	2017	2018
Commitment index scale 1 to 5	4.0 <sup>2</sup>	4.1	4.1 <sup>2</sup>	4.1	4.1 <sup>2</sup>

<sup>1</sup> Figures exclude T-Mobile US

<sup>2</sup> Figures are taken from the latest pulse and employee survey results. The most recent pulse survey was carried out in November 2018, the last employee survey in spring 2017. The next employee survey is scheduled for 2019. The commitment index is the mean value of several scores in the employee survey.

Deutsche Telekom promotes a productive exchange with its staff. New working models and state-of-the-art communication options, as well as regular employee surveys, help us to accomplish this. The main feedback tools which the Group uses to assess employee satisfaction are the employee survey, carried out every two years, and the biannual pulse survey, comprising questions on the 15 topics shown here.

The set of questions is adjusted regularly to reflect changes in working environments and strategic requirements. Since 2016,

the pulse survey has been extended to include topics such as modern learning formats, digitalization and measurement of leadership quality.

In November 2018, more than 120,000 employees (72 percent) took part in the survey. Overall, the results are comparable with last year's figures. The scores for "Workload/Quality", "Work-life-balance", "HR Development", "Learning" and "Digitalization" all showed a slight improvement.

Satisfaction rate and commitment index, all managers

# MANAGER SATISFACTION AND COMMITMENT AT A HIGH LEVEL

Satisfaction rate	2014	2015	2016	2017	2018
Germany	86 %	87 %	88 %	86 %	81 %
International	82 %	85 %	86 %	84 %	82 %
Group (overall)	84 %	87 %	87 %	85 %	82 %

Commitment index (scale of 1 to 5)	2014	2015	2016	2017	2018
All employees	4.0 <sup>1</sup>	4.1	4.1 <sup>1</sup>	4.1	4.1 <sup>1</sup>
All management staff	4.4 <sup>1</sup>	4.5	4.5 <sup>1</sup>	4.5	4.5 <sup>1</sup>
Employees excl. managers	3.9 <sup>1</sup>	4.0	4.0 <sup>1</sup>	4.0	4.0 <sup>1</sup>

Figures are taken from the latest pulse and employee survey results. The most recent pulse survey was carried out in November 2018, the last employee survey in spring 2017, with the next one being scheduled for May 2019. The commitment index is the mean of several values in the employee survey.

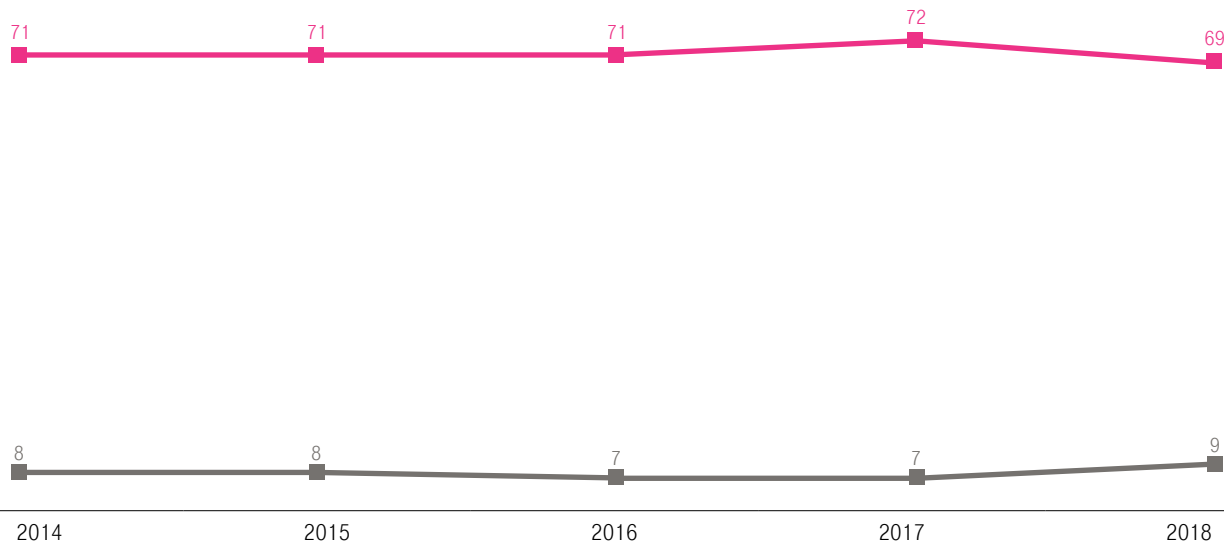
<sup>1</sup> The figures for 2014, 2016 and 2018 are taken from the previous years' employee surveys.

Manager satisfaction had improved continuously up until 2016 and has decreased since then, but remains at a high level Group-wide. The commitment index for managers lies at a very good 4.5 on a scale of 1 to 5. Managers act in accordance with our binding leadership principles "Collaborate", "Innovate" and "Empower to perform" as well as our Guiding Principles. Our performance and development process "Lead2Win" applies to all executives globally. Its principal components are the assessment of performance, potential, and readiness. Combined with continuous personal and multi-perspective feedback, the

process is designed to encourage individual performance and create transparency for the next career steps. Executives set their own priorities and assessment intervals. We focus on systematic, integrated leadership development at all management levels. To this end, we offer a selection of state-of-the-art management tools. Offers are derived from the Group strategy and empower managers all over the world to face the challenges of the digital age. Managers can adapt them to their personal development status and integrate them into their day-to-day work whenever needed.

Employee satisfaction in Germany (from pulse and employee surveys, in %)

# GERMANY: SATISFACTION LEVELS STILL HIGH



Pulse and employee surveys 2014 – 2018: “How do you feel at Deutsche Telekom?”

Figures are taken from the latest pulse and employee survey results. The most recent pulse survey was carried out in November 2018.

■ Positive (%) ■ Negative (%)

Since 2014, employee satisfaction in Germany has remained consistently high despite a slight dip in 2018 during periods of accelerated change. The structured follow-up process to the employee survey draws up sets of measures to ensure improvements at all levels, right down to individual teams. This process analyzes the results from all 90 questions and makes them available to the teams. Responsibility for subsequent steps lies with managers, who use the results to develop and implement speci-

fic measures in order, for example, to improve employee commitment and satisfaction. Managers derive valuable ideas for collaboration on activities that will make their leadership and the company more successful. The pulse survey offers an annual review of the effectiveness of these measures. Managers can use the results to make any necessary adjustments and ensure the long-term effectiveness of any derived activities.

Working in the Digital Age

# ACCEPTANCE OF ONLINE COMMUNICATIONS CONTINUES TO GROW

<b>WEBEX</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Minutes of online conferences (global)	416,608,331	533,861,025	672,524,751	763,733,114	835,095,611
<b>Jabber</b>					
Jabber accounts		15,110	27,254	37,062	42,102
<b>You and Me</b>					
User profiles	90,734	104,297	120,325	121,876	125,670

Virtual conferences allow our employees to work from (almost) anywhere in the world and, at the same time, cut travel costs and traveling time. Simple, fast, virtual communication is at the heart of effective international collaboration. In 2018, the volume of online conference minutes grew by a further 9.1 percent, to more than 835 million minutes. The number of registered users on the instant messaging service “Jabber” likewise rose to

42,102 in 2018, an increase of 13.6 percent.

You and Me, our in-house social media and collaboration platform, grows ever more popular year by year. Despite an extensive data clean-up (to delete unused profiles), the number of user profiles rose to 125,670. In other words, more than half the entire workforce uses it to exchange ideas, experiences and views online.

Personnel costs (in billions of €) and personnel cost ratio (in %)

## COLLECTIVE AGREEMENT IN GERMANY LEADS TO HIGHER PERSONNEL COST RATIO

	2014	2015	2016	2017	2018
Personnel costs in the Group, non-adjusted (total)	14.7	15.8	16.5	15.5	16.4
Of which Germany	9.1	9.4	9.8	8.5	9.2
Special factors	0.9	1.2	1.5	0.6	1.2
Personnel costs in the Group (adjusted for special factors)	13.8	14.6	14.8	14.9	15.2
Group revenue	62.7	69.2	73.1	74.9	75.7
Of which Germany <sup>1</sup>	25.7	25.7	25.3	25.2	25.0
Adjusted personnel cost ratio, Group (total, %)	22.0	21.2	20.3	19.9	20.1
Adjusted personnel cost ratio, Germany (%)	32.9	33.0	32.9	32.1	33.0

<sup>1</sup> Since revenue between Germany/international is allocated from an HR perspective, it reflects the location of employees (FTEs), whereas the annual report allocates revenue to the country in which it is generated. The figures are calculated on the basis of values rounded to the nearest million.

Group-wide, the personnel cost ratio in 2018 showed a slight increase year-on-year, with personnel costs rising proportionately faster than our Group revenue. This is mainly due to our collective agreement with the ver.di trade union for Deutsche Telekom employees in Germany.

By personnel costs we mean base personnel costs (salaries)

plus fringe benefits. This figure is adjusted for special factors in conjunction with personnel restructuring measures (individual workforce reduction schemes).

The personnel cost ratio represents personnel costs in relation to revenue.

Total workforce costs, adjusted (in billions of €)

## US BUSINESS SUCCESS AND COLLECTIVE AGREEMENT IN GERMANY EXPLAIN SLIGHT INCREASE IN PERSONNEL COSTS

	2014	2015	2016	2017	2018
TWC <sup>1</sup>	15.4	16.5	16.8	16.9	17.1
Of which Germany	9.2	9.2	9.1	8.9	9.0
IWC <sup>2</sup> (adjusted PC <sup>3</sup> )	8.5	8.5	8.3	8.1	8.1
EWC <sup>4</sup> leased and temporary staff	0.05	0.05	0.03	0.04	0.05
EWC <sup>4</sup> freelancers and consultants	0.7	0.7	0.7	0.8	0.8
Of which international	6.1	7.2	7.8	7.9	8.0
IWC <sup>2</sup> (adjusted PC <sup>3</sup> )	5.3	6.1	6.5	6.8	7.1
EWC <sup>4</sup> leased and temporary staff	0.3	0.4	0.5	0.2	0.2
EWC <sup>4</sup> freelancers and consultants	0.6	0.7	0.8	0.8	0.8

<sup>1</sup> Total Workforce Costs: External Workforce Costs + Personnel Costs adjusted for special factors

<sup>2</sup> Internal Workforce Costs

<sup>3</sup> Personnel Costs

<sup>4</sup> External Workforce Costs: costs of leased and temporary workers, freelancers and consultants

Total workforce management (TWM) provides a holistic view of HR management at Deutsche Telekom. Alongside our internal workforce and internal workforce costs, TWM also includes external staff working for Deutsche Telekom. Incorporating the costs of consultants, leased and temporary staff is important for qualitative and quantitative long-term personnel planning. As the personnel cost ratio does not include external workforce costs, the total workforce costs or Total Workforce Quota is the

principal ratio used to manage personnel costs within the Group. The Group's total workforce costs rose by around 200 million euros between 2017 and 2018, primarily due to success in our U.S. business and the associated growth in the workforce, coupled with the collective agreement in Germany. While internal workforce costs increased slightly, the costs of freelancers, consultants, leased and temporary staff showed a slight decrease.

Personnel costs (in millions of €), proportion of total operating costs (in %)

# EMPLOYEES CRUCIAL TO OUR SUCCESS

Breakdown of personnel costs		2015	2016	2017	2018
Payroll	DT Group	11,746	11,900	12,017	12,390
	National	6,726	6,639	6,467	6,502
	International	5,020	5,262	5,550	5,889
Social security contributions and company pension scheme	DT Group	2,899	2,924	2,928	2,913
	National	1,770	1,679	1,638	1,650
	International	1,129	1,245	1,290	1,263
Adjusted personnel costs, accumulated	DT Group	14,646	14,824	14,945	15,216
	National	8,496	8,318	8,105	8,146
	International	6,149	6,507	6,840	7,070
<b>Personnel costs as proportion of total operating expenses</b>					
Adjusted operating costs	DT Group	50,723	52,718	53,854	53,782
	National	17,854	17,484	17,221	16,873
	International	32,869	35,234	36,633	36,909
Personnel costs as proportion of total costs	DT Group	28.9 %	28.1 %	27.8 %	28.3 %
	National	47.6 %	47.6 %	47.1 %	48.3 %
	International	18.7 %	18.5 %	18.7 %	19.2 %

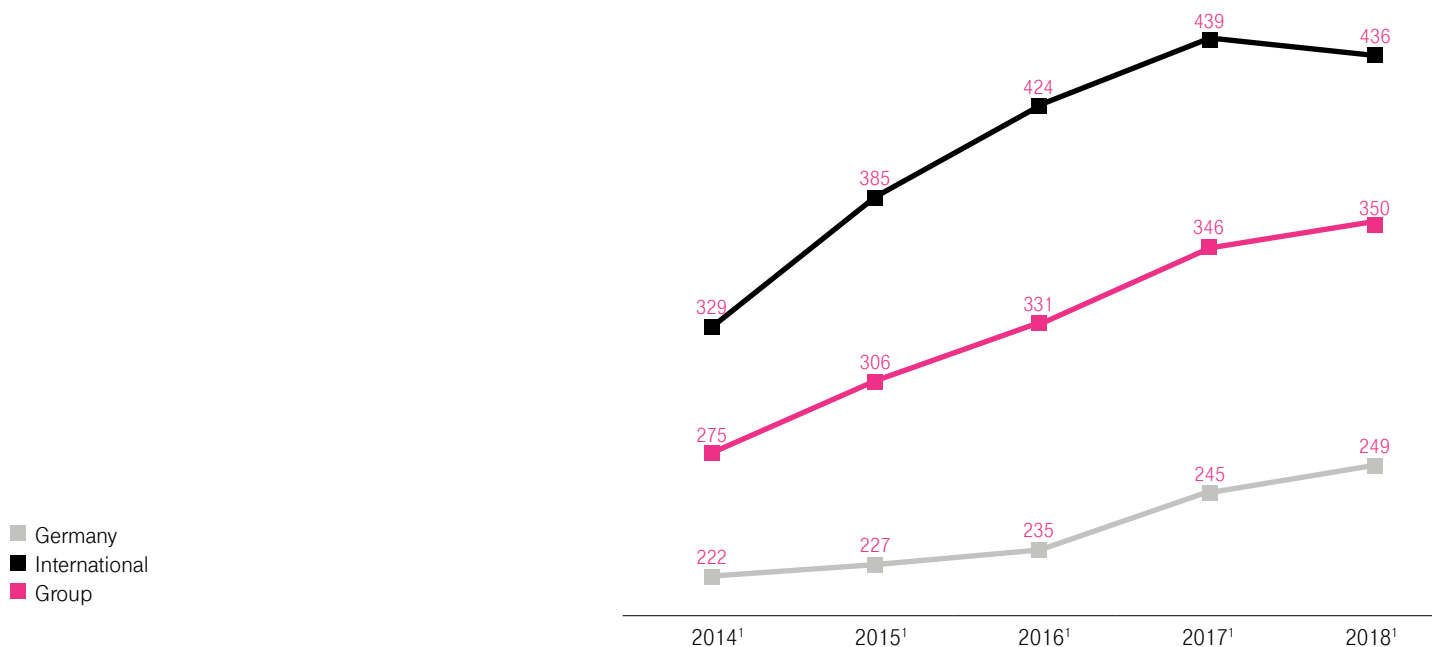
In 2018, Deutsche Telekom posted adjusted personnel costs totaling 15.2 billion euros, 12.4 billion of which were for wages and salaries. In addition to this, we paid 2.9 billion euros into social security and company pension schemes. The company pension scheme enables our employees to top up their statutory

pensions. Personnel expenditure accounted for 28.3 percent of Deutsche Telekom's adjusted total operating costs of 53.8 billion euros. This is one of the biggest expenditure items but it is also the basis for our success. Our employees are key to the overall success of our company's business.



Revenue and EBITDA per employee (per FTE, yearly average)

# USA STILL OUR BIGGEST GROWTH MARKET



■ Germany  
 ■ International  
 ■ Group

	2014	2015	2016	2017	2018
Revenue, Germany (billions of €) <sup>2</sup>	25.7	25.7	25.3	25.2	25.0
Revenue, international (billions of €) <sup>2</sup>	36.9	43.5	47.8	49.7	50.7
Revenue, Group (billions of €)	62.7	69.2	73.1	74.9	75.7
International revenue as a percentage of Group revenue <sup>2</sup>	58.9 %	62.9 %	65.4 %	66.4 %	67.0 %
Ø Average number of employees, Germany	116,067	113,277	107,793	103,174	100,227
Ø Average number of employees, international	112,181	113,055	112,790	113,280	116,142
Ø Average number of employees, Group (overall)	228,248	226,332	220,583	216,454	216,369

<sup>1</sup> Revenue per FTE, thousands of €

<sup>2</sup> Since revenue is allocated from an HR perspective when calculating ratios, it reflects employee location (FTE), whereas the annual report allocates revenue to the country in which it is generated. The figures are calculated on the basis of values rounded to the nearest million.

		2015	2016	2017	2018
EBITDA per FTE (average) in euros, adjusted	DT Group	87,959	97,105	102,700	107,795

In 2018, Deutsche Telekom generated Group revenue of 75.7 billion euros, a year-on-year increase of approximately 700 million euros (or around one percent). The international share of Group revenue rose by 0.7 percentage points to 67 percent. Revenue per employee also increased steadily in 2018 by around one percent to 350,000 euros.

In Germany, revenue per employee was up 1.6 percent, but down 0.7 percent in our international business, primarily thanks to the US business. The headcount in our United States operating segment increased by 2.1 percent, driven partly

by new mobile customers from the successful “Un-carrier“ initiatives launched by T-Mobile US. As a result, revenue at the United States segment increased by around 2.2 percent year-on-year, accounting for the largest share of Group revenue at 48.3 percent. The Group-wide growth in revenue, coupled with a slight decrease in headcount, accounts for the increase in productivity. In 2018, the average full-time employee at Deutsche Telekom generated an adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) of 107,795 euros, up nearly five percent on 2017.

Total workforce quota, adjusted (costs and revenue in billions of €)

## TOTAL WORKFORCE QUOTA UP SLIGHTLY

		2014	2015	2016	2017	2018
Germany	PC <sup>1</sup> , adjusted	8.5	8.5	8.3	8.1	8.1
	EWC <sup>2</sup>	0.8	0.7	0.8	0.8	0.9
	TWC <sup>3</sup>	9.2	9.2	9.1	8.9	9.0
	Revenue <sup>4</sup>	25.7	25.7	25.3	25.2	25.0
	TWQ <sup>5</sup> , adjusted	35.9 %	35.9 %	35.9 %	35.4 %	36.1 %
International	PC <sup>1</sup> , adjusted	5.3	6.1	6.5	6.8	7.1
	EWC <sup>2</sup>	0.8	1.1	1.3	1.1	1.0
	TWC <sup>3</sup>	6.1	7.2	7.8	7.9	8.0
	Revenue <sup>4</sup>	36.9	43.5	47.8	49.7	50.7
	TWQ <sup>5</sup> , adjusted	16.6 %	16.6 %	16.2 %	15.9 %	15.9 %
Group (overall)	PC <sup>1</sup> , adjusted	13.8	14.6	14.8	14.9	15.2
	EWC <sup>2</sup>	1.6	1.8	2.0	1.9	1.8
	TWC <sup>3</sup>	15.4	16.5	16.8	16.9	17.1
	Revenue <sup>4</sup>	62.7	69.2	73.1	74.9	75.7
	TWQ <sup>5</sup> , adjusted	24.6 %	23.8 %	23.0 %	22.5 %	22.6 %

<sup>1</sup> Personnel Costs

<sup>2</sup> External Workforce Costs: costs of leased and temporary workers, freelancers and consultants

<sup>3</sup> Total Workforce Costs: External Workforce Costs + Personnel Costs adjusted for special factors

<sup>4</sup> Since revenue allocation to determine ratios is based on an HR perspective, it reflects employee location (FTE), whereas the annual report allocates revenue to the country in which it is generated.

<sup>5</sup> Total Workforce Quota = TWC/revenue

The Total Workforce Quota at Deutsche Telekom likewise increased slightly in 2018 due to the rise in personnel costs. The adjusted ratio for the Group as a whole was down 0.1 percentage points year-on-year.

While total revenue was up one percent (0.7 billion euros) in 2018, Total Workforce Costs increased by around 1.2 percent year-on-year.

The Total Workforce Quota describes the relationship between total personnel expenditure (internal and external) and revenue. In other words, if the ratio is up on the previous year, either Total Workforce Costs have increased, revenue has decreased, both these effects have occurred simultaneously, or changes in these two indicators were disproportionate to one another. This ratio is very important to us, as it expresses the productivity of our employees.

genial@Telekom in Germany

# EMPLOYEE IDEAS SAVE 78 MILLION EUROS

	2014	2015	2016	2017	2018
Ideas submitted	13,231	13,728	10,125	6,902	5,123
Savings (in millions of €)	106.6	146.5	168.5	99.0	78.0

Ideas Generation Management (IGM) develops concepts and measures designed to tap into our employees' innovative potential for the benefit of the Group.

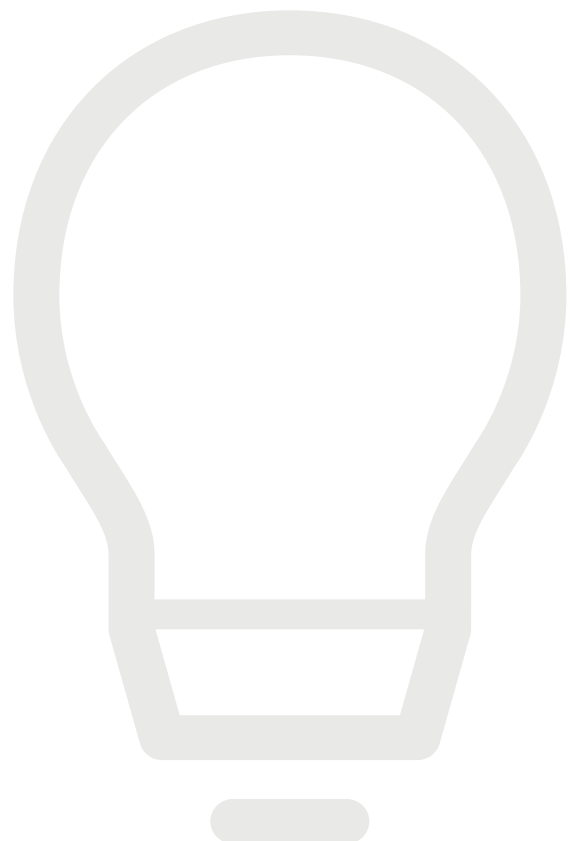
All the ideas submitted are appraised, and the promising ones are quickly implemented.

IGM helps to foster a climate of innovation, exerts a positive influence on the corporate culture, and helps protect jobs within the Group and keep the share price healthy.

With 5,123 ideas submitted, the response was lower than last year, but the quality of individual ideas (benefits per idea and implementation rate) improved.

2018 saw a shift in favor of cooperation with other initiatives, and we are hopeful that this will help boost participation in Ideas Generation Management in 2019.

Second place in the "German Ideas Management Prize 2018" by Zentrum Ideenmanagement in the "Best employee idea – administration and management" category was awarded to Manfred Heidl for his "DigiFirst" idea, which uses automation to rectify deficiencies in the ticket system and create a more productive and ergonomic working environment.



Natural attrition

# FURTHER SLIGHT RISE IN EMPLOYEE TURNOVER

	2014	2015	2016	2017	2018
Germany	1.42 %	1.28 %	1.37 %	1.70 %	1.94 %
International <sup>1</sup>	8.57 %	9.25 %	8.14 %	9.22 %	9.78 %
Group (overall) <sup>1</sup>	4.21 %	4.39 %	4.01 %	4.68 %	5.12 %

<sup>1</sup> excluding T-Mobile US

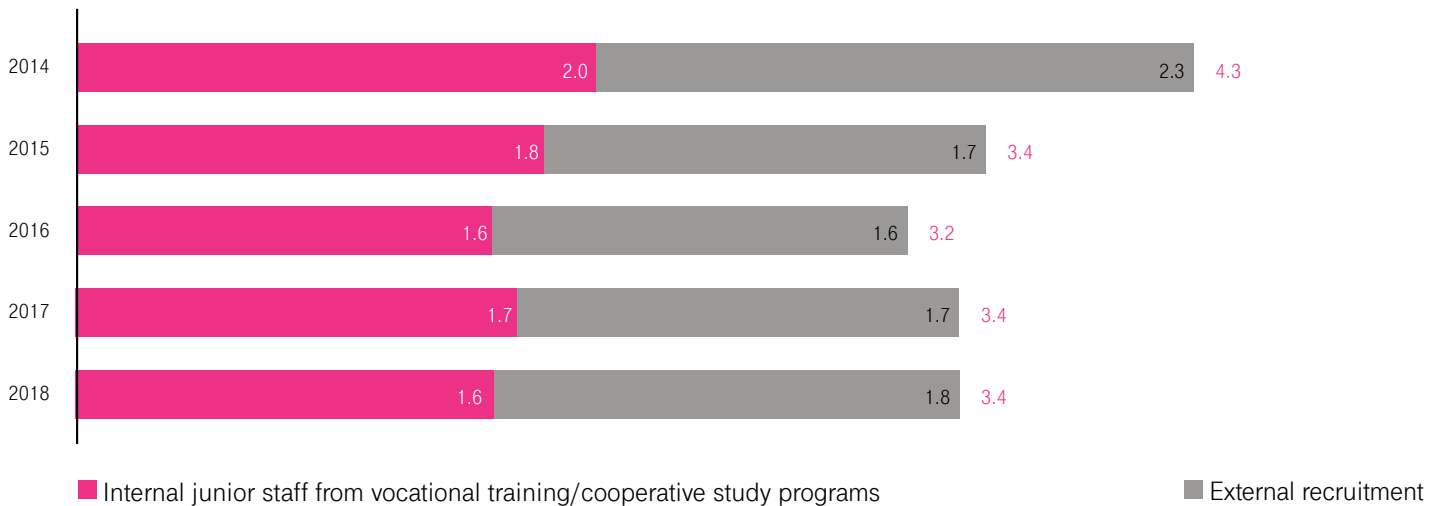
At both international and national level, the attrition rate has risen compared with 2017. Internationally, around 6,700 contracts were terminated by the employer or employees, approximately 470 more than in 2017 (an increase of approximately 7.5 percent). In addition, 107 employees outside Germany retired upon reaching the statutory pension age or due to incapacity for work, 13 fewer than in 2017. In Germany, 1,320 employees quit their jobs in 2018.

Around 660 employees left the company due to reaching retirement age or because of incapacity for work. The increase in

contract terminations led to a rise in the attrition rate for the Group as a whole. Natural attrition means normal staff reductions that occur without specific cutback measures, for example due to retirement, incapacity for work, contracts terminated by employees, or contracts terminated by the employer for conduct-related or personal reasons. These are presented as a percentage of the total workforce (figure for end of the previous year).

Recruitment in Germany (in thousands of FTE)

# RECRUITMENT GOES DIGITAL



In 2018, Deutsche Telekom hired almost 1,800 new employees from the external labor market in Germany. We also offered permanent jobs to around 1,600 internal junior staff on completion of their vocational training or cooperative study programs. A total of 10,460 employees were recruited outside Germany. As Europe's leading Telco, we need the finest minds: creative thinkers and technically-minded employees who will collaborate with us to help shape the digital transformation. We seek out the top talents in all countries, in line with the ongoing internationalization of our Group. Our global "Employer Value Proposition" highlights our defining features as employer. We offer applicants a global job search platform and international standards in our selection processes. We use a wide range of digital channels for our recruiting, including our "Global Online Challenge Platform", which we use to reach students, graduates and IT professionals worldwide who enjoy mastering virtual business games. In 2018, we began testing the use of online games in our application process. For example, games were used in the assessment center for our Start up! trainee program to give an additional insight into the applicants' personalities. At the end of 2018, we opened up our "CMD+O" open workspace in Munich and Cologne to IT experts, young professionals and students for a few weeks, offering them a space to implement their own projects, make valuable contacts,

and broaden their horizons. Interested individuals were able to join workshops and attend presentations. Diversity is an integral part of our corporate culture and we are committed to attracting more women to our company. The women's STEM Award, launched in 2013 with student magazine audimax and the "MINT-Zukunft-schaffen" (Creating a STEM future) initiative, promotes women in STEM subjects and professions. We also support Femtec, a career training program for female STEM students with leadership potential, as well as "Global Digital Women", an international network of digital industry influencers. We also exhibited at "Women&Work", Europe's leading trade fair for women and careers, enabling us to selectively approach potential candidates.

## Accolades

In 2018, we once again received multiple awards for our recruiting activities. We successfully defended our second place in the overall ranking by market research institute Potentialpark, winning first-place rankings in the individual categories "Career website" and "Social media". In 2018, we were also awarded the "trendence Employer Branding Award" in the "Best employer branding for students" category. Finally, the "Women&Work" fair voted us "most appealing employer".

Tools for socially responsible staff reduction in Germany, personnel cuts (in FTE)

## PERSONNEL CUTBACKS REMAIN SOCIALLY RESPONSIBLE

	2014	2015	2016	2017	2018
Early retirement, civil servants	927	1,219	3,849	27	1,711
Early retirement, non-civil servants	27	29	47	61	63
Severance payments	826	1,448	726	1,081	972
Phased retirement (start of passive phase)	332	1,345	1,393	1,687	1,890
Transfers to government authorities (final) <sup>1</sup>		711	418	417	326
Other socially responsible staff reduction options	471	11	< 6	15	0

<sup>1</sup> Permanent transfers; civil servants are not entitled to return to the Deutsche Telekom Group – established as a cluster in 2015.

Deutsche Telekom continues to ensure that its personnel cutbacks are carried out in a socially responsible manner, using the tried-and-trusted tools of early retirement, severance payments and phased retirement.

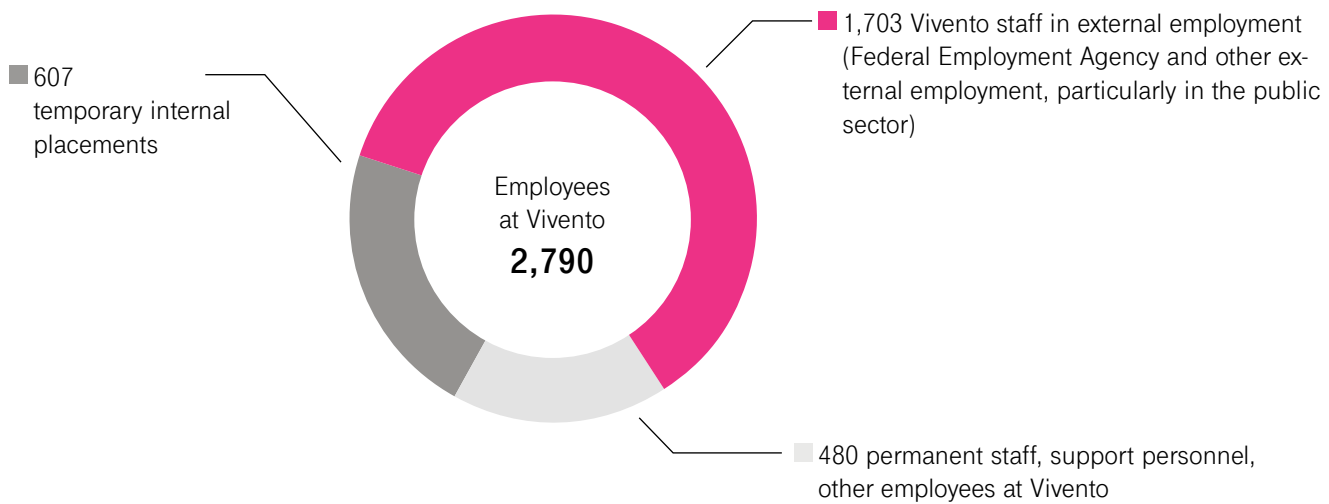
Phased retirement is usually based on a block model, in which staff work full time during the first few years of the “active phase”, followed by a “passive phase” of equal duration, which then transitions seamlessly into regular retirement and a pension. In 2018, 1,890 employees in Germany transitioned from the

“active” to the “passive” phase of phased retirement. Additionally, 972 employees made use of our severance pay offers.

The statutory regulations on early retirement for civil servants expired at the end of 2016. The German legislators have introduced “dedicated retirement” as a follow-on scheme, which was used by 1,711 civil servants in 2018. A further 326 civil servants were permanently transferred into public administration roles.

Vivento employees (in FTE)

# SUCCESSFUL PLACEMENTS IN THE PUBLIC SECTOR



Employees permanently transferred to the public sector via Vivento in 2018: .....	<b>326</b>
Staff transferred to Vivento since its foundation: .....	<b>54,165</b>
Staff leaving Vivento since its foundation: .....	<b>51,374</b>

In 2018, once again, personnel service provider Vivento assisted the Group with its workforce restructuring efforts. In 2018, 326 Deutsche Telekom civil servants opted for a permanent transfer to federal, state or local government, many of them to the Federal Office for Migration and Refugees, the Federal Employment Agency, the Federal Armed Forces or the Customs Office. Vivento also helped employees to find individ-

ual positions in federal, state and local government, encouraged by the growing demand for personnel at administrative authorities. Approx. 800 employees at Vivento Customer Services were transferred to Telekom Service, while a further approx. 400 moved to various segments in the core business. As a result of this, the number of employees under the care of Vivento was significantly reduced.

Training, Group total

# DIGITAL LEARNING QUOTA INCREASES BY MORE THAN 10 PERCENT

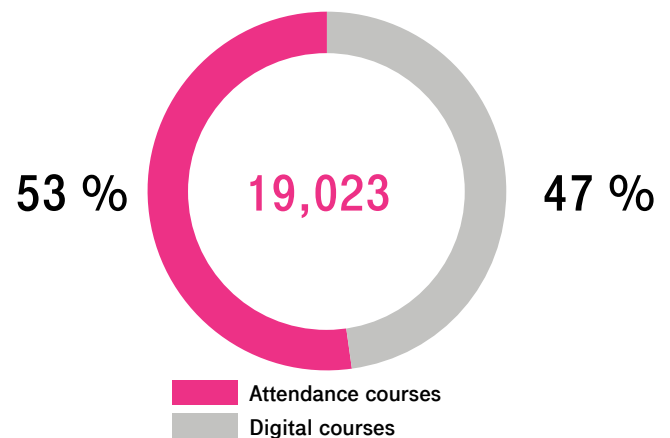
Our employees around the globe spent 4 million hours on training and skills development in 2018. Digital formats accounted for 41 percent of all learning, and we expect this figure to rise significantly in the future.

Many of our courses can now be booked via the global Learning Management System (LMS); in 2018, digital courses already accounted for 53 percent of the training available for booking via the LMS.

Deutsche Telekom firmly believes that learning should be integrated into the workplace. Digital learning formats offer outstanding opportunities for fast, flexible learning with identical conditions, anywhere in the world. By expanding our digital courses, we want to maximize the support given to our employees for honing their professional skills and encourage independent learning. In 2018, digital courses on agile working methods, design thinking, project management, cloud computing and other specialist topics proved particularly popular. The employee initiative "Learning from experts", in which 160 experts have shared their knowledge with a community of around 2,500 colleagues in brief digital sequences to date, is a remarkable example of self-managed, autonomous learning. We also updated the Group-wide SkillsUP! scheme, following its successful pilot, and we are planning a phased rollout in 2019 and beyond. This approach centers around the interaction between three elements:

- The global job architecture - New market-compliant, future-proof descriptions of jobs and skills
- Strategic qualitative HR planning - Transparently highlighting retraining options to allow early adaptation to demand and surplus capacities, and
- Skills management - Tool-based, individual assessment of skills, and, based on this, accurate and systematic training planning.

In conclusion, this will create an unprecedented level of transparency, highlighting the potential for skills development among employees and for the company as a whole.



## Skills development via the global Learning Management System (LMS)

No. of courses (via LMS)	19,023
No. of digital courses (via LMS)	10,072
No. of attendance courses (via LMS)	8,951
No. of training days	658,587
Ø Ave. training days per employee (in FTE)	3.9
No. of digital training days	266,793
Ø Ave. digital training days per employee (in FTE)	1.6
Digital learning quota (proportion of digital learning hours in 2018)	41 %



Participants in international development programs (in heads)

# INNOVATIONS IN HR MANAGEMENT MAKE US MORE ATTRACTIVE TO APPLICANTS

		2014	2015	2016	2017	2018
Start up! trainee program participants <sup>1</sup>	Total	30	31	18	32	44
Start up! trainee program participants <sup>1</sup>	Of whom women	36 %	45 %	28 %	50 %	59 %
Global Talent Pool participants <sup>2</sup>	Total	161	300	253	858	976
Global Talent Pool participants <sup>2</sup>	Of whom women	29 %	32 %	35 %	25 %	26 %

<sup>1</sup> The program lasts 15 to 18 months. Annual new hires are shown.

<sup>2</sup> Group-wide program for top talents. The program lasts approx. 12 months (starting every summer). As of 2017, it replaced the previous program "Talent Space". Comparisons are difficult due to the new target group structure (now also includes executives).

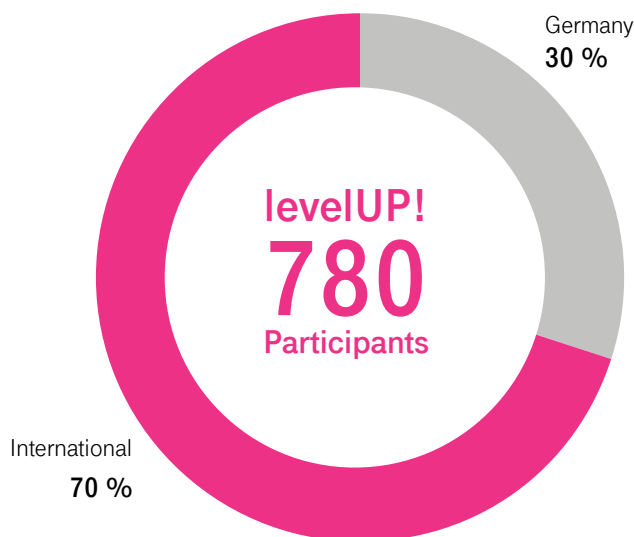
Our Group-wide development programs are designed to promote high potentials within the Group, keep them loyal to the company and place them in suitable roles. The focus is on developing and raising the visibility of talents and equipping them with the skills needed to tackle current and future challenges. At the same time, we want to enhance their sense of belonging, increase knowledge exchange and promote personal responsibility.

The international trainee program Start up! is aimed at innovative graduates with an entrepreneurial mindset. Over a period of approximately 18 months, trainees get to know different areas of the company in Germany and abroad with a series of challenging project tasks. The program is complemented by a series of innovative training formats and events such as "Magenta Friday", providing trainees with a forum for regular project collaboration to fulfill their mandate as drivers of culture and innovation within Deutsche Telekom.

The Global Talent Pool is a key element of the talent management process, providing both a digital platform and a database for talent management within the Group. It gives HR and Recruitment personnel and managers transparency regarding our global talents and their individual profiles. In turn, the talents can join a closed group within our in-house social network "You and Me" to plan their next career step and find strategic project placements and attractive job offers. They also enjoy exclusive access to a portfolio of digital development measures such as CV consulting, career interviews, e-training courses and mentoring, to help talents prepare for new roles. Our overarching objectives are to make it easier to find the right talents to fill vacancies, increase the visibility of our talents, and encourage rotation and networking throughout the Group worldwide.

Participants in international development programs (in heads)

# OFFERINGS FOR MANAGERS AT ALL LEVELS



In 2017, we completely overhauled our management development program at Deutsche Telekom AG. 2018 saw the continuation of successful formats, ongoing improvements based on participant feedback and the redesign of individual courses. One example is the levelUP! Program, which was extended last year to include executives and was attended by more than 1,400 managers in 2017 and 2018. 2018 saw a shift toward participants in Germany, who make up the bulk of executives within the Group. levelUP! is designed to help managers tackle future challenges and facilitate their own development journey. The program focuses on the culture of innovation and technology-based leadership, using a mixture of digital and attendance formats. LevelUP! is individually and flexibly structured to allow participants to create their own individual learning path using state-of-the-art techniques.

Another success story is leadFIRST, a global, all-digital management transition program aimed at managers who have only recently taken on a managerial role. Its aim is to give these managers a clear and comprehensive understanding of their new role and create a solid management foundation in harmony with Deutsche Telekom's leadership principles. It invites participants to reflect on their own interpretation of personnel leadership, hones their virtual leadership skills, and offers numerous opportunities for networking. The program has been updated in line with participant requirements, leading to increased satisfaction levels.

#### leadFIRST in figures:

- 173 participants from 21 countries
- 6 modules
- 8 live sessions

We are committed to the continuous realignment and improvement of our portfolio. We collaborated with the business units to review all individual programs and decided to extend the highly successful levelUP! format to management positions below executive level, with the levelUP! NextGeneration program. This new program will replace FEP and LDP\*, which ended in summer 2018 with a closing event for all 210 participants on the 2017/2018 program. LevelUP! NextGeneration will launch next year with a mixture of digital and attendance formats and offers a high degree of both flexibility and autonomy, encouraging this target group of individuals to forge their own development journeys.

Our Leadership Aspiration Guide invites all employees to consciously analyze their own future by asking targeted questions, such as: Am I more of an expert or more of a manager, and what schemes and courses are available to me? We round off our manager offerings with a wide range of challenging training courses for future leaders.

\*Leadership Development Programs

Health rate in Germany (in %)

# HEALTH RATE STABLE

	2014	2015	2016	2017	2018
Germany	94.4	94.0	93.8	93.7	93.6

Nationally, the health rate for the Deutsche Telekom Group in 2018 showed a slight decrease of 0.1 percent year-on-year and stood at an average of 93.6 percent (including the long-term sick). This was mainly due to a surge in the incidence of flu compared with prior years, especially in weeks seven to eleven. Adjusted by the months January to April, the health rate for the rest of the year was up 0.1 % on the same period of the previous year.

Musculoskeletal disorders, respiratory diseases and mental health problems account for the bulk of illness-related absenteeism at Deutsche Telekom AG.

Within Deutsche Telekom, there were significant structural and organizational changes which posed a potential risk to employees' health, due to the associated psychosocial stress factors. In 2018, our company health management offerings focused increasingly on psychosocial stress factors. Additionally,

targeted health prevention programs were implemented in the individual companies.

Across all segments, we introduced or continued management training courses on the topic of "healthy leadership". The aim is to sensitize managers to this issue and train them accordingly. Additionally, a structured absence management system will be put in place to ensure that employees and managers regularly communicate about illness-related absences so that appropriate action can be taken early on.

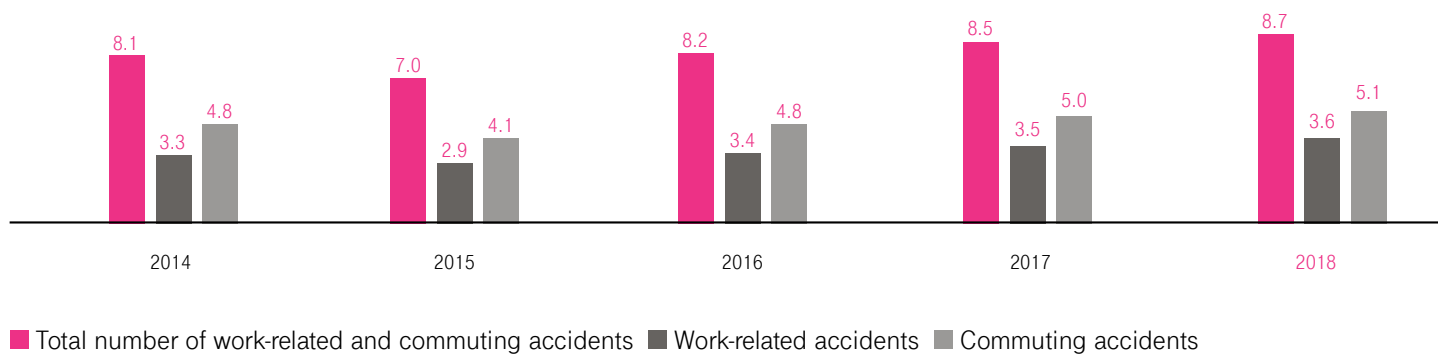
We will broaden and intensify our programs focusing on the prevention of respiratory and musculoskeletal diseases, in order to target the most common causes of inability to work due to illness.

We have a range of offerings for employees and advise for managers to help tackle the growing scale of mental stress factors which significantly impact the length of absence.



Work-related accidents in Germany (per thousand FTE)

## ACCIDENT RATE WELL BELOW NATIONAL AVERAGE



The rate of work-related and commuting accidents showed a slight increase, but in absolute terms, the number of accidents was down on 2017. The accident rate is well below the average at comparable companies.

We note that many accidents were the result of carelessness, e.g. people stumbling, slipping, falling or twisting their ankle. We therefore joined forces with the employers' liability insurance association to develop a special information format for the future. The increase in commuting accidents (accidents on the way to and from work) may well be due to longer journeys to work and the increase in traffic on the roads, with a large number of accidents being the fault of third parties. Since commuting accidents provoke lengthier absences than accidents which occur at work itself, we continue to manage and evolve

our existing set of preventive measures. In 2018, Deutsche Telekom continued to offer its employees safe-driving courses at a discounted rate with provider ADAC. Training is available to users of company and service vehicles as well as private cars. Special driving training is also available for young employees and apprentices. These measures are designed to stabilize or improve the rate of commuting accidents. Deutsche Telekom has a health and safety management system in place to reduce the number of work-related accidents. This certified system makes it possible to map the entire health and safety process and to develop sets of measures to further improve employee safety.

**RESPONSIBLE**

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