Combined management report

Introductory remarks

This report combines the management report of the Deutsche Telekom Group, comprising Deutsche Telekom AG and its consolidated subsidiaries, and the management report of Deutsche Telekom AG.

In light of the expected transposition of the European Corporate Sustainability Reporting Directive (CSRD) into national law, we as a company with a global footprint have already based the preparation of the **combined sustainability statement** on the first set of European Sustainability Reporting Standards (ESRS) as a framework and applied them in full. This sustainability statement contains the information in accordance with § 315c German Commercial Code (Handelsgesetzbuch – HGB) in conjunction with § 289c to § 289e HGB. Accordingly, we have incorporated key elements from the “Employees” section of last year’s report into the sustainability statement. The sustainability statement additionally contains the reporting requirements regarding environmentally sustainable economic activities in accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy). The Supervisory Board of Deutsche Telekom AG is responsible for the review of the content of the sustainability statement. It did this with the support of Deloitte GmbH Wirtschaftsprüfungsgesellschaft (independent auditor) in the form of a limited assurance engagement.

For further information on the transition to the ESRS and on the EU Taxonomy, please refer to the section “Combined sustainability statement.”

Likewise given the expected transposition of the CSRD into national law, we have added reporting on our **most important intangible resources** to the combined management report.

For further information, please refer to the section “Group organization – Intangible resources.”

In adapting the general section of the combined management report to the requirements of the CSRD, we have restructured the section **“Technology and innovation”** to add clarity and focus to the information presented, which was reduced to the statutory minimum disclosures. This area continues to be of major significance to the Group.

The combined management report contains **information extraneous to the management report**, which is designated with footnotes. This information is not required by law, nor is it stipulated by German Accounting Standard No. 20 (GAS 20).

The recommendations of the German Corporate Governance Code (GCGC) in the amended version published in the Federal Gazette on June 27, 2022 require, among other disclosures, information on the **internal control system** and the **risk and opportunity management system** that go beyond the legal requirements for the management report and are therefore excluded from the substantive audit of the management report by the independent auditor (information extraneous to the management report). This information is included in paragraphs clearly separated from the information that has to be audited, and is designated with a footnote.

For further information, please refer to the section “Governance and other disclosures.”

The **Corporate Governance Statement** pursuant to § 289f, § 315d HGB is available on our Investor Relations website. The **Declaration of Conformity** pursuant to § 161 of the German Stock Corporation Act (Aktiengesetz – AktG) forms part of the Corporate Governance Statement, which – as explained above – is published online, and is also reproduced separately in the “Governance and other disclosures” section of the combined management report. The Corporate Governance Statement is not part of the independent auditor’s substantive audit. The Declaration of Conformity included in the combined management report is likewise excluded from the independent auditor’s substantive audit.

The **Remuneration Report** pursuant to § 162 AktG is available on the Deutsche Telekom AG website. The Remuneration Report was reviewed by the independent auditor in accordance with § 162 (3) AktG. The audit opinion resulting from the audit is provided in full at the end of the Remuneration Report.

To avoid the repetition of content within the combined management report, which includes the combined sustainability statement, please refer to **further information** provided in other sections or segments of the combined management report wherever appropriate. This includes references to the combined management report from the combined sustainability statement, and vice versa.

In addition, our combined management report includes **references** and **links** to websites with additional information outside the combined management report. These references and links are purely of a supplementary nature and are only intended to simplify access to this information. Please note that this information is not part of the combined management report and is therefore also excluded from the auditor's substantive audit.

Group organization

Business activities

With over 261 million mobile customers, more than 25 million fixed-network lines, and more than 22 million broadband customers, we are one of the leading integrated telecommunications companies worldwide. We provide fixed-network/broadband, mobile, internet, and internet-based TV products and services for consumers, and information and communication technology (ICT) solutions for business and corporate customers. We have an international focus and are represented in more than 50 countries. With some 200 thousand employees worldwide (as of December 31, 2024), we generated revenue of EUR 115.8 billion in the 2024 financial year. 76.3 % of the Group's net revenue is generated outside of Germany.

Our mobile communications business offers mobile voice and data services to consumers and business customers. In addition we sell mobile devices and other hardware. We also sell mobile services to resellers and to companies that buy network services and market them to third parties (mobile virtual network operators). Our fixed-network business includes all voice and data communications activities based on fixed-network and broadband technology. This includes the sale of terminal equipment and other hardware, as well as the sale of services to resellers. Drawing on a global infrastructure of data centers and networks, we operate ICT systems for multinational corporations and public-sector institutions.

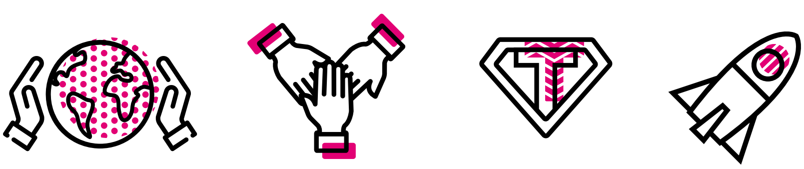
Our ambition is to become the Leading Digital Telco. Only if Deutsche Telekom is digitalized in all areas, can the success of the last few years continue. In pursuit of this, we are driving the digital transformation of our Company and want to leverage the potential offered by our data and by AI better than ever going forward. This applies both to internal processes, so as to further enhance quality and efficiency, and to specific offerings for our customers. With our footprint in Europe and the United States, we are ideally positioned for this. The operation and sale of networks and lines remains our core business.

For further information on our Leading Digital Telco vision, please refer to the section "Group strategy."

Corporate culture

Our responsible corporate governance and business success are based on our shared corporate values and our **Guiding Principles**. Our corporate purpose is: We won't stop until everyone is connected.

Our six Guiding Principles



Delight our customers | **Get things done** | **Act with respect & integrity** | **Team together – team apart** | **I am T – count on me** | **Stay curious & grow**

In conjunction with our corporate purpose, our **values** describe what we at Deutsche Telekom stand for: we want to be a sustainably growing, value-driven company that not only delights its customers, creates value for its investors, and in which employees enjoy their work, but also one that is environmentally friendly and fosters a democratic and inclusive society. Our network is fast, reliable, secure, and should be easily accessible for everyone. In addition, it has been operated throughout the Group with electricity from 100 % renewable sources since 2021. At the same time, we want to be more than just another company that provides society with network infrastructure. Our brand claim, "T – Connecting your world," stands for our commitment to connecting people and making their lives permanently easier and more enriched. With our No Hate Speech campaign, we are actively pushing for greater digital democracy. We are a close and trusted companion to the customer; transparent, fair, and open to dialogue. It is our contribution to social togetherness.

Intangible resources

Intangible resources (within the meaning of § 289 (3a), § 315 (3a) HGB draft (HGB-E)) have no physical substance and are not in all cases included in the statement of financial position. They fall into three categories:

- **Human capital**: The value delivered by employees through the application of their skills, experience, and expertise.
- **Relational capital**: The inherent value in a company's relationships with its customers, suppliers, business partners, investors, and other key actors.
- **Knowledge and structural capital**: The value created by a company through its innovations, processes, or locations.

Alongside the network infrastructure (broadband, fiber-optic, mobile communications, etc.) and spectrum licenses recognized as assets in our statement of financial position, employee, customer, supplier, investor, and innovation capital likewise play crucial roles in our business model. These are key sources of creating value that will safeguard the success of our Company and the future viability of the Group.

For information on our concept of value-oriented corporate governance and on our stakeholders, please refer to the section "Management of the Group."

For information on assets recognized in the consolidated statement of financial position, please refer to Notes 6–8 "Intangible assets," "Property, plant and equipment," and "Right-of-use assets – lessee relationships" in the notes to the consolidated financial statements.

These intangible resources are not recognized as assets in our consolidated financial statements. Deutsche Telekom AG, for instance, had a market capitalization of EUR 144.1 billion as of the reporting date, and a brand value in the 2024 financial year of EUR 67.7 billion (USD 73.3 billion according to the Brand Finance Global 500 study). By contrast, the reported carrying amount of shareholders' equity was EUR 98.6 billion as of December 31, 2024.

Our most important intangible resources are considered in our management system. Measurement is carried out by using the most relevant (non-financial) performance indicators employee satisfaction (engagement score), customer satisfaction (TRI*M index), and our rating.

For further information on our management system, please refer to the section "Management of the Group."

In addition to this, we provide further information on our employees, customers, suppliers, investors, and innovations.

For information on our employee turnover, please refer to the workforce statistics in the section "Results of operations of the Group." For information on employees, please refer to the section "Group strategy" and the section "Social" in the "Combined sustainability statement."

For information on the development of our customer figures, please refer to the section "Development of business in the operating segments." For information on customers, please refer to the section "Group strategy" and the section "Social" in the "Combined sustainability statement."

For information on our suppliers, please refer to the section "Social" in the "Combined sustainability statement."

For information on our stakeholders, please refer to the section "General information" in the "Combined sustainability statement." For information on the shareholder structure at Deutsche Telekom AG, please refer to Note 19 "Shareholders' equity" in the notes to the consolidated financial statements.

For information on patents and technological innovations of particular relevance to us as a network infrastructure operator, please refer to the section "Technology and innovation."

Technology and innovation

At Deutsche Telekom, innovation means creating the best possible customer experience and achieving our goal of technology leadership on the basis of our networks. In the Board of Management department for Technology and Innovation, we focus on four strategic areas: global economies of scale, technological sovereignty, autonomous networks, and data-driven artificial intelligence (AI). We believe our core competency consists in the development of human-centered technology and product platforms, which we offer on a global scale, as well as the integration of individual components such as hardware and software in the mobile communications and fixed networks. To this end, we use resilient and future-proof technology to deliver the best-possible customer experience at a reasonable price. We achieve this in conjunction with our own network and IT infrastructure, supported by partners.

Innovations in technology and products are aligned with the goal of safeguarding network and technology leadership alongside enhanced customer satisfaction in the Germany, Europe, and United States operating segments. We are thereby both enabling our current business and at the same time shaping the future.

We set ourselves apart from the competition through innovations and generate growth in three ways:

- **In-house developments:** T-Labs is the research and development unit of Deutsche Telekom, focusing on translating new technology trends into tangible outcomes through its research into disruptive technologies for future telecommunications infrastructure. Our current research activities focus on the networks of the future, quantum communication, spatial computing, decentralized systems, and security. T-Labs cooperates with multiple universities around the world.
- **Partnerships and cooperations:** We draw on the expertise and abilities of our partners in order to successfully implement the digital transformation. We rely on innovative energy from around the world, and cooperate with companies from Germany, the United States, Israel, Korea, India, and other innovation hotspots across the globe.
- **Start-up funding, venture and growth capital:** hubraum, our tech incubator, puts start-ups in touch with the relevant business units and R&D initiatives within the Group. It offers exclusive access to networks (via network APIs), product platforms, or test data to help the start-ups develop and test their products and services in a faster and better way. The global T Challenge, a joint initiative with T-Mobile US, supports start-ups with the development of innovative solutions geared to the digital transformation and competitiveness of Deutsche Telekom. Venture and growth capital is provided both directly, by our strategic investment fund T.Capital, as well as via our investments in the investment management group Deutsche Telekom Capital Partners. We participate in the Federal Government’s WIN Initiative and are committed to working together to strengthen Germany and Europe’s presence as a technology hub.

Coordinating this task are our Technology and Innovation and USA and Group Development Board of Management departments, which work in close collaboration with our operating segments. We pursue our innovation activities at an intragroup level and in alignment with our strategy. Our interconnected innovation areas provide a Group-wide framework for this:

- **Home experience & TV:** Broadband, smart home, entertainment, and TV (MagentaTV)
- **Digital channels:** Apps and other channels for customer loyalty and marketing, service, and troubleshooting (OneApp, Frag Magenta chatbot, etc.)
- **AI Competence Center:** Use and development of (generative) AI to improve the customer experience and internal processes
- **Telco-as-a-platform:** Automation, disaggregation, and cloudification of network production and usage
- **5G Standalone:** Creation of a 5G core network in the cloud with virtualized core network functions such as network slicing and discrete logical network layers with individual, application-specific characteristics such as bandwidth, latency, and security functions
- **Sustainable Telco:** improving energy efficiency and energy resilience

Patent portfolio

Patents are gaining more and more significance in the telecommunications industry. Our patent strategy has to keep pace with the constant evolution of market players and fields of activity. On the one hand, our Group’s scope for action must be maintained. On the other, we want to protect the results of our own research and development, and to use these in cooperation and partnership with other companies. National and international patent rights are vital for these types of activity. We are therefore strongly dedicated to developing, granting, and maintaining our own patents. In the reporting year, Deutsche Telekom held a total of 8,109 patent rights. We are firmly committed to expanding our patent portfolio, taking relevant current and future technologies into account. This will secure the value of our innovations in a dynamic world and bolster the Group’s competitiveness. We predominantly license our patents through our membership of patent pools.

Investments in research and development

Research and development (R&D) expenditure includes pre-production research and development, such as the search for alternative products, processes, systems, and services. By contrast, we do not class as R&D expenditure the costs of developing system and user software which is designed to improve productivity and make our business processes more effective. R&D expenditure in the Deutsche Telekom Group amounted to EUR 21 million in 2024 (2023: EUR 25 million). As the parent company, Deutsche Telekom AG bears part of the Group's research and development expenditure. The expenditure was up slightly against the prior year at EUR 12 million. In 2024, our Group's investments in internally generated intangible assets to be capitalized were down year-on-year at EUR 592 million compared with EUR 708 million for the previous year. These investments predominantly relate to internally developed software, mainly in our Group Headquarters & Group Services segment. In 2024, Deutsche Telekom AG's investments in internally generated intangible assets to be capitalized were EUR 5 million compared with EUR 2 million for the previous year.

Segment structure

Our financial reporting is divided into five operating segments plus the Group Headquarters & Group Services segment, each of which we describe in detail below.

Our **Germany** operating segment comprises all fixed-network and mobile business activities for consumers and business customers, including separate sales entities in Germany to allow a customer-centric sales approach. The segment offers a tailored service and product portfolio. The bundling of our sales and service business within Sales & Service places a further focus on customer experience and on customer satisfaction. The Wholesale business delivers wholesale telecommunication services for third-party telecommunications companies. The build-out of the mobile and fixed networks in Germany is managed by the Technology business unit.

Our **United States** operating segment combines all mobile activities in the U.S. market. T-Mobile US provides service, devices, and accessories across its flagship brands. In addition, it sells devices to dealers and other third-party distributors for resale. It provides wireless communications services through a variety of service plan options to U.S. domestic customers including plans marketed to businesses, as well as wireless devices. In addition to its wireless communications services, it offers High Speed Internet utilizing its nationwide 5G network. T-Mobile US also provides products that are complementary to its wireless communications services, including device protection.

Our **Europe** operating segment comprises all fixed-network and mobile operations of the national companies in Greece, Hungary, Poland, the Czech Republic, Croatia, Slovakia, Austria, North Macedonia, and Montenegro. In these countries, we are an integrated provider of telecommunications services. In Romania, our focus is on mobile communications. Besides traditional B2C and B2B fixed-network and mobile business, most of our national companies also offer ICT solutions for business customers.

Our **Systems Solutions** operating segment offers B2B ICT services in the core DACH market (Germany, Austria, and Switzerland) under the T-Systems brand. T-Systems primarily addresses the ICT growth areas of advisory, cloud services, and digitalization with a corresponding portfolio of products. Security solutions and networking are integral components of its service offering, supported by strategic partnerships. The services penetrate deep into the value chains of selected industries (automotive, healthcare, public sector). This segment comprises four portfolio areas: Cloud, Digital, Security (in close collaboration with Deutsche Telekom Security), and Advisory (together with Detecon as an advisory partner). In addition, the Road User Services business unit offers road toll systems.

Our **Group Development** operating segment actively manages entities, subsidiaries, and equity investments to grow their value while giving them the entrepreneurial freedom they need to promote their continued strategic development. The investment management group Deutsche Telekom Capital Partners; Comfort Charge, which is a provider of e-mobility charging infrastructure; and the Group functions of Mergers & Acquisitions and Strategic Portfolio Management are also assigned to Group Development.

Group Headquarters & Group Services comprises all Group units that cannot be allocated directly to one of the operating segments, as well as our Board of Management department Technology and Innovation, which unites the cross-segment technology, innovation, IT, and security functions of our Germany, United States, Europe, and Systems Solutions operating segments. As the organization that sets the direction and provides impetus, it defines strategic aims for the Group, ensures they are met, and becomes directly involved in selected Group projects. Group Services provides services to the entire Group. In addition to typical services provided by Deutsche Telekom Services Europe, such as financial accounting, human resources services, and operational procurement, Group Services also includes placement services provided by our personnel service provider, Vivento. Vivento is in charge of securing external employment opportunities for employees, predominantly in the public sector. Further units are Group Supply Services for our real estate management and our strategic procurement, and Telekom MobilitySolutions, which is a full-service provider for fleet management and mobility services.

Changes to the segment and organizational structure in 2024

Acquisition of Ka'ena in the United States. On March 9, 2023, T-Mobile US entered into a Merger and Unit Purchase Agreement for the acquisition of 100 % of the outstanding equity of the U.S. prepaid provider Ka'ena and its subsidiaries including, among others, Mint Mobile, for a maximum purchase price of USD 1.35 billion. The transaction was consummated on May 1, 2024. All necessary regulatory approvals had been duly granted and all other closing conditions met. Ka'ena is included in Deutsche Telekom's consolidated financial statements as of May 1, 2024.

At deal close, T-Mobile US made an upfront payment of around USD 1.0 billion (EUR 0.9 billion), comprising a cash component of around USD 0.4 billion (EUR 0.4 billion) and around 3 million ordinary shares of T-Mobile US with a total value of around USD 0.5 billion (EUR 0.5 billion), determined on the basis of the closing share price on April 30, 2024. In addition, there is a variable earnout payable on August 1, 2026 if Ka'ena achieves specified performance indicators.

For further information on the acquisition of Ka'ena in the United States, please refer to the section "Changes in the composition of the Group and other transactions" in the consolidated financial statements.

(Expected) changes to the segment and organizational structure in 2025

Agreement on the acquisition of Lumos in the United States. On April 24, 2024, T-Mobile US entered into an agreement with the investment fund EQT on the acquisition of the fiber-to-the-home platform Lumos. The transaction is subject to regulatory approvals as well as other customary closing conditions and is expected to close in the first half of 2025. Upon closing, T-Mobile US is expected to invest approximately USD 1.0 billion (EUR 0.9 billion) in the joint venture to acquire a 50 % equity stake and all existing fiber customers, with the funds invested by T-Mobile US being used by Lumos for future fiber builds. In addition, T-Mobile US is expected to contribute an additional amount of approximately USD 0.5 billion (EUR 0.5 billion) between 2027 and 2028.

Agreement on the acquisition of UScellular in the United States. On May 24, 2024, T-Mobile US entered into an agreement on the acquisition of UScellular's wireless operations and specific spectrum licenses. The purchase price totals around USD 4.4 billion (EUR 4.2 billion) and comprises a cash component and the transfer of debt of up to USD 2.0 billion (EUR 1.9 billion). The transaction is subject to regulatory approvals as well as other customary closing conditions and is expected to close in mid-2025.

Agreement on the acquisition of Metronet in the United States. On July 18, 2024, T-Mobile US entered into an agreement with KKR on the acquisition of the fiber-to-the-home platform Metronet and some of its subsidiaries. The transaction is subject to regulatory approvals as well as other customary closing conditions and is expected to close in 2025. Upon closing, T-Mobile US is expected to invest approximately USD 4.9 billion (EUR 4.7 billion) in the joint venture to acquire a 50 % equity stake and all existing residential fiber customers, as well as to fund the joint venture.

Agreement on the acquisition of Vistar Media in the United States. On December 20, 2024, T-Mobile US entered into an agreement on the acquisition of 100 % of the outstanding capital stock of Vistar Media, a provider of technology solutions for digital-out-of-home advertisements, for a purchase price of approximately USD 0.6 billion (EUR 0.6 billion). The purchase price is subject to certain agreed-upon working capital and other adjustments. The transaction was consummated on February 3, 2025. All necessary regulatory approvals had been duly granted and all other closing conditions met.

Group strategy

Leading Digital Telco – our vision

Since 2021, our Group strategy has been determined by our **vision** of becoming the Leading Digital Telco by 2030. Because few if any industries face change on the same scale as the telecommunications industry. Digitalization is the central catalyst for the key trends in this regard, from increasing volumes of data traffic and the attendant demand for high-performing, secure networks, to highly individualized and context-sensitive digital products and services with immediate availability through self-service and cloud-based as-a-service models. We are seeing companies from other industries pushing onto the market with lean, software-defined production models. Providers such as Google, Microsoft, and Amazon Web Services offer B2B connectivity solutions and are increasingly providing network functions in their cloud environments. CPaaS (communications platform as a service) companies offer user-friendly communications services on their own communications platforms – without having their own networks. They provide developers and business customers with standard telecommunications services (calls, text messages) and new network functions through standardized application programming interfaces (APIs). This shifts access to end customers from telecommunications providers to the CPaaS companies and big tech companies.

We at Deutsche Telekom take up digitalization as the primary driver of significant changes in our ecosystem and correspondingly also in our strategic alignment. For us, this means continuing to invest in our networks and making digital participation possible for all. Because building and operating convergent networks remains the core of our strategy. But it also means continuing to digitalize. Whether it involves our products and services, market approach, production, or processes, we ourselves must also become more digital. Only if we are digitalized in all areas, can the success of the last few years continue. The result will be a Deutsche Telekom that can adapt faster and more flexibly to changing market conditions. We reported comprehensively on the further development of our strategy at our Capital Markets Day in October 2024.

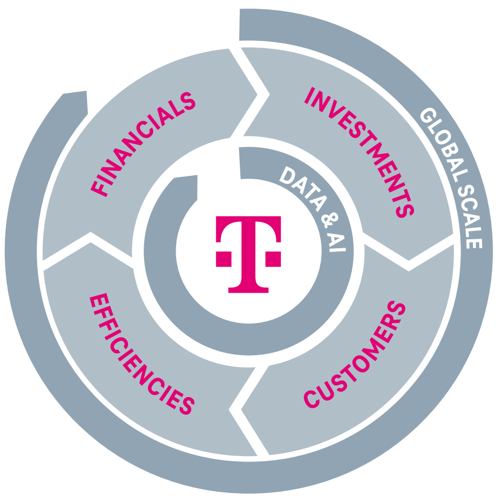
We are already well positioned to reach our **goals** on our journey to realizing our Leading Digital Telco vision: our key performance indicators at the end of the 2024 financial year confirm that Deutsche Telekom remains Europe's leading telecommunications company. No other telecommunications company has a comparable footprint with its own networks in Europe and the United States. We see ourselves as a global enterprise with a considerable presence in Europe, European roots and values, and an extremely strong business in the United States. However, our Group strategy does not aim to micromanage all local units, but to provide a strategic framework and to utilize local strengths such as networks and competitive standing. Our T-Mobile US business in the United States in particular has operated under this decentralized approach for many years enjoying considerable success with its Un-carrier initiatives. Because our Group-wide strategic goals are clear: we want to align ourselves long-term with the needs of our customers and transform ourselves into a digital company, leveraging the synergies within our Group, to hold our own against new competitors and continue our growth course.

Our growth ambitions and **success metrics** measured using key performance indicators remain unchanged. The success of our strategy can be seen in our long-term competitiveness and as such is reflected in the established key financial figures: we had set an annual growth target (Group CAGR) of 1 to 2 % for revenue and 3 to 5 % for adjusted EBITDA AL for the years 2021 through 2024. We have achieved these targets and announced new targets through 2027 at our 2024 Capital Markets Day.

For further information on our financial ambition levels through 2027, please refer to the section "Finance strategy."

Our management-relevant performance indicators are defined in the section "Management of the Group"; the results achieved in the financial year are reported in the section "Development of business in the Group." For our expectations through 2026, please refer to the "Forecast." We provide an in-depth look at our sustainability strategy and targets in the "Combined sustainability statement."

Flywheel: Leading Digital Telco vision



At the center of our strategy is the flywheel. It describes the effect mechanisms of our strategic priorities in our key areas of operation:

- **Investments:** We invest – above all in our networks. These are the basis for delivering our products and services to customers.
- **Customers:** We continuously win new customers with our product and service portfolio. Worldwide, we have over 261 million mobile customers, alongside further fixed-network and TV customers.

- **Efficiencies:** The large number of customers allows us to make full use of our networks and achieve economies of scale also in other areas of the Company. For example, when we develop certain platforms for all customers worldwide, rather than in individual markets. This gives us an efficiency advantage. We are also improving efficiency in our standard processes through digitalization and other measures.
- **Financials:** As a result, we achieve solid financial results. These results put us in a position to make further investments. This keeps our flywheel spinning.

We are set to accelerate this flywheel with the planned addition of two further areas of operation:

- We are driving forward the digital transformation of our Company and want to leverage the potential offered by our **data** and by **AI** better than ever going forward. This applies both to internal processes, so as to further enhance quality and efficiency, and to specific offerings for our customers.
- At the same time, we are leveraging our **global scale** with plans to capitalize on more economies of scale in the future, such as synergies through shared platforms, products, and workflows.

In the following, we describe the areas of operation of our strategy and the results achieved in the 2024 financial year.

Investments

Our networks and our technology together form the core of our value creation. That is why we are systematically building out and interlinking our fixed and mobile networks because our strategic goal is to offer our customers the fastest possible connection at top quality, anytime, anyplace. And we remain committed to investing extensively going forward. At our 2024 Capital Markets Day, we announced plans to reinvest around 21 % of our service revenues through 2027 (Deutsche Telekom excluding T-Mobile US and before spectrum investment). Group-wide, in 2024, we invested around EUR 16 billion (not including spectrum investment), primarily in building and operating networks, with EUR 5.8 billion of this figure spent in Germany alone. This makes us the biggest single investor among all of our German competitors. In pursuit of outstanding quality and an even quicker and more efficient network build-out, we are also striking out in new directions, for example, with the use of artificial intelligence (AI) to ensure infrastructure is built out in line with demand. Integrated management improves the capacity utilization of our infrastructure and increases efficiency in operations and maintenance.

Fiber optic-based fixed networks are the basis for integrated network experiences. The build-out of our fixed-network infrastructure with state-of-the-art optical fiber is our priority. We increased the number of broadband customers in the Europe operating segment by 3.3 % compared with the end of 2023 to 7.2 million. A total of 10.1 million households (coverage of around 38.5 %) in the footprint of our European national companies have access to our high-performance fiber-optic network. In Germany, we made fiber-optic lines (FTTH) available to more than 2.5 million further households and companies in 2024. We therefore met our own goal of making more than 10 million fiber-optic lines available by the end of 2024 (December 31, 2024: 10.1 million). There is also a clear uptick in the number of customers using this technology. More than 470 thousand new customers subscribed to a fiber-optic line from us in 2024, an increase of approximately 60 % compared with the prior year. In 2025, we want to maintain the same high build-out pace and give around 2.5 million new households access to fiber. By 2030, every household and every business in Germany is to have a fiber-optic line. Our aspiration is for Telekom Deutschland to build the majority of these. With this goal in mind, we established our own civil engineering company in 2023 (Deutsche Telekom Tiefbau) to address the pressing need for civil engineering capacities on the market. With the GlasfaserPlus and Glasfaser NordWest joint ventures, we aim to pass a total of more than 5 million households in Germany with a fiber-optic line. In addition, we have agreed partnerships with other companies that will contribute to our strategic goals (e.g., cooperations with the German real estate association Verband der Immobilienverwalter Deutschland e.V., with Glasfaser Ruhr, and with 179 cities and municipalities in the gigabit region of Stuttgart in Germany). But urban centers are not the only ones to benefit from the network build-out: we also plan to cover a total of 8 million households in rural areas with optical fiber by 2030. We also rely on cooperations in our national companies in Europe to help drive forward the fiber-optic build-out (e.g., Alpen Glasfaser in Austria). In the United States, too, we are set to add fixed broadband to our service portfolio. T-Mobile US is leveraging its leading position in respect of mid-band mobile spectrum to offer customers fixed wireless broadband access via FWA, and also plans to give between 12 and 15 million U.S. households access to fiber by the end of 2028, primarily through partnerships and joint ventures.

The positive response shows that our efforts are paying off. We received further awards in 2024: Imtest rated us Germany's best internet provider (09/2024 issue), and best in class in its 2024 fixed-network test with a top score of "very good." In the Connect readers' choice 2024 we performed well and have once again been voted Germany's #1 fixed-network operator. We took the top spot in Chip trade magazine's test of digital service offerings with an overall score of "very good" in the category "DSL & fixed network." Connect trade magazine rated us the best nationwide provider in Germany (09/2024 issue) and Austria in its fixed-network test. Our Austrian network wins fastest fixed-network internet in the 2024 Ookla® Speedtest Award. In Croatia, our fixed network received the Best in Test Award from Umlaut.

In mobile communications, we set ourselves apart from our competitors with the quality of our network that has been singled out for awards in several network tests. With 5G, we are creating a highly reliable mobile network with extremely low latency and high data throughput. By the end of 2024, 98.0 % of the population of Germany was already covered by our 5G network. By the end of 2025, our 5G network is set to cover 90 % of Germany, reaching 99 % of the population. In 2024, we began offering consumers 5G standalone with network slicing and other innovative functions via dedicated rate plans. Deutsche Telekom's business customers have already had access to this technology for some time now, e.g., for live TV broadcasts or in 5G campus networks for industry and research. As of the end of 2024, our national companies covered on average 77.2 % of the population in our European footprint with 5G. In the United States, T-Mobile US expanded its 5G network leadership in the reporting year. Independent tests confirm the network delivers best-in-class 5G availability and industry-leading coverage.

We consistently top the independent network tests: Connect readers (2024) in Germany once again rate Deutsche Telekom best in the categories Mobile Network Operator and Network Operator Prepaid Cards. We also once again won the three big mobile network tests by the trade magazines Connect, Chip, and Computer Bild – receiving the best-possible score of "outstanding" in the Connect test. T-Mobile US' wireless network remains unbeaten for speed according to the Ookla® Speedtest. Our national companies in the Czech Republic, Austria, and Croatia, too, received these accolades from Ookla. Additionally, our mobile network in Croatia received the Best in Test Award from Umlaut, with this best-in-class performance further confirmed by a test conducted by the Croatian regulator HAKOM.

Our strategic goal is to be able to use the best-in-class integrated network infrastructure for our products and services. That is why we are complementing our own infrastructure with that of strategic partners, while also considering alternative access networks (e.g., satellites). In the reporting year, the Federal Communications Commission (FCC) granted approval to T-Mobile US and SpaceX to supplement the existing wireless network in the United States with satellite-based coverage. This will enable almost all current smartphones to establish connections even in coverage dead zones. We are also testing ways of integrating satellites into the Greek mobile network in the future. This is with the support of an innovative application realized by our national company in Greece: the tech teams have been working together with partner Skylo to successfully integrate satellite communication into our network. In initial tests, we were able to send text messages via satellite directly to a mobile device. Satellite-based communication now also supplements classic terrestrial IoT networks (NB-IoT, LTE-M, 4G, and 5G). In the reporting year, we introduced a range of IoT rate plans for satellite connectivity, an area that Deutsche Telekom IoT is working on in collaboration with specialists Intelsat, Skylo, and Viasat.

The delivery of connectivity and services based on our own and our partners' infrastructure is reliant on technology- and domain-agnostic orchestration capabilities. These are found in a separate technical control layer above the actual infrastructure, which allows us to manage the "network of networks." We are modernizing our NT/IT architecture to ensure the necessary orchestration capabilities are in place. Our focus is on leveraging the full potential of network automation, cloudification, and disaggregation to make our production considerably faster, more flexible, and more cost-efficient. Disaggregation, or the separation of hardware and software, makes it possible to add new suppliers. We made significant progress in respect of the Open Radio Access Network (Open RAN) in the reporting year. One big change is that components from various different technology suppliers are now interoperable, and the first such antenna system has been transmitting in the commercial network since December 2023, providing coverage to areas of New Brandenburg. Nokia and Fujitsu supply the necessary technology components. We are planning for more than 3 thousand Open RAN-compatible cell sites by 2027 and signed an agreement with manufacturers Nokia and Fujitsu in the reporting year on the supply of components for these sites to support the Open RAN network.

Customers

Consumers

Our aspiration is to offer customers the best network experience, anytime, anyplace – whether at home or at work, our network should work seamlessly and across all technologies. That's why we market fixed-network and mobile communications in convergent products (fixed-mobile convergence (FMC)). Successfully so: at the end of the reporting year, the number of customers subscribing to FMC or comparable offerings in our Germany and Europe operating segments had increased to 14.6 million. At our 2024 Capital Markets Day, we additionally declared our intention to further enhance general customer satisfaction levels and to expand our pioneering role in the industry.

For further information on the development of our customer figures, please refer to the section "Development of business in the operating segments."

In pursuit of our goal to become the Leading Digital Telco, we want to offer more than simply the best connectivity: what really counts for us is the network experience. For this reason, we offer our customers additional services that turn our network leadership aspiration into a first-hand experience. Our MagentaTV product has now been expanded throughout our entire European footprint to aggregate linear television with extensive features on the one hand, and provide access to content from the biggest video streaming services on the other. In 2024, we continued our efforts to further improve and enhance the TV experience: for instance, in 2024 we launched our new MagentaTV 2.0 TV platform and broadcast, e.g., every match of the UEFA EURO 2024 soccer championships in Germany, including pre- and post-match coverage, with some matches exclusively available from us. We offer MagentaTV at attractive conditions, such as free of charge six-month subscriptions to Apple TV+ or Paramount+, as well as a discounted MegaStream offering for our fixed-network customers. We also implemented measures to benefit from the abolition of the “Nebenkostenprivileg” in Germany in the reporting year. This meant housing companies were previously able to pass on cable TV and internet service fees as ancillary rental costs to tenants. Since the law was changed on July 1, 2024, tenants have been able to conclude their own contracts with TV providers. We are addressing this new customer group, to which we previously had no direct access, with attractive offers to switch to MagentaTV. We further rolled out our Android-based TV platform with a Deutsche Telekom-specific user interface to deliver an even more personalized user experience; this service is now available in seven countries (Germany, Austria, Poland, Croatia, Hungary, Montenegro, and North Macedonia). The addition of 311 thousand TV customers in Germany and 126 thousand in our national companies in Europe shows that we are on the right track.

In addition, we further developed the OneApp platform for a digital sales and service experience in our European national companies and in Germany. The OneApp platform not only improves the customer experience by adding the ability to set-up and manage routers or monitor internet usage behavior in the home network, it also enables us to monetize our existing offerings (e.g., through upselling of fixed-network/fiber-optic contracts, through our Magenta Moments loyalty program, and through in-app coupons). In the United States, we also launched the T-Life app in the reporting year to likewise provide our U.S. customers with a digital service platform.

Magenta Advantage

Beyond this, we also strive to establish and monetize new, digital business models – alongside our core business – on the basis of our Magenta Advantage, stemming from our assets and abilities in our core business. This includes, for example, 261.4 million mobile customers, 9.0 million TV customers, and access to the largest companies in the world across industries. All of which gives us a tangible edge that we call our Magenta Advantage. For example, we would like to further leverage our digital reach and brand strength advantage in a more targeted manner to make exclusive offers from partners available to our customers, to reward their loyalty and – where possible – to generate additional revenue. In 2024, we further expanded our loyalty program Magenta Moments, which has its own section in the OneApp in our national companies in Europe as well as in Germany (where the app is known as “MeinMagenta”). We delighted on average 1.7 million active customers every month of 2024 in Germany (and up to 2.5 million active customers in December 2024) with exclusive offerings from partners such as Rituals, Lindt, Paramount, and Perplexity. Overall in 2024, we enabled more than 250 moments for our customers with, e.g., external partnerships and priority tickets for music events. Roll-out in our national companies in Europe began in the third quarter of 2023, and the program was running in eight countries as of the end of 2024. We have since won around 5.9 million users in these regions and enabled over 40 million transactions. Our network of active partnerships extends to over 3,200 international brands such as Perplexity, Samsung, and Wolt. The approach is paying off: customer satisfaction is higher among Magenta Moments users than among non-users. In the future, we plan to build up further capabilities for data analysis and segmentation and continuously improve the personalization of our offers. On top of this, we also use our Magenta Advantage to invest in digital business models. Examples of these are the online delivery service Box and the payment service Payzy in Greece. The core of our brand promise, “Reliability, security, and trust,” remains the same and protecting our customers’ data and privacy is our top priority.

Customer satisfaction and service

Our commitment to delivering best-in-class customer service and to utilizing the Magenta Advantage is paying off. In the reporting year, we once again maintained customer satisfaction at a high level, measured using the globally recognized TRI*M method. We use the results of this non-financial performance indicator to improve our customer contact processes, and our products and services. At the same time, we determine the loyalty of our customers towards Deutsche Telekom. The results are presented as a performance indicator, the TRI*M index, which ranges between minus 66 and plus 134 points. At the end of the reporting year, this indicator (for Deutsche Telekom excluding T-Mobile US) came in at 77.6 points compared with 76.2 points at the end of the prior year. The values achieved in particular for our Germany and Systems Solutions operating segments, as well as across most of the Europe operating segment, put us in a leading position relative to the respective benchmarks. With the exception of the Europe operating segment, where our goal is to post slight improvements in some areas, we plan to maintain these leading positions in the benchmark for 2025. In 2021, we added the Net Promoter Score (NPS) as a further metric. NPS measures the ratio of enthusiastic customers (promoters) to unhappy customers (detractors). For example, a score of 10 means that the share of promoters exceeds the share of detractors by 10 percentage points. We maintained and in some cases indeed improved our NPS in all of our operating segments with consumer operations (Germany, United States, Europe) over the course of the reporting year. In the United States, for instance, we improved our NPS yet again on the prior year. This success is largely down to the various measures we have been pushing in recent months, such as the introduction of new prepaid plans in Germany in August 2024 with more data allowance and the option to rollover unused allowance to the next billing period. We also doubled the data allowance for our existing postpaid customers using our Young rate plans in Germany at the start of October 2024.

We have received numerous awards confirming our dedication. For example, Connect readers once again voted us best-in-class for mobile, fixed network, prepaid, and IPTV. In the Connect shop test, our Telekom shops took the overall win for the outstanding quality of their customer service. We swept the board in the Chip digital customer service test, taking the #1 spot in all categories. Focus Money magazine awarded our shops the Service King award for the eighth consecutive time in its Deutschland Test Study 2024. In the United States, too, we are reaping the rewards of our focus on customer-centricity: numerous surveys rank T-Mobile US ahead of its competitors in terms of service quality (e.g., the J.D. Power study “Wireless Customer Care Mobile Network Operator Performance” rated T-Mobile US the mobile carrier with the best customer service in the United States for the 14th time in succession).

Business customers

In the reporting year, we maintained our market-leading position (in terms of revenue) as a provider of telecommunications services for business customers in the Germany operating segment and posted growth in service revenues slightly above the prior-year level. As a trusted partner, we drive forward the digitalization of our customers based on global, secure connectivity, flexible software-based networks, and end-to-end security solutions. And in future, these activities will increasingly be based on integrated offerings (combining fixed network, mobile communications, and IT) and further strengthen our portfolio in the IT environment. However, integrated offerings also require digitalization expertise beyond connectivity (e.g., specialist sales, advisory, integration), since small and medium-sized enterprises in particular are increasingly looking for solutions from a single source. In 2024, we strengthened our collective market presence in the B2B segment by marketing activities in Germany and in Europe as a whole under the “T Business” brand identity, as well as with events such as Digital X. Our efforts were rewarded: Connect trade magazine named us the overall winner after surveying business customers in Germany on satisfaction with their mobile communications and internet providers. Our national companies in Europe also recorded substantial growth in revenue with business customers across all areas (mobile, fixed network, IT). Growth was strongest in the Europe operating segment, where our IT business recorded a revenue increase on an organic basis of 11.6 %. Demand for our productivity, cloud, and security portfolio continued to grow in 2024.

Going forward, we want to maintain our position in the B2B segment and achieve profitable growth. This also means we want to remain the partner of choice for businesses with cross-border connectivity needs, and to this end are investing in robust, global fixed-network and mobile communications structures and providing a one-stop shop for connectivity through the orchestration of our own networks and those of our partners. In the medium term, we want to respond to changing customer needs with fully cloud-based, modular network services and dynamically adapt our networks. Standardized application programming interfaces (APIs) will even make it possible in future to automatically manage individual network parameters in real time. To this end, over the coming years we plan to radically overhaul our own network and IT landscape, transforming it into a modular, software-defined production environment with integration capabilities for customized app and IT landscapes. We continually drive forward the commercial availability of communication and network APIs, offering easy access for developers and business customers under our Magenta Business API brand since 2023. Our business customers are already using our Magenta Business APIs, available through our developer portal, due to our efforts in the reporting year to commercialize and market them.

As major topics like the Internet of Things (IoT) and cybersecurity remain highly relevant, security and network solutions (network, IT, and cloud computing) are beginning to merge into highly secure, end-to-end solutions. Security functions which were once purchased separately are increasingly becoming part of the connectivity product or of security solutions, like new-generation firewalls that are already integrated into some SD-WAN solutions or classic mobile communications and fixed-network solutions, while Secure Access Service Edge (SASE) solutions deliver SD-WAN in combination with cloud and application security from a single source. We will continue to develop the core elements of our B2B portfolio, comprising our Multiprotocol Label Switching (MPLS) solutions and SD-WAN products, holistically, taking account of network and security aspects. Security is an integral component of every one of our products and services (e.g., campus networks, IoT) – and that goes for every part of the communication chain: from the user via the devices, Wi-Fi/mobile radio/LAN, through to access and corporate networks, transport networks, and data centers. “Security by Design” is our goal here – from development and operation to management of the network services by us and our customers. IT business for corporate customers is moving away from traditional IT outsourcing services towards new cloud-based services and digital solutions (particularly in the field of artificial intelligence). The strategy of our Systems Solutions operating segment is still to become the “leading European vertical full-service IT player.” The vision concentrates in particular on the DACH region, where we are already a leading IT service provider (in terms of revenue). Our strategic focus is on fulfilling the core customer requirements of digitalization: advisory, cloud services, and digital solutions. For selected industries (automotive, healthcare, public sector), we additionally offer industry-specific solutions. We are increasingly making use of AI, too, to help improve customer solutions and internal processes. Nearshoring and offshoring are gaining in relevance for the Group in a competitive environment, and we increasingly utilize both to unlock additional capacities, particularly at T-Systems. In the reporting year, we also expanded our global IoT business by joining the Bridge Alliance comprising 34 mobile communications companies from Asia, Australia, Africa, and the

Middle East. Our accession to the alliance has two main benefits: one, we are simplifying access to countries in the Asia-Pacific region for globally operating companies from Europe; and two, we are simplifying access to Europe for companies outside of Europe.

Efficiencies

The better our networks are utilized, the more efficient we can become. Because of this, customer growth – in terms of both customer numbers and usage intensity – is central to our efficiency. But our Leading Digital Telco vision also means orienting our efficiency to that of digital companies like Netflix and Microsoft. The digital transformation is key to further enhancing cost efficiency throughout our entire value chain: from the customer interface, to our production processes, through to the management of our own infrastructure and supply chains.

Over the last few years, we have continually invested in our digital customer touchpoints. We offer our customers a wide variety of digital service tools, such as our digital assistants that empower customers to quickly and directly resolve certain concerns and issues via self-service. The central platform for digital customer interactions in Europe and Germany is our OneApp, with around 73 % of customers using it in our European footprint, and around 58 % in Germany. In addition, we place great importance on finding a quick solution to our customers' issues. In 2024, we increased our first-call resolution rate again, i.e., the customer issues we resolve directly at the first point of contact (74.1 %; 2023: 69.0 %).

Another factor that plays into an outstanding customer experience and rapid resolution of issues is a 360° view of our customers across all channels, both online and offline. Magenta View is our front-end platform for all employees with direct customer contact, delivering all necessary customer data from a single source. At the end of the reporting year, over 26 thousand employees in Germany were benefiting from Magenta View.

We also want our internal operation to be as efficient as possible, i.e., in terms of time and costs. In building out our fiber-optic networks, for example: sensors on our T Cars record environmental data to support automated fiber-optic planning. The entire planning process is supported by AI: from the recording of the surfaces and appropriate civil engineering planning, through to digital dialogue with municipalities for approval processes. This reduces planning time significantly. Another way we are improving efficiency is by automating our network operations. Autonomous networks can predict and address issues before they affect the customer. Automated ticket handling helps speed up troubleshooting: AI-powered tickets are generated from customer complaints about network disruptions and precise measures are derived to clear the incident. We also continually scrutinize our internal processes and further optimize them wherever possible. We will therefore systematically continue on this path of cost transformation.

Data & AI

Safeguarding sustainable growth, efficiency, profitability, and thus also maintaining our long-term competitiveness, requires us to continually work on improving our processes. This is what drives us to keep digitalizing. We want to fully unlock the potential of our data, make innovative technologies such as AI an integral part of our daily work, and make the best possible use of the advantages of AI along our value chain. It starts with our networks: going forward, we want to make our networks increasingly autonomous, able to run with minimal human intervention. For instance, in the future, AI will enable us to individually adapt each mobile radio cell to expected workload levels. It will anticipate spikes in local utilization rates, e.g., if there's an open-air concert or a soccer game, and increase the antenna capacity as required. Likewise, it can put certain frequencies into sleep mode during periods of expected low demand, e.g., at night or during school vacation times. Algorithms like these can help reduce electricity consumption without compromising the browsing experience. Another example is automated ticket handling. Complaints about network disruptions received from customers via the service channel are automatically converted into tickets. Since August 2024, we have been using large language models (LLMs) to create some of our tickets. These models can glean a clearer picture of the issue from the message content and add structure if needed. AI will also help resolve the tickets in the future. Deploying AI in our networks reduces outages, improves quality, and enhances our energy efficiency.

LLMs and generative AI (GenAI) have the potential to completely transform all customer interfaces. We use GenAI to improve our Frag Magenta chatbot, meaning we can also handle customer inquiries for which we have no suitable existing script, or which contain unclear or ungrammatical wording. In the future, it will further improve the automated handling of customer inquiries and reduce the volume of inbound calls to our customer advisors. In addition to evolving our chatbot, we have added a general AI assistant to Frag Magenta in our OneApp: Magenta AI was launched in the fourth quarter of 2024. Magenta AI contains both the chatbot and an AI-powered search engine that uses global knowledge from freely accessible sources. This tool opens up access to AI to the broader public. The work of our employees outside of customer interactions will likewise benefit from AI in the form of task automation, document insights, and automatic suggestions. The use of AI in IT, such as in all phases of software development, is being successfully tested: from AI-powered code generation to finished software testing, to continual error detection and resolution. Further examples include the analysis of legal texts or the use of internal chatbots to simplify access to internal data and documents. In the reporting year, we launched the AskT chatbot in collaboration with our partner Glean. Various different models are being deployed, currently those from Glean and OpenAI. AskT accesses both internal and external data sources to provide answers.

Our use of AI complies without exception with our own ethical guidelines for handling artificial intelligence.

We established the AI Competence Center (AICC) in 2023 to centrally pool the Group's AI competencies. It delivers practical technical support for all Group entities, helping them in particular to rapidly deploy generative AI. The AICC provides advice on using AI ethically and securely, and assists with selecting suitable partners. We also play an active role in the AI ecosystem, predominantly through the Global Telco AI Alliance, which we formed in 2023 together with e&, Singtel, and SK Telecom, and to which we welcomed SoftBank in the reporting year. The Alliance's goal is to develop new growth drivers through innovative AI models.

Global scale

The Group wants to better harness global economies of scale with more than 261 million mobile customers and further fixed-network and TV customers worldwide, using globally available services and API-based IT platforms in the cloud. These economies of scale are to be leveraged with the help of global ICT solutions and partnerships.

A global orientation also means systematically driving forward knowledge-sharing within the Group. We additionally intend to focus on scaling internal business models and platforms across the entire Group, including, e.g., our customer app in Europe and Germany, and our OneTV approach with a unified TV production platform for our national companies in Europe. Further examples include our six B2B competence centers, which join forces as needed to develop platforms/services and deliver them to all markets and customer segments. A further lever is the implementation of a common operating model for parts of our network infrastructure in Europe (Common Operating Model for Europe).

In addition to that, we are adapting our production platforms to meet the customer needs of the future, by building cloud-based, scalable, modular platforms and opening up access to selected parts of these platforms to third parties (e.g., service providers and app developers) via standardized application programming interfaces (APIs). Our goal is to make connectivity, services, and data (e.g., location data, connection conditions, and user behavior) combinable with new applications as needed. The benefits of this architecture include shorter development cycles, faster exploitation of revenue potential, more automated and significantly more cost-efficient production, scaling across business units and borders, and a substantially better customer experience by virtue of personalized digital interactions.

A further component of our global orientation is securing our majority stake in T-Mobile US over the long term. We passed the threshold to a majority stake in T-Mobile US back in the first half of 2023. In June 2024, we exercised fixed-price options to acquire around 7 million additional T-Mobile US shares. Taking the treasury shares held by T-Mobile US into account, our ownership stake in T-Mobile US was 51.4 % as of December 31, 2024.

Financials

Our cost efficiency and enhanced productivity resulted in solid growth across our key financial figures in the reporting year (revenue, adjusted EBITDA AL, free cash flow AL, etc.). We are focusing on the one hand on maximizing our capital gains to reinvest in sustainable growth and generate further momentum for our flywheel, and on the other on increasing our dividend yield. This is reflected in the approximately EUR 2 billion we invested in share buy-backs in the reporting year. We reported comprehensively on our planning for the coming years at our 2024 Capital Markets Day.

For further information on the development of our financial figures, please refer to the section "Development of business in the Group." Our finance planning for the period 2024 through 2027 can be found in the section "Finance strategy," and our outlook for 2025 and 2026 in the section "Forecast."

Our identity: “T”

We use our strengths to implement our strategy and we assume social responsibility: our brand in particular plays an important role in how customers perceive us. In the reporting year, the Brand Finance Global 500 study ranked Deutsche Telekom the most valuable telecommunications brand globally and one of its top-10 most valuable brands worldwide. According to Brand Finance, the 17 % increase in Deutsche Telekom’s brand value to USD 73.3 billion is due to a strong network and successful fiber-optic build-out in Europe, and to 5G leadership in the United States. The Brand Finance study highlights Deutsche Telekom’s leading position in respect of customer satisfaction and raises the Company’s Brand Strength Index (BSI) to 83 out of 100 points.

A further factor crucial to our long-term success is the commitment of our employees. The question on Mood or Satisfaction remains at a very high level of 80 % (2023: 78 %). 83 % of employees confirmed they are proud of the brand, and participation in our Shares2You share program is further evidence that our employees identify with our Company. Through this program, we want to give our employees the opportunity for greater participation in the Company’s success. In the reporting year, over 40 % of our employees in Germany (around 38 thousand excluding managers) participated in the program, along with over 4 thousand employees internationally. The existing countries of Germany, Slovakia, the Czech Republic, Romania, and Hungary were joined by nine further countries in the reporting year: Singapore, Austria, India, Switzerland, the Netherlands, Greece, Croatia, Spain, and the United Kingdom. Shares2You is now a global shares program for employees extending well beyond the confines of Europe.

In parallel, we fulfill our responsibility to society by systematically aligning our core business processes with the principle of sustainability. We revised and further refined our sustainability strategy in 2022, and work in line with the strategy to achieve our goals in respect of climate protection, circular economy, diversity, team performance, digital responsibility, and participation. We want to reach net zero along the entire value chain by 2040. Our interim goal for 2030 is to cut emissions along the value chain by 55 % against 2020, and by as much as 90 % by 2040. Our climate goal complies with SBTi requirements. We also want to make our value chain for terminal equipment and network technology in Germany and Europe almost entirely circular by 2030.

We have taken back around 5.5 million devices in Germany and Europe either to refurbish or to send them directly for recycling, so that we and our customers actively help conserve resources and protect the climate. We are also tackling the issues of climate protection and circular economy with our suppliers, e.g., in tender conditions.

We introduced a sustainability standard for our packaging back in 2020, removing single-use plastics in favor of recyclable materials and environmentally friendly colorings. All new Telekom-branded (or T-branded) devices and more than two thirds of the new packaging for smartphones that we source from our suppliers meet these criteria. Since 2021, 100 % of our electricity requirements for all Group units have been met from renewable sources. In line with our planning, in 2024 we were twice as energy efficient as in 2020, based on the data volume in the network in relation to the power consumed in this context. To help us achieve this goal, we are decommissioning legacy platforms – including PSTN, migrating to more efficient technology – such as the switch from 3G to 5G, using highly efficient data centers, and deploying AI. From a long-term perspective, we will also achieve savings from the migration from copper to fiber-optic technology. These measures enabled us to maintain stable power consumption in Germany and Europe in 2024 compared to 2020, despite rapidly rising data volumes, growing numbers of active network components, and the further densification of our networks. In 2024, we added green AI principles to our existing AI ethics guidelines particularly to uphold high standards of accountability in the use of AI. Nine principles will help us to manage the consumption of energy and resources for AI responsibly and in an environmentally friendly way. Above and beyond this, we are supporting a responsible approach to digitalization. Under the motto “No hate speech,” Deutsche Telekom is supporting, for example, projects for media literacy in society and against cyberbullying. In 2024, we successfully expanded our commitment in this area with a campaign against disinformation and fake news.

In the reporting year, we launched the Telekom Sustainability Campus, a learning platform offering all employees in Germany and Europe access to online sustainability training. The goal is to help employees contribute to the Group’s sustainability-related goals in their daily work.

For further information on our sustainability strategy, please refer to the section “Combined sustainability statement.”

Our strategy is summarized in the following ambitions:

- We want to make the difference by delivering the **leading network experience** for our customers: best fiber, best 5G network.
- **We want to grow further:** by monetizing **high-quality networks and services** that enhance digital life and business of our customers. And generate additional revenue through the **Magenta Advantage**.
- We want to increase our **productivity and cost efficiency** end-to-end through continuous automation, simplification, and modernization.
- We want to maximize capital returns to **re-invest** in sustainable **growth** and to deliver superior **shareholder value**.
- We make **digitalization** our top priority and harness the full potential of our **data** and of **AI**.
- **We leverage our global scale** with global services, cloudified API-based NT/IT platforms, and common operations.
- We play a responsible and active role in **society**. We are a partner, not just at a societal level, but also at a political one, and we work in the interests of ensuring the open, forward-looking development of all countries in which we are active.

Finance strategy

We presented our strategy for the years 2024 through 2027 at the Capital Markets Day in October 2024. For investors, Deutsche Telekom continues to pursue an attractive and reliable finance strategy. Excellent financial figures underpin our investments and unlock further customer growth. In parallel, we constantly strive to enhance efficiency.

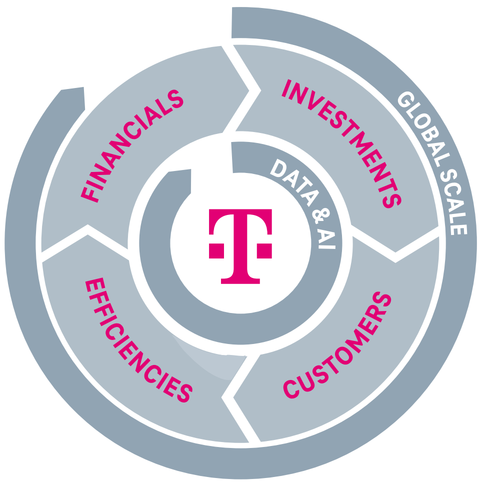
Our finance strategy through 2027

Shareholders' equity

Reliable shareholder remuneration policy

- **Dividend** [a]
  - Between 40 and 60 % of adjusted earnings per share (2024: 47.3 %)
  - Floor at EUR 0.60/share (2024: EUR 0.90/share, payout in 2025)
- **Buy-backs**
  - Up to EUR 2 billion in 2025

Leading Digital Telco – ROCE > WACC



Debt

Undisputed access to debt capital markets

- **Rating**
  A- to BBB
  (as of Dec. 31, 2024: BBB+)
- **Relative debt**
  ≤ 2.75x
  (as of Dec. 31, 2024: 2.78x)
- **Equity ratio**
  25 to 35 %
  (as of Dec. 31, 2024: 32.3 %)
- **Liquidity reserve**
  covers maturities of coming 24 months

[a] Subject to approval by the relevant bodies and the fulfillment of other legal requirements.

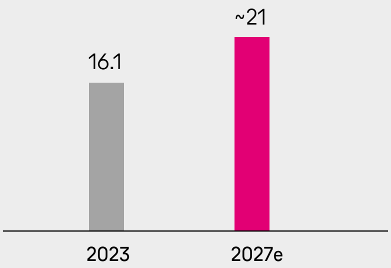
Part of our finance strategy is to achieve our target financial ratios – relative debt (ratio of net debt to adjusted EBITDA) and equity ratio – along with a liquidity reserve that covers our maturities of the coming 24 months at least. With these clear statements we intend to maintain our rating in a corridor from A- to BBB and safeguard undisputed access to the capital market.

There is an attractive and sustainable dividend policy for shareholders, which is subject to approval by the relevant bodies and the fulfillment of other legal requirements. Starting from the 2024 financial year, the amount of the dividend continues to be based on a dividend payout ratio of 40 to 60 % of adjusted earnings per share, with a lower limit fixed at EUR 0.60 per dividend-bearing share. For the 2024 financial year, as announced in October 2024, we propose a dividend of EUR 0.90 for each dividend-bearing share. This equates to 47.3 % of adjusted earnings per share. This figure is set to rise from the 2023 level of EUR 1.60 to around EUR 2.5 by 2027. We thus offer our shareholders both an attractive return and a high level of planning reliability. As in previous years the dividend for the 2024 financial year will once again be paid out without deduction of capital gains tax.

At the 2024 Capital Markets Day, Deutsche Telekom AG's Board of Management announced plans for total shareholder remuneration in 2025 of up to EUR 6.4 billion, including share buy-backs totaling up to EUR 2 billion. The buy-back commenced on January 3, 2025 and will be carried out in several tranches through December 31, 2025.

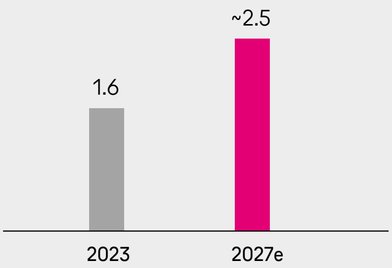
2024 Capital Markets Day: Ambition level [a] up to 2027

Free cash flow AL [b]
billions of €



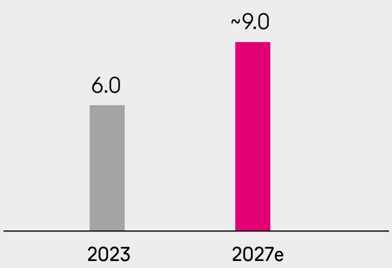
- **Strong increase** despite cash tax normalization in the United States operating segment

Adjusted earnings per share
€/share



- More than 50 % growth in adjusted EPS driven by **business growth** and **accretion**

ROCE [c]
%



- **Growth** in **EBITDA** and normalization of capex in the United States operating segment

[a] Our ambition level was determined based on the average U.S. dollar exchange rate USD 1.08 as well as a constant composition of the Group.
[b] Before dividend payments and spectrum investment.
[c] The ambition level is based on the organic figure for 2023, i.e., not including the gain on deconsolidation from the sale of GD Towers effective February 1, 2023.

With the strategy presented at the 2024 Capital Markets Day, we are aiming for a new phase of growth up to 2027: We expect average annual growth of around 4 % in both revenue and service revenue, and of 4 to 6 % in adjusted EBITDA AL. Our investments (Deutsche Telekom excluding T-Mobile US) excluding expenses for spectrum are expected to account for around 21 % of service revenues in 2027. The scope for investment is to be used to further roll out our broadband infrastructure and to accelerate the transformation of the Company. In mobile communications, the infrastructure build-out will focus on the 5G standard and, in the fixed network, mainly on our continued build-out of fiber-optic infrastructure. The finance strategy supports the transformation of our Group into the Leading Digital Telco. In order to generate a sustainable increase in value, we intend to earn at least our cost of capital. We plan to meet this target by optimizing the utilization of our non-current assets on the one hand, and pursuing strict cost discipline and profitable growth on a sustainable basis on the other (ROCE 2024: 8.5 %). Growth is driven by the enhancement of our business model. Key factors in this are leveraging global economies of scale and the systematic use of artificial intelligence and data.

For further information on the expected development of business in 2025 and 2026, please refer to the section “Forecast.”

In order to set and achieve our strategic goals more effectively, we pursue a Group-wide, value-oriented performance management approach, which we explain in the section “Management of the Group.”

Management of the Group

We are committed to the concept of value-oriented corporate governance. We want to strike a balance between the contrasting expectations of our stakeholders so that sufficient funding is available for an attractive dividend, deleveraging, responsible staff restructuring, and new investment in a positive and sustainable customer experience.

- **Shareholders** expect an appropriate, reliable return on their capital employed.
- **Providers of debt capital** expect an appropriate return and that Deutsche Telekom is able to repay its debts.
- **Employees** expect jobs that are secure and that any necessary staff restructuring will be done in a responsible manner.
- **“Entrepreneurs within the enterprise”** expect sufficient investment funding to be able to shape Deutsche Telekom’s future business and develop products, innovations, and services for the customer.
- **Society** expects us to do everything within our power to protect the environment, encourage a fair and democratic co-existence, and shape the digital transformation in a responsible manner.

Performance management system

We use a specific set of performance indicators to reliably and transparently measure success. The following tables and information provide an overview of our key financial and non-financial performance indicators.

Financial performance indicators

		2024	2023	2022	2021	2020
Revenue	billions of €	115.8	112.0	114.4	107.8	100.1
Service revenue [a]	billions of €	96.5	92.9	92.0	83.2	78.1
EBITDA AL (adjusted for special factors)	billions of €	43.0	40.5	40.2	37.3	35.0
Profit (loss) from operations (EBIT)	billions of €	26.3	33.8	16.2	13.1	12.8
Earnings per share (adjusted for special factors)	€	1.90	1.60	1.83	1.22	1.20
ROCE	%	8.5	9.0	4.5	4.1	4.6
Free cash flow AL (before dividend payments and spectrum investment) [b]	billions of €	19.2	16.1	11.5	8.8	6.3
Cash capex (before spectrum investment)	billions of €	(16.0)	(16.6)	(21.0)	(18.0)	(17.0)
Rating (Standard & Poor's, Fitch)		BBB+, BBB+	BBB+, BBB+	BBB, BBB+	BBB, BBB+	BBB, BBB+
Rating (Moody's)		Baa1	Baa1	Baa1	Baa1	Baa1

[a] As of January 1, 2023, the definition of service revenue was extended. Figures for the prior years were adjusted retrospectively up to and including 2021.
[b] Before interest payments for zero-coupon bonds and before termination of forward-payer swaps at T-Mobile US (both in 2020).

Presentation of GD Towers in the prior year. The sale of the GD Towers business entity was consummated on February 1, 2023. Since that date, GD Towers has no longer been part of the Group. It had been recognized in the consolidated financial statements as a discontinued operation from the third quarter of 2022 until its sale. By contrast, the financial performance indicators for the prior year in the combined management report contain the value contributions of GD Towers up to the end of January 2023. Please refer to the following table for a breakdown of these performance indicators into the amounts recognized in the consolidated income statement in 2023 and 2022:

millions of €		2023	Of which: continuing operations	Of which: discontinued operation	2022	Of which: continuing operations	Of which: discontinued operation
Net revenue		**111,985**	**111,970**	**15**	**114,413**	**114,197**	**216**
Service revenue		**92,919**	**92,923**	**(4)**	**91,988**	**92,006**	**(18)**
EBITDA		**57,777**	**44,772**	**13,004**	**43,986**	**43,049**	**937**
Depreciation of right-of-use assets		(4,810)	(4,810)	0	(6,507)	(6,406)	(101)
Interest expenses on recognized lease liabilities		(1,807)	(1,802)	(5)	(1,489)	(1,452)	(37)
EBITDA AL		**51,160**	**38,161**	**12,999**	**35,989**	**35,191**	**798**
Special factors affecting EBITDA AL		10,663	(2,264)	12,927	(4,219)	(4,213)	(6)
EBITDA AL (adjusted for special factors)		**40,497**	**40,424**	**73**	**40,208**	**39,404**	**804**
Depreciation, amortization and impairment losses		(23,975)	(23,975)	0	(27,827)	(27,635)	(192)
Profit (loss) from operations (EBIT)		**33,802**	**20,798**	**13,004**	**16,159**	**15,414**	**745**
Profit (loss) from financial activities		(8,845)	(8,829)	(16)	(4,455)	(4,437)	(18)
Profit before income taxes		24,957	11,968	12,989	11,703	10,977	727
Earnings per share (basic and diluted)	€	3.57	0.82	2.75	1.61	1.52	0.09
Adjusted earnings per share (basic and diluted)	€	**1.60**	**1.59**	**0.01**	**1.83**	**1.72**	**0.10**

The gain on deconsolidation in the 2023 financial year resulting from the sale of GD Towers amounted to EUR 12.9 billion and is included in EBITDA and the associated performance indicators. In the consolidated income statement, the amount is recognized under profit/loss from discontinued operation as other operating income.

Revenue and earnings

Revenue corresponds to the value of our operating activities. Absolute revenue depends on how well we are able to sell our products and services on the market. The development of our revenue is an essential indicator for measuring the Company's success. New products and services as well as additional sales activities are only successful if they increase revenue. **Service revenue** essentially comprises high-value – i.e., predictable and/or recurring – revenues from Deutsche Telekom's core activities. Service revenue is the revenues that are generated through customers' use of our services (i.e., revenue from fixed and mobile network voice calls – incoming and outgoing calls – as well as data services) plus roaming revenue, monthly basic charges and visitor revenue, as well as revenue generated from the ICT business. Service revenues also include revenues earned in connection with premium services for customers, such as reinsurance for device insurance policies and extended warranties. Service revenue is an important indicator for the successful implementation of the growth strategy of the Group.

We measure our operating earnings performance on the basis of **adjusted EBITDA AL**, i.e., EBITDA adjusted for depreciation of right-of-use assets, for interest expenses on recognized lease liabilities, and for special factors. And EBITDA is calculated as **EBIT** (profit/loss from operations) before depreciation, amortization and impairment losses on intangible assets, property, plant and equipment, and right-of-use assets. Both metrics indicate the short-term operational performance and the success of individual business areas. Special factors have an impact on the presentation of operations, making it more difficult to compare performance indicators with corresponding figures for prior periods. For this reason, we adjust our performance indicators to provide transparency. Without this adjustment, statements about the future development of earnings are only possible to a limited extent. The further inclusion of unadjusted EBIT/EBITDA AL as performance indicators means special factors are also taken into account. This promotes a holistic view of our expenses. In addition to these absolute indicators, we also use the EBIT and EBITDA AL margins to show how these indicators develop in relation to revenue. This makes it possible to compare the earnings performance of profit-oriented units of different sizes.

For the calculation of EBITDA AL, EBIT, and net profit/loss adjusted for special factors, please refer to the section "Development of business in the Group."

Adjusted earnings per share is calculated as adjusted net profit divided by the time-weighted number of all ordinary shares outstanding, which is determined by deducting the weighted average number of treasury shares held by Deutsche Telekom AG.

Profitability

We have incorporated sustainable growth in enterprise value into our medium-term aims and implemented it as a separate key performance indicator (KPI) for the entire Group. Return on capital employed (**ROCE**) is a key performance indicator at Group level. ROCE is the ratio of operating result after depreciation, amortization and impairment losses plus imputed taxes (net operating profit after taxes, NOPAT) to the average value of the assets tied up in the course of the year (net operating assets, NOA).

Our goal is to achieve or exceed the return targets imposed on us by providers of debt capital and equity on the basis of capital market requirements. We measure return targets using the weighted average cost of capital (WACC).

NOPAT is an earnings indicator derived from the consolidated income statement, taking an imputed tax expense into consideration. It does not include cost of capital.

NOA includes all assets that make a direct contribution to revenue generation. These include all elements on the asset side of the consolidated statement of financial position that are essential to the rendering of services. To this is added operating working capital, calculated from trade receivables, inventories, and trade and other payables. The figure for other provisions is deducted as no return target exists for this.

Financial flexibility

Free cash flow AL (before dividend payments and spectrum investment) is calculated as net cash from operating activities less net cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment, as well as the principal portion of repayment of lease liabilities (excluding finance leases at T-Mobile US). Free cash flow AL is a key yardstick for providers of debt capital and equity. It measures the potential for further developing our Company, for generating organic growth, and for the ability to pay dividends and repay debt.

Cash capex (before spectrum investment) relates to cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment, which are relevant for cash outflows as a component of free cash flow.

A **rating** is an assessment or classification of the creditworthiness of debt securities and their issuer according to uniform criteria. The assessment of creditworthiness by ratings agencies affects access to the capital markets and to the international finance markets, and refinancing costs. As part of our finance policy, we have defined a target range for our ratings. We believe that with a rating between A- and BBB (Standard & Poor's, Fitch) or between A3 and Baa2 (Moody's) we essentially have the necessary entry to the capital markets to generate the required financing.

Non-financial performance indicators

		2024	2023	2022	2021	2020
Customer satisfaction (TRI*M index) [a]		77.6	76.2	76.0	73.4	72.2
Employee satisfaction (engagement score) [b]		77	76	78	77	4.0
Energy consumption [c, d]	GWh	11,926	12,241	13,253	13,323	12,544
Of which: Deutsche Telekom excluding T-Mobile US	GWh	4,514	4,567	4,704	n.a.	n.a.
CO_2 emissions (Scope 1 and 2) [d, e, f]	kt CO_2e	253	258	233	247	2,428
Of which: Deutsche Telekom excluding T-Mobile US	kt CO_2e	183	188	179	n.a.	n.a.
Fixed-network and mobile customers						
Mobile customers [g]	millions	261.4	252.2	245.4	248.2	241.5
Fixed-network lines	millions	25.2	25.4	25.3	26.1	27.4
Broadband customers [h]	millions	22.4	22.0	21.4	21.6	21.7
Systems Solutions						
Order entry [i]	millions of €	4,020	3,628	3,952	3,876	4,564

[a] Deutsche Telekom excluding T-Mobile US.
[b] In 2021, we changed from a scale of 1 to 5 for the engagement score (previously the “commitment index”) to a scale of 0 to 100.
[c] Energy consumption, mainly: electricity, fuel, other fossil fuels, district heating for buildings. The figure for 2020 was adjusted retrospectively in 2024 due to changes in methods and structures applied.
[d] Information for 2020 was taken from the non-financial statement for 2020, which was reviewed in the form of a limited assurance engagement. At the time, this information was not part of the statutory audit of Deutsche Telekom’s combined management report and consolidated financial statements.
[e] The figures for 2020 and 2023 were adjusted retrospectively in the reporting year due to changes in methods and structures applied. Since 2023, CO_2 emissions have also included fugitive emissions from refrigerants and fire suppressants. Excluding fugitive emissions, CO_2 emissions in 2024 including T-Mobile US would have been 206 kt CO_2e (2023: 217 kt CO_2e) and excluding T-Mobile US 162 kt CO_2e (2023: 171 kt CO_2e).
[f] Calculated according to the market-based method of the Greenhouse Gas Protocol.
[g] Including T-Mobile US wholesale customers.
[h] Excluding wholesale.
[i] Order entry for the 2021 financial year was adjusted retrospectively in connection with the reassignment of the security business.

We believe that satisfied customers act as multipliers for our Company’s success. As a responsible, service-oriented company, the needs and opinions of our customers are of great importance to us, and we want them to stay with our Company in the long term. For this reason, we measure **customer satisfaction** in our companies using the globally recognized TRI*M method. The results of systematic surveys are expressed by an indicator known as the **TRI*M index**. To underscore the significance of customer retention/satisfaction for our operating business, the performance of Board of Management members and eligible managers is now also being tracked and incentivized by means of the long-term variable remuneration (Long-Term Incentive Plan). This KPI, as one of four target parameters, is relevant for the Long-Term Incentive Plan, which was introduced in 2015, and in which the Board of Management has participated since 2021. We take the TRI*M indexes calculated for the operating entities (Deutsche Telekom excluding T-Mobile US) as an approximation of the respective entities’ percentage of total revenue to create an aggregate TRI*M value. This allows Board members and eligible managers to benefit from the development of customer retention/satisfaction.

For further information on our customer service, please refer to the section “Group strategy.”

Our employees want to contribute to the further development of the Company and identify with it. We want to pursue open dialogue and productive exchange with our employees. New working models, state-of-the-art communication options, and regular employee surveys, help us to accomplish this. The main feedback tools which the Group uses to assess **employee satisfaction** are the employee survey, as of late carried out every two years, and the half-yearly pulse survey (both Deutsche Telekom excluding T-Mobile US). In our Company, we measure the employee satisfaction performance indicator using the **engagement score** – derived from the results of the last survey – by averaging the responses to the four engagement questions on mood, brand identity, employer attractiveness, and inspiration. In view of the major significance of employee satisfaction for the success of the Company, the performance of Board of Management members and eligible managers is now also being tracked and incentivized by means of the long-term variable remuneration (Long-Term Incentive Plan). Employee feedback, as one of four target parameters, is relevant for the Long-Term Incentive Plan, which was introduced in 2015, and in which the Board of Management has participated since 2021. This allows Board of Management members and eligible managers to benefit from the development of employee satisfaction.

For further information on our HR work, please refer to the section “Social” in the “Combined sustainability statement.”

Climate change and the destruction of the environment are existential threats to the world. Companies must therefore significantly increase their energy and resource efficiency and restrict their absolute energy consumption. This issue is ever more relevant for providers of information and communications technology (ICT). There is a general expectation on the ICT sector to continue building out the telecommunications network while, at the very least, keeping basic consumption stable in the medium term or even reducing it going forward. Deutsche Telekom records ESG data and performance indicators (environment, social, and governance), which are used first and foremost to calculate our Group-wide ESG KPIs, on the basis of which we measure and manage our CR performance. Given the major significance of two sustainability-related goals, the performance of Board of Management members has also been tracked and incentivized by means of the annual variable remuneration since 2021. Since 2022, this has also applied for our managers (excluding T-Mobile US) and all employees not covered by collective agreements in Germany. The non-financial performance indicator **energy consumption** is a record of the energy consumed in connection with the operation of our actual business model. Our goal is to keep the energy consumption that is harmful to the environment at least stable in the medium term (2027 against 2023, Deutsche Telekom excluding T-Mobile US). This goal is supported by programs and investments in energy-saving measures for all energy sources, through the optimization of infrastructure, and through the use of innovative technology components. In living up to our responsibility to conserve resources and protect the climate, we also run various initiatives that aim to reduce the CO_2 emissions generated as part of our business activities. These initiatives include the sustained use of green electricity, optimizing power consumption in our buildings, and gradually transitioning our Group fleet vehicles from fossil fuels to zero- or low-emission power sources. We measure our progress with reducing our carbon footprint on the basis of the **CO_2 emissions** (Scope 1 and 2) non-financial performance indicator. For both of these sustainability-related goals, the ambition level and the target achievement in connection with short-term variable remuneration were determined excluding T-Mobile US. This is due in part to the fact that we are forging ahead with the intensive build-out of the 5G network in the United States, particularly in rural areas, which leads to increased electricity consumption. T-Mobile US, like the Group, has covered 100 % of these electricity requirements from renewable energy sources since 2021. In addition, the Scope 1 emissions at T-Mobile US are subject to strong fluctuations due to unforeseeable natural disasters and the associated temporary use of equipment such as diesel generators to restore and back up damaged network infrastructure. Consideration should be given to the special national situation in this key market, which is why the decision was taken not to include T-Mobile US in the sustainability-related goals in respect of short-term variable remuneration. This step aims to ensure that the right incentives are set for the Board of Management toward the sustainable development of the business, while at the same time safeguarding the stability of network operations. The annual ambition for the performance indicators “energy consumption” and “CO_2 emissions” will continue to be set, managed, and reported for the entire Group as before, including a target value for T-Mobile US.

For further information on these and other ESG KPIs, please refer to the section “Combined sustainability statement.”

As one of the leading providers of telecommunications and information technology worldwide, the development of our Group – and thus also our financial performance indicators – is closely linked to the development of **customer figures**. Acquiring and retaining customers is thus essential to the success of our Company. We have different ways of measuring the development of our customer figures according to the business activity in our operating segments: Depending on the activities of each segment, we measure the number of mobile customers (one SIM card equals one customer) and/or the number of broadband customers and fixed-network lines.

In our Systems Solutions operating segment, we use **order entry** as a non-financial performance indicator. We define and calculate order entry as the total of all amounts resulting from customer orders received in the financial year. Order entry in the form of long-term contracts is of great significance to the Group in order to estimate revenue potential. In other words, order entry is an indicator that provides a high degree of planning reliability.

Performance indicators at Deutsche Telekom AG

Net income is the financial performance indicator of greatest relevance for Deutsche Telekom AG and is used to pay out the dividend to shareholders.

The economic environment

Macroeconomic development

The global economy proved itself resilient in 2024, despite all the challenges. Unemployment remained low in historical terms. Household income was bolstered in real terms by strong nominal wage growth and declining inflation. Nevertheless, growth in private consumption remained restrained in many countries, owing to weak consumer confidence. The International Monetary Fund (IMF) estimates global growth for 2024 of 3.2 %, down from 3.3 % in the prior year. Underlying these growth figures is a global shift in demand from goods to services. This realignment is reviving the service sector in industrialized and emerging countries, while having a generally dampening effect on industrial production. The IMF views that success in combating inflation is a cause for optimism.

The U.S. economy performed robustly over the course of the reporting year, mostly buoyed by consumer and public spending and federally subsidized business investments. For 2024, GDP growth of 2.7 % is expected. After introducing the turnaround in interest rates in September 2024 by cutting its benchmark interest rates by 0.5 percentage points, the U.S. Federal Reserve (Fed) made two further cuts in early November and mid-December 2024, each of 0.25 percentage points.

After a lengthy period of stagnation, the European economy returned to moderate growth in the first quarter of 2024, which continued in the subsequent quarters, accompanied by further easing inflationary pressure. The European Central Bank (ECB) cut its key interest rates by a total of one percentage point in four steps in 2024. While economic output declined in our European core countries of Germany and Austria in 2024, our remaining core countries recorded positive economic growth. The German economy has been in a phase of stagnation for some time now, which can be attributed to both economic and structural problems, including declining competitiveness, high energy prices, and excessive bureaucracy. In our core countries of Greece, Croatia, Poland, and Slovakia, robust growth was driven in particular by consumer spending in 2024.

In Germany, the Bitkom-ifo-Digitalindex, calculated on the basis of the business situation and expectations, decreased over the course of the reporting year. The business climate in the IT and telecommunications sector stood at minus 5.3 points in December 2024. The ICT industry, however, remained at a significantly higher level than the economy as a whole: the ifo Business Climate Index for Germany was at minus 14.8 points in December 2024.

A broad-based revival in private consumption could lead to a moderate economic recovery in the year ahead. Progress with the digital transformation and new trends in artificial intelligence could stimulate growth in productivity in the medium term. However, significant downside risks continue to weigh on the economic outlook.

For further information on economic outlook, please refer to the section “Forecast.”

For further information about the risks and opportunities relating to the macroeconomic environment, please refer to the section “Risk and opportunity management.”

The following table shows the gross domestic product (GDP) growth rate trends and the change in harmonized consumer prices in our most important markets.

%	GDP for 2022 compared with 2021	GDP for 2023 compared with 2022	GDP estimate for 2024 compared with 2023	Consumer prices for 2022 compared with 2021	Consumer prices for 2023 compared with 2022	Consumer prices estimate for 2024 compared with 2023
Germany	1.4	(0.3)	(0.2)	8.7	6.0	2.4
United States	2.5	2.9	2.7	8.0	4.1	2.9
Greece	5.7	2.3	2.1	9.3	4.2	3.0
Romania	4.0	2.4	1.4	12.0	9.7	5.5
Hungary	4.3	(0.9)	0.6	15.3	17.0	3.8
Poland	5.3	0.1	3.0	13.2	10.9	3.8
Czech Republic	2.8	(0.1)	1.0	14.8	12.0	2.7
Croatia	7.3	3.3	3.6	10.7	8.4	4.0
Slovakia	0.4	1.4	2.2	12.1	11.0	3.1
Austria	5.3	(1.0)	(0.6)	8.6	7.7	2.9

Sources: Eurostat, European Commission, national authorities. Last revised: January 2025.

Telecommunications market

Demand for high-speed broadband – over both the fixed and mobile networks – remains high. According to estimates by the consulting firm Analysys Mason, fixed network data traffic in Europe reached a volume of 1,016 exabytes in 2024, an increase of 13 % compared with the prior year. Mobile data traffic increased by 16 % to 141 exabytes. Ericsson forecasts that global mobile data traffic will triple by 2030. In the fixed network, development will be primarily driven by the ongoing shift from linear television to on-demand services. Furthermore, there is a growing share of high-resolution content and the trend towards live-streaming of sports events. In mobile communications, the main forces driving growth in traffic are the growing consumption of short videos, intensive use of social media, and in some countries, the prevalence of Fixed Wireless Access (FWA).

The global telecommunications market is set to grow further. According to estimates by Analysys Mason, global revenue from telecommunications services grew in 2024 by 2.0 % year-on-year. Revenue growth from conventional telecommunications services is mainly driven by higher spending on data services. Analysys Mason expects the build-out of fiber-optic networks and the growing demand for faster broadband lines to drive up average spend per user for fixed-network lines, especially in North America and Western Europe. Analysys Mason also expects revenue growth in the North American mobile market to remain consistently higher than in Europe over the coming years.

The telecommunications industry continues to be characterized by intense competition. Consumers benefit from a greater range of products to choose from. In the fixed network, established telecommunications companies are competing intensively with cable network operators, city network operators, and resellers, who predominantly make use of regulated wholesale products. Financial investors are involved in building out regional and supra-regional fiber-optic networks. In addition, internet companies are also further intensifying the competitive pressure. Moreover, three or four mobile network operators operate in each of our markets using their own network infrastructure. On top of this, we are seeing mobile virtual network operators (MVNOs) becoming established in many markets using the network infrastructure of traditional mobile network operators.

In view of this, the question is whether the intense regulation of telecommunications markets in the European Union (EU) is still justified. Two landmark reports – the Letta Report, published in April 2024 on the future of the EU Single Market, and the Draghi Report published in September 2024 on the future of EU competitiveness – call for reforms to strengthen the competitiveness of the European telecommunications sector. The main focal points here are on deregulation, consolidation, spectrum reform, and fairness in the digital ecosystem. As such, both reports seize on action areas that the European Commission already raised in its white paper published in February 2024 on the future of digital infrastructure. The new European Commission, which took office on December 1, 2024, regards the Draghi report in particular as a cornerstone of its economic policy for the next five years. For 2025, the European Commission plans to table a legislative proposal (Digital Network Act) that is based on the proposals from the white paper and the recommendations of the Draghi Report, and could incorporate parts of it.

Germany

While the German economy is stagnating, the telecommunications industry is continuing its upwards trend. In January 2025, the industry association Bitkom estimated that total revenue in the telecommunications industry in Germany had increased by 1.8 % year-on-year to EUR 74.3 billion in the reporting year. Revenue in the area of telecommunications equipment grew by 3.5 %, in telecommunications services by 1.4 %, and in telecommunications terminal equipment by 2.7 %.

According to an estimate by the industry association VATM, the number of broadband lines in Germany increased to 37.7 million lines by the end of the first half of 2024. The build-out of modern fiber-optic networks continues: in addition to established telecommunications companies, public utility companies, municipalities, and special purpose associations, as well as investor-driven network operators, are also active. Increasingly, FTTB/H lines are marketed as alternatives to VDSL/vectoring lines and cable network lines. In the TV services market, a large number of customers switched their TV provider in summer 2024 owing to the abolition of the privilege for property owners or housing companies to pass on cable TV and internet service fees as ancillary rental costs to tenants (“Nebenkostenprivileg”). IPTV providers in particular saw their TV customer bases increasing.

According to Analysys Mason, service revenue in the German mobile communications market increased by 1.4 % to EUR 19.6 billion compared with 2023, driven mainly by the uninterrupted upswing in data usage. Sustained price and competitive pressure offset the additional demand for data. Mobile data usage continues to increase strongly on the back of growing use of products such as mobile video apps. Connected devices like smartwatches and fitness trackers (wearables) are growing in popularity. Alongside established apps for IP messaging and social networks, etc., apps for tracking fitness, vital, and health data or using mobile payment services are also gaining traction and pushing up demand for high-speed mobile broadband, large data volumes, and extra SIM cards in the rate plan portfolios.

The digitalization of both private and business applications continues. Demand is also growing in industry for connectivity to allow machines and production sites to be networked. The growing use of artificial intelligence increases efficiency, reduces costs, and at the same time, enables greater customer satisfaction due to faster, tailored services.

United States

To meet the ongoing demand for faster networks in 2024, U.S. broadband providers continued to expand their network capacities with further wireless and fiber deployments.

According to independent network tests, T-Mobile US's network delivered best-in-class 5G availability and higher coverage than its competitors at the end of 2024, covering around 54 % of the land area of the United States. AT&T has coverage of around 30 %, while Verizon had the lowest 5G coverage in the United States as of the beginning of November 2024 at around 13 %.

Fixed Wireless Access (FWA), which provides high-speed internet to homes and businesses, continues to drive fixed broadband growth, putting the United States at the forefront of this area. Wireless providers have used FWA to enter the fixed broadband market, while fixed internet service providers with access to 5G spectrum use FWA to complement broadband access in locations where fiber networks are not present. In the United States, FWA has also been used to help bridge the digital divide in rural locations where laying fiber is not economical. T-Mobile US and Verizon are leading in FWA expansion in the United States: At the end of the third quarter of 2024, T-Mobile US reported around 6 million broadband customers, and Verizon 4.2 million.

U.S. telecommunications providers also pushed ahead with the FTTH build-out in the reporting year. AT&T offers fiber-optic services in parts of 21 U.S. federal states, primarily in towns and cities of the Midwest and the South. According to the U.S. Federal Communications Commission (FCC), AT&T covered around 12 % of households with fiber-optic lines in 2024, Verizon around 9 %. Fiber deployments are expected to further accelerate with the support of the federal Broadband Equity Access and Deployment Program (BEAD). The BEAD program provides USD 42.45 billion to fund primarily fiber-based broadband expansion projects in unserved and underserved areas of the United States. The United States began awarding grants in the reporting year, such that the build-out is expected to accelerate in 2025.

Carriers in the United States are continuing to evaluate options for a shift in communications network architecture from closed proprietary interfaces toward Open Radio Access Network (Open RAN) deployment. AT&T plans to run 70 % of its 5G network traffic via Open RAN by the end of 2026. Verizon is also a huge driver of Open RAN and reports using more than 130 thousand Open RAN-capable antennas in its network. On September 18, 2024, T-Mobile US announced a partnership with Nvidia, Ericsson, and Nokia to drive forward the future of mobile networking, including Open RAN, with AI at its heart.

In April 2024, the FCC adopted net neutrality regulations, which were then challenged before the court. In January 2025, a U.S. court of appeal lifted the regulations on the grounds that the FCC did not have the requisite powers to issue the regulations under the relevant legislation. However, the net neutrality regulations continue to apply in a number of U.S. states.

Europe

Economic activity saw a gradual recovery in the countries of our Europe operating segment in the reporting year. After a difficult 2023, dominated by high inflation, geopolitical tensions, and energy price rises, the economic conditions gradually stabilized. Inflation fell in the countries of our segment, mainly due to lower energy prices. In the EU, inflation fell to an average of 2 %. This decline contributed to a recovery in purchasing power. Despite the first cuts in interest rates, households and companies remained restrained, thereby dampening momentum. The labor markets continued to be robust, with employment rates remaining stable. Private consumption was up slightly, bolstered by real wage growth and abating inflation.

Consumer spending on telecommunications products and services in Europe remained relatively stable in 2024. Demand for broadband lines, especially those with higher bandwidths, remained consistently high. These developments are also reflected in Analysys Mason's figures for the fixed-network business (excluding systems solutions) for the first half of 2024: the business grew, driven in particular by the sharp increase in broadband business, by around 6 %. This offset the decline in revenues from voice telephony.

Mobile revenues increased, too, by almost 5 % according to Analysys Mason, driven by an increase in data usage per SIM card and the rising popularity of data-intensive apps. In addition, the build-out of 5G networks drove demand for higher-value rate plans and increased investments in telecommunications infrastructure.

The market players in our European footprint again focused their acquisition activities in the reporting year on becoming providers of convergent product bundles comprising fixed-network and mobile services (FMC). There was significant activity in the Greek market in 2024: For example, a number of public ICT tender procedures were carried out. Furthermore, our Greek national company entered into an agreement with Nova on the mutual sharing of sports content. Nova's ownership is expected to change in 2025. Market players also invested in their high-speed infrastructure. In Hungary, the ICT group 4iG continued with its strategy of acquiring smaller market players. The expansion extends further to the Western Balkans. Yettel underwent a change in ownership at the end of the reporting year.

FMC remains a strategic focus for the European markets. This is reflected in strong growth in the convergent customer base and in revenue in the reporting year. According to Analysys Mason, the number of FMC customers continued to grow year-on-year in the first half of 2024 by around 3 % and revenues by around 5 %. This trend can also be seen at our national companies: Revenues from convergent products recorded double-digit growth in 2024 compared with the prior year. MagentaOne was still our top product and the most popular choice among our customers. This has a significant impact on reducing the number of customers leaving and improving the customer experience compared with non-convergent customers. As FMC continues to mature in most European markets, they are increasingly focusing on value creation and personalization. We updated our FMC portfolio in our national companies, e.g., Greece and Slovakia. In the process, we combine monetary and non-monetary incentives and services, which are tailored to all customer needs. The competition doubled the convergent product offering through the merging of telecommunications providers. For instance, 4iG's takeover of Vodafone and UPC Hungary positioned 4iG as a strong convergent provider alongside Magyar Telekom.

Subscription-based streaming services continued to rise in the reporting year – with both international and local services gaining in relevance. Local pay-TV providers also continue to have an extended content mix. They are able, for example, to include attractive sports offerings in their portfolio, because it is easier to acquire sports rights for the individual markets. So for example, RTL+ in Hungary has secured parts of the UEFA club competitions (e.g., UEFA Champions League). Offering customers access to live sports streaming, e.g., via licensed or own channels, is and remains an attractive anchor point in the portfolio of pay-TV providers, although the price trend is making refinancing increasingly difficult. That is why we have reached an agreement with competitor Nova in Greece that enables us to offer the Nova sports channels on our TV platform. In return, Nova broadcasts our sports channels. For customers, this means they have almost every sports event broadcast in the Greek market available on one platform. This not only increases the attractiveness of pay TV and creates higher penetration, it also has positive effects on pay-TV piracy, which is very widespread in Greece. This also shows that it is possible to grow in traditional pay TV: While these revenues grew by around 3 % in the first half of 2024 according to Analysys Mason, and streaming services recovered, with growth of around 12 %, our TV customer base also continued to grow in our national companies.

In 2024, developments in the European telecommunications market were dominated by technological advances, regulatory changes, cybersecurity concerns, competition, a focus on sustainability and green initiatives, supply chain challenges, rising energy costs, and geopolitical uncertainty. Influenced by the European Commission's Green Deal, the telecommunications sector will take on a central role as strategic partner to strengthen Europe's ability to work towards greater resilience and accelerated digitalization. In 2024, applications using artificial intelligence (AI) were developed at an unprecedented speed and innovations and the integration of AI in all business processes were driven forward. The European markets also continued with the rapid introduction of technologies like 5G, competitive broadband networks, and digital services like software-defined networks, cybersecurity and cloud computing, thereby laying the foundations for the digital and green transformation.

Systems Solutions

In the IT industry, the revenue volume that can be addressed by our Systems Solutions operating segment in our core market of Germany, Austria, and Switzerland (DACH) under the T-Systems brand increased by 3.8 % in the reporting year to EUR 47 billion. Companies continue to invest in digital solutions.

In the DACH region, in terms of IT services, demand has grown further for public cloud services and cybersecurity services, as has the importance of digitalization. The cloud market addressed by T-Systems and the market for digital services in this region grew by 4.2 % and 3.6 %, respectively, in 2024. Our focus industries also developed positively, with the healthcare market growing by 5.9 %. The public sector recorded similar market growth of 5.3 %, while the market for IT services in the automotive sector grew by just 2.7 %.

Competitive and price pressure persisted in all submarkets of our Systems Solutions operating segment. This was due on the one hand to competitors from traditional IT services business, such as IBM, Atos, and Capgemini, and on the other to cloud providers such as Amazon Web Services, Microsoft Azure, and Google Cloud. Prices were eroded further by providers of services that are delivered primarily offshore (e.g., Tata Consultancy Services, Infosys, Wipro, and Accenture).

Major regulatory decisions

Our business activities are largely subject to national, European, and U.S. regulation, which is associated with extensive powers to intervene in our product design and pricing, particularly in Europe. We were still subject to extensive regulation in our fixed-network and mobile businesses in 2024.

Regulation

Ongoing court case on the approval under merger control law for the joint venture Glasfaser NordWest. On September 12, 2023, the Federal Court of Justice had admitted the appeal filed by the Bundeskartellamt and Telekom Deutschland against the Düsseldorf Higher Regional Court's decision dated September 22, 2021. The Düsseldorf Higher Regional Court had decided to reverse the Bundeskartellamt's approval under merger control law of the joint venture Glasfaser NordWest. Following an oral hearing on October 1, 2024, the Federal Court of Justice's decision is anticipated on February 25, 2025. This may contain a final substantive decision on the legality of the approval decision by the Bundeskartellamt or a referral back to the Higher Regional Court. The joint venture can continue building out FTTH until the Bundeskartellamt decides otherwise.

European Commission publishes white paper. On February 21, 2024, the European Commission published a white paper entitled "How to master Europe's digital infrastructure needs?" This white paper compiles proposals for measures by the European Union in preparation for a planned Digital Networks Act. Deutsche Telekom submitted its view on the proposals on June 28, 2024 during the open consultation process. Legislative initiatives, like the Digital Networks Act, based on the white paper and the responses to the public consultation are expected at the end of 2025.

The white paper identifies future action areas as the build-out of digital networks of the future, managing the transition to new technologies and business models, covering the future need for connectivity, and the safeguarding of economic competitiveness and of secure, resilient infrastructure in the EU. As a result, a far-reaching revision of the current regulatory framework is expected.

Bundesnetzagentur's regulatory procedures based on the decision on access regulation including FTTB/H network access. On July 17, 2024, the Bundesnetzagentur published the approval on the regulated charges for access to civil engineering infrastructure. The charges apply until December 31, 2025. In the parallel Bundesnetzagentur regulatory procedure concerning the related reference offer, the first partial decision was issued on November 14, 2024. However, the overall procedure is not expected to be finally concluded before the second quarter of 2025.

Awarding of spectrum

In 2024, spectrum in the 26 GHz band and residual spectrum in the 3.4 to 3.8 GHz band were auctioned off in **Austria**. In the 26 GHz band, T-Mobile Austria secured 400 MHz of nationwide spectrum for itself, and in the 3.4 to 3.8 GHz band, 40 MHz in Vienna and 60 MHz in Carinthia, for EUR 10.5 million in total. In the **United States**, the spectrum in the 2.5 GHz band acquired in Auction 108 in September 2022 for around USD 0.3 billion (EUR 0.3 billion) was allocated. The majority of this spectrum was connected immediately. In the **Czech Republic**, the 900/1,800 MHz GSM license expiring in 2024 was extended at a cost of around EUR 28 million for T-Mobile Czech Republic. In **Slovakia**, the usage rights for spectrum in the 900 MHz band were extended by another 3 years for EUR 4.3 million.

In **Germany**, the regulatory authority Bundesnetzagentur consulted on a draft decision concerning the extension of usage rights for the 800 MHz, 1,800 MHz, and 2,600 MHz mobile frequencies, which expire at the end of 2025, by five years. The extension is to replace the originally planned auction to award these frequencies. In return, the draft stipulates requirements such as further coverage obligations for the existing frequency owners as well as the obligation to allow network provider 1&1 to co-use frequencies below the 1 GHz band. On January 9, 2025, a public consultation was held on the Bundesnetzagentur's updated draft, followed by a consultation period ending on January 23, 2025. The regulatory authority's final decision is expected in the first half of 2025.

The award rules of the 2019 auction were declared unlawful by the Cologne Administrative Court on August 26, 2024. However, this ruling initially has no direct impact on our spectrum usage rights in the 2.1 and 3.6 GHz bands awarded in those proceedings, and the spectrum allocations will remain in effect until further notice. The ruling of the Cologne Administrative Court requires the Bundesnetzagentur to reach a new decision regarding the motions submitted by Freenet and EWE Tel in 2018 with respect to the imposition of a service provider obligation (instead of a negotiation obligation). On January 9, 2025, the Bundesnetzagentur filed a complaint against the non-allowance of appeal. If the ruling becomes final and legally binding, the Bundesnetzagentur will have to reach a new decision on the award and auction rules (Decisions III and IV).

Proceedings to re-award spectrum in the 2,600 MHz band expiring at the end of 2026 and spectrum in the 2,300 MHz band are starting in **Austria**. In **Poland**, the public consultation was opened on October 4, 2024 on the award of 2x30 MHz in the 700 MHz band and 2x5 MHz in the 800 MHz band. The auction is scheduled for the first quarter of 2025. If necessary, the procedure to award the 26 GHz band could also begin. In **Slovakia**, auctions for the 800, 900, 1,500, 2,100, and 2,600 MHz bands expiring in 2025, 2026 and 2028 are under discussion.

The following table provides an overview of the main ongoing and planned spectrum awards and auctions as well as license extensions. It also indicates spectrum to be awarded in the near future in various countries.

Main spectrum awards

	Expected start of award procedure	Frequency ranges	Planned award procedures
Germany	H1 2025	800/1,800/2,600 MHz	Extension, details tbd
Austria	Started	2,300 MHz/2,600 MHz	Details tbd
Poland	Q1 2025	700/800 MHz	Auction (SMRA [a])
Poland	tbd	26 GHz	Details tbd
Slovakia [b]	tbd	800/900/1,500/2,100/2,600 MHz	Auction

[a] SMRA: simultaneous multi-round auction with ascending, parallel bids for all available frequency bands.
[b] Currently, the terms and conditions of the auction are being reviewed and as a result postponement is under discussion.

Agreements on spectrum licenses

On September 10, 2024, T-Mobile US and **N77 License** (N77) entered into an agreement on the sale of spectrum licenses, pursuant to which N77 has the option to purchase all or a portion of T-Mobile US' remaining 3.45 GHz licenses for a range of cash consideration. The number of licenses sold will be determined based upon the amount of committed financing raised by N77. At the reporting date, the licenses concerned had a carrying amount of USD 2.7 billion (EUR 2.6 billion). The transaction is subject to approval by the Federal Communications Commission (FCC).

On August 8, 2022, T-Mobile US entered into agreements with **Channel 51 License** and **LB License** (Channel 51) for the acquisition of spectrum licenses in the 600 MHz band in exchange for total cash consideration of USD 3.5 billion (EUR 3.4 billion). On March 30, 2023, the contractual parties further agreed that the transaction be divided into two separate tranches. The transfer of the remaining licenses in accordance with the agreements is subject to regulatory approvals and certain other customary closing conditions. On December 29, 2023, the FCC approved the transfer of the first tranche of licenses. The first tranche was concluded on June 24, 2024. The corresponding purchase price payment of USD 2.4 billion (EUR 2.2 billion) was made on August 5, 2024. On October 22, 2024, the FCC approved the transfer of certain licenses from the second tranche. These licenses were transferred and the associated purchase price of USD 0.5 billion (EUR 0.5 billion) paid on December 6, 2024. The transfer transaction for the remaining licenses from the second tranche is expected to be closed in 2025.

On July 1, 2020, T-Mobile US and **DISH Network Corporation** (DISH) reached an agreement on the sale of spectrum licenses, under which DISH agreed to purchase certain 800 MHz spectrum licenses from T-Mobile US for USD 3.6 billion (EUR 3.2 billion). On October 15, 2023, T-Mobile US and DISH modified the agreement to include, among other changes, a non-refundable extension fee of USD 0.1 billion (EUR 0.1 billion) which DISH will pay to T-Mobile US, as well as the requirement that the purchase of the spectrum licenses must be finalized by April 1, 2024. DISH did not exercise its purchase option by April 1, 2024. The extension fee already paid on October 25, 2023 was retained in accordance with the agreement. T-Mobile US was contractually obligated to offer the licenses for sale at auction. The associated auction process ended on October 1, 2024. Since bidding did not reach the defined minimum purchase price of USD 3.6 billion by the end of the auction, T-Mobile US was relieved of its obligation to sell the licenses. T-Mobile US is currently exploring alternatives to sell or utilize the licenses.

On September 12, 2023, T-Mobile US agreed with U.S. cable network operator **Comcast** to acquire spectrum in the 600 MHz band in exchange for total cash consideration of between USD 1.2 billion and USD 3.3 billion (EUR 1.2 billion and EUR 3.2 billion). The final purchase price will be determined at the time the parties make the required transfer filings with the FCC. At the same time, T-Mobile US and Comcast have concluded exclusive leasing arrangements. The transaction is expected to be closed in the first half of 2028. On January 13, 2025, T-Mobile US and Comcast entered into an amendment to the license purchase agreement pursuant to which T-Mobile US will acquire additional spectrum. As a consequence of the change agreement, the total cash consideration amounts to between USD 1.2 billion and USD 3.4 billion (EUR 1.2 billion and EUR 3.3 billion).

Development of business in the Group

Statement of the Board of Management on business development in 2024

Bonn, February 18, 2025

Deutsche Telekom remained reliable and successful amid the challenging geopolitical and macroeconomic environment in the 2024 financial year. At our Capital Markets Day in October 2024, we were able to demonstrate that we achieved our medium-term corporate targets by 2024, even surpassing some of them. The course of growth continued in our operating segments, as shown by rising customer numbers and corresponding revenues.

We raised our full-year guidance for 2024 two times in the course of the year. Net revenue increased by 3.4 % to EUR 115.8 billion. High-value service revenue was up 3.9 % to EUR 96.5 billion. This is the result of the high popularity of our mobile and broadband offerings in particular. Adjusted EBITDA AL grew by 6.2 % to EUR 43.0 billion. The main reason for this increase is sound operational development and further enhanced cost efficiency. EBIT was down year-on-year and amounted to EUR 26.3 billion. In 2023, the result was boosted by the gain on deconsolidation from the sale of GD Towers.

Loss from financial activities decreased substantially, primarily as a result of the reversals of impairment losses on our investments in GD Towers and GlasfaserPlus. These impairment losses had to be recognized in the prior year mainly due to lower discount rates as a result of macroeconomic developments. Adjusted net profit increased substantially by 18.3 % to EUR 9.4 billion. Adjusted earnings per share increased to EUR 1.90.

ROCE fell slightly year-on-year to 8.5 %, due to a reduction in net operating profit after taxes (NOPAT). This was mainly down to the sale of GD Towers in the prior year, which was only partially offset by the aforementioned reversals of impairment losses.

Net debt increased from EUR 132.3 billion to EUR 137.3 billion. The majority of this increase is attributable to the share buy-back programs of T-Mobile US and Deutsche Telekom AG, our dividend payments, and a stronger U.S. dollar. The strong increase in free cash flow (before dividend payments and spectrum investment) in particular had a reducing effect on net debt.

The trends in the industry, in particular on the European telecommunications markets, remain challenging due to ongoing competitive pressure and strict regulatory requirements. In order to succeed in the future, we invest systematically in the key to our success: our network infrastructure and our technology. In 2024, we made Group-wide investments (before spectrum) of EUR 16.0 billion. Including the spectrum payments, this figure was EUR 19.2 billion in the reporting year. In Europe, we remained focused on the parallel build-out of our broadband and mobile infrastructure (optical fiber and 5G). Our free cash flow AL (before dividend payments and spectrum investment) increased to EUR 19.2 billion. We are therefore still a solid investment-grade company with access to the international capital markets. The rating agency Moody's upgraded our rating outlook in October 2024 from Baa1/stable to Baa1/positive.

As communicated at our 2024 Capital Markets Day, we are aiming for a new phase of growth going forward. Adjusted earnings per share (EPS) is expected to increase to around EUR 2.50 by 2027. We are continuing our attractive dividend policy of paying out 40 to 60 % of adjusted EPS each year for our shareholders. For the 2024 financial year, we will propose a dividend of EUR 0.90 for each dividend-bearing share. This year, the dividend will once again be paid out without any deduction of capital gains tax, and we expect this to be also the case in the years to come. We started our new 2025 share buy-back program with a total volume of up to EUR 2 billion on January 3, 2025.

The international stock markets continued to be dominated by buoyant share prices in 2024. 2024 was also a good year for the European telecommunications sector: The industry's barometer, the Dow Jones STOXX® Europe 600 Telecommunications rose 20.7 % by the end of 2024. The T-Share closed 2024 up even more substantially by 32.8 %. On a total return basis, it was up by as much as 37.8 %. Our strategy of sustainable corporate governance is also paying off on the capital market: our share price rose to more than EUR 30 over the course of the 2024 financial year, and continues its upward trajectory.

Our goal is firmly in our sights: We want to become the Leading Digital Telco. At our 2024 Capital Markets Day, we presented our refined strategy, which has our flywheel at its center. It describes the effective mechanisms of our strategic priorities in the areas of Investments, Customers, Efficiencies, and Financials. It is to be accelerated using the dimensions of data and artificial intelligence, as well as global scaling. After all, we want to continue investing more than our competitors in the future. In this way, Deutsche Telekom can win over more and more people, and turn customers into fans by offering them the best products and the best services on the best network. This enables us to scale up and become more efficient. Building on this, we will improve our financial figures; higher profitability in turn enables higher investments.

For further information on our refined strategy and the flywheel, please refer to the section “Group strategy.”

At the same time, we are adhering to our values and convictions. Deutsche Telekom still stands for trust, quality, and innovation. Every single person in the Company contributes to making our promise a reality: Connecting your world.

All the details of the strategy presented at our 2024 Capital Markets Day can be found on our Investor Relations website.

Comparison of the Group’s expectations with actual figures

In the 2023 Annual Report, we outlined expectations for the 2024 financial year for our financial and non-financial key performance indicators anchored in our management system. The following tables summarize the pro forma figures for 2023, the results expected for the reporting year, and the actual results achieved in 2024. The performance indicators that we also forecast in the 2023 Annual Report and their development are presented in the individual sections.

Comparison of the expected financial key performance indicators with actual figures

		Pro forma figures for 2023	Original expectations for 2024 [a]	Expectations revised during 2024 [a]	Results in 2024
Revenue	billions of €	112.2	increase		115.8
Service revenue	billions of €	93.2	increase		96.5
EBITDA AL (adjusted for special factors) [b]	billions of €	40.6	around 42.9	around 43.0	43.0
Profit (loss) from operations (EBIT)	billions of €	33.8	strong decrease		26.3
Earnings per share (adjusted for special factors) [c]	€	1.60	> 1.75		1.90
ROCE [c]	%	9.0	strong decrease		8.5
Free cash flow AL (before dividend payments and spectrum investment) [b]	billions of €	16.2	around 18.9	around 19.0	19.2
Cash capex (before spectrum investment)	billions of €	(16.6)	around (15.9)		(16.0)
Rating (Standard & Poor’s, Fitch) [c]		BBB+	from A- to BBB		BBB+
Rating (Moody’s) [c]		Baa1	from A3 to Baa2		Baa1

[a] Our planning for 2024 assumed a U.S. dollar exchange rate of USD 1.08 and a comparable consolidated group (including the sale of shares in GD Towers, the sale of the Wireline Business, and the acquisition of Ka’ena in the United States).
[b] Contrary to the forecasts published in the 2023 combined management report (2023 Annual Report), we adjusted the guidance for 2024 for EBITDA AL (adjusted for special factors) and free cash flow AL (before dividend payments and spectrum investment) during the course of the year (Interim Group Reports as of June 30, 2024 and September 30, 2024).
[c] Pro forma figures were not provided for these performance indicators in the 2023 Annual Report. Instead, we include here the actual figures for 2023.

The comparison shown in the table of the pro forma figures for 2023 and the expectations formulated on this basis for 2024 with the results actually generated for 2024 is not like for like, i.e., these figures are not based on comparable exchange rates or a comparable composition of the Group. Below, we describe the results achieved on a like-for-like basis – i.e., using constant exchange rates and a comparable consolidated group. However, the differences from the results actually generated are of minor relevance, since the average U.S. dollar exchange rate was unchanged in 2024 at USD 1.08 and the changes to the composition of the Group were minimal.

We can once again look back on a successful financial year. We met or exceeded our expectations. In organic terms, i.e., adjusted for exchange rate effects and changes to the composition of the Group, revenue increased as expected by 3.3 %. Our service revenue grew even more substantially than revenue, increasing by 3.7 % on an organic basis. Our adjusted EBITDA AL increased by 6.0 % in organic terms, despite the strategic withdrawal from the terminal equipment lease business model in the United States, thereby meeting our most recently stated guidance of around EUR 43.0 billion as well. As expected, EBIT declined significantly in 2024, due to income recognized in 2023 in connection with the sale of shares in GD Towers. Owing to our favorable operational development and a number of non-recurring effects, adjusted earnings per share surpassed our expectations, reaching EUR 1.90. ROCE declined less sharply than expected due to unplanned reversals of impairment losses on FCC licenses at T-Mobile US and on our investments in GD Towers and GlasfaserPlus. At EUR 19.2 billion, free cash flow AL (before dividend payments and spectrum investment) even exceeded our latest guidance of around EUR 19.0 billion. Cash capex (before spectrum investment) was more or less as expected.

Comparison of the expected non-financial key performance indicators with actual figures

		Pro forma figures for 2023	Expectations for 2024	Results in 2024
Group				
Customer satisfaction (TRI*M index) [a]		76.2	stable trend	77.6
Employee satisfaction (engagement score) [a]		76	stable trend	77
Energy consumption [a, b]	GWh	12,241	slight increase	11,926
CO_2 emissions (Scope 1 and 2) [a, c, d]	kt CO_2e	258	decrease	253
Fixed-network and mobile customers				
Germany				
Mobile customers	millions	61.4	increase	68.6
Fixed-network lines	millions	17.3	stable trend	17.2
Retail broadband lines	millions	15.0	slight increase	15.2
United States				
Postpaid customers	millions	98.1	increase	104.1
Prepaid customers	millions	24.5	slight increase	25.4
Europe				
Mobile customers	millions	47.9	slight increase	49.7
Fixed-network lines	millions	8.0	stable trend	8.1
Broadband customers	millions	7.0	increase	7.2
Systems Solutions				
Order entry	billions of €	3.6	slight increase	4.0

[a] Pro forma figures were not provided for these performance indicators in the 2023 Annual Report. Instead, we include here the actual figures for 2023.
[b] Energy consumption, mainly: electricity, fuel, other fossil fuels, district heating for buildings.
[c] Calculated according to the market-based method of the Greenhouse Gas Protocol.
[d] The figure for 2023 was adjusted retrospectively in the reporting year due to changes in methods and structure applied. Since 2023, CO_2 emissions have also included fugitive emissions from refrigerants and fire suppressants. Excluding these fugitive emissions, CO_2 emissions would have amounted to 206 kt CO_2e in 2024 (2023: 217 kt CO_2e).

We are also well on track with our non-financial performance indicators. In our domestic market of Germany, we even recorded a strong increase of 11.6 % in mobile customers, attributable to both prepaid customer business, primarily due to M2M SIM cards used in the automotive industry, and the high-value contract customer business under the Deutsche Telekom and congstar brands. Fixed-network and broadband lines developed as expected. In the United States operating segment, postpaid and prepaid customer numbers increased above our expectations. Our Europe operating segment recorded growth in customer numbers, as expected. The growth in mobile customers was primarily attributable to the increase in the number of contract customers. Since January 1, 2024, customers of a wholesale service provider are reported as prepaid customers in Austria. Without this adjustment, the number of prepaid customers remained at the prior-year level. The increase in order entry in our Systems Solutions operating segment was mainly due to deals concluded in the Cloud and Digital portfolio areas.

At the end of the reporting year, customer satisfaction came in at 77.6 points compared with 76.2 points at the end of the prior year. The Germany, Europe, and Systems Solutions operating segments contributed to the ongoing positive development with improvements in customer loyalty. Employee satisfaction was most recently measured in November 2024 and increased year-on-year from 76 to 77 points, thus remaining steadfastly high, as expected. The Group's energy consumption recorded an encouraging decline instead of the expected slight increase, because in particular the United States was able to achieve greater savings than expected in the original planning. The decline in CO_2 emissions was in line with our expectations (regardless of whether or not changes in methods and structure are taken into account).

For further information on the trends in our main financial and non-financial performance indicators, please refer to the relevant passages in this section as well as in the section "Development of business in the operating segments."

For further information on the expected trends in our main financial and non-financial performance indicators in 2025 and 2026, please refer to the section "Forecast."

Deutsche Telekom AG's shareholder remuneration

Deutsche Telekom AG's proposed dividend

On the basis of the results for the 2024 financial year and the dividend policy confirmed as of the Capital Markets Day in October 2024, the Board of Management of Deutsche Telekom AG will propose to the Shareholders' Meeting a dividend of EUR 0.90 per dividend-bearing share for the 2024 financial year.

Deutsche Telekom AG's share buy-back programs

In the 2024 financial year, Deutsche Telekom AG bought back in several tranches around 81 million shares with a total volume of EUR 2.0 billion. The 2024 share buy-back program was completed on December 18, 2024. The cancellation of the repurchased shares is expected to begin in April 2025.

At the Capital Markets Day in October 2024, Deutsche Telekom AG announced a new share buy-back program of up to EUR 2 billion for 2025. The buy-back commenced on January 3, 2025 and will be carried out in several tranches through December 31, 2025.

Other transactions

Sale of T-Mobile US shares by Deutsche Telekom

In the reporting year, Deutsche Telekom sold a portion of its T-Mobile US share portfolio on the market, without jeopardizing its own majority ownership position in T-Mobile US. In the course of this process, Deutsche Telekom sold around 23 million T-Mobile US shares with a total volume of EUR 3.6 billion. Deutsche Telekom announced on July 2, 2024 that it was suspending share sales initially until September 26, 2024. The sales plan was terminated on September 24, 2024.

Acquisition of T-Mobile US shares by Deutsche Telekom

On June 7, 2024, Deutsche Telekom exercised fixed-price options agreed in June 2020 on shares in T-Mobile US held by SoftBank to acquire around 7 million additional T-Mobile US shares for a total purchase price of USD 0.7 billion (EUR 0.6 billion). The fixed exercise price originally agreed of USD 101.46 per share was adjusted to USD 99.51 to account for the dividend payments made by T-Mobile US. The agreement allowed Deutsche Telekom to acquire the shares at a discount of around 45 % compared to the closing share price on the exercise date of USD 179.82. Upon completion of the transaction, Deutsche Telekom had exercised all fixed-price options received from SoftBank. The remaining floating options were not exercised and expired in the second quarter of 2024.

T-Mobile US' shareholder return program from September 2023

On September 6, 2023, T-Mobile US announced that its Board of Directors has authorized a shareholder return program of up to USD 19 billion that will run from October 1, 2023 through December 31, 2024. The program comprised share buy-backs and dividends to be paid out. In the 2024 financial year, T-Mobile US bought back around 59 million shares with a total volume of USD 11.1 billion (EUR 10.3 billion) in several tranches under this program, and paid out a cash dividend of USD 3.3 billion (EUR 3.1 billion).
EUR 1.5 billion of the cash dividend was attributable to Deutsche Telekom's stake and EUR 1.5 billion to non-controlling interests in T-Mobile US.

T-Mobile US' 2025 shareholder return program

On December 13, 2024, T-Mobile US announced a new shareholder return program of up to USD 14 billion for 2025, comprising additional share buy-backs and dividends to be paid out, due to run through December 31, 2025. The amount available for share buy-backs was reduced by the amount of any dividends approved by the Board of Directors of T-Mobile US.

Results of operations of the Group [a]

millions of €

		2024	2023	Change	Change %	2022
Net revenue		**115,769**	**111,985**	**3,784**	**3.4**	**114,413**
Service revenue		**96,537**	**92,919**	**3,618**	**3.9**	**91,988**
EBITDA AL (adjusted for special factors)		**43,021**	**40,497**	**2,524**	**6.2**	**40,208**
EBITDA AL		43,815	51,160	(7,345)	(14.4)	35,989
Depreciation, amortization and impairment losses		(24,027)	(23,975)	(52)	(0.2)	(27,827)
Profit (loss) from operations (EBIT)		**26,277**	**33,802**	**(7,525)**	**(22.3)**	**16,159**
Profit (loss) from financial activities		(3,319)	(8,845)	5,526	62.5	(4,455)
Profit (loss) before income taxes		22,958	24,957	(1,999)	(8.0)	11,703
Income taxes		(5,301)	(2,964)	(2,336)	(78.8)	(2,221)
Net profit (loss)		11,209	17,788	(6,579)	(37.0)	8,001
Net profit (loss) (adjusted for special factors)		9,397	7,940	1,457	18.3	9,081
Earnings per share (basic and diluted)	€	2.27	3.57	(1.31)	(36.5)	1.61
Adjusted earnings per share (basic and diluted)	€	**1.90**	**1.60**	**0.31**	**19.3**	**1.83**

[a] For information on the presentation of the sold GD Towers business entity in the prior year, please refer to the section "Management of the Group."

In order to increase the informative value of the prior-year comparatives based on changes to the Company's structure or exchange rate effects, we also describe selected figures in **organic terms**, by adjusting the figures for the prior year for changes in the composition of the Group, exchange rate effects, and other effects. Changes in the composition of the Group related mainly to the acquisition of Ka'ena as of May 1, 2024 and the sale of the Wireline Business as of May 1, 2023 in the United States operating segment, as well as the sale of GD Towers as of February 1, 2023 in the Group Development operating segment.

Revenue, service revenue

In the reporting year, we generated net revenue of EUR 115.8 billion, which was 3.4 % or EUR 3.8 billion up on the prior-year level. In organic terms, revenue increased by 3.3 % against the prior-year level, with the changes in the composition of the Group having a net increasing effect of EUR 0.2 billion. High-value service revenue in the Group increased by EUR 3.6 billion or 3.9 % year-on-year to EUR 96.5 billion. In organic terms, service revenue increased by 3.7 %.

Contribution of the segments to net revenue [a]

millions of €

	2024	2023	Change	Change %	2022
Germany	25,711	25,187	524	2.1	24,505
United States	75,046	72,436	2,611	3.6	75,436
Europe	12,347	11,790	557	4.7	11,158
Systems Solutions	4,004	3,896	108	2.8	3,811
Group Development	10	115	(106)	(91.8)	1,708
Group Headquarters & Group Services	2,226	2,305	(79)	(3.4)	2,407
Intersegment revenue	(3,575)	(3,744)	169	4.5	(4,612)
Net revenue	**115,769**	**111,985**	**3,784**	**3.4**	**114,413**

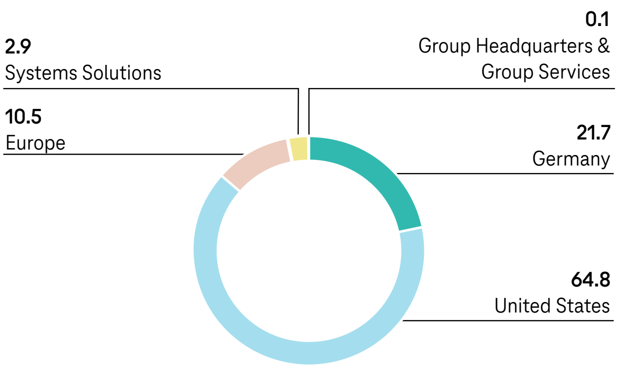
[a] For information on the presentation of the sold GD Towers business entity in the prior year, please refer to the section "Management of the Group."

Revenue in our domestic market of Germany was up on the prior-year level, increasing by 2.1 %. This was primarily driven by growth in service revenues in the fixed-network core business, mainly due to broadband and IT business, and in mobile communications. In our United States operating segment, revenue was up 3.6 % against the prior-year level. In organic terms, revenue increased by 3.3 %, with an increase in service revenues mainly resulting from higher postpaid and prepaid revenues. Terminal equipment revenues increased slightly. In our Europe operating segment, revenue increased by 4.7 % year-on-year. In organic terms, it increased by 5.2 %, primarily due to the increase in service revenues in the mobile and fixed-network business. Contract customer additions also had positive effects on terminal equipment revenues. Revenue in our Systems Solutions operating segment was up 2.8 % year-on-year, mainly due to growth in the Digital, Cloud, and Road Charging areas.

For further information on revenue development in our segments, please refer to the section "Development of business in the operating segments."

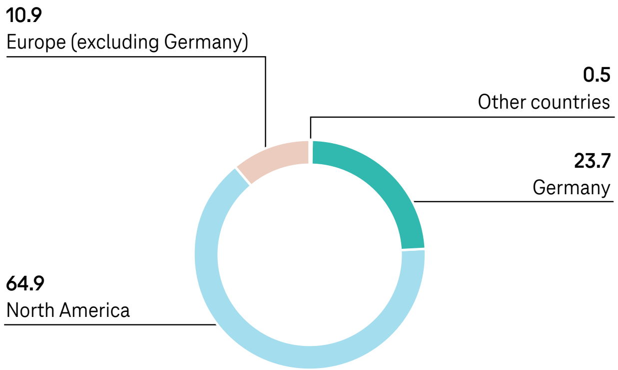
Contribution of the segments to net revenue [a, b]

%



Breakdown of revenue by region

%



[a] For further information, please refer to Note 38 "Segment reporting" in the notes to the consolidated financial statements.
[b] Following the sale of the GD Towers business entity in the prior year, the Group Development operating segment no longer provides a significant contribution to net revenue.

Our United States operating segment made by far the largest contribution to net revenue, with 64.8 % (2023: 64.7 %). The proportion of net revenue generated internationally decreased to 76.3 % (2023: 77.0 %).

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased year-on-year by EUR 2.5 billion or 6.2 % to EUR 43.0 billion in the reporting year. In organic terms, adjusted EBITDA AL increased by 6.0 %, with the changes in the composition of the Group having a net increasing effect of EUR 0.1 billion. Adjusted core EBITDA AL, i.e., excluding terminal equipment leases in the United States, increased by EUR 2.7 billion or 6.8 % to EUR 42.9 billion.

Contribution of the segments to adjusted Group EBITDA AL [a]

millions of €

	2024	Proportion of adjusted Group EBITDA AL %	2023	Proportion of adjusted Group EBITDA AL %	Change	Change %	2022
Germany	10,516	24.4	10,238	25.3	278	2.7	9,837
United States	28,545	66.4	26,409	65.2	2,136	8.1	25,614
Europe	4,431	10.3	4,114	10.2	317	7.7	3,964
Systems Solutions	369	0.9	321	0.8	48	14.8	284
Group Development	(32)	(0.1)	45	0.1	(77)	n.a.	964
Group Headquarters & Group Services	(801)	(1.9)	(609)	(1.5)	(193)	(31.6)	(437)
Reconciliation	(6)	0.0	(22)	(0.1)	15	70.1	(17)
EBITDA AL (adjusted for special factors)	**43,021**	**100.0**	**40,497**	**100.0**	**2,524**	**6.2**	**40,208**

[a] For information on the presentation of the sold GD Towers business entity in the prior year, please refer to the section "Management of the Group."

Our Germany operating segment contributed to the increase thanks to high-value revenue growth and improved cost efficiency with 2.7 % higher adjusted EBITDA AL. Adjusted EBITDA AL in our United States operating segment increased by 8.1 %. In organic terms, it increased by 7.4 %, mainly due to higher service revenues, slightly higher terminal equipment revenues, and lower overall costs. Adjusted core EBITDA AL at T-Mobile US increased by EUR 2.3 billion or 8.9 % to EUR 28.5 billion. In our Europe operating segment, adjusted EBITDA AL increased by 7.7 %. In organic terms, it increased by 8.1 %, with a positive net margin sufficient to more than offset the higher indirect costs. In our Systems Solutions operating segment, adjusted EBITDA AL increased by 14.8 %, mainly due to revenue growth in the Cloud and Digital areas.

Our EBITDA AL decreased significantly by EUR 7.3 billion year-on-year to EUR 43.8 billion. Special factors affecting EBITDA AL decreased by EUR 9.9 billion to EUR 0.8 billion. In the prior year, net income of EUR 12.2 billion had been recorded as special factors under effects of deconsolidations, disposals and acquisitions; EUR 12.9 billion of this related to the deconsolidation of GD Towers, which was partially offset by expenses of EUR 1.0 billion primarily in connection with integration costs incurred as a result of the business combination of T-Mobile US and Sprint. In the reporting year, net expenses of EUR 0.7 billion were recorded under effects of deconsolidations, disposals, and acquisitions. This included the expenses from the forgone contingent consideration receivable from IFM Global Infrastructure Fund, as well as additional integration expenses, offset by the extension fees received from DISH for the options to buy mobile spectrum in the United States operating segment, which have now expired. The integration of Sprint was largely completed by the end of the second quarter of 2024. Expenses incurred in connection with staff restructuring totaled EUR 1.0 billion, compared with EUR 1.5 billion in the prior year. The prior-year figure included expenses of EUR 0.4 billion in connection with a program to reduce the workforce in the United States operating segment. Reversals of impairment losses recorded as special factors of EUR 2.6 billion resulted from the reversal in full of impairment losses recognized in prior years on FCC licenses at T-Mobile US.

For further information on the development of (adjusted) EBITDA AL in the segments, please refer to the section "Development of business in the operating segments."

For further information on the reversal of the impairment losses on FCC licenses, please refer to Note 6 "Intangible assets in the notes to the consolidated financial statements."

Profit/loss from operations (EBIT)

Group EBIT decreased to EUR 26.3 billion, down EUR 7.5 billion against the prior-year level. This change was primarily due to the deconsolidation gain from the sale of GD Towers in the prior year.

At EUR 24.0 billion, depreciation, amortization and impairment losses on intangible assets, property, plant and equipment, and right-of-use assets were at the prior-year level, with depreciation and amortization up slightly from EUR 23.8 billion to EUR 23.9 billion, primarily in the Germany operating segment. Impairment losses amounted to EUR 0.1 billion in the reporting year and mainly related to non-current assets in the Europe operating segment. These related to the Romania cash-generating unit, which operates in the structurally challenging and highly competitive Romanian market. The impairment losses recognized in the prior year amounted to EUR 0.2 billion and related mainly to assets in the Systems Solutions operating segment and the Group Headquarters & Group Services segment.

For further information on depreciation, amortization and impairment losses, please refer to Note 27 "Depreciation, amortization and impairment losses" in the notes to the consolidated financial statements.

Profit before income taxes

Profit before income taxes decreased by EUR 2.0 billion to EUR 23.0 billion. Loss from financial activities decreased year-on-year by EUR 5.5 billion to EUR 3.3 billion, mainly due to the EUR 5.3 billion increase in the share of profit of associates and joint ventures included in the consolidated financial statements using the equity method to EUR 2.5 billion. This was mainly attributable to reversals of impairment losses in the reporting year of EUR 2.1 billion and EUR 0.3 billion, respectively, on the carrying amounts of the investments in GD Towers and in GlasfaserPlus. These reversals of impairment losses were, at GD Towers, due to lower discount rates and improved planning, and at GlasfaserPlus, almost entirely due to lower discount rates. In the prior year, by contrast, impairment losses of EUR 2.6 billion and EUR 0.1 billion, respectively, were recognized on the carrying amounts of the investments in GD Towers and in GlasfaserPlus. Other financial expense improved by EUR 0.2 billion to EUR -0.2 billion in particular in connection with the interest component from the measurement of provisions and liabilities. This improvement was partly attributable to the subsequent measurement using actuarial principles of the present value of the provision recognized for the Civil Service Health Insurance Fund (Postbeamtenkrankenkasse – PBeaKK). By contrast, gains/losses from financial instruments decreased by EUR 0.2 billion. Finance costs remained stable at EUR 5.7 billion.

Net profit, adjusted net profit

Net profit decreased year-on-year by EUR 6.6 billion to EUR 11.2 billion. This was primarily due to the aforementioned deconsolidation gain from the sale of GD Towers in the prior year. Tax expense increased by EUR 2.3 billion to EUR 5.3 billion. In the prior year, the tax rate was significantly reduced by the realization of non-taxable income from the sale of GD Towers and by deferred tax effects arising from the sale-and-leaseback transaction concluded in this context. In addition, the tax rate was increased by impairment losses on GD Towers in the prior year not to be considered for tax purposes, and reduced by the reversal of impairment losses in the reporting year. Profit attributable to non-controlling interests increased by EUR 2.2 billion to EUR 6.4 billion. This increase was primarily attributable to our United States operating segment. Net profit adjusted for special factors amounted to EUR 9.4 billion compared with EUR 7.9 billion in the prior year.

For further information on tax expense, please refer to Note 32 "Income taxes" in the notes to the consolidated financial statements.

Earnings per share, adjusted earnings per share

Earnings per share is calculated as net profit divided by the weighted average number of ordinary shares outstanding, which totaled 4,938 million as of December 31, 2024. This resulted in earnings per share of EUR 2.27, compared with EUR 3.57 in the prior year, which was mainly affected by the proceeds from the sale of GD Towers. Earnings per share adjusted for special factors affecting net profit amounted to EUR 1.90 compared with EUR 1.60 in the prior year.

Employees

Headcount development

		Dec. 31, 2024	Dec. 31, 2023	Change	Change %	Dec. 31, 2022
FTEs in the Group		**198,194**	**199,652**	**(1,458)**	**(0.7)**	**206,759**
Of which: Deutsche Telekom AG		9,537	10,789	(1,252)	(11.6)	12,302
Of which: civil servants (in Germany, with an active service relationship)		5,801	6,891	(1,090)	(15.8)	8,381
Germany operating segment		57,303	59,709	(2,405)	(4.0)	59,014
United States operating segment		65,154	62,677	2,477	4.0	67,088
Europe operating segment		32,761	32,932	(171)	(0.5)	34,083
Systems Solutions operating segment		25,691	26,036	(344)	(1.3)	27,392
Group Development operating segment		100	108	(8)	(7.4)	828
Of which: GD Towers		0	0	0	n.a.	762
Group Headquarters & Group Services		17,184	18,190	(1,006)	(5.5)	18,353
Breakdown by geographic area						
Germany		74,550	78,600	(4,050)	(5.2)	81,469
International		123,644	121,052	2,592	2.1	125,290
Productivity trend [a]						
Net revenue per employee	thousands of €	578	547	32	5.8	542

[a] Based on average number of employees.

The Group's headcount fell slightly by 0.7 % compared with the end of the prior year. In our Germany operating segment, the number of employees declined by 4.0 % against the end of the prior year. Employees continued to take up socially responsible instruments as part of staff restructuring activities, such as dedicated retirement and phased retirement. The total number of full-time equivalent employees in the United States operating segment increased by 4.0 % compared to December 31, 2023, primarily due to an increase in retail employees to support T-Mobile US' growing customer base, and the Ka'ena Acquisition in the second quarter of 2024. In our Europe operating segment, the headcount was down slightly by 0.5 % compared with the end of 2023, in particular in Greece. The headcount in our Systems Solutions operating segment was down 1.3 % against year-end 2023, mainly due to a workforce reduction in traditional infrastructure business. The headcount in the Group Headquarters & Group Services segment was down 5.5 % compared with the end of the prior year, mainly due to the continued staff restructuring measures, in particular within the Technology and Innovation Board of Management department and at Vivento.

Personnel costs

millions of €		2024	2023	Change	Change %	2022
Personnel costs in the Group		19,004	19,083	(79)	(0.4)	19,446
Of which: Germany		8,364	8,201	163	2.0	8,389
Of which: international		10,640	10,882	(242)	(2.2)	11,057
Special factors [a]		1,099	1,557	(458)	(29.4)	1,367
Personnel costs in the Group (adjusted for special factors)		17,905	17,526	378	2.2	18,080
Adjusted personnel cost ratio	%	**15.5**	**15.6**			**15.8**
Personnel costs at Deutsche Telekom AG under German GAAP		**1,566**	**1,964**	**(398)**	**(20.3)**	**1,936**

[a] Expenses for staff-related measures.

Reconciliations of financial performance indicators from the IFRS consolidated financial statements

A reconciliation of the definition of EBITDA to the **"after leases" indicator** (EBITDA AL) can be found in the following table:

millions of €	2024	2023	Change	Change %	2022
EBITDA	50,304	57,777	(7,473)	(12.9)	43,986
Depreciation of right-of-use assets [a]	(4,703)	(4,810)	107	2.2	(6,507)
Interest expenses on recognized lease liabilities [a]	(1,787)	(1,807)	20	1.1	(1,489)
EBITDA AL	**43,815**	**51,160**	**(7,345)**	**(14.4)**	**35,989**
Special factors affecting EBITDA AL	794	10,663	(9,869)	(92.6)	(4,219)
EBITDA AL (adjusted for special factors)	**43,021**	**40,497**	**2,524**	**6.2**	**40,208**

[a] Excluding finance leases at T-Mobile US.

The following table presents the reconciliation of net profit to **net profit adjusted for special factors**:

millions of €	2024	2023	Change	Change %	2022
Net profit (loss)	**11,209**	**17,788**	**(6,579)**	**(37.0)**	**8,001**
Special factors affecting EBITDA AL	794	10,663	(9,869)	(92.6)	(4,219)
Staff-related measures	(1,036)	(1,485)	449	30.3	(1,230)
Non-staff-related restructuring	(20)	(40)	19	48.7	(175)
Effects of deconsolidations, disposals and acquisitions	(746)	12,187	(12,933)	n.a.	(2,256)
Impairment losses	0	(8)	8	100.0	(276)
Reversals of impairment losses	2,630	0	2,630	n.a.	0
Other	(34)	8	(42)	n.a.	(283)
Special factors affecting net profit	1,018	(815)	1,833	n.a.	3,139
Depreciation, amortization and impairment losses	(407)	(189)	(218)	n.a.	(989)
Profit (loss) from financial activities	2,328	(2,742)	5,070	n.a.	(487)
Income taxes	(236)	1,503	(1,739)	n.a.	1,936
Non-controlling interests	(666)	613	(1,279)	n.a.	2,680
Special factors	**1,812**	**9,848**	**(8,036)**	**(81.6)**	**(1,080)**
Net profit (loss) (adjusted for special factors)	**9,397**	**7,940**	**1,457**	**18.3**	**9,081**

The following table presents a reconciliation of EBITDA AL, EBIT, and net profit to the respective figures adjusted for **special factors**:

millions of €	EBITDA AL 2024	EBIT 2024	EBITDA AL 2023	EBIT 2023	EBITDA AL 2022	EBIT 2022
EBITDA AL/EBIT	**43,815**	**26,277**	**51,160**	**33,802**	**35,989**	**16,159**
Germany	**(1,056)**	**(1,056)**	**(501)**	**(501)**	**1,162**	**1,162**
Staff-related measures	(576)	(576)	(484)	(484)	(523)	(523)
Non-staff-related restructuring	(11)	(11)	(18)	(18)	(8)	(8)
Effects of deconsolidations, disposals and acquisitions	(478)	(478)	(8)	(8)	1,608	1,608
Impairment losses	0	0	0	0	0	0
Other	9	9	11	11	84	84
United States	**2,345**	**2,078**	**(1,569)**	**(1,556)**	**(5,949)**	**(6,637)**
Staff-related measures	(65)	(65)	(643)	(643)	(352)	(352)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	(240)	(507)	(958)	(917)	(4,956)	(5,084)
Impairment losses	0	0	(8)	(36)	(275)	(836)
Reversals of impairment losses	2,630	2,630	0	0	0	0
Other	20	20	39	39	(366)	(366)
Europe	**(71)**	**(158)**	**(94)**	**(94)**	**(31)**	**(147)**
Staff-related measures	(62)	(62)	(69)	(69)	(70)	(70)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	29	29	1	1	12	12
Impairment losses	0	(88)	0	0	0	(117)
Reversals of impairment losses	0	0	0	0	0	0
Other	(38)	(38)	(26)	(26)	27	27
Systems Solutions	**(118)**	**(133)**	**(144)**	**(270)**	**(159)**	**(270)**
Staff-related measures	(92)	(92)	(116)	(116)	(107)	(107)
Non-staff-related restructuring	0	0	(1)	(1)	(5)	(5)
Effects of deconsolidations, disposals and acquisitions	(1)	(1)	0	0	(2)	(2)
Impairment losses	0	(15)	0	(126)	0	(111)
Other	(25)	(25)	(27)	(27)	(44)	(44)
Group Development	**(5)**	**(5)**	**13,170**	**13,170**	**992**	**992**
Staff-related measures	0	0	(3)	(3)	(10)	(10)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	(5)	(5)	13,173	13,173	1,003	1,003
Impairment losses	0	0	0	0	0	0
Other	0	0	0	0	(1)	(1)
Group Headquarters & Group Services	**(301)**	**(302)**	**(199)**	**(225)**	**(234)**	**(270)**
Staff-related measures	(242)	(242)	(169)	(169)	(168)	(168)
Non-staff-related restructuring	(9)	(9)	(21)	(21)	(162)	(162)
Effects of deconsolidations, disposals and acquisitions	(51)	(51)	(20)	(20)	80	80
Impairment losses	0	0	0	(26)	0	(36)
Other	0	0	11	11	17	17
Group	**794**	**424**	**10,663**	**10,525**	**(4,219)**	**(5,171)**
Staff-related measures	(1,036)	(1,036)	(1,485)	(1,485)	(1,230)	(1,230)
Non-staff-related restructuring	(20)	(20)	(40)	(40)	(175)	(175)
Effects of deconsolidations, disposals and acquisitions	(746)	(1,013)	12,187	12,228	(2,256)	(2,384)
Impairment losses	0	(103)	(8)	(187)	(276)	(1,100)
Reversals of impairment losses	2,630	2,630	0	0	0	0
Other	(34)	(34)	8	8	(283)	(283)

millions of €

	EBITDA AL 2024	EBIT 2024	EBITDA AL 2023	EBIT 2023	EBITDA AL 2022	EBIT 2022
EBITDA AL/EBIT (adjusted for special factors)	**43,021**	**25,853**	**40,497**	**23,277**	**40,208**	**21,330**
Profit (loss) from financial activities (adjusted for special factors)		(5,610)		(6,053)		(3,931)
Profit (loss) before income taxes (adjusted for special factors)		**20,243**		**17,225**		**17,399**
Income taxes (adjusted for special factors)		(5,065)		(4,467)		(4,157)
Profit (loss) (adjusted for special factors)		**15,179**		**12,757**		**13,242**
Profit (loss) (adjusted for special factors) attributable to						
Owners of the parent (net profit (loss)) (adjusted for special factors)		9,397		7,940		9,081
Non-controlling interests (adjusted for special factors)		5,782		4,817		4,161

Net assets of the Group

Condensed consolidated statement of financial position

millions of €

	Dec. 31, 2024	Share of total assets/ liabilities and shareholders' equity %	Dec. 31, 2023	Change	Dec. 31, 2022
Assets					
Cash and cash equivalents	8,472	2.8	7,274	1,198	5,767
Trade receivables	16,411	5.4	16,157	255	16,766
Intangible assets	149,115	48.9	136,004	13,112	140,600
Property, plant and equipment	66,612	21.8	65,042	1,570	65,729
Right-of-use assets	32,214	10.6	32,826	(613)	33,727
Investments accounted for using the equity method	7,343	2.4	4,605	2,738	1,318
Current and non-current financial assets	7,743	2.5	9,593	(1,849)	9,910
Deferred tax assets	3,682	1.2	6,401	(2,720)	8,316
Non-current assets and disposal groups held for sale	256	0.1	211	45	4,683
Miscellaneous assets	13,085	4.3	12,193	892	11,774
Total assets	**304,934**	**100.0**	**290,305**	**14,629**	**298,590**
Liabilities and shareholders' equity					
Current and non-current financial liabilities	112,191	36.8	104,522	7,669	113,030
Current and non-current lease liabilities	40,248	13.2	40,792	(544)	38,792
Trade and other payables	9,489	3.1	10,916	(1,426)	12,035
Provisions for pensions and other employee benefits	3,209	1.1	4,060	(851)	4,150
Current and non-current other provisions	7,868	2.6	8,100	(232)	8,204
Deferred tax liabilities	24,260	8.0	21,918	2,342	22,800
Liabilities directly associated with non-current assets and disposal groups held for sale	0	0.0	0	0	3,347
Miscellaneous liabilities	9,027	3.0	8,759	268	8,914
Shareholders' equity	98,640	32.3	91,237	7,403	87,320
Total liabilities and shareholders' equity	**304,934**	**100.0**	**290,305**	**14,629**	**298,590**

Total assets amounted to EUR 304.9 billion as of December 31, 2024, up by EUR 14.6 billion against December 31, 2023. Exchange rate effects, primarily from the translation from U.S. dollars into euros, in particular had an increasing effect on the carrying amount of total assets. Our investments in spectrum licenses, the reversal of impairment losses recognized in the prior year on FCC licenses, reversals of impairment losses recognized on investments, and the issue of bonds, also had an increasing effect.

On the assets side, **cash and cash equivalents** increased by EUR 1.2 billion year-on-year to EUR 8.5 billion.

> For further information, please refer to Note 37 “Notes to the consolidated statement of cash flows” in the notes to the consolidated financial statements.

At EUR 16.4 billion, **trade receivables** increased by EUR 0.3 billion against the 2023 year-end level, mainly as a result of exchange rate effects, primarily from the translation of U.S. dollars to euros. Excluding exchange rate effects, receivables in the United States operating segment declined. This is due to a lower number of new contracts with equipment installment plans, as well as lower receivables due to the termination of government assistance programs and from wholesale partners.

Intangible assets increased by EUR 13.1 billion to EUR 149.1 billion, mainly due to capital expenditure of EUR 9.6 billion, EUR 4.3 billion of which related to the acquisition of mobile spectrum in the United States operating segment. EUR 2.7 billion of this related to the acquisition of spectrum licenses in the 600 MHz band from Channel 51. In addition, T-Mobile US received spectrum licenses worth a net EUR 0.2 billion in transactions for the exchange of spectrum licenses. Also in the United States operating segment, the reversal of impairment losses recognized on FCC licenses in prior years increased the carrying amount by EUR 2.6 billion. Effects of changes in the composition of the Group resulting from the acquisition of Ka’ena increased the carrying amount by another EUR 1.4 billion, EUR 0.7 billion of which related to the goodwill acquired in this connection. Exchange rate effects, primarily from the translation of U.S. dollars into euros, increased the carrying amount by EUR 7.3 billion. By contrast, depreciation, amortization and impairment losses decreased the carrying amount by EUR 6.7 billion. Disposals of EUR 0.2 billion also decreased the carrying amount.

Property, plant and equipment increased by EUR 1.6 billion to EUR 66.6 billion compared to December 31, 2023. Additions, primarily for the upgrade and build-out of the network (broadband, fiber-optic, and mobile infrastructure) increased the carrying amount by EUR 11.6 billion. Exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 1.7 billion. Reclassifications of right-of-use assets upon expiry of the contractual lease term to property, plant and equipment, primarily for network technology in the United States operating segment, increased the carrying amount by EUR 0.6 billion. Amortization and impairment losses reduced the net carrying amount by EUR 11.9 billion. This includes impairment losses of EUR 0.1 billion. Disposals also decreased the carrying amount by EUR 0.4 billion.

Right-of-use assets decreased by EUR 0.6 billion compared with December 31, 2023 to EUR 32.2 billion. Amortization and impairment losses reduced the net carrying amount by EUR 5.4 billion. The previously mentioned reclassifications to property, plant and equipment also reduced the carrying amount by EUR 0.6 billion, and disposals by EUR 0.1 billion. The carrying amount was increased by additions of EUR 3.8 billion and exchange rate effects of EUR 1.6 billion, mainly from the translation of U.S. dollars into euros.

Investments accounted for using the equity method increased by EUR 2.7 billion compared to December 31, 2023, to EUR 7.3 billion. This was mainly attributable to reversals of impairment losses in the reporting year of EUR 2.1 billion and EUR 0.3 billion, respectively, on the carrying amounts of the investments in GD Towers and in GlasfaserPlus. These reversals of impairment losses were, at GD Towers, due to lower discount rates and improved planning, and at GlasfaserPlus, almost entirely due to lower discount rates. Capital increases in the investments in GlasfaserPlus and Glasfaser NordWest also increased the respective carrying amount by EUR 0.1 billion.

Current and non-current **financial assets** decreased by EUR 1.8 billion to EUR 7.7 billion. The net total of originated loans and receivables decreased by EUR 1.4 billion, mainly due to lower receivables in connection with device insurance policies (EUR 0.5 billion), lower receivables from collateral agreements as surety for credit risks in connection with forward-payer swaps (EUR 0.2 billion), unscheduled repayments of shareholder loans to GD Towers (EUR 0.2 billion), and lower receivables from grants still to be received from publicly funded projects (EUR 0.3 billion). The carrying amount of debt instruments declined by EUR 0.4 billion due to the forgone contingent consideration receivable from the IFM Global Infrastructure Fund. Derivatives without a hedging relationship decreased by EUR 0.2 billion, in particular in connection with the options to acquire additional T-Mobile US shares exercised in the financial year. Exchange rate effects increased the carrying amount of other financial assets by EUR 0.2 billion.

Non-current assets and disposal groups held for sale increased from EUR 0.2 billion compared with December 31, 2023 to EUR 0.3 billion. This increase is primarily attributable to a transaction agreed between T-Mobile US and another telecommunications company for the exchange of spectrum licenses.

Miscellaneous assets increased by EUR 0.9 billion to EUR 13.1 billion. Contract assets of EUR 0.3 billion and higher current recoverable income taxes of EUR 0.2 billion contributed to this increase. Current and non-current other assets also contributed EUR 0.2 billion, partly due to an increase in various advance payments, and higher capitalized contract costs contributed EUR 0.2 billion.

On the liabilities and shareholders’ equity side, current and non-current **financial liabilities** increased by EUR 7.7 billion compared with the end of 2023 to EUR 112.2 billion.

Bonds and other securitized liabilities increased by a total of EUR 7.6 billion, mainly due to USD bonds of USD 5.5 billion (EUR 5.0 billion) issued by T-Mobile US and EUR bonds of EUR 2.0 billion. The carrying amount was also increased by the issue of EUR bonds of EUR 1.7 billion by Deutsche Telekom AG. By contrast, scheduled repayments of a USD bond (EUR 2.3 billion), of EUR bonds (EUR 2.0 billion), and of EUR loan notes (EUR 0.1 billion) reduced the carrying amount. The early repayment of a USD bond also reduced the carrying amount by USD 1.5 billion (EUR 1.4 billion). Exchange rate effects increased the carrying amount of bonds and other securitized liabilities by EUR 4.8 billion.

Bonds collateralized by trade receivables increased by EUR 0.8 billion, mainly due to the issue of asset-backed securities by T-Mobile US. Other non-interest-bearing liabilities increased by EUR 0.5 billion, mainly due to the stake of the cash dividend of USD 0.88 per share – declared by T-Mobile US on November 21, 2024 – attributable to non-controlling interests in T-Mobile US. By contrast, liabilities with the right of creditors to priority repayment in the event of default decreased by EUR 0.8 billion, mainly due to the repayment of former Sprint bonds in the United States operating segment. The repayment of an EIB loan reduced the carrying amount of liabilities to banks by EUR 0.4 billion.

Current and non-current **lease liabilities** decreased by EUR 0.5 billion to a total of EUR 40.2 billion compared with December 31, 2023. Lease liabilities in the United States operating segment decreased by EUR 2.2 billion, mainly due to the decommissioning of the former Sprint's wireless network and a decline in network and build-out investments, primarily on account of higher capital efficiency resulting from the accelerated build-out of the nationwide 5G network in the prior year. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 2.0 billion. Lease liabilities in the Germany operating segment and in the Group Headquarters & Group Services segment decreased by EUR 0.2 billion in each case.

Trade and other payables decreased by EUR 1.4 billion to EUR 9.5 billion, due in particular to lower liabilities in the United States, Germany, and Europe operating segments. By contrast, exchange rate effects, in particular from the translation from U.S. dollars into euros, increased the carrying amount.

Provisions for pensions and other employee benefits decreased by EUR 0.9 billion compared with December 31, 2023 to EUR 3.2 billion, mainly due to an increase in the fair values of plan assets. By contrast, the decline in the discount rate compared with December 31, 2023 increased the carrying amount.

Current and non-current **other provisions** decreased by EUR 0.2 billion to EUR 7.9 billion compared with the end of 2023. Provisions for litigation risks decreased by EUR 0.4 billion compared with the prior year, mainly due to payments to settle the consumer class action in the Federal Court in connection with the cyberattack on T-Mobile US in August 2021. Provisions for termination benefits decreased by EUR 0.2 billion. In the prior year, expenses were recognized in connection with the program to reduce the workforce implemented by T-Mobile US. The decrease is primarily attributable to the cash outflows resulting from this program in the financial year. By contrast, other provisions for personnel costs increased by EUR 0.4 billion, mainly due to an increase in provisions for short- and long-term variable remuneration components and the provisions for phased retirement.

Miscellaneous liabilities increased from EUR 8.8 billion as of December 31, 2023 to EUR 9.0 billion, mainly due to an increase of EUR 0.6 billion in contract liabilities. By contrast, other liabilities declined by EUR 0.4 billion, primarily as a result of lower liabilities due to existing build-out obligations in connection with grants still to be received from funding projects for the broadband build-out in Germany, as well as declining liabilities from other taxes.

Shareholders' equity increased by EUR 7.4 billion as of December 31, 2023 to EUR 98.6 billion, with profit of EUR 17.7 billion and other comprehensive income of EUR 4.7 billion having an increasing effect. Higher capital increases from share-based payments also increased the carrying amount of shareholders' equity by EUR 0.8 billion. Transactions with owners reduced the carrying amount of shareholders' equity by EUR 7.7 billion, due in particular to the T-Mobile US share buy-back program from September 2023. The carrying amount was also reduced in connection with dividend payments for the 2023 financial year to Deutsche Telekom AG shareholders in the amount of EUR 3.8 billion and to other shareholders of subsidiaries in the amount of EUR 2.2 billion. The latter figure includes in particular cash dividends paid by T-Mobile US to non-controlling interests, as declared in the reporting period. The carrying amount was also reduced by Deutsche Telekom AG's 2024 share buy-back program with share buy-backs of EUR 2.0 billion.

Profitability and financial position of the Group

Profitability

millions of €

		2024	2023	2022
Profit (loss) from operations (EBIT)		26,277	33,802	16,159
Share of profit (loss) of associates and joint ventures accounted for using the equity method		2,534	(2,766)	(522)
Net operating profit (NOP)		**28,811**	**31,036**	**15,636**
Tax (imputed tax rate 2024: 25.7 %; 2023: 26.6 %; 2022: 27.8 %)		(7,390)	(8,256)	(4,347)
Net operating profit after taxes (NOPAT)		**21,421**	**22,781**	**11,289**
Cash and cash equivalents		8,472	7,274	5,767
Intangible assets		149,115	136,004	140,600
Property, plant and equipment		66,612	65,042	65,729
Right-of-use assets		32,214	32,826	33,727
Non-current assets and disposal groups held for sale and liabilities [a]		256	211	1,336
Investments accounted for using the equity method		7,343	4,605	1,318
Operating working capital		9,372	7,660	7,370
Other provisions		(7,868)	(8,100)	(8,204)
Net operating assets (NOA)		**265,516**	**245,520**	**247,643**
Average net operating assets (Ø NOA)		**253,122**	**253,453**	**253,389**
ROCE	%	**8.5**	**9.0**	**4.5**

[a] Excluding the carrying amounts of companies accounted for using the equity method.

ROCE decreased by 0.5 percentage points in the reporting year to 8.5 %, due to a EUR 1.4 billion reduction in net operating profit after taxes (NOPAT) to EUR 21.4 billion, while the average amount of net operating assets (NOA) remained almost constant at EUR 253.1 billion.

The reduction in NOPAT is primarily attributable to the development of special factors in profit from operations (EBIT). Special factors totaling EUR 0.4 billion had a positive effect on EBIT in the reporting year including the reversal in full of impairment losses recognized in prior years on FCC licenses at T-Mobile US. In the prior year, EBIT was affected by positive special factors totaling EUR 10.5 billion. This was due to the deconsolidation gain from the sale of GD Towers. At EUR 2.5 billion, the share of profit of associates and joint ventures included in the consolidated financial statements using the equity method, had a positive effect on NOPAT in the reporting year, after a loss of EUR 2.8 billion was recorded in the prior year. The positive result in the reporting year was attributable to reversals of impairment losses of EUR 2.1 billion and EUR 0.3 billion, respectively, on the carrying amounts of the investments in GD Towers and in GlasfaserPlus. These impairment losses had to be recognized in the prior year mainly due to lower discount rates as a result of macroeconomic developments.

For further information on the definition of ROCE and the methods used to calculate this key performance indicator, please refer to the section “Management of the Group.”

Finance management

Our finance management ensures our Group’s ongoing solvency and hence its financial equilibrium. The fundamentals of Deutsche Telekom’s finance policy are established each year by the Board of Management and overseen by the Supervisory Board. Group Treasury is responsible for implementing the finance policy and for ongoing risk management. In order to ensure we have scope for financing, we continuously monitor the development of net debt, Deutsche Telekom AG’s rating, financial flexibility, and free cash flow AL. There have been no material changes resulting from our finance management in the reporting year. We set out the course for the next few years at our Capital Markets Day in October 2024.

Calculation of net debt

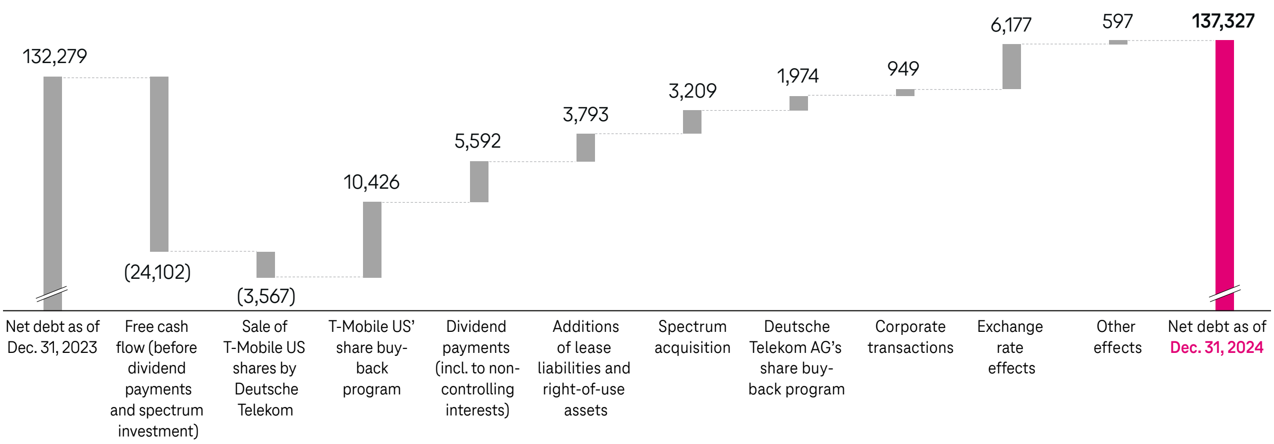
millions of €

	Dec. 31, 2024	Dec. 31, 2023	Change	Change %	Dec. 31, 2022
Bonds and other securitized liabilities	94,678	87,097	7,581	8.7	93,802
Asset-backed securities collateralized by trade receivables	1,506	677	829	n.a.	0
Liabilities to banks	2,284	3,560	(1,276)	(35.9)	4,122
Other financial liabilities	13,723	13,189	534	4.1	15,107
Lease liabilities	40,248	40,792	(544)	(1.3)	41,063
Financial liabilities and lease liabilities	**152,439**	**145,314**	**7,125**	**4.9**	**154,093**
Accrued interest	(1,158)	(1,009)	(149)	(14.7)	(999)
Other	(2,184)	(966)	(1,218)	n.a.	(807)
Gross debt	**149,097**	**143,339**	**5,758**	**4.0**	**152,288**
Cash and cash equivalents	8,472	7,274	1,198	16.5	5,767
Derivative financial assets	1,585	1,780	(196)	(11.0)	2,273
Other financial assets	1,713	2,006	(292)	(14.6)	1,824
Net debt [a]	**137,327**	**132,279**	**5,048**	**3.8**	**142,425**
Lease liabilities [b]	38,011	38,533	(522)	(1.4)	38,692
Net debt AL	**99,316**	**93,746**	**5,570**	**5.9**	**103,733**

[a] Including net debt reported under liabilities directly associated with non-current assets and disposal groups held for sale.
[b] Excluding finance leases at T-Mobile US.

Changes in net debt

millions of €



Net debt increased compared with December 31, 2023 to EUR 137.3 billion. The main factors increasing net debt were the share buy-back program at T-Mobile US, exchange rate effects, the dividend payments (including to non-controlling interests), additions to lease liabilities and to right-of-use assets, and the acquisition of spectrum, primarily in the United States operating segment. Corporate transactions mainly included payments by Deutsche Telekom AG for the acquisition of T-Mobile US shares by exercising existing fixed-price options, and changes in cash and cash equivalents in connection with the acquisition of Ka'ena in the United States. Other effects included a large number of offsetting effects. Factors reducing net debt were free cash flow (before dividend payments and spectrum investment) and the sale of T-Mobile US shares by Deutsche Telekom.

Other financing options

Off-balance-sheet financing instruments mainly relate to the sale of receivables by means of factoring. Total receivables sold as of December 31, 2024 amounted to EUR 2.0 billion (December 31, 2023: EUR 2.7 billion). At the end of 2024, this solely related to factoring agreements in the United States operating segment. The agreements are used in particular for active receivables management.

The rating of Deutsche Telekom AG

	Standard & Poor's	Moody's	Fitch
Long-term rating/outlook			
Dec. 31, 2022	BBB/positive	Baa1/stable	BBB+/stable
Dec. 31, 2023	BBB+/stable	Baa1/stable	BBB+/stable
Dec. 31, 2024	**BBB+/stable**	**Baa1/positive**	**BBB+/stable**
Short-term rating	**A-2**	**P-2**	**F2**

On October 23, 2024, the rating agency Moody's raised our rating outlook, which stood at Baa1 with a positive outlook as of December 31, 2024. We are therefore still a solid investment-grade company with access to the international capital markets.

Financial flexibility

		2024	2023	2022
Relative debt [a]				
Net debt / EBITDA (adjusted for special factors)		**2.78x**	2.82x	3.07x
Equity ratio	%	**32.3**	31.4	29.2

[a] Relative debt is calculated on a quarterly basis.

To ensure financial flexibility, we primarily use the KPI "relative debt" (ratio of net debt to adjusted EBITDA). This is a core component of our finance strategy and an important performance indicator for investors, analysts, and rating agencies. At 2.78x, we did not fully meet the target value for relative debt of ≤ 2.75x, mainly due to exchange rate effects, in particular from the translation of U.S. dollars into euros.

Calculation of free cash flow AL

millions of €

	2024	2023	Change	Change %	2022
Net cash from operating activities	**39,874**	**37,298**	**2,577**	**6.9**	**35,819**
Cash outflows for investments in intangible assets	(7,973)	(5,560)	(2,413)	(43.4)	(7,551)
Cash outflows for investments in property, plant and equipment	(11,198)	(12,306)	1,108	9.0	(16,563)
Cash capex	(19,171)	(17,866)	(1,305)	(7.3)	(24,114)
Spectrum investment	3,209	1,275	1,934	n.a.	3,096
Cash capex (before spectrum investment)	**(15,962)**	**(16,591)**	**629**	**3.8**	**(21,019)**
Proceeds from the disposal of intangible assets (excluding goodwill) and property, plant and equipment	190	205	(15)	(7.5)	439
Free cash flow (before dividend payments and spectrum investment)	**24,102**	**20,912**	**3,190**	**15.3**	**15,239**
Principal portion of repayment of lease liabilities [a]	(4,946)	(4,770)	(176)	(3.7)	(3,769)
Free cash flow AL (before dividend payments and spectrum investment)	**19,156**	**16,141**	**3,015**	**18.7**	**11,470**

[a] Excluding finance leases at T-Mobile US.

Free cash flow AL (before dividend payments and spectrum investment) increased from EUR 16.1 billion in the prior year to EUR 19.2 billion. The following effects impacted on this development:

Net cash from operating activities increased by EUR 2.6 billion to EUR 39.9 billion. In addition to strong development of the operating business, lower cash outflows in connection with the integration of Sprint in the United States also had a positive impact.

Cash capex (before spectrum investment) decreased by EUR 0.6 billion to EUR 16.0 billion. In the United States operating segment, cash capex decreased by EUR 0.8 billion to EUR 8.2 billion, mainly as a result of higher cash outflows in the prior year for the accelerated build-out of the 5G network. In the Germany operating segment, capital expenditure totaled around EUR 4.8 billion in the reporting year, EUR 0.2 billion more than in the prior year, with much of this figure going towards the fiber-optic build-out. In the Europe operating segment, cash capex stood at EUR 1.9 billion, which was up EUR 0.1 against the prior-year level. We continue to invest here in the provision of broadband and fiber-optic technology and in 5G as part of our integrated network strategy. In the Systems Solutions operating segment, our capital expenditure stood at the prior-year level of EUR 0.2 billion.

An increase of EUR 0.2 billion in cash outflows – in particular in the Germany and United States operating segments – for the repayment of lease liabilities reduced free cash flow AL.

For further information on the statement of cash flows, please refer to Note 37 "Notes to the consolidated statement of cash flows" in the notes to the consolidated financial statements.

Development of business in the operating segments

Germany

Customer development

thousands

	Dec. 31, 2024	Dec. 31, 2023	Change	Change %	Dec. 31, 2022
Mobile customers	68,553	61,419	7,134	11.6	54,249
Contract customers	26,532	25,171	1,361	5.4	23,791
Prepaid customers	42,021	36,248	5,773	15.9	30,458
Fixed-network lines	17,155	17,342	(187)	(1.1)	17,363
Retail broadband lines	15,152	15,018	134	0.9	14,715
Of which: optical fiber [a]	13,213	12,893	321	2.5	12,112
Television (IPTV, satellite)	4,638	4,327	311	7.2	4,122
Unbundled local loop lines (ULLs)	1,887	2,527	(640)	(25.3)	3,136
Wholesale broadband lines	8,587	8,307	280	3.4	8,045
Of which: optical fiber [a]	7,602	7,307	295	4.0	6,970

[a] Disclosure of the total of all fiber-optic lines (FTTx).

Total

In Germany we continue to be market leader both in terms of fixed-network and mobile revenues. This success is attributable to our high-performance networks, a broad product portfolio, and good service. We want to offer our customers a seamless and technology-neutral telecommunications experience. We regularly adapt our product portfolio to address the needs of our customers.

Mobile communications

The number of high-value mobile contract customers under the Telekom and congstar brands grew by 1.2 million customers overall against December 31, 2023. Sustained high demand for mobile rate plans with data volumes continues to drive this trend. The number of prepaid customers grew by 5.8 million against the start of 2024, primarily due to M2M SIM cards used in the automotive industry.

Fixed network

Demand remained high for our fiber-optic-based lines, with the total number increasing to 20.8 million since the end of 2023. This strong growth is driven by demand for higher bandwidths.

The number of retail broadband lines remained at a high level, increasing to 15.2 million compared with December 31, 2023. Around 51 % of the customers have subscribed to a rate plan with speeds of 100 Mbit/s or higher. The rise in demand for our TV content drove growth in our TV customer base of 311 thousand against year-end 2023. The number of fixed-network lines stood at 17.2 million.

Wholesale

As of December 31, 2024, fiber-optic-based lines accounted for 72.6 % of all lines – 5.1 percentage points more than at the end of 2023. This growth is a result of the demand for our commitment agreements. Ongoing demand among retail customers for higher-bandwidth lines also contributed to the increase. The number of unbundled local loop lines decreased by 640 thousand compared with the end of the prior year, while fiber-optic-based lines increased by 295 thousand. These developments result partly from the shift to higher-value fiber-optic-based lines and partly from consumers switching to other providers. In addition, our wholesale partners are migrating their retail customers to their own infrastructures. The total number of wholesale lines at the end of December 2024 was 10.5 million.

Development of operations

millions of €

		2024	2023	Change	Change %	2022
Revenue		**25,711**	**25,187**	**524**	**2.1**	**24,505**
Consumers		13,174	12,640	535	4.2	12,370
Business Customers [a]		8,727	9,258	(531)	(5.7)	9,040
Wholesale [a]		3,249	2,688	561	20.9	2,676
Other		561	602	(41)	(6.8)	419
Service revenue		**22,480**	**22,096**	**384**	**1.7**	**21,533**
EBITDA		10,082	10,294	(212)	(2.1)	11,025
Special factors affecting EBITDA		(1,056)	(501)	(556)	n.a.	1,162
EBITDA (adjusted for special factors)		11,138	10,794	344	3.2	9,864
EBITDA AL		9,459	9,737	(278)	(2.9)	10,998
Special factors affecting EBITDA AL		(1,056)	(501)	(556)	n.a.	1,162
EBITDA AL (adjusted for special factors)		**10,516**	**10,238**	**278**	**2.7**	**9,837**
EBITDA AL margin (adjusted for special factors)	%	40.9	40.6			40.1
Depreciation, amortization and impairment losses		(4,384)	(4,220)	(164)	(3.9)	(4,019)
Profit (loss) from operations (EBIT)		**5,698**	**6,073**	**(376)**	**(6.2)**	**7,006**
EBIT margin	%	22.2	24.1			28.6
Cash capex		(4,782)	(4,587)	(195)	(4.3)	(4,399)
Cash capex (before spectrum investment)		**(4,782)**	**(4,587)**	**(195)**	**(4.3)**	**(4,399)**

[a] Since January 1, 2024, certain revenues which were previously assigned to Business Customers have been recognized under Wholesale. Prior-year comparatives were not adjusted retrospectively.

Revenue, service revenue

In 2024, we generated revenue of EUR 25.7 billion, an increase of 2.1 % year-on-year. This was mainly attributable to growth in service revenues of 1.7 %, due to increased revenue in the fixed-network core business, largely driven by broadband and IT business, and in the mobile business.

Revenue from **Consumers** increased by 4.2 % compared with the prior year. Revenue from broadband business continued to grow, due in part to the positive effects from customer appreciation for reliable networks and high bandwidths. Volume-driven declines in revenue from voice components continued to impact on fixed-network business. The mobile business increased due to higher service revenues, mainly as a result of positive customer development.

Revenue from **Business Customers** was down 5.7 % against the prior year, primarily due to certain revenues being recognized under Wholesale since January 1, 2024. In organic terms, revenue was on a par with the prior year.

Wholesale revenue was up in 2024 by 20.9 % year-on-year as a result of the change in disclosure of revenues described under Business Customers. In organic terms, revenue was on a par with the prior year.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased by EUR 0.3 billion or 2.7 % year-on-year. The main reasons for this increase are a sound operational development, driven by high-value service revenue growth and enhanced cost efficiency, primarily as a result of the lower headcount and the ongoing implementation of efficiency enhancement and digitalization measures. This trend was negatively affected in particular by the inflation compensation premium under the scope of the collective agreement. Our adjusted EBITDA AL margin amounted to 40.9 %.

At EUR 9.5 billion, EBITDA AL was below the level of the prior-year period. The effects described with regard to adjusted EBITDA AL included special factors in the amount of EUR 1.1 billion and included socially responsible staff restructuring instruments and the forgone contingent consideration receivable from IFM Global Infrastructure Fund.

Profit/loss from operations (EBIT)

Profit from operations amounted to EUR 5.7 billion, a decrease of 6.2 % year-on-year. In addition to the issues mentioned under EBITDA AL, which had a negative effect on EBITDA, EBIT was also negatively affected by higher depreciation, amortization and impairment losses compared with the prior year, which mainly resulted from rising volumes in the fiber-optic and mobile communications build-out, and from the mobile network infrastructure we lease from GD Towers. In addition, depreciation, amortization and impairment losses increased as a consequence of higher investments in licenses.

Cash capex (before spectrum investment), cash capex

Cash capex (before spectrum investment) increased by EUR 195 million, or 4.3 %, compared with the prior year. Capital expenditure totaled around EUR 4.8 billion in 2024, with much of this figure going towards the build-out of our fiber-optic network. The number of households passed by our fiber-optic network had increased to 10.1 million by the end of 2024. In mobile communications, 98.0 % of German households can already use 5G.

United States

Customer development

thousands

	Dec. 31, 2024	Dec. 31, 2023	Change	Change %	Dec. 31, 2022
Customers	129,528	119,700	9,828	8.2	113,598
Postpaid customers	104,118	98,052	6,066	6.2	92,232
Postpaid phone customers [a]	79,013	75,936	3,076	4.1	72,834
Other postpaid customers [a]	25,105	22,116	2,989	13.5	19,398
Prepaid customers [b]	25,410	21,648	3,763	17.4	21,366

[a] In the fourth quarter of 2023, we recognized an additional base adjustment to increase postpaid phone customers by 20 thousand and increase postpaid other customers by 150 thousand due to fewer customers than expected whose service was deactivated as a result of the network shutdowns.

[b] In the second quarter of 2024, we acquired 3.5 million prepaid customers through the Ka'ena Acquisition, which includes the impact of certain base adjustments to align the policies of Ka'ena and T-Mobile US.

Customers

At December 31, 2024, the United States operating segment (T-Mobile US) had 129.5 million customers, compared to 119.7 million customers at December 31, 2023. Net customer additions were 6.3 million in 2024, compared to 5.9 million in 2023 due to the factors described below.

Postpaid net customer additions were 6.1 million in 2024, compared to 5.7 million in 2023. Postpaid net customer additions increased primarily from higher postpaid other net customer additions, primarily due to higher net additions from mobile internet devices and higher net additions from other connected devices. The increase in net additions from mobile internet devices was primarily due to higher prior year deactivations of lower Average Revenue Per User (ARPU) mobile internet devices in the educational sector that were activated during the coronavirus pandemic and no longer needed. The increase in postpaid other net customer additions was partially offset by lower net additions from wearables and lower net additions from High Speed Internet, primarily driven by increased deactivations from a growing customer base, partially offset by a lower churn rate. High Speed Internet net customer additions included in postpaid other net customer additions were 1.5 million and 1.9 million in 2024 and 2023, respectively.

Prepaid net customer additions were 258 thousand in 2024, compared to 282 thousand in 2023. The decrease was primarily driven by continued moderation of prepaid industry growth and lower net additions from High Speed Internet, partially offset by higher net additions following the Ka’ena Acquisition. High Speed Internet net customer additions included in prepaid net customer additions were 200 thousand and 252 thousand in 2024 and 2023, respectively.

Development of operations

millions of €

		2024	2023	Change	Change %	2022
Revenue		**75,046**	**72,436**	**2,611**	**3.6**	**75,436**
Service revenue		**61,143**	**58,522**	**2,620**	**4.5**	**58,219**
EBITDA		35,869	30,038	5,831	19.4	26,707
Special factors affecting EBITDA		2,432	(1,286)	3,718	n.a.	(4,155)
EBITDA (adjusted for special factors)		33,437	31,324	2,112	6.7	30,862
EBITDA AL		30,890	24,840	6,050	24.4	19,665
Special factors affecting EBITDA AL		2,345	(1,569)	3,914	n.a.	(5,949)
EBITDA AL (adjusted for special factors)		**28,545**	**26,409**	**2,136**	**8.1**	**25,614**
Core EBITDA AL (adjusted for special factors) [a]		28,459	26,130	2,329	8.9	24,280
EBITDA AL margin (adjusted for special factors)	%	38.0	36.5			34.0
Depreciation, amortization and impairment losses		(15,546)	(15,551)	4	0.0	(19,237)
Profit (loss) from operations (EBIT)		**20,323**	**14,487**	**5,835**	**40.3**	**7,470**
EBIT margin	%	27.1	20.0			9.9
Cash capex		(11,410)	(10,053)	(1,358)	(13.5)	(16,340)
Cash capex (before spectrum investment)		**(8,248)**	**(9,060)**	**813**	**9.0**	**(13,361)**

[a] Adjusted core EBITDA AL is distinguished by excluding revenue from terminal equipment leases from adjusted EBITDA AL, thereby presenting operational development undistorted by the withdrawal from the terminal equipment lease business.

Revenue, service revenue

Total revenue for the United States operating segment of EUR 75.0 billion in 2024 increased by 3.6 %, compared to EUR 72.4 billion in 2023. In U.S. dollars, T-Mobile US’ total revenue also increased by 3.6 % during the same period. Total revenue increased primarily due to higher service revenues, partially offset by lower other revenues. The components of these changes are described below.

Service revenues increased in 2024 by 4.5 % to EUR 61.1 billion. In U.S. dollars, T-Mobile US’ service revenues also increased by 4.5 % during the same period. This increase resulted from higher postpaid revenues, primarily due to higher average postpaid accounts and higher postpaid Average Revenue per Account (ARPA). In addition, service revenues increased from higher prepaid revenues, primarily due to higher average prepaid customers, primarily from the prepaid customers acquired through the Ka’ena Acquisition, partially offset by lower prepaid ARPU. This increase was partially offset by lower wholesale and other service revenues, primarily from lower MVNO revenues, lower Affordable Connectivity Program and Lifeline revenues, and lower Wireline revenues due to the sale of the Wireline Business on May 1, 2023. The decrease in MVNO revenues includes the impact from the Ka’ena Acquisition, and lower DISH and TracFone MVNO revenue.

Equipment revenues increased slightly in 2024 primarily from an increase in liquidation revenue, primarily due to a higher number of liquidated devices, including the impact from the transition of certain device recovery programs from external sources to in-house processing. This increase was mostly offset by a net decrease in the total number of devices sold, driven by lower government assistance program and prepaid devices, partially offset by higher postpaid devices. This decrease was partially offset by higher average revenue per device sold, net of promotions, primarily driven by an increase in the high-end phone mix. In addition, the increase in equipment revenues was offset by a decrease in lease revenues, primarily due to a lower number of customer devices under lease as a result of the continued strategic shift in device financing from leasing to equipment installment plans (EIP).

Other revenues decreased in 2024 primarily from the transition of certain device recovery programs from external sources to in-house processing, resulting in a change in presentation to equipment revenues.

Adjusted EBITDA AL, EBITDA AL

In euros, adjusted EBITDA AL increased by 8.1 % to EUR 28.5 billion in 2024, compared to EUR 26.4 billion in 2023. The adjusted EBITDA AL margin increased to 38.0 % in 2024, compared to 36.5 % in 2023. In U.S. dollars, adjusted EBITDA AL also increased 8.1 % during the same period. Adjusted EBITDA AL increased primarily due to higher service revenues and slightly higher equipment revenues, as discussed above, lower costs due to the sale of the Wireline Business on May 1, 2023, higher Sprint Merger-related synergies, and lower equipment costs as a result of a net decrease in the total number of devices sold. The net decrease in the total number of devices sold was driven by lower government assistance program and prepaid devices, partially offset by higher postpaid devices. The increase in adjusted EBITDA AL was partially offset by higher site costs related to the continued build-out of the T-Mobile US nationwide 5G network, higher advertising expenses, an increase in liquidation costs, primarily due to a higher number of liquidated devices, and higher average cost per device sold, primarily driven by an increase in the high-end phone mix. The increase in liquidation costs includes the impact from the transition of certain device recovery programs from external sources to in-house processing. In U.S. dollars, lease revenues decreased as a result of the continued strategic shift in device financing from leasing to EIP by 69.1 % in 2024.

In euros, adjusted core EBITDA AL increased by 8.9 % to EUR 28.5 billion in 2024, compared to EUR 26.1 billion in 2023. In U.S. dollars, adjusted core EBITDA AL increased by 9.0 % during the same period. The increase was primarily due to the fluctuation in adjusted EBITDA AL as discussed above, excluding the change in lease revenues.

EBITDA AL in 2024 included special factors of EUR 2.3 billion compared to EUR-1.6 billion in 2023. The change in special factors was primarily due to the spectrum impairment reversal, lower Sprint Merger-related costs and severance and related costs associated with the August 2023 workforce reduction recognized in the prior year. The change in special factors was also impacted by other special items including certain severance, restructuring, and other expenses, gains and losses, not directly attributable to the Sprint Merger which are not reflective of T-Mobile US' core business activities recognized in 2023. Overall, EBITDA AL increased by 24.4 % to EUR 30.9 billion in 2024, compared to EUR 24.8 billion in 2023, primarily due to the factors described above, including special factors.

Profit/loss from operations (EBIT)

EBIT increased by 40.3 % to EUR 20.3 billion in 2024, compared to EUR 14.5 billion in 2023. In U.S. dollars, EBIT increased by 39.8 % during the same period primarily due to higher EBITDA AL. In U.S. dollars, depreciation, amortization and impairment losses remained flat.

Cash capex (before spectrum investment), cash capex

Cash capex (before spectrum investment) decreased by 9.0 % to EUR 8.2 billion in 2024, compared to EUR 9.1 billion in 2023. In U.S. dollars, cash capex (before spectrum investment) also decreased by 9.0 % during the same period due to a decrease in purchases of property and equipment, primarily due to increased capital efficiencies from accelerated investments in the T-Mobile US nationwide 5G network in previous years.

Cash capex increased by 13.5 % to EUR 11.4 billion in 2024, compared to EUR 10.1 billion in 2023. In U.S. dollars, cash capex increased by 13.9 % during the same period primarily due to an increase in purchases of spectrum licenses, primarily for the first tranche and certain licenses of the second tranche of 600 MHz licenses purchased from Channel 51. The increase was partially offset by lower purchases of property and equipment as discussed above.

Europe

Customer development

thousands

		Dec. 31, 2024	Dec. 31, 2023	Change	Change %	Dec. 31, 2022
Europe, total	Mobile customers	49,722	47,853	1,869	3.9	47,336
	Contract customers	27,951	27,222	729	2.7	26,476
	Prepaid customers	21,772	20,631	1,141	5.5	20,860
	Fixed-network lines	8,076	8,020	56	0.7	7,904
	Broadband customers	7,223	6,989	234	3.3	6,682
	Television (IPTV, satellite, cable)	4,410	4,283	126	3.0	4,131
	Unbundled local loop lines (ULLs)/ wholesale PSTN	1,445	1,614	(168)	(10.4)	1,768
	Wholesale broadband lines	1,182	1,121	61	5.4	1,011
Greece	Mobile customers	7,143	7,119	24	0.3	7,323
	Fixed-network lines	2,581	2,617	(36)	(1.4)	2,622
	Broadband customers	2,402	2,405	(3)	(0.1)	2,359
Romania	Mobile customers	3,517	3,798	(282)	(7.4)	4,166
Hungary	Mobile customers	6,454	6,246	208	3.3	5,950
	Fixed-network lines	1,958	1,936	22	1.1	1,886
	Broadband customers	1,654	1,592	62	3.9	1,507
Poland	Mobile customers	12,865	12,592	273	2.2	12,512
	Fixed-network lines	28	29	0	(1.4)	30
	Broadband customers	359	260	98	37.8	154
Czech Republic	Mobile customers	6,510	6,523	(14)	(0.2)	6,423
	Fixed-network lines	835	763	72	9.4	704
	Broadband customers	512	463	50	10.8	430
Croatia	Mobile customers	2,477	2,336	141	6.1	2,305
	Fixed-network lines	867	870	(3)	(0.3)	868
	Broadband customers	669	661	8	1.2	648
Slovakia	Mobile customers	2,534	2,525	9	0.3	2,446
	Fixed-network lines	849	860	(11)	(1.3)	854
	Broadband customers	664	657	7	1.0	643
Austria	Mobile customers	6,428	4,975	1,452	29.2	4,510
	Fixed-network lines	615	607	8	1.4	605
	Broadband customers	669	665	4	0.6	663
Other [a]	Mobile customers	1,796	1,738	58	3.3	1,702
	Fixed-network lines	342	338	4	1.3	336
	Broadband customers	294	285	9	3.1	277

[a] "Other": national companies of North Macedonia, Montenegro, and the lines of the GTS Central Europe group in Romania.

Total

In the Europe operating segment, almost all key performance indicators for customer development posted improvement compared with the end of 2023. Our convergent product portfolio generated growth of 6.5 % in FMC customers thanks to ongoing demand. The build-out of our fixed-network infrastructure with state-of-the-art optical fiber is our priority. The number of broadband customers increased by 3.3 %. The number of mobile customers increased by 3.9 %. Our build-out of the 5G network is making good progress.

Mobile communications

At the end of 2024, we had a total of 49.7 million mobile customers in the Europe operating segment – an increase of 3.9 % compared with the end of 2023. The number of contract customers increased by 2.7 %. The contract customer base grew in almost all of our national companies, but especially in Poland, Greece, Croatia, and the Czech Republic. Overall, contract customers accounted for 56.2 % of the total customer base. Our customers benefit from greater coverage with fast mobile broadband – a result of our integrated network strategy. The footprint countries of our operating segment are also making further headway with 5G. As of the end of 2024, our national companies covered 77.2 % of the population on average with 5G, a further increase against the prior year.

The prepaid customer base grew by 5.5 % compared with the end of 2023. Since January 1, 2024, customers of a wholesale service provider have been reported as prepaid customers in Austria. Without this effect, the number of prepaid customers remained at the prior-year level. We convinced a portion of our prepaid customers to switch to higher-value contract rate plans.

Fixed network

The broadband business increased by 3.3 % compared with the end of 2023 to a total of 7.2 million customers. This growth is mainly driven by the national companies in Poland, Hungary, and the Czech Republic. By continuing to invest in optical fiber, we are systematically building out our fixed-network infrastructure. As of the end of 2024, 10.1 million households, which is around 1 million additional households against the end of 2023, had access to our high-performance fiber-optic network offering gigabit speeds. The number of fixed-network lines subscribed to increased slightly year-on-year to 8.1 million lines as of the end of 2024.

The TV and entertainment business had 4.4 million customers in total at the end of 2024, posting growth of 3.0 % compared with the prior-year figure. In the third quarter of 2024, our Greek national company reached an agreement with competitor Nova, allowing our TV customers in Greece who subscribe to a Sports package access to all Novasports channels at a minimal extra charge. The TV market is already saturated in many of the countries in our segment, where TV services are offered not only by telecommunications companies, but also by OTT players.

FMC – fixed-mobile convergence and digitalization

Our portfolio of convergent products, MagentaOne, was highly popular with consumers across all of our national companies. As of year-end 2024, we had 8.2 million FMC customers; this corresponds to growth of 6.5 % compared with the prior-year figure. Almost all of our national companies, but in particular in Poland, Greece, Hungary, and the Czech Republic, contributed to this growth. The customer base in Slovakia was smaller due to optimizations to the FMC product portfolio there. We have also seen rising customer numbers from the marketing of our MagentaOne Business product to business customers.

We continue to expand our digital interaction with customers, which means we can meet customer needs in a more personalized and efficient way, and position products and innovative services on the market more quickly. Our service app is used by 72.8 % of our consumers.

Development of operations

millions of €

	2024	2023	Change	Change %	2022
Revenue	**12,347**	**11,790**	**557**	**4.7**	**11,158**
Greece	3,334	3,189	145	4.5	3,155
Romania	263	287	(24)	(8.2)	306
Hungary	2,238	2,031	208	10.2	1,715
Poland	1,660	1,522	138	9.1	1,413
Czech Republic	1,238	1,280	(42)	(3.3)	1,226
Croatia	1,012	956	56	5.9	905
Slovakia	864	825	39	4.8	806
Austria	1,494	1,458	36	2.5	1,391
Other [a]	315	319	(3)	(1.1)	319
Service revenue	**10,239**	**9,739**	**500**	**5.1**	**9,296**
EBITDA	4,869	4,496	372	8.3	4,296
Special factors affecting EBITDA	(71)	(94)	23	24.9	(31)
EBITDA (adjusted for special factors)	4,939	4,590	349	7.6	4,327
EBITDA AL	4,360	4,020	340	8.5	3,933
Special factors affecting EBITDA AL	(71)	(94)	23	24.9	(31)

The contributions of the national companies correspond to their respective unconsolidated financial statements and do not take consolidation effects at operating segment level into account.

[a] "Other": national companies in North Macedonia, Montenegro, and the GTS Central Europe group in Romania, as well as the Europe Headquarters.

millions of €		2024	2023	Change	Change %	2022
EBITDA AL (adjusted for special factors)		**4,431**	**4,114**	**317**	**7.7**	**3,964**
Greece		1,346	1,325	21	1.6	1,310
Romania		1	17	(16)	(93.5)	38
Hungary		768	600	168	27.9	493
Poland		435	393	42	10.7	378
Czech Republic		506	470	37	7.8	503
Croatia		384	367	17	4.5	349
Slovakia		389	350	39	11.2	350
Austria		546	529	17	3.2	506
Other [a]		54	61	(7)	(11.8)	37
EBITDA AL margin (adjusted for special factors)	%	35.9	34.9			35.5
Depreciation, amortization and impairment losses		(2,622)	(2,524)	(98)	(3.9)	(2,572)
Profit (loss) from operations (EBIT)		**2,247**	**1,973**	**274**	**13.9**	**1,724**
EBIT margin	%	18.2	16.7			15.4
Cash capex		(1,919)	(2,049)	130	6.3	(1,872)
Cash capex (before spectrum investment)		**(1,872)**	**(1,766)**	**(106)**	**(6.0)**	**(1,755)**

The contributions of the national companies correspond to their respective unconsolidated financial statements and do not take consolidation effects at operating segment level into account.

[a] “Other”: national companies in North Macedonia, Montenegro, and the GTS Central Europe group in Romania, as well as the Europe Headquarters.

Revenue, service revenue

Our Europe operating segment generated revenue of EUR 12.3 billion in 2024, an increase of 4.7 % compared with the prior year. In organic terms, revenue increased by 5.2 %. Service revenues grew by 5.1 % year-on-year, or by 5.0 % in organic terms.

The organic growth in service revenues was due to the strong performance of the mobile business on the back of a larger contract customer base and higher revenue per customer in several countries. The year-on-year increase in fixed-network service revenues additionally contributed to this growth. Our intense focus on the continued build-out of high-speed network infrastructure drove growth in broadband and TV revenues, which more than offset the expected declines in voice telephony revenues. The IT business also made a positive contribution to revenue. Regulatory interventions such as the reduction in termination rates had a negative impact on our organic development of revenue in the reporting year. Contract customer additions also had positive effects on terminal equipment revenues.

All countries apart from Romania contributed to the growth in service revenue in organic terms, with our national companies in Hungary, Greece, Poland, and Croatia recording the strongest development in absolute terms by country.

Service revenues from **Consumers** increased in organic terms by 5.2 % against the prior year. In mobile communications, both service revenues and mobile terminal equipment sales were up. In the fixed network, revenue from broadband and TV business increased thanks to our continuous fiber-optic build-out and our TV and entertainment offerings. This more than offset the decline in revenue from voice telephony. The higher number of FMC customers additionally had a positive impact on revenue.

Service revenues from **Business Customers** grew on an organic basis by 6.2 % against the prior year, with Greece, Hungary, Croatia, and Poland making the largest contribution. All product areas – mobile communications, fixed network, and IT – recorded growth. The mobile contract customer base grew by 2.1 %, with almost all of our national companies, but in particular Poland, Romania, Austria, Croatia, and Greece, contributing to this growth. In the fixed-network business, the number of broadband customers rose by 5.6 %. Fixed-network revenues grew on an organic basis by 3.2 % overall, with the strongest growth recorded in the segment of smaller business customers. This offset the decline in voice telephony revenues in the corporate customer segment in Greece. On an organic basis, IT revenues grew strongly compared with the prior year by 11.6 %, due to an increase in the systems solutions and data communications businesses, especially in connection with EU-funded projects in Greece’s public sector. Digital Infrastructure developed positively as a result of the expansion of capacities and strong growth in the cloud and security solutions business.

Adjusted EBITDA AL, EBITDA AL

The sound operational development in the mobile, fixed-network, and IT businesses more than offset the inflation-induced cost increases. This led to strong year-on-year growth of 7.7 % in adjusted EBITDA AL to EUR 4.4 billion in 2024. In organic terms, adjusted EBITDA AL grew by 8.1 %, with a positive net margin sufficient to more than offset higher indirect costs that resulted primarily from the inflation-induced increase in salaries.

Looking at the development by country, the increase in adjusted organic EBITDA AL was attributable to positive absolute trends, in particular at our national companies in Hungary, the Czech Republic, Slovakia, Greece, and Poland. These increases were partially offset by declines in Romania.

At EUR 4.4 billion, EBITDA AL increased by 8.5 % against the prior-year level. The expense arising from special factors decreased from the prior-year level.

Development of operations in selected countries

Greece. In 2024, revenue in Greece increased by 4.5 % year-on-year to EUR 3.3 billion. In organic terms, revenues increased by 4.8 %. This development is largely due to higher service revenues, mainly from IT, but also from the mobile, wholesale, and TV businesses. However, mobile revenues were affected by termination rate cuts imposed by the regulatory authority. Traditional voice telephony revenues continued to decline in line with expectations. By contrast, terminal equipment revenues from contract customer additions contributed to the growth in revenue. Our convergence products performed well, with further customer additions and corresponding revenue.

Adjusted EBITDA AL stood at EUR 1.3 billion, up 1.6 % year-on-year, driven by a higher net margin. Higher indirect costs, e.g., for energy, reduced the positive effect.

Hungary. Revenue in Hungary totaled EUR 2.2 billion in the 2024 financial year, which corresponds to substantial growth of 10.2 % despite unfavorable exchange rate effects. In organic terms, revenue was up against the prior year by 14.3 %. This development was driven mainly by the mobile business, in part on the back of higher revenue per customer, and by higher service revenues in the fixed-network business. Thanks to our increased investments in the build-out of fiber-optic lines, our offers have won over large numbers of customers. IT revenues also posted significant growth. Growth in the customer base, especially among consumers, additionally drove an increase in terminal equipment revenues. Our convergence products also continued to perform well, with further customer additions and corresponding revenue.

Adjusted EBITDA AL stood at EUR 768 million, 27.9 % above the prior-year level. In organic terms, adjusted EBITDA AL grew by 32.9 %. This marked increase was due to a significantly higher net margin from the positive development in operating business, as well as to the repeal of the special tax levied on owners of telecommunications cables (utility tax).

Poland. In the reporting year, revenue in Poland totaled EUR 1.7 billion, an increase of 9.1 %. Excluding positive exchange rate effects, revenue increased by 3.5 %. Mobile service revenues recorded the strongest growth. However, mobile revenues were affected by termination rate cuts imposed by the regulatory authority. Broadband revenues from the fixed-network business also posted significant increases. Both trends are the result of growth in the respective customer bases. The number of FMC customers increased substantially again, with a corresponding positive impact on revenues. This was partially offset by lower revenues from the IT business.

Adjusted EBITDA AL stood at EUR 435 million, 10.7 % above the prior-year level. In organic terms, adjusted EBITDA AL grew by 5.0 %, due to a higher net margin, which more than offset the increase in indirect costs.

Czech Republic. Revenue in the Czech Republic stood at EUR 1.2 billion in 2024, a decrease of 3.3 % against the prior year. Excluding negative exchange rate effects, growth was 1.3 %. Service revenues increased on an organic basis by 2.2 %, mainly due to increases in the fixed network business, particularly the broadband and TV businesses. Mobile revenues also recorded positive growth rates, driven by growth in the respective customer bases. However, they were affected by termination rate cuts imposed by the regulatory authority. The number of FMC customers likewise grew in the reporting year. This was offset by declines, for instance in IT revenues, as well as in other revenues, which declined as a result of the termination of a business relationship.

Adjusted EBITDA AL increased by 7.8 % year-on-year to EUR 506 million. In organic terms, earnings grew by 12.9 % on the back of a higher net margin driven by higher mobile and fixed-network service revenues.

Austria. Revenue generated in Austria increased by 2.5 % in 2024 to EUR 1.5 billion. In organic terms, the increase was 2.2 %. This development was driven by higher service revenues from the broadband and mobile businesses on account of increases in the respective customer bases and higher revenue per customer. However, mobile revenues were affected by termination rate cuts imposed by the regulatory authority. The number of FMC customers also grew in the reporting year, with corresponding revenues. Revenue from IT business increased slightly.

Adjusted EBITDA AL increased by 3.2 % year-on-year to EUR 546 million. In organic terms, earnings grew by 3.0 %, driven mainly by a revenue-related increase in the net margin, which was partially offset by higher indirect costs for personnel and energy, among other indirect costs.

Profit/loss from operations (EBIT)

In our Europe operating segment, EBIT grew by 13.9 % in 2024 to EUR 2.2 billion, mainly due to the 8.3 % increase in EBITDA. Depreciation, amortization and impairment losses were up EUR 0.1 billion against the prior-year level, due to an impairment loss recognized on non-current assets in the Romanian mobile business, and partially offset the increase in EBITDA. Depreciation and amortization remained stable.

Cash capex (before spectrum investment), cash capex

In 2024, our Europe operating segment reported cash capex (before spectrum investment) of EUR 1.9 billion, up 6.0 % year-on-year. This increase is attributable to higher investments. Cash capex decreased by 6.3 % due to lower cash outflows for the acquisition of spectrum compared with the prior year. We continue to invest in the provision of broadband, fiber-optic technology, and 5G as part of our integrated network strategy.

Systems Solutions

Order entry

millions of €

	2024	2023	Change	Change %	2022
Order entry	4,020	3,628	392	10.8	3,952

Development of business

In the 2024 financial year, our systems solutions business continued to focus on growth and future viability.

Order entry in our Systems Solutions operating segment was up by 10.8 % year-on-year in 2024. This development is mainly attributable to increased order entry in the Cloud and Digital portfolio areas.

Development of operations

millions of €

		2024	2023	Change	Change %	2022
Revenue		**4,004**	**3,896**	**108**	**2.8**	**3,811**
Of which: external revenue		3,377	3,258	120	3.7	3,106
Service revenue		**3,883**	**3,796**	**87**	**2.3**	**3,751**
EBITDA		344	272	71	26.2	229
Special factors affecting EBITDA		(118)	(144)	26	17.8	(159)
EBITDA (adjusted for special factors)		462	416	46	11.0	388
EBITDA AL		251	177	73	41.3	125
Special factors affecting EBITDA AL		(118)	(144)	26	17.8	(159)
EBITDA AL (adjusted for special factors)		**369**	**321**	**48**	**14.8**	**284**
EBITDA AL margin (adjusted for special factors)	%	9.2	8.3			7.4
Depreciation, amortization and impairment losses		(237)	(344)	107	31.1	(340)
Profit (loss) from operations (EBIT)		**107**	**(71)**	**178**	**n.a.**	**(110)**
Special factors affecting EBIT		(133)	(270)	136	50.6	(270)
EBIT (adjusted for special factors)		240	198	42	21.2	160
EBIT margin (adjusted for special factors)	%	6.0	5.1			4.2
Cash capex		(229)	(210)	(19)	(9.1)	(221)
Cash capex (before spectrum investment)		**(229)**	**(210)**	**(19)**	**(9.1)**	**(221)**

Revenue, service revenue

Revenue in our Systems Solutions operating segment in 2024 amounted to EUR 4.0 billion, up 2.8 % year-on-year, mainly due to growth in the Digital, Cloud, and Road Charging portfolio areas. External revenue increased by 3.7 %, also driven by the Digital, Cloud, and Road Charging portfolio areas. Service revenue also developed positively, increasing by 2.3 %.

Adjusted EBITDA AL, EBITDA AL

In 2024, adjusted EBITDA AL at our Systems Solutions operating segment increased by 14.8 % year-on-year to EUR 369 million. The increase in adjusted EBITDA AL is mainly attributable to revenue growth in the Cloud and Digital areas. EBITDA AL increased by EUR 73 million compared with the prior year to EUR 251 million. The expense arising from special factors decreased by EUR 26 million year-on-year to EUR 118 million, mainly as a result of lower restructuring costs.

Profit/loss from operations (EBIT), adjusted EBIT

Adjusted EBIT in our Systems Solutions operating segment grew by EUR 42 million year-on-year in 2024, coming in at EUR 240 million, due to the reasons described under adjusted EBITDA AL. EBIT increased significantly year-on-year to EUR 107 million. This increase was due to both an operational improvement and to lower depreciation, amortization and impairment losses. The expense arising from special factors was EUR 133 million, a decrease of EUR 136 million compared with the prior year, mainly as a result of lower impairment losses on non-current assets.

Cash capex (before spectrum investment), cash capex

Cash capex in the Systems Solutions operating segment totaled EUR 229 million in 2024, up EUR 19 million against the prior year. This trend mainly resulted from higher cash capex in the Cloud portfolio area.

Group Development

Development of operations

millions of €

		2024	2023	Change	Change %	2022
Revenue		**10**	**115**	**(106)**	**(91.8)**	**1,708**
Of which: GD Towers		0	99	(99)	(100.0)	1,154
Service revenue		**0**	**0**	**0**	**n.a.**	**411**
EBITDA		(36)	13,220	(13,256)	n.a.	2,106
Special factors affecting EBITDA		(5)	13,170	(13,174)	n.a.	992
EBITDA (adjusted for special factors)		(32)	50	(82)	n.a.	1,113
Of which: GD Towers		0	78	(78)	(100.0)	943
EBITDA AL		(36)	13,215	(13,251)	n.a.	1,956
Special factors affecting EBITDA AL		(5)	13,170	(13,174)	n.a.	992
EBITDA AL (adjusted for special factors)		**(32)**	**45**	**(77)**	**n.a.**	**964**
Of which: GD Towers		0	73	(73)	(100.0)	804
EBITDA AL margin (adjusted for special factors)	%	n.a.	39.2			56.4
Depreciation, amortization and impairment losses		(3)	(2)	0	(8.5)	(195)
Profit (loss) from operations (EBIT)		**(39)**	**13,217**	**(13,256)**	**n.a.**	**1,911**
Cash capex		(4)	(24)	21	84.4	(343)
Cash capex (before spectrum investment)		**(4)**	**(24)**	**21**	**84.4**	**(343)**

The sale of the GD Towers business entity was consummated on February 1, 2023. Since that date, GD Towers has no longer been part of the Group. The development of operations for the prior year contains the value contributions up to and including January 2023.

For further information on the presentation of GD Towers in the prior year, please refer to the section "Management of the Group."

The comparison of the 2024 financial year with the prior year is significantly influenced by the sale of GD Towers. The gain on deconsolidation in the 2023 financial year resulting from the transaction amounted to EUR 12.9 billion and is included in EBITDA and the associated performance indicators.

The goal of our Group Development operating segment is to actively manage entities and equity investments to grow their value. For this reason, entities such as Deutsche Telekom Capital Partners and Comfort Charge are assigned to this segment.

Group Headquarters & Group Services

Development of operations

millions of €

	2024	2023	Change	Change %	2022
Revenue	**2,226**	**2,305**	**(79)**	**(3.4)**	**2,407**
Service revenue	**972**	**1,024**	**(51)**	**(5.0)**	**1,026**
EBITDA	(816)	(522)	(295)	(56.4)	(361)
Special factors affecting EBITDA	(301)	(199)	(102)	(51.3)	(234)
EBITDA (adjusted for special factors)	(515)	(323)	(192)	(59.6)	(128)
EBITDA AL	(1,103)	(808)	(295)	(36.5)	(672)
Special factors affecting EBITDA AL	(301)	(199)	(102)	(51.3)	(234)
EBITDA AL (adjusted for special factors)	**(801)**	**(609)**	**(193)**	**(31.6)**	**(437)**
Depreciation, amortization and impairment losses	(1,242)	(1,352)	110	8.1	(1,476)
Profit (loss) from operations (EBIT)	**(2,058)**	**(1,874)**	**(184)**	**(9.8)**	**(1,837)**
Cash capex	(833)	(969)	136	14.0	(973)
Cash capex (before spectrum investment)	**(833)**	**(969)**	**136**	**14.0**	**(973)**

Revenue, service revenue

Revenue in our Group Headquarters & Group Services segment decreased in the reporting year by 3.4 %, mainly as a result of lower intragroup service revenues at Deutsche Telekom IT on account of a reduced revenue-relevant cost basis, which was primarily due to fewer commissions of IT projects. Furthermore, intragroup revenue from land and buildings declined due to the ongoing optimization of space.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL in the Group Headquarters & Group Services segment declined by EUR 193 million in 2024 to EUR -801 million, mainly due to a lower capitalization rate for own capitalized costs and to higher infrastructure costs, both at Deutsche Telekom IT, as well as to various one-time effects. Furthermore, revenue from land and buildings declined due to the ongoing optimization of space. Overall, special factors negatively affecting EBITDA AL – in particular due to staff-related measures – totaled EUR 301 million in the reporting year and EUR 199 million in the prior year.

Profit/loss from operations (EBIT)

The year-on-year decrease of EUR 184 million in EBIT to EUR -2,058 million was largely due to the decline in EBITDA AL. Depreciation, amortization and impairment losses were down by contrast, mainly due to fewer commissions of IT projects and to a lower capitalization rate for own capitalized costs. In addition, impairment losses on software used by the Systems Solutions operating segment were recognized in the prior year.

Cash capex (before spectrum investment), cash capex

Cash capex decreased year-on-year by EUR 136 million, primarily due to lower cash capex in the Technology and Innovation Board of Management department on account of fewer commissions of IT projects at Deutsche Telekom IT.

Development of business at Deutsche Telekom AG

Deutsche Telekom AG prepares its annual financial statements in accordance with the principles of the German GAAP, as specified in the German Commercial Code (Handelsgesetzbuch – HGB) and the German Stock Corporation Act (Aktiengesetz – AktG).

As the Headquarters of the Deutsche Telekom Group, we perform strategic and cross-segment management functions and provide services for other Group companies. The profits and losses of our subsidiaries and Group financing measures have a material effect on our financial position and results of operations. In the Germany operating segment, total revenue was up 2.1 % against the prior year. This was mainly attributable to growth in service revenues in the fixed-network core business and mobile business. Total revenue in the United States operating segment increased by 3.6 % year-on-year. In U.S. dollars, T-Mobile US' total revenues also rose by 3.6 %. Total revenue increased primarily due to higher service revenues, offset by a decline in other revenues. Revenue in our Europe operating segment climbed by 4.7 % year-on-year. Growth in service revenues was due on the one hand to the strong performance of the mobile business. On the other hand, the year-on-year increase in fixed-network service revenues additionally contributed to this growth. Revenue in our Systems Solutions operating segment was up 2.8 % year-on-year, mainly due to growth in the Digital, Cloud, and Road Charging portfolio areas.

Deutsche Telekom AG reported net income for the 2024 financial year of EUR 20.6 billion. This includes book gains of EUR 12.8 billion arising from the use of hidden reserves in connection with the intragroup aggregation of shares in the multi-level holding structure for the investment in T-Mobile US after Deutsche Telekom AG had exercised call options to acquire additional shares of T-Mobile US in the reporting year and previous financial years. EUR 0.6 billion of this figure relates to the intragroup transfer of the acquired T-Mobile US shares to Deutsche Telekom Holding B.V., Maastricht, which thus consolidates all T-Mobile US shares held in the Group, while EUR 12.2 billion relates to the subsequent transfer of shares in an intermediate holding company. A further EUR 5.7 billion stems from an intragroup capital repayment by Deutsche Telekom Holding B.V., Maastricht. The capital repayment mainly included proceeds from the sale of T-Mobile US shares and dividends from T-Mobile US at the level of Deutsche Telekom Holding B.V., Maastricht.

Results of operations of Deutsche Telekom AG

Statement of income of Deutsche Telekom AG under German GAAP (total cost method)

millions of €

	2024	2023	Change	Change %	2022
Net revenue	**1,964**	**2,110**	**(146)**	**(6.9)**	**2,250**
Other own capitalized costs	2	2	0	0.0	9
Total operating performance	**1,966**	**2,112**	**(146)**	**(6.9)**	**2,259**
Other operating income	13,794	1,371	12,423	n.a.	2,480
Goods and services purchased	(391)	(419)	28	6.7	(456)
Personnel costs	(1,566)	(1,964)	398	20.3	(1,936)
Depreciation, amortization and write-downs	(117)	(174)	57	32.8	(277)
Other operating expenses	(3,193)	(2,481)	(712)	(28.7)	(2,919)
Operating results	**10,493**	**(1,555)**	**12,048**	**n.a.**	**(849)**
Net financial income (expense)	10,633	11,281	(648)	(5.7)	5,700
Income taxes	(481)	(614)	133	21.7	(839)
Income after income taxes	**20,645**	**9,112**	**11,533**	**n.a.**	**4,012**
Other taxes	(18)	(17)	(1)	(5.9)	(18)
Net income	**20,627**	**9,095**	**11,532**	**n.a.**	**3,994**

Operating results improved from EUR -1.6 billion to EUR 10.5 billion, due mainly to a year-on-year increase in other operating income of EUR 12.4 billion and a EUR 0.4 billion decrease in personnel costs. In particular, an increase in other operating expenses of EUR 0.7 billion had an offsetting effect.

Lower intragroup cost transfers from hiring out employees contributed to the reduction in net revenue of EUR 0.1 billion in total.

EUR 12.8 billion of other operating income relates in particular to book gains arising from the use of hidden reserves in connection with the intragroup aggregation of shares in the multi-level holding structure for the investment in T-Mobile US.

The decrease in personnel costs is largely attributable to early retirement arrangements for civil servants. As the statutory regulation has not yet been extended beyond 2024, no accruals were recognized for early retirement arrangements for civil servants. In the previous year, expenses of EUR 0.4 billion had been recognized for such arrangements.

Other operating expenses of EUR 0.8 billion are attributable to a reduction in shares in affiliated companies in connection with the capital repayment by the indirect subsidiary Deutsche Telekom Holding B.V., Maastricht. The capital repayment also changed the income related to subsidiaries, associated and related companies of Deutsche Telekom AG.

Net financial income decreased by EUR 0.6 billion to EUR 10.6 billion, due primarily to a decrease of EUR 0.6 billion in income related to subsidiaries, associated and related companies. Net interest expense remained virtually unchanged year-on-year at EUR 0.8 billion.

Income related to subsidiaries, associated and related companies of EUR 11.5 billion (2023: EUR 12.1 billion) was positively affected in the reporting year, in particular by profits transferred by T-Mobile Global Zwischenholding GmbH, Bonn, of EUR 6.4 billion (2023: loss of EUR 0.1 billion) and by Telekom Deutschland GmbH, Bonn, of EUR 4.9 billion (2023: EUR 5.0 billion). The transfer of losses of EUR 0.9 billion (2023: EUR 1.3 billion) had an offsetting effect. Overall, transfers of operating profits and losses were at the prior-year level.

Income related to subsidiaries, associated and related companies was positively affected in the reporting year by the operating business of the subsidiaries and in particular by the capital repayment of the indirect subsidiary Deutsche Telekom Holding B.V., Maastricht, which directly holds the shares in T-Mobile US. The capital repayment generated income from the use of a portion of hidden reserves of EUR 6.5 billion, applying IDW ERS HFA 13 as amended, at the level of the shareholder T-Mobile Global Holding GmbH, Bonn, which due to the multi-level holding structure was reflected in the profit transfers to T-Mobile Global Zwischenholding GmbH, Bonn, and to Deutsche Telekom AG. Income related to subsidiaries, associated and related companies in the previous year had included income of EUR 3.7 billion from the sale of shares in GD Towers Holding GmbH, Bonn, and income of EUR 3.5 billion from a capital repayment by Deutsche Telekom Europe B.V., Maastricht.

Income after income taxes increased by EUR 11.5 billion year-on-year in the 2024 financial year.

Other tax expense of EUR 18 million resulted in net income of EUR 20,627 million in the 2024 financial year. Taking into account EUR 8,495 million in unappropriated net income carried forward, unappropriated net income totaled EUR 29,122 million (prior year: EUR 12,312 million).

Financial position of Deutsche Telekom AG

Balance sheet of Deutsche Telekom AG under German GAAP

millions of €

	Dec. 31, 2024	Dec. 31, 2024 %	Dec. 31, 2023	Change	Dec. 31, 2022
Assets					
Intangible assets	54	0.0	79	(25)	139
Property, plant and equipment	2,246	1.7	2,268	(22)	2,252
Financial assets	118,781	89.0	106,260	12,521	105,599
Noncurrent assets	**121,081**	**90.8**	**108,607**	**12,474**	**107,990**
Receivables	7,641	5.7	9,981	(2,340)	10,800
Other assets	2,360	1.8	2,995	(635)	2,689
Cash and cash equivalents	1,965	1.5	1,450	515	162
Current assets	**11,966**	**9.0**	**14,426**	**(2,460)**	**13,651**
Prepaid expenses and deferred charges	367	0.3	364	3	338
Difference between plan assets and corresponding liabilities	1	0.0	4	(3)	0
Total assets	**133,415**	**100.0**	**123,401**	**10,014**	**121,979**
Shareholders' equity and liabilities					
Capital stock and reserves	51,894	38.9	53,792	(1,898)	53,674
Unappropriated net income	29,122	21.8	12,312	16,810	6,700
Shareholders' equity	**81,016**	**60.7**	**66,104**	**14,912**	**60,374**
Accruals for pensions and similar obligations	3,827	2.9	4,133	(306)	4,010
Tax accruals	299	0.2	319	(20)	490
Other accruals	2,898	2.2	3,141	(243)	3,150
Accruals	**7,024**	**5.3**	**7,593**	**(569)**	**7,650**
Debt	10,697	8.0	9,428	1,269	12,619
Remaining liabilities	34,583	25.9	40,167	(5,584)	41,206
Liabilities	**45,280**	**33.9**	**49,595**	**(4,315)**	**53,825**
Deferred income	95	0.1	109	(14)	130
Total shareholders' equity and liabilities	**133,415**	**100.0**	**123,401**	**10,014**	**121,979**

In addition to shareholders' equity, our financial position is mainly determined by noncurrent assets as well as by receivables from and payables to Group companies. Loans recognized under financial assets as well as receivables from and payables to affiliated companies primarily resulted from financing relationships between Deutsche Telekom AG and its subsidiaries.

The balance sheet total increased by EUR 10.0 billion year-on-year to EUR 133.4 billion.

The development of total assets was attributable in particular to the increase of EUR 12.5 billion in financial assets and the increase of EUR 0.5 billion in cash and cash equivalents. By contrast, receivables decreased by EUR 2.3 billion and other assets by EUR 0.6 billion.

The increase in financial assets of EUR 12.5 billion mainly resulted from the use of hidden reserves in connection with the intragroup aggregation of shares in the multi-level holding structure for T-Mobile US through transfers at fair value.

Receivables decreased to EUR 7.6 billion, down by EUR 2.3 billion compared to the prior year. This decline was due in particular to the repayment of cash management receivables from Deutsche Telekom Towers Holding GmbH, Bonn, in the amount of EUR 3.7 billion through a loan repayment to the company. The grant of a short-term loan to Deutsche Telekom International Finance B.V., Maastricht, in the amount of EUR 1.7 billion had an offsetting effect.

The decrease of EUR 0.6 billion in other assets is due primarily to lower receivables from Deutsche Telekom Trust e. V., Bonn, arising from credit balances on securities accounts.

The development of total shareholders' equity and liabilities was mainly influenced by the increase of EUR 14.9 billion in shareholders' equity and of EUR 1.3 billion in financial liabilities. The decline of EUR 5.6 billion in remaining liabilities, of EUR 0.3 billion in accruals for pensions and similar obligations, and of EUR 0.2 billion in other accruals had an offsetting effect.

The increase in shareholders' equity of EUR 14.9 billion was primarily attributable to net income of EUR 20.6 billion for the 2024 financial year. The dividend payment of EUR 3.8 billion for the previous year had a reducing effect. The share buy-back program reduced retained earnings by EUR 1.8 billion and capital stock by EUR 0.2 billion.

Accruals for pensions and similar obligations fell by EUR 0.3 billion. Payments of pension entitlements and the higher fair value of the plan assets offset against obligations more than compensated for the current service cost and interest cost as well as a reimbursement from the plan assets.

Other accruals decreased by EUR 0.2 billion. The prior-year figure had included accruals of EUR 0.4 billion for early retirement arrangements for civil servants. As the statutory regulation has not yet been extended beyond 2024, further early retirement programs for civil servants are currently not in sight.

Financial liabilities increased by EUR 1.3 billion year-on-year to EUR 10.7 billion, due primarily to the issue of new bonds in the amount of EUR 1.7 billion. Repayments of loans reported in the previous year amounting to EUR 0.5 billion had an offsetting effect.

The decrease in remaining liabilities totaling EUR 5.6 billion was attributable primarily to loan repayments to Deutsche Telekom Towers Holding GmbH, Bonn, of EUR 6.3 billion and to Deutsche Telekom International Finance B.V., Maastricht, of EUR 2.2 billion. This was offset by liabilities from cash management. In particular, the repayment of a loan to Deutsche Telekom Towers Holding GmbH, Bonn, as part of the intragroup cash management resulted in the net increase in a corresponding liability of EUR 2.6 billion.

Statement of cash flows of Deutsche Telekom AG under German GAAP

millions of €

	2024	2023	Change	2022
Net income	**20,627**	**9,095**	**11,532**	**3,994**
Net cash provided by (used for) operating activities	15,575	8,714	6,861	4,753
Net cash (used for) provided by investing activities	(162)	47	(209)	1,614
Net cash (used for) provided by financing activities	(14,898)	(7,473)	(7,425)	(6,659)
Net change in cash and cash equivalents	**515**	**1,288**	**(773)**	**(292)**
Cash and cash equivalents, at the beginning of the year	1,450	162	1,288	454
Cash and cash equivalents, at the end of the year	**1,965**	**1,450**	**515**	**162**

Net cash provided by operating activities increased by EUR 6.9 billion year-on-year to EUR 15.6 billion and was mainly influenced by income related to subsidiaries, associated and related companies and the change in intragroup cash management balances. The increase is due in particular to the change of EUR 6.3 billion in cash management balances vis-à-vis Deutsche Telekom Towers Holding GmbH, Bonn, resulting from the payment of the proceeds from the sale of shares in GD Towers Holding GmbH, Bonn, collected by Deutsche Telekom AG in the prior year.

Net cash used for investing activities amounted to a slightly negative figure of EUR -0.2 billion, which corresponds to a change of EUR -0.2 billion year-on-year. The main cash inflows resulted from interest received of EUR 1.1 billion and repayments of medium- and long-term loans by subsidiaries in the amount of EUR 0.8 billion. The grant of a short-term loan to Deutsche Telekom International Finance B.V., Maastricht, of EUR 1.7 billion and the acquisition of 6.7 million shares in T-Mobile US, Inc., Bellevue, for EUR 0.6 billion in connection with the exercise of fixed-price options had an offsetting effect.

Net cash used for financing activities increased by EUR 7.4 billion year-on-year to EUR 14.9 billion. In the reporting year, it mainly included net repayments of financial liabilities to affiliated companies in the amount of EUR 8.2 billion. Net cash used for financing activities also resulted from payment of the dividend for the 2023 financial year of EUR 3.8 billion, from interest paid of EUR 2.1 billion, and from payments for share buy-backs of EUR 2.0 billion. The net issuance of financial liabilities of EUR 1.2 billion had an offsetting effect.

In all, this resulted in an increase in cash and cash equivalents of EUR 515 million in the reporting year.

Risk management in hedge accounting

We use derivatives to hedge interest rate and currency exposures as well as other price risks; i.e., exclusively for hedging purposes, not for speculative gains. In the process, we monitor the effectiveness of the hedges on a regular basis.

Combined sustainability statement

General information

ESRS 2 – General disclosures

Creating transparency

Sustainability is at the heart of Deutsche Telekom's business activities. We report on our progress annually, also in the combined management report. The requirements for transparency in corporate sustainability are constantly increasing. In light of the expected transposition of the European Corporate Sustainability Reporting Directive (CSRD) into national law, we as a company with a global footprint have already based the preparation of the combined sustainability statement ("sustainability statement") on the first set of the European Sustainability Reporting Standards (ESRS) as a framework for the Group's sustainability statement and applied these standards in full. This sustainability statement contains the information in accordance with § 315c of the German Commercial Code (Handelsgesetzbuch – HGB) in conjunction with §§ 289c through 289e HGB. The materiality assessment was performed in accordance with the requirements of the ESRS and thus goes beyond the requirements of German commercial law.

This sustainability statement is divided into the sections "General information," "Environment," "Social," and "Governance." When applying the ESRS, the concept of "materiality" is of utmost importance and defines the content to be included in sustainability reporting. In line with the principle of double materiality, we present our management of material impacts of our business activities on society and the environment, as well as the material risks and opportunities identified by Deutsche Telekom along its entire value chain in the following ESRS topical standards:

- ESRS E1 – Climate change
- ESRS E5 – Resource use and circular economy
- ESRS S1 – Own workforce
- ESRS S2 – Workers in the value chain
- ESRS S4 – Consumers and end-users
- ESRS G1 – Business conduct

In addition, we comply with the reporting requirements that have been mandatory since the 2021 reporting year with regard to environmentally sustainable economic activities in accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the "EU Taxonomy").

Unless otherwise stated, all disclosures in this sustainability statement apply to the Deutsche Telekom Group (also referred to as "we" or "us").

The Supervisory Board of Deutsche Telekom AG is responsible for the review of the content of the sustainability statement. It did this with the support of Deloitte GmbH Wirtschaftsprüfungsgesellschaft (external auditor) in the form of a limited assurance engagement. The two non-financial performance indicators "energy consumption" and "CO_2 emissions" (Scope 1 and 2) are included as management-relevant performance indicators in the reasonable assurance engagement on Deutsche Telekom's consolidated financial statements and the combined management report. The sustainability statement engagement is based on International Standard on Assurance Engagements ISAE 3000 (revised). To avoid repetition within the combined management report, we refer to further information provided in other sections wherever relevant. References to disclosures outside of the combined management report or the consolidated financial statements constitute further information that goes beyond the legal requirements for sustainability reporting and is not subject to external audit.

Consideration of Deutsche Telekom AG in the sustainability statement

As the parent company, Deutsche Telekom AG is obligated in accordance with §§ 289b and 315b HGB to submit a non-financial statement and a consolidated non-financial statement and makes use of the option to combine the two reports. The disclosures that Deutsche Telekom AG is required to make in accordance with § 289c HGB are contained in the sustainability statement and are indicated as such where necessary. The information required of Deutsche Telekom AG in accordance with § 289c (2) and (3) HGB is thus part of the general disclosures and the ESRS topical standards of the sustainability statement. The transition to the ESRS is presented in the following section.

Transition to the ESRS

In preparation for the transposition of the CSRD into national law, Deutsche Telekom applied the ESRS as framework on a voluntary basis when preparing the 2024 sustainability statement. In addition to the sector-agnostic standard "ESRS 2 – General disclosures," the ESRS topical standards that are material for Deutsche Telekom determine the content of the report and can be allocated to the five aspects set out in § 315c (1) HGB in conjunction with § 289c (2) HGB:

Transition to the ESRS

Aspect pursuant to § 315c (1) HGB in conjunction with § 289c (2) HGB	Reflected in ESRS topical standards	Selected content
Aspect 1 – Environmental concerns	ESRS E1 – Climate change ESRS E5 – Resource use and circular economy	Greenhouse gas emissions, energy efficiency, and resource use
Aspect 2 – Employee concerns	ESRS S1 – Own workforce	Guidance and actions on the topics of working conditions, such as health and safety or social dialogue, as well as equal treatment and opportunities for all
Aspect 3 – Social concerns	ESRS S1 – Own workforce ESRS S2 – Workers in the value chain ESRS S4 – Consumers and end-users	Dialogue formats, whistleblower systems, as well as protection of consumers and end-users
Aspect 4 – Respecting human rights	ESRS S1 – Own workforce ESRS S2 – Workers in the value chain	Processes for complying with human rights and environmental due diligence in the upstream value chain and in own business activities, labor standards at suppliers
Aspect 5 – Fighting corruption	ESRS G1 – Business conduct	Anti-corruption and anti-bribery instruments

The aspects described in the ESRS topical standards in accordance with the requirements of the HGB are supplemented by information on strategies, actions, targets, and metrics related to the impacts, risks, and opportunities of our business activities. An overview of these impacts, risks, and opportunities can be found at the beginning of each topical standard under "ESRS 2 SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model."

Basis for preparation

The index below shows the general disclosures required by the standard ESRS 2 – General Disclosures.

ESRS index under ESRS 2 IRO-2

Disclosure requirement	Name with reference
ESRS 2 General Disclosures	
ESRS 2 BP-1	General basis for preparation of the sustainability statement
ESRS 2 BP-2	Disclosures in relation to specific circumstances
ESRS 2 GOV-1	The role of the administrative, management, and supervisory bodies
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes
ESRS 2 GOV-4	Statement on due diligence
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting
ESRS 2 SBM-1	Strategy, business model, and value chain
ESRS 2 SBM-2	Interests and views of stakeholders
ESRS 2 SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model (use of phase-in option for ESRS 2 SBM-3 para. 48e)
ESRS 2 IRO-1	Description of the process to identify and assess material impacts, risks, and opportunities
ESRS 2 IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement

ESRS 2 BP-1 – General basis for preparation of the sustainability statement

This sustainability statement was prepared on a consolidated basis. The scope of consolidation of the companies included in the consolidated sustainability statement generally consists of Deutsche Telekom AG and its subsidiaries. Subsidiaries classified as not material from a financial perspective were analyzed in terms of their impact on society and the environment caused by our business activities, and are also not material for the sustainability statement. The sustainability statement covers both our own business activities and our upstream and downstream value chain.

When preparing the statement we did not make use of the option to omit specific pieces of information corresponding to intellectual property, know-how, or the results of innovation. We also did not omit the disclosure of impending developments or matters in the course of negotiation.

ESRS 2 BP-2 – Disclosures in relation to specific circumstances

The following table provides an overview of the metrics we identified by means of estimates and describes the basis for preparation and the resulting level of accuracy.

Value chain estimation

Metrics of the upstream and downstream value chain	Description of the basis for preparation	Description of the resulting level of accuracy
Scope 3 emissions and emissions factors	Due to a lack of primary data, particularly in the upstream and downstream value chain, coupled with a lack of product-related emissions factors, we used estimates to determine greenhouse gas (GHG) emissions. Emissions factors cannot be precisely determined for each individual product, which is why we use an average value in the upstream value chain for the calculation. Because few suppliers have submitted primary data, we worked with statistical secondary data, as is customary in the industry.	We use only recognized sources from public bodies. Software solutions and increasingly digitalized data collection ensure a reliable calculation basis. By performing an annual comparison of the data used against the publicly available sources and the latest findings, we increase our data quality year by year. In this way, we ensure that the overall data quality continues to improve. Given the highly complex relationships in the supply chain and the difficulties involved in collecting and compiling data (life-cycle analysis), the annual assessment forms an integral part of discussions with customers and supplier selection. It includes life-cycle analyses, surveys, and updated emissions factors based on CDP data. The aim is to reduce emissions and improve the accuracy of the emissions data collected with the help of our suppliers.

For more detailed information on the calculation of Scope 3 emissions, please refer to the section "ESRS E1-6 – Gross Scopes 1, 2, 3, and total GHG emissions."

The following table shows an overview of metrics that are subject to a high level of measurement uncertainty. It also indicates the sources of those measurement uncertainties.

Sources of estimation and outcome uncertainty

Metrics that are subject to a high level of measurement uncertainty	Information on the sources for measurement uncertainty	Assumptions, approximations, and judgments on which the measurement was based
Resource inflows: optical fiber and antennas	Since data on the weight of optical fiber and antennas used is known but it is not practical to record it at the component level, we work with average values and extrapolations, and use clustering to determine weight efficiently.	We use historical average values to record data on fiber-optic cables and mobile communications antennas. For cables, these are based on data on the total length of purchased cables and the average weight per unit of length. To calculate the total weight of the antennas, we multiply the number of antennas by the average weight per unit. When collecting data for both cables and antennas, we use two weight categories in order to measure the weights of different cable and antenna types per unit as precisely as possible.
Use of sustainably sourced biological materials for the build-out and maintenance of the network infrastructure	Since manufacturers did not submit any information on this, an estimate was made based on experience from previous years. The level of accuracy of the estimate is limited. When certifying packaging, we primarily focus on responsible forestry certificates, such as the internationally recognized certificate issued by the Forest Stewardship Council (FSC).	Due to the low weight of the packaging in relation to the total weight, the proportion of biological materials used is estimated at 5 % of the total weight.
Use of recycled materials in network technology packaging, components, and materials	The level of accuracy of the estimate is considered low because no data is disclosed and the estimate is based on assumptions derived from experience in previous years.	The recycling rate for packaging is estimated at 15 % of the total weight.

The following overview shows the information that we incorporate by reference.

Incorporation by reference

Disclosure requirement (datapoints)	Reference, section
ESRS 2 GOV-5 Risk management and internal controls over sustainability reporting (para. 36 a, b, d, e)	Risk and opportunity management

Governance

ESRS 2 GOV-1 – The role of the administrative, management, and supervisory bodies

The Board of Management and Supervisory Board of Deutsche Telekom AG collaborate closely for the benefit of the Company and maintain regular contact. The Board of Management coordinates the strategic direction with the Supervisory Board and works towards its implementation in the Group in accordance with applicable law and the existing opportunities for influence under company law. Local adaptations are and remain possible at our national companies. We determine a uniform strategic framework by integrating minimum standards into our Group-wide policies, such as the Code of Human Rights, wherever this is legally possible. The Board of Management and Supervisory Board discuss progress in the implementation of the strategy at regular intervals.

As of December 31, 2024, the responsibilities of the Board of Management of Deutsche Telekom AG were distributed across eight Board departments. The Supervisory Board of Deutsche Telekom AG advises the Board of Management and oversees its management of business. It is composed of 20 members: 10 represent the shareholders and 10 the employees.

The members of the Board of Management have the relevant experience to be able to perform their function. As a whole, the Board of Management is in particular to have many years of experience in the telecommunications sector, technology, innovation, finance, digitalization, human resources management, and legal and compliance affairs. Until January 26, 2025, as a rule, members of the Board of Management were not to be older than 65 years of age. No Board member is currently older than this limit. From January 27, 2025, as a rule, members of the Board of Management should not be older than 67 years of age. In view of the Group's international focus, it is our aspiration for at least one member of the Board of Management to have an international background. The Supervisory Board members also have experience that is relevant to our sector, our products, and the geographical locations where we operate. As a whole, the Supervisory Board must in particular have experience in the areas of business that are important for Deutsche Telekom, especially the fields of telecommunications and infrastructure, as well as experience with strategy, finance, control, innovation, ESG, and human resources.

The following table shows the gender diversity of the Board of Management and Supervisory Board of Deutsche Telekom AG.

Percentage of female members on the Board of Management and Supervisory Board

%	Dec. 31, 2024	Dec. 31, 2023
Percentage of female members on the Board of Management of Deutsche Telekom AG	37.5	37.5
Percentage of female members on the Supervisory Board of Deutsche Telekom AG	45	45

According to the assessment of the shareholders' representatives on the Supervisory Board, all members on the shareholders' side (100 %) are independent within the meaning of the German Corporate Governance Code (GCGC) as of December 31, 2024.

Composition of the Board of Management and the Supervisory Board as of December 31, 2024

Body	Members
Board of Management	
	Timotheus Höttges
	Dr. Ferri Abolhassan
	Birgit Bohle
	Srini Gopalan
	Dr. Christian P. Illek
	Thorsten Langheim
	Dominique Leroy
	Claudia Nemat

Body	Members
Supervisory Board	
	Dr. Frank Appel
	Odysseus D. Chatzidis
	Eric Daum
	Constantin Greve
	Katja Hessel
	Lars Hinrichs
	Dr. Helga Jung
	Dagmar P. Kollmann
	Petra Steffi Kreusel
	Harald Krüger
	Kerstin Marx
	Dr. Reinhard Ploss
	Frank Sauerland
	Christoph Schmitz-Dethlefsen
	Susanne Schöttke
	Nicole Seelemann-Wandtke
	Karl-Heinz Streibich
	Margret Suckale
	Karin Topel
	Stefan B. Wintels

The Board of Management assesses, manages, and monitors the social and environmental impacts of our business activities identified in the double materiality assessment, as well as risks and opportunities. The Supervisory Board advises the Board of Management and oversees its performance of these activities. For this purpose, it has set up an Audit and Finance Committee as well as a Strategy, ESG, and Innovation Committee, among others.

The Supervisory Board of Deutsche Telekom AG is informed regularly about the corporate responsibility (CR) strategy, its implementation, and its key metrics. The Supervisory Board additionally has a number of committees. While the Audit and Finance Committee monitors the effectiveness of the internal control system and the risk management system, as well as the sustainability reporting and the audit thereof, the Strategy, ESG, and Innovation Committee addresses matters such as the Company's activities in the areas of environment, social, and governance (ESG) and the implementation of the sustainability strategy. The Board of Management of Deutsche Telekom AG adopts Group-wide sustainability-related policies and strategic objectives. It is regularly informed by representatives of the business areas about the status and progress in implementing the CR strategy and about the status of the targets and related actions. The Group Corporate Responsibility (GCR) department is a key center of competence for strategy, strategic policies and projects, functional and process-related advice, external reporting, and stakeholder management of sustainability topics. The segment heads are responsible for implementing strategy, objectives, and targets within the segments, reporting on these to the Board of Management, and fleshing out the CR strategy in line with business requirements. The management bodies of the Group companies are responsible for implementing strategy, objectives, and targets in the Group companies, reporting on them to their own segment, and also fleshing out the CR strategy.

Processes, controls, and procedures used to monitor, manage, and oversee sustainability-related impacts, risks, and opportunities are not the responsibility of only one specific position or committee in the Company. Rather, they are part of the standard process of the Group-wide risk and opportunity management system. The Group risk report, which presents the major risks, is prepared for the Board of Management on a quarterly basis. The Audit and Finance Committee of the Supervisory Board of Deutsche Telekom AG also examines this report at its meetings. In addition, the Board of Management briefs the Supervisory Board on the Group's sustainability-related impacts, risks, and opportunities.

Deutsche Telekom has established a Group-wide internal control system (ICS) to ensure the accuracy of its financial reporting. Deutsche Telekom reviews the effectiveness of all controls internally every year.

For further information on our integrated control and monitoring system, please refer to the section "Governance and other disclosures."

The Supervisory Board monitors the definition of targets related to material impacts, risks, and opportunities, and the progress in achieving these targets, by continuously monitoring and assessing them and by regularly obtaining information about progress from GCR.

Thanks to her proven enterprise in the area of ESG, in particular her responsibility for this subject area at a DAX company (including a role as Head of the Corporate Sustainability Board) and on association level (Chair of the Committee at the German Chemical Industry Association, VCI), Margret Suckale was appointed by the Supervisory Board as an ESG expert to specifically address the Group's sustainability-related topics and areas. Moreover, Ms. Suckale undergoes continuous training in the area of ESG. In addition, the Supervisory Board's Strategy, ESG, and Innovation Committee was established in the reporting year. Furthermore, GCR experts provide training to the Supervisory Board on sustainability matters. GCR also briefs the Board of Management on sustainability matters. In doing so, we take our material impacts, risks, and opportunities into account and enable our Board of Management and Supervisory Board to properly monitor sustainability matters.

ESRS 2 GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies

The Chair of the Board of Management is responsible for GCR. GCR informs the Board of Management every quarter in the Group Performance Report about the status of the most important sustainability indicators. In addition, a deeper exchange between the members of the Board of Management about these indicators and about developments in the Group takes place in a sustainability business review. Additionally, the Global CR Board serves as a Group-wide steering committee and preparatory body for the Board of Management. GCR also regularly updates the Supervisory Board on the CR strategy and progress in implementing it, as well as on new sustainability-related requirements for the Supervisory Board.

The Board of Management of Deutsche Telekom AG and the management of the individual Group companies are responsible for implementation of and compliance with our due diligence processes. Periodic and/or event-driven internal reporting on human rights and environmental results in decision-making bodies (e.g., management bodies) is designed to ensure that informed decisions can always be made.

The Board of Management and the Supervisory Board were informed by GCR in the reporting year of the outcome of the double materiality assessment and the identified sustainability-related impacts, risks, and opportunities, and discussed these. The Supervisory Board and the Board of Management of Deutsche Telekom AG take the material impacts, risks, and opportunities into account when monitoring the strategy, the decisions of the Company on major transactions, and its risk management process by risk and opportunity management. Compromises in relation to our impacts, risks, and opportunities are only accepted if there are no breaches of the law and, at the same time, all relevant codes and sustainability targets are complied with. Deviations from the Group strategy are reported. We take corresponding actions to mitigate our negative impacts on society and the environment.

The Board of Management and Supervisory Board addressed all material impacts, risks, and opportunities during the reporting year. A list of the material impacts, risks, and opportunities can be found in the disclosure requirements for SBM-3 in the relevant topical standards.

ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes

The remuneration system for the members of the Supervisory Board is submitted to the Shareholders' Meeting of Deutsche Telekom AG for resolution whenever material changes are made, but at least every four years. The remuneration system for the members of the Board of Management is initially approved by the Supervisory Board of Deutsche Telekom AG. The Shareholders' Meeting is likewise required to approve the remuneration system for the Board of Management members whenever material changes are made, or at least every four years.

While the remuneration of the Supervisory Board members is comprised exclusively of fixed basic remuneration, committee remuneration, and meeting attendance fees, the remuneration system for the members of the Board of Management provides for basic remuneration in addition to one-year and multi-year variable remuneration components, with target achievement depending on both financial and non-financial performance indicators. In the following, we will consider only the non-financial performance indicators of the variable remuneration instruments for Board of Management members.

> Please refer to the separate Remuneration Report and the remuneration systems for detailed information on the financial performance indicators of the individual remuneration components, as well as on the other remuneration components of the remuneration system for Board of Management members that are not discussed in detail here, and on the remuneration system for Supervisory Board members.

The one-year variable remuneration (Short-Term Incentive, STI) for the members of the Board of Management comprises the non-financial environmental performance indicators “energy consumption” and “CO_2 emissions” (Scope 1 and 2). These account for one third of the total target amount (before application of the performance factor) and are each weighted at 50 %. Since 2022, the two environmental performance indicators have also been applied for our managers (excluding T-Mobile US) and all employees not covered by collective agreements in Germany.

Before the start of a financial year, the Supervisory Board derives the target and threshold values for these performance indicators from the company planning. The 100 % target value corresponds to the budget value from the planning. The target achievement level for each target parameter can vary between 0 % and 150 %.

The energy consumption performance indicator is a record of the energy consumed in connection with the operation of our actual business model. The aim is to incentivize the members of the Board of Management to behave in a way so as to ensure that energy consumption that is harmful to the environment remains at least stable in the medium term (2027 compared with 2023, Deutsche Telekom excluding T-Mobile US). This target is supported by programs and investments in energy-saving measures for all energy sources, the optimization of infrastructure, and through the use of innovative technology components. The CO_2 emissions performance indicator (Scope 1 and 2) is designed to motivate the Board of Management members to sustainably promote green energy, to optimize consumption levels in buildings, and to successively convert the Group’s vehicle fleet from fossil fuels to emission-free or low-emission engine types. The level of ambition and the target achievement in terms of short-term variable remuneration for both sustainability-related goals were calculated excluding T-Mobile US. This is due in part to the fact that we are forging ahead with the intensive build-out of the 5G network in rural areas of the United States, which leads to increased electricity consumption. T-Mobile US, like the Group, has covered 100 % of these electricity requirements from renewable energy sources since 2021. In addition, the Scope 1 emissions at T-Mobile US are subject to strong fluctuations due to unforeseeable natural disasters and the associated temporary use of equipment such as diesel generators to restore and back up damaged network infrastructure. Consideration should be given to the special national situation in this key market, which is why the decision was taken not to include T-Mobile US in the sustainability-related goals in respect of short-term variable remuneration. This step aims to ensure that the right incentives are set for the Board of Management toward the sustainable development of the business, while at the same time safeguarding the stability of network operations. The annual ambition for the performance indicators “energy consumption” and “CO_2 emissions” (Scope 1 and 2) will continue to be set, managed, and reported for the entire Group as before, including a target value for T-Mobile US.

As part of the multi-year variable remuneration for Board of Management members (Long-Term Incentive, LTI), the Supervisory Board decided to incorporate the non-financial social performance indicators of “customer satisfaction” and “employee satisfaction” in the remuneration system in addition to the financial performance indicators ROCE and adjusted earnings per share (EPS), to ensure that the Board of Management is appropriately committed to the interests of customers and employees (Deutsche Telekom excluding T-Mobile US). The LTI is designed as a share-based plan with a term of four years. At the start of the LTI plan, the participation contribution of a member of the Board of Management is converted into phantom shares of the Company and divided equally among each of the four years of the plan. The two performance indicators – customer satisfaction and employee satisfaction – each have a 25 % weighting in the LTI, and the resulting target achievement level can vary between 0 % and 150 %. Customer satisfaction is measured using the globally recognized TRI*M method. The Supervisory Board assesses and measures employee satisfaction based on what it considers to be particularly relevant questions for the pulse surveys carried out during the year and the employee survey, which is conducted every two years.

For more information on our non-financial performance indicators for employee satisfaction (engagement score) and customer satisfaction (TRI*M index), please refer to the section “Management of the Group.”

ESRS 2 GOV-4 – Statement on due diligence

The following overview shows how and in which sections of the sustainability statement the main aspects and steps of the due diligence process are considered.

Overview of the main aspects and steps of the due diligence process in the sustainability statement

Core elements of the due diligence process	Sections in the sustainability statement
Embedding due diligence in governance, strategy, and business model	ESRS 2 GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies
	ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes
	ESRS 2 SBM-3 E1 – Material impacts, risks, and opportunities and their interaction with strategy and business model.
	ESRS 2 SBM-3 E5 – Material impacts, risks, and opportunities and their interaction with strategy and business model.
	ESRS 2 SBM-3 S1 – Material impacts, risks, and opportunities and their interaction with strategy and business model.
	ESRS 2 SBM-3 S2 – Material impacts, risks, and opportunities and their interaction with strategy and business model.
	ESRS 2 SBM-3 S4 – Material impacts, risks, and opportunities and their interaction with strategy and business model.
	ESRS 2 SBM-3 G1 – Material impacts, risks, and opportunities and their interaction with strategy and business model.
Engaging with affected stakeholders in all key steps of the due diligence process	ESRS 2 GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies
	ESRS 2 SBM-2 – Interests and views of stakeholders
	ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks, and opportunities
	ESRS E1-2 – Policies related to climate change mitigation and adaptation
	ESRS E5-1 – Policies related to resource use and circular economy
	ESRS S1-1 – Policies related to own workforce
	ESRS S2-1 – Policies related to value chain workers
	ESRS S4-1 – Policies related to consumers and end-users
	ESRS G1-1 – Business conduct policies and corporate culture
Identifying and assessing adverse impacts	ESRS 2 IRO-1 (including Application Requirements related to specific sustainability matters in the relevant ESRS)
	ESRS 2 SBM-3 E1 – Material impacts, risks, and opportunities and their interaction with strategy and business model.
	ESRS 2 SBM-3 E5 – Material impacts, risks, and opportunities and their interaction with strategy and business model.
	ESRS 2 SBM-3 S1 – Material impacts, risks, and opportunities and their interaction with strategy and business model.
	ESRS 2 SBM-3 S2 – Material impacts, risks, and opportunities and their interaction with strategy and business model.
	ESRS 2 SBM-3 S4 – Material impacts, risks, and opportunities and their interaction with strategy and business model.
	ESRS 2 SBM-3 G1 – Material impacts, risks, and opportunities and their interaction with strategy and business model.
Taking action to address those adverse impacts	ESRS E1-3 – Actions and resources in relation to climate change policies
	ESRS E5-2 – Actions and resources in relation to resource use and circular economy
	ESRS S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
	ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions
	ESRS S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
	ESRS G1-3 – Prevention and detection of corruption and bribery
Tracking the effectiveness of these efforts and communicating	**Targets:**
	ESRS E1-4 – Targets related to climate change mitigation and adaptation
	ESRS E5-3 – Targets related to resource use and circular economy
	ESRS S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
	ESRS S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
	ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
	Metrics:
	ESRS E1-5 – Energy consumption and mix
	ESRS E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions
	ESRS E1-7 – GHG removals and GHG mitigation projects financed through carbon credits
	ESRS E1-8 – Internal carbon pricing
	ESRS E5-4 – Resource inflows
	ESRS E5-5 – Resource outflows
	ESRS S1-6 – Characteristics of the undertaking's employees
	ESRS S1-8 – Collective bargaining coverage and social dialogue
	ESRS S1-9 – Diversity metrics
	ESRS S1-12 – Persons with disabilities
	ESRS S1-14 – Health and safety metrics
	ESRS S1-16 – Remuneration metrics (pay gap and total remuneration)
	ESRS S1-17 – Incidents, complaints, and severe human rights impacts

ESRS 2 GOV-5 – Risk management and internal controls over sustainability reporting

Risk management and the internal controls of sustainability reporting are part of Deutsche Telekom's risk management process. As a rule, we assess all sustainability-related risks and opportunities in our risk and opportunity management system, including those in relation to the sustainability reporting process. No such risks were identified in the reporting year. However, the internal control system includes continuous controls that address the Group-wide, IT-based collection process for ESG data from the ESRS E1, E5, and S4 topical standards.

For a more precise description of our risk management process, please refer to the section "Risk and opportunity management."

The various systems implemented by the Board of Management (in particular the internal control system and the risk and opportunity management system including the compliance management system) to record and mitigate risks work together as part of a mutually complementary control and monitoring system and are subject to review by Internal Audit.

The ICS supports the organizational implementation of the Board of Management's decisions. This includes achieving the business targets, proper and reliable accounting, and compliance with significant legal requirements and regulations. Sustainability aspects, such as sustainability reporting, which are continuously developed on the basis of regulatory requirements, are also taken into consideration.

Effectiveness is regularly reviewed applying the dual-checking principle and, depending on the risk exposure of the controls within the functional unit, across departments or (additionally) by Internal Audit. The aim is to identify control gaps and non-effective controls, in particular to analyze the impact on financial reporting and to initiate and monitor suitable countermeasures.

The ICS process is completed with a cascaded approval process, starting with the function owners in the entities and the local finance and managing directors, through to Group level. The ICS Steering Committee, with the involvement of the Group's most important function owners, then evaluates the results and makes recommendations to the Board of Management. Based on this, the Board of Management decides on the appropriateness and effectiveness of the ICS twice a year. The Audit and Finance Committee is informed in detail on the status and results of the ICS process at least three times a year and discusses the alignment of the ICS with management and the external auditors. Nevertheless, there are inherent limitations in every ICS. No control system – even if it is deemed to be appropriate and effective – can ensure that all relevant control risks are identified and are being completely and effectively addressed by means of controls.

For further information on our integrated control and monitoring system, please refer to the section "Governance and other disclosures."

Strategy

ESRS 2 SBM-1 – Strategy, business model, and value chain

Our Group is divided into five operating segments plus the Group Headquarters & Group Services segment, each of which we describe below.

Our Germany operating segment comprises all fixed-network and mobile business activities for consumers and business customers, including separate sales entities in Germany to allow a customer-centric sales approach. The Wholesale business delivers wholesale telecommunications services for third-party telecommunications companies.

Our United States operating segment combines all mobile activities in the U.S. market. The wireless communications portfolio comprises a variety of rate plan options for consumers and business customers, as well as mobile devices. In addition to its wireless communications services, T-Mobile US offers high-speed internet utilizing its nationwide 5G network.

Our Europe operating segment comprises all fixed-network and mobile operations of the national companies in Greece, Hungary, Poland, the Czech Republic, Croatia, Slovakia, Austria, North Macedonia, and Montenegro. In these countries, we are an integrated provider of telecommunications services. In Romania, our focus is on mobile communications. Besides traditional B2C and B2B fixed-network and mobile business, most of the national companies also offer ICT solutions for business customers.

Our Systems Solutions operating segment offers B2B ICT services in the core DACH market (Germany, Austria, and Switzerland) under the T-Systems brand. T-Systems primarily addresses the ICT growth areas of advisory, cloud services, and digitalization with a corresponding portfolio of products. Security solutions and networking are integral components of its service offering, supported by strategic partnerships.

Our Group Development operating segment actively manages entities, subsidiaries, and equity investments to grow their value while giving them the entrepreneurial freedom they need to promote their continued strategic development.

Group Headquarters & Group Services comprises all Group units that cannot be allocated directly to one of the operating segments, as well as our Board of Management department Technology and Innovation, which unites the cross-segment technology, innovation, IT, and security functions of our Germany, United States, Europe, and Systems Solutions operating segments.

For further information on our business operations and segment structure, please refer to the section “Group organization.”

Of the segments presented, the Germany, United States, Europe, and Systems Solutions operating segments make a significant contribution to the Group’s sustainability performance. As the Group Headquarters, Deutsche Telekom AG exercises strategic and cross-segment management functions and provides services to other Group companies.

Number of employees by geographical areas

FTEs

	Dec. 31, 2024	Dec. 31, 2023
Germany	74,550	78,600
International	123,644	121,052
Total number of employees	**198,194**	**199,652**
Of which: other EU member states	48,169	48,305
Of which: rest of Europe	2,105	2,174
Of which: North America	65,355	62,902
Of which: rest of world	8,015	7,672

Contribution of the segments to net revenue

millions of €

	2024	2023
Germany	25,711	25,187
United States	75,046	72,436
Europe	12,347	11,790
Systems Solutions	4,004	3,896
Group Development	10	115
Group Headquarters & Group Services	2,226	2,305
Intersegment revenue	(3,575)	(3,744)
Net revenue	**115,769**	**111,985**

Sustainability-related goals

No.	Goal	Scope by geographical areas
1	**Environment**	
1.1	Climate change	
1.1.1	We will be climate neutral in terms of our own emissions (Scope 1 and 2) by the end of 2025. To achieve this, we will reduce emissions from our own business activities by up to 95 % against the 2017 level. We will offset the remaining emissions from our CO_2e footprint with high-quality carbon offsets.	Group-wide/global
1.1.2	Reduce CO_2e emissions (Scopes 1 to 3) by 55 % against the 2020 level by 2030	Group-wide/global
1.1.3	By 2040, we will reduce our emissions along the entire value chain by 90 % in absolute terms compared with 2020 and achieve net zero.	Group-wide/global
1.2	Resource use and circular economy	
1.2.1	We want our technology and devices to be almost completely circular by 2030 (Deutsche Telekom excluding T-Mobile US).	Europe (incl. Germany) and global for the Systems Solutions segment
2	**Social aspects**	
2.1	Own workforce	
2.1.1	Increase the proportion of women in management positions to 30 % by the end of 2025	Group-wide/global
2.2	Consumers/end-users	
2.2.1	>80 million people (Beneficiaries – Digital Society ESG KPI: cumulatively in the period 2024–2027) who will benefit from Deutsche Telekom's social commitment in the Digital Society area	Group-wide/global

The following table shows the assessment of the currently most significant products and services, as well as significant markets and customer groups, in relation to Deutsche Telekom's sustainability-related goals.

Assessment of the significant products and services, markets, and customer groups in relation to the sustainability-related goals

Customer groups	Products and services	Germany (incl. Systems Solutions)	Europe (excl. Germany; incl. Systems Solutions)	North America (incl. Systems Solutions)	Sustainability-related goal (no.)
Consumers	Mobile communications	x	x	x	1.1.1, 1.1.2, 1.1.3, 1.2.1 (Deutsche Telekom excluding T-Mobile US), 2.2.1
	Fixed network	x	x		1.1.1, 1.1.2, 1.1.3, 1.2.1, 2.2.1
	TV	x	x	H1 2024 (discontinued)	1.1.1, 1.1.2, 1.1.3, 1.2.1 (Deutsche Telekom excluding T-Mobile US)
Business customers: SMEs (small and medium-sized enterprises)	Mobile communications	x	x	x	1.1.1, 1.1.2, 1.1.3, 1.2.1 (Deutsche Telekom excluding T-Mobile US), 2.2.1
	Fixed network	x	x		1.1.1, 1.1.2, 1.1.3, 1.2.1, 2.2.1
	Cloud	x	x	x	1.1.1, 1.1.2, 1.1.3, 1.2.1 (Deutsche Telekom excluding T-Mobile US)
	Security	x	x	x	1.1.1, 1.1.2, 1.1.3
Business customers: L	Journey-to-Digital (standard applications, process transformation and integration, data analytics)	x	x	x	1.1.1, 1.1.2, 1.1.3
	Scalable telecommunications platforms	x	x	x	1.1.1, 1.1.2, 1.1.3, 1.2.1 (Deutsche Telekom excluding T-Mobile US)
Business customers: XL	Advisory	x	x	x	1.1.1, 1.1.2, 1.1.3
	Security	x	x	x	1.1.1, 1.1.2, 1.1.3, 1.2.1 (Deutsche Telekom excluding T-Mobile US)
	Digital	x	x	x	1.1.1, 1.1.2, 1.1.3, 1.2.1 (Deutsche Telekom excluding T-Mobile US)
	Connectivity	x	x	x	1.1.1, 1.1.2, 1.1.3, 1.2.1 (Deutsche Telekom excluding T-Mobile US)
	Productivity, e.g., UCC (Unified Communication Collaboration tools)	x	x	x	1.1.1, 1.1.2, 1.1.3, 1.2.1 (Deutsche Telekom excluding T-Mobile US)
Public sector	Digitalization and connectivity at public institutions (e.g., local authorities and schools)	x	x	x	1.1.1, 1.1.2, 1.1.3, 1.2.1 (Deutsche Telekom excluding T-Mobile US), 2.2.1
Wholesale	Telecommunications	x	x	x	1.1.1, 1.1.2, 1.1.3
	App and IT landscapes	x			1.1.1, 1.1.2, 1.1.3

Sustainability has been a component of our corporate activities for more than two decades. We see ourselves as a responsible company and have made this part of our Group strategy. By doing so, we commit ourselves to implementing sustainability along our value chain – and to playing an important role in meeting environmental, economic, and social challenges.

Our CR strategy is derived from the Group strategy. It focuses on good governance and on four environmental and social areas in which we aim to lead by example:

1. Our strict commitment to climate-neutral business practices: We want to play a pioneering role on the way to a climate-neutral future and enable our customers and society as a whole to complete this journey together with us by 2040. We want to cut emissions by at least 90 % compared with 2020, so that we only need to offset up to 10 %.
2. Our efforts to ensure products and services are compatible with the circular economy: We want to make almost all of our technologies and terminal equipment circular across the entire value chain by 2030 (Deutsche Telekom excluding T-Mobile US).
3. Our pursuit of diversity, equity, and inclusion as well as our investments in training for our employees: We want to provide a safe, supportive environment where we promote equity among people – across all dimensions of diversity.
4. Our commitment to help shape a digital society that is based on fundamental democratic values and in which all people can participate safely, competently, and with autonomy: We want to help make the digital world a tolerant, safe space for everyone and enable society to bridge the digital divide.

Good governance is the basis of these strategic pillars. To implement this, we concentrate on a number of different but equally important aspects:

- Data protection, cybersecurity, and information security
- Compliance and risk and opportunity management system
- Application of the basic principles of digital responsibility
- Respect for human rights and the sustainable development of supply chains
- Investment based on environmental and social criteria and transparent communication about our activities relating to ecological and social sustainability
- Effective management for sustainability topics in the Group

In terms of the associated challenges, we are working on solutions to address the most important challenges. We intend to further develop and integrate them in the coming years. For us, this involves:

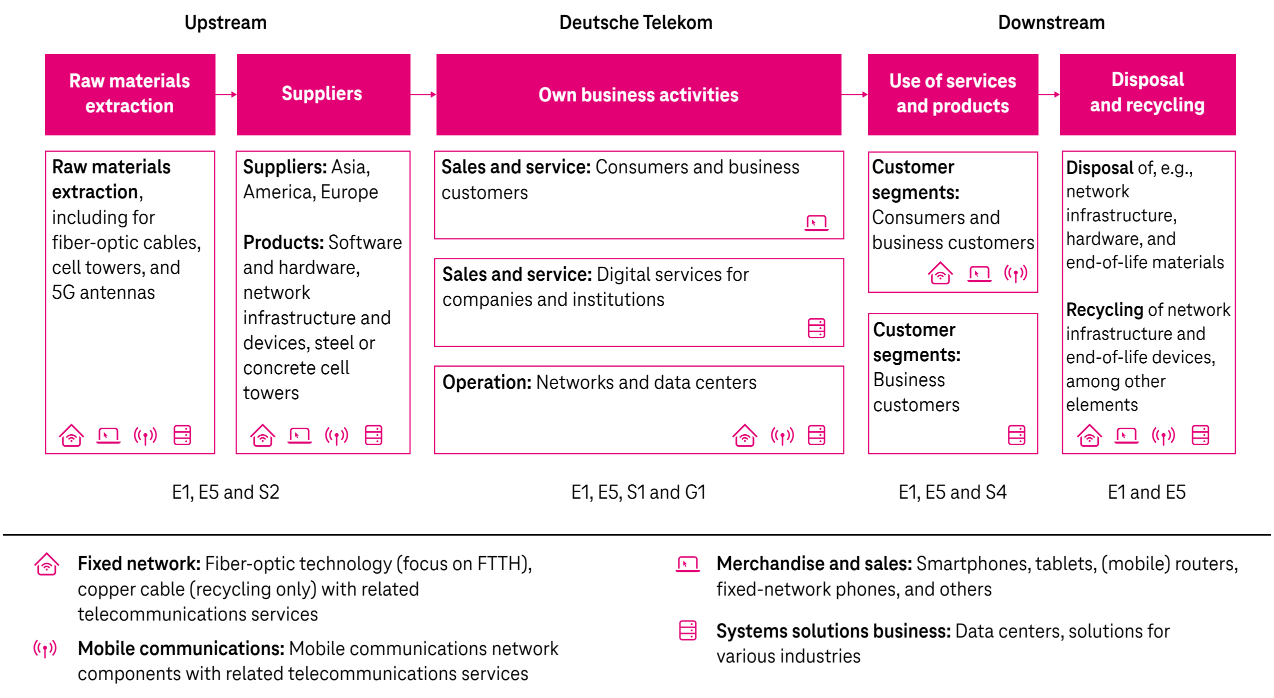
- integrated ESG management in the Group's value chain, e.g., through a project on supplier management with regard to Scope 3 emissions or by implementing a management system to meet the requirements of the German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG),
- developing cross-industry standards for the key sustainability indicators in the value chain through collaborations, and
- enabling employees and managers to overcome specific sustainability challenges in their respective roles through the Telekom Sustainability Campus, a learning platform for digital ESG training.

We are one of the leading telecommunications companies worldwide. We have structured our business into the areas of fixed network, mobile communications, merchandise (sale of hardware for using the network), and the systems solutions business (business customers).

For further information on our business model, please refer to the sections "Group organization" and "Group strategy."

The following figure shows our value chain along our business areas, including the inputs used and outputs generated by our Company. We have considered the impacts, risks, and opportunities for the telecommunications industry as part of our double materiality assessment and examined a potential relationship with our value chain and business model. We explain material potential impacts, risks, and opportunities in the relevant topical standards.

Value chain



Our goal is to make our product portfolio increasingly sustainable. To achieve this, we take a holistic approach to resource conservation and are committed to the responsible use of resources along our entire value chain. Reusing products and materials and extending their use phase not only saves on resources, but also reduces energy consumption and emissions. By 2030, we aim to ensure that almost all of the products we bring into the market are circular. This also applies to the network technology we use. T-Mobile US does not have any formal targets for the circular economy.

For further information on our approach to the extraction of raw materials as well as disposal and recycling, please refer to the section "ESRS E5 – Resource use and circular economy."

The most important economic actors for Deutsche Telekom are its suppliers, customers, and investors.

- **Suppliers:** For the build-out of our network infrastructure, our suppliers from the civil engineering sector and manufacturers of fixed-network and mobile devices and ICT network technology are particularly important. They provide the infrastructure services, technology, devices, and network technology required to operate and develop the telecommunications infrastructure. Deutsche Telekom works closely with its suppliers to achieve common sustainability-related goals, for example reducing emissions from CO_2 equivalents (CO_2e) and promoting a circular economy. In addition, we have requested our suppliers of network technology and terminal equipment (Deutsche Telekom excluding T-Mobile US) to make their products and services almost completely circular by 2030. The relationship between Deutsche Telekom and its economic actors is distinguished by close cooperation on the one hand and by interdependencies on the other hand. The two sides are working to achieve common goals and promote sustainable practices.
- **Customers:** Our customer portfolio comprises consumers, business customers, the public sector, and wholesale. These customer groups use the different telecommunications services and products that Deutsche Telekom offers, such as mobile communications, fixed-network, internet, and TV services. Our relationship with our customers is shaped by our high standards in terms of service quality and customer satisfaction. We also attach great importance to the protection of their privacy and data.

- **Investors:** One of the main objectives of our finance strategy is to ensure unrestricted access to capital markets. Investors are therefore critically important to us as a company, providing the capital we need to grow, innovate, and expand. They enable us to share risks and offer strategic support and valuable networks that help us to secure our ability to obtain financing and optimize our value chain. The liquidity this provides us with is indispensable for scaling up our business model. The support received from investors thus strengthens our long-term competitiveness and sustainability, enabling us to efficiently achieve our business goals and continuously evolve.

ESRS 2 SBM-2 – Interests and views of stakeholders

Interaction with our stakeholder groups does not only help us to find support for our concerns. It also provides input that helps us identify key trends early on. In this way, it facilitates our innovation processes. Our stakeholder groups are listed below:

- Shareholders
- Providers of debt capital
- Workers (employees, managers, members of the Board of Management, applicants and potential employees, trade union and works council members, apprentices, and students)
- “Entrepreneurs within the enterprise”
- Society (from a sustainability perspective, broken down into: customers, potential customers, end-users and their representatives, analysts, NGOs and interest groups, media, companies in the supply chain and their workforce, science, research and education, endowed chairs, business and its representatives, politics and public administration)

For further information on our stakeholder groups, please refer to the section “Management of the Group.”

We involve our stakeholder groups in our business activities. We have developed an appropriate approach to do this. It is based on the AA1000 principles developed by AccountAbility, a non-governmental organization (NGO): materiality, inclusivity, and responsiveness. In the reporting year, we continued to intensify our dialogue with employees to embed the topic of sustainability even more firmly in our internal processes, e.g., at the CR management meeting in Bonn and through regular virtual meetings with the CR network.

We organize our stakeholder engagement in three forms: participation, dialogue, and information. We use our recurring case-related relevance analysis to determine how intensively we involve our stakeholders. The more relevant a stakeholder group is to the topic or project concerned, the more intensively that stakeholder group is to be engaged. We list some examples of our active stakeholder management below:

- **Data Privacy Advisory Board:** The Data Privacy Advisory Board is an independent advisory body to Deutsche Telekom AG’s Board of Management. It advises on key data privacy and data security issues. The Advisory Board also covers aspects of digitalization, societal developments, and ethical issues. It includes members of stakeholder groups from science, business, politics, and independent organizations.
- **“Telekom hilft” (Telekom helps out):** We include customers and end-users by giving them the opportunity to ask questions and provide answers in the community, as well as to take part in discussions, read and comment on blogs on Deutsche Telekom topics, and test new Deutsche Telekom products.
- **“Telekom Ideenschmiede” (Telekom’s Ideas Forge):** Deutsche Telekom’s Ideas Forge also facilitates dialogue with customers, end-users, and interested parties and gives them the opportunity to share and assess ideas for innovations. Our employees can also submit ideas and suggestions for improvement through our idea management program.
- **Deutsche Telekom’s Municipal Advisory Board:** The board provides the framework for direct dialogue between municipalities and Deutsche Telekom. It functions as a platform for discussing ideas, interests, and expectations and for finding a rapid resolution to certain issues. The board may also invite outside experts to attend individual meetings. It consists of 14 members from municipalities and municipal umbrella organizations.
- **Dialogue with our employees:** Our employees can exchange ideas in various areas of interest through our internal communities, such as GreenPioneers, the Human-Centered Technology Community, and Telekom@School.
- **Town hall meetings:** The members of the Board of Management regularly enter into dialogue with our employees and answer questions on current topics.

The feedback we receive from our stakeholders is incorporated into the alignment of our CR activities and has an impact on the CR program.

Our approach is to address the concerns of stakeholders, if possible, where dialogue with the stakeholder takes place. The areas involved in the dialogue receive direct feedback and can incorporate this directly into the organization of their work. They are responsible for referring concerns that cannot be resolved locally to the appropriate bodies within the Group. This also applies accordingly to the specific topics that are relevant in the context of the due diligence process and the materiality assessment. If a topic proves to be of particular interest to certain stakeholders, we initiate a topic-specific response and, if necessary, develop special dialogue formats. We are also committed to respect for human rights and are dedicated to protecting them in connection with our business operations, our suppliers, and our customers at both global and regional level. Our actions are based, among others, on the relevant recognized international standards and guiding principles, which we describe in section “ESRS S2-1 – Policies related to value chain workers.” In addition, we express our commitment to this in our Code of Human Rights.

The Supervisory Board and the Board of Management of Deutsche Telekom AG were informed in the 2024 financial year about the views and interests of affected stakeholders with regard to the Company’s sustainability-related impacts in the context of the presentation of the materiality assessment.

ESRS 2 SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model

Deutsche Telekom’s material impacts on society and the environment, risks and opportunities, and their interactions with our strategy and business model are described in the relevant topical standards. There we describe in detail the ESRS topics identified as being material and report on corresponding policies, targets, actions, and metrics in conjunction with the material impacts, risks, and opportunities.

We continuously review the current and anticipated effects of the impacts, risks, and opportunities on our strategy, business model, value chain, and decision-making and their interaction and develop actions to address these. Neither the identified impacts, risks, and opportunities nor the actions taken and planned led to a change in strategy or the business model in the reporting year. Furthermore, the material risks and opportunities did not have any relevant current financial effects on our financial position, financial performance, and cash flows in the reporting year. We aim to foster change towards greater sustainability through new technologies and innovative ideas and by offering more sustainable products and services. This is our response to the effects of climate change. We always take care to comply with the due diligence process and consider all aspects for sustainable governance. The results of the recurring risk analysis pursuant to the LkSG in our own business areas and in the upstream value chain serve, for example, as a basis for deriving actions and are also integrated into corporate decision-making processes (Deutsche Telekom excluding T-Mobile US). As a company listed in the US, T-Mobile US carries out a company-specific risk assessment using its own methodology. The Company regularly reports the results to representatives of Deutsche Telekom AG, among others.

The actual and potential impacts on the different stakeholders, on which we report under ESRS S1, S2, and S4, arise from our strategy or our business model (ESRS S1) or are connected with these through the procurement of goods (ESRS S2) and our focus on the advancing network build-out (ESRS S4). All material negative impacts on the affected stakeholders that we identified in the double materiality assessment are of a systemic nature; they are not connected with individual incidents or with specific business relationships of Deutsche Telekom. In addition to reporting on how we deal with significant impacts, we also disclose information in the social topical standards on the relationship between significant risks and opportunities arising from impacts and dependencies with regard to our different stakeholders.

Deutsche Telekom’s Business Continuity Management (BCM) is a process within operational security and risk management that helps protect business processes from the consequences of damaging incidents and disruptions. By continuously analyzing, assessing, and managing risks, BCM aims to ensure the continuity of business processes and to guarantee the resilience of the Group.

In addition, Deutsche Telekom reports on its climate risk analysis taking into consideration the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in order to ensure resilience, particularly with regard to risks arising from the consequences of climate change.

For further information, please refer to the section “ESRS E1 – Climate change.”

The following table provides an overview of the impacts, risks, and opportunities covered by additional entity-specific disclosures.

Entity-specific disclosures

Impacts, risks, and opportunities	Entity-specific disclosure	Reference
T-Systems' data centers are cooled using between around 30 % and 50 % adiabatic (evaporative) cooling systems. The remaining energy requirements are met with electricity generated from renewable sources. In addition, the growing demand for cloud-based services also requires data center services and increases energy demand.	PUE ESG KPI (Power Usage Effectiveness)	ESRS E1-3 – Actions and resources in relation to climate change policies
Using and maintaining the networks provided by Deutsche Telekom also requires large amounts of energy.	Energy Intensity ESG KPI	ESRS E1-5 – Energy consumption and mix
Deutsche Telekom's ongoing network build-out facilitates access to information. The ability to share opinions with a wider audience has a fundamentally positive impact on the exercise of the right to freedom of expression. The network build-out will thus also help to ensure that all people have equal opportunities to be a part of the digital society.	Community Contribution – Digital Society ESG KPI Beneficiaries – Digital Society ESG KPI	ESRS S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
The network build-out is helping to ensure that all people have access to Deutsche Telekom's products and services and can therefore participate in the digital society. Initiatives such as No Hate Speech also promote non-discrimination in the digital world. Our involvement in these initiatives and the changes they have achieved are shown by company-specific metrics such as the Community Contribution – Digital Society and Beneficiaries – Digital Society ESG KPIs.	Community Contribution – Digital Society ESG KPI Beneficiaries – Digital Society ESG KPI	ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Impact, risk, and opportunity management

ESRS 2 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities

We performed a double materiality assessment to identify our impacts, risks, and opportunities. The objective of the double materiality analysis was, first, to identify all actual and potential material impacts on society and on the environment that are caused by our business activities and locations along the entire value chain. Second, our objective was to obtain a thorough understanding of the financial risks and opportunities for Deutsche Telekom that may arise from the responses of stakeholder groups and from climate change.

The double materiality assessment for this sustainability statement was based on extensive research with reference to studies, other publicly available information, as well as internal and external stakeholder engagement in the form of qualitative interviews.

For the double materiality assessment, the functional units addressed the disclosure requirements of all ESRS in the reporting year and considered their relevance for Deutsche Telekom's business. They also compared the maturity of the existing management systems with the requirements of the sustainability standards. The findings were used to review and update the materiality assessment from the previous year and to identify impacts, risks, and opportunities. In addition, the experts compared the results with all the datapoints required by the ESRS to ensure that all disclosure requirements had been reviewed and that Deutsche Telekom was complying with its disclosure obligations.

We considered both the negative and the positive impacts of our business activities and locations on society and on the environment and along the entire value chain. We considered factors such as the impacts on pollution, on water and marine resources, and dependencies on biodiversity and ecosystems. We then assessed our financial sustainability opportunities and risks, also considering transition risks and physical risks and opportunities connected with biodiversity and ecosystems. This process also considered systemic risks. The results were subsequently validated in an internal workshop with attendees from various functional units. They also raised the concerns of different external stakeholders whose positions they are well aware of due to their work. In this context, we conducted a biodiversity analysis that identified social and environmental impacts along Deutsche Telekom's entire value chain. Fixed-network and mobile communications infrastructure is primarily installed in built-up urban areas. In rural areas and biodiversity-sensitive areas, any intervention takes place in accordance with the national legal requirements (e.g., environmental impact assessments) and is coordinated with the local environmental authorities as required. However, our activities do not have any material impacts on these areas. Nevertheless, Deutsche Telekom attaches great importance to this topic and will continue to track it.

We made the following basic assumptions to allow us to analyze Deutsche Telekom's business activities and value chain realistically and efficiently:

- We have structured our business into the areas of fixed network, mobile communications, merchandise (sale of hardware for using the network), and the systems solutions business (business customers).
- As a service provider that generally does not manufacture products itself, we distribute the products of our suppliers. These are primarily manufacturers of mobile devices. Deutsche Telekom only has a very limited influence on the extraction of raw materials for its merchandise and does not establish a direct link between these activities and its own business model.

Our due diligence process is based on the ESRS dimensions of severity and likelihood of occurrence. Based on these criteria, we used an assessment scheme to evaluate the relevance of positive and negative actual and potential impacts. We considered the following aspects and determined the severity when assessing actual and potential impacts:

- Scale: How grave is the impact?
- Scope: How widespread is it?
- Irreversibility: How difficult is it to reverse it? (only for negative impacts)

In addition, potential impacts are assessed based on their likelihood of occurrence and the time horizon (short, medium, or long term), and we used a five-point scale for this which is based on the recommendations of the December 2023 Implementation Guidance of the European Financial Reporting Advisory Group (EFRAG). We also identified the stage in the value chain where each impact occurs or could occur.

The structure of the financial materiality assessment follows the four-level assessment logic of our established risk and opportunity management system. To determine our financial risks and opportunities, we inventoried and assessed them, allocated them to the ESRS subtopics, and identified correlations with the impacts. The risks are divided into the following categories:

- Strategic risks
- Operational risks
- Regulatory risks
- Legal and antitrust proceedings (risks only)
- Compliance risks
- Financial risks

For a more precise description of our risk management process, please refer to the section "Risk and opportunity management."

We also identified the stages of the value chain where risks and opportunities arise. Likewise, we assigned the time horizon during which they may arise for us to the risks. The two criteria we use – probability of occurrence and risk extent – are taken from the established criteria in our Group-wide risk and opportunity management. Any individual risks or opportunities that exceed GCR's internal monitoring thresholds are reported as part of the Group-wide risk and opportunity management process. In the reporting year, we continued to apply the assessment scheme from our risk and opportunity management, which is linked to our materiality processes. GCR has been using the risk and opportunity inventory since 2022 as part of the materiality assessment to track new sustainability-related risks and take the assessment scheme into account accordingly in the Group-wide risk management system.

After identifying our sustainability-related impacts, risks, and opportunities, we prioritized these on the basis of a threshold. The negative and positive impacts close to the materiality threshold are subject to internal control processes and are continuously observed to determine their potential materiality.

Responsible, appropriate management of risks and opportunities is a core component of our governance. The Board of Management has implemented systems for risk identification and mitigation, in particular the risk and opportunity management system and the internal control system, including the compliance management system. Sustainability topics are integrated into both the risk and opportunity management system and the internal control system. Both systems incorporate sustainability aspects, which are becoming increasingly important as regulatory requirements continue to evolve.

The Group-wide risk and opportunity management system covers risks and opportunities of all segments and central departments. In addition, all material risks and opportunities are measured and disclosed separately based on ESG criteria. Sustainability-related goals are also a component of the Group's risk reporting. The internal control system includes controls that address the Group-wide, IT-based collection process for ESG data from the ESRS E1, E5, and S4 topical standards.

The risk and opportunity inventory for the reporting year is based on the previous year's inventory. It was enhanced and reviewed for plausibility following the analysis of the ESRS datapoints. We used the insights gained from this to adjust and update individual ratings.

The outcome of the double materiality assessment shows that Deutsche Telekom does not have any material impacts through sites located in or near biodiversity-sensitive areas. No mitigation measures are therefore required.

ESRS 2 IRO-1 E1 – Description of the processes to identify and assess material climate-related impacts, risks, and opportunities

We calculate GHG emissions for our climate-related targets for our own energy consumption (Scope 1 and 2) as well as the energy consumption in our upstream and downstream activities along our value chain (Scope 3). We align ourselves with the internationally recognized Greenhouse Gas Protocol. Indirect GHG emissions from upstream and downstream activities make up the majority of our total emissions. Collecting this data helps us to identify ways of reducing emissions in our own business activities and also of working with our suppliers and customers to reduce emissions in our value chain through targeted actions. As part of our materiality assessment, we identified actual and potential sources of greenhouse gas emissions for our own operations and along the value chain. The main levers have been systematically analyzed.

Deutsche Telekom reports on its climate risk analysis taking into consideration the recommendations of the TCFD.

In the course of the climate risk analysis, we identified the material climate-related opportunities and risks with experts from the areas of technology, procurement, and strategy and risk management, and began weighting them on this basis. In the process, we considered the consequences for our business activities that may result from the physical impacts of the ongoing climate change. On the other hand, we analyzed the potential impacts as a result of political, technological, and social developments associated with the transition to a low-emission economy that has already begun. The analysis also involves a financial quantification of transition risks. This process was last carried out in full in 2023; in the reporting year, we reviewed the defined risks and updated the data basis for the physical climate risks.

In 2023, we analyzed selected Deutsche Telekom locations in Germany, Hungary, Greece, and Croatia with regard to their physical climate risks. The analysis included all data centers as well as critical infrastructure in the fixed network and sampling in the mobile communications network. We extended this analysis to Austria, Poland, Slovakia, the Czech Republic, and the US in 2024. The analysis thus comprises our German and international units that made up a total of 97 % of our revenue in 2023. Locations related to mobile communications, fixed networks, and data centers whose functionality has a material influence on our business activities were taken into account. In total, we analyzed more than 8 thousand sites using a recognized software platform that is based on the climate scenarios developed by the Intergovernmental Panel on Climate Change (IPCC).

The analysis comprised nine climate indices. We considered the risks for the various sites in light of two climate scenarios of the IPCC: a business-as-usual scenario (RCP 4.5/SSP2-4.5), with a global temperature increase of more than two degrees, and a four-degree scenario (RCP 8.5/SSP5-8.5).

In addition to the climate scenarios, we examined the risks in different time periods: in the reporting year for the years 2030, 2040, and 2050.

Deutsche Telekom has defined short-, medium-, and long-term time horizons based on the existing time horizons from the Group-wide risk and opportunity management system. Our intention is to ensure that climate risks are integrated into our risk and opportunity management system and that all business risk categories follow a comparable approach. We also selected a time horizon up to 2050 for the scenario analysis. On the one hand, this matches the time horizons of international agreements on climate change mitigation, such as the Paris Agreement. On the other, it corresponds to a realistic planning horizon for internal strategic planning and the useful life of classic Deutsche Telekom assets such as infrastructure components.

When assessing climate risks, we assessed the probability of occurrence and risk extent. We assessed both the physical climate risks and the transition hazards, taking into account the geographical coordinates of Deutsche Telekom's key locations. We also analyzed the upstream and downstream value chain for the transition risk assessment. Due to the prioritization of our own business activities, our upstream and downstream supply chain was not included in the physical climate risk analysis for the time being.

To identify transition opportunities and risks, we also applied the Net Zero Emissions (NZE) 2050 scenario described under "ESRS 2 SBM-3 E-1 – Material impacts, risks, and opportunities and their interaction with strategy and business model." The process for assessing the opportunities and risks associated with climate change includes:

- identifying and quantifying the important trends
- calculating the impacts on the undertaking
- analyzing the impacts on the value chain

As part of our risk management activities, we quantify a number of risks and publish these in the questionnaire for the CDP, a tool for disclosing climate-related indicators to investors, for example. We factor the extent of the risks into our corporate planning. We also assess the applicability and benefits of management tools that we use to regularly integrate sustainable, attractive financing models, e.g., related to climate protection aspects in investment decisions.

We have not identified any assets and business activities that are incompatible with a transition to a carbon-neutral economy or that require significant effort to be compatible with a transition to a carbon-neutral economy. No critical climate-related assumptions have been used to date to measure assets and liabilities in the consolidated financial statements.

ESRS 2 IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement

The following table contains a list of the disclosure requirements that we complied with in preparing the sustainability statement, following the outcome of the double materiality assessment, as well as the disclosures required by Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation). The datapoints to be reported and hence the material information were determined using qualitative mapping based on an in-depth examination at a content level of the identified impacts, risks, and opportunities. The mapping is based on the criteria defined in para. 31 of ESRS 1. Following a comprehensive examination of our business activities and locations, we assessed the topical standards ESRS E2 – Pollution, ESRS E3 – Water and marine resources, ESRS E4 – Biodiversity and ecosystems, and ESRS S3 – Affected communities as not material. By contrast, the following topical standards were assessed as material:

ESRS Index

Disclosure requirement with reference
General information
ESRS 2 – General Disclosures
Environment
Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)
ESRS E1 – Climate change
ESRS E5 – Resource use and circular economy
Social aspects
ESRS S1 – Own workforce
ESRS S2 – Workers in the value chain
ESRS S4 – Consumers and end-users
Governance
ESRS G1 – Business conduct

The following table contains all the datapoints that derive from other EU legislation, as listed in ESRS 2 Appendix B, and also indicates where the datapoints can be found in our report and which datapoints are assessed as "not material," "not reported," and "not relevant."

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure requirement	Data-point	Name	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section
ESRS 2 GOV-1	21d	Board's gender diversity	x		x			ESRS 2 GOV-1 – The role of the administrative, management, and supervisory bodies
ESRS 2 GOV-1	21e	Percentage of board members who are independent			x			ESRS 2 GOV-1 – The role of the administrative, management, and supervisory bodies
ESRS 2 GOV-4	30	Statement on due diligence	x					ESRS 2 GOV-4 – Statement on due diligence
ESRS 2 SBM-1	40d-i	Involvement in activities related to fossil fuel activities	x	x	x		Not relevant	–
ESRS 2 SBM-1	40d-ii	Involvement in activities related to chemical production	x		x		Not relevant	–
ESRS 2 SBM-1	40d-iii	Involvement in activities related to controversial weapons	x		x		Not relevant	–
ESRS 2 SBM-1	40d-iv	Involvement in activities related to cultivation and production of tobacco			x		Not relevant	–
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				x		ESRS E1-1 – Transition plan for climate change mitigation
ESRS E1-1	16g	Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		x	x			ESRS E1-1 – Transition plan for climate change mitigation
ESRS E1-4	34	GHG emissions reduction targets	x	x	x			ESRS E1-4 – Targets related to climate change mitigation and adaptation
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x					ESRS E1-5 – Energy consumption and mix
ESRS E1-5	37	Energy consumption and mix	x					ESRS E1-5 – Energy consumption and mix
ESRS E1-5	40–43	Energy intensity associated with activities in high climate impact sectors	x					ESRS E1-5 – Energy consumption and mix
ESRS E1-6	44	ESRS E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions	x	x	x			ESRS E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions
ESRS E1-6	53–55	Gross GHG emissions intensity	x	x	x			ESRS E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions

Disclosure requirement	Data-point	Name	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section
ESRS E1-7	56	GHG removals and carbon credits				x		ESRS E1-7 – GHG removals and GHG mitigation projects financed through carbon credits
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		Not reported (phase-in option)	–
ESRS E1-9	66a, 66c	Disaggregation of monetary amounts by acute and chronic physical risk/Location of significant assets at material physical risk		x			Not reported (phase-in option)	–
ESRS E1-9	67c	Breakdown of the carrying value of its real estate assets by energy-efficiency class		x			Not reported (phase-in option)	–
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x		Not reported (phase-in option)	–
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water, and soil	x				Not material	–
ESRS E3-1	9	Water and marine resources	x				Not material	–
ESRS E3-1	13	Dedicated policy	x				Not material	–
ESRS E3-1	14	Sustainable oceans and seas	x				Not material	–
ESRS E3-4	28c	Total water recycled and reused	x				Not material	–
ESRS E3-4	29	Total water consumption in m^3 per net revenue on own operations	x				Not material	–
ESRS 2 SBM-3 E4	16a-i		x				Not material	–
ESRS 2 SBM-3 E4	16b		x				Not material	–
ESRS 2 SBM-3 E4	16c		x				Not material	–
ESRS E4-2	24b	Sustainable land/agriculture practices or policies	x				Not material	–
ESRS E4-2	24c	Sustainable oceans/seas practices or policies	x				Not material	–
ESRS E4-2	24d	Policies to address deforestation	x				Not material	–
ESRS E5-5	37d	Non-recycled waste	x					ESRS E5-5 – Resource outflows
ESRS E5-5	39	Hazardous waste and radioactive waste	x					ESRS E5-5 – Resource outflows

Disclosure requirement	Data-point	Name	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section
ESRS 2 SBM-3 – S1	14f	Risk of incidents of forced labor	x				Not material	–
ESRS 2 SBM-3 – S1	14g	Risk of incidents of child labor	x				Not material	–
ESRS S1-1	20	Human rights policy commitments	x					ESRS S1-1 – Policies related to own workforce
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			x			ESRS S1-1 – Policies related to own workforce
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x					ESRS S1-1 – Policies related to own workforce
ESRS S1-1	23	Workplace accident prevention policy or management system	x					ESRS S1-1 – Policies related to own workforce
ESRS S1-3	32c	Grievance/complaints handling mechanisms	x					ESRS S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns
ESRS S1-14	88b, 88c	Number of fatalities and number and rate of work-related accidents	x		x			ESRS S1-14 – Health and safety metrics
ESRS S1-14	88e	Number of days lost to injuries, accidents, fatalities, or illness	x					ESRS S1-14 – Health and safety metrics
ESRS S1-16	97a	Unadjusted gender pay gap	x		x			ESRS S1-16 – Remuneration metrics (pay gap and total remuneration)
ESRS S1-16	97b	Annual total remuneration ratio of the highest-paid individual to the median annual total remuneration for all employees	x					ESRS S1-16 – Remuneration metrics (pay gap and total remuneration)
ESRS S1-17	103a	Incidents of discrimination	x					ESRS S1-17 – Incidents, complaints, and severe human rights impacts
ESRS S1-17	104a	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	x		x			ESRS S1-17 – Incidents, complaints, and severe human rights impacts
ESRS 2 SBM3 S2	11b	Significant risk of child labor or forced labor in the value chain	x					ESRS 2 SBM-3 S2 – Material impacts, risks, and opportunities and their interaction with strategy and business model.

Disclosure requirement	Data-point	Name	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section
ESRS S2-1	17	Human rights policy commitments	x					ESRS S2-1 – Policies related to workers in the value chain
ESRS S2-1	18	Policies related to value chain workers	x					ESRS S2-1 – Policies related to workers in the value chain
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	x		x			ESRS S2-1 – Policies related to workers in the value chain
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	x					ESRS S2-1 – Policies related to workers in the value chain
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x					ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions
ESRS S3-1	16	Human rights policy commitments	x				Not material	–
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO Principles or OECD Guidelines	x		x		Not material	–
ESRS S3-4	36	Human rights issues and incidents	x				Not material	–
ESRS S4-1	16	Policies related to consumers and end-users	x					ESRS S4-1 – Policies related to consumers and end-users
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	x		x			ESRS S4-1 – Policies related to consumers and end-users

Disclosure requirement	Data-point	Name	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section
ESRS S4-4	35	Human rights issues and incidents	x					ESRS S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
ESRS G1-1	10b	United Nations Convention against Corruption	x					ESRS G1-1 – Business conduct policies and corporate culture
ESRS G1-1	10d	Protection of whistleblowers	x					ESRS G1-1 – Business conduct policies and corporate culture
ESRS G1-4	24a	Fines for violation of anti-corruption and anti-bribery laws	x		x			ESRS G1-4 – Incidents of corruption or bribery
ESRS G1-4	24b	Standards of anti-corruption and anti-bribery	x					ESRS G1-4 – Incidents of corruption or bribery

Environment

Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)

The EU Taxonomy is designed to promote investment flows from the finance sector to businesses that are involved in environmentally sustainable activities. The EU Taxonomy is therefore aimed at helping implement the European Green Deal. As a basis for this, the EU Taxonomy provides a binding definition of the environmental sustainability of activities and investments. The EU Taxonomy Regulation requires companies to report on these economic activities.

Under the EU Taxonomy Regulation, the first step is to ascertain the taxonomy-eligible economic activities of a company. These are activities that are covered by the EU Taxonomy and that therefore potentially contribute significantly to achieving the environmental objectives. The second step is to check whether these activities are taxonomy-aligned. An activity is defined as taxonomy-aligned if it meets the technical screening criteria for a significant contribution to at least one environmental objective listed in the Annexes to Delegated Regulations (EU) 2021/2139, (EU) 2022/1214, (EU) 2023/2485, and (EU) 2023/2486. At the same time, it must not do any significant harm to any of the other environmental objectives and must meet the minimum social standards ("minimum safeguards") set out in Taxonomy Regulation (EU) 2020/852, which in particular require compliance with human and labor rights.

Deutsche Telekom is a company in the information and telecommunications industry. The following two economic activities are therefore relevant to our core business in connection with the "Climate change mitigation" (CCM) environmental objective under the EU Taxonomy:

- Data processing, hosting, and related activities (CCM 8.1)
- Data-driven solutions for GHG emissions reductions (CCM 8.2)

Additionally, we also lease devices to our customers as part of our core business, so the following economic activity, which is assigned to the "Circular economy" (CE) environmental objective, is also relevant for Deutsche Telekom:

- Product-as-a-service and other circular use and result-oriented service models (CE 5.5)

No economic activities relevant to the environmental objective "Climate change adaptation" (CCA) were identified.

The EU Taxonomy does not currently include criteria for an economic activity “Provision and operation of electronic communication networks and services.” This means that most of our business model is not yet covered by the EU Taxonomy. As a result, the EU Taxonomy does not give us an opportunity to indicate our contribution to climate change mitigation in the area of fixed and mobile network build-out and operation. We are active in various business and industry associations to ensure that relevant and appropriate criteria are added to the EU Taxonomy to reflect our core activities in the area of fixed and mobile networks. To this end, we developed a joint position paper in 2024 with industry associations including Connect Europe, GSMA, and Ecta. This paper underscores the significant contribution our sector is making to achieving Europe’s digital transformation and climate goals.

The EU Taxonomy provides a list of cross-cutting activities outside of our core business that are potentially relevant for our general business activities, such as for fleet and building management and energy production. In the 2024 financial year, Deutsche Telekom carried out the following taxonomy-eligible cross-cutting activity for the environmental objective “Climate change mitigation” (CCM) to a financially material extent:

- Transport by motorbikes, passenger cars, and light commercial vehicles (CCM 6.5)

The three tables below provide an overview of our taxonomy-eligible and taxonomy-aligned economic activities. They break the figures down into both absolute values and the applicable percentage of Deutsche Telekom’s turnover, capital expenditure, and operating expenditure.

Method for ascertaining taxonomy eligibility and alignment

When ascertaining the taxonomy-eligibility of economic activities, we focused on our core business activities taking cost-benefit aspects into account.

Those activities identified as taxonomy-eligible were checked individually for their taxonomy alignment. However, proof of conformity for avoiding significant harm to the environmental objective “Climate change adaptation” (CCA) was provided comprehensively for all taxonomy-eligible activities, as we manage climate risks centrally at Group level. We monitor compliance with minimum social safeguards using a Group-wide management system.

To avoid significant harm to the environmental objective “Climate change adaptation” (CCA), checking for taxonomy alignment of all of the economic activities listed above requires an analysis of potential physical climate risks. As part of our risk management, we carried out a comprehensive analysis of physical climate risks in 2023 and extended it to include the United States operating segment in 2024. The climate risk analysis was carried out using a recognized software platform based on the most recent climate scenarios defined by the Intergovernmental Panel on Climate Change (IPCC). In connection with the taxonomy-eligible activities, no significant harm to the environmental objective “Climate change adaptation” (CCA) was identified, as individual local climate risks are minimized by existing mitigation measures.

The minimum social safeguards require a management system to monitor compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the ILO Core Conventions and the International Bill of Human Rights. We have made an express commitment to the principles listed above. We perform human rights-related due diligence using a risk-based management system encompassing both the Group and our supply chain that we use to monitor compliance with social and environmental standards. We also maintain a process of trust-based dialogue with employees’ representatives and trade unions. To prevent corruption and safeguard fair competition, Deutsche Telekom has established a compliance management system that is aligned with the company’s risk situation and is externally certified at regular intervals.

You can find more information on the minimum social standards in the sections “ESRS S1 – Own workforce,” “ESRS S2 – Workers in the value chain,” “ESRS S4 – Consumers and end-users,” and “ESRS G1 – Business conduct.”

Economic activities that are relevant to turnover

The taxonomy-eligible economic activity **Data processing, hosting and related activities (CCM 8.1)** covers “Storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centers, including edge computing.” Of our Group-wide business activities, our Systems Solutions operating segment (T-Systems) comes under this sector. As well as data centers operated by T-Systems, we also included data centers operated on co-locations in the assessment. Only data centers that comply with the European Code of Conduct for Energy Efficiency in Data Centres can be considered as making a substantial contribution to climate change mitigation in accordance with the EU Taxonomy. All of the nine locations directly managed by T-Systems comply with this code. As we have not yet verified compliance with the Code of Conduct through external audits in accordance with EU Taxonomy requirements, we are classifying the data centers used for economic activity CCM 8.1 as not taxonomy-aligned in the reporting year. In addition, in accordance with the EU Taxonomy, the global warming potential of refrigerants that need to be used in data center cooling systems may not exceed a value of 675 GWP (Global Warming Potential). This criterion is currently met by one data center that was fully refurbished in 2022. The other sites currently still use industry-typical refrigerants that meet the criteria of the EU regulation on fluorinated greenhouse gases. We will make the change to taxonomy-aligned refrigerants as part of the regular refurbishment program for our data centers. We will carry out a detailed review of the individual data centers' compliance with the criteria for preventing significant harm to the remaining environmental objectives in each case as soon as they fulfill the aforementioned climate change mitigation requirements in full.

We associate those solutions and products in the Group that, in accordance with the description in the EU Taxonomy, are "predominantly aimed at the provision of data and analytics enabling GHG emission reductions" with the economic activity **"Data-driven solutions for GHG emissions reductions" (CCM 8.2)**. These are solutions and products that have clear potential to enable users to save CO_2 emissions. We thus identified the following taxonomy-eligible services within our Group-wide business activities:

- Business-related video conferencing solutions (save travel-induced CO_2 emissions)
- Workplace and cloud solutions (increase energy efficiency by improving server utilization)
- IoT solutions (save CO_2 emissions)

We provide these services to a significant financial extent in the Germany operating segment, in our major national companies in the Europe operating segment, and local business units in the Systems Solutions operating segment.

The technical screening criteria require a life-cycle analysis as evidence of the taxonomy alignment of the solutions in question. This must show that a solution results in substantial greenhouse gas emission reductions both over and beyond its entire life cycle in comparison with the relevant reference solution available on the market. We understand reference solutions to be alternative solutions that would typically be used in a company in our footprint markets. This assumes that the companies are aligned with best practices. The technical screening criteria do not stipulate a specific threshold for "substantial" reductions in greenhouse gases in comparison with the reference solution. In 2022, we therefore defined a threshold based on scientific findings; greenhouse gas reductions resulting from taxonomy-eligible solutions exceeding this threshold value are thus considered "substantial." We update the necessary life-cycle analyses on an ad hoc basis to reflect relevant technological developments and market trends. For the reporting year, we rely on the life-cycle analyses that we conducted in 2023 for business-related web conferencing solutions and for the Future Cloud Infrastructure, Open Telekom Cloud, and SAP Cloud Services cloud solutions. Deutsche Telekom also offers IoT solutions that can reduce CO_2 emissions. As we have not yet prepared any life-cycle analysis to demonstrate the effects of these solutions, they are reported as not taxonomy-aligned.

The taxonomy-eligible business-related web conferencing solutions were analyzed by comparing them with hybrid meetings. This provided evidence for significant greenhouse gas savings. For instance, compared with hybrid meetings, virtual-only meetings reduce greenhouse gas emissions by around 62 % (small meetings) or 32 % (large meetings).

Of the workplace and cloud solutions covered by the life-cycle analysis, the Future Cloud Infrastructure, including the SAP Cloud Services run on this infrastructure, reduced greenhouse gas emissions by around 9.7 % in comparison with decentralized data centers operated by our customers themselves. However, this effect was below the threshold value defined in the 2022 financial year. Future Cloud Infrastructure and SAP Cloud Services are hence also reported as not taxonomy-aligned for the 2024 financial year. The life-cycle analysis also found that using the Open Telekom Cloud reduced greenhouse gas emissions by 47 % compared with the reference scenario. The reference scenario is based on the assumption that our customers use their own, decentralized server infrastructure for storing and processing data rather than the cloud solution. We therefore classify the Open Telekom Cloud and all web conferencing solutions included in a life-cycle analysis as taxonomy-aligned.

For the aforementioned solutions, we exclusively use infrastructure located in Germany. The requirements for the "Transition to a circular economy" (CE) conform to current EU legislation, which we implement as part of our environment management activities at our EU sites. We also require our business partners to provide evidence that the hardware used in the data centers is actually reconditioned or recycled at the end of its service life.

We primarily record leases of devices to business customers and consumers in the Germany operating segment under the taxonomy-eligible economic activity **"Product-as-a-service and other circular use and result-oriented service models" (CE 5.5)**. By leasing new and returned used devices instead of selling them to our customers, we are enabling a longer use phase and hence making a material contribution to circular economy – including by using environmentally friendly packaging for the devices. Our climate strategy for the upstream and downstream value chain enables us to help minimize greenhouse gas emissions in connection with the manufacturing and transportation of devices. Moreover, our business partners use processes for reconditioning leased devices that do not significantly impact water bodies and biodiversity. We meet the requirements for preventing and mitigating pollution (Appendix C to Annex II of Commission Delegated Regulation (EU) 2023/2486) in part by complying with applicable EU law when manufacturing and marketing devices. This includes the EU Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS). Deutsche Telekom has set itself the goal of only using devices that do not contain any substances of very high concern. However, suitable technical alternatives are not yet available for all substances. In individual cases, we therefore make use of the exemptions defined in the Taxonomy criteria. We are able to verify compliance with Appendix C for the more recent generations of our devices. We therefore classify the service described above as proportionately taxonomy-aligned. Using the number of leased and Appendix C-compliant devices, taxonomy-aligned turnover and capital expenditure were calculated as a percentage of total turnover and capital expenditure.

Cross-cutting activities

Deutsche Telekom has a vehicle fleet that includes both company cars and service vehicles. The economic activity **“Transport by motorbikes, passenger cars, and light commercial vehicles” (CCM 6.5)** is therefore relevant as a cross-cutting activity that applies to the purchase, the lease, and the operation of vehicles of the classes M1 (passenger cars) and N1 (light commercial vehicles with a maximum weight of 3.5 t). As we are pushing forward with the transition to a fully electric fleet, especially in Germany and the EU, some of the new vehicles purchased already meet the CO_2 thresholds set by the EU Taxonomy. We were also able to provide evidence of the alignment of these vehicles with the other key EU Taxonomy requirements, which are based on current EU legislation for new vehicles. As the choice of tires is left to the vehicle users themselves, we could not provide evidence of the taxonomy alignment of tires for the reporting year. We therefore report capital expenditure associated with our vehicle fleet as not taxonomy-aligned.

Calculation of the Taxonomy KPIs

Deutsche Telekom’s total figures used as the basis for calculation in accordance with the EU Taxonomy in the reporting year amounted to EUR 115.8 billion in turnover (2023: EUR 112.0 billion), EUR 25.6 billion in capital expenditure (2023: EUR 24.3 billion), and EUR 0.5 billion in operating expenditure (2023: EUR 0.4 billion). The definition of turnover according to the EU Taxonomy is equivalent to net revenue in our consolidated income statement contained in the consolidated financial statements. The relevant capital expenditure was determined on the basis of the consolidated statement of financial position contained in the consolidated financial statements and is determined as the sum of additions under property, plant, and equipment, intangible assets (excluding goodwill), and right-of-use assets. It also includes additions from these assets acquired as a result of business combinations and additions recognized under non-current assets and disposal groups held for sale. In line with the EU Taxonomy requirements, the disclosures on capital expenditures do not form part of a capital expenditure (capex) plan. The EU Taxonomy defines costs that relate to building remediation measures, short-term leases, maintenance and repair, research and development, and any other direct expenditures relating to the day-to-day maintenance of property, plant, and equipment as relevant operating expenditure.

The disclosures on taxonomy eligibility and taxonomy alignment in terms of turnover, capital expenditure, and operating expenditure are directly assigned at the level of product groups to either the operation of data centers in accordance with economic activity CCM 8.1, the provision of ICT solutions in accordance with economic activity CCM 8.2, and lease of devices in accordance with economic activity CE 5.5. We do not generate any turnover with cross-cutting activities. Exclusively capital expenditure was assigned to economic activity CCM 6.5.

To avoid double counting within the meaning of the EU Taxonomy, we have almost exclusively allocated taxonomy-eligible cloud solutions from T-Systems to economic activity CCM 8.2; we report those few solutions portfolios under economic activity CCM 8.1 that are not taxonomy-eligible in accordance with economic activity CCM 8.2. The lease of devices to our customers in accordance with economic activity CE 5.5 does not overlap with the solutions that fall under economic activities CCM 8.1 and CCM 8.2. In the case of the capital and operating expenditure allocated to the cross-cutting activity CCM 6.5, a direct connection with the turnover-related economic activities reported is excluded.

As the EU Taxonomy does not yet adequately cover our core business, an aggregate view of the taxonomy eligibility of all economic activities results in very low proportions again in 2024 of turnover of 2.5 % (2023: 2.5 %), of capital expenditure of 2.2 % (2023: 2.1 %), and of operating expenditure of 29.1 % (2023: 33.2 %) for Deutsche Telekom.

The largest proportion of taxonomy-eligible turnover of 1.0 % (2023: 1.0 %) can be allotted to economic activity CCM 8.1, which comprises data processing and hosting, followed by economic activity CCM 8.2 of 0.8 % (2023: 0.8 %), to which the business-related web conference solutions make a substantial contribution. We generated relevant taxonomy-eligible turnover from the lease of terminal equipment in accordance with economic activity CE 5.5 that accounted for 0.6 % (2023: 0.6 %) of total turnover.

Economic activity CCM 8.1 also accounts for the largest proportion of taxonomy-eligible capital expenditure (1.0 %; 2023: 0.9 %). For economic activity CE 5.5 we invested 0.6 % (2023: 0.7 %) of the relevant capital expenditure. Cross-cutting activity CCM 6.5 has only a supporting function for Deutsche Telekom's core business. The taxonomy-eligible proportion here is 0.6 % (2023: 0.5 %). The largest proportion of taxonomy-eligible capital expenditure can be allotted to property, plant, and equipment (71.0 %; 2023: 76.4 %), followed by right-of-use assets (19.4 %; 2023: 15.5 %) and intangible assets (9.6 %; 2023: 8.0 %).

Economic activity CCM 8.1 accounts for the largest proportion of direct operating expenditure with 16.5 % (2023: 19.1 %). This is followed in second place by economic activity CCM 8.2 with 12.7 % (2023: 14.1 %).

In the 2024 financial year, the taxonomy-aligned proportion of all of Deutsche Telekom's economic activities was 0.5 % of turnover (2023: 0.2 %), 0.3 % of capital expenditure (2023: 0.0 %), and 0.0 % of operating expenditure (2023: 0.5 %). The taxonomy-aligned proportion of turnover results both from economic activity CE 5.5, whose taxonomy alignment we are disclosing for the first time for this reporting year in accordance with legal requirements, and from economic activity CCM 8.2. In the 2024 financial year, only economic activity CE 5.5 contributed to the taxonomy-aligned capital expenditure.

EU Taxonomy KPIs

Economic activities	Code	Turnover 2024 millions of €	%	Substantial contribution to environmental objectives[a]: Climate change mitigation Y, N, EL, N/EL	Climate change adaptation Y, N, EL, N/EL	Water Y, N, EL, N/EL	Pollution Y, N, EL, N/EL	Circular economy Y, N, EL, N/EL	Biodiversity Y, N, EL, N/EL	Do no significant harm to environmental objectives: Climate change mitigation Y/N	Climate change adaptation Y/N	Water Y/N	Pollution Y/N	Circular economy Y/N	Biodiversity Y/N	**Minimum safeguards** Y/N	Taxonomy aligned (A.1.) or eligible (A.2.) proportion of turnover 2023 %	**Category enabling activity** E	**Category transitional activity** T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Data-driven solutions for GHG emissions reductions	CCM 8.2	255	0.2	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2	E	
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	307	0.3	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	-		
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1.)		**562**	**0.5**	**0.2**	**0.0**	**0.0**	**0.0**	**0.3**	**0.0**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.2**		
of which: enabling		255	0.2	0.2	0.0	0.0	0.0	0.0	0.0								0.2	E	
of which: transitional		0	0.0	0.0													0.0		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Data processing, hosting, and related activities	CCM 8.1	1,207	1.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.0		
Data-driven solutions for GHG emissions reductions	CCM 8.2	718	0.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.6		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	399	0.3	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.6		
Transport by motorbikes, passenger cars, and light commercial vehicles	CCM 6.5	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		**2,324**	**2.0**	**1.7**	**0.0**	**0.0**	**0.0**	**0.3**	**0.0**								**2.2**		
A. Turnover of taxonomy-eligible activities (A.1. + A.2.)		**2,886**	**2.5**	**1.9**	**0.0**	**0.0**	**0.0**	**0.6**	**0.0**								**2.5**		
B. Taxonomy non-eligible activities																			
Turnover of taxonomy non-eligible activities		**112,884**	**97.5**														**97.5**		
Total		**115,769**	**100.0**														**100.0**		

[a] Meaning of abbreviations: Y: Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; N: No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective; EL: Eligible, taxonomy-eligible activity for the relevant objective; N/EL: Not eligible, taxonomy-non-eligible activity for the relevant environmental objective.

For further information on turnover, please refer to the consolidated income statement in the consolidated financial statements or to Note 20 "Net revenue" in the notes to the consolidated financial statements.

Economic activities	Code	Capital expenditure (capex) 2024		Substantial contribution to environmental objectives [a]: Climate change mitigation	Climate change adaptation [b]	Water	Pollution	Circular economy	Biodiversity	Do no significant harm to environmental objectives: Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	**Minimum safeguards**	Taxonomy aligned (A.1.) or eligible (A.2.) proportion of capex 2023	**Category enabling activity**	**Category transitional activity**
		millions of €	%	Y, N, EL, N/EL	Y, N, EL, N/EL	Y, N, EL, N/EL	Y, N, EL, N/EL	Y, N, EL, N/EL	Y, N, EL, N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Data-driven solutions for GHG emissions reductions	CCM 8.2	0	0.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0	E	
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	75	0.3	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	-		
Capex of environmentally sustainable activities (taxonomy-aligned) (A.1.)		**75**	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.3**	**0.0**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0**		
of which: enabling		0	0.0	0.0	0.0	0.0	0.0	0.0	0.0								0.0	E	
of which: transitional		0	0.0	0.0													0.0		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Data processing, hosting, and related activities	CCM 8.1	248	1.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.9		
Data-driven solutions for GHG emissions reductions	CCM 8.2	1	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	89	0.3	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.7		
Transport by motorbikes, passenger cars, and light commercial vehicles	CCM 6.5	150	0.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.5		
Capex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		**488**	**1.9**	**1.6**	**0.0**	**0.0**	**0.0**	**0.3**	**0.0**								**2.1**		
A. Capex of taxonomy-eligible activities (A.1. + A.2.)		**562**	**2.2**	**1.6**	**0.0**	**0.0**	**0.0**	**0.6**	**0.0**								**2.1**		
B. Taxonomy non-eligible activities																			
Capex of taxonomy non-eligible activities		**25,078**	**97.8**														**97.9**		
Total		**25,641**	**100.0**														**100.0**		

[a] Meaning of abbreviations: Y: Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; N: No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective; EL: Eligible, taxonomy-eligible activity for the relevant objective; N/EL: Not eligible, taxonomy-non-eligible activity for the relevant environmental objective.

[b] No economic activities that are taxonomy-eligible for the environmental objective "Climate change adaptation" (CCA) were identified in the 2024 financial year. According to Commission Notice C/2023/305 (question 18), only those economic activities must be disclosed as taxonomy-eligible for which, following a climate risk assessment, an action plan for climate change adaptation has been drawn up. This does not apply to our economic activities because the existing adaptation actions provide sufficient protection against possible climate-related hazards.

For further information on capital expenditure, please refer to Notes 6 "Intangible assets," 7 "Property, plant and equipment," 8 "Right-of-use assets" and to the section "Changes in the composition of the Group and other transactions" in the notes to the consolidated financial statements.

Economic activities	Code	Operating expenditure (opex) 2024		Substantial contribution to environmental objectives [a]						Do no significant harm to environmental objectives									
				Climate change miti-gation	Climate change adap-tation [b]	Water	Pollution	Circular economy	Bio-diversity	Climate change miti-gation	Climate change adap-tation	Water	Pollution	Circular economy	Bio-diversity	**Minimum safe-guards**	Taxonomy aligned (A.1.) or eligible (A.2.) proportion of opex 2023	**Category enabling activity**	**Category tran-sitional activity**
		millions of €	%	Y, N, EL, N/EL	Y, N, EL, N/EL	Y, N, EL, N/EL	Y, N, EL, N/EL	Y, N, EL, N/EL	Y, N, EL, N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Data-driven solutions for GHG emissions reductions	CCM 8.2	0	0.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.5	E	
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	0	0.0	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	-		
Opex of environmentally sustainable activities (taxonomy-aligned) (A.1.)		**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.5**		
of which: enabling		0	0.0	0.0	0.0	0.0	0.0	0.0	0.0								0.5	E	
of which: transitional		0	0.0	0.0													0.0		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Data processing, hosting, and related activities	CCM 8.1	78	16.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								19.1		
Data-driven solutions for GHG emissions reductions	CCM 8.2	60	12.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL								13.6		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	0	0.0	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.0		
Transport by motorbikes, passenger cars, and light commercial vehicles	CCM 6.5	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Opex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		**138**	**29.1**	**29.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**32.7**		
A. Opex of taxonomy-eligible activities (A.1. + A.2.)		**138**	**29.1**	**29.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**33.2**		
B. Taxonomy non-eligible activities																			
Opex of taxonomy non-eligible activities		**335**	**70.9**														**66.8**		
Total		**473**	**100.0**														**100.0**		

[a] Meaning of abbreviations: Y: Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; N: No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective; EL: Eligible, taxonomy-eligible activity for the relevant objective; N/EL: Not eligible, taxonomy-non-eligible activity for the relevant environmental objective.

[b] No economic activities that are taxonomy-eligible for the environmental objective "Climate change adaptation" (CCA) were identified in the 2024 financial year. According to Commission Notice C/2023/305 (question 18), only those economic activities must be disclosed as taxonomy-eligible for which, following a climate risk assessment, an action plan for climate change adaptation has been drawn up. This does not apply to our economic activities because the existing adaptation actions provide sufficient protection against possible climate-related hazards.

For further information on operating expenditure, please refer to Note 26 "Other operating expenses" in the notes to the consolidated financial statements.

ESRS E1 – Climate change

Digitalization is changing our society. We intend to support this change and simplify people's lives. However, increasing digitalization requires large quantities of energy. We want to play a pioneering role in climate change mitigation, which is why we set climate-related targets that apply throughout the entire Group.

The following index shows the disclosure requirements relating to the topical standard "Climate change" identified by the materiality assessment.

ESRS index under ESRS 2 IRO-2

Disclosure requirement	Name with reference
ESRS E1 – Climate change	
ESRS 2 GOV-3 E1	Integration of sustainability-related performance in incentive schemes
ESRS E1-1	Transition plan for climate change mitigation
ESRS 2 SBM-3 E1	Material impacts, risks, and opportunities and their interaction with strategy and business model (use of phase-in option for ESRS 2 SBM-3 para. 48e)
ESRS 2 IRO-1 E1	Description of the processes to identify and assess material impacts, risks, and opportunities
ESRS E1-2	Policies related to climate change mitigation and adaptation
ESRS E1-3	Actions and resources in relation to climate change policies
ESRS E1-4	Targets related to climate change mitigation and adaptation
ESRS E1-5	Energy consumption and mix
ESRS E1-6	Gross Scopes 1, 2, 3 and total GHG emissions
ESRS E1-7	GHG removals and GHG mitigation projects financed through carbon credits
ESRS E1-8	Internal carbon pricing
ESRS E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities (use of phase-in option)

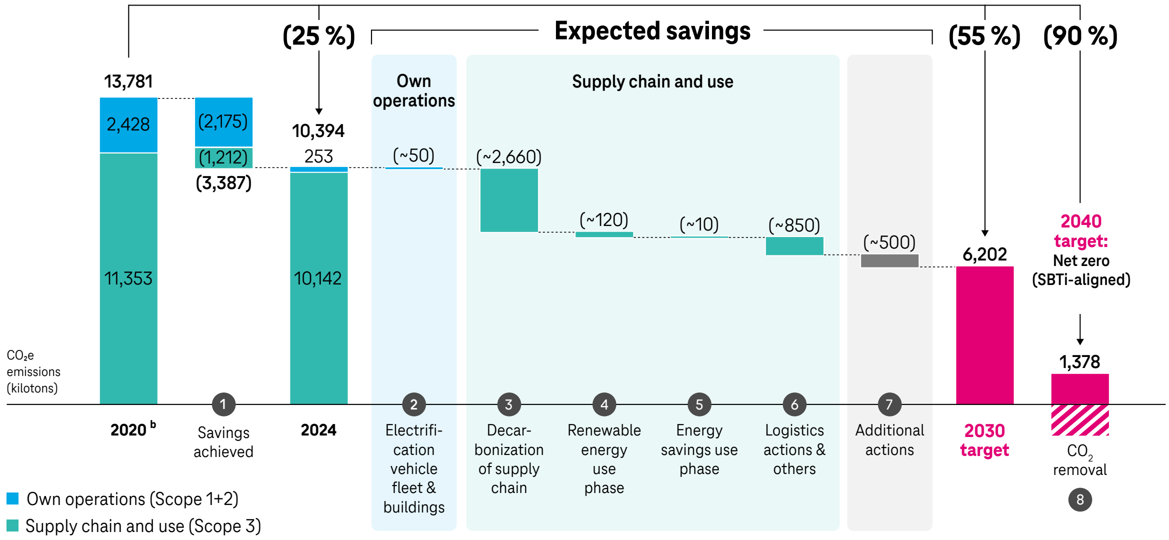
Strategy

ESRS E1-1 – Transition plan for climate change mitigation

We drew up a Transition Plan that we use for internal management and planning of our emission reduction actions. It also helps us to inform our stakeholders about our journey towards net zero emissions. The Transition Plan is based on greenhouse gas emissions calculations from previous years as well as our short-, medium-, and long-term climate-related targets. The Transition Plan has been approved by Deutsche Telekom AG's Board of Management and Supervisory Board.

For more information on our GHG emission reduction targets, please refer to the section "ESRS E1-4 – Targets related to climate change mitigation and adaptation."

Transition Plan for net zero emissions [a]



1 **Savings achieved and expected savings:** Savings achieved between 2020 and 2024 were 8.2 % for Scope 1 emissions and 99.3 % for Scope 2 emissions. Scope 1 emission savings are expected at approximately 50 kilotons of CO_2e emissions by 2030. Savings achieved for Scope 3 emissions were approximately 10.7 % between the base year and 2024. We expect general savings of approximately 4,190 kilotons of CO_2e emissions by 2030.

2 **Electrification of vehicle fleet & buildings:** Electrification and reduction of the vehicle fleet and modernization of buildings and reduction of floor space are key actions for lowering Scope 1 emissions. Using 100 % green energy and increasing the number of electric vehicles helps to reduce emissions. The number of electric vehicles rose by 1,185 in the reporting year. Scope 1 emissions were reduced by 1.4 % year-on-year in the reporting year.

3 **Decarbonization of the supply chain:** In line with our sustainable procurement strategy, a Group-wide task force is leading an initiative to reduce GHG emissions at both the supplier and product level. Our efforts in this regard are guided by our own ambitious climate targets.

4 **Renewable energy use phase:** We expect the share of renewable energy in the countries' electricity mix to increase, which will lead to emissions savings in the use phase.

5 **Energy savings use phase:** In addition to increasing the efficiency of our suppliers' end products, we are also investing in our own product development. Increasing the efficiency of products and solutions in the use phase and hence reducing emissions in the downstream value chain will be key leverage here.

6 **Logistics actions & others:** Optimizing logistics solutions for deliveries to our retail and business customers and extending product life cycles, e.g., by reusing refurbished devices, reduces our Scope 3 emissions. In addition, considering criteria for sustainable sourcing supports the concept of a circular economy, e.g., through reparability.

7 **Additional actions:** Based on the assumptions made in the reporting year, we still have a gap of 4 percentage points to close in order to achieve our 2030 climate target. In addition to the actions already taken, we will need to implement further measures in the coming financial years.

8 **CO_2 removal:** To achieve our goal of climate neutrality by 2040 (net zero), we will offset up to a maximum of 10 % of our remaining total emissions using high-quality carbon offsets. We use internationally recognized standards (Oxford categories IV/V) for quality assurance.

[a] The figures are based in part on estimates, assumptions, and projections.
[b] The figures for 2020 were adjusted retrospectively in the reporting year due to adjustments to methods and structures applied. Since 2023, CO_2 emissions (Scopes 1 and 2) have also included fugitive emissions from refrigerants and fire suppressants.

The Transition Plan sets out key starting points for our decarbonization, such as the power consumption of our networks, fuel consumption in our fleet, thermal energy consumption in buildings, reducing emissions in our suppliers' production processes, and increasing product efficiency in the use phase. The decarbonization levers in the Transition Plan are broken down by Scope 1, 2, and 3. For Scope 3 emissions, they include both upstream and downstream emissions. We describe current and planned actions to reduce GHG emissions (Scope 1, 2, and 3) in the "ESRS E1-3 – Actions and resources in relation to climate change policies" section.

The financial quantification of our reduction actions is fully taken into account in the Transition Plan. In line with our Transition Plan, we are planning operating and capital expenditures (opex and capex) of around EUR 0.3 billion in the downstream value chain for the 2025–2028 period. Increasing the efficiency of products and solutions in the use phase will create key leverage here. This relates primarily to investments in property, plant, and equipment. In the supply chain, actions are mostly concentrated in the upstream value chain. Since the actions are implemented at the suppliers, they do not require significant opex or capex on our part. With regard to Scope 1 emissions, the electrification of our vehicle fleet provides key leverage. To achieve this, we are planning with opex and capex of approximately EUR 0.2 billion for the period referred to above. T-Mobile US is not included in the quantification of our actions at the present time. The key levers for decarbonizing our business activities mentioned are not yet covered by the EU Taxonomy, which is why taxonomy-eligible economic activities make up only a small part of our Transition Plan.

For more information on the Taxonomy, please refer to the section “Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation).”

There are no locked-in GHG emissions from our key assets and products. Our data centers run exclusively on electricity generated from renewable energy sources. Fugitive GHG emissions, which may arise from leakages, ventilation systems, or other uncontrolled releases, do not jeopardize our GHG emission reduction targets and do not increase transition risks.

Due to our affiliation with the telecommunications/network technology industry, we are affected by the EU Paris-aligned Benchmarks, which are aligned with the Paris climate targets as “climate benchmarks” and are intended to create more transparency and better comparability of sustainable investments.

ESRS 2 SBM-3 E1 – Material impacts, risks, and opportunities and their interaction with strategy and business model

The table below shows the material **impacts** of our business activities on society and the environment that we have identified through the double materiality assessment.

We provide overarching information on how material impacts, risks, and opportunities interact with our strategy and business model in the “ESRS 2 SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model” section.

Value chain	Nature of impacts	Description	Reference to business model/ strategy
Climate change mitigation and climate change adaptation			
Upstream	Negative (actual/short-term: <1 year)	Manufacturing and transportation of the products with relevance for Deutsche Telekom's business (including **software and hardware as well as fixed-network and mobile communications infrastructure**) generate GHG emissions that contribute to global warming, exacerbating man-made climate change. Significant emissions are generated in the upstream supply chain, particularly in the production of components such as cables, antennas, lines, and distributors.	Connection with the business model
Own business activities	Negative (actual/short-term: <1 year)	**Operating our own sites** (including heating, cooling, and power supply) as well as travel using vehicles in the vehicle fleet generate emissions. Overall, however, we source more than 90 % of our total energy requirements from renewable energy sources, with only a small proportion being covered by conventional (fossil) energy generation (for example, natural gas for heating). Reflecting the growing supply of and demand for cloud-based services, the **power requirements of the data centers** and the associated GHG emissions are likewise rising. Small sections of the **networks** still require diesel generators (for example, to restore and back up damaged network infrastructure or because they are located in remote areas). In addition, civil engineering works for the network build-out are causing relevant GHG emissions that are having a significant impact on the climate.	Based on the business model
Own business activities	Positive (actual/short-term: <1 year)	We conclude **power purchase agreements (PPAs)** to increase the share of renewable energy sources in the electricity mix. In addition, building data centers that are self-sufficient from an energy accounting perspective can have potentially positive impacts through the interaction of renewable generation, storage, and volatile electricity loads.	Based on the business model
Downstream	Negative (actual/short-term: <1 year)	In our European national companies, network infrastructure waste and returned devices are generally recycled, sold, or otherwise disposed of formally, and we are striving to do the same worldwide. Nonetheless, we cannot guarantee with absolute certainty that no electronic waste is exported and not recycled properly. The **treatment of electronic waste** and **low recycling rates** in the downstream value chain increase GHG emissions.	Connection with the business model
Downstream	Positive (actual/short-term: <1 year)	When physical processes are replaced by **online services**, this leads directly or indirectly to resource and carbon emission savings for business customers and individuals. Energy-efficient hosting on Deutsche Telekom's infrastructure and optimizing processes by using online services, enable customers to save energy directly or indirectly **(enablement)**.	Connection with the business model
Energy			
Own business activities	Negative (actual/short-term: <1 year)	T-Systems' data centers are cooled using between around 30 % and 50 % adiabatic (evaporative) cooling systems. The **energy requirements** are met with electricity generated from renewable sources. Growing demand for cloud-based services is also leading to increased IT performance requirements and energy requirements for data centers.	Based on the business model

The following overview illustrates Deutsche Telekom's material topic-specific **risks and opportunities** and their financial effects on our financial position, financial performance, and cash flows.

Risks and opportunities that represent a top risk in the next two years are described in the "Risk and opportunity management" section.

Value chain	Risk/opportunity	Description
Climate change mitigation and climate change adaptation		
Own business activities	Opportunity	The growing demands of stakeholder groups, particularly investors, NGOs, and customers, may offer a strategic opportunity for more environmentally responsible behavior. The increasing expectations and demands of these groups are prompting us to make our business strategies and practices more sustainable. This also provides an incentive to develop innovative, environmentally friendly solutions, which in turn creates financial opportunities. Competitive advantages can likewise be achieved by positioning ourselves as a responsible, forward-thinking company.
Own business activities	Physical risk	The effects of climate change, e.g., extreme weather events, can lead to repair costs for network infrastructure failures, for example, due to flooding or forest fires. Insurance costs may also rise. The vehicle fleet is being gradually converted to e-mobility to adapt it to climate change and to avoid pollution and emissions. This also incurs costs.
Energy		
Upstream	Transition risk	Higher costs due to energy pricing may constitute a financial risk.
Upstream/own business activities	Transition risk	Financial risks may arise from increasing emissions and the associated rising costs for carbon offsets due to increased energy consumption, or from loss of reputation from missing targets in the upstream value chain and in internal processes.

We updated our climate scenario analysis in 2024 and carried out the associated resilience analysis. The scenario analysis shows that only minor physical risks apply for the majority of the Company's locations in Germany up to the year 2050. We anticipate moderate hazards at the locations of our Croatian and Hungarian national companies, for example due to heat, while in Greece, forest fires in particular represent a hazard. The most common potential physical risks facing T-Mobile US sites are related to heat stress, drought stress, and precipitation stress. We are prepared for the rising impacts of physical risks, such as changes in precipitation patterns and extreme weather variability, and have already implemented comprehensive adaptation actions. Our risk and opportunity management is based on multiple pillars: we structure our telecommunications networks with built-in resiliency. For most of our critical locations, we use uninterruptible emergency power supply systems incorporating batteries as well as mobile and stationary diesel generators. Our crisis management also helps with rapid recovery in the event of disruptions. We cover the risks of damage to buildings and to Deutsche Telekom's network infrastructure by taking out insurance policies.

We cannot guarantee absolute resilience with regard to some climate risks, such as fire or flood events. It is not possible to fully protect Deutsche Telekom's locations from these physical climate-related hazards. We therefore developed an action strategy with our Emergency Response Plan that is triggered when extreme weather events damage the network infrastructure, for example. This ensures that telecommunications networks can provide services even in the event of a crisis. The resilience analysis of physical climate risks in our own business activities focused on the overarching site types of data centers, mobile communications network, and fixed network. Material risks with a very high risk extent but a very low probability of occurrence may result from extreme weather events.

In addition, we analyzed how resilient our business model is to potential future consequences of climate change. For this we considered transition aspects, i.e., factors connected with the transition to a low-emission, climate-resilient economy. These may give rise to transition risks, e.g., as a consequence of political change or legislation. In this transitional resilience analysis, we only considered our own business activities, i.e., our data centers, mobile communications and fixed networks, and devices (smartphones, routers, etc.).

The critical assumptions for analyzing the resilience of our business model with regard to physical climate risks are based on climate scenario SSP5-8.5, which is used by the Intergovernmental Panel on Climate Change (IPCC), and for transition climate risks on the Net Zero Emissions (NZE) 2050 scenario of the International Energy Agency (IEA). The key critical assumptions are as follows:

- SSP5-8.5: This scenario results in a global temperature increase of 4°Celsius. It describes a societal development trajectory accompanied by steadily intensifying fossil fuel exploitation.
- NZE: According to the IEA's estimates, this scenario is the only one that will limit global warming to 1.5° Celsius by 2050.

When assessing risks and opportunities we considered financial effects and also included physical and transition climate risks, taking into account existing or planned adaptation and mitigation actions. This relates primarily to the implemented climate change mitigation strategy, which influences transition risk assessments, as well as to adaptation actions to mitigate negative financial effects arising from physical climate risks.

The analysis showed that Deutsche Telekom is highly resilient overall to both material transition risks and physical climate risks. This means that we are able to adapt our business model to climate change in the short, medium, and long term. We will not have to redeploy, upgrade, or decommission any of our assets, products, or services.

For further disclosures on the resilience analysis, for example, relating to the scope or the use of climate scenarios, please refer to the section "ESRS 2 IRO-1 E1 – Description of the processes to identify and assess material climate-related impacts, risks, and opportunities."

Impact, risk, and opportunity management

ESRS E1-2 – Policies related to climate change mitigation and adaptation

Deutsche Telekom wants to play a leading role in climate change mitigation and environmental protection in the context of its current and future business activities and is constantly defining new goals to achieve this. We underpin our commitment in our Environmental Guidance (Deutsche Telekom excluding T-Mobile US), which takes into account all relevant environmental aspects in our own business activities as well as in the upstream and downstream value chain. T-Mobile US has also implemented its own environmental policy (T-Mobile Environmental Policy) that formulates the key elements and requirements of a sustainable business policy, such as a commitment to climate change mitigation and resource conservation.

These environmental policies are part of our Group-wide CR strategy. They are publicly accessible and make our Group-wide targets and voluntary commitments transparent to all of our stakeholders. The Environmental Guidance of Deutsche Telekom (excluding T-Mobile US) is the remit of GCR, which is also responsible for the direction taken with the content of the T-Mobile Environmental Policy and thus has overall responsibility. The Group companies are required to implement the requirements set out in these policies in their business activities and to ensure that they implement any systems needed to do this, instruct their employees accordingly, and provide regular training as needed. Implementation is documented by means of the existing data collection systems and controlling processes in the national companies. We review these environmental policies annually and adapt them if one of the following conditions applies:

- change in regulatory requirements;
- change in key references and the underlying standards, such as the ISO standards or the Greenhouse Gas Protocol (GHG Protocol);
- new findings concerning existing and insufficiently addressed environmental aspects, e.g., as a result of further refinements to the sustainability strategy;
- changes in the requirements of relevant stakeholders that we identify through our stakeholder communication and various dialogue formats.

If Group companies have implemented policies that go beyond the requirements of the Environmental Guidance, we give these preference.

Among other aspects, these environmental policies consider the negative impacts of our GHG emissions (Scope 1–3) in terms of climate change mitigation and adaptation, e.g., due to the energy-intensive operation of our data centers. They also include our mitigation actions.

Deutsche Telekom's Environmental Guidance (excluding T-Mobile US) also addresses the positive impacts associated with the extension of PPAs and the improvement in energy efficiency resulting from the modernization of our networks. In addition, it takes the climate strategy described below into account. Both are integrated into our CR strategy.

Climate-neutral business practices are one of the core elements of our overarching CR strategy. Our climate strategy focuses on the key areas of greenhouse gas emissions management, renewable energy, energy efficiency, and climate-friendly products. In addition to the climate-related targets specified in the "ESRS E1-4 – Targets related to climate change mitigation and adaptation" section, it covers actions that we describe in the "ESRS E1-3 – Actions and resources in relation to climate change policies" section.

The climate strategy is subject to a continuous review and update process to reflect changes in the market and internal requirements. In addition, Deutsche Telekom supports various internationally recognized standards and seals of quality for improving the energy efficiency of products and services – including the EU Code of Conduct for Data Centers and the Blue Angel seal in Germany – by participating in working groups to develop these further, for instance.

We have implemented a Group-wide environmental management system (EMS) for managing our environmental impacts. This is part of the Group-wide integrated QHSE (quality, health, safety, and environment) management system. The EMS covers all Group companies and is regularly certified by external auditors. The basic requirements of the system apply to all Deutsche Telekom employees. We successively integrate existing management systems and certificates outside the EMS into the Group certificate or, if they go beyond the Group EMS, adapt them to regional approaches in relation to management systems.

We take responsibility both for our own business activities and for our supply chains. We communicate our environmental and human rights-related requirements to our suppliers and outsourcing partners by means of our Supplier Code of Conduct. In signing our Supplier Code of Conduct, our suppliers are contractually obligated to comply with Deutsche Telekom's minimum sustainability requirements, as well as with statutory requirements and international standards. We regularly review the requirements for our products, services, and suppliers. Sustainability criteria are incorporated into our decisions on contract awards in tenders. Part of our sustainable procurement strategy is also contractually agreeing with our suppliers that they must increase transparency regarding GHG emissions and draw up mitigation plans.

ESRS E1-3 – Actions and resources in relation to climate change policies

Specific actions for reducing GHG emissions result from the identified key decarbonization levers that we described under "ESRS E1-1 – Transition plan for climate change mitigation". As a general rule, the actions have 2030 as their target year or the overarching target of climate neutrality (net zero) by 2040. For Scopes 1 and 2, these include the following:

- procurement of electricity from renewable sources, with a focus on increasing coverage through PPAs and our own generation;
- energy efficiency actions by using more efficient technologies and decommissioning outdated ones;
- reducing floor space in buildings and modernizing them;
- electrification and reduction of our vehicle fleet;
- electrification of heating with heat pumps.

In line with our sustainable procurement strategy, a Group-wide task force is currently leading an initiative to reduce GHG emissions at both the supplier and product level (Scope 3). This task force plays a key role in coordinating efforts across all segments and ensures a consistent approach is taken to reducing emissions. Other Scope 3 actions include extending the life cycle of products, improving the energy efficiency of devices sold, and more sustainable sourcing of materials and packaging.

We are continually improving the energy efficiency of our data centers through a range of actions. The Power Usage Effectiveness (PUE) metric serves as an indicator for the efficiency enhancement in our data centers. We determine this metric using the method recommended by the standard DIN EN 50600 for data centers, which takes the total energy consumed by data centers into account, not just that used to operate the servers. The PUE metric is calculated using the ratio between the total electrical energy consumed by the data center and the amount of electrical energy consumed by IT. In the reporting year, the average global PUE score for our T-Systems data centers was 1.56 (2023: 1.53).

Thanks to our adequate liquidity reserves and solid investment-grade rating, we have the necessary financial flexibility and unobstructed access to the capital markets. This means that there are no factors limiting our ability to finance capital spending and implement the actions planned.

Targets

ESRS E1-4 – Targets related to climate change mitigation and adaptation

The figure in section "ESRS E1-1 – Transition plan for climate change mitigation" shows our climate-related targets. It also specifies the key decarbonization levers that we have identified.

Our climate-related targets are:

- 100 % of electricity from renewable energy sources Group-wide (Scope 2, market-based method). We achieved this target by the end of 2021.
- We will achieve net zero in terms of our own emissions (Scopes 1 and 2) by the end of 2025. To achieve this, we will reduce emissions from our own operations globally by up to 95 % against the 2017 level. The fact that we source Group-wide 100 % of our electricity from renewable energy sources is a major step towards achieving this target. We plan to offset the remaining emissions of our CO_2e footprint through high-quality carbon offsets, for example, through reforestation.
- As an interim goal on the journey towards climate neutrality along the entire value chain, we aim to reduce CO_2e emissions across Scopes 1 to 3 by 55 % in absolute terms by 2030 compared with 2020. We are in close dialogue with our suppliers to reduce emissions in the production phase through more sustainable manufacturing and to develop products that consume less energy in the utilization phase.
- By 2040 at latest, we want to achieve net zero emissions along the entire value chain – across Scope 1, 2 and 3 emissions. To achieve this, we aim to reduce total emissions by at least 90 % from a 2020 baseline; only up to 10 % may be offset.

In general, we want to offset GHG emissions that we cannot avoid, (e.g., by using renewable energy sources, improving energy efficiency or agreeing on climate-related targets with suppliers) through compensatory actions so that they are permanently removed from the atmosphere. This can be achieved, for example, through natural sinks, where greenhouse gases are absorbed by natural ecosystems. We have set ourselves the quality requirement for offsetting that we only want to use high-quality offsetting projects in accordance with Oxford category IV and V, i.e., we strive to remove carbon from the atmosphere through short- and long-lived storage.

We have developed our climate-related targets in line with current scientific and regulatory conditions. In the reporting year, the Science Based Target initiative (SBTi) once again confirmed to us that our current climate-related targets contribute to compliance with the Paris Agreement even under its new, stricter guidelines. The initiative also reviewed the baseline value. When setting our reduction targets and forecasting our progress towards them, we considered a variety of factors: expected market developments (customer figures, sales figures), technical developments in our own operations and in products, and regulatory elements (e.g., expansion of renewable energy/electricity mix).

One of the ways in which we monitor our climate-related targets is through reduction of our GHG emissions. To achieve this, several KPIs are integrated in our internal controlling process, including multi-year planning and projections during the year. Our progress is in line with our original planning. The market-based method is used for Scope 2 emissions.

We continuously evaluate new technologies and processes in terms of whether they can help the Group act more efficiently in the market and conserve essential resources. This extends to both our own product development and our collaboration with strategic suppliers and also applies in particular to our own network technologies. Going forward, artificial intelligence (AI) will increasingly be used to optimize processes. We use an AI application in 5G towers, for example.

Metrics

The metrics in this standard are not additionally validated externally. The metrics are based in part on estimates, assumptions, and projections.

ESRS E1-5 – Energy consumption and mix

Total energy consumption decreased year-on-year from 12,241,281 MWh to 11,925,733 MWh. In the reporting year, 7,819 MWh of energy was generated from renewable sources. We are not active in high climate impact sectors.

Total energy consumption related to own business activities

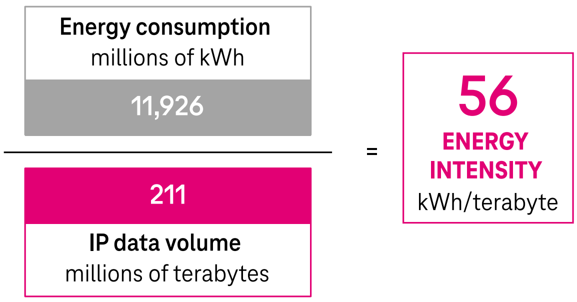
MWh

	2024	2023
Total fossil energy consumption	870,723	923,195
Consumption from nuclear sources	0	0
Total renewable energy consumption	11,055,011	11,318,086
of which: fuel consumption for renewable sources including biomass (also comprising industrial and municipal waste of biologic origin), biofuels, biogas, hydrogen from renewable sources, etc.	1,090	1,194
of which: consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	11,046,102	11,311,603
of which: consumption of self-generated non-fuel renewable energy	7,819	5,288
Total energy consumption	**11,925,733**	**12,241,281**

The disclosures are based on data reported by our operating segments. This data comes from consumption bills and figures supplied by local utilities. If it was not available in due time, projections were made to extrapolate consumption levels without precise consumption figures based on information about the significant consumers. Consumption data from the previous year and the relevant prior periods as well as additional information about adjustments to energy requirements were used for these calculations. All renewable electricity certificates are validated by an authorized or accredited certification authority.

We measure progress in improving energy efficiency through network modernization by means of the Energy Intensity ESG KPI. This KPI puts our energy consumption in relation to the transmitted data volume. Using data volume as a denominator makes it possible to create a direct link to the performance of our networks. This takes into account the data volume transported between our customers and the relevant service providers. Any multiple counting of a package across multiple sections of our networks is avoided by various assumptions, such as by limiting it to the first entry into the base network. The numerator of the KPI takes into account the total energy consumption of all energy sources – electricity, fuel, gas, and district heating. In the reporting year, energy consumption relative to IP data volume was approximately 56 kWh/terabyte (2023: 70 kWh/terabyte). The KPI is relevant because large quantities of energy are needed to operate and maintain the networks.

Energy Intensity ESG KPI



ESRS E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions

We present our Scope 1–3 GHG emissions in a standardized format to make them comparable. To that end, emissions are converted into metric kilotons of CO_2 equivalents (CO_2e). Breaking down the GHG emissions along our value chain gives us an overview of the points in the value chain where the majority of them occur.

The factors that influence gross GHG emissions are regularly reviewed. We document any changes or additions in our Emission Calculation Manual. We communicate any significant changes that affect the annual comparability of our GHG emissions. We use the following sources of emission factors in our calculations: Department for Environment, Food and Rural Affairs (DEFRA) (2024), International Energy Agency (IEA) (2021/2024), United States Environmental Protection Agency (EPA) (2024), ecoinvent version 3.10, CDP (2024), the German heat and power association (AGFW) (2023), and World Resources Institute (WRI) (2015).

We apply the market-based and location-based methods to calculate GHG emissions, particularly in relation to usage of electricity. The market-based method considers specific emissions factors of the electricity suppliers that an entity actually uses. The location-based method uses average emissions factors for the geographical location in which the electricity is consumed. Our GHG emissions are largely generated by the vehicle fleet, fossil fuels, and district heating. We differentiate between the two methods, thereby adhering to the GHG Protocol Scope 2 Guidance. We disclose market-based and location-based emissions as CO_2 equivalents (CO_2e). We calculate Scope 1 and 2 emissions as well as Scope 3 emissions based on the GHG Protocol. We derive the latter from direct supplier data as well as from indirect statistical data.

From Deutsche Telekom's perspective, the market-based approach is the leading method in non-financial reporting. We use this method to calculate emissions with a specific emissions factor (provider factor) per company. This factor depends on a company's actual energy procurement (electricity mix); procuring renewable energy (direct purchase, certificates) has a decreasing effect on emissions.

For the location-based method, we always use the IEA emissions factors for the country in question (country mix factor). A company's actual energy procurement (electricity mix), including the procurement of renewable energy that goes beyond the country mix, is not taken into account.

Gross Scopes 1, 2, 3 and total GHG emissions

t CO_2e

	2024	2023
Scope 1 and 2 (market-based)	**252,568**	**257,559**
of which: t CO_2e emissions Scope 1	236,355	239,602
of which: t CO_2e emissions Scope 2 (market-based)	16,212	17,957
t CO_2e emissions Scope 2 (location-based)	4,002,218	3,979,565
t CO_2e emissions Scope 3 (total)	**10,141,734**	**10,360,124**
of which: t CO_2e emissions Scope 3 (upstream)	7,720,301	7,750,868
of which: t CO_2e emissions Scope 3 (downstream)	2,421,432	2,609,256
Total t CO_2e emissions Scopes 1–3 (location-based)	**14,380,307**	**14,579,291**
Total t CO_2e emissions Scopes 1–3 (market-based)	**10,394,301**	**10,617,683**

The figures for 2023 were adjusted retrospectively in the reporting year due to changes in methods and structures applied. Since 2023, CO_2 emissions (Scopes 1 and 2) have also included fugitive emissions from refrigerants and fire suppressants. Excluding these fugitive emissions, CO_2 emissions would have amounted to 206 kt CO_2e in 2024 (2023: 217 kt CO_2e).

Scope 1 biogenic emissions from the incineration of organic materials amount to 299 metric tons of CO_2e. The IEA factors we use do not allow for any breakdown by biogenic emissions, so the Scope 2 "location-based" figures do not include any additional biogenic emissions from electricity consumption.

Our Scope 1–3 GHG emissions can be broken down as follows:

CO_2e emissions (Scope 1–3) [a]

74.27 % (7,720 kt) 2.27 % (236 kt) 0.16 % (16 kt) 23.3 % (2,421 kt)

Scope 3 emissions from upstream activities:
Upstream transportation and distribution, purchased goods and services, capital goods, waste generated in operations, fuel- and energy-related activities, business travel, and employee commuting.

Scope 1 emissions from Deutsche Telekom's own activities:
Primary energy requirements for operation of Deutsche Telekom's systems, buildings, and vehicles.

Scope 2 emissions from energy procured:
Generation of electricity and district heating/cooling procured by Deutsche Telekom. Renewable energy certificates are taken into account when Scope 2 emissions are determined.

Scope 3 emissions from downstream activities:
Transportation of products sold to the customer, use of sold or leased products, and disposal and recycling of sold products.

[a] As per the definition, operational control over a company, location, an establishment, or asset requires the undertaking to have the ability to control the operational activities and relationships. Based on our business models and investments, we did not identify any operational control over non-controlling interests. For this reason, the information is not broken down by the companies in which we have investments.

Scope 3 emissions declined from 10.4 million metric tons of CO_2e to around 10.1 million metric tons of CO_2e compared with the prior year. The vast majority of the Scope 3 emissions were generated in the categories of the manufacturing of products and components (in particular of devices and network technology) and from the use of our products and services (e.g., sold or leased fixed-network and mobile phones, routers, and media receivers) by our customers. The proportion of emissions calculated using primary data from suppliers was approximately 60 % in 2024. This is predominantly CDP data for the categories of purchased goods and services and capital goods, plus disposal company information for the category of waste generated in operations.

Gross Scope 3 GHG emissions

t CO_2e	2024	2023
Indirect emissions (upstream)	**7,720,301**	**7,750,868**
of which: purchased goods and services	3,901,195	4,128,589
of which: capital goods	2,143,915	2,150,032
of which: fuel- and energy-related activities	313,079	275,285
of which: upstream transportation and distribution	1,048,758	807,772
of which: waste generated in operations	17,994	41,776
of which: business travel	58,107	63,592
of which: employee commuting	237,253	283,821
Indirect emissions (downstream)	**2,421,432**	**2,609,256**
of which: Transportation of products sold to customers	294,935	421,066
of which: use of sold products	1,258,060	1,299,516
of which: disposal and recycling of sold products	34,644	39,247
of which: downstream leased assets	795,914	814,588
of which: investments	37,879	34,838

The figures for 2023 were adjusted retrospectively in the reporting year due to changes in methods and structures applied. Since 2023, CO_2 emissions (Scopes 1 and 2) have also included fugitive emissions from refrigerants and fire suppressants.

Scope 3 GHG emission categories comprise all indirect GHG emissions that occur in a company's value chain, both upstream and downstream. These categories are described in the GHG Protocol and comprise 15 specific types of emissions ranging from the production of raw materials up to the use and disposal of the products. Deutsche Telekom does not cover category 8 "Upstream leased assets," category 10 "Processing of sold products," and category 14 "Franchises" because these are not relevant for our business model.

The following overview shows the reporting boundaries, calculation methods, and calculation tools based on the categories of Scope 3 GHG emissions in the GHG Protocol.

Calculation background to the categories of Scope 3 GHG emissions

Scope 3 GHG emissions category	Description
1. Purchased goods and services	Emission factors per euro, which are based on our suppliers' Scope 1–3 emissions data divided by their total revenue, are taken from CDP questionnaires and multiplied by the order volume in the relevant procurement categories.
2. Capital goods	Similar procedure to Scope 3 category 1.
3. Fuel- and energy-related activities	The emissions were calculated by certification company SGS based on our energy consumption. Emissions factors were calculated based on data from the ecoinvent database (v3) and the guidelines of the Federal Association for Freight Forwarding and Logistics Germany (Bundesverband Spedition und Logistik – DSLV).
4. Upstream transportation and distribution	The approach for calculating the corporate carbon footprint takes into account in this category the GHG emissions caused by the upstream transportation of purchased goods and capital goods, including purchased devices. Emissions are calculated based on estimates of the proportion of product/service costs that are attributable to transportation costs. The respective share of the procurement volume is multiplied by the weighted average emissions factor of our logistics service providers (similar to the calculation of categories 1 and 2).
5. Waste generated in operations	The calculation includes all waste produced during the reporting year and the annual generation of wastewater. Datasets from ecoinvent for waste treatment were used to calculate emissions.
6. Business travel	The actual data for business travel is tracked. Traffic-specific emissions factors are used to calculate the GHG emissions. The emissions factors applied for the different modes of transport are taken from the ecoinvent database. Emissions from hotel accommodation are also included in the stated figure.
7. Employee commuting	The calculation is based on Group-wide queries on employees' commuting patterns. Remote working emissions are also included here in some parts of the Group.

Scope 3 GHG emissions category	Description
8. Upstream leased assets	Category 8 emissions are not relevant to Deutsche Telekom.
9. Transportation of products sold to customers	Emissions from our customers' shop visits are reported under category 9. To calculate these emissions, we multiply the number of shop visits (based in part on extrapolations) by the average distance traveled and by an emissions factor for passenger transportation based on a study.
10. Processing of sold products	Category 10 emissions are not relevant to Deutsche Telekom.
11. Use of sold products	Direct emissions in the use phase were calculated by determining product-specific energy consumption and the average energy mix in the relevant countries. The number of devices sold in each device category (e.g., smartphones or routers) is multiplied by the average annual power consumption (based on average product usage) for the relevant device category per country, and the result is then multiplied by the average product life cycle (e.g., three years) and the country-specific electricity grid mix factor.
12. End-of-life treatment of sold products	The emissions calculation includes the average end-of-life emissions for each device sold, which are mainly taken from internal and external product carbon footprint studies. The number of devices sold is multiplied by the average end-of-life emissions per device.
13. Downstream leased assets	The number of pieces of equipment leased to end customers (in particular routers and TV set-top boxes) was multiplied by the corresponding energy consumption of the products used and the average country-specific emissions factor for electricity. The same energy consumption data was used as in category 11. Only the emissions from the use phase were considered. All devices leased to end customers in the reporting year were factored into the calculation. Life cycle assessments were prepared for T-branded devices.
14. Franchises	Category 14 emissions are not relevant to Deutsche Telekom.
15. Investments	We began to report emissions in this category in 2022. The carbon emissions of our largest financial assets were multiplied by our ownership percentage according to the published Scope 1 and Scope 2 emissions.
16. Other Scope 3 emissions in the upstream value chain	All upstream GHG emissions were recorded in the existing eight upstream categories in accordance with the GHG Protocol.
17. Other Scope 3 emissions in the downstream value chain	All downstream GHG emissions were recorded in the existing seven downstream categories in accordance with the GHG Protocol.

We are not aware of any biogenic CO_2e emissions from the incineration or bio-degradation of biomass in our upstream and downstream value chain. Furthermore, we are not releasing CO_2e emissions or other types of greenhouse gases from life cycles of biomasses that would be relevant for the calculation of our Scope 3 emissions.

We report the Carbon Intensity ESG KPI based on revenue. The numerator of the KPI takes into account total CO_2e emissions (Scopes 1–3) for all energy sources – electricity, fuel, gas, and district heating. Location-based carbon intensity in the reporting year was 124 metric tons of CO_2e/€ million. Market-based carbon intensity was 90 metric tons of CO_2e/€ million.

For information on net revenue, please refer to the "Consolidated income statement" in the consolidated financial statements and to note 20 "Net revenue" in the notes to the consolidated financial statements.

Total GHG emissions, disaggregated by Scopes 1 and 2, and significant Scope 3 emissions

t CO_2e

	Retrospective				Milestones and target years			
	2020	2023	2024	Change against prior year %	2025	2030	2040	Annual % of target/ Base year %
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions	257,360	239,602	236,355	(1.4)	235,000			
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	n.a.	n.a.	n.a.	n.a.				
Scope 2 GHG emissions								
Gross Scope 2 GHG emissions (location-based)	4,815,423	3,979,565	4,002,218	0.6				
Gross Scope 2 GHG emissions (market-based)	2,170,492	17,957	16,212	(9.7)	17,000			
Significant Scope 3 GHG emissions								
Total gross indirect Scope 3 GHG emissions	11,353,367	10,360,124	10,141,734	(2.1)	9,873,000			
1. Purchased goods and services	4,023,919	4,128,589	3,901,195	(5.5)				
2. Capital goods	2,616,439	2,150,032	2,143,915	(0.3)				
3. Fuel- and energy-related activities	692,796	275,285	313,079	13.7				
4. Upstream transportation and distribution	1,226,450	807,772	1,048,758	29.8				
5. Waste generated in operations	33,284	41,776	17,994	(56.9)				
6. Business travel	17,996	63,592	58,107	(8.6)				
7. Employee commuting	209,451	283,821	237,253	(16.4)				
8. Upstream leased assets	n.a.	n.a.	n.a.	n.a.				
9. Transportation of products sold to customers	315,588	421,066	294,935	(30.0)				
10. Processing of sold products	n.a.	n.a.	n.a.	n.a.				
11. Use of sold products	1,038,634	1,299,516	1,258,060	(3.2)				
12. End-of-life treatment of sold products	42,534	39,247	34,644	(11.7)				
13. Downstream leased assets	1,053,875	814,588	795,914	(2.3)				
14. Franchises	n.a.	n.a.	n.a.	n.a.				
15. Investments	82,401	34,838	37,879	8.7				
Total GHG emissions								
Total GHG emissions (location-based)	16,426,150	14,579,291	14,380,307	(1.4)				
Total GHG emissions (market-based)	13,781,219	10,617,683	10,394,301	(2.1)	10,125,000	6,202,000	1,378,000	4.5

Individual values are not shown in the table because our planning is performed at an aggregated level. The figures for 2020 and 2023 were adjusted retrospectively in the reporting year due to changes in methods and structures applied. Since 2023, CO_2 emissions (Scopes 1 and 2) have also included fugitive emissions from refrigerants and fire suppressants. Excluding these fugitive emissions, CO_2 emissions would have amounted to 206 kt CO_2e in 2024 (2023: 217 kt CO_2e).

ESRS E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

We did not carry out any offsetting activities in 2024 within our own business activities with regard to GHG removals and GHG mitigation projects financed through carbon credits. The focus in the reporting year was on projects and actions for actually reducing GHG emissions.

In addition, we purchased carbon credits to further reduce emissions outside our value chain, in particular to offset internal events. The total amount of carbon credits outside our value chain that were verified against recognized quality standards and canceled in the reporting period is 35,167 metric tons of CO_2e. Of the carbon credits from removal projects, 25,000 metric tons of CO_2e are attributable to biogenic sinks and 8,000 metric tons of CO_2e are attributable to technological sinks.

The following table provides an overview of the canceled carbon credits and lists, for example, the different standards that we have selected for our portfolio. These standards guarantee the integrity and credibility of the emission reductions and ensure that the credits meet international requirements.

Carbon credits canceled in the reporting year

%

		2024
Share from removal projects		6.2
Share from reduction projects		93.8
Recognized quality standard: Verra		51.2
Recognized quality standard: Gold Standard		48.8
Share from projects within the EU		2.8
Share of carbon credits that qualify as corresponding adjustments		97.2
Total	t CO_2e	**35,167**

Carbon credits planned to be canceled in the future

t CO_2e

	Amount until 2028
Total	**625,340**

Of the carbon credits from removal projects from 2025 to 2028, 455,140 metric tons of CO_2e are attributable to biogenic sinks and 170,200 metric tons of CO_2e are attributable to technological sinks. The total amount of carbon credits outside the value chain planned to be canceled and that are based on contractual agreements is 625,340 metric tons of CO_2e. This figure does not include T-Mobile US, as the contracts will not be concluded until 2025.

ESRS E1-8 – Internal carbon pricing

In the reporting year, internal carbon pricing systems were only used at T-Mobile US. Specifically, these are shadow prices that are used in activities related to capital expenditures, in procurement, and in operations. T-Mobile US's internal CO_2e price is calculated based on the cost of acquiring guarantees of origin for electricity from renewable sources (renewable energy certificates – RECs) for the 2023 calendar year. The figure was calculated using the Emissions & Generation Resource Integrated Database (eGRID) sub-regional file for 2022 so as to ensure accurate emissions factors. The internal CO_2e price applied was USD 7.33/t CO_2e. The internal CO_2e price is used to ensure an accurate assessment of the financial effects of reducing CO_2e emissions, alongside other project costs and benefits. Savings in RECs costs achieved through lower energy consumption are also taken into account. By evaluating the cost of purchasing renewable energy, T-Mobile US can identify opportunities for cost savings. This pricing approach underpins our strategy of reducing Scope 2 emissions by prioritizing the reduction of energy consumption and investing in energy-efficient technologies. 100 % of T-Mobile US' Scope 2 emissions are covered through the internal CO_2e pricing mechanism. In 2024, T-Mobile US' location-based Scope 2 emissions amounted to 2,633,330 metric tons of CO_2e.

T-Mobile US' internal CO_2e price is based on the RECs costs and is used to assess the financial effects of energy consumption and emission reduction, but not to measure assets or determine residual value.

ESRS E5 – Resource use and circular economy

We are committed to responsible use of resources along our entire value chain. In addition to conserving and avoiding resources, we aim to make products and materials as durable as possible and to ensure they are returned into circulation at the end of their lifetimes. By means of longer use phases and reusing, we are able to not only save on resources, but also to reduce energy use and emissions, thus contributing to climate change mitigation.

The following index shows the disclosure requirements relating to the topical standard "Resource use and circular economy" identified by the materiality assessment.

ESRS index under ESRS 2 IRO-2

Disclosure requirement	Name with reference
ESRS E5 – Resource use and circular economy	
ESRS 2 SBM-3 E5	Material impacts, risks, and opportunities and their interaction with strategy and business model (use of phase-in option for ESRS 2 SBM-3 para. 48e)
ESRS 2 IRO-1 E5	Description of the processes to identify and assess material impacts, risks, and opportunities
ESRS E5-1	Policies related to resource use and circular economy
ESRS E5-2	Actions and resources in relation to resource use and circular economy
ESRS E5-3	Targets related to resource use and circular economy
ESRS E5-4	Resource inflows
ESRS E5-5	Resource outflows
ESRS E5-6	Anticipated financial effects from material resource use and circular economy-related risks and opportunities (use of phase-in option)

Strategy

ESRS 2 SBM-3 E5 – Material impacts, risks, and opportunities and their interaction with strategy and business model

The table below shows the material **impacts** of our business activities on society and the environment that we have identified through the double materiality assessment.

> We provide overarching information on how material impacts, risks, and opportunities interact with our strategy and business model in section "ESRS 2 SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model."

Value chain	Nature of impacts	Description	Reference to business model/ strategy
Resource inflows, including resource use			
Upstream	Negative (actual/short-term: <1 year)	We procure large quantities of products and components for the maintenance and build-out of fixed-network and mobile communications infrastructure (primarily for antenna or fiber-optic build-out). These **resource inflows for the network build-out** are associated with negative impacts on the depletion of non-renewable resources and the use of renewable resources.	Based on the business model
Downstream	Positive (actual/short-term: <1 year)	Through n**ew business models** such as leasing or selling refurbished technical equipment, we can have a positive impact. A leasing model for fixed-network equipment, for example, will help us achieve circular economy targets. With these models we minimize resource inflows and avoid the use of new materials. We also sell used network components through third parties to extend product life cycles.	Connection with the business model
Waste			
Own business activities and downstream	Negative (actual/short-term: <1 year)	The **construction and operation of office buildings**, which we need to provide our services, generates waste. The construction and operation of **data centers** also generates waste that can harm the environment if not disposed of properly. In addition, large quantities of electronic waste are generated during the **build-out and maintenance of the networks**.	Based on the business model
Own business activities and downstream	Positive (potential/long-term: >5 years)	Deutsche Telekom's **zero waste ambitions** may – at least potentially – have positive impacts on the avoidance of waste.	Based on the business model

The following overview illustrates Deutsche Telekom's material topic-specific **risks and opportunities** and their financial effects on our financial position, financial performance, and cash flows.

Risks and opportunities that represent a top risk in the next two years are described in the "Risk and opportunity management" section.

Value chain	Risk/opportunities	Description
Resource inflows, including resource use		
Upstream	Risk	The growing scarcity of raw materials due to wars, pandemics or the finite nature of resources poses a financial risk to our business activities. We are already facing rising material, production, logistics, and energy costs due to scarcity.

Impact, risk, and opportunity management

ESRS E5-1 – Policies related to resource use and circular economy

We aim to minimize our negative impact in the context of resource inflows and resource use in the field of network technology by taking a variety of approaches to achieve efficient use of resources and promote circular economy. The sourcing volume will remain high in the coming years due to the continuous network build-out. By promoting the reuse of products and materials, we are reducing our raw material requirements. In addition, we are endeavoring to repair more network technology components and to reuse them elsewhere, so as to reduce the amount of new equipment needed.

Starting in 2025, we aim to make our holistic approach to increasing our circularity measurable by means of a comprehensive set of KPIs (Telekom Circularity Score, TCS) and to facilitate management of the underlying strategic actions. This set of KPIs will also include a specific KPI for the circular material use ratio for network technology, which takes into account the proportion of reused or refurbished network technology and the share of circular materials when it comes to new procurement. This is another way in which we aim to counteract the negative impact of our resource inflows for the network build-out. Responsibility for implementing the circular business models lies with the relevant business units, i.e., at company level.

For more information on the development of the TCS, please refer to the section "ESRS E5-3 – Targets related to resource use and circular economy."

Our procurement strategy and the implementation policies derived from it address sustainability throughout the entire sourcing process. We are committed to ensuring that our suppliers comply with our environmental, social, and ethical sustainability requirements. In the course of tenders, we weight our environmental objectives, our suppliers' GHG emissions and, in the case of individual product groups, other social sustainability criteria. By doing so, we seek to minimize the negative influences of resource inflows for network technology while at the same time promoting sustainable innovations at our partners. The carbon footprint of our suppliers and their commitment to achieving our Scope 3 climate-related targets are particularly important to us. When it comes to new procurement, we want to increase the use of recycled materials with our approach to increasing our circular material use ratio. In addition, we are working with the manufacturers of network technology and devices to develop roadmaps and actions as part of a program to reduce GHG emissions in production and to integrate circularity aspects, among other aspects.

We use KPIs and management tools to monitor the implementation of our procurement strategy. These include, for example, scorecards that can be used to assess the sustainability of individual providers and products. Responsibility for the topic of sustainable procurement lies with the Finance Board of Management department and the Group's procurement functions. Other functional units and the GCR unit provide support in terms of content.

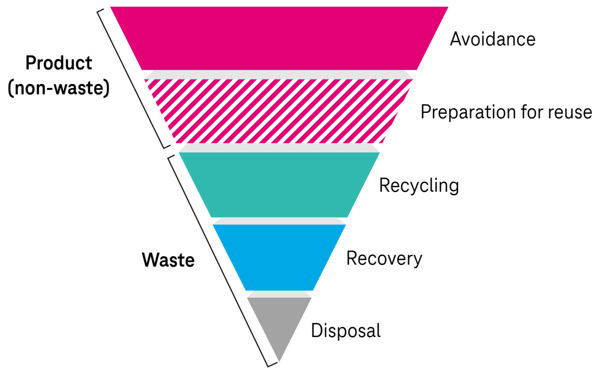
We also place particular emphasis on sustainable features when designing our products. Our holistic approach (Deutsche Telekom excluding T-Mobile US) comprises our telecommunications services, the related devices, including plastic-free packaging, and low-carbon shipping to customers. Together with our partners, for example various suppliers of buy-back, refurbishment or collection services, we create the conditions so that our customers can use the devices for longer, and for ensuring that the hardware can be reused or professionally recycled at the end of its service life. We use low-threshold return mechanisms for this, such as collection boxes in all stores. In addition, we engage in specific customer outreach or offer buy-back options to purchase used but still high-quality customer devices. This particularly affects our positive impacts in the context of our new business models. T-Mobile US utilizes global sustainability certifications to evaluate products, like handsets and tablets, and requires manufacturers to achieve a certain minimum UL ECOLOGO Certification Program or Electronic Product Environmental Assessment Tool (EPEAT) rating. The certifications covers a range of product sustainability topics, including material use and end-of-life management.

In addition, we (Deutsche Telekom excluding T-Mobile US) set requirements for the development of new devices that are sold under the T brand, which will increase the use rate of secondary raw materials, among other aspects. This design approach is driven by our Environmental Guidance. It considers factors such as the upstream negative impacts of resource inflows and – in order to mitigate these – defines actions to reuse products. In addition, the Guidance explains concepts for professional recycling and thus covers risks that may arise due to potential resource scarcity.

For more information on our Environmental Guidance, please refer to the section "ESRS E1-2 Policies related to climate change mitigation and adaptation."

Our waste management (Deutsche Telekom excluding T-Mobile US) is organized in line with the International Waste Management Framework. We strive to avoid creating waste wherever possible and to recycle as much as possible of the waste we do produce. In this context, we pursue a variety of approaches to ensure, for example, controlled handling of electronic waste generated and to avoid disposing of it in landfills. The waste pyramid provides a methodological framework for these approaches: The first step is to avoid waste, followed by reuse, recycling, and other forms of recovery (e.g., energy recovery) – so that, in the end, only those materials remain for disposal that cannot be treated at the other levels of the pyramid.

Waste pyramid in connection with Deutsche Telekom's approach to circular economy



We monitor implementation of the waste management system with a set of KPIs that are continuously being refined. We not only focus on the waste generated by Deutsche Telekom itself, but also include the upstream and downstream value chain in our analysis. In the upstream value chain, this particularly refers to increasing the share of refurbished devices or prioritizing the modular design of network technology in order to avoid waste. Later reuse, refurbishment or recycling at the end of life is also taken into account in procurement and product design. In the downstream value chain, we take responsibility for electronic waste, such as by implementing the circular economy policies mentioned above (e.g., buy-back, refurbishment, collection). Our waste management approaches aim to counteract the negative impacts of the waste we produce, for example through the construction and operation of data centers or the network build-out. The individual segments are responsible for implementing the waste management system. The most important metrics in waste management are incorporated into the TCS described above. T-Mobile US is also committed to effectively reducing and responsibly disposing of waste. Efforts are targeted to train and empower internal teams and external partners to avoid waste. In addition, we actively work with partners who help us with the repair, reuse, and resale of equipment.

Because our supply chains are international, the associated geographical regions related to the policies for resource conservation and circular economy and to the procurement strategy must be considered globally. The policies for product design and waste are focused primarily on Europe.

ESRS E5-2 – Actions and resources in relation to resource use and circular economy

The following actions are in line with our approach to circularity, our procurement strategy, and our waste management. They are ongoing with no defined end date and are applicable in Europe and, in part, globally. Some of the topics are also incorporated into the TCS, for example, the recycling of electronic waste or the refurbishment of devices. The factor of sustainability is also used in T-Mobile US' procurement assessment. The remaining actions mentioned below apply only to Deutsche Telekom excluding T-Mobile US.

The following actions apply primarily to the upstream value chain:

- We weight the sustainability factor in our procurement assessment and thus make it an economic differentiation factor in procurement. By doing so, we seek to minimize the negative influences of resource inflows while at the same time promoting sustainable innovations at our suppliers.
- We are currently introducing an internal platform for used network technology to make it available for reuse in other areas of the Company and at other locations. This aims to reduce use and procurement of new equipment.
- We collaborate with our strategic suppliers for the network build-out to reduce the quantity and size of packaging for network equipment/technology and hence also minimize negative environmental impacts, e.g., due to the high use of plastics.

The following actions apply primarily to the downstream value chain:

- Our business model in the area of customer premises equipment (CPE) – such as modems, routers, or TV receivers – has always been based on the principle of circular economy, since the devices are predominantly leased by customers and their return is thus usually ensured. We resell or re-lease the returned products, which means that they have a longer useful life than the devices that customers themselves buy or own. We also advocate the refurbishment and professional recycling of CPE, with the aim of recovering the valuable raw materials they contain.
- We also try to avoid electronic waste by informing our customers about our take-back offers and encouraging them to make use of these offers and return their end-of-life devices to us for our recycling processes.
- We have adopted a binding policy concerning the recycling of copper cables. Such cables are being partially replaced over the course of our fiber-optic build-out.

Targets

ESRS E5-3 – Targets related to resource use and circular economy

As part of our Europe-wide resource efficiency strategy, our European national companies have voluntarily committed to being fully circular in technology and devices by 2030. In this context, we aim to ensure by 2030 that almost all of the products we bring into the market are circular. This includes all network technology, most T-branded products, and a large share of the mobile devices we sell. In addition to recycling, the goal also includes aspects such as design, material selection, useful life, and durability. T-Mobile US does not have any formal targets for the circular economy.

The sub-target "zero ICT waste to landfill," which was already achieved by the end of 2022, also contributes to our European circularity target: EU law requires all electronic waste or returned devices, such as smartphones, routers, or laptops, attributable to Deutsche Telekom throughout Europe to be properly disposed of or recycled. We are also working to avoid the incineration of electronic waste. Our minimum target in this regard is to fully recycle electronic waste – both our own and that of our customers. Our target (Deutsche Telekom excluding T-Mobile US) was defined in cooperation with the segments. We monitor implementation and target achievement through overarching, consistent sustainability-related reporting. Progress is going according to plan. T-Mobile US remains committed to responsibly managing network equipment and electronic waste across the network, which is why it aims to recover as much as possible by repairing and reusing what they can and sending the rest to certified recyclers. For customers, there is a Device Reuse and Recycling program, extending the device lifecycle through reuse, recycling and resale.

Our goal of being almost fully circular in technology and devices by 2030 calls for a holistic approach across the entire value chain. We are currently developing a specific target for increasing our circular material use ratio for network technology, as mentioned before in section "ESRS E5-1 – Policies related to resource use and circular economy." Target development has already been initiated and is expected to be completed in 2025. In addition, we are currently defining various circularity KPIs that address the topics of procurement and development, packaging, use and extension of life cycle, collection of electronic waste, recycling and proper waste treatment of end-of-life devices and network technology.

Our approach to defining our circularity targets and prospectively defining targets for the TCS is based on scientific studies, case studies (including from the Ellen MacArthur Foundation), and existing policies such as the waste pyramid already described. These are intended to help us to ensure that our approaches are methodologically sound and that their substance is robust. The interests and views of our external stakeholder groups are indirectly taken into account in target setting, for example through information collected from committee work.

We aim to expand circular product design, to increase the circular material use rate and minimize use of primary raw materials, and to promote sustainable sourcing and use of renewable resources. This is the reason we are currently working on defining specific, measurable targets within this framework that will be mapped in the TCS. We plan to roll out the targets by early 2026 and make it possible to measure progress going forward.

Metrics

The metrics we report in this topical standard are based on measurements and, in part, on estimates and projections. The metrics are not additionally validated externally.

ESRS E5-4 – Resource inflows

The material resource inflows for the network build-out include, in particular, mobile communications antennas and optical fiber. Raw materials and materials for mobile communications antennas include iron, aluminum, copper, nickel, magnesium, cobalt, silicon, precious metals (gold, platinum), rare earths, plastics and fiber-reinforced plastics (FRP). The essential materials used in optical fiber are glass and plastics (PE, PC).

The overall total weight of products and technical and biological materials used during the reporting period

t	2024
Optical fiber	1,473
Mobile communications antennas	6,371
Total weight	**7,844**

Use of sustainably sourced biological materials for the build-out and maintenance of the network infrastructure is mainly limited to packaging for network technology. Specifically, this relates to the proportion of sustainably sourced fresh fibers used for network technology packaging. These fresh fibers are added to recycled fibers to increase the stability of the (cardboard) packaging. In addition, sustainably sourced fresh wood is used for cable drums. Due to the low weight of the packaging in relation to the total weight, the corresponding proportion is estimated at 5 % of the total weight. Since manufacturers did not submit any information on this, an estimate was made based on experience from previous years. The level of accuracy of the estimate is therefore limited. For certification, we primarily focus on responsible forestry labels, such as the internationally recognized certificate issued by the Forest Stewardship Council (FSC).

We use recycled materials primarily in packaging, as well as in network technology materials and components. This mainly concerns recycled metals such as iron, aluminum, and copper, and – to a lesser extent – recycled plastics. It also relates to recycled sources for packaging. Specifically, this includes recycled fibers for (cardboard) packaging in network technology and recycled or reused wood for cable drums. The recycling rate is estimated at 15 % of the total weight. This corresponds to approximately 1,177 metric tons. The level of accuracy of the estimate is considered low because no data is disclosed and the estimate is based on assumptions derived from experience in previous years.

We use historical average weights to record data on fiber-optic cables and mobile communications antennas. For cables, these are based on data on the total length of cables used and the average weight per unit of length. To calculate the total weight of the antennas, we multiply the number of antennas by the average weight per unit. When collecting data for both cables and antennas, we use two weight categories in order to measure the weights of different cable and antenna types per unit as precisely as possible.

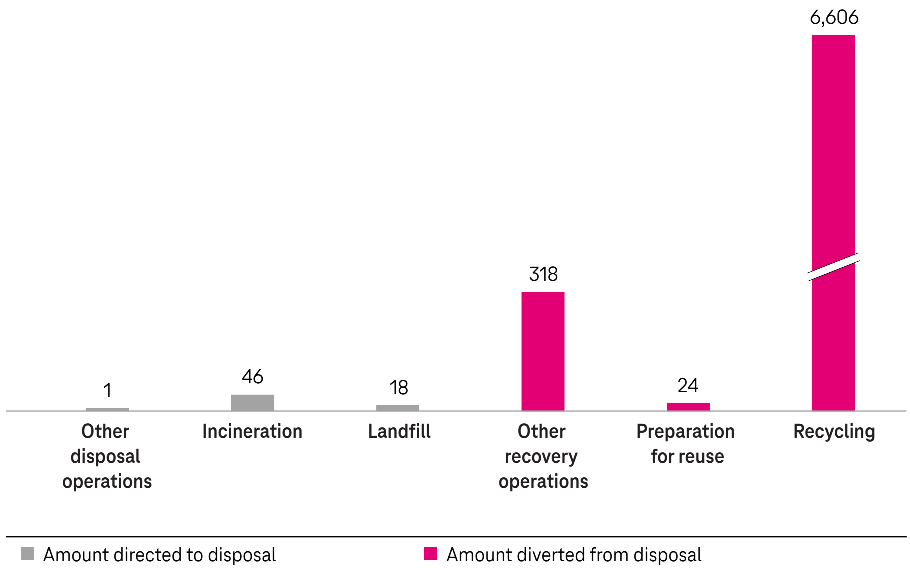
We are not aware of any overlap between reuse and recycling.

ESRS E5-5 – Resource outflows

At Deutsche Telekom, we distinguish between the following categories of technical waste: electronic waste, cables, and other. Non-technical waste is sorted into paper waste, municipal waste, and other waste. We divide these items into "hazardous" and "non-hazardous" waste. How we treat the waste depends on its categorization. To calculate the waste quantities per recovery method, the waste quantities are multiplied by quotas per recovery type depending on the type of waste. To calculate the proportion of non-recycled waste, the corresponding quantity is divided by the total amount of waste. If no separate data is available, which is the case in particular for municipal and office waste due to data collection limitations, the figures are extrapolated using average values per workplace.

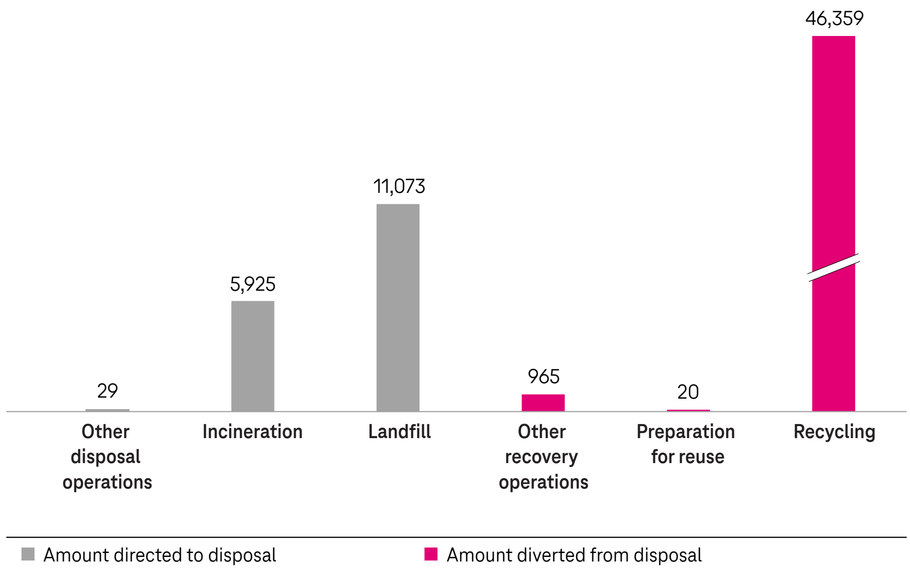
Waste generation based on waste classification – hazardous waste

t



Waste generation based on waste classification – non-hazardous waste

t



The waste processing category “preparation for reuse” does not include our refurbishing initiatives for devices, as these do not form part of our volume of waste.

Our total volume of waste generation in the reporting year was 71,385 metric tons. Of this figure, 18,420 metric tons were non-recycled waste, representing a share of 26 %. The total volume of hazardous waste generated was 7,013 metric tons. No radioactive waste was generated in the reporting year. The biomass we generate primarily relates to biowaste in office buildings and canteens. In the field of network technology and IT, the following waste is generated: metals, rare earths, nonmetallic minerals, and plastics. These elements can be found both in the waste generated by active technology (transmitter and receiver technology, storage technology, etc.) and in passive technology (e.g., cables, technology housings). The same applies to the devices taken back from customers in the fixed network (routers, TV boxes, etc.) and mobile communications businesses (e.g., smartphones, tablets). A small quantity of textiles accumulates in the office buildings from textile floor coverings and work clothing.

Social

ESRS S1 – Own workforce

Our approximately 200 thousand employees are of crucial importance for our business success. We attach great importance to employee involvement and fair behavior toward colleagues, promote diversity, and engage in systematic health management.

The following index shows the disclosure requirements relating to the topical standard “Own workforce” identified by the materiality assessment.

ESRS index under ESRS 2 IRO-2

Disclosure requirement	Name with reference
ESRS S1 – Own workforce	
ESRS 2 SBM-2 S1	Interests and views of stakeholders
ESRS 2 SBM-3 S1	Material impacts, risks, and opportunities and their interaction with strategy and business model (use of phase-in option for ESRS 2 SBM-3 para. 48e)
ESRS S1-1	Policies related to own workforce
ESRS S1-2	Processes for engaging with own workforce and workers’ representatives about impacts
ESRS S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns
ESRS S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
ESRS S1-6	Characteristics of the undertaking’s employees
ESRS S1-8	Collective bargaining coverage and social dialogue
ESRS S1-9	Diversity metrics
ESRS S1-12	Persons with disabilities
ESRS S1-14	Health and safety metrics
ESRS S1-16	Remuneration metrics (pay gap and total remuneration)
ESRS S1-17	Incidents, complaints, and severe human rights impacts

Strategy

ESRS 2 SBM-3 S1 – Material impacts, risks, and opportunities and their interaction with strategy and business model

The table below shows the material **impacts** of our business activities on society and the environment that we have identified through the double materiality assessment.

We provide overarching information on how material impacts, risks, and opportunities interact with our strategy and business model in section “ESRS 2 SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model.”

Value chain	Nature of impacts	Description	Reference to business model/ strategy
Working conditions			
Own business activities	Negative (potential/short-term: <1 year)	Wherever workers' representatives have been democratically elected, Deutsche Telekom collaborates constructively with these individuals in a spirit of trust. This ensures that appropriate consideration is given to employees' interests. The lack of collective representation of employee interests by, e.g., trade unions may have a negative impact on **social dialogue** and the right of employees to **freedom of association**. What is more, a lack of other options for workers' representatives to form alliances in the company, such as **works councils**, may also negatively impact the workforce's own interests. In the U.S., labor unions are less common in the ICT sector. The formation of unions follows applicable regulations in the U.S., and elections to establish a potential union can take place at any time.	Based on the business model
Own business activities	Negative (actual/short-term: <1 year)	Civil engineering work negatively impacts the **health and safety** of technicians and engineers as well as other Deutsche Telekom workers. We therefore pay close attention to occupational health and safety, specifically the accident and health rate in Germany. Activities such as working with power lines and high-voltage power lines and working at height increase the risk of accidents and consequently entail a health risk.	Based on the business model
Own business activities	Positive (actual/short-term: <1 year)	Our occupational health protection and safety actions promote **health and safety** among employees. This is confirmed by KPIs such as the health rate (sick leave) and the health index (mental health). In addition, other local programs help improve employees' physical fitness and increase employee satisfaction.	Based on the business model
Equal treatment and opportunities for all			
Own business activities	Positive (actual/short-term: <1 year)	**Diversity** is a focus topic at Deutsche Telekom. We are achieving positive impacts on our own workforce through a corresponding Group-wide portfolio of actions. In addition to a comprehensive training portfolio for our own employees, we actively support and promote employee networks, such as MagentaPride, Women@Telekom, BIPOC, and the Neurodiversity Network. Evaluations of employee surveys show that structural actions to increase diversity within and outside the Company's own workforce enhance the motivation and well-being of the employees concerned and can drive forward inclusion even beyond the boundaries of the Company.	Based on the business model
Own business activities	Positive (actual/short-term: <1 year)	Employing persons with disabilities has a positive impact on the **employment and inclusion of persons with disabilities** in society.	Based on the business model
Own business activities	Negative (potential/short-term: <1 year)	In the ICT industry, the pay gap has a negative impact on **gender equality and equal pay for work of equal value**. The gender pay gap has been shown to exist in Germany as well as in the United States and other European countries such as Greece. We follow the principle of gender-independent remuneration, but we cannot rule out the possibility that the gender pay gap at Deutsche Telekom may have a negative impact on our female employees.	Based on the business model

The following overview illustrates Deutsche Telekom's material topic-specific **risks and opportunities** and their financial effects on our financial position, financial performance, and cash flows.

> Risks and opportunities that represent a top risk in the next two years are described in the "Risk and opportunity management" section.

Value chain	Risk/opportunity	Description
Equal treatment and opportunities for all		
Own business activities	Risk	If demands from female employees regarding **gender equality and equal pay for work of equal value** are not met, this may result in staff shortages. Unfilled vacancies may give rise, for example, to recruitment costs and higher expenses resulting from a loss of productivity, but also erode innovation potential.

Employees affected by material impacts only include persons in our own workforce who are directly employed by Deutsche Telekom. Freelancers and workers from temporary employment agencies are not considered and not reported, since – in relation to internal, active workforce – they only account for a small number of people.

Impact, risk, and opportunity management

ESRS S1-1 – Policies related to own workforce

Working conditions (social dialogue, freedom of association, the existence of works councils and the information, consultation, and participation rights of workers) Across the globe, Deutsche Telekom is committed to freedom of association and collective bargaining and complies with the relevant national legislation. As the underlying laws and contracts vary from country to country, we manage co-determination matters locally.

Our approach to managing the material impacts in relation to social dialogue and freedom of association is enshrined in our Code of Human Rights. This Code outlines our values and standards, which are set forth in greater detail in our policies, instructions, and processes, creating our framework for action. The principles and expectations described in the Code are also aimed in equal measure at our employees and at our suppliers and business partners. We commit to respect and promote human rights and environmental matters everywhere we operate, including in our supply chains and at our business partners.

Our principles and expectations formulated in the Code include the following:

- Protection of freedom of association and the right to collective bargaining
- Promotion of occupational health and safety at work
- Prohibition of unequal treatment in employment
- Payment of adequate living wage
- Zero-tolerance approach to violence, discrimination, or harassment of any sort
- Training and skills development
- Prohibition of child labor, forced labor, and all forms of slavery as well as human trafficking.

Our Supplier Code of Conduct, which we describe in section "ESRS S2-1 – Policies related to value chain workers," requires our suppliers and business partners to comply with the principles and values set out there. These are based on the Code of Human Rights.

> The Code of Human Rights can be accessed on our website by all Deutsche Telekom employees, their representatives, and external parties.

> For further information on our Supplier Code of Conduct, please refer to section "ESRS S2-1 – Policies related to value chain workers."

The Code of Human Rights is an integral part of our policy statement on human rights. Since 2017, the Group Board of Management's commitment to respecting human rights in accordance with internationally recognized human rights standards has been manifested in the "Code of Human Rights & Social Principles". Because our focus topics in social and environmental matters may change as our Company evolves, we continuously review our related due diligence and amend the Code as needed. This was last updated in 2023. Content such as the existing Employee Relations Policy as well as additional information on shaping employee relations and employee concerns were integrated. The current structure of the revised Code of Human Rights is in line with the requirements of the German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG) and describes the implementation of our human rights and environment-related due diligence processes, including the internal complaints mechanism. The revised and externally published Code of Human Rights started to be adopted by the involved Group companies in 2023. The updated Code of Human Rights is required to be implemented by all Group companies over which Deutsche Telekom AG exerts a controlling influence as defined by the LkSG and which carry out relevant business activities that are established on a permanent basis and not limited to holding investments. A total of 144 Group companies meet these criteria. By December 31, 2024, 134 Group companies had implemented the updated Code of Human Rights.

T-Mobile US does not fall under the scope of the LkSG and applies its own Human Rights Statement that also addresses the above-mentioned principles and expectations. T-Mobile US expects its own workers as well as all its affiliated companies, business partners, suppliers, and stakeholders to comply with this commitment. All T-Mobile US employees and external parties can access its Human Rights Statement on the T-Mobile US website.

The Code of Human Rights is based on our human rights strategy. This strategy is implemented by GCR, for which the Chair of the Board of Management is responsible. Monitoring implementation of the rules set out in the Human Rights Statement by T-Mobile US is the responsibility of the senior management of Human Resources, Corporate Social Responsibility, and Legal Affairs at T-Mobile US.

The Code of Human Rights is our commitment to internationally recognized human rights and environmental law benchmarks, such as the United Nations International Bill of Human Rights, the core labor standards of the International Labour Organisation (ILO), the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD), and the United Nations Guiding Principles on Business and Human Rights. In addition to this, we also commit to the minimum social safeguards which, in line with the provisions of the EU Taxonomy, are necessary conditions for the taxonomy alignment of economic activities. The minimum social safeguards require a management system that can monitor compliance with the benchmarks referred to above. We accordingly perform human rights due diligence using a risk-based management system encompassing both the Group (Deutsche Telekom excluding T-Mobile US) and our supply chain and that we use to monitor compliance with social and environmental standards. We also maintain a process of trust-based dialogue with employees' representatives and trade unions. Deutsche Telekom created the roles of human rights officer and LkSG officer in order to monitor the effectiveness of the LkSG management system. Where required to under national regulations, Group companies have appointed monitoring roles in the same form for their business areas. A company's own business activities are defined in § 2 (6) of the LkSG as "any activity of the company to achieve its business objective" and are the same as Deutsche Telekom's "own business activities" referred to consistently elsewhere in the Annual Report. T-Mobile US performs a risk assessment using its own methodology.

For further information, please refer to the section "ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions."

If, on the basis of our performed risk analysis, we establish that a violation of our human rights obligations has already occurred or is imminent, our processes provide for taking immediate remedial action. These aim to prevent or end the violation or to minimize its extent.

For further information, please refer to the section "ESRS S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions."

Since 2016, Deutsche Telekom has had a program in place to ensure compliance with its human rights and environment-related due diligence. This program is aligned with the international benchmarks specified above. We conducted a human rights impact analysis as part of the program. This was based on the international benchmarks and involved both external and internal experts. The analysis allowed us to identify groups of individuals that may be positively or negatively impacted by our business activities and to take their interests into consideration when preparing the Code of Human Rights. They include employees in our Group companies, employees at our direct and indirect suppliers, individuals at our customers, children and young people, as well as people in affected communities. When carrying out our due diligence processes, we therefore pay special attention to the interests of particularly vulnerable groups such as children, young people, women, migrant workers and other members of national or ethnic, religious or linguistic minorities. We are constantly refining our procedures for identifying vulnerable groups. We review them at least once a year after conducting our annual human rights and environmental risk analysis.

Working conditions (health and safety) Occupational health and safety is firmly incorporated in our structures through certified management systems as well as suitable policies and guidelines. This helps us address the material impacts on the health and safety of our employees caused by office-based activities and by network development activities such as civil engineering. To do this, we use an integrated management system for health, safety, and environment (HSE). It is based on the international standards ISO 45001 and ISO 14001 and takes into account the Luxembourg Declaration on Workplace Health Promotion in the European Union and the United Nations Global Compact. Some of our Group companies use an integrated HSE quality management system that also covers the ISO 9001 international standard for quality management. Some of the Group companies are not covered by an umbrella certificate because they have their own certifications. In the Code of Human Rights, we also commit to providing occupational health and safety in the workplace for our employees that is at least equal to the level required by applicable law, and we are continuously working to further improve our working conditions.

Our HSE management system contributes to making sustainability a component of all our business processes and of our employees' everyday lives. It helps us to systematically plan, implement, and improve our HSE processes. It also assists us in bidding on new projects in which potential commercial customers require their suppliers to provide HSE certificates. The general responsibilities, duties, and programs for health and safety management are defined in our manual for the management system for quality, health, safety, and environmental protection. The manual serves to harmonize our management systems across the Group and align them in a targeted manner. The HSE management system supports health management by positively influencing the health of our employees. Deutsche Telekom also uses the management system to reduce the number of accidents at work. This system enables us to develop an action plan for occupational health and safety to further improve employees' safety, keep employees healthy, and to improve their performance. To ensure that the requirements of ISO 45001 are met, we regularly carry out internal audits at selected locations and engage independent external certification authorities to conduct annual reviews.

The HSE management system is applicable throughout the Group and covers all our activities, products, and services: fixed network/ broadband, mobile communications, internet, internet-based TV products and services, as well as information and communication-related solutions for business customers of Deutsche Telekom. Our HSE responsibility also extends to monitoring of outsourced processes.

The Board of Management department for Human Resources and Legal Affairs has overarching responsibility for managing occupational health and safety. Information about Deutsche Telekom's HSE management system is documented centrally in the intranet, where it is accessible to all employees (Deutsche Telekom excluding T-Mobile US). T-Mobile US employees are provided with the relevant documents by central HSE certification management in Germany. In accordance with the requirements of ISO 45001, all employees can participate actively in designing our occupational health and safety actions.

Equal treatment and opportunities for all (diversity; employment and inclusion of persons with disabilities; gender equality and equal pay for work of equal value). Fostering diversity, equity, and inclusion (DE&I) is an integral part of our corporate identity. We offer all employees – irrespective of age, ethnic origin and nationality, gender and gender identity, physical and mental abilities, religion, faith and belief, sexual orientation, and social origin – a wide range of development opportunities. Moreover, we do not tolerate any form of direct or indirect violence, discrimination, or harassment in the workplace. Our Diversity, Equity, and Inclusion (DE&I) Policy, which was revised and implemented throughout the Group in 2021, and our Code of Human Rights constitute important cornerstones for promoting the various aspects of diversity and eliminating discrimination.

The DE&I Policy applies to all our employees. This also includes people who are functionally equivalent to employees, for example temporary agency workers. The Deutsche Telekom Group units are responsible for implementing the Policy in their own organizations. At least every three years, the responsible HR department reviews the provisions of the Group policy to determine whether they need to be amended or adapted, and revises them if necessary. When the Policy was prepared and updated, the interests of our own workforce were taken into account through repeated consultation with selected employees. Besides the fundamental international human rights benchmarks, the Policy complies with the requirements of the EU anti-discrimination directives and applicable local laws in the countries in which we operate. Ultimate responsibility for implementing the Policy lies with the Board of Management department for Human Resources and Legal Affairs.

The DE&I Policy can be downloaded from Deutsche Telekom's website.

In addition to the DE&I Policy, we actively promote accessibility, equality, and the inclusion of people with disabilities through a comprehensive portfolio of actions. Our aim is not just to provide them with a secure livelihood, but also to continuously promote their career advancement. To make our working environment even more inclusive and implement our DE&I Policy in the business units, we are developing both area-specific and cross-divisional action plans. These address all dimensions of diversity.

For further information on the implementation of selected actions, please refer to the section "ESRS S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions."

ESRS S1-2 – Processes for engaging with own workforce and workers' representatives about impacts

We pursue dialogue-oriented employee relations throughout the Group and engage in trust-based, constructive collaboration with employees' representatives and trade unions. We manage co-determination matters locally. The Group Board of Management is generally involved in issues of particular importance.

Works councils, central works councils, and the Group Works Council represent the interests of employees in Germany. Our social partner representing the employees' interests on a European level is the European Works Council (EWC). Even in non-European nations like the United States, all of our employees enjoy the right to form and join trade unions. We also have executive staff representation committees and representatives of persons with disabilities at unit, company, and Group level. The employees' representation bodies represent the employees in different committees, such as at the meetings of the health and safety committee for occupational safety and occupational medicine matters.

Our employee surveys are a key participation format and indicator of the relationship between the Company and our workforce. These surveys are carried out in all Group companies at least every two years. The results of the surveys help us to identify weak points and determine where there is room for improvement. We use the engagement score, which we determine based on the findings of the most recent surveys at the time, as a benchmark for employee satisfaction (Deutsche Telekom excluding T-Mobile US).

For more information on our non-financial performance indicator for employee satisfaction (engagement score), please refer to the section "Management of the Group."

T-Mobile US conducts its own employee survey ("Our Voice Survey"), which is sent at least annually to all employees. The survey measures sentiment across six key areas of employee engagement that span belonging, well-being, career development, culture, and leadership support.

We also involve our workforce – for example our employee networks – when preparing policies and guidelines or when developing learning and upskilling formats. We are working with our employee networks to identify and break down systemic barriers – for example, by asking how inclusive our recruitment processes are. This aims to ensure that all employees are continuously included in these processes. Furthermore, our employees are involved in numerous initiatives aimed at promoting a low-carbon society.

Unless otherwise stated, we engage with people from our workforce on both an ongoing and an ad hoc basis.

ESRS S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns

To provide or contribute to remediation of negative impacts on people in our own workforce, we set up a complaints mechanism incorporated in our risk management system. As soon as a due diligence breach is identified in the annual or ad hoc risk analysis, our processes provide for taking immediate remedial action, as outlined under "ESRS S1-1 – Policies related to own workforce." The effectiveness of these actions is reviewed annually or on an ad hoc basis. If necessary, adjustments are made to the complaints mechanism or the action taken.

Deutsche Telekom offers all employees an opportunity to report violations of legal requirements and internal policies with the TellMe whistleblower portal and the T-Mobile US Integrity Line – anonymously if they so choose. Reports about human rights or environment-related risks can also be shared.

Risks of physical or mental violence among employees, in contact with customers, or in a private context can also be reported to the Threat Management unit. In addition, employees at our Germany sites can report grievances/complaints to the works council or to designated representatives. Other local channels are also available to our own workforce so that employees can raise their concerns or needs directly to Deutsche Telekom and have them addressed. A digital portal is available in Germany for reporting accidents and near misses, and we are currently evaluating whether this channel could be deployed throughout the entire Group. We diligently investigate all grievances/complaints and instigate suitable actions based on our findings.

Both the TellMe complaints mechanism and T-Mobile US' Integrity Line can be easily accessed through our website and via the websites of the Group companies. The rules of procedure for the TellMe portal are currently available in twelve languages. To ensure that not only our employees but also business partners and third parties are able to access the complaints mechanism, we accept reports both by phone via a toll-free, international service number as well as via email, post, or online submission through the relevant portal. All employees can find information about the availability and use of the above-mentioned channels on the intranet.

Incoming tip-offs and grievances/complaints that relate to people from our own workforce are recorded dividing them into the topic areas “human rights” (including the right to freedom of association), “occupational health and safety,” and “discrimination.” The effectiveness of TellMe is reviewed once a year in line with the requirements of the LkSG. We also perform ad hoc reviews if the Company is expecting a significant change in or expansion of the risk situation in its own business area or at direct suppliers. This may be necessary, for example, when launching new products, projects, or a new business area. The effectiveness assessment includes the continuous evaluation of feedback from whistleblowers, the review of the implementation and accessibility of the complaints mechanism, and the risk-based evaluation of stakeholder engagement, e.g., through employee surveys. We also involve employees’ representatives and works councils when necessary in relation to our own business operations.

You can find further information on the way we track and monitor the grievances/complaints that have been raised and addressed under “ESRS G1-1 – Business conduct policies and corporate culture.” There, we also discuss to what extent our employees are aware of the mechanism and trust in it if they wish to report concerns or needs and have them investigated. We also describe the strategies we have in place regarding the protection of individuals that use them against retaliation in this section.

ESRS S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Working conditions (social dialogue, freedom of association, the existence of works councils and the information, consultation, and participation rights of workers) We rely on close cooperation with employees’ representation bodies so as to mitigate any negative impacts on our own workforce in countries where there are no trade unions. We appreciate and make use of the dialogue with both company-based and unionized employees’ representatives. It is crucial in this context that employees are aware of their right to freedom of association and that this is not restricted by the employer.

In July 2023, we updated our existing human rights training and made it available in additional languages to raise employee awareness of the right to freedom of association and collective bargaining, health and safety, and other matters. This training also addresses aspects of diversity, equity, and inclusion. The human rights training is designed to do more than just impart basic knowledge to our employees. It enables them to apply their new knowledge in practical decision-making scenarios directly in the context of Deutsche Telekom. For example, employees are informed as part of their training that grievances, such as an infringement of the right to freedom of association, can be reported through the TellMe whistleblower portal, regardless of circumstances specific to a particular country. The overarching target of the human rights training is to empower employees to actively protect themselves and others in their own working environment. The training is available in fourteen languages on Deutsche Telekom’s online training platform. Employees of T-Mobile US do not have access to the platform. They receive annual training on T-Mobile’s Code of Business Conduct, including how to report grievances.

We monitor the effectiveness of the updated human rights training by measures such as recording the number of employees who have taken part in the training since it became available on a six-month basis. We also evaluate employee feedback and analyze participation rates, access options, and any language barriers.

As part of the LkSG management system, we carry out annual risk analyses (Deutsche Telekom excluding T-Mobile US), also for the internal business units in the included Group companies. The analyses are designed to enable us to derive targeted follow-up actions and therefore effectively eradicate or mitigate risks.

For further information on the risk analysis under the LkSG, please refer to the section “ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions.”

T-Mobile US conducts quarterly enterprise-wise risk assessments that consider a range of factors, including operations and social risks that impact its own workforce. The results are regularly reported to the relevant bodies, including representatives of Deutsche Telekom AG.

As part of the processes for identifying and assessing material impacts, risks, and opportunities as described in section “ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks, and opportunities,” we have carefully addressed the potential and actual material negative impacts of our business activities on our own workforce. This was done quantitatively as well as qualitatively. We have not identified any further areas in which our practices could have a material negative impact on our own workforce that go beyond the topics described in section “ESRS 2 SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model.” For this reason, we refrain from describing further approaches beyond the actions already reported on in this section.

The processes for monitoring our LkSG management system described under "ESRS S1-1 – Policies related to own workforce" apply to ensure compliance with our due diligence obligations. No specific budget is allocated for managing material risks arising from social dialogue and freedom of association. In general, the actions described in this topical standard do not require any significant operating or capital expenditure.

Working conditions (health and safety) Our focus in the area of health and safety is on providing and implementing mitigation and prevention measures. If it is not possible to avoid or eliminate sources of danger, we follow the hierarchy of occupational safety and health measures. This hierarchy is structured as follows:

1. Safety-related actions to ensure physical separation between the source of danger and our workforce (e.g., barriers or covers on machines)
2. Organizational measures (e.g., restricting or prohibiting access to the danger zone)
3. Use of personal protective equipment (e.g., helmets, safety shoes, or hearing protection)
4. Behavior-related actions (e.g., instructions, for example in connection with fire safety or the use of ladders, or operating instructions)

A range of occupational health and safety standards apply across the Group. They govern the safe and ergonomic configuration of buildings and vehicles, among other aspects. In addition to services available to all employees, there are also target group-specific actions for occupational health and safety. These include driver safety training for certain areas of work or special safety training for employees who are deployed to work at cell tower sites. In addition to preventing accidents, these actions aim at promoting the health and productivity of employees.

We also have an extensive range of options available for our employees in offices to counteract lack of movement. For many years, our offices in Germany, for example, have been equipped exclusively with height-adjustable desks to create an ergonomic working environment. In addition, our health program in Germany includes course options for regular exercise. The health promotion program also includes courses on nutrition, stress prevention, and mindfulness. The programs are generally open to all employees. Furthermore, our Employee and Executive Advisory Service provides support in the area of psychosocial health. Offered in different languages, the service extends to advice in cases of discrimination and other misconduct, overwhelming situations in life and extreme events as well as crisis prevention. We are currently examining the extent to which we can enhance our digital health promotion offerings, which are available to all employees across the Group, regardless of location or time. Our activities to promote health awareness and health literacy among our employees not only help the individual employees and safeguard long-term business success, they also have a positive impact beyond the boundaries of the Company. For example, we also make selected preventive healthcare services available to the families of our employees.

For further information on our actions to mitigate negative impacts on both our own workforce and the workers in the value chain, see the section on civil engineering work related to network development activities in the section "ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of these actions."

We determine risks to health and safety on a regular basis. To enable a safe working environment, we prepare risk assessments for all types of jobs and derive appropriate measures from them. In line with the PDCA cycle (plan, do, check, act), which is a key tool for continuously developing and improving our management systems, we systematically review and measure the effectiveness of our actions. We regularly investigate how occupational health and safety are integrated into management and leadership activities and derive improvement actions as needed. To do so, we review the results of our employee survey, evaluating stress prevention measures under collective agreements, competitor benchmarks, and other relevant indicators. External experts check that mandatory actions such as fire safety instructions or risk assessments are carried out regularly and successfully. In addition, we receive monthly reports from our service providers regarding which and how many occupational health and safety services, products, and programs are being made use of, and we use this information to manage our actions.

In the Group companies, health & safety managers are responsible for specific processes and offerings that take into account legal requirements and conditions at operational level. The budget for occupational health and safety at the individual companies is calculated based on the employees' working hours. We use this data to predict the minimum amount we expect to need for the coming year. We also provide financial resources for in-depth actions or voluntary services to promote health in the workplace. However, the actions described above do not require significant operating or capital expenditure.

Equal treatment and opportunities for all (diversity; employment and inclusion of persons with disabilities; gender equality and equal pay for work of equal value). We provide our employees with competitive, performance-related remuneration that is aligned with the overall conditions of the relevant national labor markets. With our Global Compensation Guideline for executives, collective agreements, and other provisions under collective and works agreements, we aim to ensure a transparent and gender-neutral pay structure and remuneration at Deutsche Telekom excluding T-Mobile US. These arrangements are designed to ensure that remuneration at Deutsche Telekom is based on the type and scope of the work performed and the requirements of the relevant position, irrespective of the diversity characteristics described in section "ESRS S1-1 – Policies related to own workforce." This aims to counteract the potential material negative impacts on our own workforce in connection with the gender-specific pay gap in the ICT industry. T-Mobile US is implementing the following actions to enable gender-neutral pay, including: equal pay for equal performance (irrespective of gender or origin), regular review of salary packages, and legal salary transparency through disclosure in job advertisements.

We compiled a report on equal pay and equality for the first time for 2016 in order to comply with the legal requirements of the Act to Promote Transparency of Wage Structures among Women and Men in Germany. The report is updated every five years. The most recent report, which is for the 2021 financial year, has been published in the Company Register. We have agreed action plans with our segment heads to increase the proportion of women in management positions, with the aim of supporting the work-life balance by means such as flexible working hours, hybrid working models, or part-time employment. We also want to support the cultural transformation with regard to work-life balance through training and workshops, to improve chances for equal participation of women in the labor market.

> We describe our goal of increasing the proportion of women in management positions in section "ESRS S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities."

We constantly monitor the increasing demand for skilled workers, particularly IT and tech experts, and compete for the best talents. We continuously evaluate experience reports and feedback to obtain a better understanding of the well-being of our female talents and to assess how they rate us as a company. We manage the risk of any potential staff shortages that could arise as a result of the gender pay gap in the ICT industry by organizing targeted recruitment initiatives emphasizing diversity, equity, and inclusion. We use partnerships and events to specifically address female talent, promote generational change between male managers who will soon be retiring and female junior managers (mentoring), and increasingly fill management positions with female talents. We also work closely with universities and service providers to find joint ways of providing even more support for women in technical professions. We evaluate the quality of our programs in feedback sessions and on the basis of the results of our employee survey, and we regularly review how we can further advance diversity, equity, and inclusion in dialogue with our partners. The increasing demands of employees on employers are identified by operational risk management and considered by the competent HR department: To address these challenges, we are continuously strengthening Deutsche Telekom and T-Mobile US as attractive employer brands and proactively seeking out new specialist staff and talent worldwide. All aspects outlined above are part of operational risk management.

By offering a wide variety of training options, we also aim to promote a common understanding of diversity, equity, and inclusion within Deutsche Telekom and to raise awareness for unconscious bias among our employees. We also endeavor to break down barriers that exist in the use of products and technology. In 2024, we rolled out our first entirely barrier-free training, the "DE&I Baseline" e-learning. We developed the training program together with external experts and our employee networks. It includes personal stories of employees linked to all relevant diversity dimensions and is available to all employees in eleven languages on Deutsche Telekom's online training platform. A diversity glossary comprising over 100 terms related to diversity, equity, and inclusion, published both internally and externally, complements the training. T-Mobile US employees do not have access to the platform, but do receive training opportunities that likewise integrate the topics of diversity, equity, and inclusion.

In 2024, we additionally placed a special focus on promoting multipliers for diversity, equity, and inclusion within our own workforce. To do so, we increased the involvement of our employee networks, among other aspects. They play an important role in raising awareness among our employees of the diversity dimensions referred to in section "ESRS S1-1 – Policies related to own workforce."

Deutsche Telekom also has various initiatives in place to ensure an inclusive working environment. These help us to make the working environment accessible for people with disabilities, adapt workplaces accordingly, and provide technical assistance. The IT and application landscape will also be improved in terms of internal and external accessibility. In addition to the overarching Group activities, the units introduced own actions tailored to their operations. They are designed to raise awareness for the needs of persons with disabilities and to meet the specific requirements of the job in question. One such example is driver safety training for field staff who are wheelchair users or with hearing difficulties.

Detailed information on our actions and initiatives to advance diversity, equality, and inclusion will be disclosed in our DE&I Report, which we plan to publish for the first time in the future for Deutsche Telekom excluding T-Mobile US.

We measure the effectiveness of our initiatives to advance material positive impacts on diversity, equity, and inclusion within our own workforce using the standard processes described in section “ESRS S1-2 – Processes for engaging with own workforce and workers' representatives about impacts.”

We use the processes of risk analysis under the LkSG to determine which actions are necessary and appropriate to manage certain actual or potential negative impacts on our own workforce.

For further information, please refer to the section “ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions.”

The central diversity team is responsible for managing the material impacts relating to our work to advance diversity, equity, and inclusion. Area-specific contact persons were also appointed for the individual segments and countries. A central budget for Group-wide actions and local budgets for country-specific actions are available to implement the individual actions. The Competitive Workforce (CWF) department is responsible for implementing actions to manage material negative impacts in connection with gender equality and equal pay. The actions described above do not require additional significant operating or capital expenditure. Unless specified otherwise, all actions described in connection to this standard to mitigate negative impacts and advance positive impacts are ongoing and have no defined end date.

Targets

ESRS S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

We carry out actions designed to steadily increase the proportion of women in management positions at Deutsche Telekom. In this way, we address the main impacts and risks that arise for us in connection with gender equality within our workforce. The Board of Management of Deutsche Telekom AG has set itself the goal of increasing the proportion of women in management positions to 30 % by 2025. Progress will be measured against the prior-year figure.

We map the current percentage in the new sustainability reporting in section “ESRS S1-9 – Diversity metrics.”

We have not set any further specific time-bound or outcome-oriented targets for mitigating the negative and advancing the positive impacts on our employees. We review the effectiveness of our policies and actions related to our own workforce in the context of the LkSG risk process and regularly report the results to the Board of Management of Deutsche Telekom AG.

Metrics

Beginning with the number of employees, which we map in the chapter “Results of operations of the Group” and in section “ESRS 2 SBM-1 – Strategy, business model, and value chain,” the following data covers all consolidated Group companies. Unless specified otherwise, we use full-time equivalent (FTE) as the unit of measurement for the number of employees. FTE indicates the notional number of full-time equivalents. All figures are based on more precise data. Since some values are rounded, totals may differ slightly. We use annual averages to calculate some of the ratios.

The following data was collected as of October 31, 2024 to form the basis for the required extrapolations for year-end figures. Exceptions are the totals in the tables “Number of employees by gender” and “Number of employees by contract type, broken down by gender” and the two metrics divided by country (Germany and USA) in the table “Number of employees in countries” in section “ESRS S1-6 – Characteristics of the undertaking's employees.” This data was collected and presented as of December 31, 2024. The same applies to all metrics in section “ESRS S1-17 – Incidents, complaints, and severe human rights impacts.”

The data provided in sections "ESRS S1-14 – Health and safety metrics" and "ESRS S1-17 – Incidents, complaints, and severe human rights impacts" was collected from all companies with 1 FTE or more. The data in sections "ESRS S1-8 – Collective bargaining coverage and social dialogue," "ESRS S1-9 – Diversity metrics," "ESRS S1-12 – Persons with disabilities," and "ESRS S1-16 – Remuneration metrics (pay gap and total remuneration)" was collected from all companies with at least 100 FTEs. The same applies to the other not previously stated data in section "ESRS S1-6 – Characteristics of the undertaking's employees." As a result, 97 % of the total workforce is covered.

The metrics in this topical standard are not additionally validated externally.

ESRS S1-6 – Characteristics of the undertaking's employees

Number of employees by gender

	Dec. 31, 2024	
	Number of employees (FTEs)	Number of employees (headcount)
Male	128,880	132,306
Female	69,302	73,705
Other	12	15
Not reported		
Total number of employees	**198,194**	**206,026**

The figures in the "Other" and "Not reported" categories are identical because our HR master data system currently cannot distinguish between these two categories. To ensure that the totals are added up correctly, the corresponding figure is therefore only shown in the "Other" line.

Number of employees in countries where the Company has at least 50 employees representing at least 10 % of its total number of employees

	Dec. 31, 2024	
	Number of employees (FTEs)	Number of employees (headcount)
Germany	74,550	76,837
United States	65,355	69,840

Number of employees by contract type, broken down by gender

FTEs

	Female	Male	Other [a]	Not reported	Total
Total number of employees	**69,302**	**128,880**	**12**		**198,194**
of which: permanent employees	68,139	127,201	12		195,352
of which: temporary employees	1,164	1,679	0		2,842
of which: non-guaranteed hours employees	0	0	0		0

[a] Gender as specified by the employees themselves.

The figures in the "Other" and "Not reported" categories are identical because our HR master data system currently cannot distinguish between these two categories. To ensure that the totals are added up correctly, the corresponding figure is therefore only shown in the "Other" column.

A total of 26,617 employees left the Company during the reporting period. Employee turnover was at 13.3 %.

For further information on the development of personnel costs and the average headcount, please refer to note 25 "Average number of employees and personnel costs" in the notes to the consolidated financial statements.

ESRS S1-8 – Collective bargaining coverage and social dialogue

The Group-wide coverage rate in 2024 was 45.8 %. We have collective agreements in place in the European Economic Area (EEA).

Collective bargaining coverage and social dialogue

	Collective bargaining coverage		Social dialogue
Coverage rate	Employees – EEA (for countries with >50 empl. representing >10 % total empl.)	Employees – Non-EEA (estimation for regions with >50 empl. representing >10 % total empl.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10 % total empl.)
0–19 %		North America: 0.0 %	
20–39 %			
40–59 %			
60–79 %	Germany: 75.6 %		
80–100 %			Germany: 95.4 %

In 2004, an agreement was concluded for the first time on the establishment of the European Works Council (last amended in 2019). It represents the interests of our employees within the countries of the EU and the EEA.

ESRS S1-9 – Diversity metrics

Number of employees in upper management, by gender

	Dec. 31, 2024	
	Headcount	%
Male	1,684	72.0
Female	655	28.0
Total	**2,340**	**100.0**

The combined categories "Other" and "Not reported" were also included in the query, but are not relevant to determine the composition of upper management.

Employee headcount by age group

	Dec. 31, 2024	
	Headcount	%
Under 30	38,323	18.7
30 to 50	108,542	53.1
Over 50	57,549	28.2
Total	**204,414**	**100.0**

ESRS S1-12 – Persons with disabilities

In 2024, the percentage of persons with disabilities at Deutsche Telekom was 5.8 %.

Irrespective of country-specific legal requirements, we have established a uniform definition of disability to enable coordinated action and reporting across the Group: A person has a disability if they have physical, mental, cognitive, or sensory impairments that, in interaction with attitudinal and environmental barriers, may hinder or prevent their equal participation in society.

ESRS S1-14 – Health and safety metrics

Almost all Deutsche Telekom employees, or 95.5 % of the workforce, are covered by a health and safety management system. In 2024, there were 0 fatalities attributable to work-related injuries. The number and rate of recordable work-related injuries was 890 and 2.5 %, respectively. The number of days lost to work-related injuries and fatalities from work-related accidents was 13,944.

ESRS S1-16 – Remuneration metrics (pay gap and total remuneration)

The average unadjusted gender pay gap between female and male employees in 2024 was 14.5 %. The average adjusted gender pay gap was 7.7 %. We determined the average unadjusted gender pay gap as the weighted average of the unadjusted pay gap of the Group companies included in this report. For the average adjusted gender pay gap, we first determined the pay gap for each pay group for each Group company (as per the applicable definition in the company concerned) and then calculated the weighted average.

The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual) is 491 to 1.

For these remuneration metrics, we calculated the individual total remuneration of the employees as the sum of the fixed and variable (short- and long-term) gross cash remuneration received in the reporting period. To calculate the gender pay gap, it was converted into hourly pay, and for the total annual remuneration ratio, it was converted into a full-time annual equivalent.

In addition to the gross cash remuneration, we included all and any relevant remuneration in kind, share-based payments, and pension commitments in the total remuneration of the highest-paid individual. By contrast, the total remuneration of the other employees does not include remuneration in kind, share-based payments, or pension commitments. This simplification does not materially impact the reportable remuneration metrics.

ESRS S1-17 – Incidents, complaints, and severe human rights impacts

In 2024, 15 incidents of discrimination, including harassment, within our own workforce were reported through the TellMe and Integrity Line channels described in section "ESRS S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns." In addition, seven complaints related to other social factors or aspects were received through these channels from our own employees. We have not paid any fines, penalties or damages in connection with the aforementioned incidents and complaints. No severe human rights incidents connected to our own workforce (e.g., forced labor, human trafficking, or child labor) were reported in 2024.

ESRS S2 – Workers in the value chain

Our perception of ourselves as a company that acts sustainably includes assuming responsibility along our entire value chain. We have made a commitment to respect and promote human rights and we also expect our business partners and suppliers to do the same.

The following index shows the disclosure requirements relating to the topical standard "Workers in the value chain" identified by the materiality assessment.

ESRS index under ESRS 2 IRO-2

Disclosure requirement	Name with reference
ESRS S2 – Workers in the value chain	
ESRS 2 SBM-2 S2	Interests and views of stakeholders
ESRS 2 SBM-3 S2	Material impacts, risks, and opportunities and their interaction with strategy and business model (use of phase-in option for ESRS 2 SBM-3 para. 48e)
ESRS S2-1	Policies related to value chain workers
ESRS S2-2	Processes for engaging with value chain workers about impacts
ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns
ESRS S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions
ESRS S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Strategy

ESRS 2 SBM-3 S2 – Material impacts, risks, and opportunities and their interaction with strategy and business model

The table below shows the material **impacts** of our business activities on society and the environment that we have identified through the double materiality assessment. We included the findings of our regular risk analysis in accordance with the German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG), which we conducted in 2023, in the assessment.

We provide overarching information on how material impacts, risks, and opportunities interact with our strategy and business model in the "ESRS 2 SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model" section.

Value chain	Nature of impacts	Description	Reference to business model/ strategy
Working conditions			
Upstream (suppliers)	Negative (potential/short-term: <1 year)	Manufacturing electronic devices and network infrastructure, including their components, and the associated extraction of raw materials, as well as civil engineering work, can have negative impacts on the **health and safety** of workers. The activities in the upstream value chain are associated with numerous health and safety risks, e.g., accidents caused by the use of heavy machinery and inadequate safety precautions. The extent of the impacts can be very high, as long-term damage to health and psychological stress have been reported.	Connection with the business model
Upstream (suppliers)	Negative (potential/short-term: <1 year)	There may be negative impacts with regard to the payment of **adequate wages** in the case of manufacturing in the ICT industry and the associated extraction of raw materials, as well as in the case of civil engineering work. There is considerable cost pressure in the industries, which often translates into low pay for workers lower down in the supply chain.	Connection with the business model
Upstream (suppliers)	Negative (potential/short-term: <1 year)	Manufacturing in the ICT industry can have a negative impact on the right to **collective bargaining, including the proportion of the workforce covered by collective agreements**. In the global electronics industry, the level of trade union representation tends to be low, and companies are said to resist unionization. This can lead to a situation in which in particular workers lower down the supply chain are at a disadvantage compared with their employer when it comes to negotiating their employment contract and the aspects set out in it (e.g., pay, working hours. and health and safety).	Connection with the business model
Upstream (suppliers)	Negative (potential/short-term: <1 year)	The manufacture of electronic devices and network infrastructure, including their components, can have negative effects on the **freedom of association** of workers. Restricting or suppressing the right to associate freely with others and to unionize violates fundamental labor rights.	Connection with the business model
Equal treatment and opportunities for all			
Upstream (suppliers)	Negative (potential/short-term: <1 year)	In the ICT industry, potential pay gaps can have a negative impact on **gender equality and equal pay for work of equal value**. Gender-specific pay differentials (gender pay gaps) and classifications that do not correspond to abilities are widespread in some countries. We cannot therefore rule out that there may be negative effects on female employees.	Connection with the business model
Other work-related rights			
Upstream (suppliers)	Negative (potential/short-term: <1 year)	Manufacturing in the ICT industry and the associated extraction of raw materials can have negative effects on workers through **forced labor**. The risk of forced labor is a fundamental problem in global supply chains.	Connection with the business model

Workers in our value chain who are affected by material impacts include the following:

- All workers working for direct and indirect suppliers in the upstream value chain
- Workers who are particularly vulnerable to negative impacts whether due to their inherent characteristics or to the particular context, such as trade unionists, migrant workers, home workers, women, or young workers

They do not include:

- Workers who work at Deutsche Telekom locations but are not members of our own workforce. These include self-employed workers and workers provided by third-party entities primarily engaged in ‘employment activities’
- Workers working for entities in our downstream value chain (e.g., those involved in the activities of logistics or distribution providers, franchisees, retailers)
- Workers working in the operations of a joint venture or special purpose vehicle in which Deutsche Telekom holds investments

In section “ESRS S1-1 – Policies related to own workforce,” we explain in the context of describing our Code of Human Rights how we have identified whether workers with specific characteristics or in certain working environments and performing specific tasks may be at greater risk.

Impacts, risks and opportunities management

ESRS S2-1 – Policies related to value chain workers

We assess all material negative impacts on society and the environment related to value chain workers. Management of these impacts and the resulting requirements are embedded in our procurement practices, which we explain in the following.

With its Supplier Code of Conduct, Deutsche Telekom excluding T-Mobile US requires its suppliers to act in accordance with the principles and values set out in the Code of Conduct (see section “ESRS G1-1 – Business conduct policies and corporate culture”) and the Code of Human Rights (see section “ESRS S1-1 – Policies related to our own workforce”) and to implement them along their value chains. Both the Code of Human Rights and the Supplier Code of Conduct are based on the requirements of the LkSG.

The Supplier Code of Conduct is a component of Deutsche Telekom’s general purchasing terms and conditions of purchase, but is not intended to replace the laws and regulations in force in any country where our suppliers operate. It seeks to encourage and respect these laws and regulations and ensure that they are faithfully and effectively enforced. In accepting our Supplier Code of Conduct, our suppliers make a commitment to respect internationally applicable human rights and, where necessary, to take effective actions to remedy human rights abuse of any kind and fair labor violations. They also agree to disclose any such incidents, including potential violations, and to cooperate in investigations into such happened or alleged violations. Our principles and expectations formulated in the Supplier Code of Conduct include the following:

- Protection of freedom of association and the right to collective bargaining
- Promotion of occupational health and safety at work
- Prohibition of unequal treatment in employment
- Payment of adequate living wage
- Prohibition of child labor, forced labor and all forms of slavery such as trafficking in human beings
- Prohibition of the use of raw materials that are the subject of conflict

With Deutsche Telekom AG’s Supplier Code of Conduct, we have made a commitment to ensure compliance with the following internationally recognized standards:

- Conventions of the International Labour Organization (ILO) and the Organization for Economic Cooperation and Development (OECD)
- The United Nations’ Universal Declaration of Human Rights (UN)
- UN Global Compact
- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNU Declaration)
- United Nations Guiding Principles on Business and Human Rights (Ruggie Principles)

T-Mobile US does not fall under the scope of the LkSG and has its own Code of Conduct (see section “ESRS G1-1 – Business conduct policies and corporate culture”), Human Rights Statement, and Supplier Code of Conduct, which also addresses the above-mentioned principles and expectations. In addition, the T-Mobile US Responsible Sourcing Policy applies to purchases of goods that include raw materials potentially sourced from conflict and high-risk regions.

All persons who identify compliance issues along our supply chain with respect to the relevant supplier codes of conduct can report their observations through the channels described in detail in section "ESRS S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns". If we become aware of a violation of the requirements laid down in Deutsche Telekom's Supplier Code of Conduct, we have a risk incident process in place in accordance with the LkSG, which we describe in the following. The information we receive is incorporated into the regular LkSG risk analysis. This analysis is part of risk management and serves to identify human rights and environmental risks, including those at our direct suppliers. The information on the LkSG risk processes presented in this topical standard refers exclusively to the approach pursued by Deutsche Telekom's central procurement organization. T-Mobile US performs a risk assessment using its own methodology.

We provide information on T-Mobile US' entity-specific risk assessment in section "ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions."

Responsibility for sustainability in procurement lies with the Board of Management department for Finance and the Group's procurement functions. Other functional units and sustainability management provide topic-specific support.

In section "ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions," we address cases in which the risk analysis to be carried out regularly in accordance with the LkSG has revealed that there are compliance risks related to the aforementioned requirements and standards in the upstream value chain, and explain the actions derived from these findings.

ESRS S2-2 – Processes for engaging with value chain workers about impacts

We (Deutsche Telekom excluding T-Mobile US) regularly review the working conditions at our suppliers' production sites within the scope of audit programs. To do this, we ask workers in the upstream value chain to incorporate their perspectives into our due diligence process as part of the mobile workers' surveys. This gives our suppliers' employees an opportunity to provide anonymous information about the social and ecological situation at their company. The surveys are primarily used to gain an impression of the local working conditions in order to then initiate further actions as needed, such as specific on-site reviews (social audits). The social audits are conducted by external auditors. T-Mobile US has not put a process in place to take into account the perspectives of the workers in the upstream value chain. However, the company does conduct audits of suppliers as needed in order to review the supplier requirements.

We focus our audit activities on strategically important and particularly risky suppliers. They are audited regularly. This is how we obtain transparency about the risks in our supply chain. If production facilities are outsourced, their operators – and therefore indirect suppliers – are also audited.

The social audits are conducted within the framework of our cooperation with the Joint Alliance for CSR industry initiative (JAC, formerly Joint Audit Cooperation), which comprises 29 globally active telecommunications companies (Deutsche Telekom excluding T-Mobile US). This alliance enables us to cover a larger number of relevant suppliers in our supply chain. At our suppliers, labor and social standards are audited this way.

ESRS S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

If it is known that suppliers have violated specific human rights or environmental regulations, the risk incident process in place at Deutsche Telekom excluding T-Mobile US provides for the following. In the first step, the central procurement organization verifies the plausibility of the suspected case as part of an ad hoc risk analysis and, if the result is positive, forwards it to an expert committee. This committee comprises representatives from GCR, Law & Integrity, and Procurement and is coordinated by the corporate procurement organization. If the committee decides to obtain a statement from the supplier concerned, it contacts the supplier without delay in the second step of the process. Where the violation of a human right or environmental obligation is confirmed, we may require the supplier concerned, if necessary with support from Deutsche Telekom, to define mitigation measures and agree deadlines for their implementation with us. If the steps taken prove to be insufficient, the expert committee escalates the case to the "LkSG Risk Board." If there is a risk that the supplier will not meet the requirements, the expert committee can recommend the temporary suspension of business relations. If the violation is severe or cannot be ended, then termination of the business relationship may be considered as a last resort.

Where indirect suppliers infringe the rules, we likewise seek contact with our direct suppliers that have a business relationship with the indirect suppliers, as we ourselves do not have a contractual relationship with them. We are committed to working with all parties involved to create an approach for preventing, eliminating or minimizing human rights violations, including for indirect suppliers, and to implement this in a spirit of partnership.

T-Mobile US expects its suppliers to monitor their compliance with the Supplier Code of Conduct. They are expected to report any concerns or suspected violations of the requirements of the Supplier Code of Conduct through the T-Mobile US Integrity Line and to promptly remediate any violations that are identified. T-Mobile US reserves the right to audit suppliers to confirm that they comply with the supplier requirements. Violations of the requirements of the Supplier Code of Conduct may jeopardize the business relationship with T-Mobile US, up to and including termination of that relationship.

Deutsche Telekom's suppliers must give their workers effective processes and a safe environment to provide their grievances and complaints and feedback in accordance with the relevant supplier codes of conduct. We expect our suppliers to regularly inform their employees about the grievance mechanisms, train them how to use them and regularly review the reporting procedures. Additionally, they are expected to regularly document the progress made in clarifying the allegations made and resolving the reported issues. The grievance mechanisms must be accessible and include an option to report anonymously where reasonable or possible. Workers and/or their representatives must be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination or retaliation.

We describe our strategies for protecting individuals against retaliation in section "ESRS G1-1 – Business conduct policies and corporate culture."

Furthermore, our suppliers must inform their workers about how to use Deutsche Telekom's TellMe whistleblower portal or T-Mobile US's Integrity Line, both of which are publicly available. If a supplier does not have its own complaints mechanism, this information is sufficient.

For more information on the whistleblower mechanism, see section "ESRS G1-3 – Prevention and detection of corruption and bribery."

The contracts entered into with our suppliers and the supplier codes of conduct make explicit reference to TellMe and Integrity Line and provide a link to these channels, which means that all contracting parties are aware of and have access to the complaints mechanism.

For more information on how availability of the channels is supported, see sections "ESRS S1-3 – Processes to remediate negative impacts and channels for own workforce to report concerns" and "ESRS G1-1 – Business conduct policies and corporate culture."

We also receive information about potential grievances in the upstream value chain (Deutsche Telekom excluding T-Mobile US) through the audits described in section "ESRS S2-2 – Processes for engaging with value chain workers about impacts" as part of the multi-sector JAC initiative or through reports in the media.

No severe human rights incidents connected to workers in the upstream value chain (e.g., forced labor, human trafficking, or child labor) were reported through the aforementioned channels in the reporting year.

We describe how the grievances raised are tracked and monitored in section "ESRS G1-3 – Prevention and detection of corruption and bribery." We provide information on the effectiveness of our grievance mechanism related to reports from workers in the upstream value chain in section "ESRS S1-3 – Processes to remediate negative impacts and channels for our own workforce to report concerns."

ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

As part of the LkSG management system, we conduct regular risk analyses for the own business operations of the consolidated Group companies (Deutsche Telekom excluding T-Mobile US) and their direct suppliers. We also perform ad hoc risk analyses of suppliers about whom we have substantiated knowledge of misconduct, as described above.

The LkSG risk analyses include information from internal and external sources. These include publicly available reports on country and industry risks, information from our existing management processes, grievance mechanisms, employee surveys, or audits. In addition, we make use of the knowledge of internal and external human rights experts. The information is checked for plausibility and prioritized. Thus, we have been preparing an annual risk matrix for our own business areas and for suppliers. A company's own business activities are defined in § 2 (6) of the LkSG as "any activity of the company to achieve its business objective" and are the same as Deutsche Telekom's "own business activities" referred to consistently elsewhere in the Annual Report. The results of the risk matrix are adopted by the Board of Management. They form the basis for deriving further actions.

In the case of selected high-risk, strategically important suppliers, we perform additional supplier assessments over and above this risk analysis. We use the EcoVadis platform throughout the Group for this purpose. This platform enables us to assess and monitor the environmental, social and governance practices of companies worldwide.

As a U.S.-listed company, T-Mobile US conducts its own enterprise risk assessments according to its own methodology, the results of which it regularly reports to the relevant bodies, including representatives of Deutsche Telekom AG. Additionally, before T-Mobile US selects suppliers, it utilizes a centralized third-party risk management process to screen potential suppliers for human rights violations and environmental risks, among other things. T-Mobile US also continuously subjects its suppliers to supplier risk assessments adapted to their risk profile and reserves the right to audit suppliers to confirm compliance with its Supplier Code of Conduct.

In 2023, we identified risks and human rights violations at our suppliers in connection with working conditions, equal treatment and equal opportunities for all, as well as other work-related rights, as part of the LkSG risk analysis. We assessed the risks based on various criteria, taking into account, e.g., the extent to which our suppliers contribute to the emergence of these risks as a result of their business activities. We have prioritized the following risks at our direct suppliers for follow-up: "Disregard for occupational safety and work-related health hazards," "Destruction of natural living conditions through pollution," and "Prohibition of unequal treatment in employment." We also know from press reports that there are human rights and environmental risks associated with the extraction of raw materials for the production of telecommunications terminal equipment as well as with civil engineering works. We have therefore developed industry-specific measures for both civil engineering and the procurement of raw materials that have verifiably been extracted in conflict or high-risk regions. We already implemented most of these in 2024.

We did not classify as high any risks that we identified in connection with collective bargaining, freedom of association and forced labor based on the results of the LkSG risk analysis in 2023. As part of the 2024 LkSG risk analysis, we prioritized risks related to the topics of "Forced labor at lower levels of the supply chain" and "Violation of freedom of association" at suppliers in the ICT and automotive sectors (fleet suppliers) and started developing further actions.

In the following, we describe the prevention and mitigation measures that we (Deutsche Telekom excluding T-Mobile US) have taken to address the prioritized risks identified in the 2023 LkSG risk analysis up to and including 2024. As a matter of principle, we have contacted all high-priority direct suppliers and discussed our human rights and environment-related expectations with them. Our dialogue with suppliers serves to raise awareness and can therefore avoid risks and violations.

Our influence is considerable when it comes to sourcing products for our own brands (e.g., T Phone and T Tablet). For this reason, we (Deutsche Telekom excluding T-Mobile US) took the following measures during the reporting period to mitigate negative impacts on workers in the upstream value chain when sourcing own-brand products manufactured using raw materials extracted in conflict or high-risk regions:

- Dialogues to raise supplier awareness of risks related to the extraction of raw materials
- Analysis of products to determine whether they contain raw materials from conflict and high-risk regions or a proportion of raw materials from certified smelters
- Defining processes and responsibilities for reducing risk

We completed these process stages at the end of June 2024. Regardless of whether they are our own or third-party brand products, our technical requirements for mobile devices additionally include the requirement that conflict minerals must not be used. If this is not possible for technical reasons, we require our suppliers to make the mineral supply chain transparent by using the Conflict Minerals Reporting Template (CMRT) developed by the Responsible Minerals Initiative (RMI).

The annual audits conducted as part of the JAC industry initiative also help to minimize negative impacts associated with the working conditions at the production sites of ICT suppliers. We also include suppliers at lower levels of the supply chain that produce or offer ICT hardware. As the production sites of most of the suppliers audited as part of the JAC audits are in Asia, the audits primarily happen there. Building on this, we concentrated in the reporting period on developing specific mitigation measures in a JAC working group, particularly in connection with working conditions at the locations of ICT suppliers. These actions include measures such as close collaboration with suppliers and the creation of greater transparency in the ICT supply chain. Through our involvement in networks and associations, such as the UN Global Compact, econsense, and the Global enabling Sustainability Initiative (GeSI), we also want to help ensure that the ICT industry does a better job of implementing sustainability requirements in the global supply chain over the long term. That is why we exchange information on best practices and pool resources for improving labor standards as part of the initiatives.

U.S. law requires companies to conduct due diligence on the source of conflict minerals necessary to the functionality or production of products that they manufacture or contract to manufacture. The T-Mobile US Responsible Sourcing Policy outlines that suppliers must source conflict minerals responsibly, either from recycled or scrap sources or from smelters or refiners that have completed or are progressing towards completing an audit by a recognized third-party verification program. Suppliers are required to conduct their own due diligence into the source and chain of custody of any conflict mineral used in products or components supplied to T-Mobile US. They must provide full transparency of the mineral supply chain, using a verifiable traceability system such as the RMI Conflict Minerals Reporting Template (CMRT). Additionally, suppliers must adopt a conflict minerals policy and supplier due diligence practices.

To mitigate negative impacts on workers in the field of civil engineering works in the optical fiber rollout in Germany, we have defined special contractual terms for our business partners in this industry. These include, for example, the stipulation that work may not be subcontracted from subcontractor to sub-subcontractor. This clause helps to avoid complex subcontracting chains that can increase the risk of human rights violations. In addition, safety and health inspectors monitor mandatory compliance with occupational safety and environmental protection regulations during construction site inspections, using a set of guidelines that has been aligned with the LkSG requirements since 2024. Moreover, we audit civil engineering suppliers and have also been factoring the LkSG requirements into these audits since 2024.

During the reporting period, we published an informational bulletin for our German-speaking civil engineering suppliers on our website for the first time. In this we draw the attention of our direct suppliers to their obligation to contractually ensure that employment contracts are drawn up and that workers in the upstream value chain, especially migrant workers, are able to understand the text of the contract. To minimize negative impacts on the workforce, we also expect our suppliers in the civil engineering industry to comply with the following principles when subcontracting.

Ensuring fair pay:

- Payment of fair wages, at the very least in accordance with statutory and industry-specific minimum requirements and standards, including payment of all social security contributions
- Correct payment of allowances and overtime work
- Pay slip transparency for employees, taking account of language barriers

Reduced risk of accidents:

- Preparation of the legally required threat assessment and implementation of the occupational health and safety actions to be developed from this
- Provision (free of charge) of the safety equipment needed for the specific threat
- Regular training and instruction material

Ensuring other work-related rights, for example compliance with the ban on exploitative or involuntary labor:

- No retention of identity documents
- Compliance with statutory working time
- Adequate, decent housing
- No threats or use of physical force or violence

To raise awareness for human rights-related risks in civil engineering, we have shown workers on construction sites how to report anything out of the ordinary, e.g., by handing them special business cards. Workers can report information to Deutsche Telekom via TellMe using a QR code printed on them: We also introduced web-based training for workers in civil engineering during the reporting period. This is intended to raise awareness for industry risks in civil engineering and provide information about processes with which they can be minimized.

Since most of the civil engineering projects are based in Germany, the focus of our actions is also there. They are geared towards construction site employees and their management in the upstream value chain, but also towards our own workforce. Large-scale civil engineering and infrastructure projects generally require a large number of workers, which is why migrant workers play an important role in the industry. Migrant workers are considered a vulnerable group who may be exposed to precarious employment and working conditions.

We review the effectiveness of the above-mentioned mitigation and prevention measures once a year or on an ad hoc basis as part of the LkSG risk process. We do this by evaluating predefined metrics that we developed when we drafted the individual actions. The effectiveness of the actions that followed from the 2023 LkSG risk analysis and were implemented in 2024 will be reviewed by the relevant departments in early 2025.

As an overarching action in connection with our own practices, we have incorporated, e.g., the LkSG obligations into the procurement policy and the general terms and conditions for suppliers of Deutsche Telekom. The procurement policy emphasizes the importance of sustainability in procurement. In addition, our procurement employees are continuously informed about the LkSG requirements through mandatory training courses so that they can comply with them. Where possible, we track the attendance rate to monitor the effectiveness of this action. We have also published a web-based training course for suppliers on Deutsche Telekom's website.

When selecting suppliers, we attach great importance to ensuring that our suppliers are familiar with our sustainability requirements as set out in the Supplier Code of Conduct. As part of the selection process, we also review the risk status of selected suppliers, including by using external data. This may result in no order being placed or no contract being entered into. In the course of tenders, we also weight sustainability criteria alongside quality and cost criteria, wherever possible. These include our suppliers' carbon emissions and, for certain product groups, respect for human rights. This also creates a strong incentive for suppliers to take greater account of sustainability and to offer more sustainable products and services.

As part of the introduction of the LkSG management system, we created the new role of LkSG officer and established an LkSG Risk Board.

Further information on the monitoring of our LkSG management system by the LkSG officer can be found in the section "ESRS S1-1 – Policies related to our own workforce."

In addition, it is not possible to allocate human and financial resources for the management of the described measures with any degree of accuracy due to the complexity of our business activities. As a rule, all actions are implemented using the budgets of the individual units and normally do not require significant operating or capital expenditure.

For more information, please also refer to other Deutsche Telekom publications on human rights on our website, e.g., the LkSG Annual Report and the reports to the supervisory authority in accordance with the LkSG.

Targets

ESRS S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

We monitor the effectiveness of our policies and actions related to the improvement of working conditions, equal treatment and equal opportunities, and other work-related rights in the upstream value chain through the LkSG risk process described in detail in this topical standard. Compliance with T-Mobile US's human rights policy and Supplier Code of Conduct is continuously monitored; TellMe and Integrity Line are used to record violations of supplier requirements. Over and above this, we have not defined any specific time-bound or outcome-based targets that apply to the entire Group.

ESRS S4 – Consumers and end-users

The internet has evolved into an indispensable part of our daily social lives. Despite the numerous advantages that digitalization brings, there are still people who face challenges in fully participating in the digital world. We are committed to ensuring that everyone has an opportunity to take part in the digital world. For us, this also includes protecting the rights of consumers and end-users – especially children and young people – as well as enabling assistance in emergency situations as part of the ongoing network build-out. We also address the protection of our customers' data and health concerns related to the mobile network build-out. We always align our actions with the challenges and requirements of the countries where we operate. The topics are therefore mainly managed locally.

The following index shows the disclosure requirements relating to the topical standard "Consumers and end-users" identified by the materiality assessment.

ESRS index under ESRS 2 IRO-2

Disclosure requirement	Name with reference
ESRS S4 – Consumers and end-users	
ESRS 2 SBM-2 S4	Interests and views of stakeholders
ESRS 2 SBM-3 S4	Material impacts, risks, and opportunities and their interaction with strategy and business model (use of phase-in option for ESRS 2 SBM-3 para. 48e)
ESRS S4-1	Policies related to consumers and end-users
ESRS S4-2	Processes for engaging with consumers and end-users about impacts
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Strategy

ESRS 2 SBM-3 S4 – Material impacts, risks, and opportunities and their interaction with strategy and business model

The table below shows the material **impacts** of our business activities on society and the environment that we have identified through the double materiality assessment.

We provide overarching information on how material impacts, risks, and opportunities interact with our strategy and business model in the "ESRS 2 SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model" section.

Value chain	Nature of impacts	Description	Reference to business model/ strategy
Information-related impacts for consumers and/or end-users			
Downstream	Positive (actual/short-term: <1 year)	The ongoing build-out of Deutsche Telekom's network infrastructure facilitates **access to information**. The ability to share opinions with a wider audience has a fundamentally positive impact on the exercise of the right to **freedom of expression**. The network build-out will thus also help to ensure that all people have equal opportunities to be a part of the digital society.	Based on the business model
Personal safety of consumers and/or end-users			
Downstream	Positive (actual/short-term: <1 year)	The ongoing network build-out is making it easier to provide assistance in emergency situations. Improved positioning options have a positive impact on the security of persons – even in remote areas.	Based on the business model
Downstream	Negative (actual/short-term: <1 year)	Easier access to the internet also exposes children in particular to risks, making the **protection of children** more difficult.	Connection with the business model
Social inclusion of consumers and/or end-users			
Downstream	Positive (actual/short-term: <1 year)	The network build-out is helping to ensure that all people have **access to Deutsche Telekom's products and services** and can therefore participate in the digital society. Initiatives such as No Hate Speech also promote **non-discrimination** in the digital world. Our involvement in these initiatives and the change brought about as a result are shown by company-specific metrics such as the Community Contribution – Digital Society and Beneficiaries – Digital Society ESG KPIs.	Based on the business model

The following overview illustrates Deutsche Telekom's material topic-specific **risks and opportunities** and their financial effects on our financial position, financial performance, and cash flows.

Risks and opportunities that represent a top risk in the next two years are described in the "Risk and opportunity management" section.

Value chain	Risk/opportunity	Description
Information-related impacts for consumers and/or end-users		
Downstream	Risk	Despite preventive actions and very well-established data privacy management structures, it is not possible to categorically rule out **data privacy incidents** in the ICT industry because almost all data processing/processes in the Group are relevant for data protection. This results in reputational, cost, and sanction-related risks.
Personal safety of consumers and/or end-users		
Downstream	Risk	Public debate about potential **health risks** from mobile communications and electromagnetic fields (EMF) may impact the build-out of mobile infrastructure and lead to regulatory intervention, such as stricter limits for electromagnetic fields or the implementation of precautionary measures for mobile communications, e.g., amendments to building laws or the risk of labeling requirements for devices. This could lead to increased operating and capital expenditure.

Consumers and end-users who may be affected by Deutsche Telekom's material impacts include:

- People who purchase our products or use our services that potentially negatively impact their rights to privacy, to have their personal data protected, to freedom of expression and to non-discrimination
- People who are particularly vulnerable to health or privacy impacts or impacts from marketing and sales strategies, such as children or financially vulnerable individuals

They do not include:

- Consumers or end-users of products that are inherently harmful to people or increase risks for chronic disease
- Consumers or end-users who are dependent on accurate and accessible product- or service-related information, such as manuals and product labels, to avoid potentially damaging use of a product or service

When analyzing the material financial risk in connection with data protection, we also consider the impact on Deutsche Telekom's business customers.

For information on how we have developed an understanding of how consumers and end-users with particular characteristics may be at greater risk of harm, see section "ESRS S1-1 – Policies related to our own workforce."

Impact, risk, and opportunity management

ESRS S4-1 – Policies related to consumers and end-users

Information-related impacts for consumers and/or end-users (freedom of expression and access to (quality) information), personal safety of consumers and/or end-users (personal security), and social inclusion of consumers and/or end-users (non-discrimination and access to products and services). As a provider of digital infrastructure, we run our operations based on the principle of digital responsibility. As society becomes increasingly digital, we at Deutsche Telekom are making strenuous efforts to ensure everyone can take part in the digital world and lead their lives alongside each other on the basis of democratic principles. To ensure we can achieve these objectives across our Group, we have incorporated digital inclusion as a key topic in our CR strategy. With our approach to digital inclusion (access, affordability, and ability) and digital values, we want to advance our material positive impacts related to access to information, freedom of expression, personal security, and social inclusion, and mitigate negative impacts:

- Access to state-of-the-art information technology is key to participating in the information and knowledge society (Access). That is why we continue to rapidly expand our infrastructure and improve transmission speeds with new, secure technology. This build-out is based on the goals of our Europe-wide integrated network strategy, which we use to help achieve the EU Commission's network build-out targets and the Federal Government's Digital Agenda and broadband strategy. The strategy is founded on the two pillars of building out mobile and fixed networks, with the focus of the former being on 5G coverage – the most powerful technology standard currently available. In the fixed network, we are focusing on rolling out our optical fiber to provide our customers with a reliable connection at gigabit speeds.
- Ensuring that products and services are affordable is also important so that people can participate equitably in the information and knowledge society (Affordability). We offer rate plans and equipment tailored to the financial possibilities of different consumers and end-users.
- We also want to develop their skills and motivation to use digital media (Ability). We view media literacy as the key to safe interactions with digital media and a crucial skill for our work and private lives. Our approach begins with strengthening basic skills in using media and extends all the way to safeguarding privacy and dealing responsibly with hate and disinformation.

For further information on the network build-out, please refer to the sections "Group strategy" and "Economic environment."

In addition, we aim to promote digital values and hence the social inclusion of consumers and end-users by developing their skills: The internet is supposed to be a space in which everyone can feel safe. That is why we are shaping the transition towards a positive culture of online debate and making a stand against hate speech and for civil courage online. We are working closely with non-governmental organizations (NGOs) toward that end.

In line with Deutsche Telekom's CR strategy, GCR develops our approach to digital inclusion and digital values. In accordance with the local network build-out strategy, responsibility for network build-out is decentralized and lies with the Board of Management departments of the Germany, Europe, and United States operating segments.

We use the Beneficiaries – Digital Society ESG KPI, among others, to measure the effectiveness of our activities to advance digital inclusion Group-wide. We also measure the reach of selected campaigns. In addition, we consider the impact measurement for our network build-out activities in terms of the progress we have made in network build-out.

For further information on the Beneficiaries – Digital Society ESG KPI, please refer to the section "ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities."

Personal safety of consumers and/or end-users (protection of children). Protecting our customers' data and ensuring their safety is crucially important for consumer protection at Deutsche Telekom. In this context, we aim to protect children and young people in particular when they use digital media. Our commitment to protecting children and young people in the Germany and Europe operating segments is anchored in our Code of Human Rights. Beyond that, the Group does not have a uniform Group-wide approach for the protection of children because the topic is managed and actions are monitored locally in line with country-specific requirements.

To advance the protection of children when they use digital media, we provide an age-appropriate content portfolio for children and offer information for parents and guardians to help them shield their children from harmful content. We implement various actions to ensure that young people acquire media skills and can interact safely with online content. For detailed information, please refer to our approach to digital inclusion and digital values described above.

In addition, we collaborate closely with law enforcement authorities and NGOs as well as other partners from business, politics, and society to ban online content that is harmful to children and young people. In Europe, we have been committed to fighting child pornography on the internet since 2007. GSMA (an association representing the interests of mobile operators worldwide), of which we have been a member since 2008, pursues the same objectives at a global level. Other than this, in view of the decentralized management and country-specific regulations, we have not defined any specific time-bound or outcome-oriented targets or other targets in the Group that we can use to measure our progress in mitigating the negative impacts associated with the protection of children.

Information-related impacts for consumers and/or end-users (privacy). Deutsche Telekom practices an active data privacy and compliance culture that we have built up over many years. It forms the basis for countering impacts in the area of data privacy and for preventing the material risks arising from any data privacy incidents. The Group companies are subject to specific data protection requirements. In the EU, for example, the General Data Protection Regulation (GDPR) in particular applies. These requirements must be implemented and their compliance must be monitored. Our data privacy management system outlines the actions, processes, and audits we use to ensure compliance with laws, regulations, and self-commitments to uphold data privacy. Since data privacy regulations differ in the United States, T-Mobile US has adopted its own approach, which is presented at the end of this section.

We aim to ensure lawful processing of personal data, upholding fundamental human rights. We are committed to the fundamental right to data protection and informational self-determination applicable in the EU and promote its global recognition. Particularly when developing and using artificial intelligence (AI) or other algorithm-based applications, we ensure that these comply with data privacy regulations and take human rights-related matters into consideration. At the same time, we work to ensure that every individual retains control over the use of their data. This includes providing information on how data-driven business models work and how, for example, our customers can exert digital sovereignty.

Through our global data privacy organization, we are continually pursuing the objective of a transparent, high level of data protection in all of the Group companies. As far as legally possible, the companies of the Deutsche Telekom Group have additionally committed to complying with the Binding Corporate Rules Privacy policy, which are intended to ensure a uniform high level of data protection for our products and services in accordance with ISO 27701.

Similar to the data privacy organization, we have established a security organization which operates both on a centralized basis and in all Group entities. The Security policy contains Deutsche Telekom’s key safety-related principles in relation to data security and is also based on the ISO 27701 standard. These components form the basis for ensuring an appropriate and consistent level of security within our Group.

The Board of Management department for Human Resources and Legal Affairs has overarching responsibility for data privacy. Responsibility for data security rests with the Board of Management department for Technology and Innovation.

T-Mobile US is subject to U.S. data privacy laws. The company has appointed a Chief Privacy Officer to ensure compliance with these laws. Confidential handling of information and personal data is incorporated in various areas of T-Mobile US, including in the T-Mobile US Code of Conduct. In addition, T-Mobile US provides its employees with annual data privacy and data security training and offers role-specific training designed to help them comply with data privacy laws.

For further information on the T-Mobile US Code of Conduct, please refer to the section “ESRS G1-1 – Business conduct policies and corporate culture.”

We publish an annual Group-wide transparency report on the principles of our cooperation with law enforcement authorities. On top of this, we disclose the type and scope of the information we provide to security authorities in the European national companies and at T-Mobile US in individual reports.

Personal safety of consumers and/or end-users (health and safety). There are public debates about potential health impacts of 5G and the EMF used by mobile communications surrounding the build-out of the 5G network. We have been providing information on the scientific evidence regarding mobile communications and health as well as on the statutory thresholds for more than 20 years now. Our collaboration with local authorities to expand the infrastructure is another focus of our communications.

We want to make our mobile communications infrastructure and our products, as well as the processes on which they are based, as resource-efficient, secure, and safe for health as possible. The EMF principles in force throughout the Group, which we updated in 2023, play a key role in this regard: Our EMF policy contains uniform minimum requirements for mobile communications and health that go far beyond the national legal requirements. It provides a mandatory framework that ensures that the topic of mobile communications and health is addressed in a consistent, responsible way throughout the Group, and it is based on the recommendations of the International Commission on Non-Ionizing Radiation Protection (ICNIRP). This policy is a reflection of our commitment to greater transparency, participation, and the provision of information and scientific facts. All Group companies that operate mobile networks have accepted the EMF policy and implemented most of the required actions.

Ultimate responsibility for mobile communications and health lies with the Board of Management department for Germany; however, the EMF policy is implemented decentrally by the individual Group companies, usually by top management in the technology division. The responsible EMF managers of the Group companies describe the relevant EMF situation in the EMF Core Team working group, thereby promoting the exchange of technical information. We have no other established process for monitoring the effectiveness of the EMF policy. We have also not set any specific time-bound or outcome-oriented or other targets for advancing and measuring progress in the management of material risks relating to the topic of mobile communications and health.

Human rights policy commitments relevant to consumers and/or end-users. We are committed to respect human rights and make efforts to enforce them in the context of our customers. Our actions are based on the universally accepted standards and principles that we have defined in Deutsche Telekom’s Code of Human Rights.

For further information, please refer to the section “ESRS S1-1 – Policies related to own workforce.”

In relation to end-users and consumers, the Code of Human Rights defines principles and expectations in the context of:

- Privacy and informational self-determination
- Freedom of expression and information
- Protection of children and young people
- Mobile communications and health
- Digital responsibility and participation

T-Mobile US has its own Human Rights Statement, which does not explicitly address the principles and expectations outlined above in relation to consumers and end-users, with the exception of data protection and freedom of expression and information, but covers them as a whole.

Protecting human rights also plays a key role for us in responsibly shaping technological change and digitalization – because our aspiration is to apply a humanistic value system in the use of our technologies. This is another reason why we engage with end-users and consumers in the formats explained in section “ESRS S4-2 – Processes for engaging with consumers and end-users about impacts.” In the Code of Human Rights, we also describe our approach to taking mitigation measures in the event of negative impacts on human rights. However, we only provide or enable remediation in the upstream value chain and in our internal business units – not in the context of end-users and consumers.

Both Deutsche Telekom’s Code of Human Rights and the Human Rights Statement of T-Mobile US comply with relevant internationally recognized instruments, such as the UN Guiding Principles on Business and Human Rights. However, as our due diligence does not yet extend to the downstream value chain, human rights-related reports related to consumers and end-users are not systematically recorded. Participants in the downstream value chain can nevertheless use the Company’s complaints channels.

ESRS S4-2 – Processes for engaging with consumers and end-users about impacts

In order to understand and address our material impacts, we engage with the interests and perspectives of end-users and consumers both on an ongoing basis and ad hoc, particularly in the context of the development and use of products and services and our network build-out plans. We do not have a procedure for directly engaging with children. That is why we involve legitimate proxies in the event of negative impacts on the protection of children. Consumer protection associations, NGOs, and public authorities play an important role in this context. Responsibility for engaging with consumers and end-users, or their legitimate representatives as well as legitimate proxies, is organized decentrally. We make a distinction between three inclusion formats: information, dialogue, and participation. The Design for All sounding board is an example of how the interests of consumers and end-users are taken into account. It is staffed with external experts and advises us (Deutsche Telekom excluding T-Mobile US) on ways of making our products and processes more accessible and easier to use.

For further information on our stakeholder engagement process, please refer to the section “ESRS 2 SBM-2 – Interests and views of stakeholders.”

ESRS S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

A variety of channels is available to consumers and end-users in all the countries where we operate to raise inquiries and complaints about Deutsche Telekom products or services. These include telephone hotlines, email, live-chats, and social media. Consumers and end-users can also contact Deutsche Telekom’s data protection and data security teams directly via country-specific channels and report cases of data misuse on the internet in connection with Deutsche Telekom’s systems. Consumers and end-users in Germany can also contact us directly via a free hotline and established mailboxes if they have health-related questions about the electromagnetic compatibility of mobile communications infrastructure or devices, as well as their impact on the environment, or if they wish to express any concerns. There are no comparable channels in the European national companies and at T-Mobile US that can be used explicitly for reporting complaints related to the topic of mobile communications and health. The other complaints channels are available for this. We provide information for consumers and end-users on the required contact information on our website.

We examine the reports received through the various channels mentioned above and forward them to the appropriate internal experts as needed. As part of our review of information received in connection with the data protection of our customers, we assess whether the supervisory authorities and the persons affected must be notified, and we act accordingly. We initiate mitigation measures if necessary and possible. To ensure the effectiveness of the process, we regularly test whether channels can be reached and evaluate customer feedback. We also monitor the number of reports received and use them to measure awareness and acceptance of the contact options.

For more information on our non-financial performance indicator for customer satisfaction (TRI*M), please refer to the section “Performance management system.”

We describe our strategy for the protection of individual whistleblowers against retaliation in section “ESRS G1-1 – Business conduct policies and corporate culture.”

ESRS S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Information-related impacts for consumers and/or end-users (freedom of expression and access to (quality) information), personal safety of consumers and/or end-users (personal security), and social inclusion of consumers and/or end-users (non-discrimination and access to products and services). We are continuously building out our network to enable technical access to the network. This allows us to provide broad accessibility in emergency situations, improving the personal safety of consumers and end-users. To this end, we also cooperate with partners – especially in more remote areas. The requirements and underlying conditions are different in each of the countries in which we operate, and taking appropriate action is the responsibility of the operating national companies.

Our network build-out in Germany follows the open access principle: The networks that we build are open for use by our competitors, regardless of whether they were involved in building the network. As such, network sharing agreements with other German network operators can contribute to broader mobile communications coverage. Similar agreements in various forms are also in place in the other European countries in which we operate. By cooperating with other companies, we are also helping to build out the fixed network more quickly in Germany. The US also has federal interconnection and roaming agreements to promote broad and accessible mobile coverage across the country.

In emergency situations, it is crucial for networks to function properly, so that emergency calls can be made and responses organized. In emergencies such as floods or large fires, in which network equipment is damaged to the point that mobile communications and fixed-network services cannot be quickly restored, our Disaster Recovery Management (DRM) comes into play. It provides mobile containers with communications technology, emergency power generators, and mobile radio masts to provide a replacement for the disrupted mobile communications and fixed-line networks. The movable masts are connected via radio relay and satellite links to restore mobile communications coverage within a few hours of extreme events. This allows us to quickly provide a connection to the network in an emergency. We also use the relay and satellite connections to quickly put regular mobile network sites (back) into operation if this is urgently needed and the planned or previously existing connection (e.g., in the form of optical fiber) is not yet or no longer available.

For more information on how we deal with extreme weather events, please refer to the section “ESRS 2 SBM-3 E1 – Material impacts, risks, and opportunities and their interaction with strategy and business model.”

The further we advance with the network build-out, the more effectively we can implement the related actions. Monitoring is performed decentrally in the operating segments, for example, by measuring network coverage, evaluating customer satisfaction, using external benchmarks, and recording the build-out obligations in connection with frequency auctions, e.g., by local regulatory authorities.

In addition to this, we are driving forward the development of technologies and products for a range of target groups. Making our products and services as accessible and non-discriminatory as possible is an increasingly important aspect of what we do. We drafted the Design for All product development guideline in 2023. This guideline is aimed at Group employees and aims to prevent exclusion, stigmatization, and discrimination right from the product development stage. This involves ensuring that our product development process takes full account of human diversity, including aspects such as physical and mental abilities, as well as other diversity dimensions such as age, gender, ethnic origin, and nationality. In adopting this approach, we are going beyond the legal obligations in Europe related to accessibility. We introduced a corresponding training concept in the reporting year that will help our employees to better grasp the principles of Design for All and help build awareness. The course is available on Deutsche Telekom’s online training platform. For legal and other reasons, T-Mobile US employees do not have access to the platform, but the company is also supporting employees by providing training to enable them to develop accessible products and services.

To harness the potential of information technologies for the benefit of society, Deutsche Telekom promotes media literacy among consumers and end-users with a wide range of products and services available throughout the Group – always with the aim of ensuring that everyone can navigate the digital world safely and confidently. The Teachtoday International platform launched in the reporting year provides an overview of all the Group’s media literacy initiatives worldwide. These also include measures that are explicitly designed to raise awareness on how to handle disinformation.

We (Deutsche Telekom excluding T-Mobile US) continued our No Hate Speech initiative, which was launched in Germany in the summer of 2020, in the reporting year. Through this campaign, we aim to raise awareness in society and enable people to put into practice and defend fundamental democratic values online. We are advocating for an internet in which everyone can utilize the opportunities of the digital world – without having to fear marginalization or hate speech. Our aim here is also to promote diversity in the digital world. We published the current campaign video “Feuerlöscher!” (fire extinguisher) in German-speaking countries in the reporting year as part of this initiative. Our aim with the video is to educate people and raise awareness on how to deal with disinformation. We are currently examining whether the campaign can be extended to other national companies.

To advance digital equity, T-Mobile US established Project 10Million to offer free and reduced internet connectivity and mobile hotspots to up to 10 million eligible student households. Through the end of 2024, T-Mobile US has connected over 6.3 million students since program launch. The company also works with its External Diversity and Inclusion Council, which includes of members from civil rights and social justice organizations representing a wide-range of underrepresented communities, to identify digital literacy and inclusion programs to support across the country.

We are also looking at how to use AI responsibly in the context of disinformation. In the reporting year, we took part in the collaborative innovation program X-Creation, which was initiated by T-Systems in the previous year, and developed the "News-Profi-App" (news professional). This is designed to enable users to verify information easily and simply by fact-checking it. True to the motto "share it with the app first, then with the world," the aim is to use AI to compare questionable content with trusted information and to be able to feed back the result to the person who spread the disinformation. The option to share the results with the original source is intended, above all, to reach people who are distant from socio-political issues, receptive to disinformation, and quick to share it without actively checking it. We started rolling out the app in Germany in the reporting year. We are currently looking for partners and sponsors who want to become involved in expanding and implementing the app.

We measure the effectiveness of our activities to advance digital inclusion with metrics such as the Beneficiaries – Digital Society ESG KPI. In order to identify the impacts of our products and projects on society, including their impacts on consumers and end-users, we have also developed a multi-level approach for the measurement of impacts. We describe the contributions of selected actions to impacts in order to obtain transparent and comparable results, using external frameworks such as the United Nations Sustainable Development Goals (SDGs). In addition, we take regulatory requirements and market trends into account. That allows us to evaluate our contributions to sustainable development. This process was validated externally in 2023. The outcome of the impact measurement helps us to steadily increase the positive impacts of our business activities and reduce negative impacts.

For further information on the Beneficiaries – Digital Society ESG KPI, please refer to the section "ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities."

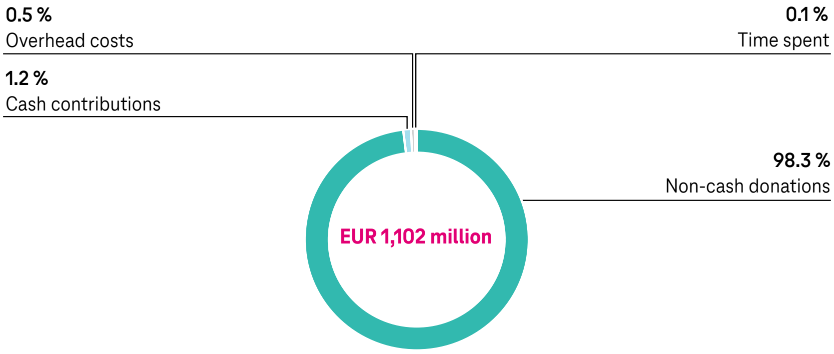
We want to avoid our own business activities contributing to negative impacts on consumers and end-users. That is why we are committed to human-centric, values-based digitalization (Corporate Digital Responsibility – CDR) and are striving for the responsible use of AI. Back in 2018, we were one of the first companies worldwide to adopt Digital Ethics Guidelines on AI. To supplement them, we developed the professional ethics guidelines in 2021 for all developers and product managers working with AI and have been continuously refining them since then. We founded the Digital Ethics interdisciplinary working group in 2022 that addresses the refining, monitoring, and implementation of digital ethics, further incorporating the topic within the Group. This is strengthened in the co-creation approach with the AI Competence Center (AICC) established in the reporting year. The interdisciplinary working group is also preparing the implementation of the EU AI Act. In the reporting year, we additionally offered a large number of training courses on the potential, functioning, and risks of generative AI. In our CDR framework, which we published in 2022, we set forth our perspectives on the far-reaching subject area of digital responsibility.

TMUS adopted its AI Principles in 2023, and published its Responsible AI Policy and Guidelines for the enterprise in the reporting year. A governance council has also been established with senior leaders that oversee the company's responsible use of AI.

We use the Community Contribution – Digital Society ESG KPI to measure our financial, human, and in-kind contribution to the digital society. With this approach we want to advance our material positive impacts related to access to information, freedom of expression, personal security, and social inclusion, and mitigate negative impacts: As previously outlined, we are taking a variety of measures to ensure everyone can take part in the digital world and lead their lives alongside each other on the basis of democratic principles. In the reporting year, our contribution to promoting the digital society amounted to a total of approximately EUR 1,102 million. We measure the effectiveness of our activities across the Group using the Beneficiaries – Digital Society ESG KPI. When measuring the two KPIs, we rely on methods employed by the organization Business for Societal Impact (B4SI), which incorporate the aspects "input" and "impact". The Community Contribution – Digital Society ESG KPI represents the "input," while the Beneficiaries – Digital Society ESG KPI represents the "impact." The Beneficiaries – Digital Society ESG KPI indicates the number of people who have benefited directly or indirectly (based on assumptions) from our commitment to promoting a digital society. These include, for example, people who use our media literacy platforms, attendees at workshops, and users of discounted rates (including household members). The metrics in this topical standard are not additionally validated externally.

For further information on our target of improving the Beneficiaries – Digital Society ESG KPI, please refer to the section "ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities."

Community Contribution – Digital Society ESG KPI



For information on our investments in network build-out, please refer to the section "Group strategy."

When we develop actions to mitigate actual or potential negative impacts on consumers and end-users, we align ourselves with the legal requirements of the countries in which we operate. We keep the special protection that needs to be afforded to children in our sights at all times. We also draw on annual trend analyses, the findings of scientific studies, and our dialogue with NGOs. The feedback we receive through the formats described in section "ESRS S4-2 – Processes for engaging with consumers and end-users about impacts" is incorporated into the focus of our activities and the development of our products and services.

Personal safety of consumers and/or end-users (protection of children). Protecting minors from unsuitable media content poses a challenge that affects many industries. We therefore work together with different organizations for the protection of minors and participate continuously in coalitions that coordinate the involvement of companies and organizations from the internet and media sector. We are involved in various country-specific initiatives and support national programs to protect children and young people from age-inappropriate content on the internet and to raise awareness for ways to combat disinformation and promote respectful behavior online. One example of this is the online magazine AwareNessi, which is aimed at children and their adult caregivers. The issues are available in several languages.

Another focus of our actions is to raise parents' and legal guardians' awareness for technical solutions. Depending on the operating system, mobile devices in our distribution network have integrated parental controls that can be used to monitor or restrict content, applications, phone usage times, or location tracking. Our website and social media channels provide comprehensive support for child-proofing devices and user accounts. T-Mobile US offers customers the option of defining the user accounts of their children as Kids' Line accounts, for example. As a result, the Group company uses the data from these accounts only for basic services such as device operation or network administration, but not for targeted advertising. Kids' Line accounts are automatically excluded from the company's online advertising and marketing communications – marketing calls, emails, and text messages do not reach children thanks to this configuration.

In addition, we offer service plans for children and young people at some national companies that provide protection against fraudulent websites and theft of login or bank details through a specific security feature. Our MagentaTV platform, which combines services such as television, media libraries, and streaming services and which we offer in selected European countries, also features a parental control function that allows legal guardians to configure a supervisory function. For example, this allows them to block inappropriate content or to define usage criteria based on information from the content provider (e.g., "suitable for persons aged 18 and over"). We monitor the effectiveness of our actions to mitigate negative impacts on the protection of children by evaluating the usage rates of the above-mentioned products and services, for example, and – in relation to selected initiatives – also in the context of tracking the Beneficiaries – Digital Society ESG KPI.

Although our business activity is directly connected with negative impacts on the protection of children, we do not cause them. Our focus is therefore on developing and implementing mitigation and prevention measures. Since we do not implement or directly enable any specific mitigation measures, we have not established any procedures for measuring the effectiveness of such mitigation measures. As part of our No Hate Speech initiative, we also inform consumers and end-users about their digital rights. This includes providing information to people that, under the Digital Services Act (DSA), internet platforms are required to enable users to report input containing disinformation and hate speech. We take this risk very seriously, especially with respect to children and young people. Since Deutsche Telekom does not operate a platform itself, we do not fall within the scope of this EU regulation. For incidents related to right-wing extremism and child pornography, we encourage consumers and end-users to contact local law enforcement authorities directly. When designing content that is relevant to the protection of minors, we involve our youth protection officer in Germany; she suggests restrictions or changes, for example. In addition, it is not possible to allocate human and financial resources for managing the measures described above in the Group with any degree of accuracy due to the complexity of our business activities. As a rule, all measures are implemented using the budgets of the individual units of the national companies responsible, and normally do not require significant operating or capital expenditure.

Unless specified otherwise, all actions and initiatives described in this standard are ongoing and have no specific time frame.

Information-related impacts for consumers and/or end-users (privacy). Protecting the data of all individuals and organizations that have a relationship with Deutsche Telekom is of the utmost importance to us; that is why our processes for managing material risks related to data protection and security are integrated into our existing data protection risk management process. We implement a range of different actions to mitigate reputation, cost, and sanction risks as well as risks to affected customers arising from data privacy incidents, and to enhance privacy. In doing so, we always keep a close eye on current developments, such as regulatory changes or technical advances, e.g., in the field of AI.

Data protection and security aspects generally play an important role in the development of our products and services. We review the technical and privacy-related security of our systems at every step of development using the Privacy and Security Assessment process (PSA) to update new and existing systems when the technology or method of data processing is modified. PSA is an important part of our risk management process. We regularly verify the effectiveness of the PSA process, both internally and through external, independent bodies, as part of the ISO 27001 and 27701 certifications, for example. We use a standardized procedure to also document the data privacy and data security status of our products throughout their entire life cycle. Rather than using the PSA process, T-Mobile US has established its own process for assessing data protection consequences, using this to identify the risks of data processing in new projects and the required safeguards. T-Mobile US also has processes in place to ensure data protection and performs a comprehensive data inventory of its systems.

To mitigate material risks arising from the effects and dependencies associated with business customers, T-Systems has been a member of the EU Cloud Code of Conduct General Assembly of SCOPE Europe – an association that advocates for a common regulatory framework in the European digital industry – since 2021. This expresses our commitment to the EU Cloud Code of Conduct, the first standard for cloud services to be recognized by the European data protection authorities. We are aligning T-Systems' cloud offerings with this. T-Systems and Google Cloud also signed a long-term cooperation agreement in 2021. Since 2022, the joint T-Systems Sovereign Cloud powered by Google Cloud combines the open-source expertise of both providers, enabling business customers to manage workloads in compliance with German and European regulatory requirements (GDPR and Schrems II). The joint service covers all three aspects of digital sovereignty in various solutions: data sovereignty, operational sovereignty, and software sovereignty, so that companies from regulated industries can process their sensitive data in the cloud in line with sovereignty requirements.

Telecommunications companies in Europe are required to train their employees on issues related to data privacy law when they begin their employment. To avoid our own business activities contributing to material negative impacts on consumers and end-users, our actions go beyond this legal requirement: In addition to the mandatory training that all Deutsche Telekom employees receive when they join the Group, we provide our employees with training in this area at least every two years and also place them under the obligation to uphold data and telecommunications secrecy. In this context, we also raise our employees' awareness for risks related to data security and privacy and inform them about existing procedures. This aims to ensure that our employees handle customer data confidentially.

Every two years, we (Deutsche Telekom excluding T-Mobile US) perform sample analyses to check the data protection and security awareness of our employees. Improvement actions are called for where needed. The effectiveness of the data protection training at T-Mobile US is regularly assessed as part of internal audits. The security of our systems is certified by external, independent bodies throughout the Group. We take any unusual audit findings into consideration when planning the follow-up audit. Aside from this process, we have not set any specific time-bound or outcome-oriented Group-wide targets for advancing and measuring progress in the management of material risks relating to data privacy.

Personal safety of consumers and/or end-users (health and safety). In the context of our Group-wide risk and opportunity management, we assess the risks that arise for us from the ongoing public, political, and scientific discussions about possible health risks from mobile communications in relation to the build-out of mobile infrastructure and from regulatory interventions. We aim to overcome concerns among the general public by providing objective, scientifically well-founded, and transparent information. Examples of our efforts to inform the public about the topics of technology, health, and mobile communications include our ongoing participation in industry initiatives such as the Mobile Telecommunications Information Center in Germany or the Forum Mobilkommunikation (mobile communications forum) in Austria. The websites of these industry initiatives provide insights into the specific details of our collaborative information work. Since responsibility for this action is spread between different players in the ICT industry, Deutsche Telekom is unable to track the effectiveness in practice.

Targets

ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

To measure the effectiveness of our actions and initiatives in connection with material impacts on digital inclusion, we report the Beneficiaries – Digital Society ESG KPI described above. Our target is to reach a cumulative total of more than 80 million in Beneficiaries – Digital Society from 2024 to 2027. We reached approximately 34 million people with our digital society actions in the reporting year. We defined our target based on an analysis of existing and planned initiatives in the individual segments. We then calculated the target value for the period 2024 to 2027. We inform consumers and end-users as well as other stakeholder groups about our target achievement through our external communication channels.

Governance

ESRS G1 – Business conduct

Deutsche Telekom is committed to lawful and fair corporate action. Our culture is characterized by mutual trust and respect, entrepreneurial thinking, and collaborative working. Compliance is a key component of Deutsche Telekom's business conduct, which is based on integrity and respect.

The following index shows the disclosure requirements relating to the topical standard "Business conduct" identified by the materiality assessment.

ESRS index under ESRS 2 IRO-2

Disclosure requirement	Name with reference
ESRS G1 – Business conduct	
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies
ESRS 2 SBM-3 G1	Material impacts, risks, and opportunities and their interaction with strategy and business model
ESRS 2 IRO-1 G1	Description of the processes to identify and assess material impacts, risks and opportunities
ESRS G1-1	Business conduct policies and corporate culture
ESRS G1-3	Prevention and detection of corruption and bribery
ESRS G1-4	Incidents of corruption or bribery

Strategy

ESRS 2 SBM-3 G1 – Material impacts, risks, and opportunities and their interaction with strategy and business model

No material impacts on society and the environment arising from our business conduct were identified in the double materiality assessment.

The following overview illustrates Deutsche Telekom's material topic-specific **risks and opportunities** and their financial effects on our financial position, financial performance, and cash flows.

> Risks and opportunities that represent a top risk in the next two years are described in the "Risk and opportunity management" section.

Value chain	Risk/opportunity	Description
Corporate culture		
Own business activities	Opportunity	Deutsche Telekom's compliance culture is a key component for business governance and engagement based on integrity and respect. Our corporate culture is incorporated in the Group's Code of Conduct and Guiding Principles. Regular training, reminder days, and campaigns are designed to keep these Guiding Principles fresh in employees' minds and help to shape our identity. The work environment and team spirit thus created have proven to be an opportunity for Deutsche Telekom in terms of attracting and retaining talents. They also help to prevent misconduct.
Protection of whistleblowers		
All stages of the value chain	Risk	Legislation such as the EU Whistleblower Directive and its transposition into national law creates an obligation for Deutsche Telekom to set up a system for reporting violations of different laws and to ensure its effectiveness. Our compliance management system (CMS) is designed to identify any compliance violations and to prompt action on these. There must be a secure process in place for reporting incidents throughout the entire value chain. If not, this complicates, e.g., the handling of compliance violations which may lead to loss of reputation and fines.
Corruption and bribery		
Upstream and own business activities	Risk	Corruption violates national and international law. Deutsche Telekom takes a clear stance against any form of corruption in the public and private sector, whether this is active corruption in the form of bribery, or passive corruption in the form of bribe-taking. The CMS is therefore particularly focused on preventing corruption. This is necessary to mitigate any losses caused by possible infringements. Aside from the possible fines, the risk of loss of reputation is high. If this occurs, financial risks could arise due to the possible loss of business partners, but also due to potential revenue losses caused by damage to the brand. The Deutsche Telekom brand is synonymous with high-quality service and security and may suffer a loss of trust in the event of compliance violations.

Impact, risk, and opportunity management

ESRS G1-1 – Business conduct policies and corporate culture

The bedrock of our corporate culture is our values. We have incorporated these in our Guiding Principles, comprising customer focus, integrity and compliance, teamwork, and entrepreneurship. The Guiding Principles are the basis for our internal cooperation, but also for engagement with our customers, shareholders, and the general public. All managers and employees at Deutsche Telekom have an obligation to fill these values with life. Building on this, the Codes of Conduct of Deutsche Telekom and T-Mobile US serve to make our Guiding Principles even more tangible. They define the rules for our daily work – both internally and externally. In doing so, they bridge the gap between the Guiding Principles and the many different policies in the Group as well as the legal regulations.

The management bodies are responsible for the business conduct of the individual Group companies at the highest level. We use regular employee surveys to evaluate and refine our corporate culture. These include questions on the corporate culture and how our employees perceive this culture in their everyday work. Where employees, business partners, or third parties are concerned that conduct does not comply with laws, our corporate culture, or internal policies, they can report this via our whistleblower portal – even anonymously if desired. This also includes tip-offs regarding human rights-related and environmental risks, as well as legal violations in our global supply chain. It can involve the actions of our employees in internal business units of Group companies, as well as those of our suppliers or business partners. For the investigation of internally or externally reported suspicions, we have implemented internal processes in which suspected violations are initially substantiated and, if necessary, further clarified in accordance with legal requirements. We have defined internal processes for reporting substantiated incidents to internal committees and supervisory bodies, depending on defined relevance thresholds.

In accordance with the applicable regulations, we have set up a whistleblower portal. We provide information to our employees about the whistleblower portal on the intranet, on the Company's website, as part of compliance training, and in targeted awareness campaigns. We ensure that any reports received are handled by suitably qualified staff. For more information on how we measure the impact of our whistleblower portal, please refer to the section "ESRS S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns." To protect whistleblowers we have implemented prevention measures in accordance with the national requirements. Deutsche Telekom has procedures in place to investigate any incidents connected to business conduct – including cases of corruption and bribery – promptly, independently, objectively, and lawfully.

We take a risk-based approach in our anti-corruption training: The frequency and content of the training courses vary depending on employees' degree of exposure to compliance risks, including corruption and bribery. The Basic Knowledge Compliance e-learning is therefore geared towards all Deutsche Telekom employees. The e-learning is reviewed every 24 to 36 months, revised if necessary and rolled out again to ensure it is up to date. In addition, members of management bodies of operational entities are required to take part in classroom training every three years. Other e-learnings, for example on human rights, supplement the offering. We also communicate the principles of our business conduct and corporate culture in all internal media, including the intranet and mailings, and at townhall meetings. T-Mobile US provides multiple enterprise-wide trainings focused on T-Mobile US's Code of Business Conduct each year. People managers receive additional training on the Code of Business Conduct and their responsibilities in upholding the Code. These trainings are refreshed each year. New employees receive New Employee Orientation training that covers all topics included in the Code of Business Conduct. Additionally, deeper dives into certain Code topics are assigned to individuals or specific business units based on potential risk exposure for the roles. These trainings are reviewed and updated on a regular cadence. Specialized Code training is given (either face-to-face or via video) to the executive body.

The policies in place at Deutsche Telekom to fight corruption and bribery are geared in particular towards the functions within the Group that are most at risk in terms of corruption and bribery. These include primarily the management bodies of our operational entities. In addition, each Group company can define further risk areas (e.g., procurement or sales) depending on the specific risk situation.

ESRS G1-3 – Prevention and detection of corruption and bribery

We strive to avoid any risk that could question our integrity and cause harm to others. Deutsche Telekom has implemented a CMS that is particularly focused on preventing corruption. The CMS is implemented with the aim of minimizing risks arising from systematic infringements of legal or ethical standards that could result in regulatory or criminal liability on the part of the Company, its executive body members, or employees, or result in a significant loss of reputation. T-Mobile US has employed a risk-based approach to preventing corruption. T-Mobile US has processes in place to assess its anti-corruption risk and the risk management activities in place to mitigate this risk.

To be able to live up to our responsibility, it is important that we are made aware of any misconduct that could have an impact on compliance. Deutsche Telekom offers all employees as well as outsiders an opportunity to report violations of legal requirements and internal policies with the TellMe whistleblower portal and, where relevant, the T-Mobile US Integrity Line – even anonymously if desired. If requested, all reports will be treated in confidence to the extent permitted by law. Every report will be thoroughly examined, suspicions will be investigated, and any breaches rigorously pursued up. In regular compliance training sessions, we inform employees about the particular whistleblower portals.

Deutsche Telekom also expects its suppliers to comply with applicable law, observe social, ethical, and environmental standards as well as act sustainably. We also expect our suppliers to require the same of their subcontractors. We support our suppliers with a specially developed e-learning to help them act correctly. T-Mobile US also uses compliance training to inform employees about its Integrity Line. T-Mobile US has similar expectations as Deutsche Telekom for our suppliers. These expectations are outlined in the Supplier Code of Conduct of T-Mobile US.

The CMS as a whole, its individual elements such as the whistleblower portals, and our training sessions are regularly evaluated, updated, and adjusted as necessary.

The Board of Management takes overall responsibility for compliance as an essential leadership task. Our Chief Compliance Officer is responsible for the design and management of the CMS. Compliance officers implement the CMS and our compliance goals locally at the level of our operating segments and national companies. Our compliance work pursues the following targets in particular:

- Promoting a compliance culture and ethical conduct
- Identifying, analyzing, and assessing compliance risk at an early stage
- Integrating preventive actions in business processes early and permanently, to prevent breaches of compliance
- Responding consistently to any breaches of compliance
- Minimizing liability risks for the Company
- Being viewed as a dependable partner by customers and business partners

The Chief Compliance Officer is part of the Law & Integrity department assigned to the Board of Management department for Human Resources and Legal Affairs. This means that Deutsche Telekom's Compliance unit is organized independently from sales units. T-Mobile US' Board of Directors Nominating & Corporate Governance committee has oversight and responsibility for our Compliance and Ethics program. The Chief Compliance Officer of T-Mobile US is responsible for designing and managing the Compliance & Ethics program of T-Mobile US, and the compliance objectives of the program are similar to Deutsche Telekom's.

We inform employees through various channels about strategies and processes of the company with which we prevent, detect, investigate, and prosecute allegations or incidents related to corruption and bribery. These channels include intranet postings, mailings, and compliance training sessions.

Deutsche Telekom's training concept requires that all employees take the Basic Knowledge Compliance e-learning. This addresses the basic principles of compliance, the Code of Conduct, conflicts of interest, and anti-corruption and includes a self-check for decisions in difficult situations. As per our training concept, the management teams of the operational entities are deemed functions-at-risk. The Basic Knowledge Compliance e-learning is geared towards all employees and thus all functions-at-risk. In addition, we periodically conduct classroom training sessions on corruption and bribery with the members of management of the operational entities (training duration: 30–60 minutes, every three years). Where a Group company has classified other functions as at risk, they will also be included in the training program. Functions-at-risk are thus fully covered (100 %) by the training program.

We do not conduct specific compliance training sessions for Supervisory Board members. Where Deutsche Telekom employees are members of supervisory bodies, they receive general compliance training. T-Mobile US provides annual compliance trainings to its executive team and Board of Directors (including directors with supervisory role).

ESRS G1-4 – Incidents of corruption or bribery

In the 2024 financial year, Deutsche Telekom was not convicted of violating anti-corruption or anti-bribery laws.

Forecast [a]

Statement by the Board of Management on the expected development of the Group

At our Capital Markets Day in October 2024, we proved our ability to successfully and unswervingly execute on our medium-term planning in a challenging geopolitical and macroeconomic environment. And we intend to maintain our present course. Our forward-looking medium-term strategy and the financial outlook continue to be based on a sustainable growth course. Key factors in this will be global economies of scale and the systematic use of artificial intelligence and data. Our customers are already reaping the rewards of our successful corporate policy in the form of multiple award-winning network quality and best-in-class service. Our shareholders benefit from our sustainable and attractive dividend policy alongside further shareholder remuneration measures. Going forward, we want to underpin this success with solid financial growth rates, further extend our technology leadership with the best state-of-the-art networks, and thereby contribute to realizing our Leading Digital Telco vision.

[a] The forecasts contain forward-looking statements that reflect management's current views with respect to future events. Words such as "assume," "anticipate," "believe," "estimate," "expect," "intend," "may," "could," "plan," "project," "should," "want," and similar expressions identify forward-looking statements. These forward-looking statements include statements on the expected development of revenue, service revenue, adjusted EBITDA after leases, EBIT, ROCE, cash capex, free cash flow after leases, rating, and adjusted earnings per share, as well as non-financial performance indicators such as customer and employee satisfaction, energy consumption, and CO_2 emissions. Such statements are subject to risks and uncertainties, such as an economic downturn in Europe or North America, changes in exchange and interest rates, the outcome of disputes in which Deutsche Telekom is involved, and competitive and regulatory developments. Some uncertainties or other imponderables that might influence Deutsche Telekom's ability to achieve its objectives, are described in the Risk and opportunities management section of the combined management report and in the "Disclaimer" at the end of the Annual Report. Should these or other uncertainties and imponderables materialize, or the assumptions underlying any of these statements prove incorrect, the actual results may be materially different from those expressed or implied by such statements. We do not guarantee that our forward-looking statements will prove correct. The forward-looking statements presented here are based on the future structure of the Group, without regard to significant acquisitions, disposals, business combinations, or joint ventures that may arise at a later date. These statements are made with respect to conditions as of the date of this document's publication. Without prejudice to existing obligations under capital market law, we do not intend, or assume any obligation, to update forward-looking statements.

This ties in with our financial targets for the period through 2027, which we communicated at our 2024 Capital Markets Day. From 2024 through 2027, we aim to achieve the following compound annual growth rates (CAGR) or targets for our key financial performance indicators (U.S. dollar exchange rate of USD 1.08):

- Both **revenue** and **service revenue** are expected to grow on average by around 4 %.
- **Adjusted EBITDA AL** is expected to increase on average by 4 to 6 %.
- **Free cash flow AL** (before dividend payments and spectrum investment) is expected to increase steadily, to around EUR 21 billion in 2027.
- **Earnings per share** (adjusted for special factors) is expected to amount to around EUR 2.5 in 2027.

For 2025, we expect to post the following year-on-year trends, assuming a comparable consolidated group and constant exchange rates (U.S. dollar exchange rate of USD 1.08):

- **Revenue** is likely to increase in 2025. We also expect **service revenue** to increase.
- **Adjusted EBITDA AL** is expected to be around EUR 44.9 billion in 2025. In the reporting year, adjusted EBITDA AL totaled EUR 43.0 billion.
- **Free cash flow AL** is expected to amount to around EUR 19.9 billion in 2025. In 2024, free cash flow AL came in at EUR 19.2 billion.
- We are anticipating **earnings per share** (adjusted for special factors) of around EUR 2.00 in 2025.

Economic outlook

In its economic forecast from January 2025, the International Monetary Fund (IMF) predicts global economic growth of 3.3 % both in 2025 and in 2026. This is below the historical average of 3.7 % between 2000 and 2019. Strong domestic demand is driving growth in the United States, while in Europe rising energy prices, weak industrial activity, and low confidence among consumers and businesses is weighing on economic outlook.

The following table shows the expected GDP growth rate trends and the change in harmonized consumer prices in our most important markets for 2025 and 2026.

%	GDP for 2025 compared with 2024	GDP for 2026 compared with 2025	Consumer prices for 2025 compared with 2024	Consumer prices for 2026 compared with 2025
Germany	0.3	1.1	2.1	1.9
United States	2.7	2.1	2.0	2.0
Greece	2.3	2.2	2.4	1.9
Romania	2.5	2.9	3.9	3.6
Hungary	1.8	3.1	3.6	3.2
Poland	3.5	3.3	4.7	3.0
Czech Republic	2.4	2.7	2.4	2.0
Croatia	3.3	2.9	3.4	2.0
Slovakia	2.3	2.5	5.1	3.0
Austria	1.0	1.4	2.1	1.7

Sources: European Commission, International Monetary Fund. Last revised: January 2025.

Expectations for the Group

Expectations up to 2026. We expect profitable growth to continue over the next two years. This will provide a sound basis for achieving our financial ambitions – as communicated at our Capital Markets Day in October 2024.

We expect our **financial performance indicators** to develop as follows in 2025 and 2026 on an organic basis, i.e., on a like-for-like basis with the prior year:

- We expect **revenue** to increase both in 2025 and in 2026 on the back of the positive development of service revenue. The primary driver of this trend will be the United States and Europe operating segments, where we likewise expect revenue to grow in both 2025 and 2026. We expect revenue in the Germany and Systems Solutions operating segments to increase slightly in both 2025 and 2026.
- **Service revenue** is projected to increase in both 2025 and 2026. This trend will be influenced by the growth expected in the United States and Europe operating segments for 2025 and 2026. In the Germany and Systems Solutions operating segments, we expect a slight increase in both 2025 and in 2026.
- **Adjusted EBITDA AL** is expected to increase to around EUR 44.9 billion in 2025 and to increase substantially in 2026. In particular, the favorable revenue trend and the realization of efficiency measures will have a positive impact.

- We anticipate a slight decrease in **profit/loss from operations (EBIT)** in 2025 on account of the impairment reversal that was recognized as a special factor in 2024 on FCC licenses held by T-Mobile US. We expect a sharp increase in 2026. Expected EBIT will benefit overall from the trend in adjusted EBITDA AL.
- **ROCE** is expected to decrease in 2025 before rising sharply again in 2026. The expected initial decline is due to the effects described for the development of EBIT, as well as further impairment reversals recognized in 2024 with a positive effect on the carrying amounts of the investments in GD Towers and in GlasfaserPlus. We expect to achieve our target for ROCE to be higher than the expected weighted average cost of capital (WACC) for future years.
- Our investments – measured in terms of **cash capex** (before spectrum investment) – are expected to increase to around EUR 17.1 billion in 2025. In 2026, cash capex (before spectrum investment) is expected to remain stable. We want to continue investing heavily in building out our network infrastructure in Germany, the United States, and Europe in order to safeguard our technology leadership in the long term.
- **Free cash flow AL** (before dividend payments and spectrum investment) is expected to reach around EUR 19.9 billion in 2025. We expect a further increase in free cash flow AL in 2026 due to sound operational development.
- At the end of 2024, we had the following **ratings**: BBB+ with a stable outlook (Standard & Poor's and Fitch), and Baa1 with a positive outlook (Moody's). Maintaining an investment grade rating within the A– to BBB range will enable us to retain undisputed access to the international capital markets and is thus a key component of our finance strategy.
- We are anticipating **earnings per share** (adjusted for special factors) of around EUR 2.00 in 2025, based on the sound expected business development. We expect to see adjusted earnings per share increase sharply in 2026.

Our debt issuance program puts us in a position to place issues in the international capital markets at short notice. T-Mobile US is being refinanced primarily in the form of senior unsecured notes. We can also issue short-term papers in the money market through our Deutsche Telekom and T-Mobile US commercial paper programs.

Bonds and other financial liabilities in the total amount of EUR 5.4 billion and EUR 8.4 billion will fall due for repayment in 2025 and 2026, respectively, of which around EUR 3.9 billion and EUR 6.2 billion, respectively, relate to T-Mobile US. A number of T-Mobile US bonds include issuer termination rights. If the premature termination and refinancing of these bonds result in economic gains, this could give rise to further refinancing requirements. We plan to issue new bonds in various currencies. The exact financing transactions will depend on developments in the international finance markets. We also intend to cover part of our liquidity requirements by issuing commercial paper. In order to cover part of the refinancing needs in 2025, Deutsche Telekom AG issued bonds in January 2025 with a volume of EUR 1.5 billion and T-Mobile US issued bonds in February 2025 with a volume of EUR 2.8 billion.

We want to continue leveraging economies of scale and synergies through suitable partnerships or appropriate acquisitions in our footprint markets. There are no plans, however, to expand into emerging markets. We will continue to subject our existing partnerships and equity investments to regular strategic reassessments with a view to maximizing the value of our Company.

If the economic situation should deterioriate or any unforeseen state or regulatory interventions arise, the expectations expressed here may change accordingly. Given the level of macroeconomic uncertainty, we also cannot rule out the possibility of deviations.

For further information on the business risks, please refer to the section "Risk and opportunity management."

The following tables summarize the forecasts for our financial and non-financial performance indicators up to 2026. They assume a comparable consolidated group and constant exchange rates, i.e., an organic basis. In order to create a comparable basis with the forecast period, the results of the 2024 financial year have been adjusted for significant changes in the composition of the Group which have been included in the planning, and for changes in the organizational structure in the pro forma presentation. Thus, the expectations for 2025 are based on the pro forma figures for 2024; expectations for 2026 are based on expectations for 2025. To indicate the intensity and trends of our qualified comparative forecasts, we apply the following aspects: strong decrease, decrease, slight decrease, stable trend, slight increase, increase, strong increase.

Financial performance indicators

		Results in 2024	Pro forma in 2024 [a]	Expectations for 2025 [b]	Expectations for 2026 [b]
Revenue					
Group	billions of €	115.8	115.9	increase	increase
Germany	billions of €	25.7	25.7	slight increase	slight increase
United States (in local currency)	billions of $	81.1	81.3	increase	increase
Europe	billions of €	12.3	12.3	increase	increase
Systems Solutions	billions of €	4.0	4.0	slight increase	slight increase
Service revenue					
Group	billions of €	96.5	96.7	increase	increase
Germany	billions of €	22.5	22.5	slight increase	slight increase
United States (in local currency)	billions of $	66.1	66.3	increase	increase
Europe	billions of €	10.2	10.2	increase	increase
Systems Solutions	billions of €	3.9	3.9	slight increase	slight increase
EBITDA AL (adjusted for special factors)					
Group	billions of €	43.0	43.0	around 44.9	strong increase
Germany	billions of €	10.5	10.5	10.8	increase
United States (in local currency)	billions of $	30.9	30.9	32.3	strong increase
Europe	billions of €	4.4	4.4	4.6	increase
Systems Solutions	billions of €	0.4	0.4	0.4	increase
Profit (loss) from operations (EBIT)	billions of €	26.3	26.3	slight decrease	strong increase
ROCE	%	8.5		decrease	strong increase
Cash capex (before spectrum investment)					
Group	billions of €	(16.0)	(16.0)	(17.1)	stable trend
Germany	billions of €	(4.8)	(4.8)	stable trend	slight increase
United States (in local currency)	billions of $	(8.9)	(8.9)	increase	stable trend
Europe	billions of €	(1.9)	(1.9)	slight increase	slight increase
Systems Solutions	billions of €	(0.2)	(0.2)	stable trend	stable trend
Free cash flow AL (before dividend payments and spectrum investment)	billions of €	19.2	19.2	around 19.9	increase
Rating					
Standard & Poor's, Fitch		BBB+		from A- to BBB	from A- to BBB
Moody's		Baa1		from A3 to Baa2	from A3 to Baa2
Other					
Dividend per share [c, d]	€	0.90		Dividend payout ratio of 40 to 60 % of EPS (adjusted for special factors)	Dividend payout ratio of 40 to 60 % of EPS (adjusted for special factors)
Earnings per share (adjusted for special factors)	€	1.90		around 2.00	strong increase
Equity ratio	%	32.3		25 to 35	25 to 35
Relative debt		2.78x		≤ 2.75x	≤ 2.75x

[a] Significant changes in the organizational structure and in the composition of the Group included (e.g., the acquisition of Ka'ena in the United States).
[b] On a comparable basis.
[c] The expectation regarding the dividend per share refers to the respective financial year indicated.
[d] Subject to approval by the relevant bodies and the fulfillment of other legal requirements.

For further information on the expected development of the financial performance indicators of our operating segments, please refer to the section "Expectations for the operating segments."

Non-financial performance indicators

		Results in 2024	Pro forma in 2024 [a]	Expectations for 2025	Expectations for 2026
Group					
Customer satisfaction (TRI*M index)		77.6		stable trend	stable trend
Employee satisfaction (engagement score)		77		stable trend	stable trend
Energy consumption [b]	GWh	11,926	11,991	slight increase	slight increase
Of which: Deutsche Telekom excluding T-Mobile US	GWh	4,514	4,579	stable trend	stable trend
CO_2 emissions (Scope 1 and 2) [c, d]	kt CO_2e	253	253	decrease	decrease
Of which: Deutsche Telekom excluding T-Mobile US	kt CO_2e	183	183	decrease	decrease
Fixed-network and mobile customers					
Germany					
Mobile customers	millions	68.6	68.6	increase	increase
Fixed-network lines	millions	17.2	17.2	stable trend	stable trend
Retail broadband lines	millions	15.2	15.2	slight increase	slight increase
Television (IPTV, satellite)	millions	4.6	4.6	increase	increase
United States					
Postpaid customers	millions	104.1	104.1	increase	increase
Prepaid customers	millions	25.4	25.4	stable trend	stable trend
Europe					
Mobile customers	millions	49.7	49.7	slight increase	slight increase
Fixed-network lines	millions	8.1	8.1	stable trend	stable trend
Broadband customers	millions	7.2	7.2	increase	increase
Television (IPTV, satellite, cable)	millions	4.4	4.4	slight increase	slight increase
Systems Solutions					
Order entry	billions of €	4.0	4.0	slight increase	slight increase

[a] Significant changes in the organizational structure and in the composition of the Group included.
[b] Energy consumption, mainly: electricity, fuel, other fossil fuels, district heating for buildings.
[c] Calculated according to the market-based method of the Greenhouse Gas Protocol.
[d] CO_2 emissions also included fugitive emissions from refrigerants and fire suppressants. Excluding fugitive emissions, CO_2 emissions in 2024 including T-Mobile US would have been 206 kt CO_2e and excluding T-Mobile US 162 kt CO_2e.

For further information on the expected development of the non-financial performance indicators of our operating segments, please refer to the section "Expectations for the operating segments."

Our **customer satisfaction** – which is expressed using the **TRI*M index** performance indicator – is expected to remain stable in both 2025 and 2026 against the baseline that is already at a very high level in the benchmark and has been recalculated for 2025. The values achieved in particular for our Germany and Systems Solutions operating segments, as well as across most of the Europe operating segment, put us in a leading position relative to the respective benchmarks. With the exception of the Europe operating segment, where our goal is to post slight improvements in some areas, we plan to maintain these leading positions in the benchmark for 2025.

Having achieved a high level of 77 points – on a scale of 0 to 100 – on the **engagement score** in the 2024 pulse survey, we expect the positive response of our employees regarding our Company to remain stable in the next surveys both in 2025 and 2026.

We expect our **energy consumption** to increase slightly at Group level in both 2025 and 2026, and to remain stable in the same period for Deutsche Telekom excluding T-Mobile US. In both 2025 and 2026, we expect **CO_2 emissions** (Scope 1 and 2) to decline both at Group level and excluding T-Mobile US. Since 2021, 100 % of the electricity requirements for all Group units have been met from renewable sources. As such, the majority of emissions have been eliminated.

For further information on our ESG KPIs, please refer to the section "Combined sustainability statement."

Our planning is based on the following exchange rates:

Currency		Exchange rate
Polish zloty	PLN	4.31
Czech koruna	CZK	25.12
Hungarian forint	HUF	395.27
U.S. dollar	USD	1.08

Expectations for Deutsche Telekom AG. The development of business at Deutsche Telekom AG, the Group's parent company, is reflected particularly in its service relationships with its subsidiaries, the results of the subsidiaries' domestic reporting units, and other income from subsidiaries, and from associated and related companies. In other words, our subsidiaries' results from operations and the opportunities and challenges they face are key factors shaping the future development of Deutsche Telekom AG's figures. Accordingly, in addition to our expectations for the Group, the expectations described below concerning the operating segments' revenue and earnings – such as strong competition, regulatory intervention, market and economic expectations, etc. – have an impact on our expectations concerning the development of Deutsche Telekom AG's future net income. Furthermore, net income can be affected by the use of hidden reserves in the course of making changes to the investment structure or as a result of capital repayments by subsidiaries.

Since 2024, subject to approval by the relevant bodies and the fulfillment of other legal requirements, the amount of the dividend is based on a dividend payout ratio of 40 to 60 % of adjusted earnings per share, with a lower limit fixed at EUR 0.60 per dividend-bearing share. For the 2024 financial year, we propose a dividend of EUR 0.90 for each dividend-bearing share.

While the dividend for the 2023 financial year was paid out in the planned amount and, as forecast, there were no significant changes in the contributions of the subsidiaries to operating results, Deutsche Telekom AG's unappropriated net income increased significantly against the prior-year forecast. This development is mainly influenced by positive effects from the intragroup aggregation of shares in the multi-level holding structure for the investment in T-Mobile US, as well as by an intragroup capital repayment, each by means of using hidden reserves.

Taking into account the proposed dividend payments totaling EUR 4.4 billion and barring any significant changes to the contributions of subsidiaries to earnings, we expect a decline in unappropriated net income in 2025, mainly due to unappropriated net income carried forward of EUR 24.7 billion. For the 2025 financial year, we expect an unappropriated net income that will allow the distribution of a dividend of 40 to 60 % of adjusted earnings per share.

Expectations for the operating segments

Below, we explain the market expectations and the expectations for the financial and non-financial performance indicators of our operating segments. We assume a comparable consolidated group and constant exchange rates for the development of our performance indicators.

> We presented more information on the expected development of the operating segments at our Capital Markets Day in October 2024.

Our Group Development operating segment no longer makes a significant contribution to the expectations of the Group's significant performance indicators. For this reason our forecast does not provide a separate presentation of the figures for this segment or a corresponding explanation.

Germany

Revenues increased in the German market for telecommunications services in 2024. According to a forecast by the consulting firm Analysys Mason, revenues are expected to continue growing in 2025. Demand for mobile and fixed-network communications is expected to remain stable in an environment with a moderate economic growth outlook. Declines in revenue due to sustained intense price competition and the decline in traditional fixed-network telephony will be more than offset by growing demand for mobile internet and fast connectivity in the consumer and business customer area. In the mobile market, revenues are expected to increase by 1.4 % in 2025. In the fixed-network market, the number of broadband lines will continue to rise; revenues are expected to increase by 2.4 %.

At the end of 2024, three providers with nationwide network infrastructure were active in the mobile market. 1&1 is currently building a fourth mobile network while simultaneously making use of wholesale national roaming services. There are also several providers active without having their own network infrastructure. The level of competition in the mobile market is expected to remain high. We lead the market for network coverage: At the end of 2024, 98.0 % of the population in Germany had access to our 5G network. With the continued build-out, we want to continuously improve our network quality. By 2025, we aim to have a 5G network covering 99 % of the population of Germany.

The market for fixed-network broadband hosts a large number of providers with differing infrastructures. We are assuming that cable network operators and providers with their own fiber-optic networks will keep competition high. But also providers without their own fixed-network infrastructure further contribute to the intensity of competition. In the fixed network, we want to provide fiber-optic-based products to more customers. We continued to roll out FTTH in the reporting year, giving 2.5 million households access to fiber through our own build-out efforts and through partnerships. In the coming year, too, we want to give another approximately 2.5 million households the opportunity to use a fiber-optic line from us. We are increasing the utilization rate of our broadband infrastructure by our own retail business as well as through partnerships with wholesale providers.

In summer 2024, the “Nebenkostenprivileg” was abolished. This meant many tenants in apartment buildings previously paid for their cable TV as part of ancillary rental costs. The change in the law now means tenants are free to choose which TV provider they sign with. Many have already switched, with providers of IPTV services being the main beneficiaries. We have increased our TV customer base to 4.6 million. Competition for TV customers remains fierce, and we address this by continuously improving our TV products with partnerships and innovative features.

Our goal is to further build on our market position as leading telecommunications provider. To achieve this, we are systematically investing in our networks. We want to turn customers into fans and enhance our efficiency. For our business customers, we want to enhance our comprehensive digitalization portfolio in the areas of IT, IoT, cloud and security applications, and more.

In our Germany operating segment, we expect a slight increase in revenue and service revenue in both 2025 and 2026, primarily due to growing mobile and broadband revenues. We expect customer numbers to grow in both business areas.

In each of the next two years, we expect to post year-on-year increases in earnings in our Germany operating segment. For 2025, we expect adjusted EBITDA AL of around EUR 10.8 billion, driven in particular by revenue growth and a simultaneous reduction in indirect costs, mainly through digitalization and automation. We expect adjusted EBITDA AL to increase again in 2026. We expect our cash capex (before spectrum investments) to remain stable in 2025, increasing slightly in 2026.

United States

The greater ICT sector in the United States is considered to be the backbone of the country’s economy and sees steady and significant R&D investment from major market players. ICT underpins the operations of all enterprises, public safety groups, and the government. Overall, the ICT market remains highly competitive, marked by low market concentration. (Source: Mordor Intelligence)

According to GSMA overall mobile revenues are expected to increase annually with continued subscriber growth, data consumption increases, and growth in the device market. GSMA forecasts monthly data usage per smartphone at 66 GB in 2029. While data usage per user is expected to increase, the growth rate of that usage is expected to taper steadily. Leading industry associations such as GSMA expect the United States to continue to lead global migration to 5G. 5G subscription uptake in North America continues. Likewise, this uptake in North America is expected to be at a globally-leading 412 million total connections by 2030. By 2030, 5G is expected to carry 80 % of all mobile data traffic, globally; whereas T-Mobile US itself already carries over 50 % of mobile traffic on 5G. (Sources: Ericsson Mobility Report, GSMA)

More mid-band spectrum has allowed for higher quality multi-band 5G. In 2024 Fixed Wireless Access (FWA) for home and enterprise is the main tech behind fixed broadband growth. Verizon is said to want to have 8 to 9 million FWA subscribers by 2028. Similarly, T-Mobile US said it aimed to increase its wireless broadband subscriber base to 12 million by the end of 2028. 5G is also growing in Enterprise, with deployments of wireless WAN to offices. According to Ericsson, mid-band 5G network coverage has now reached a point where consumer, enterprise and government innovations across the broader tech ecosystem can accelerate.

GSMA expects over half of all mobile connections running on 5G networks by 2029, and Ericsson forecasts 5G overtaking 4G globally in 2027, with 71 % of all subscriptions on 5G already in North America by the end of 2024. T-Mobile US expanded its 5G network leadership with the highest 5G availability according to independent network testing and more 5G coverage than its peers, utilizing the 600 MHz spectrum holdings it acquired in April 2017. T-Mobile US's continued deployment of mid-band spectrum, including the most recently allocated in early 2024, also drives the operator's expansion of 5G coverage.

The advent of Open RAN adoption could impact the vendor market, which had seen RAN revenues slow significantly in 2024. Both AT&T and Verizon have put out strong estimates for their own Open RAN adoption schedules. T-Mobile US in September 2024 announced a partnership with Nvidia, Ericsson, and Nokia to advance the future of mobile networking with AI at the center.

In fixed-network services, fiber-to-the-home (FTTH) continued to expand in 2024. According to the Fiber Broadband Association (FBA) 2024 set records for fiber deployments in the United States: with 10.3 million new homes passed with fiber, with 76.5 million total fiber-accessible homes. T-Mobile US is pursuing regulatory approval of two fiber transactions that could collectively see an estimated 12 to 15 million total homes or more served by fiber by 2030.

After completing merger integration with Sprint, T-Mobile US continued to execute its profitable growth initiatives, carrying great momentum into 2025. As reported in its Capital Markets Day in September 2024, T-Mobile US expects to see strong growth in its key financial metrics, while also aiming to grow the 5G broadband customer base and to gain profitable market share. T-Mobile US continues to focus on creating shareholder value and providing a combination of best network and value experience in the U.S. wireless industry. Key elements of the company's focus include consistently and profitably outgrowing the competition, and making the necessary investments to position the company for long term success. With ongoing investments in the network and in digitalization, T-Mobile US plans to extend its network leadership position by innovative technologies like network slicing, 5G Advanced, and over time, AI RAN, to deliver AI-powered, transformative customer experiences. T-Mobile US customer growth initiatives center on attracting and retaining a loyal customer base fueled by long-term structural advantages with its best network, best value, and best experience combination.

T-Mobile US expects a continued increase in postpaid customers in 2025 and 2026 and a stable trend in prepaid customers. Subscriber growth is based on further expansion in underpenetrated growth sectors, such as smaller markets and rural areas, including network seekers, continued opportunity in Small and Medium-sized Businesses, enterprise and government, broadband growth, and new businesses. All of these drivers have helped fuel industry leading customer and financial growth over the last few years.

T-Mobile US expects an increase in service revenues and total revenues in 2025 and 2026, driven by ongoing profitable share taking, postpaid account and ARPA growth, broadband growth, and expansion into new businesses.

For 2025, T-Mobile US expects adjusted EBITDA AL of USD 32.3 billion, which is based upon the midpoint of US GAAP guidance of USD 33.1 to 33.6 billion Core Adjusted EBITDA minus around USD 1.0 billion accounting bridge between US GAAP and IFRS, and a strong increase in adjusted EBITDA AL in 2026 as it focuses on delivering profitable customer growth and driving further operating efficiencies in the business through the company's digital transformation.

Excluding expenditures relating to spectrum, T-Mobile US has reported lower cash capex in recent years after reaching peak levels post Sprint Merger from its accelerated network integration and the rapid pace of its 5G network deployment. The company expects cash capex to increase in 2025 to fund continued network leadership and ongoing investment in core business growth and evolution and a stable trend in 2026, reflecting greater capital efficiencies from the 5G network build.

Europe

Economic activity saw a gradual recovery in the countries of our Europe operating segment in the reporting year. We assume that the European economy will continue to brighten overall in 2025 too, supported by several factors, including moderate inflation of around 2 % according to the European Central Bank's forecast. Analysys Mason expects total revenue for telecommunications services to grow slightly for the countries of our operating segment in 2025 and 2026. Demand for mobile services with corresponding revenues is expected to increase slightly in 2025 and 2026. In the fixed network, customer demand for a fast, reliable broadband connection will remain a key growth driver over the next two years, with forecast growth of around 3 %. The trend towards increased data usage continues unabated, especially in households that have not previously had sufficiently fast broadband lines. In many Central and Eastern European countries, there is still the possibility of increasing broadband network coverage, especially in our national companies, being previously pure wireless providers. Demand for AI-powered solutions that enhance productivity, improve personalization, and support decision-making is likely to grow further, particularly in the business customer segment. As a result, companies of all sizes are taking robust measures to ensure cybersecurity and data protection, to improve their competitiveness on the market, and to strengthen their strategic independence.

We aspire to continue developing into the Leading Digital Telco in the coming years. All national companies in the Europe operating segment except for Romania are integrated providers of telecommunications services, have high brand recognition levels, and are very significant players in their respective home markets. We always put our customers at the heart of everything we do. In the consumer segment, for example, we want to use AI and data to make our convergent products and services significantly more personalized and tailor them to specific target groups. We continue striving to give our network quality an emotional component through the TV business, which is key for our FMC business. We will therefore continue investing to acquire (co-)exclusive rights to broadcast national and international sports events, such as soccer leagues, or the rights to TV movies/series. Entering into partnerships with local and international OTT providers is also part of our strategy. In the reporting year, for example, we announced a partnership with the streaming service Netflix, which we are rolling out via our national companies in Europe. Besides content, the product experience is a further key factor in the success of our TV business, which is why we continue standardizing our TV platforms and terminal equipment. According to Analysys Mason, pay-TV business is set to grow by almost 6 % in both 2025 and 2026, driven by streaming services, which are expected to overtake traditional TV business for the first time starting 2025.

Digital interaction with our customers is a key factor in meeting customer needs in a more personalized and efficient way, and positioning products and innovative services on the market more quickly. Our service app (OneApp) is already used by more than two thirds of our customers, and was recently expanded to include the Magenta AI feature in collaboration with Perplexity AI. The app helps us monetize our product portfolio and bring down costs by reducing service cases through self-service and preventive maintenance. We also offer a number of other channels for interaction, such as our digital retail platform OneShop and our digital payment solution Payzy. In customer interactions – whether digital or in person – we want to ensure that we can offer our customers the best customer experience every time. Thus, we believe we can retain and further build on our first place in customer satisfaction rankings of telecommunications companies in the respective countries (as measured by the TRI*M index, which is based on empirical research).

We intelligently use our network infrastructure – fast fiber-optic networks and the accelerated rollout of 5G – to make our contribution to digitalization. In all our footprint countries, we have gradually refarmed the spectrum used for 3G to increase LTE and 5G capacity. We also successfully began operating 5G Standalone (5G SA) in Greece and Hungary, and can now offer our customers this state-of-the-art technology. Automation and AI are used, e.g., to support fiber-optic planning or to reduce energy consumption in our mobile communications networks. The build-out of fiber-optic technology is also progressing further. By the end of 2026, we aim to increase our fiber-optic coverage – from 10.1 million at present – by a further 2 million households, connecting around 5 million households by the end of 2026 to achieve a utilization rate of 39 %.

In the B2B business, the growing demands of digitalization pose challenges for us. We want to offer our customers a stand-out network experience, using our expanded 5G coverage and tailored 5G solutions to develop sustainable and customizable business models for specific industries. These also include modern digital infrastructure for integrated IT and communications solutions, as well as services enabled through platform-based offerings. Our next-generation portfolio includes AI-powered solutions such as chatbots, digital assistants, and intelligent recommendation engines. We offer augmented functions to enhance the digital experience, e.g., 24/7 support, self-service portals, and customer success managers.

In our Europe operating segment, we expect a positive trend in customer numbers in the next two years, primarily thanks to the focus on delivering the best network experience, the best customer experience in interaction with us ("Win the hearts of our customers"), and the best FMC experience for consumers and business customers alike. We expect the number of mobile customers to increase slightly in both 2025 and 2026. We expect the number of fixed-network lines to remain stable in both 2025 and 2026. We expect the number of broadband customers to increase in both 2025 and 2026 and the number of TV customers to also increase slightly in both years.

We expect revenues for our Europe operating segment to increase in 2025 and again in 2026, measured on a comparable basis, i.e., at constant exchange rates and given an unchanged organizational structure, and comparable market conditions as well as decisions by regulators. We also expect service revenues to increase in both years.

We expect adjusted EBITDA AL to increase to EUR 4.6 billion in 2025, followed by a further increase in 2026. We assume that the trend on the energy market will remain challenging for the time being. In order to be better prepared for rising energy prices, we continue to conclude long-term power purchase agreements with local suppliers in the respective European countries. In some countries of our operating segment, inflation resulted in higher collective salary agreements being concluded in the reporting year. In addition, highly intense competition in the markets of our operating segment could potentially put pressure on our margins. In order to realize cost-cutting potential, we intend to increase our productivity by also using AI and exploit the benefits of digitalization, for instance by automating processes.

To maintain our technology leadership, we continue to invest in fiber-optic and 5G technologies of our integrated networks and plan to maintain the high overall level of investments over the next few years. We expect cash capex (before spectrum investment) to increase slightly in 2025 and 2026.

Systems Solutions

Overall, we expect growth rates in the IT market to remain fairly constant in the coming years, while pressure from innovations, costs, and intense competition is likely to persist. Nevertheless, we expect ongoing digitalization to drive further growth in demand for solutions from the areas of cloud services, big data, and automation of business processes using artificial intelligence (AI), as well as IT security (cybersecurity).

At the same time, this market is undergoing a radical transformation, e.g., due to ongoing standardization and automation, demand for smart services, and the changes being wrought by cloud services in outsourcing business. Further challenges have arisen in the shape of digitalization, the growing importance of cybersecurity, and AI. Traditional IT business will continue to decline, while cloud services and cybersecurity may achieve double-digit growth rates. With the aim of achieving a significant shift in the revenue mix towards our growth areas, we are continuing to drive forward expansion of the growth business (e.g., digitalization, public cloud, sovereign cloud, cloud migration), while at the same time stabilizing and making further cost savings in established IT business (e.g., infrastructure solutions). In line with this, our plan is to continue investing increasingly in growth markets – especially in digitalization (e.g., AI, SAP S/4HANA), multi- and hybrid cloud services, and cybersecurity.

In terms of revenue and market share, we are among the top IT service providers in the European IT market and in Germany. Our very high levels of customer satisfaction – with a TRI*M score of over 95 – are a core element in maintaining this position in the long term as well as in playing a leading role in digitalization.

Overall, we forecast slight growth in order entry for the Systems Solutions operating segment in 2025 and again in 2026. We also expect revenue and service revenue to increase slightly in 2025 and 2026. Adjusted EBITDA AL is expected to increase in 2025, reaching around EUR 0.4 billion. We expect adjusted EBITDA AL to increase again in 2026. We expect cash capex (before spectrum investment) to remain stable in both 2025 and 2026.

Group Headquarters & Group Services

In Group Headquarters & Group Services, we are reaffirming our efficiency ambitions and continuing our efforts to pass on the envisaged cost reductions to the operating segments in the coming years. Specifically, this means reducing intragroup cost allocations by providing our services more cost-effectively, to support a positive contribution to earnings in the operating segments. We remain committed to taking responsibility for a sustainable future and continue to implement our targeted ESG activities. On this basis, we will continue to centrally procure carbon credits for the Group, in addition to carrying out extensive energy-saving construction measures. We are also systematically transitioning our vehicle fleet to e-mobility and are able to realize further optimizations in our real estate portfolio by bundling technical infrastructure.

The strategy of the Board of Management department Technology and Innovation for the period 2024 through 2027 focuses on four areas: global economies of scale, technological sovereignty, autonomous networks, and data-driven artificial intelligence (AI). Deutsche Telekom plans to make its technology and product platforms available on a global scale. This includes further developing applications and products for business customers such as campus networks and security technologies, e.g., Magenta Security on Net. We also plan to unify and further develop the operating systems for our routers, and intensify interaction with our customers via apps. We are strengthening our technological independence by deploying Open RAN technology (Open Radio Access Network). Open RAN is a shift towards open interfaces and greater variety of providers in the Radio Access Network. Over 3 thousand Open RAN-compatible cell sites are set to be in operation by 2027. We are also developing our own RAN management system to better monitor our costs and the customer experience.

We continually modernize and automate our networks in pursuit of our vision to create autonomous networks, able to run with minimal human intervention and maximal efficiency due to AI and automation. AI is being integrated into all processes to boost productivity and enhance customer experience, such as using AI chatbots in customer hotlines and generative AI in the MeinMagenta app (Magenta AI). By 2027, 10 million users per month are set to benefit from this. In network management, incident tickets will be created and resolved automatically. AI will enhance energy efficiency in the access network, based on a modern IT organization delivered by the Board of Management department. We use cloud solutions and state-of-the-art software to standardize our infrastructure, pouring the savings captured into further innovation projects. Innovations in technology and products are aligned with the goal of safeguarding network and technology leadership alongside enhanced customer satisfaction in the Germany, Europe, and United States operating segments.

Risk and opportunity management

Board of Management's assessment of the aggregate risk and opportunity position

The assessment of the aggregate risk position is the outcome of the consolidated analysis of all material risk categories or individual risks. The aggregate risk position remained stable compared with the prior year. Our major challenges particularly include geopolitical and economic uncertainties, regulatory factors, and intense competition and the associated pressure on profitability in the telecommunications business, as well as the pressure to change arising from new technologies and strategic transformation. At the time of preparing this report, neither our risk management system nor our management could identify any material risks or developments that threaten the continued existence of Deutsche Telekom AG or a significant Group company as a going concern.

We are convinced that we will also be able to master challenges and exploit opportunities in the future without having to take on any unacceptably high risks for our business or for society and the environment. We strive to achieve a good overall balance between opportunities and risks, with the aim of increasing added value for our stakeholders by analyzing and seizing new market opportunities.

For further information on sustainability, please refer to the section "Combined sustainability statement."

Risk and opportunity management system

As one of the world's leading providers in the telecommunications and information technology industry, we are subject to all kinds of uncertainties and change. In order to operate successfully in this ongoing volatile environment, we anticipate potential developments at an early stage and systematically identify, assess, and manage the resulting risks and opportunities. We therefore consider a functioning risk and opportunity management system to be a central element of value-oriented corporate governance.

A risk and opportunity management system of this kind is not only necessary from a business point of view; it is also required by laws and regulations, in particular § 91 (2) and (3) of the German Stock Corporation Act (Aktiengesetz – AktG). The Audit and Finance Committee of the Supervisory Board of Deutsche Telekom AG monitors the effectiveness of the internal control system and the risk management system as required by § 107 (3) sentence 2 AktG.

Our risk and opportunity management system is based on the globally applicable risk management standard of the International Standards Organization (ISO). ISO standard 31000 “Risk management – Principles and guidelines” is regarded as a guideline for internationally recognized risk management systems.

Our Internal Audit unit reviews the functionality and effectiveness of elements of our risk and opportunity management system at regular intervals. Under § 317 (4) of the German Commercial Code (Handelsgesetzbuch – HGB), the auditor of listed companies should assess whether the board of management has taken the measures incumbent upon it under § 91 (2) AktG in a suitable form, and whether the monitoring system stipulated by this paragraph is calculated to meet its objectives, including the early detection of developments that could put the continued existence of the company at risk. Our system complies with the statutory requirements for a risk early detection system. An external audit of risk and opportunity management in accordance with IDW Auditing Standard 981, most recently carried out at the end of 2022/start of 2023 for selected parts of the organization and risk categories did not uncover any findings.

In addition, our Group Controlling unit specifies a series of Group guidelines and processes for the planning, budgeting, financial management, and reporting of investments and projects. These guidelines and processes are intended to guarantee both the necessary transparency during the investment process and the consistency of investment planning and decisions in our Group and operating segments. They also provide the Board of Management with support in reaching its decisions. This process also includes the systematic identification of strategic risks and opportunities. The Group Policy on Risk Management was further refined in 2022 and adapted to the current circumstances.

Organization of the risk and opportunity management system

The Group Risk Governance unit defines the methods for the risk and opportunity management system that is applied Group-wide and for the associated reporting system, in particular the Group risk report. All operating segments as well as the Group Headquarters & Group Services segment are connected to the central risk and opportunity management system of the Group via their own risk and opportunity management. The relevant owners in each of the segments are responsible for identifying, assessing, and continuously monitoring risks. Management takes potential opportunities into account in the annual planning process and continuously develops them further during business operations.

Our Group-wide risk and opportunity management system covers strategic, operational, regulatory, legal, compliance, and financial risks and opportunities for our consolidated and major non-consolidated entities. Risks and opportunities in relation to sustainability reporting are also covered by our risk and opportunity management system (in accordance with ESRS 2 GOV-5 para. 36a). The standard process described below provides a framework. The starting point for the identification of risks and opportunities is the deviation from a planned value or company target. Once risks and opportunities have been identified, we move on to analyze and assess them in more detail. We then decide on the specific course of action to be taken, for example, in order to reduce risks or seize opportunities. The respective risk owner evaluates, implements, and monitors the associated measures. After taking mitigating measures into account, these risks are summarized in the risk reporting, which is submitted to the decision-makers in the company and/or the relevant supervisory body. This also enables transparent monitoring of the development of individual risks and opportunities, as well as of the overall risk situation, including the mitigation measures taken. Our risk culture, the manner in which we deal with risks and opportunities, is a key component and embedded in all parts of the Company.

The risk and opportunity management process is described below using five elements. For purposes of simplification, “risks” is used in the following, instead of referring to “opportunities and risks” in each case. The document nonetheless focuses on both positive and negative deviations from the planned value. Risk management is therefore always a matter of opportunity and risk management.

The risk and opportunity management system

Risk culture

Our risk culture includes the basic attitudes in relation to risks and forms the basis and the framework for everyday business, for being able to make risk-oriented decisions. The risk culture is closely interlinked with Deutsche Telekom's corporate culture, which requires risks to be dealt with in a positive and transparent way. At the core of our risk culture is the motto "Everyone is a risk manager," which means that, in principle, every employee takes responsibility for their risks, and handles them in accordance with the defined process.

Corporate targets

The corporate targets (or targets for the relevant individual unit derived from these) serve as the starting point for the identification of risks as deviations from planned values. These include both quantitative and qualitative targets. In order to assess the threat to the continued existence of the Company, we implemented the concept of risk-bearing capacity. Risk-bearing capacity encompasses the assets for covering possible losses. These assets are defined through equity and liquidity.

Risk analysis

Risk identification. Each segment and the central Group functions produce a quarterly risk notification or risk report in accordance with the standards laid down by the central Group Risk Governance unit and based on specific materiality thresholds. These reports or notifications assess risks, taking into account their extent in terms of impact on results of operations or financial position, as well as their probability of occurrence, and they identify action to be taken and suggest or initiate measures. Qualitative factors affecting our strategic positioning and reputation are taken into account. We base our assessment of risks on a period of two years. This is also the length of our forecast period. If significant risks exist beyond the forecast period, these are monitored and documented on an ongoing basis. In addition, on an annual basis, we consider "emerging risks," which are primarily derived from external studies. These are risks and opportunities that are developing at considerable pace, and in some cases are difficult to assess. These risks are either new or becoming substantially more significant for our company over time. Risks and opportunities like these are triggered primarily by technological developments (e.g., digitalization), environment (e.g., climate change), geopolitical tensions (e.g., wars or trade disputes), macroeconomic factors (e.g., shortages of skilled labor or pandemics), or threats (e.g., cyberattacks).

Risk assessment. Individual risks are assessed on the basis of "probability of occurrence" and "risk extent." The following assessment yardsticks apply:

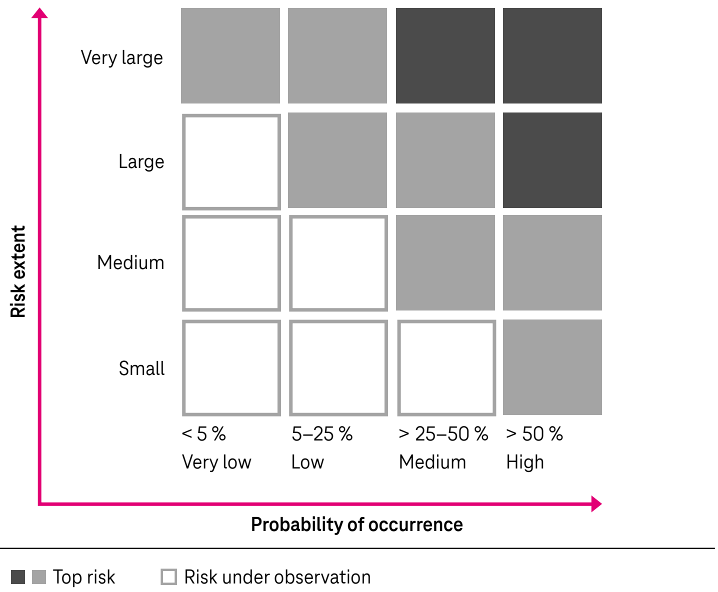
Probability of occurrence	Description
< 5 %	Very low
5 to 25 %	Low
> 25 to 50 %	Medium
> 50 %	High

Risk extent	Description
Small	Limited negative effects on business activities, results of operations, financial position, and reputation; individual EBITDA AL risk < € 200 million
Medium	Negative effects on business activities, results of operations, financial position, and reputation; individual EBITDA AL risk ≥ € 200 million
Large	Significant effects on business activities, results of operations, financial position, and reputation; individual EBITDA AL risk ≥ € 500 million, and/or affects more than one Group entity
Very large	Damaging negative effects on business activities, results of operations, financial position, and reputation; individual EBITDA AL risk ≥ € 1.0 billion, and/or affects more than one Group entity

In addition, the appropriate distribution function (e.g., PERT function) is used to quantify the risk. This also flows into the risk aggregation. The risk extent is primarily assessed in terms of impact on EBITDA AL. If relevant, other indicators are to be used for the assessment, e.g., financial risks related to cash flow or accounting risks related to depreciation, amortization and impairment losses, which can also be used to assess the categories of risk.

On the basis of our assessment using the criteria described above, we categorize the individual risks in our risk and opportunity management process as top risks or risks under observation, as shown in the graphic below. Top risks are managed with priority.

Risk portfolio



We generally report the top risks (gray and dark gray shading). Exceptions are possible, for example, risks from prior years that we continue to list for the sake of reporting continuity although they are classified as “risk under observation” (white shading) in the current reporting period.

It should be noted that risks with an extent currently assessed as being small may in the future have a stronger impact than risks currently assessed as having a larger extent. This may be due to uncertainties that cannot be assessed at present and over which we have no influence.

For the aggregate disclosure of an overall risk position, Group Risk Governance performs an “EBITDA AL at risk” and a “cash flow at risk” calculation for Deutsche Telekom. This states that, with a particular probability of occurrence, the risk extent ascertained using the simulation will not be exceeded. The risk aggregations are carried out using a technique that has become known as Monte Carlo simulation, in which a large number of risk-related potential future scenarios is considered. The overall risk positions are set in relation to the assets for covering possible losses, so as to enable the early identification of any development that could jeopardize the continued existence of the company. The risk-bearing capacity analysis is carried out once a quarter as part of risk reporting. In addition to shareholders’ equity and liquidity, it also takes into consideration the fair value of listed subsidiaries and equity investments, liabilities, as well as loan and bond conditions.

Identification and assessment of opportunities in the annual planning process. The systematic management of risks is one side of the coin; securing the Company's long-term success by means of integrated opportunities management is the other. That is why identifying opportunities and subjecting them to a strategic and financial assessment is an essential part of our annual planning process. It allows us to factor those opportunities into our forecasts for financial and non-financial performance indicators.

The short-term monitoring of results and the medium-term planning process help our operating segments and Group Headquarters identify and seize the opportunities in our business throughout the year. While short-term monitoring of results mainly targets opportunities for the current financial year, the medium-term planning process focuses on opportunities that are strategically important for our Group. In this context we distinguish between two types of opportunity:

- External opportunities, i.e., those with causes over which we have no influence, for example, the revocation of additional taxes in Europe.
- Internal opportunities, i.e., those that arise within the Company, for example by focusing our organizational structure on innovation and growth areas and products, or through business partnerships and collaborations from which we expect to reap synergies.

We are constantly enhancing the efficiency of our planning process so as to gain greater scope for action. The preliminary plans of our operating segments form the basis for a concentrated planning phase during which members of the Board of Management, business leaders, executives, and experts from all business areas intensively discuss the strategic and financial focus of the Group and its operating segments, and from all of which they ultimately produce an overall picture. The identification of opportunities from innovation and their strategic and financial assessment play a major role throughout this process. This "brainstorming" may result in opportunities being taken and transferred to the organization, or rejected and passed back to the respective working groups for revision.

The risk analysis described also covers the identification and assessment of risks and opportunities in relation to sustainability reporting (in accordance with ESRS 2 GOV-5 para. 36b).

Risk handling

Group insurance management. To the extent possible and economically viable, we take out adequate Group-wide insurance cover for insurable risks. DeTeAssekuranz – a subsidiary of Deutsche Telekom AG – acts as an insurance broker for group insurance management. It develops and implements solutions for the Group's operational risks using insurance and insurance-related tools and places them on the national and international insurance markets.

Taking out insurance cover is an essential option for our external risk transfer. The coverage of risks in our Group insurance programs requires the transfer of risk for the purpose of protecting the Group's financial position. That means that the possible extent of the risk must have reached a volume "relevant for the Group" or the risks have to be bundled and managed at Group level to protect the Group's interests (opportune reasons/cost optimization/risk reduction).

Business continuity management (BCM). BCM is a process within operational security and risk management that helps protect business processes from the consequences of damaging incidents and disruptions. It ensures the continuation of business processes through ongoing analysis, assessment, and management of relevant risks for people, technology, infrastructure, supply and service relationships, and information. The aim is to identify potential threats at an early stage and to keep the impact and duration of a disruption of critical business processes to an acceptable minimum by ensuring appropriate resilience in the organization plus the ability to effectively cope with threats.

To this end, BCM identifies critical business processes and business processes requiring protection, including any supporting processes, process steps, and assets (people, technology, infrastructure, information, and supply and service relationships). Appropriate precautionary measures are also defined. In particular, Security Management works in coordination with the relevant units and process owners to analyze the possible consequences of external and internal threats with relevance for security, such as natural disasters, vandalism, or sabotage. Once the extent of potential losses and probability of occurrence have been assessed, preventive measures can be put in place and contingency plans developed.

Risk containment measures. The risk owners initiate and execute further measures to mitigate the risks. A wide range of measures are available, depending on the risk type. A few examples of these measures are:

- We tackle risks from the market environment with comprehensive sales controlling and intensive customer management.
- We deal with risks arising from brand and reputation by continuously analyzing the market and communications.
- We also take a whole array of measures to deal with operational risks: for example, we constantly implement operational and infrastructural measures in order to improve our networks, and offer our employees systematic training and development programs.
- We deal with risks from the political and regulatory environment through an intensive, constructive dialogue with policymakers and the authorities.

- We minimize legal risks by ensuring suitable support for proceedings and by designing contracts appropriately in the first place.
- We manage interest and currency risks by means of systematic risk management and hedge them using derivative and non-derivative financial instruments.
- The Group Tax unit identifies potential tax-related risks at an early stage and systematically records, assesses, and monitors them. It takes any measures necessary to minimize tax-related risks and coordinates them with the Group companies affected. The unit also draws up and communicates policies for avoiding tax risks.

Our risk handling activities also involve incorporating the findings from the risk assessment and internal controls in relation to sustainability reporting into internal processes (in accordance with ESRS 2 GOV-5 para. 36d).

Risk monitoring

The Group risk report, which presents the major risks, is prepared for the Board of Management on a quarterly basis. The Audit and Finance Committee of the Supervisory Board of Deutsche Telekom AG also examines this report at its meetings. Furthermore, the Board of Management informs the Supervisory Board. In addition, the emerging risks are presented once a year as part of the risk report. The findings from the risk assessment and the internal controls in relation to the sustainability reporting process in accordance with ESRS 2 GOV-5 para. 36e are also covered. Among other benefits, the risk report ensures transparent monitoring of the development of individual risks, as well as of the overall risk situation. This is supported by the Group-wide risk management tool. If any unforeseen risks arise, they are reported ad hoc (even outside of regular quarterly reporting). We inform the Audit and Finance Committee about all of the latest developments and/or changes in the risk management system at a special meeting held annually.

Risks and opportunities

In the following section, we present all risks and opportunities of significance to the Group – including emerging risks – that, as things currently stand, could affect the results of operations, financial position, and/or reputation of Deutsche Telekom and, via the subsidiaries' results, the results of operations, financial position, and/or reputation of Deutsche Telekom AG. We only consider risks and opportunities after the mitigation measures taken (net assessment). If risks and opportunities can be clearly allocated to an operating segment, this is presented accordingly in the following.

In order to make it easier to understand and see their effects, we have assigned the individually assessed risks to the following categories. Where multiple individual risks are assigned to one risk category, we calculate the risk significance on the basis of risk aggregation carried out using a Monte Carlo simulation, in which we consider the individual risks along with their individual extent and probability of occurrence. The outcome, or risk significance, is the "value at risk." This states that, with a particular probability of occurrence, the risk extent ascertained using the simulation will not be exceeded. An expert assessment is used for risk categories that have not been quantified.

The resulting risk significance for the risk categories is broken down into four levels:

Risk significance	Description
Low	< € 200 million value at risk
Medium	≥ € 200 million value at risk
High	≥ € 500 million value at risk
Very high	≥ € 1.0 billion value at risk

Corporate risks

	Risk significance	Change against prior year
Strategic risks		
Macroeconomic environment, Germany	Medium	Unchanged
Macroeconomic environment, United States	Medium	Unchanged
Macroeconomic environment, Europe	Medium	Unchanged
Market environment, Germany	Low	Unchanged
Market environment, United States	Very high	Unchanged
Market environment, Europe	Low	Unchanged
Strategic implementation and integration	High	Improved
Brand and reputation	Low	Unchanged
Sustainability and social responsibility	Medium	Unchanged
Health	Low	Unchanged
Operational risks		
Technology, Germany	Low	Unchanged
Technology, United States	Medium	Unchanged
Technology, Europe	Low	Unchanged
Procurement and suppliers	Medium	Unchanged
Data privacy and data security	Very high	Unchanged
Other operational risks	Medium	Unchanged
Regulatory risks	Medium	Unchanged
Litigation and anti-trust proceedings	See "Litigation and anti-trust proceedings"	
Compliance risks	See "Compliance risks"	
Financial risks	Medium	Unchanged

Strategic risks and opportunities

Risks and opportunities relating to the macroeconomic environment. As an international corporation, we operate in a large number of countries, using a range of currencies. A substantial economic downturn could generally reduce the purchasing power of our customers and adversely affect our access to the capital markets. Exchange rate fluctuations could impact on our earnings.

Uncertainty over the global economic outlook remains high. In particular, ongoing high geopolitical tensions constitute a significant risk factor. A further escalation of the conflicts in the Middle East could push up energy prices and disrupt supply chains, especially for our Germany and Europe operating segments. Also, a potential escalation of the war in Ukraine to a global conflict could have a negative impact on economic growth in Europe and on the financial markets. Hybrid warfare is on the rise, bringing even critical infrastructure into greater focus, such that it could become necessary to increase defenses. Additional risks could result from other geopolitical conflicts, for instance between China and Taiwan, or North and South Korea, and the uncertainty from international trade conflicts.

Uncertainty in trade policy has risen sharply in the context of increasing import restrictions in major economies. Further trade barriers would increase import prices, add to production costs for companies, and further drive up prices for consumers. In addition, trade tariffs and/or geopolitical crises could have a substantial impact on economic growth, particularly in Germany.

Furthermore, there are still financial risks, resulting from high debt levels, inflated asset evaluations, and the declining credit quality of some debtors. A rise in company insolvencies could have a negative impact on our business customer segment. Increases in the cost of living and decreases in disposable household income could trigger migration to lower-cost rate plans in the consumer segment, or larger numbers of customers defaulting on payments.

Furthermore, extreme risks with a high impact of loss and a very low probability of occurrence could in principle have a substantial impact on the global economy and our business. Examples of these are extensive extreme weather events (e.g., tsunamis, solar storms), disruptive new technologies, further armed conflicts, or new pandemics.

These risks are counterbalanced by opportunities. In particular, the economy could perform better than expected if consumer restraint among private households eases. A potential settlement of geopolitical conflicts or lower energy prices could also strengthen consumer confidence and improve the general business climate.

Risks from the market environment. The main market risks we face include the steadily falling profitability of fixed-network and mobile services. In addition to price reductions imposed by regulatory authorities, this is primarily attributable to ongoing intense competition in the telecommunications industry.

In the fixed network, competitive pressure is expected to remain high. In the broadband market, competition is growing from providers with their own fiber-optic networks. What's more, there is still strong price competition with high introductory discounts from cable network operators and providers without their own fixed-network infrastructure.

We also expect ongoing price pressure in mobile communications, which could negatively affect our mobile service revenues. The main reason for this price pressure is data-centric, aggressively priced offers. There is also the risk that smaller competitors will take unforeseen, aggressive pricing measures. Technological innovations could put further pressure on prices by increasing the willingness of customers to switch providers.

Another competitive risk lies in the fact that, both in the fixed network and in mobile communications, we are increasingly faced with competitors who are not part of the telecommunications sector as such, but are increasingly moving into the traditional telecommunications markets. This mainly relates to major players in the internet and consumer electronics industries. As a result, we are exposed to the risk of a further loss of share of value added and falling margins due to increasingly losing direct customer contact to competitors.

Rising dissatisfaction in parts of society could lead to further polarization and controversial debates. More protests, demonstrations, and strikes are possible, which could lead to vandalism, theft of inventory, or disruption to technology sites.

T-Mobile US is active in a market environment that is characterized by intensive competition. Alongside traditional telecommunications providers that deliver bundled offerings including content and mobile video services, there is additional competition, as mobile, fixed-network, and satellite industries increasingly converge. Additionally, potential market saturation in the United States may cause the wireless industry's customer growth rate to decline in comparison with previous years. The industry is also highly competitive in spectrum positions, which are crucial to improving existing offerings and introducing new services. T-Mobile US, through its strategic acquisition of spectrum, enabled the capabilities to offer high-speed internet. High-speed internet allows our U.S. subsidiary to offer its own access product and provide a basis on which to continue the business with bundled offerings. Furthermore, T-Mobile US continues to develop and maintain strategic partnerships and MVNO relationships. T-Mobile US must continue to successfully refine and implement its market strategy as Value Leader, Customer Service Leader, and 5G Network Leader to attract and maintain private and business customers. Increasing competitive pressure due to attractive bundle offers and device promotions could lead to difficulty in achieving targets in terms of business, financial, and operating results in the future.

Innovation cycles are getting shorter and shorter. This confronts the telecommunications sector with the challenge of bringing out new products and services at shorter and shorter intervals. New technologies are superseding existing technologies, products, or services in part, in some cases even completely. This could lead to lower prices and revenues in relation to the services offered, such as telephony, internet access, or television – right through to full substitution by new, global providers. These substitution risks could impact our revenue and earnings. We deal with the impact of substitution risks by, for example, offering integrated, in some cases AI-based solutions with hyper-personalization, contextualization, and consistent interoperability of our products, in order to "turn customers into fans" and thereby secure their loyalty. In terms of building out fiber-optic networks, more and more new competitors are entering into the markets, which could lead to longer payback periods for all market players. The strategic rivalry between the "West" (predominantly the United States) and the "East" (predominantly China) could further intensify, accelerating various technological areas (e.g., the further development of standards for telecommunications networks).

Our Systems Solutions operating segment also faces challenges. Continued intense competition and persistent cost pressure are adversely affecting traditional IT business. In addition, the technological shift toward cloud solutions and digitalization in the IT sector is prompting strongly capitalized competitors to enter the market. This might lead to revenue losses and declining margins at T-Systems.

Opportunities from the market environment. The telecommunications and IT market is extremely dynamic and highly competitive. The economic and competition conditions as well as customers' changing wants and needs affect our actions and impact on our Company indicators. We generally expect the situation to develop as described in the section "Forecast."

Apart from the risks described, there is the possibility that our customers could move to higher-value combined rate plans, motivated by the leading customer experience in the “best network.” Likewise, further growth could be generated by tapping into new customer segments, especially in the United States (e.g., for business customers and small and medium-sized enterprises). In addition, ever-shorter innovation cycles could enable us to drive the digital transformation of our society and to provide our consumers and business customers with innovative products and solutions. The use of artificial intelligence (AI) also opens up the possibility of digitalizing more processes or implementing them faster and in higher quality. We are already on track for autonomous networks that increasingly monitor, manage, and configure themselves, leading to fewer outages and at the same time, ensuring higher quality and better energy efficiency. That is why, with the growing convergence of networks, IT, and products, our innovation and technology activities are decisive when it comes to identifying opportunities and making the most of them in an increasingly competitive environment. Hence, our Technology and Innovation Board of Management department has joined all relevant functions under a common leadership to ensure a close integration of technology, innovation, IT, and security. By doing so, we are putting the development of human-centered solutions and outstanding, seamless customer experiences front and center, and in the reporting year, we once again won multiple awards, including for the “best network” and our Frag Magenta chatbot.

For further information, please refer to the section “Group strategy.”

The substantial increase in capacity, bandwidth, and availability, and the lower latencies provided by the 5G mobile standard we have rolled out offer greater reliability, security, and guaranteed service quality, for example, for industrial use cases. 5G enables increased requirements for existing business models to be managed more cost-efficiently. In addition, it offers opportunities for further business models, by marketing improved network capabilities (e.g., network access, localization, security, identity, storage location, temporary storage) to relevant partners. We have already implemented many use cases with 5G, such as 5G campus networks, applications for extended reality (XR), and support for autonomous driving. Together with other technologies like the NarrowBand Internet of Things (NB-IoT) and AI, 5G provides the underpinnings for the further digital transformation of society. To further develop telecommunications networks, we are working with industry and researchers on new standards that aim to address a number of current challenges facing communications networks: the connection between all people, the orchestration of various access networks, sustainability, and carbon neutrality, and the further underpinning of data privacy, trust, and security. We thus launched new digital offers in the reporting year, which could open up additional revenue potential. For example, with our first network programming interfaces (Magenta API Capability Exposure), we are giving software developers and companies digital access to certain network services, so as to improve the user experience and security of individual third-party applications like autonomous driving.

Furthermore, opportunities for new project business are emerging in our systems solutions business from data sovereignty, multi-cloud transformation and optimization, and innovation areas such as AI, and industrial metaverse projects.

Risks relating to strategic implementation and integration. We are in a continuous process of strategic adjustments and cost-cutting initiatives. If we are unable to implement these projects as planned, we will be exposed to certain risks. In other words, the benefit of the measures could be less than originally estimated, take effect later than expected, or not at all. Each of these factors, individually or in combination, could have a negative impact on our business situation, financial position, and results of operations.

As a part of the business combination of T-Mobile US and Sprint, numerous commitments were made to secure approvals. Most commitments have been accomplished. Nevertheless, should any remaining commitments not be achieved, litigation or financial consequences could be a result. In the United States, growth opportunities in the wireless business are becoming more difficult and expensive due to market saturation. Non-core and emerging businesses may be relied on to continue subscriber growth. T-Mobile US is also engaged in complex digital transformation efforts intended to streamline operations, enhance customer experience, and improve its overall competitiveness. These initiatives involve emerging technologies, advanced analytics, and AI-driven tools, which carry significant uncertainties such as integration challenges, data security and privacy risks, regulatory compliance, and the need for specialized skills. Failure to effectively execute these initiatives – or secure robust adoption – could diminish the expected benefits and adversely affect T-Mobile US’s competitiveness, financial performance, and reputation.

Collaboration with Chinese suppliers is being impeded by the enduring trade conflict between the United States and China. Since 2020, the United States has restricted the use of U.S. technology for and by Chinese suppliers on account of security concerns. They also put pressure on other countries to do the same. In Germany, the legislator adopted the Second Act to Increase the Security of Information Technology Systems, or the IT Security Act 2.0 (IT-Sicherheitsgesetz 2.0), in 2021. All 5G operators must notify the authorities of new critical components and the suppliers thereof in accordance with the catalog of security requirements pursuant to the Telecommunications Act and prior to first-time operation. If the Federal Government has security concerns, it can introduce a blanket ban on using certain manufacturers. Deutsche Telekom itself has long been scrutinizing security-critical components prior to installation and on an ongoing basis once in operation. In July 2024, the Federal Government and Germany's three biggest network operators agreed to replace all Huawei and ZTE components in the 5G core networks by the end of 2026 and the critical network configuration management systems of both manufacturers in the 5G access and transport networks by the end of 2029. Deutsche Telekom does not use ZTE components and has already phased out Huawei from its 5G core network. Deutsche Telekom is developing its own software for configuring its antennas and transport network to replace the proprietary software from Huawei. This also has the benefit of further driving forward the ongoing implementation of the Open RAN strategy. In other countries, such as Austria, the Czech Republic, and Poland, it is still possible that components from critical infrastructure suppliers will have to be replaced within specific deadlines. On the basis of the agreement with the Federal Government, we are reducing the risk significance of the risk category "Strategic implementation and integration" from very high to high.

Opportunities relating to strategic implementation and integration. In our Magenta Advantage strategic area of operation, we work with partners to develop new digital business models based on our assets or capabilities. These partnerships provide opportunities for us to increase revenue and strengthen customer loyalty on a sustainable basis. Since the start of 2022, we have offered our customers exclusive products, services, and benefits as part of our loyalty program Magenta Moments in the OneApp. Cooperations with partner firms like Rituals, Lindt, Paramount, and Perplexity are a key component of our activities and will play an even more crucial role going forwards in light of the pan-European expansion of our loyalty measures in Europe.

The disaggregation of the access networks (in mobile communications: Open Radio Access Network, Open RAN; in the fixed-network: Access 4.0) and core networks (e.g., the 5G core network) as part of our network differentiation strategy offers the opportunities of expanding the supplier ecosystem and, as a result, increasing competition, flexibility, and innovation. As we simultaneously drive forward automation and cloudification, we also expect a reduction in total costs and an increase in agility and speed in the provision of new services and features.

We are driving forward the transformation of our IT using agile development, decoupling, and cloudification. These approaches enable us to tap into new possibilities for accelerating developments and increasing the efficiency of IT production, by providing modular components, known as microservices, and APIs and producing them in a scalable cloud with state-of-the-art technology. Furthermore, agile and decoupled development makes it possible to reduce big bang risks in the delivery of major software releases by means of smaller, flexible software releases.

Risks and opportunities arising from brand and reputation. An unforeseeable negative media report on our products and services or our corporate activities and responsibilities may have a huge impact on the reputation of our Company and our brand image. Social media may make it possible that such information and opinions can spread much faster and more widely. This may also include misinformation or disinformation concerning Deutsche Telekom produced by AI. Ultimately, negative reports may impact on our revenue and our brand value. In order to avoid this, we engage in a constant, intensive, and constructive dialogue with our stakeholders, in particular with our customers, the media, and the financial world. For us, the top priority is to take as balanced a view as possible of the interests of all stakeholder groups and thereby uphold our reputation as a reliable partner.

Risks and opportunities relating to sustainability and social responsibility. For us, comprehensive risk and opportunity management also means considering the opportunities and risks arising from ecological or social aspects or from the management of our Company. The Board of Management has implemented systems for risk identification and mitigation, in particular the risk and opportunity management system and the internal control system, including the compliance management system. Sustainability topics are integrated into both the risk and opportunity management system and the internal control system. Both systems incorporate sustainability matters, which are becoming increasingly important as regulatory requirements continue to evolve. In the reporting year, we once again used our materiality assessment as a starting point for identifying and evaluating financial risks and opportunities that arise in connection with our sustainability issues. Risks and opportunities in the Group are essentially assessed through the risk and opportunity management process. As a result, many topics are covered that are also highly relevant from a sustainability perspective. The complementary analysis of risks and opportunities in the context of the materiality assessment also helps us take the impact of our business activities on society and the environment, as well as financial impacts on our Company, into account. If new findings arise in this process, they are incorporated into the risk and opportunity management process. To this end, we actively and systematically involve all relevant stakeholders in the process so as to identify current and potential risks and opportunities along our entire value chain. In parallel with our ongoing monitoring of ecological, social, and governance issues, we systematically determine our stakeholders' positions on these issues. The key tools we use here are: a document analysis, covering legal texts, studies, and media publications, among other things; our involvement in working groups and committees of (inter)national business associations and social organizations, e.g., GeSI, Connect Europe, BDI, Bitkom, Econsense, and BAGSO; dialogue formats organized by us; our various publications, such as the press review and newsletters; and workshops with experts from our Company, thereby recording the associated positioning and development of measures in the various business areas.

For further information on sustainability, please refer to the section "Combined sustainability statement."

We have identified the following as our main sustainability management issues:

- **Reputation.** How we deal with sustainability issues also entails both opportunities and risks for our reputation. A high level of service quality is one of the most important factors for improving customer perception. Customer satisfaction has been embedded in our Group management as a non-financial performance indicator to underline the importance of this issue. Transparency and reporting help to promote the trust of other external stakeholders in our Group. Our annual and CR reports also serve this purpose. However, issues such as business practices, data privacy and work standards among suppliers, conduct in relation to human rights, and ethical conduct in relation to and use of AI also entail reputational risks: if our brands, products, or services are connected with such issues in negative media reports, this may cause substantial damage to our reputation. We continuously review such potential risks and take mitigation measures to minimize them. This includes determining the relevance of the risks in relation to sustainability issues and their effect on reputation across units. We also ascertain how our products and services make a positive contribution to sustainability in order to enhance our reputation. Potential reputational risks are incorporated into our compliance risk assessment.
- **Climate protection.** We pursue an integrated climate strategy, which means focusing not only on the risks that climate change poses for us and our stakeholders, but also on the opportunities it presents. By 2030, ICT products and services will have the potential to save up to nine times as much in CO_2 emissions in other industries as the growth in the ICT sector itself will generate, even taking into account the expected rebound effects (according to a Bitkom study on the climate effects of digitalization). The savings potential of digital technologies hence far outweighs the generated CO_2 emissions. Taking an optimistic view, this could mean a 9 % reduction in global CO_2 emissions by 2030. In addition, investments of around USD 3 trillion in innovative solutions are expected by 2030, which will not only expand the business, but will also support the SDGs. We are supporting this trend by evaluating our product portfolio to identify sustainability benefits. In addition, we want to continuously improve the ratio of the emissions that our products and services save to those generated in our own value chain.

  Climate change risks are already visible in the form of increasingly extreme weather conditions. Such storm events could damage our infrastructure and disrupt network operation. This would have a direct effect on our stakeholders, e.g., our customers, suppliers, and employees, and could result in revenue losses or lower customer satisfaction. The risk is assessed in relation to the continuation of operations as part of risk management and is managed at an operational level in the business units. Deutsche Telekom welcomes the targets behind the Task Force on Climate-related Financial Disclosures (TCFD) and is actively working to implement them. Based on a gap analysis on the coverage of TCFD recommendations, we defined Deutsche Telekom AG's material climate-related opportunities and risks and gave them an initial weighting in a number of workshops with relevant players from technology, procurement, strategy, and risk management. As a next step, we conducted a location analysis, with the example of Germany, of the physical climate risks in various climate scenarios (business as usual and four-degree scenario), which have been internationalized as part of a transnational project involving our companies in Germany, Hungary, Croatia, Greece, Slovakia, the Czech Republic, Poland, Austria, and the United States, which represent around 97 % of the Group's net revenue. In addition to the physical risks, transitory risks (threats arising from sudden adaptations to climate change made by economic sectors) were also analyzed in detail by means of a workshop.

  For further information on this, please refer to the section "Combined sustainability statement."

We can take further preventive action in this area by also reducing our own CO_2 emissions. For this reason, in 2021 we set ourselves the ambitious target of cutting our CO_2 emissions across the Group (Scope 1 and 2) to net zero by 2025. To achieve this, we will reduce emissions from our own operations globally by up to 95 % against the 2017 level. We plan to offset the remaining emissions of our carbon footprint by way of high-quality offsetting measures to remove CO_2 from the atmosphere, for example, through reforestation. Climate protection also carries financial risks, whether from the introduction of levies on CO_2 emissions or increased energy costs, as well as stricter requirements for products, for example in relation to energy efficiency. The mitigation measures we are taking to counter these risks include measuring our own energy efficiency and finding ways to improve it. Our sustainability-related targets agreed in 2021 for Board of Management remuneration with regard to the respective annual energy consumption and the annual CO_2 emissions for Scope 1 and 2 also contribute to achieving the climate targets and energy efficiency measures. We have a Group-wide program to specifically address our supply chain and we are working to optimize our products and their packaging. Since 2021, the Group has covered 100 % of its electricity requirements with renewable energy. This is achieved through power purchase agreements and other forms of direct purchase, such as through guarantees of origin.

For further information on this, please refer to the section "Combined sustainability statement."

- **Due diligence obligations in the Group (German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG)).** As part of our global procurement activities in particular, we could be exposed to country- and supplier-specific risks. These include, for example, inadequate local working and safety conditions. Violations could cause severe damage to those affected and could result in reputational damage and negative financial consequences for companies. Our LkSG management system includes due diligence processes directed at identifying risks or also violations related to human rights and environmental concerns and, building on this, taking appropriate preventive and/or corrective measures. It encompasses our own business areas, i.e., all Group companies over which Deutsche Telekom exercises a decisive influence (which in particular does not apply to T-Mobile US), and our direct and indirect suppliers. The LkSG management system is linked with various established risk processes in the Group, e.g., with the compliance risk assessment of our compliance management system. The annual risk analysis for Group companies belonging to our own business areas and their direct suppliers is a central component of the LkSG management system. In addition, ad hoc risk assessments are carried out for the entire value chain, for example, before acquisitions. In order to monitor the effective functioning of the LkSG management system, Deutsche Telekom has defined the roles of human rights officer and LkSG officer, which will be exercised by the Vice President for Group Corporate Responsibility. This person reports directly to the Chair of the Board of Management of Deutsche Telekom AG and has further supporting functions. Where required to under national regulations (e.g., under the German Act on Corporate Due Diligence in Supply Chains (LkSG)), Group companies have appointed monitoring roles in the same form for their business areas.

For further information about the results of the annual risk analysis, please refer to the section "Combined sustainability statement" and our annual LkSG report.

Health. Mobile communications, or the electromagnetic fields used in mobile communications, regularly give rise to concerns among the general population about potential health risks. This issue continues to be the subject of public, political, and scientific debate. Acceptance problems among the general public mostly concern mobile communications networks and occasionally the use of mobile terminals such as smartphones, tablets, and laptops. The discussion has intensified repercussions for the build-out of the mobile infrastructure. There is a risk of regulatory interventions, such as raised thresholds for electromagnetic fields or the implementation of precautionary measures in mobile communications, e.g., amendments to building law.

Over the past few years, recognized expert organizations such as the World Health Organization (WHO) and the International Commission on Non-Ionizing Radiation Protection (ICNIRP) have repeatedly reviewed the current thresholds for mobile communications and confirmed that – if these values are complied with – the use of mobile technology is safe based on current scientific knowledge. (Inter)national expert organizations will continue to regularly review the recommended thresholds.

We are convinced that mobile communications technology is safe if specific threshold values are complied with. We are supported in this conviction by the assessment of the recognized bodies. Our responsible approach to this issue finds expression in our Group-wide EMF Policy, with which we commit ourselves to more transparency, information, participation, and to a focus on scientific facts, far beyond that which is stipulated by legal requirements. We aim to overcome concerns among the general public by providing objective, scientifically well-founded, and transparent information. We thus continue to see it as our duty to continue our trust-based dialogue with local authorities and to ensure its successful progress. This particularly applies since our collaboration with municipalities to expand the mobile network was incorporated in law.

Operational risks and opportunities

Risks arising from technology. We have an increasingly complex information/network technology (IT/NT) infrastructure, which we constantly expand and upgrade to ensure the best customer experience and consolidate our technology leadership. Outages in the current and also future technical infrastructure cannot be completely ruled out and could in individual cases result in revenue losses or increased costs. After all, our IT/NT resources and structures are the key organizational and technical platform for our operations. The ongoing convergence of IT and NT harbors risks. In order to counter these holistically, our technology, innovation, IT, and security activities are combined under the Board of Management department for Technology and Innovation.

Risks could arise in this area relating to all IT/NT systems and products that require internet access. For instance, faults between newly developed and existing IT/NT systems could cause interruptions to business processes, products, and services, such as smartphones and MagentaTV, or to connectivity for business customers. In order to avoid the risk of outages, e.g., due to natural disasters or fires, we use technical early warning systems and redundant IT/NT systems. The Computer Emergency Response Team (CERT) at Deutsche Telekom Security is in charge of protecting our business customers' IT infrastructure and applications. In cloud computing, all data and applications are stored at a data center. Our European data centers have security certification and meet strict data protection provisions and the EU regulations. All data relating to companies and private persons is protected from external access. Constant maintenance and automatic updates keep the security precautions up to date at all times. On the basis of a standardized Group-wide business continuity management (BCM) process, we also take organizational and technical measures to prevent damage from occurring or, if we cannot, to mitigate the subsequent effects. We also have insurance cover for insurable risks.

T-Mobile US relies upon its systems and networks and the systems and networks of other providers and suppliers, to provide and support services. T-Mobile US' business, like that of most retailers and wireless companies, involves the receipt, storage, and transmission of customers' confidential information, including sensitive personal information, payment card information, and confidential information about their employees and suppliers, as well as other sensitive information about T-Mobile US, such as business plans, transactions, and intellectual property. Cyberattacks, such as denial of service and other malicious attacks, or other systems and IT failures, such as hardware or software failures, could disrupt T-Mobile US' internal systems, networks, and applications, impair its ability to provide services to customers, and have other adverse effects on its business.

In order to grow and remain competitive with new and evolving network technologies in the industry, T-Mobile US will need to adapt to future changes in network technology, such as 6G or AI RAN. While T-Mobile US currently leads in 5G, if it fails to anticipate market trends, efficiently integrate innovative solutions, or maintain network quality and reliability, its competitiveness could erode, adversely affecting business and operating results.

Opportunities arising from technology. The utilization of large data volumes (big data) from our networks and their analysis using artificial intelligence (AI) or machine learning (ML) can – thanks to increased transparency – improve and speed up decision-making processes, and in some cases even automate them (e.g., to identify and remediate error situations in the network, through to autonomous networks). It does so by shifting the basis for decisions from hypotheses to facts and, for example, enabling correlations to be recognized. In this way, ML can be used, for example, to manage the energy consumption of our technology in a forward-looking way based on the analysis of network data. We are conducting research projects to test the extent to which quantum technology can be used to improve the protection of our networks against unauthorized access and manipulation.

Our Systems Solutions operating segment covers innovative business areas in the digital transformation of business processes, such as cloud computing, AI, automation, and cybersecurity. These business areas could develop faster than expected. As a pioneer of the digital transformation, we have an opportunity to actively shape market trends through a variety of projects in the fields of healthcare, public administration, the automotive sector, and mobility solutions. Under these data-based digital business models, our partner-oriented approach is a highly promising way of contributing our core competencies – in advisory services, added value services for hybrid IT landscapes, and cybersecurity – to various projects. In addition, we have references regarding strategic engagements in our focal sectors automotive, healthcare, and public. We also see potential for development in the sovereign clouds, professional services, and managed services environment for public cloud services.

As a technology and development partner for toll collection business in Europe, we already have a strong competitive position. By operating a European Electronic Toll System (EETS) as the majority shareholder and IT provider for Toll4Europe, we have earned valuable references that will help to give us an edge over our competitors.

Procurement and supply risks. Deutsche Telekom cooperates with a large number of suppliers of technical (information and communication technology) and non-technical products and services. Products and services that might involve a higher risk include software and hardware, network technology components, and all products and services provided directly to end customers.

Deutsche Telekom's supply chains could be disrupted by a number of factors, such as geopolitical tensions, (e.g., the United States' technology sanctions against China), cyberattacks, or supply chain restructuring. Furthermore, additional risks may also result from the dependence on individual suppliers or from individual vendors defaulting. This applies in particular for Chinese suppliers of telecommunications technology. We employ organizational, contractual, and procurement strategy measures to counteract these challenges. At T-Mobile US, in certain areas such as terminal equipment, there are few suppliers who can provide adequate support, which may lead to unfavorable contract terms and decreased flexibility to switch to alternative third parties. Unexpected termination or difficulties in renewing the commercial arrangements with the suppliers, or any business disruptions at the suppliers could have a material adverse effect on T-Mobile US.

Risks and opportunities arising from data privacy and data security

Data privacy. All Group companies are subject to specific data privacy regulations (in the EU especially the General Data Protection Regulation (GDPR)). These requirements must be implemented and their compliance must be monitored. Data privacy incidents could be sanctioned with very high administrative fines (up to between 2 and 4 % of the total worldwide annual revenue of an undertaking). The European supervisory authorities' concept for administrative fines would apply. It stipulates high fines even for violations with a low criticality. The supervisory authorities' practice with respect to fines demonstrates that more and higher fines are being imposed. Despite mitigation measures and well-established data privacy management structures, it is not possible to fundamentally rule out data privacy incidents as almost all procedures/processes in the Group are relevant in terms of data protection. Errors might occur that are linked to reputation, cost, and sanction risks.

Since the introduction of the GDPR, data privacy law has been largely harmonized in Europe. Deutsche Telekom benefits from this as a Group, since the majority of special national data privacy regulations no longer apply and no longer have to be implemented in the individual entities in the European Union (EU). This has somewhat reduced the need for coordination. An appropriate level of security is also ensured when transmitting personal data to countries outside of the EU. Deutsche Telekom's Binding Corporate Rules on Privacy (BCRP), in the current Version 3.0, form the Group-wide internal data privacy regulations. All participating companies have committed themselves to this Group Policy, thus ensuring an appropriate level of data privacy for the transmission of data to third countries. Under the Schrems II ruling by the European Court of Justice (ECJ) from 2020, companies are subject to stricter requirements for the transmission of data to third countries without the adequacy decision of the EU Commission, compliance with which entails a substantial workload for companies. Deutsche Telekom therefore welcomes the EU-U.S. Data Privacy Framework agreed between the EU and the United States, which is intended to provide greater legal certainty for collaborations with U.S. companies. A number of actions are pending against this agreement and more have been announced. By way of mitigation, Deutsche Telekom additionally safeguards the transmission of personal data to companies in the United States, regardless of final legal clarification, by means of standard contractual clauses of the European Commission.

In the United States, the telecommunications industry is also examined closely by the Federal Communications Commission (FCC) and Federal Trade Commission (FTC) with regards to the state data privacy laws. Non-compliance with the stricter data privacy laws could result in high fines. The growing demand for data means the challenges with respect to the collection, usage, transfer, and management of customers' personal data are also growing.

Deutsche Telekom carefully examines technical developments and digital transformation projects on an ongoing basis to verify if they are in line with the Group strategy. For example, the use of IT systems with AI within the Group always complies with the applicable data privacy laws and provisions. The Privacy and Security Assessment (PSA) must be carried out as soon as a new AI solution is to be introduced in the Group. This process, which is now fully digital, meets the requirements of the GDPR with regard to carrying out a Privacy Impact Assessment for evaluating and documenting the risks posed by data processing. In the PSA process all data privacy and security requirements relevant to the system or project are automatically assigned and then worked through by the functionally responsible units. This also includes a separate AI data privacy requirement which helps to develop systems based on or using AI in a way that is data privacy-compliant. This takes account not only of general data privacy principles (legality, transparency, limitation of use, etc.), but also specific application scenarios, such as generative AI and profiling.

The ePrivacy Regulation and the corresponding national implementation acts are yet another sector-specific regulatory challenge for the telecommunications sector in the EU. As telecommunications providers' data processing options are substantially restricted compared with what is possible under the GDPR, innovative big data and AI applications in the field of telecommunications cannot realize the same kind of potential as those of companies that are only subject to the GDPR.

One example of a major initiative with relevance for data privacy is the long-term partnership between T-Systems and Google Cloud, which began in 2021. The jointly operated T-Systems Sovereign Cloud powered by Google Cloud combines the open-source expertise of Google Cloud with the sovereign services of T-Systems and enables customers to manage their workloads in full compliance with German and EU regulatory requirements. The joint service covers all three aspects of digital sovereignty in various solutions: data sovereignty, operational sovereignty, and software sovereignty, so that companies from regulated industries can process their sensitive data in the cloud in line with sovereignty requirements.

T-Systems had already signed the EU Cloud Code of Conduct (EU Cloud CoC) in 2021. After all, the EU Cloud is synonymous with the digital sovereignty of Europe in cloud services. This refers to the complete control of stored and processed data and independent decision-making on who can access the data. This requires clear rules and requirements, which the EU Cloud CoC offers. The European data protection authorities approved this Code of Conduct. By becoming a signatory, the Company and hence also T-Systems undertakes to continue to increase the data protection level for cloud services in the interests of customers and European data protection. In this way they provide proof that data is processed in accordance with the requirements of the GDPR. Compliance with the rules is reviewed by an independent body. We will continue to support the development of the standard in the future and ensure further harmonization with ISO and internal standards.

Data security. IT security continues to pose major challenges. In addition to preventive measures such as integrated security in business processes and measures to raise security awareness among employees, we counter these challenges with increased focus on the analysis of threats and cyber risks. This is where our early warning system comes in: It detects new sources and types of cyberattack, analyzes the behavior of the attackers while maintaining strict data privacy, and identifies new trends in the field of security. Along with the honeypot systems, which simulate vulnerabilities in IT systems, our early warning system includes alerts and analytical tools for spam mails, viruses, and Trojans. We exchange the information we obtain from all these systems with public and private bodies to detect new attack patterns and develop new protection systems. We are also currently seeing new developments in the increased and fast-growing use of generative AI, both on the part of criminal attackers and in terms of options for protection. Here, too, we are working to exploit the opportunities offered by the development and use of AI and to counter the potential new risks arising from this technology.

Cybercrime and industrial espionage continue to be on the rise, and they are becoming ever more complex due to rapidly advancing technologies and attack methods. There is also the risk that geopolitical conflicts such as the war in Ukraine will have a negative impact on the cybersecurity situation in Germany and the countries of our European subsidiaries. As a result, we face constant challenges and adjustments to protect our customer and business partner data, as well as our networks, technologies, products, and services against these attacks. Such incidents can lead, among other implications, to business disruptions, embezzlement, or unauthorized access to confidential or personal information, and to loss of reputation. We are addressing this development with comprehensive mitigation measures, such as security concepts, automated testing and approval processes, as well as regular training and awareness-raising measures. In order to also create greater transparency and thus be in a stronger position to tackle these threats, we are relying more and more on partnerships, e.g., with public and private organizations. By means of the Security by Design principle we have made security an integral part of our development process for new products and information systems and follow the Zero Trust principle in our network security. Furthermore, we carry out intensive and obligatory digital security tests.

We are continually striving to accelerate our growth through IT security solutions. To this end, we have combined our security units within Deutsche Telekom Security. Whether intelligent data analysis, secure networks, or effective cyber security – we want to leverage this end-to-end security portfolio to secure market shares and, as part of our digitalization strategy, score points with security concepts on the back of megatrends like security, connected business, sustainability, and future of work. We are also continuing to gradually expand our partner ecosystem in the area of cybersecurity.

We provide regular updates on the latest developments in data protection and data security on our website.

Other operational risks and opportunities

Employees. Our employees play a crucial role in the transformation of Deutsche Telekom. Their skills are a key factor in our business success. Both this success and our service provision are dependent on the ability to acquire, retain, and develop specialist staff and talents. The growing competition for these resources, especially from the fields of technology and IT (war for talents), and the growing desire for flexibility, e.g., through mobile work, are increasing the risk of losing important employees while demand continues to grow. Rising salaries intensify the situation and push up costs. Nearshore and offshore locations are also of huge strategic significance for Deutsche Telekom, since they hold not only operational but also strategically important profiles. The availability of experts with the appropriate qualifications at these locations is essential to delivering services on time, with the right skills profiles, and on budget. The demands of the talents with regard to potential employers have also increased. Apart from remuneration, they care about flexible working, ESG, diversity, and innovations. We systematically work to address these challenges head on, for example, by strengthening Deutsche Telekom and T-Mobile US as an attractive employer brand and by proactively seeking out new specialist staff and talents worldwide.

In 2024, we once again used socially responsible measures to restructure the workforce in our Group. Early retirement models such as phased and dedicated retirement, and severance payments have been largely taken up, but also the training and placement of civil servants and employees in the public sector by the next.JOB unit has proved very popular. The transformation with the associated staff restructuring is extremely important for achieving the Group's goals. Nevertheless, it is essential the restructuring is managed in a targeted way. That is why, for each request by an employee to take up a staff reduction instrument, it must be ensured on principle that the arrangement is voluntary on both sides (agreed by employee and manager), so as to avoid, for example, the loss of high performers.

The Company still employs numerous civil servants, who originally belonged to Group units of Deutsche Telekom that have since been sold. Where requested, these civil servants have been granted temporary leave from their civil servant status. However, there is a risk that they may return to us from a sold entity, for instance after the end of their temporary leave from civil servant status, without the Company being able to offer them jobs. Currently, 910 civil servants are entitled to return from outside the Group in this way (as of December 31, 2024), thus posing a risk.

Risks and opportunities relating to regulation

In the following section, we describe the main regulatory risks and opportunities that, as things currently stand, could affect our results of operations and financial position, and our reputation.

Regulatory risks arise from telecommunications-specific statutory regulations at the national, European, and U.S. level, and from the consequent powers of national authorities to regulate or intervene in the market and limit our freedom as regards product design and pricing. Deregulation can give rise to regulatory opportunities. Regulatory intervention, which we can only anticipate to a limited extent, may exacerbate existing price and competitive pressure. There are concerns that regulation in the United States, Germany, and other European countries may also impact revenue and earnings trends in the medium to long term.

Changes in regulatory policy and legislation

European legislation constantly influences our pricing and product design. The main legal frameworks are the European Electronic Communications Code (EECC), the new EU Gigabit Infrastructure Act (GIA), as well as the EU Roaming Regulation. In 2024, preparations started for further legislative initiatives at a European level, in particular the planned Digital Networks Act and a potential revision of the EU Roaming Regulation. These changes in legislation fall under the mandate of the new European Commission, which took office on December 1, 2024.

In an agreement in February 2024, the European Council and the EU Parliament resolved to extend the regulation of charges for phone calls between EU member states until the end of 2028. Before this date, another review is to be held of whether a change in regulation is required. As a result, no intensification of the situation has yet occurred.

Political decisions can bring opportunities and risks with them. In Germany and our European core markets, regulatory developments and measures to support the infrastructure build-out could have a substantial impact on the framework conditions and investment incentives. It is to be expected in this regard that the primary coverage targets will continue to apply until 2030.

In view of the highly topical debates regarding the security of critical infrastructure, the legislator has already announced adjustments in this regard, which will be implemented by regulatory and other authorities. This will lead to new requirements, for which the costs of implementation for Deutsche Telekom are not yet possible to estimate.

> For more information on risks relating to strategic implementation and integration, please refer to the section "Strategic risks and opportunities."

In the United States, too, new or amended wireless-related provisions and laws can increase the complexity of processes and lead to higher costs for T-Mobile US.

Awarding of spectrum

Risks could arise from the fact that inappropriate auction rules or the conditions for extending awards, frequency usage requirements, excessive reserve prices, and disproportionately high annual spectrum fees could jeopardize our planned acquisition of spectrum or give rise to adverse effects from the conditions for the allocation of spectrum. Inappropriate conditions for the awarding of spectrum can include, for example, extensive build-out requirements and, in some cases, requirements to grant network access (national roaming, service provider access). The specific details are down to the national regulatory authorities. By contrast, we see an opportunity in particular in the fact that such spectrum award procedures enable mobile network operators to obtain the optimum amount of spectrum for their future business. We would thus be equipped for further growth and innovation. Changes to award procedures generally entail opportunities and risks. The upcoming award procedures relate to awards in all mobile frequency ranges between 700 MHz and 2.6 GHz. Major award procedures are currently being prepared, primarily in Austria, Poland, and Slovakia.

In Germany, consultations were held regarding the usage rights expiring at the end of 2025 for the 800 MHz, 1,800 MHz, and 2,600 MHz bands to determine which award procedure to select (auction or extension) and the possible conditions of allocation. The draft does not provide for any tightening of the network access rules in favor of service providers, but it does include additional coverage obligations. In addition, as a condition for the extension, an agreement is to be reached with 1&1 concerning the co-use of frequencies by a network operator. An extension period of five years is under discussion. On January 9, 2025, a public consultation was held on the Bundesnetzagentur's updated draft, followed by a consultation period ending on January 23, 2025. A final decision on this has not yet been made. Furthermore, in its ruling dated August 26, 2024, the Cologne Administrative Court declared the awarding conditions of the 2019 auction (2.1 and 3.6 GHz) to be unlawful. The ruling is not yet legally binding. On January 9, 2025, the Bundesnetzagentur filed a complaint against the non-allowance of appeal. If this ruling becomes final and legally binding, the Bundesnetzagentur must make a new decision on the award and auction rules, which could result in a change in the existing usage rights.

In the United States, the spectrum in the 2.5 GHz band acquired in Auction 108 in September 2022 for around USD 0.3 billion (EUR 0.3 billion) was allocated in the first quarter of 2024. The majority of this spectrum was connected immediately. Hence this risk no longer applies.

For further information on spectrum auctions that were completed in 2024 or are still ongoing, please refer to the section "Major regulatory decisions."

Areas in which national regulators may intervene

European and national laws and regulations grant national regulators extensive powers of intervention.

Our Group companies in Germany and Europe continue to be subject to extensive **regulation of wholesale products**, obligating us to make our network and services available to our competitors wherever we are deemed to have significant market power as an operator. The national regulators regularly check and determine the corresponding terms, conditions, and prices of these wholesale offerings. The key wholesale products subject to regulation are unbundled local loop lines, bitstream products, leased lines, and the associated services.

In July 2022, the Bundesnetzagentur published its decision on the future **regulation of access to Deutsche Telekom's copper and fiber-optic network**. With this decision, rules for FTTB/H networks are laid down, the previous regulation for Layer2 (VDSL) is discontinued, and access to ducts and poles is also imposed. The precise access conditions will be set down in the subsequent procedures, by means of which the authority will influence Deutsche Telekom's pricing and product design.

For further information, please refer to the section "Major regulatory decisions."

Regulatory requirements for mobile communications could arise from conditions imposed in connection with the allocation of frequencies. In Germany, a negotiation obligation for wholesale access has been in place since 2018, for which the Bundesnetzagentur can be called upon in cases of dispute. This can give rise to restrictions on our freedom of contract when concluding wholesale agreements with regards to wholesale customers, as well as in terms of scope of services and prices.

Within the scope of the subsidized network build-out, companies have an obligation to ensure access to the subsidized network. In addition, all operators of public supply networks have an obligation, among others, to ensure shared use of passive network infrastructure. The Bundesnetzagentur can be called on to settle disputes. To this end, it can impose, for example, product and price requirements on operators. Since 2021, termination rates have been determined directly by the European Commission by way of a **delegated act.** In addition, European and national **consumer protection regulations** apply.

In addition to the requirements of telecommunications and competition law, our media products are also subject to special European and national regulations under **media law**, as well as non-sector specific regulations such as copyright, data, and consumer protection. These include, in the broader sense, regulations concerning the responsibility/liability for published content, requirements in relation to ensuring the protection of minors in the media, accessibility, and requirements in relation to the content design of user interfaces, including by users themselves. Assuming the ongoing relevance of the Federal Republic and KfW as major shareholders on the one hand, and barring any changes in the legal situation, or the prevailing opinions of media regulators on the other, it is unlikely that Telekom Deutschland will be granted a license to broadcast radio and TV programs. Compliance with the relevant stipulations can be relevant for the design of the TV products, or require adjustments in relationships with licensors, suppliers, and customers. Breaches of obligations can result in the responsible regulatory authorities issuing complaints, orders or injunctions, or even imposing fines.

Litigation and anti-trust proceedings

Major ongoing legal proceedings

Deutsche Telekom is party to proceedings both in and out of court with government agencies, competitors, and other parties. The proceedings listed below are of particular importance from our perspective. If, in extremely rare cases, required disclosures on individual legal proceedings are not made, we concluded that these disclosures may seriously undermine the outcome of the relevant proceedings.

Claims relating to charges for the shared use of cable ducts. In 2012, Kabel Deutschland Vertrieb und Service GmbH (today Vodafone Deutschland GmbH (VDG)) filed a claim against Telekom Deutschland GmbH to reduce the annual charge for the rights to use cable duct capacities. In similar proceedings, the then Unitymedia Hessen GmbH & Co. KG, Unitymedia NRW GmbH, and Kabel BW GmbH (today all Vodafone West) filed claims against Telekom Deutschland GmbH in January 2013, demanding that it cease charging the plaintiffs more than a specific and precisely stated amount for the shared use of cable ducts, including in the future. The claims were rejected by the Frankfurt/Main Higher Regional Court (VDG) and by the Düsseldorf Higher Regional Court (Vodafone West) and an appeal was not allowed in both cases. In response to the complaints of the plaintiffs against non-allowance of appeal, the Federal Court of Justice allowed the appeal by VDG to the extent that it relates to claims dating from January 1, 2012 onward; the appeal by Vodafone West was allowed to the extent that it relates to claims dating from January 1, 2016 onward. The claims were rejected with legally binding effect for the time periods prior to this. In a ruling on December 14, 2021, the Federal Court of Justice referred the proceedings concerning the remaining claims back to the responsible Higher Regional Courts for a new hearing and decision. VDG has since updated its claim, which it now puts at around EUR 903 million plus interest for the period from January 2012 to December 2023. The plaintiff Vodafone West has also updated its claim, which it now puts at around EUR 538 million plus interest for the period from January 2016 to April 2024. It is currently not possible to estimate the financial impact of both these proceedings with sufficient certainty.

Sprint Merger class action. On June 1, 2021, a shareholder class action and derivative action was filed in the Delaware Court of Chancery against Deutsche Telekom AG, SoftBank, T-Mobile US, and all of our officers and directors at that time, asserting a breach of fiduciary duties relating to the purchase price amendment to the Merger Agreement, as well as SoftBank's subsequent monetization of its T-Mobile US shares. On October 29, 2021, the complaint was amended. The amended complaint is directed at the same defendants and the same underlying transactions as in the original action; however, it includes additional submission on alleged facts. It is currently not possible to estimate the resulting claim and financial risk of these proceedings with sufficient certainty.

Proceedings against T-Mobile US in consequence of the cyberattack on T-Mobile US in August 2021. In August 2021, T-Mobile US confirmed that their systems had been subject to a criminal cyberattack that compromised data of millions of their customers, former customers, and prospective customers. With the assistance of outside cybersecurity experts, T-Mobile US located and closed the unauthorized access to their systems and identified customers whose information was impacted and notified them, consistent with state and federal requirements. As a result of the cyberattack, numerous consumer class actions including mass arbitrations were filed against T-Mobile US. The class actions brought before the federal courts were consolidated into one action in December 2021. The plaintiffs claimed damages in an unspecified amount. On July 22, 2022, T-Mobile US entered into an agreement to settle the consumer class action in the Federal Court for USD 350 million. In addition, T-Mobile US committed to spending a total of USD 150 million in 2022 and 2023 on data security and related technologies. The settlement was approved by the court in June 2023. T-Mobile US paid the outstanding USD 315 million of the original settlement amount of USD 350 million in November 2024, which resolves materially all claims made to date by current, former, and potential customers, who were affected by the cyberattack in 2021. The consumer class actions will therefore no longer be reported.

Furthermore, in November 2021, a derivative action was brought against the members of the Board of Directors of T-Mobile US and against T-Mobile US as nominal defendant. This action has since been withdrawn. In September 2022, a further purported shareholder filed a new derivative action against the members of the Board of Directors of T-Mobile US and against T-Mobile US as nominal defendant alleging claims for breach of fiduciary duties relating to the company's cybersecurity practices. The derivative action was dismissed in its entirety in May 2024. The plaintiff has appealed against this decision. It is currently not possible to estimate the resultant financial risk with sufficient certainty.

In addition, inquiries have been made by various government agencies, law enforcement and other state authorities, with which T-Mobile US is cooperating in full. An agreement was reached with the Federal Communications Commission (FCC). It is currently not possible to estimate the resultant financial risk of these proceedings with sufficient certainty.

Proceedings against T-Mobile US in consequence of the cyberattack on T-Mobile US in January 2023. On January 5, 2023, T-Mobile US identified that a bad actor was obtaining data through an application programming interface (API). Investigations by the company have found that the affected API was only able to provide a limited set of customer account data, including name, billing address, email address, telephone number, date of birth, T-Mobile account number, and information such as the number of lines on the account and plan features. The results of the investigation indicate that, in total, around 37 million current postpaid and prepaid customer accounts were affected, although many of these accounts did not include the full data set. T-Mobile US assumes that the attacker retrieved data via the affected API for the first time from or around November 25, 2022. In accordance with federal and state requirements, the company has notified those individuals whose data was affected. In connection with this cyberattack, consumer class actions were filed against T-Mobile US and official inquiries were submitted to the company, to which it will respond and, as a result of which, it may incur substantial expenses. It is currently not possible to estimate the resultant financial risk with sufficient certainty.

Patents and licenses. Like many other large telecommunications and internet providers, Deutsche Telekom is regularly exposed to intellectual property rights disputes. There is a risk that we may have to pay license fees and/or compensation; we are also exposed to a risk of cease-and-desist orders, for example relating to the sale of a product or the use of a technology.

Further, Deutsche Telekom intends to defend itself vigorously in each of these proceedings.

Major ongoing anti-trust proceedings

Like all companies, our Group is subject to anti-trust law. In recent years, we have notably stepped up our compliance efforts in this area too. Nevertheless, Deutsche Telekom and its subsidiaries are from time to time subject to proceedings under anti-trust law or follow-on damage actions under civil law. In the following, we describe material anti-trust proceedings and resulting claims for damages. If, in extremely rare cases, required disclosures on individual anti-trust proceedings are not made, we concluded that these disclosures may seriously undermine the outcome of the relevant proceedings.

Claims for damages against Slovak Telekom following a European Commission decision to impose fines. The European Commission decided on October 15, 2014 that Slovak Telekom had abused its market power on the Slovak broadband market and as a result imposed fines on Slovak Telekom and Deutsche Telekom AG, which were paid in full in January 2015. After the General Court of the European Union partially overturned the European Commission's decision in 2018 and reduced the fines by a total of EUR 13 million, the legal recourse following the ruling of the European Court of Justice on March 25, 2021 is exhausted. Following the decision of the European Commission, competitors filed damage actions against Slovak Telekom with the civil court in Bratislava. These claims seek compensation for alleged damages due to Slovak Telekom's abuse of a dominant market position, as determined by the European Commission. Three claims totaling EUR 219 million plus interest are currently pending. It is currently not possible to estimate the financial impact with sufficient certainty.

Claims for damages against Deutsche Telekom AG, including due to insolvency of Phones4U. Phones4U was an independent British mobile retailer, which declared insolvency in 2014. The insolvency administrator is pursuing claims before the High Court of Justice in London against the mobile providers active on the UK market at that time and their parent companies on the grounds of alleged collusion in violation of anti-trust law and breach of contract. Deutsche Telekom AG, which at that time held 50 % of the mobile company EE Limited, has rejected the claims as unsubstantiated. The High Court of Justice in London heard testimony from several witnesses and experts in the period between mid-May and the end of July 2022 with a view to establishing the legal basis for a claim. On November 10, 2023, the High Court of Justice in London rejected all claims made by Phones4U against all defendants. In December 2023, Phones4U filed an application for leave to lodge an appeal with the High Court of Justice in London. The hearing took place on December 19, 2023. The High Court of Justice in London rejected the application by Phones4U for leave to lodge an appeal. Phones4U is pursuing the application further with the Court of Appeal. The Court of Appeal partially allowed the appeal by Phones4U. It is currently not possible to estimate the financial impact with sufficient certainty.

Antitrust class action complaint following the merger with Sprint. T-Mobile US is defending against an antitrust class action complaint from June 17, 2022, in which the plaintiffs allege that the merger of T-Mobile US and Sprint violated the antitrust laws and harmed competition in the U.S. retail cell service market. Plaintiffs seek injunctive relief and trebled monetary damages on behalf of a purported class of AT&T and Verizon customers who plaintiffs allege paid artificially inflated prices due to the merger. It is currently not possible to estimate the financial impact with sufficient certainty.

Compliance risks

Compliance risks are risks arising from systematic infringements of legal or ethical standards that could result in regulatory or criminal liability on the part of the company, its executive body members, or employees, or result in a significant loss of reputation. In order to minimize these risks, we have set up a compliance management system.

For further information on the compliance management system, please refer to the section “Combined sustainability statement.”

Financial risks and opportunities

Liquidity, credit, currency, interest rate risks

With regard to its assets, liabilities, and planned transactions, our Group is particularly exposed to liquidity risks, credit risks, and the risk of changes in exchange rates and interest rates. We want to contain these risks. Risks with an impact on cash flows are monitored in a standard process and hedged accordingly using derivative and non-derivative hedges. Derivative financial instruments are used solely for hedging and never for speculative purposes. The following risk areas – liquidity, credit, currency, and interest rate risks – are evaluated taking into account all hedges.

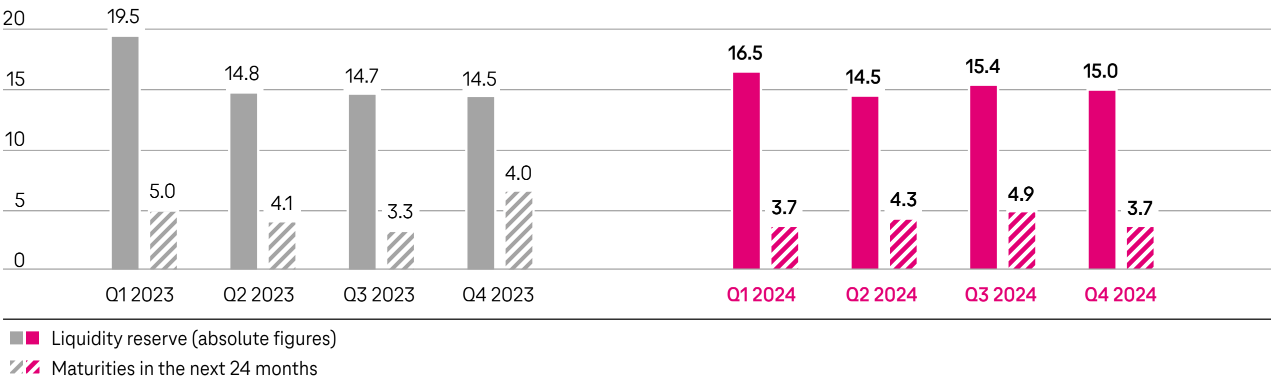
For further information on the risk assessment, please refer to the “Corporate risks” table above.

Liquidity risk. To ensure the Group’s and Deutsche Telekom AG’s solvency and financial flexibility at all times, we maintain a liquidity reserve in the form of credit lines and cash as part of our liquidity management. T-Mobile US has pursued its own separate financing and liquidity strategy.

Deutsche Telekom excluding T-Mobile US: Primarily bilateral credit agreements with 20 banks with an aggregate total volume of EUR 12.0 billion were available as of December 31, 2024, which were not utilized. Our liquidity reserve covered maturing bonds and long-term loans at all times for at least the next 24 months (see graphic below). Furthermore, cash on hand of EUR 3.0 billion were available to Deutsche Telekom.

Development of the liquidity reserve (Deutsche Telekom excluding T-Mobile US), maturities in 2023/2024

billions of €



Bilateral credit lines with an aggregate total volume of USD 7.5 billion (EUR 7.2 billion) plus a cash balance of USD 5.4 billion (EUR 5.2 billion) were available to T-Mobile US as of December 31, 2024.

Credit risks. In our operating business and certain banking activities, we are exposed to a credit risk, i.e., the risk that a counterparty will not fulfill its contractual obligations. To keep this credit risk to a minimum, we conclude transactions with regard to financing activities only with counterparties that have at least a credit rating of BBB+/Baa1; we also actively manage limits. In addition, we have concluded collateral agreements for our derivative transactions. At the level of operations, the outstanding debts are continuously monitored in each area, i.e., locally.

Currency risks. Currency risks result from dividend payments received, investments, financing measures, and operations. Risks from foreign currency fluctuations are hedged on a pro rata basis depending on their probability of occurrence, if they affect the Group's cash flows (transaction risks). However, foreign-currency risks that do not influence the Group's cash flows, for example, risks resulting from the translation of assets and liabilities of foreign operations into euros (translation risks) are generally not hedged. Deutsche Telekom may nevertheless also hedge these foreign-currency risks under certain circumstances.

Interest rate risks. Our interest rate risks mainly result from Group financing: On the one hand, we have an interest rate risk relating to the issue of new liabilities, and on the other, we have an interest rate risk arising from variable-interest liabilities. The EUR interest rate position is actively managed as part of our interest rate management activities. Each year, a maximum is set for the percentage of variable-interest liabilities, taking into account the planned finance costs. Given the inverted interest rate curve, the variable-interest EUR debt portfolio was kept at a low level. The USD debt position of T-Mobile US primarily comprises partially cancelable, fixed-income bonds.

For further information, please refer to Note 43 "Financial instruments and risk management" in the notes to the consolidated financial statements.

Tax risks

We are subject to the applicable tax laws in many different countries. Risks can arise from changes in local taxation laws or case law and different interpretations of existing provisions. These risks can impact both our tax expense and benefit as well as tax receivables and liabilities.

Other financial risks and opportunities

This section contains information on other financial risks that we consider to be immaterial at present or cannot evaluate based on current knowledge.

Rating risk. Deutsche Telekom's credit rating affects our access to the capital markets, to the international finance markets, and our refinancing costs. A lower rating could impede access to the capital market and, over time, would lead to an increase in the cost of debt financing. We intend to maintain our rating in a corridor from A- to BBB and thereby safeguard undisputed access to the capital market. As of December 31, 2024, Deutsche Telekom AG's credit rating with Moody's was Baa1 with a positive outlook, while Standard & Poor's and Fitch rated us BBB+ with a stable outlook. From today's perspective, access to the international debt capital markets for both Deutsche Telekom AG and T-Mobile US is not jeopardized.

Control environment. Compliance with business and regulatory requirements, in particular for the internal control system, requires high efforts. Not meeting these demands could lead to difficulties or weaknesses in Deutsche Telekom's overall control environment and with regard to financial reporting.

Sales of shares by the Federal Republic or KfW Bankengruppe. As of December 31, 2024, the Federal Republic and KfW Bankengruppe jointly held 27.80 % in Deutsche Telekom AG. It is possible that the Federal Republic will continue its policy of privatization and sell further equity interests in a manner designed not to disrupt the capital markets and with the involvement of KfW Bankengruppe. There is a risk that the sale of a significant volume of shares by the Federal Republic or KfW Bankengruppe, or any speculation to this effect, could have a negative impact on the price of the T-Share.

Subsidiaries and equity investments. Subsidiaries and equity investments of Deutsche Telekom could face difficult market conditions, e.g., increased competition, in particular price pressure, and economic fluctuations. Additional fundings may be needed to safeguard these business activities.

Impairment of Deutsche Telekom AG's assets. The value of the assets of Deutsche Telekom AG and its subsidiaries is reviewed periodically. In addition to the regular annual measurements that are also performed for the carrying amounts of investments in the annual financial statements of Deutsche Telekom AG prepared in accordance with German GAAP, specific impairment tests may be carried out, for example, where changes in the economic, regulatory, business, or political environment suggest that the value of goodwill, intangible assets, property, plant and equipment, investments accounted for using the equity method, or other financial assets might have changed. These tests may lead to the recognition or reversal of impairment losses that do not, however, result in cash outflows or inflows. This could impact to a considerable extent on our results, which in turn may negatively or positively affect the T-Share price.

For further information, please refer to the section "Summary of accounting policies – Judgments and estimates" in the notes to the consolidated financial statements.

Governance and other disclosures

Governance

As of December 31, 2024, **Board of Management** responsibilities were distributed across eight Board departments.

Four of these Board departments cover the cross-functional management areas with the following departments:

- Chair of the Board of Management
- Finance
- Human Resources and Legal Affairs
- Technology and Innovation

In addition, there are four segment-based Board of Management departments:

- Germany
- Europe
- T-Systems
- USA and Group Development

Composition of the Board of Management as of December 31, 2024

Members of the Board of Management	Department
Timotheus Höttges	Chair of the Board of Management (CEO)
Dr. Ferri Abolhassan	T-Systems
Birgit Bohle	Human Resources and Legal Affairs
Srini Gopalan	Germany
Dr. Christian P. Illek	Finance (CFO)
Thorsten Langheim	USA and Group Development
Dominique Leroy	Europe
Claudia Nemat	Technology and Innovation

By resolution of October 13, 2023, Dr. Ferri Abolhassan was appointed as the Board member responsible for T-Systems for the period from January 1, 2024 to December 31, 2026. By resolution of February 22, 2024, Srini Gopalan was reappointed as the Board member responsible for Germany for the period from January 1, 2025 to December 31, 2029.

The members of the Board of Management are appointed and discharged in accordance with § 84 and § 85 of the German Stock Corporation Act (Aktiengesetz – AktG) and § 31 of the German Codetermination Act (Mitbestimmungsgesetz – MitbestG).

The **Supervisory Board** of Deutsche Telekom AG advises the Board of Management and oversees its management of business. It is composed of 20 members: 10 represent the shareholders and 10 the employees. The employees' representatives were most recently appointed at the delegates' assembly on November 7, 2023.

Amendments to the Articles of Incorporation are made pursuant to § 179 and § 133 AktG and § 18 and § 21 of the Articles of Incorporation. According to § 21 of the Articles of Incorporation, the Supervisory Board is authorized, without a resolution by the Shareholders' Meeting, to adjust the Articles of Incorporation to comply with new legal provisions that become binding for the Company and to amend the wording of the Articles of Incorporation.

The **remuneration system** for the Board of Management provides incentives to successfully implement the corporate strategy, to ensure a sustainable development of the Company, and is also focused on creating long-term value for our shareholders. The remuneration received by the members of the Supervisory Board is specified under § 13 of the Articles of Incorporation of Deutsche Telekom AG. Under the remuneration system, members of the Supervisory Board received fixed annual remuneration. The recommendations of the German Corporate Governance Code (GCGC), as published in the Federal Gazette on June 27, 2022, on "Remuneration of the Management Board and the Supervisory Board" (Section G) were complied with in the reporting year. [a]

On January 27, 2025, the Supervisory Board resolved to submit a revised remuneration system to the 2025 Shareholders' Meeting, to be applied retroactively as of January 1, 2025.

> Detailed information on the remuneration of the Board of Management and the Supervisory Board is published in the separate Remuneration Report. For further information on the Board of Management remuneration system, please refer to Deutsche Telekom AG's website.

[a] Information in this section, as well as the associated reference below the text, is information extraneous to the management report as explained in the section "Introductory remarks."

Members of the Board of Management and Supervisory Board of Deutsche Telekom AG were reported to have purchased and received 451,757 shares (2023: 412,132) and sold 246,755 shares (2023: 4,363) inter alia under the Share Matching Plan or as personal investments in the course of 2024. Total direct or indirect **shareholdings** in the Company or associated financial instruments by members of the Board of Management and the Supervisory Board do not exceed 1 % of the shares issued by the Company.

For further information on corporate governance, please refer to the section "Governance" under the section "Combined sustainability statement."

Changes to the Board of Management after the end of the 2024 financial year

On January 27, 2025, the Supervisory Board resolved to cancel the current appointment of Timotheus Höttges. He was reappointed prematurely to the Board of Management for the period from February 1, 2025 until midnight on December 31, 2028. He was again assigned the department of the Chair of the Board of Management.

The Supervisory Board additionally resolved on January 27, 2025 to terminate Srini Gopalan's Board position and to approve his termination agreement effective midnight on February 28, 2025. Srini Gopalan will assume the function of Chief Operating Officer at T-Mobile US effective March 1, 2025.

In the same meeting, the Supervisory Board approved the appointment of Rodrigo Diehl to the Board of Management for the period from March 1, 2025 to midnight on February 29, 2028. He was assigned to the Germany Board department.

Events after the reporting period

For information on events after the reporting period, please refer to Note 49 "Events after the reporting period" in the notes to the consolidated financial statements and to the notes to the annual financial statements of Deutsche Telekom AG as of December 31, 2024.

Integrated control and monitoring system [a]

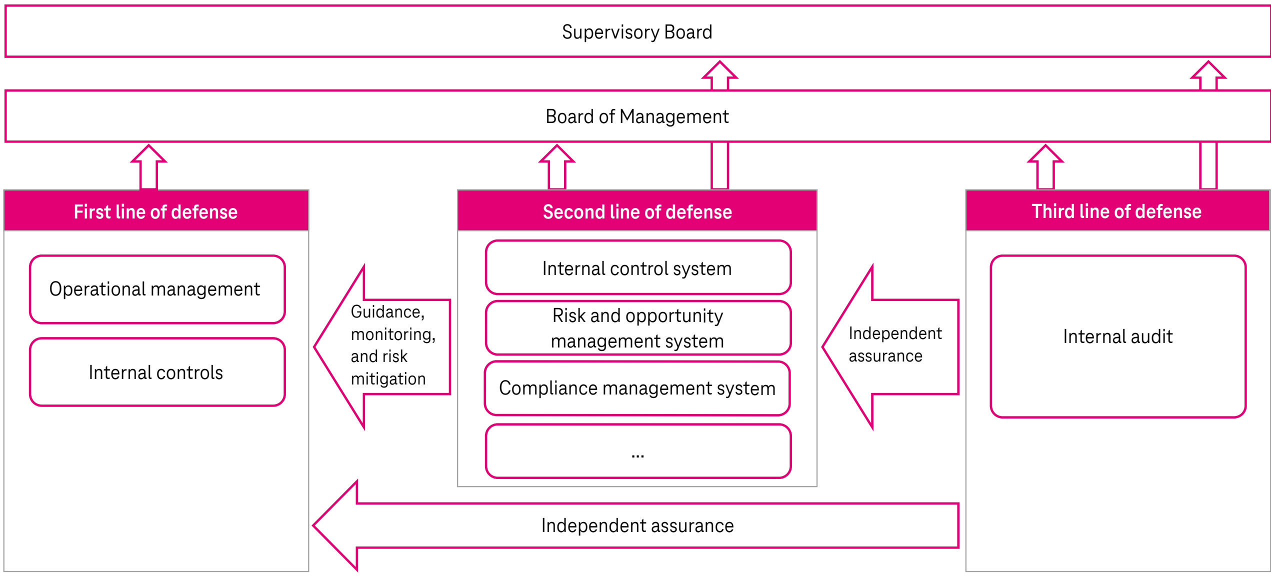
Sound corporate governance based on sustainable value creation is particularly important for an international group such as Deutsche Telekom, with its many subsidiaries and associates. The Supervisory Board and the Board of Management are convinced that such corporate governance, taking both company- and industry-specific issues equally into account, is an important building block for the future success of Deutsche Telekom AG. Accordingly, responsibility for compliance with the principles of sound corporate governance is vested in senior management.

Responsible, risk-appropriate handling of risks and opportunities is a core component of our corporate governance. The various systems implemented by the Board of Management (in particular the internal control system and the risk and opportunity management system including the compliance management system) to record and mitigate risks work together as part of a mutually complementary control and monitoring system and are subject to review by Internal Audit.

With this integrated system, Deutsche Telekom follows the Three lines of defense model. The operational units and their operational management, i.e., the risk owners, form the first line of defense. They are responsible for identifying, assessing, and continuously monitoring risks. The second line of defense primarily comprises the internal control system, the risk and opportunity management system, and the compliance management system, and it serves to manage and monitor the first line of defense. This includes defining requirements, guidelines, and processes, monitoring risks, and reporting to the Board of Management and to the Supervisory Board of Deutsche Telekom AG and its Audit and Finance Committee. The third line of defense is Internal Audit, which ensures the first and second lines of defense are audited and advised objectively and independently.

[a] Information in this section, as well as the associated reference below the text, is information extraneous to the management report as explained in the section "Introductory remarks."

Three lines of defense model



The most important features of the internal control system and the risk and opportunity management system including the compliance management system are described below.

Internal control system

Deutsche Telekom AG's internal control system (ICS) is based on the internationally recognized COSO (Committee of Sponsoring Organizations of the Treadway Commission) Internal Control – Integrated Framework, COSO I, as amended on May 14, 2013. The ICS is an integral component of the functional management of the Group.

The Board of Management is responsible for defining the scope and structure of the ICS at its discretion in accordance with § 91 (3) AktG. The ICS supports the organizational implementation of the Board of Management's decisions. This includes achieving the business targets, proper and reliable accounting, and compliance with significant legal requirements and regulations. Sustainability aspects, which are continuously developed on the basis of regulatory requirements, are also taken into consideration. The Audit and Finance Committee of the Supervisory Board of Deutsche Telekom AG monitors the effectiveness of the ICS as required by § 107 (3) sentence 2 AktG in conjunction with § 107 (4) sentence 1 AktG.

Internal Audit is responsible for independently reviewing the appropriateness and effectiveness of the ICS in the Group and at Deutsche Telekom AG, and, to comply with this task, has comprehensive information, audit, and inspection rights and is involved across all levels of the ICS process.

In addition to protecting against financial reporting risks, the ICS also ensures general management of operational risks and compliance. Its functional and process-related focus is adapted to the Group's current risk situation on an annual basis. The ICS organization bundles and integrates the internal control processes and supports the Board of Management in designing, implementing, and maintaining an appropriate and effective control system. It comprises ICS Management at Group Headquarters and the local ICS management of each entity. Central ICS Management is responsible for managing and coordinating the ICS processes in their entirety.

The entities to be included in the ICS are also reviewed and identified annually on the basis of Deutsche Telekom's statement of investment holdings. All material entities are fully integrated in the ICS process. Consistent Group-wide minimum requirements for the entities' control systems are defined based on the key Group functions. These include, for example, accounting, IT, procurement, HR, security, data privacy, taxes, compliance, and also corporate responsibility. The corresponding controls are documented in a Group-wide IT system and are reviewed for their appropriateness and effectiveness at least once a year.

Effectiveness is regularly reviewed applying the dual-checking principle and, depending on the risk exposure of the controls within the functional unit, across departments or (additionally) by Internal Audit. The aim is to identify control gaps and non-effective controls, in particular to analyze the impact on financial reporting and to initiate and monitor suitable countermeasures.

The ICS process is completed with a cascaded approval process, starting with the function owners in the entities and the local finance and managing directors, through to Group level. The ICS Steering Committee, with the involvement of the Group's most important function owners, then evaluates the results and makes recommendations to the Board of Management. Based on this, the Board of Management decides on the appropriateness and effectiveness of the ICS twice a year. The Audit and Finance Committee is informed in detail on the status and results of the ICS process at least three times a year and discusses the alignment of the ICS with management and the external auditors. Nevertheless, there are inherent limitations in every ICS. No control system – even if it is deemed to be appropriate and effective – can ensure that all relevant control risks are identified and are being completely and effectively addressed by means of controls.

All non-material entities exposed to risks with an extent that is deemed to be low from a Group perspective, are included in the Group-wide ICS as part of a simplified and standardized process. These entities must submit an annual self-declaration, based on a control risk catalog, on the maturity of the implemented controls and a statement on the effectiveness of the ICS in their entity. Internal Audit regularly reviews these self-declarations in a risk-oriented way. The ICS Steering Committee, the Board of Management, and the Audit and Finance Committee are informed at least once a year about the results of the self-assessments.

For information on the accounting-related internal control system, please refer to the section "Accounting-related internal control system."

Risk and opportunity management system

Our risk and opportunity management system is based on the globally applicable risk management standard ISO 31000 "Risk management – Principles and guidelines." It serves as a guide for internationally recognized risk management systems. A risk and opportunity management system is necessary from both a business point of view and on the basis of laws and regulations, in particular § 91 (2) and (3) of the German Stock Corporation Act (Aktiengesetz – AktG). Our risk and opportunity management system is organized on a decentralized basis. The Group Risk Governance unit defines the Group-wide methods, including the associated reporting system, and the segments are integrated via their own risk and opportunity management. The relevant owners in each of the segments are responsible for identifying, assessing, and continuously monitoring risks. This is also at the core of our risk culture, which includes the motto "Everyone is a risk manager." In other words, every individual takes responsibility for their risks.

For further information on the risk and opportunity management system, please refer to the section "Risk and opportunity management system."

Compliance management system

Our compliance culture is a key component for corporate governance based on integrity and respect. We have expressed our Group-wide commitment to complying with ethical principles and both legal and statutory requirements. We have incorporated this pledge in our Guiding Principles and our Code of Conduct.

We implemented a compliance management system with the aim of minimizing risks arising from systematic infringements of legal or ethical standards that could result in regulatory or criminal liability on the part of the Company, its executive body members, or employees, or result in a significant loss of reputation. In particular, when we established the compliance management system to prevent corruption, we used the Principles for the Proper Performance of Reasonable Assurance Engagements Relating to Compliance Management Systems laid down in IDW Assurance Standard 980 as a basis. The Board of Management considers its overall responsibility for compliance as a key leadership task. Our Chief Compliance Officer is responsible for the design and management of the compliance management system. Compliance officers implement the compliance management system and our compliance goals locally at the level of our operating segments and national companies.

For further information on the compliance management system, please refer to the section "Combined sustainability statement."

Statement of effectiveness

Based on regular discussions about the internal control system and the risk and opportunity management system, including the Group risk report and the ICS report, the Board of Management is not aware of any circumstances as of the date of preparation of the combined management report which contradict the appropriateness and effectiveness of these systems in their entirety. An external audit of risk and opportunity management in accordance with IDW Auditing Standard 981, most recently carried out at the end of 2022/start of 2023 for selected parts of the organization and risk categories did not uncover any findings.

Accounting-related internal control system

The accounting-related ICS comprises the principles, methods, and measures used to ensure appropriate accounting. It is continuously being refined and aims to ensure the consolidated financial statements of Deutsche Telekom are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as with the regulations under commercial law as set forth in § 315e (1) HGB. Another objective of the accounting-related ICS is the preparation of the annual financial statements of Deutsche Telekom AG and the combined management report in accordance with German GAAP.

It is generally true of any ICS that regardless of how it is specifically structured there can be no absolute guarantee that it will achieve its objectives. Therefore, as regards the accounting-related ICS, there can only ever be relative, but no absolute, certainty that material accounting misstatements can be prevented or detected.

Group Accounting manages the processes of Group accounting and management reporting. Legal provisions, accounting standards, and other pronouncements are continuously analyzed as to whether and to what extent they are relevant and how they impact on financial reporting. The relevant requirements are defined in the Group Accounting Manual, for example, communicated to the relevant units and, together with the financial reporting calendar that is binding throughout the Group, form the basis of the financial reporting process. In addition, supplementary process directives such as the Intercompany Policy, standardized reporting formats, IT systems, as well as IT-based reporting and consolidation processes, support the process of uniform and compliant Group accounting. Where necessary, we also draw on the services of external experts, for example, to measure pension obligations or in connection with purchase price allocations. Group Accounting ensures that these requirements are complied with consistently throughout the Group. The staff involved in the accounting process receive regular training. Deutsche Telekom AG and the Group companies are responsible for ensuring that Group-wide policies, regulations, and procedures are complied with. The Group companies ensure the compliance and timeliness of their accounting-related processes and systems and, in doing so, are supported and monitored by Group Accounting.

Operational accounting processes at the national and international level are increasingly managed by our shared service centers. Harmonizing the processes enhances their efficiency and quality and, in turn, improves the reliability of the internal ICS. The ICS thus safeguards both the quality of internal processes at the shared service centers and the interfaces to the Group companies by means of adequate controls and an internal certification process.

Internal controls are embedded in the accounting process depending on risk levels. The accounting-related ICS comprises both preventive and detective controls, which include

- IT-based and manual matching
- The segregation of functions
- The dual-checking principle
- Monitoring controls
- General IT checks such as access management in IT systems, and change management

Central and local ICS management continuously develop the ICS further in line with the operational processes, responding to new technologies and ways of working. These include the use of software robots, real-time alarms, artificial intelligence, and agile working.

We have implemented a standardized process throughout the Group for monitoring the effectiveness of the accounting-related ICS. This process systematically focuses on risks of possible misstatements in the consolidated financial statements. At the beginning of the year, specific accounts and accounting-related process steps are selected based on risk factors. They are then reviewed for effectiveness in the course of the year. If control weaknesses are found, they are analyzed and assessed, particularly in terms of their impact on the consolidated financial statements and the combined management report. Material control weaknesses, the action plans for eradicating them, and ongoing progress are reported to the Board of Management and additionally to the Audit and Finance Committee of the Supervisory Board of Deutsche Telekom AG. In order to ensure a high-quality accounting-related ICS, Internal Audit is closely involved in all stages of the process.

Corporate Governance Statement and Declaration of Conformity and updated 2024 Declaration of Conformity

The Corporate Governance Statement pursuant to § 289f, § 315d HGB is available on our Investor Relations website.

The Declaration of Conformity pursuant to § 161 AktG can be found below:

I. The Board of Management and Supervisory Board of Deutsche Telekom AG hereby declare that in the period since submission of the most recent declaration of conformity pursuant to § 161 AktG on December 30, 2023, Deutsche Telekom AG has fully complied with the recommendations of the Government Commission on the German Corporate Governance Code announced by the Federal Ministry of Justice on June 27, 2022, in the official section of the Federal Gazette (Bundesanzeiger).
II. The Board of Management and the Supervisory Board of Deutsche Telekom AG further declare that as of today Deutsche Telekom AG will fully comply with the recommendations of the Government Commission on the German Corporate Governance Code announced by the Federal Ministry of Justice on June 27, 2022, in the official section of the Federal Gazette (Bundesanzeiger).

Bonn, December 30, 2024

For the Supervisory Board	For the Board of Management
Dr. Frank Appel	Timotheus Höttges

The update of the Declaration of Conformity 2024 pursuant to § 161 AktG can be found below:

On 30 December 2024, the Board of Management and the Supervisory Board of Deutsche Telekom AG declared that the recommendations of the “Government Commission on the German Corporate Governance Code” published by the Federal Ministry of Justice in the official section of the Federal Gazette on 27 June 2022 will be complied with without exception.

The Board of Management and the Supervisory Board of Deutsche Telekom AG update their Declaration of Conformity as a mere precaution with the following declaration of deviation from recommendation B.4:

According to recommendation B.4, any re-appointment of a member of the management board before the end of one year prior to the end of the term of appointment with concurrent termination of the current appointment shall only happen if special circumstances apply. On 27 January 2025, Mr. Timotheus Höttges was re-appointed as Chairman of the Board of Management of Deutsche Telekom AG by the Supervisory Board of Deutsche Telekom AG for the period from 1 February 2025 until 31 December 2028. At the same time the current appointment for the period until 31 December 2026 was terminated with effect as of the end of 31 January 2025.

Deutsche Telekom AG believes that there are special circumstances for the earlier reappointment. In particular, strategic reasons require today to safeguard continuity in the person of the Chairman of the Board of Management beyond 31 December 2026 for the company.

Deutsche Telekom AG nonetheless declares, as a matter of precaution, that it deviates from recommendation B.4 with the early re-appointment of Mr. Timotheus Höttges as member of the Board of Management. This declaration is made to avoid any legal uncertainty. Deutsche Telekom AG intends to comply with the recommendation B.4 again for future re-appointments of members of the Board of Management.

Otherwise the Declaration of Conformity of 30 December 2024 remains unchanged.

Bonn, 27 January 2025

For the Supervisory Board	For the Board of Management
Dr. Frank Appel	Timotheus Höttges

Legal structure of the Group

Deutsche Telekom AG, Bonn, is the parent of the Deutsche Telekom Group. Its shares are traded on the Frankfurt/Main Stock Exchange as well as on other stock exchanges.

For information on the composition of capital stock in accordance with § 289a (1) HGB and § 315a HGB of direct and indirect equity investments, please refer to Note 19 "Shareholders' equity" in the notes to the consolidated financial statements and to the notes to the annual financial statements of Deutsche Telekom AG as of December 31, 2024.

Shareholders' equity

Each share entitles the holder to one vote. These voting rights are restricted, however, in relation to treasury shares (at December 31, 2024: around 86 million in total).

Treasury shares. The amount of issued capital assigned to treasury shares was approximately EUR 220 million at December 31, 2024. This equates to 1.7 % of share capital. 86,029,346 treasury shares were held at December 31, 2024.

For information on the treasury shares in accordance with § 160 (1) No. 2 AktG, please refer to Note 8 in the annual financial statements of Deutsche Telekom AG as of December 31, 2024 and to Note 19 "Shareholders' equity" in the notes to the consolidated financial statements.

The Shareholders' Meeting resolved on April 1, 2021 to authorize the Board of Management to purchase shares in the Company by March 31, 2026, with the amount of share capital accounted for by these shares totaling up to EUR 1,218,933,400.57, provided the shares to be purchased on the basis of this authorization in conjunction with the other shares of the Company that the Company has already purchased and still possesses or are to be assigned to it under § 71d and § 71e AktG do not at any time account for more than 10 % of the Company's share capital. Moreover, the requirements under § 71 (2) sentences 2 and 3 AktG must be complied with. Shares shall not be purchased for the purpose of trading in treasury shares. This authorization may be exercised in full or in part. The purchase can be carried out in partial tranches spread over various purchase dates within the authorization period until the maximum purchase volume is reached. Dependent Group companies of Deutsche Telekom AG within the meaning of § 17 AktG or third parties acting for the account of Deutsche Telekom AG or for the account of dependent Group companies of Deutsche Telekom AG within the meaning of § 17 AktG are also entitled to purchase the shares. The shares are purchased through the stock exchange in adherence to the principle of equal treatment (§ 53a AktG). Shares can instead also be purchased by means of a public purchase or share exchange offer addressed to all shareholders, which, subject to a subsequently approved exclusion of the right to offer shares, must also comply with the principle of equal treatment.

The shares may be used for one or several of the purposes permitted by the authorization granted by the Shareholders' Meeting on April 1, 2021 under item 7 on the agenda. The shares may also be used for purposes involving an exclusion of subscription rights. In addition, they may be sold on the stock market or by way of an offer to all shareholders, or canceled. The shares may be used to fulfill the rights of Board of Management members to receive shares in Deutsche Telekom AG, which the Supervisory Board has granted to these members as part of the arrangements governing the remuneration of the Board of Management, on the basis of a decision by the Supervisory Board to this effect. Furthermore, under the authorization granted on April 1, 2021, the Board of Management is authorized to offer and/or grant shares to employees of Deutsche Telekom and of lower-tier affiliated companies as well as to Managing Board members of lower-tier affiliated companies; this also includes the authorization to offer or grant shares free of charge or on other special conditions.

Under the resolution of the Shareholders' Meeting on April 1, 2021, the Board of Management is also authorized to acquire the shares through the use of equity derivatives.

Changes in treasury shares are set out in the following table:

No par value shares

		As of Jan. 1, 2024	Purchase of own shares	Reclassification of shares	Treasury shares transferred: Of which: Employee share program	Treasury shares transferred: Of which: Share Matching Plan	As of Dec. 31, 2024
Share buy-back program		0	81,268,383	0	0	0	81,268,383
Shares previously held in a trust deposit		7,800,811	0	(3,830,887)	0	0	3,969,924
Share Matching Plan		42,302	0	1,720,831	0	(972,094)	791,039
Employee share program		0	0	2,110,056	(2,110,056)	0	0
Total		**7,843,113**	**81,268,383**	**0**	**(2,110,056)**	**(972,094)**	**86,029,346**
Amount of share capital accounted for by these shares	millions of €	20	208	0	(5)	(3)	220
Percentage of share capital	%	0.16	1.63	0.00	(0.04)	(0.02)	1.73
Change in retained earnings	millions of €	0	(1,766)	0	0	0	(1,766)
Change in capital reserves	millions of €	0	0	0	53	15	68
Price	€		24.29 [a]		27.90		
Period			Jan.–Dec. 2024		Oct. 17, 2024	Jan.–Dec. 2024	

[a] Average price.

Share buy-back program. On November 2, 2023, the Board of Management announced plans to buy back Deutsche Telekom AG shares up to a total purchase price of EUR 2 billion in the 2024 financial year as part of a share buy-back program. The buy-back commenced on January 3, 2024 and was carried out in several tranches through December 18, 2024. The purpose of the 2024 share buy-back program was to recoup part of the dilution effect from Deutsche Telekom AG's 2021 capital increase. The repurchased shares are to be canceled accordingly. In the period from January 3, 2024 to December 18, 2024, Deutsche Telekom AG bought back around 81 million shares under the share buy-back program with a total volume (excluding transaction costs) of around EUR 2.0 billion.

Shares previously held in a trust deposit. As part of the acquisition of VoiceStream Wireless Corp., Bellevue, and Powertel, Inc., Bellevue, in 2001, Deutsche Telekom AG issued new shares from authorized capital to a trustee, for the benefit of holders of warrants, options, and conversion rights, among others. These option or conversion rights expired in full in the 2013 financial year. As a result, the trustee no longer had any obligation to fulfill any claims in accordance with the purpose of the deposit. The trust relationship was terminated at the start of 2016 and the deposited shares were transferred free of charge to a custody account of Deutsche Telekom. The previously deposited shares are accounted for in the same way as treasury shares in accordance with § 272 (1a) HGB. On the basis of authorization by the Shareholders' Meeting on April 1, 2021, the treasury shares acquired free of charge may be used for the same purposes as the treasury shares acquired for a consideration.

Share Matching Plan and employee share program. Currently, the treasury shares for participants of the Share Matching Plan and of the Shares2You shares program for employees are issued from the pool of shares previously held in a trust deposit.

For matching shares from the Share Matching Plan and for free shares from the employee share program Shares2You, treasury shares are transferred free of charge to the custody accounts of employees of Deutsche Telekom AG. In cases where treasury shares are transferred to the custody accounts of employees of other Group companies, the costs have been transferred at fair value to the respective Group company since the 2016 financial year. In the reporting year, 1,073 thousand treasury shares with a fair value of EUR 28 million were billed to other Group companies. Where treasury shares were transferred to the custody accounts of employees that were bought by way of the personal investment as part of the employee share program Shares2You, a conversion rate of EUR 27.90 per share was used. The conversion is determined using the lowest price at which a trade actually took place on an official German exchange on the date of conversion.

Authorized capital. The Shareholders' Meeting on April 7, 2022 authorized the Board of Management to increase the share capital with the approval of the Supervisory Board by up to EUR 3,829,600,199.68 by issuing up to 1,495,937,578 no par value registered shares against cash and/or contribution in kind in the period ending April 6, 2027. The authorization may be exercised in full or on one or more occasions in partial amounts. The Board of Management is authorized, subject to the approval of the Supervisory Board, to exclude residual amounts from shareholders' subscription rights. Furthermore, the Board of Management is authorized, subject to the approval of the Supervisory Board, to disapply shareholders' subscription rights in the event of capital increases against contribution in kind when issuing new shares for business combinations or acquisitions of companies, parts thereof, or interests in companies, including increasing existing investment holdings, or other assets eligible for contribution for such acquisitions, including receivables from the Company. However, the value of the new shares for which shareholders' subscription rights have been disapplied on the basis of this authorization – together with the value of the shares or conversion and/or option rights or obligations under bonds issued or sold since April 7, 2022 subject to the disapplication of subscription rights – must not exceed 10 % of the total share capital; the latter is defined as the amount existing as of April 7, 2022, upon entry of the authorization, or upon the issue of the new shares, whichever amount is lowest. If the issue or sale is carried out in analogous or mutatis mutandis application of § 186 (3) sentence 4 AktG, this shall also constitute the disapplication of subscription rights. The Board of Management is also authorized, subject to the approval of the Supervisory Board, to determine the rights accruing to the shares in the future and the conditions for issuing shares **(2022 Authorized Capital)**.

As of December 31, 2024, the share capital was contingently increased by up to EUR 1,200,000,000, comprising up to 468,750,000 no par value shares **(2024 Contingent Capital)**. The contingent capital increase will be implemented only to the extent that

a. the holders or creditors of bonds with warrants, convertible bonds, profit participation rights, and/or participating bonds (or combinations of these instruments) with option or conversion rights, which are issued or guaranteed by Deutsche Telekom AG or its direct or indirect majority holdings by April 9, 2029, on the basis of the authorization resolution granted by the Shareholders' Meeting on April 10, 2024, make use of their option and/or conversion rights or
b. those obligated as a result of bonds with warrants, convertible bonds, profit participation rights, and/or participating bonds (or combinations of these instruments), which are issued or guaranteed by Deutsche Telekom AG or its direct or indirect majority holdings by April 9, 2029, on the basis of the authorization resolution granted by the Shareholders' Meeting on April 10, 2024, fulfill their option or conversion obligations (including in the event that, in exercising a repayment option when the final due date of the bond is reached, Deutsche Telekom AG grants shares in Deutsche Telekom AG completely or partially in lieu of payment of the amount due)

and other forms of fulfillment are not used. The new shares shall participate in profits starting at the beginning of the financial year in which they are issued as the result of the exercise of any option or conversion rights or the fulfillment of any option or conversion obligations.

Main agreements including a change of control clause

The main agreements entered into by Deutsche Telekom AG that include a clause in the event of a change of control principally relate to bilateral credit lines and several loan agreements. In the event of a change of control, the individual lenders have the right to terminate the credit line and, if necessary, serve notice or demand repayment of the loans. A change of control is assumed when a third party, which can also be a group acting jointly, acquires control over Deutsche Telekom AG.

On November 2, 2016, Deutsche Telekom AG signed a change agreement to the shareholder agreement with the Greek government from May 14, 2008 on Hellenic Telecommunications Organization S.A (OTE), Athens, Greece; the change agreement concerned the accession of the Hellenic Republic Asset Development Fund (HRADF) as a party to the contract. Under this agreement, the Greek government is, under certain circumstances, entitled to acquire all shares in OTE from Deutsche Telekom AG as soon as one (or more) person(s), with the exception of the Federal Republic of Germany, either directly or indirectly acquire(s) 35 % of the voting rights of Deutsche Telekom AG.

In the master agreement establishing the procurement joint venture BuyIn in Belgium, Deutsche Telekom AG and Orange S.A. (formerly France Télécom S.A.)/Atlas Services Belgium S.A. (a subsidiary of Orange S.A.) agreed that if Deutsche Telekom or Orange comes under the controlling influence of a third party or if a third party that is not wholly owned by the Orange group of companies acquires shares in Atlas Services Belgium, the respective other party (Orange and Atlas Services Belgium only jointly) may terminate the master agreement with immediate effect.

Changes in the composition of the Group

57 German and 235 foreign subsidiaries are fully consolidated in Deutsche Telekom's consolidated financial statements (December 31, 2023: 56 and 238). 17 associates (December 31, 2023: 15) and 21 joint ventures (December 31, 2023: 21) are also included using the equity method.

The principal subsidiaries of Deutsche Telekom AG are listed in the section "Summary of accounting policies – Principal subsidiaries" in the notes to the consolidated financial statements.

Business combinations

On March 9, 2023, in the United States operating segment, T-Mobile US entered into a Merger and Unit Purchase Agreement for the acquisition of 100 % of the outstanding equity of Ka'ena and its subsidiaries, including Mint Mobile, for a maximum purchase price of USD 1.35 billion. The transaction was consummated on May 1, 2024. Ka'ena is included in Deutsche Telekom's consolidated financial statements as of May 1, 2024.

For further information, please refer to the section "Summary of accounting policies – Changes in the composition of the Group and other transactions" in the notes to the consolidated financial statements.