

# Conditions for access

## **Conditions for getting access to the assurance engagement summary report of the assurance engagement regarding the appropriateness, implementation and effectiveness of the compliance management system (CMS) of Deutsche Telekom Aktiengesellschaft and 21 subsidiaries for the delineated area of anti- corruption (confirmation date 30 July 2021)**

Deutsche Telekom AG engaged KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG) to perform a reasonable assurance engagement regarding the appropriateness, implementation and effectiveness of the compliance management system for the delineated area of anti-corruption. The CMS description, which is the basis of the assurance engagement, is attached to the assurance engagement report (Appendix 1).

The results of the assurance engagement were summarized within an assurance engagement report addressed to Deutsche Telekom AG. We have carried out our engagement on the basis of the General Engagement Terms for German Public Auditors and Public Audit Firms as of 1 January 2017, which are included in our engagement agreement.

[AAB \(PDF, English\) 57 KB](#)

Please note that the following assurance engagement report was provided in fulfilment of a contractual agreement with Deutsche Telekom AG and that this version of the assurance engagement report may only be used in a tendering process.

I confirm that I take note of the content of the AAB and that I would like to get access to the following assurance engagement report on that basis.



# Assurance engagement of the compliance manage- ment system, delineated area of anti-corruption

## **TRANSLATION - ASSURANCE ENGAGEMENT SUMMARY REPORT**

Deutsche Telekom Aktiengesellschaft and 21 subsidiaries  
Bonn, Germany

Assurance engagement regarding the appropriateness,  
implementation and effectiveness of the compliance  
management system for the delineated area of anti-corruption

KPMG AG Wirtschaftsprüfungsgesellschaft



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To Deutsche Telekom Aktiengesellschaft, Bonn, Germany

# 1 Assurance engagement

With purchase order from February 7, 2020

## **Deutsche Telekom Aktiengesellschaft, Bonn, Germany**

– hereafter „DTAG“ or „entity“ –

engaged us to perform a reasonable assurance engagement on the attached description (Appendix 1) of the appropriateness, implementation and operating effectiveness of the compliance management system (hereafter „CMS description“) for the delineated area of anti-corruption of DTAG and selected subsidiaries and affiliates (hereafter „Deutsche Telekom“). We performed the assurance engagement in two phases:

The assurance engagements performed in Germany were finalized in December 2020 for the period of operating effectiveness from April 1 to September 30, 2020 for DTAG as well as the following 8 subsidiaries included in this engagement:

- Detecon International GmbH
- Deutsche Telekom Außendienst GmbH
- Deutsche Telekom Geschäftskunden-Vertrieb GmbH
- Deutsche Telekom Individual Solutions & Products GmbH
- Deutsche Telekom Privatkunden-Vertrieb GmbH
- Deutsche Telekom Service GmbH
- Telekom Deutschland GmbH
- T-Systems International GmbH

The assurance engagements including the following 13 subsidiaries and affiliates covered the period of operating effectiveness from July 1 to December 31, 2020 and were finalized in June 2021:

- Cosmote Mobile Telecommunications S.A.
- Crnogorski Telekom A.D.
- Hellenic Telecommunications Organization S.A.
- Hrvatski Telekom d.d.
- Magyar Telekom Nyrt.

- Makedonski Telekom A.D.
- Slovak Telekom a.s.
- T-Mobile Austria GmbH
- T-Mobile Czech Republic a.s.
- T-Mobile Polska S.A.
- T-Systems do Brasil Ltda.
- T-Systems ITC Iberia S.A.U.
- T-Systems México S.A. de C.V.

This assurance report is a summary of the individual assurance engagements finalized until June 30, 2021 performed for DTAG as well as the above mentioned subsidiaries and affiliates.

This assurance report is intended for Deutsche Telekom AG for informational purposes and may not be used in any other context than to inform DTAG's Board of Management or Supervisory Board. In particular, this assurance report may not be disclosed to third parties or used in sales brochures or other similar public documents or media unless our approval is given. We approve the transfer of this document to third parties, provided they acknowledge our limitation of liability in an electronically based counter-confirmation process or similar procedure. Third parties within the meaning of these regulations exclude members of the Supervisory Board. Our assurance report references the underlying engagement and terms agreed herein.

We have provided the services described above on behalf of DTAG. We have carried out our engagement on the basis of the General Engagement Terms for German Public Auditors and Public Audit Firms as of January 1, 2017 (Appendix 2), which are included in our engagement agreement. By taking note of and using the information as contained in our assurance report, each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations specified in item no. 9 included therein) and acknowledges their validity in relation to us.

## 2 Reporting on the individual assurance engagements

The audit results for the individual assurance engagements of the entities mentioned in section 1 are included in the respective audit reports which are available – after acknowledging our General Engagement Terms for German Public Auditors and Public Audit Firms as of January 1, 2017 (Appendix 2) – via the following links:

- [Deutsche Telekom AG](#)
- [Detecon International GmbH](#)
- [Deutsche Telekom Außendienst GmbH](#) (only available in German)
- [Deutsche Telekom Geschäftskunden-Vertrieb GmbH](#) (only available in German)
- [Deutsche Telekom Individual Solutions & Products GmbH](#) (only available in German)
- [Deutsche Telekom Privatkunden-Vertrieb GmbH](#) (only available in German)
- [Deutsche Telekom Service GmbH](#) (only available in German)
- [Telekom Deutschland GmbH](#) (only available in German)
- [T-Systems International GmbH](#)
- [Cosmote Mobile Telecommunications S.A.](#)
- [Crnogorski Telekom A.D.](#)
- [Hellenic Telecommunications Organization S.A.](#)
- [Hrvatski Telekom d.d.](#)
- [Magyar Telekom Nyrt.](#)
- [Makedonski Telekom A.D.](#)
- [Slovak Telekom a.s.](#)
- [T-Mobile Austria GmbH](#)
- [T-Mobile Czech Republic a.s.](#)
- [T-Mobile Polska S.A.](#)
- [T-Systems do Brasil Ltda.](#)
- [T-Systems ITC Iberia S.A.U.](#)
- [T-Systems México S.A. de C.V.](#)



The minimum standards for the CMS set out by DTAG, which are described in the CMS description (Appendix 1), are the same for all 22 performed assurance engagements. In accordance with a risk-oriented maturity model the individual subsidiaries and affiliates are grouped into clusters, based on various parameters and data, and must gradually – depending on the cluster – fulfill increasing minimum requirements.

# 3 Definition and delineation of the compliance management system

A compliance management system (CMS) includes the principles and measures of an entity that are intended to ensure compliance of the entity, its employees and any third parties (if applicable), i.e. compliance with specific rules and requirements and/or the prevention of material violations of rules and requirements in clearly defined specific areas (non-compliance).

The design of a CMS includes specific generally accepted basic elements:

- the encouragement of a compliance culture,
- the design of the compliance framework (organizational and operational structure),
- the establishment of compliance objectives,
- the process for determining and analyzing compliance risks by the entity,
- the process of preparing the compliance program,
- the development of the communication process as well as
- the procedures for monitoring and improving the CMS.

Deutsche Telekom established its compliance program based on the frameworks set out in IDW AssS 980, ISO 19600, Australian Standard AS 3806-2006 and “ComplianceProgramMonitor” by ZfW (“Zentrum für Wirtschaftsethik”, The Centre for Business Ethics).

Deutsche Telekom AG sets out minimum standards that apply across the Group for the design of the CMS. In accordance with a risk-oriented maturity model the individual subsidiaries and affiliates are grouped into clusters, based on various parameters and data, and must gradually – depending on the cluster – fulfill increasing minimum requirements.

A CMS is appropriate when it is suitable for both identifying in due time with reasonable assurance the risks of material non-compliance and for preventing such non-compliance. An appropriate CMS also ensures that incidences of non-compliance that have already occurred are reported promptly to the responsible unit in the entity so that the necessary actions for improving the CMS can be determined.

The CMS is considered to be effective when the persons concerned acknowledge and comply with the principles and measures in ongoing business processes in accordance with their responsibility.

Even a CMS that has been appropriately designed and effectively implemented cannot absolutely ensure that the regulations of the delineated area will always be fulfilled or that non-compliance will be prevented, detected and sanctioned by the system. These inherent limitations of such systems result from the possibility that human judgement may lead to erroneous decision-making processes, that management may decide not to implement measures when costs exceed benefits, that disruptions solely due to simple human errors or mistakes may occur or that controls may be circumvented or overridden by two or more people in collusion.

## 4 Concluding remarks

Our assurance engagements for the entities mentioned in section 1 exclusively encompass the CMS description of the delineated area of anti-corruption of Deutsche Telekom AG, Bonn, which is attached to this report as Appendix 1. Any extrapolation or transfer of this assurance opinion to other compliance matters not covered by this delineated CMS area could lead to false conclusions being drawn.

Subject, nature and scope of the review procedures as well as findings and recommendations regarding the respective compliance management system can be obtained from the individual assurance reports.

The following statement is included in each individual assurance report under section 5:

“Based on the findings of our reasonable assurance engagement we conclude that

- the assertions contained in the CMS description about the CMS principles and measures are appropriately presented in all material respects,
- the assertions contained in the CMS description about the CMS principles and measures are, in accordance with the applied CMS principles, suitable for both identifying in due time and with reasonable assurance risks of material non-compliance with corruption regulations and for preventing such non-compliance and
- the principles and measures were implemented as of April 1, 2020 / July 1, 2020 and were effective during the period from April 1 to September 30, 2020 / July 1 to December 31, 2020.”

The latest version of the CMS description for the delineated area of anti-corruption (Appendix 1) was completed as of April 30, 2021. During the period under review, no significant changes regarding the design of the compliance management system for the delineated area of anti-corruption of Deutsche Telekom were made. Any extrapolation of this information to a future date could lead to false conclusions being drawn if the CMS has been changed in the interim.

Even an otherwise effective CMS is subject to inherent limitations of a system, which means that incidents of material non-compliance may occur that are not prevented or detected by the system. The objective of this assurance engagement is to obtain assurance on the system, not identifying any incidences of non-compliance. It is therefore not intended to obtain audit assurance on actual compliance with rules and regulations.

Duesseldorf, July 30, 2021

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Signiert von  
Marc Oliver Stauder  
am 01.08.2021

Stauder  
Wirtschaftsprüfer  
[German Public Auditor]

Signiert von  
Julia Quade  
am 30.07.2021

Quade  
Steuerberaterin  
[Certified Tax Consultant]

# Appendices



Appendix 1  
Description of the  
Compliance Management  
System of Deutsche  
Telekom





## **Description of the Compliance Management System of Deutsche Telekom<sup>1</sup>**

Deutsche Telekom AG (DTAG) and its subsidiaries and affiliates (referred to below as DT) view compliance management as a holistic approach to minimizing compliance risks and ensuring adherence to company regulations. The Compliance Management System (CMS) described below outlines the measures and processes implemented as well as the associated objectives in terms of its basic elements, with the aim of ensuring compliance in the area of anti-corruption.

DT sees corruption as being any type of conduct that is punishable by law in accordance with the following regulations: §§ 108e, 299 et seqq. and 331 et seqq. of the German Criminal Code, UK Bribery Act, US Foreign Corrupt Practices Act (FCPA), as well as criminal law provisions of other foreign legal systems that correspond with the content of the above. DT established its compliance program on the basis of the frameworks set out in IDW AssS 980 (auditing standard of the Institute of Public Auditors in Germany), ISO19600, Australian Standard AS 3806-2006 and the ComplianceProgramMonitor by ZfW ("Zentrum für Wirtschaftsethik", The Centre for Business Ethics).

The description below serves as a basis for auditing DTAG and its subsidiaries and affiliates in accordance with IDW AssS 980.

The CMS sets out minimum standards that apply across the Group, however their implementation in the respective subsidiaries and affiliates is executed on a decentralized basis, depending on the CMS maturity model. With this model the individual subsidiaries and affiliates are grouped into clusters, based on various parameters and data, and must gradually – depending on the cluster – fulfill increasing minimum requirements (see also section "Compliance objectives").

### **Compliance culture**

For DT it is particularly important that all employees, managers and corporate bodies conduct themselves in line with the company's values, adhere to applicable statutory regulations and follow internal rules at all times. According to DT's understanding Compliance entails more than the mere legitimacy of a company's actions. It is aimed at promoting the integrity of all employees by appealing for ethical, courageous and reflected behavior through the use of specific instruments, such as communication campaigns and training courses.

DT has a Code of Conduct that is used as a basic orientation framework for ensuring its people act with integrity and within the law. It bridges the gap between the Guiding Principles and the specific policies within the Group. The Code of Conduct applies worldwide to all employees, managers and corporate bodies within DT, and provides specific information on the behavior it expects from them in their daily work.

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<sup>1</sup> In case of questions of understanding the German version is applicable.

The importance of compliance and proper conduct is emphasized and communicated in regular Tone from the Top communications from the Board of Management and local managing boards. This is done through various channels, for example articles and videos in the Group intranet, or personal posts on the internal social network, e-mails to employees or through personal presentations and talks. The DTAG Board of Management uses personal statements to underline how important adherence to the rules is:

*"For reliability, you need rules*

*But one thing we must not do – and this is probably more important now than ever – is bend the rules. We must not start doing things the wrong way. We adhere to the law. Always. And we follow the rules that we've agreed on for our collaboration.*

*Following the rules should be something that all of us take for granted. And something that requires no justification or explanation. This is what "compliance" is all about. We at Deutsche Telekom are not corrupt – nor are we corruptible. We always act ethically and honestly. That's the standard we follow. It's a standard that is right in line with our Guiding Principles. At our Group Headquarters, we've even gone so far as to engrave this idea in stone: "We are a trusted companion, whatever the circumstances."*

*Trust is more than just the basis for our business success. It's also the basis for our interactions with each other. To put this another way, those among us who always play by the rules are always on the safe side. We have no gray areas, and we don't look the other way, without speaking up, when rules are being broken. We don't have any slush funds, and we reject any and all misguided "esprit de corps."*

Tim Höttges, CEO of Deutsche Telekom AG, June 2020, extract from a blog article titled "Dishonest behavior will never lead to honest business success" (published in DT intranet YAM).

The impact of the measures described on the compliance culture is measured by Group Compliance Management as part of the Group-wide employee survey and by the Group-wide survey on compliance based corporate culture.

## **Compliance objectives**

To be the leading European telecommunications provider, DT wants to be seen by its customers as a reliable and ethical partner. Therefore, the aim is to prevent compliance violations and non-ethical business decisions and to integrate compliance permanently into business processes at an early stage. Preventing and combating corruption has a key role to play here if the resulting high material and non-material damage (e.g., loss of trust) or unfair competition are to be avoided.

As previously mentioned, the CMS of DT is based on a maturity model. Maturity-oriented compliance management is based on the conviction that a group with a

large number of different subsidiaries or affiliates needs customized compliance solutions for the relevant company. That is why gradually increasing minimum requirements for compliance management were defined for the subsidiaries/affiliates according to the commercial development and the exposure to risks. It has been precisely defined how the relevant compliance management is to be set up. As such, Group Compliance Management takes into account the fact that the size of the subsidiary/affiliate and different complexities, together with the risk characteristics of the business model, mean that requirements vary in terms of what CMS is appropriate. On this basis, the subsidiaries and affiliates are allocated to one of five clusters, each of which stipulates the compliance requirements to be met by them respectively. A review is carried out once a year on the allocation of a subsidiary/affiliate to a cluster. If necessary, the cluster is adapted and potential changes in requirements are assessed. An online tool is available to carry out the review.

### **Compliance risks**

In order to systematically identify, analyze and evaluate compliance risks, and from this develop risk prevention measures, a Compliance Risk Assessment (CRA), which - as an overarching process - also covers DT subsidiaries and affiliates following risk-based scoping, is carried out by Group Compliance Management.

Group Compliance Management assists at a central level with its implementation and provides a standardized methodology. The aim behind this methodology is (1) that risks are evaluated with regard to likeliness and (2) magnitude of possible damage, (3) that risk management takes existing preventive measures into consideration, and (4) new compliance measures are derived for which clear responsibilities are assigned.

Group Compliance Management uses the findings of the CRA to derive Group-wide risk-based measures and inform the Board of Management and the Audit Committee of the DTAG Supervisory Board of the situation with regard to compliance risks within the Group. These measures form the basis of the Group Compliance Program, the implementation of which is regularly monitored by the Compliance Committee.

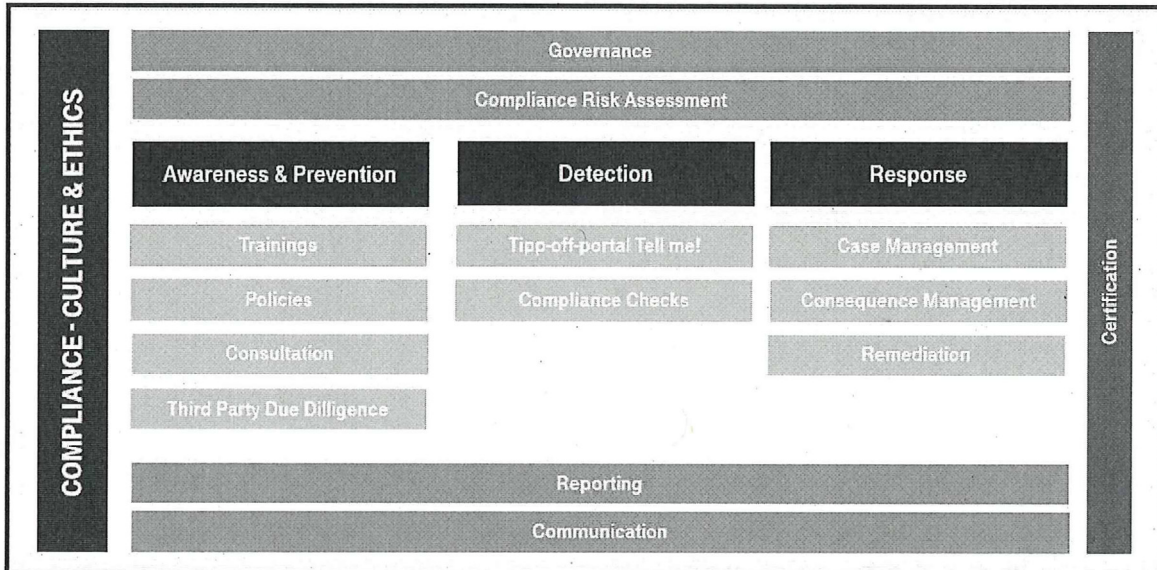
The purpose of subsidiary and affiliate participation in the CRA is to review and evaluate compliance on an individual basis against the backdrop of the company's objectives and respective business models.

The maturity model determines how often the subsidiaries/affiliates that are in scope of the CRA (yearly or every two years) should carry out the assessment and whether the standardized methodology should be used or whether deviations from it are possible. A tool is provided to allow the subsidiaries and affiliates to carry out the CRA based on the standardized methodology.

## Compliance program

The implementation of overarching compliance goals in business activities is backed up by systematically applying the CMS in the areas of prevention, detection and response.

### DEUTSCHE TELEKOM'S COMPLIANCE MANAGEMENT SYSTEM



Compliance Management System Deutsche Telekom

The basic elements – implemented in the subsidiaries and affiliates in various forms, depending on the cluster to which they are assigned – include:

- Compliance governance and organization (see Compliance organization)
- Compliance risk assessment (see Compliance risks)
- Reporting (see Compliance monitoring and improvement)
- Communication (see Compliance communication)
- Policies
- Training (see Compliance communication)
- Consultation desk
- Whistleblower portal
- Case management
- Business partner compliance

**Policies:** Group Compliance Management is responsible for policy management within the Group and supports the relevant specialist departments in implementing Group policies. The application and publication of policies is a binding process defined by Group Compliance Management.

The respective specialist departments are responsible for policy drafting, content and implementation. Group Compliance Management offers advice on the drafting and publication of policies. In addition, they work towards ensuring policies are reviewed and revised regularly. At the same time, they provide a centralized Group-wide policy database. This helps both policy owners to roll out new Group policies and employees to find the relevant policies.

DT has enforced various Group policies to combat corruption in the company. For all subsidiaries and affiliates – with the exception of those grouped in the lowest cluster – Group Compliance Management has defined two policies that need to be implemented ("Group Policy on the Acceptance and Granting of Benefits" and the "Group Policy on Avoiding Corruption Risks when Working with Consultants"). The maturity model also stipulates for each cluster what additional policies or regulations aimed at minimizing corruption-related risks are to be implemented in the subsidiaries or affiliates.

**Consultation desk:** To support employees with compliance-relevant behavioral uncertainties and to prevent any misconduct in advance, the compliance organization offers an advisory legal service to all employees – usually under the heading "Ask me!" – to ask compliance-related questions, for example regarding the Code of Conduct or compliance-relevant policies. Ask me! can be accessed using various communication channels (phone/e-mail) and is aimed at providing employees with a secure framework of proper conduct before violations can occur. The relevant Compliance Officers are involved should the handling of queries indicate towards systemic compliance risks and thus the need for action (e. g. trainings, awareness measures or – if permitted – further internal investigations).

**Whistleblower portal:** With the Tell me! whistleblower portal all external parties and employees have the opportunity to report compliance violations at any time, even anonymously. Individual subsidiaries or affiliates may offer local contact points for tip-offs that are known under a name that differs from "Tell me!"

**Case management:** DT has implemented a clearly defined case management process for systematically dealing with compliance-related cases and tip-offs:

- Group Compliance Management is responsible for ensuring the case management process is followed for cases relating to the Deutsche Telekom Group. As soon as there is an initial suspicion of misconduct, the case is passed on to the relevant decision-making body (e.g., Group Compliance Committee). They recommend which investigations and measures should be carried out. A case manager is responsible for the case documentation as well as for monitoring the progress of the case and drafting both status and final reports. Depending on the case concerned, the case manager may be a member of Group Compliance Management or of the investigating unit. In such cases Group

Compliance Management monitors and documents the progress of the case using an IT-based documentation system (CMT).

- Cases which do not relate to the Group may be sent to the subsidiary or affiliate for processing. The subsidiaries have their own process based on that used at DTAG.
- Confirmed cases are sanctioned in line with national statutory regulations. Sanctions relating to labor law may range from talking to the respective employee to the termination of employment.

Alongside the processes that fall directly under Group Compliance Management, one of the tasks of the is to ensure compliance-related processes and checks are implemented in business operations too. In order that compliance is firmly anchored in business processes...

- ... a **Business Partner Compliance** approach has been implemented to ensure that compliance requirements are adhered to in the purchasing process. For example, contracts with suppliers generally include anti-corruption clauses. Also, voluntary e-learning courses or other forms of awareness communication are offered to help suppliers and business partners follow proper conduct rules. In addition, internal controls have been put in place, e.g., when approving consultants, for the operational procurement process or for identifying procurement bypasses. Furthermore, before contracts are concluded with new business partners, it is checked whether they are on the Group-wide 'Non-Compliant List.' In addition, risk-based background checks are carried out.
- ... relevant controls are implemented in the processes of initiating **sponsorships, events** and **donations** in order to minimize the risk of corruption.
- ... **sales processes** include controls that serve as a preventive means of limiting the risks of corruption. Firstly, a background check is made on all potential new sales partners based on set criteria. Also, controls are implemented regarding business relationships with external sales partners, e.g., when agreeing, verifying and approving credit notes, discounts and commissions.
- ... compliance rules are applied to **HR processes** at DT. Before an offer of employment is made, managers must submit a certificate of good conduct (or equivalent) as part of an integrity check provided that this does not contradict local laws. Applicants for high management positions go through an Assessment Center or structured interviews in which checks are made to see how closely matched the values of the applicant and company are. Compliance awareness-raising, e.g., in the form of online information or eLearning, is targeted at new employees as they are brought on board. Moreover, managers and selected members of staff are regularly assessed with regard to their conduct as part of their annual appraisal, with integrity a key criterion in the process.
- ... a compliance due diligence, based on set criteria, is performed as part of **M&A** projects, with the aim of identifying potential corruption risks in advance. The areas under examination include an analysis of the country-specific and

business-related corruption risks, a review of the CMS and closed compliance cases relating to the organization being acquired. If a decision to integrate a company is taken, a defined process is to be followed.

## **Compliance organization**

"Compliance organization" is the term used to describe the roles and responsibilities at all levels of the Group, from DTAG's Board of Management to the Compliance Officers in the relevant subsidiaries and affiliates. In addition to the central compliance unit, Compliance Officers are also appointed at the strategic business area and subsidiary/affiliate level. These are in charge of local implementation of the CMS and compliance objectives.

Following an organizational change at DTAG on January 2020 (dissolution of the board area Data Privacy, Legal Affairs and Compliance) the department Group Compliance Management was assigned to the area "Law & Integrity" (L&I) on April 1, 2020. The Chief Compliance Officer is heading the compliance department and has an organizational reporting line to the Head of L&I.

In order document tasks and responsibilities, so-called organizational profiles are used. Additionally, objectives, compliance tasks, reporting lines and participation opportunities of the Chief Compliance Officer are regulated in the business mandate of Group Compliance Management.

### Central compliance organization

- The Chief Compliance Officer at DT and Group Compliance Management are responsible for the Group-wide structuring, enhancement, implementation and monitoring of the CMS.
- The Chief Compliance Officer leads the international compliance organization, is part of the Board area "Human Resources and Legal Affairs" and has the right to report to the Audit Committee of the DTAG Supervisory Board.
- DTAG has established a Compliance Committee, a cross-functional committee comprising representatives from e.g., HR, Legal, Internal Audit and other areas. It ensures there is a close exchange of information on all compliance-related issues and defines what procedure must be followed in the event of compliance violations.

### Local compliance organization and responsibilities

- The same applies to defined subsidiaries or affiliates; responsibility for compliance is always assigned to a member of the top management.
- Also, local compliance officers are nominated in the operating segments and subsidiaries and affiliates. These are in charge of local implementation of the CMS and compliance targets.



- In order to meet their responsibilities all compliance officers have a clearly defined minimum pool of resources based on the areas for which they are responsible and the size of their subsidiary/affiliate, as well as the right to report to their respective supervisory bodies. He or she has a dotted line reporting relationship with the Chief Compliance Officer at DTAG or the compliance officer of the respective parent company, who agree an operational compliance target each year with the local compliance officers.
- At least subsidiaries and affiliates that are allocated to the highest cluster have compliance committee with a similar role to the above-mentioned DTAG committee.

To promote up-to-date compliance-related knowledge within the compliance organization, regular compliance-based courses and training sessions are offered to those responsible in both the central and local compliance organizations.

#### Collaboration with other specialist departments

Over and above this, regular, cross-functional exchanges take place between Group Compliance Management and other functions, including departments such as Internal Control System (ICS) and Internal Audit. Also, compliance-related matters are defined, reviewed and approved as part of regular ICS self-assessments.

Additionally, information on compliance risks provided by the compliance risk assessment process is systematically incorporated into the Internal Audit team's risk-based audit planning process.

#### **Compliance communication**

Communication is an integral component of the CMS. Its purpose is to inform, raise awareness and create a secure framework of proper conduct. At the same time DT is aiming to provide its external stakeholders with information, on a transparent basis, regarding the most significant developments, facts and figures around compliance issues.

To this end Group Compliance Management is developing a variety of measures, some of which are adopted by the subsidiaries and affiliated companies.

Examples of this include:

- Internal staff and manager communications (e.g., intranet, Telekom Social Network, posters, newsletters and video statements)
- Internal campaigns (topic-based, international awareness campaigns)
- Internal events (e.g., International Compliance Days)
- External communications (public relations, Internet)
- Investor communications (shareholders' meeting, inquiries from investors and rating agencies, CSR report)

The subsidiaries and affiliates are also free to develop their own communication formats.

The training concept is a key component of DT's CMS and provides for staff and management training. The courses offer training on compliance issues to the relevant target groups and communicate what DT's expectations are. The focus is placed on enhancing awareness of compliance risks at work and explaining in practical terms what ethical conduct conforming to the rules entails.

Classroom training or virtual training (e.g. in the form of Web-Ex conferences) covering anti-corruption and the basic principles of compliance is provided. The target groups are defined on a risk basis and are made up of executives, management teams as well as employees involved in high-risk processes in particular. The classroom-based courses are adapted to the requirements of the target groups and are updated at regular intervals. Classroom training takes place at least once every three years.

All employees are offered e-learning courses on anti-corruption and the fundamentals of compliance; participation in the courses is voluntary. In subsidiaries and affiliates that are allocated to the highest cluster target groups falling under the risk-based scope - such as, for example, Sales or Procurement - are specifically requested to complete the anti-corruption e-learning courses at least once every three years.

Furthermore, as a general rule all employees are offered the opportunity of self-learning on the intranet, where they can independently collect information and further their knowledge using various compliance-related intranet pages. Also, they can gain additional knowledge by conducting further voluntary e-learning courses.

## **Compliance monitoring and improvement**

The implementation of the CMS is continuously monitored and adapted to developments within and outside of the company.

Both scheduled and situation-based reviews of the CMS are undertaken at a central level within DTAG. This is done in form of compliance checks and internal audits:

- **Compliance Checks** are local checks of business decisions and processes and are undertaken by Group Compliance Management in selected subsidiaries or affiliates, with the aim of increasing awareness of the relevance of compliance regulations. These checks are not based on tip-offs; they are systematic checks chosen on the basis of risk and serve to enhance the effectiveness of the CMS process. The objective here is to identify CMS deficits, process deficiencies or misconduct, and to derive measures to eliminate them.
- **Internal Audit** is responsible for defining the areas to be audited in its annual audit program. Compliance risks are also covered here. As previously mentioned, Group Compliance Management is involved in the planning of the

audit program. These audits cover preventive as well as risk-based reviews, e.g., in connection with reported violations. Situation-based audits that are compliance-relevant may also be carried out. As a general rule, both the entire CMS and individual business processes may be reviewed for compliance. Measures relating to the CMS are implemented by the parties responsible in line with the action plan set out by Internal Audit.

Other measures related to **continuous monitoring**:

- **Reporting:** At Group level, quarterly reports on compliance-related issues are submitted to the Board of Management and the Audit Committee of the DTAG Supervisory Board. These reports include information on the enhancement of the CMS, relevant data, e.g., on training course participant numbers, compliance inquiry levels and information on major compliance violations. There are defined reporting lines and processes, from the subsidiary/affiliate level right up to the Group holding. The scope and frequency of compliance reporting, as well as the parties to whom these reports must be submitted, are defined at subsidiary/affiliate level.
- **Risk management functions:** Compliance requirements are documented as part of the ICS self-assessment process, and potential issues are dealt with by the subsidiaries or affiliates.

Additional **continuous improvement measures** include:

- DTAG has **external auditors** carry out regular audits to ensure the structure of the CMS is appropriate and it is being effectively implemented.
- Group Compliance Management is actively involved in various bodies and initiatives, such as for example the German Institute for Compliance (DICO) or the Forum Compliance & Integrity (FCI) and has regular exchanges with Compliance Officers of other DAX 30 companies. Facts and information from this are used to make suggestions and improvements for the CMS.

Bonn, April 30, 2021



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Sebastian Scheidt  
Compliance Officer Telekom Deutschland  
(Acting Head of Group Compliance Management)

Appendix 2  
General Engagement  
Terms



# General Engagement Terms

## for

### Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

#### [German Public Auditors and Public Audit Firms]

#### as of January 1, 2017

#### 1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

#### 2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

#### 3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

#### 4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

#### 5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

#### 6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

#### 7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: *The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

#### 8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

#### 9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

## 10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

## 11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

## 12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

## 13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

## 14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

## 15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.