

Agreement on the establishment of a European Works Council in the Deutsche Telekom Group

between **Deutsche Telekom AG**

and **the Special Negotiating Body**

Preamble

The internationalisation of Deutsche Telekom requires a commitment throughout the entire group of undertakings to the process of integration. In this context, economic and social aspects must be given consideration within corporate policy.

The dialogue between the Group management, employees and their representative bodies plays an important role in this process. The establishment of a cross-border body to represent the employees is to foster an understanding of this integration process and to support Group integration at a European level.

This process is influenced by the framework conditions essential to the group of undertakings.

Timely information enables employees to contribute their own ideas to the dialogue. This will strengthen mutual understanding and build a sense of community as part of a leading telecommunications and IT company. This dialogue must take into account the autonomous character of established national, cultural and social traditions. For this purpose, a European Works Council (EWC) shall be set up in the European part of the group of undertakings.

The rights and duties of the EWC extend to cross-border matters which are of significance to employees.

This Agreement shall not affect the representative bodies' national rights to information and consultation. These shall continue to be subject to the relevant national provisions and company-specific regulations.

Views and information shall be exchanged in an atmosphere of trust and cooperation.

§ 1 Scope

- (1) This Agreement shall apply to all employees of the group of undertakings within the territorial scope. For the purpose of this Agreement, the term "employees" shall comprise all members of staff.
- (2) The Agreement provides for the information and consultation of the EWC regarding cross-border matters in EU countries as well as countries within the European Economic Area, insofar as Group companies¹ to be involved exist there.

§ 2 Composition

- (1) The EWC shall comprise a maximum of 32 members. Each country to be involved delegates at least one representative. The distribution of mandates for the first term of office is laid down in the Annex.

Gender should be taken into consideration to an appropriate extent.
- (2) If further countries or further divisions in a country are added during a term of office, then members will also be delegated from there to the EWC, based on the allocation principles laid down in the Annex. If this leads to the maximum number of 32 being exceeded, mandates shall be redistributed before the next term of office of the EWC, thus ensuring that the maximum number of 32 members is once again adhered to by the beginning of the new term of office.

¹ These are controlled undertakings within the meaning of § 6 of the Act on European Works Councils.

§ 3 Election of EWC members

- (1) Each member shall be elected or determined in accordance with the statutory requirements and/or customs of the relevant member state. At the same time, a deputy member shall be elected or appointed in order to represent the member if he/she is unable to attend.
- (2) The appointment of EWC members shall be based on democratic principles.

§ 4 Eligibility

- (1) Members and deputy members of the EWC must be employees of the group of undertakings and ought to belong to an employee representation, if such representation exists.
- (2) A candidate ought not to be a member of, or be appointed to represent, the Board of Management or the management of a company, unless this is opposed by national statutory requirements and/or national customs.
- (3) Should national regulations restrict eligibility for employee representation, these restrictions shall also apply for appointment to the EWC.
- (4) Elected or appointed members or deputy members of the EWC ought to have been employed by the group of undertakings for at least 12 months, but must have been employed for at least 6 months at the time of their election. When new companies are taken over, the members and deputies of such companies that are sent to the EWC ought to have been employed by the acquired company for at least 12 months, but must have been employed for at least 6 months.

§ 5 Term of mandate

- (1) EWC members and their deputies shall serve a term of four years, starting with the constituent meeting of the EWC. If an event occurs during this period that makes it impossible for an EWC member to discharge his/her office, the deputy shall take his or her place for that period of time.
- (2) Any recall of an EWC member during his/her term of mandate shall be subject to the respective national statutory requirements and/or customs.

§ 6 EWC meetings

- (1) EWC meetings shall be held twice a year. One of the two meetings shall be held after the annual shareholders' meeting. The dates of the meetings shall be stipulated in agreement with central management.
- (2) The meetings last three days including travel in both directions, internal preparation and debriefing of meetings and any possible preliminary talks by the representatives of the individual divisions in the EWC regarding division-specific topics.
- (3) The meetings shall generally be held at central management's headquarters. Another location for the meetings can be agreed with central management.
- (4) The chairperson of the EWC shall draw up the agenda for EWC meetings in consultation with central management.
- (5) EWC members shall receive the documents on the meeting in the languages required no later than two weeks prior to the meeting.
- (6) The chairperson or, if he/she is unavailable, the deputy chairperson, shall chair the meetings of the EWC.
- (7) Simultaneous translation into the required languages shall be provided. The documentation required shall be drawn up in the languages required.
- (8) In addition to EWC members, one or more members of the Group management or their representatives shall attend the meetings. Further representatives on the employer's side may also participate.
- (9) Minutes shall be taken for each EWC meeting. The section of the minutes which refers to the joint part of the meeting shall be agreed with central management. This part of the minutes shall be signed by the EWC chairperson and the Director of Industrial Relations of the group of undertakings before being sent to all EWC members. The minutes shall be translated into the required number of languages to enable EWC members to notify employees in their countries thereof in accordance with national customs.

§ 7 Matters subject to information and consultation

- (1) As part of the meetings, central management shall inform the EWC of the progress of the business and prospects of the group of undertakings, providing it with the required

documentation in good time. Central management shall consult the EWC in accordance with § 8 (3), provided that the relevant matters are of a cross-border nature within the meaning of § 8 (1). These rights to information and consultation shall apply, in particular, to the following matters:

- Structure of the group of undertakings and its economic and financial situation
- Likely development of business, and of production and sales
- Employment situation and its anticipated development
- Investments (investment programmes)
- Fundamental changes to the organisation
- Introduction of new working and production procedures
- Relocation of undertakings, establishments or major parts thereof, and relocation of production
- Merging or splitting of undertakings or establishments
- Cut-back or closure of undertakings, establishments or significant parts thereof
- Mass redundancies.

Central management and the EWC board can jointly agree to put additional items on the agenda.

- (2) In the event of exceptional circumstances affecting the interests of the employees of the group of undertakings to a considerable extent, central management shall inform the EWC board, providing it with the required documentation.

In the event of exceptional circumstances affecting the employees' interests to a considerable extent, central management shall consult the EWC board in good time, provided that the relevant matters are of a cross-border nature within the meaning of § 8 (1).

Exceptional circumstances shall comprise in particular:

- the relocation of undertakings, establishments or important parts thereof
- the closure of undertakings, establishments or important parts thereof
- mass redundancies.

Those members of the EWC appointed to represent establishments or undertakings directly affected by the planned measures shall also be invited to meetings of the EWC board; for this purpose, they shall be deemed to be members of the EWC board.

§ 8 Cross-border matters and consultation

- (1) Matters are of a cross-border nature if they concern the Community-scale undertaking or the Community-scale group of undertakings as a whole, or measures affecting at least two establishments or undertakings belonging to the group of undertakings in at least two different member states.
- (2) Matters that concern employees and undertakings in just one country shall remain the exclusive responsibility of the interlocutors in such country in accordance with the relevant national customs. This shall be without prejudice to the rights and duties of employee representatives at a national level.
- (3) For the purposes of this Agreement, 'consultation' means the exchange of views and establishment of a dialogue between the EWC and central management or another appropriate level of management; there is the option of making a statement.

Note to the minutes:

The Parties have defined the term 'consultation' within the meaning of the Directive. The further explanation ("...there is the option of making a statement") shall neither restrict nor extend the options available to the EWC.

§ 9 Information to employees

- (1) Employee representatives or employees shall be informed of matters discussed by the EWC in accordance with § 7 (1) after the meeting, if possible without delay. For this purpose, the national EWC members shall provide the employee representatives with the agreed minutes pursuant to § 6 (9). If there are no employee representatives, the employees shall be informed directly on the basis of the minutes.
- (2) The EWC members shall also be able to use the relevant national bodies and their regular meetings for reporting on EWC sessions. They can also refer to them for suggestions regarding the next meeting.
- (3) If there is no comparable body, employees can also be informed directly by way of personal visits, subject to previous agreement with the local management.

§ 10 EWC board

The EWC shall form a board for the purpose of conducting its business. This shall consist of the chairperson, the deputy chairperson and three other members of the EWC. The composition of the EWC board should be well-balanced regarding German and foreign members, and regarding members from the various corporate divisions.

As part of their duties, the EWC board members shall:

1. permanently represent the EWC before central management between meetings in all cross-border matters within the meaning of § 7 (2) of this Agreement;
2. conduct ongoing business.

Further details are provided in the Rules of Procedure of the EWC. § 25 of the EWC Act shall apply accordingly.

§ 11 EWC board meetings

The EWC board shall meet up to four times a year, with two of the meetings being held in conjunction with EWC meetings. As a rule, meetings shall last one day and are generally held at central management's headquarters. Members of central management can participate by agreement.

§ 12 Confidentiality

- (1) The contents of information and consultation must be treated confidentially. Operating or business secrets which were expressly designated as such and are deemed such on the basis of objective criteria may not be passed on to third parties. Central management shall only be obliged to provide information to the EWC to the extent that this does not endanger any operating or business secrets of an undertaking or the group of undertakings.
- (2) Confidentiality must also be maintained after a member's departure from the EWC. It also applies to members of national employee representations in the group of undertakings, interpreters and minute-takers, office staff, experts and other participants permitted in individual cases. These persons shall all be obligated to maintain confidentiality.

§ 13 Protection of EWC members and release from work

- (1) During the performance of their duties, EWC members shall enjoy the same protection and guarantees provided for employee representatives under the laws and practices in effect in the country of their employment.
- (2) They shall not enjoy any privileges nor suffer any disadvantages as a result of the exercise of their mandate. In particular, they may not be dismissed due to their work as an EWC member.
- (3) If notice of termination is given within one year after leaving the EWC, central management shall notify the EWC board of the dismissal and the reason for termination without delay. The same applies to former members of the Special Negotiating Body (SNB).
- (4) To fulfil their tasks, EWC members shall be released from normal work in order to participate in meetings, including appropriate time for travel in both directions, to prepare and debrief meetings and to provide employees with the necessary information according to § 9 without any losses in pay.
- (5) Members of the EWC board shall be additionally released from normal work for those necessary tasks which go beyond the scope of tasks pursued by the regular members, without any losses in pay.

Note to the minutes:

After two years, central management and the EWC board, based on the experience they have gained by then, will jointly decide whether a detailed regulation regarding the release from work for EWC members is necessary or not.

§ 14 Resources

To meet his/her tasks, each EWC member shall have access to a telephone and fax machine, which can also be used for international calls, as well as a PC with Internet access and personal e-mail account. It must be possible to use these media confidentially. The related costs shall be borne by the employer in accordance with § 18.

§ 15 Administrative office

To ensure the EWC can fulfil its tasks, it shall be provided with an administrative office at the location of central management; this administrative office shall be equipped with the necessary staff and resources.

§ 16 Experts

- (1) The EWC and the EWC board may be assisted by experts of their choice where this is necessary for them to carry out their tasks properly.
- (2) Central management shall only be obliged to bear the costs of one external expert.
- (3) Experts from within the group of undertakings should be used as a priority.
- (4) Following a decision by the EWC, a representative of Union Network International (UNI) shall be allowed to attend EWC meetings.

Note to the minutes:

Regarding the assumption of costs for external experts, the SNB and central management agree that this refers to one expert per item subject to consultation.

§ 17 Training

- (1) If required, each EWC member shall be entitled to receive individual training comprising a period of up to 15 days during his/her first term of office.
- (2) EWC members are called upon to undergo further training for subjects which are suitable and required for the fulfilment of their duties in accordance with this Agreement. The related costs shall be borne by central management. The Chairperson of the EWC, together with central management, shall coordinate the relevant measures.
- (3) In this context, internal training options, if possible in the relevant country of origin, shall be used as a priority.
- (4) Employees shall be released from normal work for the purpose of pursuing such training measures, without any losses in pay.
- (5) For the period thereafter, the individual claim to training measures shall be defined on the basis of experiences gained up to that point.

§ 18 Costs

The employer shall bear all necessary costs incurred in connection with the work of the EWC, without prejudice to other provisions of the Agreement.

§ 19 Final provisions

- (1) This Agreement shall enter into force upon signature and shall be valid for an indefinite period of time. It may be terminated by either party no earlier than four years after coming into force by giving six months' written notice. In the event of termination, the existing Agreement shall remain in effect until a new arrangement has been made, but no longer than for 24 months. After that, statutory provisions shall apply. Any decision to terminate the Agreement on the part of the EWC requires the majority approval of two thirds of the body.
- (2) This Agreement shall be based on § 6 of EC Directive 94/45 on the establishment of European works councils, dated 22 September 1994, as well as the German EWC Act (EBRG) of 28 October 1996.
- (3) With the constituent meeting of the EWC, the SNB shall be dissolved as a temporary body. All rights and duties resulting from the Agreement shall be transferred to the EWC.
- (4) During the term of this Agreement, the EWC and central management may agree to amend the Agreement, particularly if this is required on the grounds of practical experience gained or changed framework conditions.
- (5) If a difference of opinion arises on the meaning and application of this Agreement, central management and the EWC board shall attempt to reach an agreement within a reasonable period of time.
- (6) This Agreement shall be subject to German law. Any litigation arising in conjunction with this Agreement shall be subject to German Law. The place of jurisdiction shall be Bonn.
- (7) The German version of this Agreement shall be authoritative.
- (8) Should a clause or annex to the present Agreement be or become invalid, this shall be without prejudice to the other provisions. Invalid provisions shall be replaced by provisions in compliance with the law which most approximate the objective originally pursued.
- (9) By signing this Agreement, the members of the SNB certify that they are authorised, in accordance with the national provisions of the country they represent, to sign the present Agreement.

Note to the minutes:

The Agreement shall be reviewed two years after the establishment of the EWC. It shall be possible to amend the Agreement in accordance with experience gained.

Bonn, April 21, 2004

On behalf of Deutsche Telekom AG

signed Heinz Klinkhammer
Dr. Heinz Klinkhammer

signed ppa. Wilhelm Pielsticker
Dr. Wilhelm Pielsticker

On behalf of the Special Negotiating Body

signed Wilhelm Wegner
Wilhelm Wegner (Deutschland)

signed Herbert Schiller
Herbert Schiller (Deutschland)

signed Wolfgang Teitge
Wolfgang Teitge (Deutschland)

signed Ado Wilhelm
Ado Wilhelm (Deutschland)

signed Fabrice Jacquart
Fabrice Jacquart (Belgien)

signed Sune Adam Schackenfeld
Sune Adam Schackenfeld (Dänemark)

signed Laurence Wilhelm
Laurence Wilhelm (Frankreich)

signed Alistair Sagar
Alistair Sagar (Vereinigtes Königreich)

signed Stefano Garbin
Stefano Garbin (Italien)

signed Hugo Keulen
Hugo Keulen (Niederlande)

signed Johannes Hofmeister
Johannes Hofmeister (Österreich)

signed Maria-Jose Filter
Maria-Jose Filter (Spanien)

Annex

to the agreement on the establishment of a European Works Council in the Deutsche Telekom Group

| Countries | T-Com nat. affiliates | TMO | TSI | TOI | Seats per country |
|----------------|--------------------------|----------|-----------|----------|-------------------|
| Belgium | | | 1 | | 1 |
| Denmark | | | 1 | | 1 |
| Germany | 5 | 2 | 3 | 1 | 11 |
| France | | | 1 | 1 | 2 |
| UK | | 2 | 1 | | 3 |
| Italy | | | 1 | | 1 |
| Netherlands | | 1 | 1 | | 2 |
| Austria | | 1 | 1 | | 2 |
| Spain | | | 2 | | 2 |
| Poland | | | 1 | | 1 |
| Czech Republic | | 1 | 1 | | 2 |
| Slovakia | 2 | | | | 2 |
| Hungary | 2 | | | | 2 |
| Total | 9 | 7 | 14 | 2 | 32 |

Allocation principles for the distribution of seats on the EWC of Deutsche Telekom during the first term of office:

At least 1 seat per country to be included

- > 2,500 employees
- > 25,000 employees
- > 100,000 employees

| | |
|---|-------|
| 2 | seats |
| 3 | seats |
| 5 | seats |

per division

Seats for other divisions, per country:

- < 250 employees 0 seats
- > 250 employees 1 seat