

III. ADDITIONAL INFORMATION ON AGENDA ITEM 7

REMUNERATION SYSTEM FOR MEMBERS OF THE EXECUTIVE BOARD OF FREENET AG

1. BASIC PRINCIPLES OF REMUNERATION AND CORPORATE STRATEGY

The strategy of freenet AG (“freenet”) is based on the clear ambition to promote long-term and sustainable growth through digital lifestyle. Under the umbrella brand freenet a comprehensive portfolio of digital lifestyle products is offered to customers. Digital lifestyle includes telecommunications, internet, TV entertainment and energy as well as all services, applications and appliances that can be controlled or connected to a mobile device or can be used via an intelligent device. Within freenet’s comprehensive product portfolio individual solutions are tailored to the customer’s needs. The product portfolio is subject to continuous optimization, expansion and alignment with the evolving customer life cycle. Growth is expected to come from newly acquired customers, the management and retention of current customer relationships and continuous improvement on customer loyalty.

To effectively implement strategic goals and measure operational performance freenet uses a standardized and reliable management system. The performance measurement is based on financial as well as non-financial performance indicators, which form the framework for value-oriented corporate management. In this context, sustainability aspects also play a vital role. Sustainability aspects should be incorporated into every decision and given the same weight as economic decision-making criteria. The aim is to influence the social and environmental sustainability of freenet’s business activities at all possible points along the value chain wherever the ability to exert an influence is not restricted by regulatory requirements or specific market conditions.

The remuneration system for the Executive Board contributes significantly to the support and implementation of freenet’s strategy by incentivizing sustainable, long-term and value-oriented company development. The interests of shareholders, customers, employees and business partners, as well as environmental and social goals, are all taken into consideration when developing the remuneration system. The remuneration system is designed to motivate the Executive Board members to pursue freenet’s strategic goals and thus ensure sustainable long-term increase in the value of the company.

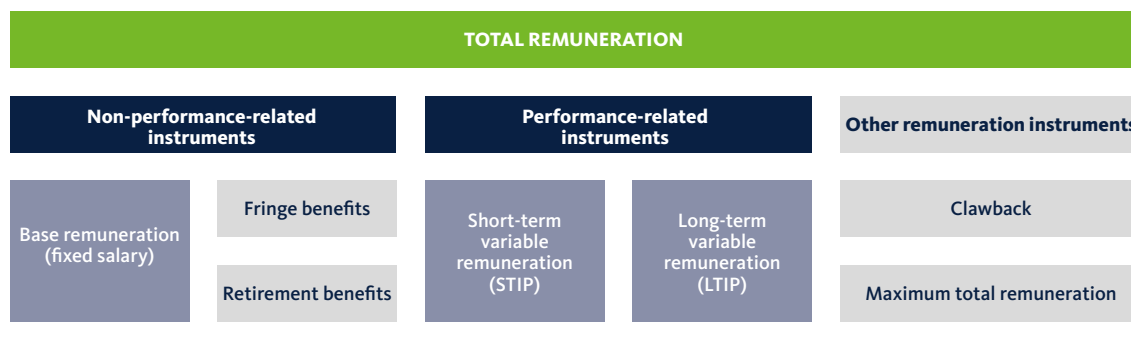
2. REVIEW AND REVISION OF THE REMUNERATION SYSTEM 2021

Taking into account the voting results of the 2021 annual general meeting and suggestions made by investors, the remuneration system for 2021 was comprehensively reviewed in cooperation with an external remuneration consultant. Several material changes to the remuneration system were made, most notably that early payouts from the short-term variable remuneration are no longer possible and that the long-term variable remuneration has been revised. In order to emphasize the long-term orientation of the Executive Board’s remuneration, the basic amount specified in the long-term variable remuneration is now independent of the target achievement of the short-term variable remuneration. The long-term variable remuneration now makes up a larger proportion of total remuneration and, given a target achievement of 100%, significantly exceeds the amount of the short-term variable remuneration. A further mechanism that has been introduced to emphasize the long-term orientation of the remuneration system is the expansion of the catalogue of performance criteria, which now includes sustainability targets as well as relative performance targets, comparing freenet with relevant competitors. The target achievement scales have been aligned with levels seen in the market. The payout cap of the long-term variable remuneration has been adjusted from 400% to 250% of the basic amount and the maximum total remuneration of the Executive Board members has been reduced. Finally, the ability for the Supervisory Board to grant a special bonus for extraordinary performance to the Executive Board at the Supervisory Board’s discretion has been deleted without replacement.

3. STRUCTURE AND INSTRUMENTS OF EXECUTIVE BOARD REMUNERATION

Executive Board remuneration consists of non-performance-related and performance-related elements and includes the following main instruments: base remuneration (fixed salary), short-term variable remuneration (“STIP”) and long-term share-based payment (“LTIP” or “long-term variable remuneration”). Fringe benefits and retirement benefits are also part of the remuneration system.

Figure 1: Overview of total remuneration

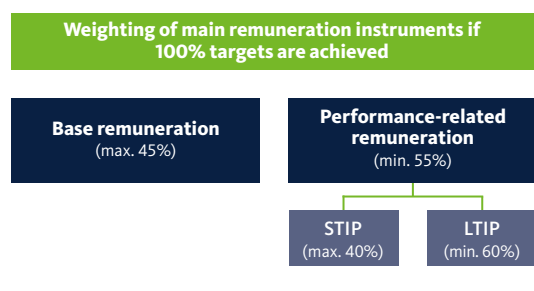


If targets are 100% achieved, the main instruments are weighted as follows:

Base remuneration (fixed salary)	maximum 45%
Performance-related remuneration	at least 55%
of which short-term variable remuneration (STIP)	maximum 40%
of which long-term share-based-payment (LTIP)	at least 60%

provided that the weighting is carried out on an annual basis in each case.

Figure 2: Weighting of main remuneration instruments



4. NON-PERFORMANCE-RELATED INSTRUMENTS

Non-performance-related remuneration consists of base remuneration (fixed salary) as well as fringe benefits and retirement benefits.

a) Base remuneration (fixed salary)

The non-performance-related base remuneration (fixed salary) is paid in equal monthly instalments. This usually remains unchanged for the duration of the service agreement.

b) Fringe benefits

The company enters into an appropriate accident insurance policy in coordination with the respective members of the Executive Board. Furthermore, a Director & Officers liability insurance policy ("D&O") is taken out within the scope customary for Executive Board members at comparable companies. For the D&O insurance, a deductible is agreed that meets the statutory minimum requirements of section 93 (2) sentence 3 of the German Stock Corporation Act (Aktiengesetz – AktG) (currently at least 10% of the loss up to at least one-and-a-half times the fixed annual remuneration of the Executive Board member). The company pays the premiums and any applicable taxes arising in connection with them.

The company also provides every Executive Board member with a company car (or, if the company car is waived, pays out a lump-sum equivalent of the expenses saved to the Executive Board member). The relevant Executive Board member bears taxes arising in connection with the personal use of their company car.

Where the Executive Board member resides somewhere other than their place of service when starting work with the company and maintains this place of residence, they can be reimbursed for travel costs between their place of service and residence to the extent agreed in their contract.

The total value of fringe benefits is capped at 5% of annual remuneration (if targets are 100% achieved) per financial year.

c) Retirement benefits

Executive Board members receive an indirect pension commitment from the company provided that it has not taken over existing pension commitments from previous employment relationships or current service agreements. The key characteristics of this indirect pension commitment are: the company pays an individually agreed amount into a provident fund for each Executive Board member (defined contribution plan) that does not exceed 10% of the target remuneration with a target achievement of 100% in each contract year. Additional individual payments into the provident fund from base remuneration are possible. The resulting retirement benefit amount results from the pension plan of the provident fund. The pension commitment is non-forfeitable. The company reserves the right to reduce payments to the provident fund and from the pension commitment in accordance with section 87 (2) AktG.

5. PERFORMANCE-RELATED REMUNERATION

The performance-related remuneration of Executive Board members should be both linked to performance on the one hand and geared towards sustainability on the other hand. To take both objectives into account, performance-related remuneration consists of both short-term and long-term instruments: short-term variable remuneration (STIP) and long-term variable remuneration (LTIP). The amount of each instrument within the result depends on the achievement of defined targets. If these targets are not achieved, the performance-related instruments are omitted entirely. If, however, the targets are significantly exceeded, target achievement is limited to an appropriate maximum amount (cap).

a) Short-term variable remuneration (STIP)

Short-term variable remuneration (STIP) consists of an annual performance-related cash bonus that depends on the achievement of the targets for the relevant financial year.

The target amount for 100% target achievement (STIP target amount) is specified when the Executive Board service agreement is concluded (within the scope of the provisions set out in Clause 3). The payment amount from the STIP for the relevant year depends on three differently weighted performance criteria:

EBITDA	40%
Number of valuable customers (customer base):	30%
One to three strategic targets	30%

The weighting of strategic targets may deviate from this (including for individual financial years) by between 20% and 50%. In this case, the weighting of the EBITDA and customer base performance criteria changes accordingly (while maintaining the ratio between the two).

Figure 3: Overview and weighting of performance criteria, STIP

Performance criteria (Target achievement: 0 % – 150 %)	Type	Weighting	
EBITDA	Financial	Min. 28.6%	40% Max. 45.7%
Number of valuable customers	Non-financial	Min. 21.4%	30% Max. 34,3 %
Strategic targets (ST) (1–3 targets):	Financial and/or non-financial	Min. 20.0%	30% Max. 50.0%
ST 1	Yearly specification by the Supervisory Board taking into account ESG issues		
ST 2			
ST 3			

The two key performance criteria, EBITDA (earnings before financial result, taxes, depreciation, amortization and impairment) and the number of valuable customers, are derived from freenet's strategy and the established management information system. Within the management system of freenet, these two performance criteria reflect the key financial and non-financial criteria for the future economic development of the company. The "number of valuable customers" refers to strategically relevant subscriber groups, such as the postpaid customer base in the Mobile Communications segment.

The Supervisory Board sets the specific strategic targets, the weighting of the strategic goals (also in relation to each other) where appropriate and the relevant performance criteria for each financial year before the start of the financial year, taking into account relevant corporate planning. The strategic targets must be geared towards particularly sustainable, long-term corporate development. To do this, the Supervisory Board always includes non-financial ESG targets (Environment, Social, Governance). The most strategically appropriate ESG targets are selected from the following categories derived from the company's materiality analysis: Employees, Digital Responsibility, Customer Matters, Corporate Environmental Protection, Compliance and Integrity, and Supply Chain and Human Rights Diligence. The target figures for the individual strategic targets and additional

performance criteria are negotiated directly with the relevant Executive Board member and defined by the end of the first three months of the new financial year at the latest.

Figure 4: Selection of key ESG issues

ESG dimensions	Selected ESG issues
Environmental	Corporate Environmental Protection: <ul style="list-style-type: none"> Energy Consumption Carbon Emissions
Social	<ul style="list-style-type: none"> Employees Customer Matters
Governance	<ul style="list-style-type: none"> Compliance and Integrity Digital Responsibility Supply Chain and Human Rights Diligence

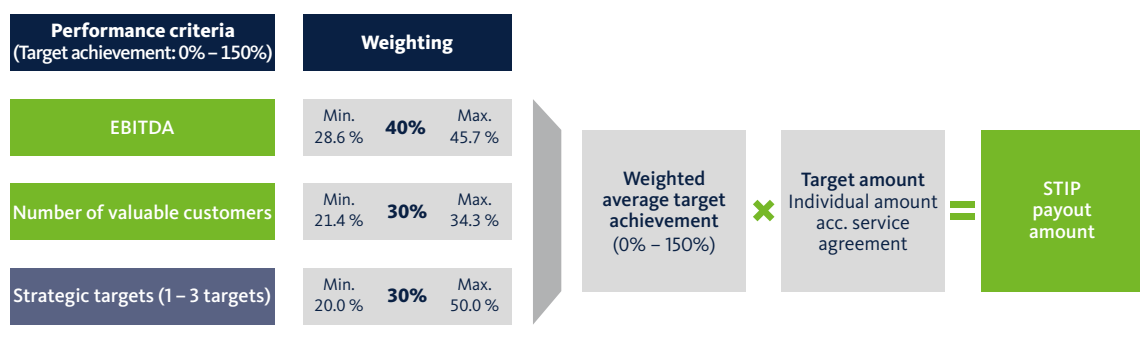
A 100% target, maximum target and minimum target shall be set for each performance criterion. For performance criteria for which a target range is given in the published guidance, the 100% target corresponds to the lower amount of the guidance range.

If the targets are part of corporate planning, but not subject to the published guidance, the achievement of these corporate planning targets generally means that the relevant performance criteria have been 100% achieved. The target range for each individual achievement parameter ranges from 0% (if the respective minimum target is missed) to 100% (at 100% target achievement) to 150% (cap) (if the respective maximum target is achieved). Linear interpolation is used between the respective target values. The achievement of targets shall be calculated and determined separately for each parameter. It may

be stipulated that certain changes in the fundamentals for the individual target parameters are not taken into account or lead to adjustments, e.g., that the acquisition of a material company is not taken into account in the current financial year when calculating the EBITDA.

Achievement of the performance criteria is determined by the Supervisory Board in each case on the basis of the annual financial statements for the respective financial year once these annual financial statements are approved and, where appropriate, based on the Executive Board's separate reporting to the Supervisory Board. Based on this and the weighting of the different performance criteria, the weighted average target achievement will then be determined. The payout follows this determination and can reach a maximum of 150% of the STIP target amount agreed for 100% target achievement.

Figure 5: Calculation of the STIP payout amount



The Executive Board also intends to use the performance criteria and the corresponding extent to which the targets for short-term variable remuneration are achieved for the Executive Board as the basis for the variable remuneration instrument for the Group's employees.

In the event of breaches of duty or compliance violations, the Supervisory Board can review STIP payout claims and reduce or reclaim them where appropriate (clawback).

b) Long-term variable remuneration (LTIP)

The Executive Board is encouraged to commit themselves to the company for the long term. In light of this, the majority of the performance-related variable remuneration is linked to the long-term and sustainable development of freenet (LTIP). The performance will be assessed on the basis of an earnings target, a share price target and sustainability targets. A basic amount for the LTIP is agreed upon individually for each Executive Board member in their respective Executive Board service agreement (basic amount). This basic amount is used to determine the number of virtual shares each year by dividing the individual basic amount by the average share price of freenet shares in the time leading up to the grant date of the annual tranche of the LTIP (annual tranche). The number of virtual shares calculated in this way cannot be paid out earlier than after the expiry of a performance period of four years – in line with the previous holding period.

Payment will only be made if the minimum targets set by the Supervisory Board for the respective annual tranche have been achieved. The number of virtual shares that is paid out will be adjusted by the target achievement score: an under- or over-achievement of the defined performance criteria leads to a decrease or increase in the virtual shares respectively. The payout amount depends also on the development of the share price of freenet shares (taking into account all dividend payments) at the end of the performance period.

Specifically, the LTIP is structured as follows:

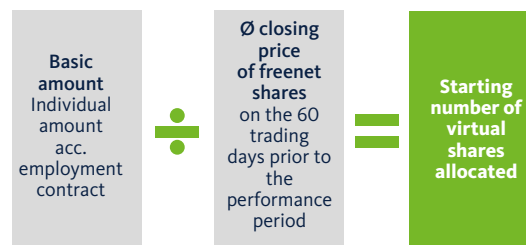
(1) Crediting of virtual shares to the account

Every Executive Board member is allocated virtual shares at the start of a financial year (starting number). Virtual shares are virtual equity securities which, when due, grant the holder a contractual right to participate financially in the performance of the share price. However, the holder does not become a shareholder in the company at any point in time and does not dilute the shareholders.

The virtual shares are allocated based on a basic amount agreed individually when concluding or extending the Executive Board service agreement (within the scope of the provisions set out in section 3).

The basic amount is divided by the unweighted average closing price of freenet shares on the XETRA trading system (or an equivalent successor system) of the Frankfurt Stock Exchange on the 60 trading days prior to the start of the performance period. This results in the number of virtual shares to be allocated for the corresponding year or the corresponding annual tranche of the LTIP (starting number), which are booked into a virtual account for the LTIP for the respective Executive Board member, commercially rounded to the next full virtual share. The performance period of an annual tranche runs for four full years each, beginning with the start of a financial year.

Figure 6: Crediting of virtual shares to the account



(2) Payout of virtual shares

The final number of virtual shares that can be paid out at the end of the performance period of an annual tranche (holding period of 4 years) (final number) depends on the following weights: 50% of the achievement depends on the earnings-related target EBT (earnings before taxes), 30% depends on the share price-based “relative Total Shareholder Return (relative TSR)” target and 20% depends on non-financial sustainability targets (ESG targets).

The Supervisory Board determines the target ranges for the earnings-related target and for the ESG targets for each new annual tranche in order to be able to sufficiently take adjustments in the long-term corporate strategy and changes in the market environment into account.

Figure 7: Overview LTIP

Long-term variable remuneration (LTIP)	
0% – 200% target achievement	
Type	→ Virtual shares
Performance period/holding period	→ 4 years
Performance criteria	50% → Earnings target: EBT
	30% → Share price target: Relative TSR
	20% → Sustainability targets: ESG area – e.g., employees, customers, environmental
Starting number	Basic amount ÷ Ø closing price of freenet shares on the last 60 trading days
Total target achievement	(50% × target achievement of the earnings target in %) + (30% × target achievement of the share price target in %) + (20% × target achievement of the sustainability targets in %)
Final number	Starting number of virtual shares of the annual tranche × total target achievement in %
Payout amount	Final number × Ø closing price of freenet shares on the last 60 trading days
Cap at 250% of the basic amount	

EBT is used as an earnings-related target, which the Supervisory Board sets annually for each annual tranche on the basis of corporate planning. The EBT target achievement is determined by the Supervisory Board on the basis of the consolidated financial statements for the last financial year of the performance period which have been audited and approved by the Supervisory Board, after adjusting for non-recurring items and non-organic effects.

The Supervisory Board also annually sets ESG targets for each annual tranche. The supervisory board selects the ESG targets from the following categories derived from the company's materiality analysis: Employees, Digital Responsibility, Customer Matters, Corporate Environmental Protection, Compliance and Integrity, and Supply Chain and Human Rights Due Diligence. It is assured that the ESG targets are quantifiable and transparent, that they differ from the targets set out in the STIP and that they motivate the Executive Board to ensure the sustainable development of the company.

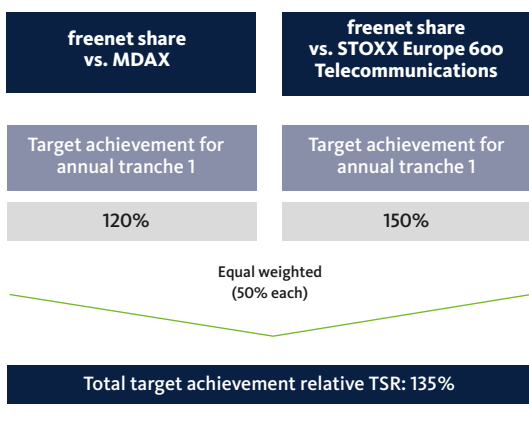
As a share price-based target, the relative TSR is determined using suitable reference indices. The MDAX and the STOXX Europe 600 Telecommunications currently serve as appropriate reference indices. In order to determine the performance of the freenet share price in relation to the two reference indices, the absolute outperformance is calculated annually over the four years of the performance period. The gross dividends paid out per share of freenet AG are fictitiously reinvested during this period. The absolute outperformance is determined annually in percentage points (pp) and translated into the corresponding annual target achievement according to the target scale for the relative TSR. To determine the overall target achievement, the arithmetic average of the annual target achievements is calculated over the four-year performance period of the respective annual tranche.

Figure 8: Illustrative determination of the absolute outperformance against the MDAX

Annual tranche 1								
	TSR freenet	–	TSR MDAX	=	Absolute outperformance in percentage points	=	Target achievement	
Year 1	20%	–	25%	=	–5pp	=	90%	
Year 2	–5%	–	–20%	=	+15pp	=	130%	
Year 3	25%	–	15%	=	+10pp	=	120%	
Year 4	30%	–	10%	=	+20pp	=	140%	
Equal weighted (25% each)								Target achievement annual tranche 1
								120%

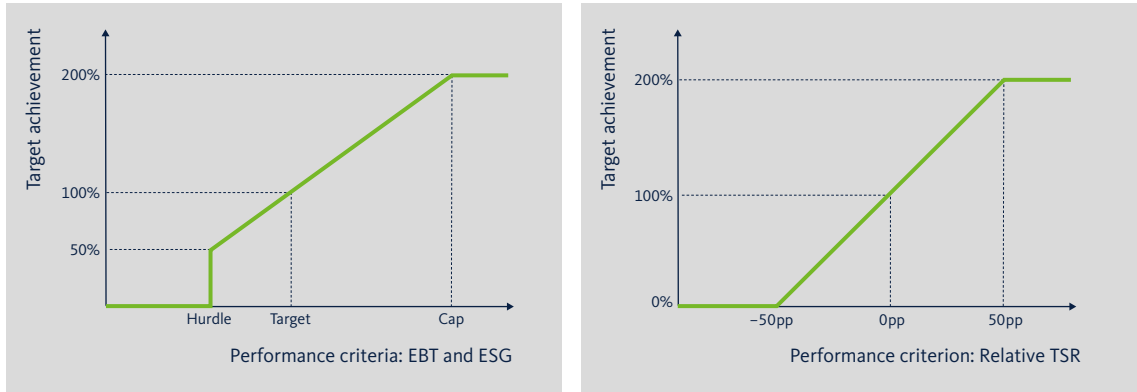
In order to avoid the influence of possible one-time effects on individual reference dates, the average share price of freenet shares and the average performance of the respective reference indices of the last 60 trading days at the relevant reporting date are used to determine the relative TSR. The target achievement of the relative TSR of freenet when compared with the respective reference index is converted into a target achievement percentage within a range of 0% to 200% (see below). To determine the overall target achievement of the relative TSR, the target achievement percentages for both reference indices are evenly weighted and added.

Figure 9: Illustrative determination of absolute out-performance over the four-year performance period



For both the earnings-related target and the ESG targets, the Supervisory Board sets target achievement ranges at the beginning of the performance period. These performance targets range from 50% to 200% and the corresponding minimum and maximum values for these target achievements are also specified. The target achievement for the share price target ranges between 0% and 200%. The minimum share-price target achievement of 0% is achieved at -50 percentage points, the share-price target achievement of 100% is achieved at 0 percentage points and the maximum target achievement of 200% is achieved at a share-price outperformance of +50 percentage points.

If the minimum value (hurdle) of a target is not exceeded, the target achievement for this performance criterion is 0%. If the actual value exceeds the defined maximum value (cap) the corresponding target achievement is limited to 200%. Target achievements between the defined anchor points, i.e. between the minimum target and the target value as well as between the target value and the maximum value, are calculated by linear interpolation.

Figure 10: Target scale of the performance criteria

The respective target achievements of the three performance criteria of the LTIP are summed up according to their weighting to determine the total target achievement. To determine the number of virtual shares to be paid out (final number), the starting number of allocated virtual shares of the corresponding annual tranche is multiplied by the total target achievement.

To determine the payout amount of an annual tranche, the final number of virtual shares is multiplied by the arithmetic mean of the unweighted closing prices of freenet shares on the XETRA trading system (or an equivalent successor system) of the Frankfurt Stock Exchange on the last 60 trading days of the performance period plus the gross dividend paid per share during the performance period.

Figure 11: Payout of virtual shares

The payout amount per annual tranche is limited to 250% of the respective individual basic amount. The payout amount of an annual tranche is paid out in cash after approval of the consolidated financial statements of freenet AG.

(3) Further provisions

The LTIP also includes customary dilution protection provisions as well as the option for the Supervisory Board to reduce the number of recognized virtual shares at their reasonable discretion after prior consultation with the Executive Board member due to extraordinary developments by the end of the relevant holding period.

In the event of breaches of duty or compliance violations, the Supervisory Board can review LTIP payout claims and reduce or reclaim them where appropriate (clawback).

If an Executive Board member's service agreement begins or ends regularly during a financial year, a pro-rata basic amount is taken as a basis for crediting; adjustment provisions are possible when a contract is initially concluded or if it is extended during the year. If the Executive Board service agreement and/or Executive Board position is terminated prematurely, the Executive Board's claims can be curtailed, reduced or excluded depending on the circumstances leading to the termination.

6. CAPS FOR OVERALL REMUNERATION

In addition to the individual cap amounts on base remuneration, STIP, LTIP and fringe benefits, a cap is also applied to the overall remuneration of each Executive Board member. The maximum remuneration achievable for a full year of the Executive Board employment contract (based on the term of the Executive Board employment contract, not on individual payout years) is EUR six (6) million for the Chief Executive Officer (CEO) and EUR three (3) million for each ordinary Executive Board member. If the remuneration exceeds this cap, any claim to the payout of virtual shares from the LTIP equivalent to the excess remuneration expires.

7. LIMITATION OPTION

If the company's situation deteriorates to the extent that it would be unreasonable for the company to continue granting the remuneration set out in the Executive Board service agreement, the Supervisory Board is entitled to reduce this remuneration to an appropriate level in accordance with section 87 (2) AktG. The limitation options as set out above also exist for the variable remuneration instruments.

8. COMMITMENTS IN THE EVENT OF ILLNESS AND IN CONNECTION WITH THE TERMINATION OF EXECUTIVE BOARD ACTIVITIES

If an Executive Board member is temporarily unable to work due to illness or for another reason for which the Executive Board cannot be held responsible, they will continue to receive base remuneration for a period of up to six months. In addition, such circumstances do not reduce the Executive Board member's claim to performance-related remuneration elements; however, these elements will be curtailed by one-twelfth for each additional month of absence caused by such an inability to work in each affected financial year.

In the event that the employment relationship is terminated prematurely without giving a compelling reason for termination in accordance with section 626 of the German Civil Code (BGB), the Executive Board member has a claim to severance pay for each full month that the Executive Board employment contract ends prematurely before the agreed end of the contract term, amounting to 1/12 of the total annual fixed salary instrument and the annual variable remuneration instrument that the Executive Board member can claim for the last full financial year before their departure but not exceeding 24/12 (severance cap).

No subsequent claims exist if the employment relationship is terminated prematurely by giving a compelling reason in accordance with section 626 BGB.

In the event that an Executive Board member's service agreement is terminated, outstanding variable remuneration instruments earned before the termination of the contract are paid out in line with the originally agreed targets and benchmarks and in accordance with the due dates and holding periods set out in the contract.

If the Executive Board member dies during their tenure on the Executive Board, their widow(er) and dependent children receive the pro-rata base remuneration for six months in addition to the month of the Executive Board member's death. Claims to benefits arising from pension commitments (survivor's and orphans' pension) are suspended during this period.

The Executive Board service agreements provide the usual extent of waiting compensation for a post-contractual 12-month non-competition clause. Any severance payments are offset against this waiting compensation payment.

In the event of a change of control that materially changes the role of an individual Executive Board member, the Executive Board member has the right to terminate their contract. If the Executive Board member terminates their contract, they do not receive any commitments arising from the premature termination of their employment contract.

9. CONTRIBUTION OF REMUNERATION TO SUPPORT CORPORATE STRATEGY AND FOR THE LONG-TERM DEVELOPMENT OF THE COMPANY

Performance targets are developed in accordance with freenet's corporate strategy. Linking these targets to performance indicators, particularly the customer base, facilitates further economic development with a focus on establishing relationships with valuable customers. The aim of this is to pay particular attention to the customer relationships that are important for the long-term existence of the company when remunerating members of the Executive Board.

Non-financial performance targets are based on the material ESG matters for the Group, which are relevant not only for future economic viability but also for sustainable development.

A large part of the variable remuneration takes account of services rendered in the longer term with delayed payments and reflects the absolute and relative performance of freenet shares. It is therefore in line with shareholder interests.

10. TEMPORARY DEVIATIONS FROM THE REMUNERATION SYSTEM

In accordance with section 87a (2) AktG, the Supervisory Board can temporarily deviate from the remuneration system if this is necessary for the long-term welfare of the company. For example, this includes adjusting the remuneration system in the event of a significant change in the corporate strategy to ensure that appropriate incentives are created, or in the event of a serious economic crisis. The exceptional circumstances underlying and requiring the deviation shall be determined by a Supervisory Board resolution. The elements of the remuneration system that can be deviated from are the procedure, provisions governing the structure and amount of remuneration and the individual remuneration instruments. In justified individual cases, the Executive Board can also be reimbursed for expenses relating to exceptional fringe benefits (e.g. security measures or legal prosecution or defence costs), if necessary without being offset against the cap for fringe benefits. The Supervisory Board also has the right to make special payments to new Executive Board members to compensate them for loss of salary from their previous employment relationship or to cover costs arising from relocation.

11. EXECUTIVE BOARD REMUNERATION PROCEDURE

a) Competence

Executive Board remuneration is determined by the entire Supervisory Board. For this purpose, the Supervisory Board's Personnel Committee prepares appropriate recommendations. The entire Supervisory Board also designs the system for remunerating Executive Board members based on the recommendations of the Personnel Committee and taking into account applicable laws and regulations, particularly the provisions of the current version of the German Stock Corporation Act as well as the provisions of the German Corporate Governance Code, paying attention to clarity and comprehensibility as it does so. The Supervisory Board determines specific individual targets for total remuneration based on the remuneration system.

For all decisions made by the Supervisory Board and the Personnel Committee on the Executive Board remuneration system, the existing regulations for the handling of conflicts of interest apply in principle. Accordingly, the members of the Supervisory Board are obliged to disclose conflicts of interest to the Chairman of the Supervisory Board without undue delay. The Supervisory Board shall regularly provide information on any conflicts of interest and how they are handled in its report to the annual general meeting.

b) Appropriateness of Executive Board remuneration

The structure, weighting and amount of the Executive Board remuneration and its individual remuneration instruments should be appropriate and adequate and should not exceed the usual remuneration without special reasons.

Horizontal comparison:

The Supervisory Board regularly compares the Executive Board remuneration with a group of other German companies of comparable size or that operate in similar areas. This review takes account of target total remuneration, consisting of basic salary and variable remuneration instruments while taking pension arrangements and fringe benefits into consideration.

Vertical comparison:

The individual target remuneration of an Executive Board member is determined within the company in relation to the remuneration paid to the top level of management and the overall workforce of the freenet Group in Germany, together with the development of this remuneration over time. The Supervisory Board has defined the top level of management for this purpose. It consists of divisional directors who report directly to the individual Executive Board members.

In the event of significant shifts in the relationships between the remuneration of the Executive Board and the comparison groups, the Supervisory Board reviews the causes of this and, if there are no objective reasons, makes adjustments to Executive Board remuneration where appropriate.

The Personnel Committee and Supervisory Board can consult independent external advisors to review the appropriateness of the remuneration. Where there is a need to change the remuneration system for the Executive Board as a result of this advice or for other reasons, the Personnel Committee submits appropriate amendment proposals to the Supervisory Board for resolution. Material changes are also presented to the annual general meeting for resolution.

c) Annual General Meeting

The Executive Board remuneration system is reviewed by the Supervisory Board on an ongoing basis and submitted to the Annual General Meeting for approval at least every four years or in the event of material changes.

12. ENTRY INTO FORCE

The new structure of the Executive Board remuneration system becomes effective with the approval of the annual general meeting and will be applied to Executive Board service agreements concluded, renewed or amended for the first time after the annual general meeting gives its approval. Executive Board service agreements concluded or extended in 2020 or later are, in principle, intended to apply the new structure of the Executive Board remuneration system.