

# Non-financial group statement \*

## About this non-financial Group statement

### Subject matter and scope

This non-financial Group statement (hereinafter referred to as “non-financial statement”) has been published by the freenet AG (hereinafter referred to as “freenet AG”, and “freenet” for the Group), headquartered in Büdelsdorf, [GRI 2-1] in compliance with its reporting obligations under the German Act Implementing the Corporate Social Responsibility Directive (CSR-RUG), which came into force on 19 April 2017 (sections 315b and 315c, in conjunction with section 289b-e German Commercial Code (HGB)). The disclosures made in the non-financial statement concerning concepts, plans, measures, activities and KPIs relate 2022 financial year, i.e. to the period from 1 January 2022 to 31 December 2022 and apply to both freenet AG and the Group. With a view to aligning non-financial reporting with financial reporting, the KPI disclosures made in this report are now only presented for the current and prior-year periods and no longer for two previous years.

This non-financial statement summarises the material aspects and circumstances relating to environmental matters, employee matters, social matters, respect for human rights and anti-corruption and bribery matters. The identified material topics reflect the organisation’s current specific understanding regarding sustainability. They are reported with reference to the applicable standards of the Global Reporting Initiative framework (GRI Standards 2021) (see Further information – GRI Content Index). The content and preparation of this report is coordinated centrally by the Investor Relations and ESG department, which is the contact for questions regarding the non-financial statement and reports directly to the Executive Board member responsible for ESG reporting (CFO) (see Imprint and contact). Responsibility for the content of the various sustainability aspects lies with the respective departments [GRI 2-3].

Unless otherwise noted, the statement covers all fully consolidated companies included in the consolidated financial statements (see Notes to the consolidated financial statements, note 35). Given the business-specific structure of the TV and Media segment and Media Broadcast Group GmbH included in that segment, the presentation of material topics sometimes includes separate information on this entity [GRI 2-2].

This non-financial statement, including GRI disclosures and disclosures relating to the EU Taxonomy, has been voluntarily subjected to a business review pursuant to ISAE 3000 (revised) to obtain limited assurance (see Further information – Independent assurance practitioner’s report). Further disclosures on the internal audit process, the parties involved in the audit, and the results of the review of the non-financial statement are included in the report of the Supervisory Board (see To our shareholders, Report of the Supervisory Board) [GRI 2-5, GRI 2-14].

### Disclosures on the business model

The operating activities of freenet AG, which has been listed at the Frankfurt Stock Exchanges since 2007, and its subsidiaries are limited mainly to private customers and to the German market. For this reason, disclosures are not broken down by region in which freenet operates, but rather – where necessary – only by the operating segments, Mobile Communications and TV and Media. An extensive description of freenet’s business model is set out in the Group management report (see Business model and organisational structure) [GRI 2-1].

### freenet’s approach to sustainability and ESG ratings

Doing business sustainably and responsibly is part of freenet’s corporate culture as well as the driver of our success and the foundation for our future. Our day-to-day business follows economic principles, because the organisation’s financial success is a fundamental requirement for making a reliable and measurable contribution to all freenet stakeholders. Sustainability and non-financial considerations are also to be incorporated into every decision with the aim of giving them the same weight as economic decision-making criteria. The goal 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.

\* Indicates auditable and non-auditable information that is not normally part of the management report as well as information typically included in the management report, the statutory inclusion of which in the substantive audit of the management report as part of the audit of the annual/consolidated financial statements is not required and which therefore is not audited as part of the audit of the annual/consolidated financial statements.

To implement this goal throughout the Group and further strengthen the role of sustainability within the organisation, the Supervisory Board in September 2022 appointed Nicole Engenhardt-Gillé (formerly: Head of Group HR at freenet) to the Executive Board with effect from 1 January 2023, assigning her the newly created executive portfolio of HR and ESG. This decision of the Supervisory Board underlines the importance of this topic for the company. Nicole Engenhardt-Gillé was also appointed Director of Labour Relations pursuant to section 33 of the German Co-Determination Act, in which role she will strengthen participation in HR work from January 2023 by actively involving internal stakeholders such as the workforce and Works Council.

Active dialogue is also pursued with external stakeholders (such as suppliers, investors, sustainability/financial analysts or customers). This helps to analyse and further develop the sustainability efforts made by freenet as a continuous and targeted process while accounting for the informational needs of these stakeholders. ESG scores given by independent rating agencies increase transparency for all our stakeholders with respect to categorising and weighting the sustainability activities practised by the organisation. freenet is in regular contact with the rating agencies identified as being relevant: Sustainalytics, MSCI, ISS and CDP.

**Table 21: Results of relevant ESG ratings**

Rating agency/ rating	Rating scale	2022	2021	2020
Sustainalytics ESG risk rating	Negligible risk (0-10) to Severe risk (40+)	Medium ESG risk, MED (22.6)	Medium ESG risk, MED (25.0)	Medium ESG risk, MED (25.2)
MSCI ESG rating	Leader (AAA, AA) to Laggard (B, CCC)	A	AA	AA
ISS ESG Corporate rating	Excellent performance (A+) to Poor performance (D-)	C	C	C
CDP Climate rating	Leadership (A, A-) to Disclosure (D, D-)	C	C	D

## Materiality analysis as the basis for determining material topics

freenet's material sustainability issues, as reported on in this non-financial statement, are based on a materiality analysis completed in 2021 in line with the provisions of CSR-RUG (section 289c (3) HGB).

A multi-step materiality analysis process involving the key stakeholders the non-financial topics significant for the understanding of business performance, results or position, and for the impact of business activities on the sustainability aspects specified in the law were discussed. Further information about determining the material topics and the process used for the 2021 materiality analysis can be found in freenet's 2021 Annual Report (see freenet AG 2021 Annual Report, non-financial statement).

Effectively, there have been no changes in freenet's overarching material topics vis-à-vis the initial materiality analysis used to prepare the 2017 non-financial statement. Since 2021, the only additions have been network quality and product innovations for customer needs, as well as sustainable packaging for environmental performance in the enterprise. In the 2022 financial year, there were no material changes in terms of business activities or as regards business relationships in comparison with the previous year. The materiality analysis and the identified material topics therefore continue to be valid and relevant. With the involvement of external stakeholders, which includes regular dialogue with investors, sustainability/financial analysts or customers, freenet analyses and benchmarks its sustainability activities and develops these on a continuous basis. Interested parties are informed about the management and governance approach, as well as targets and actions taken in relation to the identified material topics, in the non-financial statement published as part of annual reporting [[GRI 3-1](#), [GRI 3-3](#)].

**Table 22: List of material topics [GRI 3-2] assigned to CSR RUG aspects and GRI standards**

Overarching material topics	CSR-RUG aspect	GRI Standards
Employees <ul style="list-style-type: none"> <li>▪ Employer attractiveness</li> <li>▪ Upgrading skills</li> <li>▪ Diversity</li> <li>▪ Occupational health and safety</li> </ul>	Employee matters	GRI 3-3, GRI 401-1, 401-2, 401-3 GRI 404-1, 404-2, 404-3 GRI 405-1, 406-1 GRI 403-1, 403-3, 403-4, 403-5, 403-9
Digital responsibility <ul style="list-style-type: none"> <li>▪ Information security</li> <li>▪ Data protection</li> </ul>	Social matters/ Respect for human rights	GRI 3-3, GRI 418-1
Customer matters <ul style="list-style-type: none"> <li>▪ Service quality/Network quality</li> <li>▪ Digital participation</li> <li>▪ Sustainable product solutions and product innovations (incl. sustainable packaging)</li> </ul>	Social matters/ Environmental matters	GRI 3-3, GRI 417-1
Corporate environmental protection <ul style="list-style-type: none"> <li>▪ Energy consumption/Carbon emissions</li> <li>▪ Resource consumption (incl. sustainable packaging)</li> </ul>	Environmental matters	GRI 3-3, GRI 302-1 GRI 305-1, 305-2, 305-3, 305-4, 305-5
Compliance and integrity	Anti-corruption and bribery matters	GRI 3-3, GRI 205-3
Supply chain and human rights due diligence	Respect for human rights/ Environmental matters	GRI 3-3 GRI 414-1

## Determining the material non-financial risks

The risk analysis carried out by freenet in the context of the non-financial statement is based on its Group-wide risk management system (RMS). The risks recognised there were analysed to establish whether they match the issues and aspects of the non-financial statement. For risks from the RMS that relate to issues covered by the CSR-RUG, a risk assessment has been carried out in line with the assessment for the Group risk report (please refer to the Report on opportunities and risks). The analysis found that measured in terms of the legal materiality criteria<sup>1</sup> for reporting non-financial risks, and after the implementation of risk-mitigation measures, none of the identified risks is of a material nature as defined in the RMS established Group-wide and the CSR-RUG.

## Material topics

### Employees

#### Overarching human resources strategy

The (future) success of freenet, which operates in the fast-paced and highly competitive mobile communications, Internet and TV entertainment market, depends largely on the performance and commitment of our employees who effectively put their expertise and skills to use for the company's benefit. To support these efforts as best as possible, the company has established a number of different measures and programmes, which are supplemented by measures aimed at creating and maintaining a healthy and safe working environment. The aim is to achieve a harmonious, secure, healthy and performance-oriented working environment that reflects the diversity of our society and avoids all types of discrimination.

freenet's HR strategy covers four key areas:

1. Organisational development
2. Employer attractiveness
3. Leadership
4. New Work

(1) Organisational development involves preparing plans for organisational change that actively support managers in implementing them, address topics relating to the promotion of diversity, and create the environment for modern working

<sup>1</sup> The following distinction is made in the freenet Group regarding probability of occurrence: very low ( $\leq 10$  percent), low (10.01 to  $\leq 30$  percent), moderate (30.01 to  $\leq 50$  percent), high (50.01 to  $\leq 70$  percent) and significant ( $> 70$  percent). For the purposes of non-financial risk reporting as defined in section 289b HGB in conjunction with section 289c (3) nos. 3 and 4 HGB, the category "very likely" was defined as "significant" ( $> 70$  percent).

## GROUP MANAGEMENT REPORT

24	Business model and organisational structure	41	Report on opportunities and risks
26	Corporate strategy and goals	51	Report on expected developments
28	Corporate management	55	Non-financial group statement
32	Economic environment	92	Corporate governance and other disclosures
35	Overview of the course of business		

models. In terms of (2) employer attractiveness, employee retention is a key focus. The most important fields of action in this context are continuing professional development (CPD) and learning. At the same time we want to address the challenges of a highly competitive applicant market by implementing targeted measures. freenet considers good (3) leadership to be an essential prerequisite for the pursuit of goals. Good leadership involves strategic, entrepreneurial and employee-focused action. By focusing on the (4) new world of work, we analyse and introduce digital transformation issues and new working practices.

Group Human Resources, whose managers report directly to freenet's CEO, is responsible for designing, implementing and managing these measures. Effective 1 January 2023, the creation of the new executive portfolio of HR and ESG assigns overall responsibility to the company's previous Head of Group HR, Nicole Engenhardt-Gillé. This new Management Board role covering HR and ESG (CHRO) expands her previous remit to include responsibility for all aspects of sustainability (ESG). Since 2016, the Human Resources Development and Recruiting department has acted as an in-house centre of excellence for Group-wide issues and questions of strategy involving personnel recruitment and organisational development. The successful implementation of strategic objectives is reviewed quarterly in strategy workshops. The results are communicated directly to the CEO or, if relevant, to the applicable Executive Board member.

### Employer attractiveness

Management approach: A central pillar of the freenet human resources strategy is employer attractiveness, i.e., creating a work environment that helps to attract and retain employees and improve both their capabilities and their satisfaction. The focus above all is partnership and relationships built on trust at all levels of the Group. We intend to strongly factor in the life circumstances of each employee and avoid issuing blanket rules so that we can provide a better work-life balance in the interests of both the company and our employees. The aim is to increase the attractiveness of the company as an employer, internally and externally, and to secure access to qualified technical and managerial staff, which is vitally important for the company's success.

Governance: In order to measure internal and external employer attractiveness, various indicators are collected and managed centrally. The most important performance indicators for measuring the attractiveness of freenet as an employer are employee turnover and external new hires. We also constantly evaluate relevant employer rating platforms for companies. Since 2022, we have conducted employee surveys to record the general mood and satisfaction. This approach is intended to establish an open feedback culture in the company and to identify action areas for increasing employer attractiveness. Since 2019, exit surveys have also been conducted Group-wide among employees (with the exception of Media Broadcast), as well as target group- and topic-specific employee surveys within the shops and stores. The results are analysed continually so that the company can take appropriate measures to counter undesirable developments.

In the interest of viewing the experiences gained from new ways of working during the coronavirus pandemic as an opportunity, the Executive Board, senior management and the HR department have held in-depth discussions to define attractiveness as an employer more precisely than before in terms of the flexibility with which we deal with various employee needs going forward. As a result a "Statement recognising the way all of our lives are changing" was issued back in August 2020 that outlined existing and new principles for the work environment at freenet.

In 2022, freenet again received several awards for its employer brand:

- "TOP Karrierechancen" ("TOP Career Opportunities") seal from the Institute for Management & Economy Research (IMWF) and Focus Money: A total of 22,500 major corporations headquartered in Germany were surveyed for this award.
- "Germany's Best Workplaces for Training" seal from Die Welt and ServiceValue. This is an independent seal of quality presented to companies with appealing training options. Of the roughly 800 businesses taking part, freenet AG was adjudged to have very attractive training programmes.
- "eLearning Award" from eLearning Journal. freenet was first-placed here in the category of learning management systems.
- Media Broadcast was again voted among the ten most family-friendly employers in Germany's telecommunications industry in a report by Freundin magazine and kununu, and took third place in a ranking of Germany's top employers entitled "Most Wanted Employer 2022" drawn up by the Zeit publishing house.

In 2022, a total of 449 new employees were recruited (previous year: 313 employees). Staff turnover in the Group (excluding shops and stores) rose slightly to 12.8 percent in 2022 (previous year: 12.1 percent). In shops and stores, this figure rose more sharply year-on-year from 24.1 percent to 28.3 percent in the 2022 financial year, while remaining below the pre-Covid level (2019: 30.8 percent). This increase in churn as affecting the chain of shops can be largely attributed to the stronger interest in changing jobs observed in the overall German labour market in 2022.

**Actions:** In this era of skills shortages and demographic change, a high level of employee satisfaction is especially important as a means of retaining qualified personnel within the company. Consequently, freenet took the step of conducting a comprehensive assessment of employee mood with the "mood barometer" survey completed in the 2022 financial year. In accordance with applicable data protection safeguards, this was performed as an anonymous and voluntary survey, and initially excluded the companies Media Broadcast, EXARING and The Cloud (together representing roughly 19.8 percent of the Group workforce). There are plans to extend this survey to the entire Group; as a first step, Media Broadcast will be included in 2023. Making use of a questionnaire structure based on both fixed and variable questions, the mood barometer not only records overall satisfaction, but also satisfaction in relation to teamwork, the degree of freedom allowed in terms of working conditions and the recommendation rate. Overall satisfaction as one of the mood barometer results is especially relevant for management and specifies the percentage of employees generally satisfied with freenet as an employer (response "very satisfied" or "satisfied").

Two such surveys were conducted in the 2022 financial year. With an average response rate of 46.0 percent, an average of 67.2 percent of respondents stated that they were satisfied with freenet as an employer. In the future, this survey will be conducted several times a year. For 2023, the goal is to increase the response rate while keeping overall satisfaction at least at the level achieved in 2022.

**Table 23: Employee satisfaction**

In %/as indicated	2022	2021
Number of surveys	2	0
Response rate (average)	46.0	—
Employee satisfaction (average)	67.2	—

In 2022, freenet took various internal and external actions to promote its attractiveness as an employer. One step was the successful reworking of digital employer branding owing to the brand transformation, with the former main brand mobilcom-debitel being replaced by the freenet umbrella brand. This was targeted to maintain our appeal to prospective employees of freenet AG as an authentic and approachable employer. In addition, 2022 also saw the launch of "#friendsforfreenet" – a recommendation-based recruiting programme offering attractive bonuses to employees of freenet AG endorsing family members, friends or acquaintances for a vacancy. In August, the Rookie Afterwork programme was launched, giving employees who had joined freenet during the pandemic the chance to get to know their colleagues personally and help them integrate better with the company. The onboarding process itself was also expanded to include a Welcome Day – an in-person event open to the entire Group where participants could get to know one another and network in an informal setting. Offering a mix of keynotes, introductions to divisions and departments in various activity rooms, along with games and interviews, new employees were able to gain insights into the various facets of life at freenet. Positive feedback from attendees confirmed the wisdom of plans to use this format as an integral part of onboarding in the future. In addition to experience, communication and transparency are important factors for boosting employer attractiveness. "Ask Christoph" ("Frag Christoph") is a forum where any employee can ask the CEO of freenet AG questions directly and anonymously and have them answered promptly and personally on the intranet. Town halls have been held since 2020, during which the CEO via video call provides information on current issues. Employees can also submit their questions interactively.

The recognition of part-time and flexible working models also contributes to meeting the diverse needs of employees to have a good work-life balance. Options that have been available for several years include flexible shift models in our shops and logistics operations, working from home in various areas of the Group and mobile working in many locations. These models have become ever more important and visible. On the whole, the "Statement recognising the way all of our lives are changing" prepared in August 2020 contributes to increasing awareness of responsibility and ownership on the part of both the company and employees. During the coronavirus pandemic and the ensuing rise of remote work, we gained a slew of experience in new forms of collaboration, which have informed a more hybrid working culture at freenet.

Section 15 of the German Federal Parent Allowance and Leave Act (Bundeselterngeld- und Elternzeitgesetz) grants all parents the right to parental leave, so they can offer the care and support needed during their child's first three years of life. At freenet, many employees make full use of this legal entitlement [GRI 401-3]. One measure to position ourselves as an attractive employer included setting up and expanding a scheme whereby mothers and fathers employed by freenet AG who are on parental leave are regularly provided with information about their team and the company by one of their team colleagues, who also invites them to important meetings. freenet also offers its employees the use of parenting rooms at its Hamburg and Büdelsdorf locations to help them to balance work and family [GRI 401-3].

Beyond these measures, freenet believes that an attractive remuneration package overall, including fringe benefits, is needed to reward employees appropriately. Aside from fixed

remuneration, the remuneration system for almost all employees includes variable salary components that depend on the company's success. This is usually based on the same performance indicators that apply to the remuneration of the Executive Board. In addition, freenet provides subsidies for a company pension plan beyond the legally prescribed level and has been offering occupational disability insurance with a simplified health check since 2016 [GRI 401-2]. The following benefits are also offered to workers, depending on the location: Wellness and massage, food subsidies, discounts on freenet tariffs and services, and bicycle leasing and company car arrangements. At the end of the 2022 financial year, freenet elected to make use of an option to pay staff an inflation bonus, adjusted in line with employee salary. No distinction is made between full-time and part-time employment when granting benefits. Depending on the service level, they are pro-rated based on employment status, or based on the part-time wage or full-time salary amount.

Table 24: New hires and employee turnover [GRI 401-1]

Number of employees	2022			2021		
	Total	Men	Women	Total	Men	Women
<b>New hires freenet (without shops/stores)<sup>1</sup></b>	<b>225 (9.7%)</b>	<b>134 (8.5%)</b>	<b>91 (12.2%)</b>	<b>138 (5.7%)</b>	<b>80 (4.9%)</b>	<b>58 (7.6%)</b>
thereof <30 years	71 (27.4%)	33 (21.3%)	38 (36.5%)	47 (16.6%)	26 (15.2%)	21 (18.8%)
thereof 30–50 years	126 (10.5%)	81 (10.9%)	45 (9.8%)	82 (6.4%)	50 (6.2%)	32 (6.6%)
thereof >50 years	28 (3.2%)	20 (2.9%)	8 (4.4%)	9 (1.1%)	4 (0.6%)	5 (3.0%)
<b>New hires Shops/stores<sup>1</sup></b>	<b>224 (20.9%)</b>	<b>173 (21.3%)</b>	<b>51 (19.6%)</b>	<b>175 (16.0%)</b>	<b>138 (16.7%)</b>	<b>37 (13.8%)</b>
thereof <30 years	159 (39.8%)	123 (40.9%)	36 (36.4%)	120 (29.5%)	90 (29.4%)	30 (29.7%)
thereof 30–50 years	62 (10.2%)	48 (10.4%)	14 (9.6%)	55 (8.8%)	48 (10.2%)	7 (4.6%)
thereof >50 years	3 (4.7%)	2 (4.1%)	1 (6.7%)	0 (-)	0 (-)	0 (-)
<b>Employee turnover freenet (without shops/stores)<sup>2</sup></b>	<b>298 (12.8%)</b>	<b>202 (12.8%)</b>	<b>96 (12.9%)</b>	<b>293 (12.1%)</b>	<b>180 (10.9%)</b>	<b>113 (14.7%)</b>
thereof <30 years	54 (20.9%)	31 (20.1%)	23 (22.1%)	53 (18.7%)	23 (13.5%)	30 (26.8%)
thereof 30–50 years	167 (13.9%)	110 (14.8%)	57 (12.4%)	180 (13.9%)	108 (13.4%)	72 (14.7%)
thereof >50 years	77 (8.9%)	61 (8.9%)	16 (8.8%)	60 (7.1%)	49 (7.3%)	11 (6.6%)
<b>Employee turnover Shops/stores<sup>2</sup></b>	<b>303 (28.3%)</b>	<b>227 (27.9%)</b>	<b>76 (29.3%)</b>	<b>263 (24.1%)</b>	<b>198 (24.0%)</b>	<b>65 (24.2%)</b>
thereof <30 years	173 (43.3%)	128 (42.4%)	45 (45.8%)	147 (36.1%)	109 (35.6%)	38 (37.6%)
thereof 30–50 years	121 (19.9%)	92 (19.9%)	29 (19.8%)	112 (17.9%)	85 (18.0%)	27 (17.6%)
thereof >50 years	9 (14.1%)	7 (14.4%)	2 (13.1%)	4 (6.6%)	4 (8.7%)	0 (-)

<sup>1</sup> ratio: Newly hired employees in relation to average number of employees

<sup>2</sup> ratio: Number of employees (salaried employees) who leave the organisation voluntarily or due to dismissal, retirement, or death (exits) as compared to the average number of employees [(Exits \* 100)/Ø Number of employees]

### Upgrading skills

**Management approach:** The pace of change in the information and communications industry and increasingly digitalised workflows and processes pose new challenges and place new demands on employees of freenet. Therefore, it is essential to reinforce and cultivate their skills. The demand-driven development of employees is a central ingredient for freenet's progress and fitness for the future. A key aim is to expand independent learning and promote knowledge transfer within the Group in order to contribute to a general learning culture that supports learning from one another.

Aside from developing the skills of our people, freenet takes its responsibility to society and the future generation seriously. It offers diverse training opportunities that are an important step towards ensuring a sufficient supply of young talent. Likewise, regular support for high performers and exceptional talent is essential to cultivate skills and stimulate creativity and the capacity for innovation in our company.

**Governance:** The primary responsibility with respect to the professional and interdisciplinary development of employees is assumed by the managers of freenet, who provide needs-based coaching and support. Group Human Resources is responsible for the infrastructure and management of the learning process.

The Group-wide competency model, which has been firmly established in the company since 2016, guides the strategic development of Group employees. It focuses on cooperation and collaboration, developing an effective persona, entrepreneurial thought and action, driving change, and authentic leadership. Based on the competency model, binding performance reviews are held annually by managers with their employees. In addition to evaluating the employee's competencies, another priority is identifying individual areas of focus and development activities. In 2022, the participation rate stood at 94.9 percent (previous year: 93.6 percent) [GRI 404-3].

In addition to the standard range of training programmes available to executives for employee development, self-learning is another building block used for upgrading employee skills. The Weiterentwicklung@freenet online education portal launched in 2018, which was expanded into a learning management system (LMS) in 2021, is an important basis for this. The system provides one-stop shopping for training and CPD opportunities, whether in-person or online. The LMS offers all eligible employees access to a comprehensive catalogue of independent study and CPD options that caters to different learning types and cases. Our declared goal is to continually increase the average formal training hours completed per employee. It goes without saying that time spent on training during regular business hours is considered work time. After

all, the company's overall business success depends on the training and professional development of individual employees. At the same time, training courses were offered to all senior managers to strengthen them in their role as personnel developers.

A separate training unit is responsible for providing continuing education to employees of the freenet shops and GRAVIS stores due to their specific requirements and customer-facing business. This unit provides the shop and store employees with various training courses, e-learning options, programmes and individual coaching sessions. Plus, the mauicAMPUS learning platform offers a modern, target group-specific system that all shop and store employees can use via an app.

The LMS was used by 1,428 employees in 2022 (previous year: 1,234 employees). Overall, 21,846 skills training hours (previous year: 19,196 hours) were completed across the Group (excluding shops and stores), of which 50.1 percent involved digital learning programmes (previous year: 52.0 percent). The average formal learning time in the Group amounted to 8.6 hours per employee (previous year: 7.2 h per employee).

Shop and store employees attended a total of 45,043 hours of specially tailored training and CPD sessions (previous year: 33,752 hours). This came to an average of 39.0 hours of training (previous year: 28.4 hours per employee). In total, the shop and store employees completed 67.4 percent (70.9 percent) in digital qualification settings [GRI 404-1]. The variety of subjects covered by this training and CPD runs from product and sales events to topics such as fraud and occupational health and safety, which are delivered in various formats like video, podcasts, e-learning courses, and online and classroom training sessions [GRI 404-2].

**Actions:** The transfer of knowledge within freenet is crucial for upgrading employee skills. The short-form "Information in 30 Minutes" ("Wissen in 30 Minuten") channel has covered relevant issues presented by employees for employees since 2018. Much of the content on the campus portal is also presented by in-house experts. The aim here is to transfer expertise within the Group to other employees and therefore help build a general training culture that supports learning from others. In 2022, specific role-based training courses were developed in relation to agile working for the Agile Master and System Owner roles, and structured as a developmental support programme. The Campus Portal portfolio was largely expanded with e-learning courses on strategic topics such as generational change and sustainability.

## GROUP MANAGEMENT REPORT

24	Business model and organisational structure
26	Corporate strategy and goals
28	Corporate management
32	Economic environment
35	Overview of the course of business

41	Report on opportunities and risks
51	Report on expected developments
55	Non-financial group statement
92	Corporate governance and other disclosures

To upgrade the skills of our managers, 2022 again saw a strong focus on various events and formats addressing the concepts of virtual and hybrid leadership. In a related development, the team-building and departmental/divisional development programme was expanded to cover the Team Charter, with the aim of more successful teamwork achieved by a joint approach to designing rules, frameworks, roles and targets. During 2022, many “work dates” were also held – events that involved employees drawing lots to attend digital meetings where they could talk about specific topics of mutual interest. This virtual dialogue format lets employees from many different departments get to know one another and build useful networks.

In 2022, the freenet entrepreneur programme, run annually since 2015 to promote high achievers and high potentials, was offered for the last time in its current format. This programme has been reviewed based on the results of a survey requesting ideas for improvement conducted among first- and second-level management. A programme redesign is planned for 2023. With its Top Advisor programme, freenet Shop GmbH has also offered a format for promoting talented sales consultants since 2018. The goal is to meet the demand for skilled sales advisors, increase the quality of advice, facilitate lateral entry and offer further opportunities for development [GRI 404-2].

In the field of vocational training and studies combining theory and practice (“dual studies”), more than 100 training places are made available by freenet every year; these consist of a total of 25 training courses at more than 156 training locations. The trainees receive support from focused onboarding, trainee camps and in-house courses. Successful college and university graduates can participate in freenet’s companywide, one-year specialist trainee programme. In 2022, five participants successfully completed this programme (previous year: seven). The number of students participating in “dual studies” was 27 (previous year: 28), and a total of 266 employees were in training (previous year: 292 employees).

Table 25: Key figures on training and education [404-1]

Unit as specified	Unit	2022	2021 (adjusted) <sup>1</sup>
<b>Implementation of annual performance reviews</b>	%	<b>94.9</b>	<b>93.6</b>
<b>Qualification activities within the Group (without shops/stores)</b>	<b>Number of learning hours</b>	<b>21,846</b>	<b>19,196</b>
thereof in a digital format	Number of learning hours	10,937	9,981
<b>Formal learning time per employee in the Group</b>	<b>Avg. number of learning hours/employee</b>	<b>8.6</b>	<b>7.2</b>
thereof in a digital format	Avg. number of learning hours/employee	4.3	3.7
<b>Qualification activities at shops/stores</b>	<b>Number of learning hours</b>	<b>45,043</b>	<b>33,752</b>
thereof in a digital format	Number of learning hours	30,338	23,936
<b>Formal learning time per employee at shops/stores</b>	<b>Avg. number of learning hours/employee</b>	<b>39.0</b>	<b>28.4</b>
thereof in a digital format	Avg. number of learning hours/employee	26.3	20.1
<b>Vocational trainees</b>	<b>Number</b>	<b>266</b>	<b>292</b>
thereof dual students	Number	27	28

<sup>1</sup> The Group’s qualification hours (without shops/stores) for the 2021 financial year have been restated retrospectively due to an overstatement of the number of learning hours. All information relating to this has also been corrected accordingly.

## Diversity

**Management approach:** Diversity is firmly embedded as a fundamental value at freenet, illustrating that all our employees are offered the same opportunities regardless of their ethnic or social origin, nationality, marital status, sex or gender identity, religion, or sexual orientation. Diversity is an important value of cooperation at freenet that highlights the importance of this aspect for the company: diversity means diverse approaches, knowledge, ideas, and open communication where each person feels valued. By promoting and demanding heterogeneous teams and the development of all our people, new opportunities for innovation and creativity arise. These ensure we will remain competitive in the future while reflecting the history and success of freenet. This investment pays off by enhancing our employer brand.

**Governance:** Responsibility for practising and establishing diversity rests with every manager in the Group. Executives setting examples in their conduct, generally applicable principles of conduct and attentive cooperation – supported by Human Resources – further serve to ensure that there is no discrimination, especially when it comes to hiring, promoting, paying and training and educating staff. Explicit attention is



paid to possible grounds for discrimination under Article 3 of the German Constitution, such as age, disability, ethnic origin, marital status, race, religion, gender, sexual orientation, social origin and other personal characteristics.

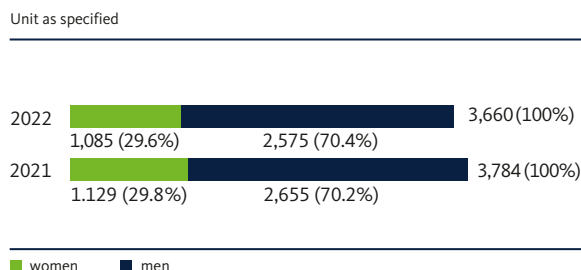
Gender diversity is a focus topic because freenet AG is subject to the German Act on Equal Participation of Women and Men in Executive Positions (Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen). By 31 December 2026, freenet has set itself the following targets in accordance with this law: the percentage of women in executive positions should be 25 percent and 30 percent in the first and second management tiers, respectively. The Corporate Governance Statement details the achievement of the 2022 targets as well as the new targets (fn.de/cgstatement) [GRI 405-1]. Of the Group's salaried employees, 29.6 percent were women in 2022, roughly equal to the previous year (2021: 29.8 percent). freenet's workforce currently comprises employees of 60 different nationalities (previous year: 56), who speak a variety of languages, come from a range of cultural backgrounds, treat each other with respect and promote diversity within the Group. As in the previous year, there were no cases of discrimination in the Group to be addressed in 2022 [GRI 406-1].

**Actions:** Diversity comes alive in our company even in our hiring process and then is reflected in our daily work through various programmes, management tools/courses and training events. To nurture and challenge the diversity of our workforce, an approach to the development of employees is pursued that continues to equip the Group with skills, competencies and strengths. With the continued growth of the central campus platform for Weiterentwicklung@freenet and the expansion of our digital services, employees can access and participate in flexible training and CPD.

Specific actions were taken in relation to the promotion of women in 2022:

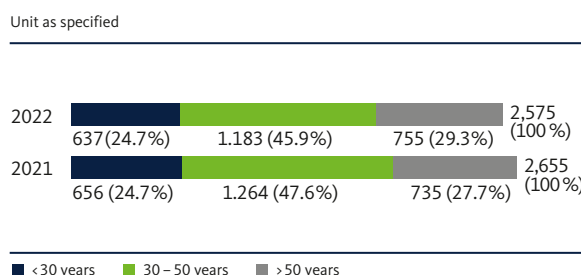
- Event series #women@freenet, with a total of 156 participants at four conferences held on topics such as networking, visibility and professional self-marketing, success strategies for women and inner motivation, all held as in-person events
- Establishment of the popular informal network freenet Women
- Work dates for women
- Full documentation of statistics on women in the workplace on the intranet
- Pilot project for the specific targeting of women in job advertisements in particular, with the aim of attracting female candidates for vacancies and thereby increasing the proportion of women in the Group

**Figure 15: Number of employees by gender as of 31.12. [GRI 2-7]<sup>1</sup>**

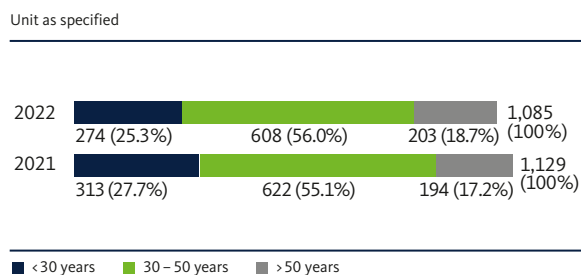


<sup>1</sup> No employees have been recorded as "diverse" in either of the two years.

**Figure 16: Male employees by age as of 31.12. [GRI 405-1]**



**Figure 17: Female employees by age as of 31.12. [GRI 405-1]**



**Occupational health and safety**

**Management approach:** The health of freenet employees is one of our key priorities. This predominantly involves creating and ensuring a safe work environment for all our people by adopting a preventive approach, which promotes physical health and raises awareness of emotional wellbeing. Occupational safety is a particularly relevant topic for Media Broadcast due to its specific, high-risk business activities. Members of the service team at this freenet subsidiary are entrusted with performing maintenance work – including repairs, as

## GROUP MANAGEMENT REPORT

24	Business model and organisational structure	41	Report on opportunities and risks
26	Corporate strategy and goals	51	Report on expected developments
28	Corporate management	55	Non-financial group statement
32	Economic environment	92	Corporate governance and other disclosures
35	Overview of the course of business		

necessary – on transmission masts and antennas that may be several hundred metres tall. Compliance with strict safety standards and protocols is especially critical in this field as an accident would have a serious impact on a worker's health.

**Governance:** The decentralised HR departments at each of our locations are mainly responsible for occupational health and safety management. The overall responsibility lies with Group Human Resources. Occupational safety committees have also been established across the Group companies as mandated by law. The respective committee is made up of the employer or an employer representative, two Works Council members, the occupational health physician, a workplace safety specialist and a security officer. Workers who are not employees but whose work and/or workplace are controlled by the organisation (hereinafter: staff not employed by freenet) are also represented by these committees [GRI 403-1]. Based on the legal requirements, members fulfil their duty of care towards employees and regularly provide managers at each location with occupational safety training, with the support of external service providers. They meet four times a year, monitor and analyse measures implemented in relation to the physical and mental health and safety of the company's workforce and workers who are not employees, and develop concepts for continuous improvement in these fields. freenet's risk assessment includes employee surveys which it uses to manage the health and safety measures we take and enhance the workplace environment [GRI 403-4].

Pursuant to section 13 of the German Occupational Safety and Health Act (Arbeitsschutzgesetz), Media Broadcast has assigned its employer obligations to safeguard health and safety at work to a reliable and qualified person. The person responsible for handling this duty of care is authorised to instruct all employees in relation to topics such as the prevention of accidents, occupational illnesses and work-related health hazards. In 2022, Media Broadcast reorganised its field service operations. As a result, the previous field service structure has been subdivided into several Regional Service Operations (RSO), each assigned a "responsible qualified electrician". This person reports directly to the RSO Manager responsible for site safety. The occupational health and safety committee meets every quarter to advise on matters of occupational health and safety. Regional occupational health and safety committees hold meetings annually.

Indicators for assessing occupational safety and health include the absentee rate, industrial accidents and commuting accidents, and the number of fatalities due to work-related injuries and work-related injuries with serious consequences. The absentee rate<sup>2</sup>, which is reported monthly to the Management Board, rose from 4.7 percent in the previous year to 6.7 percent in the 2022 financial year. This rise is largely attributable to the discontinuation of protective measures for Covid,

resulting in a greater spread of respiratory disorders and the common cold in particular.

As a result of the increased return of staff to company premises compared with the previous year and less use of short-time working, industrial and commuting accidents rose across the Group (excluding Media Broadcast) in 2022 to 22.5 accidents per 1,000 employees (previous year: 11.4 accidents per 1,000 employees). The vast majority of these incidents were industrial accidents involving minor injuries (laceration, fall and impact injuries). At Media Broadcast, the volume of industrial and commuting accidents also rose year-on-year to the figure of 17.0 accidents per 1,000 employees (previous year: 11.0 accidents per 1,000 employees). Most of these incidents involved commuting accidents (bicycle and motor vehicle accidents). As in the previous year, there were no deaths in the Group in 2022 due to work-related injuries (2022: 0.0 percent, 2021: 0.0 percent) and no work-related injuries with serious consequences (2022: 0.0 percent, 2021: 0.0 percent). These figures also include workers who are not employees [GRI 403-9].

**Table 26: Industrial accidents and commuting accidents**

Per 1,000 employees	2022	2021
<b>Group (without Media Broadcast)</b>	<b>22.5</b>	<b>11.4</b>
thereof industrial accidents (accident reports/notes)	15.4	6.9
thereof commuting accidents	7.1	4.5
<b>Media Broadcast</b>	<b>17.0</b>	<b>11.0</b>
thereof industrial accidents (accident reports/notes)	5.7	5.5
thereof commuting accidents	11.3	5.5

**Actions:** To ensure the health of our employees, regular courses are held in first-aid and fire safety training, and HR development offers special modular training courses for managers on "Dealing with employee illness and absence" and "Healthy management". The latter aim to enable senior managers to ensure not only a safe, but also a healthy workplace [GRI 403-5]. To promote and maintain the general health of the workforce, health days are usually held annually across our locations. For employees working in retail, health programmes have been organised together with a health insurer. In addition, all freenet employees are offered medical examinations related to health and safety, such as an annual G37 eye exam or free influenza vaccinations, as well as additional G25 and G41 medical check-ups for logistics and field sales teams. Appointments for these healthcare services can be made on the intranet [GRI 403-3]. Another action to promote the health of our workers is a two-year pilot known as the Employee Assistance Program which is running at our location in Hamburg. The anonymous helpline is operated

<sup>2</sup> Share of labour capacity lost because of health issues [(Sick days per calendar day \* 100) / calendar days].

by an external consulting firm, and it empowers workers to overcome professional and personal challenges, making them healthy and fit for work, even during difficult times.

In addition, walk-throughs are conducted at our locations to identify potential methods to improve working conditions. A separate communications channel was launched in 2020 named "aktiv & gesund" ("active & healthy"), which employees could use to access exercise sessions and tips and tricks on general health topic and more specifically remaining healthy while working remotely. Since 2021, the campus platform has also had its own "active & healthy" section, which motivates employees to discover topics such as mindfulness and dealing with stress. To verify the effectiveness of these actions, the procedure for obtaining the German Corporate Health Quality Mark was successfully completed during the last financial year at the Büdelsdorf premises of freenet DLS GmbH, with the site awarded a silver-level mark.

A key measure relating to occupational health and safety at Media Broadcast is a risk assessment. It describes hazards during maintenance and repair work, and construction and dismantling activities, lists safety measures, and is routinely reviewed. For its part, Media Broadcast supplements its risk assessment procedure with written safety plans and corresponding safety provisions, with appropriate training being given to affected employees and subcontractors. The topic of occupational safety for work above ground level (radio and transmission masts) is of paramount importance. Accordingly, precautions are taken to comply with the stringent safety requirements to protect workers. All affected employees are individually equipped with protective gear and safety equipment that always complies with the currently applicable occupational safety and accident prevention regulations and European standards (Regulation (EU) 2016/425, Directive 2014/34/EU, Directive 85/374/EEC). In addition, the employees are subject to regular check-ups carried out by company doctors and, once every year, take part in the prescribed climbing and rescue exercises. Every three years, they attend follow-up seminars concerning the subjects of fall protection and rescue measures. Since 2022, the occupational safety briefings required for legal and regulatory compliance have been conducted at Media Broadcast centrally as obligatory e-learning courses on the lawpilots platform [\[GRI 403-5\]](#).

The coronavirus pandemic once again clearly highlighted our occupational health and safety responsibilities to each and every employee. freenet responds promptly to amendments made to occupational safety legislation: the Crisis Team meets regularly to discuss the respective situation, with actions derived from these meetings then implemented by the local HR team on site. A range of communication channels continues to be used to keep employees informed and up-to-date. Risk assessments with respect to the Covid-19 situation and hygiene plans are regularly updated for each of our locations.

Employees are also provided with medical face masks and will continue to have free access to rapid testing at their respective location. Staff are also offered opportunities to get Covid vaccinations during working hours.

## Digital responsibility

**Management approach:** The surge in the reporting of cyberattacks on business and the misuse of customer data demonstrate that the threat of cybercrime is increasing dramatically. According to a study published by the Bitkom digital association, data theft, espionage and sabotage now affect almost all parts of the German economy, with cyberattacks from China and Russia showing sharp upticks in recent months. Against the backdrop of the growth of digital society, the focus of business and society is starting to turn towards data privacy and data security more than ever before. These two topics have been highly relevant to freenet for a long period as it operates within the information and communications sector and needs to meet strict legal requirements when it comes to data privacy and information security which are part of a continuously updated regulatory framework. It is also an aspect of self-interest because of our own ambitions to greatly digitalise our business processes, and because of the millions of customers who entrust freenet with their personal data for our contractual relationship. Responsible behaviour thus is a must for customer loyalty, our reputation and lastly, the success of freenet. Therefore, data privacy and security are central principles which are embedded in freenet's IT strategy.

**Governance:** Under the leadership of the CTO, the IT function at freenet provides all of its services (e.g. workplace equipment or IT infrastructure) necessary for business operations in a central location. In 2018, an information security policy was issued for the first time, which has since been the point of departure for how we handle data, systems and all the information required in a digital workplace. A security organisation with defined roles and responsibilities and a dedicated, binding security incident management process are based on this policy. The key roles within the security organisation are assumed by the Security Board as a decision-making body, the IT Security Coordinator, who centrally coordinates all security measures, and decentralised security officers in each individual IT department. The Security Board is made up of the CTO, the Head of Infrastructure and the IT Security Coordinator. The Board is advised by the Head of Group Audit, Risk and Control. Aside from designing the security model and authoring the security policies, the Security Board also makes decisions about actions deemed necessary to comply with these provisions. The Security Board also acts as an escalation level when handling IT security incidents.

## GROUP MANAGEMENT REPORT

24	Business model and organisational structure	41	Report on opportunities and risks
26	Corporate strategy and goals	51	Report on expected developments
28	Corporate management	55	<u>Non-financial group statement</u>
32	Economic environment	92	Corporate governance and other disclosures
35	Overview of the course of business		

The Group's network traffic is subject to continuous technical analysis for security incidents so that countermeasures can be established at an early stage. Security incidents are initially visualised by a dashboard, then analysed by the core security team and finally coordinated by security incident managers. External partners provide support for ad-hoc incident response in the event of a cyberattack and conduct forensic analyses. The freenet IT department has a regularly updated crisis and emergency plan and a recovery plan for the company's IT infrastructure and software applications to keep potential failures or restrictions to a minimum.

The IT function and management tiers at freenet see data privacy as a critical duty alongside information security. The data protection officers, who are firmly established in the Group, work in our organisation to ensure compliance with the laws and regulations on data protection by providing independent advice and monitoring without instruction. They are also tasked with monitoring the proper use of programmes for processing personal data. All issues and projects which are relevant for data protection purposes are agreed beforehand with the data protection officer of the Group. For all IT measures relating to employee data, the IT control committee of the Works Council is consulted. Furthermore, the Executive Board and Supervisory Board or the latter's committees are regularly informed of the relevant developments and requirements in the field of data protection. When service providers are appointed by freenet's IT department, they are bound by both the Group's customers' data protection requirements when processing orders as well as statutory data security requirements. Data protection audits are carried out at service providers and sales partners to check the implementation of data protection requirements. If customer data are used for analysis purposes or for product design purposes, an approval process ensures in each case that such data are adequately pseudonymised or anonymised.

Given the company's approximately 8.9 million subscribers with fixed-term contracts and around 3,600 employees, freenet received only a very small number of data protection complaints in 2022, as in the previous year. The Data Protection department works to ensure the assertion of legally guaranteed rights by customers and third parties, and the prompt fulfilment of claims. Essentially, this work involves queries about the fulfilment of duties of disclosure pursuant to article 15 of the EU General Data Protection Regulation (GDPR) or requests for data erasure pursuant to article 17 GDPR. As in the previous year, no sanctions in the form of fines resulting from data protection infringements were imposed on companies of freenet AG in 2022 [[GRI 418-1](#)].

Actions: To ensure information security, security patch management has been part of normal IT operation in all IT functions since 2018. In this way, freenet is able to respond quickly and in an appropriate manner to changes in threat scenarios. The entire IT system landscape as well as the security level in the Group's own data centre also meet the legal requirements and are kept up to date with the current state of the art. Online portals are equipped with additional protection by adding intelligent threat detection and automated defences. In May 2022, email services of freenet subsidiary freenet.de were awarded the IT security mark by the Federal Office for Information Security (BSI). This mark confirms freenet AG's commitment to its customers to comply with Germany's most stringent IT security standards governing email communications.

Media Broadcast, which is part of freenet, has also been certified according to ISO 27001 since 2013. It has implemented an Information Security Management System (ISMS) establishing procedures certified according to ISO 27001 to ensure information security in the case of outsourced data processing.

To check the data security protocols, external security experts regularly carry out penetration tests of the exposed IT systems on behalf of the Internal Audit department. The reliability and security of the Group's infrastructure and processes are also regularly subjected to routine testing by regulators focusing on different areas. In 2019, the most recent spot test was conducted by the Federal Commissioner for Data Protection and Freedom of Information (BfDI) which did not result in any material objections. In addition, the German Federal Network Agency (BNetzA) audited freenet's IT security policy in 2021 in accordance with section 166 of the German Telecommunications Act (TKG) and found no grounds for objection.

Beyond its own operational IT security processes, Media Broadcast is involved with KRITIS – a joint initiative of the Federal Office of Civil Protection and Disaster Assistance (Bundesamt für Bevölkerungsschutz und Katastrophenhilfe – BBK) and also of the Federal Office for Information Security (Bundesamt für Sicherheit in der Informationstechnik – BSI) to protect critical infrastructure: As a platform operator for TV and radio, Media Broadcast takes its mission of keeping broadcast systems crisis-proof very seriously, given that this has implications for the whole of society, and in 2019 assumed the chairmanship of the "Media and Culture" industry working group. In 2020 Media Broadcast became one of the first companies in Germany to be named an operator of critical media and culture infrastructure as part of the National Strategy for Critical Infrastructure Protection (CIP Strategy).

With regard to data protection, freenet implemented the comprehensive requirements of the EU General Data Protection Regulation (GDPR), which came into force in May 2018, throughout the Group and defined and introduced policies and processes for dealing with them. freenet customers should be able to obtain extensive transparency regarding the processing of their personal data. freenet AG ensures this by providing comprehensive information on this topic on the “Privacy policy” section of its websites. Content is regularly evaluated for comprehensibility and adjusted as necessary, taking account of customer enquiries from the Customer Care Center. In addition, every customer can request information regarding the data stored about them and can request them to be corrected or erased. This enables customers to decide for themselves what should happen with their data. freenet’s customer-facing website also offers every customer the possibility to inspect their own stored data and consent granted as well as change them as necessary.

All freenet employees are also required to comply with both data protection requirements and freenet’s regularly updated confidentiality instructions. They can access a comprehensive wiki and online training on data protection and data security at any time for their own training. In addition, teams who deal with issues relating to data protection and privacy on a regular basis receive task-specific training from the respective data protection officer. At Media Broadcast, all employees have received mandatory annual training on the topics of data protection and information security since 2022. All employees must complete this training, which is offered by way of centralised e-learning courses that culminate in a final examination and the issuing of a certificate. All major company departments maintain a list of all data processing activities that is regularly reviewed to ensure that it is up to date. In addition, for the processing of customer data, regular analysis of the level of protection are carried out to identify appropriate measures.

## Customer matters

### Overarching approach and governance

Acquiring new clients and retaining existing ones is essential for the success of freenet. This is why the subscriber customer base, which is made up of various relevant customer groups, is integrated into freenet AG’s management system as a non-financial performance indicator (see Corporate management).

Increasing digitalisation and changing lifestyles also transform the needs of our customers and the expectations they have of us. In line with its company vision, freenet aims to be the right choice for all stakeholders and for its customers in particular. The Group value proposition therefore comprises the provision of needs-based, customer-focused advice. Dialogue with customers takes place across a range of touch points. As a learning organisation, freenet AG always optimises existing products and services while developing new offers in accordance with legal requirements and its own high internal standards, so as to continue to occupy a successful position in the market. This is essential for Germany’s saturated mobile phone market where building and maintaining excellent customer relationships is becoming increasingly important.

Customer-focused behaviour which is designed to meet the needs and interests of our customers is at the heart of freenet. The aim is to consistently align the brands and products with the respective needs and expectations of customers in order to strengthen customer acquisition and loyalty. This also includes treating customer data as confidential and complying with data protection regulations (see Digital responsibility), and strict implementation of consumer protection legislation.

## GROUP MANAGEMENT REPORT

24	Business model and organisational structure	41	Report on opportunities and risks
26	Corporate strategy and goals	51	Report on expected developments
28	Corporate management	55	Non-financial group statement
32	Economic environment	92	Corporate governance and other disclosures
35	Overview of the course of business		

Consumer protection is part of freenet's day-to-day business throughout the entire contractual term, and also includes used device takeback and disposal. The new German Telecommunications Act, which entered into force on 1 December 2021, aims to strengthen consumer protection for customers in Germany. The right to terminate has been amended and additional items of information are now required before contract conclusion. Amendments to the act required extensive process- and system-related changes, which freenet implemented in a timely fashion. Alongside the provisioning of product literature on each tariff plan offered, freenet is also required to provide its telecommunications customers with a compact and understandable summary of contractual conditions that clearly sets out the contractual details before the contract is concluded.

To ensure the proper and correct disposal of used devices and avoid negative consequences for people and the environment, freenet ensures that all products ordered (such as smartphones or accessories) are provided to customers with the manufacturer's original user manual, which contains a description of the product plus advice on proper disposal. freenet customers can also use company shops, stores or websites to find out about the environmentally friendly options for handing back their used devices to their contractual partner or a recognised collection point. Alongside professional recycling, freenet also refers customers to buyback platforms for used devices (see Sustainable product solutions and product innovations) [GRI 417-1].

In the course of the materiality analysis, the following customer-related topics were identified by freenet AG as material for ensuring a positive customer experience, customer satisfaction and, in turn, for the positive development of the Subscribers non-financial KPI:

1. Service quality
2. Network quality
3. Sustainable product solutions and product innovations
4. Digital participation

The overarching responsibility for direct customer interaction and the presentation of products and services lies with the Chief Executive Officer (CEO). The Customer Service Management (CSM) business unit reports regularly to the CEO and monitors customer satisfaction in relation to the quality of service received from the customer support team. The Chief Customer Experience Officer (CCE) is responsible for all activities from attracting new customers through maintaining relationships with existing customers to winning back former customers as well as reinforcing a customer-focused corporate culture. Two central units have been established in the executive portfolio to implement these projects: (1) Market Research & Customer Advocacy and (2) Customer Management. The former is mainly responsible for market research and customer surveys, while the latter unit manages planning, monitoring and the execution of every interactive process in the customer cycle.

### Service quality

**Management approach:** The quality of support is viewed as a strategic asset for the success of freenet AG's business, which has around 8.9 million subscribers. Meeting customer expectations enhances customer loyalty and enables us to tap into cross-selling and up-selling potential. The service model of freenet AG incorporates customer support, our shops and stores, and a comprehensive range of digital customer touchpoints. To improve the quality of our customer service, the regular and systematic analysis of the main (customer support) drivers of contact is a necessary and meaningful element. The findings of the analysis enable the continued improvement of the customer experience by enhancing our support aimed at achieving the economic goal of extending the customer life cycle and actively preventing customer churn.

**Governance:** Regular customer satisfaction analyses (CSAs) as well as external market research are key performance indicators for service quality. Our CSAs generate information about satisfaction, expectations and potential for improving the customer experience. This enables us to specifically measure perceived service quality over the entire customer life cycle at all service touchpoints. In addition to continually updating the customer experience, achieving long-term customer retention and loyalty is a key aspect of the CSA.

The customer service CSA (service CSA) builds on an established KPI and target system for this purpose and therefore enables us to make determinations about service quality. It covers recurring, changing and open questions. The Market Research & Customer Advocacy and CSM functions are in regular contact regarding customer satisfaction trends to evaluate any opportunities for development and determine suitable measures.

24	Business model and organisational structure	41	Report on opportunities and risks
26	Corporate strategy and goals	51	Report on expected developments
28	Corporate management	55	Non-financial group statement
32	Economic environment	92	Corporate governance and other disclosures
35	Overview of the course of business		

In line with the idea of an integrated approach not merely limited to customer service, customer satisfaction in the Mobile Communications segment is analysed regularly by the Market Research & Customer Advocacy department at defined points in time along the customer journey – such as of contract conclusion, at the end of the customer development phase or following a contract extension. The results of the Service CSA are also included in this assessment. The scope of the CSA is restricted to customers with 24-month contracts who have consented to ads and have a valid email address. Customers rate their satisfaction using a scale ranging from 1 (very satisfied) to 5 (very dissatisfied).

Results are aggregated monthly as an average value while incorporating various weightings of the measurement points in time under the KPI Customer satisfaction in Mobile Communications. The KPI as reported on here corresponds to the mean of the monthly satisfaction rating given by customers surveyed. With a value of 2.4, this can be interpreted as indicating an above-average level of satisfaction for the 2022 financial year (rating scale 3.0 = customer neither satisfied nor dissatisfied). This key figure is reported on for the first time in this non-financial statement and replaces the KPIs cited in previous years. As a departmentally neutral control mechanism, the CSA forms an effective part of customer satisfaction management. There are plans to extend the customer satisfaction analysis survey to the company's TV business.

**Actions:** In the interest of remaining viable and competitive in the future with regard to offering phone-based customer service in particular, freenet in 2017 outsourced customer service to Capita Customer Services GmbH (Germany). The CSM function manages and supports our collaboration with this partner. A comprehensive management structure and ongoing analysis of customer contact guarantee that agreed performance indicators are met on the basis of a bonus-malus system and that service quality is continually improved. Our partner regularly conducts employee training and monitors compliance with interview guidelines, whose contents is routinely agreed and approved in consultation with CSM. In December 2022, an early extension to our business process outsourcing partnership was negotiated, with a further seven years being added to the contractual term.

To ensure customer service during the Covid-19 pandemic, freenet AG had signed an agreement on “Alternating telecommuting to provide customer service” in 2021. The agreement was continued in 2022 in order to maintain an important competitive advantage in a labour market characterised by a shortage of skilled workers. Compliance with data protection requirements has been guaranteed and these are reflected in the aforementioned agreement.

Since 2018, freenet has focused on enhancing its digital dialogue with customers. In 2022, we updated the “Mein Konto” (freenet-mobilfunk.de) and “mein klarmobil.de” customer

service portals and expanded the functionality of the corresponding smartphone apps. In the 2022 financial year, the proportion of freenet mobile customers (with fixed-term contracts) having access to the “My account” self-service portal (freenet-mobilfunk.de) was increased to 61 percent (previous year: 59 percent). At the same time, the proportion of freenet contract customers having access to the “freenet Mobilfunk” customer app rose to 29 percent (previous year: 27 percent). Customers can use the self-service portals to set third-party provider blocks, make changes to their personal data, review their invoices or check their current data usage. During the past financial year, functions for deleting online accounts and changing email addresses were also added to the “freenet Mobilfunk” smartphone app. From July 2022, freenet customers now also have the option of using an online termination button to cancel “contracts for the performance of a continuing obligation” (including fixed-term mobile contracts).

The automation rate in the WhatsApp communication channel rose year-on-year from roughly 27 percent in 2021 to around 30 percent in 2022. In cases where the customer query involves a complex issue that cannot be answered automatically by the chatbot, customers are offered the option of talking to a Customer Service agent by phone, so that their inquiry can be clarified quickly and to ensure that the case can be closed. The automation rate should continue to rise in 2023 with the implementation of other business processes. Although planned for 2022, the rollout of a web-based chat solution did not happen, as the service provider commissioned to do so needed to complete expansion work on its technical infrastructure in 2023. This rollout is therefore now rescheduled for 2023, in parallel with the implementation of the above-mentioned infrastructure project.

In addition, freenet is also expanding its retail services portfolio. Alongside well-established services such as help with phone activation and SIM card blocks, freenet also started issuing replacement SIM cards at its shops in July 2022.

## GROUP MANAGEMENT REPORT

24	Business model and organisational structure	41	Report on opportunities and risks
26	Corporate strategy and goals	51	Report on expected developments
28	Corporate management	55	Non-financial group statement
32	Economic environment	92	Corporate governance and other disclosures
35	Overview of the course of business		

**Network quality**

**Management approach:** Whether private sector, public institution, cable network operator or TV broadcaster – modern ways of working and profitable business activities only function with resilient and sustainable networks. Ensuring the availability and quality of the services offered by freenet AG via a diverse network infrastructure is therefore critical to customer satisfaction. In the field of mobile communications, we only have limited influence, as the responsibility in this respect lies with the mobile network operators from whom freenet AG obtains its services as a mobile communications service provider. Media Broadcast in turn plans, builds and operates networks and is the market leader in digital terrestrial TV and radio broadcasting (DVB-T2 and DAB+) in Germany. Over the past decade, it gained this ideal positioning by being innovative, taking risks and being competitive. As an experienced IT and service partner for contribution and distribution, Media Broadcast develops individual solutions for nationwide, regional and local network operations. Network quality is therefore critical for the quality of its products, which has more significance and influence for the TV and Media segment than for the Mobile Communications segment.

**Governance:** The IP backbone is critical for providing Media Broadcast solutions. This software-defining networking architecture connects Germany's broadcasting and media industry in a high-speed secure and closed environment. The networking infrastructure is used to develop flexible services and solutions to meet the specific needs of customers. This architecture also meets customer demand for flexibility, high security and availability. High levels of security are offered for all services, which are guaranteed by the dedicated data centres, a closed network structure with fully redundant signal transmission and 24/7 monitoring. Across Media Broadcast, network planning, design and monitoring are the responsibility of three functions located in the Product Management unit, which reports directly to the company's executive management.

The KPI for assessing production quality is "downtime minutes per year". This key performance indicator reflects network stability and the functionality of operating processes. The KPIs "number of SLA violations per year" and "compliance with recovery time per year" show how the requirements for production quality are met with regard to service-level agreements (SLAs).

**Actions:** Work to enhance quality and expand transmitter networks, innovative technologies (e.g., small scale DAB+ or tunnel supply) and the development of more user-friendly applications is ongoing. 5G or even 6G broadcasting technology are promising as a long-term successor candidate of DVB-T2. The long-term preservation of frequency allocations to broadcasting is an essential factor for the future success of 5G technology in this respect. Therefore, in the area of 5G broadcasting technology, the company is involved in various committees, working groups and pilot trials.

Furthermore, processes for continuing to improve production quality have been established for elements including transmitters, antennas, infrastructure, contribution/distribution networks and network hardening. An established network performance monitoring system monitors elements such as transmitters, antennas, infrastructure (e.g., space, power, heat dissipation or access), contribution/distribution networks and platforms (DVB-T2 and DAB+) via various parameters.

As a critical infrastructure service provider, Media Broadcast must also meet special requirements in terms of reliability, security and confidentiality. The standards for this are set by the German IT Security Act (IT-SiG) and the German Federal Network Agency. To satisfy the requirements, robust system integration including a safety and a comprehensive network management concept is necessary. Media Broadcast satisfies these requirements, which are subject to routine controls and monitoring through internal and external audits. An accredited information security management system in accordance with ISO 27001 has also been in place since 2014. Quality requirements for the network structure are defined by customer expectations as well as relevant legal and regulatory requirements, and these are subject to a continuous improvement process through the accredited quality management system (ISO 9001).

**Sustainable product solutions and product innovations**

**Management approach:** Price is no longer the main consideration when choosing a product; increasingly consumers are looking for sustainable products. This makes it even more important for companies to include these aspects in their portfolio or product innovations and communicate them accordingly to their customers. According to a representative survey conducted by Bitkom e.V., 87 percent of the German population keep at least one unused phone or smartphone at home, with numbers for used laptops and legacy tablets being 47 percent and 20 percent, respectively. For a working circular economy, such devices, if unused for a long time, should ideally be reused or recycled properly. Strengthening sustainable product solutions and services in our portfolio is therefore important for freenet AG to address the needs of customers who also opt



for sustainability in their telecommunications behaviour. We do this to allow consumers to contribute to resource conservation when choosing a smartphone, for example, or extending its useful life. freenet AG therefore intends to offer more sustainable products and services, making them more transparent for customers in the process. It also wants to inform customers more comprehensively about the consideration of sustainability aspects in composing its portfolio.

**Governance:** Sustainability aspects are now increasingly relevant for product buying decisions. At freenet AG, the pre-selection of potential new mobile products such as smartphones and accessories is handled by Category Management, which is part of Customer Management and reports directly to the Chief Customer Experience Officer (CCE). Before stocking a new product, the department puts together a product-specific list of criteria that also include sustainability aspects, such as the public profile and corporate philosophy of the potential supplier. In terms of product features, criteria such as product lifetime, material composition and packaging are critically reviewed as part of the buying decision. The product is also tested extensively beforehand in terms of its quality, visual appeal and technical design. The final decision on the pros and cons of including the product in the portfolio is made in close consultation between Sales and Purchasing in order to account for all relevant perspectives (sustainability and marketing aspects, plus conditions). The existing product portfolio is also subject to routine monitoring and is adjusted as and when necessary.

Products are especially attractive to us if they are environmentally friendly and enhance the product lifecycle. However, we have neither established a policy with fixed criteria nor a defined process for the selection of products or suppliers. The minimum requirements for our suppliers outside of environmental aspects are laid down in our Supplier Code of Conduct (see Supply chain and human rights due diligence).

**Actions:** In November 2021, freenet started selling the “rephone” – the first smartphone produced as a sustainable, carbon-neutral device in Germany. This exclusive marketing deal extends the portfolio of sustainable smartphones in addition to the sales partnership launched in 2016 with Fairphone B.V. The rephone’s modular design means individual components can be replaced easily and quickly. The product also comes with a recycling reward. Every customer who returns the rephone within five years receives a refund of 25 euros in addition to the current value of the phone. This is intended to create an incentive for the device to either be reused by the customer or through an accredited recycling process at the end of its service life.

GRAVIS has also been marketing a sustainable alternative for certified Apple accessories under its own Networx Greenline brand since 2021. The mix of materials used for the products saved over 30 percent plastic compared to the previous own-brand equivalent. To keep their carbon emissions at a minimum, these products are shipped to Germany by rail. In 2022 financial year, Networx’s top 20 sales products were transferred to Greenline as planned, further boosting sustainability of the portfolio. GRAVIS has also partnered with the reforestation initiative ReviewForest: for each Google review left by a GRAVIS customer, a tree is planted in the Mexican rainforest. Last year, GRAVIS was awarded a quality label for sustainability in recognition of this commitment to sustainable business. In October 2021, freenet also started a cooperation with Green MNKY, specialists for sustainable screen protectors. The Green MNKY high-precision cutter is used in the freenet AG shops to make precision cut-outs of screen protectors for smartphones, tablets and other devices, eliminating around 97 percent of packaging waste. This service is very popular with freenet customers and the product has been sold more than 100,000 times since the start of this partnership.

freenet also enables resource efficiency for the customer through innovations such as freenet FUNK and freenet FLEX products. These two app-based only tariffs – apart from sending a SIM card – do not require any paper along the customer journey (see Corporate environmental protection). The app-controlled Internet service freenet Internet, which was launched in 2022, is also based on the same principle. Internet access can be managed flexibly and almost completely digitally by the customer via app.

Aside from sustainable products, freenet also offers a range of services that aims to ensure customers can achieve sustainability within their digital lives. The sale of refurbished products including smartphones has been a focus for freenet since 2020. The buyback service freenet offers for mobile devices such as smartphones and tablets also makes a further contribution towards conserving resources and reducing electrical waste. The company works with external providers (Foxway and also DIS-CONNECT since 2022) to determine a competitive buyback price for the used device, which is paid out to the customer in the form of a voucher or cash. To generate customer interest in using the buyback service, freenet also organises various buyback campaigns in addition to the regular buyback price offered. For 2023, the company is planning to integrate the buyback service within its online ordering process to raise customer awareness about the responsible return of used devices. Refurbishment of the devices bought back involves wiping the data with certified software so that legacy data can no longer be accessed. The aim is to increase the proportion of freenet shops offering a buyback service to around 90 percent by the end of 2023.

## GROUP MANAGEMENT REPORT

24	Business model and organisational structure	41	Report on opportunities and risks
26	Corporate strategy and goals	51	Report on expected developments
28	Corporate management	55	Non-financial group statement
32	Economic environment	92	Corporate governance and other disclosures
35	Overview of the course of business		

Devices that can no longer be resold are scrapped and the raw materials recycled by a certified specialist company. Customers can also benefit from proper disposal by returning old electronics (such as smartphones or tablets) free of charge or by dropping them off directly in specially designed recycling boxes in our stores.

Not only does it purchase old equipment, freenet also contributes to extending the life cycle of user equipment by offering repair services, with shops and stores acting as repair points. Furthermore, the offer of subscription/rental models, e.g., for smartphones, tablets, or laptops, promotes the idea that devices can be used for longer, which conserves resources.

This range also includes services that meet customer requirements for solutions in the field of data protection, where freenet offers a comprehensive range of security software and is involved in initiatives such as “trustedDialog” and “E-Mail made in Germany”. The latter association of German e-mail providers guarantees freenet.de e-mail customers a high level of security and data protection for their daily e-mail communications.

### Digital participation

**Management approach:** Digitalisation is penetrating all aspects of life like never before, from activities to processes. Smartphones and other devices which connect to the Internet are becoming increasingly important in daily life, making it easy to participate in society. Digitalisation opens many doors and is seen as a significant way to progress faster. But everyone must be given the chance to participate in digital life, so that digitalisation does not result in social exclusion. By offering a broad portfolio of tariffs and services in both the mobile communications and TV and media business, freenet strives to provide virtually everyone with access to the digital world.

**Governance:** freenet is continually enhancing its portfolio of customer-focused mobile and TV tariffs as well as its telecommunication-related services based on systematic market and customer analyses. Relationships with the three German network operators enable freenet to structure a mobile communications and Internet product portfolio ranging from discount to premium tariffs. This diversified brand and portfolio approach enables the company to serve many customer segments and meet a wide variety of customer needs.

**Actions:** One of the hurdles associated with participation in digital life is the cost. With its collection of low-price tariffs, freenet also offers low-income earners or socially disadvantaged groups a portfolio of mobile phone and broadcasting technology. Since 2004, freenet has also made it possible for customers with a bad credit score who have failed the credit check for fixed-term offers to participate in digital life via a special deposit model<sup>3</sup>. Apart from financial constraints, poor digital media skills can hinder people in their attempts to participate in digital life (e.g., the elderly). Trained employees offer freenet customers a broad range of services at freenet shops and GRAVIS stores to help them set up and get to grips with their smartphone after purchase. Face-to-face contact is important to break down barriers but it’s not the right solution for everybody. Therefore, freenet maintains a variety of other channels that enable customers to boost their digital media skills or get in touch with the company.

Since 2018, freenet has focused on strategically enhancing its digital customer dialogue, with the introduction of chat features or its app-based self-service, for example. A positive side effect is that people with physical or mental disabilities also have equal and equivalent access to services offered by freenet AG. This is important, because accessibility is now also hindered by barriers to our digital lives and communications. In this context, the company intends to improve its customer services for people with hearing loss in 2023. In Germany, millions of people are living with various degrees of hearing loss. From the second half of 2023, freenet intends to offer an interpretation service provided by Tess Relay Dienste on a separate hotline number. The hotline number will be published in the FAQs and prioritised handling will be ensured for callers. Another service targeting young consumers in particular is the digitalrepublic.de content platform, which offers digital lifestyle features and entertainment, as well as news, tutorials, advice and answers to questions about tariffs and technical issues. For 2023, freenet is also planning to further expand its media literacy portfolio with the introduction of the digital “freenet phone helper” service that aims to give freenet customers assistance with technical challenges.

<sup>3</sup> The deposit is staggered in 50/100/200/400 euros. Paying the deposit enables the respective customer to use mobile services within their selected tariff. Moreover, the customer benefits from the bundle with a subsidised handset.

By providing other products and services, freenet AG also aims to contribute to the digitalisation of educational institutions. The “GRAVIS macht Schule” initiative was established by GRAVIS to help schools select suitable equipment, implement it in daily life and keep it maintained. In turn, The Cloud, another freenet AG subsidiary, supports schools in planning, setting up, installing and maintaining WiFi networks under the German government’s DigitalPakt Schule programme (digital pact for schools). By year end 2022, around 450 schools (2021: 286) have already benefited from The Cloud’s products and expertise. In Büdelsdorf, where freenet AG is headquartered, the Group is also involved in the “Büdelsdorf goes multimedia” initiative in partnership with Büdelsdorf local government to teach school children how to use modern media and the Internet responsibly. freenet has made a total of 675 thousand euros available for the development of network infrastructure and the purchase of hardware and software since 2001.

freenet believes that encouraging the participation of young people in digital life also means protecting them. With that goal in mind, freenet is expressly committed to the Code of Conduct of German Mobile Communications Providers, has installed youth protection officers in the Group and is a dedicated member of JusProg e.V., a non-profit organisation that aims to enhance the protection of minors online.

### Corporate environmental protection

freenet’s business activities in the fields of mobile communications, Internet and TV entertainment generate carbon emissions and thereby contributes to climate change, albeit only to a small extent. Business activity also impacts the availability of resources.

In the Mobile Communications segment, energy and resource consumption is limited mainly to the German administrative and logistics sites, the vehicle fleet and the more than 500 shops and stores due to the service provider model. The Group’s largest user of energy is the Media Broadcast GmbH as an operator of digital TV and radio infrastructure (TV and Media segment). For supplying its broadcasting and transmission technology, it consumes energy at 779 transmitter sites and radio towers, thus accounting for 83 percent of the Group’s total electricity consumption in 2022.

Using resources and energy efficiently is important for economic success, particularly amid the current energy crisis and rising energy prices. freenet AG recognises the negative impact on the environment caused by its business activities and intends to minimise its carbon emissions by setting specific targets and taking effective measures and a strategic approach to controlling this process.

This will ultimately meet the ever-growing expectations of society, regulators and investors with respect to structured disclosure and environmental targets. freenet therefore explicitly supports political and societal expectations and initiatives in terms of climate protection and climate and carbon neutrality.

In addition to reporting in its non-financial statement, freenet has also been an advocate of the Carbon Disclosure Project (CDP) since 2018. CDP provides companies worldwide with a rating system that allows them to voluntarily measure and manage, and transparently communicate environmental impacts. With the annual disclosure of climate data, especially carbon emissions, freenet AG has increased transparency on the environmental impact of its activities. In the current CDP climate action ranking, the company again achieved a C grade – as in the previous year.

### Energy consumption and carbon emissions

**Management approach:** The efficient and economic use of energy and fuel with the aim of reducing long-term carbon emissions across the Group has a high priority for freenet. In the 2021 financial year, we set the goal of becoming carbon neutral by 2030, and we have been developing a detailed plan of action and timeline since then. Our goal is to reduce controllable carbon emissions (Scope 1 and Scope 2 emissions) to zero by 2030 compared to the 2015 baseline year. From freenet’s point of view, the reduction of Group-wide energy consumption by increasing energy efficiency, purchasing energy from renewable sources, electrifying our vehicle fleet and integrating the goal in the remuneration of the Executive Board and our employees are important starting points.

**Governance:** The Group Facility function is responsible for purchasing energy resources (electricity and gas contracts) for the administrative and logistics sites and shops and stores. The Fleet Management department is responsible for managing the fleet of vehicles across the Group. Both report in turn to the HR department of the Executive Board. Due to its high energy consumption, Media Broadcast has its own Real Estate Management (REM) system and an Energy Management Officer who reports directly to Media Broadcast management via the General and Administration unit. freenet subsidiaries EXARING and The Cloud also enter into decentralised energy agreements.

## GROUP MANAGEMENT REPORT

24	Business model and organisational structure	41	Report on opportunities and risks
26	Corporate strategy and goals	51	Report on expected developments
28	Corporate management	55	<u>Non-financial group statement</u>
32	Economic environment	92	Corporate governance and other disclosures
35	Overview of the course of business		

Energy management at Media Broadcast is part of an integrated management system aligned with the requirements of ISO 50001 that is used to manage and monitor quality, occupational safety, security and data protection as well as environmental protection. An ISO 14001-certified environmental management system (EMS) was introduced in 2008 to manage the latter. The backbone of the EMS is the environmental protection and energy policy, which defines its importance, goals, activities and their implementation, and audits. Furthermore, internal regulations stipulate that only ISO 14001-certified suppliers and waste disposal companies may be hired, e.g. to demolish or dismantle transmission systems, so as to provide employees and customers with maximum safety and security. In addition, activities such as transmission system and antenna servicing involve hazardous materials to some extent, which entails a particular duty to provide information and notify employees of this issue. Media Broadcast is required to instruct all employees on this topic annually and provide evidence it has done so. Training is tool-based in accordance with the latest legal and regulatory laws and regulations and with every employee being required to obtain a certificate upon completing training. A legal register is maintained to regularly evaluate Media Broadcast's compliance with environmental standards. This is used to document the results of internal and external audits and systematically monitor the implementation of their recommendations. To date, no monetary fines or non-monetary sanctions have been issued to the company for non-compliance with environmental protection laws or regulations.

Given its business model, freenet is ideally placed to leverage technological optimisation and digitalisation to achieve greater energy efficiency. This is illustrated, for example, by the transition to the new HD standard DVB-T2 in the TV business and the replacement of analogue radio with the more energy-efficient DAB+ standard in Media Broadcast's broadcasting business segment. As a crucial sustainability aspect, energy efficiency is also embedded in the purchasing policy and the Supplier Code of Conduct. The latter encourages suppliers to be conscious about their use of energy and limited resources and to use them sparingly (see Supply chain and human rights due diligence).

freenet also sees effective measures for fuel consumption reductions in electrifying the company fleet and developing a low-consumption and low-emissions vehicles portfolio, and providing strategic incentives for climate-friendly travel to work. freenet pursues the goal of increasing the share of the Group's hybrid or electric vehicles to more than 20 percent of the overall vehicle fleet by the end of 2024. In 2022, the share of EVs and hybrid vehicles was approximately 8.5 percent (previous year: 4.6 percent). This small increase of just under four percentage points is primarily due to significantly longer delivery times for EVs in the reporting period.

Employees entitled to a company car commit to using hybrid vehicles electrically for at least half of their mileage as part of the Group-wide EV policy – otherwise a malus system applies. This is to ensure environmental and economic benefits are harmonised. To achieve the goal of electrifying our fleet, the charging infrastructure at all locations concerned will continue to be developed and expanded over the next few years.

Actions: Statutory energy audits pursuant to sections 8-8d EDL-G (Act on Energy Services and Other Energy Efficiency Measures) are carried out at freenet on a regular basis, but at least every four years. Recommendations for improving energy efficiency are considered after weighing up the costs and benefits in accordance with the requirements of DIN EN 16247-1. During the 2022 financial year, a Group-wide energy audit (including Media Broadcast) was commissioned and performed by an external appraiser (DEKRA).

As before, the conversion of freenet shops and GRAVIS stores to energy-efficient LED lighting systems is about 95 percent complete. The vast majority of sales areas in the shops and stores have already been converted, with the conversion of lighting to LEDs in various backroom areas still pending or already planned for 2023.

At our logistics centre in Oberkrämer, the conversion of fluorescent tube lighting to energy-efficient LED lights was successfully completed, thereby achieving our target of a 100 percent changeover of site lighting to LEDs by the end of 2022. In Büdelsdorf, the ordering and commissioning of an LED lighting changeover project was completed during the last financial year, laying the groundwork for a complete switchover of all freenet logistics centres by 30 June 2023. This action aims to achieve energy savings of approximately 40 percent in comparison with the use of conventional lighting systems.

Conversion work on the company-owned office and administration building in Büdelsdorf was completed at year-end. The main focus of this comprehensive refurbishment was sustainability and energy usage. Alongside the energy-efficient thermal insulation of the building facade and roof, the installation of modern building service systems was also a priority. This included the installation of an energy-efficient ventilation plant operated by a new control system, and the replacement of the two previous gas boilers with an environmentally friendly heat pump. An automated LED lighting system was also installed in the administrative building. The installation of additional charging stations for electric vehicles, planned for the first quarter of 2023, was also prepared.

To further reduce Group fuel consumption and make additional progress in fleet electrification, freenet continued with its rollout of strategic incentives in 2022. Aimed at promoting climate-friendly travel to the workplace, a total of 101 bicycles and e-bikes were ordered for employees using the (electric) bike leasing scheme during the past financial year. Since the leasing scheme launched in August 2021, 177 bicycles have been ordered Group-wide, with 68 percent of these being electric bikes. Additionally, freenet subsidises the use of public transport and contributes to the costs of setting up a private EV charging station at the homes of employees who are entitled to a company car. Ten charging stations were subsidised for this purpose in the 2022 financial year (previous year: eight). To incentivise the use of electric vehicles at company premises, freenet is making every effort to provide an appropriate charging infrastructure wherever possible. In 2022, a total of three additional charging stations (six charging points) were brought into service, with requirements met for six more charging stations (twelve charging points) by mid-2023. Charging stations for electric vehicles are also to be provided by the lessor of the Media Broadcast premises in Cologne and Eschborn. The overall number of EV charging points is therefore expected to rise by at least 50 percent to at least 36 charging points in the 2023 financial year (2022: 24 charging points). Alongside this infrastructure, a corresponding number of EVs will also be procured. In 2022, employees were offered a vehicle portfolio comprising five electric vehicle models from a range of manufacturers, with the aim of ensuring employees are able to pick an electric vehicle as part of the employee vehicle scheme. As a result of ordering and production bottlenecks, only a few EV models were then available from the second quarter to the end of the year. In comparison with the previous year (25 registrations), the number of EVs registered in the Group overall did not rise significantly (30 registrations) as a result of widespread supply chain problems. This number is estimated to double in 2023.

Furthermore, the company also intends to increase its own pool of EVs used for business trips. In the future, the freenet logistics team aims to provide carbon-neutral delivery to the Group's shops and stores as part of its central logistics services. This will therefore involve the electrification of some of the truck pool during 2023. A project also planned for 2023 will look at the use of electric vehicles in selected field sales teams with the aim of achieving long-term reductions to the carbon emissions produced across the Group.

In 2022, freenet AG was able to further reduce its Group-wide energy consumption from 81.1 GWh in the previous year to 80.5 GWh, owing to lower overall electricity consumption (2022: 69.2 GWh, 2021: 70.3 GWh). In contrast, fuel consumption rose slightly, which is largely attributable to the expiry of measures introduced during the pandemic and a return to normal travel patterns. Overall, the company further reduced its market-based carbon emissions (Scope 1 and Scope 2) in 2022 to 5,022.1 t CO<sub>2</sub>eq (previous year: 6,504.1 t CO<sub>2</sub>eq) and considers itself well-positioned to achieve its declared target of reducing carbon emissions (Scope 1 and Scope 2) to zero by the year 2030. During the 2022 financial year, this was largely due to green electricity once again rising as a proportion of overall electricity consumed from directly monitored procurement (2022: 99.0 percent, 2021: 65.6 percent) [\[GRI 305-5\]](#).

In light of the Covid pandemic, and the resulting lockdowns and travel restrictions in 2020 and 2021, travel activities at freenet AG had also showed a sharp decline compared with the baseline year of 2019. Although this trend reversed slightly in the 2022 financial year, it was still markedly below pre-Covid levels. Overall, freenet AG produced 591.1 t CO<sub>2</sub>eq from its travel activities in the reporting period (previous year: 304.6 t CO<sub>2</sub> eq). This figure includes emissions from flights, rail travel and hire car use as well as hotel accommodation. Travel bookings are completed according to a standard process based on a travel policy that, among other things, explicitly advises employees to prioritise virtual events over in-person meetings. In the future, efforts to achieve travel-related carbon emission savings will continue to be primarily driven by reminding employees that sustainability aspects should also be considered when making travel bookings. To achieve this, specific activities are planned, such as displaying the carbon footprint for each trip planned or including hotels with green credentials in the Group travel booking system.

24	Business model and organisational structure	41	Report on opportunities and risks
26	Corporate strategy and goals	51	Report on expected developments
28	Corporate management	55	Non-financial group statement
32	Economic environment	92	Corporate governance and other disclosures
35	Overview of the course of business		

Table 27: Energy consumption and carbon emissions [GRI 302-1, 305-1, 305-2, 305-3, 305-4, 305-5]

	Unit	2022	2021	2020	2015 (base year) <sup>1</sup>
<b>Energy consumption (total)</b>	<b>GWh</b>	<b>80.5</b>	<b>81.1</b>	<b>84.6</b>	<b>156.0</b>
Electricity consumption (Scope 2) <sup>2</sup>	GWh	69.2	70.3	72.0	134.0
thereof media Broadcast	GWh	57.6	58.6	59.4	116.2
Fuel consumption (Scope 1) <sup>3</sup>	GWh	11.3	10.9	12.5	21.9
<b>Electricity from renewable energy sources (total electricity consumption)</b>	<b>GWh</b>	<b>65.8</b>	<b>64.2</b>	<b>33.2</b>	<b>46.8</b>
Share of electricity consumption from renewable energy sources in total electricity consumption <sup>4</sup>	%	95.1	91.4	46.1	34.9
Share of electricity consumption from renewable energy sources through controlled sourcing in total electricity consumption	%	99.0	65.6	n/a	n/a
<b>Carbon emissions (Scope 1, 2, 3) – market-based after offsetting</b>	<b>tCO<sub>2</sub>eq<sup>5</sup></b>	<b>8,085.4</b>	<b>9,312.5</b>	<b>33,001.5</b>	<b>75,146.2</b>
<b>Carbon emissions (Scope 1, 2, 3) – location-based after offsetting</b>	<b>tCO<sub>2</sub>eq</b>	<b>34,717.0</b>	<b>30,967.6</b>	<b>34,989.2</b>	<b>78,633.1</b>
Direct carbon emissions (Scope 1)	tCO <sub>2</sub> eq	2,582.2	2,443.4	2,875.2	4,632.3
Indirect carbon emissions (Scope 2) – market-based <sup>6</sup>	tCO <sub>2</sub> eq	2,439.8	4,060.7	26,887.8	67,151.3
Indirect carbon emissions (Scope 2) – location-based <sup>6</sup>	tCO <sub>2</sub> eq	29,071.4	25,715.8	28,875.5	70,638.2
Further indirect carbon emissions (Scope 3) before offsetting (restated) <sup>7</sup>	tCO <sub>2</sub> eq	3,310.5	3,172.2	3,238.6	3,362.6
Further indirect carbon emissions (Scope 3) after offsetting (restated) <sup>7</sup>	tCO <sub>2</sub> eq	3,063.4	2,808.4	3,238.6	3,362.6
<b>Carbon intensity (Scope 1, Scope 2 market-based)</b>	<b>tCO<sub>2</sub>eq/ million revenue</b>	<b>2.0</b>	<b>2.5</b>	<b>11.6</b>	<b>23.0</b>
<b>Carbon intensity (Scope 1, Scope 2 location-based)</b>	<b>tCO<sub>2</sub>eq/ million revenue</b>	<b>12.4</b>	<b>11.0</b>	<b>12.3</b>	<b>24.1</b>

<sup>1</sup> 2015 = base year, as this is the first year for which retrograde, consolidated reporting of energy consumption and carbon emissions has been carried out.

<sup>2</sup> Electricity consumption is calculated by also taking into account appropriate estimates and extrapolations.

<sup>3</sup> Fuel consumption comprises consumption in the form of diesel and petrol for the fleet of company cars as well as the direct purchase of natural gas. The conversion factors of the British Ministry for the Environment, Food and Rural Affairs (DEFRA) have been used for converting fuel consumption in GWh and carbon emissions.

<sup>4</sup> Calculated by taking into account the German electricity mix plus actual energy purchases from renewable energy sources.

<sup>5</sup> CO<sub>2</sub>eq = CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O.

<sup>6</sup> To determine indirect, market-based carbon emissions, the amount of electricity from renewable energy sources is assumed to be carbon-neutral; all other amounts of electricity are converted using the same conversion factor as for the location-based method. Electricity consumption is converted into indirect, location-based carbon emissions by applying a uniform Group-wide conversion factor, irrespective of the actual purchase of renewable energy (emission factor source: German Federal Environment Agency).

<sup>7</sup> Indirect emissions (Scope 3) include emissions from (1) the employee vehicle model, (2) travel activities (flights, rail travel, overnight hotel stays, car rental bookings), (3) payment services, (4) production of standard contract documents in customer communications, and (5) parcel shipping (logistics). Scope 3 emissions from (2) travel activities were restated retrospectively for the years 2021 and 2020 due to an expanded recording system. In 2020, only carbon emissions from (1), (2) and (5) are considered and in the base year only carbon emissions from (1). Carbon emissions for items that have been offset are included as carbon neutral in the "after offsetting" figure.

## Resource consumption

**Management approach:** freenet has anchored a digital-first strategy in its mission statement. In internal communications and external communications with customers and business partners, the use of digital channels and platforms should be a priority, and these should continue to be extended. This leads to a reduction in the use of materials (e.g., paper) and shipping volumes. In logistics, the topic of environmental sustainability is becoming ever-more important as the value chain is starting to be viewed as a whole, rather than disparate parts. freenet strives to continue to reduce the use of resources in logistics.

**Governance:** The management of the operational use of resources is the responsibility of various functions, which are attached to the Chief Technical Officer (CTO) and the Chief Financial Officer (CFO). For example, Billing and Customer Management are responsible for digitalisation projects in customer communications. Processes to reduce the use of resources in logistics are the responsibility of the Supply Chain Management department under the leadership of the Chief Financial Officer. By partnering with diverse transport providers, central logistics staff are trying to make shipments more climate-friendly in the coming years. The company now ensures that logistics partners maintain verifiable certificates demonstrating environmental compliance with the minimum requirements set out in ISO 14001, in addition to the obligations for optimum customer service provision in ISO 9001.

Minimising resource consumption at freenet mainly involves the electronic dispatch of standard contract documents (invoices and daily mail) and cover letters (delivery notes and returns labels) plus digital networking for sales channels. Other measures include material savings in packaging (cardboard and fillers) and using climate neutral shipping services for the transport of hardware (smartphones, SIM cards, accessories) between our locations and to our customers.

**Actions:** In the 2022 financial year, freenet continued to expand the digitalisation of its business activities with respect to internal processes and customer communications. With the aim of further improving point-of-sale digitalisation, a scanning tool was implemented that facilitates the in-store scanning of ID documents from freenet customers, thereby avoiding a large volume of documents that would otherwise need to be sent by post.

Digital invoicing is another area where paper can be saved. In the mobile communications business, the proportion of invoices issued digitally was further increased to 93.5 percent (previous year: 91.3 percent). In 2022, the sending of around 2 million postal items was avoided, largely by moving more customers to digital invoicing services as well as ensuring customers can make use of a digital mailbox as soon as the contract has been concluded. Digital invoicing services were also implemented for business customers during the last financial year, which will avoid the need for mailing up to 400,000 physical letters in 2023. In the TV and media sector, virtually all subscriptions are exclusively digital and standard contractual documents are also sent to our customers electronically. This applies equally to freenet TV and waipu.tv customers. These initiatives therefore target the further automation and digitalisation of customer transactions (see Service quality).

**Table 28: Proportion of online invoices**

In %	2022	2021
<b>Online invoice</b>	<b>93.5</b>	<b>91.3</b>
thereof freenet Mobilfunk	91.9	89.7
thereof klarmobil	97.7	95.7

Unavoidable carbon emissions from customer communications during the production and delivery of standard contract documents and payment processing are offset in the mobile communications business in cooperation with service providers via accredited climate action projects. Regarding customer communications, this affected shipments in double-figure millions for main brands freenet Mobilfunk and klarmobil in the 2022 financial year. We calculated carbon emissions of around 247 t (previous year: around 363 t). This approach is to be rolled out to other brands over the next few years, with the aim of ensuring Group-wide climate-friendly production and delivery of standard customer communications contracts. In mobile service payment processing, carbon emissions totaling 0.387 t were produced in 2022 (previous year: 0.588 t), all of which were successfully offset to net zero.

Shipments of packages to customers produced 544.0 t of carbon emissions in the 2022 financial year (previous year: 590.7 t). This figure includes carbon emissions from warehousing, packaging, goods outwards and package delivery to customers (but excludes carbon emissions from energy consumption and stock transfers). In 2022, freenet logistics continued implementing various measures to improve the environmental sustainability of packaging materials, for example, and further optimise or reduce internal shipping volumes. This includes regular reviews of standardised carton dimensions in relation to various types of articles. Although delays affected the implementation of a software solution for controlling and optimising packaging sizes originally planned for 2022, this project got underway in early 2023.

As in the previous year, the proportion of recycled plastic in logistics filling materials was about 50 percent. The planned target of increasing this proportion of recycled plastic to 100 percent by the end of 2022 was not achieved. Reasons for this include strong market demand for recyclable filling materials as well as the investments required for the technically demanding conversion of machine infrastructure in logistics.

In the context of the composition of the packaging materials used, external suppliers are being made more accountable in this respect, while ensuring that the valid and necessary transportation safety standards are met. Since 2020, in addition to economic and safety factors, sustainability aspects have been included in tenders for fillers and closure materials with a weighting of 40 percent for awarding contracts.

## Compliance and integrity

**Management approach:** freenet is committed to the applicable laws and standards as well as the underlying ethical principles: Integrity and legal compliance are the most important pillars for social and economic relationships. To secure the trust of all our stakeholders, freenet ensures compliance with legal requirements and internal policies. If they are not upheld, it could have a negative impact on the reputation of freenet and it would not inspire trust, resulting in long-term damage to our relationships with business partners and customers. In the case of criminal offences, the company naturally pursues a zero tolerance policy. The Executive Board underlines the company's strict attitude by way of a "tone from the top", which is also communicated to all areas of the organisation by downstream managers. The Works Councils of freenet also support all compliance policies. Compliance is a strong element of the corporate culture, and is expressed by the actions and support of all parts of the company. The aim is to minimise compliance risks to preserve and strengthen the trustworthiness of freenet in the long term.

**Governance:** Compliance management is of great importance to freenet. In order to be able to successfully address general compliance risks, the company has implemented a compliance management system (CMS) which has created uniform standards for compliance matters such as combating corruption throughout the Group. The content of compliance measures is the responsibility of the Chief Compliance Officer (CCO) and are implemented and controlled continually for compliance in close and constructive collaboration with the Internal Audit, Human Resources and Legal departments. Preventive and investigative measures are coordinated by the Governance Board, which comprises the CFO, CCO and the Head of Group Audit, Risk and Control. The measures intended by the company's executive management are regularly reviewed based on new forensic findings or changes to the law.

The CCO reports directly to the CFO and advises the CFO as the person responsible for compliance with the law and for monitoring compliance risks in the implementation of the relevant legal requirements. The CCO also reports regularly, at least once per financial year, on the implemented processes, developments and notable incidents to the Audit Committee of the Supervisory Board so that it can satisfy itself of the effectiveness of the CMS. The Supervisory Board is informed immediately if severe risks arise that may endanger the continued existence of freenet AG as a going concern. In 2022 financial year, as in the previous year, freenet AG was not aware of any confirmed cases of corruption [GRI 205-3].

Figure 18: Compliance management structure



**Actions:** Regular risk analyses are carried out to identify the areas of activity that entail a particularly high risk of compliance violations. In relation to corruption as a typical economic crime, this occurs mainly where the briber can have an impact on large cash flows for their own benefit with small means. At freenet, this risk therefore exists in the context of high-revenue contract partners, both on the customer and supplier side, for example. Based on our risk analysis, this risk is assessed to be low, because the companies in question are all entities heavily involved in compliance issues, i.e. mobile network operators doing business in Germany, suppliers of smartphones and prominent electronics retailers.

When managing corruption risks, freenet AG generally uses several approaches, which are characterised by prevention, identification and reaction in each case. The Group's efforts in this area focus on specific employee information for prevention purposes. Customised training, one-on-one discussions and generally binding policies provide the company's employees with a stable framework with which they can align themselves. The corporate culture we embody promotes the continual exchange of information among employees and between employees and senior managers regarding the legal risks associated with their activities.



Furthermore, clear policies and requirements have been defined for the most important compliance issues in employees' day-to-day work. In this context, the gift, purchasing and signature policies have a vital role to play, e.g. in fighting corruption. For this reason, these are part of the audit universe and are risk assessed annually and selectively included in Internal Auditing's audit plan. The gift policy is designed to prevent the undue influence of both internal and external business dealings. It requires all employees to submit a report every quarter to the Compliance unit via their superiors with regard to all gifts worth more than 20 euros given and received, so that gifts, invitations and benefits can be checked in order to establish whether they are correct and legally proper. At freenet, receiving and giving gifts is only permitted if the possibility that a business decision has been influenced can be unequivocally ruled out.

The signature policy ensures that only selected individuals can enter into transactions and, in the case of important declarations of intent, authorised representatives from different departments and divisions are always required to act as co-signatories. In addition, the purchasing policy ensures that the best suppliers are objectively procured using clear procedural parameters and by requiring the specialist department undertaking the procurement to involve the Purchasing department as a neutral party in significant transactions. As a rule, payments from customers and to suppliers are not settled in cash. Only when dealing with end customers does freenet accept cash at customary levels in order to keep the risk of money laundering to a minimum. In addition, the Compliance unit offers a hotline which enables it to always provide legal and content-specific advice in order to enable possible uncertainties in daily work to be resolved quickly. A multiple-channel approach is also used for identifying any legal infringements. Possible violations of regulations are followed up by the Internal Audit and Central Fraud Management departments in particular.

If workers witness misconduct or an infringement of the law or internal policies, they have a duty to report this immediately to the Compliance function. For this purpose, a 24/7 whistleblower system is available to our workers and external parties (such as franchisees or suppliers), which complies with the requirements set out in section 8 of the German Supply Chain Due Diligence Act (LkSG). Contact options for reporting suspected compliance violations and further information on the reporting procedure are available on the freenet AG intranet and on the company website at [fn.de/whistleblower](https://fn.de/whistleblower) report can be submitted either anonymously or by disclosing one's identity. All whistleblowers will be afforded protection from negative consequences because of their report, in line with the EU Whistleblower Directive. The whistleblower committee reviews incoming tip-offs and conducts additional investigations where appropriate. The composition and working practices of the committee are explained in more detail in the corporate governance statement ([fn.de/cgstatement](https://fn.de/cgstatement)).

One aspect which has continued to gain in importance in recent years is corporate responsibility for human rights and sustainability infringements in the supply chain. freenet AG takes this responsibility seriously, and several years ago we implemented a Supplier Code of Conduct and also made it a core subject within our contractual B2B relationships. For further information on supply chain management, see the Supply chain and human rights due diligence section in this non-financial statement.

### Supply chain and human rights due diligence

**Management approach:** freenet is aware of its corporate environmental and human rights responsibilities and therefore values the protection and compliance with these aspects within its business and procurement processes. German legislators have also recently emphasised the importance of such issues by passing the LkSG. The law aims to improve the situation of global human rights by stipulating requirements for responsible supply chain management for specific companies.

Aside from its suppliers, the goal of freenet is to request smartphone manufacturers and network operators to also leverage their influence on and position in the value chain. We ask them to ensure compliance with human rights due diligence and to guarantee the exclusion of conflict minerals in the production of telecommunications hardware and accessories. freenet's ability to exert influence on its main suppliers with respect to sustainability topics is limited given the Group's share in the total business volumes of its suppliers and its positioning in the value chain.

**Governance:** freenet's constantly developing base of suppliers comprises around 1,500 suppliers from various countries. The following main suppliers account for more than 90 percent of the purchasing volume in terms of value in the Mobile Communications segment:

- Mobile network operators: Deutsche Telekom, Vodafone and Telefónica Deutschland
- Device/accessory manufacturers: Apple, Huawei and Samsung
- Service providers in (outsourced) customer support such as Capita.

## GROUP MANAGEMENT REPORT

24	Business model and organisational structure	41	Report on opportunities and risks
26	Corporate strategy and goals	51	Report on expected developments
28	Corporate management	55	<u>Non-financial group statement</u>
32	Economic environment	92	Corporate governance and other disclosures
35	Overview of the course of business		

The Partner Relationships department of the Executive Board is mainly responsible for organising procurement activities. Cooperation with the mobile network operators listed above, device/accessory manufacturers and service providers in customer support are handled by separate purchasing units. All other suppliers are managed centrally by the Indirect Purchasing unit (corresponds to the indirect purchasing volume). Media Broadcast has its own purchasing unit because the inputs it needs to source are highly specific.

With the entry into force of the LkSG on 1 January 2023, corporate responsibility for complying with human rights and environmental due diligence in the supply chain is now regulated at national level. In this context, freenet AG will redouble its efforts, not only working to improve its existing risk management but also conducting systematic risk analyses for environmental and human rights-related risks while anchoring preventive strategies within the Group.

The company estimates its overall risk exposure to be low in terms of its direct supply chain structure: Around 95 percent of suppliers that were newly commissioned in 2022 (or around 95 percent of indirect purchasing volumes) are domiciled in Germany, another EU member state or the European Economic Area. Suppliers are thus subject to similarly strict legal (transparency) regulations with respect to environmental and human rights aspects as freenet AG itself. In the context of the LkSG, this means that the risk of infringing legal rights protected by the Act can be estimated to be very low overall in terms of freenet's direct suppliers.

Actions: Irrespective of the risk assessment, freenet has established various measures to demonstrate the accountability it aims to achieve in the procurement process. In 2018, for example, a Group-wide Supplier Code of Conduct was drawn up, which is regularly revised in line with market requirements. The Code lays out minimum standards for the areas of human rights (including zero tolerance of forced or compulsory labour), society (including wage payments in accordance with legal requirements), environmental protection, safety, health and compliance. It is usually included in every new procurement contract/procedure. Alternatively, strategic suppliers are required to declare that their standards at least correspond to those of freenet. Suppliers are also generally committed to complying with the Supplier Code of Conduct and the basic principles expressed in the Global Compact, the Guiding Principles of the United Nations (UN) and the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO) via the General Terms and Conditions of Purchase.

In the event of violations of the Supplier Code of Conduct, freenet reserves the right to suitably address the issue or impose sanctions depending on the severity of the violation. This includes, but is not limited to, requesting immediate remediation of the violation, asserting claims for damages or even terminating the respective contract. If suppliers or their employees suspect a violation of applicable law or freenet's standards, the Code of Conduct provides for direct contact for business partners to freenet's Compliance department, which initiates investigations if required. Getting in touch with freenet can also be done anonymously.

In 2017, sustainability topics were included among the decision-making parameters in freenet's purchasing policy to help it achieve its goal of becoming more accountable. The idea is to raise awareness among the responsible workers so that sustainability is explicitly considered when making purchasing decisions. Accordingly, information on sustainability topics has been obtained in advance for all tenders since 2020, in addition to aspects relating to the financial situation, if this appears meaningful or necessary due to the specific circumstances of the particular case. In this context, all suppliers and service providers will be required to agree to the Supplier Code of Conduct prior to doing business with freenet.

Media Broadcast's separate purchasing policy focuses to a greater extent on aspects of environmental protection and energy efficiency as this freenet subsidiary consumes a large amount of electricity due to its broadcasting infrastructure. Assuming that all other criteria are equivalent, the company prefers suppliers who consider these aspects more prominently. Since 2021, with respect to the procurement of all our technical equipment, it is standard for electricity consumption to be assessed as one of the most important criteria in the technical analysis of tenders.

To date, the Group-wide, systematic (as part of routine audits, for example) screening of suppliers for compliance with the provisions of our Supplier Code of Conduct has not been undertaken. However, initial actions have already been implemented or initiated in parts of the Group, especially in relation to the new legal framework set out by the LkSG. As one example, Media Broadcast has conducted an extensive analysis of all suppliers with a procurement volume larger than EUR 5,000. This aimed to discover the extent to which the sustainable business policies implemented by the respective supplier correlate to the minimum requirements from the Supplier Code of Conduct. In the future, this will be conducted as both a routine and on-demand check. In this context, the freenet subsidiary also plans to roll out an automated reporting system to monitor supplier compliance with the minimum requirements of the Supplier Code of Conduct in the course of 2023.

## EU Taxonomy report

### Subject matter and purpose of the EU Taxonomy

The main goals of the European Commission's action plan on financing sustainable growth are reorienting capital flows towards sustainable investment and ensuring market transparency. The objective is to transform Europe's economy into a carbon-neutral economy by 2050. With the EU Taxonomy, the European Commission has established a key management tool in order to achieve this goal and support the transition to a sustainable economy.

The legal basis for companies is Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (hereinafter: the "Taxonomy Regulation" or the "EU Taxonomy") on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088. According to Art. 8 of the Taxonomy Regulation in conjunction with Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 (hereinafter: delegated act pursuant to Art. 8 of the Taxonomy Regulation), non-financial undertakings are required to disclose the proportion of their revenue (called "turnover" in the Taxonomy), the proportion of their capital expenditures (CapEx) and the proportion of their operating expenses (called "operational expenditures" in the Taxonomy) (OpEx) associated with economic activities classifiable as environmentally sustainable within the meaning of the Taxonomy Regulation.

For 2022 financial year, this information is only required for the (economic) activities which the EU has defined for the first two environmental objectives ("climate change mitigation" and "climate change adaptation") out of a total of six such environmental objectives specified in Art. 9 of the Taxonomy Regulation. The relevant activities have not yet been defined for the other environmental objectives.

### freenet AG's economic activity

#### Principles and definitions

The EU Taxonomy distinguishes between taxonomy-eligible and taxonomy-aligned activities. An economic activity is taxonomy-eligible if it is listed in one of the (currently existing) delegated acts<sup>4</sup> which supplement the Taxonomy Regulation and specify the environmental objectives. It is not necessary for this activity to fulfil one or all of the technical screening criteria indicated in the delegated acts. Conversely, any economic activities which are not listed in the supplementary delegated acts have taxonomy-non-eligible status.

An economic activity is taxonomy-aligned, i.e. environmentally sustainable within the meaning of the Taxonomy Regulation, if it meets all of the following requirements:

- It makes a significant contribution to one or more environmental objectives, demonstrated by compliance with the substantial contribution criteria defined by the EU,
- It does not significantly harm the other environmental objectives (DNSH: Do No Significant Harm)
- It upholds minimum social safeguards.

To date, the above-mentioned requirements and criteria have been defined for the environmental objectives of "climate change mitigation" (Annex 1) and "climate change adaptation" (Annex 2).

Businesses are responsible for interpreting the activities described in the EU Taxonomy as the definitions are open to interpretation and there is a shortage of legal commentary published by the regulator, academia, or other suitable practitioners. In compiling the information required under the EU Taxonomy, freenet AG has given adequate consideration to the guidance provided for the interpretation of the Taxonomy Regulation as well as the delegated acts and the FAQs published by the European Commission on 19 December 2022. The mandatory reporting below reflects the current status of the interpretations. However, the European Securities and Markets Authority (ESMA) emphasises that further amendments are still to be expected regarding the collection and assessment of taxonomy-eligible and taxonomy-aligned activities.

<sup>4</sup> Commission Delegated Regulation (EU) 2021/2139 Annex 1 of 4 June 2021 (hereinafter: delegated act pursuant to Art. 10 of the Taxonomy Regulation (Annex 1)) and Commission Delegated Regulation (EU) 2021/2139 Annex 2 of 4 June 2021 (hereinafter: delegated act pursuant to Art. 11 of the Taxonomy Regulation (Annex 2)) as well as Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending the above-mentioned Delegated Regulation.

## GROUP MANAGEMENT REPORT

24	Business model and organisational structure
26	Corporate strategy and goals
28	Corporate management
32	Economic environment
35	Overview of the course of business

41	Report on opportunities and risks
51	Report on expected developments
55	Non-financial group statement
92	Corporate governance and other disclosures

### Procedure followed for the identification of taxonomy-eligible and taxonomy-aligned economic activities

To implement the requirements of the EU Taxonomy, a core project team was assembled with the involvement of Controlling, Investor Relations & ESG, Accounting and Legal. First of all, the taxonomy-related requirements were discussed and a uniform understanding of the reporting obligations was developed. To identify taxonomy-eligible economic activities, interviews were conducted with the experts from each function, in order to analyse in detail how individual business activities are affected by the EU Taxonomy and in order to structure the identified topics. The Mobile Communications and TV and Media segments determined according to IFRS 8 and their primary revenue-generating activities constituted the starting point for this analysis.

In its Mobile Communications segment, freenet AG mainly provides services as a mobile communications service provider. Its primary revenue-generating activity is the purchasing and sale of mobile communications services, primarily to private customers. freenet does not operate a mobile network of its own and instead uses the network infrastructure provided by the network operators established in Germany. In its TV and Media segment, freenet's key revenue-generating activity is the broadcasting of third-party television and radio programmes using its own infrastructure or leased infrastructure. In this respect, freenet AG also markets to private customers technological access to linear television via antenna (DVB-T2) or IPTV. freenet AG's primary revenue-generating activities are allocable to the (NACE) sector "information and communication" which falls under the scope of the EU Taxonomy. The EU Taxonomy is thus applicable at a general level.

The findings of the detailed impact analysis at the level of individual activities were summarised in an impact matrix and are presented below. For 2022 financial year, the initial analysis from 2021 was re-assessed in the light of the transactions and activities which had actually taken place in the past financial year. In principle, even taking the supplementary delegated acts of 9 March 2022 into consideration, this has not led to any significant changes from the point of view of the assessment of the initial impact on freenet.

In addition, the core project team analysed the taxonomy-alignment requirements in relation to the individual taxonomy-eligible economic activities and evaluated the extent to which these requirements had been fulfilled. The findings are presented in the following sections.

### Taxonomy-eligible economic activities

According to the current understanding of the EU Taxonomy, it is not merely a question of whether an economic activity directly serves to generate revenue and is thus the actual economic activity of the undertaking. In fact, any activity performed in the undertaking can be taxonomy-relevant.

freenet AG relies on suppliers' products and services in order to provide its own services. In the context of the EU Taxonomy, this involves the purchase of the output of taxonomy-eligible activities or the implementation of individual measures to improve energy efficiency which are covered by the EU Taxonomy. This relates, in particular, to infrastructural issues such as the leasing of vehicles (Section 6 – Transport) as well as buildings (Section 7 – Construction and real estate activities). This also includes activities with respect to data centres (Section 8 – Information and communication). All of the activities of relevance for 2022 financial year are listed and described in Table 29.

**Table 29: Taxonomy-eligible economic activities**

No.	Economic activity	Description related to freenet AG
<b>Transport macro-sector</b>		
6.5	Transport by motorbikes, passenger cars and light commercial vehicles	Vehicle fleet consisting of company and service cars
<b>Construction and real estate activities macro-sector</b>		
7.2	Renovation of existing buildings	Renovation of the office building at the Büdelsdorf site
7.3	Installation, maintenance and repair of energy efficiency equipment	Installation of energy-efficient LED lighting at own and rented premises as well as shops and stores
7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings	Establishment of a charging station infrastructure at the office sites
7.7	Acquisition and ownership of buildings	Construction phases completed at the Büdelsdorf site after renovation
<b>Information and communication macro-sector</b>		
8.1	Data processing, hosting and related activities	Operation of the Group's own data centre and two rented colocation sites including power supply and air conditioning (right-of-use assets accounted for in accordance with IFRS 16), equipped with own IT

These activities focus on the “climate change mitigation” objective. freenet did not pursue any measures with the objective of “climate change adaptation”.

In addition, the following activities of relevance for “information and communication” were assessed for the above-mentioned Mobile Communications and TV and Media core business areas:

- Activity 8.2: Data-driven solutions for GHG emissions reductions (Annex 1)
- Activity 8.3: Programming and broadcasting activities (Annex 2)

In both cases, the core project team’s detailed analysis and interpretation of the activity descriptions has established that freenet’s core business areas cannot be allocated to these activities. Accordingly, its primary revenue-generating activities are currently not covered by the EU Taxonomy.

Moreover, in relation to activity 8.2 (Annex 1) the FAQs recently published by the European Commission clarified that while general electronic (tele)communications networks are an important and necessary prerequisite in order to realise the ICT solutions listed under this activity, they are not primarily operated in order to reduce emissions. General telecommunications networks, such as mobile networks, are not therefore covered by this activity. Accordingly, freenet AG’s economic activity of providing customers with access to mobile communications is likewise not covered by activity 8.2 (Annex 1).

### Taxonomy-alignment of the identified taxonomy-eligible economic activities

Under the expanded reporting obligations within the scope of the EU Taxonomy for 2022 financial year, the taxonomy-alignment of the identified economic activity must be analysed and indicated. The assessment has determined that none of the above-mentioned activities is taxonomy-aligned.

In relation to data centres (activity 8.1), the criteria which the EU has defined for a substantial contribution to the environmental objective of “climate change mitigation” are not fulfilled. The global warming potential (GWP) of the refrigerants used in the cooling system in freenet’s three data centres exceeds the defined maximum limit of 675, but meets the requirements of Regulation (EU) No 517/2014 of the European Parliament and of the Council of 16 April 2014 on fluorinated greenhouse gases. Given that the maximum limit is exceeded and in view of the sequential nature of the three-step test set out in Art. 3 of the Taxonomy Regulation, no further review of the other criteria and requirements was carried out.

According to the delegated act pursuant to Art. 8 of the Taxonomy Regulation, the other activities are associated with the purchase of the output of taxonomy-eligible economic activities and individual measures (“category (c)” in point 1.1.2.1. and point 1.1.3.1. of the delegated act pursuant to Art. 8 of the Taxonomy Regulation) which enable reductions in the greenhouse gas emissions produced by the primary (taxonomy-non-eligible) revenue-generating activities of freenet AG. The current position held by relevant expert committees is that proof of the taxonomy-alignment of the purchased output is to be provided jointly by the respective supplier/owner and the reporting company. Since many companies are themselves in the process of assessing their alignment and freenet AG is unable to include their findings on grounds of time, it is not currently possible to provide any information regarding the degree to which the requirements are fulfilled by these services purchased from third parties. In addition, many companies are not subject to a reporting obligation under the EU Taxonomy. Accordingly, no taxonomy-alignment can be noted in relation to these other activities.

### Taxonomy indicators and reporting principles

According to Art. 8 of the Taxonomy Regulation, the reportable key performance indicators (Taxonomy KPIs) comprise a revenue KPI, a CapEx KPI and an OpEx KPI. Besides the taxonomy-eligible proportion of their revenue, CapEx and OpEx, non-financial undertakings are also required to report the taxonomy-aligned proportion of their revenue, CapEx and OpEx. In the absence of taxonomy-aligned economic activities, freenet AG has reported the latter subcategory as zero.

The delegated act pursuant to Art. 8 of the Taxonomy Regulation (Annex 1) specifies the content, methodology and presentation of KPIs to be disclosed by non-financial undertakings. freenet AG has determined the data required for the reporting year in accordance with the definitions and specifications which are set out in this delegated act and are explained below.

The financial data used to calculate the KPIs derive directly from the Group’s accounting system. Double-counting is excluded by directly allocating relevant transactions to the respective taxonomy-eligible activity.

## GROUP MANAGEMENT REPORT

24	Business model and organisational structure
26	Corporate strategy and goals
28	Corporate management
32	Economic environment
35	Overview of the course of business

41	Report on opportunities and risks
51	Report on expected developments
55	Non-financial group statement
92	Corporate governance and other disclosures

Table 30: Quantitative disclosures, EU Taxonomy 2022

Taxonomy KPI	Total (KPI denominator)	Non-taxonomy-eligible portion	Taxonomy-eligible portion	Taxonomy-aligned portion
In EUR millions/as indicated				
Revenue	2,556.7	2,553.1	99.9%	3.6
CapEx	182.3	176.7	96.9%	5.5
OpEx	32.1	26.1	81.1%	6.1

**Revenue KPI**

The proportion of consolidated revenue accounted for by taxonomy-eligible economic activities was calculated on the basis of the proportion of net revenue deriving from goods and services associated with taxonomy-eligible economic activities (numerator) divided by the consolidated revenue of freenet AG (denominator); in each case, for the financial year from 1 January to 31 December.

The consolidated revenue serving as the denominator matches the net revenue of the Group reported in accordance with IAS 1.82. Further details of the reporting principles for the recognition of revenue may be found in note 2.1. The consolidated revenue matches the Group's net revenue according to the consolidated income statement and note 4.

The numerator for the revenue KPI matches the net revenue deriving from goods and services associated with taxonomy-eligible economic activities. Accordingly, as in the previous year only the proportion of revenue generated by freenet's own data centre, in the amount of 3.6 million euros (activity 8.1. (data processing, hosting and related activities)), which results from services provided to external third parties has been reported here.

**CapEx KPI**

The CapEx KPI is defined as the taxonomy-eligible CapEx (numerator) divided by overall CapEx (denominator).

The denominator covers the additions to property, plant and equipment (called "tangible assets" in the Taxonomy) and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, and excluding fair value changes. Of the CapEx categories listed in the delegated act pursuant to Art. 8 of the Taxonomy Regulation, the capital expenditure population applied here comprises the gross additions to property, plant and equipment (IAS 16) and intangible assets (IAS 38) and the additions to long-term right-of-use assets (IFRS 16). Additions from business combinations (IFRS 3), where applicable, also form part of the denominator. Additions to goodwill are not included, since they do not fulfil the definition of an intangible asset (IAS 38). Further details of the reporting principles in relation to capital expenditures may be found in notes 2.2 and 2.3. Total CapEx comprises the sum total of the additions to property, plant and equipment (IAS 16) and intangible assets (IAS 38) in note 37 and the additions to lease assets (IFRS 16) in note 2.5.1.

Notes on the makeup of the numerator may be found in the section "Notes on the CapEx and OpEx KPI numerator".

### OpEx KPI

The OpEx KPI is defined as the taxonomy-eligible OpEx (numerator) divided by overall OpEx (denominator) according to the definition in the EU Taxonomy.

The denominator covers direct non-capitalised expenses that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenses relating to the day-to-day servicing of assets of property, plant and equipment to ensure the continued and effective functioning of such assets. This includes the following:

- Research and development expenses have not affected the consolidated income statement in either the financial year or the previous year.
- Short-term leases relate to the expenses determined in accordance with IFRS 16 in note 2.5.1.
- Maintenance and repair expenses and all other direct expenses associated with day-to-day servicing of assets of property, plant and equipment have been determined by means of an individual account analysis and can be allocated to various items (such as maintenance of administration buildings, systems technology or IT systems) of the other operating expenses (see note 10). Building renovation measures are also included.
- Personnel expenses associated with the above-mentioned areas are likewise included. The EU Taxonomy does not explicitly state that they may not be included. In addition, the personnel costs attributable to maintenance and repair of the technical infrastructure were taken into account in accordance with the employees' allocation to cost centres.

The corresponding consolidated accounts were used for population of operating expenses.

Notes on the makeup of the numerator may be found in the section "Notes on the CapEx and OpEx KPI numerator".

### Notes on the CapEx and OpEx KPI numerator

The EU Taxonomy does not cover the above-mentioned primary revenue-generating activities of freenet AG. Accordingly, no CapEx or OpEx relating to assets or processes associated with taxonomy-eligible (taxonomy-aligned) economic activities ("category (a)" in point 1.1.2.1. and point 1.1.3.1. of the delegated act pursuant to Art. 8 of the Taxonomy Regulation) have been included in the respective numerator for

these activities. Only those CapEx and OpEx which are attributable to cross-sectional activity 8.1 (own data centre) and can be associated with an external revenue-generating activity can be allocated pro rata to category (a). Accordingly, only taxonomy-eligible CapEx/OpEx have been reported in this respect. There is currently no CapEx plan for the transformation of the taxonomy-eligible activity 8.1 (own data centre) into a taxonomy-aligned economic activity ("category (b)" in point 1.1.2.1. and point 1.1.3.1. of the delegated act pursuant to Art. 8 of the Taxonomy Regulation).

The other taxonomy-eligible CapEx/OpEx included in the numerator are entirely attributable to the purchase of output from taxonomy-eligible economic activities and individual measures enabling the target activities to become low-carbon or to leading to greenhouse gas reductions ("category (c)" in point 1.1.2.1. and point 1.1.3.1. of the delegated act pursuant to Art. 8 of the Taxonomy Regulation), and are associated with the activities listed in table 29. Further details of the individual activities may be found in the non-financial statement (see Corporate environmental protection).

For the purpose of the allocation of the CapEx and OpEx to the activities, the transactions and measures have been identified and clearly classified. The taxonomy-eligible proportion of the CapEx (numerator) is 3.0 percent (previous year: 4.4 percent) of the overall CapEx (denominator); of this amount, 83.8 percent (previous year: 69.7 percent) is attributable to gross additions to property, plant and equipment (IAS 16) as well as intangible assets (IAS 38) and 16.2 percent (previous year: 30.3 percent) to additions to long-term right-of-use assets (IFRS 16). Activity 7.2 accounts for the overwhelming proportion of taxonomy-eligible CapEx (69.5 percent). Compared to CapEx, the specific and narrow OpEx understanding in the EU Taxonomy is the reason for the overall OpEx (denominator) being significantly lower than the overall operating expenses of the freenet Group. Including the above-mentioned personnel expenses, this results in a taxonomy-eligible proportion of the OpEx (numerator) of 18.9 percent (previous year: 15.9 percent); of this amount, 40.3 percent is attributable to personnel expenses (previous year: 53.8 percent), 25.1 percent to maintenance and repair costs (previous year: 23.8 percent) and 34.6 percent to other costs including short-term leases (previous year: 22.4 percent). Activity 8.1 accounts for the overwhelming proportion of taxonomy-eligible OpEx (76.3 percent).

## Tables according to Annex II of the Delegated Act pursuant to Art. 8 of the Taxonomy Regulation

### Revenue

Table 31: Proportion of revenue from products or services associated with Taxonomy-aligned economic activities

Economic activities (1)	Code(s) (2)	Absolute turnover (3) kEUR	Proportion of turnover (4) in %	Substantial contribution criteria						
				Climate change mitigation (5) in %	Climate change adaptation (6) in %	Water and marine resources (7) in %	Circular economy (8) in %	Pollution (9) in %	Biodiversity and ecosystems (10) in %	
<b>A. Taxonomy-eligible activities</b>										
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>										
–	–	0	0	–	–	–	–	–	–	–
<b>Turnover of environmen- tally sustainable activi- ties (Taxonomy-aligned) (A.1)</b>		<b>0</b>	<b>0</b>	–	–	–	–	–	–	–
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>										
Data processing, hosting and related activities	8.1.	3,615.5	0.1							
<b>Turnover of Taxonomy- eligible but not environ- mentally sustainable activities (not Taxonomy- aligned activities) (A.2)</b>		<b>3,615.5</b>	<b>0.1</b>							
<b>Total (A.1+A.2)</b>		<b>3,615.5</b>	<b>0.1</b>							
<b>B. Taxonomie-non-eligible activities</b>										
<b>Turnover of Taxonomy- non-eligible activities(B)</b>		<b>2,553,098.3</b>	<b>99.9</b>							
<b>Total (A+B)</b>		<b>2,556,713.7</b>	<b>100.0</b>							



GROUP MANAGEMENT REPORT

24 Business model and organisational structure  
 26 Corporate strategy and goals  
 28 Corporate management  
 32 Economic environment  
 35 Overview of the course of business

41 Report on opportunities and risks  
 51 Report on expected developments  
 55 Non-financial group statement  
 92 Corporate governance and other disclosures

DNSH criteria

Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of turnover year N (18) in %	Taxonomy-aligned proportion of turnover year N-1 (19) in %	Category (enabling activity) (20) E	Category (transitional activity) (21) T
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## CapEx

**Table 32: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities**

Economic activities (1)	Code(s) (2)	Absolute CapEx (3) kEUR	Proportion of CapEx (4) in %	Substantial contribution criteria						
				Climate change mitigation (5) in %	Climate change adaptation (6) in %	Water and marine resources (7) in %	Circular economy (8) in %	Pollution (9) in %	Biodiversity and ecosystems (10) in %	
<b>A. Taxonomy-eligible activities</b>										
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>										
—	—	0	0	—	—	—	—	—	—	—
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>0</b>	<b>0</b>	—	—	—	—	—	—	—
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>										
Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	452.9	0.2							
Renovation of existing buildings	7.2.	3,853.2	2.1							
Installation, maintenance and repair of energy efficiency equipment	7.3.	150.6	0.1							
Installation, maintenance and repair of charging stations for electric vehicles in buildings	7.4.	12.0	0.0							
Data processing, hosting and related activities	8.1.	1,075.7	0.6							
<b>CapEx of Taxonomy- eligible but not environ- mentally sustainable activities (not Taxonomy- aligned activities) (A.2)</b>		<b>5,544.4</b>	<b>3.0</b>							
<b>Total (A.1+A.2)</b>		<b>5,544.4</b>	<b>3.0</b>							
<b>B. Taxonomie-non-eligible activities</b>										
<b>CapEx of Taxonomy-non- eligible activities(B)</b>		<b>176,742.4</b>	<b>97.0</b>							
<b>Total (A+B)</b>		<b>182,286.8</b>	<b>100.0</b>							

DNSh criteria

Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of CapEx year N (18) in %	Taxonomy-aligned proportion of CapEx year N-1 (19) in %	Category (enabling activity) (20) E	Category (transitional activity) (21) T
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## OpEx

**Table 33: Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities**

Economic activities (1)	Code(s) (2)	Absolute OpEx (3) kEUR	Proportion of OpEx (4) in %	Substantial contribution criteria						
				Climate change mitigation (5) in %	Climate change adaptation (6) in %	Water and marine resources (7) in %	Circular economy (8) in %	Pollution (9) in %	Biodiversity and ecosystems (10) in %	
<b>A. Taxonomy-eligible activities</b>										
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>										
–	–	0	0	–	–	–	–	–	–	–
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>0</b>	<b>0</b>	–	–	–	–	–	–	–
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>										
Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	1,108.3	3.5							
Installation, maintenance and repair of charging stations for electric vehicles in buildings	7.4.	5.1	0.0							
Acquisition and ownership of buildings	7.7.	320.5	1.0							
Data processing, hosting and related activities	8.1.	4,621.3	14.4							
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>6,055.2</b>	<b>18.9</b>							
<b>Total (A.1 + A.2)</b>		<b>6,055.2</b>	<b>18.9</b>							
<b>B. Taxonomie-non-eligible activities</b>										
<b>OpEx of Taxonomie-non- eligible activities(B)</b>		<b>26,054.8</b>	<b>81.1</b>							
<b>Total (A+B)</b>		<b>32,110.0</b>	<b>100.0</b>							

DNSh criteria

Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of OpEx year N (18) in %	Taxonomy-aligned proportion of OpEx year N-1 (19) in %	Category (enabling activity) (20) E	Category (transitional activity) (21) T
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