

## Corporate Governance Statement in accordance with Sections 289f, 315d HGB

In the Corporate Governance Statement in accordance with sections 289f, 315d HGB, freenet AG displays its current Declaration of Compliance in accordance with section 161 of the German Stock Corporation Act (AktG) and explains the relevant disclosures about corporate management practices that are applied over and above the statutory provisions. In addition, the working practices of the Executive and Supervisory Boards are described and the composition and working practices of the Supervisory Board's committees are disclosed. Also to be found in the following are the information regarding the percentage of women in the Executive Board and in the two management tiers below the level of the Executive Board, as well as the targets relating to the composition of the Supervisory Board and the competence profile for the Supervisory Board.

freenet AG made the following Corporate Governance Statement in accordance with sections 289f, 315d HGB which is simultaneously a part of its management report for the financial year 2021 (see page 104 ff. of the [annual report 2021](#)).

### I. Statement on the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act (AktG)

The Executive Board and the Supervisory Board issued the following Declaration of Compliance in accordance with section 161 AktG.

Since submitting the last Declaration of Compliance on 9 December 2020, freenet AG has complied with the recommendations of the German Corporate Governance Code ("Code") as amended on 19 December 2019, announced on 20 March 2020 ("Code"), with the exception of the deviations listed below, and will comply with the Code in future, with exception of these deviations:

1. Age limit for Executive Board and Supervisory Board members

a) Recommendations B.5 and C.2:

B.5: An age limit shall be specified for members of the Executive Board and disclosed in the Corporate Governance Statement.

C.2: An age limit shall be specified for members of the Supervisory Board and disclosed in the Corporate Governance Statement.

b) Statement of non-compliance:

Until 9 December 2021, the Supervisory Board had not set any age limits for the Supervisory Board and Executive Board due to its opinion that qualified persons with extensive professional and life experience should not be considered as candidates solely on the basis of their age. In a departure from this view, the Supervisory Board has set age limits for both the Supervisory Board and the Executive Board since that date.

2. Other seats held by members of the Executive Board

a) Recommendation C.5:

Members of the Executive Board of a listed company shall not hold, in aggregate, more than two Supervisory Board seats in non-group listed companies or comparable functions, and shall not accept the chairmanship of a Supervisory Board in a non-group listed company.

b) Statement of non-compliance:

The chairman of the Executive Board, Christoph Vilanek, currently is a member of two Supervisory Boards of listed companies: CECONOMY AG, Düsseldorf, and Ströer SE & Co KGaA, Cologne, where he is also chairman of the Supervisory Board. freenet AG holds an equity interest in CECONOMY AG. freenet AG therefore has an interest in being represented on the Supervisory Board of CECONOMY AG to reflect its importance for the company.

The Supervisory Board, through the personnel committee of the Supervisory Board, has approved all of Christoph Vilanek's seats and considers the time required for the external memberships to be reasonable compared with the experience gained by the chairman of the Executive Board. This also applies to his post as chairman of Ströer SE & Co KGaA.

## II. Remuneration report, auditor's report, remuneration system and most recent resolution concerning remuneration

On the company's website under [Remuneration](#) you will find the remuneration report pursuant to Section 162 AktG for financial year 2021, the auditor's report on this remuneration report, the applicable remuneration system pursuant to Section 87a AktG, and information on the most recent resolution concerning remuneration adopted by the Annual General Meeting pursuant to Section 113 (3) Stock AktG.

## III. Relevant disclosures on corporate government practices

freenet AG has a compliance system that is continuously expanded and enhanced. The freenet Group's Chief Compliance Officer (CCO) reports directly to the Executive Board. He helps the Executive Board to highlight the legal requirements that are relevant for freenet AG and to implement them accordingly within the freenet Group, as well as to adapt the compliance system to changing requirements. In addition, current developments are regularly assessed on the Governance Board by the CFO together with the Chief Compliance Officer and the Head of Audit and Fraud Management and measures are derived, if necessary. The CCO also reports regularly to the Supervisory Board's audit committee. The CCO informs the Supervisory Board whenever risks arise which endanger the continued existence of the freenet Group.

The freenet Group is fully committed to upholding the prevailing laws and statutes. For the freenet Group, compliance means that statutory provisions are adhered to, the Group's own rules and in-house policies are observed and criminal acts are prevented. The company does everything it can to ensure that compliance violations, such as fraud, corruption, anti-competition

practices and data privacy violations do not arise in the first place. As soon as misconduct and infringements of compliance become evident, these are brought to light and tackled decisively.

The freenet Group's managers set a good example in upholding compliance and ensure that any significant steps taken within their own fields of responsibility are in accordance with the respective statutory provisions and its own values and rules.

The compliance organisation can be approached by any contact person for advice on individual issues.

The Compliance unit has developed a whistleblower tool and implemented it within the freenet Group. It enables internal whistleblowers, franchise partners or suppliers to give tip-offs anonymously as soon as infringements of compliance come to their attention.

All tip-offs are investigated promptly as part of a transparent and accountable process in which the interests of the whistleblower, the persons affected and the company are taken into account.

The aim is to enable the company to take systematic and appropriate action immediately when compliance is violated and thereby to avert economic or reputational damage to the freenet Group and the affected stakeholders. In order to ensure the proper, swift handling of tip-offs in accordance with the whistleblower process, the freenet Group has set up a whistleblower committee. Permanent members of the whistleblower committee are the Chief Compliance Officer as well as the responsible head of Internal Auditing and the head of Fraud Management. The whistleblower committee is responsible for the operational implementation of the whistleblower process.

A centralised fraud management unit has also been set up, which in coordination with the individual fraud management functions in the specialist departments of the freenet Group, is responsible in particular for the introduction and improvement of effective preventive measures and processes for preventing damage to the freenet Group caused by fraud, and for investigating fraud.

The significance of data protection has increased continuously in recent years. The freenet Group is aware of its special responsibility with regard to the handling of the personal data of customers, suppliers, contractual partners and employees, especially given the General Data Protection Regulation (GDPR) and special regulations applying in the telecommunications sector. It is therefore important to protect this data against unauthorised access. For this reason, the Group uses modern security technologies and regularly draws the attention of its employees to this subject in order to continuously improve the overall security level and to meet the challenges posed by the growing threats.

#### **IV. Working practices of the Executive Board and Supervisory Board**

freenet AG's Executive Board and Supervisory Board work together in a close and trusting manner in their management and supervision of the company.

It is the duty of the Executive Board, as the parent company's management body, to serve the interests of the company. It currently consists of five members. The Executive Board's work is governed by its rules of procedure. The members of the Executive Board are jointly responsible for corporate management as a whole. In other respects, each Executive Board member is responsible for their own sphere of business. The Executive Board members work together in a spirit of cooperation and inform one another about facts and developments in their respective spheres of business at regular Executive Board meetings. In addition, the Executive Board members attend regular meetings of the specialist departments. The Supervisory Board determines the areas of responsibility of the individual members of the Management Board in a schedule of responsibilities.

The Supervisory Board is convened at least twice in each calendar half-year. It generally makes its decisions at in-person or virtual meetings, but also by way of telephone conferences or by written communications. The Supervisory Board regularly advises the Executive Board when the latter is making its decisions about the company's management and also supervises its management activities. In so doing, the Executive Board includes the Supervisory Board in all decisions of a fundamental nature relating to the company's management and reports regularly about the business performance, the corporate planning, the strategic development and the situation of the company. The Supervisory Board in turn conducts a detailed examination of all deviations of business performance from the plans and targets and discusses these with the Executive Board. It also conducts detailed checks on business transactions of significance for the company on the basis of Executive Board reports, discusses them and makes decisions as and when required. Outside of the meetings, too, the Supervisory Board members were informed by the Executive Board about current business developments.

#### **V. Composition and working practices of committees**

The Supervisory Board has set up five committees. These committees prepare the topics and resolutions of the Supervisory Board which are due to be discussed by the full Board and in some individual areas are authorised to make decisions in place of the full Board. The committees carry out their work in meetings requiring personal attendance. In exceptional cases, however, the meetings can also be conducted by telephone. The committees discuss the items on their agendas and make decisions concerning these if required. The committee chairpersons report on the subject matter of the committee meetings to the full Supervisory Board. With the exception of the nomination committee, all committees comprise equal numbers of shareholders' representatives and employees' representatives.

The Executive Board has not constituted any committees.

**Steering committee**

The steering committee discusses focal topics and prepares Supervisory Board resolutions. It can take the place of the Supervisory Board, with the required approval of the Executive Board in accordance with the latter's rules of procedure, in deciding on measures and transactions of the Executive Board, insofar as the matter in question cannot be deferred and it is not possible for the Supervisory Board to make an appropriate decision within the time available.

Members: Prof. Dr Helmut Thoma (chairman), Thorsten Kraemer, Gerhard Huck, Knut Mackeprang

**Personnel committee**

The personnel committee prepares the Supervisory Board's personnel decisions. It submits to the Supervisory Board proposals for decisions on the Executive Board's remuneration, the remuneration system and regular review of that system. The committee makes decisions in place of the Supervisory Board – but subject to mandatory responsibilities of the Supervisory Board – on Executive Board members' business that is relevant for personnel.

Members: Prof. Dr Helmut Thoma (chairman), Sabine Christiansen, Claudia Anderleit, Knut Mackeprang

**Audit committee**

The audit committee concerns itself with the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal auditing system, and auditing of financial statements, in the latter case especially with regard to the choice of auditor and their independence and the additional services rendered by the auditor, the awarding of the audit engagement to the auditor, the determination of key audit matters and the fee agreement. It is also responsible for approving the permissible non-audit services to be rendered by the auditor. It also concerns itself with compliance-related issues and non-financial reporting/ESG.

Members: Robert Weidinger (chairman), Marc Tüngler, Bente Brandt, Thomas Reimann

**Mediation committee**

The mediation committee is constituted in accordance with section 27 (3) of the German Co-determination Act (Mitbestimmungsgesetz–MitbestG) so that it can perform the task described in section 31 (3) sentence 1 MitbestG.

Members: Prof. Dr Helmut Thoma (chairman), Fränzi Kühne, Theo-Benneke Bretsch, Knut Mackeprang

**Nomination committee**

The nomination committee has the task of suggesting suitable candidates to the Supervisory Board for proposal to the Annual General Meeting in the run-up to new elections.

Members: Prof. Dr Helmut Thoma (chairman), Marc Tüngler, Sabine Christiansen

**VI. Targets for the percentage of women in the Executive Board and in the two management tiers below the level of the Executive Board; disclosures on compliance with minimum percentages of women on the Supervisory Board**

**Executive Board**

As of 31 December 2021, there were no women on the Executive Board, only men. Although this covers the 0 per cent target for the Executive Board stipulated by the Supervisory Board for this point in time, the company will comply with the mandatory gender quota for the Executive Board next time it appoints a new member or extends the appointment of an existing member of the Executive Board. This mandatory quota states that, where the Executive Board consists of more than three people, at least one of its members must be a woman and at least one must be a man.

**Management tiers below the level of the Executive Board**

The targets to be achieved in the reference period by 31 December 2021 for the percentage of women on the two management tiers below the level of the Executive Board as defined by the Executive Board were achieved as follows:

**Target-actual comparison for share of women, 2021**

	Target for 31.12.2021	As of 31.12.2021
Management tier 1 (division managers)	30%	14.3% (1 person)
Management tier 2 (department managers)	30%	35% (7 persons)

Although we were able to meet the target at the second management tier, we missed the target at the first management tier as of 31 December 2021. The low number of people at this management tier must be taken into account here, as this means the departure of any single individual from the company can cause significant proportional changes. In this specific case, although the decline in the share of women at this management tier as part of normal staff turnover due to the departure of female executives could not be rectified by the reporting date, the share of women at the first management tier had already risen to 28.6 per cent, or two out of seven people, just a month later.

The Executive Board has defined the following targets for the period until 31 December 2026 with regard to the percentage of women on the Executive Board and on the two management tiers below the level of the Executive Board:

**Target for share of women, 2026**

	Target for 31 December 2026
Management tier 1 (division managers)	25% or at least 2 persons
Management tier 2 (department managers)	30% or at least 6 persons

**Supervisory Board**

In the period under review, the percentages of men and women on the Supervisory Board complied with the legal requirement of a minimum percentage of 30 per cent.

**VII. Disclosures on the diversity policy for the Supervisory Board and Executive Board**

**Targets for the composition, competence profile and diversity policy of the Supervisory Board**

The Supervisory Board set the following targets for its composition and competence profile:

“The composition of the Supervisory Board should ensure that the Supervisory Board can provide the Executive Board with qualified supervision and advice. With this in mind, it is helpful to have a complementary mix of members from different personal and professional backgrounds, ages and genders.”

**Competence profile**

The candidates proposed for election to the Supervisory Board should be able to use their knowledge, competences and experience to fulfil the role of a Supervisory Board member in a listed company and maintain the public reputation of the freenet Group. As a result, particular attention should be paid to the personality, integrity, commitment and professionalism of the individuals proposed for election.

Members of the Supervisory Board should be collectively familiar with the sector in which the company operates. The Supervisory Board should therefore contain knowledge and experience of freenet’s key business areas, most notably telecommunications, TV and media.

In addition, all knowledge and experience considered to be essential to the freenet Group’s activities should be represented on the Supervisory Board as a whole. This includes knowledge and experience in the areas of information technology, digitalisation with a focus on artificial intelligence and big data, marketing, sales and retail, purchasing and supply chain, customer service and management, law and regulation, compliance, data protection and security, human resources and sustainability as well as corporate communications and external and political relations.

At least one member of the Supervisory Board must have accounting expertise, while at least one further member must have expert knowledge of the auditing of financial statements. In particular, the Supervisory Board should also contain individuals with experience of leading a company of a similar size to the freenet Group by holding a senior position or serving as a

member of a Supervisory Board or comparable body. When preparing to appoint a new member, it is important to check which areas of desirable knowledge need to be strengthened on the Supervisory Board.

### **Diversity**

Care should be taken to ensure sufficient diversity in the composition of the Supervisory Board. In addition to the appropriate representation of women, this also includes diversity with regard to cultural origin as well as differences in educational and professional background, experience and ways of thinking. When reviewing potential candidates to replace or newly appoint Supervisory Board positions as they become vacant, diversity should be considered appropriately at an early stage in the selection process. According to the Stock Corporation Act (AktG), at least 30 per cent of the Supervisory Board's members must be female and at least 30 per cent should be male. The Supervisory Board naturally strives to ensure the equal participation of women and men in accordance with legal requirements when determining its composition.

### **Independence**

The Supervisory Board should consist of an appropriate number of independent members. Material conflicts of interest and those that are more than temporary in nature, such as those arising from positions on executive bodies or consulting roles with key competitors, are to be avoided. Based on the premise that the independence of employee representatives is defined fundamentally differently in various ways, employee representatives should be disregarded when considering the appropriateness of the number of independent Supervisory Board members. As a result, the Supervisory Board as a whole should include at least four employee representatives who are independent in accordance with the German Corporate Governance Code. No more than two former members of the Executive Board of freenet AG may hold seats on the Supervisory Board. Former members of the Executive Board should be elected to the Supervisory Board no earlier than two years after the end of their appointment.

### **Availability**

Supervisory Board members should have sufficient time to fulfil their mandate to ensure that they can do so with due regularity and care.

### **Age limit and length of service**

In accordance with the age limit set out by the Supervisory Board in its rules of procedure, only individuals up to the age of 70 should generally be proposed for election as members of the Supervisory Board. When an individual is nominated, the nomination should take into account the maximum length of service on the Supervisory Board of 12 years as defined by the Supervisory Board. It is considered helpful for different age groups to be represented on the Supervisory Board.

### **Implementing the targets for the composition of the Supervisory Board, including skills profile and diversity policy; independent members of the Supervisory Board**

The Supervisory Board and the nomination committee of the Supervisory Board incorporate the composition targets and the requirements set out in the diversity policy when carrying out the selection process and nominating candidates for the Supervisory Board. Most recently, the Supervisory Board intended to take these targets, including the competence profile, into account when proposing candidates for shareholder representative to the 2022 Annual General Meeting. To allow these competences to be assessed and compared against the targets, the candidates' CVs will be published on freenet AG's website ahead of the Annual General Meeting.

The current composition of the Supervisory Board meets the composition targets and fulfils the skills profile and diversity policy. The members of the Supervisory Board have the professional and personal qualifications considered necessary. They are collectively familiar with the sector in which the company operates and have knowledge, skills and experience that is vital for the freenet Group. The Supervisory Board gives appropriate consideration to diversity. During the 2021 financial year, the Supervisory Board had four female members: two shareholder representatives and two further members on the employer's side. This means the share of women on the Supervisory Board is 33 per cent. The Supervisory Board also has an appropriate number of independent members. According to the Supervisory Board's assessment, all six shareholder representatives are currently independent in accordance with the German Corporate Governance Code. The age limit and maximum length of service on the Supervisory Board of 12 years at the time of election will be taken into account from the 2022 Annual General Meeting.

Members of the Supervisory Board evaluate compliance with the competence profile based on a self-assessment relating to the individual members and the Supervisory Board as a whole.

### **Targets for the composition, diversity policy and long-term succession planning of the Executive Board**

Targets for the composition of the Executive Board are partly derived from the mandatory gender quota, which states that the Executive Board must contain at least one woman and at least one man if it consists of more than three people. This provision will be observed from the next new appointment or extension of the existing appointment of an Executive Board member. The Supervisory Board also stipulated the age limit for Executive Board members of 63 years old at the time of their appointment. When selecting individuals for the Executive Board, the Supervisory Board ensures that the Executive Board has all of the knowledge and experience deemed essential for the activities of freenet AG. It is not currently necessary for the company to follow any other fundamental requirements concerning the composition of the Executive Board as part of a formalised diversity policy.

The personnel committee of the Supervisory Board, which is responsible for making preparations for Executive Board appointments, also oversees long-term succession planning for the Executive Board. This is done regularly when making new appointments or extending existing Executive Board appointments. The committee regularly reviews whether there is reason to give particular consideration to long-term succession planning and consults the chairman of the Executive Board as required. The chairman of the Supervisory Board also communicates regularly with the chairman of the Executive Board about succession options in good time prior to the expiration of Executive Board appointments.

**VIII. Self-assessment of the Supervisory Board**

The Supervisory Board and its committees regularly review the overall effectiveness of the Supervisory Board and how effectively its committees perform their tasks, either internally or with the involvement of external advisers. The Supervisory Board carried out the most recent self-assessment with external support in financial year 2020. No fundamental need for change was identified.