

## ADDITIONAL INFORMATION ON AGENDA ITEM 7

### REMUNERATION SYSTEM FOR MEMBERS OF THE SUPERVISORY BOARD OF FREENET AG WITH DISCLOSURES IN ACCORDANCE WITH SECTION 113 (3) SENTENCE 3 AND SECTION 87A (1) SENTENCE 2 AKTG

The Supervisory Board of freenet AG advises and monitors the management of the company by the members of the Executive Board and carries out the tasks assigned to it by law and the articles of association. It is involved in strategy and planning as well as all issues of material importance for the company. In view of these responsibilities, members of the Supervisory Board should receive appropriate remuneration that also adequately reflects the time required for the office of the Supervisory Board. Appropriate Supervisory Board remuneration in the context of the market also ensures that the company can continue to attract qualified candidates for the Supervisory Board in the future. As a result, appropriate remuneration for Supervisory Board members helps to support the corporate strategy and long-term development of freenet AG.

The updated remuneration, proposed for adoption to the 2021 annual general meeting under agenda item 7 with appropriate changes to article 11 (4) and (5) of the articles of association and to be applicable from 1 January 2021, meets this requirement. The amount and structure of the future remuneration paid to Supervisory Board members are comparable to the remuneration paid to the Supervisory Board members of other listed companies.

The key change to the remuneration for Supervisory Board members proposed under agenda item 7 for resolution and approval compared to the current provision is that only fixed remuneration components will be paid in future under the new remuneration arrangements. The dividend-related remuneration components currently set out in article 11 (5) of the articles of association will be abolished.

This remuneration system is in line with the corresponding proposal in the revised version of the German Corporate Governance Code (GCGC) of 16 December 2019 and is practised by the majority of listed companies in Germany. Focusing the remuneration of Supervisory Board members exclusively on fixed remuneration components also meets the expectations of numerous investors and proxy advisors. In the company's opinion, moving to exclusively fixed and more activity-based Supervisory Board remuneration also enables it to take account of the Supervisory Board's independent advisory and control function to an even greater extent and reinforces the independence of Supervisory Board members. As a result, it makes a notable contribution to the sustained performance of the company.

#### 1. Components of remuneration

Members of the Supervisory Board receive fixed remuneration, fringe benefits (consisting of reimbursed expenses and insurance cover) and, if they are members of a Supervisory Board committee, remuneration for these committee activities, as well as attendance fees.

The dividend-related remuneration previously provided will be abolished with effect from 1 January 2021. The fixed remuneration for Supervisory Board members will be increased to compensate for this. Each member of the Supervisory Board will receive 50,000.00 euros per annum. As before, the chairman of the Supervisory Board will receive double this amount and the vice chairman will receive one-and-a-half times the fixed remuneration of an ordinary member.

To compensate for the discontinuation of dividend-related remuneration, members of the Supervisory Board will also receive remuneration depending on their membership of Supervisory Board committees. From now on, each member of the audit committee will receive additional remuneration of 15,000.00 euros per annum; members of other committees, with the exception of the mediation committee, will receive remuneration of 10,000.00 euros per annum for each committee membership. The chairman of each committee will receive double this amount. Remuneration for membership and chairmanship of the committees only applies if the committees meet to fulfil their duties at least once during the financial year in question (including by means of electronic communication where necessary). This new system is more performance-based than the previous system of dividend-related remuneration, which rewarded all Supervisory Board members irrespective of their actual commitments, as it remunerates Supervisory Board members for actually performing their committee duties. It also does not affect earnings, as the remuneration is not dependent on the payment of a dividend and thus generally ensures lasting commitment to Supervisory Board activities and thus supports the long-term development of the company, even at times when it would not be responsible to distribute a dividend.

The attendance fee of 1,000.00 euros for meetings of the Supervisory Board or its committees in which Supervisory Board members have participated is only being updated insofar as the chairman of the committee no longer receives double this amount. Several meetings on one day are only remunerated once. According to article 9 of

the articles of association, meetings also include those not held in person.

The maximum remuneration figure for Supervisory Board members is fixed at 160,000.00 euros per annum.

Due to the discontinuation of dividend-related remuneration from 1 January 2021, the relative share of fixed remuneration will always be 100%.

The company will continue to take out pecuniary damage liability insurance for the benefit of Supervisory Board members to provide protection against liability risks arising from the Supervisory Board's activities. As before, members of the Supervisory Board will also be reimbursed for expenses incurred in performing their duties, including any value added tax legally owed by them, where applicable.

## **2. Procedure for determining, implementing and reviewing Supervisory Board remuneration**

As before, the annual general meeting decides on Supervisory Board remuneration. In future, however, this must be regularly reviewed and the annual general meeting must pass a corresponding resolution based on a proposal from the Executive Board and Supervisory Board

at least every four years. Although this resolution may not extend beyond the confirmation of Supervisory Board remuneration, it may also provide for a change to the remuneration. In the latter case, this resolution also requires a simultaneous amendment to the corresponding provisions in the articles of association. In both cases, a simple majority of votes cast, which also represents a simple majority of subscribed capital, is sufficient for passing a resolution in accordance with the provisions of article 16 of the articles of association. Before presenting the proposal to the annual general meeting, the Executive Board and Supervisory Board will review the remuneration for members of the Supervisory Board based on publicly accessible and specialist information such as comparative studies, and with the help of external remuneration advisors if required. They will also review any suggestions from investors and shareholders.