

SUPPLEMENTARY INFORMATION FOR AGM 2022

Additional information on agenda items 6 and 7

AGENDA

1 BUSINESS OVERVIEW

2 CURRENT SUPERVISORY BOARD

3 AGM ITEM 6: SUPERVISORY BOARD REFRESHMENT PROCESS

4 AGM ITEM 7: EXECUTIVE BOARD REMUNERATION
SYSTEM

BUSINESS OVERVIEW



OUR VISION

**ALWAYS
THE
RIGHT
CHOICE.**

” As freenet Group we want to be the right choice for all our stakeholders - our employees, our customers, our partners and our shareholders. We are aware of our responsibility to society, and we take this into account through long-term thinking and sustainability in all corporate decisions.

OUR MISSION

GROWTH THROUGH PRODUCTS, SERVICES AND CUSTOMER-CENTRIC INTERACTION



Customer Centricity

- Distribution of selected own products or sourced goods serving individual customer requirements
- Any activity based on deep understanding data



Digital First

- Both for internal business processes and operations
- And for the interaction and transaction with customers and all our stakeholders



Demand Driven

- Competent advice addressing customers' needs
- Taking benefit of learnings from customer contacts for product development and innovation



Customer Proximity

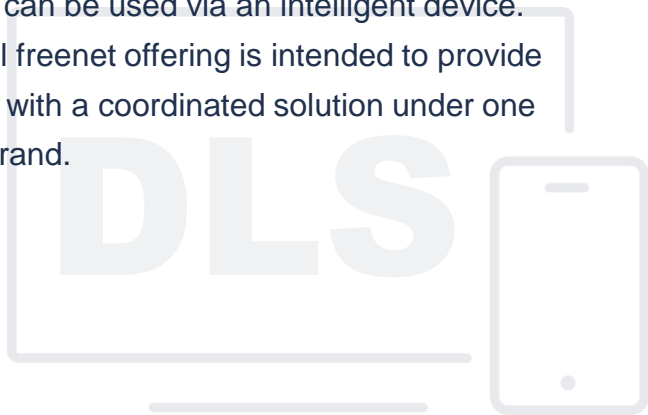
- Making use of the omni-channel platform to serve captive and non-captive channels
- Providing service at all touchpoints seamlessly

OUR STRATEGY

DIGITAL LIFESTYLE

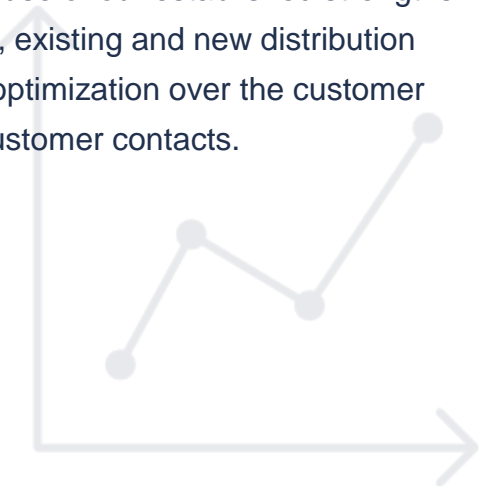
includes telecommunications, Internet, Energy, TV, as well as all services, applications and appliances that can be controlled or connected to mobile devices or can be used via an intelligent device.

The overall freenet offering is intended to provide customers with a coordinated solution under one umbrella brand.



GROWTH

through continuous optimisation and expansion of our digital lifestyle product and service portfolio, making consistent use of our established strengths and competencies, existing and new distribution channels and the optimization over the customer life cycle and all customer contacts.



MANAGEMENT AND REPORTING IN TWO SEGMENTS

MOBILE COMMUNICATIONS

Mobile Service Provider

- Original tariffs of German network operators (MNO tariffs)
- Own tariffs and own mobile communications brands
- Hardware bundling
- Customer Relationship Management

Retail business

Cross Selling (DLS)

- Data-based mobile applications
- Mobile phone accessories
- Home Entertainment
- Home automation application



TV & MEDIA

B2B

- Digital radio (DAB+)
- Transmission of TV-signals
- Generation of broadcasting solutions
- Dynamic Ad Substitution and Web-2-TV-Services



B2C

- freenet TV (DVB-T2 HD)
- waipu.tv (IPTV)



MAJOR FINANCIAL AND NON-FINANCIAL KPIs

2021

2,556

mEUR

REVENUES

234.4

mEUR

FREE CASH FLOW

447.3

mEUR

EBITDA

8,785

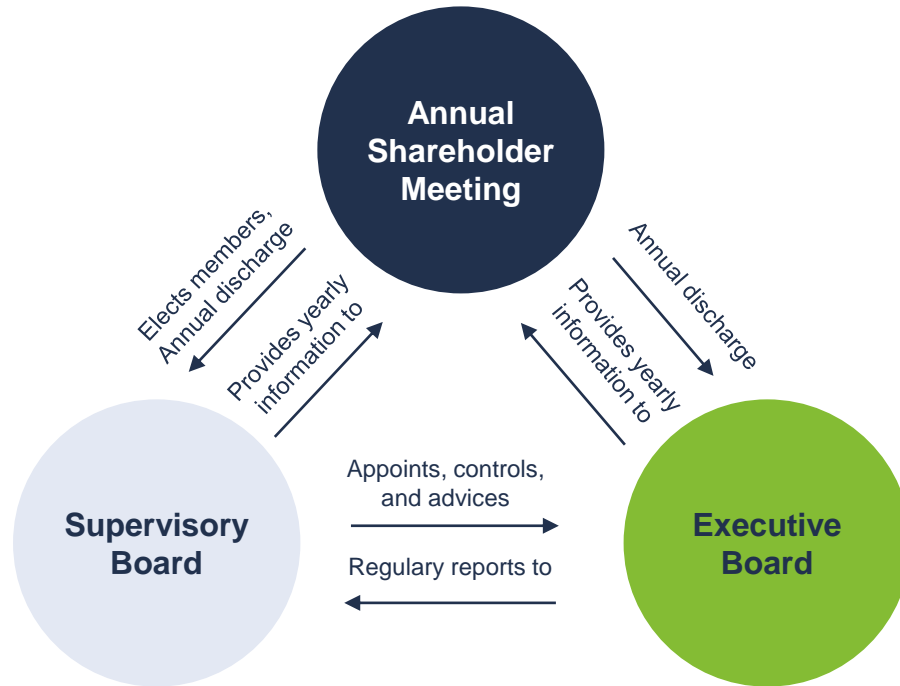
000s

SUBSCRIPTION CUSTOMERS

CURRENT SUPERVISORY BOARD



FREENET'S TWO-TIER GOVERNANCE



FREENET'S SUPERVISORY BOARD WELL BALANCED IN TENURE AND EXPERIENCE

Number of Board Members



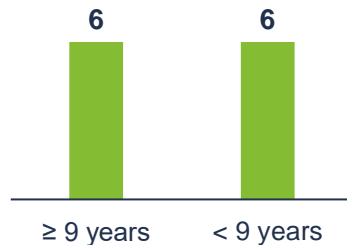
6
Shareholder
Representatives



6
Employee
Representatives

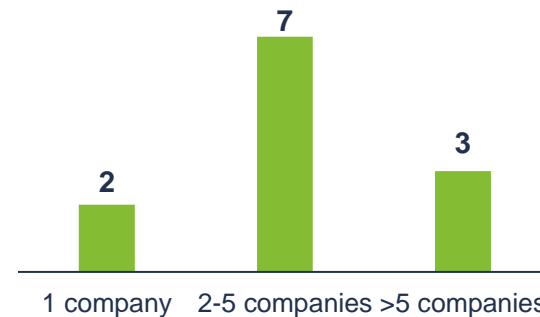
Co-determination

Tenure of Board Members (until end of elected term)



Ø 7.5 years

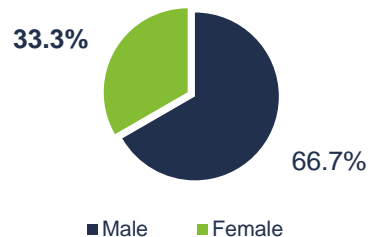
Work experience gained



Ø 4.1 companies

FREENET'S SUPERVISORY BOARD DIVERSE AND INDEPENDENT

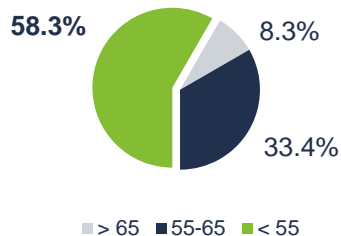
Gender



100% Independence



Age



Nationality




EMPLOYEE REPRESENTATIVES

- According to German Corporate Governance Code (GCGC) out of scope.

SHAREHOLDER REPRESENTATIVES

- All shareholders' representatives classify themselves as independent according to CGCG.
- Supervisory Board considers a number of at least four independent shareholder representatives to be appropriate.

SHAREHOLDER REPRESENTATIVES



Prof. Dr. Helmut Thoma
Chairman of the Supervisory Board
Born 1939
Member since 2005*, ceases 2022

Major competences: TV & Media, Telecommunications, External & Political Relations



Marc Tüngler
Born 1968
Member since 2012
End of Term 2022

Major competences: Capital markets, Corporate Governance, M&A, Marketing, Sales, Supply chain



Sabine Christiansen
Born 1957
Member since 2015
End of Term 2022

Major competences: TV & Media, Marketing, External & Political Relations, Corporate Communications



Thorsten Kraemer
Born 1968
Member since 2007*
End of Term 2022

Major competences: Capital markets, Telecommunications, Finance



Fränzi Kühne
Born 1983
Member since 2017
End of Term 2022

Major competences: Digitalization, Artificial Intelligence, Big Data, Marketing, Human Resources



Robert Weidinger
Born 1962
Member since 2012
End of Term 2022

Major competences: M&A, Accounting, Auditing, Tax, Corporate Governance (Financial Expert)

* with an interruption from 30 June 2011 to 09 May 2012

EMPLOYEE REPRESENTATIVES



Knut Mackeprang
Vice Chairman of the Supervisory Board
Born 1970
Member since 2013, End of Term 2023

Major competences: Corporate Governance, Law, Telecommunications



Claudia Anderleit
Born 1973
Member since 2008
End of Term 2023

Major competences: Human Resources, Corporate Governance, Law



Theo-Benneke Bretsch
Born 1984
Member since 2018
End of Term 2023

Major competences: Telecommunications, IT



Bente Brandt
Born 1971
Member since 2018
End of Term 2023

Major competences: IT, Digitalisation, Artificial Intelligence, Big Data, Telecommunications



Gerhard Huck
Born 1958
Member since 2018
End of Term 2023

Major competences: TV & Media, Human Resources

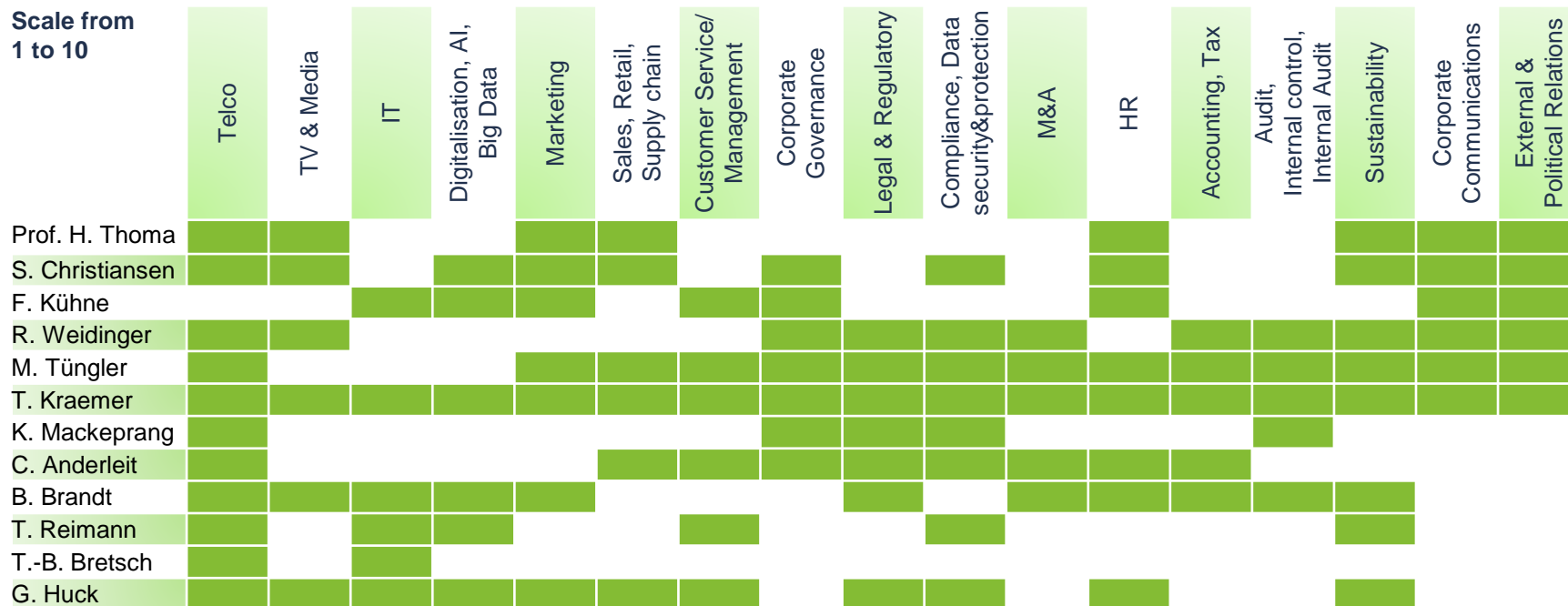


Thomas Reimann
Born 1963
Member since 2017
End of Term 2023

Major competences: IT, Telecommunications

COMPETENCE PROFILE BASED ON SELF-ASSESSMENT

Scale from 1 to 10



FIVE ESTABLISHED BOARD COMMITTEES

Steering Committee

Discusses focal topics and prepares Supervisory Board resolutions

Members

- Prof Dr Helmut Thoma (Chair)
- Thorsten Kraemer
- Knut Mackeprang
- Gerhard Huck

Audit Committee

Responsible for oversight of the financial reporting process, selection of independent auditor, and receipt of audit results both internal and external

Members

- Robert Weidinger (Chair)
- Marc Tüngler
- Bente Brandt
- Thomas Reimann

Nomination Committee

Responsible for suggesting suitable candidates to the Supervisory Board for proposal to the AGM in the run-up to new elections

Members

- Prof Dr Helmut Thoma
- Marc Tüngler
- Sabine Christiansen

Personnel Committee

Responsible for personnel decisions, e.g., remuneration system

Members

- Prof Dr Helmut Thoma (Chair)
- Sabine Christiansen
- Knut Mackeprang
- Claudia Anderleit

Mediation Committee

The mediation committee is constituted in accordance with section 27 (3) of the German Co-determination Act

Members

- Prof Dr Helmut Thoma (Chair)
- Fränzi Kühne
- Knut Mackeprang
- Theo-Benneke Bretsch

For the Supervisory Board rules of procedure see:
[Supervisory Board rules of procedure](#)

For further information on our Corporate Governance see:
[Corporate Governance website](#)

ATTENDANCE RATE OF SUPERVISORY BOARD MEMBERS WAS 100 PER CENT IN 2021

	Supervisory Board		Steering committee		Audit committee		Personnel committee		Nomination committee	
	Number	in %	Number	in %	Number	in %	Number	in %	Number	In %
Meetings/ attendance in %										
Prof. Dr. Helmut Thoma (Chairman)	5/5	100%	1/1	100%			3/3	100%	1/1	100%
Knut Mackeprang (Deputy Chairman)	5/5	100%	1/1	100%			3/3	100%		
Claudia Anderleit	5/5	100%					3/3	100%		
Bente Brandt	5/5	100%			5/5	100%				
Theo-Benneke Bretsch	5/5	100%								
Sabine Christiansen	5/5	100%					3/3	100%	1/1	100%
Gerhard Huck	5/5	100%	1/1	100%						
Thorsten Kraemer	5/5	100%	1/1	100%						
Fränzi Kühne	5/5	100%								
Thomas Reimann	5/5	100%			5/5	100%				
Marc Tüngler	5/5	100%			5/5	100%			1/1	100%
Robert Weidinger	5/5	100%			5/5	100%				
		100%		100%		100%		100%		100%



REGULAR EFFICIENCY REVIEWS SUPPORT CONTINUOUS IMPROVEMENT

freenet GROUP

Efficiency Review

- Efficiency reviews are considered a valuable tool to promote **open discussion** and **continuous improvement**
- freenet's Supervisory Board conducts **external efficiency reviews regularly**
- Supervisory Members provide feedback based on a **detailed questionnaire** that is evaluated anonymously in cooperation with a reputable external advisor
- Results are thoroughly **discussed** in a Supervisory Board meeting

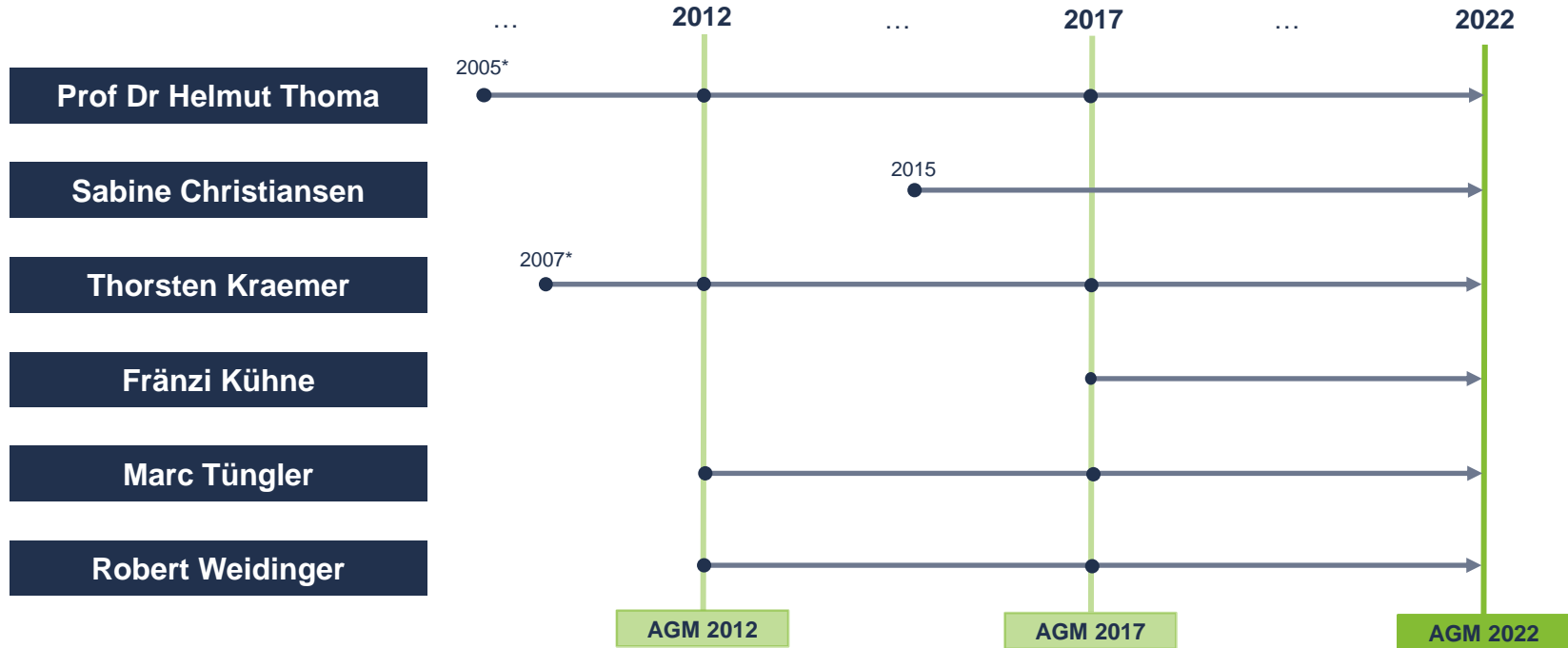
RESULT/ OUTCOME

- ✓ Improvement of discussion culture
- ✓ Improved meeting structure
- ✓ Efficient work of the Board during the pandemic

**ITEM 6:
SUPERVISORY BOARD
REFRESHMENT PROCESS**

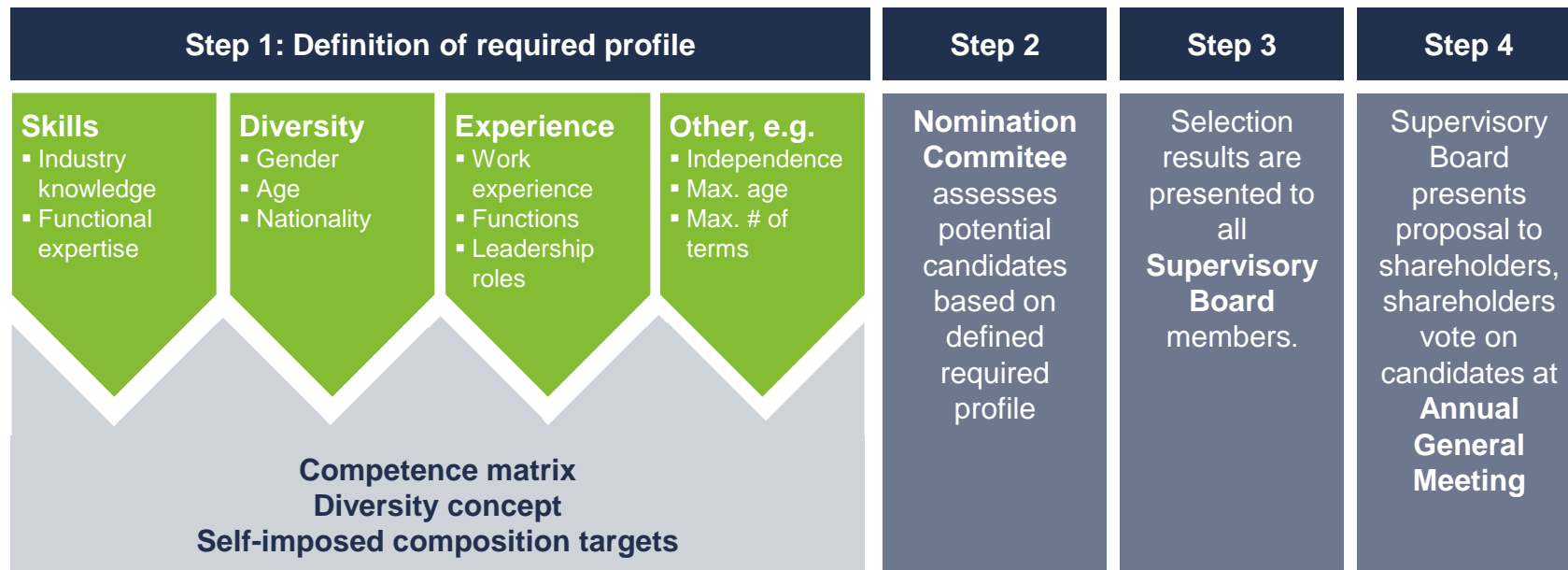
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SHAREHOLDER REPRESENTATIVES TERMS DEMAND ELECTION IN AGM 2022

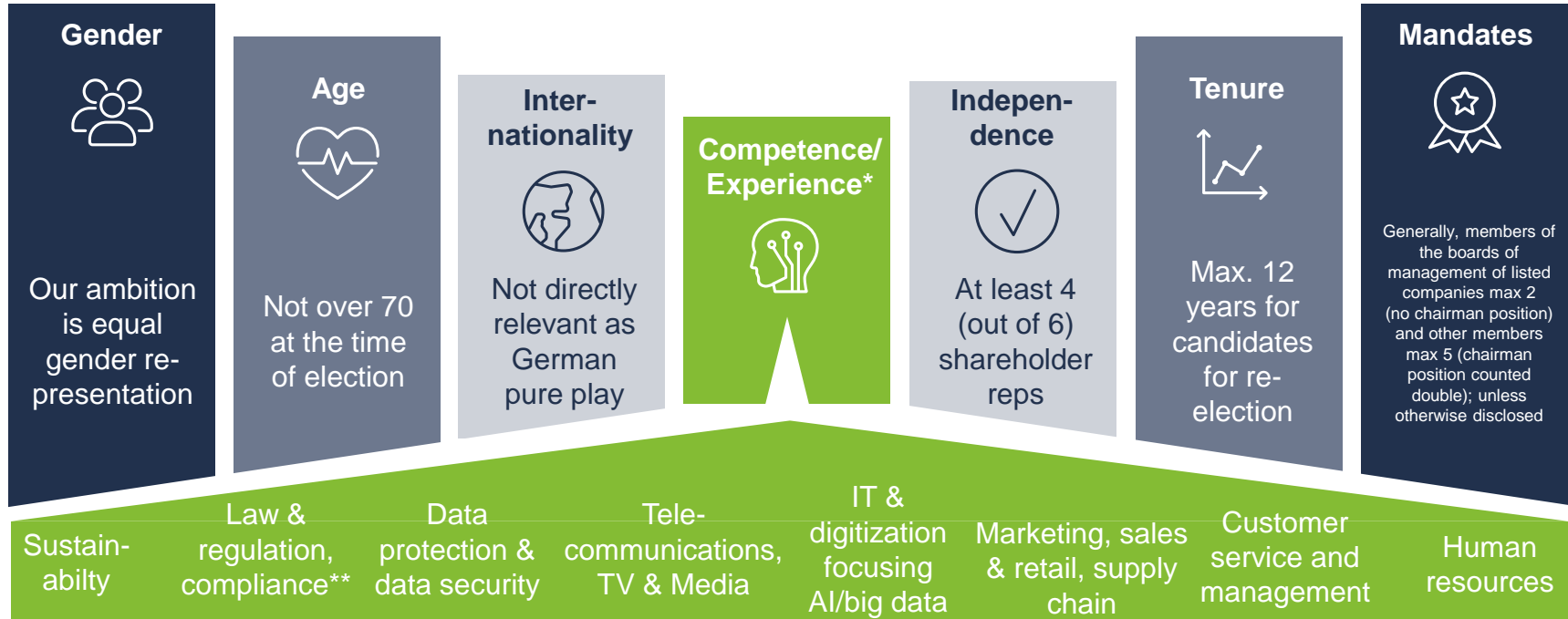


* with an interruption from 30 June 2011 to 09 May 2012

STRUCTURED SELECTION AND NOMINATION PROCESS FOR NEW MEMBERS



DEFINITION OF REQUIRED PROFILE ENSURES FUTURE VIABILITY



*Not all criteria must be met at the same time **At least one accounting expert and one auditing expert required

BOARD REFRESHMENT: POTENTIAL NEW CHAIRMAN

Marc Tüngler

Attorney-at-law and Managing Director of Deutsche Schutzvereinigung für Wertpapierbesitz e.V., Düsseldorf (DSW)



Gender:	Male
Age:	53
Education:	Attorney-at-law
Independence:	YES
Nationality:	German
Mandates (listed):	1

- **Marc Tüngler** has stated that **if he is elected**, he is **available** to serve as the company's **Supervisory Board Chairman**.
- Marc Tüngler is practicing **attorney-at-law** and **Managing Director of Deutsche Schutzvereinigung für Wertpapierbesitz e.V., Düsseldorf (DSW)***. In his various roles, he has acquired in-depth knowledge of stock exchange, capital investment and corporate law.
- Marc Tüngler is a **member** of the **Commission** (*Regierungskommission*) of the **German Corporate Governance Code** since 2015 and represents the group of individual shareholders.
- As a long-standing member of freenet AG's Supervisory Board, he has built up **in-depth knowledge** of the **company**, the Telco industry and has **advised the Executive Board on the company's key strategic decisions** in the past.
- His **major competences** relate to the areas of Capital markets, Corporate Governance, M&A, Marketing, Sales, and Supply chain.

* The statutory task of the DSW is to protect the interests of investors. Taking over supervisory board roles in listed companies is also an integral part of DSW's statutory tasks. The time availability and flexibility as well as the independence of Marc Tüngler in the performance of supervisory board mandates is expressly enshrined in his service agreement with DSW.

BOARD REFRESHMENT: TWO CANDIDATES FOR RE-ELECTION

Sabine Christiansen

Managing Partner of TV 21 GmbH, Berlin



Gender: Female
Age: 64
Education: Business journalist
Independence: YES
Nationality: German
Mandates (listed): 2

Robert Weidinger

Self-employed auditor, tax advisor and corporate finance consultant, Valley



Gender: Male
Age: 60
Education: Tax consultant, auditor
Independence: YES
Nationality: German
Mandates (listed): 0

- The Supervisory Board proposes **two candidates** with many years of experience related to the company and the sector for **re-election**.
- **Sabine Christiansen** and **Robert Weidinger**, together with **Marc Tüngler**, **will ensure continuity** on the Supervisory Board level after proposing three new candidates for election.
- As corporate governance and **financial expert**, **Robert Weidinger** fulfils the requirements of the German Act on Strengthening Financial Market Integrity (FISG), while **Sabine Christiansen** has in-depth expertise in the areas of **TV & Media**, Marketing, and Corporate Communications.
- Both combine a set of competences that is indispensable for the freenet's future development.

BOARD REFRESHMENT: THREE NEW CANDIDATES FOR ELECTION

Prof. Dr. Kerstin Lopatta

Professor of Accounting, Auditing and Sustainability at the University of Hamburg



Gender: Female
Age: 52
Education: Ph.D.
Independence: YES
Nationality: German
Mandates (listed): 1

Miriam Wohlfahrth

CEO of Banxware GmbH, Berlin



Gender: Female
Age: 52
Education: Entrepreneur
Independence: YES
Nationality: German
Mandates (listed): 0

Thomas Karlovits

CEO and CIO of Blackwall Capital Investment AG, Zug, Switzerland



Gender: Male
Age: 52
Education: Business Studies
Independence: YES
Nationality: Austrian
Mandates (listed): 0

- The Supervisory Board succeeded in gaining **three new outstanding personalities**.
- The **selection process** was based on the criteria laid out before.
- In combination, all three candidates have especially extensive knowledge of **ESG, capital markets, regulation, digitalisation matters, and customer management**.
- They are **independent** within the meaning of the German Corporate Governance Code (GCGC).
- The candidates represent the **refreshment** of the Supervisory Board and **balance** the candidates running for re-election.

BOARD REFRESHMENT PROCESS



Required competence profile for freenet AG are covered by the proposed candidates

- The election proposals are in line with the requirements profile developed by the Supervisory Board for the members and the Supervisory Board as a whole. This relates to gender, age, competences, tenure, and mandates.
- Further, all candidates are independent within the meaning of the German Corporate Governance Code (GCGC).

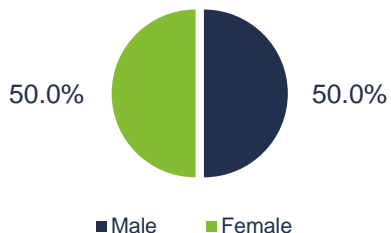


Shortening of the term of office for new Supervisory Board members

- The election of candidates as Supervisory Board members of the shareholders at the Annual General Meeting 2022 is proposed for a term of four instead of five years.
- This is to meet the expectations of many investors and their requirements for a modern corporate governance system.

FREENET'S POTENTIAL SUPERVISORY BOARD AFTER ELECTION (SHAREHOLDER REPS)

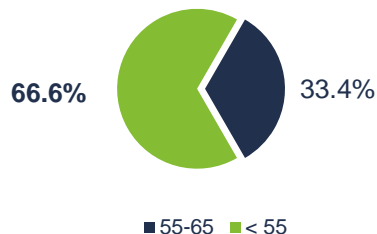
Gender



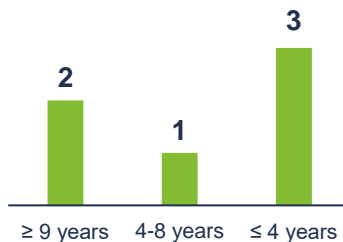
Independence



Age structure



Tenure



- ✓ Gender parity
- ✓ Full independence maintained
- ✓ Average age of Shareholder Reps lowered
- ✓ Average tenure after election below 5.0 years

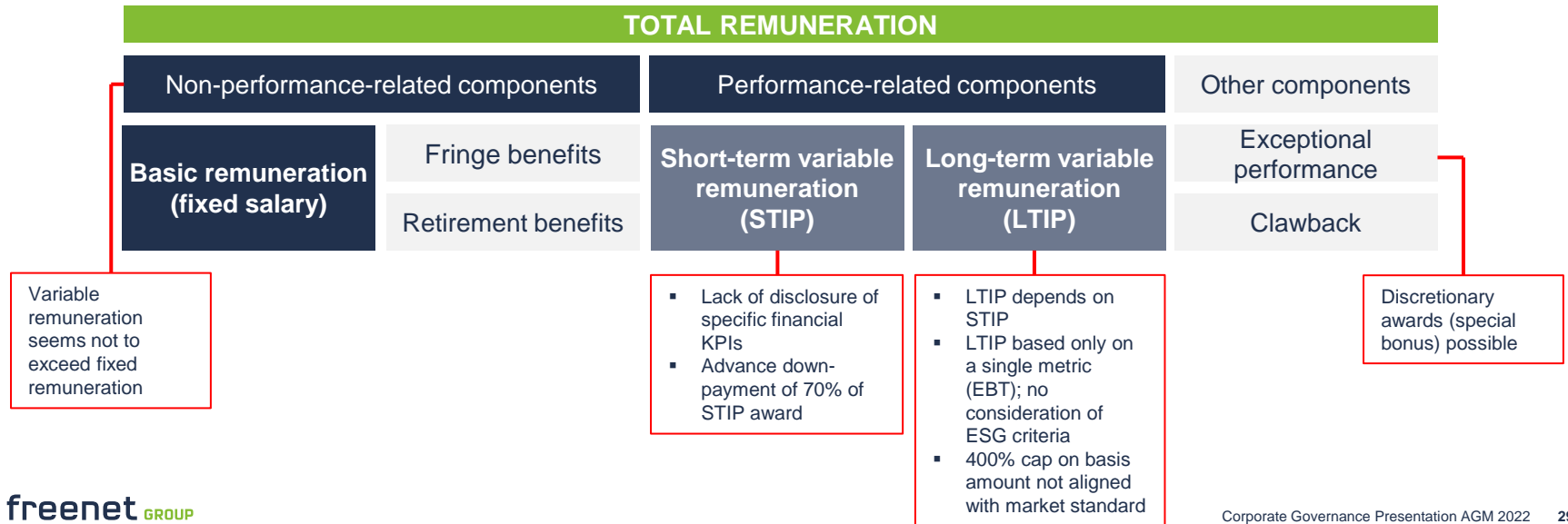
**IMPROVED
SUPERVISORY
BOARD
STRUCTURE**

**ITEM 7:
EXECUTIVE BOARD REMUNERATION
SYSTEM**



CRITICISM OF THE EXECUTIVE BOARD REMUNERATION PROPOSED TO THE AGM 2021

- The Executive Board remuneration system was not approved by 2021 Annual General Meeting
- Despite full compliance with legal requirements of ARUG II as well as the German Corporate Governance Code, the investors expressed the following concerns:



LTIP DESIGN DE-LINKED FROM STIP AND INCLUDES FURTHER PERFORMANCE CRITERIA

Proposed in AGM 2021

New proposal AGM 2022

Plan Type	<ul style="list-style-type: none"> Virtual shares paid out in cash 	<ul style="list-style-type: none"> In line with leading market practice Plan type, i.e. virtual shares, will be maintained
Procedure for determining the allocation amount	<ul style="list-style-type: none"> Allocation amount linked to STIP allocation factor 	<ul style="list-style-type: none"> De-link of the LTIP allocation amount from the STIP achievement
Term	<ul style="list-style-type: none"> 4 years 	<ul style="list-style-type: none"> In line with leading market practice Annual rolling grant with a term of 4 years will be maintained
Performance criteria	<ul style="list-style-type: none"> 100% EBT growth (single metric) 	<ul style="list-style-type: none"> Additional to EBT inclusion of relative performance criteria and ESG target(s): <ul style="list-style-type: none"> Relative total shareholder return (rTSR) as additional performance criteria; Peer group based on listing: MDAX and STOXX Europe 600 Telecommunications (SXKP) Additional ESG targets as separate LTIP targets; KPIs will refer to ESG materiality assessment.

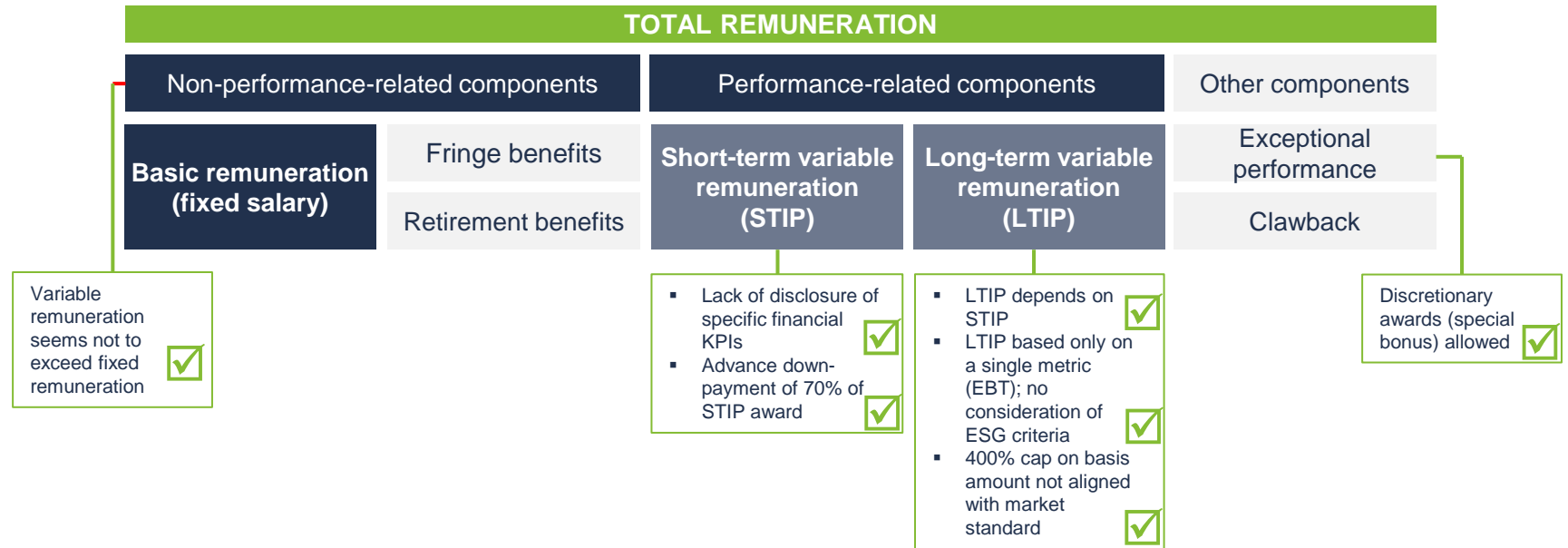
FURTHER LTIP ADJUSTMENTS STRENGTHEN MARKET PRACTICE ALIGNMENT

	Proposed in AGM 2021	New proposal AGM 2022
Target range: EBT	<p>EBT target range:</p> <ul style="list-style-type: none"> ▪ Hurdle (90%): 90% of the target value • Goal (100%): target value • Maximum (200%): 105% of the target value 	<ul style="list-style-type: none"> ▪ Implementation of a broader EBT target range ▪ New entry level at 50% and defined slopes of target achievement up to a maximum level of 200% ▪ Definition of EBT growth rates and calibration of respective target scales will be in line with freenet's business plan
Share price used for virtual share conversion	<ul style="list-style-type: none"> ▪ Average freenet share price over the past 12 months 	<ul style="list-style-type: none"> ▪ Application of a rather usual 60-day average share price at the beginning or end of the performance period, respectively.
Exercise period virtual shares	<ul style="list-style-type: none"> ▪ 2 years exercise period 	<ul style="list-style-type: none"> ▪ Full payout at the date of vesting applying the relevant share price
LTIP cap	<ul style="list-style-type: none"> ▪ 400% of the respective basic amount 	<ul style="list-style-type: none"> ▪ Market standard: LTIP payouts capped at 250% of basic amount; freenet LTIP cap will be aligned accordingly

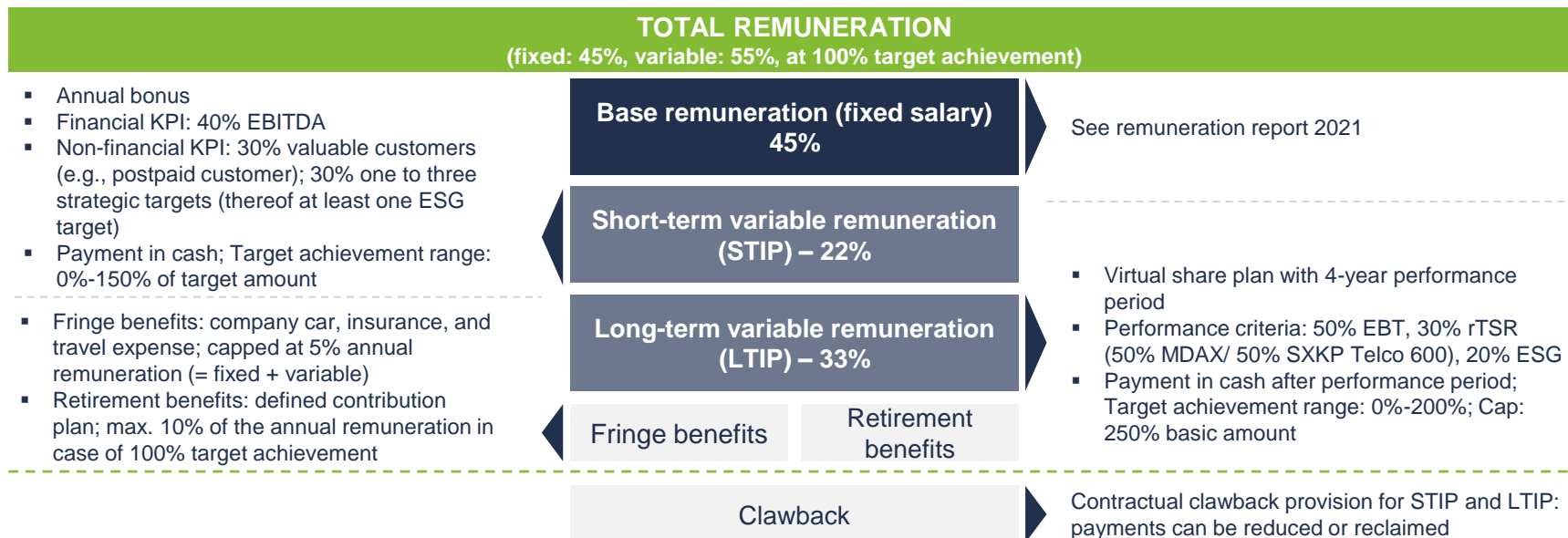
SPECIAL BONUS AND STIP ADVANCE PAYMENT DELETED

	Proposed in AGM 2021	New proposal AGM 2022
Special bonus	<ul style="list-style-type: none"> Includes possibility to grant a special bonus for exceptional performance 	<ul style="list-style-type: none"> Possibility deleted.
STIP advance payment	<ul style="list-style-type: none"> Advanced payment of 70% of STIP (intra-year) 	<ul style="list-style-type: none"> STIP advance payments deleted.
Maximum remuneration	<ul style="list-style-type: none"> CEO: 8 mEUR Ordinary Executive Board members: 4 mEUR 	<ul style="list-style-type: none"> Maximum remuneration amounts decreased: <ul style="list-style-type: none"> CEO: 6 mEUR Ordinary Executive Board members: 3 mEUR
Variable vs. fixed remuneration	<ul style="list-style-type: none"> Variable remuneration > fixed remuneration 	<ul style="list-style-type: none"> New remuneration system design ensures clear overhang of the variable part over the fixed remuneration part.
Disclosure of financial KPIs	<ul style="list-style-type: none"> Financial KPIs provided 	<ul style="list-style-type: none"> Clear stated financial KPIs, which tie into the company steering system provided.

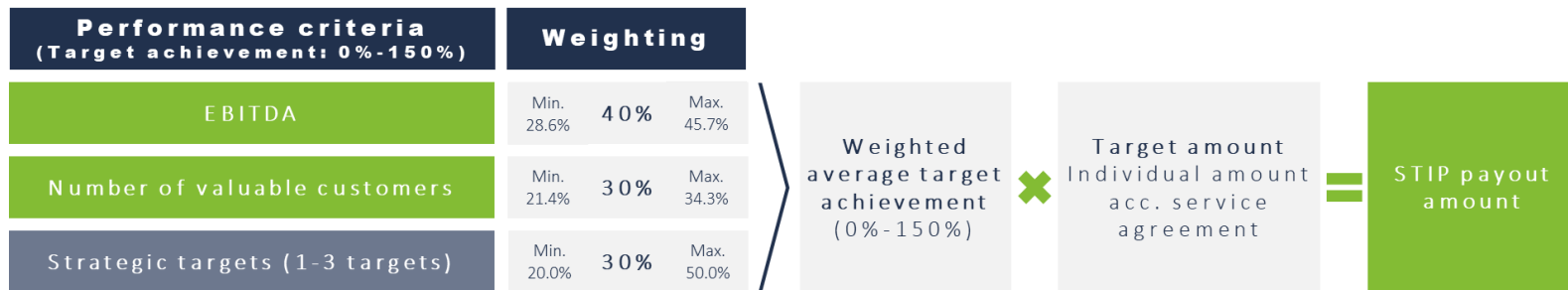
CRITICISM FULLY ADDRESSED AND SYSTEM ALIGNMENT TO MARKET BEST PRACTICE



SUMMARY OF NEW REMUNERATION SYSTEM FOR THE EXECUTIVE BOARD



STIP DESIGN



- Target bonus scheme based on financial and non-financial KPIs
- Performance period: a financial year
- Financial KPI: EBITDA
- Non-financial KPI:
 - Valuable customers mean the strategically relevant subscription customers, e.g., postpaid customer base in the Mobile Communications segment
 - One to three strategic targets (thereof at least one ESG target): Supervisory Board determines strategic goals and performance KPIs for each financial year, considering the respective corporate planning
- Payment in cash; Target achievement range: 0%-150% of target amount

LTIP DESIGN

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

THANK YOU.

FOR FOLLOW-UP QUESTIONS REACH OUT TO:

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