

Declaration on the Corporate Governance Code in accordance with Section 161 of the Stock Corporation Act (AktG)

Since the publication of the last declaration of compliance on 5 December 2017, freenet AG has followed the recommendations of the Code as amended on 7 February 2017 with the following exceptions. In the absence of any other declarations by the company below, it will continue to comply with the recommendations of the Code as amended on 7 February 2017 until further notice.

1. The company has taken out D&O insurance for its board members. No retention agreement has been signed with Supervisory Board members, because it is not evident that this would represent an advantage for the company. It is taken for granted that all Supervisory Board members carry out their duties responsibly. In order to treat all the Supervisory Board members equally, any retention would also have to be set at a uniform level, although the members' personal circumstances vary. A standard retention would therefore constitute a different burden for the individual Supervisory Board members. As their responsibilities are the same, this does not seem appropriate. (Code clause 3.8 (3))
2. The company has a strong commitment to transparent reporting. This also applies to the remuneration of the Executive Board members, the separate components of which are disclosed and discussed individually in the remuneration report. Nonetheless, the Executive Board and Supervisory Board have decided not to use the sample tables in the remuneration report to depict the Executive Board's remuneration. Although the service contracts with the Board members provide for caps, there is a risk that the disclosure of maximum amounts for share-based remuneration components creates an impression which is inconsistent with the actual assumptions for the performance of the share price. (Code clause 4.2.5 sentence 5 and 6)
3. With regard to the appointment of new members to the Executive Board in 2018, the Supervisory Board appointed those candidates who were most suitable particularly on the basis of their knowledge and skills which they had acquired during their many years of service in the company. For the purpose of appointing these persons, the Supervisory Board did not focus on the criteria for the composition of the Executive Board set out in Code clause 5.1.2 (1); the Supervisory Board is of the opinion that these criteria will also be of a subordinate nature, when compared with the actual suitability of specific candidates, in the case of future appointments. (Code clause 5.1.2 (1))

4. No age limit has been set for members of the Executive Board and Supervisory Board. It is not evident why qualified individuals with relevant professional and life experience should not be considered as candidates solely on the grounds of their age. (Code clause 5.1.2 sentence 8 and 5.4.1 sentence 2)

5. The Supervisory Board does not provide any concrete targets for its composition, as defined in clause 5.4.1 (2) and 5.4.2 sentence 1. Thus, it does not create any competency profile for the full Board. It can therefore not follow the recommendations given in clause 5.4.1 (4). When proposing new members for election, the Supervisory Board has previously been guided solely by their suitability. The Supervisory Board is convinced that this has proven to be effective. It therefore sees no need to change the procedure. (Code clause 5.4.1 (2), (4) and 5.4.2 sentence 1)

6. Clause 5.4.6 (2) of the Code recommends aligning performance-related compensation for Supervisory Board members with the sustained performance of the company. The Supervisory Board's variable remuneration is set according to the dividend for the past financial year, in line with Section 11 (5) of the company's Articles of Association. This form of variable remuneration has proven its worth in the past. Furthermore, the company's dividend policy as communicated to financial markets, which is based on free cash flow, is aligned with the company's sustained performance. Linking variable remuneration to this dividend strategy therefore also serves the company's sustained performance. For this reason there is no intention of changing the Supervisory Board's variable remuneration. Code clause 5.4.6 (2))

Büdelsdorf, 4 December 2018

Supervisory Board

Executive Board