

Remuneration Policy for Members of the Management Board

Introduction

As HT is part of the Deutsche Telekom Group (hereinafter "the Group") and included in the consolidated financial statements of Deutsche Telekom through full consolidation, the Supervisory Board of HT adopted the Group Policy – Performance Management for Executives in Groups MG1 to MG3 and the Global Compensation Guideline for Executives in Management Groups MG1 to MG3, for application to members of the Management Board of HT.

The remuneration structure for members of the Management Board (managers) and the performance management model were determined on the basis of the Guiding Principles and the Management Principles. Their purpose is to support, reward and recognize the achievements of managers and their contribution to the success of the Company and the Group. This Remuneration Policy for Members of the Management Board is based on the principle of attracting, motivating and retaining highly qualified professionals with the aim of promoting good and efficient management. The Policy aims to ensure a balanced, sustainable and transparent remuneration of members of the Management Board, which strongly encourages a culture of performance, long-term strategy of the Company, increases the readiness to take entrepreneurial responsibility and identification with the Company and thus increases the Company's value in the medium and long term. This leads to a greater balance of management and stakeholders interest.

In order to implement these policies, a standardized system of job evaluation at the global level has been implemented within the Group. The system is based on a standardized procedure that is established at the international level (currently it is the Hay Group classification system).

Job evaluation provides an objective and transparent basis for determining the remuneration elements for executives.

All managerial functions are evaluated on the basis of standard criteria and are assigned to management groups MG1 to MG3. Factors of a personal nature have no effect on classification.

The result obtained on the basis of evaluation criteria must clearly reflect the contribution of each function to increasing the value and success of the Company and enable internal and external comparisons of managerial positions.

Elements of remuneration

Members of the Management Board (managers) receive an annual target salary and additional benefits in the form of long-term remuneration elements (Long-Term Incentive, Share Allocation Plan) and additional benefits and spot bonuses.

Annual target salary

The annual target salary is agreed in individual employment contracts. It consists of a fixed basic annual salary and a performance-dependent variable component (Short-Term Incentive - STI).

The annual target salary is reviewed as part of a procedure that is repeated every year, provided that funds are approved for this purpose.

Short-term Incentive (STI)

In addition to a fixed base annual salary, the annual target salary also includes a variable performance-dependent component, short-term incentive (STI). The share of STI in the annual target salary depends on the management group to which the position of a member of the Management Board belongs.

STI rewards the achievement of collective targets over a period of one year.

Collective targets are divided into financial and non-financial targets.

The Supervisory Board sets annual targets based on the adopted Business Plan. After determining the annual financial statements, the Supervisory Board evaluates the achieved targets and determines the target achievements as a basis for calculating the payment.

Spot Bonus

To recognize outstanding personal performance and personal achievements, it is possible to award a Spot Bonus (a bonus that is awarded immediately upon achievement) as a one-time payment. Even in the case of re-payment based on a Spot Bonus as a voluntary benefit provided by the employer, the right to any future award is not exercised. The decision is made by the Supervisory Board.

Long-term Incentive (LTI)

Long-term Incentive (LTI) is a long-term component that can be awarded in addition to the targeted salary. It is a voluntary element of remuneration aimed at the long-term success of the Group and at increasing the value of the Company. Even in the case of re-issuance under the LTI as a voluntary benefit provided by the employer, the right to any future assignment is not exercised.

The decision to issue an LTI in a certain year is exclusively within the competence of the competent body of the Deutsche Telekom Group and the Supervisory Board of the Company. This also applies to individual eligibility criteria for granting incentives.

The details are governed by the general terms and conditions of the relevant plan.

The Long-Term Incentive (LTI) is a four-year cash program linked to the performance of four Deutsche Telekom indicators:

- a) ROCE (return on capital)
- b) adjusted EPS (earnings per share)
- c) Customer satisfaction
- d) Employee satisfaction

Payment is always made after the expiration of the program and the assessment of the level of success of the goals on a scale of 0 - 150%, and the achievable amount is 30% of the annual target salary.

Incentive plan for repetitive exceptional performance (Repeated Performance Incentive – RPI)

The purpose of the incentive for repeated exceptional performance is to provide an incentive for outstanding collective performance, which is measured by exceeding a defined key indicator (KPI), which is included in the annual collective targets. RPI is a four-year program. If the objectives defined by the rules are achieved in two consecutive years, the first year is considered only the year of acquisition. The achievement of the key performance indicator defined for the program should be assessed in the context of the financial planning process. A key performance indicator is attached to unadjusted EBITDA.

In addition to the management group, the condition for participation in the Plan is defined by the level of management. The level of management of the manager on January 1 of the year in question, no later than July 1 (in case the manager exercises the right to participate in the first half of the year) is mandatory for participation. The amount of the bonus depends on the level of management, the achievement of the Company's goals and the number of consecutive years of achieving performance above expectations.

Share Matching Plan (SMP)

Share Matching Plan is a long-term voluntary remuneration instrument on the basis of which the managers of Deutsche Telekom (DT) and participating companies within Deutsche Telekom Group enter into the ownership structure and which enables them to benefit from the success of the share.

The obligatory precondition for participation in the SMP is that the executive invests in the DT's share indicated in a certain plan ("personal private investment"). Plan participants purchase DT shares based on an offer to eligible executives for the participation in the respective SMP. After a certain period of prohibition of trading in shares, the manager is awarded bonus shares. The number of bonus shares is proportional to the number of shares purchased by the manager.

The decision on the issuance of SMP in a certain year and on individual eligibility criteria for the allocation of treasury shares is the responsibility of the competent body of the Deutsche Telekom Group and the Supervisory Board of the Company.

The details are governed by the general terms and conditions of the relevant plan.

Share Matching Plan (SMP) as an instrument of long-term remuneration is mandatory for the President of the Management Board and voluntary for the members of the Management Board.

Fringe benefits

In addition to the above components, remuneration may include other additional benefits. Additional benefits are non-monetary benefits and services provided by the company and benefits in kind, e.g. benefits after work in the Company, mobility services (e.g. official vehicle), education, etc.). They may be granted in the form of voluntary or compulsory benefits provided by the employer.

Individual employment contracts

The contract with a member of the Management Board is concluded for the period of his/her appointment, which can be from three (3) years to five (5) years. It sets out the rights and obligations of a member of the Management Board, including the provisions on remuneration,

and the obligations based on his / her powers in the Management Board.

The contract may be terminated in accordance with legal provisions. The obligation to pay severance pay arises in the event of termination of the contract during its validity by the employer, unless the contract is terminated for reasons conditioned by the unlawful conduct of a member of the Management Board. The severance pay is limited to the amount of twelve (12) average monthly gross salaries paid to the member of the Management Board, i.e. to the amount of the annual target salary.

The annual target salary, variable components related to work and other elements of remuneration and other non-monetary remuneration and services are determined by an individual contract for each member of the Management Board approved by the Supervisory Board at the proposal of the Compensation and Nomination Committee.

The annual target salary is determined in individual contracts on the rights and obligations of members of the Management Board and contains a fixed basic annual salary and a variable related to performance, the so-called short-term incentive (STI).

- a) The ratio of fixed basic annual salary and short-term incentive (STI) within one annual target salary is 60:40 for the President of the Management Board.
- b) For other members of the Management Board, the ratio of fixed basic annual salary and short-term incentive (STI) within one annual target salary is 70:30, as included in the employment contract.

An individual contract of a member of the Management Board may include additional benefits: official car allocation, accommodation, education or training costs, payment into a pension fund, children's tuition, life and accident insurance, relocation costs, other non-monetary benefits and services, depending on the member's individual situation administration.

In the event of changes in circumstances and the situation in the Company that would significantly affect the ability to meet mutually agreed rights and obligations, the Supervisory Board has the right to adjust the agreed terms and parameters of remuneration to take into account the effects of changed circumstances.

In order to protect the legitimate interests of the Company, the contractual provisions include clauses to avoid conflicts of interest, prohibition of competition, protection of business secrets of the Company, protection of data secrecy and telecommunications secrecy and protection of personal data in accordance with applicable regulations.

The Supervisory Board, with the support of the Compensation and Nomination Committee, monitors the implementation of admission policies and individual contracts on an annual basis.

The Supervisory Board reserves the right to change these Policies in the event of changes in market circumstances and in such a case will submit to the Assembly for approval a proposal for changes with an explanation to the General Assembly in accordance with applicable regulations.



Chairman of the Supervisory Board

Jonatan Richard Talbot