

Explanations concerning the proposed compensation system for Board of Management members (Item 9 of the agenda)

In point 4.2.5 of the new compensation proposal, the Supervisory Board is granted the right to, in exceptional circumstances, grant a member of the Board of Management a bonus for extraordinary performance for services that are particularly beneficial to the company.

Some questions were posed regarding this point in the run-up to the shareholders' meeting and we would like to address these questions here by providing the following explanations.

- **What were the Supervisory Board's reasons for including this point in the compensation proposal?**

The Supervisory Board wishes to have the option of being able to grant such a payment in the event of such extraordinary developments. In such a case, the Supervisory Board will naturally ensure that such a payment is appropriate. Furthermore, such a payment will only be made when the performance for which a bonus is to be granted has an extraordinary positive impact on the long-term orientation and strategy of Deutsche Telekom AG.

- **For what cases will such a bonus be made?**

An example of this approach is the bonus for extraordinary performance that was made in 2020 in the context of the approval for the T-Mobile US and Sprint merger. It took an extraordinarily long time for this transaction to be concluded – even for a merger of this magnitude. The success of the transaction will have a significant impact on the long-term strategy and orientation of the Deutsche Telekom Group. Following intensive discussions, the Supervisory Board only granted the Chairman of the Board of Management such a payment and not the current Board of Management team as the Chairman's impact and involvement during the merger process that lasted several years was extraordinary.

- **Have you made such payments regularly in the past?**

The Supervisory Board is very restrictive when it comes to granting such payments. The payment made to Mr. Höttges in 2020 (EUR 600,000) is the first time such a large payment has been made. In the past, bonuses for extraordinary performance of a significantly lower value were granted for cases such as assuming responsibility for a vacant Board of Management department on an interim basis.

- **What are the requirements for the payment?**

It must be ensured that the performance was truly extraordinary and that it went far beyond the normal extent of the respective Board of Management member's responsibility. It must also be ensured that such a payment is appropriate. In future, the Supervisory Board will also only grant such a payment if the performance in question has an extraordinarily positive effect on the long-term orientation and strategy of Deutsche Telekom AG.

- **Do the upper payment thresholds as agreed in point 7 include a special bonus payment?**

The threshold of the maximum total compensation for the member of the Board of Management includes a special bonus payment. Consequently, the maximum upper compensation threshold is not violated by a bonus for extraordinary performance.

