Remuneration system for members of the Management Board of 1&1 Aktiengesellschaft ("Company")

1. Introduction

As from the 2025 General Meeting, this remuneration system will be the basis for entering into new service contracts with the members of the Management Board. In addition, immediately after the 2025 General Meeting, or conditional on the approval of this remuneration system by the Annual General Meeting, service contracts will be concluded between the Company and its Management Board members that fully comply with this remuneration system. While this will not affect any existing SAR arrangements made with the members of the Management Board, their contents complies with the requirements of this remuneration system.

The remuneration for members of the Company's Management Board is oriented toward sustainable and long-term corporate development. Management Board members should be remunerated reasonably and as appropriate for their responsibilities and duties. When determining the amount of remuneration, the following have to be considered: the economic situation, the success of the Company, the personal performance of the respective Management Board member, the interests of the Company's stakeholders and social issues. Remuneration is intended to create an incentive to be successful with regard to all these aspects. Such success is to be achieved in the long term, which is why the remuneration must not encourage the taking of short-term risks.

The system for remunerating members of the Management Board is designed to be straightforward, clear and understandable. It complies with the requirements of the German Stock Corporation Act (AktG) and, with the exceptions outlined below, takes into account the recommendation of the German Corporate Governance Code as amended on 28 April 2022 (GCGC).

2. Remuneration system, procedure, peer groups and remuneration structure

The Supervisory Board establishes and regularly reviews the Management Board remuneration system in compliance with legal requirements. After determining the remuneration system, the Supervisory Board submits it to the General Meeting for approval. If approved by the General Meeting, the remuneration system will be resubmitted to the General Meeting for approval in the event of significant changes, but at least once every four years. If the remuneration system is not approved by the General Meeting, the Supervisory Board will submit a revised remuneration system no later than at the next Annual General Meeting. The system complies with the provisions of the German Stock Corporation Act (AktG) and the GCGC applicable to the handling of conflicts of interest.

The remuneration of each Management Board member is determined based on the remuneration system. The Supervisory Board determines the specific target total remuneration for each individual member of the Management Board. This remuneration must be appropriate to the Management Board member's own tasks and performance as well as to the enterprises' overall situation and performance, and it must not exceed the usual level of remuneration without specific reasons.

To determine whether the specific total remuneration is customary, it is compared with that of other companies (**horizontal comparison**) and in relation to the remuneration paid within the Company (**vertical comparison**).

The external (horizontal) comparison considers companies that belong to comparable sectors and/or are also listed on the TecDAX/SDAX, and are comparable to the Company in terms of market position, revenue and headcount. The composition of the peer groups is disclosed. In doing so, the Supervisory Board also consults the findings of independent providers of remuneration studies and the published annual and remuneration reports of comparable companies, and seeks advice from experienced remuneration consultants that are independent of the Management Board and the Company. When making internal (vertical) comparisons, the Supervisory Board takes into account Management Board remuneration in relation to the remuneration of senior managers and the workforce as a whole, including the companies of the 1&1 Group affiliated with it, and how remuneration has developed over time. The Supervisory Board also makes these comparisons when determining the remuneration system as a whole.

The total remuneration of Management Board members consists of (i) a fixed, non-performance-related basic salary, (ii) fringe benefits and (iii) a variable, performance-related component. The variable component, in turn, consists of a short-term and a long-term component. To determine the specific amount of each remuneration component, the remuneration system provides for ranges and limits, within which the Supervisory Board operates in order to set the total remuneration, taking into account the variable component.

Overview of the remuneration structure	
Non-performance-related remuneration components	
Basic remuneration	Fixed salary, paid monthly
Fringe benefits/other remuneration	Insurance cover (D&O etc.); company car; housing, relocation, estate agent, home travel and tax consultancy costs to a certain extent; special allowances and signing bonus if applicable
Performance-related remuneration components	
Short-term variable remuneration	STI: based on the achievement of specific targets (key revenue and earnings figures; operational/strategic aspects; personal performance; non-financial performance criteria (ESG))
Long-term variable remuneration	Participation in the SAR Plan; participation in the increase in value of the Company’s shares; term: 5 years.

As a rule, total remuneration also covers activities on behalf of affiliated companies, associated companies and investees, as well as positions on the boards of such companies.

Where such positions are assumed, any remuneration paid (e.g. attendance fees) as a rule is offset against total remuneration and deducted from the short-term incentive to be paid, taking into account tax requirements. With regard to remuneration for positions in associated companies and investees, the Supervisory Board may agree something different with the Management Board member concerned.

3. Contribution of remuneration to promoting the corporate strategy and supporting the long-term development of the Company

The remuneration system for the members of the Company's Management Board is designed to remunerate them in accordance with their duties and responsibilities, their performance and the success of the Company. The remuneration of the members of the Company's Management Board promotes its corporate strategy in a number of different ways:

In the context of short-term variable remuneration, targets are agreed with the Management Board members which ensure economic success by meeting certain key performance indicators (KPIs). Furthermore, individual targets are agreed, which may also include specific strategic targets. The inclusion of target criteria relating to environmental and social aspects is also intended to reward success with regard to social issues.

With its focus on the Company's share price and multi-year term, the long-term variable remuneration ensures that there is an incentive for long-term economic success. In addition, the interests of the Company and its shareholders are linked to those of the Management Board over the long term. Each Management Board member thus participates in the long-term success of the Company, but must also shoulder negative economic developments together with the Company. This system encourages Management Board members to adopt an entrepreneurial outlook with a long-term perspective in the interests of the Company.

4. Non-performance-related remuneration components: Fixed remuneration and fringe benefits

Fixed remuneration serves as a guaranteed basic remuneration and is paid monthly as a salary. Fixed remuneration is reviewed at regular intervals and adjusted where necessary. Each review also includes a comparison with internal and external peer groups (see above). Management Board members who join or leave the Company during the year receive a pro-rata fixed annual salary. In the event of absence from work for health reasons, remuneration shall continue to be paid for a period of three months and in the event of absence due to illness as a result of an occupational accident, remuneration shall continue to be paid for a period of six months, offsetting any and all benefits paid to the Management Board member by statutory or private health insurance for loss of earnings.

The standard fringe benefits are

- directors and officers' liability insurance (D& O insurance) with deductible pursuant to Section 93 (2) Sentence 3 German Stock Corporation Act (AktG), as well as criminal liability insurance which covers not only the activities of the Management Board member as a board member of the Company, but also as a possible member of other boards of the companies of the United Internet AG Group, and

- a company car with the option to use it for private purposes (alternatively, a car allowance or a BahnCard pass).

The Company also pays a portion of health and nursing care insurance.

In addition, the following fringe benefits may be granted as part of the onboarding of new Management Board members:

- Coverage of reasonable relocation and/or estate agent costs
- Coverage of housing costs customary to the location (e.g. as an allowance for maintaining two households) for a reasonable period of time Coverage of market-rate monthly allowance for family trips home (round trip) for a reasonable period of time
- Coverage of market-rate tax consultancy fees in connection with establishing the employment relationship
- Coverage of market-rate tax consultancy fees for special matters (e.g. involving foreign countries) during the employment relationship

In addition, the Supervisory Board may grant new Management Board members a signing bonus when they transfer from another employment relationship in order to compensate them for lost remuneration under their previous employment relationship. In such cases, the amount of the signing bonus is to be offset against any payment claims under the long-term variable remuneration scheme. If a Management Board member leaves the Company at their own request before the signing bonus has been fully offset, the Management Board member must repay the outstanding amount of the signing bonus to the Company. The Supervisory Board is permitted to reach an agreement with the Management Board member according to which the amount to be repaid is reduced pro rata over a longer period of time, in which case the period of time shall be less than 24 months after commencement of employment with the Company only in justified exceptional cases.

Moreover, in justified exceptional cases – e.g. if a Management Board member assumes further responsibilities in addition to their actual responsibilities (e.g. due to the illness or absence of a Management Board colleague or a reallocation of responsibilities) – a reasonable increase in fixed remuneration appropriately reflecting the change is also permitted.

Retirement benefits are not granted.

5. Performance-related remuneration components

Short-term variable remuneration (short-term incentive ("STI"))

In addition to basic remuneration, each Management Board member is entitled to an STI, the reference period of which is the respective fiscal year of the Company. A target figure is set for the STI in each Management Board member's service contract; the target figure is earned if the agreed targets are met in full (= 100%). The targets are set by the Supervisory Board at the beginning of each fiscal year. The following targets may be considered:

STI targets	Share of STI (min/max)
Growth in key revenue and earnings figures (e.g. EBITDA), as well as capital efficiency metrics (e.g. ROI) of the 1&1 Group	50-70%
Strategic targets (e.g. business performance, increase in efficiency, market exploitation)	5-25%
Personal strategic performance targets (e.g. being responsible for specific projects)	5-25%
Non-financial performance criteria, such as stakeholder concerns, environmental and social issues (ESG elements)	5-20%

The Supervisory Board may deviate from the above-mentioned percentage recommendations for weighing individual targets in order to achieve an appropriate target structure. The Supervisory Board sets the individual targets before the start of a performance period.

The various categories allow the Company to align short-term incentives with its interests in the most effective way:

Revenue (growth) and earnings (especially EBITDA) of the 1&1 Group are the key criteria for assessing its economic success in the past fiscal year. This category should therefore account for the largest share of STI targets. It rewards the commitment and contribution of the respective Management Board member to the benefit of the Company and the 1&1 Group. A lack of economic success has a direct negative impact on the remuneration of each Management Board member.

Strategic targets, on the other hand, set specific incentives for the achievement of certain short-term parameters or the implementation of measures and can more accurately reflect certain forward-looking operational and strategic decisions than the 1& 1 Group's revenue and earnings. These targets are to be set for the Management Board as a whole.

Personal performance targets can be set for individual Management Board members as an incentive for the successful completion of specific projects for which the Management Board member is responsible, the solving of individual challenges related to their area of responsibility, and the achievement of specific KPIs related to their area of responsibility (e.g. customer satisfaction).

ESG elements are mandatory and, in contrast to the preceding categories, primarily serve the interests of stakeholders and environmental objectives. The Supervisory Board should use this target component to bring social issues to the attention of Management Board members and create an incentive to address such issues. Due to the diversity of conceivable issues, the range here is wide. For this reason, the Supervisory Board should respond dynamically to social and environmental challenges when setting targets. The ESG elements are not limited to issues outside the 1&1 Group, but should also serve to solve corresponding challenges within the Company and its affiliates (e.g. diversity).

As a rule, a range of 90% to 120% is used for target achievement. When setting targets, the Supervisory Board may determine whether this range applies to each target category (using the average of the sub-targets), to all targets (categories and sub-targets) individually, or to the average of the individual target achievements (target categories and sub-targets or only target categories). In the year in which a member joins the Management Board, particularly in short fiscal years, the Supervisory Board may guarantee the Management Board member a minimum amount of the STI for the first 6 to 12 months of their term of office. A part of this minimum amount may also be paid to the Management Board member on a monthly basis.

Different targets may be set for the individual Management Board members. However, revenue and earnings targets shall always be set uniformly.

The Supervisory Board discusses and determines the degree of fulfilment of the STI at its meeting following the adoption of the annual financial statements of the 1&1 Group. The Supervisory Board prepares this meeting together with the Management Board members and the responsible departments, so that the Supervisory Board has access to the complete information required for the assessment and, if necessary, to additional expertise.

Target achievement in the revenue and earnings category is based on the key figures determined by Corporate Financial Affairs & Investor Relations. Revenue and earnings targets are part of the forecast, and the comparison of actual and target figures is based on the audited annual financial statements.

The Supervisory Board determines the degree to which the operational and strategic targets have been met by assessing the concepts submitted by the Management Board and any other documents that may be required. The achievement of personal performance targets is also determined by the Supervisory Board on the basis of documents submitted by the Management Board (and any additional external expertise that may be required). The Supervisory Board takes into account the defined key figures and success criteria in determining the target achievement of ESG elements.

After the conclusion of this Supervisory Board meeting, the STI is paid out with the next salary payment, unless further circumstances need to be identified.

If a member joins or leaves the Management Board during the year, the individual target amount is reduced by 1/12 for each month in which the Management Board member is not a member of the Management Board or the Management Board member is on leave or their employment is suspended.

Long-term variable remuneration (long-term incentive ("LTI"))

A plan based on virtual stock options (Stock Appreciation Rights – SAR) serves as an LTI ("**SAR Plan"**). However, the Company reserves the right to fulfil its obligation to pay the SAR, at its own discretion, either in cash or by transferring shares to the participants.

Description of the SAR Plan of 1&1 AG	
Purpose	Participation in the appreciation of 1&1 AG shares
System	Issuance of a number of SARs that can be exercised to a certain extent at certain times. Vesting takes place in four steps: 1. 25% of the SARs are exercisable for the first time after two years, 2. a further 25% of the SARs are exercisable for the first time after three years, 3. a further 25% of the SARs are exercisable for the first time after four years, 4. and the remaining 25% of the SARs are allocated and exercisable for the first time after five years.
Term/fulfilment	Term: 6 years. All SARs have vested fully after 5 years. Upon expiry of the SAR Plan, all SARs not exercised at that time lapse without compensation. Payment is made in cash or shares at the Company's discretion.
Calculation parameters	Difference between the initial share price (closing price of the shares when issued) and the closing price of the shares when the SARs are exercised (arithmetic mean of the last ten trading days in each case).
Restrictions	∎ Initial waiting period of two years ∎ Two exercise windows per year ∎ Only previously allocated SARs can be exercised ∎ Exercise hurdle: A vested SAR may only be exercised if the share price at the time of exercise is at least 20% higher than the initial share price.
Cap	∎ 100% of the initial share price

The number of SARs awarded to a Management Board member (on average per year of the Plan) is based on the total remuneration intended for the Management Board member, assuming that the internal forecasts for the performance of the shares price are met. Taking into account the requirements of the remuneration system, in particular maximum remuneration, it is also possible to conclude a further SAR agreement during the term of an SAR agreement.

As the performance of the SARs is directly linked to that of the Company's shares and vesting takes place over a total period of five years, the SAR Plan creates an incentive to positively influence the Company's performance over the long term in the interests of shareholders. At the same time, the Management Board member not only participates in the Company's positive development, but is also affected by a negative share price trend due to the exercise hurdle and the way the payout amount is calculated.

Upon termination of the service contract, the Management Board member retains the SARs that have vested up to that point. However, the Management Board member must exercise them at the latest in the first exercise window after termination of the employment relationship in accordance with the provisions applicable to the exercise. Otherwise, the SARs already vested will lapse. SARs that have not yet vested will lapse without compensation. In the event of termination without notice for cause, the SARs already vested but not yet exercised will also lapse.

In special constellations (e.g. merger, spin-off), the Supervisory Board may offer a participant to exercise their SARs early. In certain circumstances (e.g. stock split, company conversion), the Supervisory Board may also adjust the exercise price.

6. Maximum remuneration in accordance with Section 87a AktG

The maximum remuneration an ordinary Management Board member may receive, calculated on the basis of the sum of all remuneration components, i.e. basic salary, STI, LTI (remuneration from SAR Plan / term in years) and fringe benefits, may not exceed EUR 3.5 million gross p.a. (maximum remuneration). Benefits in kind granted as fringe benefits are included at their value applicable for wage tax purposes.

The maximum remuneration for the Chief Executive Officer (CEO) may amount to up to twice the maximum remuneration for an ordinary member of the Management Board, and the maximum remuneration for the Chief Operating Officer (COO) may amount to 1.5 times the maximum remuneration for an ordinary member of the Management Board.

Maximum remuneration is not a target total remuneration for the Management Board members deemed appropriate by the Supervisory Board but merely an absolute upper limit that may not be exceeded under any circumstances. If maximum remuneration is exceeded as a result of the payment of the LTI, the LTI entitlement for the respective year in excess of maximum remuneration is forfeited. However, when payments are made to fulfil LTI entitlements, the term of the LTI must be taken into account in each case when calculating the maximum remuneration. Payments under the programme must therefore be distributed evenly over the term of the respective agreement when assessing compliance with the annual maximum remuneration.

7. Ratio of fixed remuneration, STI and LTI and calculation of individual total remuneration

The following framework applies to the ratio of the separate remuneration components to the individual total target remuneration, taking into account the maximum remuneration:

Relative proportion of separate remuneration elements of individual target total remuneration (calculated p.a.)		Absolute proportion of separate remuneration elements of individual target total remuneration (calculated p.a.)
Fixed remuneration:	15% to 40%	EUR 300,000 to EUR 600,000
STI (target amount):	5% to 40%	EUR 50,000 to EUR 400,000
LTI (target amount p.a.):	40% to 80%	EUR 200,000 to EUR 2,000,000

The individual total target remuneration is determined by the Supervisory Board considering

- the duties of the Management Board member,
- their responsibilities in the Company,
- their experience,
- whether the Management Board member has been appointed Chairman of the Management Board (CEO) or COO, and
- the internal/vertical and external/horizontal comparison.

At the same time, it must be ensured that the proportion of variable, performance-related remuneration (STI and LTI) together must amount to at least 60 percent of the target total remuneration.

8. Retirement benefits/insurance

The Company maintains directors' and officers' liability insurance (D&O insurance) with deductible pursuant to Section 93 (2) Sentence 3 AktG, as well as criminal liability insurance which covers not only the activities of the Management Board member as a board member of the Company, but also as a possible member of other boards of the companies of the United Internet AG Group (D&O insurance), and group accident and travel insurance. As regards the performance of their services, the Management Board members are also included in these framework agreements. Should additional insurance policies applicable throughout the Group be taken out, these will also cover all members of the Company's Management Board.

A company pension plan is offered exclusively on the basis of deferred compensation (*Entgeltumwandlung*). A pension plan financed by the Company is not provided unless the Company is required to do so by law.

The Company pays to each member of the Management Board contributions to health and long-term care insurance that as a maximum correspond to the employer's contributions that would be incurred for employees with compulsory insurance. If a Management Board member decides to voluntarily join the statutory pension insurance scheme or is insured in the statutory pension insurance scheme upon joining the Company, the Company will also make the contributions for this up to no more than the amount of the employer contributions that would be due for employees with compulsory insurance.

In addition, in the event that the Management Board member is prevented from working because of illness, the Company will continue to pay their remuneration for a period of three months if the Management Board member is absent for health reasons and for a period of six months if they are absent due to illness as a result of an occupational accident, offsetting any and all benefits paid to the Management Board member by statutory or private health insurance for loss of earnings.

9. Remuneration-related legal transactions and severance pay arrangements / post-contractual non-compete clauses / claw-back clause / extraordinary developments / change of control arrangements

Remuneration-related legal transactions and severance pay arrangements

The term of the service contracts of Management Board members is linked to their term of office. Their first-time appointment shall be for a period of no more than three years. Longer terms are possible for follow-up appointments.

If the appointment of a Management Board member is revoked, their service contract also ends. If the contract is not revoked for cause as defined in Section 626 of the German Civil Code (BGB), the service contract does not end until a period of 12 months or the original term of office has expired, whichever happens first. Management Board members are not entitled to receive severance pay when they depart from the Management Board.

The employment relationship ends without the need for notice of termination on the date on which an indefinite disability pension is granted, but no later than at the end of the month in which the Management Board member first becomes entitled to a regular retirement pension.

The Company is entitled to release the Management Board member from their obligation to work for the Company at any time in connection with the termination of the service contract, while continuing to pay the contractual remuneration and crediting it against vacation entitlements.

In all other respects, the Company observes the requirements of the GCGC for payments in the event of early termination of the service on the Management Board. According to the GCGC, any payments made to a Management Board member due to early termination of their Management Board service shall not exceed twice the annual remuneration and shall not constitute remuneration for more than the remaining term of the employment contract. Furthermore, if post-contractual non-compete clauses apply, any severance payment will be taken into account in the calculation of any compensation payments.

Post-contractual non-compete clause

The Management Board’s service contracts contain a post-contractual non-compete clause with a term of up to one year. Unless the non-compete clause is waived by the Supervisory Board, the Management Board member is entitled to a waiting period compensation of 75% to 100% of the last fixed remuneration granted. The Management Board member must offset in full any income from a new position against the waiting period compensation. The service contracts may stipulate that any post-contractual non-compete clause only applies if an initial appointment as a member of the Management Board is renewed.

Claw-back

Service contracts also contain a “claw-back” clause that can be invoked to reclaim, in whole or in part, any short-term variable remuneration granted to the Management Board member if it transpires that the necessary conditions for receiving such payment were in actual fact not met (e.g. manipulated or incorrectly calculated key figures). These provisions are without prejudice to claims for damages and claims for unjustified enrichment.

If a member of the Management Board has breached an obligation arising from their board position and/or employment relationship and is liable to pay compensation to the Company, the Supervisory Board of the Company may, at its reasonable discretion, refuse to fulfil remuneration claims for the fixed salary as well as the short and long-term variable remuneration in whole or in part or reclaim benefits already received by the Management Board member.

Extraordinary developments

The Supervisory Board takes extraordinary developments into account when assessing STI target achievement. Special influences may necessitate corrections, especially in relation to economic key figures. The Supervisory Board may also account for unusually adverse developments by means of Section 87 (2) AktG, which allows it to reduce the remuneration of the Management Board members to an appropriate amount if the situation of the Company deteriorates at a time following the specification of the remuneration such that the continuing granting of the remuneration without any changes would be inequitable to the Company.

Change of control arrangements

No change of control clauses that commit to benefits in the case of early termination of a Management Board member’s contract due to a change of control are agreed. In the event of a merger or spin-off or similar event or sale of a company, the Company may offer early exercise of SARs.

10. Temporary deviations from the remuneration system

In exceptional cases, the Supervisory Board may temporarily deviate from individual components of the remuneration system if this is necessary in the interests of the Company’s long-term well-being. In particular, this applies to exceptional and unforeseeable circumstances in which deviation from the remuneration system is necessary to serve the long-term interests and sustainability of the Company or to assure its viability. Situations of this kind can be based on both macroeconomic and company-related circumstances. Deviations are particularly permissible in economic crises. The components of the remuneration system from which deviations are permitted in exceptional cases are: fixed annual salary, fringe benefits, short-term and long-term variable remuneration components, as well as the ratio of the remuneration components to each other. Furthermore, under the conditions mentioned, the Supervisory Board may temporarily grant additional remuneration components or replace individual remuneration components with other remuneration components to the extent that this is necessary to restore an adequate incentive level of Management Board remuneration. Any amendment and recalibration made in the course of such a temporary deviation from the remuneration system and the reasons for such amendment and recalibration will be disclosed and explained in the remuneration report. For such a deviation to be allowed, the Supervisory Board must determine by resolution that a situation exists that necessitates a temporary deviation from the remuneration system in the interests of the Company’s long-term well-being and which specific deviations it considers necessary.