**ANNEX ./1**

# REMUNERATION POLICY

# FOR THE MANAGEMENT BOARD AND

# THE SUPERVISORY BOARD

# OF

# TELEKOM AUSTRIA AG

## I. REMUNERATION POLICY FOR THE MANAGEMENT BOARD OF TELEKOM AUSTRIA AG

### 1 Introduction

The remuneration policy sets out the principles for the remuneration of the members of the Management Board of Telekom Austria AG (hereinafter: “A1 Group” or “the Company”) in accordance with Section 78a of the Austrian Stock Corporation Act (AktG). It provides an overview of the principles of Management Board remuneration and explains how they promote the company's business strategy and long-term development.

The overriding objective of the A1 Group's remuneration policy is to promote the business strategy and the sustainable and long-term development of the company in the interests of investors. The A1 Group aims to consolidate and expand its leading position as a provider of digital services and communication solutions in Austria and in Central and Eastern Europe (CEE).

The remuneration policy is reviewed regularly and must be submitted to the Annual General Meeting for a vote in accordance with Section 78b para. 1 AktG at least every fourth financial year and whenever a significant change is made. The previous remuneration policy of the Management Board (hereinafter: “Remuneration Policy 2020”) of the A1 Group was presented to the Annual General Meeting for the first and last time on September 24, 2020 and approved by a majority of 99.2%.

In accordance with Section 78b AktG, the Remuneration Committee of the Supervisory Board dealt with the remuneration policy of the Management Board in the 2023 and 2024 financial years and identified potential for improvement in the form of incentive effect. In addition to the regulatory provisions, the focus was on feedback from A1 Group investors and current market practice. The revision of the remuneration policy 2020 is intended in particular

- to strengthen the pay for performance context,
- promote the A1 Group's sustainability strategy,
- and to take greater account of current market developments and best practices in the remuneration of A1 Group Management Board members.

The revised remuneration policy was adopted by the Supervisory Board on May 22, 2024 based on the recommendation of the Remuneration Committee. The revised remuneration policy for the Management Board of the A1 Group will be submitted to the Annual General Meeting on June 27, 2024 for approval. Subject to approval by the 2024 Annual General Meeting, the remuneration policy set out in detail below is to enter into force on January 1, 2024 for all current and future members of the Management Board.

## 2 Principles of the remuneration policy

The A1 Group's remuneration policy makes a significant contribution to the implementation of the corporate strategy and serves as a central control element for aligning Management Board remuneration with the interests of investors and other stakeholders. The following principles in particular are taken into account when determining the remuneration policy:

### *Promotion of the corporate strategy*

In pursuing the common guiding principle of “Empowering digital life,” the A1 Group focuses on two core areas in its corporate strategy, which was last brushed up in 2023:

The first core area is the further development of the core business in order to remain relevant for customers in a fast-moving environment and to focus more strongly on the customer journey. The second core area aims to exploit the business opportunities of tomorrow. It is therefore the company's ambition to discover new things in order to explore additional growth opportunities. The focus of the strategy is on people, i.e. employees, customers, business partners, and other stakeholders. The trademark A1, sustainability (ESG, E = Environmental, S = Social, G = Governance), and safety pave the way and are therefore an integral part of the corporate strategy.

The remuneration elements and the ambitious targets for the members of the Management Board of the A1 Group are intended to promote this development of the company and enable it to underpin and expand its leading role in Austria and in Central and Eastern Europe as a digitalization partner.

### *Pay for performance*

The focus of remuneration for the members of the A1 Group's Management Board is on the performance-related, variable remuneration components, which make up the majority of total compensation and are linked to the achievement of ambitious financial and non-financial performance targets. The remuneration elements thus specifically support the A1 Group's strategic objectives and provide incentives to increase the company's enterprise value in the medium and long term.

### *Focus on sustainability and the long-term development of the company*

As part of the A1 Group's corporate strategy, sustainability is seen as a long-term value driver that also brings economic benefits. The A1 Group actively faces up to its ecological and social responsibility by promoting more efficient, more resource-friendly and more sustainable ways of working and living. This is ensured in particular through the implementation of ESG targets in the variable remuneration components. In addition, combining the sustainability strategy with the structure of the remuneration of the members of the Management Board ensures sustainable and long-term corporate development in the interests of all stakeholders and avoids taking disproportionate risks. The remuneration structure, in which the long-term component makes up the majority of the variable remuneration, also promotes the actions with a long-term focus by the members of the Management Board.

## 3 Remuneration policy at a glance

### 3.1 Summary of the remuneration policy

The most important elements of the revised remuneration policy are summarized below and compared with the previous remuneration policy 2020. The main adjustments are highlighted graphically to improve clarity:

| Remuneration policy of the Management Board of Telekom Austria | | |
|---|---|---|
| **Remuneration policy 2020** | | **Revised remuneration policy** |
| **Fixed, non-performance-based remuneration** | | |
| ▪ Fixed, basic annual salary paid as fourteen monthly salaries | Basic annual salary | ▪ Fixed, basic annual salary paid as fourteen monthly salaries |
| ▪ Company car<br>▪ Accident insurance (incl. coverage for death and disability), supplementary health insurance (also for family members)<br>▪ Telephone and Internet connections at place of residence | Benefits in kind | ▪ Company car<br>▪ Accident insurance (incl. coverage for death and disability), supplementary health insurance (also for family members)<br>▪ Telephone and Internet connections at place of residence |
| ▪ Contribution to external corporate pension fund | Pension | ▪ Contribution to external corporate pension fund |
| **Performance-based variable remuneration** | | |
| ▪ Annual bonus with one-year performance period<br>▪ Three performance targets:<br>  ▪ e.g. service revenue, operating cash flow, strategic objectives<br>  ▪ Performance: 0% to 120%<br>▪ Modifier: ESG targets (0.85 to 1.15)<br>▪ Payment cap: 150% of basic annual salary | Short-term incentive | ▪ Annual bonus with one-year performance period<br>▪ **Up to four** performance targets:<br>  ▪ e.g. service revenue, cash flow, working capital, strategic objectives<br>  ▪ Performance: 0% to **150%**<br>▪ Modifier: ESG targets **based on a catalog of criteria (0.8 to 1.2)**<br>▪ Payment cap: 150% of **target amount** |
| ▪ Performance share plan with three-year performance period<br>▪ Three performance targets:<br>  ▪ e.g. ROIC, revenue market share, ESG targets<br>  ▪ Performance: 0% to 175%<br>▪ Payment cap: 175% of LTI target amount<br>▪ Amount of payment calculated based on average share price in final quarter of performance period | Long-term incentive | ▪ Performance share plan with three-year performance period<br>▪ **Up to five** performance targets:<br>  ▪ e.g. EBITDA growth, revenue market share, ESG targets **based on a catalog of criteria**<br>  ▪ Performance: 0% to **200%**<br>▪ Payment cap: **200%** of LTI target amount<br>▪ Amount of payment calculated based on average share price in final quarter of performance period **incl. cumulative dividend** |
| **Other contractual components** | | |
| ▪ Option to claw back variable remuneration (STI and LTI) in event of manifestly false data | Penalty and clawback | ▪ Option to **reduce (penalty)** and claw back variable remuneration (STI and LTI) in event of **material compliance breaches** or manifestly false data |
| ▪ Obligation to hold shares for term of an LTI tranche: 32.5% of basic annual salary (in 2023 target structure: 30% of basic remuneration) | Share ownership guideline | ▪ Share ownership guideline: **50%** of the basic annual salary must be **invested** in shares **within the first four years in office** and **held** for the **total duration of the member's appointment** |

**Figure 1: Overview of significant changes to the remuneration policy.**

The background to the main changes to the remuneration policy 2020 is as follows:

***Strengthening pay for performance***

In order to create a stronger incentive for over-achievement of the performance targets in the short-term incentive, the target achievement limit for the performance targets is increased from 120% to 150%. In addition, the payout limit for the long-term incentive is also increased to 200% of the target amount. This is intended to incentivize a medium and long-term increase in the value of the company. In addition, the A1 Group's Remuneration Committee aims to ensure that the long-term incentive is the main component of remuneration, thereby guaranteeing a focus on the sustainable and long-term development of the company.

***Promotion of the sustainability strategy in Management Board remuneration***

As part of the short-term incentive, a list of criteria derived from the sustainability strategy will be introduced to define the annual ESG targets in order to give A1 Group investors a more specific idea of the performance targets. In addition, the range of the ESG modifier has been extended to 0.8–1.2 (previously: 0.85–1.15), which gives greater importance to the sustainability goals and which is also in line with common market practice. ESG targets are also anchored in the long-term incentive, which are derived on the basis of a catalog of criteria.

***Alignment of other remuneration and contract components with best practice***

In the long-term incentive, the dividends paid by the A1 Group during a performance period are taken into account in the payout, to make the incentive of the members of the Management Board neutral with regard to the distribution policy of the shareholders. Furthermore, the existing malus and clawback provisions will be extended. The possibility of reclaiming remuneration already paid out (“clawback”) is extended to compliance breaches. In addition, the possibility is introduced of reducing variable remuneration components that have not yet been paid out (“malus”) in the event of corresponding breaches. The malus and clawback provisions can be applied to all variable remuneration components.

***Strengthening the equity culture***

The revised remuneration policy introduces a shareholding obligation for members of the Management Board that is independent of the long-term incentive. This further strengthens the A1 Group's share culture and aligns the interests of the Management Board with those of the shareholders. In addition, the A1 Group's remuneration policy is to be simplified and the structure of the shareholding obligation aligned with current capital market requirements and common market practice.

### 3.2 Remuneration structure

The total target remuneration of the members of the A1 Group's Management Board is made up of the fixed, non-performance-related remuneration components, consisting of the basic annual salary, fringe benefits and pension fund contributions, and the target amounts of the performance-related variable remuneration components, composed of the short-term incentive and the long-term incentive. The target amount indicates the amount of the contractually agreed variable remuneration component under the assumption of 100% target achievement.

With a share of 55% to 65% of the performance-related variable remuneration in the total target remuneration, the remuneration of the company's Management Board members is predominantly performance related. In addition, the majority of the variable target remuneration is accounted for by the long-term incentive, which is measured over a multi-year performance period and is share based. The Remuneration Committee thus ensures that the A1 Group's remuneration structure is geared towards the sustainable and long-term development of the company and is in line with the interests of investors.

The structure of the target total remuneration is standardized for the members of the A1 Group's Management Board in order to create the same incentives for all Management Board members. The following chart shows the basic remuneration structure of the members of the Management Board:

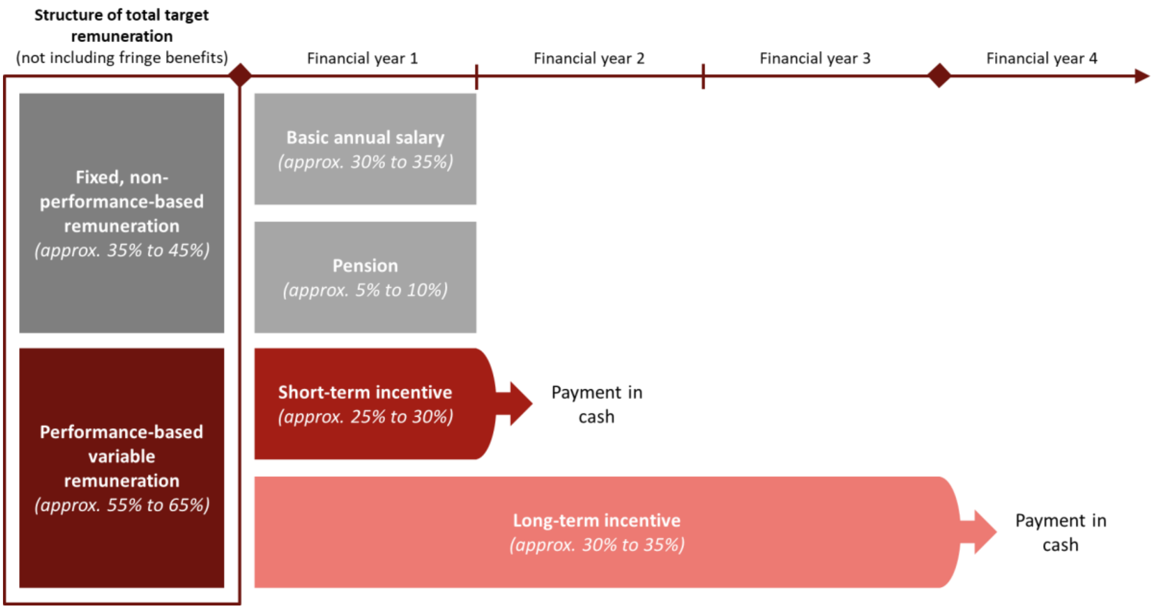


**Figure 2: Structure of total target remuneration (excluding fringe benefits).**

## 4 The remuneration policy in detail

### 4.1 Fixed, non-performance-related remuneration components

#### 4.1.1 Basic annual salary

The basic annual salary is a fixed remuneration per financial year, the amount of which is based on the area of responsibility and experience of the respective Management Board member and is paid in 14 equal monthly installments.

#### 4.1.2 Fringe benefits

Members of the Management Board receive a company car; a driver can be used if required. If a company car is not used, Management Board members are entitled to a car allowance. Any rental and relocation costs associated with the appointment of a new member of the Management Board can be covered by the company for a limited period of time. If a member of the Management Board demonstrably loses remuneration claims against his previous employer as a result of his move to the A1 Group, he may be promised financial compensation (e.g. in the form of a one-off payment) in individual cases. Members of the Management Board are also entitled to accident insurance, which provides additional insurance cover in the event of death or disability. In addition, there is supplementary health insurance for the members of the Management Board and their family members (spouses and children up to the age of 18). Furthermore, Management Board members are entitled to the provision of telephone and Internet connections at their places of residence.

#### 4.1.3 Pension fund contributions

As for the pension scheme, the members of the Management Board receive a pension contribution, which the company pays into an external company pension fund and which generally corresponds to 20% of the respective basic annual salary. The prerequisites for benefits from the external pension fund are the termination of the employment relationship with the company and reaching the age of at least 55.

#### 4.1.4 D&O insurance

The company has taken out Directors and Officers (D&O) insurance for its Management Board members, managing directors, Supervisory Board members, senior executives and other specific function holders throughout the Group and bears the associated costs. The insurance covers the legal liability of insured persons for financial losses due to misconduct in the exercise of their function.

### 4.2 Performance-related variable remuneration components

#### 4.2.1 Short-term incentive

The members of the A1 Group's Management Board receive short-term variable remuneration (short-term incentive) in the form of a target bonus model. The short-term incentive is essentially dependent on the economic success of the company in the respective financial year. The short-term incentive is calculated on the basis of the target achievement (0% 150%) of selected performance targets determined for a financial year and a modifier (0.8–1.2) to reward the achievement of predefined sustainability targets (ESG targets). The performance targets for a financial year and their weighting should be determined by the Remuneration Committee of the Supervisory Board before the start of the financial year.

The final payment of the short-term incentive is limited to a maximum of 150% (“cap”) of the respective target amount. The target amount is agreed with each member of the Management Board in their employment contract. The components of the short-term incentive can be seen in the following diagram as an example:

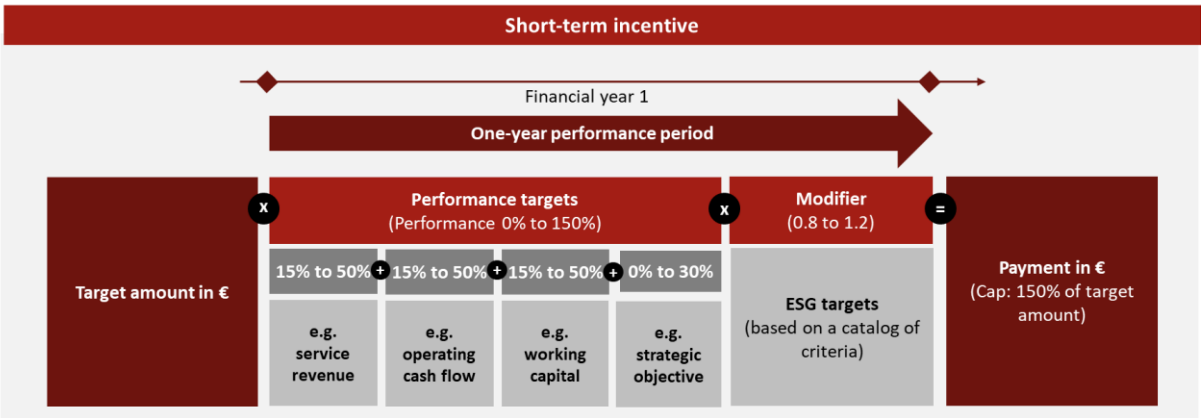


**Figure 3: Design of the short-term incentive.**

***Performance targets of the short-term incentive***

When setting the performance targets for the respective financial year, the Remuneration Committee selects up to four performance targets. As a rule, up to three financial targets and one strategic target are selected. The Remuneration Committee only selects ambitious and measurable targets that are relevant to the A1 Group's strategy. For example, service revenue, operating cash flow, and working capital (each at Group level) can be defined as financial performance targets. Broadband expansion in Austria, for example, can be defined as a strategic goal. This provides incentives for sustainable growth, increased liquidity, and the implementation of strategic corporate goals. The weighting of the performance targets is also determined before the start of a financial year and can be between 15% and 50% for the financial performance targets and between 0% and 30% for the strategic performance targets.

For each of the defined performance targets, the Remuneration Committee of the Supervisory Board should set before the start of a financial year, an ambitious target value, which corresponds to a target achievement of 100%, as well as a threshold and maximum value.

At the end of the performance period, the Remuneration Committee compares the actual values achieved with the defined target value or threshold and maximum value. The target value is generally based on the budget planning for the respective financial year. If the actual value achieved is above the maximum value, the target achievement is limited to 150%. If the actual value achieved is below the threshold value, the target achievement is 0%. Target achievements between the threshold, target, and maximum values are interpolated linearly.

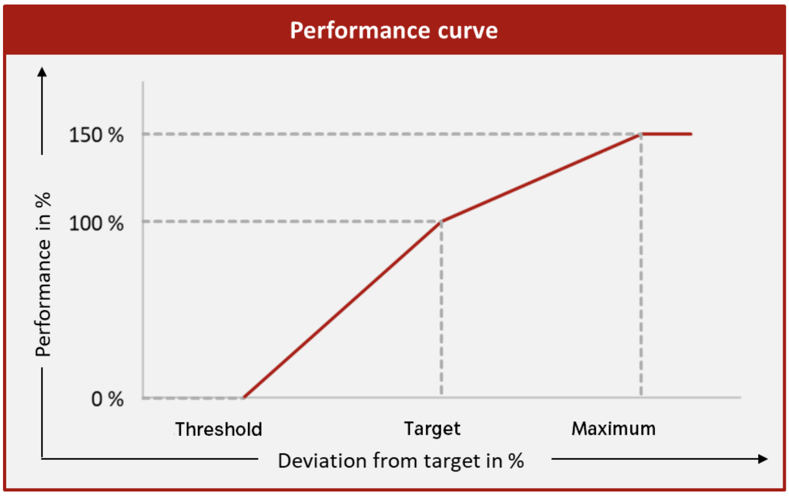


**Figure 4: Exemplary target achievement curve in the short-term incentive.**

At the end of the one-year performance period, the Remuneration Committee determines the degree of target achievement for each performance target as a percentage value, which can be between 0% and 150% (“degree of target achievement”). The degree of target achievement of the individual performance targets is then used to determine the weighted overall degree of target achievement, whereby target achievement below the threshold value is included in the calculation with a factor of zero. There is no guaranteed minimum target achievement, so the payout may not be made at all.

***Modifier***

In order to take ESG targets into account in Management Board remuneration, the Remuneration Committee of the Supervisory Board assesses the performance of Management Board members at the end of a financial year using predefined criteria to measure ESG targets. The ESG goals are intended to help the A1 Group secure its social and economic sustainability as part of public life. They also promote long-term, sustainable corporate development and the implementation of the sustainability strategy.

ESG targets are defined on the basis of a catalog of criteria for the areas of environment, social issues, and governance, which are based on the A1 Group's sustainability strategy. The Remuneration Committee can define one or more ESG targets from one or more areas for a financial year as part of the short-term incentive. The resulting modifier can assume a value between 0.8 and 1.2 and is multiplied by the target achievement of the other performance targets. However, the modifier cannot lead to a payment of the short-term incentive of more than 150% of the target amount.

**ESG Criteria Catalog**

| Environmental | Social | Governance |
|---|---|---|
| Carbon emissions | Employee satisfaction | Compliance |
| Energy efficiency | Diversity, equity, and inclusion | Anti-corruption |
| Sustainable supply chains | Access to information and training | Cybercrime |
| Resource efficiency and circular economy | Customer satisfaction | Data protection |

**Figure 5: Catalog with exemplary criteria for ESG targets.**

***Payout***

The short-term incentive is paid out in cash at the end of each financial year. The actual amount of the short-term incentive paid out is reported retrospectively in the remuneration report.

**4.2.2 Long-term incentive**

The members of the Management Board of the A1 Group receive long-term variable remuneration (long-term incentive) in the form of a performance share plan with a three-year performance period, which is based on virtual shares in the A1 Group. The respective tranche of the long-term incentive is allocated annually. The final number of virtual shares depends on the achievement of financial and non-financial performance targets, while the absolute share price performance determines the value of a virtual share. The performance targets of the respective tranche and their weighting are determined by the Remuneration Committee of the Supervisory Board before the start of the first financial year of the respective three-year performance period.

To determine the provisional number of virtual shares, a target amount agreed individually for each Management Board member in their employment contract is divided by a starting share price. The starting share price is calculated as the arithmetic mean of the closing prices of the company's shares in the quarter before the start of the three-year performance period. The final number of virtual shares is determined by multiplying the total target achievement by the provisional number of virtual shares, whereby the total target achievement is calculated from the weighted target achievement of the financial and non-financial performance targets and is limited to 200%. The payout of the respective tranche of the performance share plan is calculated by multiplying the final number of virtual shares by the respective final share price including the dividends distributed by the company during the performance period. The final share price is calculated as the arithmetic mean of the closing prices of the company's shares in the quarter before the end of the three-year performance period. The payout is limited to 200% of the individual target amount.

The following diagram shows the basic functioning of the performance share plan:

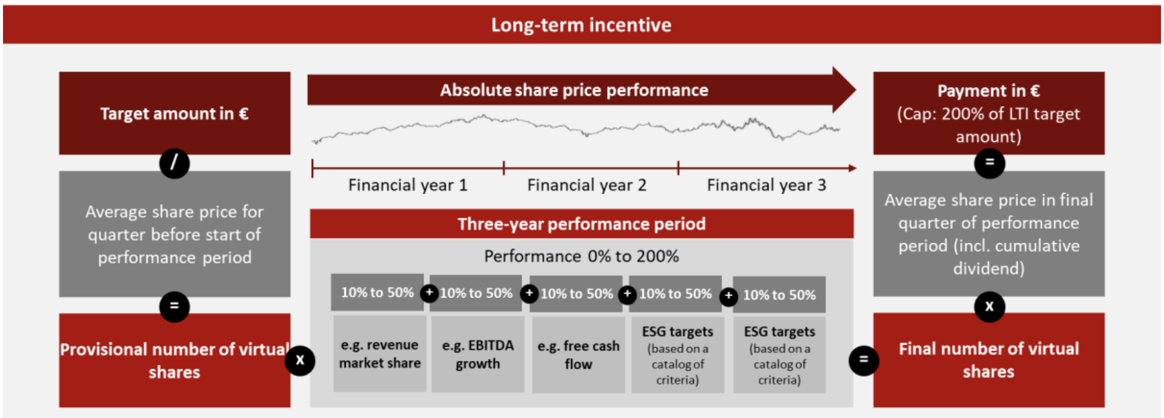


**Figure 6: Design of the long-term incentive.**

***Performance targets of the long-term incentive***

When determining the performance targets for each tranche, the Remuneration Committee selects up to five performance targets. As a rule, up to three financial performance targets and up to two ESG targets are selected. The Remuneration Committee only selects ambitious and measurable targets that are relevant to the A1 Group's strategy. Financial performance targets can include, for example, revenue market share, free cash flow, and EBITDA growth. ESG targets can be selected from a catalog of criteria derived from the A1 Group 's sustainability strategy. The Remuneration Committee can define one or more ESG targets from one or more areas (environment, social, and governance) as part of the performance share plan. The catalog of criteria shown for the sustainability targets in the short-term incentive is also relevant for the sustainability targets in the long-term incentive. The weighting of the performance targets is also determined before the start of a performance period and can be between 10% and 50% per performance target.

At the beginning of a tranche, for each of the defined performance targets, the Remuneration Committee of the Supervisory Board sets an ambitious target value (corresponding to a target achievement of 100%) as well as a threshold and maximum value. The target value for each tranche is based on strategic planning.

At the end of the three-year performance period, the Remuneration Committee compares the values actually achieved with the defined target value or threshold and maximum value. If the actual value achieved is above the maximum value, the target achievement is limited to 200%. If the actual value achieved is below the threshold value, the target achievement is 0%. Target achievements between the threshold, target, and maximum values are interpolated linearly.

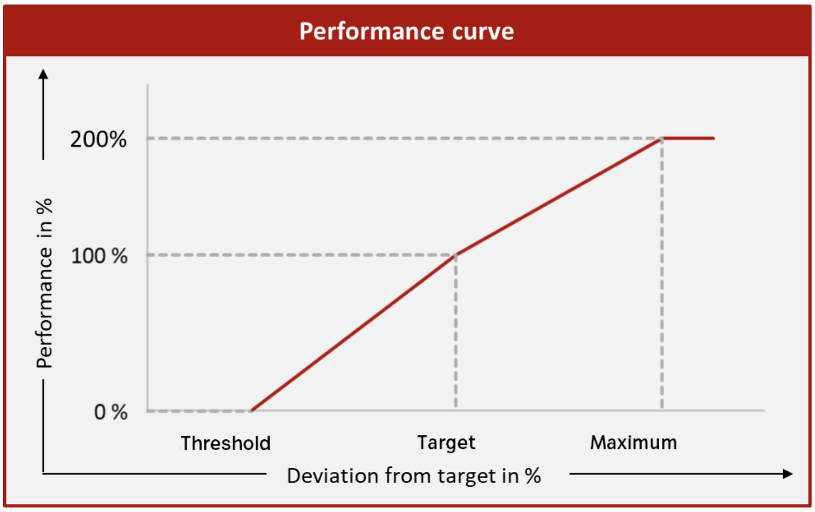


**Figure 7: Exemplary target achievement curve in the long-term incentive**

The Remuneration Committee determines the degree of target achievement for each performance target as a percentage value, which can be between 0% and 200% ("degree of target achievement"). The Remuneration Committee then determines the weighted overall target achievement level from the target achievement levels of the individual performance targets, whereby target achievement below the threshold value is included in the calculation with a factor of zero. There is no guaranteed minimum target achievement, so the payout may not be made at all.

***Payout***

The long-term incentive is paid out in cash at the end of the performance period.

### 4.3 Malus and clawback

The company contractually ensures that the Remuneration Committee of the Supervisory Board has the option, in predefined cases, to reduce variable remuneration not yet paid out in part or in full to zero ("malus") or to reclaim the gross amount of variable remuneration already paid out in full or in part ("clawback").

The cases defined in advance include, on the one hand, intentional breaches of material statutory duties of the Management Board member, a material duty under the employment contract, or other material principles of conduct of the company, e.g. from the Code of Conduct or the compliance guidelines.

In addition, the Management Board member must reimburse any variable remuneration already paid out if it transpires after payment that the Group accounting on which the calculation of the payment amount was based was incorrect and must therefore be corrected in accordance with the relevant accounting regulations and, based on the corrected Group accounting and the relevant remuneration policy, a lower or no payment amount would have been owed from the variable remuneration.

The malus and clawback provisions do not affect any claims by the company for damages, in particular under Section 84 para. 2 AktG, the company's right to revoke the appointment in accordance with Section 75 para. 4 AktG, or the company's right to terminate the employment contract prematurely.

### 4.4 Shareholding obligation

There is a share ownership guideline (SOG) for the members of the Management Board of the A1 Group. The shareholding obligation strengthens the A1 Group's capital market orientation and share culture, thus aligning the interests of the members of the Management Board with those of investors.

Each member of the Management Board is obliged to invest a minimum amount in A1 Group shares and to hold these shares legally and economically for the duration of their employment as a member of the Management Board. The minimum amount to be invested in shares ("SOG target") corresponds to 50% of the respective annual basic salary of a member of the Management Board and is expressed in a fixed number of shares in the company.

A build-up phase of four years is planned to achieve the SOG target. The required share portfolio must be built up in such a way that at least 10% of the basic annual salary must be invested each year in the first three years of the build-up phase. This ensures a continuous build-up of the SOG target. The SOG target must be met in full no later than four years after the start of the build-up phase. The shares in the company already held by the Management Board member at the beginning of the build-up phase are counted towards the fulfillment of the SOG target.

## 5 Remuneration-related legal transactions

### 5.1 Terms of service contracts and other contractual conditions

The employment contracts of the members of the Management Board have been concluded with the company and are subject to Austrian law. The service contracts are concluded for the term of the appointment and are extended for the term of each reappointment. When a member of the Management Board is appointed for the first time, the term of appointment and contract is generally three years. In the event of reappointment, the maximum term of appointment and contract extension is five years and thus corresponds to the maximum term stipulated in the Austrian Stock Corporation Act. Salaries are set in euros.
Management Board members are entitled to six weeks' vacation per year, which must be taken in consideration of the requirements of the business operations.
In the event of termination of employment, the members of the Management Board receive a severance payment in accordance with the provisions of the Austrian Company Employee and Self-Employed Pension Act (BMSVG) as well as any payments from unused vacation entitlements.

### 5.2 Mandate references

In the event that a member of the Management Board takes on Supervisory Board mandates within the Group, the remuneration from such mandates is offset against the remuneration from the Management Board activity for the A1 Group. In the event of the assumption of Supervisory Board mandates outside the Group, the Supervisory Board decides on a case-by-case basis whether the corresponding remuneration should be offset.

### 5.3 Post-contractual non-competition clause

As a rule, a post-contractual non-competition clause has been agreed with the members of the Management Board. Accordingly, members of the Management Board are prohibited from working for a company that is in direct or indirect competition with the company or its affiliated companies within a period of one year following the termination of their employment contract.

### 5.4 Commitments in connection with the termination of Management Board activities

If a member of the Management Board is dismissed prematurely, in particular for good cause in accordance with Section 75 para. 4 AktG or for reasons that entitle them to premature dismissal in accordance with Section 27 of the Austrian Salaried Employees Act (AngG), the contractual relationship may be terminated immediately without any further obligations for the company. If the dismissal is for a reason for which the Management Board member is not responsible, the employment relationship remains in force for the entire term of the contract – with a simultaneous release from duties. The Management Board member is entitled to the current remuneration for the entire remaining term of the contract, although the entitlement to the performance-related variable remuneration components expires from the date of dismissal.

In accordance with recommendation 27a of the Austrian Code of Corporate Governance in the version dated January 2023, any severance or termination payments in the event of premature termination of this contractual relationship without good cause may not exceed two years' total remuneration and may not compensate for more than the remaining term of the contract. In addition, these take into account the circumstances of the departure of the Management Board member and the economic situation of the company.

In the event of premature termination of the Management Board member contract, the following regulations apply with regard to the long-term incentive: if there is good cause in accordance with Section 75 para. 4 AktG, or in the event of unilateral termination by the Management Board member, the entitlement to the payment lapses. In all other cases, a pro rata payment is made on the original due date.

## 6 Procedure for defining, implementing, and reviewing the remuneration policy

### 6.1 Determination, implementation, and review of the remuneration policy

The Remuneration Committee prepares the remuneration policy, which is discussed and approved by the Supervisory Board. The remuneration policy adopted by the Supervisory Board is submitted to the Annual General Meeting for approval. The Remuneration Committee regularly reviews the remuneration policy. In accordance with Section 78b AktG, the Supervisory Board submits the remuneration policy to the Annual General Meeting for a vote every time there is a material change, but at least every four years.

The Management Board is not involved in drawing up the remuneration policy. The Remuneration Committee decides on the selection and commissioning of external advice regarding the remuneration policy. This prevents a conflict of interest in the design of the remuneration policy.

The Remuneration Committee ensures that the remuneration is commensurate with the duties and performance of a member of the Management Board and the economic situation of the company and does not exceed the standard market remuneration without special reasons. To this end, both a market comparison is carried out and the remuneration and employment conditions of the employees are taken into account.

The aim of considering the remuneration and employment conditions of employees is to ensure competitive remuneration and employment conditions not only for the members of the Management Board but also for the employees of the A1 Group, which optimally promote and support the implementation of the strategy. In order to attract, motivate, and retain highly qualified employees for the A1 Group, the company continuously monitors current market developments and international best practices. In addition, the principles applicable to employees are also applied to the Management Board in an adapted form. The remuneration structure for employees of the A1 Group is also geared towards a high level of competitiveness in the telecommunications industry, and the remuneration packages comprise a balanced and transparent mix of fixed and occasionally variable, monetary, and non-monetary components. Furthermore, the interests of A1 Group employees are taken into account as part of the ESG targets for the variable remuneration components of the members of the Management Board and are thus strategically promoted.

A detailed description of the implementation of the remuneration policy can be found in the annual remuneration report, which has been submitted to the Annual General Meeting for approval every year since 2021.

### 6.2 Exceptional developments and temporary deviation from the remuneration policy

The remuneration policy is based on the provisions of the Austrian Stock Corporation Act and is generally binding for all employment contracts of members of the Management Board that were newly concluded or agreed after the approval of the remuneration policy. However, the Remuneration Committee of the Supervisory Board is entitled to deviate from the remuneration policy in exceptional circumstances in accordance with Section 78a para. 8 AktG.

Exceptional circumstances are situations in which the deviation from the remuneration policy is necessary for the long-term development of the company or to ensure its profitability.

A temporary deviation from the remuneration policy can only occur in the context of the performance-related variable remuneration components (short-term incentive and long-term incentive) and the remuneration structure. If the incentive effect of remuneration cannot be adequately restored by adjusting the existing remuneration components, the Remuneration Committee is authorized to temporarily grant additional remuneration components or to replace individual remuneration components with other remuneration components. In addition, the Remuneration Committee may waive the allocation and payment of remuneration components if the economic situation so requires.

A temporary deviation from the remuneration policy is only possible after careful consideration of the exceptional circumstances and at the initiative of the Remuneration Committee by means of a corresponding Supervisory Board resolution. In the event of a temporary deviation from the remuneration policy, the remuneration report provides information on the respective deviations, including an explanation of their necessity and the remuneration components concerned.

# II. REMUNERATION POLICY FOR THE SUPERVISORY BOARD OF TELEKOM AUSTRIA AG

## 1. Introduction

In accordance with Section 98a of the Austrian Stock Corporation Act - AktG, the Supervisory Board of listed companies must draw up a remuneration policy for the members of the Supervisory Board. The previous remuneration policy of the Supervisory Board of Telekom Austria AG (hereinafter: "A1 Group" or "the Company") was presented to the Annual General Meeting for the first and last time on September 24, 2020 and approved by a majority of 99.2%. The remuneration policy is reviewed regularly and presented to the Annual General Meeting at least every fourth year.

This remuneration policy was adopted by the Supervisory Board on May 22, 2024 based on the recommendation of the Remuneration Committee and will be submitted to the Annual General Meeting on June 27, 2024 for approval. Subject to approval by the 2024 Annual General Meeting, the remuneration policy set out in detail below is to enter into force on January 1, 2024.

## 2. Principles and objectives

The remuneration policy provides an overview of the remuneration principles for the Supervisory Board and explains how this promotes the business strategy and long-term development of the company.

The Supervisory Board should be composed of individuals who have the necessary knowledge, skills and personal qualifications to ensure the supervision of the company.
The remuneration policy is based on the statutory provisions and the requirements of the Austrian Corporate Governance Code. It should take into account the responsibility and scope of activities as well as the economic situation of the company. In addition, the remuneration of the Supervisory Board must be structured to enable a balanced and qualified composition.

The remuneration of Supervisory Board members differs depending on whether the Supervisory Board members are elected by the Annual General Meeting (shareholder representatives) or whether they are employee representatives, delegated by other employee representatives. The Articles of Association stipulate that shareholder representatives receive appropriate remuneration to be determined by the Annual General Meeting; all Supervisory Board members are entitled to reimbursement of cash expenses. Shareholder representatives are entitled to an appropriate attendance fee.

## 3. Remuneration elements

### Fixed remuneration

Shareholder representatives receive an annual fixed lump-sum payment. For the Chair of the Supervisory Board, this annual fixed lump-sum remuneration is doubled; the Deputy Chair receives one and a half times the amount of the annual fixed lump-sum remuneration.

The membership of shareholder representatives in one or more committees is additionally remunerated with a fixed annual lump sum. If shareholder representatives chair one or more committees, this fixed annual lump sum is increased by 20%.

The fixed remuneration is paid out after a resolution is passed at the Annual General Meeting.
If a Supervisory Board member leaves during a financial year, the fixed remuneration components are paid pro rata temporis.
Employee representatives are not entitled to the aforementioned fixed remuneration, as they perform their function as an honorary position in accordance with the statutory provisions. However, they are entitled to reimbursement of expenses, which can also be granted as a lump sum.

**Attendance-based remuneration**

Shareholder representatives receive a fixed attendance fee for each Supervisory Board meeting and each committee meeting, which is generally paid twice a year.

**Cash expenditures**

The members of the Supervisory Board are entitled to reimbursement of their cash expenses incurred in relation to their function.

**No further remuneration elements**

Supervisory Board members are not entitled to any further remuneration elements. They do not receive any other fixed, variable or share-based remuneration. They are also not entitled to any benefits in kind, pension contributions, or insurance benefits. However, Supervisory Board members are included in the D&O insurance.

## 4. Promoting the strategy and long-term development of the company

The remuneration for the members of the company’s Supervisory Board is designed to ensure the independent performance of the Supervisory Board’s duties and to ensure that monitoring by the Supervisory Board is independent of the company’s performance. As the remuneration of the Supervisory Board is not linked to key corporate figures or share price developments, it promotes a critical distance from the interests of the Management Board. This independence represents a cornerstone for the long-term and sustainable development of the company.

## 5. Relationship among the remuneration components

The remuneration of shareholder representatives is aimed at remunerating the time spent. As the workload for the chairmanship considerably exceeds that of an ordinary member, the Chairman of the Supervisory Board is entitled to twice the remuneration of an ordinary member and his deputy is entitled to 1.5 times the remuneration of an ordinary member.

The activity in a committee or the chairmanship of a committee also generates additional work, which should be compensated. In order to organize committee work efficiently and expediently and to avoid accumulation by individual members, remuneration is limited to one committee per Supervisory Board member.

The attendance fee is intended to provide appropriate remuneration for attending meetings and is therefore dependent on the number of meetings attended by shareholder representatives.

## 6. Other conditions

The members of the Supervisory Board are elected by the Annual General Meeting for a maximum term of office until their actions are approved for the fourth financial year following their appointment. The term of appointment may vary depending on the Supervisory Board member. Extensions are possible and common. As a rule, no contracts are concluded with members of the Supervisory Board.

The Annual General Meeting can dismiss Supervisory Board members prematurely for due cause; Supervisory Board members can also resign from their position at any time. In these cases, Supervisory Board members are not entitled to remuneration from the time of their departure.

Employee representatives are delegated and dismissed by the other employee representatives. In any event, their membership on the Supervisory Board ends with the loss of their mandate as an employee representative.

### 7. D&O insurance (Directors and Officers insurance)

The company has taken out Directors and Officers (D&O) insurance for its Management Board members, managing directors, Supervisory Board members, senior executives and other specific function holders throughout the Group and bears the associated costs.

The insurance covers the legal liability of insured persons for financial losses due to misconduct in the exercise of their function.

### 8. Exception to the remuneration policy

Any exception to the specific remuneration of the Supervisory Board resolved at the Annual General Meeting is possible only with the approval of the Annual General Meeting.

### 9. Consideration of the remuneration and employment conditions of employees

The tasks of the Supervisory Board are primarily to monitor the Management Board. This differs significantly from the tasks of the company's employees. The remuneration and employment conditions of the employees are therefore not related to the remuneration of the Supervisory Board.

### 10. Determination and review of the remuneration policy

The remuneration policy is discussed by the Remuneration Committee and the Supervisory Board and is approved for submission to the Annual General Meeting. It is based on national benchmarks and is reviewed at regular intervals to ensure that it is up to date, amended if necessary, and presented to the Annual General Meeting again in the event of significant changes, but in any case every fourth financial year.

Conflicts of interest are avoided by the fact that the Annual General Meeting has exclusive authority over the actual structure of Supervisory Board remuneration.