

Supervisory Board's report to the 2022 shareholders' meeting

The 2021 financial year was characterized by the systematic implementation and further development of the Group strategy and the Group's ongoing transformation in an age of digitalization and technological change. With its updated strategy to transform Deutsche Telekom into the leading digital telco (Leading Digital Telco – Vision 2030), the Company is well-positioned to leverage future opportunities and face challenges head on. In the financial year just ended, the Board of Management closed numerous transactions serving to further optimize and protect the Company's investment portfolio. In the 2021 financial year, business developed well overall. Deutsche Telekom continued to manage the coronavirus pandemic with the requisite discipline. The network build-out was ramped up further and the Company again underscored its ability to perform at the top level throughout the pandemic with special offerings for customers and its strong commitment to service. The Group held its own in the challenging environment despite the rising intensity of competition. Strong results brought the 2021 financial year to a successful close. The Group continues on its course for growth while maintaining its industry-leading position. This financial year, Deutsche Telekom continued to live up to its responsibility to society with wide-ranging action: for instance, its clear stance against online hate speech, its contribution to the digital transformation in the education sector, and its support for flood victims in Germany. The Supervisory Board exercised its functions as an advisory and supervisory body and gave the Board of Management its full support.

Supervisory Board activities in the 2021 financial year

We continually monitored the Board of Management's activities in managing the business and the Group as a whole. Specifically, this supervisory role consisted of ensuring that these activities were lawful, compliant, appropriate, strategically relevant, sustainable, and efficient.

The primary prerequisites for fulfilling this role were the Board of Management's written and oral reports. The Board of Management kept us regularly informed in good time on corporate strategy, planning, business development of the Group and its different segments, the risk situation, risk management, compliance, innovation focuses, and any deviations in the business development from original plans, as well as significant business transactions involving the Company and its major subsidiaries and associates.

The Board of Management fulfilled its duties to inform quickly and in full. The Board of Management's reports met all statutory requirements, the standards of good corporate governance, and the criteria imposed on them by us with regard to both content and scope. In addition to the reports, we requested and received supplementary information. We reviewed, critically analyzed, and verified the plausibility of these reports and other information.

The Rules of Procedure of the Board of Management and Supervisory Board include a list of transactions and measures for which the Board of Management has to obtain approval from the Supervisory Board. We met with the Board of Management to discuss and thoroughly review the business transactions and measures presented to us in the 2021 financial year for approval in line with this document. We approved the transactions and measures submitted for resolution.

The frequency of plenary and committee meetings means that we are in close contact with the Board of Management. The Board of Management also reports on individual issues in writing or in discussions between the meetings. In addition, the Chairman of the Supervisory Board is in contact with the Chairman of the Board of Management at regular appointments at which current business transactions, strategy issues, planning, business development, regulation, the risk situation, risk management, and compliance, as well as other significant events, are discussed.

In the 2021 financial year, eight Supervisory Board meetings, a one-day off-site conference, and 30 meetings of the Supervisory Board committees took place. The overall attendance rate was around 95 %. Each of the Supervisory Board members attended more than 75 % of the meetings of the Supervisory Board and the respective committees on which they sit. Given the coronavirus-induced situation, most members participated virtually. Those members who were unable to attend meetings were generally able to participate nonetheless by submitting their votes in writing or by way of prior briefings on resolutions for decision.

Resolutions were also adopted by way of a written voting procedure.

In the meeting on January 25, 2021, we dealt with the draft proposal on the appointment of the external auditor in 2021 for submission to the 2021 shareholders' meeting. The Company had originally intended to effect a change of external auditor in the 2021 financial year and, to this end, a selection process had been held in 2019 led by the Audit Committee. On the basis of this process, the Audit Committee recommended Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY) and Deloitte GmbH Wirtschaftsprüfungsgesellschaft, indicating a substantiated preference for the former. Due to the unresolved allegations concerning Wirecard raised against EY in the interim, the Audit Committee distanced itself from this recommendation. In lieu of a decision, the Audit Committee recommended postponing the change of auditor until the 2022 financial year and retaining the services of the existing external auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), until such time as a new auditor could be appointed. The Supervisory Board followed this recommendation in its suggestion for the selection of the external auditor for 2021 to the 2021 shareholders' meeting.

In the meeting on February 25, 2021, in the presence of the external auditor, we primarily dealt with the Company's 2020 annual financial statements and consolidated financial statements, the Group management report, which is combined with the management report of Deutsche Telekom AG (combined management report), and the combined non-financial statement contained in the combined management report as a separate section. Our approval of the 2020 annual financial statements was based on the recommendation of the Audit Committee. The same applies to the review of the combined non-financial statement. We agreed to the Board of Management's proposal on the appropriation of net income and approved the agenda for the 2021 shareholders' meeting. Over and above this, we dealt with various remuneration-related matters and approved plans to include ESG targets in the remuneration system. We approved the reappointment of Birgit Bohle as the Board of Management member for Human Resources and Legal Affairs, and of Thorsten Langheim as the Board of Management member for USA and Group Development. The Board of Management reported comprehensively on the current situation and the most important financial and operational KPIs for the Company and its segments. We dealt with the target vision for the B2B business and the topic of corporate responsibility, and approved a spin-off agreement for the Road Charging business area.

In the meeting on May 19, 2021, the Board of Management reported comprehensively on the current situation and the financial and operational KPIs for the Company and its segments in the first quarter of 2021. We dealt once again with remuneration-related matters, the Company's portfolio strategy, the agenda for the Capital Markets Day 2021, the global semiconductor shortage, and the IT Security Act (IT-Sicherheitsgesetz), and resolved on the hedging of the purchase price of T-Mobile US shares. We were also given a brief rundown on developments in customer service in Germany.

In the meeting on September 1, 2021, the Board of Management reported on the current situation and the financial and operational KPIs for the Company and its segments in the second quarter of 2021. We also resolved on an amendment to the Board of Management's schedule of responsibilities, consisting of the transfer of the Corporate Responsibility unit from the Human Resources and Legal Affairs Board of Management department to the department of the Chairman of the Board of Management. We also approved the sale of T-Mobile Netherlands and dealt with the transformation program at Telekom IT. We approved the merger of Telekom Deutschland Multibrand GmbH into Telekom Deutschland GmbH, and approved the appointment of a new member to the supervisory board of T-Systems International GmbH.

At the joint off-site conference with the Board of Management on the following day, we dealt mainly with Deutsche Telekom's strategy and the trends affecting its business. We discussed the further development of the strategy (Leading Digital Telco – Vision 2030) and conferred on individual strategic focal topics. This entailed an in-depth look at the B2C business, the B2B approach, and platform business models. Another central topic was the development of the Group's portfolio.

In our meeting on September 6, 2021, we approved an agreement with SoftBank which increased Deutsche Telekom's stake in T-Mobile US and made SoftBank a new shareholder in Deutsche Telekom AG.

In our meeting on October 4, 2021, we approved the acquisition of spectrum in the United States.

In our meeting on November 2, 2021, we approved the establishment of a joint venture (GlasfaserPlus GmbH) between Telekom Deutschland GmbH and a financial investor for building out fiber-optic lines. We also engaged PwC to perform a substantive audit of the 2021 remuneration report.

In our meeting on December 15, 2021, we dealt with various matters pertaining to the Board of Management and the Supervisory Board, including target achievement for the 2021 financial year and changes to the Supervisory Board's remuneration for proposal to the 2022 shareholders' meeting. We resolved on a change to the Board of Management's remuneration system and its submission to the 2022 shareholders' meeting for approval. Moreover, we canceled Timotheus Höttges' existing service contract effective the end of 2021 and approved a new service contract with effect from January 1, 2022. We resolved on several Supervisory Board nominations to be submitted to the 2022 shareholders' meeting. Furthermore, the Board of Management reported on the current situation and the financial and operational KPIs in the Company and its segments in the third quarter of 2021. We also dealt with the topic of governance at T-Mobile US. A further focus of the meeting was the resolution on the budget and on the annual financing plan for the 2022 financial year. In addition, we acknowledged the medium-term planning for 2022 through 2025. We also discussed the outcome of the selection process for the auditor of the 2022 annual financial statements and consolidated financial statements, including the review of the financial statements for the second and third quarters of the 2022 financial year and the first quarter of 2023. Finally, we adopted resolutions on the German Corporate Governance Code (Declaration of Conformity/independence of the Supervisory Board members).

In our plenary meetings and in the Audit Committee in particular, we also regularly supervised the management of the Company by the Board of Management. As part of this, we made sure that the Board of Management ensured compliance with legal provisions and internal standards and policies supported by the Group-wide compliance organization. We also regularly met with the Board of Management to discuss the Group-wide risk management system that it had introduced. Based on our own reviews and on the audit reports submitted by the external auditor, we came to the conclusion that the internal compliance system and the internal control and risk management system are effective.

Outside of its meetings, the Supervisory Board attended information events to keep up to date on the latest topics and developments.

Organization of the Supervisory Board's activities

To increase the efficiency of our work, and in consideration of the specific requirements we have to fulfill, we have set up the committees listed below, all of which have an equal number of shareholders' and employees' representatives, with the exception of the Nomination Committee. In regard to committee membership, our aim is to achieve regular rotation among the Supervisory Board members. Our objective is also to ensure that the chairperson roles on the committees are occupied by different members. The committee chairpersons regularly reported to us at our plenary meetings on the content and results of committee meetings.

Supervisory Board committees

Committee	Supervisory Board member	Committee	Supervisory Board member
General Committee	Prof. Dr. Ulrich Lehner (Chairman)	Nomination Committee	Prof. Dr. Ulrich Lehner (Chairman)
	Dr. Rolf Bösing		Dr. Rolf Bösing
	Kerstin Marx		Dagmar P. Kollmann
	Frank Sauerland		
Finance Committee	Karl-Heinz Streibich (Chairman)	Mediation Committee	Prof. Dr. Ulrich Lehner (Chairman)
	Dr. Günther Bräunig		Dr. Rolf Bösing
	Constantin Greve		Kerstin Marx
	Nicole Koch		Frank Sauerland
	Dagmar P. Kollmann		
	Karin Topel		
Audit Committee	Dagmar P. Kollmann (Chairwoman)	Technology and Innovation Committee	Lothar Schröder (Chairman)
	Dr. Rolf Bösing		Odysseus D. Chatzidis
	Prof. Dr. Michael Kaschke		Lars Hinrichs
	Petra Steffi Kreusel		Nicole Seelemann-Wandtke
	Kerstin Marx		Karl-Heinz Streibich
	Sibylle Spoo		Margret Suckale
Staff Committee	Frank Sauerland (Chairman)		
	Odysseus D. Chatzidis		
	Harald Krüger		
	Prof. Dr. Ulrich Lehner		
	Kerstin Marx		
	Margret Suckale		

The **General Committee** met ten times in 2021, one meeting of which was held jointly with the Finance Committee. The committee focused mainly on preparing the recommendations for decision for the plenary meetings in regard to all of the decisions on Board of Management and Supervisory Board matters. Board of Management remuneration matters and the reappointment of members to the Board of Management were particular focal points of the committee's activities. The committee reviewed the appropriateness of the Board of Management remuneration as scheduled. Long-term succession planning for the Board of Management was also discussed in the meeting. In this context, the committee considered internal candidates, as well as any potential candidates from outside of the Company, with respect to their qualification profiles and development needs going forward. In the joint meeting with the Finance Committee, the General Committee dealt in particular with the 2022 budget and the medium-term planning for 2022 to 2025.

The **Finance Committee** met three times, of which one meeting was together with the General Committee. Investment planning and focuses were the subject of the meetings. Other general topics included interest and foreign currency management, pension obligations and capital investments, net debt and ratings, and a particular focus on budgeting and medium-term planning at T-Mobile US and DTCP. In the joint meeting with the General Committee, the Finance Committee discussed the 2022 annual financing plan in particular and made a recommendation for decision in this regard to the Supervisory Board.

The **Audit Committee** met seven times in 2021. The external auditor was present at five of the seven meetings. The Audit Committee's area of responsibility is defined by German and European legislation, the German Corporate Governance Code, and its own Rules of Procedure. It includes, in particular, the review of accounting, the monitoring of the accounting process, the effectiveness of the internal control system, risk management and the internal auditing systems, compliance, and data privacy. The Audit Committee also handled matters relating to the audit of the Company's financial statements, in particular selecting and ensuring the independence of the external auditor, and of the additional services provided by the external auditor, the commissioning of the external auditor, the stipulation of the main focuses of the audit, and the agreement on fees. After thorough discussion, the Audit Committee issued a recommendation to the Supervisory Board on its suggestions of the external auditor for the 2021 financial year and the first quarter of 2022 to be nominated by the 2021 shareholders' meeting. The Company had originally intended to effect a change of external auditor in the 2021 financial year and, to this end, a selection process had been held in 2019 led by the Audit Committee. On the basis of this process, the Audit Committee recommended Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY) and Deloitte GmbH Wirtschaftsprüfungsgesellschaft, indicating a substantiated preference for the former. Due to the unresolved allegations concerning Wirecard raised against EY in the interim, the Audit Committee distanced itself from this recommendation. In lieu of a decision, the Audit Committee recommended postponing the change of auditor until the 2022 financial year and retaining the services of the existing external auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), until such time as a new auditor could be appointed. In line with the Supervisory Board's recommendation, the 2021 shareholders' meeting appointed PwC as the external auditor for the 2021 financial year and the first quarter of 2022. In preparation for a change of auditor in the 2022 financial year, in 2021 the Audit Committee resolved to open a new selection process, led by the Audit Committee itself, to find an external auditor for the annual financial statements and consolidated financial statements for the 2022 financial year, including the review of the financial statements for the second and third quarters of the 2022 financial year and the first quarter of 2023. The Audit Committee guided this process and monitored it on a continual basis. At the end of the tendering phase, the Audit Committee submitted a substantiated recommendation, comprising two possible candidates and the Audit Committee's preferred choice, to the Supervisory Board for a candidate to be nominated and proposed to the 2022 shareholders' meeting. Furthermore, the Audit Committee commissioned PwC with a limited assurance engagement on the combined non-financial statement contained as a separate section in the combined management report. In the 2021 financial year, the Audit Committee again held one extraordinary meeting on fundamental issues affecting the Group. At this meeting, the committee dealt in particular with the effectiveness of the reporting system on the internal control, risk management, and internal auditing systems, and on the compliance management system, including the ongoing development of the reporting structure. In 2021, the discussions on risk management focused on the implementation of new requirements ensuing from the updates to IDW audit standard 340. At the same meeting, the Audit Committee also looked at the results of the migration of the Data Privacy, Legal Affairs, and Compliance units to Law & Integrity and the introduction of an agile organizational structure in this unit under the Human Resources and Legal Affairs Board of Management department, as well as the ongoing transformation program in the Audit unit. The Audit Committee discussed information on new requirements and developments in German and EU law, and accounting standards. Moreover, the Audit Committee's work in the reporting year once again centered heavily on the integration of Sprint following the business combination with T-Mobile US, as well as the latest developments in data privacy and data security. Beyond the scheduled meetings, the Audit Committee members attended deep-dive workshops on the implementation of new requirements resulting from the updates to IDW audit standard 340 for the risk management system, and extensively familiarized themselves with complex accounting matters.

Dagmar P. Kollmann, Chairwoman of the Audit Committee, has expert knowledge of accounting and auditing, and is also particularly knowledgeable and experienced in the application of accounting standards and internal control procedures. Petra Steffi Kreusel, Member of the Audit Committee, also has considerable expertise in accounting and auditing. She is independent from the Company, and is not a former member of the Board of Management of Deutsche Telekom AG. Like the members of the full Supervisory Board, the members of the Audit Committee overall are very familiar with the sector in which Deutsche Telekom AG is active.

The **Staff Committee** held four meetings in 2021 and mainly discussed matters relating to headcount planning and qualitative and quantitative staff-requirements planning for the purpose of preparing Supervisory Board resolutions on the 2022 budget. In addition, the committee dealt with topics such as the HR strategy, talent management, diversity, the findings of the employee survey, New Work, and the development of salary structures. The committee obtained an overview of the HR organization, and dealt with a variety of current topics, with a particular focus on the management of the coronavirus crisis.

The **Nomination Committee** met three times in 2021. It dealt in its meetings with succession planning for the Supervisory Board, with a particular focus this year on the matter of a successor to the position of Supervisory Board Chair in 2022.

The **Mediation Committee** to be formed in accordance with § 27 (3) of the Codetermination Act did not meet in 2021.

The **Technology and Innovation Committee** held three meetings in 2021 and dealt with a very broad range of topics from a variety of areas. For example, the committee discussed trends and strategic approaches, supply chain management, preparations for the 2021 Capital Markets Day, and performance indicators in the Technology and Innovation department. The committee also dealt with the current trend radar. The committee supports and promotes innovation and technological developments at infrastructure and product level; it supports the Board of Management with advice on how to tap new growth areas.

Number of meetings attended by the individual members

Supervisory Board member	Meeting	Attendance	Attendance rate %
Prof. Dr. Lehner, Ulrich	Supervisory Board plenary meeting/off-site conference	9/9	100 %
	General Committee	10/10	100 %
	Audit Committee (guest)	1/1	100 %
	Staff Committee	4/4	100 %
	Nomination Committee	3/3	100 %
	Total	27/27	100 %
Sauerland, Frank	Supervisory Board plenary meeting/off-site conference	8/9	89 %
	General Committee	8/10	80 %
	Staff Committee	4/4	100 %
	Total	20/23	87 %
Dr. Bössinger, Rolf	Supervisory Board plenary meeting/off-site conference	7/9	78 %
	General Committee	9/10	90 %
	Audit Committee	6/7	86 %
	Nomination Committee	3/3	100 %
	Total	25/29	86 %
Dr. Bräunig, Günther	Supervisory Board plenary meeting/off-site conference	9/9	100 %
	Finance Committee	3/3	100 %
	Total	12/12	100 %
Chatzidis, Odysseus D.	Supervisory Board plenary meeting/off-site conference	9/9	100 %
	Staff Committee	4/4	100 %
	Technology and Innovation Committee	3/3	100 %
	Total	16/16	100 %
Greve, Constantin	Supervisory Board plenary meeting/off-site conference	9/9	100 %
	Finance Committee	3/3	100 %
	Total	12/12	100 %
Hinrichs, Lars	Supervisory Board plenary meeting/off-site conference	9/9	100 %
	Technology and Innovation Committee	3/3	100 %
	Total	12/12	100 %
Dr. Jung, Helga	Supervisory Board plenary meeting/off-site conference	9/9	100 %
	Total	9/9	100 %
Prof. Dr. Kaschke, Michael	Supervisory Board plenary meeting/off-site conference	7/9	78 %
	Audit Committee	6/7	86 %
	Total	13/16	81 %

Supervisory Board member	Meeting	Attendance	Attendance rate %
Koch, Nicole	Supervisory Board plenary meeting/off-site conference	9/9	100 %
	Finance Committee	3/3	100 %
	Total	12/12	100 %
Kollmann, Dagmar P.	Supervisory Board plenary meeting/off-site conference	7/9	78 %
	Audit Committee	7/7	100 %
	Finance Committee	3/3	100 %
	Nomination Committee	3/3	100 %
	Total	20/22	91 %
Kreusel, Petra Steffi	Supervisory Board plenary meeting/off-site conference	9/9	100 %
	Audit Committee	7/7	100 %
	Total	16/16	100 %
Krüger, Harald	Supervisory Board plenary meeting/off-site conference	9/9	100 %
	Staff Committee	4/4	100 %
	Total	13/13	100 %
Marx, Kerstin	Supervisory Board plenary meeting/off-site conference	9/9	100 %
	General Committee	10/10	100 %
	Audit Committee	7/7	100 %
	Staff Committee	4/4	100 %
	Total	30/30	100 %
Schröder, Lothar	Supervisory Board plenary meeting/off-site conference	9/9	100 %
	Technology and Innovation Committee	3/3	100 %
	Total	12/12	100 %
Seelemann-Wandtke, Nicole	Supervisory Board plenary meeting/off-site conference	9/9	100 %
	Technology and Innovation Committee	2/3	67 %
	Total	11/12	92 %
Spoo, Sibylle	Supervisory Board plenary meeting/off-site conference	8/9	89 %
	Audit Committee	7/7	100 %
	Total	15/16	94 %
Streibich, Karl-Heinz	Supervisory Board plenary meeting/off-site conference	8/9	89 %
	Finance Committee	3/3	100 %
	Technology and Innovation Committee	2/3	67 %
	Total	13/15	87 %
Suckale, Margret	Supervisory Board plenary meeting/off-site conference	9/9	100 %
	Staff Committee	4/4	100 %
	Technology and Innovation Committee	3/3	100 %
	Total	16/16	100 %
Topel, Karin	Supervisory Board plenary meeting/off-site conference	9/9	100 %
	Finance Committee	3/3	100 %
	Total	12/12	100 %

Conflicts of interest on the Supervisory Board

Dr. Rolf Böisinger is a member of the Supervisory Board of Deutsche Telekom AG and, at the same time, State Secretary at the Federal Ministry for Housing, Urban Development and Building. Dr. Günther Bräunig is a member of the Supervisory Board of Deutsche Telekom AG and, until October 31, 2021, was also CEO of the Executive Board at Kreditanstalt für Wiederaufbau (KfW). We are aware that Deutsche Telekom AG is at times involved in legal disputes in which the Federal Republic of Germany is the opposing party. There were no conflicts of interest requiring action with any of the aforementioned members of the Supervisory Board. Should a conflict of interest arise, the Supervisory Board members will discuss how to proceed with the Chairman of the Supervisory Board.

Corporate governance

The Supervisory Board and Board of Management are aware that good corporate governance is an important foundation for corporate success. The provisions of the German Corporate Governance Code are hence reflected in the Company's statutes. The Board of Management and the Supervisory Board last issued their Declaration of Conformity with the German Corporate Governance Code on December 30, 2021.

This Declaration of Conformity can be found on the Deutsche Telekom AG [website](#). It also provides access to the declarations of conformity from previous years.

Apart from the exceptions disclosed therein, Deutsche Telekom complied, and continues to comply, with all recommendations of the Code. For detailed information on corporate governance at Deutsche Telekom, please refer to the Corporate Governance Statement.

The Corporate Governance Statement can be found on the Deutsche Telekom AG [website](#).

Training and development

The members of the Supervisory Board undertake the necessary training and development measures required for their tasks on their own and are supported by Deutsche Telekom AG in doing so with a range of options including information events and workshops – in 2021 with a special focus on the risk management system, complex accounting matters, and cybersecurity. The Company offers new Supervisory Board members a customized program to introduce them to the industry and the situation of the Company. Furthermore, an annual special meeting is held to inform the members of the Audit Committee about the latest changes in the law, new accounting and auditing standards, and any changes in corporate governance issues. The members of the Supervisory Board are also kept up to date about any new requirements for work on the Supervisory Board at the regular Board and committee meetings.

Changes in the composition of the Board of Management

On February 25, 2021, the Supervisory Board resolved to reappoint Birgit Bohle as the Board of Management member for Human Resources and Legal Affairs for the period from January 1, 2022 through December 31, 2026. Also on February 25, 2021, the Supervisory Board resolved to reappoint Thorsten Langheim as the Board of Management member for USA and Group Development for the period from January 1, 2022 through December 31, 2026. Furthermore, on December 15, 2021, the Supervisory Board resolved to cancel Timotheus Höttges' appointment as Chairman of the Board of Management effective December 31, 2021, and to reappoint Mr. Höttges as Chairman of the Board of Management for the period from January 1, 2022 through December 31, 2026.

Changes in the composition of the Supervisory Board

Shareholders' representatives

At the shareholders' meeting on April 1, 2021, Dr. Helga Jung was elected for a further term of office as a member of the Supervisory Board of Deutsche Telekom AG until the end of the 2025 shareholders' meeting. The four-year term aligns with the Supervisory Board's proposal to the shareholders' meeting to reduce the term of office for shareholders' representatives from five years to four years in future.

Employees' representatives

There were no changes in respect of the employees' representatives in the 2021 financial year.

Review of the annual and consolidated financial statements, the non-financial statement, and the 2021 remuneration report

The Board of Management submitted the annual financial statements, the consolidated financial statements, and the Group management report, which is combined with the management report of Deutsche Telekom AG (combined management report), together with its proposal for the appropriation of net income and the Corporate Governance Statement, to us in good time. The combined management report also included a separate section containing the combined non-financial statement for Deutsche Telekom AG and for the Group (combined non-financial statement) for the 2021 financial year.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main (PwC), which was appointed as auditor of the single-entity financial statements and auditor of the consolidated financial statements (external auditor) for the 2021 financial year by the shareholders' meeting on the recommendation of the Audit Committee and proposed for appointment by the entire Supervisory Board, audited the annual financial statements as of December 31, 2021, which were prepared by the Board of Management in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB), and the combined management report, as well as the consolidated financial statements as of December 31, 2021, which were prepared in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB, and the combined management report, and issued an unqualified audit opinion for each document. Moreover, PwC performed a limited assurance engagement on the combined non-financial statement for the 2021 financial year prepared by the Board of Management in respect of the disclosures required by law and issued an unqualified opinion in accordance with ISAE 3000.

The external auditor also confirmed in writing to the Audit Committee and the Supervisory Board together with the submission of the audit reports on February 15, 2022 that there are no circumstances that may give rise to doubts about the external auditor's impartiality. In the Supervisory Board meeting on February 23, 2022, the Audit Committee informed us about its monitoring of the external auditor's independence while taking account of the non-audit services provided, and of its conclusion that the auditor continues to meet the independence requirements.

The external auditor submitted its reports on the nature and extent as well as the result of its audits (audit reports) to us. The documentation on the aforementioned financial statements, the external auditor's audit reports, and the Board of Management's proposal for the appropriation of net income were made available to the members of the Supervisory Board in good time. The same applies to the combined non-financial statement and the Corporate Governance Statement.

We conducted our own in-depth review of the documents submitted by the Board of Management and the external auditor's audit reports. In preparation, the Audit Committee had conducted a thorough review of the aforementioned documents. The annual financial statements, the consolidated financial statements, and the combined management report, as well as the Board of Management's proposal for the appropriation of net income, were explained in detail by the Board of Management to the members of the Audit Committee at its meeting on February 22, 2022. The members of the Board of Management also answered the committee members' questions. Moreover, the external auditor also attended this meeting and reported on its audit, in particular the key audit areas, defined in agreement with the Audit Committee and the Supervisory Board, and the main findings of its audit, and explained its audit report. The external auditor did not identify any material weaknesses in the internal control system at Group level, in the risk management system, or in the accounting process. The members of the Audit Committee acknowledged and critically reviewed the audit report and audit opinion, and discussed them, as well as the audit itself, with the external auditor. The review included questions about the nature and extent of the audit and about the audit findings. The Audit Committee satisfied itself that the audit and the audit reports were compliant. In particular, its members had assured themselves that the audit reports and the audit conducted by the external auditor met the legal requirements. The Audit Committee agrees with the external auditor that there were no material weaknesses, in particular with regard to the accounting process, in the internal control or risk management systems at Group level. Furthermore, the Audit Committee adopted the approach described above with respect to the audit report and audit opinion on the combined non-financial statement and conducted a review of both. The Audit Committee recommended that we approve the results of the audit conducted by the external auditor and, since it had no objections to the documents submitted by the Board of Management, that we approve the annual financial statements and the consolidated financial statements; it also recommended that we not raise any objections against the combined management report or the combined non-financial statement, and that we support the Board of Management's proposal for the appropriation of net income.

We performed the final review of the annual financial statements, the consolidated financial statements, and the combined management report, as well as the Board of Management's proposal for the appropriation of net income, on February 23, 2022, taking into account the report and recommendations of the Audit Committee and the external auditor's audit reports. The Board of Management attended this meeting, explained the documents they had submitted, and answered our questions. The external auditor also attended this meeting and reported on its audit and the main findings of its audit, explained its audit reports, and answered our questions, in particular relating to the nature and extent of the audit and the audit findings. Based on this and the report presented by the Audit Committee, we were satisfied that the audit and the audit report were compliant. Hence, we approved the findings of the audit by the external auditor. The same applies to the combined non-financial statement contained in the combined management report.

Based on the final outcome of our review of the annual financial statements, the consolidated financial statements, the combined management report, and the combined non-financial statement, as well as the Board of Management's proposal for the appropriation of net income, no objections need be raised. The same applies to the Corporate Governance Statement even insofar as it has not been audited by the external auditor. We followed the Audit Committee's recommendation and approved the annual financial statements and the consolidated financial statements.

The approval of the Supervisory Board constitutes formal adoption of the annual financial statements.

The Supervisory Board's assessment of the position of the Company and the Group is the same as that which the Board of Management presented in its combined management report. It followed the Audit Committee's recommendation and approved these documents. The same applies to the combined non-financial statement.

When dealing with the budget and medium-term planning on December 15, 2021, we conducted an in-depth examination of financial and investment plans, discussing in particular the development of earnings, free cash flow, the equity ratio, and balance sheet ratios. The Board of Management's proposal concerning the appropriation of net income was examined by the Audit Committee on February 22, 2022, and by the Supervisory Board on February 23, 2022. The external auditor was present at both meetings. We approved and supported the Board of Management's proposal to pay out shareholder remuneration of around EUR 3,182 million and to carry forward around EUR 2,705 million to unappropriated net income.

The remuneration report for the 2021 financial year was prepared by the Board of Management and Supervisory Board in accordance with § 162 (1) sentence 1 of the Stock Corporation Act (Aktengesetz – AktG) and audited separately by the external auditor. In addition to the formal statutory review of the existence of disclosures pursuant to § 162 (1) and (2) AktG, PwC was commissioned by the Supervisory Board to conduct an assurance engagement on the remuneration report for the financial year from January 1, 2021 to December 31, 2021, including related disclosures, to obtain reasonable assurance regarding its compliance, in all material respects, with the provisions of § 162 AktG, for which PwC issued an unqualified opinion in accordance with IDW audit standard 490.

We would like to thank the members of the Board of Management, all employees, and the works committees for their commitment and dedication in the 2021 financial year.

Bonn, February 23, 2022
The Supervisory Board

Prof. Dr. Ulrich Lehner
Chairman