

Corporate Governance Declaration

of Frequentis AG

Frequentis AG is committed to accountable management of the company geared to creating sustainable, long-term value. In keeping with this, Frequentis AG also supports the objective of the Austrian Code of Corporate Governance of strengthening the confidence of national and international investors in the Austrian capital market by increasing transparency and establishing uniform principles of good corporate management.

The Austrian Code of Corporate Governance in the version dated January 2018 contains the following three categories of rules:

- **L rules** (legal requirements), which are based on mandatory legal requirements;
- **C rules** (comply or explain), which have to be followed; any deviation has to be explained and the reasons stated to be in compliance with the Code; and
- **R rules** (recommendations), which are by nature recommendations; non-compliance does not require either disclosure or reasons.

Frequentis AG respects the Austrian Code of Corporate Governance in the version of January 2018 and undertakes to comply with the requirements set out therein from the date on which its shares are first listed on the prime market at the Vienna Stock Exchange.

Frequentis AG complies with all mandatory L rules and provides explanations with regard to the following C rules set out in the Austrian Code of Corporate Governance of January 2018:

- **Rule 2**

Under Section 5.1.2 of the articles of association of Frequentis AG, the holder of registered share no. 1 with restricted transferability, Mr. Johannes Bardach, is authorised to appoint one third of the maximum number of shareholder representatives on the Supervisory Board (right to appoint Supervisory Board members under Section 88 of the Austrian Companies Act (AktG)). In this respect, the principle of “one share - one vote” is not fulfilled. The company benefits from the commitment, knowledge and experience of the Supervisory Board members appointed by the majority shareholder, Mr. Johannes Bardach.

- **Rule 27**

This rule applies for the conclusion of new contracts with the Executive Board (including extensions and significant changes to existing contracts). No such new contracts have been concluded since the flotation of Frequentis AG. However, the intention is to comply with the requirements of the Austrian Code of Corporate Governance when concluding contracts with Executive Board members (in the future).

- **Rules 39, 53**

Mr. Bardach was Chairman of the Executive Board before being appointed to the Supervisory Board. Mr. Daxecker was employed by Frequentis AG in management functions before his appointment to the Supervisory Board. Consequently, Mr. Bardach and Mr. Daxecker do not meet the criteria for independence within the meaning of Rule 53. Since the Supervisory Board of Frequentis AG comprises four representatives of the shareholders, two of whom do not meet the criteria for independence within the meaning of Rule 53, the composition of the Supervisory Board and its committees does not meet the criteria for independence set out in Rules 39 and 53. The appointment of the above persons ensures long-term retention by the Supervisory Board of their know-how and experience.

▪ **Rule 43**

At Frequentis AG, the remuneration committee to be set up by the Supervisory Board under Rule 43 is called the “Committee for Executive Board Issues”. In the opinion of Frequentis AG, there is therefore no deviation from Rule 43.

▪ **Rule 73**

Under Rule 73, the Executive Board is required to immediately post all reported directors’ dealings on the company’s website. The announcement can also be done by making a reference to the corresponding website of the Financial Market Authority. Reports of directors’ dealings have not been published on the website of the Financial Market Authority since July 2016. The Austrian Code of Corporate Governance has not yet been updated to reflect this. Frequentis AG has therefore decided to publish reports of directors’ dealings by making a reference to the website of Oesterreichische Kontrollbank Aktiengesellschaft (OeKB), which is the *officially appointed mechanism* (OAM) operating the system for central storage of information on issuers as prescribed by the EU Transparency Directive 2004/109/EC. Since it may be assumed that announcement by making reference to the website of OeKB is deemed to be at least equivalent, in the opinion of Frequentis AG this does not constitute a deviation from Rule 73.

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