Agenda and proposed resolutions for the 13th Annual General Meeting on 14 May 2020

1. **Item 1: Report of the Executive Board; presentation of the adopted annual financial statements including the management report, the consolidated corporate governance report and the consolidated non-financial report as well as the consolidated financial statements including the consolidated management report for the financial year 2019, presentation of the proposal for the appropriation of the profits and the report of the Supervisory Board for the financial year 2019.**

   For information: The documents specified above can be viewed in the internet at www.frequentis.com > Investor Relations > General Meeting > Annual General Meeting 2020 since 23 April 2020.

   Since the presentation of these documents is solely for the information of the General Meeting, there will be no resolution on this item of the agenda. The annual financial statements for 2019 have already been approved by the Supervisory Board and are therefore adopted.

2. **Item 2: Resolution on the appropriation of the balance sheet profit.**

   The Executive Board and the Supervisory Board propose to utilize the profits shown in the financial statements of Frequentis AG as of 31 December 2019 amounting to EUR 47,341,236.37 as follows:

   Distribution of a dividend amounting to EUR 0.15 (15 Cent) per outstanding participating no-par value share and carryforward of the remaining profit onto new account. The payment of the dividend shall be made as from Friday, 27 November 2020.

   As of the date hereof, this corresponds to a distribution amount of EUR 1,980,000.00 and an amount of EUR 45,361,236.37 to be carried forward onto new account.

   For information: Due to the utilization of the authorized capital in the nominal amount of up to EUR 80,000.00, which was resolved by the Executive Board on 2 March 2020 and approved by the Supervisory Board, and the fact that the definite volume of this capital increase will only be certain shortly before the Annual General Meeting, the total distribution amount and the profit carried forward may still change until the date of the Annual General Meeting. The total distribution amount may increase by up to EUR 12,000.00 and the profit carried forward would be reduced accordingly. The proposed resolution will be adjusted at the Annual General Meeting to the number of shares entitled to receive dividends existing at the time of the Annual General Meeting.

   In the wake of the Covid19 pandemic, potential legal measures are currently being discussed or have already been adopted both in Austria and at EU level that might prevent companies from distributing dividends under certain circumstances. Both the resolution on *the dividend and its payment are therefore subject to legal admissibility at the date of the resolution and at the date of payment.*

3. Item 3: Resolution on the discharge of the members of the Executive Board for the financial year 2019.

The Executive Board and Supervisory Board propose that the actions of the members serving on the Executive Board in the 2019 financial year be ratified for this period.

4. Item 4: Resolution on the discharge of the members of the Supervisory Board for the financial year 2019.

The Executive Board and Supervisory Board propose that the actions of the members serving on the Supervisory Board in the 2019 financial year be ratified for this period.

5. Item 5: Resolution on the remuneration of the members of the Supervisory Board for the financial year 2019.

The Executive Board and Supervisory Board propose that the remuneration of the members of the Supervisory Board elected by the General Meeting or delegated by shareholders (shareholder representatives) for 2019 be set as follows:

- For the Chairman of the Supervisory Board:
  Fixed remuneration of EUR 15,000.00 plus an attendance fee of EUR 2,500.00 per meeting
- For the Deputy Chairman:
  Fixed remuneration of EUR 13,000.00 plus an attendance fee of EUR 2,000.00 per meeting
- For every additional member:
  Fixed remuneration of EUR 12,000.00 plus an attendance fee of EUR 2,000.00 per meeting

For those members of the Supervisory Board whose term of office commenced during the 2019 financial year, the above fixed remuneration shall be paid on a pro rata basis (calculated in full calendar months). The attendance fees shall be paid for every Supervisory Board meeting attended.

The members of the Audit Committee shall be entitled to an additional attendance fee of EUR 2,000.00 for every meeting of the Audit Committee attended.

The Deputy Chairman shall be entitled to an additional attendance fee of EUR 2,000.00 for attendance at the company's Extraordinary General Meeting on 20 September 2019 in his role as Deputy Chairman of the meeting.

6. Item 6: Election of the auditors of the annual financial statements and consolidated financial statements for the financial year 2020.

The Supervisory Board proposes that BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, be appointed as the auditor of the financial statements of the company and the consolidated financial statements for the 2020 financial year. The proposal of the Supervisory Board is based on a corresponding recommendation by the Supervisory Board's Audit Committee.

7. Item 7: Elections to the Supervisory Board.

The term of office of Dr. Karl Michael Millauer and Dr. Boris Nemsic as members of the Supervisory Board ends at the end of the Annual General Meeting on 14 May 2020.

Article 5 of the articles of association of Frequentis AG states that the Supervisory Board comprises at least three and at most six members elected by the General Meeting or delegated by the shareholders (shareholder representatives). The Supervisory Board currently comprises eight members (five shareholder representatives and three representatives of the workforce). Two members therefore have to be elected at the upcoming General Meeting to bring the number of shareholder representatives back to the present level.

The provisions of Section 86 (7) of the Austrian Companies Act (AktG) (and the provisions of the Austrian Companies Act that make reference thereto) on a quota for equal representation of men and women on the Supervisory Board do not apply to the company.

The company's Supervisory Board proposes that Dr. Karl Michael Millauer and Dr. Boris Nemsic be elected to the company's Supervisory Board for the longest term permitted by Section 87 (7) AktG – that is, until the end of the General Meeting that resolves on ratification for the fourth financial year after the election, not including the financial year in which the election is held, in other words, until the end of the General Meeting that resolves on the 2024 financial year.

<u>*For information*</u>*: The nominees have each submitted a declaration pursuant to Section 87 (2) AktG regarding their professional qualifications and professional or comparable functions and stating that there are no circumstances that may give rise to concerns regarding conflicts of interest. These declarations can be viewed in the internet at www.frequentis.com > Investor Relations > General Meeting > Annual General Meeting 2020.*

8. Item 8: Resolution on the remuneration policy for the Executive Board.

The Supervisory Board proposes that the remuneration policy for the Executive Board as discussed and drawn up by the Supervisory Board in its meeting of 27 March 2020 in accordance with Section 78a AktG (principles for the remuneration of Executive Board members), which has been available since 23 April 2020 on the website of Frequentis AG registered with the commercial register, www.frequentis com > Investor Relations > General Meeting > Annual General Meeting 2020, be adopted. The remuneration policy for the Executive Board is attached to this document as Appendix ./1.

<u>For information</u>: The resolution of the General Meeting on the remuneration policy for the Executive Board constitutes a recommendation. No legal challenge is possible (Section 78b (1) AktG).

9. Item 9: Resolution on the remuneration policy for the Supervisory Board.

The Supervisory Board proposes that the remuneration policy for the Supervisory Board as discussed and drawn up by the Supervisory Board in its meeting of 27 March 2020 in accordance with Section 98a in conjunction with Section 78a AktG (principles for the remuneration of Supervisory Board members), which has been available since 23 April 2020 on the website of Frequentis AG registered with the commercial register, www.frequentis com > Investor Relations > General Meeting > Annual General Meeting 2020, be adopted. The remuneration policy for the Supervisory Board is attached to this document as Appendix ./2.

<u>For information</u>: The resolution of the General Meeting on the remuneration policy for the Supervisory Board constitutes a recommendation. No legal challenge is possible (Section 98a in conjunction with Section 78b (1) AktG).

10. Item 10: Resolution on the Long-Term Incentive Plan 2020.

The Executive Board and Supervisory Board propose that the share-based and performance-related incentive and remuneration programme ("Long-Term Incentive Plan 2020"), which has been available on the website of Frequentis AG registered with the commercial register, www.frequentis com > Investor Relations > General Meeting > Annual General Meeting 2020 since 23 April 2020, be adopted. The Long-Term Incentive Plan 2020 is attached to this document as Appendix ./3.

Appendix ./1	Remuneration policy for the Executive Board
Appendix ./3	Remuneration policy for the Supervisory Board
Appendix ./3	Long-Term Incentive Plan 2020

Remuneration policy for members of the Executive Board of Frequentis AG

1. Establishment of principles for the remuneration of Executive Board members

In its resolution of 27 March 2020, the Supervisory Board adopted the following principles for the remuneration (remuneration policy) of the members of the Executive Board of Frequentis AG (Frequentis AG or the company) on the basis of the proposal made by the Committee for Executive Board Issues in its role as remuneration committee, in accordance with C rule no. 43 of the Austrian Code of Corporate Governance; the principles shall be applied after submission to the 13th Annual General Meeting of Frequentis AG.

2. Objective of the remuneration policy

The objective of the remuneration policy is to ensure that the overall remuneration of the members of the Executive Board is commensurate with the company's economic situation, creates incentives for behaviour that is supportive of sustainable development, and of the business strategy and long-term development of the company. The remuneration policy also takes into account the size of the company, its international focus, the business model of Frequentis AG, and the tasks and qualifications of the Executive Board members.

The remuneration policy is structured to ensure that it is possible to attract suitably qualified persons for the tasks of a listed company with global operations. Therefore, the overall remuneration must be competitive and market oriented, as well as being commensurate with the usual remuneration at comparable companies.

The remuneration is therefore commensurate with the associated overall responsibility of the Executive Board, as well as taking into account the individual responsibility of each Executive Board member as derived from the allocation of functions. Other key factors are length of service with the company and, where relevant, the assumption of the function of spokesperson or chairperson of the Executive Board.

The remuneration policy provides incentives for the members of the Executive Board to play an active part in developing and pursuing the strategy of the Frequentis Group, permanently support the sustainable development of the company, and avoiding taking inappropriate risks. When defining financial and non-financial performance criteria, attention shall be paid to avoiding enticements to take risks and an excessive focus on short-term profits. Ambitious targets should be set to provide an incentive exceptional performance and to encourage implementation of the strategy of Frequentis AG. The overriding aim is the positive long-term development of the company.

3. Remuneration components

The overall remuneration of the members of the Executive Board of Frequentis AG shall comprise the following components:

(a) Fixed remuneration components that are not performance-related

(b) Variable performance components that are dependent on the achievement of specific performance criteria.

With regard to the relative weighting of the fixed and variable components within the overall remuneration, please refer to subsections 4 and 5 below.

4. Fixed remuneration components

The fixed remuneration comprises a base salary, benefits in kind other perquisites, and social security and pension contributions.

4.1 Base salary

Executive Board members receive an annual base salary payable in arrears in fourteen monthly instalments. This covers all overtime and all work that goes beyond the normal working hours of company employees. It also covers the assumption of offices on governance bodies within the Frequentis Group.
This remuneration component is principally intended as remuneration for taking on a position on the Executive Board and the associated overall responsibility of the individual Executive Board members, but also takes into account the individual responsibilities of each member, which are derived from the areas of responsibility allocated to them. This results in differentiated base salaries which take into account their strategic and operational functions.
In addition, the level of the annual base salary reflects the customary market rates of remuneration of executive board members at comparable companies.
The employment contract may include an agreement that, if an Executive Board member is unable to perform his/her duties due to illness or an accident, he/she shall continue to receive the agreed base salary in full for a defined period of no more than six months and at a reduced level for a further period of no more than six months.
Taking these criteria into account, the fixed remuneration must ensure competitive and market-oriented remuneration that enables the company to recruit and retain suitable executives.
The annual base salary shall be agreed in the Executive Board contracts in accordance with the criteria outlined above and the provisions of Section 78 of the Austrian Companies Act (AktG). In 2020, the (gross) annual base salary is EUR 360,000.00 for the Chairman of the Executive Board and between EUR 250,000.00 and EUR 290,000.00 for the other members.

4.2 Benefits in kind and other perquisites

Benefits in kind and other perquisites can be granted as follows:

(a) Collective accident insurance and death insurance for the benefit of the Executive Board members or for a third party named by the respective Executive Board member;

(b) Collective supplementary health insurance:

(c) D&O insurance and legal expenses insurance with appropriate cover for the risks;

(d) Company car, fully comprehensive motor insurance and driver's/passenger insurance with appropriate cover

(e) Other perquisites: mobile phone and mobile communication media and discounts for the Frequentis staff restaurant.

4.3 Social security and pension contributions

Contributions to the statutory social security scheme are paid for members of the Executive Board; these change annually depending on the maximum contribution base set in accordance with Section 108 of the Austrian General Social Security Act (ASVG).
The present members of the Executive Board have been granted defined contribution entitlements to pension benefits. These comprise a retirement pension and pension benefits for surviving dependants (including widow's and orphan's pensions). The premiums are paid by the company and will amount in total to EUR 150,000.00 in the 2020 financial year.

4.4. Severance payment

For every Executive Board member, who was not employed by the company prior to 1 January 2003, contributions are made to an occupational insurance fund (severance fund new) in compliance with the legal requirements. These contributions are 1.53% of the maximum annual social security contributions in accordance with Section 108 ASVG.
This does not apply for Executive Board members whose employment contracts commenced prior to 1 January 2003 (severance fund old – see subsection 7.2.1).
Furthermore, Executive Board members who only entered into an employment contract with the company after 1 January 2003 may be granted a contractual severance payment under the terms of the old severance arrangements.

5. Variable remuneration components

The variable remuneration aims to foster the positive economic development of the company and may comprise both a short-term and a long-term variable component. Furthermore, in exceptional circumstances, an Executive Board member may be granted a special one-off bonus.

5.1 Short-term variable remuneration

5.1.1 Basic principles, performance criteria, targets

The short-term variable components are based on the achievement of short-term financial targets for the company.
Achievement of the targets is measured by an indicator of the earnings before interest and taxes as stated in the consolidated financial statements in accordance with IFRS (IFRS EBIT), provided that the earnings before tax reported in the financial statements of Frequentis AG in accordance with the Austrian Commercial Code (UGB EBT) after provisions for short-term variable remuneration reach a defined minimum for the relevant financial year. If the UGB EBT after provisions for short-term variable remuneration of all Executive Board members (including statutory payroll-related costs) drops below the minimum amount, the short-term variable remuneration of all Executive Board members shall be reduced by the same percentage until it is in line with the planned minimum UGB EBT.
In addition to these financial targets, the short-term variable remuneration for one or more Executive Board members may be based on individually agreed targets. The aim of this is to provide incentives relating to the specific tasks of individual Executive Board members, based on the allocation of functions, and to include sustainable, non-financial performance

criteria in the short-term variable remuneration. These targets should support the company's business policy and strategic focus. In addition to financial criteria, this should include non-financial criteria, including criteria related to corporate social responsibility as well as social and ecological factors. When defining the criteria for individual targets, care must be taken to encourage the long-term positive development of the company and avoid focusing on purely short-term effects.

5.1.2 Setting the targets

The targets for the short-term variable remuneration are set prospectively, at the end of the previous financial year, by the Committee for Executive Board Issues in its role as remuneration committee. The targets are set on the basis of the information available at this time.
If, alongside the quantitative performance criterion "IFRS EBIT / UGB EBT", additional individual targets are agreed, their relative weighting must be defined; the quantitative performance criterion "IFRS EBIT / UGB EBT" must have a weighting of at least 60%.
The time period for the relationship between over- or under-achievement of each target and the corresponding increase / reduction in the amount of the short-term remuneration must be defined for each target.
A minimum level shall be set for the quantitative performance criterion "IFRS EBIT / UGB EBT"; if this is not achieved the short-term variable remuneration (for this criterion) shall not be paid. A target achievement range of between 0% and 100% shall be set for exceeding the minimum target level.
A range of 0% to 100% shall be set for achievement of any targets agreed individually in accordance with subsection 5.1.1.

5.1.3 Determining achievement of the criteria and the entitlement to remuneration

At the end of the financial year, the Committee for Executive Board Issues, in its role as remuneration committee, examines the business performance and finalises the level of achievement and the resulting amount of short-term variable remuneration.
Overall, even in the event of over-achievement of all agreed performance targets, the short-term variable remuneration is capped at 100% of the (gross) annual base salary of the respective Executive Board member.
The short-term variable remuneration shall be paid as soon as the basis and amount have been determined by the Committee for Executive Board Issues.

5.2 Long-term variable remuneration

5.2.1 Basic principles

The company may grant a long-term variable remuneration component, structured as a share-based Long-Term Incentive Plan (LTIP), to one or more members of the Executive Board on a one-off or repeated basis.
An LTIP is a share-based remuneration instrument for an Executive Board member that is designed to support the medium and long-term creation of value by the company. The aim of the LTIP is to combine the interests of the Executive Board member and the company's shareholders by giving the Executive Board member a performance-related opportunity to acquire shares in the company, based on the achievement of certain medium and long-

term targets. The LTIP is based, in particular, on sustainable, long-term and multi-year performance criteria, including non-financial criteria. Further, the LTIP is designed to avoid enticements to take unnecessary risks and is focused on the positive long-term development of the company. In this way, the LTIP takes into account the specific recommendations of the Austrian Code of Corporate Governance (especially rules 27 and 28).

5.2.2 Design and entry into force of the LTIP

An LTIP may be agreed at annual or multi-year intervals. Every LTIP is designed by the Committee for Executive Board Issues, submitted to the full Supervisory Board for a resolution, and comes into effect, following approval by the General Meeting, on the commencement date set out in the LTIP. Every LTIP meets the requirements of the Austrian Code of Corporate Governance.

5.2.3 Participants, performance targets, maximum limit for long-term variable remuneration

When designing an LTIP, the Committee for Executive Board Issues defines, in particular, the eligible participants, the performance criteria to be used for the LTIP and their relative weighting, and the specific targets for each criterion.
To comply with C rule no. 28 of the Austrian Code of Corporate Governance, care must be taken to ensure, in particular, that the LTIP agrees clear, extensive and differentiated criteria and measurable targets that support the positive long-term development of the company and avoid focusing on purely short-term effects.
It is not possible to change the performance criteria retrospectively.
Further, the Committee for Executive Board Issues sets the maximum number of shares that may be allocated to an Executive Board member. In accordance with C rule no. 27 of the Austrian Code of Corporate Governance, the maximum limit for the amount of the LTIP that may be paid out in the form of shares in the company is set out 200% of the (gross) annual base salary of the respective Executive Board member and there is not entitlement to amounts exceeding this level.

5.2.4 Performance period, waiting period, payment, retention period

In accordance with C rule no. 28 of the Austrian Code of Corporate Governance, the duration of each LTIP is three years (performance period). Entitlement to the disbursement of shares under an LTIP arises at the end of the third financial year provided that the targets agreed in the LTIP are achieved.
Achievement of the targets is determined by the company’s Supervisory Board; over-achievement of one performance criterion/target may offset under-achievement of another performance criterion/target. Assuming 100% target achievement in the performance period, the Executive Board member will be allocated the total number of shares that can be allocated under the LTIP – within the framework of the maximum amount set. The maximum amount and the maximum number of shares may not be exceeded even in the event of over-achievement of the targets set for the performance period. If target achievement is lower, the number of shares is reduced analogously on a straight-line basis. If total target achievement is less than 50%, the Executive Board member shall not be entitled to any shares under the LTIP.

The shares are transferred to the Executive Board member after determination of target achievement and approval of the disbursement by the Supervisory Board.
The LTIP must specify that, after the expiry of the performance period, the Executive Board member may sell a maximum of 30% of the shares acquired in an LTIP in any calendar year. Further, it shall define that the Executive Board member shall maintain a minimum shareholding of 7,000 shares, until the member leaves the company's Executive Board.

5.3 Special one-off bonus

With the approval of the full Supervisory Board, the Committee for Executive Board Issues, in its function as remuneration committee, may, in exceptional circumstances, grant a special bonus to an Executive Board member (e.g. sign-on bonus in the event of relocation, retention bonus). The amount of the special bonus must be commensurate with the specific circumstances and may not exceed 50% of the member’s (gross) annual salary.

5.4 Claw-back clause

A claw-back clause for variable remuneration components in accordance with C rule no. 27 of the Austrian Code of Corporate Governance shall be included in Executive Board contracts that are concluded or extended as from 1 January 2020, insofar as such remuneration was determined and disbursed on the basis of obviously false data. Repayment in instalments may be agreed, depending on the individual circumstances.

6. Remuneration and employment conditions of employees

There should be an appropriate relationship between the annual base salary (gross, including payroll-related costs) of the Executive Board members and the remuneration and employment conditions of the company's employees (based on average annal base salary [gross, including payroll-related costs] of employees of Frequentis AG, calculated on the basis of full-time employment.

7. Duration and termination of contracts with Executive Board members

7.1 Duration and termination

The maximum duration of employment contracts of Executive Board members is five years. In any case, it is coupled to their term of office. If an Executive Board member is reappointed, the duration of their employment contract is extended accordingly.
If the appointment of an Executive Board member is terminated for good cause within the meaning of Section 75 (4) AktG, the company is entitled to terminate the employment contract before it ends if, at the same time, there is a gross breach of duty by the Executive Board member that would entitle the company to dismiss him/her in application, mutatis mutandis, of Section 27 of the Austrian Employees Act (AngG).
The withdrawal of confidence by the General Meeting without any such reason for dismissal therefore does not entitle the company to prematurely terminate the employment contract. In such case, the employment contract shall be dissolved by mutual agreement at the end of the next half

year. If an Executive Board member steps down, this shall also be deemed to be notice of termination of the employment contract as of the same effective date.

7.2 Consequences of termination

7.2.1 (Voluntary) termination and severance pay

In the case of Executive Board members who are entitled to severance pay within in the meaning of Section 23 AngG – on either statutory or contractual grounds (see subsection 4.4 above) – the severance pay shall be due and payable on the day on which the employment contract ends.

However, there is no entitlement to such payments if the appointment of the Executive Board member is terminated as a result of gross breach of duty pursuant to Section 75 (4) AktG) and the employment contract is terminated prematurely in application, mutatis mutandis, of Section 27 AngG, or if the Executive Board member resigns without good cause or without the agreement of the Supervisory Board. If the appointment of an Executive Board member is not renewed by the Supervisory Board, without good cause within the meaning of Section 75 (4) AktG, the Executive Board member is entitled to an agreed severance payment, which may not, however, exceed 50% of the member's (gross) annual base salary. If an employment contract is dissolved by mutual agreement as a result of the withdrawal of confidence by the General Meeting, the Executive Board member concerned shall receive the further remuneration to which he/she is entitled for the original term of the contract as a severance payment, but at most two years' total remuneration.

7.2.2. Long-Term Incentive Plan

If an employment contract ends during the performance period of an LTIP agreed with the Executive Board member concerned, the LTIP also ends with immediate effect.

If the company terminates the employment contract for good cause within the meaning of Section 27 AngG or if the Executive Board member resigns from the company's Executive Board without good cause, the Executive Board member shall not be entitled to any shares under the LTIP. If the Executive Board member leaves the company's Executive Board before the end of the performance period for the LTIP due to premature termination of the contract with the Executive Board member by the company without good cause of if the Executive Board member leaves for good cause or due to retirement, he/she shall be entitled to the proportionate number of shares allocable under the LTIP insofar as the targets were achieved by the leaving date. This shall also apply if the Executive Board member leaves the company's Executive Board before the vesting date because the term of office ends and the Supervisory Board does not resolve on reappointment of the member without the member having given good cause therefor. If the employment contract ends as a result of the death or permanent incapacity of the Executive Board member, the share-based payment under an LTIP that was not yet due will be calculated as at the date of death or date of permanent incapacity to work and disbursed in cash; the amount shall be based on the actual target achievement as at the date of death or the date of commencement of the permanent incapacity to work. If the employment contract of an Executive Board member is dissolved by mutual agreement, an agreement on the current LTIP shall be made.

7.2.3 Social security and pension contributions

For information on any social security and pension contributions, please refer to subsection 4.3.

8. Procedure for the remuneration policy

This remuneration policy was drafted by the Committee for Executive Board Issues in its role as remuneration committee and adopted by the Supervisory Board of Frequentis AG in its resolution of 27 March 2020. The remuneration policy will be submitted to the vote at the 13th Annual General Meeting of Frequentis AG. In accordance with Section 78b (1) AktG, the remuneration policy must be submitted to the General Meeting for a vote every fourth financial year.

At least every fourth financial year, the Committee for Executive Board Issues shall therefore review the remuneration policy – if necessary, in consultation with internal and external experts – and assess whether a revision is necessary. The Committee for Executive Board Issues shall then make a recommendation to the Supervisory Board. The same applies for every significant change in the remuneration policy before this time. The Supervisory Board shall then adopt a resolution on the remuneration policy and make a corresponding proposal for a resolution by the General Meeting.

If a member of the Committee for Executive Board Issues and/or a member of the Supervisory Board of Frequentis AG has a conflict of interest with regard to the remuneration of the Executive Board, the member shall proactively report this conflict of interest and shall abstain from voting.

9. Temporary deviation from the remuneration policy

Deviation from this remuneration policy to the benefit of an Executive Board member is only possible in exceptional circumstances and only on a temporary basis. Such deviation may only relate to subsections 4.1, 5 and 7. Exceptional circumstances are defined exclusively as situations where deviation from the remuneration policy is necessary for the long-term development of the company or to ensure its profitability.

Any member of the Executive Board or Supervisory Board may apply for a deviation, which requires a resolution of approval by the Supervisory Board. This resolution shall set out whether exceptional circumstances apply and whether, and for how long and in what form deviation from this remuneration policy is necessary for the long-term development of the company or to ensure its profitability. Any deviation from this remuneration policy, including an explanation of the exceptional circumstances and the duration of such deviation, must then be outlined in the next remuneration report.

10. Significant changes to the remuneration policy

Since this is the first resolution on the present remuneration policy, information on this is not required.

Remuneration policy for members of the Supervisory Board of Frequentis AG

1. Establishment of principles for the remuneration of Supervisory Board members

In its resolution of 27 March 2020, the Supervisory Board of Frequentis AG (Frequentis AG or the company) adopted the following principles for the remuneration (remuneration policy) of the Supervisory Board members elected by the General Meeting or delegated by shareholders in accordance with article 5.1.2 of the company's articles of association; the principles shall be applied after submission to the13th Annual General Meeting of Frequentis AG.

2. Objective of the remuneration policy

The objective of the remuneration policy is to ensure that the members of the Supervisory Board are granted remuneration that is commensurate with their tasks and responsibilities, and with the company's economic situation. The remuneration policy also takes into account the size of the company, its international focus, the business model of Frequentis AG, and the role and qualifications of the Supervisory Board members.
The remuneration policy is structured to ensure that qualified persons can be gained to perform the tasks of the Supervisory Board of a listed company with global operations. Therefore, the overall structure of the remuneration must be competitive and market-oriented as well as ensuring an appropriate relationship to the customary remuneration at comparable companies. In addition, it should allow a balanced professional and personal composition of the board. Special attention is paid to diversity with regard to the representation of both genders, a balanced age structure, and the professional background of the members.
The remuneration policy supports the balanced and qualified composition of the Supervisory Board and provides appropriate compensation for the tasks and responsibilities of the office. In this way, the remuneration policy supports the implementation of the business strategy and the long-term positive development of the company.

3. Remuneration of the members of the Supervisory Board

The remuneration of the Supervisory Board members is adopted on the basis of a proposal submitted to the General Meeting by the Executive Board and the Supervisory Board. The Executive Board and Supervisory Board draw up the remuneration proposal for each financial year at the start of the following financial year. Remuneration for a year is paid retrospectively following adoption of the resolution by the General Meeting.

The employee representatives on the Supervisory Board perform their function voluntarily in accordance with Section 110 (3) of the Austrian Labour Relations Act (ArbVG) and do not receive separate remuneration therefor. The remuneration of the elected/delegated Supervisory Board members comprises basic annual remuneration and attendance-related components.

The basic annual amount is defined as a fixed amount per Supervisory Board member, and the amount may be graduated and measured on a different basis depending on the member's function and the scope of his/her tasks and responsibilities (e.g. chairperson, deputy chairperson). The basic annual remuneration for 2020 shall be between EUR 12,000.00 and EUR 15,000.00 per Supervisory Board member.

The attendance-related component is paid as an appropriate fee for attending meetings and is calculated as a flat rate for each meeting of the full Supervisory Board and of its committee that a member attends. The attendance fee may be graduated and measured on a different basis, in particular depending on the member's function and the scope of his/her tasks and responsibilities (e.g. chairperson, deputy chairperson). Further, the chairperson and deputy chairperson of the Supervisory Board may be granted appropriate attendance fees for attendance at and functions in connection with the company's general meetings. The attendance-related component of the remuneration policy reflects the fact that the number of meetings and the related time requirements can vary, especially in connection with membership of committees. The attendance fee for 2020 shall be between EUR 2,000.00 and EUR 2,500.00 per (committee) meeting. For attendance at the General Meeting and the related tasks, the fee shall be between EUR 2,000.00 and EUR 2,500.00.

The basic remuneration and attendance fees, including those for attendance and tasks relating to a General Meeting, are subject to annual adjustment on the basis of the criteria outlined, including an inflation adjustment. Insofar as the General Meeting resolves on the annual remuneration in part or in full as a total amount for all Supervisory Board members, the chairperson of the Supervisory Board shall allocate the total amount among the Supervisory Board members, taking into account the above principles.

There is no provision for performance-related remuneration components (e.g. based on the performance of the share price) and stock option programmes for Supervisory Board members.

If a Supervisory Board member takes on a specific function in the interests of the company, he/she may be granted special remuneration for this by a resolution of the General Meeting. Every Supervisory Board member, including the employee representatives on the Supervisory Board, is entitled to reimbursement of out-of-pocket expenses.

The members of the Supervisory Board may be included in a customary directors' and officers' liability insurance and a legal expenses insurance policy offering appropriate cover.

4. Remuneration and employment conditions of employees

Furthermore, there should be an appropriate relationship between the total annual remuneration of a Supervisory Board member and the average gross annual remuneration of the employees of Frequentis AG, calculated on the basis of full-time employment.

5. Term of office of the Supervisory Board

The Supervisory Board members elected by the General Meeting shall, unless they are elected for a shorter term of office, be elected for the period until the end of the General Meeting that resolves on ratification of their actions for the fourth financial year after their election. The financial year in which they are elected is not included in this calculation. The members of the Supervisory Board delegated by shareholders are members of the Supervisory Board for an unlimited period. The parties who delegated them may revoke their appointment at any time and replace them by others. There is no employment contract between the elected or delegated Supervisory Board members and the company. Therefore, no details are given of the term of contracts with Supervisory Board members, the main elements of supplementary pension systems, early retirement arrangements, or severance conditions and the related payments.

Business relations between Frequentis AG and Supervisory Board members and companies where Supervisory Board members have a significant investment or a seat on the supervisory board are undertaken at arm's length. The company is required to report on contracts with related parties (companies and individuals) in its annual financial statements.

6. Procedure for the remuneration policy

This remuneration policy was drafted by the Committee for Executive Board Issues in its role as remuneration committee and adopted by the Supervisory Board of Frequentis AG in its resolution of 27 March 2020. The remuneration policy will be submitted to vote at the 13th Annual General Meeting of Frequentis AG. In accordance with Section 98a in conjunction with Section 78b (1) AktG, the remuneration policy must be submitted to the General Meeting for a vote every fourth financial year.

The Supervisory Board is required to adopt a resolution on the remuneration policy at least every fourth financial year and on every significant change in the remuneration policy and to submit a corresponding proposal for a resolution to the General Meeting. The General Meeting takes a binding decision on the remuneration entitlements of the Supervisory Board members; in this, conflicts of interest of the Supervisory Board members in connection with the remuneration policy shall be avoided.

7. Temporary deviation from the remuneration policy

With the approval of the General Meeting, a temporary deviation from this remuneration policy is possible in exceptional circumstances; such deviation may only relate to subsection 3. Exceptional circumstances are defined exclusively as situations where deviation from the remuneration policy is necessary for the long-term development of the company or to ensure its profitability.

8. Significant changes in the remuneration policy

Since this is the first resolution on the present remuneration policy, information on this is not required.

Long Term Incentive Plan 2020

1. Plan purpose and objectives

The performance based share plan (Long Term Incentive Plan 2020 – **"LTIP2020"**) is a long-term compensation instrument for the Chairman of the Management Board that promotes mid and long-term value creation at Frequentis AG.

The LTIP2020 seeks to align the interests of the Chairman of the Management Board and the shareholders of the Company by providing the Chairman of the Management Board with the possibility to receive – on a performance basis, dependent on the fulfilment of certain mid and long-term targets – shares in the Company. The plan also seeks to prevent inadequate risk-taking and to set the focus on the long-term development of the Company. In this respect, the LTIP2020 draws on sustainable, long-term and multi-annual performance criteria and includes also non-financial criteria.

2. Participation

The Chairman of the Management Board of FREQUENTIS AG, Norbert Haslacher, is the participant in the LTIP2020.

It is envisaged, to also provide in subsequent years – subject to approval by the respective general meeting – for a long term incentive plan. With respect to potential future long term incentive plans, also other members of the Management Board as well as selected senior executives of FREQUENTIS AG or of its affiliated companies, shall be eligible to participate.

3. Personal share ownership rules

There is no requirement for an ex ante investment in Frequentis shares in order to participate in the LTIP2020. However, the Chairman of the Management Board is obliged to build up, out of the LTIP2020 (and preceding and potential future long term incentive plans), an appropriate volume of shares in the Company and to hold such shares until his retirement or departure from the Company. The shareholding requirement amounts to 7,000 shares in the Company. Subject to such shareholding requirement, the Chairman of the Management Board may sell – as from the date of pay out – per calendar year one third of the shares acquired under the LTIP2020.

4. Grant levels

The maximum number of shares which may be allocated to the Chairman of the Management Board under the LTIP2020 amounts to 17,000 shares in the Company (gross) whereby no increase of shares under the LTIP2020 shall take place in case of capital increases or other capital measures. The term "gross" in connection with shares refers to the number of shares before deduction of taxes and duties. Due to the aforementioned deductions, in case of a pay out of shares, as a general rule approximately only half of the stated share number is actually transferred to the Chairman of the Management Board.

In accordance with Rule 27 of the Austrian Corporate Governance Code it is, in addition, determined as maximum value amount that under the LTIP2020 the Chairman of the Management Board may not be allocated more than 200% of his yearly gross base salary in form of shares. The calculation of such maximum value amount is to be made on the basis of the average share price of the Frequentis shares at the Vienna Stock Exchange during the three-month period following the end of the calendar year 2022.

In any case, the total accumulated number of shares paid out under the LTIP2020 (and preceding and potential future long term incentive plans and/or other share transfer or share option programs) will amount to less than 5% of the outstanding nominal capital of FREQUENTIS AG.

5. Effective Date and term

Plan commencement: 1 January 2020, subject to approval by the general meeting

Performance period: 3 years (1 January 2020 to 31 December 2022)

Vesting date: 30 April 2023, subject to approval by the Supervisory Board of the Company

6. Performance criteria and weightings

The number of shares is calculated by multiplying the maximum number of shares that can be allocated (gross) by the total percentage of target achievement, whereby the target achievement is measured over the entire performance period of three years. When doing such calculation, rounding is made in any event down to one full share.

In case of a 100% target achievement, all shares allocable under the LTIP2020 – observing, however, the limits of the maximum value amount – are allocated. However, also in case of an over-achievement of targets (i.e. more than 100% target achievement) the allocation of shares will not exceed the maximum value amount and the maximum number of shares. An over-achievement with respect to one performance target/criterion may equate an under-achievement with respect to another performance target/criterion within the limits of the aforementioned maximum determinations.

In case of a lesser target achievement, the number of shares is reduced accordingly (linear). Should the target achievement amount to less than 50%, no shares are allocable under the LTIP2020.

The performance criteria aim for a sustainable creation of value in the following performance areas:

- <u>Shareholders</u>

  30% of the total allocation (in case of 100% target achievement; up to 40% in case of more than 100% target achievement) are based on the Total Shareholder Return ("TSR") relative to a group of peer companies. The performance criterion is calculated as described below under "Calculation of relative TSR outcome".

- <u>Company:</u>

  20% of the total allocation (in case of 100% target achievement; up to 30% in case of more than 100% target achievement) are based on the development of the Order Backlog.

- <u>Sustainability:</u>

  20% of the total allocation (in case of 100% target achievement; up to 30% in case of more than 100% target achievement) are based on compliance with a target figure for growth in the geographical regions.

  30% of the total allocation (in case of 100% target achievement; up to 40% in case of more than 100% target achievement) are based on compliance with target figures for inorganic growth (growth through Mergers and Acquisitions).

The defined performance criteria must not be amended during the performance period of the LTIP2020. However, in order to maintain the incentivizing character of the LTIP2020, the Supervisory Board has the discretion to adjust the figures for target achievement if market conditions change significantly and/or special situations occur. In this respect the Supervisory Board has to consider in line with Section 78 Para 1 of the Stock Corporation Act that an allocation of shares under the LTIP2020 is proportionate to the tasks and the performance of the member of the Management Board, to the situation of the Company and to the usual remuneration and that the criterion of a long-term incentive for a sustainable development of the Company is preserved.

In addition, the Supervisory Board may, in case that FREQUENTIS has in two years out of the three-year performance period a negative annual result (in the individual or consolidated accounts), reduce the number of shares allocable under the LTIP2020 in full or in part, depending on the reasons and the extent of the losses within its reasonable discretion.

<u>Calculation of relative TSR outcome</u>

Performance of the relative TSR criterion is calculated by comparing the TSR of FREQUENTIS AG over the three-year performance period against the TSR of a peer group of companies. The relative TSR peer group was determined by the Supervisory Board and includes the following companies:

CS Communication et Systemes AS

Indra Sistemas SA

Kapsch TraffiCom AG

S&T AG

SAAB AB

Kongsberg Gruppen ASA

OHB SE

TSR is the percentage change in the value of an investment in a company over a given period and is calculated as (i) the growth in share price over a given period plus (ii) the value of dividends paid out over the period, assuming they are reinvested in shares of the Company.

For the TSR calculation the average share price in the period from 1 January 2020 to 31 March 2020 (as initial share price) and the average share price in the period from 1 October 2022 to 31 December 2022 (as end share price) are used (with respect to FREQUENTIS AG, the respective share price at the Vienna Stock Exchange shall apply).

The TSR for the performance period is determined for each company in the peer group, including FREQUENTIS AG, and is ranked in descending order of the performance. The allocation of shares depends on the position of the TSR of FREQUENTIS AG in the four quartiles of the ranking, whereby the forth quartile includes the lowest TSR and the first quartile the highest TSR. Target for such performance criterion (100% target achievement) is a relative position of FREQUENTIS AG in the second quartile.

7. Vesting/payout/clawback

The determination of target achievement is to be done by the Supervisory Board of the Company until the vesting date, if possible. If approval for pay out of the shares is granted by the Supervisory Board on the vesting date or prior thereto, the pay out shall be effected on the business day following the vesting date. Otherwise, pay out shall be effected at the beginning of the month following the approval. The Company does not cover any share price risk caused by the delay or the transfer.

In case of specific circumstances (pay out of shares based on evidently incorrect data; adjustment of approved financial statements for a financial year in the performance period due to a mistake; serious misconduct by the Chairman of the Management Board constituting a material violation of applicable laws, the Articles of Association of the Company, the bylaws for the Management Board or internal guidelines; material failure of the risk management which results in significant damages for the Company), the Supervisory Board may, in its reasonable discretion, reduce the number of shares allocable under the LTIP2020 in full or in part or claim full or partial repayment of paid out shares.

8. Rules for Leavers prior to the Vesting Date

In case the Company terminates the contract with the Chairman of the Management Board for good cause or the Chairman of the Management Board ends his membership to the Management Board without good cause, no shares under the LTIP2020 shall be allocable.

In case the Chairman of the Management Board ceases to be a member of the Management Board without his fault (premature termination of the contract with the Chairman of the Management Board by the Company without good cause; Chairman of the Management Board ending his membership to the Management Board with good cause; retirement of the Chairman of the Management Board; expiry of the tenure of his mandate as member of the Management Board without extension or re-appointment and no good cause being at hand for not extending or re-appointing him) the shares allocable under the LTIP2020 are to be allocated pro rata, to the extent the targets have been fulfilled until the date the Chairman of the Management Board has ceased to be a member of the Management Board.

In case of death or permanent occupational disability of the Chairman of the Management Board, claims for shares which are not due are valued and settled in cash per the date of death/permanent occupational disability; the value is to be determined on the basis of actual target achievement until the date of death/permanent occupational disability.

In case of an amicable termination of the contract with the Chairman of the Management Board, also an agreement on the LTIP2020 is to be made between the Company and the Chairman of the Management Board.

9. Plan termination

In case the Chairman of the Management Board ceases prematurely to be a member of the Management Board for any reason whatsoever, the LTIP2020 terminates with immediate effect. Other than that, a premature termination of the LTIP2020 is – except for a termination for good cause – excluded. A good cause is given if e.g. the Chairman of the Management Board commits a serious misconduct or if the Company ceases to be publicly listed.