



FREQUENTIS

FOR A SAFER WORLD

Consolidated Non-Financial
Report 2021

Key figures Frequentis Group

All figures in EUR million, except where otherwise stated.

| Earnings | 2021 | 2020 | +/- in % | +/- in EUR million | 2019 ¹⁾ | 2018 | 2017 |
|--|-------|---------------------|----------|--------------------|--------------------|-------|-------|
| Revenues | 333.5 | 299.4 | +11.4% | +34.2 | 303.6 | 285.8 | 266.9 |
| EBITDA | 46.5 | 41.9 | +10.9% | +4.6 | 30.2 | 21.6 | 20.0 |
| EBITDA margin | 13.9% | 14.0% | -0.1 pp | - | 9.9% | 7.6% | 7.5% |
| EBIT | 29.0 | 26.8 | +8.1% | +2.2 | 17.2 | 15.6 | 14.3 |
| EBIT margin | 8.7% | 9.0% | -0.3 pp | - | 5.7% | 5.5% | 5.4% |
| Profit/loss for the period | 20.8 | -3.4 | - | +24.2 | 12.5 | 11.8 | 10.7 |
| Earnings per share in EUR | 1.50 | -0.30 | - | - | 0.93 | 0.94 | 0.82 |
| Orders | 2021 | 2020 | +/- in % | +/- in EUR million | 2019 ¹⁾ | 2018 | 2017 |
| Order intake | 333.2 | 314.6 | +5.9% | +18.6 | 333.7 | 306.3 | 287.8 |
| Orders on hand (at year-end) | 467.9 | 427.6 | +9.4% | +40.3 | 391.5 | 355.2 | 335.3 |
| Statement of financial position | 2021 | 2020 | +/- in % | +/- in EUR million | 2019 ¹⁾ | 2018 | 2017 |
| Total assets | 315.7 | 277.6 | +13.7% | +38.1 | 272.1 | 198.0 | 194.6 |
| Shareholders' equity | 129.9 | 111.4 ²⁾ | +16.5% | +18.4 | 116.2 | 85.6 | 90.1 |
| Equity ratio | 41.1% | 40.1% ²⁾ | +1.0 pp | - | 42.7% | 43.3% | 46.3% |
| Net cash | 101.1 | 85.0 | +18.9% | +16.0 | 77.8 | 55.4 | 70.0 |
| No. of employees (average) | 2,157 | 1,907 | +13.1% | - | 1,849 | 1,763 | 1,697 |
| Cash flow statement | 2021 | 2020 | +/- in % | +/- in EUR million | 2019 ¹⁾ | 2018 | 2017 |
| Cash flow from operating activities | 48.8 | 54.8 | -11.0% | -6.0 | 17.7 | 4.6 | 16.7 |
| Cash flow from investing activities | -24.6 | -7.0 | +251.0% | -17.6 | -4.6 | -4.4 | -4.4 |
| Cash flow from financing activities | -12.6 | -10.1 | +25.0% | -2.5 | 8.0 | -14.2 | -3.7 |
| Cash and cash equivalents at end of period | 103.8 | 91.3 | +13.7% | +12.5 | 66.9 | 45.5 | 77.7 |

Note: Slight differences may result from rounding of individual items and percentages.

¹⁾ Initial application of IFRS 16 (Leases) from 1 January 2019 (→ Note 41 to the consolidated financial statements 2019).

²⁾ Comparative figures for 2020 restated.

Consolidated Non-Financial Report 2021

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Foreword by the Executive Board

Sustainability as an opportunity for future development

GRI 102-14

Corporate social responsibility and sustainability are values that the Frequentis Group has been committed to in all its activities for many years. The Frequentis Group's third non-financial report presents the ESG (Environment, Social, Governance) measures that have already been implemented or are currently planned.

Our sustainable management approach supported us well through 2021, the second year of the pandemic. The focus was on the health and safety of our employees and ensuring business continuity. As a company operating in the safety-critical sector, we believe we have a duty to our customers and society to ensure the continuity of our business operations and the seamless functioning of our systems and solutions. The positive figures for 2021 show that, despite pandemic-related constraints, the market rewards our efforts.

In response to the increasing importance of professional sustainability reporting for all stakeholders, we conducted a new materiality analysis in November 2021. The content of the analysis was reviewed and the group of stakeholders was extended. We used an anonymised online questionnaire that only permitted personal responses.

A comparison with the results of the materiality analysis 2019 shows that awareness of almost all topics has increased, in some cases significantly. There was a particularly strong rise in the assessment of the relevance of social and environmental issues. The results and the measures derived from them will be integrated step by step into the established management systems to emphasise their global significance.

GRI 102-48

This report is based on Directive 2014/95/EU as regards disclosure of non-financial and diversity information (CSR Directive). The report is also prepared in reference to the Core option of the Global Reporting Initiative (GRI, an international guideline for the preparation of sustainability reports) as recommended in the EU Directive. For the sustainable orientation of the company, we also observe the United Nations Sustainable Development Goals ([↗ SDGs](#)).

GRI 102-54

For the first time, the non-financial report for 2021 includes a chapter on the EU Taxonomy Regulation. In this way, Frequentis AG complies with the requirement to disclose its environmentally sustainable economic activities.

Sustainable management of the company is vital for the Frequentis Group and thus for us as the Executive Board. We are proud to report that our first CSR evaluation by EcoVadis resulted in the award of a bronze medal for our sustainability performance.

We do not view sustainability as an isolated task; for us, it is a fundamental and holistic principle of corporate management involving a large number of different aspects. In 2022, the ESG measures already implemented by Frequentis will be combined and extended in a proficient ESG organisation. Our objective is to handle ESG topics even more efficiently and enhance communication with our stakeholders. We intend to use the resulting opportunities in the future development of Frequentis.

Looking ahead to the future, we strive to continuously improve our social and ecological performance in all aspects, fulfil our compliance obligations, and actively work towards sustainable development. The focal areas of our materiality analysis 2021 will be used as a guide for the development and stepwise implementation of further policies. Taking the standards issued by the GRI (Global Reporting Initiative) as our basis, we want to drive forward the quality of our sustainability reporting, thus giving all stakeholders an opportunity to gain an objective and transparent overview of the Frequentis Group and its sustainability activities.

GRI 102-15

For a Safer World.



Norbert Haslach
Chairman
of the Executive Board



Peter Skerlan
Member
of the Executive Board



Hermann Mattanovich
Member
of the Executive Board

About this report

GRI 102-50

In keeping with its mission “for a safer world”, the Frequentis Group is committed to sustainability in everything it does. Appropriate initiatives are implemented locally in conformance with local law. The reporting period covered by this non-financial report is 2021.

GRI 102-51
GRI 102-52
GRI 102-46

The basis for the content of this annual non-financial report (the non-financial report on 2020 was published on 7 April 2021) and the level of detail is the Austrian Sustainability and Diversity Improvement Act (NaDiVeG), which was published in 2017 in the Austrian Federal Law Gazette (Bundesgesetzblatt) and transposes the European Union’s Non-Financial Information (NFI) Directive (2014/95/EU) into Austrian law. This consolidated report was prepared in all material respects in conformance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (Sections 243b and 267a Austrian Commercial Code Act [UGB]) and meets the requirements set out in Section 243b UGB for the individual financial statements of Frequentis AG and Section 267a UGB for the consolidated financial statements. The materiality analysis, risks, and the concepts developed also apply for both Frequentis AG and the Frequentis Group.

This is the third non-financial report of the Frequentis Group. It was prepared on the basis of a materiality analysis performed in November 2021. By extending the content and technical aspects of the materiality analysis, Frequentis aims to make a clear statement ([↗ Materiality analysis 2021](#)). The topics considered will be integrated step by step into the established management systems to emphasise their global significance.

GRI 102-48
GRI 102-54
GRI 102-55

This report was prepared in reference to the Core option of the GRI (Global Reporting Initiative) Standards. Greater attention has been paid to using these as a guide for the key performance indicators and management approaches. The objective of this is to enhance the quality of the report and enable all stakeholders to obtain an objective and transparent overview of the company and the actions taken in the past year. Data that are already compiled and evaluated in reference to the GRI Standards are indicated by stating the applicable GRI Standards in the margin and are listed in the overview in the appendix to this report ([↗ GRI content index](#)).

In addition to representative initiatives and relevant disclosures, this report includes topics that have had a significant influence on the company’s business activities, together with their social and ecological impact.

Frequentis is committed to continuously improving its social and ecological performance in all aspects, fulfilling its compliance obligations, and actively working towards sustainable development. Topics such as the SDGs (sustainable development goals), respecting human rights, improving working conditions, fair operating and business practices, consumer concerns, the involvement and development of society, developing the supply chain, and sustainable product development and use of resources will be taken into account in the selection of future measures.

Assurance review

GRI 102-56

The non-financial report was the subject of a limited assurance review by the audit and tax consultancy BDO Austria GmbH. This report was reviewed by Frequentis’ Supervisory Board in accordance with Section 96 (1) of the Austrian Companies Act (AktG).

The consolidated group on which this report is based is the same as for the financial reporting (➤ Annual report / Consolidated financial statements / *Group of consolidated companies*). If any information applies only to Frequentis AG or to a selected group of consolidated companies, this is specifically stated. The risk assessment meets the requirements of the Austrian Sustainability and Diversity Improvement Act (NaDiVeG).

GRI 102-45

To avoid redundancy, where appropriate the report refers to the notes to the consolidated financial statements for 2021 ("consolidated financial statements"), the Group management report ("management report"), the consolidated corporate governance report for 2021, or the profile of the company. References within this report are indicated by an arrow ➤ followed by the title of the section *in italics*.

Contact:

GRI 102-53

If you have any questions about this report, please contact Brigitte Gschiegl, ESG Group Coordinator; ESG-Team@frequentis.com.

Company profile

GRI 102-1
GRI 102-2

Frequentis AG, which is based in Vienna, Austria, is a global provider of communication and information systems for control centres that perform safety-critical tasks. It develops and markets its “control centre solutions” in the Air Traffic Management segment (civil and military air traffic control, AIM [aeronautical information management], air defence) and the Public Safety & Transport segment (police, fire service, emergency rescue services, shipping, railways).

The primary objective of a control centre is to protect people and property from danger. Optimised solutions for this are especially important to customers operating in safety-critical sectors. Customer requirements often include requests for even more efficient and sustainable solutions and the need to adapt quickly to constantly changing conditions. That increases the demand for integrated solutions. A human-centred design process enables the provision of a secure, efficient, and stable working environment for controllers, operators, and dispatchers.

GRI 102-3
GRI 102-4
GRI 102-10

As a global group of companies, Frequentis has an international network of companies and local representatives in more than 50 countries. In addition to its headquarters in Vienna, Austria, Frequentis' locations include Australia, Brazil, Canada, the Czech Republic, France, Germany, Norway, Romania, Singapore, Slovakia, Switzerland, the UK, and the USA.

For further information, see [➔ Annual report / Consolidated financial statements / Consolidated group](#).

Frequentis' products and solutions are used at more than 40,000 working positions in around 150 countries. Founded in 1947, Frequentis estimates that it is the world market leader in voice communication systems for air traffic control with a market share of 30%. The Frequentis Group's systems are also global leaders in AIM (aeronautical information management) and aeronautical message handling, as well as in GSM-R systems for railways.

GRI 102-10

On 1 January 2021, Frequentis Slovakia and Frequentis Solutions were merged to form Frequentis Solutions & Services s.r.o. Building on its experience of software development, consulting, and project execution and its present business relationships, the new company now offers a wider range of services.

In 2021, three business units were acquired from L3Harris Technologies. These expand the ATM portfolio and strengthen Frequentis' position as a leading global provider.

The transaction comprised the acquisition of:

- the ATM voice communication systems product line of L3Harris, USA,
- the Harris ATC Solutions business unit of Harris Canada Systems Inc., Gatineau, Canada, now Frequentis Canada ATM Ltd,
- 100% of the shares in Harris C4i Pty. Ltd., Melbourne, Australia (closing 30 July 2021, now C4i Pty Ltd.), and
- the acquisition of 100% of the shares in Harris Orthogon GmbH, Bremen, Germany, now Frequentis Orthogon GmbH.

These acquisitions have greatly extended Frequentis' ATM and defence portfolio and strengthened its market access. The market-leading air traffic synchronisation products for en route, approach, and airport ATC centres of the Germany subsidiary Orthogon are now marketed by Frequentis and have been integrated into its offering for digital towers and control centres. The acquisition of the Harris ATC Solutions business unit from Harris Canada Systems extends Frequentis' technical offering and therefore its portfolio of ATM solutions. The Australian company C4i supplements Frequentis' ATM portfolio for the defence sector, which comprises communication and information systems for air defence and military air traffic control, systems for networked operational management and tactical networks, and management and information systems, including systems for integrated use by different authorities, by adding high-security, interoperable communication systems for mission-critical applications.

The Frequentis group generated revenues of EUR 333.5 million and EBIT of EUR 29.0 million in 2021. The Air Traffic Management segment accounted for 66% of Group revenues in 2021 (2020: 68%) and the Public Safety & Transport segment accounted for 34% (2020: 32%). Looking at the regional revenue split, in 2021 Europe accounted for 68% (2020: 66%), the Americas for 15% (2020: 16%), Asia for 9% (2020: 11%), Australia/Pacific for 5% (2020: 5%), and Africa for 2% (2020: 1%). Approximately 1% (2020: 1%) of revenues were not allocated to a region.

GRI 102-6
GRI 102-7

As a result of the transaction with L3Harris, the average headcount increased to 2,157 in 2021.

Since May 2019 shares in Frequentis AG have been listed on the prime market at the Vienna Stock Exchange and the General Standard on the Frankfurt Stock Exchange, with the ticker symbol FQT (ISIN: ATFREQUENT09). The core shareholder is Johannes Bardach. He holds around 68% of the shares (about 8% directly and about 60% indirectly through Frequentis Group Holding GmbH). B&C Holding Österreich GmbH holds more than 10% of the shares. The free float is approximately 22%, mainly investors from Germany, Austria, and other European countries. For further information, see [➤ Annual report / The company](#), [➤ Annual report / The share](#).

GRI 102-5

Business model

GRI 102-2
GRI 102-6

Wherever Frequentis' systems are used, people bear responsibility for the safety of other people and property. The Frequentis Group is an international provider of communication and information systems for safety-critical control centres. Custom-tailored control centre solutions are developed and marketed by the Air Traffic Management segment (for civil and military air traffic control, AIM [aeronautical information management], and air defence) and the Public Safety & Transport segment (police, fire service, emergency rescue services, shipping, and railways).

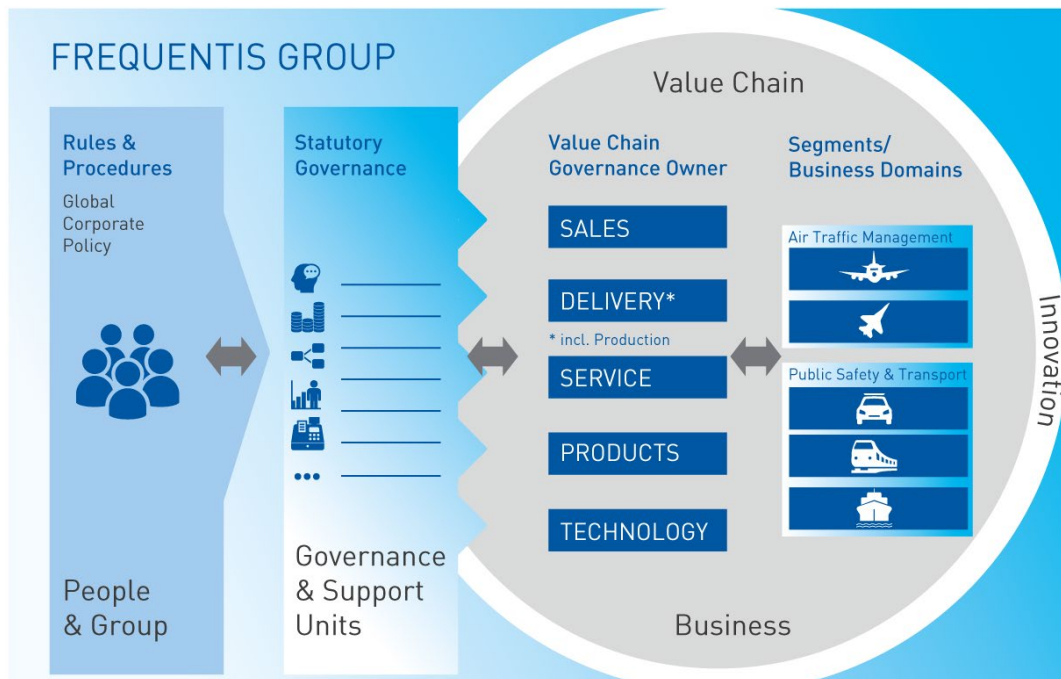
As a recognised specialist for the supply of safety-critical infrastructure, Frequentis develops future-oriented solutions for control centres in collaboration with key customers and makes new technologies usable for safety-critical applications.

The robustness of Frequentis' business model is supported by the fact that the products it supplies are part of the countries' safety-critical infrastructure. This infrastructure has to be available and ready for operation at all times – irrespective of the number of flights / flight movements or how often the police, fire service and emergency rescue services are deployed. It is difficult to halt investment in safety-critical infrastructure. The increased use of digital opportunities, high flexibility, and creative solutions by both customers and the company have enabled most business processes to continue during the COVID-19 pandemic without massive disruption or changes.

Moreover, the central focus is on long-term customer relationships. Customers – public authorities, organisations, and companies with safety-critical tasks – often use the solutions provided for several decades. That requires a deep understanding of the customer's requirements, maximum reliability, and long-term trust. The extensive installed base also drives the steady and sustained growth of the Frequentis Group (for further information see [Annual report / The company](#)).

Governance organisation

Frequentis' business model is based on a strong governance organisation that ensures optimised interaction between the central units, the business domains, and the international subsidiaries.



Frequentis' two segments and the business domains grouped in these segments focus on successful business operations as their contribution to the Group's overall performance. The main responsibility is allocated to local value-generating functions such as Domain Sales, Key Accounts, Product Management, and Project Management. As an integral part of the value chain, the subsidiaries and equity investments make a significant contribution to the overall success of the Frequentis Group.

The role of the central Governance & Support units (which include, for example, Human Resources, IT, Finance & Controlling, Legal, ...) is to ensure smooth global collaboration. These functions focus on supporting the business, minimising risk, optimising workflows, and maintaining a general overview of the company.

Innovations have very high priority at Frequentis. The company is proud to extend its position as an innovation leader in the market it addresses through sustainable innovations. This is achieved through interdisciplinary collaboration which leverages domain-specific know-how, the strengths of the business domains, and the specialist expertise of the Governance & Support functions.

People & Group covers units/tasks that are mandatory but do not have a direct impact on the value chain. They are defined in the rules and procedures of the Frequentis Group.

The Global Corporate Policy, which applies to all companies that are majority-owned by Frequentis AG, contains all regulations and mechanisms for documenting and communicating necessary changes in individual governance units and how they interact. The policy is reviewed at regular intervals and is therefore continuously improved and updated.

Management system

GRI 403-1

Frequentis' integrated management system forms the basis for sustainable optimisation of services and results in compliance with the requirements of internationally recognised standards:

- Quality management (ISO 9001:2015)
- Environmental management (ISO 14001:2015)
- Information security (ISO 27001:2013)
- Occupational health and safety (ISO 45001:2018)

On the one hand, the defined processes guarantee the quality of Frequentis' products and services. On the other hand, they support efficient collaboration and use of synergies in the Frequentis Group.

Internal audits are used to check that the processes are applied and complied with. Certified sites are regularly audited by accredited certification organisations. The table shows the initial certification dates (taking into consideration any predecessor legal entities):

| | ISO 9001 | ISO 14001 | ISO 27001 | ISO 45001 | AEO | Cyber Essentials |
|---|-------------|--------------|--------------|--------------|------|---------------------|
| Frequentis AG, Austria | 1993 | 2005 | 2011 | 2005 | 2008 | 2016 |
| ATRICs Advanced Traffic Solutions GmbH, Germany | 2010 | | | | | |
| C4i Pty Ltd., Australia | 1993 | | | | | |
| CNS-Solutions & Support GmbH, Austria | 2016 | | 2016 | | | |
| Frequentis (Shanghai) Co. Ltd., China | 2014 | | | | | |
| Frequentis Australasia Pty Ltd., Australia | 2012 | 2018 | 2011 | 2019 | | |
| Frequentis California Inc., USA | 2000 | | | | | |
| Frequentis Canada ATM Limited | 2010 | | | | | |
| Frequentis Canada Limited | 2008 | 2009 | | 2009 | | |
| Frequentis Comsoft GmbH, Germany | 1993 | | 2018 | | | |
| Frequentis Czech Republic s.r.o. | 2011 | | | | | |
| Frequentis Deutschland GmbH, Germany | 1998 | | 2011 | | | |
| Frequentis do Brasil Assessoria, Serviços e Comércio de Sistemas de Informação e Comunicação Ltda., Brazil | 2019 | | | | | |
| Frequentis Orthogon GmbH, Germany | 2005 | | | | | |
| Frequentis Romania S.R.L. | 2010 | | | | | |
| Frequentis Solutions & Services s. r. o., Slovakia | 1997 | | 2018 | | | |
| Frequentis UK Ltd. | 2015 | | 2011 | | | 2016 |
| Frequentis USA Inc. | 2003 | | 2011 | | | |
| PDTS GmbH, Austria | 2000 | | | | | |
| Secure Service Provision GmbH (SSP), Germany | 2021 | | | | | |
| Systems Interface Ltd., UK | 2018 | | | | | |
| TEAM Technology Management GmbH, Germany | 2020 | | | | | |
| team Technology Management GmbH, Austria | 2004 | | | | | |

Following the merger of Frequentis Solutions and Frequentis Slovakia to form Frequentis Solutions & Services s.r.o. on 1 January 2021, this company was certified in conformance with ISO 9001 and ISO 27001 in 2021. Furthermore, Secure Service Provision GmbH (SSP) in Leipzig was successfully certified in conformance with ISO 9001.

Certification organisations audited the following Frequentis Group companies in 2021, confirmed their continued conformance with ISO 9001, and therefore extended the validity of the relevant certificates: Frequentis Australasia Pty Ltd., Frequentis California Inc., Frequentis Canada ATM Limited, Frequentis Comsoft GmbH, Systems Interface Ltd.

ESG organisation

GRI 102-18
GRI 102-19
GRI 102-20
GRI 102-21

To enhance the response to the broadly based environmental, social, and governance aspects and to improve their presentation to stakeholders, at the start of 2022 Frequentis pooled its expertise in these three areas in a Group-wide ESG organisation. As representative of the Executive Board, CFO Peter Skerlan bears executive-level responsibility for ESG topics.



An interdisciplinary ESG team will be working closely with the Executive Board to analyse, prioritise, and coordinate the implementation of individual measures. Current sustainability measures will be examined and modified jointly, and new sustainability projects will be initiated as necessary. In its role as coordinator, the ESG team maintains regular contact with Frequentis' shareholders. Impetus also comes from employees via the "Ideas" platform and from discussion platforms such as the CFO Talks. In this way, ESG initiatives will provide opportunities for the continued development of the entire Frequentis Group.

Within the framework of the Global Corporate Policy and the governance rules it contains, the defined ESG objectives will be put into practice through Group-wide specifications. All measures are supported by the Executive Board and the Supervisory Board as the highest governance body and the non-financial report is examined and approved by the Executive Board and the Supervisory Board.

Frequentis already has a good basis for expanding sustainable governance in the future: at the end of 2021, the company was awarded the sustainability medal in bronze in its first EcoVadis evaluation.

Sector initiatives and membership of organisations

GRI 102-12
GRI 102-13

Frequentis AG and its employees play an active role in many associations, institutions, and advocacy organisations. This is used to promote professional knowledge-sharing, structure content through committees and working groups, and play an active part in shaping national and international standards.

Examples are membership of national and international sector networks such as CANSO (Civil Air Navigation Services Organisation), CIRM (Comité International Radio-Maritime), the Austrian rail industry association Verband der Bahnindustrie Österreich, and TCCA (The TETRA + Critical Communication Association).

In addition, Frequentis is actively involved in standardisation bodies such as EENA (European Emergency Number Association).

Frequentis also has cooperations and memberships in the field of research, for example, in ISS (International Society for the Systems Sciences), and partners with various technical universities. One focus is on networking with international communities in the field of security ([➤ Security](#)).

In a cross-company context, Frequentis has been involved for many years in initiatives such as CorporAID, the Austrian platform for business, development, and global responsibility. As a partner of the Austrian network "Unternehmen für Familien" ("companies for families"), Frequentis actively makes a contribution to making businesses more family-friendly, both with its own sphere of influence and as an example and incentive for other organisations.

Materiality analysis 2021

Frequentis performed its first materiality analysis at the end of 2019. The Executive Board decided to conduct a new analysis in 2021 to improve the alignment with sustainability reporting requirements and the growth of the Frequentis Group.

GRI 102-49

The starting point for the 2021 non-financial report is the materiality analysis undertaken in November 2021. The questionnaire was based on the sustainability analysis 2019. The headings of the four sections remained unchanged, except for Safety & Security, which was altered to include the term data protection.

The statements relating to each of the four chapters were revised. The ESG team reviewed the 17 original sustainability topics to check whether they were relevant and up-to-date, and whether further focal areas should be added. For this purpose, the list of topics was compared with various frameworks such as the GRI Standards and the UN SDGs. To enhance understanding, the terminology used was adjusted. The outcome was a consolidated list of 21 sustainability topics. In addition, contextually relevant information was included in each of the four sections to help stakeholders in their assessment of relevance.

Dialogue with stakeholders

The stakeholder groups addressed by the materiality analysis were also extended. A new stakeholder group – suppliers – was added and the members of the Supervisory Board were included in the stakeholder group “top management”.

GRI 102-42

In total, 2,609 people were sent an email containing a link to the anonymised online questionnaire. The survey covered people in the following five stakeholder groups:

- **Employees and prospective employees**
All Frequentis Group employees (2,043, including the entities acquired from L3Harris); and 20 job applicants from current recruitment interviews
- **Customers**
Representatives of major customers (96 people, mainly key accounts); accounting for about 80% of Frequentis' business
- **Shareholders / capital market representatives**
Contacts flagged in the Frequentis investor database (308 people)
- **Suppliers**
Principally major suppliers used by Procurement; supplemented by suppliers to other departments with a sourcing agenda (83 people)

GRI 102-40

A further stakeholder group with a modified questionnaire comprised:

- **Top management**
A total of 59 people, including Vice Presidents of Frequentis AG (holders of power of attorney), Managing Directors of Frequentis subsidiaries, and members of Frequentis' Executive Board and Supervisory Board

The average response rate was over 20% (a total of 545 responses). The highest response rates were among top management and suppliers and the lowest rate was from job applicants.

For each individual statement (total: 21), the questionnaire looked at three dimensions. All stakeholders were asked to give their assessment from two perspectives. They were asked to assess the relevance on the significance of each activity from their viewpoint; this was not an evaluation of any specific business activities that had actually been performed:

- Please assess the relevance of our activities from your perspective as a stakeholder.
- Please assess the impact of our activities on society, the economy and/or ecology.

The top management group was also asked for their (qualitative and quantitative) assessment from the perspective of users of a financial report by considering the relevance of the activities for Frequentis' business operations.

The evaluation of the materiality analysis ([➤ Evaluation of the materiality analysis](#)) provided the basis for the extended reporting for stakeholders. Actively involving internal and external stakeholders beyond this analysis is important to Frequentis.

GRI 102-43
GRI 102-21

Regular dialogue with stakeholders plays a key role in this. Owing to the pandemic, this dialogue mainly took place digitally in 2021. Communication with the capital market, investors, and the media – roadshows, conferences, the Annual General Meeting, and meetings with the media – largely comprised video conferences. Similarly, virtual platforms were used for the majority of trade shows, customer user groups, workshops, and training sessions. A personal presence was possible at a few major events, for example, at the international World ATM Congress in Madrid, Spain, the world's largest trade show for the air traffic control sector, and the public safety exhibition PMR Expo in Cologne, Germany.

Frequentis' extensive intranet played a key role in the dialogue with employees. Staff were asked to submit suggested improvements with a focus on sustainability via an "Ideas" platform. The Executive Board takes questions from staff at Board Chats. In addition, employees can put questions directly to the Executive Board anonymously. The employee magazine *Frequente*, which is published three times a year, includes insight reports from companies in the Frequentis Group.

A whistleblower services was introduced in December 2021. This can be accessed via the Frequentis website at www.frequentis.com/whistleblowing or via the company's intranet site. Frequentis therefore offers all internal and external stakeholders a simple and anonymous way to report suspicions of misconduct.

Evaluation of the materiality analysis

A total of 2,609 people were invited to participate using an anonymised questionnaire via the Microsoft Forms online tool. The six-point Likert scale was used to evaluate the questions.

The average for each stakeholder group was determined. From the averages for the customer, employees, prospective employees, suppliers, and investors stakeholder groups, a further average was derived, with each stakeholder group weighted equally in the chart.

The top management group was evaluated separately. This evaluation determined the size of the bubbles in the chart. To ensure an attractive presentation, the scores on the six-point Likert scale were standardised and scaled on the basis of minimum/maximum scores in the top management dataset. The axes on the chart were adjusted to represent the actual range of scores.

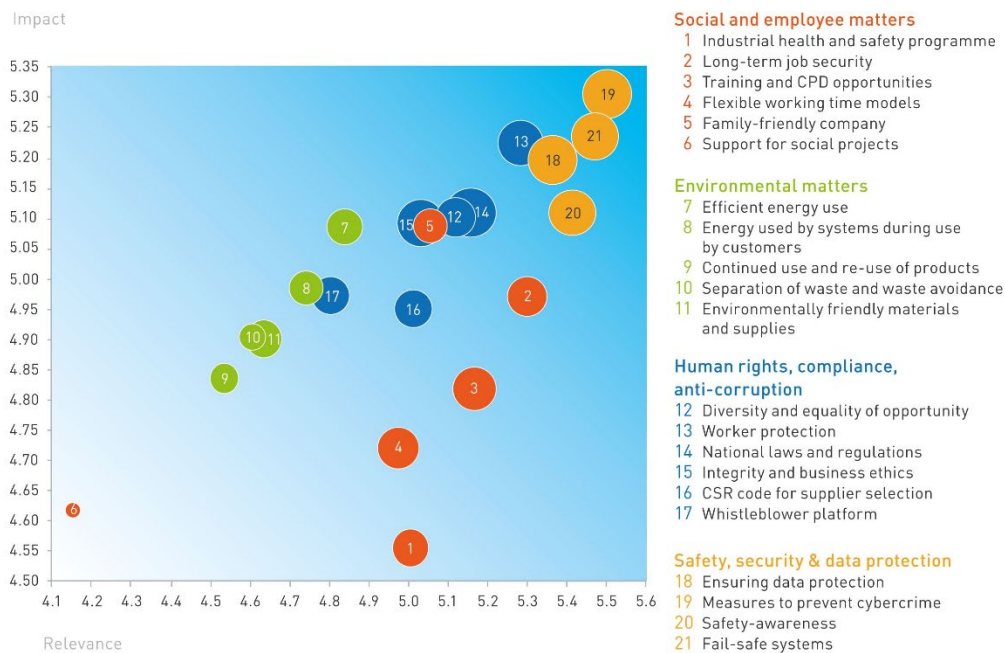
The feedback based on the statements in the survey was allocated among the following four areas:

- Social and employee matters
- Environmental matters
- Human rights, compliance, anti-corruption
- Safety, security & data protection

The concept for the materiality analysis 2021 was discussed with the Executive Board at a meeting in October and the results were discussed with the Executive Board at the end of November. Moreover, in December 2021 the results were presented to Frequentis' Supervisory Board (which was actively included in the survey).

The results of the materiality analysis are shown in the following matrix. The x-axis shows stakeholders' assessment of the relevance of the various aspects, while the y-axis shows their assessment of the impact of the various activities on society, the economy, and/or ecology. The size of the bubbles shows the top management's assessment of the relevance of each activity for the business, taking into consideration both quantitative and qualitative aspects.

GRI 102-47



The overview of the 21 statements used in the questionnaire shows that the topics from the areas of safety, security & data protection, as well as human rights, compliance, anti-corruption are considered to be particularly relevant. In the other two areas, the aspects “family-friendly company” and “efficient energy use” received high ratings.

GRI 102-49

A comparison with the results of the materiality analysis 2019 shows that awareness of almost all topics has significantly increased. In particular, there was a considerable increase in the assessment of the relevance of social and environmental issues. Examples from the area of social and employee matters are occupational health and safety programmes and measures to ensure long-term job security. Within environmental matters this applies to the topics of efficient energy use and the energy use of systems during use by customers.

GRI 102-44

In the context of this survey of the various stakeholder groups, the ESG team did not receive any information on issues outside those included in the materiality analysis. Therefore, this report only refers to the analysis of the issues identified as being material. The ESG team is examining the additional remarks entered by the various stakeholder groups in the comments section as well as the fundamental assessments and the action to be taken as a result. The findings will be presented to the Executive Board for approval.

Impact of the COVID-19 pandemic

This section provides an overview of the impact of the coronavirus pandemic on the company in the context of non-financial reporting. The economic effects are outlined in the Group management report ([➔ Business performance](#)). The following comments relate to the effects of the crisis on Frequentis' internal and external stakeholders.

Overview of the action taken

To optimise management of the pandemic, an internal coronavirus crisis team was set up in March 2020. This is an interdisciplinary team composed of representatives of relevant departments, headed by the Chairman of the Executive Board. In 2021, the crisis team initially met weekly. From the summer it met every two weeks. At these meetings, the team evaluated the current situation and defined the action to be taken. Overall, 42 virtual meetings of the COVID-19 crisis team were held in 2021, supplemented by smaller-scale meetings to agree on specific measures.

As well as continuing the extensive measures defined in the areas of health & safety and facility management, increased digitalisation proved effective. One important factor here was that customers have strong confidence in Frequentis, while their flexibility and creativity supported the ability to find good solutions. Despite the travel restrictions, it was therefore possible to continue a high proportion of projects remotely (via video conferences) and even perform acceptance procedures.

Frequentis' corporate culture permitted mobile working practices before the pandemic (working from home or on-site at customers' premises), so both employees and the existing IT infrastructure handled the extensive shift to working from home very well.

In internal communication, the establishment of a central email address was particularly effective as it enabled staff to post questions and comments on various aspects at any time and receive prompt answers.

In addition to the requirements imposed/recommended by national authorities, the following measures were defined and implemented:

- **Health & Safety:** specific rules and support measures for essential business travel to affected regions, installation of hand sanitiser dispensers, compliance with social distancing rules, mandatory face masks at Frequentis' locations, rules for direct and indirect contacts, assistance in registering for vaccinations
- **External and internal communication:** establishment of a Group-wide email address for questions and suggestions and a coronavirus information point in the intranet, introduction of an internal traffic light system to ensure rapid recognition of the measures to be implemented depending on the current situation
- **IT and facility management:** keeping the IT infrastructure operating and ensuring IT security, limiting the number of people per room/per department at the company's offices (switch to mobile working), installation of signs, checks on compliance with vaccination and testing regulations
- **Human resources and legal:** introduction of rules for working from home based on the legal provisions applicable for Frequentis AG in Vienna

- **Business continuity:** increased use of video conferencing for project acceptance and customer training; continuation of the “Sales Goes Digital” initiative, establishment of virtual demonstration rooms for customer acquisition
- **Subsidiaries:** focus on sharing knowledge, implementation of Group-wide measures in accordance with regional requirements

The impact of these measures on the individual aspects of the materiality analysis are outlined in the relevant sections. Experience during the pandemic provided some key lessons that can be used for Frequentis’ long-term sustainable development. The findings and experience include important impetus for more extensive use of digital opportunities such as modifying processes and tools to optimise remote working and to drive forward product innovations.

In addition to the ongoing COVID-19 risk management, in 2020 Frequentis’ Executive Board set up an internal interdisciplinary team to carry out a “black swan” analysis with the support of an external consultant. The revised list of black swan aspects (risks that are considered very unlikely to materialise but which could have a very high impact) was reviewed in detail in 2021 and risk mitigation concepts were developed. Furthermore, they were entered in CRISAM, the new ERM (enterprise risk management) system, so they are now an integral part of the ongoing risk management process.

Social and employee matters

Employees are the most important factor for the achievement of Frequentis' corporate objectives and its international growth. Their commitment and dedication, and the innovative capability of multi-cultural teams are the foundations on which Frequentis has built around 40 years of profitable growth and give the company key competitive advantages on the international market.

GRI 102-15

About 75% of Frequentis' employees are highly qualified engineers and specialists. Their broad and deep specialist knowledge and their extensive practical focus on customer and market needs are widely appreciated. As a high-tech company, Frequentis employs both young, highly trained university graduates and staff with practical experience. It offers them all an attractive working environment characterised by continuity and sustainability. The long-term stability of teams is crucial for customer confidence. Therefore, stability and continuity are key corporate values. Consequently, Frequentis endeavours to provide lasting job security.

In 2021, recruitment of new employees once again concentrated on technical staff. In addition to system engineers, there was particularly high demand for software engineers, project managers, and IT and sales staff. The company gives high priority to a thorough and exhaustive recruiting process. Alongside professional qualifications, Frequentis looks for an understanding of its business and its specific safety-critical culture.

Certain functions where there are frequent recruiting requirements, especially in technical areas where filling vacancies is difficult, have been defined as key functions in order to draw particular attention to them. In these functions a specific salary progression is defined in the employment contract for university graduates. This underscores the importance of these functions and gives young employees, in particular, a perspective, which enhances employee retention. To ensure uniform, transparent, and fair remuneration, the salaries of all employees are reviewed annually by the responsible managers and, in some cases, the relevant committees and governance bodies by comparing them with the statutory requirements and external benchmarks to check that they meet the minimum requirements and market conditions. Salaries are reassessed in the regular pay rise process.

Since the coronavirus pandemic continued in 2021, Frequentis' Human Resources department extended its activities in the areas of digitalisation and virtualisation, especially by extending the virtual modules available in the area of learning & development. For instance, the rollout of the O'Reilly Online Learning Platform provides Group-wide access to a wide range of videos, audio books, and e-books on technical and IT subjects.

Despite the pandemic-related constraints, Human Resources was particularly concerned to maintain and enhance the quality of recruiting activities. Owing to the coronavirus pandemic, the job application process was largely digitalised, with video calls with prospective employees becoming the new norm. In 2021, the recruitment team in Vienna conducted 574 job interviews. The first interview was held virtually, while some second interviews were held in person.

Feedback on the pandemic-induced modified application process was obtained via the employer rating platform "kununu". This shows that Frequentis was able to maintain its high-quality standards. Positive factors highlighted included the short response time, professional handling of the recruiting process, and the consistently courteous and respectful treatment of applicants.

In the "Best Recruiters" study 2020/21, Frequentis AG was awarded the silver seal in the IT/software/telecommunications sector for its open and professional HR activities. Being awarded second place in this sector by Best Recruiters, the largest recruiting study in German-speaking regions, confirms Frequentis' professional approach to recruitment. The results of this study are an important benchmark and provide guidance for the ongoing development of Frequentis' recruiting and employer branding activities.

The “Bringing a friend counts” initiative was introduced to extend the incentive scheme for employees who recommend Frequentis as an employer.

The number of employees in the Frequentis Group increased from an average of 1,907 in 2020 to 2,157 in 2021. About 50% of them work in Vienna.

The 13.1% increase in headcount was mainly due to the acquisition of the three L3Harris business units in 2021. An extensive integration programme has been introduced to familiarise the new colleagues with Frequentis’ organisation, culture, and processes.

Attractive workplaces

Occupational health and safety

Frequentis strives to offer lasting and sustainable workplaces because high staff turnover would be highly detrimental given the long-term focus of its business relationships. It would lead to a loss of domain know-how, which is particularly important in the safety-critical area. Moreover, continuity in customer and project management could not be assured.

The long-term nature of Frequentis’ business relationships and the extensive periods for which its systems are used by customers require special action to secure the know-how and stability of project teams. Alongside a range of employee retention measures, there is an extensive occupational health and safety programme, including measures to prevent accidents at work and preventive health measures to enhance the long-term well-being and job satisfaction of Frequentis staff.

As a result of the COVID-19 pandemic, advising employees and managers on the new working situation and developing ways of combining personal needs, professional requirements, and statutory health protection regulations remained the focus of these activities in 2021.

GRI 403-2

To create an attractive working environment for present and future employees, work has to be shaped to ensure that it does not entail excessive physical or mental strain. To achieve this, an additional safety specialist was trained for Frequentis AG. Since 2021, the occupational health and safety team at Frequentis AG has comprised a medical officer, a psychologist, an external female safety specialist, and an internal male safety specialist. The aim is to ensure that hazards and inappropriate workloads are viewed from different angles so they can be avoided in the future.

To ensure a safe working environment, risks, hazards, and problems are viewed from different perspectives. Alongside measures to prevent work-related accidents, occupational illness, and excessive stress, methods and possibilities are made available in case the preventive measures fail or accidents happen.

A wide-ranging first responder organisation has been put in place. As well as extensive first-aid equipment, first aiders and paramedics are available. In addition, there are defibrillators for use by anyone and special rinsing equipment for accidents involving chemicals. Special training on their use is provided.

To prevent work-related accidents and injuries involving tools and machinery, every new machine and piece of equipment is analysed in advance by the safety specialist and any necessary measures are implemented. Attention is paid to correct use of any necessary personal protective equipment (PPE). To increase acceptance and thus the use of PPE, wherever possible, employees are consulted when purchasing new PPE. For example, new chemical-resistant gloves were tested in 2021: their purpose is to minimise exposure to chemical hazards while giving wearers the necessary tactile sensitivity.

All chemicals used at Frequentis AG are managed using a tool provided the Austrian accident insurer AUVA. In accordance with the STOP principle (risk avoidance and hazard prevention at source, as defined in Austrian worker protection legislation), as a first step particularly hazardous materials and all new materials are analysed for scope for substitution. Technical and organisational measures required for safe use and storage of chemicals are then implemented. Any remaining danger is mitigated by the use of PPE by staff.

To ensure continuous improvement of these measures, identify risks that had not previously been detected, check the implementation and effectiveness of the measures defined, and maintain acceptance among the workforce, regular inspections are performed by the safety specialists. The safety specialists are very visible in the company and employees can contact them confidentially at any time.

Preventive healthcare

As a responsible employer, Frequentis has a genuine desire to actively foster the health of its employees. Vaccinations (influenza, FSME) and specific supplementary measures such as heart check days, lung function tests, eye tests, and vein checks are offered annually to staff at the Vienna location as part of the company's occupational healthcare activities.

GRI 403-6

It was possible to offer many of these measures in 2021, as long as the pandemic-related precautions were observed. However, high-contact series test examinations were not carried out in order to avoid unnecessary exposure to the risk of infection.

To alleviate mental stress, which may result from deadlines, targets, or interpersonal differences, Frequentis AG has employed an occupational psychologist since 2004. In this way, the company can evaluate and prevent mental stress and also give employees access to a neutral assessment of situations they find stressful. These measures were stepped up due to the coronavirus pandemic.

As part of the workplace vaccination drive by the City of Vienna in collaboration with the Chamber of Commerce, 590 people at the Vienna location were given early access to COVID vaccinations because they were required to undertake business trips.

Frequentis AG also offers its staff a wide range of preventive healthcare measures to promote their health through the Frequenty vitality programme. A key aspect of this programme is healthy nutrition for employees and guests at the Vienna location. Meals are freshly cooked every day and up to four different menus are available. Great emphasis is placed on high-quality ingredients and on using regional and seasonal products. Cooking and eating also generates waste. At the restaurant on Frequentis' premises, various steps have therefore been taken to reduce food waste (annual "United Against Waste" campaign) and avoid it wherever possible. The catering provider SV is committed to sustainability in the staff restaurant. As well as offering a wide range of vegetarian and vegan dishes, this includes cutting back on single-use plastic and using more environmentally friendly packaging.

Despite the coronavirus pandemic, catering was provided at the Vienna location without interruption and the staff restaurant offered a choice of several lunch menus almost every day. Various take-away offers organised by SV were very well received. They comprised a wide range of food and ready-made meals as well as specialities at different times of the year.

Since most employees have jobs requiring them to sit in front of monitors for long periods, poor posture and musculoskeletal injuries are a special focus of preventive healthcare at Frequentis AG. A varied vitality programme is offered to prevent such problems and enhance employees' health. This includes exercise sessions, training sessions for runners, and participation in runs, as well as massages and an exercise room that is available for individual use. During lockdown periods, the exercise programmes were switched to virtual modules, which proved very popular with employees.

Where possible, subsidiaries of the Frequentis Group also offer preventive healthcare programmes, check-ups, and activities to support physical and mental health. These include regular running groups, sometimes accompanied by special trainers, participation in regional runs and other sports events, subsidised or free gym membership, and joint exercise sessions for office staff in the workplace. Due to country-specific restrictions during the coronavirus pandemic, some of these activities had to be suspended temporarily in 2021 or were replaced by online courses.

Despite all the precautions, accidents can still happen. Frequentis AG analyses all accidents carefully to prevent them recurring. Although the number of work-related accidents is traditionally low, every accident and near miss and their causes are examined as best possible. When an accident is reported, the background, in other words, the causes, must be analysed as quickly as possible by one of the safety specialists. Where appropriate, the occupational medical officer is consulted. If possible, action to improve the situation is derived and implemented. On this basis, the floors in the staff restaurant at Frequentis AG were refurbished at the end of 2021 to make them less slippery, and malfunctioning tools and aids were disposed of.

GRI 403-3

Operating procedures are drafted for all chemicals and machinery/equipment. These are available to all members of staff. Where applicable, they include notes on their use by risk groups such as pregnant and nursing mothers and young people. If a member of staff is pregnant or young people are employed, e.g. through a work-experience placement, holiday job, or similar, this information must be checked by the line manager in order to comply with worker protection requirements. Employees who are required to handle chemicals or operate machinery/equipment receive instruction from their line manager or qualified colleagues in line with the operating procedure.

Flexible working hours and the working environment

Well before the outbreak of the pandemic in early 2020, Frequentis had successfully established flexible working time models to accommodate personal needs and enable employees to achieve a work-life balance. After adaptation to comply with regional legislation, these are applied throughout the Group.

To make it easier for staff to pursue their personal interests, in addition to statutory dispensations, Frequentis offers staff throughout the Group temporary part-time working conditions, sabbaticals, and educational leave.

These staff-retention measures are having a positive effect: on average every employee stays with Frequentis AG for 10 years.

Thanks to Frequentis' flexible working time model, the switch to more extensive working from home was achieved quickly and smoothly. Using Skype for Business, Microsoft Teams, and other web-based platforms, events were recast as online meetings, video conferences, webinars, etc.

A survey also showed that employees are keen on more flexible working practices that improve the ability to combine mobile working with working on the company's premises. To define extended flexibilisation of this type for and at Frequentis, the NewWork@Frequentis pilot project was launched at the end of 2020. This involved more than one hundred employees from five organisational units in Vienna and representatives of the Workers' Council. Areas examined included optimising guidance for the Frequentis Group and specific organisational units. This involved analysing employment law conditions and the impact on the Frequentis culture, as well as the capacity required at company premises and function-specific requirements. This pilot project was completed in the first half of 2021 and the findings were incorporated in a corresponding works agreement at Frequentis AG in Vienna setting out the basic conditions for working from home.

The statutory framework for working from home has been defined by an Austrian law adopted in April 2021, which is designed to improve the structure and safety of working from home. Frequentis has

agreed that staff can work from home for up to a maximum of three days a week, depending on their function profile and job. Corresponding individual agreements were signed by managers and their employees by autumn 2021. To supplement these agreements, guidelines on hybrid working were drawn up and distributed to the teams.

During the pandemic and the related lockdowns, these rules on working from home were temporarily put on ice. Overall, however, they are an important first step towards a new way of working once the pandemic is over. A framework for working from home is to be set at Frequentis companies worldwide in the future, based on local legal requirements.

Enabling staff to combine work and family life is important to Frequentis. As a family-friendly company, Frequentis AG has offered the Frequenty Kinderwochen summer activity weeks for employees' children since 2012. This initiative was continued in 2021 despite the challenging conditions. In its tenth anniversary year, 86 children were offered two exciting weeks under this programme - naturally with an extensive pandemic-compliant concept. The varied programme blended focal areas from the previous nine years, including protecting and helping, researching, cultural activities, and nature. The programme has therefore helped foster a passion for technology and an interest in natural sciences and experiments from a young age, supplemented by sports activities for active children.

The Frequenty Kinderwochen will be organised again in 2022. Through this initiative, Frequentis actively contributes to the Austrian Family Ministry's "Companies for Families" programme. Frequentis has been a network partner for this programme since 2015.

Broadly based staff development

Education and training are very important at Frequentis and staff commitment is a key factor in the company's success. In order to remain successful on the market, it is important to be able to adapt quickly to new challenges and to constantly update knowledge of laws, requirements, technical specifications, and global issues such as the environment. Frequentis has a lifelong learning concept, which starts when staff join the company. It is important to offer employees an individually agreed training plan. This is discussed at the annual appraisal interview.

GRI 404-2

The Frequentis Onboarding Programme and the trainee programmes within the Frequentis Group ensure that new employees are rapidly integrated into the company and given the knowledge required for their job, for example, project management, systems engineering, and software development, and can build up a personal network. New staff are supported by a tutor in their first months with the company. The onboarding programme at Frequentis' headquarters in Vienna sets the standard for the other companies in the Group. Subsidiaries offer their new staff a combination of corporate standards and a local touch.

In 2020, the onboarding programme was adapted because of the coronavirus pandemic. For example, the monthly welcome workshops are now held online and mandatory training sessions have been switched to distance learning or a virtual classroom. The tutors still provide successful onboarding and make sure that new staff get off to a smooth start.

Appraisal interviews are the main tool used for employee development and leadership. Their aim is to reflect on work and the results achieved in the past year, establish the status quo, and make plans for the coming year. That includes a two-way discussion of expectations, mutual feedback on performance and personal development, and defining binding targets.

GRI 404-3

In 2021, a documented appraisal interview was held with 67% of staff in the Frequentis Group. This included agreeing and defining targets for the coming year. The decline from 83% in 2020 is attributable to the fact that the Group-wide appraisal system has not yet been rolled out to the new employees who joined the Frequentis Group through the acquisition of the L3Harris business units.

In addition to the Frequentis career model, which places management, expert, and project management careers on an equal footing, specific attention is paid to cross-departmental and intra-group development of talented employees and those with potential. Talent management, which covers more than three-quarters of all employees in the Frequentis Group, provides an overview of the distribution of performance and potential in the company and its organisational units and teams. At the same time, it provides a specific case-by-case insight into where development measures are necessary. Company-wide vocational training and continuing professional development programmes are aligned to these needs. Further, identifying key staff and key functions allows long-term succession planning. Data on succession planning for management and key staff also formed the basis for the ongoing development of the Group-wide talent programme in 2021.

An adaptable international leadership development programme supports succession planning. Group-wide building and sharing of knowledge is aided, for example, by extensive skills management, virtual platforms, and distance learning.

Thanks to the extensive training offering, Frequentis employees participated in more than 3,500 training sessions in 2021. The decline compared with 2020, when participation in training sessions was around 5,800, is due to the increase in target-group-specific web-based training and self-study opportunities. Overall, employees' interest in learning has not decreased during the pandemic. 80% of in-person training sessions are conducted by internal instructors, who also provide extensive input for the development of web-based training modules. This is an important element in passing on knowledge and safeguarding Frequentis-specific know-how.

GRI 404-2

Frequentis has been working intensively on a learning & development digitalisation strategy for several years. The pandemic increased the relevance of these activities. The HR Learning & Development team offers extensive opportunities for virtual training, distance learning, and blended learning. The internal CPD programme includes training in the market, sales, technology, project management, management and leaderships skills, personal development, and business administration, as well as language courses. Sustainability aspects such as capital market compliance and security training are also included. To strengthen awareness of sustainability issues, the employee magazine *Frequente* includes reports on topical issues in a special ESG section.

To support the large number of internal trainers, a special intranet platform was set up under the acronym FIT (Frequentis internal trainers) to provide training tools, useful content, and tips on how to prepare digital training sessions. The O'Reilly Online Learning Platform offers access to a wide range of videos, audio books, and e-books on technology and IT.

In the area of personal development, the focus was on intercultural training and training in lateral leadership. Training was also provided in specialist areas and new technologies. This was supplemented by well-attended security training sessions and mandatory training on protection of personal data.

Distance learning is continuing to gain in importance throughout the Group: the number of courses available increased from 311 in 2020 to 427 in 2021.

Frequentis sees informal learning as an important element in modern vocational training and continuing professional development: it enhances the effectiveness and durability of learning processes. Communities of practice provide a platform for communication and for sharing knowledge across functional and organisational boundaries at Frequentis. By year-end 2021, there were a total of twenty Group-wide expert communities, covering a wide range of topics, from security aspects through data science and cloud technologies to engineering challenges.

Sales Excellence Programme

Frequentis offers all sales employees extensive training opportunities through a Sales Excellence Programme. This is targeted at staff from the strategic business domains, regions, and international subsidiaries who work in the areas of sales & operations. The aim of the Sales Excellence Programme is to ensure that all sales staff in the Frequentis Group have a uniform knowledge base, and to provide individuals with opportunities to deepen their knowledge.

In 2021, the offering was driven forward extensively on the basis of an internal analysis of the strengths and development areas of the Frequentis sales organisation. The results of this analysis were used to extend and improve the training available to sales staff. For instance, new target-group-oriented modules on topics such as trusted-base selling and consultative selling were developed. The pilot training sessions were very successful.

In view of the coronavirus situation, all sales training was switched from in-person to virtual classroom formats. Besides reducing travel expenses – and, as a side-effect, avoiding CO₂ emissions – this provided enormous flexibility as the training sessions could be made available to all Frequentis subsidiaries regardless of their geographical location.

These activities will be continued in 2022 (for information on mandatory training in data protection and security, see [➤ Safety, security & data protection](#)).

Diversity and equality of opportunity

Customers greatly appreciate the internationality of Frequentis' teams. The culture on which this is based is a key competitive factor on the international market. That is why every effort is made to ensure that it is a sustainable, Group-wide element in the fast-growing Frequentis Group.

GRI 405-1

An optimum work-life balance should be possible for all employees, irrespective of their age, gender, culture, religion, or background. Frequentis established the conditions for this many years ago. This is reflected in the international composition of its teams – the Frequentis Group employs staff from 55 nations – and in long-term employment relationships, which support the aim of retaining knowledge in the Frequentis Group.

Since the Frequentis Group encourages long-term employment, the average age of the workforce is naturally increasing. This trend is also reflected in the figures for part-time employment for older employees and retirement. In the past five years, there has been a considerable rise in the number of employees retiring and this will continue in the coming years. Frequentis aims for a mixture of experienced specialists and graduates to maintain a good balance in the age pyramid and safeguard the transfer of know-how. Trainee programmes are run every year and early planning and development of successors is ensured for positions where staff are retiring.

The Frequentis Group does not tolerate any form of discrimination, especially not on the grounds of gender, age, sexual orientation, race, ethnic background, or religion. Compliance with the legal framework is a matter of course. Frequentis is an equal opportunity employer. All personnel decisions, from recruitment and training to remuneration and promotion, are based on suitability, performance, qualifications, integrity, and similar criteria.

GRI 406-1

The present low proportion of female specialists and managers is due to the fact that the proportion of women in technical professions is still comparatively low. For instance, only 25.7% of the over 4,000 job applications received by Frequentis AG in 2021 were submitted by women. The situation is different at Frequentis Romania. In view of the high number of qualified women with a technical background in Romania, the percentage of female employees at this development company is over 34% (which is well above the Frequentis average of 21.7%).

From the perspective of a high-tech company like Frequentis, a higher number of female staff in technical professions would be desirable. Mixed teams are generally more effective and enrich the company. In 2022, Frequentis will be continuing the initiative introduced in autumn 2021 to promote the exchange of female managers and staff. The objective is to encourage women at Frequentis to play an active part in shaping their career and to give them additional support.

Frequentis is also involved in a range of cooperation projects with schools and universities to interest women in technical professions. For example, the company is a project partner in Girls! TECH UP, an initiative organised by the Austrian electrical engineering association OVE to interest girls in the world of technology and technical professions at an early stage by offering them female role models. Frequentis also partners with "sheconomy", a platform that showcases impressive women, and FIT (women in technology) in Vienna. As a member of the "Agenda Bahnindustrie Frauen" initiative, Frequentis provides a platform to identify and support mobility experts and women working in the railway industry.

Human Resources International

An in-house competence centre is responsible for the main tasks required to provide continuous support for international employees and to set up international assignments. The Human Resources International competence centre also provides valuable assistance for the rollout of HR processes and for knowledge sharing and knowledge transfer across the Group.

These services are systematically being extended. To tailor training more specifically to the needs of each company, greater responsibility is being delegated to them and central management in Vienna is being scaled back. The aim of this rollout is to establish a learning & development role at selected locations as a first line of contact for local staff.

An important element to increase foreign assignments is the successful reintegration of returning staff. Discussions with (new) managers, tax advice for returning employees, and individual coaching pave the way for ongoing career success at headquarters in Vienna. The International Assignment Programme gives staff an opportunity to gain experience of working at a subsidiary in a different country, which also helps to spread the Frequentis culture throughout the Group. The 2020 "Assignment Voices" communication drive, comprising articles and short videos, and the establishment of a platform for assignees to share experience have proven effective: a total of eight international assignments were arranged successfully in 2021 despite restricted opportunities due to the pandemic.

Another goal is to establish local HR managers or HR support staff. For example, new HR Global Business Partners were appointed in Australia, the UK, and Canada in 2021. In this context, considerable attention is paid to knowledge transfer and sharing know-how. To achieve these goals and network content and all international HR employees, an International Human Resources Community was established in 2020. Information on topical HR issues and best practices is regularly shared on this platform – there were four Global HR Community Calls in 2021 – so it is an important element to step up and extend international HR work.

This knowledge transfer also extends to recruitment activities. Throughout the Frequentis Group, selected recruiting platforms and events such as job fairs are used to position Frequentis as an attractive employer in the IT sector. Social media platforms are becoming increasingly important, especially in the area of active sourcing.

In terms of collaboration, the special situation resulting from the coronavirus pandemic has brought people closer together and enhanced understanding of other people's working conditions. International collaboration was stepped up. For example, the various locations were closely involved in all activities of the coronavirus crisis team. Worldwide, everyone worked in the same conditions, despite different time zones.

This increased sense of community was strengthened by regular video messages from members of the Frequentis Executive Board and various social elements. The Frequentis Developer Days, which were held for the first time in 2021, established an important platform for the more than 600 developers in the Frequentis Group to share knowledge, network, and get to know each other better.

Social responsibility

In keeping with its mission “for a safer world”, Frequentis AG sees making a contribution to disaster relief as a social responsibility and an expression of solidarity with those affected.

Disadvantaged social groups have been particularly badly affected by the coronavirus pandemic and its emotional consequences, for example, isolation, restrictions on social contact, job losses, and health worries. Supporting children has a special place at Frequentis: in many cases too little attention is paid to their situation because they are the weakest members of society. Therefore, Frequentis chose the child relief organisations SOS-Kinderdorf Österreich and SOS-Kinderdorf International for its Christmas donations.

Subsidiaries have similar initiatives. One example is the outreach program run by AIRNAV Technology Services, a Frequentis subsidiary in the Philippines. School supplies and personal gifts such as vitamin preparations, toys, clothing, and sweets were donated to children in an isolated village.

Frequentis also supports staff initiatives such as food donations to charitable institutions organised at the Vienna location.

Sponsoring education

For many years, the Frequentis organisation in Austria and some of its subsidiaries, for example, in Germany, Romania, Slovakia, and Australia, have provided selective educational sponsorship for technical schools and universities. Special technically oriented training facilities require considerable financial resources and basic state funding generally only covers part of the cost. Exchange with industry is also vital to ensure top-quality, practice-oriented training that is state-of-the-art. Close collaboration between business and education is therefore essential.

Therefore, Frequentis AG offers work-experience placements for students and co-supervises dissertations and theses for bachelor's and master's degrees. Other activities include sponsorship, workshops, and study trips for higher technical colleges in Vienna and Lower Austria. Various activities were planned for students from higher technical colleges at Frequentis' headquarters in 2021. However, these were only possible to a very restricted extent due to the coronavirus pandemic. In 2021, a partnership was established with IT-HTL (Higher Institute of Technical Education) in Shkodra, Albania, to supervise students' dissertations and arrange work experience placements and employment for graduates.

For many years, Frequentis has also been committed to helping various universities in Austria improve their quality of training. In cooperation with the Vienna Technical University, it has held joint training events for a number of years where experts from Frequentis give students an insight into control centre know-how and examples of best practices. “Adventure in Computer Science”, another cooperation with Vienna Technical University launched in 2019, targets a younger age group. This permanent exhibition is designed to encourage school children's enthusiasm for computer science.

Start-up activities

Frequentis partners with start-ups throughout the world and operates its own Start-Up Centre in Vienna, Austria. In this way, Frequentis has helped around 70 new IT, hardware, software, and technology consulting companies become established on the market since the 1990s.

Support at the Start-Up Centre in Vienna is provided for a couple of years. In addition to an affordable and flexible location with appropriate infrastructure, the young entrepreneurs have the chance to access direct business opportunities at Frequentis during the support period. Interaction with the entrepreneurs draws attention to new approaches and provides new impetus for innovations. Organisationally, support for these start-up activities is assigned to the New Business Development department at Frequentis. Considerable attention is paid to integrating, fostering, and shaping relevant start-ups with a focus on key technologies or through collaborative development of new products, features, and services.

An example of successful collaboration in 2021 is the Next Generation Safety project in cooperation with the start-up Ondewo. This project, which receives funding from the Austrian Research Promotion Agency (FFG), is working on the use of artificial intelligence in air traffic management. The aim is automated communication between air traffic controllers and pilots. Internationally, attention should be drawn to the collaboration with the Spanish company Nemergent Solutions S.L. on safety-critical broadband communication.

Environmental matters

Environmental aspects and careful use of resources are important to Frequentis at all stages in the value chain. Sustainability and environmental awareness are considered in production workflows, where careful use of primary energy resources and raw materials, reducing harmful emissions, and the use of environmentally sound production processes are documented and checked as part of the management review in the regular HSE (Health, Safety & Environment) report.

GRI 102-11
GRI 102-15

Another Group-wide contribution to sustainability and the conservation of resources is that Frequentis products and solutions are used by customers for many years, often decades. Frequentis supports this long life cycle by providing extensive service and maintenance programmes and through life cycle management. Customer Service offers various service levels and service teams are available worldwide around the clock.

In addition, Frequentis solutions help optimise traffic flows and therefore reduce pollution.

The coronavirus pandemic had a major impact on environmental matters at Frequentis in 2020. For example, there was a massive drop in business trips, resulting in an extensive reduction in CO₂ emissions. This trend continued in 2021 and has been included in Frequentis' environmental concepts.

Without corresponding energy efficiency concepts and their implementation, Frequentis would not be able to make a significant contribution to international climate protection guidelines (e.g. United Nations, EU). Inefficient use of energy resources would also mean higher costs for the company.

Equally, high energy consumption by Frequentis systems affects the energy efficiency of the customers who use them.

Frequentis uses various concepts to reduce environmental impact in the production and use of its systems. In procurement processes, Frequentis looks for environmentally friendly materials and supplies. Moreover, in development processes Frequentis strives to optimise the energy consumption of its systems and software to help customers optimise the energy consumption of their installations.

Environmental impact of on-site activities

The Frequentis Group concentrates on installing and operating its solutions on existing infrastructure. That minimises the environmental impact of Frequentis activities on local ecosystems.

GRI 304-1
GRI 304-2

Moreover, the risk of the irreversible loss of valuable natural areas can be completely eliminated by using specific local knowledge and focusing on correct spatial development in collaboration with subcontractors, with whom Frequentis' customers have often had a very good relationship for many years. That avoids conflicts between the implementation of Frequentis' solutions and the natural environment.

Frequentis' on-site activities focus on the installation of systems, maintenance work, and training. Consequently, they do not include the storage or handling of chemicals and there is no impact on the groundwater table or change in land use. Therefore, the company's project work does not have any ecological impact on nearby wetland areas or terrestrial ecosystems.

With regard to activities on customers' sites, Frequentis focuses on reducing the carbon emissions resulting from business travel by endeavouring to make sure that all employees live as close as possible to the place of their assignment.

GRI 413-1

Furthermore, Frequentis works with its customers and project partners to enhance local environmental protection, broaden knowledge, disseminate best practices, and support initiatives and achievements geared to environmental improvements. In this sense, Frequentis constantly strives to gain knowledge about and contribute to local nature conservation projects and initiatives to enhance environmental sustainability.

Long-standing partner for the EU's SESAR programme

SESAR – the Single European Sky ATM Research programme – is a key element in the creation of a uniform airspace as part of the European Commission's Single European Sky Initiative. The aim is to do away with the present fragmented national flight management systems and processes, pool the expertise of the aviation sector, and establish a uniform flight management network in Europe. For the first time in history, the entire sector, including the armed forces, is working to meet commonly defined specifications and requirements, especially for capacity, safety, the environment, and cost-efficiency for the next 30 years.

GRI 305-5

One focus is on improving environmental compatibility, for example, by cutting carbon emissions by 10% to improve air quality and reduce noise. Frequentis has been a major industrial partner for this initiative since it started.

Re-use/refurbishment of products

GRI 301-2 GRI 301-3

Frequentis pays attention to the re-use and refurbishment of products. The central element in this is the selective repurchase of hardware components originally delivered by Frequentis to customers. Repurchased parts are subject to a visual quality control check and stored in conditions with ESD protection until they can be reused. For customers, this avoids the special disposal process that would otherwise be required when an old system is taken out of service.

Some of these system components can be refurbished by Frequentis for re-use in as-new components and therefore remain in use for many years. Normally only a few components have to be replaced in the refurbishment process, which reduces the energy that would otherwise be required in Frequentis' production facilities to manufacture new system components.

Efficient use of energy

Frequentis gives priority to efficient use of energy. In recent years, Frequentis AG has used a variety of measures such as free cooling, heat pumps, and solar installations – to manage power consumption carefully, despite the increase in revenues.

Since 1 January 2019, all electricity used by Frequentis AG has been sourced from KELAG Energie & Wärme GmbH, which exclusively supplies hydroelectric power, wind power and electricity from other ecological sources. This makes a contribution to reducing pollution by climate-damaging gases (e.g. carbon dioxide) and radioactive waste. It is also a clear signal for sustainability and efficient use of resources.

GRI 302-1
GRI 302-4

In 2021, proportion of gas in the energy consumption at the company's headquarters in Vienna increased at reduced operational activity and lower on-site presence. Due to a reduction in the amount of waste heat (lower electricity consumption), it was not possible to achieve the target temperature in the heat exchanger, resulting in additional use of the gas-fired boiler.

However, electricity consumption at Frequentis AG's site was lower in 2021. Detailed energy data for Frequentis AG can be found in the section headed [↗ KPIs](#).

GRI 302-3

In 2021, there was a considerable reduction in total energy consumption by the installations integrated for delivery to customers. This was due to the increased use of software-only solutions. Consequently, the assembly of extensive hardware rack systems is declining steadily.

GRI 302-2

However, average power consumption of the operational systems is rising as electronic components are more densely packed.

Efficient use of resources and waste separation

In the context of efficient use of resources, Frequentis makes a sustained effort to reduce the resources used within the company and to minimise the use of hazardous materials in production. An annual HSE audit evaluates the action taken and recommends new initiatives to ensure correct sorting of waste and help avoid waste.

GRI 306-1
GRI 306-2

Environmental protection plays an important role throughout the value chain at Frequentis, from the selection of materials to processing and recyclability. Considerable attention is paid to reducing the use of hazardous materials in production. At the same time, Frequentis takes environmental relevance into consideration by using environmentally compatible production processes such as lead-free soldering and reducing power consumption in the production and operation of its systems. Attention is also paid to resource-saving packaging in the shipment of equipment, for example, by using reusable transport boxes.

GRI 306-4

Systematic sorting of different types of waste is compulsory. There are many waste collection points at the company's head office in Vienna. Each office has separate containers for recyclable paper (data protection regulations are observed in the disposal of paper) and other refuse. For all other types of waste, there are waste sorting points in every kitchenette and at the large copy centres. Used electrical appliances are collected centrally by Logistics (Material & Transport Department). At subsidiaries, waste is sorted in accordance with local regulations.

This mindful approach minimises Frequentis' waste-related impact. As a result, hazardous waste accounts for less than 5% of total waste. Moreover, as a result of the pandemic, the amount of waste paper dropped steadily from 8.5 tonnes in 2019 to 3.6 tonnes in 2021. The waste generated by Frequentis' activities at the Vienna location is disposed of by Saubermacher, an external waste disposal company. Saubermacher is known for its state-of-the-art recycling and disposal methods and its commitment to saving resources. Together with Frequentis' own measures, this long-standing partnership means that a high proportion of the materials contained in the waste can be reclaimed, therefore reducing the amount sent to landfill. The reported data on waste amounts per category come from detailed information provided by Saubermacher.

The print-run for the "Frequente" employee magazine, which is published three times a year, has been reduced considerably. The magazine is offered preferably for download from the intranet. Since 2020, PEFC-certified paper has been used for the remaining printed copies (e.g. for mailing to employees on leave and pensioners).

Frequentis also uses resources carefully in its marketing activities. For example, when building booths for international trade shows, attention is paid to reusable elements. Virtualisation and digitalisation have brought a massive reduction in the volume of printed promotional materials. Moreover, setting up virtual demonstration rooms means that customer presentations and training can be carried out without business travel. Sustainability is also important to Frequentis in the procurement of promotional materials. Since summer 2021 one of the most popular advertising give-aways, a Frequentis' pen, has been produced entirely from recycled PET bottles. The pen also has an antibacterial surface.

Careful use of food resources is also a focus of the catering firm at Frequentis' headquarters in Vienna: SV Österreich has taken a conscious approach to the environment and resources for many years. In particular, it endeavours to reduce its environmental impact along the entire value chain, from considering the origin of products in the procurement phase to their preparation and disposal. Free, environmentally friendly reusable packaging for take-away food was introduced in autumn 2021.

Specific steps are also taken to reduce food waste. These include careful planning of supply and the related purchases, fresh preparation, regular re-preparation of the dishes on the lunch menu, and careful replenishment of the salad buffet. All this requires knowledge and conviction. For that reason, the company also places value on raising the awareness of its employees. To ensure this and to draw attention to the action that can be taken to avoid food waste, the staff restaurant held its annual "United Against Waste" week in autumn 2021. According to data provided by SV Österreich, in the first half of 2021, the proportion of waste relative to the amount of food served less waste from food preparation was 13%, which was below the average of 14% at the 51 staff restaurants monitored.

GRI 303-1
GRI 303-2

Thanks to state-of-the-art production technology, Frequentis does not withdraw any groundwater or surface water for production purposes or inclusion in products. The water used at Frequentis' facilities is supplied from standard municipal sources for the sole purpose of commercial use, i.e. for sanitary purposes. Wastewater is discharged into the municipal sewer system and meets Austria's high wastewater quality standards. This is monitored by regular unannounced sampling by the authorities. The possibility of using rainwater for sanitary installations was analysed but had to be rejected as there are no separate pipes for this in the building.

GRI 307-1

Frequentis is not aware of any cases of failure to comply with environmental laws and regulations in the reporting period. The company can confirm that it did not incur any fines or non-monetary sanctions in 2021.

Greenhouse gas impacts

Frequentis is continuously extending its accounting and reporting of greenhouse gases (GHG) using standardised, internationally recognised principles and approaches, taking into consideration the concept of scopes as defined, for example, in the GHG Protocol Corporate Accounting and Reporting Standard.

Taking Frequentis AG as an example, the consumption of fuel by the heating system and fleet of company cars has been identified as direct Scope 1 GHG emissions from sources that are owned or controlled by the company.

GRI 305-1
GRI 305-5

Frequentis' current goal of addressing climate action by drawing up a company-wide GHG inventory and rolling out environmental performance indicators to its subsidiaries is best achieved by using the method based on standard emissions factor data from international sources rather than country- and combustion-specific data. Nevertheless, the company is endeavouring to adapt the methodology where this makes sense by using country-specific emission factors, while continuing to take into account the IPCC guidelines. For these calculations, Frequentis used the data for the 100-year global warming potential (GWP-100), which takes into account the radiative efficiency of the various substances and their atmospheric lifetimes compared with those of the reference gas CO₂, as derived from the IPCC report "Climate Change 2013: The Physical Science Basis". The GHG emissions calculations cover the gases carbon dioxide, methane, and nitrous oxide and are converted into CO₂ equivalents by applying the corresponding GWP-100 as the conversion factor.

In its efforts to reduce CO₂ emissions, Frequentis welcomes the rising interest shown by staff in switching to electric or hybrid vehicles when ordering new company cars. This is supported, for example, by subsidies for electric cars and the installation of charging stations in the company's car park. These source their power from in-house photovoltaic installations. At Frequentis in Germany, a fleet policy was introduced in 2020. This gives preference to electric and hybrid vehicles. Hybrids already make up 53% of the fleet of company cars at Frequentis Comsoft.

Frequentis AG has switched sourcing of energy to 100% renewable resources such as hydroelectric power, wind energy, and other ecological sources. In this way, it has taken a major step forward in the decarbonisation of the company's headquarters in Vienna, where around 50% of the Group's employees work. This location includes a production facility. Switching to an electricity provider whose energy mix does not contain any CO₂ emissions contributes to the fact that at this site no electricity indirect GHG emissions (Scope 2) are incurred from the generation of purchased electricity.

GRI 305-2
GRI 305-5

Frequentis is constantly extending the coverage of its GHG inventory. Therefore, it reports the following other indirect GHG emissions (Scope 3) for Frequentis AG for 2021: waste generated in operations and business travel. These categories are defined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and comprise indirect GHG emissions that are not contained in energy indirect (Scope 2) GHG emissions occurring outside the organisation. The GHG inventory is continuously being updated to include other indirect sources of emissions to expand the coverage of the GHG inventory.

GRI 305-3
GRI 305-5

Business trips are very important at Frequentis because of the international nature of its business activities. For Frequentis AG and selected subsidiaries, business travel is organised centrally by Frequentis Travel Management. Group-wide, all business trips are organised in compliance with a defined travel policy, which applies to everyone travelling on behalf of Frequentis.

Business trips may only be undertaken for business reasons and if the tasks cannot be managed in another form (email, phone, online meetings, or video conferencing). Decisions on business travel are taken on the basis of cost-efficiency and sustainability. In 2021, these criteria were supplemented by the lessons learnt during the pandemic.

Green products

Frequentis systems support environment-friendly solutions. Specific products include solutions provided by Frequentis' subsidiary ATRiCS to integrate and automate workflows for air traffic controllers to reduce their workloads and draw attention to potentially dangerous situations. These technologies can reduce runway taxi time by aircraft, which helps to reduce carbon emissions.

The portfolio of green solutions offered by the Air Traffic Management segment has been expanded by the acquisition of Frequentis Orthogon in Germany. This company develops innovative air traffic synchronisation solutions for en-route, approach, and airport ATC centres, which help to bring down air traffic emissions.

In addition, Frequentis is playing a key role in research projects that aim to reduce carbon emissions. One example is its involvement in LDACS (L-band Digital Aeronautical Communications System). This high-performance data link enables the realisation of modern air traffic management processes. As a ground-based communication system, it also has the potential to take on navigation and surveillance activities in order to make flying more environmentally friendly.

Human rights, compliance & anti-corruption

Combating corruption and the violation of human rights is important for the Frequentis Group. Frequentis operates internationally and is therefore also active in countries that have a high ranking on Transparency International's Corruption Perception Index (CPI).

GRI 102-15
GRI 102-16
GRI 205-2

The employees of the Frequentis Group are required to act lawfully in all business dealings and to show clearly through their conduct that they reject all forms of bribery and corruption.

Corruption and violation of human rights can have serious implications for the company and its employees. The principal risks are the loss of orders and exclusion from future tender processes, fines, reputational damage, and criminal prosecution of the company and the employees involved. Moreover, a loss of reputation could make the Frequentis Group less attractive to new employees or customers and suppliers might no longer regard it as a reliable business partner.

The principles of integrity and business ethics at Frequentis are set out in the Code of Conduct and internal anti-corruption policies and form the basis for internal and external collaboration. The corporate policy on Anti-Corruption, Invitations and Gifts is an operational instruction designed to avoid all forms of corruption and provides guidance on ensuring legally compliant conduct when dealing with the Frequentis Group's business partners.

The Code of Conduct defines principles and guidelines for responsible conduct and integrity. It is a key element in Frequentis' corporate culture and shapes the Frequentis Group. The Code of Conduct was drawn up by the Executive Board of Frequentis AG and applies to all employees of the Frequentis Group. Alongside Frequentis AG, it therefore applies at all companies in which Frequentis AG has a direct or indirect stake of at least 50% or in which it exercises control in a different manner.

In addition to the written version, the basic principles of the Code of Conduct were presented to employees through an awareness video. The video is also used in compliance training and in the onboarding programme for new employees.

It is also in the interest of the Frequentis Group to ensure that all significant business partners (suppliers, consultants, contractors, ...) who provide services for the Frequentis Group or operate on its behalf are familiar with the Code of Conduct. These business partners are expected to respect the principles set out in the Code of Conduct and to observe them in their business relationship with the Frequentis Group.

In 2021, there were no cases of corruption, nor any disciplinary measures, court cases, or dismissals linked to corruption. Moreover, no contracts with suppliers had to be terminated as a result of violations of human rights. Furthermore, in the reporting period the Frequentis Group was not required to pay any fines in connection with corruption, anti-competitive practices, or failure to comply with social or economic legislation and/or regulations.

GRI 205-3
GRI 206-1
GRI 419-1

Preventive measures will continue to be implemented in order to make sure that employees can recognise corruption and violations of human rights and that the company can take any necessary action.

In addition, a whistleblower system was established in December 2021.

Compliance

GRI 102-17
GRI 205-2

The Executive Board of Frequentis AG has appointed a Compliance Officer to support it in ensuring Group-wide observance of compliance requirements. The Compliance Officer's main role is to raise awareness and to take steps to ensure exemplary conduct in compliance with the law and guidelines. Employees of Frequentis AG and its subsidiaries, agents, and sub-suppliers are required to respect country-specific laws and regulations.

As a provider of communications and information systems for safety-critical applications, Frequentis AG has an enormous responsibility to its customers, society, and its shareholders. Their trust is indispensable for Frequentis' business activities. The reputation and business success of a company can be put at considerable risk by breaches of compliance.

The compliance management system is based on the following principles:

- **Prevention:** defining corporate policies, training, creating compliance awareness, providing advice on complex compliance issues
- **Early detection:** possibility of reporting compliance incidents; performing compliance audits and special audits in response to specific circumstances
- **Response:** taking any necessary measures and imposing sanctions

Making staff aware of the key principles is a declared aim of the Frequentis Group. Compliance is obligatory, not optional.

Greater use is continuing to be made of virtual classroom training sessions in 2022, partly because of the need to catch up due to the COVID-19 pandemic, and partly to achieve a steady increase in the training rate. This also gives international employees easier access to compliance training.

Other focal areas of future compliance activities will be preventing and identifying compliance violations that harm the company's interests, avoiding liability risks and reputational damage, training, and advising and protecting the senior management, managers, and staff.

Training

Four virtual training modules were used in 2021: the Compliance for Sales training course is a compulsory part of the Sales Excellence Programme for all sales staff. By year-end 2021, 89% of sales staff had completed this module ([↗ Sales Excellence Programme](#)).

Advice

The Compliance Officer is also the first line of contact for staff on compliance issues. 36 enquiries were dealt with in 2021. These were submitted by email to a special email account, compliance@frequentis.com, or asked personally or over the phone.

Compliance audits

GRI 205-1

Since 2019, receipts and travel expense claims have been monitored for compliance with the limits set out in the Group policy on "Anti-corruption, Invitations, and Gifts". The focus is on receipts relating to gifts, invitations, and hospitality. An internal process has been implemented to automatically submit all receipts relating to gifts and invitations that exceed the defined limit set in the policy to the Compliance Officer for further checking and clarification. Following a reduction in the number of expense claims in 2020 due to the coronavirus pandemic, in 2021, expense claims were almost back at the pre-pandemic level.

Whistleblowing

An open and honest corporate culture, and transparent and respectful communication have always been important to Frequentis. To supplement the existing ways of drawing attention to irregularities and risks or suggesting improvements and to meet the requirements of a new EU Directive, a whistleblower system was introduced in December 2021.

This system is available to employees via a link in the intranet and to customers and other external partners via a link on Frequentis' website. It can also be reached directly by entering the URL [<https://frequentis.integrityline.com/frontpage>] in the selected browser.

All stakeholders are therefore offered the possibility of anonymously reporting any suspicions of criminal offences or attempted offences, indications of unequal treatment or other forms of illegal discrimination, breaches of the Group policy on "Anti-corruption, Invitations, and Gifts", and breaches of EU law. All reports received are treated as strictly confidential and anyone who submits a report in good faith will be protected from any sort of reprisals.

The system was first implemented at Frequentis AG. The next step is to roll it out to those subsidiaries that are required by the EU Directive to implement a whistleblower system.

No reports were received via this system in 2021.

Global Channel Management

Frequentis AG has a network of more than 80 agents around the world. The agent management approach was revised in 2021 and is being integrated into a Group-wide Channel Management unit. The role of this organisational unit, which was established on 1 January 2022, is not simply to support sales agents; it is also responsible for ensuring that they are integrated into Group-wide processes, standards, and policies and that they observe all compliance regulations.

An extensive partner programme is to be developed for this in 2022. The aim is to improve the enablement and engagement of sales agents through events, training, and marketing support and make sure that all partners comply with Group-wide processes, standards, and policies in their work. A new policy for sales consultants will be drawn up and rolled out Group-wide.

In view of the international structure of Frequentis' agents and the associated compliance risks, the agent management process includes a mandatory compliance questionnaire that has to be completed and submitted before an agent agreement can be signed. The final review of the outcome of this compliance screening is performed by the Vice President Sales and the Head of Global Channel Management.

Capital market compliance

To implement capital market-relevant laws and regulations within the Frequentis Group, a capital market compliance policy was drawn up following the IPO in 2019. This covers, in particular, the handling and publication of capital market-relevant information, the prohibition of trading in shares and other financial instruments of Frequentis AG, and the obligation to report transactions by members of the management ("Directors' Dealings"). In addition, the position of a Capital Market Compliance Officer was established. The Capital Market Compliance Officer is responsible for implementing the capital market compliance policy and reports directly to the Executive Board of Frequentis AG. This is designed to ensure that the Frequentis Group acts with integrity on the capital market and to enhance employees' understanding of what is meant by capital market compliance.

Failure to comply with laws and regulations relating to the capital market can have legal and financial consequences for Frequentis AG and/or its employees. Furthermore, serious violations can cause reputational damage including long-term damage to the confidence of investors and other stakeholders, making it more difficult for the company to execute any further capital measures on the capital market.

The measures set out in the capital market compliance policy are designed to ensure compliance with the laws and regulations relating to the capital market. The Capital Market Compliance Officer is responsible for implementing the policy in the Frequentis Group and monitoring the measures it describes. To enhance understanding of this policy, employees also receive training.

No face-to-face training was held in 2021 due to the COVID-19 pandemic. The mandatory online training on capital market issues introduced in 2020 was continued in 2021. The main focus is on raising awareness of potential insider knowledge. The training module has to be repeated every two years and includes a test at the end.

In 2021, 95% of employees had a valid training certificate.

Selection of suppliers

The criteria used by Frequentis to select suppliers include ethics, compliance with labour standards, and environmental protection, as set out in the Corporate Social Responsibility (CSR) code for suppliers and sub-contractors.

Since it operates in the safety-critical area, Frequentis places its trust in reliable suppliers and ongoing, long-term business relationships. A stable basis, regular interaction, and transparency are vital for project execution. Objective evaluation criteria are used for this. These are defined before analysing offers and are applied irrespective of the stakeholders involved. The aggregate results deliver a decision on the winner of a tender or a more complex request for proposals.

The CSR code for suppliers and subcontractors highlights Frequentis AG's commitment to protecting the environment, respecting human rights and labour standards, and fighting corruption. Frequentis' suppliers give an undertaking that they will act in accordance with these principles. The focus is first and foremost on respecting labour standards. Frequentis explicitly rejects forced and compulsory labour, child and youth labour, moonlighting, and discrimination of employees. Observing working hours, ensuring a safe working environment, and paying the statutory minimum wage are other key elements of the CSR code.

As a result of the large number of business relationships, there is a significant risk that suppliers could fail to respect human rights, labour standards, and social welfare legislation. That could result in inhumane living and working conditions and non-compliant business relationships with third parties. Moreover, in this context there are delivery risks, reputational risks, and a risk of losing customers.

GRI 412-2

Supply chain management staff and managers receive training in the principles of transparency along the supply chain, including strict avoidance of slavery, human trafficking, any form of forced or compulsory labour, child labour, and all types of discrimination.

"Modern slavery" is included in the Code of Conduct (CoC) and the Corporate Social Responsibility (CSR) code for suppliers and sub-contractors, and in the contractual documents for sub-contractors, suppliers, coaches, and employment agencies.

The Frequentis CSR code is an integral part of the master agreement with suppliers.

The obligation to accept the CSR has been included in the supplier self-assessment. By signing this document at the start of the business relationship, suppliers given an undertaking confirm that they and their subcontractors will apply the CSR code.

Supplier audits

Frequentis AG regularly audits its suppliers. The audits are conducted at the end of a year for the following year. There are various reasons for a supplier audit:

- To get to know a potential new supplier
- The supplier accounts for significant order volume or has increased risk potential
- Difficulties in the relationship with the supplier over the past year (e.g. delivery, quality, communication problems, etc.)

The audit plan can be modified in the light of events during the year, planned audits may be dropped or postponed, and new audits may be added to the plan. This flexibility is necessary to respond to current requirements.

Procurement governance principles are in place at subsidiaries with sales responsibility and supplier audits are conducted on an ad-hoc basis.

Supplier assessments

In addition to the supplier audits, Frequentis AG assesses its established suppliers once a year. They are assessed in the first quarter of the year using the following criteria, which have recently been revised:

- Quality: e.g. product quality, product complexity, quality assurance system
- Price: e.g. development of prices and comparison with the previous year and market prices
- Support quality: e.g. commercial, personal, and technical support
- Delivery performance: the main criteria here are adherence to delivery dates and volumes; attention is also paid to environment-friendly and sustainable packaging
- Sustainability of the supplier: this involves evaluating, on the one hand, the business environment (stability, performance, flexibility, environmental management, etc.) and, on the other, social aspects (CSR code, social competence, etc.).

These assessment criteria have a 15% weighting and are included in the overall assessment, which is generated with the aid of the ERP system (SAP).

Assessments are performed for the suppliers that account for the highest order volume (top 10%) and those that play a key role in the supply of specific groups of products. The 2021 assessment is currently in progress. The 2020 assessment covered 63 suppliers accounting for a procurement volume of EUR 22.7 million at Frequentis AG.

GRI 308-1
GRI 414-1

The top three suppliers received performance awards and certificates. A range of measures is agreed with suppliers whose performance needs to be improved and implementation is monitored.

As well as quality, price, reliability, and service, responsible procurement emphasises the importance of respecting human rights, humane working conditions, and environment-related issues. Sustainability was a special focus in 2021, with the introduction of an award for the best sustainability score.

At Frequentis AG and its subsidiaries, whose business activities comprise production and integration, other key criteria are short supply lines and improving local value-added. Apart from intra-group procurement, 90% of Frequentis AG's procurement is from suppliers in Europe. Taking into account the subsidiaries that provide independent production and integration services, Europe still accounts for around 90% of procurement.

GRI 308-1
GRI 414-1

The performance of supplier audits was again restricted by the COVID-19 pandemic in 2021, but it was possible to conduct five on-site audits. Virtual audits were not carried out because visiting the supplier's premises to check quality is a very important part of supplier audits.

The aim is to continue the use and Group-wide rollout of the Frequentis Governance Policy, which includes precise supplier evaluations, to achieve a continuous improvement in supplier management. Further, scope to improve supplier audits is being evaluated.

GRI 305-5

In addition to the criteria listed above, the procurement function aims to avoid long procurement distances in order to reduce the Frequentis Group's carbon footprint, and to sharpen sustainability awareness throughout the Group.

Public policy

GRI 415-1

Frequentis AG strives to obtain the trust of its stakeholders by implementing high standards of corporate governance, transparency, and reliability. As a company whose business activities primarily include public sector contracts, support for political parties, including donations to such parties, is strictly prohibited. Therefore, Frequentis did not make any donations to political parties in 2021.

Safety, security & data protection

Handling safety-critical systems is a central feature of Frequentis' corporate culture. It is based on many years' experience of safety-critical systems. That responsibility is reflected in Frequentis' mission "for a safer world". It expresses a deeply rooted technical and emotional understanding of customers' needs, along with a highly developed ability to understand current challenges and working processes, and strong identification with the task in hand. Other key attributes are openness, flexibility, and transparency – both in internal collaboration and in customer relationships.

GRI 102-15

Digital security is becoming more and more of a challenge for companies. Increasingly sophisticated cyberattacks on critical infrastructure require special knowledge and specific measures to harden technical systems to such attacks. This has a dual impact on Frequentis: firstly, because it needs to protect its own working environment and IT structure and secondly, because Frequentis Group companies need to provide the best possible support and assistance to help customers handle this new threat.

In line with its motto "for a safer world", Frequentis addresses both safety and security. Safety means avoiding unacceptable operating risks, while security refers to the ability to defend against external attacks. In terms of the sustainability of the Frequentis Group's activities, safety and security are therefore closely interlinked: there is no safety without security.

Measures to prevent cybercrime have high priority at Frequentis. Special attention is paid to endpoint protection technologies to identify and ward off phishing attacks – a problem that has definitely increased – including in the remote operation of devices. This was accompanied by an internal awareness campaign.

Safety and security are both fundamental to the Frequentis Group's safety-critical business operations. Failures and shortcomings in these areas would result in an immediate loss of confidence by our customers and business partners and have a lasting negative impact on our business.

Safety awareness as an element in the Frequentis culture

Wherever Frequentis' systems are used, people are responsible for the safety of other people and of property. This aspect of Frequentis' culture is important for internal collaboration and for external interaction with customers, business partners, and other stakeholders. It is also a key determinant of behaviour and attitude when dealing with risks.

To sharpen the awareness of employees and, especially, new colleagues for this important aspect of culture, an awareness-raising video on safety-critical behaviour was produced and published in 2020. In this video, the Executive Board explains the specific features and importance of safety-critical behaviour and how it can be implemented optimally in day-to-day working practices, for example, through proactive risk management, high safety and security standards, and professional project management.



This introduction to safety-critical behaviour has been designed as a mandatory training module that has to be refreshed every two years. The penetration rate was 91% at year-end 2021.

Safety

Safety means avoiding unacceptable operating risks, while security refers to the ability to defend against external attacks. System safety is achieved by operating a system on top of the actual system to analyse the environment, users, or third parties. With reference to Frequentis, this means that the safe operation of Frequentis systems has to be guaranteed at all times. Frequentis has been a global leader in safety for many years. Since 1995 it has had its own competence centre for system safety management. This provides safety expertise for customer projects. Numerous awards, published papers, and international accolades testify to Frequentis' enormous expertise in this field.

Safety management system

Safety is an integral part of Frequentis' business processes and therefore a key competitive advantage.

To perform the required system safety tasks in regulated areas of operation, Frequentis introduced an extensive safety management system back in 1999. An important element is the management's commitment to safety, which is set out in Frequentis' safety policy, together with the goal of upholding safety standards in all activities and improving them wherever possible.

Everyone in the company has to understand the importance of safety and to constantly strive to optimise safety in cooperation with customers, suppliers, and authorities. That allows early identification and evaluation of risks so that appropriate risk mitigation measures can be taken.

The basic elements of the safety management system are consistent application of international safety standards after adaptation for the relevant business unit, an obligatory safety assessment for all product developments, a Group-wide hazard management system for preventive risk minimisation, and the in-house Safety Academy for staff training.

Safety certificate

In response to rising international requirements, in 2005 a Group-wide training concept was established through the Safety Academy, together with specialised safety training leading to the award of a certificate. So far, 150 employees have gained this safety certificate, including 17 staff from Frequentis subsidiaries. In this way, extensive safety know-how is disseminated within the Frequentis Group and corresponding Group-wide safety expertise is generated.

The training programme leading to the safety certificate is used to train safety peers in a wide range of organisational units. Safety competence is a key corporate characteristic in safety-critical activities.

Following initial collaboration with the FH Campus Vienna, since 2012 training has been carried out in cooperation with the International Safety System Society (ISSS). This has been made possible by the election of Gabriele Schedl, Director of Safety Management at Frequentis, as Regional Vice President Europe at the ISSS.

This programme comprises fundamental, generic system safety training in modular form (ranging from hazard management through safety-critical project management and safety-critical system design to software safety). The three-week course ends with an assessment based on Frequentis-specific safety analyses.

Training for this certificate – which has to be upgraded every two years – will be continued in the coming years. That will further strengthen Group-wide safety competence. In addition, the results of the analysis are used for continuous improvement of products and internal workflows.

Security

Within the context of safety, security has been an important area of focus at Frequentis for many years. High-tech control centres involve the integration of data from the Internet of Things (IoT), the use of software as a service (SaaS) to provide safety-critical applications, big data analyses, and, in particular, the networking of control centres and organisations. Frequentis has a sophisticated security organisation that makes sure that everything possible is done at Frequentis to ensure the highest possible level of security.

The Frequentis Security Organisation

The security organisation at Frequentis comprises three areas:

Governance and Support

This area of the organisation is authorised to issue policies. It is responsible for supporting the operational units in the implementation of these policies and for checking and reporting on their implementation. Support comprises training, providing tools, know-how, and experts and, in certain cases, taking on specific security tasks.

Governance and Support is structured as follows:

- **Chief Information Security Officer (CISO):** responsible for security risk management for the Frequentis Group, the information security management system, and shaping the security organisation
- **IT Information Security:** Group-wide governance responsibility for the security of the IT and communications infrastructure
- **System Security:** Group-wide governance responsibility for the security of Frequentis products and solutions that are delivered to customers; provision of security expertise for projects
- **Security Incident Response Team:** responsible for monitoring security alerts, preventive measures, and dealing with security incidents
- **Personnel Security:** Group-wide governance responsibility for two aspects of personnel security: protecting employees and protecting the company from attacks by insiders
- **Physical Security:** Group-wide governance responsibility for physical security at Frequentis Group locations

Business processes

Security has to be practised by all employees and integrated into their daily working processes. That applies, above all, to system security, which involves implementing specific security activities for Frequentis products along the entire value chain, from product design to delivery of a ready-to-use system to the customer and subsequent security cooperation during the operational phase. Explicit security roles have therefore been created. These are anchored in the operational units and work together with the governance and support units. They are:

- **Security engineers** in product and project teams: security engineers are responsible for correct implementation of security specifications at the technical level, e.g. design guidelines, coding guidelines, system hardening measures, and security tests. The principal target group for training comprises system engineers, integration engineers, test engineers, software engineers, and software architects. The training was focused on participants in Vienna.
- **Security agents** in the business units: the security agents support the management of their business unit in security-related aspects. These include the security offering, management of security-specific risks in products, offers, and projects, market presence, and communicating with customers on security notifications. Frequentis currently has eight security agents, each of which is allocated to a specific unit.

Virtual cross-functional teams

These teams support the implementation of security throughout the Group. They are:

- The **Security Incident Response Team (SIRT)**: this team is composed of selected experts from various operational units and is headed by the SIRT Manager. It is responsible for security notifications and incident response.
- The **Security Steering Committee**: this committee comprises a team of top managers from governance and the business. Its role is to coordinate security targets and strategy from business and governance perspectives and to derive top-level measures for the ongoing development of the Frequentis Group.
- The **Security Community**: this is a community of security-oriented employees. It is open to all employees and is moderated by the SIRT Manager. Topical security issues are analysed and discussed at monthly meetings. The community also provides a framework for informal exchange.

Networking with international communities

Many of Frequentis' customers operate "critical infrastructure". Such infrastructure is especially important for people, the environment, essential supply services, transport, and safety. As a supplier of safety-critical systems, Frequentis is aware of its special responsibility. Therefore, it gives high priority to active participation in national and international safety and security communities, platforms, and bodies. These assess future risks, develop strategies, and share experience. In critical circumstances, it is therefore possible to rely on exchange with trusted experts, for example, in the event of a major infrastructure attack.

In 2021, Frequentis actively contributed to the following communities:

- Austrian CERT (Computer Emergency Response Team) network
- FIRST (global Forum of Incident Response and Security Teams)
- EUROCAE (European Organisation for Civil Aviation Equipment) Working Group 72
- Cyber Security Platform Austria
- CANSO (Civil Air Navigation Services Organisation): Cyber Safety Task Force
- CANSO: Next Generation SMS Workgroup
- CANSO: Human Performance Working Group
- EASA (European Union Aviation Safety Agency): rule-making task analysis
- ISSS International System Safety Society
- ISC(2) International Information System Security Certification Consortium

IT information security

Companies around the world have been a focus for hackers and cybercrime for many years. Identity theft and data theft are major areas of cybercrime. As a company operating in the safety-critical area, Frequentis takes special precautions to avoid cybercrime in the form of attacks on its in-house IT infrastructure. Protection of the Frequentis network, including all subsidiaries and external access, is therefore always state-of-the-art.

Employees are an important factor in this. To ensure the greatest possible awareness of this issue within the company, for around 10 years all new staff in Vienna have taken part in Information Security Awareness Training, a web-based version of which has been offered throughout the Frequentis Group since 2015. Information Security Awareness Training is a compulsory course that has to be repeated every two years.

To further sharpen employees' awareness, there are also regular Group-wide phishing campaigns. Everyone who uses the Frequentis networks receives simulated phishing emails. Their response is automatically evaluated on an anonymous basis and feedback is published in the intranet and the staff newsletter. This is supplemented by lectures held by experts throughout the year and by other opportunities for sharing information within the community. In 2021, internal IT services were not affected by outages caused by successful cyberattacks.

These activities are constantly supported by a range of communication measures under the motto "You are the key to security".

In 2021, governance rules were developed for information security to minimise the related risks throughout the Frequentis Group. A uniform level of protection is also to be established for subsidiaries with their own or separate IT infrastructure. This applies, in particular, to the subsidiaries that have been added to the Frequentis Group through the L3Harris transaction.

Personnel security

Personnel-related security measures include protecting staff from possible threats. Examples are a buddy principle for business travel to crisis-hit regions and preventive measures, including insurance, to cover employees who catch COVID-19 or are required to quarantine while on business trips.

Moreover, new employees are subject to an extensive background check. Together with the corresponding training, this is designed to raise the awareness of Frequentis employees of the special nature of the safety-critical sector in which the company works.

Physical security

GRI 102-11

Critical infrastructure like that operated by Frequentis' customers is increasingly exposed to the threat of sabotage, terrorism, and industrial espionage. Attacks on critical infrastructure are occurring more frequently through suppliers. As a trustworthy partner to its customers and in its own interest, the Frequentis Group therefore has to take action to prevent such attacks.

An extended Group-wide Physical Security Policy has therefore been introduced. This has increased the physical security standard in the Frequentis Group. In addition, improvements are continuously being implemented.

To protect the headquarters building in the interests of Frequentis, its staff, and its customers, improved organisational measures have been put in place in consultation with the authorities, and networked security technology has been updated.

Data protection

The European Union's General Data Protection Regulation (EU GDPR) requires every company to apply the European data protection principles in its corporate activities and to require staff to respect data privacy and the confidentiality of business and operating secrets.

As a technology supplier and service provider, responsible handling of data, especially personal data, is vital for Frequentis. Ensuring the security of data, especially personal data, has top priority both when implementing and servicing customer systems and with regard to internal systems. Data protection and data security go hand in hand. Frequentis treats data confidentially as a matter of course and data are always collected and processed in compliance with the applicable legal provisions. Wherever possible, the company uses established management systems to structure information security (ISO 27001) and quality management (ISO 9001).

Frequentis appointed its own Data Protection Officer when the European Union's General Data Protection Regulation (GDPR) came into effect on 18 May 2018. Frequentis constantly applies the requirements of the GDPR and the local laws adopted to implement it. Activities to implement the GDPR in the Frequentis Group include, for example, revising Group policies and processes on handling personal data, continuously upgrading process documentation, preparing and revising document and contract templates, and regularly reviewing and updating the technical and organisational measures for which the company is responsible.

The data protection officers appointed by headquarters and the local subsidiaries work to ensure legally compliant handling of personal data throughout the Frequentis Group at all times. Their tasks include driving forward company-specific data protection measures and regular consultation with the management and the specialist departments involved.

At the same time, Frequentis introduced mandatory e-learning modules on personal data protection, which have to be completed every two years. These give equal priority to protecting the data of employees, customers, and suppliers. These compulsory training modules still have a firm place in Frequentis' training programme. The concepts for security awareness and the security organisation are subject to ongoing development and are revised to reflect the latest conditions. Worldwide, 91% of employees at majority-owned companies in the Frequentis Group have fulfilled the data protection training obligation. The next training round starts in the second quarter of 2022.

Predefined workflows and templates are used to meet the requirements to enable data subjects to exercise their rights and to deal with any possible data breaches. Only a few data erasure requests were received in 2021. No complaints or processes in connection with data protection legislation were filed against Frequentis or its subsidiaries.

These precautions enable Frequentis to ensure a high level of data protection. Thanks to its cautious approach, there were no substantiated complaints about breaches of customer privacy or the loss of customer data in 2021. Together with the current initiatives to heighten data security and safety, data security in the Frequentis Group is continuously being strengthened.

GRI 418-1

Risk-impact analysis

Social and employee matters

| Material topics | Occupational health and safety | Long-term job security | Training and CPD | Flexible and family-friendly working time models | Support for social projects | Diversity |
|--|--|------------------------|-------------------|--|-----------------------------|------------------|
| Risks | <ul style="list-style-type: none"> • Breaches of human rights, workers' and social provisions • Physical and mental health impairments • Skills shortage • Intercultural misunderstandings | | | | | |
| Impacts on non-financial matters | <ul style="list-style-type: none"> • Infringement of basic rights such as child labour, forced labour, right to freedom • Unfair remuneration • Work-related accidents • Physical and mental illness • Lack of training and advancement opportunities • Constraints on innovation and progress • Mental health and family-related stress • Social tensions • Discrimination | | | | | |
| Impacts on Frequentis' business activities | <ul style="list-style-type: none"> • Criminal consequences • Loss of reputation with customers and new employees • Higher order losses • Loss of specialist expertise • Reduction in competitiveness and quality • Increased project and human resources costs • Lack of teamwork • Failure to utilise the potential of diversity and innovation | | | | | |
| Concepts, due diligence processes, actions | p. 22ff | p. 21f | p. 21f., p. 26ff. | p. 15, p. 22, p. 25f. | p. 30ff | p. 21f., p. 28f. |

Environmental matters

| Material topics | Energy consumption and energy efficiency | Waste management | Re-use/refurbishment of products | Environmentally friendly inputs and processing aids |
|--|---|---|--|--|
| Risks | <ul style="list-style-type: none"> Physical and economic risks resulting from climate change, e.g., extreme weather events | | | |
| Impacts on non-financial matters | <ul style="list-style-type: none"> High energy consumption in production and during use by customers Environmental impact of emissions Negative impact on climate change | <ul style="list-style-type: none"> Increased volume of waste | <ul style="list-style-type: none"> Obstruction of circularity Accelerated depletion of resources | <ul style="list-style-type: none"> Damage to the ecosystem Increased volume of waste Environmental impact of non-recyclable materials |
| Impacts on Frequentis' business activities | <ul style="list-style-type: none"> Increased costs (e.g., electricity, waste disposal costs, cost of materials) Threat of loss of orders due to failure to comply with international regulations (e.g., UN, EU) Criminal proceedings due to environmental damage, breaches of compliance, etc. Disruption of supply and supply bottlenecks due to weather events Reputational damage | | | |
| Concepts, due diligence processes, actions | p. 33, p. 35 | p. 33, p. 35f. | p. 33, p. 34f. | p. 33, p. 34f, p. 37 |

Respect for human rights

| Material topics | Observance of human rights | Diversity and equality of opportunity | Worker protection |
|--|---|---------------------------------------|-------------------|
| Risks | <ul style="list-style-type: none"> Infringement of human rights | | |
| Impacts on non-financial matters | <ul style="list-style-type: none"> Infringement of basic rights such as child labour, forced labour, right to freedom Social tensions Physical and mental illness Unfair remuneration Discrimination | | |
| Impacts on Frequentis' business activities | <ul style="list-style-type: none"> Criminal consequences Loss of reputation with customers and new employees Higher order losses Reduction in competitiveness and quality | | |
| Concepts, due diligence processes, actions | p. 39ff | p. 28f. | p. 22f |

Fight against bribery and corruption

| Material topics | Compliance with national laws and regulations | Integrity and business ethics | Compliance with the CSR Code at all stages in the supply chain |
|--|--|-------------------------------|--|
| Risks | <ul style="list-style-type: none"> • Bribery and corruption • Unfair competition • Supply chain risks | | |
| Impacts on non-financial matters | <ul style="list-style-type: none"> • Damage to the economy and fair competition • Negative impacts on government tax receipts • Undermining the rule of law • Wasting state resources due to increased legal costs | | |
| Impacts on Frequentis' business activities | <ul style="list-style-type: none"> • Loss of orders and exclusion from future tenders • Criminal consequences • Reputational damage • Negative impact on the share price and financial opportunities | | |
| Concepts, due diligence processes, actions | p. 38ff | p. 40ff | p. 42ff |

Safety, security & data protection

| Material topics | Ensuring data protection | Measures to prevent cybercrime | Safety awareness | Fail-safe systems |
|--|--|--------------------------------|------------------|-------------------|
| Risks | <ul style="list-style-type: none"> • Breach of data protection • Cybercrime • Security threats • Outage of safety-critical systems | | | |
| Impacts on non-financial matters | <ul style="list-style-type: none"> • Data losses • Increase in cyberattacks and cybercrime • Misuse of data • Risk to safety-critical infrastructure • Risk to human life | | | |
| Impacts on Frequentis' business activities | <ul style="list-style-type: none"> • Loss of orders and exclusion from future tenders • Criminal consequences • Reputational damage • Reduction in competitiveness and quality | | | |
| Concepts, due diligence processes, actions | p. 50f | p. 49f | p. 46f | p. 45ff., p. 50 |

ESG outlook

Sustainability is a fundamental element in Frequentis' holistic corporate culture. The findings of the materiality analysis will be used as a basis for further work on the various topics. Key performance indicators already compiled are being mapped to the GRI indicators in the stepwise development process and preparations are under way for Group-wide calculation of further suitable GRI indicators.

To link up the wide range of sub-aspects and ensure good coverage of the entire Group, the focus in 2022 will be on setting up an efficient ESG organisation. Further concepts will be discussed and prioritised as part of an ESG management review with the executive-level sustainability representative, CFO Peter Skerlan. A newly developed ESG training module for all employees in the Frequentis Group will provide the necessary basic knowledge and raise awareness of sustainability issues.

In this way, Frequentis aims to handle ESG topics even more efficiently and enhance communication with stakeholders. The aim is to use the resulting opportunities in the future development of Frequentis.

All activities will be carried out in keeping with Frequentis' corporate governance policy.

Social and employee matters

All the HR concepts outlined in this report will be continued in 2022. Professional employer branding, systematic recruiting, and frank and open treatment of job applicants are very important in the competition to attract the best brains and secure qualified staff.

One focal area in 2022 will be further integration of the new Frequentis companies. The goal is to roll out HR services, especially training services, to these companies. The use of digital options will also be stepped up further.

Moreover, following the anticipated weakening of the pandemic, measures will be taken to strengthen social collaboration. The intention is to achieve this through re-enabled face-to-face meetings, events, and a Group-wide project "Culture@Frequentis", which was launched at the beginning of 2022 to drive forward the corporate culture in response to increasing internationalisation. Measures to strengthen Frequentis' position as an attractive employer and retain staff will be extended in 2022. The aim of the "Women & Career" initiative is to empower female staff and encourage them to play an active role in shaping their careers.

Environmental matters

GRI 102-11

In 2021, Frequentis optimised, extended, and standardised the principles for environmental reporting. Using a stepwise development process, the company will continue to extend and refine the collection of data in 2022.

As part of this, Frequentis continuously evaluates the individual needs and capacities of its subsidiaries. As well as embarking on the Group-wide rollout of environmental excellence monitoring, new measures will be defined in 2022 to bring a further reduction in the Group's environmental impact.

One key focus, in addition to driving forward established concepts, is the headquarters building in Vienna. Here, Frequentis is working on energy optimisation of the building, including ideas such as plants to cover the façade and building a roof over the car park so that solar panels can be installed. Similar concepts are being pursued at subsidiaries on the basis of local circumstances.

Another key focus is the ongoing development of "green products". Two avenues are being pursued:

- Expanding the product portfolio, for example, by adding traffic optimisation solutions to help our customers meet their environmental protection obligations (e.g. the demands arising from the European Union's Green Deal)
- Reducing the power consumption of Frequentis' installations during use by customers and increasing the efficiency of Frequentis' technical solutions

Structured work on these long-term issues will continue in 2022 and activities will be prioritised to achieve them.

Human rights, compliance, anti-corruption

Frequentis stands for an open and honest corporate culture and high standards of integrity. Throughout the Group, we give high priority to observing ethical standards of respect and security. The whistleblower service introduced in December 2021 provides scope for anonymous reporting of reservations or suspicions of serious misconduct.

Training in this area will also be stepped up in 2022. The Group-wide Global Channel Management organisation established at the start of 2022 will be checking that all sales agents apply Group-wide processes, standards, and policies, and meet the compliance requirements in their work.

In the selection of suppliers, Frequentis monitors criteria such as ethics, compliance with labour standards, and environmental protection, as set out in the Corporate Social Responsibility (CSR) code for suppliers and sub-contractors. The assessment criteria were refined and extended in 2021 and systematic implementation will continue in 2022. For example, a Frequentis award will be presented for the best sustainability evaluation in the 2021 supplier assessment.

Safety, security & data protection

All established safety, security, and data protection concepts will be continued in 2022 and rolled out to those areas of the Frequentis Group where they have not yet been implemented.

Special attention will be paid to security because control centres involve the integration of data from the Internet of Things (IoT), the use of software as a service (SaaS) to provide safety-critical applications, big data analyses, and, in particular, the networking of control centres and organisations. The Frequentis Group's cybersecurity organisation will therefore be strengthened and extended in 2022.

The internal security awareness campaign "You are the key to security" will continue in 2022.

Based on the Physical Security Policy introduced in 2021, physical security standards will be tightened throughout the Group and measures to improve security, for example at the Group's headquarters in Vienna, will be implemented step by step

KPIs for non-financial reporting

In the past, KPIs were compiled for headquarters as part of the certification process for ISO 9001, 14001, and 18001 (45001). As a result, the following list currently only contains the KPIs for the Vienna location (Frequentis AG). The data are gradually being extended to include relevant subsidiaries (based on relevance for the respective KPI). Where this has already been done, the data for the Group are also reported.

Social and employee matters

| | 2021 | 2020 | 2019 |
|--|---|--------------|--------------|
| Average no. of employees – Frequentis Group | 2,157 | 1,907 | 1,849 |
| thereof male | 78.3% | 77.8% | 78.5% |
| Executive Board / Managing Directors | 29 | 26 | 25 |
| 1st management level | 26 | n.a. | n.a. |
| Other managers | 149 | n.a. | n.a. |
| thereof female | 21.7% | 22.2% | 21.5% |
| Executive Board / Managing Directors | 0 | 1 | 1 |
| 1st management level | 4 | 4 | 4 |
| Other managers | 25 | n.a. | n.a. |
| Average no. of employees – Frequentis AG | 999 | 984 | 993 |
| thereof male | 78.3% | 77.0% | 77.1% |
| Executive Board | until 1 April 2021: 2 from 1 April 2021: 3 | 2 | 2 |
| 1st management level | 26 | n.a. | n.a. |
| Other managers | 88 | n.a. | n.a. |
| thereof female | 21.7% | 23.0% | 22.9% |
| Executive Board | until 1 April 2021: 1 from 1 April 2021: 0 | 1 | 1 |
| 1st management level | 4 | n.a. | n.a. |
| Other managers | 14 | n.a. | n.a. |
| New hires – Frequentis Group | 448 | 207 | 198 |
| thereof male | 359 | 75.8% | 69.7% |
| thereof female | 89 | 24.2% | 30.3% |
| New hires – Frequentis AG | 92 | 73 | 85 |
| thereof male | 69 | 56 | 64 |
| thereof female | 23 | 17 | 21 |
| Exits – Frequentis Group | 212 | 177 | 190 |
| thereof male | 162 | 142 | 143 |
| thereof female | 50 | 35 | 47 |
| Exits – Frequentis AG | 64 | 78 | 87 |
| thereof male | 52 | 61 | 66 |
| thereof female | 12 | 17 | 21 |
| Employee turnover – Frequentis Group | | | |
| New hires | 20.7% | 10.9% | 10.7% |
| Exits | 9.8% | 9.3% | 10.3% |
| Employee turnover – Frequentis AG | | | |
| New hires | 9.2% | 7.4% | 8.6% |
| Exits | 6.4% | 7.9% | 8.8% |
| Employees – Frequentis Group | | | |
| Part-time | 315 | 241 | 198 |
| thereof male | 197 | 152 | 127 |
| thereof female | 118 | 89 | 71 |
| Parental leave | 51 | 49 | 49 |
| thereof male | 23 | 22 | 22 |
| thereof female | 28 | 27 | 27 |

GRI 102-8

GRI 401-1

GRI 401-1

GRI 401-3

| | 2021 | 2020 | 2019 |
|--|-------|-------|-------|
| Special dispensation | 62 | 60 | 60 |
| thereof male | 25 | 24 | 25 |
| thereof female | 37 | 36 | 35 |
| Training leave | 4 | 5 | 3 |
| thereof male | 4 | 3 | 1 |
| thereof female | 0 | 2 | 2 |
| Part-time training leave | 7 | 8 | 4 |
| thereof male | 6 | 7 | 4 |
| thereof female | 1 | 1 | 0 |
| Employees – Frequentis AG | | | |
| Part-time | 146 | 129 | 122 |
| thereof male | 65 | 50 | 48 |
| thereof female | 81 | 79 | 74 |
| Parental leave | 44 | 43 | 42 |
| thereof male | 20 | 20 | 19 |
| thereof female | 24 | 23 | 23 |
| Special dispensation | 42 | 50 | 36 |
| thereof male | 21 | 32 | 23 |
| thereof female | 21 | 18 | 13 |
| Training leave | 4 | 2 | 1 |
| thereof male | 4 | 1 | 0 |
| thereof female | 0 | 1 | 1 |
| Part-time training leave | 7 | 8 | 4 |
| thereof male | 6 | 7 | 4 |
| thereof female | 1 | 1 | 0 |
| Average length of employment – Frequentis AG | 10.2 | 9.8 | 9.2 |
| Average age – Frequentis Group | | | |
| Total | 43 | 42 | 41 |
| Executive Board | 55 | 56 | 55 |
| 1st management level and other managers | 45 | 47 | n.a. |
| New hires | 39 | 35 | n.a. |
| Average age – Frequentis AG | | | |
| Total | 42 | 42 | 41 |
| Executive Board | 55 | 56 | 55 |
| 1st management level | 52 | 52 | 50 |
| Other managers | 47 | 47 | 47 |
| New hires | 35 | 32 | 34 |
| No. of nationalities – Frequentis Group | 55 | 55 | n.a. |
| No. of nationalities – Frequentis AG | 38 | 40 | n.a. |
| No. of appraisal interviews held – Frequentis Group | 67% | 83% | n.a. |
| No. of appraisal interviews held – Frequentis AG | 88% | 89% | 89% |
| No. of courses offered Group-wide¹ | 469 | 420 | 386 |
| thereof distance learning | 427 | 311 | 165 |
| No. of classroom training sessions – Frequentis AG | 35 | 216 | 524 |
| thereof with internal instructors | 88.6% | 84.3% | 84.7% |
| No. of Group-wide¹ virtual classroom training sessions | 454 | 262 | n.a. |
| thereof with internal instructors | 92.3% | 90.8% | n.a. |

GRI 401-3

GRI 405-1

¹ Employees from all subsidiaries can book/participate in Group-wide training sessions and courses so it is not possible to draw a distinction between Frequentis AG and the Frequentis Group.

Environmental matters

| | 2021 | 2020 | 2019 |
|---|-----------|-----------|-----------|
| Energy – Frequentis AG | | | |
| Total energy consumption in kWh | 6,994,086 | 6,513,575 | 6,258,770 |
| Consumption by type of fuel: natural gas in kWh | 1,079,790 | 455,013 | 134,222 |
| Building electricity consumption in kWh | 5,914,296 | 6,058,562 | 6,124,548 |
| Self-generated electricity (max. p.a.) in kWh | 115,300 | 115,300 | 115,300 |
| Purchase of electricity from renewable sources | 100% | 100% | 100% |
| Total energy consumption of systems approved for delivery to customers' locations in W | 96,563 | 135,092 | 194,262 |
| Total energy consumption as a percentage of total operating performance | 2.1% | 2.9% | 2.7% |
| Total energy consumption per employee in kWh | 6,925 | 6,647 | 6,303 |
| Consumption by type of fuel: natural gas per employee in kWh | 1,069 | 464 | 135 |
| Building electricity consumption per employee in kWh | 5,856 | 6,182 | 6,168 |
| Consumption by type of fuel: natural gas per m ² heatable area in kWh | 47.5 | 20 | 5.9 |
| Self-generated energy (max. p.a.) per employee in kWh | 114 | 118 | 116 |
| Average consumption by customer systems in W | 386 | 313 | 260 |
| Emissions – Frequentis AG | | | |
| Direct (Scope 1) GHG emissions from consumption of natural gas in tonnes CO ₂ (eq) | 218 | 92 | 27 |
| Energy indirect (Scope 2) GHG emissions from electricity consumption in tonnes CO ₂ (eq) | 0 | 0 | 0 |
| Other indirect (Scope 3) GHG emissions in tonnes CO ₂ (eq) | 718 | 646 | 2,653 |
| Waste generated by operations | 12 | 12 | 18 |
| Business travel ¹ | 706 | 634 | 2,635 |
| Hire cars | 43 | n.a. | n.a. |
| Flights | 663 | 634 | 2,635 |
| No. of flight legs on business trips ¹ | 4,084 | 3,474 | 14,663 |
| Waste – Frequentis AG | | | |
| Weight of waste generated in tonnes | 45 | 52 | 72 |
| Non-hazardous waste | 43 | 51 | 71 |
| Municipal waste and similar commercial waste | 19.76 | 19.66 | 30.54 |
| Paper and cardboard packaging (mixed packaging materials) | 8.71 | 8.34 | 13.10 |
| Mixed plastic packaging | 3.96 | 3.52 | 4.86 |
| Waste paper, paper, and cardboard, uncoated | 3.61 | 4.94 | 8.50 |
| Waste wood for material recovery | 2.34 | 5.92 | 2.06 |
| Mixed metal packaging | 1.66 | 3.30 | 2.19 |
| Iron and steel waste | 0.77 | 2.71 | 1.89 |
| Waste electrical and electronic equipment - small appliances | 0.73 | 1.49 | 1.16 |

GRI 302-1

GRI 302-2

GRI 302-3

GRI 305-1

GRI 305-2

GRI 305-3

GRI 306-3

| | 2021 | 2020 | 2019 |
|--|-------------|-------------|-------------|
| Electrical and electronic devices and device parts, without environmentally relevant amounts of hazardous waste or ingredients | 0.63 | 0.74 | 3.74 |
| Waste electrical and electronic equipment - large appliances | 0.42 | 0.00 | 0.00 |
| Glass | 0.18 | 0.35 | 1.26 |
| Bulky waste | 0.12 | 0.08 | 0.40 |
| Sorted non-hazardous laboratory waste and residual chemicals | 0.03 | 0.00 | 0.00 |
| Waste wood | 0.00 | 0.00 | 0.33 |
| Waste wood for thermal recovery | 0.00 | 0.00 | 0.56 |
| Gases in steel pressure cylinders, non-hazardous | 0.00 | 0.00 | 0.00 |
| Organic waste for composting | 0.00 | 0.13 | 0.52 |
| Kitchen and food waste | 0.00 | 0.00 | 0.42 |
| Hazardous waste | 1.70 | 0.38 | 0.38 |
| Electrical and electronic devices and device parts, with environmentally relevant amounts of hazardous waste or ingredients | 1.46 | 0.00 | 0.00 |
| Screen devices | 0.20 | 0.21 | 0.17 |
| Waste electrical and electronic equipment - large equipment with hazardous properties | 0.01 | 0.00 | 0.00 |
| Synthetic coolants and lubricants | 0.01 | 0.00 | 0.00 |
| Paints | 0.01 | 0.00 | 0.00 |
| Unsorted or hazardous laboratory waste and residual chemicals | 0.01 | 0.00 | 0.00 |
| Pressurised containers (sprays) with residues | 0.00 | 0.02 | 0.04 |
| Batteries | 0.00 | 0.12 | 0.17 |
| Cooling and air conditioning units with refrigerants containing CFC, HFC and HC | 0.00 | 0.03 | 0.00 |
| Environmentally friendly vehicles – Frequentis AG | | | |
| Electric cars | 9 | 6 | 3 |
| Hybrid cars | 8 | 2 | 0 |
| PCs and workstations equipped with Skype and Teams functionality – Frequentis Group | | | |
| PCs and workstations equipped with Skype and Teams functionality - Frequentis AG | 100% | 100% | 100% |
| Average no. of Skype/Teams meetings per month ² | 24,413 | 17,095 | 5,446 |

¹ Frequentis AG and subsidiaries served centrally by Frequentis Travel Management.

² The entire Group is linked via SkypeForBusiness and Teams, so it is not possible to draw a distinction between Frequentis AG and the Frequentis Group.

Human rights, compliance & anti-corruption

| | 2021 | 2020 | 2019 |
|---|-------|-------|-------|
| Cases of corruption resulting in disciplinary action | 0 | 0 | 0 |
| Termination of contracts with suppliers due to violation of human rights | 0 | 0 | 0 |
| Fines in connection with corruption or competition law | 0 | 0 | 0 |
| No. of compliance enquiries from employees – Frequentis Group | 36 | 12 | 14 |
| No. of compliance enquiries from employees – Frequentis AG | 27 | 11 | n.a. |
| Reports via the whistleblower platform (introduced in December 2021) | 0 | n.a. | n.a. |
| Compliance training in face-to-face/virtual classroom sessions | 4 | 3 | 4 |
| Checking invoices for compliance with the requirements of the Group policy on anti-corruption, invitations, and gifts; cases referred – Frequentis AG | 37 | 5 | 40 |
| Classroom-based training in capital market compliance for specific target groups in 2019 – Frequentis AG | n.a. | n.a. | 4 |
| Online training in capital market compliance for all employees (mandatory) from 2020 | | | |
| Frequentis Group (in % of total workforce) | 95% | 85.1% | n.a. |
| Frequentis AG (in % of total workforce) | 95% | 94.4% | n.a. |
| Supplier audits performed by Frequentis AG | 5 | 4 | 7 |
| Geographical structure of suppliers and service providers by order volume ¹ | | | |
| Europe | 90.0% | 93.5% | 77.4% |
| North America | 6.9% | 2.7% | 16.0% |
| Asia | 1.2% | 2.0% | 2.5% |
| Australia | 1.0% | 1.3% | 2.7% |
| South America | 0.5% | 0.2% | 0.3% |
| Middle East | 0.3% | 0.1% | 0.3% |
| Africa | 0.1% | 0.7% | 0.8% |
| Geographical structure of suppliers and service providers based on order volume by Frequentis AG | | | |
| Europe | 89.9% | 95.6% | 92.5% |
| North America | 7.0% | 1.5% | 3.1% |
| Asia | 1.7% | 1.3% | 2.4% |
| South America | 0.8% | 0.3% | 0.4% |
| Middle East | 0.5% | 0.1% | 0.5% |
| Africa | 0.2% | 1.1% | 1.1% |
| Australia | 0.0% | 0.0% | 0.1% |

GRI 205-1

GRI 412-2

GRI 204-1

¹⁾ Product and project-related procurement by Frequentis AG, Frequentis Deutschland GmbH, Frequentis Comsoft GmbH, Frequentis USA Inc., Frequentis Australasia Pty Ltd.

Safety, security & data protection

| | 2021 | 2020 | 2019 |
|---|------|------|------|
| Total number of safety certificates issued – Frequentis Group | 157 | 150 | 143 |
| thereof newly issued “Basic” certificates | 7 | 7 | 12 |
| Additional “Upgrade” safety certificates | 15 | 9 | 25 |
| Total number of safety certificates issued – Frequentis AG | 140 | 133 | 128 |
| thereof newly issued “Basic” certificates | 7 | 5 | 11 |
| Additional “Upgrade” safety certificates | 15 | 9 | 25 |
| Training in safety-critical behaviour – Frequentis Group | 91% | 74% | n.a. |
| Training in safety-critical behaviour – Frequentis AG | 89% | 79% | n.a. |
| Occupational safety training – Frequentis AG | 454 | 536 | 544 |
| Work-related accidents – Frequentis AG | 3 | 3 | 5 |
| of which serious accidents | 0 | 0 | 0 |
| Near misses – Frequentis AG | 3 | 2 | 4 |
| Improvements derived from these accidents | 3 | 2 | 4 |
| Completed system security training sessions – Frequentis Group | | | |
| System Security Overview for Engineers | 53 | 44 | 46 |
| System Security Advanced for Engineers | 32 | 26 | 42 |
| Completed system security training sessions – Frequentis AG | | | |
| System Security Overview for Engineers | 30 | 33 | 42 |
| System Security Advanced for Engineers | 15 | 16 | 36 |
| Successful completion of “ Information Security Awareness Training” – Frequentis Group | 86% | 84% | 79% |
| Successful completion of “Information Security Awareness Training” – Frequentis AG | 84% | 91% | 92% |
| Successful completion of “ Personal Data Protection ” training – Frequentis Group | 92% | 83% | 99% |
| Successful completion of “Personal Data Protection” training – Frequentis AG | 93% | 91% | 95% |
| No. of Group-wide Security Community events | 11 | 13 | 12 |
| Average no. of participants | 25 | 22 | 20 |
| Proven IT service outages due to cyberattacks | 0 | 0 | 0 |

GRI 403-5
GRI 403-9

GRI content index

The following list refers to the GRI Standards, which were used as a guide in selecting the key performance indicators.

GRI 102-55

| Name of standard | No. | Topic-specific disclosure | Page no. |
|------------------------------|--------|---|-------------------|
| GRI 102: General Disclosures | 102-1 | Name of the organization | 8 |
| | 102-2 | Activities, brands, products, and services | 8, 10 |
| | 102-3 | Location of headquarters | 8 |
| | 102-4 | Location of operations | 8 |
| | 102-5 | Ownership and legal form | 9 |
| | 102-6 | Markets served | 9, 10 |
| | 102-7 | Scale of the organization | 9 |
| | 102-8 | Information on employees and other workers | 57 |
| | 102-10 | Significant changes to the organization and its supply chain | 8 |
| | 102-11 | Precautionary principle or approach | 31, 48, 54 |
| | 102-12 | External initiatives | 14 |
| | 102-13 | Membership of associations | 14 |
| | 102-14 | Statement from senior decision-maker | 4 |
| | 102-15 | Key impacts, risks, and opportunities | 5, 21, 31, 37, 43 |
| | 102-16 | Values, principles, standards, and norms of behavior | 37 |
| | 102-17 | Mechanisms for advice and concerns about ethics | 38 |
| | 102-18 | Governance structure | 13 |
| | 102-19 | Delegating authority | 13 |
| | 102-20 | Executive-level responsibility for economic, environmental, and social topics | 13 |
| | 102-21 | Consulting stakeholders on economic, environmental, and social topics | 13, 16 |
| | 102-40 | List of stakeholder groups | 15 |
| | 102-42 | Identifying and selecting stakeholders | 15 |
| | 102-43 | Approach to stakeholder engagement | 16 |
| | 102-44 | Key topics and concerns raised | 18 |
| | 102-45 | Entities included in the consolidated financial statements | 7 |
| | 102-46 | Defining report content and topic boundaries | 6 |
| | 102-47 | List of material topics | 17 |
| | 102-48 | Restatements of information | 4, 6 |
| | 102-49 | Changes in reporting | 15, 18 |
| | 102-50 | Reporting period | 6 |

| Name of standard | No. | Topic-specific disclosure | Page no. |
|---|--------|---|------------|
| GRI 102: General Disclosures | 102-51 | Date of most recent report | 6 |
| | 102-52 | Reporting cycle | 6 |
| | 102-53 | Contact point for questions regarding the report | 7 |
| | 102-54 | Claims of reporting in accordance with the GRI Standards | 4, 6 |
| | 102-55 | GRI content index | 6, 63 |
| | 102-56 | External assurance | 6 |
| GRI 204: Procurement Practices 2016 | 204-1 | Proportion of spending on local suppliers | 61 |
| GRI 205 Anti-Corruption 2016 | 205-1 | Operations assessed for risks related to corruption | 38, 61 |
| | 205-2 | Communication and training about anti-corruption policies and procedures | 37, 38 |
| | 205-3 | Confirmed incidents of corruption and actions taken | 37 |
| GRI 206: Anti-Competitive Behavior 2016 | 206-1 | Legal actions for anti-competitive behavior, anti-trust and monopoly practices | 37 |
| GRI 301: Materials 2016 | 301-2 | Recycled input materials used | 32 |
| | 301-3 | Reclaimed products and their packaging materials | 32 |
| GRI 302: Energy 2016 | 302-1 | Energy consumption within the organization | 33, 59 |
| | 302-2 | Energy consumption outside of the organization | 33, 59 |
| | 302-3 | Energy intensity | 33, 59 |
| | 302-4 | Reduction of energy consumption | 33 |
| GRI 303: Water and Effluents 2018 | 303-1 | Interactions with water as a shared resource | 34 |
| | 303-2 | Management of water discharge-related impacts | 34 |
| GRI 304: Biodiversity 2016 | 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 31 |
| | 304-2 | Significant impacts of activities, products, and services on biodiversity | 31 |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | 35, 59 |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | 35, 59 |
| | 305-3 | Other indirect (Scope 3) GHG emissions | 35, 59 |
| | 305-5 | Reduction of GHG emissions | 32, 35, 42 |
| GRI 306: Waste 2020 | 306-1 | Waste generation and significant waste-related impacts | 33 |
| | 306-2 | Management of significant waste-related impacts | 33 |
| | 306-3 | Waste generated | 59 |
| | 306-4 | Waste diverted from disposal | 33 |
| GRI 307: Environmental Compliance 2016 | 307-1 | Non-compliance with environmental laws and regulations | 34 |

| Name of standard | No. | Topic-specific disclosure | Page no. |
|---|-------|--|----------|
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 | New suppliers that were screened using environmental criteria | 41, 42 |
| GRI 401: Employment 2016 | 401-1 | New employee hires and employee turnover | 57 |
| | 401-3 | Parental leave | 57, 58 |
| GRI 403: Occupational Health and Safety 2018 | 403-1 | Occupational health and safety management system | 12 |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | 22 |
| | 403-3 | Occupational health services | 24 |
| | 403-5 | Worker training on occupational health and safety | 62 |
| | 403-6 | Promotion of worker health | 23 |
| | 403-9 | Work-related injuries | 62 |
| GRI 404: Training and Education 2016 | 404-2 | Programs for upgrading employee skills and transition assistance programmes | 25, 26 |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 25 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 | Diversity of governance bodies and employees | 27, 58 |
| GRI 406: Non-discrimination | 406-1 | Incidents of discrimination and corrective actions taken | 27 |
| GRI 412: Human Rights Assessment 2016 | 412-2 | Employee training on human rights policies or procedures | 40, 61 |
| GRI 413: Local Communities 2016 | 413-1 | Operations with local community engagement, impact assessments, and development programs | 32 |
| GRI 414: Supplier Social Assessment 2016 | 414-1 | New suppliers that were screened using social criteria | 41, 42 |
| GRI 415: Public Policy 2016 | 415-1 | Political contributions | 42 |
| GRI 418: Customer Privacy 2016 | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 49 |
| GRI 419: Socioeconomic Compliance 2016 | 419-1 | Non-compliance with laws and regulations in the social and economic area | 37 |

Sustainable Development Goals (SDGs)

In addition to the GRI Standards, Frequentis uses the United Nations' Sustainable Development Goals for the sustainable alignment of the company. Frequentis also uses the SDGs as a guide for the future expansion and optimisation of its environmental and socio-economic performance.

Frequentis' wide-ranging socio-economic activities, which focus on the social aspects of environmental impact, are guided by all 17 SDGs.



In the following overview, the SDGs to which Frequentis contributes through its long-term environmental objectives are shown in colour.



EU Taxonomy

When publishing its non-financial report 2021, Frequentis is required to make disclosure in accordance with Regulation (EU) 2020/852 ("EU Taxonomy"). The EU Taxonomy, which came into force on 12 July 2020, aims to establish a common understanding of the environmental sustainability of economic activities and of investments. Further, it sets out detailed technical criteria on which economic activities are deemed to be environmentally sustainable, in order to orient capital flows towards a sustainable transformation within the meaning of the European Green Deal.

As a non-financial company that falls within the scope of the Non-financial Reporting Directive (future CSRD), Frequentis is required by Article 8 of the EU Taxonomy to disclose, from 2022, the proportion of turnover, capital expenditure (CapEx), and operating expenditure (OpEx) derived from products or services associated with economic activities that qualify as environmentally sustainable.

An economic activity is deemed to be environmentally sustainable if it makes a substantial contribution to one of the six environmental objectives defined in the EU Taxonomy and, at the same time, does no significant harm to any of the other environmental objectives. Additionally, the economic activity must meet minimum social safeguards.

Whether an economic activity makes a substantial contribution to one of the environmental objectives is determined by mandatory technical screening criteria defined by the EU Commission. All of the defined criteria have to be met. At present, the Commission has defined technical screening criteria for two of the six environmental objectives, namely "climate change mitigation" and "climate change adaptation".

As the first step in fulfilment of the requirements of the EU Taxonomy, Frequentis analysed the list of economically sustainable economic activities to identify those that are applicable within the Frequentis Group. The definitions of individual economic activities set out in Annex I and Annex II to the EU Taxonomy were examined, compared with Frequentis' business lines, business activities, and individual measures, and then evaluated. As the next step, the data required for the key performance indicators (turnover, CapEx, OpEx) were compiled in the IT systems in close collaboration with the individual departments.

In the first year of application, the EU Commission permits an exemption (Article 10 of the Delegated Act of 6 July 2021): companies are only required to disclose the proportion of taxonomy-eligible and taxonomy non-eligible economic activities in total turnover, CapEx and OpEx. Application of the technical screening criteria is only mandatory from the 2022 reporting period.

The taxonomy-eligible and taxonomy non-eligible economic activities are presented below for the Frequentis Group and Frequentis AG:

| | Turnover in EUR thousand | Proportion of turnover in % | CapEx in EUR thousand | CapEx in % | OpEx in EUR thousand | OpEx in % |
|----------------------------------|--------------------------------|-----------------------------------|-----------------------------|---------------|----------------------------|--------------|
| Frequentis Group | | | | | | |
| Taxonomy-eligible activities | 11,070.34 | 3.32% | 12,762.19 | 96.42% | 18,830.09 | 99.98% |
| Taxonomy non-eligible activities | 322,455.40 | 96.68% | 474.35 | 3.58% | 3.34 | 0.02% |
| Total | 333,525.74 | 100.00% | 13,236.54 | 100.00% | 18,833.43 | 100.00% |

| | Turnover in EUR thousand | Proportion of turnover in % | CapEx in EUR thousand | CapEx in % | OpEx in EUR thousand | OpEx in % |
|----------------------------------|--------------------------------|-----------------------------------|-----------------------------|---------------|----------------------------|--------------|
| Frequentis AG | | | | | | |
| Taxonomy-eligible activities | 11,427.84 | 4.79% | 3,708.25 | 100.00% | 14,814.97 | 100.00% |
| Taxonomy non-eligible activities | 227,159.14 | 95.21% | 0.00 | 0.00% | 0.00 | 0.00% |
| Total | 238,586.98 | 100.00% | 3,708.25 | 100.00% | 14,814.97 | 100.00% |

The low proportion of taxonomy-eligible activities relative to total turnover compared with the other two KPIs (CapEx and OpEx) is due to the fact that the economic activities in category “8.2 Computer programming, consultancy and related activities” in Annex II (economic objective: climate change adaptation) cannot be used in the calculation of the turnover KPI. However, the majority of the activities of Frequentis AG and the Frequentis Group are in this category.

Turnover KPI

The total turnover used for this KPI comprises the revenues recognised in accordance with IFRS 15 in the consolidated annual financial statements as at 31 December 2021 ([Annual report / Consolidated financial statements / Consolidated income statement](#)).

The total turnover disclosed for Frequentis AG comprises the revenues recognised in accordance with the Austrian Commercial Code (UGB) and presented in the financial statements of Frequentis AG as at 31 December 2021.

The taxonomy-eligible activities applicable for turnover relate principally to the economic activity “8.1 Data processing, hosting and related activities”.

In accordance with the provisions of the EU Taxonomy, for the objective “climate change adaptation”, only activities classified as “enabling” activities may be included in the calculation of the turnover KPI. “Enabling” activities are activities that directly enable other activities to make a substantial contribution to climate change adaptation: Although Frequentis’ principal business model and thus the majority of its revenue-generating activities would fall within the definition of economic activity “8.2 Computer programming, consultancy and related activities” in Annex II, these revenues cannot be recognised as taxonomy-eligible because they are “adaptation solutions” and economic activity 8.2 is not classified as an “enabling” activity.

Capital expenditure (CapEx) KPI

The total capital expenditure of the Frequentis Group comprises all additions to property, plant, and equipment, intangible assets, and right-of-use assets pursuant to IFRS 16 Leases in 2021 ([Annual report / Consolidated financial statements](#)).

The capital expenditure disclosed for Frequentis AG is derived from the individual financial statements of Frequentis AG as at 31 December 2021, prepared in accordance with the Austrian Commercial Code (UGB).

The taxonomy-eligible CapEx mainly relates to economic activities “8.1 Data processing, hosting and related activities” and “8.2 Computer programming, consultancy and related activities” in Annex II. Unlike turnover, based on the Commission Delegated Regulation (Annex I C(2021) 4987), capital expenditure and operating expenditure for adaptation solutions are classified as taxonomy-eligible.

Operating expenditure (OpEx) KPI

The total operating expenditure of the Frequentis Group and Frequentis AG comprises the expenditures for non-capitalised research and development costs, leasing, maintenance, and repairs incurred in 2021.

Taxonomy-eligible OpEx mainly comprises research and development costs, short-term leases, and the maintenance and repair of property, plant, and equipment incurred in connection with economic activities "8.1 Data processing, hosting and related activities" and "8.2 Computer programming, consultancy and related activities".

Independent limited assurance report on the consolidated Non-Financial Report

The subsequent independent assurance report in the English language is a translation provided for informational purposes only. The German text of the signed confirmation report, which refers to the German version of the non-financial reporting 2021, is the only legally binding version. This English translation has no legal effect. More specifically, it cannot be used for interpreting the German version of the independent assurance report.

We have performed a limited assurance engagement on the consolidated non-financial report of Frequentis AG (referred to as "the Company"), Vienna.

Responsibility of the legal representatives

The legal representatives of the Company are responsible for the proper preparation of the consolidated non-financial report in accordance with the requirements of the Sustainability and Diversity Improvement Act (NaDiVeG) in section 267a of the Austrian Commercial Code (UGB).

The legal representative's responsibility is to select and apply appropriate sustainability reporting methods and to make accounting estimates that are reasonable in the circumstances. Furthermore the legal representative's responsibility includes designing, implementing and maintaining systems and processes relevant to the preparation and fair presentation of sustainability reporting that are free from material misstatement, whether due to fraud or error. This also includes the preparation of adequate documentation and the establishment of internal controls.

Responsibility of the auditor

Our responsibility is to express an opinion, based on our audit procedures and the evidence we have obtained, as to whether any matters have come to our attention that cause us to believe that the consolidated non-financial report of the Company as of 31 December 2021 is not, in all material respects, in accordance with the requirements of the Sustainability and Diversity Improvement Act (NaDiVeG) in section 267a UGB.

We conducted our audit in accordance with Austrian generally accepted standards for other audits (KFS/PG 13) and the International Standard on Assurance Engagements (ISAE 3000 (Revised)) applicable to such engagements. These standards require that we comply with ethical requirements, including independence requirements, and plan and perform the engagement, under consideration of materiality, to express our conclusion with limited assurance.

In a limited assurance engagement, the audit procedures performed are less extensive in comparison to a reasonable assurance engagement, and consequently less assurance is obtained.

The procedures selected depend on the auditor's judgement and included in particular the following activities:

- Interviewing employees responsible for the materiality analysis at the group level in order to gain an understanding of the procedure for identifying material sustainability topics and corresponding re-ported boundaries of the Company;
- Risk assessment, including a media analysis, on relevant information about the Company's sustainability performance during the reporting period;
- Interviews with personnel at group level responsible for identifying, consolidating and performing in-ternal control activities on data;
- Assess the design and implementation of systems and processes for identifying, processing and monitoring the sustainability performance data and indicators included in the scope of the audit, including the consolidation of the data;
- Inspection of selected internal and external documents to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Analytical assessment of the data and trends in the quantitative data;
- Assessing whether the requirements under section 267a UGB have been adequately addressed;
- Assessing the overall presentation of the disclosures by critically reading the non-financial report.

The following was not the subject of our assignment

- the review of prior year information, forward-looking information or data from external studies
- the verification of references to GRI standards
- the verification of the information in accordance with Article 8 of the EU Taxonomy Regulation (2020/852);

The subject matter of our engagement is neither an audit of financial statements nor a review of financial statements. Likewise, neither the detection and clarification of criminal offences, such as embezzlement or other acts of breach of trust and administrative offences, nor the assessment of the effectiveness and efficiency of the management is the object of our engagement.

Summary assessment

Based on our audit procedures and the evidence obtained, nothing has come to our attention that cause us to believe that the consolidated non-financial report for the financial year 2021 of the Company is not prepared, in all material respects, in accordance with the requirements of the Sustainability and Diversity Improvement Act (NaDiVeG) in section 267a of the Austrian Commercial Code (UGB).

Limitation of use

We consent to the publication of our audit certificate together with the non-financial report. The report does not form the basis for any reliance by third parties on its contents. The report is not intended to be relied upon by third parties in making (financial) decisions. Claims of third parties can therefore not be derived from it. Our responsibility is solely to the Company.

Terms of engagement

With regard to our responsibility and liability towards the company and towards third parties, point 7 of the General Conditions of Contract for the Public Accounting Professions applies.

Vienna, 14 March 2022



BDO Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Gerhard Posautz
Certified Auditor

Mag. Gerhard Fremgen
Certified Auditor

Declaration by all legal representatives

We confirm to the best of our knowledge that the consolidated non-financial report contains the disclosures pursuant to Section 243b (2) and Section 267a (2) of the Austrian Commercial Code (UGB) and Regulation (EU) 2020/852 ("EU Taxonomy") that are necessary for an understanding of the business performance, results of operations, situation of Frequentis AG and its subsidiaries, and the impact of their activities and which relate, at a minimum, to environmental, social, and employee aspects, respect for human rights, and combating bribery and corruption. The disclosures include a description of Frequentis' business model and the concepts used with regard to the above aspects, including the due diligence processes applied, the material risks, the probable negative impacts on these aspects, the results of the concepts, and the key performance indicators.

Vienna, 14 March 2022



Norbert Haslacher
Chairman of the Executive Board



Peter Škerlan
Member of the Executive Board



Hermann Mattanovich
Member of the Executive Board



Notes / Disclaimer

The terms “Frequentis” and “Frequentis Group” in this publication refer to the Group; “Frequentis AG” is used to refer to the parent company.

Minimal arithmetical differences may arise from the application of commercial rounding to individual items and percentages.

The forecasts, plans, and forward-looking statements contained in this publication are based on the knowledge and information available and the assessments made at the time that this publication was prepared. As is true of all forward-looking statements, these statements are subject to risk and uncertainties. As a result, actual events may deviate significantly from these expectations. No liability whatsoever is assumed for the accuracy of projections or for the achievement of planned targets or for any other forward-looking statements.

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Frequentis AG
Headquarters
Innovationsstraße 1, 1100 Vienna, Austria
Tel: +43 1 81150 0
investor@frequentis.com

www.frequentis.com



www.frequentis.com

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