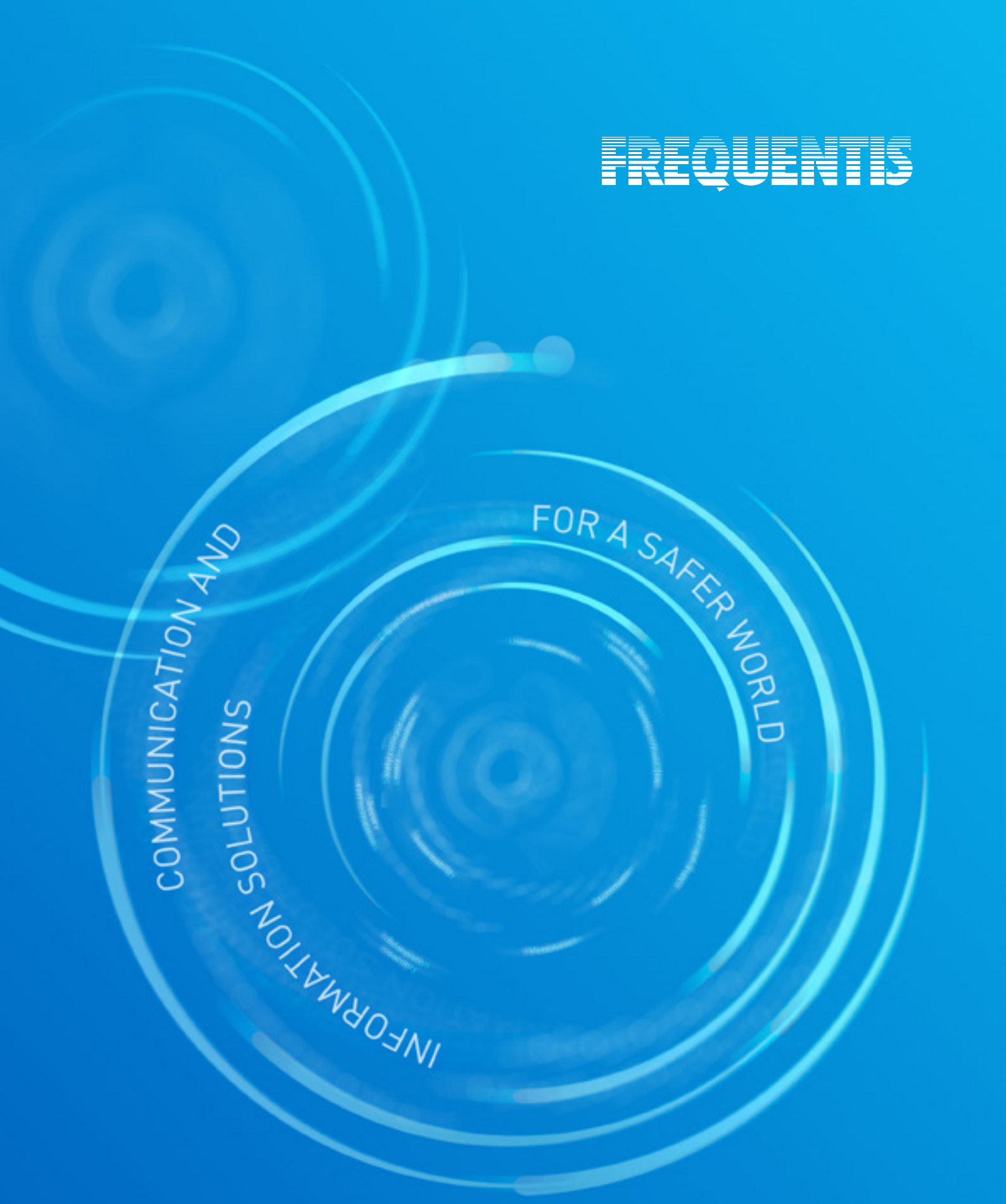
FREQUENTIS



Consolidated Non-financial Report 2022

Key figures Frequentis Group (excerpt)

All figures in EUR million, except where otherwise stated.

Earnings	2022	2021	+/- in %	+/- in EUR million	2020	2019[1]	2018
Revenues	386.0	333.5	+15.7%	+52.4	299.4	303.6	285.8
EBITDA	45.6	46.5	-1.9%	-0.9	41.9	30.2	21.6
EBITDA margin	11.8%	13.9%	-2.1 pp	–	14.0%	9.9%	7.6%
EBIT	25.0	29.0	-13.7%	-4.0	26.8	17.2	15.6
EBIT margin	6.5%	8.7%	-2.2 pp	–	9.0%	5.7%	5.5%
Profit/loss for the period	18.9	20.8	-9.1%	-1.9	-3.4	12.5	11.8
Earnings per share in EUR	1.41	1.50	-6.2%	–	-0.30	0.93	0.94

Orders	2022	2021	+/- in %	+/- in EUR million	2020	2019	2018
Order intake	404.8	333.2	+21.5%	+71.6	314.6	333.7	306.3
Orders on hand (at year-end)	522.0	467.9	+11.6%	+54.1	427.6	391.5	355.2

Statement of financial position	2022	2021	+/- in %	+/- in EUR million	2020	2019[1]	2018
Total assets	340.3	315.7	+7.8%	+24.6	277.6	272.1	198.0
Shareholders' equity	147.3	129.9	+13.4%	+17.4	111.4[2]	116.2	85.6
Equity ratio	43.3%	41.1%	+2.2 pp	–	40.1%[2]	42.7%	43.3%
Net cash	91.0	101.1	-10.0%	-10.1	85.0	77.8	55.4
No. of employees (average, in FTE[3])	2,081	1,937	+7.4%	–	1,907	1,849	1,763
Headcount (average)	2,193	2,157	+1.7%	–	1,907	1,849	1,763

Cash flow statement		2021	+/- in %	+/- in EUR million	2020	2019[1]	2018
Cash flow from operating activities	14.2	48.8	-70.8%	-34.5	54.8	17.7	4.6
Cash flow from investing activities	-20.1	-24.6	+18.2%	+4.5	-7.0	-4.6	-4.4
Cash flow from financing activities	-16.5	-12.6	-30.9%	-3.9	-10.1	8.0	-14.2
Cash and cash equivalents at end of period	81.4	103.8	-21.6%	-22.4	91.3	66.9	45.5

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.

[3] Average number of employees expressed as full-time equivalents (FTE); comparative figures for 2021 restated.

Consolidated Non-Financial Report 2022

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Foreword by the Executive Board

Sustainability as an opportunity for future development

GRI 2-22

Corporate social responsibility and sustainability are values that the Frequentis Group has been committed to in all its activities for many years. Evidence includes the fact that this is the Frequentis Group's fourth non-financial report and the silver rating awarded by the EcoVadis agency, which rates more than 100,000 companies, making it one of the biggest providers of sustainability ratings of companies.

Our sustainable management approach supported us well through the challenges of 2022. Constant tough developments such as the pandemic, which still had a noticeable impact in the reporting period, and geopolitical crises such as the war in Ukraine caused uncertainty at many levels. That made the achievements of the Frequentis team even more impressive – and they were rewarded by the market, as shown by the positive figures for 2022.

In the area of sustainability, in 2022 we focused on building up our ESG (environment – social – governance) organisation and driving forward professional ESG reporting. Established Frequentis ESG activities were combined in a powerful ESG organisation. As well as developing and introducing new ESG concepts, the goal is to roll out our activities across the Frequentis Group and implement Group-wide key performance indicators (KPIs) for ESG.

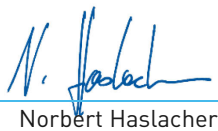
This report is based on Directive 2014/95/EU as regards disclosure of non-financial and diversity information (CSR Directive). Further, it was prepared with reference to the Global Reporting Initiative (GRI, an international guideline for the preparation of sustainability reports) as recommended in the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

For the first time, the chapter on the EU Taxonomy Regulation in the non-financial report 2022 includes the alignment test using the technical screening criteria. In this way, Frequentis AG complies with the requirement to disclose its environmentally sustainable economic activities.

The Frequentis Group's communication and information systems have been helping to make the world a safer place for more than 75 years. The award of the EcoVadis silver medal in our anniversary year provides both recognition of our sustainability performance and an incentive for our activities in this field. Compared with the previous year's rating, when we received the bronze medal, we improved in all areas and are now above the average for our sector.

That also paves the way for the future: we strive to improve all aspects of our social and ecological performance throughout the Group, fulfil our compliance obligations, and actively work towards sustainable development. Since 1 January 2023, we have been supported in this by an additional member of the Executive Board: as Chief Operating Officer (COO), Monika Haselbacher will help shape significant ESG aspects such as HSE (Health & Safety and Environment). CFO Peter Skerlan remains the highest executive-level ESG representative.

For a Safer World: Safe – Secure – Sustainable!



Norbert Haslacher
Chairman
of the Executive Board

Monika Haselbacher
Member
of the Executive Board

Hermann Mattanovich
Member
of the Executive Board

Peter Skerlan
Member
of the Executive Board

About this report

GRI 2-3
GRI 2-4

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 2022 (publication date: 12 April 2023). The non-financial report on 2021 was published on 5 April 2022. In the Group Management Report on the first half of 2022, the presentation of the number of employees was altered compared with the previous year to full-time equivalents (FTE). This reflects the increasing use of part-time working. In the non-financial report 2022, the number of employees is also given as a headcount because all employee-related performance indicators refer to the number of individual employees. There have been no other changes in presentation.

The basis for the content of this annual non-financial report 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 [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 fourth non-financial report of the Frequentis Group. It was prepared on the basis of the materiality analysis performed in November 2021. By extending the content and technical aspects of the materiality analysis (↗ *Materiality analysis 2021*), Frequentis aims to make a clear statement. The topics considered are being integrated step by step into established management systems to emphasise their global significance.

This report was prepared on the basis of the GRI (Global Reporting Initiative) Standards 2022. 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 continuously 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 with 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 2-5

The non-financial report was the subject of a limited assurance review by the audit and tax consultancy BDO Assurance GmbH. The basis for this review was the Austrian Sustainability and Diversity Improvement Act (NaDiVeG). This report was reviewed by Frequentis' Supervisory Board in accordance with Section 96 (1) of the Austrian Companies Act (AktG) (↗ *Report on the independent audit with limited assurance of the consolidated non-financial report*).

GRI 2-2

The consolidated group on which this report is based is the same as for the financial reporting (↗ Annual report / Consolidated financial statements / *Consolidated group*). Besides Frequentis AG, which is the parent company, the consolidated group comprises 6 (2021: 6) domestic subsidiaries and 28 (2021: 26) foreign subsidiaries controlled by Frequentis AG. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ends. 7 (2021: 3) foreign companies and 2 (2021: 2) domestic companies are included in the consolidated financial statements by applying the equity method. The reporting date for all companies included in the financial statements is 31 December.

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).

To avoid redundancy, where appropriate the report refers to the notes to the consolidated financial statements for 2022 ("consolidated financial statements"), the Group management report ("management report"), the consolidated corporate governance report for 2022, 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 2-3

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

Company profile

GRI 2-1
GRI 2-6

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, railways, coastguards, port authorities).

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. More than 90% of customers are state-run or other public authorities. 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.

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, Italy, Norway, Romania, Singapore, Slovakia, Switzerland, the UK, and the USA.
For further information, see ↗ Annual report / Consolidated financial statements / *Consolidated group*.

The chart below shows the Group companies around the world, together with their main activities.

FREQUENTIS AG, Austria

	Regional Sales & Operations	Products, Sales & Operations	Group Services	Special Purpose or Minority Shareholdings
Europe	Frequentis Deutschland, Germany	ATRiCS, Germany, 51%	Frequentis Czech Republic	AIRlabs Austria, 18%
	Frequentis France	CNS-Solutions & Support, Austria	Frequentis Romania	Aviamaps, Finland, 25%
	Frequentis Norway	ELARA Leitstellentechnik, Germany, 51%	Frequentis Solutions & Services, Slovakia	Frequentis DFS Aerosense, Austria, 70%
	Frequentis UK	Frequentis Comsoft, Germany	PDTS, Austria	Frequentis Invest4Tech, Austria
		Frequentis Orthogon, Germany		GroupEAD Europe, Spain, 28%
		Regola, Italy, 51%		Mission Embedded, Austria, 20%
				Nemergent Solutions, Spain, 15%
				Secure Service Provision, Germany, 80%
				Systems Interface, UK, 51%
				team Technology Management, Austria, 51%
Australia/Asia	Frequentis Australasia, Australia	C4i, Australia	AIRNAV Technology Services, Philippines, 65%	
	Frequentis Middle East, UAE			
	Frequentis Shanghai, China			
	Frequentis Singapore			
Americas	Frequentis Brazil	Frequentis California, USA		
	Frequentis Canada			
	Frequentis Defense, USA			
	Frequentis USA			

Simplified visualisation; all shareholdings 100% unless otherwise stated. Company names abbreviated. As at March 2023.

Frequentis' products and solutions are in use at more than 45,000 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.

At the start of 2022, the Frequentis Group continued its growth strategy in the Public Safety business domain by acquiring a 51% stake in the Italian company Regola. Regola offers innovative software solutions such as an integrated control room solution to improve the emergency response of public safety teams. Regola's command and control (CAD) solutions complement the Frequentis portfolio in the area of public safety and adjacent markets. The aim is to step up international sales and marketing.

In September, Frequentis acquired a 25% stake in the Finnish software producer Aviamaps Oy. This company's software enables users of its platform to book drone flights directly in the internet by clicking on a map (real-time aviation maps platform). This platform is a user-friendly flight planning and airspace management tool. In 2023, Aviamaps' software will be integrated into the Frequentis solution for automatic approval of drone flights in Austria. Frequentis has worked with this company on drone research projects in the past.

Seven acquisitions have been made since the Frequentis IPO in May 2019. Frequentis' strategy includes searching proactively for attractive M&A opportunities to extend its product portfolio or gain access to new markets.

GRI 2-6

In 2022, the Frequentis Group generated revenues of EUR 386.0 million (2021: EUR 333.5 million) and EBIT of EUR 25.0 million (2021: EUR 29.0 million). The Air Traffic Management segment accounted for 67% of Group revenues in 2022 (2021: 66%) and the Public Safety & Transport segment accounted for 33% (2021: 34%). Looking at the regional revenue split, in 2022 Europe accounted for 65% (2021: 68%), the Americas for 16% (2021: 15%), Asia for 12% (2021: 9%), Australia/Pacific for 5% (2021: 5%), and Africa for 2% (2021: 2%). Less than 1% (2021: 1%) of revenues were not allocated to a region.

GRI 2-7

Since increasing use is being made of opportunities to work part-time, the Group management report states the number of employees as full-time equivalents (FTEs). This development reflects the trend on the labour market, where the offer of part-time employment is increasing. Including the additional personnel from the acquisition of Regola, the number of employees in the Frequentis Group increased by 7.4% to an average of 2,081 full-time equivalents (2021: 1,937). In the non-financial report for 2022, the number of employees is supplemented by data on the headcount, because all employee-related indicators refer to the number of individuals employed. The headcount was 2,193 in 2022, compared with 2,157 in 2021.

GRI 2-1

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.*

Details of suppliers can be found in the section ↗ *Selection of suppliers*.

Segment overview

GRI 2-6

Air Traffic Management

The Air Traffic Management (ATM) segment comprises the ATM Civil business domain (which includes AIM / Aeronautical Information Management) and the ATM Defence business domain. This segment focuses on civil and military air traffic control organisations and therefore generally on one to two customers per country. It is estimated that the market entry barriers are relatively high.

The business domains' products are similar and are based on the same product platform.
The safety and quality management requirements are the same: the international regulations for standardisation of air traffic issued by the International Civil Aviation Organization (ICAO) apply. Moreover, the infrastructure to be installed for customers (radar, radio transmission, networks) is similar.

Frequentis' ATM portfolio for the defence sector comprises communication and information systems for air defence and military air traffic control, systems for networked operational management and tactical networks, management and information systems, including systems for integrated use by different authorities, and high-security, interoperable communication systems for mission-critical applications.

Public Safety & Transport

The Public Safety and Transport segment comprises the Public Safety, Public Transport, and Maritime business domains. Its customers are public authorities or related organisations with monitoring and control functions.

The Public Safety business domain's customers are the police, fire, and rescue services. Police organisations also require additional encryption solutions. Alongside conventional rail operators, the Public Transport business domain's customers include local public transport providers. The Maritime business domain focuses on coastguards and port authorities.

The business domains' products are similar and are based on the same product platform. Moreover, the infrastructure to be installed for customers (phones, radio transmission, networks) is similar. Despite several international standardisation efforts, different national and regional requirements and regulations still apply.

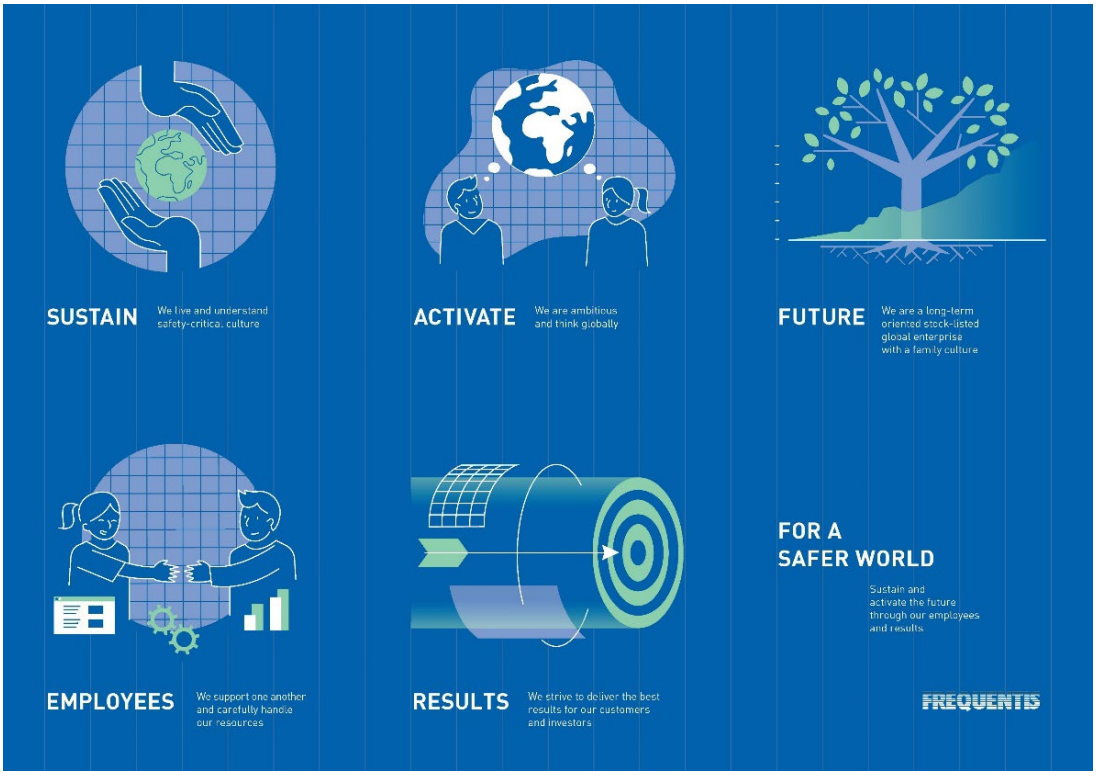
Business model

Wherever Frequentis' systems are used, people bear responsibility for the safety of other people and goods. 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, coastguards, port authorities, 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. Consequently, with some adjustments to take account of the situation, even during the COVID-19 pandemic it was possible to continue most business processes without significant changes or restrictions.

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.

The Frequentis Group's sustainable growth strategy, accompanied by active risk management, is embedded in its corporate strategy. Furthermore, sustainability aspects are being taken into account in the further development of the corporate culture, which started in 2022. Aspects being addressed include increasing internationalisation and, in this context, global sustainability endeavours. *GRI 2-22*



ESG at Frequentis

ESG organisation

GRI 2-9
GRI 2-11
GRI 2-12
GRI 2-13
GRI 2-24

To enhance the response to the broadly based environmental, social, and governance aspects and 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 a representative of the Executive Board, CFO Peter Skerlan bears executive-level responsibility for ESG topics. This has been defined by the Supervisory Board in the rules of procedure for the Executive Board of Frequentis AG.

This interdisciplinary ESG team is coordinated by an ESG Steering Group, which involves and works closely with the Executive Board. Alongside the CFO as the representative of the Executive Board, the members of the ESG Steering Group are the staff responsible for environmental, social, governance, and compliance aspects and the ESG Group Coordinator. Specific projects are analysed, prioritised, and driven forward at a monthly jour fixe. Current sustainability measures are examined and modified jointly, and new sustainability projects are initiated as necessary. At the annual ESG management review led by the CFO, the past year's ESG activities and indicators are discussed and the action to be taken to achieve the targets is defined.

GRI 2-17

The CFO and the members of the ESG Steering Group regularly attend specialist congresses and events to network with experts and enhance their knowledge. Reading relevant literature is also very important. The knowledge gained in this way is shared widely within Frequentis. This ensures that the company always has up-to-date knowledge of the fast-changing fields of sustainability and ESG reporting.

GRI 2-14

The ESG team maintains regular contact with Frequentis' shareholders. Impetus also comes from employees via the "Ideas" platform and from events that encourage an exchange of views such as the CFO Talks. In this way, ESG initiatives should provide opportunities for the continued development of the entire Frequentis Group.

The Global Corporate Policy and the governance rules it contains are based, among other things, on the defined ESG objectives and support their realisation. This is guided by the outcome of the materiality analysis. The most recent materiality analysis was performed in November 2021.

All measures are supported by the Executive Board and the Supervisory Board as the highest governance body and the Supervisory Board regularly addresses aspects of ESG. The non-financial report is examined and approved by the Executive Board and the Supervisory Board. *GRI 2-18*

Materiality analysis 2021

The materiality analysis undertaken in 2021 is the starting point for the non-financial report 2022. The structure of the report is therefore based on the four sections of the materiality analysis, which contain a total of 21 sustainability topics: *GRI 3-2*

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

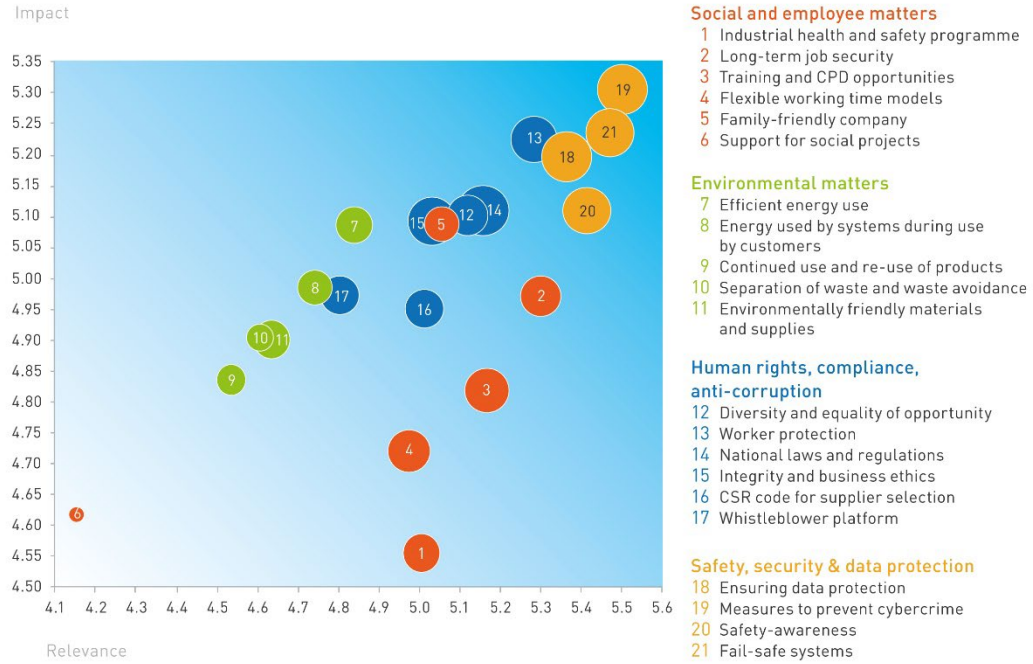
One major area of focus was an extended stakeholder survey covering a total of 2,609 people: *GRI 3-1*

- Employees and prospective employees
- Customers
- Shareholders/capital market representatives
- Suppliers

Plus, as a further stakeholder group:

- Top management

These stakeholders were asked to give their assessment of the relevance of the various aspects (shown on the x axis in the following chart). The y axis shows their assessment of the impact of the various activities on society, the economy, and/or the environment. 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 3-2*



The overview of the 21 statements used in the questionnaire shows that the topics from the areas of safety, security & data protection, and 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.

Continuous dialogue with stakeholders

GRI 2-29
GRI 3-1

Active engagement with internal and external stakeholders and the corresponding reporting remains important to Frequentis.

Regular dialogue with stakeholders plays a key role in this. Once again, extensive use was made of digital platforms. Communication with the capital market, investors, and the media – at roadshows, conferences, the Annual General Meeting, an open day for investors, and press meetings – generally took the form of video conferences. Many user groups, workshops with customers, and training sessions also took place virtually. However, personal contact gradually gained significance again, especially at the many international trade shows.

GRI 2-26

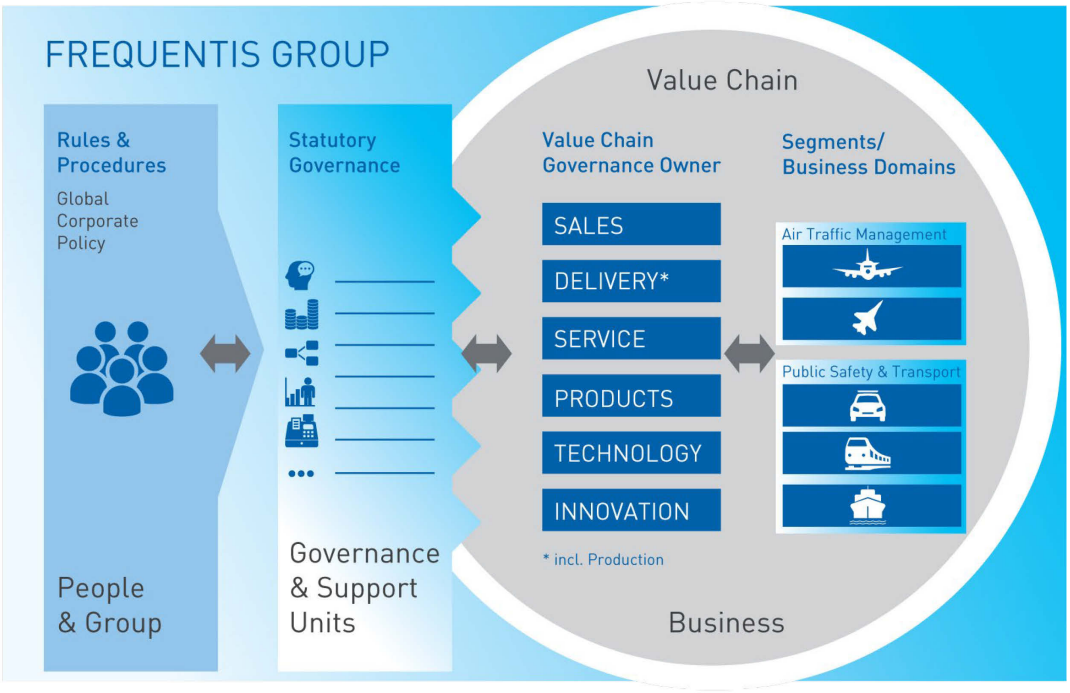
The Frequentis intranet, with its wide range of information and opportunities for interaction, plays a key role in the dialogue with employees. Staff can submit suggested improvements with a focus on sustainability via an "Ideas" platform. The Executive Board takes questions from staff at Board Chats. 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 the companies in the Frequentis Group.

GRI 2-16

The whistleblower service, which was introduced in December 2021, is available via the Frequentis website at www.frequentis.com/whistleblowing. This offers all internal and external stakeholders a simple and anonymous way to report suspicions of misconduct.

Governance organisation

GRI 2-9
GRI 2-24



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.

Innovations have very high priority at Frequentis. The company is proud to extend its position as an innovation leader in the market its addresses through sustainable innovations. Innovations are highly relevant for the business and are driven forward by a strong New Business Development department. At all stages in the Frequentis innovation process, close and interdisciplinary collaboration with the business domains is ensured.

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 risks, optimising workflows, and maintaining a general overview of the company.

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 2-23
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 the 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					

	ISO 9001	ISO 14001	ISO 27001	ISO 45001	AEO	Cyber Essentials
Regola S.r.l., Italy	2014		2016			
Secure Service Provision GmbH (SSP), Germany	2021					
Systems Interface Ltd., UK	2018					
TEAM Technology Management GmbH, Germany	2020					
team Technology Management GmbH, Austria	2004					

In 2022, the accredited external certification organisation performed an extensive re-certification audit of Frequentis' headquarters for ISO 9001, ISO 14001, ISO 27001, and ISO 45001. Conformance with the requirements without any deviations was confirmed, so the validity of the relevant certificates was extended.

Extending the ISO certificates to further subsidiaries is constantly evaluated, as is whether it makes sense to obtain further relevant certificates.

In addition, all members of the Group are required to comply with the corporate governance rules to ensure that operating processes can be applied throughout the organisation.

Sector initiatives and membership of organisations

GRI 2-28

Frequentis AG and its employees play an active role in many associations, institutions, and advocacy organisations. Various platforms are used, depending on the business domain and governance issues. The purpose is to promote professional knowledge-sharing, structure content through committees, 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' international network is complemented by cooperations and memberships in the field of research and partnerships with various technical universities.

In the ESG context and from the perspective of the operating business, special mention should be made of Frequentis' membership of ISSS (International System Safety Society) and networking with international communities in the field of security (↗ *Security*).

In 2022, Frequentis became a member of Austria's leading corporate sustainability platform, respACT. As one of more than 360 members of the respACT network, Frequentis aims to make a contribution to sustainable development both in Austria and internationally. Through its entry in the Austrian CSR Guide, the Frequentis Group highlights its ESG performance.

Furthermore, Frequentis regularly takes part in various voluntary CSR ratings conducted by a variety of institutions from different perspectives (customers, investors). This also involves extensive interchange about the Group's sustainability activities.

Impact of global events

This section provides an overview of the impact of global events on the company in 2022 in the context of non-financial reporting. The economic effects are set out in the Group management report (↗ *Business performance*). The comments below indicate how these global factors impacted or are impacting Frequentis' internal and external stakeholders.

Impact of the geopolitical situation

Almost concurrently with the weakening of the COVID-19 pandemic, war broke out in Ukraine in Eastern Europe. As well as causing immense local suffering, this affected Frequentis' internal and external stakeholders in many ways.

The war in Ukraine did not have a relevant impact on Frequentis' revenues because total revenues generated with Ukraine, Russia, and Belarus in 2022 were less than EUR 100 thousand. Indirectly, it resulted in higher prices, especially for electricity, gas, and fuels. Consequently, prices of other everyday products increased, so inflation increased sharply almost everywhere in the world and was well above the average of recent years. This resulted in the need to adjust prices for existing and new customer projects. The inflation-related salary adjustments under individual and collective salary agreements are reflected in the Frequentis Group's personnel expenses in both 2022 and 2023.

Frequentis was affected to some extent by supply chain bottlenecks and, in some cases, sharp increases in procurement prices and delivery delays. The increase in inventories was mainly due to increased stocking of components to ensure an adequate safety net to meet long-standing delivery and maintenance obligations despite the withdrawal of products by producers and supply bottlenecks.

Impact of the COVID-19 pandemic

From March 2020, Frequentis had an interdisciplinary coronavirus crisis team, which was composed of representatives of relevant departments and headed by the Chairman of the Executive Board. The crisis team met at regular intervals, depending on the course of the pandemic, to evaluate the situation and define the action to be taken.

The measures were scaled back from early summer 2022 as the pandemic subsided, but some general precautions such as mandatory testing of participants at large meetings remained in place until the end of the year.

The principal areas of action that enabled Frequentis to navigate the COVID-19 pandemic well were health & safety and facility management, plus increased use of digital technologies, both internally and with customers and partners.

Customers' strong confidence in Frequentis was a key factor in this, their flexibility and creativity supported the ability to find good solutions. Despite the ongoing travel restrictions, it was therefore possible to continue to work on projects remotely (via video conferences) and even perform acceptance procedures.

Frequentis' corporate culture permitted mobile working practices even 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.

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.

Social and employee matters

GRI 2-7

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.

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 2022, 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. The Austrian collective bargaining agreement for employees in the metalworking sector applies to all employees of Frequentis AG.

GRI 2-30

GRI 405-2

Every two years, a mandatory income report is prepared in accordance with Section 11a of the Austrian Equal Treatment Act (GlBG). This report contains information on the number of men and women in each salary grade and the number of years in the salary grade, along with corresponding average salaries of men and women in the calendar year. This anonymised report is submitted to the workers' council of Frequentis AG, which communicates the findings to the company's employees at the annual works meeting.

In 2022, the recruiting team in Vienna received 2,952 job applications and held 505 interviews. Most first interviews were conducted virtually; second interviews were held in person.

In the "Best Recruiters" study 2021/22, Frequentis AG was awarded the silver seal in the IT/software/telecommunications sector for its professional HR approach. The results of the Best Recruiters' study, the largest recruiting study in the German-speaking regions, are an important benchmark and provide guidance for the ongoing development of Frequentis' recruiting and employer branding activities.

The "Bringing a friend counts" incentive scheme has proven effective. In 2022, more than 13% of total job applications were due to recommendations by our employees.

In autumn 2022, we relaunched our careers website https://www.frequentis.com/en/careers. Information of special interest to prospective employees, for example on development prospects, insights into the corporate culture, and important job profiles, was revised with a view to search engine optimisation and to make it user-friendly. The options for applying directly were simplified. The hashtag #JobsForASaferWorld should enhance visibility in the future.

Since the start of the coronavirus pandemic, the Human Resources department at Frequentis has systematically extended the digitalisation and virtualisation of its learning and development activities. 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.

The Frequentis Group's headcount increased from an average of 2,157 in 2021 to 2,193 in 2022. Almost 50% of employees work in Vienna. The increase in the headcount was therefore 1.7%. Expressed as FTE's, the average number of employees in the Frequentis Group rose by 7.4% to an average of 2,081.

Occupational health and safety

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.

GRI 403-1
GRI 403-2
GRI 403-3

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. The occupational health and safety team at Frequentis AG comprises a medical officer, a psychologist, an external female safety specialist, an internal male safety specialist, and an eight-member team of safety officers from various areas of the company. 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.

All chemicals used at Frequentis AG are managed using a tool provided by 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 kept away from the employees by the use of the right PPE.

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, regularly inspections are performed by the safety specialists. The safety specialists and safety officers are very visible in the company and employees can contact them confidentially at any time.

GRI 403-5

The training and CPD (continuing professional development) programme includes a wide range of free health and safety offerings. As well as mandatory safety training, for example on working at heights and the regular refresher courses required under Section 14 of the Austrian Occupational Safety Act, there is a wide choice of optional topics, including occupational psychology. In 2022, the focal areas were once again resilience (mental toughness), stress management, and burnout prevention. Regular refresher courses are held for first responders.

Preventive healthcare

GRI 403-6

As a responsible employer, Frequentis has a genuine desire to actively foster the health of its employees. Vaccinations (e.g. 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.

To alleviate mental stress, which may result from deadlines, targets, or interpersonal differences, established preventive occupational healthcare includes psychological support. In this way, the company can evaluate and prevent mental stress and give employees access to a neutral assessment of situations they find stressful.

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. Food is freshly prepared every day and great emphasis is placed on high-quality ingredients and on using regional and seasonal products. The operator of the staff restaurant, SV Österreich, 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.

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 the 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 2022 or were replaced by online courses.

GRI 403-2

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 the 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.

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 expectant 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, the 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 COVID-19 pandemic, 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. Therefore, the switch to more extensive working from home was achieved quickly and smoothly. Using Microsoft Teams and other web-based platforms, events were recast as online meetings, video conferences, webinars, etc.

In April 2021, a law was adopted in Austria to enhance the structure and safety of working from home. The statutory framework for working from home and the results of an internal survey of our employees have been combined in a new regulation on working from home. Depending on the function profile and work performed, employees can reach agreement on working from home for a maximum of three days a week. To supplement these agreements, guidelines on hybrid working were drawn up and distributed to the teams.

During the lockdowns in 2022, the rules on working from home were temporarily put on ice. In all, experience resulting from the pandemic provides an important basis for new forms of working even after the pandemic is over. Hybrid meetings now have a firm place in working practices. To support this, the technical infrastructure in the meeting rooms is being upgraded and special rules of conduct have been issued to ensure the efficiency of virtual and hybrid meetings.

A framework for working from home is to be set at Frequentis companies worldwide in the future, based on local legal requirements.

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.

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. To date, more than 1,000 employees' children have taken part in the varied programmes offered by this initiative in Vienna. The theme of the Frequenty activity weeks in 2022 was crafts and the 91 "Frequentis kids" aged between 4 and 12 years who took part were actively encouraged to participate in crafts, fun, and games. After a two-year, pandemic-dictated break, a parent-child afternoon was re-introduced in 2022. This is an opportunity for kids to conduct experiments together with their parents.

The Frequenty Kinderwochen contribute to fostering a passion for technology and an interest in natural sciences and experiments from a young age. The programme is continuing in 2023.

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

Broadly based staff development

GRI 404-2

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.

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 compliance with the rules on social contact during the COVID-19 pandemic, some of our monthly welcome workshops were held virtually in 2022 and mandatory training sessions were switched to distance learning or virtual classrooms. 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.

In 2022, at least one documented appraisal interview was held with 64% of staff in the Frequentis Group. This included agreeing and defining targets for the coming year. At Frequentis AG, the percentage was 87%. The difference is due to the fact that employees at the companies acquired in 2021 and 2022 had not yet been included in the Group-wide appraisal system. *GRI 404-3*

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. The annual staff review (STAR), which covers more than 80% of employees in the Frequentis Group, provides an overview of the distribution of performance and potential at company, department, and team level. 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 Group-wide talent management in 2022.

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 comprehensive training offering, Frequentis employees participated in around 6,230 training sessions in 2022. The increase of 3,500 compared with 2021 was attributable to an increase in the training opportunities available and to some mandatory training sessions that have to be repeated every two years. Most training sessions are conducted by internal instructors. This in an important element in passing on knowledge and safeguarding Frequentis-specific know-how.

The extensive digitalisation of "HR Learning & Development", with virtual training sessions, distance learning, and blended learning concepts, remains positive. 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. *GRI 404-2*

The O'Reilly Online Learning Platform offers access to a wide range of videos, audio books, and e-books on technology and IT. Intensive use is made of this platform, which is now accessible to 17 Group companies in addition to Frequentis AG. The percentage of "engaged users", in other words, users who have completed training modules, is also impressive. According to O'Reilly, the percentage for Frequentis is 73%, which is above the average for other technology companies. In terms of the content chosen, the most popular courses include Red Hat Certified System Administrator and various Kubernetes modules.

In 2022, a new cloud computing programme was added to the technical training courses. To facilitate effective use of the potential of cloud computing and the economic and operational benefits for Frequentis' customers, the aim of this course is to continuously build and extend relevant knowledge in the Frequentis Group. Employees are offered the chance to gain certificates. The first modules in the cloud computing programme focus on Kubernetes and Azure. Amazon Web Services and Google Cloud Platform will be added later.

In 2022, management training focused on special coaching offerings for managers at Frequentis AG. They can select the most suitable partner for their needs from a pool of coaches. Around 20 people used this offer in 2022.

The "Leadership Nuggets" format meets the desire for a short format for managers to exchange

information on specific topics. Four sessions were held in 2022, two on psychological safety and two on decision-making in turbulent times. In view of the very positive feedback, this format is continuing with new topics in 2023.

The COVID-19 pandemic has shown that classroom training sessions are not absolutely necessary and that much learning can take place digitally. At the same time, it showed how important face-to-face contact is. The Frequentis Community Framework therefore supports the establishment and operation of "communities of practice". In this way, Frequentis encourages a culture of collaboration and sharing specialist knowledge. Communities are now an important element in our model of collecting, creating, and sharing knowledge. In recent years, Frequentis has observed increased interest in informal learning. Seven new Group-wide communities were set up in 2022. They include, in particular, a safety community and a gender diversity community. Other topics that are gaining ground are security, data science, and artificial intelligence.

Sales Excellence Programme

GRI 404-2

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, this training programme was driven forward extensively on the basis of an internal analysis of the strengths and development areas of the Frequentis sales organisation. New target-group-oriented modules on topics such as trust-based selling and consultative selling were developed. Following the pilot phase, these were continued in 2022 (for information on mandatory training on data protection and security, see ↗ *Safety, security & data protection*).

All training sessions are digital. Therefore, they can be offered to all Frequentis subsidiaries, regardless of their geographical location. Moreover, training sessions are recorded and made available for participants on the internal streaming portal so they can refer to them later.

Diversity and equality of opportunity

GRI 405-1

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.

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 retirement and phased retirement of older members of staff. 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. A new project management trainee programme was started in 2022 after a two-year break. This allows timely planning and development of replacements for staff who are retiring.

GRI 406-1

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. No cases of discrimination were reported in 2022.

The percentage of women at Frequentis is comparatively low, as it generally is in technical fields. However, a higher percentage of female employees in technical jobs would be desirable from Frequentis' perspective. Heterogeneous teams are generally more effective and enrich the company. The "Women & Careers" initiative launched at the end of 2021 continued with several events in 2022. The objective is to encourage women at Frequentis to play an active part in shaping their career and to give them additional support. The Frequentis "Women's Community" continues to address key aspects. For example, a mentoring programme for women was developed in 2022.

Although it will take time for these measures to have a full impact, positive effects were visible in 2022. The proportion of female employees increased to 23% in the Frequentis Group and 25% at Frequentis AG (compared with 21.7% for both the Frequentis Group and Frequentis AG in 2021). Frequentis Romania remains a "positive outlier" in respect of the proportion of women: due to the higher number of women with technical qualifications in Romania, the percentage of female employees at this development company is 37% (compared with 34% in 2021).

The percentage of female job applicants also increased in 2022. At Frequentis AG, women accounted for 33.7% of the around 3,000 applications received in 2022, compared with 25.7% in 2021, although this was partly due to the type of vacancies advertised.

Frequentis is also involved in a range of cooperation projects with schools and universities to interest women in technical professions. For example, it 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.

Global HR management was consolidated in 2022 in order to strengthen the business and regionalisation. In particular, an even more focused response to global needs, mutual learning, and more efficient collaboration is encouraged by more intensive networking of all local HR managers and HR support staff worldwide through the Global HR Community, which was set up about two years ago, and regular information-sharing summits.

Knowledge transfer 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.

The international assignment programme, which includes a programme for successful reintegration of returning delegates, offers employees an opportunity to work at subsidiaries in order to gain experience of working in a different country and spread the Frequentis culture throughout Group. Despite the pandemic-related restrictions, eight international assignments were successfully arranged in 2022.

Social responsibility

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

Supporting children has a special place at Frequentis because in many cases too little attention is paid to their situation as they are the weakest members of society. Immediately after Russia's invasion of Ukraine, Frequentis therefore made a significant donation to the child relief organisation SOS Kinderdorf near Kiev. Frequentis also chose SOS-Kinderdorf Österreich and SOS-Kinderdorf International for its Christmas donations in 2022. In addition, the Frequentis Christmas market at the Vienna location collected donations for the Austrian Caritas charity.

Subsidiaries have similar initiatives. One example is the outreach programme that has been run for many years by AIRNAV Technology Services, a Frequentis subsidiary in the Philippines. School supplies and personal gifts such as vitamin preparations, toys, clothing, and sweets are donated to children in an isolated village.

Sponsoring education

GRI 2-28

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. Following a two-year pandemic-induced break, it was possible to offer 16 holiday internships at the company's headquarters in Vienna in 2022. By contrast, the prevailing pandemic regulations restricted Frequentis' initiatives in the areas of educational sponsorship, workshops, and field trips for technical higher education institutions in Vienna and Lower Austria in 2022. Frequentis Romania was able to resume its activities under the Erasmus programme, which had been put on ice for several years, and Frequentis Slovakia had a renewed presence at job fairs.

For many years, Frequentis has also been committed to helping various universities in Austria improve the quality of training. In 2022, for the first time in two years, the course "Next Generation Air Traffic Management Systems – Air Traffic Control as an Example of Safety-Critical Systems" was offered at Vienna University of Technology in cooperation with the Institute for Computer Technology. Here, Frequentis experts pass on their knowledge and give students an insight into the world of Frequentis. It will be offered as an elective module in 2023.

"Adventure in Computer Science", another cooperation with Vienna University of Technology 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

GRI 2-28

Frequentis has actively supported start-up activities since the 1990s. In recent years, the Frequentis Start-up Centre has evolved from a physical location in Vienna to an international virtual network that encourages close exchange of skills and ideas. Above all, the COVID-19 pandemic has shown that a network of innovative partners, collaboration, and mutual support are very important for start-ups.

Frequentis' current focus is on cooperation in the area of drones. One example is skyzr GmbH, the first Business Development spin-off, which is working with Frequentis in the field of UTM. At the same time, it is pursuing its own product developments for drone pilots and their clients.

Environmental matters

GRI 3-3

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

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 CO_2 emissions. This trend continued in 2021. It was also observed in 2022 and included in Frequentis' environmental concepts. Following the improvement in the global pandemic situation, greater attention will still be paid to optimising business trips and incorporating virtual meetings into project work.

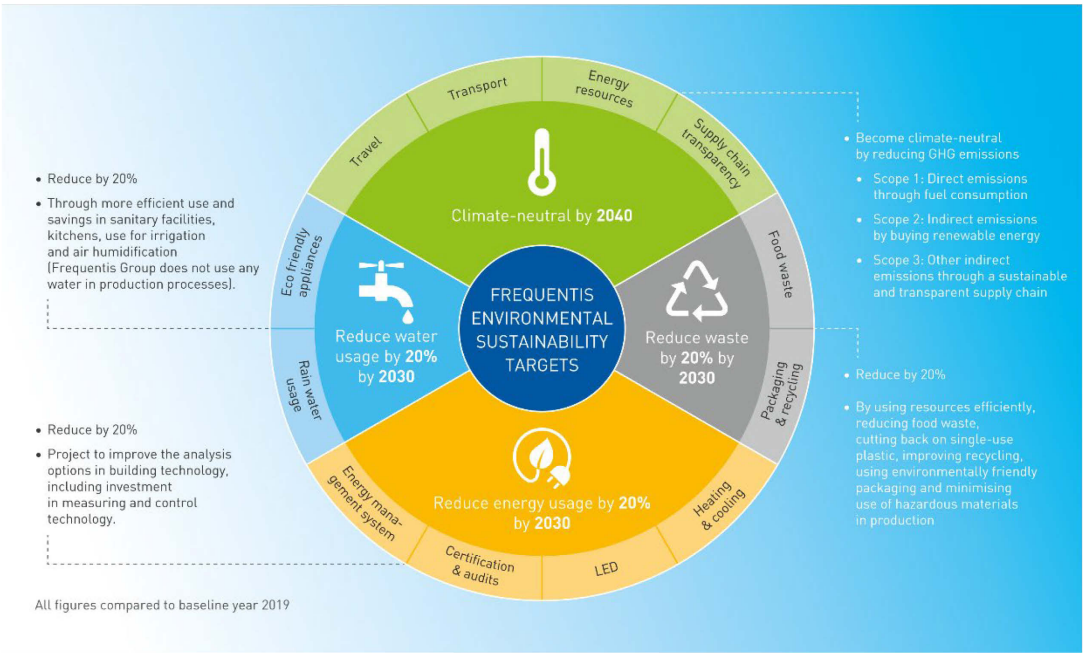
Without corresponding energy efficiency concepts and their implementation, Frequentis would not be able to make a significant contribution to international climate protection guidelines (e.g. United Nations, EU). Inefficient use of energy resources would also mean higher costs for the company.

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

The Frequentis Group 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 it strives to optimise the energy consumption of its systems and software to help customers optimise the energy consumption of their installations.

Long-term environmental targets

To bring together all steps taken under the auspices of the established environmental management system, long-term environmental targets have been defined, taking the European climate protection endeavours a guide. All activities to date constitute important steps towards achieving these environmental targets. Further measures and graduated plans have been defined to bring Frequentis closer to these targets. Progress is monitored through annual management reviews.



Environmental impact of on-site activities

GRI 304-1
GRI 304-2

The Frequentis Group concentrates on installing and operating its solutions on existing infrastructure. That minimises the environmental impact of Frequentis activities on local ecosystems. Frequentis activities do not have any impact on biodiversity, where the focus is on intensive land-use by humans, in other words, converting natural habitats and ecosystems into agroecosystems.

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' local 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 groundwater levels 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 are accommodated 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 improving the environment. With this in mind, Frequentis constantly strives to learn about and contribute to local nature conservation projects and initiatives to enhance environmental sustainability.

Re-use/refurbishment of products

GRI 301-2
GRI 301-3

Frequentis pays attention to the re-use and refurbishment of products. For many years, the central element in this has been the selective repurchase of hardware 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 assemblies 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.

GRI 302-1
GRI 302-4

Since 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 302-3

Fuel consumption at Frequentis AG's site dropped in 2022. Some heating has been cut since 2021. Detailed energy data for Frequentis AG can be found in the section headed ↗ *KPIs*.

GRI 302-2

In 2022, there was a further reduction in total energy consumption by the installations used to assemble systems 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.

However, average power consumption during operation of the systems is rising as electronic components are more densely packed. This can be influenced by optimising the configuration of the racks.

Efficient use of resources and waste separation

GRI 306-1
GRI 306-2

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 306-4

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 AG 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.

Systematic sorting of different types of waste is compulsory. There are many waste collection points at the company's headquarters 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). In keeping with the motto "Donate instead of throwing away", IT hardware (laptops, PCs, printers, and headsets) that is no longer required by Frequentis AG is donated to the not-for-profit organisation "PCs für alle" (*PCs for everyone*). 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. There was a slight increase in 2022, which can be explained by more people working in Frequentis' offices. The waste generated by Frequentis' activities at the Vienna location is disposed of by Saubermacher, an external waste disposal company.

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' head office 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 preparation of the dishes on the lunch menu, and careful replenishment of the salad buffet. All this requires knowledge and conviction. For this reason, the company also places value on raising the awareness of its employees. To do this and to draw attention to the action that can be taken to avoid food waste, the staff restaurant has introduced an annual "United Against Waste" week.

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 unannounced sampling by the authorities. The possibility of using rainwater for sanitary installations has already been analysed and had to be rejected as there are no separate pipes for this in the building.

GRI 2-27

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 2022.

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.

GRI 305-1
GRI 305-5

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

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 bear in mind the IPCC (intergovernmental panel on climate change) 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 CO_2, 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 CO_2 equivalents by applying the corresponding GWP-100 as the conversion factor.

In its efforts to reduce carbon emissions, the Frequentis Group 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 which 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 nearly 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 CO_2 emissions contributes to the fact that no energy indirect GHG emissions (Scope 2) are incurred in the generation of purchased electricity.

GRI 305-2
GRI 305-5

Frequentis AG is constantly extending the coverage of its GHG inventory. Therefore, it reports the following other indirect GHG emissions (Scope 3) for Frequentis AG for 2022: 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 done 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 2022, these criteria were supplemented by the lessons learnt during the pandemic.

Green products

GRI 305-5

In addition to other products, Frequentis develops and delivers solutions for the safe management of traffic: railways, air traffic, and shipping. The company aims to structure its solutions to ensure that traffic can be managed both safely and efficiently. These green solutions bring a lasting reduction in the CO_2 emissions of the traffic managed.

For example, Frequentis supplies air traffic management products for safe and efficient traffic management in all flight phases. As a result, airlines save kerosene on the ground, during take-off and landing, and in flight, thus reducing their total carbon emissions.

In addition, Frequentis plays a key role in research projects that aim to reduce environmental impact, for example, as part of the Strategic Research and Innovation Agenda and the European Green Deal. For some 20 years, Frequentis has been an important partner in the SESAR programme, a pan-European initiative to standardise, harmonise, and synchronise European air traffic management services.

Long-standing partner for the EU's SESAR programme

SESAR, the Single European Sky ATM Research programme, which started in 2005, 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.

GRI 305-5

One important focus of this project is improving the environmental compatibility of aviation. The European Green Deal adopted by the European Commission in December 2019 aims to create the world's first climate-neutral air traffic bloc by 2050. This ambitious goal requires a fundamental transformation of the entire aviation sector. The SESAR partner organisations and companies want to build on their progress in the environmental area to help make European airspace the most efficient and environmentally friendly in the world. This could be achieved, for example, by optimising flight routes, implementing formation flights, and creating automated processes.

Human rights, compliance & anti-corruption

GRI 2-23
GRI 3-3
GRI 205-2

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).

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.

The introduction of an obligatory e-learning module "Business ethics and the Code of Conduct" in July 2022 ensures that all employees throughout the Group are aware of the principles and values set out in the Frequentis Code of Conduct.

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.

GRI 2-27
GRI 205-3
GRI 206-1

In 2022, 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.

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

Compliance

GRI 2-26
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 was again made of virtual classroom training sessions in 2022. This also gives international employees easier access to compliance training; this should continuously increase the training rate.

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

Three virtual training modules were used in 2022: the Compliance for Sales training course is a compulsory part of the Sales Excellence Programme for all sales staff. By year-end 2022, 57% of sales staff had completed these modules (↗ *Sales Excellence Programme*).

Advice

The Compliance Officer is also the first line of contact for staff on compliance issues. 14 enquiries were dealt with in 2022. 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 ensure that the book-keeping department submits 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.

Whistleblowing

GRI 2-16

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 an 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 whistleblower officer analyses the reports received using a clearly defined process and initiates the subsequent steps. If he has any questions, he can contact the whistleblower via the system's anonymous mailbox.

GRI 2-25

The whistleblower 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 2022.

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 has been 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.

In 2022, the first steps were taken to establish an extensive partner programme to drive forward regular engagement, training, and development of channel partners and establish Group-wide processes, standards, and guidelines for the management of channel partners.

This included four regional partner events, which were organised both digitally and locally to give channel partners around the world information and training on the Frequentis product portfolio and the processes to be observed. Furthermore, a Group-wide Sales Partner Policy was prepared and published. This aims to ensure a uniform process for the use, selection, and management of channel partners in the Frequentis Group, together with the associated compliance audits. Further measures are planned in the areas of training & enablement, engagement, and communication in 2023.

Compliance with trade regulations is very important in import and export transactions. In November, the position of Group Trade Compliance Officer was established in response to the increase in export restrictions and economic sanctions affecting global trade. The aim of this new function is to permanently establish a harmonised Group-wide approach to trade compliance.

Capital market compliance

To implement capital market-relevant laws and regulations, the Frequentis Group has a capital market compliance policy. 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 has been 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.

The mandatory online training on capital market issues introduced in 2020 was continued in 2022. 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 2022, 85% of employees in the Frequentis Group 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 subcontractors.

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, ensuing 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.

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 and the Corporate Social Responsibility (CSR) code for suppliers and subcontractors, and in the contractual documents for subcontractors, suppliers, coaches, and employment agencies.

The Frequentis CSR code is an integral part of the General Terms and Conditions of Purchase and the master agreement with suppliers.

The obligation to accept the CSR code has been included in the supplier self-assessment. By signing this document at the start of the business relationship, suppliers given an undertaking 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).

GRI 308-1
GRI 414-1

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 2022 assessment will be performed as planned in Q1 2023. The 2021 assessment, which was performed in 2022, covered 74 suppliers accounting for a procurement volume of EUR 23.1 million at Frequentis AG.

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 the 2021 assessment and for the first time an award was presented for the best sustainability score. This award will also be presented for the 2022 assessment.

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. Therefore, local sourcing is the goal for the majority of products; for Frequentis AG that means within Europe. Apart from intragroup procurement, 93.5% of Frequentis AG's procurement is from suppliers in Europe. Taking into account the subsidiaries that provide independent production and integration services, Europe accounts for around 92.5% of procurement.

GRI 2-6
GRI 204-1

Despite pandemic-related restrictions, 9 on-site supplier audits were performed in 2022, mainly in Austria and Germany. (For comparison: 5 audits were performed in 2021; virtual audits were not performed because visiting facilities for quality checks is a key criterion for supplier audits.)

GRI 308-1
GRI 414-1

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. Furthermore, potential for improvement is evaluated during supplier audits.

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.

GRI 305-5

Public policy

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 2022.

GRI 415-1

Frequentis has been registered with the European Transparency Register since 2014 to disclose its activities in the area of research funding in Europe.

Safety, security & data protection

GRI 3-3

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.

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 mission "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 for Frequentis' own IT systems 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 this 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 designated as a mandatory training unit that has to be refreshed every two years. By the end of 2022, the completion rate of valid training modules was 85%. The average percentage in the Group fluctuates due to expansion of the Group.

Safety

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, it 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. In 2022, the Frequentis team again received two international awards.

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 has an extensive safety management system. 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. All this takes place in the context of the different regulatory requirements in target countries and the specifications of customers operating in different business areas.

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, more than 150 employees have gained this safety certificate, including 20 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 ISSS.

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.

To ensure role-specific safety training and to be able to offer specific training for relevant functions at subsidiaries, the Safety Academy offers a wide range of safety training modules.

Security

The Frequentis Group supplies its solutions to operators of "critical infrastructure" and "essential services". These are organisations that are vital for the functioning of society. Safety is contingent upon effective defence against attacks (= security). Changes in threat levels and statutory requirements have resulted in special challenges at present:

- New technologies (such as integration of data from the Internet of Things and the provision of safety-critical applications as software as a service [SaaS]) are increasing the complexity and vulnerability of systems.
- Due to (geo-)political changes, cyber warfare is gaining in significance alongside cybercrime and cyber terrorism. This is associated with targeted attacks conducted with a high level of resources and know-how.
- To address this risk, legislators around the world are preparing laws containing tougher cybersecurity safeguards. Consequently, demand from Frequentis' customers for proven, auditable security architectures and processes is set to rise further.
- This trend is taking place in the context of the system safety standards that are established on the market, which conflict with the common measures to ensure cybersecurity such as rapid elimination of IT security vulnerabilities.

To address these challenges, Frequentis has an extensive security organisation covering all business processes. The objective is, on the one hand, to protect the company, and on the other, to help customers ensure system security in their operations and provide the necessary evidence for regulatory authorities.

The more intensive collaboration between the system supplier, system integrator, and system operator required for this opens up wide-ranging opportunities for Frequentis to deepen customer relationships and strengthen its competitiveness. In the context of these challenges, Frequentis positions itself as a global expert for the integration of system safety and cybersecurity requirements.

The following units work together in the Frequentis Security Organisation:

- **Security Governance** and Support, headed by the **Chief Information Security Officer**. Security Governance is authorised to issue policies and provides tools and expertise.
  It includes IT Security, System Security, Service Security, Physical Security, Personnel Security, Managed Supplier Security, and further units.
- Implementation of security in business processes.
  For this purpose, **security engineers** have been implemented in product, project, and service teams. The business domains have **security agents** who coordinate cross-functional security activities.
- Strategy and innovation are driven forward on a top-down and bottom-up basis by cross-functional teams. This is ensured by the strategic focus of the **Security Steering Committee** at Executive Board level and the **Security Community**, which is open to all employees.

In 2022, special attention was paid to implementing security in business processes. A joint drive by the Vice Presidents of the business domains and Security Governance defined an extensive security improvement programme with more than ten sub-projects. These focus on preparing for anticipated changes in the market and the challenges faced by Frequentis' customers and are continuing in 2023. An initial outcome is the establishment of the ATM Cybersecurity Center of Excellence.

Frequentis has a very active Security Community. This is an open platform for interested employees to discuss and reflect on current security-related topics. The community also invites experts to give talks on specific topics.

It is therefore a platform for joint creation of innovations, standards, and guidelines and for sharing examples of best practices. Twelve Group-wide security events were held in 2022, all in hybrid format.

In 2022, the various security teams focused on the following activities:

System Security

The System Security team bears Group-wide governance responsibility for the security of Frequentis products and solutions delivered to customers. It also provides security expertise for Frequentis projects.

In addition to some structural adjustments such as refining processes and requirements, the focus in 2022 was on designing a security training and certification programme. Following the kick-off at the end of the reporting period, the pilot phase with this training programme has been running since January 2023. After a further pilot phase this year, the intention is to roll it out to the entire Frequentis Group.

Service Security

The software-based solutions supplied by Frequentis require broadly based support knowledge, ranging from extensive operational support to support for specific tasks and responsibilities. Within the Customer Service function, the role of Service Security is to provide support on security-related issues. This includes managed services (technical operation) and technical assistance as a service.

A new Service Security Policy was introduced and rolled out in 2022. This contains the related governance requirements for the entire Frequentis Group. These guidelines ensure that Frequentis can provide services (managed services and platform as a service) for both customers and the company itself throughout the life cycle of its products, and integrated solutions to enable secure operation of installations, most of which are classified as safety-critical, over a period of many years.

IT 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. In light of the war in Ukraine, Frequentis constantly evaluated the information security situation in 2022 and extended protection as necessary. 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 throughout Frequentis, all employees in the Group have been required to complete an Information Security Awareness Training module since 2015. Information Security Awareness Training is a compulsory module 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, and feedback is published in the intranet and the staff newsletter. Phishing campaigns are used to train employees to report phishing mails via functions that are integrated into the mail systems. This is supplemented by lectures given by experts throughout the year and by other opportunities for sharing information within the community. In 2022, 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".

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 become ill or are required to quarantine while on business trips. When war broke out in Ukraine at the end of February 2022, a ban was imposed on business travel to Ukraine, Russia, and Belarus, with an obligation to obtain permission for travel that is deemed to be absolutely essential.

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 about the special nature of the safety-critical sector in which the company works.

Physical security

GRI 3-3

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.

Based on the Physical Security Policy introduced in 2021, physical security standards have been tightened throughout the Group. For example, a new access system has been installed at the Group's headquarters in Vienna. Improvements are continuously implemented at all sites.

Security Incident Response Team (SIRT)

This team is responsible for monitoring security warnings, implementing preventive measures, and responding to security incidents.

A particular focus in 2022 was on expanding the core team and revising the incident response processes. Guidelines and workflows were developed for internal coordination and analysis of security vulnerabilities. These define how to communicate with external customers and partners.

Another focus was an inventory of the services offered by SIRT. An internal service catalogue was developed. This lists the services and how they can be measured. The services were evaluated to check their efficiency and the expectations within the company. A Vulnerability Watch Service was designed to compile information on vulnerabilities that are detected. This gives project and service teams a significant information edge and facilitates targeted communication with customers and partners.

National and international networking with security teams in the public sector and Frequentis' market segments has been stepped up to share information on acute threats. In 2022, it was possible to track potential attacks so that no serious security incidents occurred.

Networking with international safety and security 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, the Frequentis Group 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 2022, 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

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).

Since May 2018, Frequentis has had its own Data Protection Officer. Frequentis constantly applies the requirements of the GDPR and the local laws adopted to implement it. Activities to execute 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 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.

Every two years, employees must complete mandatory e-learning modules on personal data protection. The content focuses on protecting the personal data of employees, customers, and suppliers. These compulsory training modules 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 the reflect the latest conditions. Worldwide, 86% 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 2023. The process to meet the obligation to report breaches of data protection was recently reviewed and revised.

Predefined workflows and templates are used to meet the requirements to enable data subjects to exercise their rights and to deal with any possible breaches of data protection. In 2022, there were several requests for data erasure or information on data processing. No complaints relating to Frequentis AG or its subsidiaries in respect of data protection law were submitted to a data protection authority.

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 2022. 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	• Physical and mental health impairments • Shortage of skilled workers due to lack of training or inadequate training • Intercultural misunderstandings					
Impact on non-financial matters	• 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					
Impact on Frequentis' business activities	• 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 • Increased sickness-related absences • Lack of teamwork • Skills shortage • Loss of staff • Failure to utilise the potential of diversity and innovation					
Concepts, due diligence processes, action	p. 21ff	p. 20f	p. 22, p. 24f.	p. 23f	p. 28f	p. 20f

Environmental matters

Material topics	Energy consumption and energy efficiency	Waste management	Re-use/refurbishment of products	Environmentally friendly inputs and processing aids
Risks	• Physical and economic risks resulting from climate change, e.g. extreme weather events • Failure to comply with regulations on the circular economy			
Impact on non-financial matters	• High energy consumption in production and during use by customers • Environmental impact of emissions • Negative impact on climate change	• Increased volume of waste	• Accelerated depletion of resources • Increased volume of electronic waste	• Damage to the ecosystem • Increased volume of waste • Pollution caused by non-recyclable materials
Impact on Frequentis' business activities	• Increased costs (e.g. electricity, waste disposal costs, cost of materials, adaptations) • Threat of lost orders due to failure to comply with international regulations (e.g. United Nations, EU Regulations) • 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, action	p. 30ff	p. 33f	p. 32f	p. 30, p. 34f.

Respect for human rights

Material topics	Observance of human rights	Diversity and equality of opportunity	Worker protection
Risks	• Failure to respect human rights, workers' and social provisions, and basic rights such as child labour, forced labour, right to freedom		
Impact on non-financial matters	• Breaches of human rights, workers' and social provisions, and basic rights • Social tensions • Physical and mental illness • Unfair remuneration • Discrimination		
Impact on Frequentis' business activities	• Criminal consequences • Loss of reputation with customers and new employees • Higher order losses • Reduction in competitiveness and quality		
Concepts, due diligence processes, action	p. 37ff	p. 27f.	p. 21f

Fight against bribery and corruption

Material topic	Compliance with national laws and regulations	Integrity and business ethics	Compliance with the CSR Code at all stages in the supply chain
Risks	• Bribery and corruption • Unfair competition • Supply chain risks		
Impact on non-financial matters	• 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		
Impact on Frequentis' business activities	• 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, action	p. 37ff	p. 27, p. 37	p. 37ff

Safety, security & data protection

Material topics	Ensuring data protection	Measures to prevent cybercrime	Safety awareness	Fail-safe systems
Risks	• Breach of data protection • Cybercrime • Security threats • Outage of safety-critical systems			
Impact on non-financial matters	• Data losses • Increase in cyberattacks and cybercrime • Misuse of data • Risk to safety-critical infrastructure • Risk to human life			
Impact on Frequentis' business activities	• Loss of orders and exclusion from future tenders • Criminal consequences • Reputational damage • Reduction in competitiveness and quality			
Concepts, due diligence processes, action	p. 44, p. 50f	p. 44, p. 48f	p. 44ff	p. 44ff

ESG outlook

Sustainability is a fundamental element in Frequentis' holistic corporate culture and covers the entire value chain. *GRI-2-22*

Work on the various aspects is continuing in 2023 on the basis of the concepts that are already in place. The Frequentis Group is committed to continuously improving its social and ecological performance in all aspects, fulfilling its compliance obligations, and actively working towards sustainable development. The indicators compiled in the past for management purposes and to measure the effectiveness of the action taken will be mapped to the GRI indicators in a stepwise development process. The goal is a Group-wide rollout. Work on further suitable GRI parameters is continuing, taking into consideration the SDGs.

Another major focus is on introducing further improvements. These are prepared by the responsible departments, and then discussed and prioritised by the ESG Steering Board led by CFO Peter Skerlan as part of an ESG management review.

Guidance for the Group-wide rollout comes from the new ESG strategy adopted in 2023, which embeds sustainability in Frequentis' corporate strategy from 2023. This aims to strengthen Group-wide ESG awareness and to establish a broadly based understanding of the actions to be taken. All activities will be carried out in keeping with Frequentis' Corporate Governance Policy.

At the same time, the focus is on extending the ESG organisation, especially with a view to the upcoming requirements of the CSRD (EU Corporate Sustainability Reporting Directive). Although the reporting obligations only become mandatory in 2024, preparatory work needs to start far sooner.

The CSRD will greatly expand and standardise the present non-financial reporting obligations on the environmental, social and human rights, and governance aspects. A significant contribution to this is the clarification of the principle known as double materiality. Information that is necessary to understand the impact of sustainability aspects on business development, business performance, and the company's situation will have to be reported. Additional information that is necessary to understand the impact of the company's activities on the environment and society will also be required. Moreover, mandatory reporting standards – the European Sustainability Reporting Standards (ESRS) – should standardise the content of reports.

For a Safer World: Safe – Secure – Sustainable!

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 Frequentis AG on a stand-alone basis. 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

All figures in this chapter refer to the average headcount.

	2022	2021	2020
GRI 2-7 **Average headcount** – Frequentis Group	2,193	2,157	1,907
thereof male	77%	78.3%	77.8%
Executive Board / Managing Directors	30	29	26
1st management level	39	26	n.a.
Other managers	156	149	n.a.
thereof female	23%	21.7%	22.2%
Executive Board / Managing Directors	0	0	1
1st management level	6	4	4
Other managers	27	25	n.a.
Average headcount – Frequentis AG	996	999	984
thereof male	75%	78.3%	77.0%
Executive Board	3	until 1 April 2021: 2 from 1 April 2021: 3	2
1st management level	29	26	n.a.
Other managers	100	88	n.a.
thereof female	25%	21.7%	23.0%
Executive Board	0	until 1 April 2021: 1 from 1 April 2021: 0	1
1st management level	5	4	n.a.
Other managers	14	14	n.a.
GRI 401-1 **New hires** – Frequentis Group	276	448	207
thereof male	184	359	157
thereof female	92	89	90
New hires – Frequentis AG	87	92	73
thereof male	52	69	56
thereof female	35	23	17
Exits – Frequentis Group	220	212	177
thereof male	166	162	142
thereof female	54	50	35
Exits – Frequentis AG	70	64	78
thereof male	52	52	61
thereof female	18	12	17

	2022	2021	2020	
Employee turnover – Frequentis Group				*GRI 401-1*
New hires	13.3%	20.7%	10.9%	
Exits	10.6%	9.8%	9.3%	
thereof employees	7.8%	n.a	n.a.	
thereof employer	1.7%	n.a	n.a	
thereof natural fluctuation	1.0%	n.a	n.a	
Employee turnover – Frequentis AG				
New hires	9.2%	9.2%	7.4%	
Exits	7.4%	6.4%	7.9%	
thereof employees	5.8%	n.a	n.a	
thereof employer	1.0%	n.a	n.a	
thereof natural fluctuation	0.6%	n.a	n.a	
Employees – Frequentis Group				
Part-time	344	315	241	
thereof male	164	197	152	
thereof female	180	118	89	
Parental leave	53	51	49	*GRI 401-3*
thereof male	22	23	22	
thereof female	31	28	27	
Special dispensation	66	62	60	
thereof male	38	25	24	
thereof female	28	37	36	
Training leave	3	4	5	
thereof male	1	4	3	
thereof female	2	0	2	
Part-time training leave	5	7	8	
thereof male	5	6	7	
thereof female	0	1	1	
Phased retirement	10	n.a.	n.a.	
thereof male	7	n.a.	n.a.	
thereof female	3	n.a.	n.a.	
Employees – Frequentis AG				
Part-time	168	146	129	
thereof male	79	65	50	
thereof female	89	81	79	
Parental leave	49	44	43	
thereof male	21	20	20	
thereof female	28	24	23	
Special dispensation	43	42	50	
thereof male	28	21	32	
thereof female	15	21	18	
Training leave	3	4	2	
thereof male	1	4	1	
thereof female	2	0	1	
Part-time training leave	5	7	8	
thereof male	5	6	7	
thereof female	0	1	1	
Phased retirement	10	n.a.	n.a.	
thereof male	7	n.a.	n.a.	
thereof female	3	n.a.	n.a.	

		2022	2021	2020
	Average **length of employment** – Frequentis AG	10.2	10.2	9.8
GRI 405-1	**Average age** – Frequentis Group			
	Total	42	43	42
	Executive Board	56	55	56
	1st management level and other managers	48	45	47
	New hires	36	39	35
	Average age – Frequentis AG			
	Total	43	42	42
	Executive Board	56	55	56
	1st management level	52	52	52
	Other managers	48	47	47
	New hires	35	35	32
	No. of **nationalities** – Frequentis Group	56	55	55
	No. of nationalities – Frequentis AG	35	38	40
GRI 404-3	No. of **appraisal interviews** held – Frequentis Group	64%	67%	83%
	No. of appraisal interviews held – Frequentis AG	87%	88%	89%
	No. of **courses** offered Group-wide[1]	491	469	420
	thereof distance learning	422	427	311
	No. of classroom training sessions – Frequentis AG	220	35	216
	thereof with internal instructors	61.4%	88.6%	84.3%
	No. of Group-wide[1] virtual classroom training sessions	424	454	262
	thereof with internal instructors	81.8%	92.3%	90.8%

[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

	2022	2021	2020	
Energy – Frequentis AG				*GRI 302-1*
Total energy consumption in kWh	6,467,390	6,994,086	6,513,575	
Consumption by type of fuel: natural gas in kWh	396,271	1,079,790	455,013	
Consumption of electricity by buildings in kWh	6,071,119	5,914,296	6,058,562	
Self-generated electricity (max. p.a.) in kWh	131,662	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	89,908	96,563	135,092	*GRI-302-2*
Total energy consumption as a percentage of total operating performance	2.5%	2.1%	2.9%	*GRI 302-3*
Total energy consumption per employee in kWh	6,496	6,925	6,647	
Consumption by type of fuel: natural gas per employee in kWh	398	1,069	464	
Total energy consumption by buildings per employee in kWh	6,098	5,856	6,182	
Consumption by type of fuel: natural gas per m^2 heatable area in kWh	17.4	47.5	20	
Self-generated energy (max. p.a.) per employee in kWh	132	114	118	
Average consumption by customer systems in W	281	386	313	
Emissions – Frequentis AG				
Direct GHG emissions (Scope 1) from consumption of natural gas and fuel for company cars in tonnes CO_2(eq)	378	218	92	*GRI 305-1*
Energy indirect GHG emissions (Scope 2) in tonnes CO_2(eq)	0	0	0	*GRI 305-2*
Other indirect GHG emissions (Scope 3) in tonnes CO_2(eq)	1,375	718	646	*GRI 305-3*
Waste generated by operations	11	12	12	
Business trips[1]	1,363	706	634	
Hire cars	36	43	n.a.	
Flights	1,328	663	634	
No. of flight legs on business trips[1]	10,995	4,084	3,474	
Waste – Frequentis AG				*GRI 306-3*
Weight of waste generated in tonnes	64	45	52	*GRI 306-4*
Non-hazardous waste	63	43	51	
Domestic waste and similar commercial waste	18.78	19.76	19.66	
Paper and cardboard packaging (mixed packaging materials)	14.27	8.71	8.34	
Mixed plastic packaging	4.28	3.96	3.52	
Waste paper, paper, and cardboard, not coated	4.01	3.61	4.94	
Waste wood for material recovery	3.68	2.34	5.92	
Mixed metal packaging	2.00	1.66	3.30	
Iron and steel waste	0.42	0.77	2.71	
Waste electrical and electronic equipment - small appliances	0.38	0.73	1.49	

[1] Frequentis AG and subsidiaries served centrally by Frequentis Travel Management

		2022	2021	2020
	Electrical and electronic devices and device parts without environmentally relevant amounts of hazardous waste or substances	3.82	0.63	0.74
	Waste electrical and electronic equipment - large appliances	0.00	0.42	0.00
	Glass	0.24	0.18	0.35
	Bulky waste	1.57	0.12	0.08
	Sorted non-hazardous laboratory waste and residual chemicals	0.00	0.03	0.00
	Waste wood	0.00	0.00	0.00
	Waste wood for thermal recovery	0.14	0.00	0.00
	Gases in steel pressure cylinders, non-hazardous	0.00	0.00	0.00
	Organic waste for composting	0.00	0.00	0.13
	Kitchen and food waste	9.08	n.a.	n.a.
Hazardous waste		1.50	1.70	0.38
	Electrical and electronic devices and device parts, without environmentally relevant amounts of hazardous waste or substances	0.49	1.46	0.00
	Screen devices	0.08	0.20	0.21
	Waste electrical and electronic equipment – large equipment with hazardous properties	0.00	0.01	0.00
	Synthetic coolants and lubricants	0.00	0.01	0.00
	Paints	0.00	0.01	0.00
	Unsorted or hazardous laboratory waste and residual chemicals	0.08	0.01	0.00
	Pressurised containers (sprays) with residues	0.02	0.00	0.02
	Iron containers, with residual content	0.63	n.a.	n.a.
	Batteries	0.15	0.00	0.12
	Lithium-ion batteries	0.05	n.a.	n.a.
	Cooling and air-conditioning units with refrigerants containing CFC, HFC and HFC	0.00	0.00	0.03
Environmentally friendly vehicles – Frequentis AG				
Electric cars		17	9	6
Hybrid cars		10	8	2
PCs and workstations equipped with Skype and Teams functionality – Frequentis Group		100%	100%	100%
PCs and workstations equipped with Skype and Teams functionality - Frequentis AG		100%	100%	100%
Average no. of MS Teams meetings per month[1]		21,729	24,413	17,095

[1] MS Teams is implemented for the entire Group so it is not possible to draw a distinction between Frequentis AG and the Frequentis Group The figures for 2021 and 2020 still include the figures for Skype for Business meetings.

Human rights, compliance & anti-corruption

	2022	2021	2020	
Cases of corruption resulting in disciplinary action	0	0	0	*GRI 205-3*
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	14	36	12	
No. of compliance enquiries from employees – Frequentis AG	12	27	11	
Reports via the whistleblower platform (introduced in December 2021)	0	0	n.a.	
Compliance training in face-to-face/ virtual classroom sessions	3	4	3	*GRI 205-2*
Checking invoices for compliance with the requirements of the Group policy on anti-corruption, invitations, and gifts; cases referred – Frequentis AG	60	37	5	*GRI 205-1*
E-learning module "**Business Ethics and Code of Conduct**" mandatory for all employees (Group-wide)				
Frequentis Group (in % of total workforce)	84%	n.a.	n.a.	
Frequentis AG (in % of total workforce)	82%	n.a.	n.a.	
Online training in **capital market compliance** for all employees (mandatory) from 2020				*GRI 205-2*
Frequentis Group (in % of total workforce)	85%	95%	85.1%	
Frequentis AG (in % of total workforce)	84%	95%	94.4%	
Supplier audits performed by Frequentis AG	9	5	4	
Geographical structure of suppliers and service providers by order volume[1]				*GRI 204-1*
Europe	92.6%	90.0%	93.5%	
North America	4.8%	6.9%	2.7%	
Asia	0.6%	1.2%	2.0%	
Australia	1.6%	1.0%	1.3%	
South America	0.2%	0.5%	0.2%	
Middle East	0.2%	0.3%	0.1%	
Africa	0.0%	0.1%	0.7%	
Geographical structure of suppliers and service providers based on order volume by Frequentis AG				
Europe	93.5%	89.9%	95.6%	
North America	4.6%	7.0%	1.5%	
Asia	1.0%	1.7%	1.3%	
South America	0.3%	0.8%	0.3%	
Middle East	0.3%	0.5%	0.1%	
Africa	0.0%	0.2%	1.1%	
Australia	0.2%	0.0%	0.0%	

[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

	2022	2021	2020
Total number of **safety certificates** issued – Frequentis Group	164	157	150
thereof newly issued "Basic" certificates	7	7	7
Additional "Upgrade" certificates	29	15	9
Total number of safety certificates issued – Frequentis AG	144	140	133
thereof newly issued "Basic" certificates	4	7	5
Additional "Upgrade" certificates	29	15	9
Training in **safety-critical behaviour** – Frequentis Group	85%	91%	74%
Training in safety-critical behaviour – Frequentis AG	84%	89%	79%
Occupational safety training – Frequentis AG	666	454	536
GRI 403-9 **Work-related accidents** – Frequentis AG	1	3	3
of which serious accidents	0	0	0
Near misses – Frequentis AG	2	3	2
Improvements derived from these accidents	1	3	2
Completed **system security training** sessions[1] – Frequentis Group			
System Security Overview for Engineers	2	53	44
System Security Advanced for Engineers	0	32	26
Completed system security training sessions[1] – Frequentis AG			
System Security Overview for Engineers	2	30	33
System Security Advanced for Engineers	0	15	16
Successful completion of "**Information Security Awareness Training**" – Frequentis Group	88%	86%	84%
Successful completion of "Information Security Awareness Training" – Frequentis AG	86%	84%	91%
Successful completion of "**Personal Data Protection**" training – Frequentis Group	86%	92%	83%
Successful completion of "Personal Data Protection" training – Frequentis AG	86%	93%	91%
No. of Group-wide **Security Community** events	12	11	13
Average no. of participants	51	25	22
Proven **IT service outages** due to cyberattacks	0	0	0

[1] In 2022, there was only one training session with two participants because the focus was on designing a new security training and certification programme.

GRI content index

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

Name of standard	No.	Topic-specific disclosure	Page no.
GRI 2: General Disclosures 2021	2-1	Organisational details	8, 9
	2-2	Entities included in the organisation's sustainability reporting	7
	2-3	Reporting period, frequency and contact point	6, 7
	2-4	Restatements of information	6
	2-5	External assurance	7
	2-6	Activities, value chain and other business relationships	8, 9, 10, 11, 43
	2-7	Employees	9, 20f, 56ff
	2-8	Workers who are not employees	Information will be published in NFR 2023, incl. data for 2022
	2-9	Governance structure and composition	12, 15f ↗ *Corporate Governance Report*
	2-10	Nomination and selection of the highest governance body	↗ *Corporate Governance Report*
	2-11	Chair of the highest governance body	12 ↗ *Corporate Governance Report*
	2-12	Role of the highest governance body in overseeing the management of impacts	12
	2-13	Delegation of responsibility for managing impacts	12
	2-14	Role of the highest governance body in sustainability reporting	12
	2-15	Conflicts of interest	↗ *Consolidated financial statements, Note 38,* ↗ *Corporate Governance Report*
	2-16	Communication of critical concerns	14, 39
	2-17	Collective knowledge of the highest governance body	12
	2-18	Evaluation of the performance of the highest governance body	13
	2-19	Remuneration policies	↗ *Remuneration Report*
	2-20	Process to determine remuneration	↗ *Remuneration Report*
	2-21	Annual total compensation ratio	↗ *Remuneration Report*
	2-22	Statement on sustainable development strategy	4, 11, 55
	2-23	Policy commitments	16f., 37ff

Name of standard	No.	Topic-specific disclosure	Page no.
	2-24	Embedding policy commitments	12, 15f
	2-25	Processes to remediate negative impacts	39
	2-26	Mechanisms for seeking advice and raising concerns	14, 38f
	2-27	Compliance with laws and regulations	34, 37ff
	2-28	Membership associations	17, 29
	2-29	Approach to stakeholder engagement	14
	2-30	Collective bargaining agreements	20
GRI 3: Material Topics 2021	3-1	Process to determine material topics	13, 14
	3-2	List of material topics	13
	3-3	Management of material topics	30, 37ff, 44, 49, 52ff
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	43, 61
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	39, 61
	205-2	Communication and training about anti-corruption policies and procedures	37ff, 61
	205-3	Confirmed incidents of corruption and actions taken	37
GRI 206: Anti-competitive Behaviour 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 organisation	32, 59
	302-2	Energy consumption outside of the organisation	32, 59
	302-3	Energy intensity	32, 59
	302-4	Reduction of energy consumption	32
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

Name of standard	No.	Topic-specific disclosure	Page no.
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	34f, 59
	305-2	Energy indirect (Scope 2) GHG emissions	35, 59
	305-3	Other indirect (Scope 3) GHG emissions	35f, 59
	305-5	Reduction of GHG emissions	34ff, 43
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	59f
	306-4	Waste diverted from disposal	33, 59f
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	42f
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	56f
	401-3	Parental leave	57
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	16f, 21ff
	403-2	Hazard identification, risk assessment, and incident investigation	21, 23
	403-3	Occupational health services	21ff
	403-5	Worker training on occupational health and safety	22f
	403-6	Promotion of worker health	22f
	403-9	Work-related injuries	62
GRI 404: Training and Education 2016	404-2	Programmes for upgrading employee skills and transition assistance programmes	24ff
	404-3	Percentage of employees receiving regular performance and career development reviews	25, 58
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	27, 58
	405-2	Ratio of basic salary and remuneration of women to men	20
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	27
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	32
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	42f
GRI 415: Public Policy 2016	415-1	Political contributions	43
GRI 418: Schutz der Kundendaten 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	51

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 relevant SDGs as a guide for the ongoing expansion and optimisation of its environmental and socio-economic performance.

Frequentis' wide-ranging corporate social responsibility (CSR) activities contribute to all 17 SDGs. Examples are activities relating to the supply chain and to occupational health and safety.

The long-term environmental targets based on the Austrian government's Agenda 2030 and continuous evaluation of possible improvements in facility management, project work, and circular economy also contribute to the SDGs. In this way, it is possible to make a contribution to the 12 SDGs of relevance for the environment.

Frequentis regularly undergoes various voluntary CSR ratings by a variety of institutions with different perspectives (customers, investors). Together with the applicable ISO certifications and the related independent audits, proposed improvements are derived, leading to continuous expansion of the sustainability activities.

EU Taxonomy

Since the 2021 financial year, Frequentis has been required to make disclosures in accordance with Article 8 of 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 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 CSR Directive (future CSRD Directive), Frequentis is required by Article 8 of the EU Taxonomy Regulation 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. At the same time, 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 EU Commission has defined technical screening criteria for two of the six environmental objectives, namely "climate change mitigation" and "climate change adaptation".

It is expected that disclosures on the other four environmental objectives of the EU Taxonomy Regulation (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems) will be required for the first time from the 2023 financial year.

As the first step in fulfilling the requirements of the EU Taxonomy, in 2021 Frequentis analysed the list of economically sustainable economic activities to identify those that are applicable within the Frequentis Group. The results of this analysis of taxonomy eligibility showed that two economic activities are applicable to Frequentis:

		NACE code
8.1	Data processing, hosting and related activities (Annex 1)	J63.11
8.2	Computer programming, consultancy and related activities (Annex 2)	J62

In 2022, taxonomy alignment was screened using the technical screening criteria. For economic activity 8.1 Data processing, hosting and related activities, business and technical experts conducted a detailed examination of conformance with/fulfilment of the technical screening criteria set out in Annex 1 and documented the findings transparently. The findings show that, as at the reporting date, not all technical screening criteria were fulfilled. Therefore, as at 31 December 2022, the economic activity was not aligned with the EU Taxonomy Regulation. Action to fulfil the outstanding criteria is planned for the future. We assume that in the coming years progress will be made in the transition from taxonomy eligibility to taxonomy alignment based on fulfilment of the technical screening criteria.

Conformance with the minimum safeguards was also analysed in detail. This was closely based on the proposals set out in the report of the "EU Platform on Sustainable Finance" (October 2022). Existing in-house policies and instructions were examined for conformance with Article 18 of the EU Taxonomy Regulation. The focal areas were human rights, compliance and anti-corruption, workers' rights, and occupational safety. As well as internal respect for these focal areas, importance is placed on our suppliers complying with our Corporate Social Responsibility (CSR) values.

In view of the legal uncertainty with regard to economic activity 8.2 "Computer programming, consultancy and related activities", following the interpretation in connection with the allocation of capital expenditure (CapEx) and operating expenditure (OpEx) relating to adaptation activities (cf. Question 5 2022/C 385/01 in conjunction with Question 19 Draft Commission Notice of 19 December 2022), we have refrained from disclosing the proportion of taxonomy-eligible and taxonomy-aligned CapEx and OpEx for 2022.

Consequently, for 2022, the disclosures pursuant to Article 8 of the EU Taxonomy Regulation can only be made for economic activity 8.1 Data processing, hosting and related activities.

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.

		2022						Significant contribution criteria						Do-no-significant-harm criteria						
Frequentis Group Economic activity	NACE code	Absolute turnover	Proportion of turnover	Absolute CapEx	Proportion of CapEx	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards
		EUR thou-sand	%	EUR thou-sand	%	EUR thou-sand	%													
1. Taxonomy-eligible activities																				
1.1. Environmentally sustainable activities (taxonomy-aligned)																				
...		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total environmentally sustainable activities		**0**	**0%**	**0**	**0%**	**0**	**0%**													
1.2 Taxonomy eligible, not environmentally sustainable activities (not taxonomy-aligned)																				
8.1 Data processing, hosting and related activities (Annex I)	J63.11	11,009	3%	71	0%	-	0%													
Total non-environmentally sustainable activities		**11,009**	**3%**	**71**	**0%**	**-**	**0%**													
2. Taxonomy-non-eligible activities		374,960	97%	19,292	100%	27,470	100%													
Total (1+2)		**385,970**	**100%**	**19,363**	**100%**	**27,470**	**100%**													

		2022						Significant contribution criteria						Do-no-significant-harm criteria						
Frequentis AG Economic activity	NACE code	Absolute turnover	Proportion of turnover	Absolute CapEx	Proportion of CapEx	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards
		EUR thou-sand	%	EUR thou-sand	%	EUR thou-sand	%													
1. Taxonomy-eligible activities																				
1.1. Environmentally sustainable activities (taxonomy-aligned)																				
...		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total environmentally sustainable activities		**0**	**0%**	**0**	**0%**	**0**	**0%**													
1.2 Taxonomy eligible, not environmentally sustainable activities (not taxonomy-aligned)																				
8.1 Data processing, hosting and related activities (Annex I)	J63.11	10,416	4%	31	0%	-	0%													
Total non-environmentally sustainable activities		**10,416**	**4%**	**31**	**0%**	**-**	**0%**													
2. Taxonomy-non-eligible activities		227,828	96%	3,946	99%	22,968	100%													
Total (1+2)		**238,244**	**100%**	**3,977**	**100%**	**22,968**	**100%**													

Turnover KPI

The total turnover used for this KPI comprises the revenues recognised in accordance with IFRS 15 in the consolidated financial statements as at 31 December 2022 (↗ 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 2022.

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 2022 (↗ 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 2022, prepared in accordance with the Austrian Commercial Code (UGB).

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, leases, maintenance, and repairs incurred in 2022.

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 activity “8.1 Data processing, hosting and related activities”.

Report on the independent audit with limited assurance of the consolidated non-financial report

Report on the independent audit with limited assurance of the consolidated non-financial report in accordance with 267a of the Austrian Commercial Code (UGB)

The German text of the signed report, which refers to the German version of the non-financial report for the financial year 2022, is the only legally binding version. The English translation has no legal effect. In particular, it cannot be used for the interpretation of the German text.

We have performed an audit with limited assurance of the consolidated non-financial report of Frequentis AG (hereafter: "the company"), Vienna. In the course of the spin-off of the auditing business of BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, the audit engagement has been transferred to BDO Assurance GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft with all rights and obligations by way of universal succession with effect from 26 January 2023.

Summary judgement

Based on our audit procedures and the evidence we obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial report for the financial year 2022 of the company was not prepared in accordance with the requirements of the Austrian Sustainability and Diversity Improvement Act, respectively section 267a of the Austrian Commercial Code (UGB) in all material respects.

Responsibility of the statutory representatives

It is the statutory representatives of the company who are responsible for the proper compilation of the consolidated non-financial report in accordance with the requirements of the Austrian Sustainability and Diversity Improvement Act, respectively section 267a UGB.

On the one hand, the legal representatives are responsible for selecting and applying appropriate non-financial reporting methods and for making assumptions and estimates for certain sustainability disclosures, that are reasonable in the respective circumstances. On the other hand, the responsibilities include the conceptualization, implementation, and maintenance of systems and processes that enable the preparation of sustainability reporting that is free from material misstatement, whether due to fraud or error. This also includes the creation of adequate documentation and the establishment of internal controls.

Auditor's responsibility

We have been engaged with providing a judgement, based on our audit procedures and on the evidence, we have obtained, as to whether anything has come to our attention that would cause us to believe that the consolidated non-financial report of the company as of 31 December 2022 does not conform in any material respect to the requirements of the Austrian Sustainability and Diversity Improvement Act, respectively Section 267a UGB.

We have performed our audit in accordance with the professional principles in force in Austria relating to general-assurance engagements (KFS/PG 13) and the International Standard on Assurance Engagements (ISAE 3000 (revised)) applicable to such matters. In this respect, we have to comply with our professional obligations, including the provisions on independence, and are bound to plan and carry out our assignment with regard to the principle of materiality in such a manner as allows us to deliver our judgement with limited assurance.

In a limited assurance engagement, the audit procedures undertaken are less extensive than in a reasonable assurance engagement, and therefore a lesser degree of assurance is obtained.

The choice of audit procedures is at the due discretion of the auditor and included in particular the following activities:

- Interviews with 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 reporting boundaries of the company;
- Risk assessment, including media analysis, of relevant information on the sustainability performance of the company during the reporting period;
- Interviews with employees responsible for identifying and consolidating data, as well as for carrying out data-related internal control activities;
- Assessment of the conceptualization and implementation of systems and processes for identifying, processing and monitoring sustainability performance data and metrics included in the scope of the audit, including the consolidation of 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 of the quantitative information;
- Assessment of whether the requirements in accordance with Section 267a UGB have been addressed adequately.

The following audits were not subject of our engagement:

- The audit of disclosures from previous years, future-oriented disclosures and data from external studies;
- The audit of references to the standards of the Global Reporting Initiative (GRI Standards 2021);
- The audit of the information in accordance with Article 8 of the EU Taxonomy Regulation ((EU) 2020/852).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The subject-matter of the engagement does not consist of performing either an audit or an audit-related review of the annual financial statements. Neither are the detection and investigation of fraudulent acts, such as misappropriation or other acts of defalcation or administrative offences, nor an assessment of the effectiveness and efficiency of the management a part of that subject-matter.

Restrictions on applicability

As our report is prepared exclusively at the client's request and in the client's interest, there exists no basis for third parties to place any reliance on its content. It therefore provides no grounds for third-party claims arising from it. Consequently, this report may not be disclosed to other third parties either in whole or in part without our express agreement.

Conditions of the engagement

We make this report on the basis of the engagement concluded with you, which is itself based on the AAB appended to this report. The AAB are also valid against third parties.

Vienna, 13. March 2023

BDO Assurance GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
(as universal successor BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft)

Mag. Gerhard Posautz
Wirtschaftsprüfer

Mag. Gerhard Fremgen
Wirtschaftsprüfer

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 and Section 267a 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, 13 March 2023

Norbert Haslacher
Chairman
of the Executive Board

Monika Haselbacher
Member
of the Executive Board

Hermann Mattanovich
Member
of the Executive Board

Peter Skerlan
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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FOR A SAFER WORLD