Consolidated
Non-financial Report **2023**

FREQUENTIS
FOR A SAFER WORLD

Key figures Frequentis Group

All figures in EUR million, except where otherwise stated.

Earnings	2023	2022	+/- in %	+/- in EUR million	2021	2020	2019[1]
Revenues	427.5	386.0	+10.8%	+41.5	333.5	299.4	303.6
EBITDA	44.2	45.6	-3.2%	-1.5	46.5	41.9	30.2
EBITDA margin	10.3%	11.8%	-1.5 PP	–	13.9%	14.0%	9.9%
EBIT	26.6	25.0	+6.6%	+1.7	29.0	26.8	17.2
EBIT margin	6.2%	6.5%	-0.3 PP	–	8.7%	9.0%	5.7%
Profit/loss for the period	20.0	18.9	+5.8%	+1.1	20.8	-3.4	12.5
Earnings per share in EUR	1.39	1.41	-1.7%	–	1.50	-0.30	0.93
Dividend in EUR (for the financial year)	0.24[4]	0.22	+9.1%	–	0.20	0.15	0.15

Orders	2023	2022	+/- in %	+/- in EUR million	2021	2020	2019
Order intake	504.8	404.8	+24.7%	+100.0	333.2	314.6	333.7
Orders on hand (at year-end)	594.7	522.0	+13.9%	+72.6	467.9	427.6	391.5

Statement of financial position	2023	2022	+/- in %	+/- in EUR million	2021	2020	2019[1]
Total assets	371.1	340.3	+9.1%	+30.8	315.7	277.6	272.1
Shareholders' equity	155.6	147.3	+5.7%	+8.3	129.9	111.4[2]	116.2
Equity ratio	41.9%	43.3%	-1.4 PP	–	41.1%	40.1%[2]	42.7%
Net cash	84.3	91.0	-7.3%	-6.6	101.1	85.0	77.8
No. of employees (average, FTE[3])	2,217	2,081	+6.5%	–	1,937	1,907	1,849
No.of employees (average)	2,341	2,193	+6.7%	–	2,157	1,907	1,849

Cash flow statement	2023	2022	+/- in %	+/- in EUR million	2021	2020	2019[1]
Cash flow from operating activities	25.7	14.2	+80.4%	+11.4	48.8	54.8	17.7
Cash flow from investing activities	-18.8	-20.1	+6.5%	+1.3	-24.6	-7.0	-4.6
Cash flow from financing activities	-13.4	-16.5	+18.7%	+3.1	-12.6	-10.1	8.0
Cash and cash equivalents at end of period	74.2	81.4	-8.8%	-7.2	103.8	91.3	66.9

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.

[4] Proposal to the Annual General Meeting 2024.

Consolidated Non-financial Report 2023

Foreword by the Executive Board

Safe. Secure. Sustainable.
Putting our responsibility into practice.

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. Sustainability is therefore a fundamental element in our holistic corporate culture and covers the entire value chain[1]. We see sustainability as an opportunity for our future development.

In 2023, ESG (environment – social – governance) was integrated into Frequentis' overall strategy under the motto "Safe. Secure. Sustainable". By making ESG a key element of our corporate strategy, we want to emphasise the importance of sustainability and corporate social responsibility for the development of our group of companies, strengthen the related awareness throughout the Frequentis Group, and ensure comprehensive understanding and support for the implementation of measures. Our ESG strategy takes a very broad approach. ESG is reflected in our corporate purpose ("for a safer world"), the Frequentis culture, and the values and objectives of the Frequentis Group.

ESG strategy

- We want our descendants to inherit a viable environment
- Sustainability is embedded in our global strategy
- We want to create group-wide awareness of ESG and an understanding of the associated activities
- As a publicly listed company, we comply with mandatory reporting requirements
- Dialogue with our stakeholders is important to us
- We also help our customers meet their sustainability obligations
- Starting at headquarters, all ESG activities will be rolled out Group-wide and adapted to local conditions

This basic approach accompanied us throughout 2023, a year of notable successes, yet, at the same time, increasing geopolitical tension and crises. That made the achievements of the Frequentis team even more impressive – and they were rewarded by the market, as shown by the figures for 2023.

In addition, in 2023, we focused on extending the ESG organisation, especially with a view to the upcoming requirements of the CSRD (the European Union's Corporate Sustainability Reporting Directive). The aim of the CSRD is to improve the quality and comparability of sustainability reporting. To achieve that, the established reporting requirements on environmental, social, human rights, and governance aspects have been greatly extended and standardised.

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[1]   The value chain is defined as the entire spectrum of activities, resources, and relationships associated with the company's business model and the external environment in which it operates. In this context, Frequentis concentrates on monitoring its direct upstream and downstream relationships.

Although reporting in compliance with the CSRD only becomes mandatory from the 2024 financial year, we have already embarked on extensive preparatory work. An ESG Steering Group, headed by the CFO as the representative of the Executive Board, is driving forward this work by defining and coordinating further ESG measures. All activities are discussed with the Executive Board and Supervisory Board and are supported by the Supervisory Board, as the company's highest governance body.

A central milestone in the preparations for reporting in accordance with the CSRD was a materiality assessment based on the ESRS (European Sustainability Reporting Standards), which was undertaken in October 2023. The principle of double materiality on which this materiality assessment was based allows two perspectives on materiality in the context of sustainability reporting (impact materiality and financial materiality). In addition to the topics covered by the ESRS, safety and security are material company-specific topics for sustainability reporting at Frequentis (↗ *Materiality assessment in conformance with the ESRS*).

The results of this new materiality assessment, along with the previous materiality analyses, pave 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.

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

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 2023 (publication date: 9 April 2024). The non-financial report on 2022 was published on 12 April 2023.

This non-financial report covers Frequentis AG, registered address Innovationstraße 1, 1100 Vienna, Austria, and its subsidiaries (subsequently referred to as Frequentis, the Frequentis Group, or the Group). As in the previous year, in the non-financial report the number of employees presented is given as a headcount because all employee-related indicators refer to the number of individuals employed. This supplements the presentation in the Group management report, where the employee data are based on full-time equivalents (FTEs). No disclosures were made on GRI 2-8 in the non-financial report for 2022. The data for 2022 are included in this report, together with the data for 2023, in the section "KPIs for non-financial reporting / Social and employee matters" (↗ *KPIs for non-financial reporting*). Further, the KPI table now contains data on water consumption (GRI 303-5) and more detailed disclosures on the weight of waste generated by Frequentis AG (GRI 306-3, GRI 306-4). No other new or supplementary disclosures have been added for 2023.

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 assessment, risks, and the concepts developed also apply for both Frequentis AG and the Frequentis Group.

This is the fifth non-financial report of the Frequentis Group. It was prepared on the basis of the materiality assessment performed in November 2021. To meet the extended requirements of the CSRD (Corporate Sustainability Reporting Directive), a new materiality assessment in accordance with the ESRS (European Sustainability Reporting Standards), based on the principle of double materiality, was performed in October 2023. The results of this new materiality assessment will form the basis for Frequentis' sustainability report from the 2024 financial year. The topics examined in the non-financial report 2023 will be taken into account in the transition to this new reporting basis (↗ *Materiality assessment in conformance with the ESRS*).

The non-financial report 2023, like the non-financial report 2022, was prepared on the basis of the GRI (Global Reporting Initiative) Standards 2021. These were used as a guide for the key performance indicators and management approaches. The goal 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 compiled and evaluated with reference to the GRI Standards and the related explanations 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*). From the 2024 financial year, when the CSRD takes effect, the reporting will no longer be based on the GRI Standards. Instead, it will be based on the new ESRS (European Sustainability Reporting Standards). As set out in a joint statement by the European Financial Reporting Advisory Group (EFRAG) and the GRI in September 2023, a high level of interoperability is to be achieved between both standards so the use of the KPIs can be extended in the sustainability report (↗ *Preparations for CSRD reporting*).

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. For the sustainable orientation of the company, Frequentis also observes the United Nations Sustainable Development Goals (↗ *Sustainable Development Goals (SDGs)*).

Basis for the materiality assessment 2021

As in the non-financial reports on 2021 and 2022, the materiality assessment performed in November 2021 forms the starting point for the non-financial report 2023. The structure of the report is therefore based on the four sections of the materiality assessment, 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

The stakeholder survey covered a total of 2,609 people:

GRI 3-1

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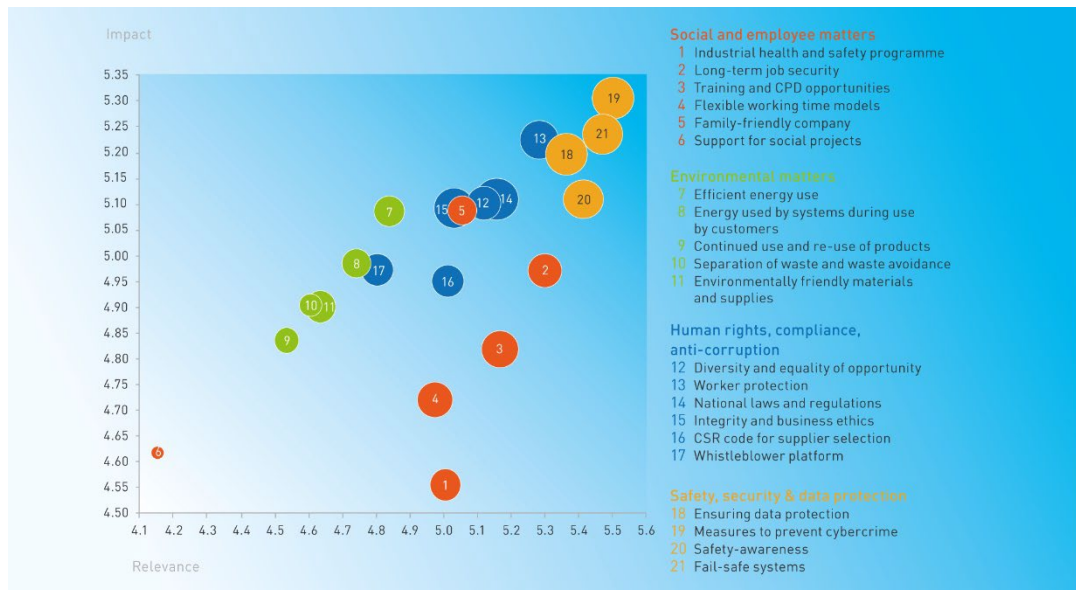
Assurance review

The content of the non-financial report was the subject of a limited assurance review by the external audit and tax consultancy BDO Assurance GmbH. The basis for this review was the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) in accordance with Section 267a of the Austrian Commercial Code (UGB). This report was reviewed by Frequentis' Supervisory Board in accordance with Section 96 (1) of the Austrian Companies Act (AktG) (↗ *Independent audit of the consolidated non-financial report*).

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 (2022: 6) domestic subsidiaries and 31 (2022: 28) 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. 6 (2022: 7) foreign and 1 domestic (2022: 2) 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 2023 ("consolidated financial statements"), the Group management report ("management report"), the consolidated corporate governance report for 2023, the compensation report 2023, 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

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

Company profile

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, air defence, AIM [aeronautical information management]) and the Public Safety & Transport segment (police, fire service, emergency rescue services, railways and local public transport systems, 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 significant 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 Frequentis France Frequentis Norway Frequentis UK	ATRiCS, Germany, 51% CNS-Solutions & Support, Austria ELARA Leitstellentechnik, Germany, 51% Frequentis Comsoft, Germany Frequentis Orthogon, Germany Regola, Italy, 51%	Frequentis Czech Republic Frequentis Recording, Norway Frequentis Romania Frequentis Solutions & Services, Slovakia PDTS, Austria	FLYK, Finland, 25% FRAFOS GmbH, Germany, 77% Frequentis DFS Aerosense, Austria, 70% Frequentis Invest4Tech, Austria GroupEAD Europe, Spain, 28% Mission Embedded, Austria, 20% Nemergent Solutions, Spain, 25% Secure Service Provision, Germany Skyzr GmbH, Austria Systems Interface, UK team Technology Management, Austria, 51%
Australia/Asia Frequentis Australasia, Australia Frequentis Middle East, UAE Frequentis Shanghai, China Frequentis Singapore	C4i, Australia	AIRNAV Technology Services, Philippines, 65%	
Americas Frequentis Brazil Frequentis Canada Frequentis Defense, USA Frequentis USA	Frequentis California, USA		

Simplified visualisation; all shareholdings 100% unless otherwise stated. Company names abbreviated. As at end March 2024.

Frequentis has made nine acquisitions since its 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.

Frequentis' products and solutions are used at more than 49,000 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%. Frequentis is also the global leader in aeronautical information management and aeronautical message handling systems.

In April 2023, Frequentis acquired a 76.67% interest in FRAFOS GmbH, which is based in Berlin, Germany. FRAFOS delivers key security components for Frequentis' communication solutions for all safety-critical sectors. Solutions from FRAFOS are approved for safety-critical installations of government organisations and by Germany's Federal Office for Information Security (BSI). FRAFOS is an expert in VoIP (voice over internet protocol) firewalls, which support Frequentis in solutions for safety-critical operations by expanding protection against denial-of-service (DOS) attacks and attempted fraud.

In July 2023, Frequentis acquired 100% of the Norwegian software company GuardREC ATC AS, which has since been renamed Frequentis Recording AS as part of the integration process. This acquisition increases recording competence in all business areas. Its portfolio covers all aspects of surveillance as well as audio, video, and data recording, including data analysis. Frequentis' recording solution DIVOS is being merged with the solution that has been acquired to provide a new global product offer.

GRI 2-6   In 2023, revenues increased by 10.8% (EUR 41.5 million) to EUR 427.5 million (2022: EUR 386.0 million). Taken together, the two acquisitions – the German company FRAFOS and the Norwegian company Frequentis Recording – contributed around EUR 2 million to revenues in 2023. Organic growth was therefore 10.2%. Revenues in the Air Traffic Management segment grew by 13.8% to EUR 293.3 million. In the Public Safety & Transport segment, revenues increased by 4.8% to EUR 133.8 million. The revenue split between the Air Traffic Management and Public Safety & Transport segments was 69% : 31% in 2023 (2022: 67% : 33%). Looking at the regional revenue split, in 2023 Europe accounted for 66% (2022: 65%), the Americas for 16% (2022: 16%), Asia for 11% (2022: 12%), Australia/Pacific for 6% (2022: 5%), and Africa for 1% (2022: 2%). Less than 1% (2022: <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. The number of employees increased by 6.5% to an average of 2,217 FTEs in 2023 (2022: 2,081 FTEs). Around 1,100 FTEs, which was around half of the total, were employed in Austria. In the non-financial report for 2023, 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 2,341 in 2023, compared with 2,193 in 2022.

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

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. In the Defence business domain, there is also demand for additional encryption solutions. 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 property. The Frequentis Group is an international provider of communication and information systems for safety-critical control centres. Custom-tailored control centre solutions are developed and marketed by the Air Traffic Management segment (for civil and military air traffic control, AIM [aeronautical information management], and air defence) and the Public Safety & Transport segment (police, fire service, emergency rescue services, railways, coastguards, and port authorities). 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.

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.

GRI 2-22

The Frequentis Group's sustainable growth strategy, accompanied by active risk management, is embedded in its corporate strategy. Furthermore, sustainability aspects are taken into account in the development of the corporate culture. Aspects addressed include increasing internationalisation and, in this context, global sustainability endeavours. A group-wide Culture Ambassador Network was established in 2023 to support the global rollout.

SUSTAIN We live and understand safety-critical culture

ACTIVATE We are ambitious and think globally

FUTURE We are a long-term oriented stock-listed global enterprise with a family culture

EMPLOYEES We support one another and carefully handle our resources

RESULTS We strive to deliver the best results for our customers and investors

FOR A SAFER WORLD Sustain and activate the future through our employees and results

FREQUENTIS

ESG at Frequentis

ESG organisation

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 was defined by the Supervisory Board at its meeting on 30 March 2022 in the rules of procedure for the Executive Board of Frequentis AG.

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

This interdisciplinary ESG team is coordinated by an ESG Steering Group, which involves and works closely with the Executive Board. Alongside the CFO, the members of the ESG Steering Group are the staff responsible for environmental, social, governance, and compliance aspects and the ESG Group Coordinator. The ESG team maintains regular contract with Frequentis' stakeholders (↗ *Materiality assessment in conformance with the ESRS / Stakeholder groups*).

GRI 2-14

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 action to achieve targets and further improvements are defined.

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 transparent ESG reporting.

GRI 2-17

ESG was also the subject of a joint workshop where the Supervisory Board and Executive Board addressed the new regulatory framework introduced by the CSRD (Corporate Sustainability Reporting Directive) and discussed possible implications for the Supervisory Board and Executive Board.

The Executive Board and Supervisory Board, as the highest governance bodies, support all ESG measures. The Supervisory Board regularly considers ESG topics and ESG is a recurrent item on the agenda for Supervisory Board meetings.

Specific ESG targets have been agreed with the Executive Board members for 2024. These also affect the variable component of their remuneration. Examples are aspects of the circular economy, energy savings, and employee satisfaction. As an additional focus, cybersecurity was selected from the company-specific issues highlighted in the materiality assessment (↗ *Remuneration report*).

The non-financial report is examined and approved by the Executive Board and the Supervisory Board.

Governance organisation

Frequentis' business model is based on a strong governance organisation, which is reflected in a three-dimensional matrix and ensures optimised interaction between the central units, the business domains, and the international subsidiaries.
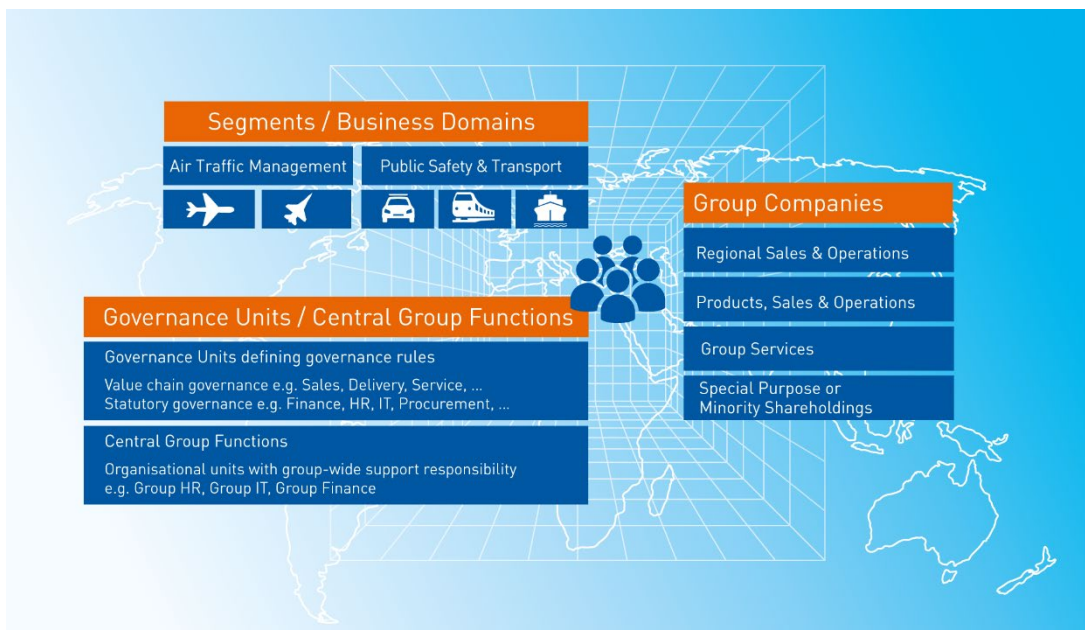
Frequentis' two segments and the business domains grouped in these segments focus on successful business operations as their contribution to the Group's overall performance. The main responsibility is allocated to local value-generating functions such as Domain Sales, Key Accounts, Product Management, and Project Management. Innovation is very important to Frequentis. At all stages in the Frequentis innovation process, close and interdisciplinary collaboration with the business domains is ensured.

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. There are currently 37 companies worldwide controlled by Frequentis AG. These have different areas of responsibility and competencies within the value chain (↗ *Company profile*). Governance and process orchestration takes place within the framework of the management of the Frequentis Group to ensure harmonised rollout of governance requirements based on accountability.

The Central Group Functions, most of which have governance responsibility, are divided into value-generating functions such as Sales, Production, and the provision of services, and central functions with a statutory governance remit, such as Human Resources, IT, Finance & Controlling, and Compliance.

The role of these central functions is to ensure smooth global collaboration. They focus on supporting the business, minimising risk, optimising workflows, and maintaining a general overview of the company.

Efficient regulation and management of processes and requirements are becoming more important, particularly in view of the increasingly rapid changes in the environment in which companies and organisations operate. The purpose of the three-dimensional governance organisation is to ensure successful, long-term collaboration at Frequentis.

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 and the governance rules it contains are based, among other things, on the defined ESG objectives and support their realisation. They are evaluated in the annual management review and therefore continuously improved and updated.

Management system

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

GRI 2-23
GRI 403-1

- 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			2020		
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 Limited	2008	2009		2009		
Frequentis Comsoft GmbH, Germany	1993		2018			
Frequentis Czech Republic s.r.o.	2011					
Frequentis Defense Inc.	2023					
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	2023	2011	2023		2016
Frequentis USA Inc.	2003		2011			
PDTS GmbH, Austria	2000					
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 2023, the accredited external certification organisations performed an extensive re-certification audit of Frequentis' headquarters for ISO 9001, ISO 14001, ISO 27001, and ISO 45001. Conformance without any deviations was confirmed.

Frequentis UK was successfully validated as conforming with ISO 14001 and ISO 45001 and Frequentis Defense Inc. obtained independent certification under ISO 9001.

Extending the ISO certificates to further Group companies is constantly evaluated, as is obtaining further relevant certifications to extend the integrated management system.

In addition, all companies in the Frequentis 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

Frequentis AG and its employees play an active role in many international 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. They also heighten visibility of the Frequentis Group's wide-ranging competencies and present them externally, which in turn makes a positive contribution to stakeholder dialogue.

GRI 2-28

Examples are membership of national and international sector networks such as CANSO (Civil Air Navigation Services Organisation), EASA (European Union Aviation Safety Agency), 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), safety-specific CANSO and EASA working groups, and networking with international communities in the field of security (↗ Security).

Frequentis has been a member of respACT, Austria's leading corporate sustainability platform, since 2022. As one of more than 400 members of this network, Frequentis aims to make a contribution to sustainable development both in Austria and internationally. Furthermore, Frequentis has been listed in the Austrian CSR Guide for many years. This also highlights the Group's ESG profile.

ESG ratings and awards

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.

From the customer perspective, for example, Frequentis was awarded the EcoVadis silver medal in 2022 (the current rating based on the modified EcoVadis requirements profile is under way) and was also awarded the status "Verified GSES Member". In addition, many customers perform their own ESG ratings, often during the tender phase.

From the investor perspective, Frequentis was rated, for instance, by EthiFinance (formerly Gaia Research) and Sustainalytics. Frequentis is also included in the OekB ESG Data Hub and Deutsche Börse's ESG Visibility Hub.

Various awards and accolades testify to Frequentis' sustainability endeavours. Here is an overview from 2023:

- Vienna Stock Exchange Award, mid-cap category, for, among other things, corporate management, corporate governance, and sustainability
- "Austria's Best Managed Companies" (presented by Deloitte Austria and Raiffeisenlandesbank Lower Austria/Vienna)
- equalitA seal: award for in-house advancement of women, presented by the Austrian Ministry for Economy and Labour
- Signature of the "Diversity Charter" (initiative of the Austrian Economic Chambers / WKO), a commitment to all dimensions of diversity
- "Top Company" award from kununu (employer rating platform)
- Runner up in the ATM Award in the sustainability category together with its customer Avinor for significantly reducing CO_2 emissions at Oslo airport through continuous climb and descent operations

Preparations for CSRD reporting

To comply with the EU's new Corporate Sustainability Reporting Directive (CSRD), which was adopted in December 2022, Frequentis is required to provide extended sustainability reporting from the 2024 financial year. The objective of this enhanced reporting, which includes more stringent requirements for the disclosure of sustainability-related information, is to strengthen the trust of investors, employees, customers, partners, and other stakeholders in companies' sustainability performance. It also aims to accelerate the transition to a more sustainable economy by encouraging companies to identify their sustainability risks and opportunities and adopt corresponding measures.

Frequentis started to address the requirements of the CSRD in 2023 in order to prepare in good time for the new reporting requirements. At present, the following changes are planned for 2024:

- The non-financial report will become the sustainability report, which will be integrated into the management report in both the individual financial statements of Frequentis AG and the Group management report.
- Reporting in accordance with the GRI Standards 2021 will be transitioned to the mandatory ESRS (European Sustainability Reporting Standards). In parallel with this, reporting of key performance indicators (KPIs) will be extended and rolled out to include the Frequentis Group.
- A materiality assessment based on the ESRS using the principle of double materiality has already been performed and dialogue with stakeholders has been stepped up.
- Greater attention will be paid to forward-looking disclosures, including specific ESG targets for the Executive Board and strengthening ESG-awareness throughout the Group.

The focus of the preparatory work in 2023 was on the materiality assessment in conformance with the ESRS, which is a central element in the implementation of the new regulations and will form the basis for the new sustainability report.

Materiality assessment in conformance with the ESRS

Frequentis performed materiality analyses in 2019 and 2021 as the starting point for its non-financial reports.

GRI 3-2

Following a recommendation from the ESG Steering Group, in summer 2023, the Executive Board decided that a new materiality assessment should be undertaken on the basis of the new European Sustainability Reporting Standards (ESRS).

Frequentis sees the materiality assessment as the starting point for systematic and structured integration of sustainability topics into the company. Its purpose is to involve key stakeholder groups, assess risks, and define the future areas of focus with regard to environmental, social, and governance aspects. It is also necessary to comply with the legal provisions of the CSRD.

Double materiality

The principal change relates to "double materiality". An ESG topic is material and reportable if it meets at least one of two perspectives:

- Inside-out perspective (= impact materiality)
  An ESG topic relating to the company has a significant impact on people and the environment. This perspective identifies aspects that are relevant for the stakeholder groups affected and could have an impact on the image, reputation, and long-term sustainability of the company.
- Outside-in perspective (= financial materiality):
  This perspective assesses the impact of sustainability aspects on the company's financial and business performance. In other words, it identifies aspects that are of financial significance and could have an impact on the company's earnings, costs, assets, or liabilities.
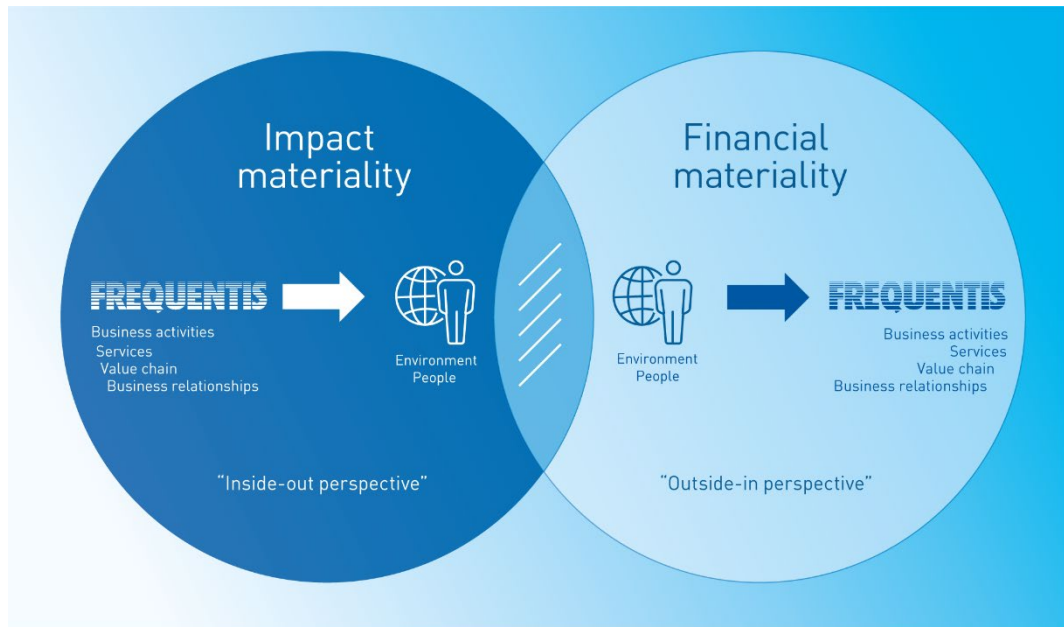
Materiality assessment process

The ESG Steering Group has been examining the extended requirements of CSRD reporting since the start of 2023. As a central element, a project team drew up a concept for conducting a materiality assessment in conformance with the ESRS (principle of double materiality). Based on the previous materiality analyses, the standardised ESRS list of environmental, social, and governance policy areas was supplemented by a company-specific "Safety & Security" section.

For the inside-out perspective (impact materiality), it was proposed that the views of relevant stakeholders should be obtained through an anonymous online questionnaire. The stakeholder groups were modified and greatly extended compared with the previous materiality analyses. In all, about 3,250 people were addressed (↗ *Stakeholder groups*). This process was accompanied by two workshops that brought together experts, firstly for a more detailed discussion of impact materiality, and secondly to assess the financial materiality (outside-in perspective).

The concept was presented to the Executive Board and Supervisory Board in summer 2023 and they approved its realisation.

Overview of the materiality assessment

1 Generate questionnaire; define stakeholder groups for the survey

Obtain approval of Executive Board, report to Supervisory Board

2 Stakeholder survey via online questionnaire

Expert workshop I: detailed evaluation of impact materiality

3 Expert workshop II: evaluation of financial materiality (risk/opportunity management)

4 Extensive risk/opportunity analysis

Include risk management framework

5 Define material sustainability aspects

Generate materiality matrix for reporting purposes

Phases 1 to 3 were performed in 2023. Work on phases 4 and 5 is continuing in 2024. Based on the evaluations by Frequentis experts and the risk management team, the materiality of the individual topics will be compared, and all relevant aspects will be presented in a materiality matrix.

The results will then be presented to the Executive Board and the Supervisory Board. Together, they will discuss the material topics and define the principal areas of action. Details will be published in the Frequentis sustainability report 2024, which will be based on these areas of action.

Stakeholder groups

For the materiality assessment in October 2023, a broader stakeholder base was used than in previous materiality analyses. Representatives of banks, NGOs and advocacy groups, and project partners were added as new stakeholder groups. As a result, 3,250 people were sent an email containing a link to the anonymised online Microsoft Forms questionnaire. The survey was sent to people in the following stakeholder groups:

- Employees
- Supervisory Board
- Managers
- Executive Board members and Managing Directors of Frequentis companies
- Shareholders / capital market representatives
- Banks
- Suppliers and sub-contractors
- Customers
- NGOs and advocacy groups
- Project partners (sales, execution)

These stakeholders were asked to assess the relevance of the topics listed in the ESRS topic list (37 ESRS sub-topics). Since safety and security are company-specific topics of relevance for sustainability reporting at Frequentis, a company-specific safety & security section with four additional sub-topics was included in addition to the standard ESRS environmental, social, and governance (ESG) matters.

GRI 3-2

The survey was online for three weeks in October 2023. The average response rate was 17% (a total of 547 responses), with the highest response rates coming from representatives of banks and the Supervisory Board. The lowest response rates were from shareholders/capital market representatives and sales and project partners. The assessments of the various stakeholder groups are still being analysed in detail and will be incorporated into dialogue and communication with the various groups.

Continuous dialogue with stakeholders

GRI 2-29
GRI 3-1

Active engagement with internal and external stakeholders and target-group specific reporting remains important to Frequentis. Regular dialogue with stakeholders plays a key role in this. One area of focus is the stakeholders addressed in the materiality assessment.

GRI 3-3

Stakeholders	Communication and collaboration formats	Topics addressed
(Prospective) employees (including managers)	Intranet, career fairs, communication via social media, CFO Talk, CEO Dialogues, Board Chat, IDEAS, various communities and events, internal training sessions, Q&A formats, team workshops, employee newsletter, meetings of the workers' council	Frequentis as an employer, work-life balance, collaboration, leadership issues, occupational safety, support for women, corporate culture, health-related measures, environmental management, energy-saving measures
Shareholders, capital market representatives	Financial reporting (internet), regular mailshots, Annual General Meeting, roadshows, capital market events, surveys, one-on-one meetings with investors	Sustainability strategy, sustainability-related measures, ESG strategy and targets, governance, ratings
Banks	Specialist conferences, financial reporting, one-on-one meetings with representatives of banks	Sustainability strategy, governance, ratings, (trade) compliance, responsibility within the supply chain
Sub-contractors and suppliers	Supplier visits and audits, various events and trade shows, regular mailshots	ESG strategy, governance, responsibility within the supply chain, social and employee matters, environmental management
Customers	Customer projects and presentations, customer satisfaction survey, company presentation, customer events, trade shows	Responsibility within the supply chain, sustainability of products, sustainability-related measures (energy supply, social and employee matters, governance), safety awareness, security, cybercrime, (trade) compliance
Sales and project partners	Partner portal, regular newsletter, training	Innovation, sustainability of products, governance, (trade) compliance, safety-awareness, cybercrime, ESG strategy

Advocacy groups, associations, NGOs	Frequentis website, social media, conferences, research projects, cooperations, active involvement in associations and committees	ESG strategy, innovation, sustainability of products, safety awareness, security, fail-safety of systems, cybercrime, support for women in the company, energy-saving measures, careful use of resources

For communication purposes, digital platforms are used extensively – videoconferencing, virtual training sessions, social media. In addition to this, personal contact is very important, for example, through local meetings and at a wide range of international trade shows.

Furthermore, Frequentis offers all internal and external stakeholders a whistleblower service, which is available via the Frequentis website www.frequentis.com/whistleblowing.This service allows simple and anonymous reporting of concerns about possible non-compliant behaviour.

GRI 2-26
GRI 2-16

Further CSRD preparations

To supplement the materiality assessment based on the principle of double materiality, which will form the basis for the new sustainability report, further CSRD preparations have been initiated.

Introduction of the CSRD also involves mandatory reporting in accordance with the European Sustainability Reporting Standards (ESRS). These binding standards have been drawn up by the European Financial Reporting Advisory Group (EFRAG) to improve comparability between companies.

So far, Frequentis' non-financial reports have been based on the applicable GRI standards. Transitioning the key performance indicators and datapoints to meet the requirements of the ESRS started in 2023 and the work will continue in 2024. At present, Frequentis assumes broad interoperability between GRI and ESRS, as announced in a joint statement by EFRAG and GRI in September 2023.

In parallel with the switch to ESRS, reporting of the KPIs will be rolled out stepwise to include the entire Frequentis Group. Some KPIs are currently only presented for Frequentis AG as a stand-alone company. Therefore, evaluations were performed at Frequentis subsidiaries in 2023 to identify the datapoints that are already available and where work is necessary to implement the requirements.

As well as extending KPI reporting, the CSRD has a strong focus on forward-looking disclosures. Specific ESG targets have been agreed with the Executive Board members for 2024. These also affect the variable component of their remuneration. Examples are aspects of the circular economy, energy savings, and employee satisfaction. As an additional focus, cybersecurity was selected from the company-specific issues highlighted in the materiality assessment. In addition, Group-wide ESG awareness is to be strengthened and a comprehensive understanding of the actions to be taken is to be established.

Impact of the geopolitical situation

This section provides an overview of the impact of global events on the company in 2023 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.

In addition to the war in Ukraine, which started in February 2022 and is now entering its third year, Hamas' attack on Israel in October 2023 led to the outbreak of a new war with potentially global consequences. Moreover, there are longer-term crises such as the climate crisis and distortion and price volatility on the energy market. It is possible to talk about a polycrisis, where individual crises have a compound effect. At the same time, Europe, in particular, is stepping up investment in military infrastructure and public safety.

These crises affect Frequentis' internal and external stakeholders in many different ways. There were no relevant effects on Frequentis' revenues because it did not generate any revenues with Ukraine, the Russian Federation, Belarus, or the Palestinian territories in 2023. Revenues from Israel were below EUR 1.0 million in 2023. However, the wars had an indirect effect through higher prices, especially for electricity, gas, and fuel.

Consequently, prices of other everyday products increased. Overall, inflation therefore rose sharply almost everywhere in the world and was well above the average for previous years in both 2022 and 2023. This resulted in the need to adjust prices for existing and new customer projects.

The inflation-related salary adjustments based on individual and collective salary agreements are reflected in the Frequentis Group's personnel expenses in both 2022 and 2023. Further cost rises are anticipated in 2024. This applies above all for Austria, where about half of Frequentis' workforce is employed. According to Eurostat, inflation was 7.7% (as at December 2023, annual average, year-on-year change). That was once again several percentage points above the average for the euro zone, which was 5.4%.

Recurrent supply chain bottlenecks caused by various factors (e.g. attacks on trade routes) have some impact on Frequentis, for instance through some sharp price rises and delays in the delivery of purchased materials. 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.

Another aspect that could influence Frequentis' business is that more than a quarter of the world's population will have the opportunity to vote in elections in 2024. That could result in new governments, which could either initiate new investment plans or cut existing plans.

Social and employee matters

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

GRI 2-7

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.

Talent acquisition and employer branding

In 2023, 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. Finding the people with the right skillset means addressing the right target groups (through recruitment campaigns, including the conventional screening process, approaching prospective employees directly). It also involves supporting candidates right through the recruitment process, up to and including pay negotiations and drafting the employment contract. 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, especially for university graduates. This underscores the importance of these functions and gives young employees, in particular, a perspective, which enhances employee retention.

In 2023, the recruiting team in Vienna received 2,359 job applications. Following a thorough evaluation process, they resulted in 105 new hires. In addition, the "Bringing a friend counts" incentive scheme has proven effective. In 2023, nearly 9% of total job applications were due to recommendations by employees and in 20 cases they resulted in the hiring of new employees.

GRI 2-30

In autumn 2023, we started to draw up a strategy for a strong employer brand in order to introduce Group-wide employer branding guidelines. The aim is to extend and strengthen employer branding in keeping with Frequentis' mission, strategy, and culture. The employer brand created in this way will give Frequentis a positive and unique identity as an employer and help attract and retain skilled staff, differentiate Frequentis from its competitors, and foster a pleasant and productive working environment.

The Frequentis Group's headcount increased from an average of 2,193 in 2022 to 2,341 in 2023. Almost 45% of employees work in Vienna. The increase in the headcount was therefore 6.7%. Expressed as full-time equivalents (FTEs), the average number of employees in the Frequentis Group rose by 6.5% to an average of 2,217.

Remuneration

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. This includes evaluating whether they meet the minimum requirements and market conditions. Salaries are reassessed in the regular pay rise process. All employees at Frequentis AG fall within the scope of the Austrian collective bargaining agreement for employees in the metalworking sector.

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 addition to the income report, an analysis is performed at function level. This is used in the annual salary adjustment process.

For employees of Frequentis AG, remuneration information sessions were organised for the first time in 2023, to provide a transparent presentation of Frequentis' pay policy and answer employees' questions.

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 team ensures that hazards and inappropriate workloads are viewed from different angles and takes proactive steps to avoid them.

To ensure a safe working environment, risks, hazards, and problems are viewed from a wide range of 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 therefore been put in place. As well as ample first-aid equipment, this includes a significant number of first-aiders and paramedics. 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. Special attention is paid to the 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 dangerous chemicals used at Frequentis AG are managed with the aid of 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 are then implemented to ensure safe use and storage of chemicals. Any remaining danger is mitigated by the use of PPE by staff.

Regular inspections are carried out by the safety specialists and the occupational medical officer to continuously enhance the effectiveness of the safety measures already defined, identify risks that had not previously been detected, evaluate the implementation and efficiency of the measures already in place, and obtain feedback from employees. The safety specialists and safety officers are firmly integrated into the everyday working environment, so employees can contact them confidentially at any time.

The training and continuing professional development (CPD) programme contains a wide range of free health and safety offerings. These include the mandatory safety training, for example, on working at heights and the regular refresher courses required under Section 14 of the Austrian Occupational Safety Act (ASchG). In addition, a wide choice of other topics, including occupational psychology, is available on a voluntary basis. In 2023, the focal areas were once again resilience (mental toughness), stress management, and burnout prevention. Regular refresher courses are held for first responders.

GRI 403-5

Preventive healthcare

As a responsible employer, Frequentis gives high priority to actively fostering the health of its employees. As well as annual vaccination programmes (e.g. influenza and FSME vaccines) as part of occupational healthcare at the Vienna location, Frequentis organises special prevention projects such as heart check days, lung function tests, eye tests, and vein checks.

GRI 403-6

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 largely prevent mental stress and also 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 Frequentis 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.

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.

GRI 403-2

Despite extensive precautions, accidents cannot be prevented entirely. Frequentis AG considers it very important to analyse every accident carefully to prevent similar accidents occurring in the future. Although the accident rate is traditionally low, every accident and near miss is examined carefully to identify the exact causes. When an accident is reported, the background and causes have to be determined as quickly as possible by one of the safety specialists. Where appropriate, the occupational medical officer can be included in the analysis. On this basis of the findings, where possible, action to improve the situation is defined and implemented.

GRI 403-3

Operating procedures are drafted for all chemicals and machinery/equipment classified as dangerous. These are available to all members of staff. Where applicable, they include notes restricting their use by risk groups such as pregnant and nursing mothers and young people. If a member of staff is pregnant or young people are employed, e.g. through a work-experience placement or holiday job, the line manager is responsible for checking the information in order to protect the employee concerned. Employees who work with chemicals or operate machinery/equipment receive relevant instruction from their line manager or qualified colleagues in line with the operating procedure.

Flexible working hours and the working environment

Even before 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. The Frequentis working time model is part of the corporate culture and is based on the principles of performance, respect for individual personality, and mutual trust. A modern IT landscape (Microsoft Teams and other web-based platforms) provides extensive support for mobile working and working from home.

The provisions of the law adopted in Austria in 2021 on working from home and the results of an in-house survey have been combined in a Frequentis-specific regulation on working from home. Depending on the function profile and work performed, employees can sign an agreement allowing them to work from home for a maximum of three days a week. To supplement this, guidelines on hybrid working have been drawn up and distributed to the teams. To support this, the technical infrastructure in the meeting rooms has been 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.

Business travel is an essential element in Frequentis' business. To improve the travel conditions for employees, especially system engineers, a key function group that performs responsible tasks on customers' premises, a working group made up of representatives of Delivery / Technology, the workers' council, HR, and the Travel department was set up in 2023 to identify weak points and propose ways of making business travel more attractive, including taking sustainability into consideration. The first initiatives will be implemented in 2024.

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, well over 1,000 employees' children have taken part in the varied programmes offered by this initiative in Vienna. The Frequenty Kinderwochen help to foster a passion for technology, awaken interest in natural science, and instil an interest in experiments at a young age.

In 2023, 150 "Frequentis kids" aged between 4 and 12 years took part in the Frequenty activity weeks, which took mobility and traffic as their theme. At the parent-child afternoon, the kids were able to conduct experiments with their parents. In addition, a special obstacle course gave the parents and children an opportunity to experience the mobility challenges faced by blind people and wheelchair-users in their daily lives.
The Frequenty programme is continuing in 2024.

These staff-retention measures are having a positive effect: on average every employee stays with the Frequentis Group for around 8 years.

Broadly based staff development

Training and continuing professional development 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 sustainability and the environment.

GRI 404-2

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. In their first months at Frequentis, new staff are supported by tutors to ensure quick and successful onboarding. The onboarding programme at Frequentis' headquarters in Vienna starts with an in-person welcome workshop. These workshops take place once a month. To support international networking, eight virtual Welcome Calls were organised in 2023.

GRI 404-3

Mandatory training sessions are part of the onboarding process. Subsidiaries also offer onboarding programmes for new employees. These are based on corporate standards, with a "local touch".

Appraisal interviews, which are held at least once a year, are the main tool used for employee advancement, development, and leadership. The 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. The appraisal interview is therefore a snapshot, which gives employees guidance for their personal development. Digital documentation facilitates tracking of the agreed targets and development measures.

In 2023, at least one documented appraisal interview was held with 63% 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 the past three years have not yet been included in the Group-wide appraisal system.

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 around 86% of employees in the Frequentis Group, provides an overview of the distribution of performance and potential at company, function, 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 2023.

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 6,759 training sessions in 2023. The increase compared with 2022 (participation in 6,230 training sessions) was attributable to the extended training offering, especially in technical subjects. Most training sessions are conducted by internal instructors. This in an important element in passing on knowledge and safeguarding Frequentis-specific know-how. This valuable knowledge transfer is used to leverage synergies and as a competency multiplier across a wide range of fields. Frequentis has more than 100 internal instructors, who are an important part of the corporate culture and a vital basis for it to remain a learning organisation in the future.

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.

O'Reilly Online Learning, also known as O'Reilly Safari, is an online learning platform, which offers a broad spectrum of content, including e-books, video courses, interactive tutorials, and case studies. The platform has a strong focus on technology and software development and offers advanced content on programming languages, frameworks, cloud computing, machine learning, and other relevant topics. Intensive use is made of this platform at Frequentis. At present, more than 17 companies have joined the Group-wide O'Reilly programme, which gives their employees access to more than 60,000 modules.

GRI 404-2

A cybersecurity training programme was added to the technical training courses in 2023. In response to the development of the cyber threat landscape, the aim of this training programme is to give employees the knowledge and skills needed to protect the company and ensure the highest standards of safety and reliability. The programme covers a wide range of topics, including threat analysis, safe coding practices, network security, incident response, and compliance with sector regulations. It therefore improves Frequentis' cyber resilience and competence.

In 2023, 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 30 people used this offer in 2023.

The new "Leadership Nuggets" format for managers to exchange compact information on specific topics proved successful in 2022. Four "Leadership Nuggets" sessions were held in 2023. The topics addressed were change communication, psychological safety, and decision-making in turbulent times. In view of the very positive feedback, this format is continuing with new topics in 2024.

There is rising demand for informal learning. Working Out Loud (WOL) was introduced as a new Learning & Development initiative in 2023. WOL is a method of collaboration and self-learning based on sharing knowledge and experience. The basic idea is that people report on their work and make it visible to others to help them and benefit from other people's knowledge. WOL is designed to foster personal development, networking, and collaboration.

The Frequentis Community Framework, which supports the establishment and operation of "communities of practice" has proven effective. Through these communities, Frequentis encourages a culture of collaboration and sharing specialist knowledge. They are an important element in collecting, creating, and sharing knowledge. There are now more than 20 Group-wide communities, mainly dedicated to technical topics such as data science, security, 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.

This extensive training programme was developed on the basis of an internal analysis of the strengths and development areas of the Frequentis sales organisation and is constantly reviewed. The basic package is a series of mandatory training sessions covering areas such as data protection, security, and "compliance for sales" (see ↗ *Safety, security & data protection* and ↗ *Compliance*). This is supplemented by advanced sales training modules on topics such as trust-based selling, consultative selling, and lateral leadership.

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

Diversity & 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 56 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. Professional succession planning also 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.

Two allegations of discrimination were formally investigated in 2023. In the first case, the allegation was not substantiated. In the second case, prompt disciplinary action was taken. In addition, awareness-raising action was taken with the team concerned and external coaching was offered.

A video message recorded by the Executive Board increased Group-wide awareness of this issue. A supplementary training module on equal treatment and anti-discrimination was developed for the Group companies in Austria and Germany.

The percentage of women at Frequentis is comparatively low, as it generally is in technical fields. However, a higher percentage of female employees would be desirable from Frequentis' perspective, especially in technical jobs. Diverse teams are generally more effective and enrich the company. The objective of the "Women & Careers" initiative is to support and encourage women at Frequentis to play an active part in shaping their career. In particular, the aim is to increase the proportion of female managers, for example through transparent internal vacancy notices. The Frequentis "Women's Community" is a platform for networking and interaction that provides important impetus to support female employees.

This can be illustrated by three initiatives from 2023:

- Launch of the mentoring programme at the Vienna location
  Development of a common understanding and establishment of a professional mentoring network with more than 30 committed mentors
- Salary information for employees
  Transparent presentation of remuneration components, criteria for salary progression
- Pilot initiative "active publication of management vacancies"
  A qualified assessment process for filling management posts from within the company; identifying female employees with potential

The proportion of female employees was stable in the Frequentis Group and at Frequentis AG. In 2023, the proportions were 23.4% in the Frequentis Group and 25.4% at Frequentis AG (compared with 23% in the Frequentis Group and 25% at Frequentis AG in 2022). 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 33% (37% in 2022).

At Frequentis AG, women accounted for 27.4% of the 2,359 job applications received in 2023 (compared with 33.7% in 2022). This was partly due to the type of vacancies advertised, and partly to the fact that about 20% of the applicants did not disclose their gender.

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

The Group HR Consultancy & Employee Mobility competence centre is responsible for implementing an effective Group-wide HR organisation by fostering a shared, Group-wide HR mentality, supporting the companies in the Frequentis Group around the world, and enabling international collaboration in HR work through Group-wide knowledge sharing and knowledge transfer. The competence centre is also responsible for initiating and supporting international assignments.

A core team involving local HR managers holds regular meetings to define joint goals and ensure implementation of a Group-wide HR strategy. In addition, the first World HR Team Summit was held at headquarters in Vienna in September 2023. More than 30 HR professionals from nine companies in the Frequentis Group on three continents attended.

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. The company therefore made substantial donations to UNICEF in the immediate aftermath of the catastrophic earthquakes in Turkey and Syria, and in Morocco and Libya.

Moreover, collections were made at the initiative of employees at the Vienna location in cooperation with the Caritas charity: 65 parcels were donated for deprived families with babies and EUR 5,000 in cash was donated by employees. The cash donations were doubled by the company.

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. For example, in 2023, the Vienna location supervised 23 holiday internships and five work experience placements. Other activities include sponsorship, workshops, and field trips for technical higher education institutions in Vienna and Lower Austria.

For many years, Frequentis has also been committed to helping various universities in Austria improve the quality of training. Since 2011, a special course on "Next Generation Air Traffic Management Systems – Air Traffic Control as an Example of Safety-Critical Systems" has been 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.

"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. Experience shows 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. Innovations in drone technology also have positive environmental effects, for example, by increasing the efficiency of inspection flights and monitoring. Special mention should be made of skyzr GmbH, the first Business Development spin-off, which is working with Frequentis in the field of UTM (uncrewed traffic management). At the same time, it is pursuing its own product developments for drone pilots and their clients.

Future aspects include examining artificial intelligence or blockchain technology for possible use in safety-critical applications.

Environmental matters

Environmental aspects and careful use of resources are important to Frequentis at all stages in the value chain. Sustainability and environmental awareness are 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.

An important 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 by reducing CO_2 emissions (↗ *Green products*).

As a result of the pandemic, there was a massive drop in business trips from 2020, resulting in an extensive reduction in CO_2 emissions. A continuation of this trend was observed in the following years and has been included in Frequentis' environmental concepts since the end of the pandemic. Greater attention is now paid to optimising business trips and incorporating virtual meetings into project work. This is reflected in the CO_2 emissions caused by air travel, which were only half the 2019 level in 2023.

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. When selecting products for production processes, Frequentis looks for environmentally friendly materials and supplies. Relevant chemicals are evaluated by HSE. 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 tracked and documented in annual management reviews.
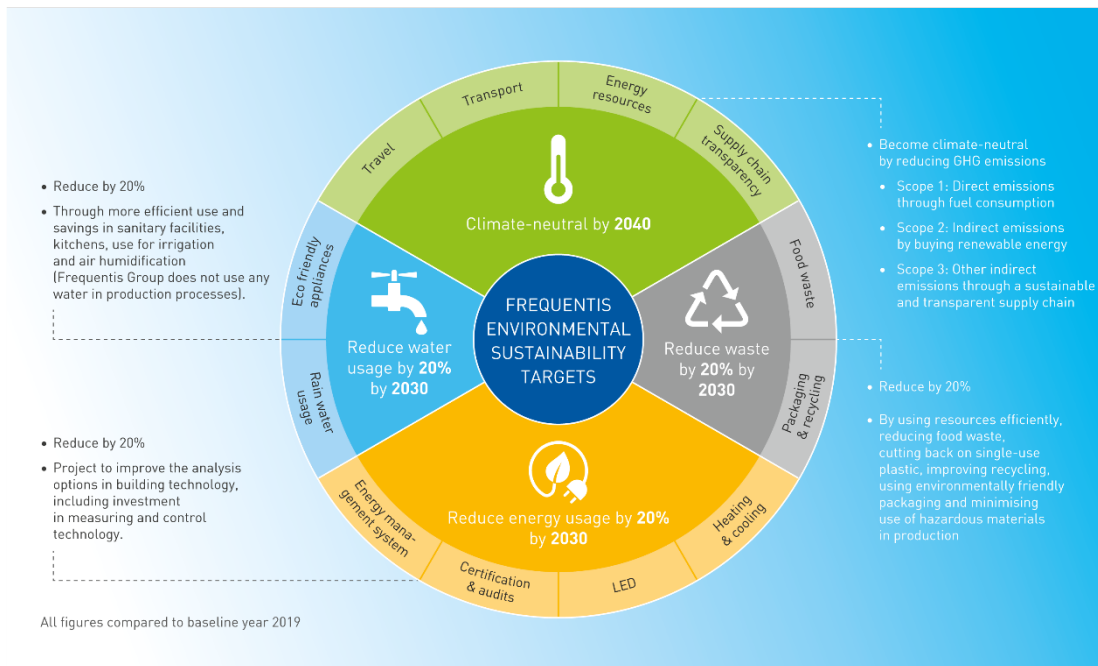
Environmental impact of on-site activities

The Frequentis Group concentrates on installing and operating its solutions on existing infrastructure. That minimises the environmental impact of Frequentis' activities on local ecosystems. Consequently, these activities do not have any adverse impact on biodiversity, which is mainly jeopardised by intensive land-use by people, in other words, the conversion of natural habitats and ecosystems into agroecosystems.

Moreover, the risk of the irreversible loss of valuable natural areas can be minimised by using specific local knowledge and focusing on correct spatial development in collaboration with sub-contractors, 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 Frequentis Group's project work does not have any detrimental effect on nearby aquatic or terrestrial habitats.

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 (electrostatic discharge) 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.

Following modernisation of measuring and control technology at Frequentis AG in 2022, heating, cooling, and ventilation systems have been optimised. This includes prioritising the use of heat pumps and making optimum use of exhaust heat. In addition, there was a considerable improvement in the capture and presentation of consumption data. Furthermore, a more detailed breakdown of individual electricity consumers will be integrated into the reporting system in the future to allow more accurate planning of effective measures to reduce consumption.

Lighting of the premises in Vienna is currently being converted to LED. When completed, this will reduce the energy required for lighting by about 65%.

GRI 302-1
GRI 302-3
GRI 302-4

Frequentis places great value on the use of electricity from renewable resources. For some years now, Frequentis AG has therefore sourced all electricity from hydroelectric power, wind energy, and eco-energy 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.

Consumption of gas for heating at Frequentis AG's location in Vienna was more than halved in 2023 compared with the previous year. This was attributable partly to the optimisation of the measuring and control system and the associated improvement in the use of exhaust heat, and partly to higher average ambient temperatures in the past two years.

Total energy consumption by the installations used to assemble systems for delivery to customers increased again in 2023. This was because considerably more systems were sold than in 2022. Moreover, average power consumption during operation of the systems has risen as electronic components are more densely packed.

GRI 302-2

Efficient use of resources and waste separation

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

GRI 306-1
GRI 306-2

Environmental protection plays an important role throughout the value chain at Frequentis, from the selection of materials to processing and recyclability. Considerable attention is paid to reducing the use of hazardous materials in production. At the same time, Frequentis 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. Since 2023, bubble packaging has been produced from recyclable materials at the Vienna location and used to package installations. Wherever possible, packaging of purchased materials is re-used.

GRI 306-4

Systematic sorting of different types of waste is compulsory. There are many waste collection points at the company's head office in Vienna. Each office has separate containers for recyclable paper (data protection regulations are observed in the disposal of paper) and other refuse. There are also collection points for waste paper in the large copy centres. For all other types of waste, there are waste sorting points in every kitchenette. 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. There was a slight adjustment to the waste data because waste generated by the caterer SV Österreich is presented separately for the first time for 2023. The waste generated by Frequentis' activities at the Vienna location is disposed of by an external waste disposal company. The change in the waste disposal company and the related revision of the disposal concept at headquarters resulted in a further optimisation of waste sorting at the Vienna location in 2023.

The "Frequente" employee magazine, which is published three times a year, has been switched to an entirely PDF publication which can be downloaded from the intranet. A concept for a fully digital version is being developed.

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. In 2023, work started on guidelines for "green" meetings and events in the Frequentis Group. Greater attention is paid to the principle of sustainability by using sustainable event locations, reducing the use of single-use materials, and using shorter, more sustainable transport options.

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 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. Lunch menus now also include more vegan options. All this requires knowledge and conviction, so 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 initiatives such as 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 and used 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 2023.

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 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 take into account the IPCC guidelines. For these calculations, Frequentis used the data for the 100-year global warming potential (GWP-100), which takes into account the radiative efficiency of the various substances and their atmospheric lifetimes compared with those of the reference gas 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. In Germany, Frequentis introduced a fleet policy giving preference to electric and hybrid vehicles in 2020. In 2023, electric and hybrid vehicles made up about 42% of the fleet of company cars at Frequentis AG and about 42% 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. Frequentis calculates Scope 2 emissions using the market-based approach. According to the energy supplier, no CO_2 emissions occur in the generation of electricity from renewable resources.

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 2023: 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, taking into account the lessons learnt during the COVID-19 pandemic.

In 2023, Frequentis AG gave 627 kg of used vegetable oil from the staff restaurant to Münzer Bioindustrie GmbH, which was able to use it in the production of sustainable biodiesel. According to a certificate issued by this company, 1,921 kg CO_2 equivalents were avoided in this way.

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.

Biodiversity

GRI 304-4

Within its sphere of influence, Frequentis places importance on preventing the destruction of ecosystems and the resulting loss of biodiversity.

The site adjacent to its location in Vienna, which is assigned to its care, is a habitat and migration route for many species of animals, including foxes and snakes. It is also one of the few areas in the city that provides a retreat for field hamsters, which are classified as an endangered species. This site is mowed only once a year and litter is regularly removed. There is no further intervention in its ecosystem, allowing largely undisturbed use by animals and plants. Frequentis sees this as a small contribution to maintaining and fostering biodiversity.

Human rights, compliance & anti-corruption

Combating corruption and the violation of human rights is important for the Frequentis Group. Frequentis operates internationally and is therefore active in countries that have a high ranking on the 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.

An obligatory e-learning module "Business ethics and the Code of Conduct", which was introduced in 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.

In 2023, there were no cases of corruption resulting in disciplinary action, court cases, or dismissals. 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

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 communication 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.

Once again, substantial use was made of virtual classroom training sessions in 2023. This also gives international employees easier access to compliance training, which 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 2023: the Compliance for Sales training course is a compulsory part of the Sales Excellence Programme for all sales staff. By year-end 2023, 66% 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. 12 enquiries were dealt with in 2023. These were submitted by email to a special email account, compliance@frequentis.com, or asked personally or over the phone.

Compliance audits

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.

GRI 205-1

Whistleblowing

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

GRI 2-16

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. Should further clarification be necessary, the whistleblower can be contacted 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.

Two reports were received via this system in 2023. These were processed using the defined whistleblower process.

Global Channel Management

Frequentis AG has a network of more than 50 agents around the world. At the beginning of 2022, they were integrated into a Group-wide Channel Management unit. Its role 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 2023, an extensive partner programme was established 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 five regional partner events, which were organised both digitally and locally.

As another measure to improve partner management, Frequentis developed a partner portal, which was officially presented in October 2023. This portal serves as a central platform for improved collaboration with the global partner network.

It allows efficient onboarding of new partners and the provision of training documents and a range of marketing materials. Moreover, more than 15 professional training modules on the Frequentis product portfolio, which were offered by Enablement in 2023, are also accessible 24/7 via the portal. A special partner newsletter was introduced in 2023 to ensure transparent and better communication. This is sent to all partners quarterly. Further measures are planned in the areas of training & enablement, engagement, and communication in 2024.

The Group-wide Sales Partner Policy published in 2022 ensures a uniform process for the use, selection, and management of channel partners in the Frequentis Group, together with the associated compliance audits.

Trade compliance

In view of the global political situation, there is a continued focus on international trade restrictions and economic sanctions on people, organisations, and economic sectors in third countries. These can be expected to increase further in the future.

In 2023, a thorough analysis of established trade compliance workflows and business activities was performed from this perspective, paving the way for a harmonised Group-wide export control system. Frequentis plans to implement the new processes in 2024.

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 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 2023. 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 2023, 87% 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 sub-contractors.

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

The CSR code for suppliers and sub-contractors 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 labour, moonlighting, and discrimination of employees. Observing working hours, ensuing a safe working environment, and paying the collectively agreed and 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 sub-contractors, and in the contractual documents for sub-contractors, suppliers, coaches, and employment agencies.

By acknowledging the CSR Code, suppliers undertake to do everything necessary to apply and implement the principles of the CSR Code, in compliance with the contractual provisions and the applicable national laws, and in conformance with the United Nations Universal Declaration of Human Rights and the fundamental conventions of the International Labour Organisation (ILO). Suppliers are also responsible for compliance by their own suppliers and sub-contractors.

GRI 308-1
GRI 414-1

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 give an undertaking that they and their sub-contractors 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.)

Audits are always performed on-site because this is essential to secure the quality of the audit.

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 different weightings 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 assessment for 2023 will be performed in Q1 2024 as planned. The 2022 assessment, which was performed in 2023, covered 90 suppliers accounting for a procurement volume of EUR 46.5 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 once again a special focus of the 2022 assessment. There was a separate evaluation and award for the suppliers with the highest scores in the sustainability category, and this approach will be continued in the future.

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, 94.5% 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 92.9% of procurement.

GRI 2-6
GRI 204-1
GRI 308-1
GRI 414-1

In 2023, seven on-site supplier audits were performed in Austria, Germany, Belgium, and Hungary (comparative figure for 2022: nine audits).

The aim is to continue the application and Group-wide rollout of the Frequentis Governance Policy, which includes precise supplier evaluations, in order to achieve a continuous improvement in supplier management. Supplier audits are also used to evaluate potential for improvement.

In addition to the criteria listed above, it is important to the procurement function to avoid long procurement distances in order to reduce the Frequentis Group's carbon footprint and 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 2023.

GRI 415-1

Frequentis has been registered with the European Transparency Register (https://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=878884412932-63) since 2014 to disclose its activities in the area of research funding in Europe.

Safety, security & data protection

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

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, 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 the customers and business partners and have a lasting negative impact on the Frequentis 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 has been published. 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.
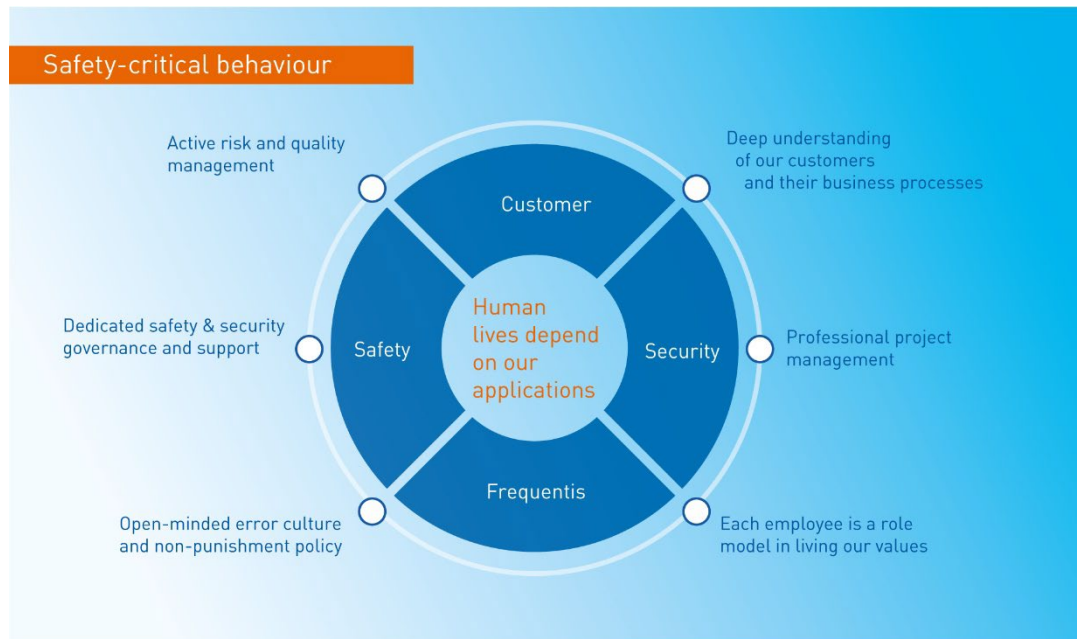
This introduction to safety-critical behaviour has been designated as a mandatory training unit that has to be refreshed every two years. By the end of 2023, the completion rate of valid training modules was 87%.

Safety

System safety is achieved by analysing the undesirable effect of operating a system on the system itself, the environment, the user, or a third party. With reference to Frequentis, this means that the safe operation of Frequentis systems has to be guaranteed at all times. Frequentis has been a global leader in safety for many years. Since 1995 it has had its own competence centre for system safety management. This provides safety expertise for customer projects. Numerous awards, published papers, and international accolades testify to Frequentis' enormous expertise in this field.

Safety management system

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

To perform the required system safety tasks in regulated areas of operation, Frequentis has an extensive safety management system, which is an important element in the management's commitment to safety.

Everyone in the company has to understand the importance of safety and 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 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, since 2005 the Safety Academy has offered special safety training leading to the award of a certificate. So far, more than 170 employees have gained this safety certificate, including 23 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; it further strengthens Group-wide safety competence. In addition, the results of analyses are used for continuous improvement of products and internal workflows.

To ensure role-specific safety training and be able to offer specific training for relevant functions at subsidiaries, the Safety Academy offers a wide range of other 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). Frequentis takes a holistic view.

The steadily rising threat situation with different patterns of attack requires continuous monitoring to allow constant implementation of foresighted preventive measures. Worldwide, laws are being drafted and implemented to counter the increased cyber threat. These contain more stringent regulations to safeguard cybersecurity. Consequently, demand from Frequentis' customers for proven, auditable security architectures and processes is set to rise further. In addition, as a result of (geo-)political changes, cyber terrorism and cyber warfare are gaining in significance alongside cyber crime. This is associated with targeted attacks conducted with a high level of resources and know-how. 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 software 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:

- Group-wide Security Governance, which includes IT Security, System Security, Service Security, Physical Security, Personnel Security, and Managed Supplier Security.
- The Information Security Management System (ISMS) operated by Frequentis Group IT.
- Implementation of security in business processes by security engineers in product, project, and service teams, and the security agents in the Frequentis business domains, who coordinate specific cross-departmental security activities.
- The strategically oriented Security Steering Board and the Security Committee, which is open to all employees, drive forward the security strategy and innovation on a top-down and bottom-up basis in cross-functional teams.

In 2023, special attention was paid to implementing security in business processes. A joint effort 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 2024. The first result is the role of Project Security Manager within the Projects & Process framework at Frequentis.

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 2023, all in hybrid format.

In 2023, 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.

The focus in 2023 was on setting up a security training programme for technical functions in the company, based on the established CompTIA Sec+ standards (global security certification).

The security training programme designed in 2022 was successfully tested in two pilot training sessions with 30 participants in 2023. The feedback from the participants was analysed in detail to refine the curriculum of this training programme. The security training and certification programme will be continued in 2024 to train further personnel. This in an investment to raise the security competence of employees and contributes to the ongoing improvement of the security of Frequentis products.

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.

The Service Security Policy rolled out in 2022 contains governance guidelines for the entire Frequentis Group to ensure that Frequentis can provide services throughout the life cycle of its products and integrated solutions. These guidelines support the provision of services (managed services and platform-as-a-service) for both customers and the company itself to ensure the 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 current global troublespots, Frequentis constantly monitored the situation from an IT security perspective and implemented additional precautions as required. Protection of the Frequentis network, including subsidiaries and external access, is therefore always state-of-the-art.

Employees are an important factor in this. To ensure the greatest possible awareness of this issue throughout Frequentis, all employees in the Group have been required to complete an Information Security Awareness Training module since 2015. This compulsory training module has to be repeated every two years.

To further sharpen employees' awareness, there are also regular Group-wide phishing campaigns. The frequency was increased in 2023 and campaigns are now carried out monthly. Everyone who uses the Frequentis networks receives simulated phishing emails. The response is automatically evaluated, feedback is published in the intranet and the staff newsletter and reinforced by personal discussions.

Phishing campaigns are used to train employees to report phishing mails via functions that are integrated into the mail system. These are analysed by the IT Information Security team and further training is undertaken where necessary. This is supplemented by lectures by experts spread across the year and by other opportunities for sharing information within the community. These activities are constantly supported by a range of communication measures under the motto "You are the key to security".

In 2023, internal IT services were not affected by outages caused by successful cyberattacks.

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.

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

Physical security

Physical security provides a safe framework for various other security aspects.

Based on the Physical Security Policy introduced in 2021, physical security standards have been tightened stepwise throughout the Group, for example, by renewing and extending access control systems, improved visitor management, and additional surveillance by the Security Incident Response Team (SIRT).

Security Incident Response Team (SIRT)

The Frequentis Security Incident Response Team (SIRT) is composed of cybersecurity experts from within the Frequentis Group, who are prepared to coordinate the response to IT security incidents and recommend suitable counter-measures. The team actively contributes to reducing the time required to deal with IT security incidents in the Frequentis Group through efficient coordination and therefore reduces the risk of lost earnings, damage, and productivity losses. It also monitors security reports on critical vulnerabilities in software components and forwards information on the necessary action to internal stakeholders. A key aspect is networking and maintaining a trusting relationship with customers' security teams through national and international security communities. This gives the team an edge in obtaining important information in the area of cybersecurity.

A particular focus in 2023 was on training technical capabilities for forensic investigation of systems compromised by attacks in order to apply appropriate knowledge and software to detect the technical evidence required to clarify the situation. In addition, a Threat Intelligence Policy was issued. This outlines the requirements for collecting, processing, and analysing data on threats. Such data allow a better understanding of the patterns used by attackers and their motives and objectives, as a basis for faster and sounder security decisions to proactively mitigate the risks posed by attackers. National and international networking with security teams in the public sector and Frequentis' market segments has been stepped up further.

IT security incidents in 2023 were coordinated successfully, so no serious damage occurred.

Networking with international safety and security communities

Many of Frequentis' customers operate "critical infrastructure", which is particularly important for society, the environment and essential supply services. 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 2023, 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 Working Group
- CANSO: Next Generation Safety Management System Workgroup
- CANSO: Human Performance Working Group
- EASA (European Union Aviation Safety Agency): Rule Making Task Analyse
- 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 these data, especially personal data, has top priority both when implementing and servicing customer systems and with regard to the 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 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 implement the GDPR in the Frequentis Group include, for example, revising Group policies and processes on handling personal data, continuously upgrading process documentation, preparing and revising document and contract templates, and regularly reviewing and updating the technical and organisational measures for which the company is responsible.

The data protection officers appointed by headquarters and the 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 reflect the latest conditions. Worldwide, 87% 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 2024. 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 2023, there were several requests for data erasure or information on data processing, all of which were processed without delay. 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 2023. 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 employees • Failure to utilise the potential of diversity and innovation					
Concepts, due diligence processes, action	p. 26ff	p. 25ff	p. 27, p. 29ff.	p. 28f	p. 34f	p.32f

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. 36, p. 38f.	p. 39f	p. 38f	p. 36, p. 39f

Respect for human rights

Material topics	Observance of human rights	Diversity and equality of opportunity	Protection of employees
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. 43ff	p. 32f	p. 26f

Fight against bribery and corruption

Material topics	Compliance with national laws and regulations	Integrity and business ethics	Compliance with the CSR Code at all stages in the supply chain
Risks	• 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. 43ff	p. 32f., p.43ff.	p. 43ff., p. 47ff.

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 cyber attacks 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. 50, p. 56f	p. 50, p. 54f	p. 50ff	p. 50ff

ESG outlook

Sustainability is a fundamental element in Frequentis' holistic corporate culture and covers the entire value chain.

GRI-2-22

A key focus for 2024 is driving forward ESG reporting and the transition to the extended sustainability reporting requirements of the CSRD (Corporate Sustainability Reporting Directive of the European Union), which are mandatory from the 2024 financial year.

The CSRD will greatly expand and standardise the present reporting obligations on environmental, social, human rights, and governance aspects. A significant contribution to this is the definition 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) – will standardise the content of reports.

From the 2024 reporting period, the Frequentis sustainability report will be based on the outcome of the materiality assessment performed in October 2023. The topics covered by the non-financial report 2023 will be taken into account in the transition to this new reporting basis.

The various topics will be further developed in 2024 on the basis of the concepts already in place. One focal area within Frequentis in 2024 will be the further improvement of the circular economy. The commitment to sustainable business practices is underscored by specific ESG targets for the Executive Board, which also influence their variable remuneration. All activities will be carried out in accordance with Frequentis' Corporate Governance Policy.

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. Guidance is provided by the ESG strategy, which embeds sustainability into the Frequentis Corporate Strategy. This aims to strengthen Group-wide ESG awareness and establish a broadly based understanding of the actions to be taken.

For a safer world: Safe. Secure. Sustainable.

KPIs
for non-financial reporting

In the past, KPIs were compiled primarily 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 KPIs are now being extended stepwise to include the subsidiaries. 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.

	2023	2022	2021	
Average headcount – Frequentis Group	2,341	2,193	2,157	GRI 2-7
thereof male	77%	77%	78.3%	
Executive Board / Managing Directors	34	30	29	
1st management level	40	39	26	
Other managers	185	156	149	
thereof female	23%	23%	21.7%	
Executive Board / Managing Directors	1	0	0	
1st management level	6	6	4	
Other managers	35	27	25	
Average headcount – Frequentis AG	1,017	996	999	
thereof male	75%	75%	78.3%	
Executive Board	3	3	until 1 April 2021: 2 from 1 April 2021: 3	
1st management level	21	29	26	
Other managers	99	100	88	
thereof female	25%	25%	21.7%	
Executive Board	1	0	until 1 April 2021: 1 from 1 April 2021: 0	
1st management level	6	5	4	
Other managers	16	14	14	
New hires – Frequentis Group	462	276	448	GRI 401-1
thereof male	334	184	359	
thereof female	128	92	89	
New hires – Frequentis AG	103	87	92	
thereof male	63	52	69	
thereof female	40	35	23	
Exits – Frequentis Group	207	220	212	
thereof male	149	166	162	
thereof female	58	54	50	
Exits – Frequentis AG	60	70	64	
thereof male	40	52	52	
thereof female	20	18	12	

	2023	2022	2021	
Employee turnover – Frequentis Group				GRI 401-1
New hires	19.7%	13.3%	20.7%	
Exits	8.4%	10.6%	9.8%	
thereof employees	6.6%	7.8%	n.a	
thereof employer	1.1%	1.7%	n.a	
thereof natural fluctuation	1.1%	1.0%	n.a	
Employee turnover – Frequentis AG				
New hires	10.1%	9.2%	9.2%	
Exits	5.9%	7.4%	6.4%	
thereof employees	4.5%	5.8%	n.a	
thereof employer	0.5%	1.0%	n.a	
thereof natural fluctuation	0.9%	0.6%	n.a	
Employees – Frequentis Group				
Part-time	369	344	315	
thereof male	181	164	197	
thereof female	188	180	118	
Parental leave	47	53	51	GRI 401-3
thereof male	20	22	23	
thereof female	27	31	28	
Special dispensation	60	66	62	
thereof male	37	38	25	
thereof female	23	28	37	
Training leave	4	3	4	
thereof male	1	1	4	
thereof female	3	2	0	
Part-time training leave	7	5	7	
thereof male	6	5	6	
thereof female	1	0	1	
Phased retirement	13	10	n.a.	
thereof male	9	7	n.a.	
thereof female	4	3	n.a.	
Employees – Frequentis AG				
Part-time	174	168	146	
thereof male	80	79	65	
thereof female	94	89	81	
Parental leave	43	49	44	
thereof male	19	21	20	
thereof female	24	28	24	
Special dispensation	45	43	42	
thereof male	30	28	21	
thereof female	15	15	21	
Training leave	4	3	4	
thereof male	1	1	4	
thereof female	3	2	0	
Part-time training leave	7	5	7	
thereof male	6	5	6	
thereof female	1	0	1	
Phased retirement	13	10	n.a.	
thereof male	9	7	n.a.	
thereof female	4	3	n.a.	

	2023	2022	2021	
Workers who are not employees – Frequentis Group	175			GRI 2-8
Workers who are not employees – Frequentis AG	100			
Average length of employment – Frequentis Group	7.9	n.a.	n.a.	
Average length of employment – Frequentis AG	10.6	10.2	10.2	
Average age – Frequentis Group				GRI 405-1
Total	43	42	43	
Executive Board	56	56	55	
1st management level and other managers	49	48	45	
New hires	38	36	39	
Average age – Frequentis AG				
Total	44	43	42	
Executive Board	56	56	55	
1st management level	53	52	52	
Other managers	49	48	47	
New hires	34	35	35	
No. of **nationalities** – Frequentis Group	56	56	55	
No. of nationalities – Frequentis AG	34	35	38	
No. of **appraisal interviews** held – Frequentis Group	63%	64%	67%	GRI 404-3
No. of appraisal interviews held – Frequentis AG	87%	87%	88%	
No. of **courses** offered Group-wide[1]	566	491	469	
thereof distance learning	395	422	427	
No. of classroom training sessions – Frequentis AG	237	220	35	
thereof with internal instructors	79.3%	61.4%	88.6%	
No. of Group-wide[1] virtual classroom training sessions	397	424	454	
thereof with internal instructors	87.4%	81.8%	92.3%	

[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

	2023	2022	2021	
Energy – Frequentis AG				GRI 302-1
Total energy consumption in kWh	6,786,733	6,467,390	6,994,086	
Consumption of natural gas in kWh	187,058	396,271	1,079,790	
Consumption of electricity by buildings in kWh	6,599,675	6,071,119	5,914,296	
Self-generated electricity in kWh	125,962	131,662	115,300	
Purchase of electricity from renewable sources	100%	100%	100%	
Total energy consumption of systems approved for delivery to customers' locations in W	150,435	89,908	96,563	GRI-302-2
Energy consumption of vehicles (combustion engines, incl. hybrids) in kWh	516,294	1,156,681	n.a.	
Consumption of diesel in kWh	505,452	880,438	n.a.	
Consumption of petrol in kWh	10,842	276,243	n.a.	
Total energy consumption by buildings as a percentage of total operating performance	2.4%	2.5%	2.1%	GRI 302-3
Total energy consumption by buildings per employee in kWh	6,677	6,496	6,925	
Natural gas consumption per employee in kWh	184	398	1,069	
Electricity consumption by buildings per employee in kWh	6,493	6,098	5,856	
Natural gas consumption per m^2 heatable surface area in kWh	8.2	17.4	47.5	
Self-generated energy per employee in kWh	124	132	114	
Average consumption by customer systems in W	348	281	386	
Energy consumption of vehicles (combustion engines, incl. hybrids) per employee in kWh	508	1162	n.a.	
Diesel consumption per employee in kWh	497	884	n.a.	
Petrol consumption per employee in kWh	11	277	n.a.	
Emissions – Frequentis AG				
Direct GHG emissions (Scope 1) from consumption of natural gas and fuel for company cars in tonnes CO_2(eq)	180	378	218	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)	1,833	1,375	718	GRI 305-3
Waste generated by operations	15	11	12	
Business trips[1]	1,817	1,363	706	
Hire cars	38	36	43	
Flights	1,779	1,328	663	
No. of flight legs on business trips[1]	12,933	10,995	4,084	

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

66   **KPIs**
for non-financial reporting   Frequentis Group
Non-Financial Report 2023

	2023	2022	2021	
Waste – Frequentis AG				GRI 306-3
Weight of waste generated in tonnes	77.18	64	45	GRI 306-4
Non-hazardous waste	75.14	63	43	
Domestic waste and similar commercial waste	26.20	18.78	19.76	
Paper and cardboard packaging (mixed packaging materials)	15.26	14.27	8.71	
Mixed plastic packaging	6.13	4.28	3.96	
Waste paper, paper, and cardboard, not coated	7.83	4.01	3.61	
Waste wood for material recovery	5.56	3.68	2.34	
Mixed metal packaging	1.55	2.00	1.66	
Iron and steel waste	0.07	0.42	0.77	
Waste electrical and electronic equipment - small appliances	1.67	0.38	0.73	
Electrical and electronic devices and device parts without environmentally relevant amounts of hazardous waste or substances	2.36	3.82	0.63	
Waste electrical and electronic equipment - large appliances	0.00	0.00	0.42	
Glass	0.44	0.24	0.18	
Bulky waste	6.24	1.57	0.12	
Sorted non-hazardous laboratory waste and residual chemicals	0.00	0.00	0.03	
Waste wood for thermal recovery	0.92	0.14	0.00	
Organic waste for composting	0.11	0.00	0.00	
Kitchen and food waste[1]	0.04[1]	9.08	n.a.	
Gypsum	0.96	n.a.	n.a.	
Polyurethane	0.12	n.a.	n.a.	
Resin residues	0.02	n.a.	n.a.	
Hazardous waste	1.70	1.50	1.70	
Electrical and electronic appliances and components, including environmentally relevant amounts of hazardous waste or materials	0.00	0.49	1.46	
Screen devices	0.42	0.08	0.20	
Waste electrical and electronic equipment – large equipment with hazardous properties	0.00	0.00	0.01	
Synthetic coolants and lubricants	0.00	0.00	0.01	
Paints	0.00	0.00	0.01	
Unsorted or hazardous laboratory waste and residual chemicals	0.78	0.08	0.01	
Pressurised containers (sprays) with residues	0.05	0.02	0.00	
Iron containers, with residual content	0.00	0.63	n.a.	
Batteries	0.15	0.15	0.00	
Lithium-ion batteries	0.04	0.05	n.a.	
Fluorescent light bulbs	0.13	n.a.	n.a.	
Solvent mixtures	0.01	n.a.	n.a.	
n-propanol	0.02	n.a.	n.a.	
Residual printing inks, toner	0.06	n.a.	n.a.	
Lead accumulators	0.03	n.a.	n.a.	
Adhesive waste	0.01	n.a.	n.a.	

[1]   Food waste split between Frequentis AG and SV Österreich from 2023

	2023	2022	2021
Waste – SV Österreich			
Weight of waste generated in tonnes	20.22	n.a.	n.a.
Kitchen and food waste	10.93	n.a.	n.a.
Commercial waste	3.66	n.a.	n.a.
Plastics	0.90	n.a.	n.a.
Metal packaging	1.14	n.a.	n.a.
White glass	0.77	n.a.	n.a.
Mixed metal packaging	0.09	n.a.	n.a.
Waste paper	2.28	n.a.	n.a.
Paper and cardboard packaging	0.45	n.a.	n.a.
Water – Frequentis AG			
Water consumption in m^3	8,478	6,502	7,077
Environmentally friendly vehicles – Frequentis AG			
Electric cars	29	17	9
Hybrid cars	15	10	8
PCs and workstations equipped with MS Teams functionality – Frequentis Group	100%	100%	100%
PCs and workstations equipped with MS Teams functionality - Frequentis AG	100%	100%	100%
Average no. of MS Teams meetings per month[1]	22,247	21,729	24,413

GRI-303-5

[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 include Skype for Business meetings.

Human rights, compliance & anti-corruption

	2023	2022	2021	
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	12	14	36	
No. of compliance enquiries from employees – Frequentis AG	9	12	27	
Reports via the whistleblower platform (introduced in December 2021)	2	0	0	
Compliance training in face-to-face/virtual classroom sessions	4	3	4	GRI 205-2
Checking invoices for compliance with the requirements of the Group policy on anti-corruption, invitations, and gifts; cases referred – Frequentis AG	17[1]	60	37	GRI 205-1
E-learning module **"Business Ethics and Code of Conduct"** for all employees				
Frequentis Group (in % of total workforce)	91%	84%	n.a.	
Frequentis AG (in % of total workforce)	94%	82%	n.a.	
Online training in **capital market compliance** for all employees				GRI 205-2
Frequentis Group (in % of total workforce)	87%	85%	95%	
Frequentis AG (in % of total workforce)	92%	84%	95%	
Supplier audits performed by Frequentis AG	7	9	5	
New suppliers that were screened using environmental criteria	96%	n.a.	n.a.	GRI 308-1
New suppliers that were screened using social criteria	96%	n.a.	n.a.	GRI 414-1
Geographical structure of suppliers and service providers by order volume[2]				GRI 204-1
Europe	92.9%	92.6%	90.0%	
North America	3.0%	4.8%	6.9%	
Asia	1.1%	0.6%	1.2%	
Australia	2.7%	1.6%	1.0%	
South America	0.1%	0.2%	0.5%	
Middle East	0.3%	0.2%	0.3%	
Africa	0.0%	0.0%	0.1%	
Geographical structure of suppliers and service providers by order volume – Frequentis AG*				
Europe	94.5%	93.5%	89.9%	
North America	2.0%	4.6%	7.0%	
Asia	2.6%	1.0%	1.7%	
Australia	0.0%	0.2%	0.0%	
South America	0.3%	0.3%	0.8%	
Middle East	0.6%	0.3%	0.5%	
Africa	0.0%	0.0%	0.2%	

[1] Decreased because the threshold for hospitality and event invoices under the anti-corruption policy has been raised from EUR 50 to EUR 80 per person.

[2] 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

	2023	2022	2021
Total number of **safety certificates** issued – Frequentis Group	173	164	157
thereof newly issued "Basic" certificates	9	7	7
Additional "Upgrade" certificates	30	29	15
Total number of safety certificates issued – Frequentis AG	150	144	140
thereof newly issued "Basic" certificates	6	4	7
Additional "Upgrade" certificates	30	29	15
Training in **safety-critical behaviour** – Frequentis Group	87%	85%	91%
Training in safety-critical behaviour – Frequentis AG	92%	84%	89%
Occupational safety training – Frequentis AG	551	666	454
Work-related accidents – Frequentis AG	1	1	3
of which serious accidents	0	0	0
Near misses – Frequentis AG	6	2	3
Improvements derived from these accidents	6	1	3
Completed **system security training** sessions[1] – Frequentis Group			
System Security Overview for Engineers	n.a.	2	53
System Security Advanced for Engineers	n.a.	0	32
Security Training Programme (CompTIA Sec+)[2]	30	n.a.	n.a.
Completed system security training sessions[1] – Frequentis AG			
System Security Overview for Engineers	n.a.	2	30
System Security Advanced for Engineers	n.a.	0	15
Security Training Program (CompTIA Sec+)[2]	20	n.a.	n.a.
Successful completion of "**Information Security Awareness Training**" – Frequentis Group	85%	88%	86%
Successful completion of "Information Security Awareness Training" – Frequentis AG	88%	86%	84%
Successful completion of "**Personal Data Protection**" training – Frequentis Group	87%	86%	92%
Successful completion of "Personal Data Protection" training – Frequentis AG	91%	86%	93%
No. of Group-wide **Security Community** events	12	12	11
Average no. of participants	56	51	25
Proven **IT service outages** due to cyberattacks	0	0	0

GRI 403-9

[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.

[2] Redesigned and extended concept that replaced the System Security Overview for Engineers and System Security Advanced for Engineers training modules in 2023.

GRI content index

The following list refers to the GRI Standards 2021, 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	9, 10
	2-2	Entities included in the organisation's sustainability reporting	8
	2-3	Reporting period, frequency, and contact point	6, 8
	2-4	Restatements of information	6
	2-5	External assurance	8
	2-6	Activities, value chain, and other business relationships	9, 10, 11, 49
	2-7	Employees	10, 25f, 62f
	2-8	Workers who are not employees	6, 64
	2-9	Governance structure and composition	13, 14f ↗ Corporate governance report
	2-10	Nomination and selection of the highest governance body	↗ Corporate governance report
	2-11	Chair of the highest governance body	13 ↗ Corporate governance report
	2-12	Role of the highest governance body in overseeing the management of impacts	13
	2-13	Delegation of responsibility for managing impacts	13
	2-14	Role of the highest governance body in sustainability reporting	13
	2-15	Conflicts of interest	↗ Consolidated financial statements, Note 36, ↗ Corporate governance report
	2-16	Communication of critical concerns	23, 45
	2-17	Collective knowledge of the highest governance body	13
	2-18	Evaluation of the performance of the highest governance body	14
	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, 12
	2-23	Policy commitments	15f, 43ff

Name of standard	No.	Topic-specific disclosure	Page no.
	2-24	Embedding policy commitments	13, 14
	2-25	Processes to remediate negative impacts	45
	2-26	Mechanisms for seeking advice and raising concerns	23, 44f
	2-27	Compliance with laws and regulations	40, 43f
	2-28	Membership of associations	17, 34, 35
	2-29	Approach to stakeholder engagement	22
	2-30	Collective bargaining agreements	25
GRI 3 Material Topics 2021	3-1	Process to determine material topics	7, 22
	3-2	List of material topics	7, 19, 21
	3-3	Management of material topics	22f, 36f, 43, 50ff, 56
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	49, 68
GRI 205 Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	45, 68
	205-2	Communication and training about anti-corruption policies and procedures	43, 44, 68
	205-3	Confirmed incidents of corruption and actions taken	43, 68
GRI 206: Anti-Competitive Behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	43
GRI 301: Materials 2016	301-2	Recycled input materials used	38
	301-3	Reclaimed products and their packaging materials	38
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	38, 65
	302-2	Energy consumption outside of the organisation	39, 65
	302-3	Energy intensity	38, 65
	302-4	Reduction of energy consumption	38
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	40
	303-2	Management of water discharge-related impacts	40
	303-5	Water consumption	67
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	37
	304-2	Significant impacts of activities, products, and services on biodiversity	37
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	42

Name of standard	No.	Topic-specific disclosure	Page no.
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	40, 65
	305-2	Energy indirect (Scope 2) GHG emissions	41, 65
	305-3	Other indirect (Scope 3) GHG emissions	41, 65
	305-5	Reduction of GHG emissions	40, 41, 42, 49
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	39
	306-2	Management of significant waste-related impacts	39
	306-3	Waste generated	66f
	306-4	Waste diverted from disposal	39, 66f
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	47, 48, 49, 68
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	62, 63
	401-3	Parental leave	63
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	15f, 26, 63
	403-2	Hazard identification, risk assessment, and incident investigation	26, 28
	403-3	Occupational health services	26, 28
	403-5	Worker training on occupational health and safety	27f
	403-6	Promotion of worker health	27f
	403-9	Work-related injuries	69
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	29, 31, 32
	404-3	Percentage of employees receiving regular performance and career development reviews	30, 64
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	32, 64
	405-2	Ratio of basic salary and remuneration of women to men	26
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	32
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	38
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	47, 48, 49, 68
GRI 415: Public Policy 2016	415-1	Political contributions	49
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	57

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. These are supplemented by the SDG Action Plan 2019+ of the Austrian Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK).

The SDGs are characterised by their universal validity and the equal weighting given to the three dimensions – economic, social, and ecological criteria – as well as respect for human rights, the rule of law, good governance, peace, and security.

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, which are based on Agenda 2030 adopted by the United Nations General Assembly, and continuous evaluation of possible improvements in facility management, project work, and circularity also contribute to the SDGs. In this way, it is possible to make a contribution to the 12 SDGs of relevance for the environment.

In 2024, an internal focus programme was dedicated to further improvements in circular economy. This is addressed by the SDGs, especially in SDG 12 "Responsible consumption and production", which includes the target of substantially reducing waste generation by 2030 through prevention, reduction, recycling, and reuse. Other important aspects of the circular economy are contained in SDGs 6, 8, 9, 11, and 13.

In addition to the SDGs, the improvement programme takes further relevant legislation into consideration, especially

- Delegated Regulation (EU) 2023/2486 of the Commission
- The Austrian Circular Economy Strategy of the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology
- The European Commission's "Circular Economy" action plan

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.

Source: UN

EU Taxonomy

Since the 2021 financial year, Frequentis has been required to make disclosures in accordance with Article 8 of the EU Taxonomy Regulation (EU) 2020/852. 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 EU's NFI Directive, which has been transposed into Austrian law through the Sustainability and Diversity Improvement Act (NaDiVeG) (replaced by CSRD in the future), since 2022 Frequentis has been required by Article 8 of the EU Taxonomy Regulation to disclose 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 at least 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 the minimum safeguards set out in Article 18 of the EU Taxonomy Regulation.

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. The technical screening criteria for the first two environmental objectives – "climate change mitigation (CCM)" and "climate change adaptation (CCA)" – were published in 2021. In 2023, these were supplemented by Delegated Regulation (EU) 2023/2385. Furthermore, Delegated Regulation (EU) 2023/2486 added the technical screening criteria for the four other environmental objectives. These relate to the objectives "water and marine resources (WTR)", "circular economy (CE)", "pollution prevention and control (PPC)", and "biodiversity and ecosystems (BIO)".

Frequentis is required to report the proportion of turnover, CapEx, and OpEx of taxonomy-eligible and taxonomy-aligned economic activities. For the new economic activities published in 2023, only taxonomy eligibility has to be reported in the first year of application. Economic activities that are within the scope of the EU Taxonomy are classified as taxonomy-eligible. Economic activities that meet the technical screening criteria and minimum safeguards are classified as taxonomy-aligned and are therefore environmentally sustainable within the meaning of the EU Taxonomy Regulation.

Identification of taxonomy-eligible economic activities

As the first step in fulfilling the requirements of the EU Taxonomy, Frequentis analysed the list of environmentally sustainable economic activities to identify those that are applicable within the Frequentis Group. Frequentis' core business, the production of communication and information systems for control centres, is not yet included in the list of environmentally sustainable economic activities pursuant to the EU Taxonomy because the EU Taxonomy initially focuses on greenhouse gas-intensive sectors and activities.

Therefore, the majority of its turnover, CapEx, and OpEx is not presently disclosed as taxonomy-eligible. The results of the analysis of the taxonomy-eligibility of the economic activities showed that one economic activity is applicable to Frequentis:

		Code
8.1	Data processing, hosting and related activities	CCM 8.1

The EAD (European AIS (Aeronautical Information Services) Database) business corresponds to economic activity 8.1 Data processing, hosting and related activities (CCM). Within this business unit, Frequentis, on behalf of EUROCONTROL, is responsible for the technical operation of the EAD system, the European database for aeronautical information, which enables users to retrieve data in real-time. The data centres are operated on a redundant basis by Frequentis and by an external service provider. Both the internal and the external data centres are included in the evaluation of taxonomy alignment. The turnover, CapEx, and OpEx relating to economic activity 8.1 only relate to the environmental objective "climate change mitigation (CCM)" and not to "climate change adaptation (CCA)" as they are not climate change adaptation solutions.

Repairs and spare parts for customer systems as well as boards and printed circuit boards contained in these systems are part of the customer projects and cannot be reported separately. Therefore, this business area forms part of Frequentis' core business.

Consequently, for 2023, 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 (CCM).

Examination of taxonomy alignment

In the next step, the economic activity identified as being taxonomy-eligible was screened for taxonomy alignment. For economic activity 8.1 Data processing, hosting and related activities (CCM), business and technical experts conducted a detailed examination of compliance with the technical screening criteria set out in Annex 1 of Delegated Regulation (EU) 2021/2139 in conjunction with (EU) 2023/2485 and documented the findings transparently. To comply with the technical screening criteria, the data centres must be compliant with the European Code of Conduct on Data Centre Energy Efficiency and be audited by an independent third party. In addition, the global warming potential (GWP) of the refrigerants used in the data centre cooling system may not exceed 675. The findings show that, as at the reporting date, not all technical screening criteria were fulfilled. Therefore, as at 31 December 2023, the economic activity was not aligned with the EU Taxonomy Regulation. Measures to satisfy the remaining criteria will be taken into account in future investments and upgrades. A CapEx plan within the meaning of Annex I of Delegated Regulation (EU) 2021/2178 has not been drawn up.

Conformance with the minimum safeguards was analysed in detail. This was closely based on the proposals set out in the report of the "EU Platform on Sustainable Finance" (October 2022). The established internal policies, procedures, processes (especially the Frequentis Code of Conduct, the Corporate Social Responsibility (CSR) Code for Suppliers, supplier audits) were examined for compliance with Article 18 of the EU Taxonomy Regulation. The focal areas were human rights, compliance and anti-corruption, taxes, and fair competition. As well as internal respect for these focal areas, importance is placed on suppliers complying with the CSR Code.

KPIs

The data required for the key performance indicators (turnover, CapEx, OpEx) were compiled in the IT systems in close collaboration with the individual departments. The identified taxonomy-eligible activity 8.1 only contributes to the environmental objective "climate change mitigation (CCM)" so double-counting is precluded.

Turnover (turnover KPI)

The total turnover of the Frequentis Group used as the denominator corresponds to the revenues recognised in accordance with IFRS 15. The figure is presented in the consolidated financial statements as at 31 December 2023 ↗ Annual Report / Consolidated financial statements / *Consolidated income statement* and in the ↗ Notes to the consolidated income statement / *4. Revenues*. The total turnover presented for Frequentis AG comprises the revenues recognised in accordance with the Austrian Commercial Code (UGB) and is presented in the financial statements of Frequentis AG as at 31 December 2023, which are only available in German (↗ *Jahresfinanzbericht / Frequentis AG – Einzelabschluss / Gewinn- und Verlustrechnung* and ↗ *Anhang*).

The taxonomy-eligible proportion of turnover contains all revenues from the technical operation of data centres for the EAD business. The taxonomy-aligned turnover used as the numerator is derived from the proportion of turnover that complies with the technical screening criteria and the minimum social safeguards. No taxonomy-aligned turnover could be disclosed for 2023.

Economic activities of the Frequentis Group	Code	Turnover	Proportion of turnover, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, 2022	Category enabling activity	Category transitional activity
		EUR thousand	%	Y; N; N/EL [1]						Y/N [1]						Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
...		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
of which Enabling																			
of which Transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		EUR thousand	%	EL; N/EL [1]													%		
Data processing, hosting and related activities	CCM 8.1	12,851	3%	EL	EL	N/EL	N/EL	N/EL	N/EL								3%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		12,851	3%	3%	0%	0%	0%	0%	0%								3%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		12,851	3%	3%	0%	0%	0%	0%	0%								3%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		414,636	97%																
Total		427,487	100%																

[1]   N = no; Y = yes; EL = eligible (taxonomy-eligible); N/EL = not eligible (taxonomy-non-eligible)

Economic activities of Frequentis AG	Code	2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, 2022	Category enabling activity	Category transitional activity
		Turnover	Proportion of turnover, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity				
		EUR thousand	%	Y; N; N/EL [1]						Y/N [1]						Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
…		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
of which Enabling																			
of which Transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		EUR thousand	%	EL; N/EL [1]													%		
Data processing, hosting and related activities	CCM 8.1	12,712	5%	EL	EL	N/EL	N/EL	N/EL	N/EL								4%		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		12,712	5%	5%	0%	0%	0%	0%	0%								4%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		12,712	5%	5%	0%	0%	0%	0%	0%								4%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		258,942	95%																
Total		271,654	100%																

[1]   N = no; Y = yes; EL = eligible (taxonomy-eligible); N/EL = not eligible (taxonomy-non-eligible)

Capital expenditure (CapEx KPI)

The total capital expenditure of the Frequentis Group used in the denominator contains additions to property, plant and equipment before depreciation, amortisation and remeasurement and additions of right-of-use assets as defined in IFRS 16 Leases in 2023 as disclosed in the consolidated financial statements ↗ Annual Report / Consolidated financial statements / Notes to the consolidated statements / *15. Property, plant and equipment* and ↗ Notes to the consolidated statements / *16. Intangible assets.* The capital expenditure of Frequentis AG presented comprises additions to tangible and intangible assets before depreciation, amortisation and remeasurements in 2023 and is taken from the fixed asset schedule in the attachment to the notes to the annual financial statements of Frequentis as at 31 December 2023, which are only available in German (↗ Jahresfinanzbericht / Frequentis AG – Einzelabschluss nach UGB).

As for turnover, the taxonomy-eligible proportion of CapEx comprises all additions to property, plant and equipment, and right-of-use assets pursuant to IFRS 16 Leases relating to the technical operation of data centres (EAD business).

No taxonomy-aligned CapEx could be included in the numerator in 2023 because the technical screening criteria were not met.

Economic activities of the Frequentis Group	Code	CapEx	Proportion of CapEx, 2023	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, 2022	Category enabling activity	Category transitional activity
				Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity				
		EUR thousand	%	Y; N; N/EL [1]						Y/N [1]						Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
…		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
of which Enabling																			
of which Transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		EUR thousand	%	EL; N/EL [1]													%		
Data processing, hosting and related activities	CCM 8.1	115	1%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		115	1%	1%	0%	0%	0%	0%	0%								0%		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		115	1%	1%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		18,268	99%																
Total		18,383	100%																

[1] N = no; Y = yes; EL = eligible (taxonomy-eligible); N/EL = not eligible (taxonomy-non-eligible)

Economic activities of Frequentis AG	Code	2023 CapEx (EUR thousand)	Proportion of CapEx, 2023 (%)	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, 2022	Category enabling activity	Category transitional activity
				Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity				
				Y; N; N/EL [1]						Y/N [1]						Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
...		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
of which Enabling																			
of which Transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		EUR thousand	%	EL; N/EL [1]													%		
Data processing, hosting and related activities	CCM 8.1	68	2%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		68	2%	2%	0%	0%	0%	0%	0%								0%		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		68	2%	2%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		4,399	98%																
Total		4,467	100%																

[1] N = no; Y = yes; EL = eligible (taxonomy-eligible); N/EL = not eligible (taxonomy-non-eligible)

Operating expenditure (OpEx KPI)

The total operating expenditure of the Frequentis Group used as the denominator comprises direct, non-capitalised costs that relate to research and development (↗ Annual Report / Consolidated financial statements / Notes to the consolidated income statement / *16. Intangible assets*), building renovation measures, short-term lease, maintenance and repair of assets of property, plant and equipment (↗ Annual Report / Consolidated financial statements / Notes to the consolidated income statement / *9. Other operating expenses*), incurred in the 2023 financial year. The operating expenditure of Frequentis AG is taken from the income statement and the notes to the financial statements as at 31 December 2023, which are only available in German (↗ Jahresfinanzbericht / Frequentis AG – Einzelabschluss nach UGB). It comprises direct, non-capitalised costs relating to research and development, building renovation measures, short-term lease, maintenance and repair of assets of property, plant and equipment, and in addition lease expenses of Frequentis AG incurred in the 2023 financial year.

Taxonomy-eligible OpEx mainly comprises research and development costs, short-term leases, and the maintenance and repair of property, plant, and equipment incurred in connection with economic activities of the business unit EAD.

No taxonomy-aligned OpEx could be included in the numerator in 2023 because the technical screening criteria were not met.

Economic activities of the Frequentis Group	Code	OpEx (2023)	Proportion of OpEx, 2023	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")							Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, 2022	Category enabling activity	Category transitional activity
				Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards			
		EUR thousand	%	Y; N; N/EL [1]						Y/N [1]						Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
...		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
of which Enabling																			
of which Transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		EUR thousand	%	EL; N/EL [1]													%		
Data processing, hosting and related activities	CCM 8.1	32	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		32	0%	0%	0%	0%	0%	0%	0%								0%		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		32	0%	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		29,712	100%																
Total		29,744	100%																

[1]   N = no; Y = yes; EL = eligible (taxonomy-eligible); N/EL = not eligible (taxonomy-non-eligible)

Economic activities of Frequentis AG	Code	2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
		OpEx	Proportion of OpEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, 2022	Category enabling activity	Category transitional activity
		EUR thousand	%	Y; N; N/EL [1]						Y/N [1]						Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
…		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
of which Enabling																			
of which Transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		EUR thousand	%	EL; N/EL [1]													%		
Data processing, hosting and related activities	CCM 8.1	32	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		32	0%	0%	0%	0%	0%	0%	0%								0%		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		32	0%	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		23,683	100%																
Total		23,715	100%																

[1] N = no; Y = yes; EL = eligible (taxonomy-eligible); N/EL = not eligible (taxonomy-non-eligible)

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

Frequentis Group
Non-Financial Report 2023

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

The German text of the signed report, which refers to the German version of the consolidated non-financial report for the financial year 2023, 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 a limited assurance engagement on the consolidated non-financial report (hereafter "non-financial report" in accordance with the Austrian Sustainability and Diversity Improvement Act ("NaDiVeG") and section 267a UGB of FREQUENTIS AG (hereafter "Company"), Vienna, for the financial year 2023.

Summary judgement

On the basis of our audit procedures and the evidence we have obtained, nothing has come to our attention that would cause us to believe that the non-financial report of the Company has in any material respect not been established in compliance with the NaDiVeG (section 267a UGB).

Responsibility of the statutory representatives

It is the statutory representatives of the Company who are responsible for the proper compilation of the non-financial report in accordance with the NaDiVeG (section 267a UGB).

On the one hand, the statutory representatives are responsible for selecting and applying appropriate non-financial reporting methods (particularly the selection of material topics) and for making assumptions and estimates for certain non-financial disclosures, that are reasonable in the respective circumstances. On the other hand, the responsibilities include the conceptualization, implementation and maintenance of systems, processes and internal controls that enable the preparation of non-financial reporting that is free from material misstatement, whether due to fraud or error.

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 non-financial report does not conform in any material respect to the NaDiVeG (section 267a UGB).

Mr. Gerhard Posautz, Certified Auditor, is responsible for the proper performance of the assignment.

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.

Frequentis Group
Non-Financial Report 2023

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

83

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 assessment 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 in the reporting period;
- Inquiries of personnel who are responsible for providing and consolidating as well as for carrying out internal control procedures relating to the data;
- Evaluation of the design and implementation of the systems and processes for the collection, processing and monitoring of the sustainability performance information and metrics included in the scope of the audit, including the consolidation of the data;
- Inspection of selected internal and external documents in order 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 related to the quantitative disclosures;
- Evaluation of whether the requirements pursuant to section 267a UGB have been adequately addressed;

Our assignment did not include:
- The audit of 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) in conjunction with the applicable Delegated Acts of the European Commission.

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

The subject-matter of the engagement does not consist of performing either an audit or an audit-related review of the 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 other third parties to place any reliance on its content. It therefore provides no grounds for claims by other third parties arising from it. We agree to the publication of our report together with the non-financial report.

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, 12 March 2024

BDO

BDO Assurance GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Gerhard Posautz   Gerhard Fremgen
Certified Auditor   Certified Auditor

Declaration by all legal representatives

We confirm to the best of our knowledge that the consolidated non-financial report contains the disclosures pursuant to Section 243b 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, 11 March 2024

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.

The information contained in this publication is for general information purposes only. There can be no guarantee for the completeness of the content. Typing and printing errors reserved.

Diversity, inclusion, and equality of all genders are an integral part of the Frequentis corporate culture and are reflected in our language. All references to people are therefore gender-neutral.

Frequentis accepts no liability for any error or omission in this publication. The information in this publication may not be used without the express written permission of Frequentis.

This document has been prepared in German, which is the official version. The English translation is for information only. In case of discrepancies in the English translation, the German version shall prevail. All rights reserved.