Corporate Governance

This is a courtesy translation. The German language version prevails.

Declaration of Conformity, February 2014 under Section 161 Stock Corporations Act (Aktiengesetz)

As stipulated in Section 161 Stock Corporations Act (Aktiengesetz), Executive Board and Supervisory Board of Gigaset AG hereby declare that the recommendations of the Government Commission Corporate Governance Code, as published by the Attorney General (Bundesministerium der Justiz) in the official part of the Federal Gazette, were and are met.

To the extent recommendations have not been or are not adopted, the deviations are explained below, together with the underlying reasons.

Section 3.7 of the German Corporate Governance Code provides that in a takeover bid, Executive and Supervisory Boards of the target company must deliver a reasoned opinion on the offer, so that the shareholders can make an informed decision on the takeover bid. The Executive Board shall refrain, from publication of the offer up to the publication of the result, from any action which could prevent the success of the offer, unless such actions are allowed by statutory provisions.. In their decisions, the Management and Supervisory Board are committed to the best interests of shareholders and the company. The Executive Board should convene an extraordinary general meeting in the event of a takeover bid, in which shareholders discuss the takeover offer and may decide on corporate actions. Notwithstanding this, the Executive Board has, following the takeover bid from Goldin Fund Pte. Ltd., refrained from convening an Extraordinary General Meeting, as the Executive Board, under § 93 of the German Stock Corporation Act, is exclusively bound and committed to the benefit of the Company, not the shareholders. Additionally, the Executive board came after intensive evaluation to the firm belief that the offer is in the best interest of the Company, and the Board therefore would not have suggested the “corporate actions” mentioned in the Code to an Extraordinary General Meeting.

Section 3.8 of the German Corporate Governance Code provides that any D & O insurance for the members of the Supervisory Board shall feature a deductible of at least 10% of the damage. Notwithstanding the above, no deductible of at least 10% of the damage was agreed in the D & O insurance for the members of the Supervisory Board of the Company. The Company believes that the Supervisory Board of Gigaset AG even without a deductible perform their duties with due diligence.

Section 4.2.3 of the German Corporate Governance Code provides that the remuneration structure is on a sustainable corporate development exclude messages. The monetary compensation elements shall comprise fixed and variable components. The Supervisory Board is responsible for ensuring that the variable compensation elements are in general a multi-year basis. Both positive and negative developments shall be taken into account when the variable remuneration components account. All compensation components must, for themselves and in total, be proportional and shall in particular not encourage taking unreasonable risk. The compensation as such as well as its variable component shall have amount-based limits. The variable compensation components shall be related to demanding, relevant comparison parameters. A subsequent change of the performance targets or the comparison parameters retroactively shall be excluded. In case of pension plans, the Supervisory Board shall each respectively the desired level of provision - even after the duration of the Board of Management membership - set and consider the derived annual and long-term effort for the company. In concluding Management Board contracts, care shall be taken to ensure that payments made to a Management Board member in the event of premature termination of the contract , including fringe benefits, does not exceed the value of two years' compensation (severance payment cap) and compensate no more reward than the remaining term of the contract. If the contract of employment of an Executive Board member is terminated for cause, no payments to the board member shall be made. For the calculation of the severance payment cap shall be based upon the total compensation for the past financial year and if appropriate also the expected total compensation for the current fiscal year. A promise of benefits arising from the early termination of the contract s a change of control (Change of Control) shall not exceed 150 % of the severance payment cap. The Chairman of the Supervisory Board shall inform the General Meeting once on the basic features of the compensation system and then about their change.

Notwithstanding Section 4.2.3 of the German Corporate Governance Code the variable components of directors Charles Fränkl, Dr. Alexander Blum and Maik Brockmann have no multi-year basis. The Management Board contracts of Mr. Brockmann and Mr. Fränkl have merely a two-year term. The contract of Dr. Blum can, as from 31 January 2013, be terminated by either party with a notice period of 6 months to the end of the month. Therefore, the establishment of a multi-year assessment the Company believes would provide no additional protection and added value.

Furthermore, contrary to Section 4.2.3 of the German Corporate Governance Code, a subsequent change of objectives or the comparison parameters is not explicitly excluded. The variable remuneration of Directors is linked to the fulfillment of the degree measures of the company's success to the Gigaset. The definition of the target at the beginning of each fiscal year allows the Gigaset AG to respond flexibly to changing parameters.

Furthermore, irrespective of Section 4.2.3 of the German Corporate Governance Code, the variable portion of the remuneration of the Executive Board Dr. Alexander Blum has no limitation (cap). The target attainment of 100% of variable remuneration payable is only gross EUR 30,000.00, so that the company believes this provides sufficient protection against an unreasonably high variable remuneration of the Executive Board Member Dr. Blum.

Irrespective of Section 5.1.2 of the German Corporate Governance Code, no age limit has been specified for the members of the Executive Board. Succession planning has not yet been taken. The Company believes that an age limit in itself is no useful/appropriate exclusion criterion for the exercise of duties as member of the Executive Board, especially as this could be construed as discrimination. An appointment to the Board of the Company is based primarily on knowledge, skills and professional experience of each candidate. Given the maturity of the management contracts and the number of members of the Board, succession planning is, to the belief of the company, not on the agenda at present.

Irrespective of Section 5.1.3 of the German Corporate Governance Code, the Supervisory Board has not adopted rules of procedure in the past. Due to the good cooperation and close coordination of supervisory board members in the past, Gigaset AG was of the opinion such rules were not necessary. Given the increasing internationalization of the the Supervisory Board's work from January 2014, the Supervisory Board will, however, adopt rules of procedure during 2014.

Irrespective of Section 5.3.2 of the German Corporate Governance Code, the Audit Committee appointed by the Supervisory Board does not deal with compliance issues. The Supervisory Board dealt with the issue of compliance rather due to its importance in the plenary.

In accordance with Sections 5.3.1, 5.3.2 and 5.3.3 of the German Corporate Governance Code has formed committees of the Supervisory Board, namely an Audit Committee, a Capital Market Committee and a Compensation Committee. Further committees are not necessary, as the composition of the Supervisory Board, the manageable size with six supervisory boards members and the practice of monthly meetings provides for efficient work and intensive discussions on strategic issues as well as to questions of detail. A nomination committee has not been formed, as the Board consists exclusively of shareholder representatives.

Irrespective of Section 5.4.1 of the German Corporate Governance Code, no age limit is specified for the members of the Supervisory Board. The Company believes that an age limit in itself is no useful/appropriate exclusion criterion for the exercise of an office as Supervisory Board, especially as this could be construed as discrimination. Elections at the Annual General Meeting are based primarily on knowledge, skills and technical experience of the candidate.

Contrary to Section 5.4.1 of the German Corporate Governance Code, the Supervisory Board has not defined specific targets regarding its composition. The Supervisory Board is elected by the Annual General Meeting. Gigaset AG is of the opinion that it is solely the decision of the shareholders of the company to decide on the suitability of candidates. For this reason, there is no determination concerning the recommended “adequate participation of women”. It should be noted however that the Supervisory Board, despite no formal determination of “participation of women” being made, had two female members throughout 2013, and a rate of 33 % was achieved as such.

Notwithstanding Section 5.4.6 of the German Corporate Governance Code, the Supervisory Board remuneration paid a fixed salary. The compensation does not include a performance-related component. The Company believes that the fixed remuneration confirms the independence of Supervisory Board members and avoids potential conflicts of interest, while the duties of the Supervisory Board can be assured nevertheless in full.

Munich, 25 February 2014

Gigaset AG
Supervisory Board and Executive Board