

# Corporate Governance

## Declaration of Conformity under Section 161 Stock Corporations Act (Aktiengesetz)

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

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 amended on 5 May 2015 and published on 12 June 2015 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 3.8 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 contracts 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 the Directors' remuneration have no multi-year basis.

Furthermore, a subsequent change of objectives or the comparison parameters is not explicitly excluded. The Supervisory Board takes the view that linking variable remuneration components to objectives within the current financial year serves the interest of the Company

better. 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 economic framework conditions.

Despite being recommended in Section 4.2.4 and 4.2.5 of German Corporate Governance Code, compensation data for the members of the Executive Board is not disclosed. The Annual General Meeting dated 11 August 2015 had resolved, under Sections 286 para. 5, 314 para. 2 of the Commercial Code, that in the annual accounts of the company (and the corresponding group accounts) the data required under Section 285 para 9a Sentence 5 to 8 and 315 Section 1 No. 6a sentence 5 to 8 of the Commercial code shall not be disclosed. This resolution is binding for the Company also in relation to the purposes of the Corporate Governance Code. It applies for the annual results of the financial year commencing 1 January 2015 and the following four financial years, however in no event longer than 10 August 2020.

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 duration 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 5.3.2 of the German Corporate Governance Code, neither the Audit Committee nor any other Committee appointed by the Supervisory Board deals with compliance issues. The Supervisory Board dealt with the issue of compliance rather due to its importance in the plenary.

In accordance with Section 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 and a Personnel Committee. Further committees are not necessary, as the composition of the Supervisory Board, the manageable size with six supervisory board members and the practice of four to six-week 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.

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, March 2017

Gigaset AG

Supervisory Board and Executive Board