

# Declaration of conformity 2019

for use as non-financial declaration in accordance with  
the CSR Directive Implementation Act

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## Gigaset AG

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Indicator set

GRI SRS

Contact

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prepared according to  
CSR Directive  
Implementation Act

This declaration of conformity has been reviewed  
by the Sustainability Code Office and verified as  
complete in accordance with the CSR Directive  
Implementation Act.

## Indicator set

The declaration was drawn up in accordance with the following reporting standards:

GRI SRS

### Reporting obligation:



prepared according to  
CSR Directive  
Implementation Act

This declaration of conformity has been reviewed by the Sustainability Code Office and verified as complete in accordance with the CSR Directive Implementation Act.

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# General

## General Information

Describe your business model (including type of company, products / services)

Gigaset AG, Munich, is an internationally active company in the field of communications technology. The company is Europe's market leader for DECT telephones. The main production facility for DECT telephones is located in Bocholt in Germany. The operating business is mainly conducted by Gigaset Communications GmbH, a wholly-owned subsidiary of Gigaset AG, in Bocholt. This premium vendor with more than 850 employees and sales activities in over 50 countries of the world also holds a leading worldwide position. Besides DECT telephones, the company's business activities also include a smartphone portfolio, cloud-based smart home security services and business telephony solutions for small and medium-sized enterprises. <sup>1</sup> Gigaset AG is listed in the Prime Standard segment of the German Stock Exchange and is therefore required to observe the highest transparency requirements.<sup>2</sup>

In accordance with Section 315b para. 1 in conjunction with para. 3 HGB (German Commercial Code), Gigaset AG is exempt from the requirement to include a non-financial declaration in its Group management report because the company prepared a separate non-financial Group report for the 2019 financial year outside of the management report. In accordance with Section 315b para. 3 HGB in conjunction with Section 289d HGB, Gigaset AG hereby declares that it applies the German Sustainability Code as a recognized framework for the preparation of the non-financial Group report.

### Additional remarks:

Sustainable activity is especially important for Gigaset AG and its subsidiaries, especially Gigaset Communications GmbH (referred to hereinafter as "Gigaset"). Gigaset seeks to permanently assume responsibility for all its activities and pay due consideration to social concerns, employee concerns, environmental concerns, respect for human rights and combating corruption and bribery in its business activities. To make it possible to compare itself also directly with other companies in this regard, Gigaset has been evaluated regularly since 2014 by the external institution EcoVadis, most recently in the 2019 financial year. In particular, EcoVadis evaluates environmental protection, work conditions, the respect of human rights, fair business practices and sustainable procurement, as well as ethics, particularly including combating corruption and bribery. In all these areas, EcoVadis evaluates the company's

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policies, measures implemented and results achieved. Prestigious customers of Gigaset, including large telecommunications providers in Europe that attach importance to working with especially responsible suppliers with sustainable business practices, place their confidence in the evaluation results of EcoVadis. Gigaset achieved the “Gold” status in 2019, meaning that it achieves well above-average scores in the evaluated categories, also compared to other manufacturers of communications devices.

# CRITERIA 1–10: SUSTAINABILITY POLICY

## Criteria 1–4 concerning STRATEGY

### 1. Strategic Analysis and Action

The company declares whether or not it pursues a sustainability strategy. It explains what concrete measures it is undertaking to operate in compliance with key recognised sector-specific, national and international standards.

As an internationally active manufacturer of high-quality communications equipment, Gigaset is committed to responsible and lawful activity. Gigaset's sustainability strategy and the resulting operational principles are codified in the Gigaset Business Conduct Guidelines, which are binding on all Gigaset employees, as follows: We respect the personal dignity, privacy and personal rights of each and every individual. We work together with employees and external business partners of different nationalities, ethnic backgrounds, skin colors, cultures, religions and world views. We tolerate no discrimination of any kind, either with respect to the aforementioned aspects or with respect to sex, sexual identity, age or disability. Environmental protection and conservation of natural resources are high-priority business objectives for Gigaset, as documented by the company's environmental protection policy. A worldwide environmental management system sets high standards and ensures compliance with laws and regulations. Environmentally friendly design, technical safety and health protection are firm criteria observed already in the development of our products. Accident prevention and protection against work-related health hazards are integral aspects of the company's duty of care. Moreover, it is the duty of all employees to contribute to the achievement of occupational safety goals under their own responsibility and to the best of their ability. This applies to the technical planning of work stations, facilities and processes, as well as safety management and personal conduct in everyday work. Gigaset also expects its suppliers to apply the following principles regarding their responsibility for people and the environment:

- Compliance with all applicable laws,
- The renunciation of corruption,
- Respect for the human rights of their employees
- Compliance with laws against child labor,
- Assumption of responsibility for the health and safety of their employees,
- Compliance with relevant national laws and international standards for environmental protection, and
- The requirement that the same principles are implemented and observed in their own supply chains.

Employees who enter into contracts with suppliers must ensure the proper application of these principles by means of appropriate contractual clauses. With respect to dealings with business partners and third parties, the Gigaset Business Conduct Guidelines particularly include rules and standards related to compliance with competition laws, anti-trust laws and anti-corruption laws.

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The goal of Gigaset's sustainability strategy is to achieve above-average fulfillment of the sustainability-relevant standards defined by EcoVadis, which Gigaset recognizes (see the explanations in the supplementary remarks). In particular, the areas of environmental protection, human rights, fair business practices and sustainable sourcing are regularly examined at Gigaset and with its partners.

## 2. Materiality

The company discloses the aspects of its business operations that have a significant impact on sustainability issues and what material impact sustainability issues have on its operations. It analyses the positive and negative effects and provides information as to how these insights are integrated into the company's processes.

With its products, Gigaset is active in all areas of society and is not limited to a certain social environment. However, the products developed since 2018 reflect an even greater emphasis on demographic changes. Gigaset added a smart care offering to its smart home portfolio to support older and needy people at home. The company strives to have a positive effect on sustainability with its products. This refers in particular to ecological aspects.

Gigaset's products have always been characterized by first-class quality and workmanship. Nearly the entire portfolio of cordless telephones (the company's biggest business segment) is externally certified by the HTV-Life test seal (most recent assessments in 2018). This confirms that there are no planned obsolescences in the company's products. Thus, Gigaset's products are especially long-lived. Any necessary repairs can be performed in Germany, at the company's own factory in Bocholt. Therefore, Gigaset strives not only to manufacture and distribute long-lived products as a means of actively countering the "throw-away society," but also to keep CO<sub>2</sub> emissions as low as possible through short logistical paths – both in distribution and for necessary repairs.

The company has extended this approach to its latest product segment of smartphones, which are likewise repaired and maintained at the company's factory in Bocholt. With the Gigaset GS185, the first smartphone assembled in Germany, Gigaset has increased the proportion of content made in Germany and reduced the emissions caused by shipments of components from Asia by utilizing bulk deliveries.

Gigaset attaches great importance to avoiding emissions and using tested and certified materials in the production of its various products. Concrete implementation examples can be found in nearly all production steps. For example, the company recently redesigned and considerably reduced the pack

size of its product overpacks. This will save materials and reduce emissions.

By means of these measures, Gigaset strives to make a positive contribution with its products to ecological sustainability and to the responsible and resource-conserving handling of our environment. The Environmental Protection Officer performs the materiality analysis on the environmental aspects in the manner described in Criterion 12 (Resource Management). Further materiality analyses have not been done thus far, but will be in the future, as Gigaset sees sustainability as an encompassing and multifaceted issue.

Gigaset is firmly committed to the main production facility in Bocholt, thereby protecting jobs and fair working conditions in Germany in the manner negotiated with its collective bargaining partners. The company also supports this commitment with projects such as the relocation of production of certain smartphone models to Germany. This step fosters innovation at the Bocholt facility and protects jobs. In this way, additional jobs can also be created in the future.

Our business model is oriented towards the long term and towards sustained growth. Key elements in this are the satisfaction of our workforce, reduction in the climate impact of our activity, and lasting good relations with our customers and suppliers. These key elements result from our company philosophy, experience, and vision to be “best in class”.

### 3. Objectives

The company discloses what qualitative and/or quantitative as well as temporally defined sustainability goals have been set and operationalised and how their level of achievement is monitored.

It is an especially important goal of Gigaset to be considerably better in all areas of corporate social responsibility than the average of companies in the telecommunications sector.

To make it possible to compare itself also directly with other companies in this regard, Gigaset has been evaluated regularly since 2014 by the external institution EcoVadis, most recently in 2019. In particular, EcoVadis evaluates environmental protection, work conditions, human rights, fair business practices and sustainable procurement, as well as ethics, particularly including combating corruption and bribery. In all these areas, EcoVadis evaluates the company’s policies, measures implemented and results achieved. Prestigious customers of Gigaset, including large telecommunications providers in Europe that attach importance to working with especially responsible suppliers with sustainable business practices, place their confidence in the evaluation results

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of EcoVadis. Gigaset achieved the “Gold” status for the first time in 2019, meaning that it achieves well above-average scores in the evaluated categories, also compared to other manufacturers of communications devices, and is one of the top 5% of performers in this sector.

Gigaset will also remain committed to this goal and will therefore continue to be evaluated by EcoVadis in the future.

In its worldwide activities involving a large number of products, services and processes, Gigaset gives particular consideration to the lasting preservation of the environment and the natural resources required for human life. Gigaset is convinced that the sensible and careful handling of the world’s natural resources will have a lasting positive effect on Gigaset’s reputation and image, as well as its economic efficiency and therefore its results. Environmental protection and economic activity are regularly audited by the Environmental Protection Officer, and are not mutually exclusive. On the contrary, they are closely related to each other. Gigaset considers three essential factors – economic efficiency, environmental protection and social responsibility – as deserving of equal status in the system of liberal world trade. Therefore, Gigaset strives to identify and assess all environmental aspects at the earliest possible stage and optimize them in such a way as to minimize any effects on the environment. In this respect, the absolutely highest priority is given to compliance with applicable laws. Gigaset is committed to continuously improving its environmental management system with the goal of improving its environmental performance. It focuses on operational and product-related environmental protection in all phases, from the origination to the proper, environmentally friendly disposal of all its products. Gigaset places a special emphasis on product-related environmental protection with the goal of minimizing environmental burdens across the entire life cycle of our products. After all, the products we define, develop, produce and market throughout the world also have a direct impact on operational environmental protection. For us, permanently sustainable development in terms of environmental protection entails the obligation of conserving natural resources. Therefore, we consider possible environmental effects already in the product and process development stage and seek to avoid or permanently reduce them. Related goals include resource conservation, minimal energy consumption, the avoidance of hazardous substances and pollutants and optimal product recycling after use. The best and only way to achieve the greatest economic and ecological benefit is to consider the entire product life cycle, both in our own area of responsibility and in that of our suppliers, and including the use and disposal of products by our customers. Environmental protection and technical safety are fundamentally the responsibility of every employee. Consequently, it is the task and duty of every Gigaset manager to create the right conditions to ensure that we respect and uphold the overriding principles of human safety, environmental protection and the improvement of our environmental performance in all phases of all our activities. Specifically, we have set the following goals in the following areas for the current year. In the area of

ecology, operational application fields:

- Reduction of the number of hazardous substances by means of sublimation (to be achieved by 12/2019),
- Energy management at the business location, analysis and optimization of energy consumption (ongoing),
- Reduction of noise and CO<sub>2</sub> emissions through the use of electric forklifts (successive replacement beginning in 2019)
- Reduction of energy requirements in mold construction by adaptation of the machinery, planning in 2019
- Reduction of waste quantities for each device delivered (ongoing).

In the area of ecology, product-related application fields:

- Implementation of the ECO Mode plus technology (switch off radiation) in newly developed products (ongoing process for new device generations),
- Reduction of the number of products in the value-added cycle by means of conformity with the HTV Life certificates (no planned obsolescence) (ongoing),
- Reduction of transport costs by reducing the pack sizes of various devices (ongoing)
- Reduction of the number of pages of the documentation included with products by adjusting the contents (ongoing).
- Reduction of material and product weight/volume by reducing country-specific connecting plugs (ongoing)

In the area of economic efficiency:

- Compliance with environmental protection (ISO 14001) and social responsibility standards (Code of Conduct) in the value chain, including the appropriate selection of suppliers based on the requirements profile (ongoing),
- Corruption prevention by training and informing employees (ongoing).

In the area of social responsibility:

- Training and continuing education of employees, internal and external training courses (ongoing).

These goals are evaluated internally every year and the level of achievement is measured and documented. The goals are not related to the Sustainable Development Goals of the United Nations.

## 4. Depth of the Value Chain

The company states what significance aspects of sustainability have for added value and how deep in the value chain the sustainability criteria are verified.

Aspects of sustainability are relevant in every stage of the life cycle of our products, i.e. beginning with product development, procurement of materials including the selection of components and raw materials from a broad base of suppliers, production in the factory in Bocholt, transport to the customer, and ending with the disposal and recycling of our products.

- In selecting its suppliers, Gigaset contractually obligates them to observe a Code of Conduct that defines Gigaset's principles and requirements for its suppliers of goods and services relative to their responsibility for people and the environment. The main points are the following:
  - Compliance with laws and regulations
  - Prohibition of corruption and bribery
  - Respect for the fundamental rights of employees
  - Prohibition of child labor
  - Health and safety of employees
  - Assurance of environmental protection on the basis of legal norms and standards
  - Fulfillment of the aforementioned requirements also by sub-contractors (supply chain protection)

Detailed requirements for employees are set out in the Procurement Handbook.

- With regard to product development, the consideration of potential environmental issues is a standing requirement in the product development process. Product requirements include legal requirements and additional environmental requirements stipulated in the product specifications.
- There is a deep level of vertical integration in production, including circuit board assembly and testing, the injection-molding and printing of cases, device assembly and testing, packing and shipping. In this regard, extensive consideration is given to occupational safety, the handling of pollutants, waste disposal, noise and odor emissions and other legal requirements.
- An external partner handles delivery and shipping.
- Gigaset supports recycling after use through the appropriate selection of materials.

Gigaset's Business Conduct Guidelines further require that our suppliers accept the rules in those Guidelines and comply with all legal regulations. Thus,

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Gigaset's supplier strategy requires that suppliers meet these corporate and social responsibility requirements. Gigaset considers this part of its sustainability effort and discusses it with suppliers. Furthermore, in selecting vendors preference is given to suppliers with quality and environmental management systems certified to worldwide standards, and who demonstrate compliance with our corporate and social responsibility requirements. For more information on this subject, please refer to the comments under Criterion 3 (Goals).

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## Criteria 5–10 concerning PROCESS MANAGEMENT

### 5. Responsibility

Accountability within the company's management with regard to sustainability is disclosed.

System and Process Management is a separate organizational unit within Quality & Service, Assurance. Gigaset's management appoints an Environmental Protection Officer in writing to provide specialist supervision and bear responsibility for the implementation and monitoring of environmental protection and technical safety topics. The Environmental Protection Officer represents the corresponding department internally and externally and reports directly to the management.

The Environmental Protection Officer is assigned to the System and Process Management organizational unit. The Environmental Protection Officer supports Gigaset's management in the performance of its environmental protection tasks and responsibilities and is the central coordinator of all environmental protection matters at Gigaset. He is required to coordinate all environmental protection activities required by law and voluntarily resolved by Gigaset, in the name of the responsible manager.

The activity of Gigaset's Environmental Protection Officer encompasses environmental protection, fire protection, radiation protection, hazardous materials and the coordination of hazardous goods transport in all functions and areas of Gigaset, including (for example) research and development, design, production, sales, assembly, service and end-of-life disposal. The Environmental Protection Officer exercises guideline authority for environmental protection in all functions and areas of Gigaset. Furthermore, management has appointed Work Safety Officers as required by legal and regulatory requirements.

These officers advise management and executives, and monitor compliance with all relevant legal requirements. Responsibility is transferred to executives, who are thus integrated in the implementation of the management system. Management bears overall responsibility for sustainability, and decides on the definition and updating of company quality and environmental policy and goals, and represents the company vis-à-vis the public and government agencies. In addition, the management has established the following functions to support its monitoring, control and steering function:

- Internal Audit as a process-independent monitoring and supervisory unit
- Risk Management
- Compliance Committee

## 6. Rules and Processes

The company discloses how the sustainability strategy is implemented in the operational business by way of rules and processes.

Gigaset's sustainability strategy is maintained by an integrated management system in which the quality standard ISO 9001 and the environmental protection standard ISO 14001 play a central role. Gigaset's quality and environmental protection policies describe the essential points of the management system. Gigaset's process landscape designed on this basis models the necessary sustainability activities in the areas of project management, quality, environmental protection, waste management, occupational health and safety, supply chain and social standards. In essential areas, these processes are backed by process instructions and handbooks in which the corresponding responsibilities and procedures are described in detail. Other topics are defined in organizational circulars and guidelines and published in the intranet.

This also includes Gigaset's Business Conduct Guidelines, which set out binding rules for the responsible activity of all employees in the company and in dealings with outside parties, particularly including customers and business partners.

It also describes the process by which questions about compliance topics and tips regarding possible compliance violations can be submitted to the Gigaset Compliance Committee. A central risk management system serves the purposes of detecting risks in a timely manner and managing them by means of suitable countermeasures. The internal audit process supports the management in the monitoring of compliance with organizational and supervisory obligations and internal regulations.

## 7. Control

The company states how and what performance indicators related to sustainability are used in its regular internal planning and control processes. It discloses how suitable processes ensure reliability, comparability and consistency of the data used for internal management and external communication.

The management adopts an annual audit program as a monitoring measure and delegates responsibility for conducting the audits to a suitable employee. The selection of audit topics is based on a risk-oriented audit approach and encompasses the entire organization in Germany and abroad. The audit program is focused on monitoring compliance with organizational and supervisory duties (compliance) and the observance of internal regulations (regularity). It also regularly covers the aspect of combating corruption and bribery. Identified deficiencies and risks and the corresponding action recommendations are documented in audit reports and carefully reported to the management. The implementation of resolved action recommendations is monitored and reported to the management in follow-up audit reports. This monitoring measure and the corresponding reports help ensure that the management can fulfill its supervisory and monitoring obligation and duty of care.

The implementation and efficacy of the environmental management system is to be regularly monitored by audits and inspections. The competent Gigaset manager, in cooperation with Gigaset's Environmental Protection Officer, is required to review and evaluate the efficacy of the environmental management system in a Management Review at least once a year. As part of this process, the attainment of the environmental goals defined in the annual environmental program is reviewed, among other things.

Key performance indicators for managing and monitoring sustainability goals particularly include energy consumption and climate-relevant emissions, which are described in the key performance indicators for Criteria 12 (Resource Management) and 13 (Climate-Relevant Emissions). Social key performance indicators are not captured at this time.

## Key Performance Indicators to criteria 5 to 7

### Key Performance Indicator GRI SRS-102-16: Values

The reporting organization shall report the following information:

- a.** A description of the organization's values, principles, standards, and norms of behavior.

Principles of responsible and lawful activity are set out in the Gigaset Business Conduct Guidelines and are applicable to all Gigaset employees worldwide. The values and operational principles derived from Gigaset's sustainability strategy, which are binding on all Gigaset employees, are set out in the Gigaset Business Conduct Guidelines as follows:

We respect the personal dignity, privacy and personal rights of each and every

individual. We work together with employees and external business partners of different nationalities, ethnic backgrounds, skin colors, cultures, religions and world views. We tolerate no discrimination of any kind, either with respect to the aforementioned aspects or with respect to sex, sexual identity, age or disability. Environmental protection and conservation of natural resources are high-priority business objectives for us, as documented by the company's environmental protection policy. A worldwide environmental management system sets high standards and ensures compliance with laws and regulations. Environmentally friendly design, technical safety and health protection are fixed criteria observed already in the development of our products.

Accident prevention and protection against work-related health hazards are integral aspects of the company's duty of care. Moreover, it is the duty of all employees to contribute to the achievement of occupational safety goals under their own responsibility and to the best of their ability. This applies to the technical planning of work stations, facilities and processes, as well as safety management and personal conduct in everyday work.

Gigaset also expects its suppliers to apply the following principles regarding their responsibility for people and the environment:

- Compliance with all applicable laws,
- The renunciation of corruption,
- Respect for the human rights of their employees,
- Compliance with laws against child labor,
- Assumption of responsibility for the health and safety of their employees,
- Compliance with relevant national laws and international standards for environmental protection, and
- The requirement that the same principles are implemented and observed in their own supply chains.

Employees who enter into contracts with suppliers must ensure the proper application of these principles by means of appropriate contractual clauses. With respect to dealings with business partners and third parties, the Gigaset Business Conduct Guidelines particularly include rules and standards related to compliance with competition laws, anti-trust laws and anti-corruption laws. The Compliance Committee is responsible for employee training and development.

Training courses (web-based) with examinations are held for the purpose of preventing corruption. One such training course on preventing corruption was held in 2019.

In addition, Gigaset operates an environmental management system, which is governed by a specific process instruction.

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## 8. Incentive Systems

The company discloses how target agreements and remuneration schemes for executives and employees are also geared towards the achievement of sustainability goals and how they are aligned with long-term value creation. It discloses the extent to which the achievement of these goals forms part of the evaluation of the top managerial level (board/managing directors) conducted by the monitoring body (supervisory board/advisory board).

The target agreements and compensation systems for executives and employees are not oriented to the achievement of sustainability goals or aligned with long-term value creation. Therefore, the achievement of these goals is also not part of the highest management level represented by the Supervisory Board.

The payment of variable compensation for target attainment in each given year serves the interests of Gigaset. Variable compensation is tied to the degree of attainment of the targets set for Gigaset's business success. Setting targets at the beginning of each year enables Gigaset to respond flexibly to changed economic conditions.

Although individual target agreements are not concluded for the area of sustainability, Gigaset remains committed to the goal of being considerably better in all areas of corporate and social responsibility than the average of companies that manufacture communications devices. The evaluation is performed externally by EcoVadis.

Sustainability is firmly anchored as a binding requirement for all employees in the Business Conduct Guidelines and is therefore an integral part of Gigaset's business philosophy and everyday work.

## Key Performance Indicators to criteria 8

Key Performance Indicator GRI SRS-102-35: Remuneration policies

The reporting organization shall report the following information:

- a.** Remuneration policies for the highest governance body and senior executives for the following types of remuneration:
  - i.** Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares;
  - ii.** Sign-on bonuses or recruitment incentive payments;
  - iii.** Termination payments;
  - iv.** Clawbacks;
  - v.** Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.
  
- b.** How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.

The range of duties and requirements for the professionalism of the Supervisory Board and senior executives has increased considerably in the last years. The heightened complexity of business models in international competition and the additional regulatory requirements have led to increased duties, work time and responsibility.

In addition to the reimbursement of their expenses, Supervisory Board members receive a fixed basic pay, attendance fees and additional pay for adopting resolutions outside of meetings. The amount of this compensation is resolved by the shareholders in the annual general meeting. Management Board members receive fixed and variable compensation, which is not tied to the achievement of CRS goals in most cases. Senior executives receive a fixed monthly salary, the amount of which is based on an evaluation of the function exercised by each executive. In addition, senior executives receive a variable compensation component ranging between 0% and 200% of the base amount, depending on the degree of goal attainment. The target values are adopted for each financial year anew in a Central Works Council Agreement between the management and the works council. This ensures that due consideration can be given to the company's economic situation in every year. The company ensures that the goals are "SMART" also by means of the co-determination rights of employee representatives under the Industrial Constitution Act.

Gigaset offers various pension options. Unionized employees receive capital accumulation benefits provided that they are used for retirement savings.

These benefits are governed by the terms of a collective bargaining agreement. Gigaset also offers a completely employer-financed defined contribution pension plan. The management decides whether to grant contributions for this purpose depending on the business success in a given financial year. The amount of the contributions depends on the employee's pay category (for unionized employees) or the individual commitment (for non-unionized employees). Gigaset also offers its employees the metalworkers union pension plan "Metallrente", which is a deferred compensation model that grants tax advantages to employees.

Key Performance Indicator GRI SRS-102-38: Annual total compensation ratio

The reporting organization shall report the following information:

**a.** Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.

Gigaset does not survey this indicator. Naturally, there is a wide gap between the simplest, semi-skilled activities in production and the top earners in the senior management. Gigaset's main production facility is located in Bocholt, Germany. Gigaset's employees in Germany are covered by a collective bargaining agreement concluded between the metalworkers' union IG Metall and the metalworkers' employer association. Gigaset is of the opinion that this indicator is not suitable for representing the fairness of the compensation structure.

## 9. Stakeholder Engagement

The company discloses how the socially and economically relevant stakeholders are identified and integrated into the sustainability process. It states whether and how an ongoing dialogue takes place with them and how the results are integrated into the sustainability process.

Gigaset's products, including the use and production thereof, influence people and the environment in different ways. Moreover, the company's business success and reputation are strongly influenced by the needs and expectations of its stakeholders. The relevant external and internal stakeholders of Gigaset were last reviewed and their influence on the company and its aspirations was last analyzed in connection with the ISO 9001/14001:2015 certifications. Maintaining an ongoing dialog with its stakeholders is an important instrument for Gigaset by which it receives new suggestions for innovations and feedback

and indications of necessary changes.

The relevant stakeholder groups are the following:

- Gigaset's employees at all locations
- Customers, divided into end customers who use the products and dealers/ distributors who resell the products.
- Lawmakers and government agencies
- Suppliers of inputs and raw materials and finished products
- Owners
- Local residents and neighbors of Gigaset's locations

The nature and extent of the engagement of relevant stakeholders are determined on the basis of the significance of the influence exerted on the company and quality/ environmental protection issues. Depending on the degree of influence exerted, stakeholder groups are engaged as follows: provision of information or active support. (For more details on the dialog with stakeholder groups, see Key Performance Indicator GRI SRS-102-44)

## Key Performance Indicators to criteria 9

Key Performance Indicator GRI SRS-102-44: Key topics and concerns

The reporting organization shall report the following information:

- a.** Key topics and concerns that have been raised through stakeholder engagement, including:
- i.** how the organization has responded to those key topics and concerns, including through its reporting;
  - ii.** the stakeholder groups that raised each of the key topics and concerns.

Topics, concerns and dialog with stakeholder groups

**Employees:** Employees expect a safe work place and fair compensation, continuing education and career advancement opportunities and occupational health and safety. On the subject of these expectations, regular meetings are held with employees and the employees' qualifications are upgraded through continuing education. A training budget is made available for continuing education measures. Thanks to employee initiatives, every employee has the chance to actively participate in the processes and suggest improvements. Collective bargaining agreement categories ensure fair and non-discriminatory compensation.

**Customers:**

A direct, ongoing dialog is conducted with customers through our hotline in

the communication channels “telephone”, “e-mail” and “chat”. Problems and questions are quickly addressed in these channels. In addition, widely used social media platforms, “questions before buying” inquiries and reviews on sales portals are used to receive and evaluate customers’ suggestions. [Indirect communication with customers is conducted through our service web portal, where useful and valuable information about all Gigaset products is made available to customers.] The ongoing dialog with dealers is conducted through our 70 worldwide distribution points; in addition, an online dealers’ portal is available for information sharing.

**Suppliers:**

The Procurement Department cultivates a close relationship with suppliers, including an ongoing dialog on the subject of both Gigaset’s and the suppliers’ requirements.

**Lawmakers:**

All employees are obligated to observe applicable laws. Special projects such as the implementation of the General Data Protection Regulation have been prepared and implemented by central departments.

**Shareholders:**

Information is provided to shareholders in accordance with the legal and regulatory requirements. They are given the chance particularly at the annual general meeting to obtain information about Gigaset’s affairs within the limits of the law of stock corporations.

## 10. Innovation and Product Management

The company discloses how innovations in products and services are enhanced through suitable processes which improve sustainability with respect to the company’s utilisation of resources and with regard to users. Likewise, a further statement is made with regard to if and how the current and future impact of the key products and services in the value chain and in the product life cycle are assessed.

Gigaset develops long-lasting and resource-efficient products. They are meant to fulfill the needs of customers while minimizing any adverse impacts on the environment. This applies to both the production and the operation of products. Due consideration is given to legal requirements and internal sustainability criteria such as repair possibilities, recyclability, energy and resource efficiency in all phases from product definition to development and production.

Gigaset employs a product development process to keep track of all important aspects in all phases from the product idea to series production. Part of this process is the product development checklist. This checklist guides the project execution team through the project with due regard to all relevant steps and legal requirements. The international environmental management standard ISO 14001 is the guiding set of principles for Gigaset's ecological activities. The annual certification is performed by the German Engineering Control Association (TÜV). The principal topics that give rise to ecological effects are described in the following.

- Gigaset deliberately refrains from planned obsolescence, i.e. planned wear and tear or the intentional incorporation of a deficiency into products in order to shorten the product's useful life. Gigaset engages the outside company HTV to confirm this with audits.
- By placing a greater focus on individual mobile parts instead of systems, Gigaset has been able to adapt many cardboard packages in order to transport 27.5 fewer tons of cardboard. Further energy savings were achieved in the production of the cardboard packages.
- Reducing the operating instructions to installation instructions and posting the complete operating instructions at Gigaset's website led to substantially lower shipping weights (2.4 tons). Further energy savings were achieved in the production of paper and the printing of instructions.
- The conversion of the telephone network to IP means that telephones are no longer connected to telephone jacks, but to Internet routers in the vast majority of cases. The discontinuance of country-specific telephone adapters saved 28.5 tons of metal and plastic and reduced shipping energy in the last three years.

Gigaset conducts an employee initiative for the purpose of continuously improving existing products and processes. Under this initiative, all employees can submit useful ideas to improve the company's results, processes, products or procedures. Useful means generating added value for customers, the company's work (e.g. quality, value creation, environmental protection) or work place (e.g. order, cleanliness, safety, disruptive factors).

The "innovative spirit" value is one of Gigaset's core values and management values. Therefore, the company has considered ways of designing innovation management to be as efficient as possible and integrating it into existing structures so that promising ideas can be promoted and implemented in a targeted way. The pursuit of a rigorous innovation strategy helps to better exploit the company's full potential and therefore operate more quickly, more flexibly and more efficiently. Gigaset fosters the ideas of employees throughout the company. In addition, numerous workshops have been conducted in recent years – in collaboration with the specialist departments and outside specialists.

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## Key Performance Indicators to criteria 10

### Key Performance Indicator G4-FS11

(report also in accordance with GRI SRS): Percentage of assets subject to positive and negative environmental or social screening.

[Link \(Page 38\)](#) (Note: the indicator should also be reported when reporting to GRI SRS)

This data is not collected. This data is not relevant for Gigaset because Gigaset does not currently intend to purchase financial investments.

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## Criteria 11–20: Sustainability Aspects

### Criteria 11–13 concerning ENVIRONMENTAL MATTERS

#### 11. Usage of Natural Resources

The company discloses the extent to which natural resources are used for the company's business activities. Possible options here are materials, the input and output of water, soil, waste, energy, land and biodiversity as well as emissions for the life cycles of products and services.

Gigaset pursues a strategy of conserving natural resources, which at Gigaset involve primarily energy (diesel, electricity, gas), water and waste. The environmentally friendly and cost-efficient handling of resources is an important aspect of both operational processes and product-related processes (production process and product development). To achieve these goals, materials are used only when needed, production processes are designed to be energy-efficient and consumption values are analyzed on the basis of building systems. The insights so gained are applied in the development of measures for new designs. Examples include space concentration at the Bocholt location (office and production space), the use of energy-efficient lighting systems, the adjustment of production schedules, a focus on energy efficiency when acquiring new production equipment (e.g. replacement of air compressor). Gigaset strives to avoid waste as much as possible. To this end, the delivery form (packaging) is standardized and optimized in collaboration with suppliers. Unavoidable waste is sorted and recycled. Only certified companies are used for waste disposal.

The concept for achieving environmental goals is implemented within the scope of the ISO 14001 environmental management system, in which all environmental aspects and the related potential savings are evaluated every year. The goals resulting from this evaluation are presented to the management every year in the Management Review and are being implemented in projects under an environmental program in the current year. The results and the related reports and project status updates are used directly to formulate statements on environmental relevance and ecological effects on the activities of Gigaset AG. A discussion of the results of this environmental program is also an integral part of the Management Review. This process is described appropriately in process instructions for the purpose of

implementing the ISO requirements.

In addition, the risks and opportunities related to the binding obligations arising from the assessment of environmental aspects and all environmental goals are evaluated annually. The potential risks identified in this process are assessed and appropriate measures are adopted as appropriate. The latest assessments did not reveal any significant risks in operational environmental protection or environment-related product characteristics relative to the product life cycle.

Detailed information on our treatment of natural resources can be found in the Key Performance Indicators for Criterion 11.

## 12. Resource Management

The company discloses what qualitative and quantitative goals it has set itself with regard to its resource efficiency, in particular its use of renewables, the increase in raw material productivity and the reduction in the usage of ecosystem services, which measures and strategies it is pursuing to this end, how these are or will be achieved, and where it sees there to be risks.

The company's resource efficiency enhancement goals are:

- To reduce electricity consumption
- To reduce the electricity consumption per assembly unit
- To earn Power Label certification for purchased electricity
- To reduce waste quantities
- To reduce diesel fuel consumption (internal logistics)

You can find the corresponding goals, measures (also for reviewing results) and strategies under Criterion No. 11 (Usage of natural resources).

The Environmental Protection Officer identifies the material sustainability aspects and the risks indicated in Criterion 2 (Materiality) and Criterion 11 with regard to the use of natural resources, in consideration of effects on the environment, the company's specific situation, and the indicators that are generally deemed to be important.

Currently there is no company-wide management concept at Gigaset that contains specific targets, but there is an awareness of the need to use resources efficiently and treat them carefully, and the company intends to be 100% CO<sub>2</sub>-free in its electricity use in 2020.

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## Key Performance Indicators to criteria 11 to 12

Key Performance Indicator GRI SRS-301-1: Materials used

The reporting organization shall report the following information:

- a.** Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by:
- i.** non-renewable materials used;
  - ii.** renewable materials used.

These values were not surveyed in the 2019 financial year. The company does not use a specific indicator to measure the annual delivery of all materials by weight and volume because it is not considered to be significant. Renewable plastics make up a large part of the materials used by Gigaset in the production of its products. With a view to environmental aspects, the company has for many years recycled its recyclable plastic waste from production and also increasingly utilized recycled pellets as the primary input in production. The total volume of plastics consumed in the 2019 financial year amounted to approx. 966 tons. For packaging, the company usually uses environmentally friendly, non-plastic-coated cardboard consisting almost entirely of recycled paper, which can itself be recycled.

Key Performance Indicator GRI SRS-302-1: Energy consumption  
The reporting organization shall report the following information:

**a.** Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.

**b.** Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.

**c.** In joules, watt-hours or multiples, the total:

**i.** electricity consumption

**ii.** heating consumption

**iii.** cooling consumption

**iv.** steam consumption

**d.** In joules, watt-hours or multiples, the total:

**i.** electricity sold

**ii.** heating sold

**iii.** cooling sold

**iv.** steam sold

**e.** Total energy consumption within the organization, in joules or multiples.

**f.** Standards, methodologies, assumptions, and/or calculation tools used.

**g.** Source of the conversion factors used.

Diesel fuel consumption 2019: 5,951 liters (conversion value of 1 liter diesel = 10.4 kWh)

Diesel fuel consumption in kWh:

2014 234,260

2015 241,592

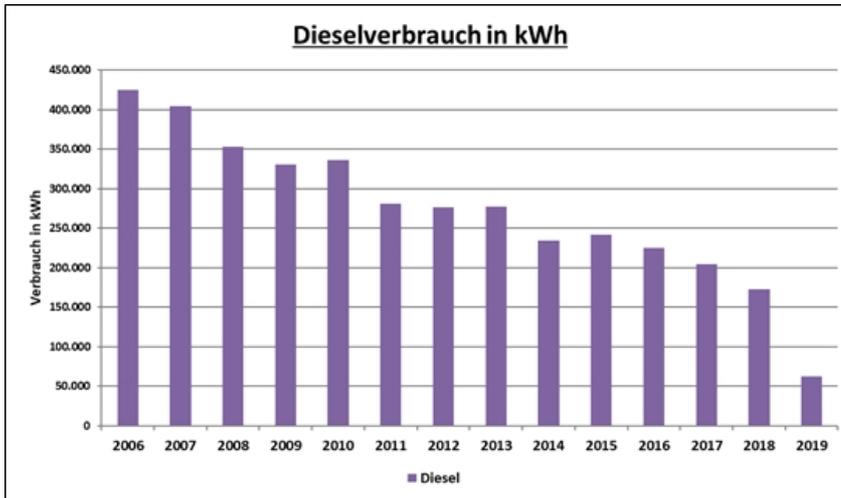
2016 224,838

2017 204,547

2018 172,151

2019 61,890

By switching internal transport logistics over from diesel to electric forklifts, diesel consumption was already drastically reduced in 2019.

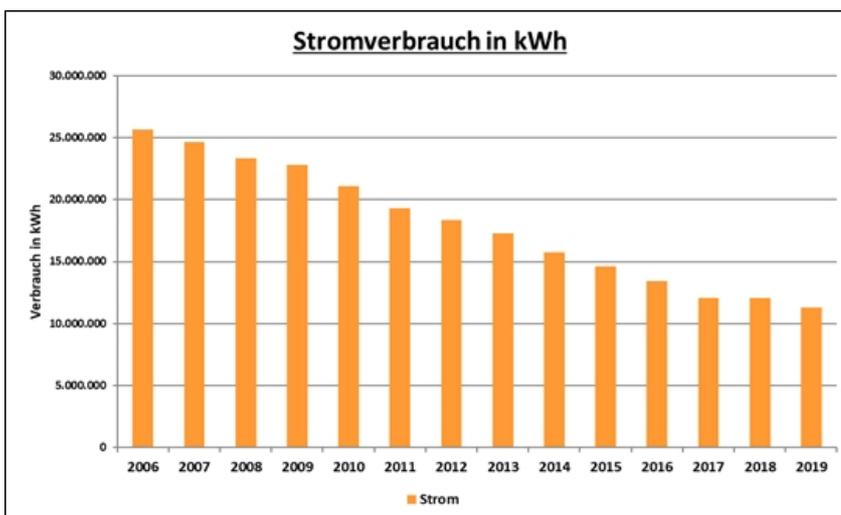


[Graph title and left margin:] Diesel fuel consumption, in kWh / Consumption in kWh

Electricity consumption has been declining Changes in electricity consumption at the location

Electricity consumption in kWh:

- 2014 15,758,256
- 2015 14,615,065
- 2016 13,427,478
- 2017 12,059,976
- 2018 12,060,945
- 2019 11,266,037

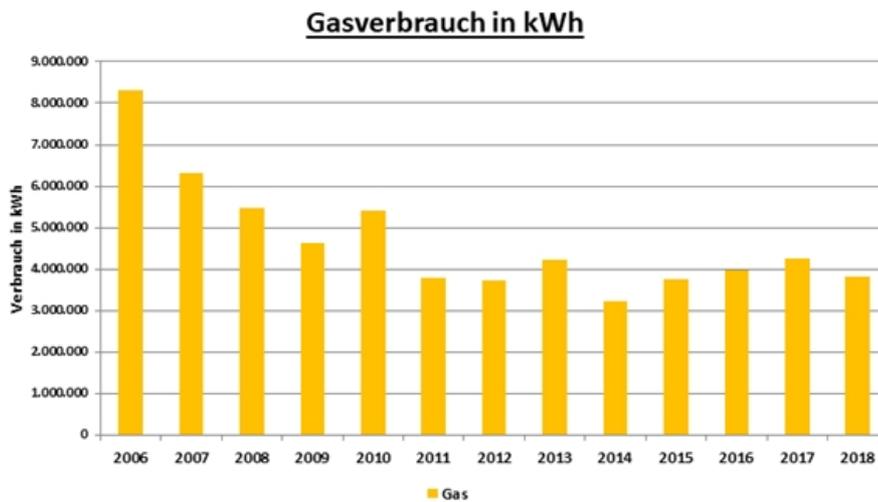


[Graph title: Electricity consumption per month, in kWh]

Natural gas consumption in Bocholt (main production facility) in the last few years:

Natural gas consumption in kWh:

2014	3,231,691
2015	3,753,568
2016	3,967,977
2017	4,260,930
2018	3,810,091
2019	4,305,108



[Graph title: Natural gas consumption in kWh]

Total energy consumption from natural gas, diesel fuel and electricity in 2019:  
15,633,035 kWh Equivalent to total energy consumption of 56,279 GJ

Calculation of total consumption:

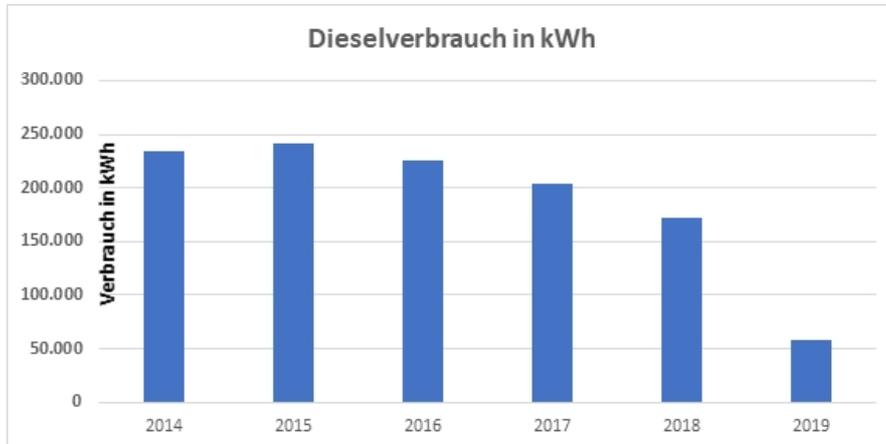
Electricity: According to the billing statement of the energy supply company,  
in kWh (EVU)

Natural gas: According to the billing statement of the energy supply company,  
in m<sup>3</sup> (EVU) and converted to kWh

Conversion factors to kWh according to the energy supply company/ supplier.  
Diesel fuel consumption 2019: 5,601 liters (conversion value of 1 liter diesel =  
10.4 kWh). The marked reduction in diesel fuel consumption is attributable to  
the conversion of the forklift fleet. Three out of five diesel forklifts were  
replaced by electric forklifts.

Diesel fuel consumption in kWh:

2014	234,260
2015	241,592
2016	224,838
2017	204,547
2018	172,151
2019	58,250



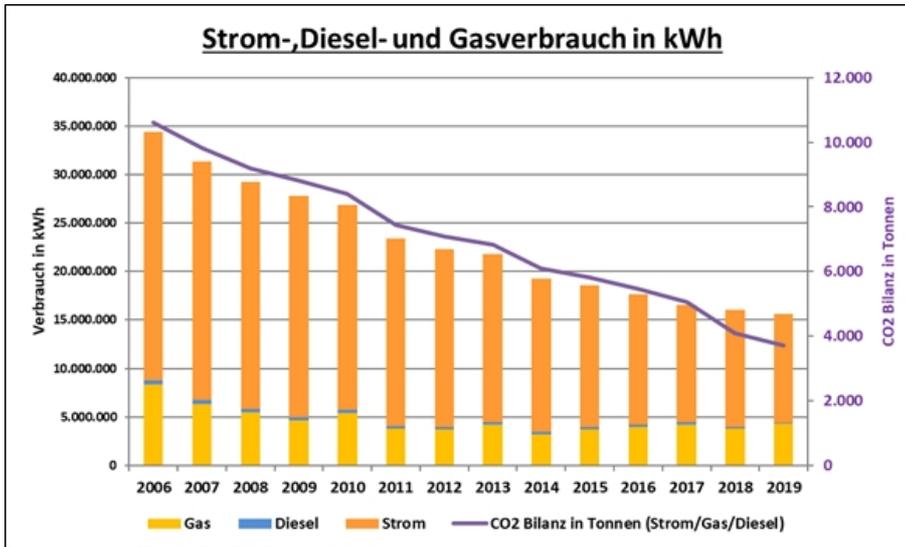
[Graph title and left margin:] Diesel fuel consumption, in kWh / Consumption in kWh

Key Performance Indicator GRI SRS-302-4: Reduction of energy consumption

The reporting organization shall report the following information:

- a.** Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.
- b.** Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.
- c.** Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.
- d.** Standards, methodologies, assumptions, and/or calculation tools used.

The consumption of electricity, diesel fuel and natural gas in Bocholt (main production facility) has been declining for years. In the period from 2006 to 2019, the production of assembly units declined by 30% (2006: 13,151 assembly units, 2019: 9,211 assembly units), while energy consumption fell by 55% during the same period. 2006: 34,400 kWh, 2019: 15,633 kWh; this represents a reduction of 67,561 GJ



[Graph title: Electricity, diesel fuel and natural gas consumption, in kWh]  
 [Graph texts: Verbrauch in kWh = Consumption in kWh; CO2-Bilanz in Tonnen = CO2 footprint, in tons; Gas = Natural gas; Diesel = Diesel fuel; Strom = Electricity; Bilanz in Tonnen = CO2 footprint, in tons]

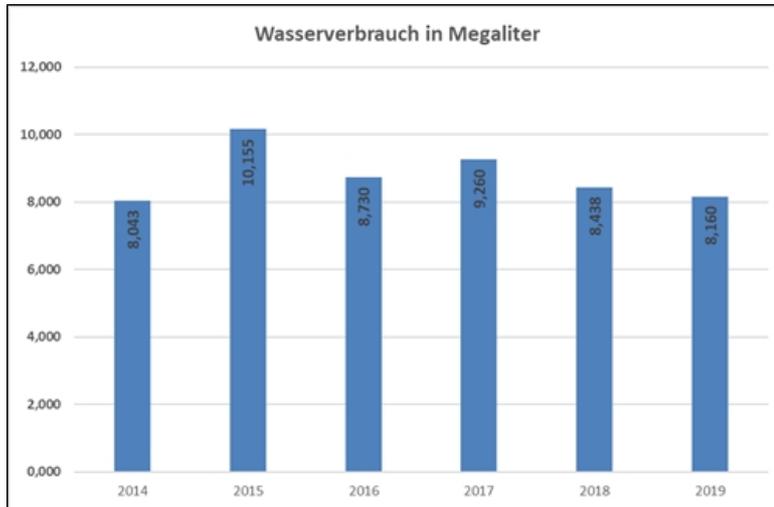
Presentation of energy consumption measured against the base year 2006.

Measurement of consumption after purchases of electricity and natural gas from the energy supply company and purchases of diesel fuel from the supplier.

Key Performance Indicator GRI SRS-303-3: Water withdrawal  
The reporting organization shall report the following information:

- a.** Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:
  - i.** Surface water;
  - ii.** Groundwater;
  - iii.** Seawater;
  - iv.** Produced water;
  - v.** Third-party water.
  
- b.** Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:
  - i.** Surface water;
  - ii.** Groundwater;
  - iii.** Seawater;
  - iv.** Produced water;
  - v.** Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv.
  
- c.** A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:
  - i.** Freshwater ( $\leq 1,000$  mg/L Total Dissolved Solids);
  - ii.** Other water ( $> 1,000$  mg/L Total Dissolved Solids).
  
- d.** Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.

*2014 8,043*  
*2015 10,155*  
*2016 8,730*  
*2017 9,260*  
*2018 8,438*  
*2019 8,160*



[Graph title: Water consumption, in megaliters]

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Key Performance Indicator GRI SRS-306-2: Waste

The reporting organization shall report the following information:

**a.** Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable:

- i.** Reuse
- ii.** Recycling
- iii.** Composting
- iv.** Recovery, including energy recovery
- v.** Incineration (mass burn)
- vi.** Deep well injection
- vii.** Landfill
- viii.** On-site storage
- ix.** Other (to be specified by the organization)

**b.** Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable:

- i.** Reuse
- ii.** Recycling
- iii.** Composting
- iv.** Recovery, including energy recovery
- v.** Incineration (mass burn)
- vi.** Deep well injection
- vii.** Landfill
- viii.** On-site storage
- ix.** Other (to be specified by the organization)

**c.** How the waste disposal method has been determined:

- i.** Disposed of directly by the organization, or otherwise directly confirmed
  - ii.** Information provided by the waste disposal contractor
  - iii.** Organizational defaults of the waste disposal contractor
-

Financial year	Type of waste	Reuse*	Recycling*	Composting*	Recovery. including energy recovery*	Trash incineration*	Saline water injection*	Landfill*	Stored on site*	Other*
2014	hazardous	1	11	0	6	6	0	0	0	0
	non-hazardous	11	1.297	16	132	0	0	0	0	0
2015	hazardous	1	12	0	6	4	0	1	0	0
	non-hazardous	12	1.152	16	138	3	0	0	0	0
2016	hazardous	1	11	0	0	6	0	0	0	0
	non-hazardous	8	1,043	14	291	5	0	0	0	0
2017	hazardous	0	7	0	0	3	0	0	0	0
	non-hazardous	13	901	10	298	10	0	0	0	0
2018	hazardous	0	12	0	0	3	0	0	0	0
	non-hazardous	13	973	10	304	1	0	0	0	0
2019	hazardous	0	12	0	0	4	0	0	0	0
	non-hazardous	8	756	10	301	1	0	0	0	0

\* All figures in tons

Waste quantities declined from 3,454 tons in 2000 to 1,092 tons in 2019. Related to devices produced, the waste quantity per device was reduced from 340 grams in 2000 to 147 grams in 2019. The reduction of the total waste quantity also resulted from the reduction of device quantities produced. As a supportive measure, the packaging concepts in materials delivery have been repeatedly optimized. Waste quantities are disposed of in accordance with the European Waste Catalog. Besides small quantities of mixed waste, most of the waste is sorted into more than 40 separate categories (e.g. paper/ cardboard, wood, metal, plastics, ABS plastic, electronic waste, etc.) before disposal. The waste disposal methods are based on information provided by the waste disposal service providers.

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## 13. Climate-Relevant Emissions

The company discloses the GHG emissions in accordance with the Greenhouse Gas (GHG) Protocol or standards based on it and states the goals it has set itself to reduce emissions, as well as its results thus far.

Gigaset will continue to work on reducing greenhouse gas (GHG) emissions. The greatest CO<sub>2</sub> emissions in 2019 resulted from electricity consumption, which accounted for 2,760 tons, followed by natural gas consumption at 947 tons and diesel fuel consumption at 16 tons. The key performance indicators of the last few years reveal the positive development in relation to this topic: The total CO<sub>2</sub> footprint from electricity, natural gas and diesel fuel was reduced from 6,097 tons in 2014 to 3,723 tons in 2019. The goal for the future is the further reduction of greenhouse gases; among other things, for purchased electricity to be 100% CO<sub>2</sub>-free from 2020 on. In 2018, renewable energy accounted for 52.1% of purchased electricity (average for Germany: 32%). In 2019, renewable energy will account for 58.1% of purchased electricity (average for Germany: 36.6%). Gigaset does not currently use or generate renewable energy from its own generating plants. The company has conducted an analysis for a photovoltaics plant, but it is not planned at the present time. Nonetheless, Gigaset will continue to focus on energy consumption and the resultant emissions in the future.

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## Key Performance Indicators to criteria 13

Key Performance Indicator GRI SRS-305-1: Direct (Scope 1) GHG emissions

The reporting organization shall report the following information:

- a.** Gross direct (Scope 1) GHG emissions in metric tons of CO<sub>2</sub> equivalent.
- b.** Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub> or all.
- c.** Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.
- d.** Base year for the calculation, if applicable, including:
  - i.** the rationale for choosing it;
  - ii.** emissions in the base year;
  - iii.** the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e.** Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- f.** Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g.** Standards, methodologies, assumptions, and/or calculation tools used.

a)

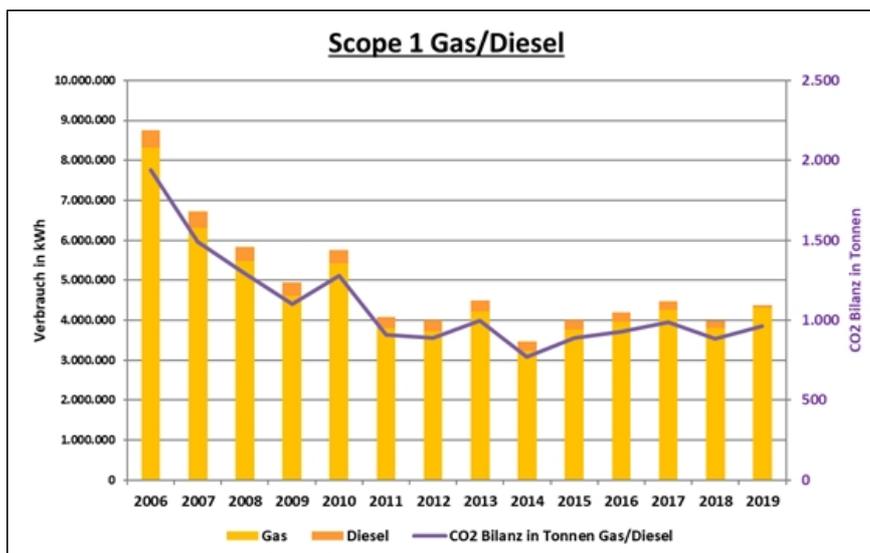
At Gigaset, Scope 1 includes the consumption values for natural gas (heating systems) and diesel fuel (forklifts used in logistics). CO<sub>2</sub> emissions were reduced from 1,940 tons in 2006 to 963 tons in 2019.

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	CO2 footprint from natural gas, in tons	CO2 footprint from diesel fuel, in tons	CO2 footprint from natural gas/diesel, in tons
2006	1,832	108	1,940
2007	1,390	103	1,493
2008	1,205	90	1,294
2009	1,016	84	1,101
2010	1,193	86	1,278
2011	835	72	906
2012	818	70	888
2013	928	71	999
2014	711	60	771
2015	826	62	887
2016	873	57	930
2017	937	52	990
2018	838	44	882
2019	947	16	963

b)  
The CO2 value was included in the calculation.

d)  
Presentation of energy consumption measured against the base year 2006.



[Graph texts: Verbrauch in kWh = Consumption in kWh; Gas = Natural gas; Diesel = Diesel fuel; CO2 Bilanz in Tonnen Gas/Diesel = CO2 footprint from natural gas/diesel fuel, in tons; CO2 Bilanz in Tonnen = CO2 footprint in tons]

*i.* An internal additive measuring system was implemented in 2006.

*ii.* 2006: CO<sub>2</sub> emission of 1,970 tons from natural gas and diesel fuel

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consumption.

**iii.** The base year was not recalculated due to changes.

e)

Conversion factors to kWh according to the energy supply company/ supplier.

g)

*Calculation of total consumption:*

Natural gas: according to the billing statement of the energy supply company  
in m<sup>3</sup> and conversion to kWh

Diesel fuel: according to the billing statement of the supplier in liters and  
conversion to kWh

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Key Performance Indicator GRI SRS-305-2: Energy indirect  
(Scope 2) GHG emissions

The reporting organization shall report the following information:

- a.** Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.
- b.** If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.
- c.** If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.
- d.** Base year for the calculation, if applicable, including:
  - i.** the rationale for choosing it;
  - ii.** emissions in the base year;
  - iii.** the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e.** Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- f.** Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g.** Standards, methodologies, assumptions, and/or calculation tools used.

a)

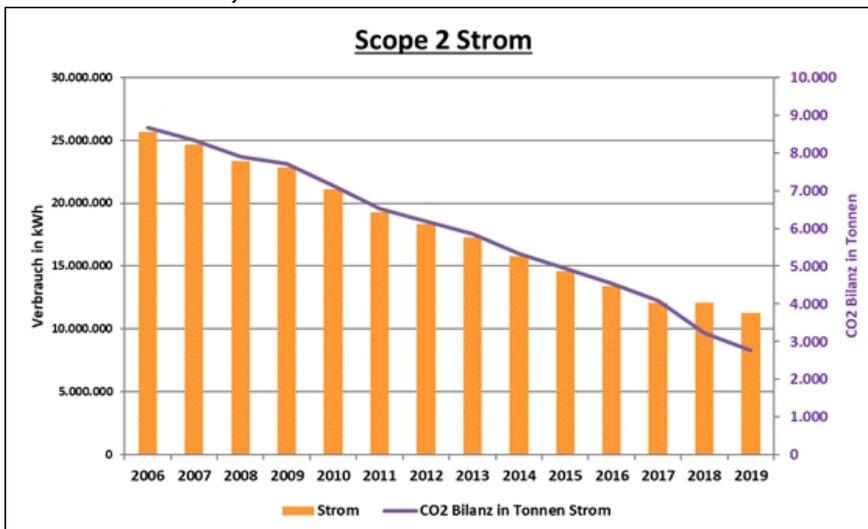
At Gigaset, Scope 2 includes the consumption values from electricity. The CO<sub>2</sub> footprint was reduced from 8,669 tons in 2006 to 2,760 tons in 2019.

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	CO2 footprint from electricity, in tons
<b>2006</b>	<b>8,669</b>
<b>2007</b>	<b>8,327</b>
<b>2008</b>	<b>7,901</b>
<b>2009</b>	<b>7,720</b>
<b>2010</b>	<b>7,123</b>
<b>2011</b>	<b>6,526</b>
<b>2012</b>	<b>6,198</b>
<b>2013</b>	<b>5,846</b>
<b>2014</b>	<b>5,326</b>
<b>2015</b>	<b>4,940</b>
<b>2016</b>	<b>4,538</b>
<b>2017</b>	<b>4,076</b>
<b>2018</b>	<b>3,220</b>
<b>2019</b>	<b>2,760</b>

c)  
The CO2 value was included in the calculation.

d)



[Graph texts: Verbrauch in kWh = Consumption in kWh; Strom = Electricity; CO2 Bilanz in Tonnen Strom = CO2 footprint from electricity, in tons; CO2 Bilanz in Tonnen = CO2 footprint in tons]

- i.* An additive internal measuring system was implemented in 2006.
- ii.* The CO2 footprint in the base year 2006 was 8,669 tons
- iii.* The base year was not recalculated due to changes

e)  
Conversion factors to KWh according to the energy supply company/ supplier.

g)  
Calculation of total consumption: Electricity:  
according to the billing statement of the energy supply company in KWh  
(EVU).

Key Performance Indicator GRI SRS-305-3: Other indirect (Scope 3) GHG emissions

The reporting organization shall report the following information:

**a.** Gross other indirect (Scope 3) GHG emissions in metric tons of CO<sub>2</sub> equivalent.

**b.** If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.

**c.** Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.

**d.** Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.

**e.** Base year for the calculation, if applicable, including:

**i.** the rationale for choosing it;

**ii.** emissions in the base year;

**iii.** the context for any significant changes in emissions that triggered recalculations of base year emissions.

**f.** Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.

**g.** Standards, methodologies, assumptions, and/or calculation tools used.

a)  
Other data on GHG emissions (Scope 3) is not collected because such collection would cause disproportionate costs.

Key Performance Indicator GRI SRS-305-5: Reduction of GHG emissions

The reporting organization shall report the following information:

- a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO<sub>2</sub> equivalent.
- b. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.
- c. Base year or baseline, including the rationale for choosing it.
- d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).
- e. Standards, methodologies, assumptions, and/or calculation tools used.

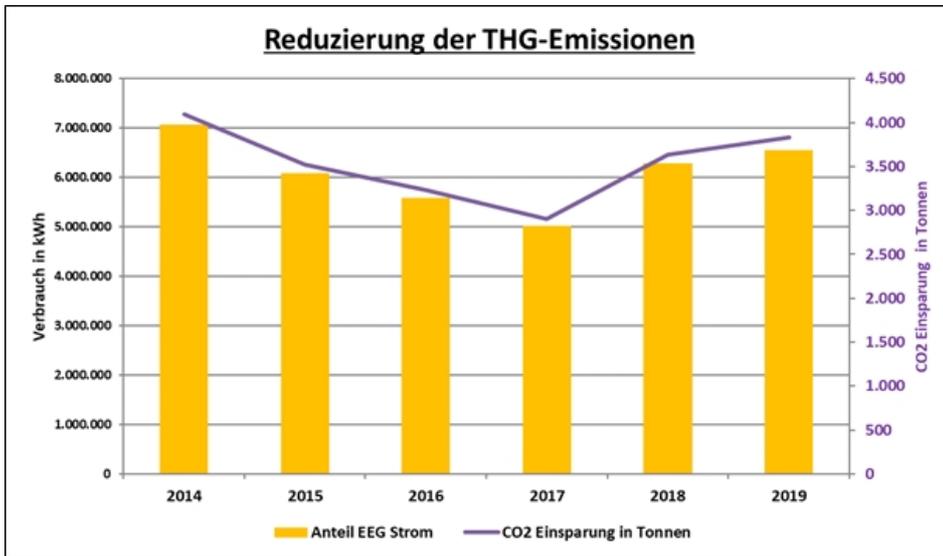
a)  
Thanks to the energy supply company's Power Label, electricity from renewables accounts for 58.1% of all electricity consumption (percentage required by EEG = Renewable Energy Act). This translates to the following annual CO<sub>2</sub> savings (measured at 585 grams/KWh).

3,829 tons of CO<sub>2</sub> were saved in 2019.

b)  
The CO<sub>2</sub> value was included in the calculation.

c)  
3,796 tons of CO<sub>2</sub> were saved in the base year 2014 (derived from the energy supply company's Power Label as of 2014).

	Electricity consumption in KWh	CO <sub>2</sub> savings in tons
<b>2014</b>	<b>15,758,256</b>	<b>3,796</b>
<b>2015</b>	<b>14,615,065</b>	<b>3,520</b>
<b>2016</b>	<b>13,427,478</b>	<b>3,234</b>
<b>2017</b>	<b>12,060,043</b>	<b>2,905</b>
<b>2018</b>	<b>12,060,945</b>	<b>3,638</b>
<b>2019</b>	<b>15,633,035</b>	<b>3,829</b>



[Graph title: Reduction of GHG emissions]

[Graph texts: Verbrauch in kWh: Consumption in kWh; Anteil EEG Strom = Percentage of EEG electricity; CO2 Einsparung in Tonnen = CO2 savings in tons; CO2 Bilanz in Tonnen = CO2 footprint in tons]

d)

In the direct Scope 1, reduction of CO<sub>2</sub> emissions from natural gas and diesel fuel.

In the direct Scope 2, reduction of CO<sub>2</sub> emissions from electricity. Scope 3 was not calculated.

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## Criteria 14–20 concerning SOCIETY

### Criteria 14–16 concerning EMPLOYEE-RELATED MATTERS

#### 14. Employment Rights

The company reports on how it complies with nationally and internationally recognised standards relating to employee rights as well as on how it fosters staff involvement in the company and in sustainability management, what goals it has set itself in this regard, what results it has achieved thus far and where it sees risks.

Gigaset pursues the strategy of respecting the rights of employees and granting them all legal codetermination possibilities. To ensure this, the company's management, the Human Resources Director and the employee representatives maintain an intensive and ongoing dialog. Employees from the Works Council are represented on the Supervisory Board of Gigaset Communications GmbH in accordance with the One Third Participation Act. In addition, three other employees sit on the Supervisory Board of Gigaset Communications GmbH. The Works Councils are involved in all relevant personnel decisions in accordance with the German Works Council Constitution Act. Gigaset cultivates intensive and trustful contacts with the collective bargaining agreement parties. One result of this trustful cooperation is that Gigaset has continually entered into supplemental and special collective bargaining agreements with the collective bargaining agreement parties since the year 2004. The current special collective bargaining agreement, which is also applicable in 2019, also calls for regular meetings with the collective bargaining agreement parties during the term, at which agreed key indicators of the efficacy of the agreement are presented. Gigaset is an internationally active company. Equal opportunities are offered to all employees in hiring, their further development and their compensation. Our standard is the German General Equal Treatment Act. Annual meetings based on a uniform concept are held with employees. These meetings provide an opportunity for an extensive discussion of the work performed in the past year and for the setting of joint goals for the coming year. These measures were conducted in the past year and will continue in the future. Considering the fact that this strategy will be continued in the future, Gigaset sees no material risks for its business operations. Target agreements and employee compensation are not tied to the attainment of sustainability goals or to long-term value creation. Gigaset has

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not identified essential risks related to employee concerns because it does not consider this to be necessary due to its compliance with the legal requirements and its obligations under collective bargaining agreements. For information on the related requirements for our suppliers, please refer to the description in Criterion 17 (Human Rights). Due to the good relations between the company's management and the works council and the employee representatives as parties to the collective bargaining agreements, the company does not consider a separate management concept to be necessary beyond the strategy described above.

The payment of variable compensation for target attainment in each given year serves the interests of Gigaset. Variable compensation is tied to the degree of attainment of the targets set for Gigaset's business success. Setting targets at the beginning of each year enables Gigaset to respond flexibly to changed economic conditions.

Although individual target agreements are not concluded for the area of sustainability, Gigaset remains committed to the goal of being considerably better in all areas of corporate and social responsibility than the average of companies that manufacture communications devices. The evaluation is performed externally by EcoVadis.

With the exception of special campaigns for general improvement, there are no sustainability goals at employee level at Gigaset.

Sustainability is firmly anchored as a binding requirement for all employees in the Business Conduct Guidelines and is therefore part of Gigaset's business philosophy and everyday work. The Gigaset Business Conduct Guidelines are at the heart of our compliance system. They lay down binding worldwide rules for responsible conduct by our employees, in-house as well as when dealing with outside companies, especially customers and vendors. With respect to dealings with vendors and third parties, the Guidelines primarily contain rules on complying with competition, anti-cartel and anti-corruption law. Executives and supervisors must regularly monitor compliance with laws, the Business Conduct Guidelines and internal regulations. Compliance with rules for preventing corruption, in particular, is also monitored regularly by internal audits in the relevant business units domestically and abroad. As a further instrument for discovering possible compliance breaches, Gigaset has set up an information and notification function where anonymous tips about possible violations can be sent.

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## 15. Equal Opportunities

The company discloses in what way it has implemented national and international processes and what goals it has for the promotion of equal opportunities and diversity, occupational health and safety, participation rights, the integration of migrants and people with disabilities, fair pay as well as a work-life balance and how it will achieve these.

Gigaset is an internationally active company undergoing a phase of radical change. In the coming years, Gigaset will evolve further from a pure hardware supplier to a provider of communications solutions. Therefore, Gigaset is reliant on employees who contribute different experiences, qualifications and points of view and help us successfully meet the economic and structural challenges with their individual skills. Equal opportunities are offered to all employees in hiring, their further development and their compensation. The standard is the German General Equal Treatment Act.

Ensuring equal opportunity and diversity is a key objective of Gigaset's human resources policy. Gigaset offers the same opportunities to all employees. No one is disadvantaged due to their background, sex, sexual orientation, religion or world view, disability or age.

At December 31, 2019, 26% of Gigaset's staff were women. At the end of the reporting period, the percentage of female employees in senior management functions (Levels 1 and 2) beneath the level of the Management Board in the biggest company, Gigaset Communications GmbH, was 6%.

Gigaset places a high priority on the compatibility of family and work. Different work time models and a Central Works Council Agreement on home office work that goes beyond the legally defined solutions are offered. Details of part-time work are agreed individually between employees and supervisors. Part-time employees are entitled to a proportionate share of company benefits. Part-time employees accounted for 7% of the staff at December 31, 2019.

The company's maternal leave and parental leave policies are based on the relevant provisions of law. In addition, numerous individual agreements are in effect.

The compensation system is oriented to the job requirements, the employee's individual performance and the conditions and competition situation of the local environment. For a good part of employees, it is additionally based on collective bargaining agreements. Care is taken to prevent any inequities with respect to compensation, including on the basis of sex or age, for example.

Because Gigaset is a manufacturing company, it places the highest priority on workplace safety. We conduct audits at all levels by internal departments and external institutions in order to continually review and continuously improve our occupational safety measures. In addition, occupational safety training is regularly provided to all employees with the goal of accident prevention.

We ensure health protection and promotion through the company's medical service, which is available not only for acute health problems, but also for preventive measures, including flu vaccinations, for example. The medical service also participates in work place inspections in order to offer an optimal work place to our employees also with respect to occupational medicine concerns.

Gigaset also actively combats all forms of corruption as evidenced by our Business Conduct Guidelines, periodic anti-corruption training and the installation of a Compliance Committee.

Although Gigaset strives for continuous improvement in all areas, no concrete goals with fixed dates have been agreed in this respect because Gigaset is of the opinion that the above-mentioned measures ensure continuous improvement in these areas.

## 16. Qualifications

The company discloses what goals it has set and what measures it has taken to promote the employability of all employees, i.e. the ability of all employees to participate in the working and professional world, and in view of adapting to demographic change, and where risks are seen.

The targeted, needs-based development of employees and managers is an essential investment in the future of Gigaset. Not least of all due to the realignment of our company, highly qualified employees are the basis for the company's success. Therefore, a large number of internal and external continuing education programs is offered to employees.

The qualifications requirements of the various departments are surveyed every year. For this purpose, the human resources organization consults with the department managers to determine the qualifications requirements of every department. The qualifications requirements are financially backed by a training budget anchored in the special collective bargaining agreement in effect for Gigaset.

Thus, numerous employees were trained on the subject of data protection in the 2019 financial year. Sales employees, for example, were trained in matters of distribution antitrust law. Individualized support is provided to high-potential employees and succession candidates at all levels of management.

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Accordingly, employees were promoted to non-pay scale positions again in 2019. Such promotions are considered to be an important way of rewarding performance, expertise and responsibility and permanently retaining these employees.

The changes resulting from the company's restructuring have also changed the requirements for managers. Due to the reduced number of employees after the restructuring, they must also perform many more operational tasks than before while performing their managerial duties at the same time. In order to meet these changed requirements for managerial work, the human resources organization cooperated with an external trainer to implement a manager's coaching program in 2018, which all Gigaset managers have completed.

The company works closely together with the trade associations, which complement the measures with training courses, presentations and job programs.

As described above in Criterion 15 (Equal Opportunity), Gigaset operates a medical service that offers numerous prevention measures for employees, including exercises to relieve strain on the spine, workplace corrective exercises, ergonomic advice, relaxation exercises and various examinations such as a risk factor analysis for cardiovascular and metabolic diseases, and also treatments such as heat and cold therapies. Although Gigaset strives for continuous improvement in all areas, no concrete goals with fixed dates have been agreed in this respect because Gigaset is of the opinion that the above-mentioned measures ensure continuous improvement in these areas. In consideration of materiality aspects, we see no material risks related to the qualifications of our employees because Gigaset fulfills its responsibility toward its employees and also has a strong self-interest in highly qualified, innovative employees and a training budget is assured under the terms of collective bargaining agreements.

## Key Performance Indicators to criteria 14 to 16

Key Performance Indicator GRI SRS-403-9: Work-related injuries  
The reporting organization shall report the following information:

**a.** For all employees:

- i.** The number and rate of fatalities as a result of work-related injury;
- ii.** The number and rate of high-consequence work-related injuries (excluding fatalities);
- iii.** The number and rate of recordable work-related injuries;
- iv.** The main types of work-related injury;
- v.** The number of hours worked.

**b.** For all workers who are not employees but whose work and/or workplace is controlled by the organization:

- i.** The number and rate of fatalities as a result of work-related injury;
- ii.** The number and rate of high-consequence work-related injuries (excluding fatalities);
- iii.** The number and rate of recordable work-related injuries;
- iv.** The main types of work-related injury;
- v.** The number of hours worked.

**You will find the remaining numbers c-g of the indicator SRS 403-9 in the GRI standard and may additionally report them here.**

Key Performance Indicator GRI SRS-403-10: Work-related ill health

The reporting organization shall report the following information:

**a.** For all employees:

- i.** The number of fatalities as a result of work-related ill health;
- ii.** The number of cases of recordable work-related ill health;
- iii.** The main types of work-related ill health.

**b.** For all workers who are not employees but whose work and/or workplace is controlled by the organization:

- i.** The number of fatalities as a result of work-related ill health;
- ii.** The number of cases of recordable work-related ill health;
- iii.** The main types of work-related ill health.

**You will find the remaining numbers c-e of the indicator SRS 403-10 in the GRI standard and may additionally report them here.**

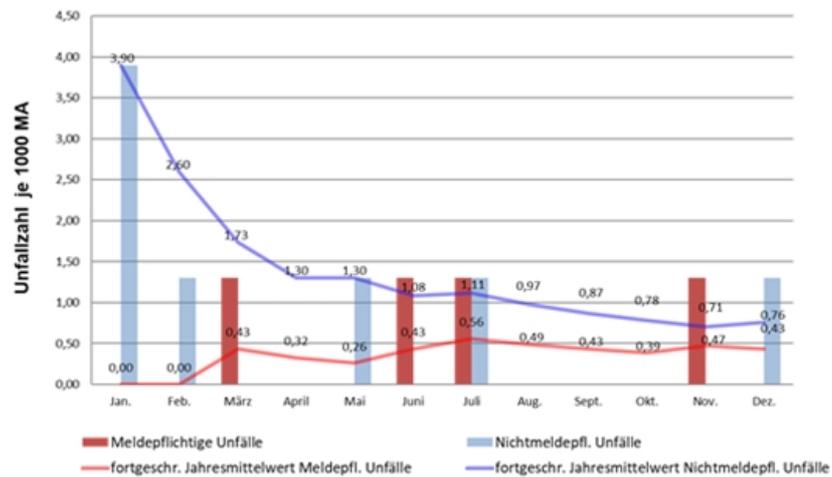
Type of injury: commuting accidents

- Bicyclists: Falls leading to bruises, scrapes, rarely a broken bone
  - Automobile drivers: rear-end collisions leading to whiplash, sprains and bruises
  - Scooter/motorcycle drivers: Falls leading to bruises, scrapes and sprains
- Type of injury: industrial accidents
- Transport by hand: Cuts, contusions, bruises, pulled muscles
  - Hand tools: Bruises, cuts

Rate of injury:

Rate der Verletzungen:

Unfallstatistik je 1000 MA Januar-Dezember 2018

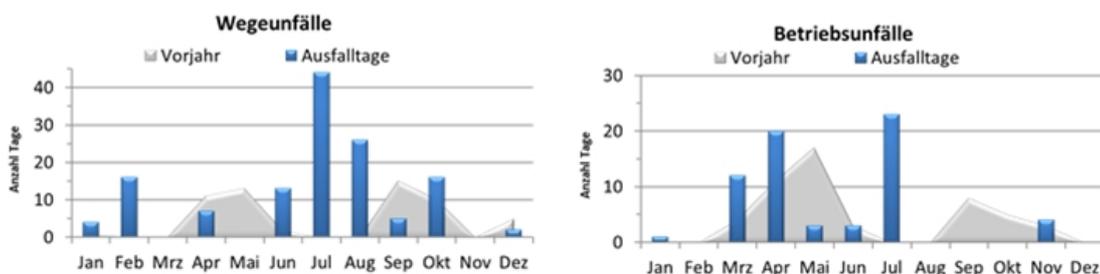


[Graph title: Accident statistics per 1000 employees January-December 2018]

[Graph texts: Unfallzahl je 1000 MA = Accident rate per 1000 employees; Meldepflichtige Unfälle = Reportable accidents; Nichtmeldepflichtige Unfälle = Non-reportable accidents; März = March; Mai = May; Juni = June; Okt. = Oct.; Dez. = Dec.]

Lost days in 2018:

Ausfalltage 2018



[Graph title: Commuting accidents]

[Graph texts: Anzahl Tage = Number of days; Vorjahr = Prior year; Ausfalltage = Lost days; Mrz = Mar; Mai = May; Okt – Oct; Dez = Dec]

[Graph title: Industrial accidents]

[Graph texts: Anzahl Tage = Number of days; Vorjahr = Prior year; Ausfalltage = Lost

days; Mrz = Mar; Mai = May; Okt – Oct; Dez = Dec]

Occupational diseases: - None.

Work-related fatalities: - None.

Lost days	Description of injury	Accident location
0	Abrasion on head	Bldg. 2450
5	Cut on right thumb	Bldg. 7833
5	Bruise on right torso and left knee	Commuting accident
7	Cut on left shin	Bldg. 2450
4	Pain in cervical spine	Commuting accident
30	Pain due to bruises on upper torso	Commuting accident
0	Laceration and bruise, left shin	Bldg. 2450
1	Stretched tendon in left thumb	Commuting accident
3	Bruise on right index finger	Bldg. 2401
10	Bruise on right side of head	Bldg. 2450
3	Bruise and abrasion, wrist, ankle, knee	Commuting accident
0	Flesh wound, back of left hand	Bldg. 2450
5	Bruise on back	Grounds
1	Bruises and abrasions on back	Bldg. 7834
1	Bruise, left foot	Bldg. 2450
2	Bruise, right elbow	Bldg. 2450
2	Bruises and abrasions on right knee and left hand	Commuting accident

2	Foreign object in left eye	Bldg. 2450
7	Bruise on head and left shoulder	Bldg. 2450
4	Bruises on body	Commuting accident
8	Contusion of left middle finger nail bed	Bldg. 2450
30	Severe bruise on left foot	Bldg. 2450

Slide 1 statistics	Prior year	Total	Non-reportable	Reportable
Work machines	2	3	3	0
Transport	4	6	4	2
Falls	0	0	0	0
Hand tools	2	1	0	1
Other industrial accidents	2	2	1	1
Company events	0	0	0	0
Commuting accidents	12	27	15	12
Total	22	27	15	12

Slide 2 statistics	Prior year	Total	Non-reportable	Reportable
Pedestrians	0	0	0	0
Bicyclists	8	10	2	8
Motorcycles/scooters	0	2	2	0
Automobile drivers	3	0	0	0
Public mass transit	1	0	0	0
Total	12	15	7	8

<b>All employees</b>														
Accidents per 1000 employees														
Months	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.		
Industrial accidents, reportable	0	2	0	0	0	1	0	1	0	2	1	0		
Industrial accidents, non-reportable	1	0	1	0	1	0	0	1	3	1	0	0		
Total employees	770	770	770	770	770	770	770	770	770	770	770	770		
Months	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.		
Reportable accidents per 1000 employees	0.00	2.60	0.00	0.00	0.00	1.30	0.00	1.30	0.00	2.60	1.30	0.00	9.09	0.76
Non-reportable accidents per 1000 employees	1.30	0.00	1.30	0.00	1.30	0.00	0.00	1.30	3.90	1.30	0.00	0.00	10.39	0.87
Average reportable accidents	0.00	1.30	0.87	0.65	0.52	0.65	0.56	0.65	0.58	0.78	0.83	0.76		
Average non-reportable accidents	1.30	0.65	0.87	0.65	0.78	0.65	0.56	0.65	1.01	1.04	0.94	0.87		

<b>Not including temporary employees</b>													
Accidents per 1000 employees													
Months	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Industrial accidents, reportable	0	2	0	0	0	0	0	0	0	0	0	0	
Industrial accidents, non-reportable	1	0	0	0	1	0	0	1	1	0	0	0	
Total employees	700	700	700	700	700	700	700	700	700	700	700	700	
Months	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Reportable accidents per 1000 employees	0.00	2.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.86
Non-reportable accidents per 1000 employees	1.43	0.00	0.00	0.00	1.43	0.00	0.00	1.43	1.43	0.00	0.00	0.00	5.71
Average reportable accidents	0.00	1.43	0.95	0.71	0.57	0.48	0.41	0.36	0.32	0.29	0.26	0.24	
Average non-reportable accidents	1.43	0.71	0.48	0.36	0.57	0.48	0.41	0.54	0.63	0.57	0.52	0.48	

Key Performance Indicator GRI SRS-403-4: Worker participation on occupational health and safety

The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:

- a.** A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers.
- b.** Where formal joint management-worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees.

There is no separate procedure for employee involvement in occupational safety and health protection. However, an occupational health and safety committee convenes at least four times a year.

This committee is composed of representatives of the plant management, the occupational safety expert, the medical officer and the works council, as well as other safety officers, managers and foremen as needed.

Key Performance Indicator GRI SRS-404-1: Average hours of training

The reporting organization shall report the following information:

- a.** Average hours of training that the organization's employees have undertaken during the reporting period, by:
  - i.** gender;
  - ii.** employee category.

Gigaset does not survey this key performance indicator. There is a fixed annual training budget in accordance with the special collective bargaining agreement to which Gigaset is a party. The Human Resources Department coordinates budget distribution and compliance. This department surveys department managers to determine the training requirements. After that, the budget is distributed to the various departments. The actually incurred costs of the individual measures are charged against the training budget during the year.

Key Performance Indicator GRI SRS-405-1: Diversity

The reporting organization shall report the following information:

**a.** Percentage of individuals within the organization's governance bodies in each of the following diversity categories:

**i.** Gender;

**ii.** Age group: under 30 years old, 30-50 years old, over 50 years old;

**iii.** Other indicators of diversity where relevant (such as minority or vulnerable groups).

**b.** Percentage of employees per employee category in each of the following diversity categories:

**i.** Gender;

**ii.** Age group: under 30 years old, 30-50 years old, over 50 years old;

**iii.** Other indicators of diversity where relevant (such as minority or vulnerable groups).

At the end of the 2019 financial year, 67% (4 of 6) of the members of the Supervisory Board of Gigaset AG were male and 33% (2 of 6) were female. 50% (3 of 6) of the members were over 50 years old and 50% (3 of 6) were between 30 and 50 years old. In the 2019 financial year, 50% (3 of 6) of the members of the Supervisory Board of Gigaset Communications GmbH were male and 50% (3 of 6) were female. 67% (4 of 6) of the members were over 50 years old and 33% (2 of 6) were between 30 and 50 years old.

At 12/31/2019, 26% of employees were female and 74% were male. 7% of employees were less than 30 years old, 34% were in the age group between 30 and 50 years old and 59% of employees were older than 50. 8% of all employees have a severe disability or equivalent.

The company's employees have not been differentiated by other diversity indicators.

Key Performance Indicator GRI SRS-406-1: Incidents of discrimination

The reporting organization shall report the following information:

- a.** Total number of incidents of discrimination during the reporting period.
- b.** Status of the incidents and actions taken with reference to the following:
  - i.** Incident reviewed by the organization;
  - ii.** Remediation plans being implemented;
  - iii.** Remediation plans that have been implemented, with results reviewed through routine internal management review processes;
  - iv.** Incident no longer subject to action.

Gigaset did not become aware of any incidents of discrimination in the 2019 financial year and therefore no separate measures had to be taken in this respect.

## Criterion 17 concerning RESPECT FOR HUMAN RIGHTS

### 17. Human Rights

The company discloses what measures it takes, strategies it pursues and targets it sets for itself and for the supply chain for ensuring that human rights are respected globally and that forced and child labour as well as all forms of exploitation are prevented. Information should also be provided on the results of the measures and on any relevant risks.

As an internationally active company with a procurement volume of approx. EUR 180 million in 2019, Gigaset also bears responsibility for the environment and social welfare in its supply chain. Gigaset's Business Conduct Guidelines require its suppliers to accept the rules set forth therein and comply with all applicable laws and regulations. As part of its supplier strategy, therefore, Gigaset's suppliers must meet these requirements for corporate and social responsibility. Accordingly, this supplier strategy is an integral part of the procurement strategy for all procurement departments. The procurement strategy is updated every year, including in the 2019 financial year, and adopted with the cross-functional involvement of the Management.

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In particular, Gigaset expects its suppliers to apply the following principles regarding their responsibility for people and the environment:

- Compliance with all applicable laws,
- The renunciation of corruption,
- Respect for the human rights of their employees,
- Compliance with laws against child labor,
- Assumption of responsibility for the health and safety of their employees,
- Compliance with relevant national laws and international standards for environmental protection, and
- The requirement that the same principles are implemented and observed in their own supply chains.

Employees who enter into contracts with suppliers must ensure the proper application of these principles by means of appropriate contractual clauses.

In addition, preference is given to suppliers with a globally certified quality and environmental management-system that also demonstrably meets our requirements for corporate and social responsibility.

Gigaset conducts periodic, random audits of suppliers on regular visits to determine whether these requirements are known and followed. When these audits uncover improvement potentials, the supplier in question is required to promptly implement them.

When violations of the contractually stipulated social or ecological requirements are discovered, Gigaset reserves the right to impose appropriate penalties up to and including contract termination. To date, however, such measures have not been necessary. Thus, it has been shown that the supplier strategy in effect for many years has produced the successful result that no significant violations have been discovered.

Because there are no direct contractual relationships between Gigaset and the sub-contractors of our suppliers, it is not legally possible to take action against sub-contractors. However, Gigaset exercises an indirect influence in that its direct suppliers are contractually obligated as a rule to raise the awareness of its sub-contractors for these matters and hold them to account for any violations.

Although Gigaset strives for continuous improvement in all areas, no concrete goals with fixed dates have been agreed in this respect because Gigaset is of the opinion that the above-mentioned measures ensure continuous improvement in these areas. In consideration of materiality aspects, we see no material risks in this area despite the fundamental risk inherent in existing business relationships that individual suppliers or their sub-contractors may not fulfill their contractual obligations and such breaches may not be discovered. For the reasons stated, Gigaset does not have a company-wide

management concept for human rights issues, but, as described above, the topic is taken very seriously and regularly examined.

## Key Performance Indicators to criteria 17

Key Performance Indicator GRI SRS-412-3: Investment agreements subject to human rights screenings

The reporting organization shall report the following information:

**a.** Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.

**b.** The definition used for ‘significant investment agreements’.

Gigaset has not measured the total number and percentage and also does not consider it necessary to do so because the application of human rights clauses is a generally binding internal requirement at Gigaset, ensuring that the great majority of supplier contracts contain such human rights clauses, particularly in the case of production materials purchased from a foreign country. Human rights clauses are included in Gigaset’s Code of Conduct for Suppliers and the corresponding clause on corporate and social responsibility. The corresponding clause is left out only in exceptional cases, e.g. engagement of law firms.

Key Performance Indicator GRI SRS-412-1: Operations subject to human rights reviews

The reporting organization shall report the following information:

**a.** Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.

Gigaset has not measured the total number and percentage and also considers it unnecessary to do so because Gigaset generates its revenues mainly from sales of products that Gigaset itself produces in its location in Germany.

Key Performance Indicator GRI SRS-414-1: New suppliers subject to social screening

The reporting organization shall report the following information:

**a.** Percentage of new suppliers that were screened using social criteria.

Gigaset has not measured the total number and percentage and also considers it unnecessary to do so. Gigaset conducts periodic, random audits of suppliers

on regular visits to determine whether these requirements are known and followed. In addition, new suppliers are fundamentally obligated to comply with Gigaset's Code of Conduct for Suppliers.

Key Performance Indicator GRI SRS-414-2: Social impacts in the supply chain

The reporting organization shall report the following information:

- a. Number of suppliers assessed for social impacts.
- b. Number of suppliers identified as having significant actual and potential negative social impacts.
- c. Significant actual and potential negative social impacts identified in the supply chain.
- d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.
- e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.

*Gigaset has not measured this percentage and also considers it unnecessary to do so. Gigaset performs sample-based analysis in connection with the regular supplier audits that Gigaset conducts in periodic visits. In addition, new suppliers are fundamentally required to observe Gigaset's Code of Conduct for Suppliers. No significant actual and potential negative human rights impacts have been uncovered or identified in the supply chain to date and therefore no actions of this kind have been required.*

## Criterion 18 concerning SOCIAL MATTERS

### 18. Corporate Citizenship

The company discloses how it contributes to corporate citizenship in the regions in which it conducts its core business activities.

Gigaset does not conduct any significant activities aimed at making a separate contribution to the communities in the various business regions in which the company is active. Thus, the company does not involve itself specifically on behalf of cultural projects and is also not active in the form of supporting

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corporate volunteering activities by its employees. Gigaset has increased its local sponsorship activities at its biggest location in Bocholt, Germany, since 2017. It is important to management that Gigaset as a communications technology company be an attractive employer and be locally visible. It supports the local soccer club 1. FC Bocholt in the form of background and jersey sponsoring; since 2018, Gigaset has also been engaged with two local sporting events, the Bocholt Half Marathon and the Bocholt City Run, to forge even closer contact with the local community and promote local activities. Gigaset encourages employee participation in these events as contestants and helpers, as a way to get in direct contact with spectators or clients and make the company and its products attractive. In addition, the company sponsors various local event formats such as Christmas markets and parish fairs as always.

The reason for the company's continued restraint in corporate citizenship activities is the economic situation, 'which has presented great challenges to the company since 2012. During the last year, the company had to undergo a far-reaching transformation. Large expenditures were required to develop and establish new products. Even now, despite positive momentum, the company still faces big challenges and an increasingly accelerating market. Accordingly, the economic strength of the company has top priority, especially in view of its obligation to the shareholders of Gigaset AG.

As before, the company's responsibility is to its employees and the protection of their jobs.

Due to the company's focus on its core business in the interest of its employees, it has not conducted a separate analysis of corporate citizenship activities, for which reason no company-wide management concept for social issues is currently available.

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## Key Performance Indicators to criteria 18

Key Performance Indicator GRI SRS-201-1: Direct economic value generated and distributed

The reporting organization shall report the following information:

- a.** Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:
- i.** Direct economic value generated: revenues;
  - ii.** Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;
  - iii.** Economic value retained: 'direct economic value generated' less 'economic value distributed'.
- b.** Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.

This data should not be disclosed separately here because Gigaset is listed in the Prime Standard segment of the stock exchange and is therefore already required to meet the highest transparency requirements and publishes its financial results in accordance with legal requirements; in particular, the company's annual and quarterly reports are available on Gigaset's website: [http://www.gigaset.com/de\\_de/cms/gigaset-ag/investor-relations/publikationen.html](http://www.gigaset.com/de_de/cms/gigaset-ag/investor-relations/publikationen.html)

## Criteria 19–20 concerning ANTI-CORRUPTION AND BRIBERY MATTERS

### 19. Political Influence

All significant input relating to legislative procedures, all entries in lobby lists, all significant payments of membership fees, all contributions to governments as well as all donations to political parties and politicians should be disclosed by country in a differentiated way.

Donations are governed by the Gigaset Business Conduct Guidelines and an internal process instruction. Donation-like payments, meaning contributions that are seemingly given as consideration for goods or services, but considerably exceed the value of the goods or services provided, violate the transparency directive and are prohibited. Gigaset is a member of Bitkom and did not make any contributions to governments, parties or politicians in the financial year.

Gigaset's Corporate Legal Department and the respective specialist departments continuously observe all relevant legislative processes. General corporate law and civil law legislation, as well as environmental law and product-specific legislation, are particularly relevant for the company.

Gigaset currently does not intend to exert any significant political influence and therefore, with the exception of the Gigaset Business Conduct Guidelines described in detail in the next chapter, does not pursue a particular plan because it does not perceive any need to do so at the present time.

## Key Performance Indicators to criteria 19

Key Performance Indicator GRI SRS-415-1: Political contributions  
The reporting organization shall report the following information:

- a.** Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.
- b.** If applicable, how the monetary value of in-kind contributions was estimated.

Gigaset is independent of political parties and therefore did not make any political contributions in the 2019 financial year.

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## 20. Conduct that Complies with the Law and Policy

The company discloses which measures, standards, systems and processes are in place to prevent unlawful conduct and, in particular, corruption, how they are verified, which results have been achieved to date and where it sees there to be risks. The company depicts how corruption and other contraventions in the company are prevented and exposed and what sanctions are imposed.

The management and organizational obligation of the Management Board (Sections 76 AktG (German Stock Corporations Act), 130 OwiG (German Administrative Offenses Act)) constitutes an obligation of lawful conduct. This obligation not only requires the Management Board members themselves to obey applicable laws and regulations, but also requires them to manage and organize the company in such a way that contraventions are avoided as much as possible. They bear the highest responsibility for this.

Compliance with laws and regulations forms the basis for all of Gigaset's business activities. As the central code of conduct, the Gigaset Business Conduct Guidelines form the core of our compliance system.

They set out globally binding rules for the responsible activity of employees within the company and in their dealings with outside parties, particularly including customers and business partners. In relation to dealings with business partners and third parties, the Gigaset Business Conduct Guidelines particularly include rules and standards related to compliance with competition laws, anti-trust laws and anti-corruption laws.

Executives and supervisory employees are required to regularly monitor compliance with applicable laws and regulations, the Business Conduct Guidelines and the company's internal guidelines. In addition, compliance in the relevant corporate units in Germany and abroad is regularly reviewed by the Internal Audit Department, particularly for the purpose of corruption prevention. As another instrument for detecting potential compliance violations, Gigaset has installed an information and reporting function to which anonymous tips of potential compliance violations can be submitted.

In exercising the duty of lawfulness derived from its management and organizational duty, the Management Board of Gigaset AG has since 2012 relied on the support of a Compliance Committee, which is responsible for investigating suspicious cases and formulating action recommendations for the Management Board, among other functions.

Managers and relevant employee groups in Germany and abroad are trained on

the subject of corruption prevention by means of a web-based learning program, which has been held repeatedly already. One such training course on corruption prevention was held in 2019.

Although Gigaset strives for continuous improvement in all areas, no concrete goals with fixed dates have been agreed in this respect because Gigaset is of the opinion that the above-mentioned measures appropriately ensure continuous improvement in these areas. No material risks related to corruption and bribery have been identified at the present time in a risk analysis based on the above information.

## Key Performance Indicators to criteria 20

Key Performance Indicator GRI SRS-205-1: Operations assessed for risks related to corruption

The reporting organization shall report the following information:

- a.** Total number and percentage of operations assessed for risks related to corruption.
- b.** Significant risks related to corruption identified through the risk assessment.

Gigaset is not aware of any significant corruption risks at its business locations. Four out of the total 14 business locations, thus representing 29% of business locations, was audited for corruption risks in the 2019 reporting period.

Key Performance Indicator GRI SRS-205-3: Incidents of corruption

Die berichtende Organisation muss über folgende Informationen berichten:

- a.** Total number and nature of confirmed incidents of corruption.
- b.** Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.
- c.** Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.
- d.** Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.

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No corruption cases were reported to the Compliance Committee in the 2019 financial year and therefore no actions needed to be taken.

Key Performance Indicator GRI SRS-419-1: Non-compliance with laws and regulations

The reporting organization shall report the following information:

**a.** Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:

- i.** total monetary value of significant fines;
- ii.** total number of non-monetary sanctions;
- iii.** cases brought through dispute resolution mechanisms.

**b.** If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.

**c.** The context against which significant fines and non-monetary sanctions were incurred.

In the 2019 financial year, no substantial fines and also no non-monetary sanctions were imposed on Gigaset for non-compliance with laws and regulations.

# Overview of the GRI indicators in the Sustainable Code declaration

In this Sustainable Code declaration, we have reported according to the "comply or explain" principle on the GRI indicators listed below. This document refers to the GRI Standards 2018 for GRI SRS 303 and 403 and to the GRI Standards 2016 for all other GRI Standards applied.

Areas	Sustainable Code criteria	GRI SRS indicators
STRATEGY	1. Strategic Analysis and Action	
	2. Materiality	
	3. Objectives	
	4. Depth of the Value Chain	
PROCESS MANAGEMENT	5. Responsibility	GRI SRS 102-16
	6. Rules and Processes	
	7. Control	
	8. Incentive Systems	GRI SRS 102-35 GRI SRS 102-38
	9. Stakeholder Engagement	GRI SRS 102-44
	10. Innovation and Product Management	G4-FS11
ENVIRONMENT	11. Usage of Natural Resources	GRI SRS 301-1
	12. Resource-Management	GRI SRS 302-1 GRI SRS 302-4 GRI SRS 303-3 GRI SRS 306-2
	13. Climate-Relevant Emissions	GRI SRS 305-1 GRI SRS 305-2 GRI SRS 305-3 GRI SRS 305-5
SOCIETY	14. Employment Rights	GRI SRS 403-4
	15. Equal-Opportunities	GRI SRS 403-9
	16. Qualifications	GRI SRS 403-10 GRI SRS 404-1 GRI SRS 405-1 GRI SRS 406-1
	17. Human Rights	GRI SRS 412-3 GRI SRS 412-1 GRI SRS 414-1 GRI SRS 414-2
	18. Corporate-Citizenship	GRI SRS 201-1
	19. Political Influence	GRI SRS 415-1
	20. Conduct that Complies with the Law and Policy	GRI SRS 205-1 GRI SRS 205-3 GRI SRS 419-1