

# Group Declaration of Corporate Governance

The Management Board and Supervisory Board report annually on the Corporate Governance of the company in the Group Declaration of Corporate Governance pursuant to Section 315d in conjunction with Section 289f of the German Commercial Code (HGB). The Declaration on the Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) represents an important part of this Group Declaration. The German Corporate Governance Code (the “Code”) contains principles, recommendations and suggestions for the Management Board and the Supervisory Board that are intended to help ensure that the company is managed in its best interests. In their actions, the Management Board and the Supervisory Board are aware of the role of the company in society and their social responsibility. This also includes the knowledge that social and environmental factors influence the success of the company and that the activities of NFON AG have an impact on people and the environment. Accordingly, these factors are taken into account in the management and monitoring of NFON AG by the Management Board and the Supervisory Board as part of pursuing the company’s interests.

The Code is aimed at making the dual German Corporate Governance system transparent and comprehensible. It clarifies the obligation of the Management Board and the Supervisory Board to ensure the continued existence of the company and its sustainable value creation in accordance with the principles of the social market economy, taking the interests (“company interests”) of the shareholders, the workforce and other groups associated with the company (“stakeholders”) into account. These principles require not only legality, but also ethically sound, self-responsible behaviour (“model of the honourable businessman”). The Management Board and Supervisory Board of NFON AG are committed to the principles, recommendations and suggestions of the Code. The Management Board and Supervisory Board report on possible deviations from the recommendations of the Code both in the Declaration of Conformity and in the following detailed explanations, with reference to the Code in its version of 28 April 2022.

## **DECLARATION OF CONFORMITY WITH THE CORPORATE GOVERNANCE CODE**

Pursuant to Section 161 of the German Stock Corporation Act, the Management Board and Supervisory Board of NFON AG declare in the Declaration of Conformity which recommendations of the “German Corporate Governance Code” published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette in the version of 28 April 2022 have been and are being complied with or which recommendations have not been or are not being applied.

C.2 The Supervisory Board as a whole shall have the skills deemed necessary in view of the activities of the NFON Group. These include, among others, in-depth experience and knowledge in the management of a medium-sized or larger, internationally active company, in the telecommunications industry, in accounting and financial reporting, in controlling/risk management and in the field of Corporate Governance/compliance. In view of the importance of this experience and knowledge, the Supervisory Board has refrained from setting an age limit.

C.5 The Chairman of the Supervisory Board, Rainer Koppitz, is a member of the Management Board of a listed company and shall therefore not serve as Chairman of the Supervisory Board of a listed company outside the Group. He is also the Chairman of the Supervisory Board of Cenit AG. The Management Board and Supervisory Board are of the opinion that his activities as Chairman of the Supervisory Board of NFON AG are compatible with his other Management Board and Supervisory Board mandates.

C.10, D.2 and D.4 Due to the size of the Supervisory Board, which consists of four members, the Supervisory Board of NFON AG has waived the formation of committees with the exception of the Audit Committee. The Chairman of the Audit Committee is Florian Schuhbauer. Florian Schuhbauer is independent of the company and the Management Board and has the necessary expertise in auditing. Rainer Koppitz and Günter Müller are the other members of the Audit Committee.

F.2 The Consolidated Financial Statements are prepared within four months after the end of the financial year due to the extensive consolidation effort. The quarterly financial announcements and the half-yearly report are also published within two and three months after

# Group Declaration of Corporate Governance

the end of the reporting period at the latest due to the high consolidation effort in accordance with the Stock Exchange Rules and the Transparency Directive Implementation Act.

G.13 The Corporate Governance Code stipulates that in the event of a post-contractual non-competition clause, a severance payment to the Management Board shall be offset against the waiting allowance. In the case of the Chairman of the Management Board of NFON AG, Dr. Klaus von Rottkay, a waiting allowance would not count towards the severance payment.

G.17 Contrary to the recommendation of the Corporate Governance Code, the members of the Audit Committee are not remunerated separately, as the time required for the work in the Audit Committee is manageable.

Munich, March 2023

## **Basic information on the structure of Corporate Governance and the underlying rules**

NFON AG, with its registered office in Munich, is subject to the German Stock Corporation Act and has the executive bodies of the Management Board, the Supervisory Board and the Annual General Meeting. Corporate Governance is based on close and trusting cooperation between all bodies and a lively and constant flow of information between them. At the Annual General Meeting in particular, shareholders can ask questions of the company's management and exercise their voting rights.

Taking responsibility is part of NFON's self-image. The company assumes responsibility for products and processes, employees, customers and partners as well as for the environment and society. In doing so, the company maintains an open relationship with its stakeholders and is in a continuous dialogue. A dual management system consisting of a Management Board and a Supervisory Board is required by law for German public limited companies.

## **Information on Corporate Governance practices applied beyond the legal requirements**

The NFON Group is of course managed in accordance with the legal requirements. The values underlying good Corporate Governance do not only demand legality. They are also essentially based on ethically founded and responsible conduct. In implementing the company strategy geared towards profitable growth, the Management Board and Supervisory Board, as well as the employees of the NFON Group, follow the following company values:

Entrepreneurial Action and Thinking – Team Result – Respect.

For NFON, each individual value stands on its own, but only in the context of all three together is what NFON is all about.

The Corporate Governance practices applied by NFON cover regulatory areas such as company-wide ethical standards, labour and social standards, compliance guidelines and sustainability and are described in the non-financial statement. The non-financial statement is published together with the Annual Report 2022 at <https://corporate.nfon.com/de/investor-relations/finanzberichte>.

**Entrepreneurial thinking and action:** NFON's mission is to make company communications as effective and seamless as possible. Nevertheless, all NFON employees are convinced that they can take this route. What is needed to achieve this? Pragmatic ideas and, above all, people who do not get discouraged and bridge the last mile to the finish line. And if nothing comes from Plan A, the alphabet contains 25 other letters.

**Team Result:** One thing is clear: our employees also pursue very individual, personal milestones. Nevertheless, what counts at the end of the day is success as a team. A common goal inspires the extraordinary. The ace up our sleeve is a positive and goal-oriented culture. A culture in which everyone receives the constructive feedback they deserve. A culture in which mistakes are not stumbling blocks but rather pave the way for joint breakthroughs.

**Respect:** The basis of our actions is respect. Whether in our dealings with colleagues, partners or customers: NFON values the commitment of others and is open to different opinions. Our goal is to create a reliable environment for everyone. Therefore, we stay open. We listen to what others have to say. Communicate – directly and honestly, with each other instead of about each other. Feedback is worth its weight in gold. We learn from each other and appreciate each other's good intentions.

## **The Management Board**

In accordance with the Articles of Association, the Supervisory Board may appoint one or more persons to the company's Management Board. The Management Board of NFON AG currently consists of two members. Together with the Chief Financial Officer and the Chief Marketing Officer as delegated executives, the Management Board forms the C-level team. The age limit for the Management Board has been set at 65.

In accordance with the provisions of the German Stock Corporation Act and the German Corporate Governance Code, the Supervisory Board has decided on a target of 25% for the share of women on the Management Board to be achieved by 1 May 2024. The Supervisory Board will take the issue of diversity into account when searching for qualified candidates for new Management Board positions. In addition,

the Management Board is obliged to set a target for the share of women in the management level below the Management Board. The Management Board has defined the Managing Directors of the foreign companies as well as the Chief Financial Officer, the Chief Marketing Officer and the Vice Presidents in Germany or equivalent staff functions in the company as the first management level below the Management Board. The NFON Group does not have a second management level below the Management Board. For the NFON Group, the Management Board resolved on 7 December 2021, in accordance with Section 76 (4) of the German Stock Corporation Act (AktG), to set a quota for the management level below the Management Board of 12 women (out of a total of 47 managers in these two management levels). With 9 women in management positions, this target quota is achieved at 75%.

The Management Board manages the company on its own responsibility in the interest of the company. In accordance with the Rules of Procedure issued by the Supervisory Board, the Management Board manages the company's business based on uniform plans and guidelines. In doing so, the Management Board bears joint responsibility for the overall management of the company. As part of the overall responsibility for the management of the company, the two members of the Management Board work together in a collegial and trusting manner in their respective assigned areas of responsibility for the benefit of the company. The Management Board develops the strategic orientation of the company in the C-level team. In addition to the long-term economic goals, the Management Board also defines ecological and social goals within the company strategy in the C-level team. An important component of sustainability management within NFON AG is the systematic identification and evaluation of risks and opportunities for NFON AG associated with social and environmental factors, as well as the ecological and social impact of the company's activities, which in turn find their way into the company strategy. The C-level team coordinates the strategy with the Supervisory Board and ensures its implementation together with the colleagues in the C-level team.

In addition to compliance with the legal provisions and internal company guidelines, also in the Group companies, the C-level team also ensures that the risks of business activities are handled responsibly. In order to guarantee this, the C-level team has adopted an appropriate internal control system and risk management system. The Risk and Opportunity Report, including the report on the internal control system in the Combined Group Management Report, provides further details.

The Management Board together with the colleagues from the C-level team are responsible for ensuring compliance with the legal provisions and the internal company guidelines and work towards their observance by the Group companies (compliance). Compliance issues are discussed regularly by the Supervisory Board or the Chairman of the Supervisory Board and the C-level team. The company culture of the NFON Group is characterised by trust and mutual respect as well as the will to strictly comply with laws and internal regulations. Nevertheless, legal violations due to individual misconduct can never be completely ruled out. Employees and third parties have the opportunity to report misconduct within the company (whistleblower system <https://corporate.nfon.com/de/compliance-nfon/whistleblowing>). The company does everything in its power to minimise this risk as much as possible, to uncover misconduct and to pursue it consistently. The observance of legal and ethical rules and principles is of the highest importance. Rules and principles are laid down in the compliance guideline, as is the responsible handling of insider information. It serves as a guideline for all employees on how to conduct business with integrity. Managers and employees are trained on the Compliance Guideline.

## **The Supervisory Board**

The Supervisory Board takes the issue of diversity into account in its composition and the corresponding election proposals to the Annual General Meeting. This includes not only the composition of the Supervisory Board with female and male members as recommended by the German Stock Corporation Act and the Corporate Governance Code, but also the consideration of the experience of the individual members in terms of age, professional experience and internationality. The decisive guideline for election proposals is the company's interest, respectively the requirements for the knowledge, skills and professional experience of a Supervisory Board as defined by Principle 11 and the following recommendations of the Code. In addition, the Supervisory Board shall give due consideration to the number of independent Supervisory Board members within the meaning of C.1 of the Code. Accordingly, the Supervisory Board shall propose the most suitable candidates after an appropriately conducted application or proposal procedure and taking a balanced composition of the Supervisory Board in terms of knowledge, ability, experience and independence into account.

# Group Declaration of Corporate Governance

Pursuant to Section 111 para. 5 of the German Stock Corporation Act (AktG), the Supervisory Board defines targets for the share of women on the Supervisory Board. In addition to the requirement of the self-imposed target for the share of women, the Code (C.6) also recommends that the ownership structure be taken into account in the composition of the Supervisory Board. In order to fulfil both requirements, the Supervisory Board would have to have more than four members in the opinion of NFON AG's executive bodies. This is not appropriate given the size of the company.

In accordance with the Articles of Association, the Supervisory Board of NFON AG consists of four members elected by the Annual General Meeting. Its members are Rainer Koppitz, CEO of KATEK SE, Munich (Chairman of the Supervisory Board since 9 April 2018 and member of the Supervisory Board since 2015), Günter Müller, Executive Chairman of ASC Technologies AG, Germany, and Managing Director of Milestone Venture Capital GmbH, Germany (member of the Supervisory Board and Deputy Chairman of the Supervisory Board since 12 December 2019), Florian Schuhbauer, Founding Partner, Active Ownership Capital S.à.r.l., Luxembourg (Member of the Supervisory Board since 12 December 2019 and Chairman of the Audit Committee since 6 April 2022, and Dr. Rupert Doehner (Deputy Chairman of the Supervisory Board until 12 December 2019; Member of the Supervisory Board since 9 April 2018), Founding Partner of RECON Advisory GmbH & Co. KG, lawyer and specialised lawyer for commercial and corporate law. Further information on the membership and composition of the Supervisory Board can be found in the Notes to the Consolidated Financial Statements of NFON AG. At the extraordinary General Meeting on 12 December 2019, Florian Schuhbauer and Günter Müller were newly elected to the Supervisory Board as shareholder representatives. This election took greater account of the ownership structure. In terms of the Code, both Supervisory Board members are independent of the company, as they have no personal or business relationship with NFON or its Management Board. No significant and not merely temporary conflict of interest has arisen. Neither Florian Schuhbauer nor Günter Müller can be defined as controlling shareholders. No control agreement has been concluded with any of the shareholders; nor do any of the shareholders have an absolute majority of votes or a sustainable majority at the Annual General Meeting.



The Supervisory Board of NFON AG is committed to the interests of the company. In its composition, the Supervisory Board shall ensure that its members as a whole have the knowledge, skills and professional experience required to properly perform their duties. The Supervisory Board as a whole should have the skills deemed necessary in view of the activities of the NFON Group. With regard to Principle 11 and Recommendation C1, the Supervisory Board has determined the following competence profile with the corresponding objectives for the entire Board:

- Each member of the Supervisory Board must meet the legal and statutory requirements for membership of the Supervisory Board (cf. section 100 (1) to (4) of the German Stock Corporation Act (AktG) and must have the knowledge and skills necessary to properly perform the duties incumbent upon him or her by law and under the Articles of Association.
- The Supervisory Board members as a whole must be familiar with the industry the company operates in (cf. Section 100 para. 5 sentence 2 of the German Stock Corporation Act (AktG)).
- Every member of the Supervisory Board must be sufficiently available and willing to devote the necessary time and attention to the office.
- In addition to these general requirements, the full board shall in particular meet the following requirements:
  - At least two members should particularly fulfil the criterion of internationality or have acquired operational experience in internationally active companies.
  - Every member should have a general understanding of NFON AG's business, particularly the software, IT and telecommunications industries, as well as customer needs, the regions in which the company operates and the strategic direction of the company.
  - At least three members should have operational experience in Corporate Governance and finance.
  - One or more members should have expertise in the area of sustainability.
  - At least one member of the Supervisory Board must have expertise in the field of accounting and at least one other member must have expertise in the field of auditing. Accounting and auditing also include sustainability reporting and its audit.

- The overall board should have one or more members with experience in transformation management, legal/compliance, human resources and sales/R&D.

The Supervisory Board of the company currently considers the aforementioned objectives for the composition of the Supervisory Board to be fulfilled.

As Chairman of the Audit Committee, Florian Schuhbauer has the necessary expertise in the field of auditing financial statements and sustainability reporting. He has more than 20 years of experience in operational management positions at various domestic and foreign companies. Due to his many years of international investment experience, he is also familiar with sustainability issues. Among his other positions, Florian Schuhbauer served as CFO and Executive Vice President of DHL Global Mail in the United States, a subsidiary of Deutsche Post AG. Before founding Active Ownership Capital S.à r.l and Active Ownership Corporation S.à r.l. (AOC), he was a partner at the private equity firms General Capital Group and Triton Partners. Florian Schuhbauer has been a member of the Supervisory Board of PNE AG since May 2017 and a member of the Supervisory Board of vita34 AG since July 2020, both listed stock corporations. Florian Schuhbauer is therefore in a position from his own activities to handle all tasks assigned to him as Chairman of the Audit Committee on eye level with the Chief Financial Officer and the auditor.

Rainer Koppitz has special knowledge and experience in the application of accounting principles, internal control and risk management systems as well as sustainability reporting. He can look back on more than twenty years of experience in the management of industrial companies in various industries as Managing Director and Board member (such as Siemens Enterprise Communications GmbH, BT Germany, NFON AG, B2X GmbH, Siemens IT Solutions & Services GmbH & Co OHG, KATEK SE) as well as various Supervisory and Advisory Board mandates (such as Tyde GmbH, CENIT AG). Both CENIT AG and KATEK SE are listed on the stock exchange. Due to his relevant professional experience, and not least his activities as CEO and Co-Founder of KATEK SE, Rainer Koppitz has the expertise in the application of accounting principles, internal control and risk management systems as well as sustainability reporting required by the German Stock Corporation Act (AktG) and the German Corporate Governance Code (GCGC).

# Group Declaration of Corporate Governance

Günter Müller has the necessary expertise in the field of accounting as well as auditing of financial statements and sustainability reporting. He has served as Executive Chairman of ASC Technologies AG, a leading global software vendor in the areas of omni-channel recording, quality management and analytics, since 1979. Furthermore, Günter Müller is Managing Director of Milestone Venture Capital GmbH. Günter Müller previously worked for Gasa Produktions GmbH, Eisenwerke Kaiserslautern and Bosch-Rexroth.

The status of the implementation of the competence profile is disclosed as follows (qualification matrix):

<b>Goals/competences</b>	<b>Rainer Koppitz</b>	<b>Günter Müller</b>	<b>Florian Schuhbauer</b>	<b>Rupert Doehner</b>
Legal and statutory requirements for membership in the Supervisory Board (Section 100 para. 1 to 4 of the German Stock Corporation Act (AktG))	x	x	x	x
Familiarity with the industry in which NFON AG operates	x	x	x	x
Every member should have a general understanding of NFON AG's business, particularly the software, IT and telecommunications industries, as well as customer needs, the regions in which the company operates and the strategic direction of the company.	x	x	x	x
At least two members meet the criterion of internationality or have acquired operational experience in internationally active companies.	x	x	x	
At least three members should have operational experience in Corporate Governance and finance.	x	x	x	
One or more members should have expertise in the field of sustainability.	x		x	

# Group Declaration of Corporate Governance

At least one member of the Supervisory Board must have expertise in the field of accounting. Accounting also includes sustainability reporting and its audit.	x	x	x	
At least one other member of the Supervisory Board must have expertise in the field of auditing. Accounting and auditing also include sustainability reporting and its audit.	x	x	x	
The overall board should have one or more members with experience in transformation management, legal/compliance, human resources and sales/R&D.	x	x	x	x

The Supervisory Board has refrained from setting an age limit in view of the importance of this experience and knowledge. The share of 25% women has not been met since the new election of the Supervisory Board, but remains the target.

No member of the Supervisory Board performs board functions or advisory tasks for major competitors.

The Chairman and a Vice Chairman are elected from among the members of the Supervisory Board. The Rules of Procedure of the Supervisory Board, which the body has adopted itself, govern its working methods. The Rules of Procedure of the Supervisory Board can be viewed on the company's website (<https://corporate.nfon.com/de/investor-relations/downloadcenter>).

As recommended by the Code, each candidate's personal and business relationships with the company, the company's governing bodies and a significant shareholder with an interest in the company are disclosed, where applicable, in the proposals for election to the Supervisory Board to the Annual General Meeting. Each candidate proposal is to be accompanied by a curriculum vitae providing information on the relevant knowledge, skills and professional experience; this shall be supplemented by an overview of the significant activities in addition to the Supervisory Board mandate. The respective curriculum vitae of all Supervisory Board members are published

# Group Declaration of Corporate Governance

on the company's website and updated annually. In the exercise of their offices, each member of the Supervisory Board takes care to ensure that he or she has sufficient time to perform his or her duties. The Chairman of the Supervisory Board, Rainer Koppitz, is a member of the Management Board of a listed company. Contrary to the recommendation of the Corporate Governance Code (C.5), Rainer Koppitz also chairs the Supervisory Boards of NFON AG and Cenit AG in addition to his activities as Chairman of the Management Board of KATEK SE. The Management Board and Supervisory Board of NFON AG are of the opinion that his activities as Chairman of the Supervisory Board of NFON AG are compatible with his other Management Board and Supervisory Board mandates.

In order to ensure independent advice to and supervision of the Management Board by the Supervisory Board, the Rules of Procedure of the Supervisory Board stipulate that more than half of the members of the Supervisory Board shall be independent within the meaning of the German Corporate Governance Code. According to the assessment of the Supervisory Board, there are currently no concrete indications of relevant circumstances or relationships, in particular to the company, to members of the Management Board or to other members of the Supervisory Board, which could constitute a material and not merely temporary conflict of interest in the case of any member of the Supervisory Board and which would therefore interfere with its independence.

Due to the size of the company and the number of members of the Supervisory Board determined by the Articles of Association, the formation of committees or bodies is generally dispensed with. The three-member Audit Committee established by resolution of 6 April 2022, which is chaired by Florian Schuhbauer, represents an exception due to his expertise in the field of auditing. The other members of the Audit Committee are Rainer Koppitz and Günter Müller.

In accordance with the Articles of Association, the Supervisory Board of NFON AG meets once every calendar quarter, with two meetings taking place every six months. Extraordinary meetings are convened by the Chairman of the Supervisory Board as required and at his due discretion. As a rule, resolutions of the Supervisory Board are passed in meetings. The Supervisory Board shall constitute a quorum if at least half of its members participate in the passing of resolutions. Outside of meetings, resolutions may be adopted in writing, by telex,

telecopy, by telephone or telegraph, or by e-mail or video conference. The Supervisory Board also meets regularly without the Management Board of NFON AG.

The Supervisory Board reviews the efficiency of its activities on a regular basis. The last efficiency review took place on 8 December 2022. Regular education and training is essential to the efficient work of the Supervisory Board. The members of the Supervisory Board gain important experience in their daily work outside the Supervisory Board mandate. Notwithstanding this, the members of the Supervisory Board are adequately supported by the company in matters of education and training.

## **Cooperation with the auditor**

The auditor assists the Audit Committee in monitoring the management of the company, in particular in auditing the accounting and monitoring the accounting-related control and risk management systems. In accordance with the resolution of the Annual General Meeting of 24 August 2022, the Audit Committee has commissioned KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, to audit the Annual and Consolidated Financial Statements for 2022. In accordance with the recommendations of the Code, it was agreed with the auditor that the Supervisory Board would be informed without delay of all findings and events of significance for the Supervisory Board's tasks that come to the auditor's attention during the performance of the audit. Likewise, the Supervisory Board will be informed immediately if the auditor discovers facts that show a misstatement in the Declaration on the Code issued by the Management Board and the Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (AktG). In addition, the Audit Committee and the auditor jointly discussed audit risk, audit strategy and audit planning. The Chairman of the Audit Committee, Florian Schuhbauer, regularly discussed the progress of the audit with the auditor. In accordance with the recommendation of the Corporate Governance Code, the committee was informed by the committee Chairman. The committee meetings also took place without the Management Board.

## **Cooperation between the Management Board and the Supervisory Board**

It is the common goal of the close cooperation between the Management Board and the Supervisory Board to ensure the continued existence of the company and its sustainable value creation. At regular intervals, the Management Board and the Supervisory Board discuss the extent to which the previously agreed strategic orientation of the company has been implemented. The Management Board also regularly informs the Supervisory Board of all issues relevant to the company concerning planning, business development, the risk situation, risk management, internal accounting, sustainability management and compliance. The Management Board reports on any deviations in the course of business from the established plans and goals and gives reasons for them. The manner in which the Management Board must inform and report has been defined by the Supervisory Board in the Rules of Procedure for the Management Board. For decisions or measures that fundamentally change the earnings, financial and asset situation of the company and for transactions of major importance, the Rules of Procedure for the Management Board stipulate reservations of consent in favour of the Supervisory Board.

The Management Board and Supervisory Board are committed to the interests of the company and may not pursue personal interests in their decisions or in connection with their activities, nor may they grant advantages to other persons or take advantage of business opportunities to which the company is entitled for themselves. Each member of the Management Board must disclose conflicts of interest to the Supervisory Board and inform the other members of the Management Board. Likewise, each member of the Supervisory Board must disclose conflicts of interest to the Supervisory Board. The Supervisory Board provides information on conflicts of interest that have arisen and how they have been dealt with in its report to the Annual General Meeting. No conflicts of interest subject to disclosure arose in 2022.

The Supervisory Board and the Management Board jointly ensure long-term succession planning for appointments to the Management Board. To this end, the Supervisory Board is constantly on the lookout, both within and outside the company, for promising management trainees. In principle, the Supervisory Board is of the opinion that concrete succession planning makes sense at the earliest two years

before the current Management Board contracts expire and depends on the specific circumstances in each case. Potential internal candidates are systematically analysed independently of this. An age limit of 65 years has been set for the members of the Management Board.

## **Function of the General Meeting**

The Management Board convenes the Annual General Meeting at least once a year. At the Annual General Meeting, the shareholders of NFON AG exercise their co-administration and control rights. At the Annual General Meeting, the shareholders decide in particular on the appropriation of profits and the discharge of the Management Board and Supervisory Board, they elect the shareholder representatives to the Supervisory Board and the auditor. In addition, the Annual General Meeting decides on the legal basis of the company, in particular on amendments to the Articles of Association, capital measures, inter-company agreements and conversions. The Annual General Meeting will generally pass resolutions in an advisory capacity on the approval of the remuneration system for the members of the Management Board presented by the Supervisory Board, on the specific remuneration of the Supervisory Board and in a recommendatory capacity on the approval of the Remuneration Report for the past financial year. In the event of a takeover bid, the Management Board is to convene an extraordinary General Meeting. This then gives the shareholders the opportunity to discuss the takeover bid and, if necessary, to decide on measures under company law.

Of course, it is in the interest of the company and the shareholders to conduct the Annual General Meeting expeditiously. According to the Articles of Association, the Chairman of the meeting has the option of limiting the shareholders' right to ask questions and speak to a reasonable period of time.



## **Transparency and external reporting**

For NFON AG, Corporate Governance means responsible and transparent management and control of the company. This includes, in particular, the equal treatment of shareholders in the disclosure of information. All shareholders, financial analysts and comparable addressees are provided with all new facts immediately. This includes the dissemination of information in German and in English both on the NFON AG website and the use of systems that ensure the simultaneous publication of information in Germany and abroad. NFON AG uses the system of EQS AG for this purpose.

Shareholders and third parties are mainly informed via the Consolidated Financial Statements and the Group Management Report, including the non-financial statement and – during the financial year – additionally via the quarterly statements and the half-year financial report. In deviation from the recommendation of the Code, the quarterly statement and the half-yearly financial report are published at the latest within two and three months respectively after the end of the reporting period due to the high consolidation effort in accordance with the stock exchange regulations and the Securities Trading Act.

## **Remuneration of the Management Board and Supervisory Board**

As part of its company strategy, NFON AG pursues the goal of consolidating and further expanding its position as a leading provider of integrated business communications in Europe with ambitious growth ambitions in the long term. In doing so, the NFON Group focuses its actions on long-term and sustainable company success and takes a holistic approach to its corporate responsibility.

In line with these goals, the remuneration system for the Management Board is based on three main guidelines: Firstly, a pronounced performance orientation and high performance differentiation through ambitious internal and external targets place the focus on the above-average growth of the company. Second, long-term components avoid incentives to take disproportionate risks. Thirdly, the remuneration system is aimed at a strong equity culture and thus contributes to aligning the interests of shareholders, management and other stakeholders. In particular, the design of individual targets also provides special incentives to act sustainably in terms of ESG criteria.

# Group Declaration of Corporate Governance

The current Management Board contracts already correspond to the remuneration system within the framework of the revised recommendations of the Code.

The peer group within the meaning of recommendation G.3 of the GCGC includes Telefónica, United Internet, EQS and Gamma. In this peer group comparison, the remuneration of the company's Management Board members is in the lower range.

The Remuneration Report for the financial years from 31 December 2020 onwards is publicly available on the company's website at <https://corporate.nfon.com/de/investor-relations/finanzberichte>.

The applicable remuneration system pursuant to Section 87a (1) and (2) sentence 1 of the German Stock Corporation Act (AktG) and the latest resolution pursuant to Section 113 (3) of the German Stock Corporation Act (AktG) on the remuneration of the Supervisory Board are publicly accessible at <https://corporate.nfon.com/de/investor-relations/hauptversammlung>. The auditor's report pursuant to Section 162 of the German Stock Corporation Act (AktG), is publicly available at <https://corporate.nfon.com/de/investor-relations/finanzberichte>.

## **The Sustainable We**

The C-level team and managers are responsible for the development of the organisation, which includes not only administrative processes, but also the development of and responsibility for the organisation's values, mission, strategy, policies and goals related to sustainable development.

The Supervisory Board and C-level team monitor the organisation's due diligence and other processes to identify and manage the organisation's impact on the economy, the environment and people. The C-level team does this by setting up special projects, encouraging the workforce to work sustainably and contributing ideas on how NFON could become even more sustainable.

# Group Declaration of Corporate Governance

The C-level team and Supervisory Board take the results of these processes into account by receiving regular reports from the owners of the delegated sustainability projects, measures and tasks.

The C-level team, with the support of the owners of the delegated sustainability projects, ensures that all stakeholders are involved. The company plans to publish the results of the sub-projects regularly and to evaluate the respective successes.

The Group Declaration on Corporate Governance, including the Declaration of Conformity, is published on the website of NFON AG:

<https://corporate.nfon.com/de/ueber-nfon/corporate-governance>