

# Non- financial statement 2022

NFON Group

## Who we are

**AG NFON**, headquartered in Munich, is a European provider of integrated business communications from the cloud. The listed company (Frankfurt Stock Exchange, Prime Standard), with over 3,000 partners in 15 European countries and seven branches, counts more than 50,000 companies. With its core product Cloudya, the smart cloud communication platform, NFON offers voice calls, easy video conferences and smooth integration of CRM and collaboration tools for small and medium-sized enterprises. The NFON portfolio consists of four areas: business communication with Cloudya, customer contact, integration and enablement. All NFON cloud services are operated in certified computer centres in Germany, with all energy coming from renewable sources. NFON accompanies companies with intuitive communication solutions into the future of business communication.

[corporate.nfon.com/en](https://corporate.nfon.com/en)

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# FOREWORD

## **NFON takes responsibility**

At NFON, we consider it our mission to continually improve business communication. As a leading European provider, we rely on cloud technology. It allows companies to communicate with each other anywhere in the world with little effort and the simplest of means, improve their customer service and integrate and optimise their business processes.

## **Releasing new forces**

For many companies, the cloud creates huge opportunities in the age of working from home and New Work. After all, the stationary workstation at the place of work has become a thing of the past. Where calls used to land in the mailbox or be rejected, cloud communication makes it easy to work remotely from home or while travelling. Employees can be reached directly on the devices of their choice at any time, by voice or by video. Communication is no longer an isolated feature: it is part of business processes and integrated in other programmes and areas. This enables smarter business communication, reduces stress and frees up resources that can be used more sustainably elsewhere. Simple workflows and quick and direct availability creates trust and openness. They strengthen relationships between people across company boundaries, with personal networks growing as a result. The integrated communication that NFON offers thus makes a contribution to the long-term, sustainable success of companies that should not be underestimated.

For us, sustainability goes far beyond the long-term growth of our business. We also consider it our task to have a positive impact on society, conserve natural resources and thus protect the climate and the environment. In addition, social concerns of employees, suppliers and other partners are important to us. Good corporate governance is also close to our hearts, however. We want to do our part to promote honesty, openness and reliability in business life.

We value sustainable entrepreneurial thinking and values-based actions. This is why we are publishing our Sustainability Report for the second time this year. In the following chapters we present what we have achieved in the past financial year. We describe our initiatives and concepts as our contributions to a sustainable business world. We take sustainability very personally, which is why we speak of a sustainable “we”. Only together we will succeed in not only focusing on the interests and needs of the present generation, but also on the needs of future generations.



### **OUR OVERARCHING GOAL**

**We place sustainability front and center in our way of working.**

## **Our sustainability activities**

We want to become a leading provider of integrated business communications from the cloud in Europe. The principles linked to our mission determine our economic actions. At many points, they touch on environmental, social, governance and technology aspects, including human rights aspects, at the local, regional and international level. Digitalisation is a decisive lever for climate protection and can play a key role in achieving climate targets. NFON's

cloud services connect companies with each other and with their customers. Our services ensure that major travel activities and commuting time can be significantly decreased or discontinued.

Cloud services make local hardware such as servers, end devices and related cabling obsolete, which means there is no electrical waste and no need for maintenance.

Our actions are guided by our mission and our company values. They set out the fields of action in which sustainability aspects have an impact on us or we as a company have an impact on sustainability aspects.

## Material sustainability issues

We conducted a materiality analysis last year to establish our sustainability issues.

Topics were selected based on the GRI standards from the 200, 300 and 400 series.

Each of the 34 GRI standards was evaluated in terms of whether

- (1) it creates opportunities or risks for business performance: outside-in perspective
- (2) it creates opportunities or risks for central stakeholders: outside-in perspective
- (3) company activities are likely to have a positive or negative impact on the sustainability issue covered by the respective GRI standard: inside-out perspective

1 All information relates to all subsidiaries of NFON AG. If there are any deviations from this, this will be indicated separately.

An issue was considered material and reportable if its relevance was deemed medium to high in at least one of the three aspects listed above. We identified the following material sustainability issues:

### Material sustainability issues for NFON AG<sup>1</sup>

Area	Issues
Environmental issues	Emissions Energy Waste
Employee matters	<b>Employment:</b> <ul style="list-style-type: none"> <li>• Employee satisfaction</li> <li>• Family friendliness</li> <li>• Diversity, equality of opportunity, non-discrimination,</li> <li>• Workplace health and safety</li> <li>• Education and training</li> </ul>
Social issues	Voluntary work
Compliance	Anti-corruption
Sustainable procurement	Sustainable procurement
Product responsibility	Protecting customer data IT security Product quality

# REPORTING FRAMEWORK AND CONTENT

(§ 289C ABS, 3 HGB)

We published a sustainability report for the first time in the 2021 annual report. Now, we are publishing a non-financial statement with the 2022 annual report (Section 289c (3) HGB). This has not yet been reviewed by auditors. We plan to publish a non-financial statement once a year.

The report largely relates to the entire NFON Group. If there are any matters that relate only to certain countries or subsidiaries, we will explicitly note this. Performance indicators were selected on the basis of relevant standards or laws. These include the Global Reporting Initiative (GRI), the requirements of the German CSR Directive Implementation Act and the UN's 17 Sustainable Development Goals.

## NFON Group stakeholders

The NFON Group maintains many business relationships with companies, organisations, public bodies and individuals (stakeholders). Business decisions can in some cases fundamentally affect individual stakeholders. Vice versa, the actions of individual stakeholders can also have a material impact on business activities. Good interactions between the NFON Group and central stakeholders are thus essential to business success. For this reason, we selected the content of this non-financial statement not only from NFON's perspective but also considering what we believe to be the interests of key

stakeholders. One of our stated goals for 2023 is to confirm these interests by way of a stakeholder survey. This non-financial statement is essentially also an accountability report to our stakeholders.

### Key NFON Group stakeholders

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#### Stakeholders



We are in regular communication with our stakeholders. In the reporting period, this essentially took the form of annual individual conversations about sustainability and questionnaires sent to our stakeholders.

## Reportable non-financial risks

Like many other companies, NFON AG operates in a diverse environment. As well as economic factors, there are a number of non-financial aspects that affect the NFON Group or that the NFON Group affects and that can, directly or indirectly, influence the NFON Group's financial result. Examples include energy consumption and the associated costs and the shortage of skilled labour. The key issues outlined above represent challenges for NFON AG and may become a business risk if improperly handled or poorly prepared. As things stand, we do not believe that any of the material sustainability issues pose an acute business risk.

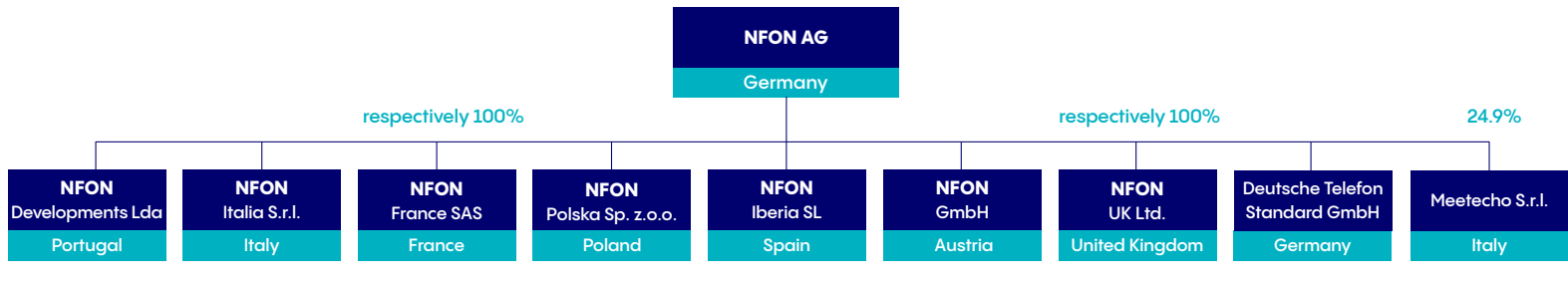
# BUSINESS MODEL

## Business purpose

NFON AG (referred to as NFON), based in Munich, was founded in 2007 and is a provider for integrated business communication in Europe. We have more than 50,000 business customers in 15 European countries, and operate as a telecommunications company through our own companies in Germany, Austria, the UK, Spain, Italy, France and Portugal. We also have a large partner network of over 3,000 sales partners.

We generate most of our revenue with cloud-based telecommunications services for corporate customers. In addition, we are expanding the product portfolio in unified communications and collaboration and business applications.

## Organisational structure as at 31 December 2022



## Business processes and inputs

### Products and services

With Cloudya, NFON offers an easy-to-use, independent and reliable solution for advanced cloud business communications. Further premium and industry solutions and, in the future, business applications complete the portfolio in the field of cloud communications.

### Procurement and sales markets

We provide our services in Germany, Austria, the United Kingdom, Spain, France, Italy, Poland, Hungary, Slovenia, Slovakia, the Czech Republic, Switzerland, the Netherlands and Croatia.

## Explanation of influential/relevant sustainability issues for business

Digitalisation can play a major role in boosting sustainability in society. This relates both to climate protection targets and equality and diversity targets.

### Digitalisation as an opportunity for climate protection

A study by Bitkom published in 2022<sup>1</sup> found that digitalisation already plays a major role and will become even more vital in the future: "Every company that follows a specific sustainability strategy (52%) or plans to follow one (37%) is integrating digital technologies into this strategy. A quarter (24%) even say that digital technologies are vital for meeting sustainability targets. They are of "considerable importance" to 27% and 42% "of relatively high importance"

## Overview of our activities and business relationships



1 <https://www.bitkom.org/Presse/Presseinformation/Digitalisierung-und-Klimaschutz-in-Wirtschaft-2022>



to 42%-93% overall.<sup>2</sup> If you ask which specific technologies can contribute to improved sustainability and climate protection, 71% of respondents list cloud computing. Companies recognise that operating servers, storage and applications at a large data centre is generally more efficient than operating this infrastructure locally at each individual company. 47% of companies also highlighted the potential of video conferences, for example to avoid business travel or commuting.

At N FON, however, we believe our role here is about more than just providing cloud-based communication services: we also think we can help conserve valuable resources by “dematerialising” products and moving them to a virtual world.<sup>3</sup> Customers who use cloud services for communication do not require their own servers and telephones,<sup>4</sup> reducing the amount of waste produced.

Through our products and services, we help companies and employees communicate with each other efficiently and provide better services to their customers. By continually developing the platform and services, we help constantly optimise and expand the range of communication channels and boost efficiency.

<sup>2</sup> <https://www.bitkom.org/Presse/Presseinformation/Digitalisierung-und-Klimaschutz-in-Wirtschaft-2022>

<sup>3</sup> [https://www.haufe.de/sustainability/strategie/nachhaltigkeit-und-digitalisierung-chancen-und-konflikte\\_575772\\_581302.html](https://www.haufe.de/sustainability/strategie/nachhaltigkeit-und-digitalisierung-chancen-und-konflikte_575772_581302.html)

<sup>4</sup> Figures from Statista showed that there were 862 million landline telephones globally in 2022, compared to 878 million previously. The number of telephones is declining overall. <https://de.statista.com/statistik/daten/studie/186330/umfrage/anzahl-der-telefonanschluesse-im-festnetz-weltweit-seit-2000/>

# SUSTAINABILITY MANAGEMENT AT NFON

**More information** on this topic can be found in the annual report chapter Control.

There are three levels to NFON AG's sustainability management.

## Level 1: C-level team

- Tasks
  - Determine the sustainability measures to be adopted based on proposals made by the Sustainability team
  - Determine the related goals (e.g. qualitative/quantitative) based on proposals made by the Sustainability team
  - Monitoring and management
  - Choose responsible Sustainability teams
- Composition and responsibility
  - NFON's CMO assumed project responsibility for sustainability in the C-level team. This is fundamentally the responsibility of the Management Board as a whole. No distinction is made between economic, environmental or social issues at this level.
- Due diligence approach
  - The C-level team is informed about the implementation status of sustainability measures once a quarter. This regular reporting allows the C-level team to assess target attainment and initiate countermeasures where necessary.

## Level 2: ESG team

- Tasks
  - Suggest sustainability measures, draw up draft resolutions
  - Advise the C-level team on technical issues/targets related to sustainability
  - Report on implementation to the C-level team
  - Plan the sustainability measures chosen with colleagues or within the team
  - Check implementation of the sustainability measures within the team and the NFON Group
- Composition and responsibility
  - The Sustainability team has 4 members: Head of Sustainability manages the team, plus one member responsible for environment, social and governance respectively.
  - A member of the C level (CMO) is the sponsor for the ESG team.
- Due diligence approach
  - All sustainability measures are stored centrally – in future in centralised software (known as "Sustainability management").
  - The Head of Sustainability, together with his/her team, discusses which employees or group of people are responsible for putting the sustainability measure into practice.

- The measure, including responsibilities, is then entered in “Sustainability management” (targets, measures, KPIs).
- A regular status report is then generated on the basis of the “Sustainability management”, which is used as the basis of reporting to the C-level team.

### **Level 3: NFON Group teams and employees**

- Tasks
  - Implement the planned sustainability measures at operational level
  - Report to the Sustainability team
- Due diligence approach:
  - The party responsible for implementing the sustainability measure maintains the implementation status in “ESG management”. They or the team can also indicate there if there are any problems with implementation. This information is used as the basis for status reports to the C-level team.

### **Examples:**

- We installed company-wide business processes that ensure compliance with statutory maximum working hours and contractual working hours. Employees are regularly informed of their remaining annual leave. There are also company regulations intended to ensure that they actually take their annual leave. Results and deviations/suggestions for improvement are entered in “Sustainability management”.
- NFON AG sites have guidelines on occupational safety, as well as management systems for workplace health and safety.

# ENVIRONMENTAL ISSUES



## OBJECTIVE

We want NFON to have a positive impact on the planet every day.

## Emissions

### Relevance

NFON does not operate in a sector with high levels of emissions and production of our products/provision of our services is relatively low-emission compared to other industries. NFON AG's communication solutions play a major role in cutting greenhouse gases by reducing the distance travelled for business meetings or on the commute to work.



## BUSINESS GOAL

We want to greenhouse gas emissions and achieve net zero by 2025.

### Measures

**Car policy** (car policy for all branches in Germany)

In line with our environmental responsibility, we have specified the use of fuel-efficient vehicle and engine types and also envisaged the use of battery electric vehicles (BEV) or plug-in hybrid vehicles (PHEV) where this makes economic, environmental and logistical sense. For the determination

of the company vehicle category, the CO<sub>2</sub> emissions/km now also come into play. In this context, we have introduced a bonus scheme that favours the choice of a BEV or PHEV.

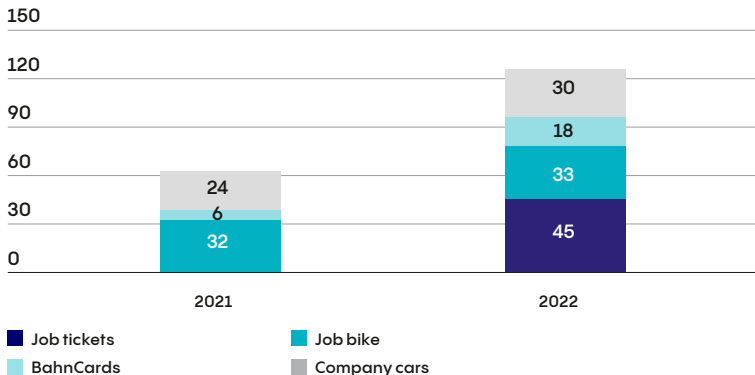
### Job Bike, BahnCard and job tickets

We launched the "Job Bike" initiative in 2022. We offer our employees in Germany the opportunity to lease a company bicycle. The Job Bike scheme turns bicycles and e-bikes into company bikes. The bike can be used for travelling to work, for everyday travel, on holiday or for sports. As part of the Hybrid Working @ NFON project launched in 2021, we also offer a job ticket to employees who work in the office at least three days a week. In addition, employees who undertake many business trips can receive a BahnCard.

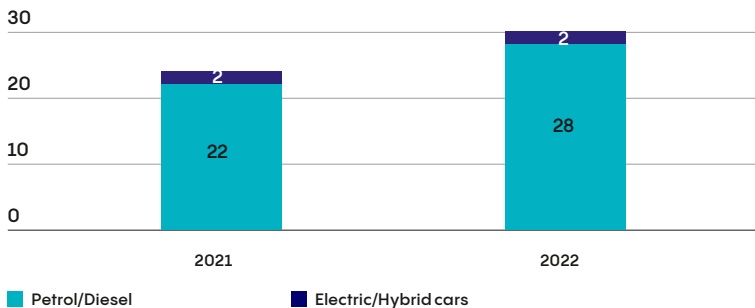
The development in 2020 and 2021 was mainly influenced by the pandemic and showed that we also travelled significantly less on business in Germany than in the years before. The number of employees taking up these options rose considerably in 2022.

Performance indicators to measure the effectiveness of the measures

Mobility offers for employees (in pieces)

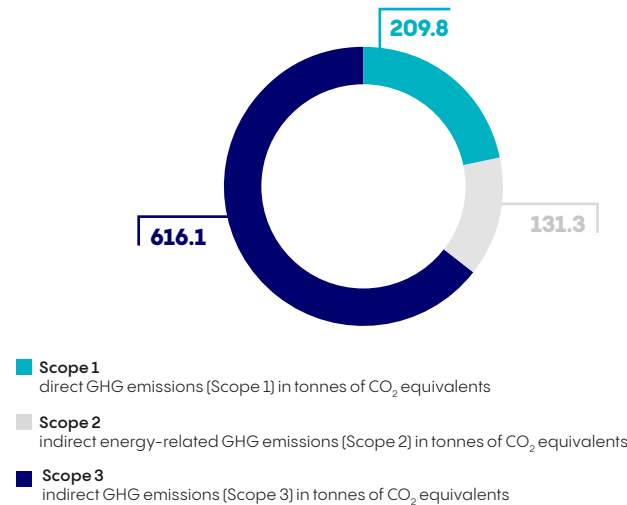


Company cars



Corporate Carbon Footprint<sup>1</sup>

Gross volume in tonnes of CO<sub>2</sub> for 2021



1 NFG had its carbon footprint calculated for the first time for 2021 and will continue to do so each year. For administrative reasons, the results for 2022 have not yet been included in this report.

## Next steps

Our products and services mean that we are not major CO<sub>2</sub> polluters. Nevertheless, we can and want to do more to reduce emissions. One key factor in achieving a positive carbon footprint is offsetting greenhouse gas emissions. We can also help make a contribution in our day-to-day work, for example through our travel policy that aligns with our goals, regulations on electricity usage in our own offices and transport policies for our employees.

## Energy

### Relevance

We consume significant amounts of electricity in our data centres.



#### BUSINESS GOAL

The German government has decided to increase the share of electricity from renewable energy sources in gross electricity consumption to at least 80% by 2050. We are committed to this goal and want to meet it at NFON by 2025.

### Measures

#### Green electricity at NFON data centres

As a telecommunications service provider, we consume significant amounts of electricity in our data centres. In line with the Green Deal<sup>2</sup> adopted by the EU in summer 2021 and the 2030 Agenda<sup>3</sup> adopted by the United Nations, the German government has decided to increase the share of electricity from renewable energy sources in gross electricity consumption to at least 80% by 2050.<sup>4</sup> We are committed to this goal and purchase only electricity

from renewable energy sources for our data centres in Munich, Nuremberg and Frankfurt. In addition, we are constantly examining the possibility of using electricity from renewable energy sources in the offices we rent. In doing so, we also address the risk associated with German companies being highly dependent on fossil energy sources. This risk has become particularly obvious through the political and economic developments since February 2022. In this respect, the use of renewable energies also represents an opportunity to secure the continued existence of essential infrastructures not only in Germany, but throughout Europe.

#### Use of renewable energies at our offices (across Europe) and reduction of energy consumption at NFON offices

In 2022, we began switching our locations in Munich, Mainz and Berlin to renewable energy sources. Mannheim and the other European locations will follow. As part of this, energy reduction measures will also be implemented at all locations starting in 2023.

2 [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_21\\_3541](https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3541)

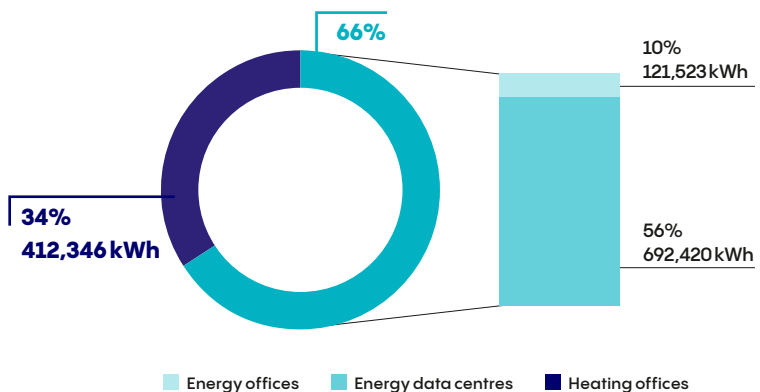
3 <https://www.2030agenda.de/de/article/our-common-agenda-momentum-fuer-einen-inklusive-und-vernetzten-multilateralismus-fuer>

4 <https://www.bundesregierung.de/breg-de/themen/nachhaltigkeitspolitik/bezahlbare-und-saubere-energie-1581908>

### Energy audit

We began the energy audit in accordance with DIN EN 16247-1 in 2022.

#### Performance indicators to measure the effectiveness of the measures (Energy consumption kWh 2021)



### Next steps

We are currently assessing the extent to which locations outside Germany can make the switch to renewable energy sources. In addition, we are planning measures to raise awareness of energy savings measures among our colleagues. These include turning off monitors and computers in the evening. We also continually evaluate our offices to prevent them standing empty.

## Waste

### Relevance

Our products mean that our customers no longer require their own telephones or entire telephone systems. By continuing and expanding our business model and generating further operating success, we thus play a key role in reducing electrical waste in the form of old telephone devices/systems. Waste is of minor importance in our own business activities. As a software company that provides mostly digital products and services, NFON generates only very little waste as a result of developing, producing and providing its products and services, for example regular urban waste as part of its day-to-day work.



### BUSINESS GOAL

We want to help ensure that companies require fewer devices and servers for their communication by making increased use of cloud-based services. At NFON, we avoid generating polluting waste as far as possible.

### Measures

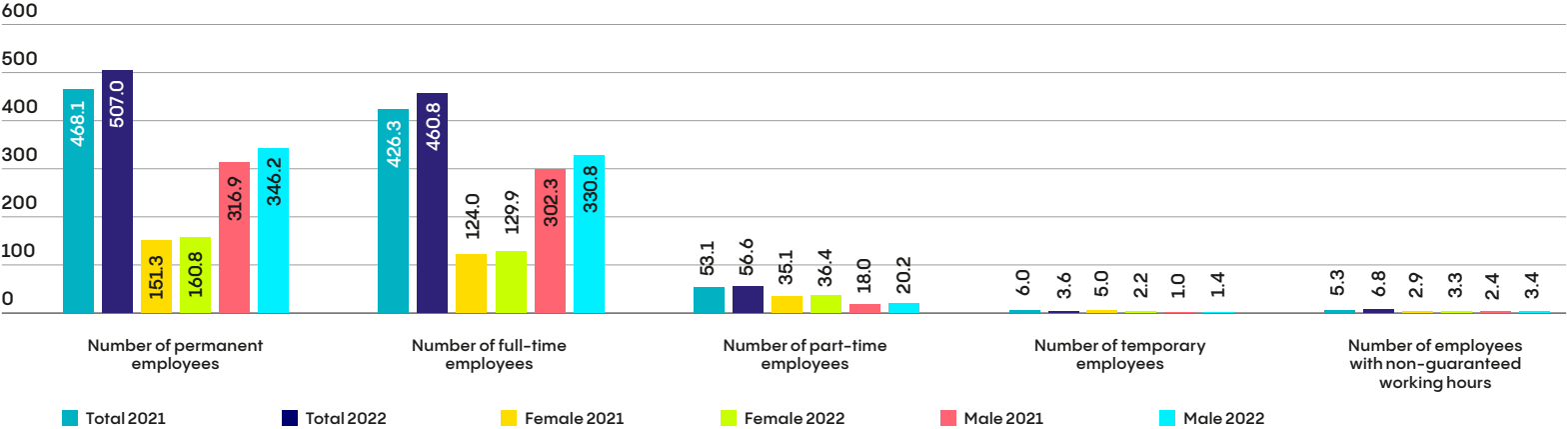
The more successful we are at marketing our product in Europe, the fewer on-site telephone systems our customers will need. Public authorities and companies will continue to use larger telephone systems. They tend to require large quantities of hardware made from valuable materials. The hardware generally has a very long service life. However, when it has to be replaced, there are environmental advantages to replacing it with a cloud telephone system as opposed to a new system at the company's or authority's premises.

Many countries still use desk phones or DECT<sup>5</sup>. Here, too, we can ensure that all hardware we sell is produced on the basis of sustainable principles. Examples of this include Yealink, Snom and Panasonic. Our hardware distribution is organised through distributors. Our major suppliers comply with their own codes of conduct. However, our telephone system can be used entirely without telephones and only with a PC or laptop, where necessary in combination with a headset. Our solutions offer considerable potential here to significantly reduce the use of hardware.

For us, waste management is not just a question of large volumes. All employees at NFON can play their part. Dealing with waste on day-to-day basis is a key aspect of our sustainability manifesto: at all NFON offices, we are careful to ensure that waste is properly separated, purchase sustainable products wherever possible and keep our use of paper to a minimum.

**Overview of key figures: NFON Group employees (GRI2-7)\***

**Overview of employment by number of employees and full-time equivalents**

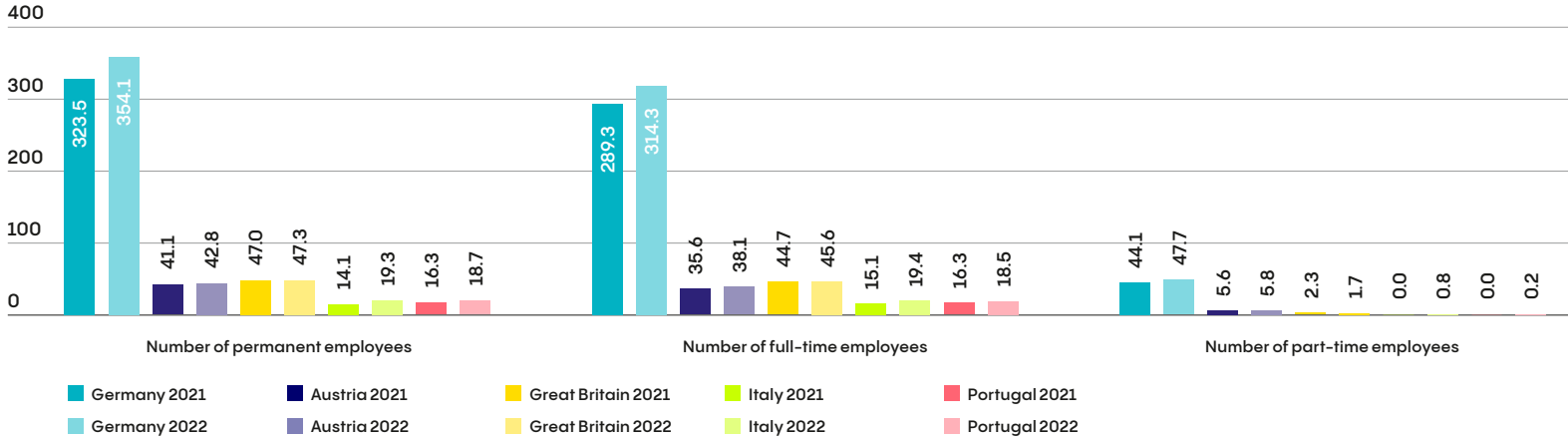


\* To calculate the data, the number of heads and full-time employees are determined. The values are always reference date values at the end of the year or at the end of the queried period. The fluctuation is determined by the departures in the queried period compared to the total number of employees and the entrants. Data on parental leave is not considered at the end of the year (reference date), but as an average of all months.

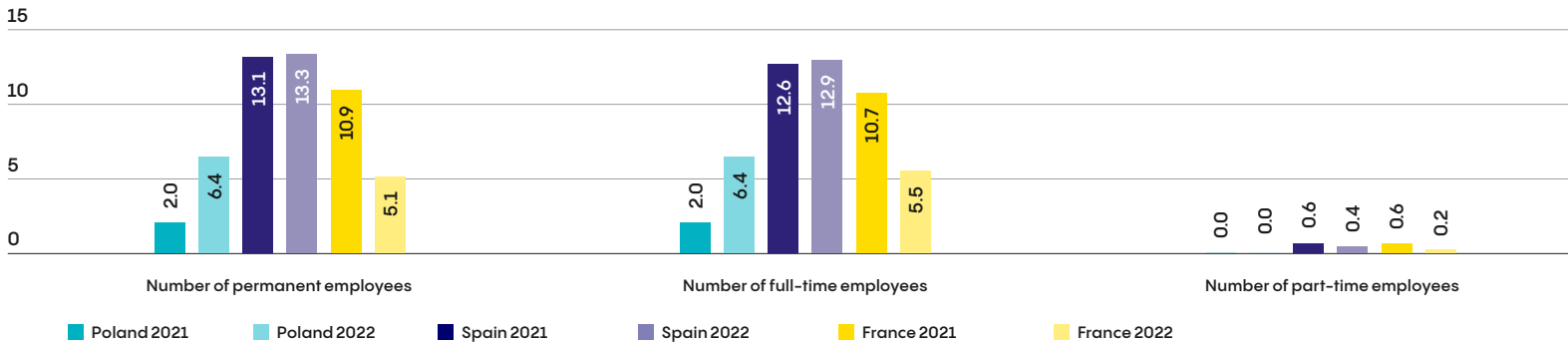
5 DECT stands for digital enhanced cordless telecommunications.



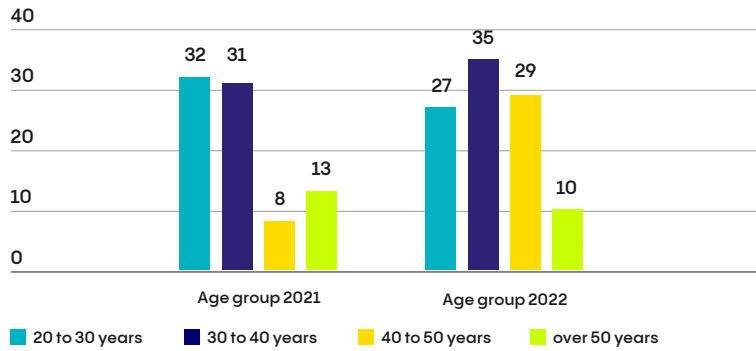
Overview of employment by number of employees and full-time equivalents (Germany, Austria, Great Britain, Italy and Portugal)



Overview of employment by number of employees and full-time equivalents (Poland, Spain, France)

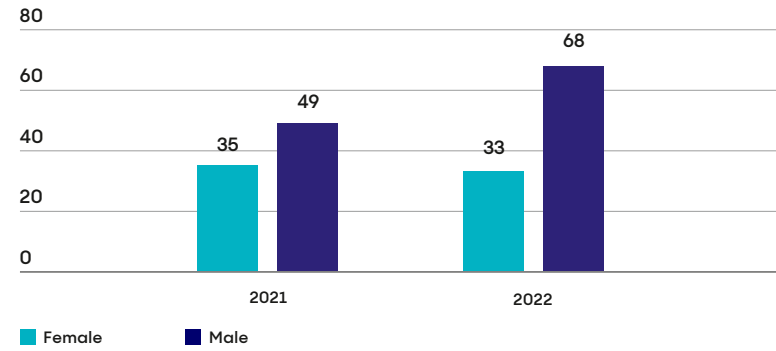


Total number of new employees during the reporting period by age group (GRI 401-1)\*

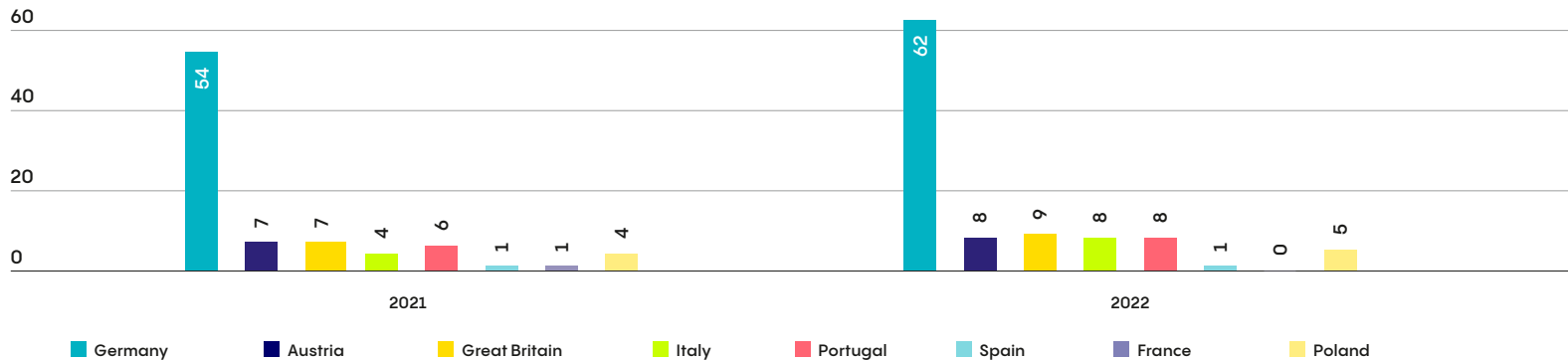


\* There were no results for other and not disclosed.

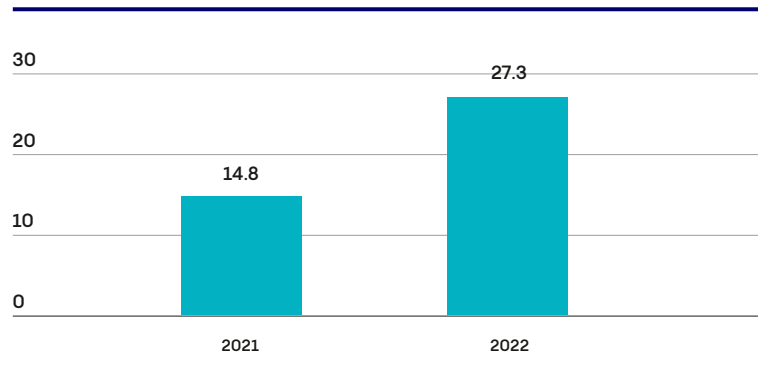
Total number of new employees during the reporting period by gender (GRI 401-1)



Total number of new employees during the reporting period by region (GRI 401-1)



### Fluctuation rate (in %)



In line with our growth strategy, we considerably increased our staff headcount in 2021 and in the first half of 2022. As a result of the changes to market dynamics as the overall economy slowed, we changed course in the second half of 2022 and are now aiming for profitable growth. Measures to increase profitability were implemented. These also involved reducing our headcount.

# EMPLOYEE MATTERS



## OBJECTIVE

We build and cultivate a place where we all enjoy being and where we can grow. We transfer this to all communities that work with us.

## Employment

### Relevance

NFON is a growing company. The situation for companies with a pronounced focus on software developers and sector-specific labour did not change significantly in 2022 and remains a challenge. As an innovative tech company, we look to recruit well-trained skilled workers internationally and our goal is to retain them in the long term.

### Employee satisfaction



## BUSINESS GOAL

We want to achieve employee satisfaction of 80% by 2025.

### Measures

The Covid-19 pandemic permanently changed many aspects of our working lives. Hybrid work is no longer a theoretical possibility but the practical reality for many companies. This development raises numerous questions, many of which have still not been answered on account of a lack of experience. In

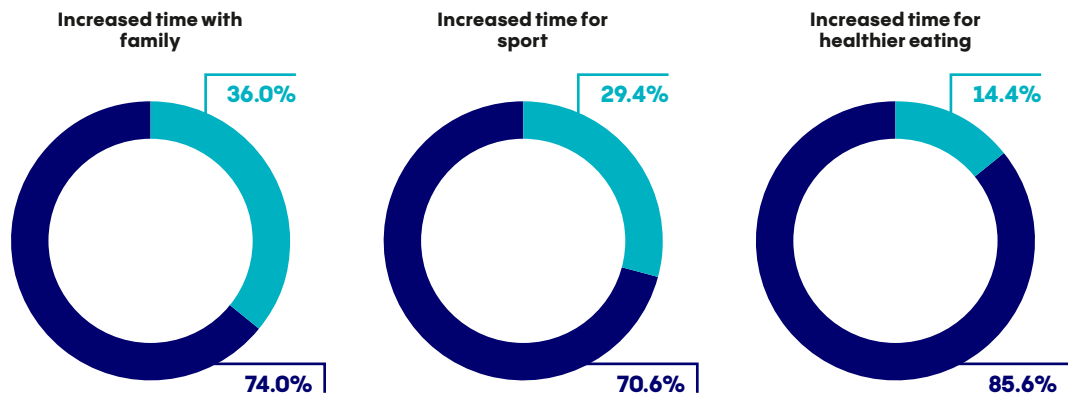
search of some answers, we launched the one-year “Hybrid Working @NFON” pilot project at the end of 2021. Various working groups looked into management in hybrid working, work organisation and organisational development.

We view hybrid working as an opportunity. Those who have the choice between offices in different locations and working from home can better coordinate their life needs and thus use their energies in a more targeted way. Family and work can be reconciled more easily. In addition, long journeys to the office can be eliminated, which can have a positive effect on the CO2 footprint. Despite all of this, we really value personal interaction and so we ensure that the workplace in the office and working in one place remain relevant.

The “Well-being Report Working from Home 2022” survey we conducted in eight European countries in spring 2022 provided figures to back up our hypotheses. Respondents said that they have more time for their family, friends, exercise and healthy eating in a hybrid working environment and that they can handle a higher workload.

## Working from Home Paradox

What has changed for you in the following areas while working from home from the beginning of the COVID pandemic to the present?



### Increase in workload



### Increase in working hours



The figures refer to the eight European countries Germany, Austria, Great Britain, France, Spain, Italy and Poland,

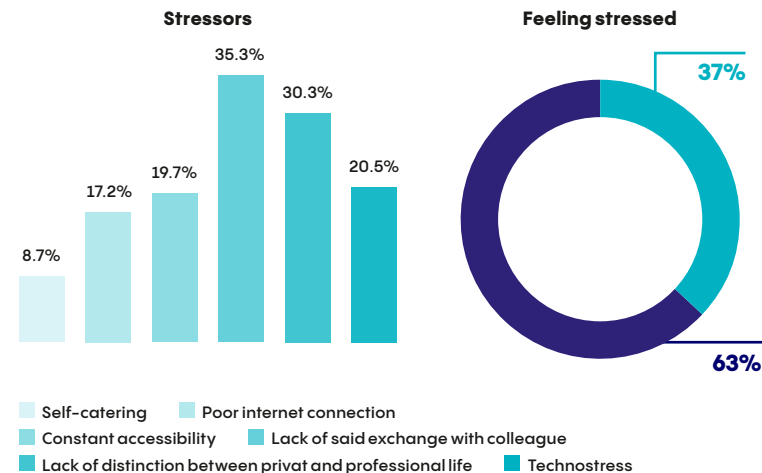
Source: Nfon Survey Attack Well-being Report Home Office 22

As an employer, this requires us to keep an eye on potential stress factors and take measures to counter these.

## Stresstest Working from Home

From the beginning of the COVID pandemic to the present, what has stressed you when working from home?

In overall terms, from the beginning at the COVID pandemics to the present, how stressful has it been for you when working from home?



One of the important findings of the pilot project is that there are currently no blanket solutions to the challenges of the hybrid world of work. Hybrid work is more than just sitting at a computer screen and talking on the phone. The scope of this topic, including health aspects, is only slowly seeping into the consciousness of employers and employees. Needs are also very individual: some people need a lot of personal interaction, others are only at their best when they can work undisturbed.

Based on these findings, we took additional measures to increase employee satisfaction:

**Hybrid Working:** all employees can work from home three days a week, where their role allows. Employees who work in the office at least three days a week receive a job ticket. There are three office days each month where all employees come into the office to strengthen informal, cross-team collaboration. In addition, employees who live further away from the NFON branches can work entirely from home.

**Workation<sup>1</sup>:** the aim here is to allow employees who have been with the company for more than a year to choose their work location for 20 working days a year. Workation means that they can work somewhere other than their usual remote workplace or a NFON office. This improves work-life balance. The costs of a workation are covered by the employee.

**Sabbatical<sup>2</sup>:** the aim here is to give employees the opportunity to take a break from the workplace for personal reasons for up to three months within a 36-month period. All levels of employees are entitled to this.

**Co-Working:** the aim here is to give employees greater flexibility in choosing their workplace and to allow them to work from each NFON location for up to 180 days a year. NFON does not cover any of the costs of co-working from other locations.

1 Applicable for all German and Portuguese employees since November 2022.

2 Applicable for all German and Portuguese employees since November 2022.

**Staff appraisals and 180° and 360° feedback:** staff appraisals are another way of determining and improving employee satisfaction. They are conducted one-on-one with the employee's supervisor once a quarter. Employee development, training, salary, feedback, 180° and 360° feedback, targets, target attainment and career paths are discussed.

### Next steps

The measures implemented represent another key step towards improving employee satisfaction. The task now is to review the measures put in place and ensure that they are effective. Where possible, we will therefore continue to conduct general employee surveys once a quarter. In addition, employee satisfaction is also addressed in the quarterly feedback talks.

## Family friendliness



### BUSINESS GOAL

We want to foster a family-friendly working environment for our employees where they can have a good family/work life balance. None of our employees should have to accept limitations on their family life as a result of working for NFON.

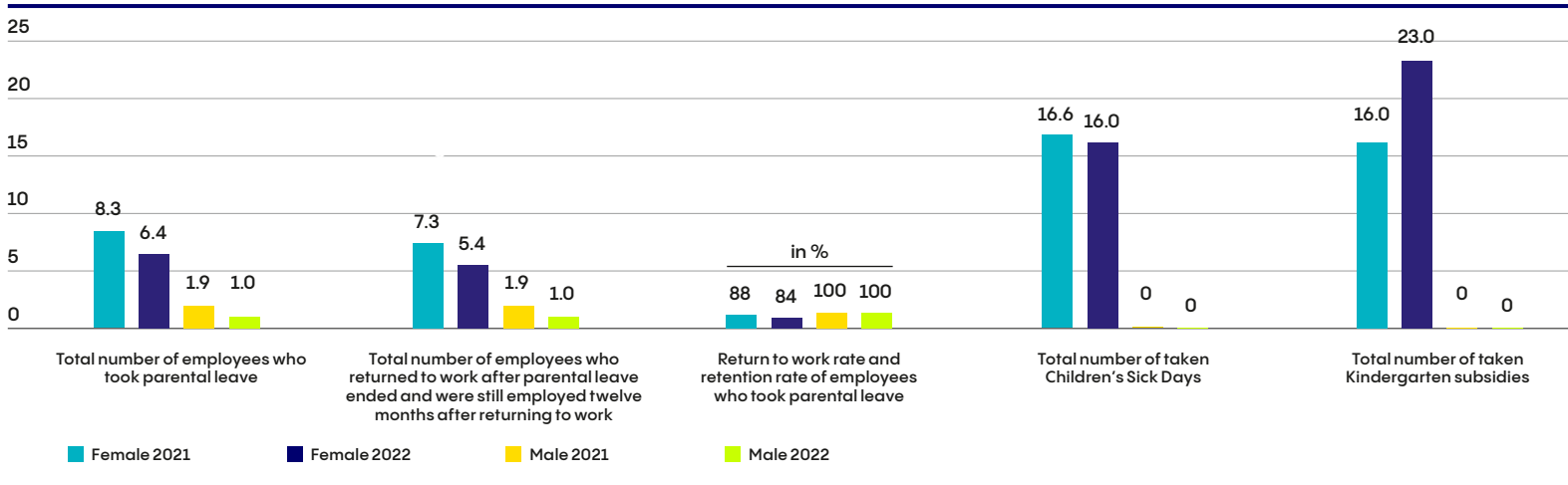
of ensuring this is by taking a flexible approach to working hours. As an employer, we can also take other measures to actively support our employees. On top of statutory parental leave, we thus also give our employees with children a nursery allowance and additional leave for when their children are ill. Upon request, we pay a nursery allowance of EUR 100 a month for each child. If the child is ill, our employees can take up to 10 days off fully paid.

## Measures

Even hybrid working makes it easier to have a better family/work life balance. Nevertheless, we understand that it must be possible to look after one's own children regardless of whether working from the office or from home. One way

### Performance indicators to measure the effectiveness of the measures

#### Key figures family friendliness (GRI 401-3)\*



\* There were no results for other and not disclosed.

## Remuneration policy



### BUSINESS GOAL

Our employees receive the same salary for the same work. We pay fair and competitive salaries. We ensure that there are no structural remuneration differences between men and women or because of nationality, migrant background or because they belong to a minority group.

### Measures

The basis for compliance with our remuneration policy is established in the budget process. Here, salaries are determined for each position and in accordance with the required skills and professional experience. All subsequent salary negotiations are conducted in a clearly defined process. To ensure the required objectivity and, in turn, equal treatment, any pay rise must always be approved based on the same criteria or measurement categories, such as the employee's development, development opportunity and mindset. The Kienbaum Compensation Portal provides us with a framework for assessing salary ranges.

### Next steps

A transparent remuneration policy is a key criterion for good, trustworthy collaboration. We intend to publish our own guidelines for our remuneration policy.

## Diversity, equality of opportunity, non-discrimination

### Relevance

People from 57 nations work with us. Open-mindedness and tolerance are the building blocks of how we work and achieve success together. We offer all employees the same opportunities for professional achievement and career advancement, regardless of their background, gender, beliefs or physical condition and do not tolerate any form of discrimination or harassment.



### BUSINESS GOAL

We pursue the goal of filling every position with the best possible expertise while also supporting our employees as best we can.

### Measures

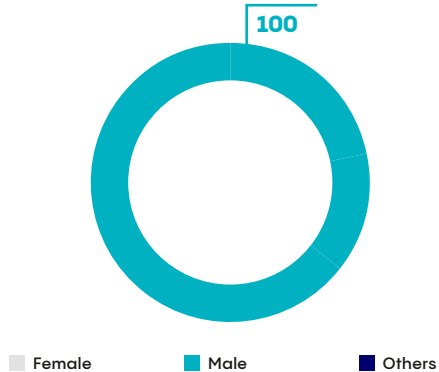
We practice a company culture where everybody has the same opportunities, regardless of their ethnic background, gender, sexual identity, religion or ideology. We believe that long-term planning includes actively shaping the future of our employees. Diversity means that, as a team, we are better able to overcome challenges. Our diversity aspirations are also reflected in the many nationalities present at NFON. Accordingly, English is the main business language at our company. All important documents are published in English and German. In view of the difficult labour market situation, we have not set a target for the filling of vacancies by women below the first management level after the Management Board. We pursue the goal of filling every position with the best possible employees. We also believe it is our duty to support and develop our employees.



Equality of opportunity and diversity are extremely important to us. We value a culture of mutual trust and respect. We do not tolerate discrimination when working with colleagues or business partners on the basis of age, disability, background, skin colour, gender, sexual orientation, religion, ideology or other personal attributes. If employees feel that they have been discriminated against or unfairly treated, they can use the new confidential mailboxes, the whistleblowing system or the advisory service of the compliance officer. We had one incident last year that we were able to resolve internally and that is no longer the subject of further measures or lawsuits (GRI 406-1).

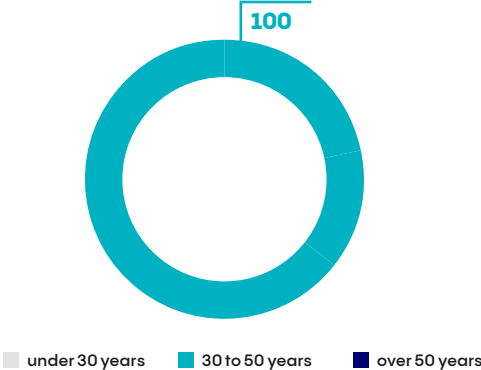
**Diversity of governance bodies and employees (GRI 405-1)**

**Composition of control bodies of NFON by gender in % for 2021 and 2022\***



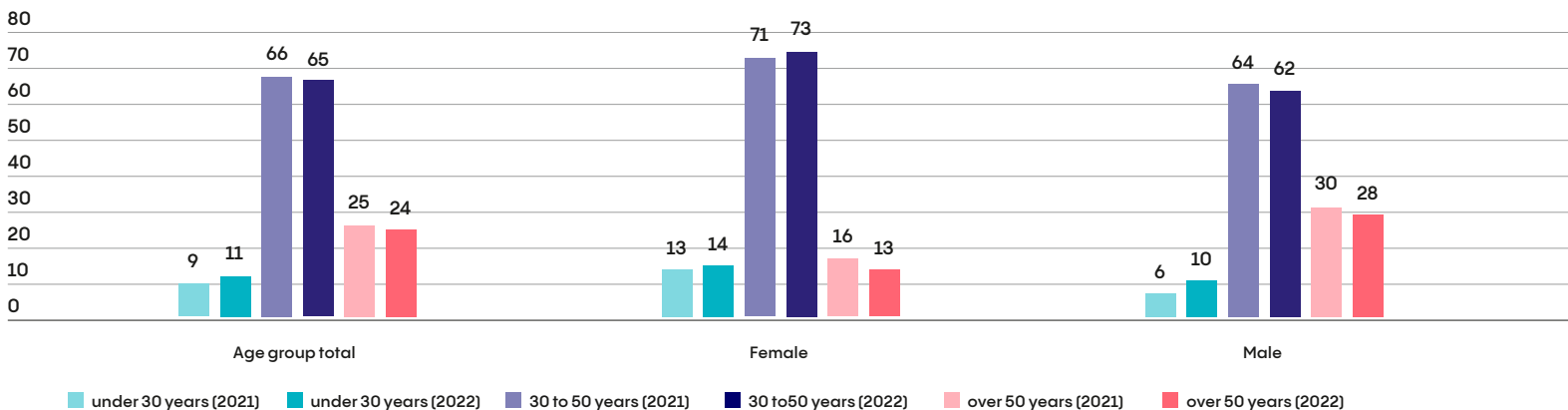
\* There were no results for other and not disclosed.

**Composition of controlling bodies of NFON AG by age in % for 2021 and 2022**

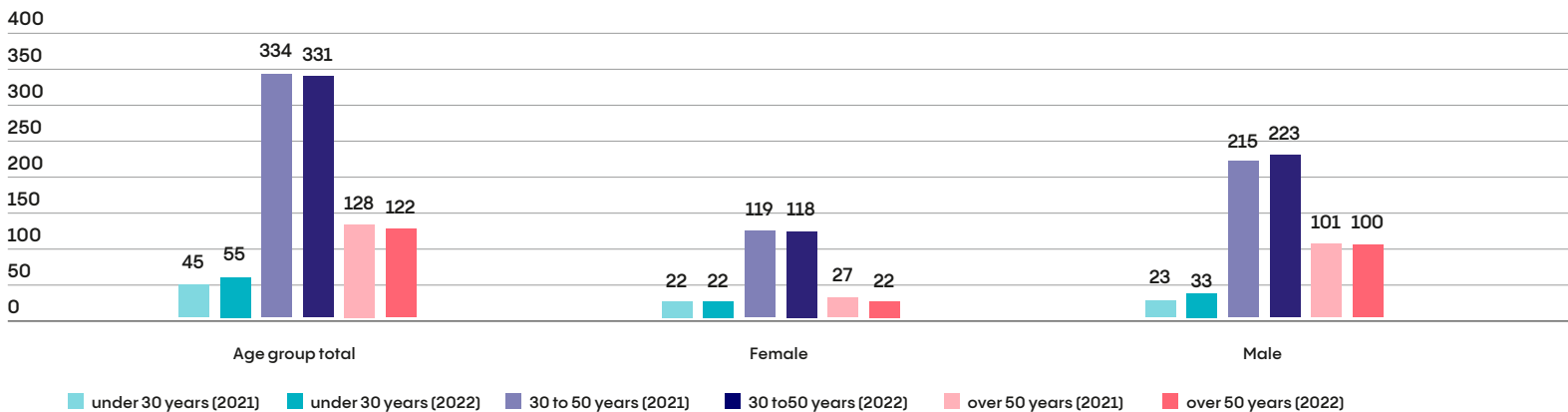


The NFON Group’s Group Corporate Governance Statement provides detailed information on the composition and collaboration of the governing bodies.

### Age groups NFON Group (relative) in %



### Age group (absolute/head counts)



## Next steps

Our goal is to be even more transparent about diversity, equality of opportunity and non-discrimination. As our next step, we plan to publish corresponding guidelines. One key component of these guidelines will be the appointment of one or more than one in-house representative for women's affairs.

## Occupational health and safety

### Relevance

Our employees are not exposed to any dangerous work processes. Nonetheless, the safety of our employees matters to us and it must never be jeopardised in an effort to improve efficiency. All employees have the right to work in a safe and healthy environment and must contribute to this by acting responsibly.



### BUSINESS GOAL

Our goal is to maintain and support the physical and mental health of our employees.

### Measures

Occupational health and safety is a top priority for us. We comply with all laws and regulations. And we do not stop there: we take a proactive, preventative role and consider factors such as stress, work organisation and overwork as well as aspects of workplace safety. As a preventative measure, we regularly offer vaccinations and medical checks as part of workplace health promotion. All workstations are ergonomically designed to

protect employees' mental and physical health. Employees receive height-adjustable desks if they have health conditions that require this. We run regular seminars at our German locations on stress relief and maintaining a work/life balance. All employees also receive discounted gym memberships. Employees can also make use of a "Job Bike". Colleagues in HR are available to answer any questions employees may have during open office hours.

### Information boxes on Covid-19

#### A special example of health care at NFON

Strict hygiene concepts were implemented to protect employees during the Covid-19 pandemic. This involved the following measures:

- Contact tracing
- Tests for all
- Vaccination prioritisation
- Childcare
- Hotline for mental health support
- New office concept (ventilation/social distancing)
- Allowance for working from home (EUR 15)

More information on the topic can be found in our study Survey Attack on page 21

**Performance indicators to measure the effectiveness of the measures (partly according to GRI 403-9)**

Work-related accidents have been recorded for the German companies so far. Accordingly, there was one occupational accident resulting in death in 2021 and one occupational accident in 2022.

**Next steps**

We have cooperated with health insurance companies since 2022 and make use of their services. Moving forward, we will continue to expand this collaboration. We will also continue to assess occupational health and safety requirements in regular employee surveys. NFON's range of services are to be transferred to a healthcare management system in the future and made available to all employees.

**Education and training**

**Relevance**

For NFON as a tech company, expanding and developing employee expertise is a top priority. The rapid pace of innovation and shorter and shorter innovation cycles are increasingly becoming factors in companies' success. This makes it more and more critical to ensure that a company's own employees' level of education is up to date at all times.



**BUSINESS GOAL**

Our goal is essentially to continually support and further train our staff and, in particular, to retain them at our company in the long term.

**Measures**

All employees can access NFON training and development, e.g. in the form of practical training courses. Training and development is divided into mandatory training and voluntary training, e.g. Scrum Master or Agile Coach.

We support our employees in optimally developing their individual potential and achieving personal career goals.

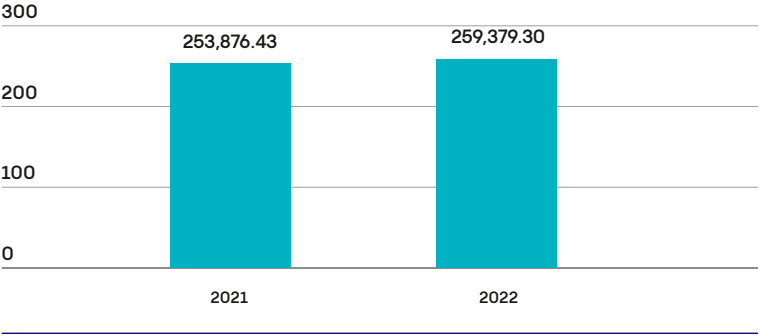
**Educational leave and support:** employees are entitled to five days of educational leave a year once they have worked at NFON for at least 12 months. Employees can sign up with recognised, certified educational institutions. The measures are funded by the employee. We also provide support in the form of specific professional training by agreement. In addition, our employees can take advantage of further training measures according to their tasks.

Mandatory training includes training in risk management, compliance and workplace safety. Further training focuses in particular on data protection and IT security regulations. All employees must complete this mandatory training once a year. Employees in relevant functions also receive anti-corruption training. Managers receive special training to improve their leadership skills.

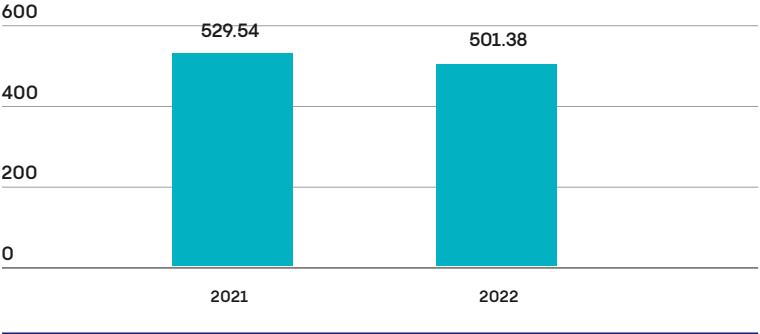
NFON offers work experience for pupils and apprenticeships.

**Performance indicators to measure the effectiveness of the measures**

**Total average expenditure on education and training (Euro)**



**Average expenditure on education and training per capita (Euro)**



**Next steps**

Further expansion of the NFON learning platform.

# SOCIAL ISSUES

## Relevance for the company

With Agenda 2030, the global community came together under the aegis of the United Nations and committed to 17 global goals for a better future. The guiding principle of Agenda 2030 is to ensure a decent standard of living worldwide while also protecting the foundations of life in the long term. Economic, environmental and social aspects should be taken into account here. Agenda 2030 underscores the joint responsibility shared by all players. At NFON, we also want to fulfil our responsibility and give back some of what we receive.



### BUSINESS GOAL

We want to play a role in society to advance digitalisation for disadvantaged young people and open up educational opportunities for them.

## Measures

A suitable cooperative project for our social involvement was particularly important to us. For this reason, we looked for a partner who we can work together with to support vulnerable groups in the areas of education and digitalisation. We believe we have found such a partner in SOS-Kinderdörfer e.V.:

- We are firmly convinced by the work of the SOS Children's Villages.
- The SoS Children's Villages are located in all the countries in which we operate.

- SoS Children's Villages have global certification in integrity and transparency. This guarantees that donations and other aid are distributed where they are needed.
- SoS Children's Villages offer a wide range of opportunities for active social assistance.

Rafiki, as part of the "Digitize Village" initiative, is the right project for us. Rafiki is a digital care assistant. With it, we support children and young people on their way into their professional lives or at the beginning of their careers.

Features of Rafiki, the virtual care assistant:

- Rafiki is a text-language assistant that SOS caregivers and SOS young people can use to find solutions to day-to-day challenges related to care, employability and physical health.
- It offers easy access (24/7) for users with a mobile device.
- Similar to a virtual employee, the system provides answers based on artificial intelligence (AI) and machine learning (ML). Users are also supported by "real" employees.
- Rafiki is a self-learning system based entirely on the needs and collective knowledge of its users.

Initial successful pilot projects have been launched in Malawi, Nigeria and Rwanda. NFON's main commitment is experience, knowledge and time. Our active support expands the content of the Rafiki care assistant. In small working groups, we drew up relevant questions and answers on topics such as networking and professional guidance in a range of formats. After undergoing extensive quality checks by experts, this content will be integrated into the programme. Users receive answers from the assistant to any questions they may have.

Six NFON teams worked on the Rafiki project in the reporting period. The project was very well received by our employees and so we were able to provide many questions and answers. With 10% of the entire NFON workforce helping create questions and answers, we contributed more than average. Through this voluntary work, NFON donated to the "Digital Village" project to establish ICT infrastructure and support technical training for all those participating in SoS Children's Villages programmes, especially families in the SoS Children's Villages. It also donates to the "Rafiki for Youth" digital pilot project, the AI-run, cloud-based app that aims to make young people more employable.

### **Next steps**

The young people are currently evaluating our questions. Our teams will draft answers to the selected questions, which will also undergo quality control. The app will be finalised in mid-2023 and made available to the young people.

# COMPLIANCE

## Relevance for the company

The aim of compliance is to prevent risks to NFON and thus to protect the company. Breaches of compliance regulations can have far-reaching implications for us.



### BUSINESS GOAL

Our Group-wide compliance programme is intended to ensure that statutory regulations, internal company policies and ethical business practices are upheld.

## Measures

### Compliance culture at NFON

We firmly believe that a company's compliance culture is what determines the success of compliance. Our compliance codes are established and recognised as standards. We expect all employees to abide by these compliance principles. A major role here is played by our executives and the Management Board, who exemplify and communicate our values and attitudes both within the company and to the outside world.

Our Group-wide compliance programme is designed to ensure that statutory regulations, internal company policies and ethical business practices are upheld. These standards are enshrined in our Code of Conduct and are binding for all employees and executives in their day-to-day work. NFON's

compliance programme is based on our company values and voluntary commitments, as well as international standards. At the heart of our compliance programme is the standardised global Code of Conduct, which all employees and executives undertake to uphold. The Code of Conduct describes our requirement for all NFON employees to act responsibly when dealing with business partners, public officials, other employees and society. It is available in German and in English and covers issues such as corruption, antitrust law human rights, labour and social standards, conflicts of interest, whistleblowing and data protection. The revised current version offers our employees and executives guidance in the form of case studies, FAQs and links to further information. The related internal online platform provides up-to-date content to all employees and executives worldwide at all times, such as videos and links to further specialist departments and guidelines and direct access to experts Another new platform for publishing Group-wide binding governance documents (policies, corporate requirements) has a search function that makes it easier to find relevant regulations.

Meeting compliance standards is the basis of responsible corporate governance. Entrepreneurial thinking is one of our company values. We firmly believe that complying with these standards plays a key role in safeguarding the long-term success of our company. The primary goal of our compliance programme is to prevent violations from the outset.



Mandatory online training and workshops are a key element in preventing compliance violations. All employees and executives must attend basic, refresher or specialist compliance training sessions within set deadlines, e.g. on compliance, IT security or data protection regulations. The training documents and formats are to be frequently updated to take account of the specific risks affecting individual target groups and business units.

The NFO Compliance Officer (CO) reports directly to the CEO and manages the development of our global compliance organisation and compliance management system. The Compliance Officer reports to the Audit Committee of the Supervisory Board on the status of the compliance programme and on any major developments at least once a year. The Management Board informs the Audit Committee immediately of any important events.

It is particularly important to us that our employees actively seek advice at an early stage if they are uncertain about anything. Executives and the CO are on hand here. An independent external ombudsman is responsible for the whistleblower hotlines. Reported cases are recorded and processed centrally at Group level. The hotline is also available to the public. All issues are recorded using defined criteria, properly investigated in accordance with internal processes and answered as quickly as possible. The results of any investigations and any measures put in place are documented accordingly and included in internal reporting.

We identify the risk of compliance violations, including corruption risks, using a systematic risk assessment involving the company business areas and regions and countries. The planned compliance audits are another source of information for systematic risk identification. Risks are documented in the risk/audit report. This also applies to specific risk mitigation measures and the time frame for implementing these.

### **Conflicts of interest**

We take any potential conflicts of interest seriously. A conflict of interest is when an employee's expert opinion could conflict with their personal interests. Our employees must avoid these situations. They should also report any conflicts of interest to their supervisor and document this. Conflicts of interest are addressed directly between the employee(s) involved and their supervisor. However, they can also be passed on to HR, the legal department or the CO.

Employees, especially members of management and the Supervisory Board, must act solely in the interests of the company. They do not pursue personal interests nor do they grant unfair advantages to third parties. It is ensured that charitable donations and sponsorships to other organisations are not used to conceal bribery.

We support the UN's Guiding Principles on Business and Human Rights and are constantly working on refining our internal policies and processes in line with these principles. For example, our Code of Ethics also stipulates compliance with international labour and social standards. We are also committed to upholding human rights and tackling corruption outside our company. We maintain consistently high standards and levels of integrity in tax issues.

Our external hotline did not receive any reports in 2022. We will closely investigate all cases of suspected misconduct of which we are made aware. Where necessary, we will also take case-specific countermeasures. For example, these include improved monitoring mechanisms, additional information and training, clarifying and expanding internal regulations and, where applicable, disciplinary measures.

### **Next step**

The next component to complete our compliance organisation is due diligence at business partners, as part of which we will assess our supplier and sales business partners for potential compliance risks using a check list/questionnaire. The results of this review will be documented. If a business partner is not willing to complete the questionnaire, we will not enter into a business relationship with them. Our business partners will be required to recognise our Code of Ethics, which includes complying with environmental, social and corporate governance standards.

# SUSTAINABLE PROCUREMENT

## Relevance

Innovation processes and value creation for our products are based primarily in Europe. We do not believe there is any risk of human rights violations such as child or forced labour at our locations. We depend on products with lengthy, complex supply chains only to a very limited extent and so these make only a minor contribution to the company's profit.

Human rights and sustainable production and logistics take on greater significance as a result of working with partners, chiefly suppliers of hardware components that NFON AG itself requires or sells to its customers.



## BUSINESS GOAL

We are careful to choose suppliers that are committed to the values of sustainable production and logistics and to human rights.

## Measures

We carry out selective monitoring and take suitable measures to mitigate negative effects in supply chains. We also check suppliers' supply chain mapping. All our most important suppliers have published their own sustainability principles.

# PRODUCT RESPONSIBILITY



## OBJECTIVE

We develop cloud systems for our users.  
Our aim is to make work smarter, not harder.

## Data protection and information security

### Relevance

We process a high volume of information and personal data, such as inventory and traffic data, as part of our business activities. Data protection and information security are the foundation of relationships with our customers and partners and are therefore highly relevant. Business secrets, company information and employee and customer data are extremely important to us.



## BUSINESS GOALS

### Data protection

Our goal is to guarantee uniform, company-wide standards for processing personal data. We view data protection not only as a legal obligation but as a collective responsibility for all departments and processes.

### Information security

Information security is a top priority for NFON. We aim to meet the CIA goals (confidentiality (C), integrity (I), availability (A)) in all our processes and systems.

## Measures

### Data protection management

#### Data protection management system

NFON always complies with national and international regulatory obligations such as the GDPR, local data protection laws and telecommunication laws. This is ensured by the use of a data protection management system (DMS) that is evaluated, adjusted and expanded on an ongoing basis.

### Involvement of the data protection department in product development processes

The data protection team, which comprises the Group data protection officer, several data protection experts and the data protection coordinator at our locations, monitors and advises all departments and locations on all issues relating to data protection law. These include questions about product development in accordance with "privacy by design" and "by default" principles, monitoring processes for high risks and carrying out privacy impact assessments, as well as reviewing and concluding order processing contracts and joint responsibility agreements. In this context, a joint responsibility agreement was also entered into in the Group in 2022 that regulates liability within the Group and the respective processing.

### Company-wide, clear and comprehensible regulations

To support compliance with requirements under data protection law and make these more transparent to our employees, we issue guidelines,

directives and FAQs in clear and simple language that everyone can access on the intranet.

#### **Raising awareness and prevention through regular data protection training**

Each individual employee at our company plays a part in lawful data processing. All employees (GRI 418-1) regularly learn about data protection and information security in basic training sessions. Since 2022, our employees have had access to an automated e-learning training session on data protection in all relevant languages. They receive a certificate after successfully completing the session and passing a test. Topic and area-specific training was also provided where appropriate. Members of the data protection team also undergo regular subject-specific training.

#### **Communication with regulatory authorities**

We maintain regular contact with regulatory authorities to evaluate or discuss current and/or critical data protection matters. We also communicate with authorities if required to report a data protection violation under the GDPR or the regulatory authorities send us requests from data subjects. The data protection team immediately follows up on and reviews all internal and external reports and complaints regarding potential violations. There was one reportable data protection incident in 2022. NFON did not report any substantiated complaints from a regulatory authority or from data subjects in the 2022 reporting year.

#### **Ensuring proper data deletion by way of a deletion concept**

A deletion concept was developed and implemented across the company in order to comply with and enforce statutory deletion and retention periods. Regular reviews of the deletion concept ensure that data are deleted after the end of the current statutory period.

#### **Data and cyber security**

The importance of data security in the Group and preventing unauthorised external access to company and customer/partner data is rising steadily. We continually work on the security of our digital products and systems to successfully avoid information security risks for our customers, partners and the Group. Regular monitoring is also used to identify weaknesses and points of attack and to assess the effectiveness of measures in place and improve these where necessary. This monitoring helps ensure that systems are state of the art at all times. As another security precaution, all our cloud servers for our products are located in Germany. Various security measures and functions at our data centres ensure system availability.

Increasing the resilience of our IT infrastructure was also a key topic in 2022.

#### **Information security**

##### **Information security management system – ISMS**

To effectively meet the CIA goals, our company was certified by independent auditors in accordance with the internationally recognised ISO 27001 standard in 2021. The certificate demonstrating an efficient, effective information security management system (ISMS) is reviewed and audited by independent bodies each year. The last review was in 2022. As well as checks by external bodies, we also carry out ongoing self-monitoring. As part of this, the ISMS is implemented and refined within the framework of the plan-do-act-check (PDCA) cycle. All our policies are issued in simple language and available to all employees on the intranet.

The accuracy, availability and confidentiality of data and information are of immense importance to us. To fulfil this, we follow the CIA principles.

In line with the permission concept, information is made available only to authorised persons. This allows us to ensure that business-related and sensitive data and information remain confidential and protect the data and information against loss. Data and information can be amended only by authorised parties. They are regularly checked to ensure they are accurate and complete. This guarantees the integrity of data and information. Where business requirements and company processes require data and information, these are provided to the management, employees, business partners and customers in good time. In terms of availability, our goal is to provide information to the extent required and agreed and within the necessary, agreed time frame without restriction.

#### Protection of information and personal data entrusted to the company

We aim to protect our employees, customers and partners from constant external threats<sup>1</sup>. Cyber security strategies are essential here. As the confidentiality and integrity of information and personal data are particularly important to us, we do not simply comply with existing standards but also develop them further. Examples include:

- Regular spot checks on threats, e.g. from phishing attacks
- External pentesting service providers that regularly check our application portfolio for weaknesses
- Establishment and development of internal infrastructure and training on issues such as OWASP Top 10<sup>2</sup> or pentesting frameworks
- Enable internal teams to conduct pentests, either on their own or with the support of internal specialists
- Development of strategies and guidelines that allow external security researchers to report incidents

#### Next steps

Data protection and information security are an ongoing, constantly developing requirement. Accordingly, we have planned the following next steps:

- The Cloud Computing Compliance Criteria Catalogue (BSI C5) was published by the German Federal Office for Information Security (BSI) and describes the minimum information security requirements for cloud services. The BSI recommends meeting these. The aim is to provide transparent information about a cloud service's information security on the basis of a standardised review. C5 provides an important guide to cloud customers when selecting a provider. We are also aiming for C5 certification in 2023.

1 Examples of external threats: e.g. criminal attacks (hacker attacks, theft of data carriers, software manipulation), software problems (software error, destruction of data carriers, system malfunctions), natural disasters, network disruption

2 OWASP stands for "Open Web Application Security Project" and is a non-profit organisation that focuses on the security of online applications and services. OWASP Top 10 is a project run by this organisation and comprises a regularly updated ranking of the 10 most critical security risks for web applications

- To improve data protection for our products, we are planning to optimise the current “privacy by design” process.
- We are aiming for certification under the ISO 9001 standard in 2023 to demonstrate to our customers and partners the importance of our quality assurance through process optimisation.

## Product quality

### Relevance

High quality is the basis of our company’s success. Customers view our solutions as supporting their work. Through our products and services, we help improve quality and achieve high customer satisfaction. Long-lasting products also have a positive effect on the environment.



#### BUSINESS GOAL

Our goal is to develop and deliver products and services that make our customers happy thanks to their high quality, availability, accessibility, user-friendliness, security and responsiveness.

### Measures

#### Integrated business communication with cloud products and services

The Bitkom climate protection study published in March 2021 impressively shows that digitalisation is a decisive lever for climate protection. According to the results of the study conducted by accenture on behalf of Bitkom, digital technologies can contribute 41% to Germany’s 2030 climate target. At the same time, the achievement of the target depends to a large extent on the pace of digitalisation in Germany. Here, it is not only the Federal Government itself that is called upon, but also companies. On the one hand, they have to drive their own digitalisation forward. On the other hand, it is also companies like us that must develop and market the respective products and solutions.

The study looks into the savings potential in the seven application areas with the highest emissions, which include manufacturing, mobility, energy, buildings, agriculture and health, as well as work and business. In other words, precisely the area of application in which negative and positive impacts can be seen through our business activities as a provider of voice-centric business communication. If we follow the results of the study, then in the context of work & business, mobile working can reduce between 14–16% of transport and primary energy emissions through collaborative digital solutions and cloud sharing platforms. Mobile working here means the ability to work and collaborate independent of location, e.g. through access to data and platforms and digital collaboration. According to Bitkom, the most important technologies are:

- Cloud-based platforms (Platform as a Service)
- Connectivity and exchange through smart devices
- Telecommunications platforms that enable collaboration
- Video conferencing
- Virtual meetings
- Voice communication via the Internet Protocol (VoIP)

These are technologies that are at the core of the products and solutions we offer.

### Next step

In view of this requirement and the goals we have set ourselves, a key strategic pillar for us is the continuous development of our products and services. In order to measure our success, we have been conducting regular customer satisfaction surveys since 2023.

# IMPRINT

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