

SUSTAINABILITY REPORT OF NEXUS GROUP



Table of Contents

No table of contents entries found.

1. Sustainability and Non-Financial Reporting: Business Model of Nexus AG

Nexus Group develops, sells and services software solutions for hospitals, rehabilitation institutions, specialist clinics and nursing homes. All software solutions are designed to enable healthcare institutions to manage processes more efficiently and provide the staff with more time for patients. Nexus develops software solutions by combining know-how and ideas of customers and own employees. Nexus can draw on an extensive expertise from different European countries and a number of institutions.

Nexus AG's business model focuses on supporting medical facilities in the organization and treatment of patients using software solutions. The associated responsibility for the processes and treatment success in healthcare facilities is a key part of our business success. This means that social and sustainable work is particularly important for our business model.

For this reason, we strive to act responsibly and sustainably in all processes. In addition to economic issues, we also use the ESG (Environmental, Social and Corporate Governance) criteria to measure and control our performance. The development of controlling measures to gauge the achievement of objectives is an essential focus of our activities.

To collect and process expectations, ideas and topics relating to sustainable management, we are in regular contact with the stakeholders of our company – in particular employees, shareholders and customers. This exchange also determines where we are going to adjust our strategies. Employees are regularly consulted on their proposals for sustainability in company-wide surveys and the results are presented.

The sustainability documentation is reflected in further or derived documentation.

2. Part I: Non-Financial Reporting

Nexus AG's Sustainability Report presents our performance for fiscal year 2020 from a social, environmental and corporate governance perspective and can be viewed on the Nexus website.

(www.nexus-ag.de under the heading **Company / Investor Relations / Corporate Governance**)

Our consolidated financial statements are prepared in accordance with IFRS. The effectiveness of the internal control system for financial reporting has been confirmed by our management. We prepare our non-financial report in accordance with Section 289b and Section 315b of the German Commercial Code (HGB). According to them, we are then obliged to report on social, environmental and other non-financial aspects.

All non-financial information that we are required to disclose pursuant to Section 315c and Section 289c of the German Commercial Code (HGB) and that is necessary to understand the course of business, the results of operations and the situation of the Nexus Group is set out in our non-financial report. (www.nexus-ag.de under the heading **Company / Investor Relations / Corporate Governance / Non-Financial Statement**)

The indicators and information about social and environmental performance contained in this "Non-Financial statement" are prepared in accordance with the "Core" report option of the Global Report Initiative (GRI) Standards. With this GRI option, we aim to publish the information necessary to understand the general nature of the organization, its key issues, its implications and its governance. In determining the content of the report, we are guided by the corresponding GRI principles (sustainability context, stakeholder involvement, materiality and completeness).

This report examines the essential aspects of trade law (workers, social issues, respect for human rights, the fight against corruption and environmental issues). To this end, we have based our report on the GRI standard. In 2020, we reviewed the materiality of the environment, social and cultural factors for understanding the course of business, the business results and the situation of the company. We also reviewed whether the depictions are necessary to understand the impact of the activity on these aspects. The audit has shown that there is no reporting obligation due to "dual materiality". Within these aspects, we do not have any significant non-financial performance factors. The following information is therefore voluntary.

We do not pursue any separate concepts for the topics of human rights and the fight against corruption, because they are not essential for our course of business, our business results or the situation of our company. The non-financial report does not meet the "core" requirement for GRI reporting and does not apply a standard framework. The objective is rather to pursue a reporting system tailored to the needs of the company. With regard to corporate risks (Section 289c (3) No. 3), we refer to the risk reporting in the management report. (www.nexus-ag.de under the heading **Company / Investor Relations / Financial Reports**)

2.1. Information and verification

All financial and non-financial indicators and information for the reporting period are documented using software solutions and are provided by the respective divisions. The reporting period is fiscal year 2020. The report covers Nexus AG and, to a large extent, the Nexus Group. The report is available in German and English.

Pursuant to Section 171 (1) sentence 4 of the German Stock Corporation Law (AktG), the Supervisory Board has audited the non-financial report, but it is not part of the audit assignment of the auditor of the Nexus Group.

2.2. Non-financial and financial indicators: Close connection

In our strategy and in our daily actions, we assume that companies with a clear social mission have competitive advantages. Meaningful goals and clear social values increase the attractiveness of the company among all stakeholders. The relationship between non-financial data and financial success is evident in many examples. The factors of a company's social, environmental and economic performance are mutually influential, and each sector has a significant impact on the others. This idea forms the basis of the sustainability report. We see a direct impact on our profitability in the following areas:

- + Benefits from business opportunities created by clean technology
- + Accepting emission reduction as a financial and social challenge
- + Understanding employee development and equal opportunities as a motivating factor
- + Including social concerns in daily decisions
- + Understanding corporate governance as a transparent framework for decisions by investors, employees and other stakeholders
- + Understanding data protection and data security as a corporate task

2.3. Establishing the priority topics for our non-financial reporting

Nexus has investigated which environmental, social and governance issues are of central importance to our stakeholders and conducted an internal materiality analysis. The objective was to identify and evaluate the topics that are of particular relevance to our stakeholders, such as our employees, investors and customers. Our materiality analysis process took into account the G4 guidelines of the Global Reporting Initiative (GRI) for Sustainability Reports. In identifying the issues that are important to us and their limits, we first examined the areas that are relevant to our processes and our supply chain. Subsequently, we discussed the topics that provide information on how our customers can use our software to contribute to achieving the UN Sustainability Goals. As part of the prioritization process, we analyzed the impact of each topic on our value creation, financial performance, operations, strategy, reputation, or regulatory compliance. All topics that have been shown to contribute in several areas were then divided into the following six categories:

- + Ethical business conduct
- + Climate protection and energy management
- + Human rights and digital rights
- + Human capital and employee retention
- + Financial aspects of stakeholders
- + Effects on society

We held a discussion with selected stakeholders to validate the identified topics. The results of the materiality analysis were integrated into the sustainability reporting. The following sustainability issues were identified as crucial to the business success of Nexus AG:

- + **Climate protection and energy management** (cf. the “Environmental issues” section)
- + **Ethical Business Conduct** (cf. the “Social issues, human rights and anti-corruption” section)
- + **Human rights and digital rights** (cf. the “Social affairs, human rights and the fight against corruption” section)
- + **Promotion of human capital and employee retention:** (cf. the “Employee issues and employee retention” section)
- + **Financial aspects of stakeholders:** We create not only financial value for Nexus AG and for our investors, but also for a large number of stakeholders. These include salaries and benefits for our employees, orders to our suppliers and partners, and tax payments in the countries in which we operate.

- + **Effects on society** Through the use of digital technologies, we contribute to the implementation of the 17 sustainability goals of the United Nations. For example, our solutions help to provide disadvantaged groups with access to healthcare, personalized medicine or access to work equipment. At the same time, our solutions are used to support non-profit organizations in communicating with donors. (cf. the “Opportunities through Clean Technologies” section for more information)

2.4. Environmental issues

We measure our activities to meet our environmental objectives under the term “environmental issues”. In this context, we define key indicators: total energy consumption, fuel consumption, waste disposal and water consumption. All data for our environmental indicators are collected and published annually. The data are collected internally and are not audited.

2.4.1. Waste and water

We aim to minimize the environmental impact of Nexus through concrete measures. Local initiatives require us to dispose of less waste and use less water. At the same time, we are contributing to increasing our business performance through recycling measures and more economical water consumption. The initiatives also aim to reduce operating costs and raise employee awareness at our Nexus locations.

2.4.1.1. Management of electrical waste

Our electronic waste is generated by servers in data centers as well as IT devices such as PCs, peripherals and mobile devices. Our servers and IT equipment are either resold or recycled in an environmentally friendly manner, depending on their condition. In 2019, we decided to integrate a sustainable waste management partner into our value chain. We are currently working with local waste disposal companies for electrical scrap. We also promote the internal reuse of IT devices by promoting the exchange of devices between locations. The objective is to avoid at least 80% of our landfill waste in the long term. For this, it is necessary to change processes and promote the reuse of materials.

2.4.1.2. Office paper consumption

Reducing paper consumption is also an activity point. Between 2017 and 2019, our paper consumption per employee decreased by 50.42%. Printer optimization and the expansion of digital processes in logistics, finance and human resources contributed to this. The introduction of a digital payroll at most locations already reduced paper consumption by 6%. The elimination of paper towels at many locations enabled a further 3% reduction. In 2020, a number of measures resulted in a further reduction of 4% compared to 2019. This includes digital compliance monitoring and the digital personnel file. According to the current situation, paper consumption has decreased by a total of 54% compared to 2017.

2.4.1.3. Plastic avoidance

Nexus does not use plastic for any products. In this way, we also support the goals for sustainable development of the United Nations. We also promote employees' ideas on plastic avoidance. These include the introduction of reusable cups, the dispensation of plastic tableware and the use of reusable bottles. In 2020, we switched most of the locations to water dispensing systems and glass bottles.

2.4.1.4. Efficient water consumption

Nexus is not a company with intensive water consumption. Our global water consumption in 2020 was approximately 13,000 m³. Compared to 2019, this corresponds to a saving of 4%. However, we encourage our employees to use water as efficiently as possible. We are currently examining the extent to which rain and waste water (gray water) can continue to be used for irrigation and toilet flushing at new locations.

2.4.2. Power consumption

Significant environmental influences in the form of greenhouse gas emissions are also caused by power consumption from computer center services at Nexus AG. For power consumption, we are conceptually focused on reducing power consumption by concentrating our data centers and using efficient cooling systems. We aim to increase our efficiency by 20% compared to 2015.

In 2016-2019, we were able to close six decentralized data centers by constructing our new data center in Donaueschingen and replaced them with a more energy-efficient, new data center at the company's headquarters. We have also signed data center contracts with "co-locations" that have been proven to be energy efficient. We have also planned measures that include the use of the waste heat from data centers to heat the building.

We have estimated the savings for the past few years. These cannot be clearly quantified at this point in time, because we have significantly increased the number of servers operated.

We get as much electricity as possible from renewable energy sources and district at our locations and production sites. Total electricity consumption in 2020 at our own facilities was 1,342,112 kwh. Compared to the value 2017, this resulted in a decrease of 32% per employee.

In our view, risks arising from our business activities that are very likely to occur and that are harmful for the environment or the company do not exist. Electricity-intensive processes are too low for this with respect to our overall power output. We do not keep track of risks arising from our business relationships, e.g., caused by suppliers. Power consumption is a significant, non-financial factor for us. We report on its development in the management commentary annually. Acquisition costs for new data centers totaled €258,725 in 2016, 2017 and 2019. In 2018, we successfully conducted an energy audit in accordance with DIN EN 16247-1. We did not make any significant investments in data centers in 2020.

2.4.3. Fuel consumption

Significant environmental influences in the form of greenhouse gas emissions are also caused by fuel consumption at Nexus AG.

We are conceptually committed to making mobility and logistics more environmentally friendly in terms of fuel consumption. By using economical service vehicles, electric cars, leasing bicycles for employees, telephone and video conferencing instead of business trips and optimized tour planning, we aim to reduce fuel consumption per employee by 15% per employee by 2021 compared to 2015. We differentiated the target further in 2020. In the future, we will focus on the indicators “Fuel consumption per million sales (savings)” and “KM driven per liter of fuel (efficiency)”. The goal is now to achieve 20% savings and 15% efficiency gains compared to 2015. In 2020, we reduced fuel consumption per million sales by 60% compared to 2017 and increased efficiency by 11%.

Fuel consumption per million sales fell from 2654 liters to 1899 liters, which corresponds to a saving of 28%. The special effect of reduced mobility due to the pandemic must be taken into account here as an essential factor. In terms of efficiency, 25 km were driven per liter in 2020. It was only 24.5 kilometers per liter in 2019. This resulted in an increase in efficiency of 2%.

In 2020, we changed a program for employee bicycles to direct grants. We have continued to integrate incentives for low-emission vehicles into the company's car policy and have put more emphasis on using railways.

In addition, we have organized a ridesharing service for our employees, which gives everyone the opportunity to organize carpooling decentralized starting from March 2021.

In our view, risks arising from our business activities that are very likely to occur and that are harmful for the environment or the company do not exist. We do not keep track of risks arising from our business relationships, e.g., caused by suppliers.

Fuel consumption is a significant, non-financial performance factor for us. We report on its development in the management commentary annually.

Vehicle leasing costs (cars and bicycles) totaled € 1,820,922.93 in 2020 compared to € 1,905,550 in 2019 (-4%).

2.4.4. CO² balance sheet (carbon footprint)

Nexus is committed to keeping its CO² emissions as low as possible. Therefore, we collect the following data at regular intervals: mobility, energy, materials and waste. In the future, we will use this data to calculate our carbon footprint. We expect to publish this in the Sustainability Report 2021. In collecting the data, we measure the total CO²/ CO²-eq emissions generated by our activities per year.

2.4.5. Opportunities thanks to clean technologies

Nexus also aims to increase efficiency, improve performance and increase productivity while reducing emissions and resource conservation through the use of innovative processes, products and services. To reconcile the increasing need for medical services with the finite supply of natural resources and the need for climate protection, ecological and economic aspects must also be combined in sustainable economic management in the development of software.

In our product development, we differentiate between the direct increase in efficiency through the use of medical software (direct resource conservation) and the derived effects that arise through the avoidance of medical interventions and the acceleration of diagnoses (consumption avoidance).

Nexus software products enable direct resource conservation through, for example, the use of archiving software (paper), electronic requirements and workflows (transport).

In the area of resource avoidance, we are active in the areas of “diagnostic support through software”, telemedicine applications (promotion) and clinical data repository (avoidance of double examinations). We are currently working to quantify these effects for ourselves and for our customers within the framework of key indicators and to publish them in regular reports.

Our digitization products were also limited in 2020 due to the reduced travel options. In particular, telemedicine products have enabled doctors and patients to get in touch without violating hygiene rules.

2.5. Employee issues and retention

Nexus regularly implements measures to ensure gender equality, equal working conditions, implementation of the ILO's basic conventions, respect for workers' rights and health and safety at work.

Key projects related to employee issues at Nexus are:

- + Employee retention
- + Increasing equal opportunities for women workers
- + Improving preventive health care

As part of our Employee Issues and Retention Program, we measure the extent to which we manage to retain employees in the company. Our key indicator for “employee retention” therefore takes into account the number of employees who leave Nexus at their own request (fluctuation rate). To achieve more transparent and precise management of the number of employees, the number of employees leaving does not include those leaving the company due to restructuring. The fluctuation rate is a significant, non-financial performance factor for us. We report on its development in the management commentary annually.

The fluctuation rate in 2020 amounted to 6.54% overall following 8.03% in 2019.

We also measure the Lost Time Injury Frequency Rate (LTIFR). This means the number of accidents with downtime per 1,000,000 hours of work in relation to the total number of hours worked. Since there were no workplace accidents with downtime in 2020, the LTIFR was 0.

In addition, we examine employee satisfaction once a year and survey the workforce about their potential for improvement in Nexus in terms of workplace situation, work-life balance, development opportunities and fault tolerance. The last survey was conducted in 01/2021. The mean value on a scale of 1-5, where 1 represents a poor assessment and 5 a good assessment, was 3.35 in January 2021.

2.5.1. Equal opportunities

To increase equal opportunities further, we aim to increase the proportion of women in the company as a whole and, in particular, at management levels. We want to increase the proportion of women in the company by means of targeted promotion and personally addressing them to increase the low proportion of women in our industry.

In 2016/2017, we launched a program to increase the female share of the total workforce and defined percentage targets for the supervisory board, executive board and first management level under the German Federal Participation Act. Active measures include, in particular, the promotion of reconciling issues of family, care and work with the possibility of part-time jobs and return opportunities. The proportion of women is currently 34.2%; it was 33.9% in 2019. This represents an increase of 22% compared to 2017.

The share of women in our company is a significant, non-financial performance factor for us. We report on its development in the management commentary annually.

In our view, risks arising from our business activities that are very likely to occur and that are harmful for the company do not exist.

2.5.2. Improvement of preventive health care

Health and safety at work is an essential factor in our human resources work. In addition to the diverse legal requirements for occupational health and safety, we provide further measures and programs to improve the health of our employees.

In preventive health care, we implemented many measures in 2016-2019 by investing in new, height-adjustable office furniture, health checks for management, noise-reduced offices and a fitness park at our main site.

Nexus focuses on the safety of its employees, particularly in road traffic. We take care to evaluate the vehicle selection according to safety criteria, offer driving safety training to employees and conduct regular online training courses. We aim to ensure that our rate of injury in road accidents remains at zero.

Traffic accidents with personal injuries are a significant, non-financial performance factor for us. In 2020, we again had no staff injuries due to traffic accidents.

2.5.3. Business Health Culture Index

A Business Health Culture Index (BHCI) provides insight into the prevailing corporate culture to enable employees to stay healthy and feel that they have a balanced life style. The index provides information on how employees assess their personal well-being, working conditions and the company's management culture. We observe at regular intervals the extent to which Nexus can provide its employees with a work environment that promotes employee health, ensures their long-term employability and motivates them to engage actively in the implementation of our ambitious corporate goals.

This observation is based on results from our employee survey (People Survey: Section: 2.5). All employees were invited to take part in this survey in 2021. In this survey, we will also identify various kinds of information concerning employee commitment. They reflect the motivation and loyalty of our employees, their pride in our company and their identification with Nexus AG. At the same time, we will integrate psychological risk assessment into the survey, which is provided for in current occupational health and safety laws.

2.6. Social affairs, human rights and the fight against corruption

Nexus supports dialog at local and regional levels at its locations in Germany and abroad and occasionally promotes the protection and development of local communities as well as supports voluntary charitable activities of its employees. In the fight against corruption and bribery, we have high transparency requirements as well as strict gift guidelines both with regard to customers and suppliers. In the area of responsible sourcing, we carry out supplier audits on a case-by-case basis.

Site visits include the following factors:

- + Work standards
- + Safety and health
- + Environment
- + Compliance

The visits are summarized in reports and discussed with the suppliers. Action plans monitor possible deviations from our standards and, if necessary, revise contract award decisions. We did not conduct any audits in 2020.



2.6.1. Ethical standards

We are committed to respecting human rights both within Nexus solutions and in our extended supply chain as well as in terms of the impact of our solutions. We are committed to high ethical standards and to fairness, diversity and inclusion throughout the company. Today, this is a prerequisite for attracting and retaining talented employees as well as strengthening our innovation potential and reputation. Respect for human rights is integrated into our business activities. In doing so, we are also guided by the basic principles of the Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises. To implement these commitments, we have taken measures that will have an impact, particularly in the areas of health, occupational safety and data protection policies.

We reviewed our risks and human rights activities and actions in 2019. Within an internal team, we investigated whether our business practices and policies are in line with generally accepted human rights initiatives and frameworks and have made the necessary adjustments. We still see gaps in the review in the relationship between respect for human rights, our artificial intelligence products and responsible business principles. We still need to communicate with our customers to better examine the ethical responsibility of product development in the field of artificial intelligent.

We also check on a case-by-case basis whether our human rights standards are being followed at our sites. Aspects such as working conditions, salaries and working hours, environment, health and safety, management processes and business practices are considered. While we have not seen any problems with labor law issues, we still have shortcomings in global standards for data security. To remedy these shortcomings, we implemented various certification procedures in 2019 to increase our data security.

2.6.2. Respect for the rights of our employees

Any form of discrimination in dealing with all our employees is prohibited at Nexus. We also offer tutorials and training on the relevant topics of occupational safety, driving safety, data protection and anti-discrimination. All employees, including groups of vulnerable persons, such as temporary, external employees who feel discriminated against or harassed, are required to report this. You can contact your superiors, Human Resources or colleagues in confidence.

2.6.3. Compliance with high ethical standards in value creation

We expect all our business partners to respect human rights and not to be involved in their violation. We also address the ethical and social implications of technological progress, such as artificial intelligence (AI). That is why we also support the measures of the Federal Ministry of Justice and Consumer Protection to develop principles and concepts for Corporate Digital Responsibility (CDR). When designing a solution, our development teams ensure that the product meets human rights standards. For example, accessibility is a key topic in our software development. To ensure that our customers can protect digital rights with our products, we adhere to strict data protection and security standards. We have included these in our global product development guidelines, our quality and product standards, and our privacy policies.

3. Part II: Corporate Governance Report

Good corporate governance is fundamental for Nexus AG for responsible corporate management. As an internationally operating company with an international shareholder structure, we attach particular importance to responsible, transparent management and control of the company, which is geared toward sustainable value creation. We believe that good corporate governance strengthens the trust of our shareholders, business partners and employees as well as the financial markets in our company and have summarized the essential aspects in our Corporate Governance Statement (Sections 289a and 315d of the German Commercial Code [HGB]).

(www.nexus-ag.de under the heading **Company / Investor Relations / Corporate Governance / Corporate Governance Statement**)

3.1. Corporate Governance Fundamentals and Declaration of Compliance

Nexus AG is an internationally oriented company with German roots and is subject to German stock corporation law. As a company listed in Germany, the corporate governance of Nexus AG is governed by the German Corporate Governance Code (DCGK). In its declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of Nexus AG declare annually whether the recommendations of the DCGK have been and will be complied with. Failure to implement recommendations is justified in detail. The compliance statement issued in February 2021 is published on the website of Nexus AG. The compliance statements of previous years are also available there.

In February 2021, the Executive Board of Nexus AG issued the Corporate Governance Statement pursuant to Section 315d in conjunction with Section 289f of the German Commercial Code (HGB) for the 2020 fiscal year, which is published on the Nexus AG website. It includes the current compliance statement in accordance with Section 161 of the German Stock Corporation Act (AktG), relevant information on management practices, a description of the functioning of the Executive Board and Supervisory Board as well as the composition and functioning of their committees, the target values for the proportion of women on the Executive Board and at management levels below the Executive Board.

(www.nexus-ag.de under the heading **Company / Investor Relations / Corporate Governance / Compliance Statement**)

3.2. Executive Board

The Executive Board of Nexus AG is currently composed of three members. It manages the company at its own responsibility. In exercising its executive power, the Executive Board is committed to the company's interest and to increasing the sustainable value of the company, the interests of employees and other stakeholders. It coordinates the strategic orientation of Nexus AG with the Supervisory Board and ensures Group-wide compliance with statutory provisions as well as effective risk management and an internal control system. The Supervisory Board appoints the members of the Executive Board. Further information on the responsibilities of the members of the Executive Board can be found on the Nexus AG website.

3.3. Supervisory Board

The size and composition of the Supervisory Board are determined by the Articles of Incorporation of Nexus AG. You can find the Articles of Incorporation on the Nexus AG website. The Supervisory Board of Nexus AG is composed of six members. It appoints, advises and monitors the Executive Board. The Supervisory Board involves the Executive Board in decisions of fundamental importance for the company. Accordingly, reservations for approval are laid down for transactions of fundamental importance both in the Articles of Incorporation and in a supplementary catalog of the Supervisory Board. The Executive Board informs regularly, promptly and comprehensively the Supervisory Board about all relevant questions relating to strategy, corporate planning, business development, including any deviations in the course of business, the risk situation, risk management and compliance of the company. The working method of the Supervisory Board and its committees is described in the Corporate Governance Statement. Further information on the cooperation between the Executive Board and the Supervisory Board as well as on the concrete work of the Supervisory Board and its committees in the reporting year 2020 can be found in the report of the Supervisory Board in the Annual Report of NEXUS AG (www.nexus-ag.de under the heading **Company / Investor Relations / Financial Reports**), in the Rules of Procedure of the Supervisory Board (www.nexus-ag.de under the heading **Company / Investor Relations / Corporate Governance / Articles of Incorporation of the Supervisory Board**) and in the Articles of Incorporation of Nexus AG (www.nexus-ag.de under the heading **Company / Investor Relations / Corporate Governance / NEXUS AG Articles of Incorporation**).

3.4. Composition of the Supervisory Board

The members of the Supervisory Board of Nexus AG have the necessary knowledge, skills and professional experience for the proper performance of the tasks of the Supervisory Board in our internationally operating IT company.

At least one independent member has expertise in accounting and auditing. In addition, the Supervisory Board set the following concrete objectives for its future composition at its meeting of 18/12/2019: The members of the Supervisory Board should normally not be older than 75 years and the term of membership of the Supervisory Board should normally not exceed an uninterrupted period of 12 years. In the current transitional phase, three members of the Supervisory Board exceed the period of membership specified above. This is especially to ensure maintaining valuable experience gained in the work of the Supervisory Board at Nexus AG.

After the end of the 2022 financial year, the period of membership is only to be exceeded in justified individual cases. In addition to these objectives, the Supervisory Board has adopted a competence profile that applies to the overall Supervisory Board and contains both the personal requirements applicable to each Supervisory Board member and the company-specific and technical requirements to be met by the entire Board. Each individual member of the Supervisory Board does not have to combine all the company-specific and technical competencies mentioned in the competence profile. Instead, it is sufficient if the sum of all individual knowledge, skills and experiences of the individual Supervisory Board members covers the company-specific and technical requirements contained in the competence profile.

The proposals of the Supervisory Board to the Annual General Meeting for the election of shareholders' representatives to the Supervisory Board should aim to fill the competence

profile. The competence profile of the Supervisory Board is published on the Nexus AG website. It contains the following selection criteria:

- + Industry knowledge: At least two members should have industry knowledge. Currently, Dr. Hans-Joachim König, Prof. Dr. Alexander Pocsay, Dr. Dietmar Kubis and Jürgen Rottler have specific industry knowledge.
- + International experience: At least two members should have international experience. Currently, all members have international experience.
- + Executive board experience in a listed company: At least one member should have executive board experience in a listed company. Prof. Dr. Alexander Pocsay and Dr. Dietmar Kubis currently have this experience.
- + Independence: At least three members should be independent according to the definition below. Currently, all members are independent.
- + Time required: All members of the Supervisory Board should be able to devote the time required for the work. This is the case for all members.

The Supervisory Board is convinced that the current composition of the Supervisory Board meets all of the aforementioned objectives and the requirements contained in the competence profile. The members of the Supervisory Board, its committees and their composition are listed on the Nexus AG website.

3.4.1. Independence of the Supervisory Board

The Supervisory Board is of the opinion that the requirements set out in the first sentence above are met. The Supervisory Board believes in conjunction with the consideration pursuant to C.7 of the German Corporate Governance Code (DCGK) that the duration of membership on the Supervisory Board does not exclude the classification of the member concerned as independent.

Nexus AG considers the sufficient independence of its members of the Supervisory Board as an important basis for effective control and advice of the company's management. To this end, the Supervisory Board has set a minimum number of four independent members as the appointment goal.

The Chairman of the Audit Committee of the Supervisory Board, Prof. Ulrich Krystek, qualifies as an independent financial expert within the meaning of Section D.4 of the German Corporate Governance Code (DCGK) and Section 100 (5) of the German Stock Corporation Law (AktG) due to his many years of activity as responsible for finances in industrial companies and as a professor of business administration and controlling.

3.4.2. Remuneration of Supervisory Board members

At the Annual General Meeting on 30/04/2020, a remuneration regulation for the Supervisory Board members was included as Clause 13a, which corresponds to the recommendation and suggestion of the Corporate Governance Code 2020 G 17 and G 18, to remunerate Supervisory Boards by fixed remuneration and to take into account their time expenditure.

3.5. Diversity in our company

In line with the Law on Equal Participation of Women and Men in Management Positions (German Federal Participation Act), Nexus AG issued a target at the beginning of 2016 for the Supervisory Board to achieve a gender ratio of 17% by 30 June 2022. One woman is currently a member of the Supervisory Board and consequently the quota of 17% was reached as of

31/12/2019. In addition, a woman was elected as a substitute member for the Supervisory Board at the Annual General Meeting on 30/04/2019. If this choice is included in the quota calculation, we achieve a gender ratio of 25%.

The Executive Board of Nexus AG currently consists of three male members. On the basis of the German Federal Participation Act, the Supervisory Board does not foresee the participation of women on the Executive Board under the current general conditions for Nexus AG. The management level below the executive board of Nexus AG uses the title "Department Head(s)" for persons holding this position. This level reports directly to the Executive Board. The proportion of women is currently 50%, which is why the target (50% by 30/06/2022) was already met on 31/12/2020. There is no second management level at Nexus AG.

The Supervisory Board has adopted a diversity concept for the Executive Board and Supervisory Board in accordance with the provisions of Section 289f (2) no. 6 of the German Commercial Code (HGB). This as well as information on the targets for the share of women on the Executive Board and in the management level below the Executive Board are contained in the Corporate Governance Statement published on the Nexus AG website. The Executive Board generally follows the recommendation of German Corporate Governance Code (DCGK) to pay general attention to diversity in filling management positions in the company, in particular with the appropriate consideration of women. There is also a project of Executive Board to promote diversity in the filling of leadership positions. This project involves activities to increase the proportion of female executives and to promote candidates for board positions in the long term from a diversity perspective. Of course, qualification will continue to be the top selection criterion for any position at Nexus.

3.6. Code of Business Conduct

Nexus follows a defined Code of Business Conduct in all business practices for employees and Executive Board members. With these business principles, we clarify the demands we make on the behavior of our employees and Executive Board members, while at the same time making the essential principles of our business behavior known to customers, partners and shareholders. Nexus understands its business principles as a benchmark for cooperation and collaboration with customers, partners, suppliers, shareholders and competitors. By implementing these principles in everyday business, we are also committed to combating all forms of unfair competition, corruption and deception. Our Compliance Organization (Executive Board/Human Resources) is entrusted with overseeing compliance with the Code of Business Conduct and other internal company policies, reviewing and, if necessary, updating these policies, and providing employee training. (www.nexus-ag.de under the heading *Company / Investor Relations / Corporate Governance / Code of Conduct*)

3.7. Annual General Meeting and shareholder transparency

The shareholders of Nexus AG exercise their rights, in particular their right to information and vote, at the Annual General Meeting. Our shareholders may exercise their voting rights themselves, by a proxy of their choice or by an instructed representative appointed by the company. The details are explained in the invitation to the Annual General Meeting. The entire documentation for the Annual General Meeting is available in good time for each shareholder on the Nexus AG website. Among other things, Nexus AG regularly publishes the annual reports, essential information about the company's organs, its corporate governance documentation, ad-hoc information, press releases and reportable own transactions of executives.

3.8. Accounting, risk management and internal control system

The annual financial statements of Nexus AG are prepared in accordance with the provisions of the German Commercial Code (HGB) and the consolidated financial statements of the Nexus Group are prepared in accordance with International Financial Reporting Standards (IFRS).

In addition, we prepare a separate non-financial report for Nexus AG according to the requirements of the German Commercial Code (HGB). Rendering of accounts is the responsibility of the Executive Board. The annual and consolidated financial statements as well as the separate non-financial report are approved by the Supervisory Board. The Ebner/Stolz Wirtschaftsprüfungsgesellschaft audits the annual financial statements of Nexus AG and the consolidated financial statements as the auditor appointed by the Annual General Meeting of Nexus AG. In addition to these financial statements for the full year, we also prepare quarterly financial statements for all four quarters in accordance with the Stock Exchange Regulations of the Frankfurt Stock Exchange and, as of 30 June, a semi-annual financial report in accordance with the provisions of the Securities Trading Act. The quarterly reports and the semi-annual financial report are discussed with the Supervisory Board prior to their publication. Nexus is subject to specific corporate risk management requirements in accordance with the relevant provisions of the Stock and Trading Law. Therefore, our risk management ranges from risk planning to risk determination, analysis and processing and all the way to risk minimization. In addition, we document the Nexus internal control mechanisms, in particular those affecting financial reporting. In accordance with the reporting requirements pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code (HGB), we provide comprehensive information on the essential features of the internal control and risk management system with regard to the accounting process and the consolidated accounting process of Nexus in the Group Management Report.

3.9. Investment holdings of Executive Board and Supervisory Board

Members of the Executive Board and Supervisory Board have investment holdings in Nexus AG. An overview can be found in the respective quarterly reports (www.nexus-ag.de under the heading **Company / Investor Relations / Financial Reports**) and share purchases and sales under the link “Directors Dealing” (www.nexus-ag.de under the heading **Company / Investor Relations / Announcements / Voting Rights Announcements and Director's Dealing**) on the Nexus AG website.

3.10. Transparency

Provision of uniform, comprehensive and prompt information is considered extremely important at Nexus AG. The business situation and the results of Nexus AG are reported in the annual report, analyst and telephone conferences, the quarterly reports and the semiannual report.

In addition, information is published via press releases and ad-hoc announcements. All reports, presentations and announcements can be viewed in the Internet under Investor Relations/News.

Nexus AG has drawn up the prescribed insider directory pursuant to Section 15 b of the Securities Trade Law (WpHG). The persons concerned were informed about the legal obligations and sanctions.

4. Part III: Data Protection and Security

Many hospitals trust Nexus with their data, in on-premise environments, in the cloud, on mobile devices and in our data centers. We must ensure for these customers that their data are secure with us and that we process them in compliance with local laws and protect them against misuse. IT security and data protection are therefore of pivotal importance for Nexus. With a bundle of measures, we ensure the protection of the fundamental rights of all customers, prospects, employees and partners whose data are processed by Nexus systems. In addition, we ensure compliance with all relevant data protection laws. Our IT Security Officer and Data Protection Officer report to the Development Board. They ensure that all activities in these areas meet the relevant requirements. We have also defined a formal security control concept. Relevant security issues are discussed at executive board level several times a year in steering committee meetings attended by one or more executive board members. Our development board and data protection officer meet for at least every fourteen days to ensure reliable compliance with data protection regulations throughout the company. Our Supervisory Board also deals in its meetings with whether Nexus complies with all data protection regulations.

4.1. IT security as a challenge

Due to the increasing amount of data and the large number of sources now available outside the company on numerous end devices, attacks on IT are becoming increasingly dangerous. We see an increasing industry of hacker attacks, and new Advanced Persistent Threats (complex, targeted attacks on critical IT infrastructures and sensitive data) that are able to bypass many of the traditional security mechanisms.

4.2. The security strategy of Nexus

In addition to regulatory compliance, Nexus is proactively working to improve security practices continually in the company, products and services. The measures include regular training of employees on IT security and data protection, including the handling of confidential information as well as ensuring controlled and restrictive access to customer information. These measures are also specified in “Nexus Compliance Management”. We have centralized the responsibility for the security strategy of our system operations (Nexus/Cloud.IT) and work with integrated IT security strategies in all product areas. Our product lines face a particular challenge, because hospitals use Nexus applications to process protected patient data and transaction data critical for business. Consequently, cyber attackers have special risk significance. The goal of our product safety strategy is to minimize the risk of security breaches by integrating security features into our applications.

Our product development department integrates security functions and mechanisms into all lifecycle planning. Software is reviewed and evaluated for these aspects prior to release. We follow the recommendations of the ISO/IEC 27034 standard for application security and our ISO 9001-certified process framework for the development of standard software.

4.3. Operational security for applications and systems

We have established a comprehensive security framework for IT operations that covers the key risks. These include “system and data access”, “system security configuration”, “security patch management” and “proactive control of security incidents” as well as “cyber attack defense” and “security incident response”. Key security safeguards also include physical

access controls and the early detection of deviations from the standards defined in our security framework. We have ensured the implementation of safe operation through certifications. These include the various certifications of the International Organization for Standardization (ISO), of which we have implemented ISO 27001, ISO 9001 (e.g., for IT operations) and ISO 13485 for product safety. In addition, there are local certifications for products and data centers.

4.4. Product portfolio for data protection and data security

Nexus offers a large portfolio of security products and services that help our customers establish security and data protection measures in their hospitals. Our portfolio includes systems for GDPR management, solutions for governance, risk and compliance as well as software and hardware security solutions.

4.5. Security and Data Protection Compliance with Legal Requirements

The processing of personal data of employees, applicants, customers, suppliers and partners takes place at Nexus in accordance with data protection and the necessary security of this data. Our data protection policies ensure that we comply with the relevant data protection laws. This includes, among other things, the General Data Protection Regulation of the European Union (EU GDPR). Our guidelines specify the Group-wide minimum standards for the handling of personal data in compliance with legal security and data protection regulations. They also describe the requirements for all operational processes relating to the processing of or access to personal data as well as the responsibilities and organizational structures. We actively follow changes to the relevant laws and regulations to be able to adapt our standards continuously. With a wide range of measures, we protect the data controlled by us and our customers from access and processing by unauthorized persons and against accidental loss or destruction. By further developing and adapting our products, we also support our customers in complying with data protection regulations such as the EU GDPR. In 2020, there were no breaches of data protection under EU GDPR or other locally applicable data protection laws.