



## **Rules of procedure for the Supervisory Board**

### **Rules of procedure for the Supervisory Board of init innovation in traffic systems SE**

The Supervisory Board adopts the following rules of procedure:

#### **Article 1 General information**

The Supervisory Board performs its duties in accordance with the legal requirements, the articles of incorporation and these rules of procedure. The Supervisory Board particularly has the rights resulting from Section 90 (3), (4) and (5) as well as Section 111 of the German Stock Corporation Act (AktG). Section 93 AktG applies with respect to the duty of care and the responsibility of the members of the Supervisory Board. All members of the Supervisory Board have the same rights and duties and are not bound by instructions.

#### **Article 2 Chairperson, Deputy Chairperson**

- (1) Following the Annual General Meeting at which all members of the Supervisory Board to be elected by the Annual General Meeting have been newly appointed, a meeting of the Supervisory Board takes place, which is convened without special invitation. At this meeting the Supervisory Board elects a Chairperson and his/her deputy from among its members for the term of its office.
- (2) If the Chairperson or his/her deputy step down during their term of office, the Supervisory Board shall immediately hold a substitute election.

#### **Article 3 Convening of meetings**

- (1) Meetings of the Supervisory Board are convened by the Chairperson in writing allowing a notice period of 14 days. The individual agenda items shall be stated in the invitation. In urgent cases, the Chairperson of the Supervisory Board may shorten the notice period and convene the meeting orally, by telephone, telex, fax, e-mail or telegram.
- (2) Resolutions shall only be passed on agenda items which were announced in good time. Resolutions on agenda items which were not announced in good time may only be passed if no member raises any objections. In such a case, absent members must be given the opportunity to object to the resolution within an appropriate period to be stipulated by the Chairperson; the resolution shall only become effective if none of the absent members of the Supervisory Board raise any objections within this period.

- (3) Votes can also be cast orally, by telephone, telex, fax, telegram or e-mail if no member objects to this procedure.

#### **Article 4**

##### **Passing of resolutions, declarations of intent of the Supervisory Board**

- (1) The Supervisory Board has a quorum if all members were duly invited and at least half of the members, but no less than three members, participate in passing the resolution. Participation in the above sense may also be effected by transferring the vote to another member of the Supervisory Board.
- (2) Resolutions of the Supervisory Board are adopted by a simple majority of votes cast unless a different majority is mandated by law. In case of a tie, the Chairperson has the casting vote.
- (3) The Chairperson, or, in case the Chairperson is unable to act, his/her deputy, is authorised on behalf of the Supervisory Board to submit the declarations of intent necessary for the execution of the resolutions adopted by the Supervisory Board and to accept declarations on behalf of the Supervisory Board.
- (4) The resolutions of the Supervisory Board are passed at meetings. A resolution of the Supervisory Board adopted in writing, by telephone, (computer) fax, e-mail, video teleconferencing or by a combination of the aforementioned means of communication is permitted. Precise details on the form in which resolutions are adopted are determined by the Chairman. The Chairman of the Supervisory Board draws up a written record of those resolutions not passed at meetings.

#### **Article 5**

##### **Duty of secrecy**

- (1) The members of the Supervisory Board must maintain secrecy towards third parties about all facts that have become known to them in connection with their work as Supervisory Board member and the disclosure of which might adversely affect the interests of the Company or one of its affiliated companies. This obligation continues even after the termination of their office. In particular the casting of votes, the course of the debate, the opinions and personal statements of the individual members of the Supervisory Board are subject to secrecy.
- (2) If a member of the Supervisory Board intends to pass on information that is not obviously permitted to be disclosed to third parties, he/she must inform the Chairperson of the Supervisory Board thereof in advance. If the Chairperson does not approve of the information being disclosed, he/she must inform the other members of the Supervisory Board thereof and prepare an immediate statement of the Supervisory Board. Until this statement has been prepared, the respective member of the Supervisory Board has to maintain secrecy about the facts that have become known to him/her in connection with their office.

- (3) Written reports by the Managing Board to the Supervisory Board are handed out to the members of the Supervisory Board unless the Supervisory Board decides otherwise on a case-by-case basis. Each member of the Supervisory Board has the right to inspect the auditors' reports, dependent company reports and any special reports. These reports are not handed out to the members of the Supervisory Board unless decided otherwise by the Supervisory Board on a case-by-case basis.

Personal mementos can be kept (brochures, magazines, photos, etc.).

- (4) If members of the Supervisory Board step down from their office, they are obliged to return to the Company all documents such as legal documents, correspondence, records and the like relating to business matters of the Company in their possession. This obligation also applies for duplicates and copies. The members of the Supervisory Board have no right to retain such documents.

## **Article 6 Committees**

- (1) The Supervisory Board may form committees from among its members.
- (2) In the name and on behalf of the entire Supervisory Board, the committees perform the functions transferred to them by means of these rules of procedure and special resolutions of the Supervisory Board.
- (3) In accordance with legal requirements, the provisions of the articles of incorporation and the rules of procedure relating to the Supervisory Board apply mutatis mutandis for the Supervisory Board committees. The Supervisory Board committees shall otherwise carry out their activities in accordance with the resolutions of the Supervisory Board
- (4) The committees must report to the entire Supervisory Board on the result of their examinations and provide it with the minutes of the meetings.

## **Article 7 Audit Committee**

- (1) The audit committee prepares the decisions of the supervisory board on the annual and consolidated financial statements, the half-year financial report and quarterly statements during the year, the proposal to the annual general meeting for the election of the auditor and the agreement with the auditor. Furthermore, the audit committee is responsible for the tendering of the audit of the annual and consolidated financial statements. The audit committee monitors also the independence of the auditor, deals with the additional services provided by the auditor and assesses the quality of the audit. It advises and monitors the Managing Board in matters relating to accounting, the effectiveness of the internal control system, the risk management system, the internal audit system and compliance.
- (2) The audit committee shall only have an advisory function, unless the supervisory board authorises the audit committee by resolution to decide in individual cases instead of the supervisory board.

## **Article 8 Personnel and Nomination Committee**

- (1) The Personnel and Nominations Committee shall have the task of proposing suitable candidates to the Supervisory Board for the appointment of members of the Managing Board and for the election of members of the Supervisory Board representing the shareholders by the General Meeting.
- (2) The Personnel and Nominating Committee shall only have an advisory function, unless the Supervisory Board authorises it by resolution to decide in individual cases instead of the Supervisory Board. The appointment and dismissal of members of the Executive Board shall be the responsibility of the full Supervisory Board and may not be transferred to the Personnel and Nominations Committee.

## **Article 9 Consent reservations**

*According to Article 10 of the rules of procedure for the Managing Board, the following matters are subject to approval:*

- (1) The provisions of the German Stock Corporation Act generally apply for transactions requiring approval.
- (2) The approval of the Supervisory Board is required for the preparation of corporate planning (annual budget). An investment and business plan including a planning budget for the next financial year is submitted to the Supervisory Board for approval every year.
- (3) The Managing Board requires the consent of the Supervisory Board for the following transactions if they are not already covered by the consent in the investment and business plan:
  - (a) Acquisition and disposal of land and encumbrance of real estate; in each case with a value exceeding EUR 1,000,000,
  - (b) Acquisition and disposal of companies, participations in companies and significant changes in capital, as well as the disposal of shares in subsidiaries. In addition, the establishment and dissolution of locations (i.e. the establishment and closure of permanent establishments and branches) as well as co-operations similar to shareholdings, provided that this process is of material importance to the company,
  - (c) Addition or discontinuation of business segments, provided that this process amounts to 2.5 per cent of group revenue,
  - (d) Conclusion of intercompany agreements (e.g. profit and loss transfer agreements, domination agreements, etc.);
  - (e) Issuance of bonds;

- (f) Raising or granting of loans if this is not part of the ordinary business. The granting of financial loans to subsidiaries is part of ordinary business operations,
  - (g) Provision of securities, promise of debt and guarantees as well as entering into loan agreements outside the ordinary course of business; this does not apply for usual guarantees (e.g. advance payment bonds), warranties and loans in the ordinary course of business;
  - (h) Investment projects outside the investment plan with an individual scope of more than EUR 1,000,000, irrespective of whether the investments are made in one financial year or spread out over several financial years according to the planning, whereby related investments should be aggregated. Investments already approved within the scope of the investment and business plan do not have to be approved again;
  - (i) New or further developments of hardware and software exceeding EUR 1,000,000 (regardless of whether the costs are incurred in one or more financial years), which must be capitalised in accordance with IFRS regulations, require the approval of the Supervisory Board. If no capitalisation is required, it is to be assumed for investments in the ordinary course of business that the costs have been taken into account in the submitted economic planning,
  - (j) Employment contracts between the members of the Managing Board and subsidiaries and/or third party companies as well as remuneration from employment contracts with third party companies.
- (4) The Supervisory Board is authorised to extend or limit the scope of transactions requiring approval.

#### **Article 10** **Amendments to the rules of procedure**

The rules of procedure may be revoked or amended by resolution passed by a simple majority.

The Supervisory Board