



## **Declaration of Compliance with the German Corporate Governance Code**

The Supervisory Board and Managing Board resolved with effect on 1 July 2023 to implement the recommendations of the Government Commission on the German Corporate Governance Code with the exceptions stated below, and to issue the following updated Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG). The Declaration relates to the Code version of 28 April 2022, which was published in the Federal Official Gazette on 27 June 2022.

Owing to the size of the firm and company-specific features, init innovation in traffic systems SE complies with the recommendations of the Government Commission on the German Corporate Governance Code with the following exceptions:

### **B. Composition of the Managing Board**

#### **B.5. An age limit shall be specified for members of the Managing Board**

The Managing Board should have a diverse age structure. No specific targets regarding the age of individual or all members of the Managing Board have been stipulated, as this would restrict the Supervisory Board in selecting suitable Managing Board members. init operates in a market that requires flexibility, special expertise and many years of experience.

### **C. Composition of the Supervisory Board**

#### **I General Requirements and Independence of Supervisory Board Members**

#### **C.2. An age limit shall be specified for members of the Supervisory Board**

**C.8 Reasons shall be given why the length of membership of a Supervisory Board member does not influence his independence.**

**The Supervisory Board continues to regard Hans-Joachim Rühlig as independent, since membership of the Supervisory Board for more than 12 years does not preclude independence as long as no other criteria for a lack of independence are present, which is not the case.**

The persons put forward for election to the Supervisory Board should provide assurance, based on their professional expertise, skills and experience, their integrity, their ethical conduct, independence and personality that they can responsibly carry out the duties of a supervisory board member in a leading international technology firm for the mobility sector. init's Supervisory Board is convinced that a strict general restriction on membership on the Supervisory Board which does not consider the respective Supervisory Board member individually, is not an appropriate method to further improve and professionalise the work of the Supervisory Board. The company's interests in searching for suitable candidates is better served by a flexible composition of the Supervisory Board with different terms of office and experience and practical consideration of a diverse age structure. Finally, the company has published the terms of office of each Supervisory Board member for some time, thus enabling the shareholders to decide for themselves about the individual suitability of the re-election of a member of the Supervisory Board.

## G. Remuneration of the Managing Board and Supervisory Board

### **I Remuneration of the Managing Board**

#### G.1. The remuneration system should define in particular the financial and non-financial performance criteria relevant for the granting of variable remuneration components

The granting of variable remuneration components is determined by financial criteria; no non-financial performance criteria are defined for the granting of variable remuneration components. Sustainability criteria have already been considered through init's product portfolio and the purpose of the company.

#### G.7. Referring to the forthcoming financial year, the Supervisory Board will establish performance criteria for each Managing Board member covering all variable remuneration components; besides operating targets, such performance criteria should be geared mainly to strategic targets

It is the strategic target of the company to achieve average long-term revenue growth of 10-15 per cent per year. Additionally, it is intended to continuously increase both the absolute and the relative EBIT. The company strives for a minimum EBIT rate of 10 per cent. The share price should be raised appropriately. A focus on these targets is achieved through the regulations and performance criteria used to determine the criteria for the variable remuneration components. The regulations apply for the entire contractual term and are not redefined every year. The performance criteria are based on the earnings development of the company (EBIT).. Assuming the EBIT margin remains constant (ceteris paribus), long-term average revenue growth of 10-15 per cent will lead to an increase in the absolute EBIT value and, in accordance with regulations, will lead to higher variable remuneration components. Likewise, assuming constant revenues (ceteris paribus), an increase in the relative EBIT will lead to higher variable remuneration components. The distribution of shares with a lock-up period of five years also ensures a focus on the share price and a long-term target. In this way, the regulations support the achievement of operating and strategic targets.

### **II Remuneration of the Supervisory Board**

#### G.17 The remuneration of the Supervisory Board members should appropriately take into account the larger amount of time required of the Chairperson and the Deputy Chairperson of the Supervisory Board

The larger amount of time required of the Chairperson of the Supervisory Board was appropriately taken into account for the remuneration. The larger amount of time required does not apply to the Deputy Chairperson of the init Supervisory Board.

init innovation in traffic systems SE

The Supervisory Board

The Managing Board