

The logo for 'init' is displayed in a white, lowercase, sans-serif font. The letter 't' has a horizontal bar that extends to the right and ends in an arrowhead. The logo is contained within a white rectangular frame with a slightly rounded bottom-right corner.

init

Non-financial
group report
2020



NON-FINANCIAL GROUP REPORT

(pursuant to § 315b and § 315c HGB)

Imprint

Contact

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FUNDAMENTALS OF THE REPORT

BUSINESS MODEL

As one of the leading global providers of integrated planning, dispatching, telematics and ticketing solutions for public transport, init aims to manage the company sustainably and act responsibly in all business areas. With our products and services, we want to help improve the attractiveness and quality of public transport and to increase the profitability of transport companies.

For further information about the business model and the basis of consolidation of the init group, please refer to the “Group principles” section of the combined management report.

MATERIALITY ANALYSIS

In 2017, we performed a materiality analysis in cooperation with the Managing Board in order to identify the aspects relevant to our sustainability activities.

The identified key topics of the init group in 2017 were “training and further education”, “init as an attractive employer”, “compliance with data protection provisions”, and “fighting corruption”. Thus, this report covers the three aspects “employee matters” (“training and further education” and “init as an attractive employer” topics), “social concerns” (“compliance with data protection provisions” topic) and “fighting corruption and bribery” (“fighting corruption” topic) pursuant to the CSR-GIL. As there have been no material changes to the business model, we continue to consider the identified key topics from the materiality analysis in 2017 to also be relevant for 2020.

Furthermore, CSR-GIL provides for the representation of the two aspects “respect for human rights” and “environmental matters”. No topics were identified as material in connection with these aspects within the context of the CSR-GIL. Owing to its business model, the init group makes an indirect contribution to promoting global public transport, and therefore, contributes indirectly to more environmentally friendly forms of mobility in view of conserving resources and reducing emissions. Basic information on environmental topics is explained in more detail in the opportunities section of the management report.

The contents of the report are based solely on the definition of materiality and the content requirements of the CSR-GIL, which is why no framework was applied.

NON-FINANCIAL RISKS

Non-financial risks are examined within the scope of risk management.

The risk assessment basis are checklists that are developed in risk workshops by the respective person in charge for each area. In 2020, no business activities were identified as having any highly likely serious negative impact on non-financial aspects. The impact of the Corona virus pandemic is described accordingly in the sub-sectors.



EMPLOYEES

As one of the leading global providers of integrated planning, dispatching, telematics and ticketing systems for public transport, init relies on qualified, productive employees. Thanks to their experience and motivation, it is they who make the greatest contribution towards the company's success. For this reason, we strive to create a motivating, attractive, sustainable and safe working environment. As an international company, init also values diversity among its workforce. It is a key factor for business success and, along with the continuous acquisition and exchange of knowledge, a prerequisite for our ability to react flexibly to changing overall conditions. We have therefore also firmly enshrined our responsibility towards our employees¹ in our group-wide Ethical Guidelines.

The HR Director for the init group is responsible for all employee issues and control of measures in companies worldwide, with a focus on the German companies init SE, INIT GmbH and initplan GmbH. In addition, init has a post within the HR department of init SE that supports foreign companies that do not have their own HR department or responsible HR officer. This role comprises monitoring of reporting processes for key HR figures and, depending on the company, administration and recruitment of professional and managerial staff. In the year under review, in addition to the employees of the Karlsruhe companies, we also registered the employees of the companies serviced from Karlsruhe in our new personnel management system. In the future, this will enable us to further standardise key figures in addition to the administrative simplifications through electronic file management. Due to the focus on the introduction of the system and digitalisation, in the reporting year we retained the key figures for headcount, FTE², fluctuation rate, training rate and apprenticeship rate, which were standardised in the previous year and are available on a monthly basis throughout the group.

The HR department informs the Managing Board on a monthly basis about key figures as well as measures derived or taken in the area of employees.

INIT AS AN ATTRACTIVE EMPLOYER

In particular, in view of the continued lack of specialised staff in the IT industry, specifically, but not exclusively, at the headquarters in Karlsruhe, it is essential for init to retain qualified specialists and managers in the long term and to win new, talented personnel to init, primarily into the areas of software and hardware development. In view of these developments on the job market, our aim is to preserve and boost init's image as an attractive employer and family-friendly company in order to achieve a high level of attractiveness for new employees as well as a high level of employee retention.

Measures to increase init's attractiveness as an employer are regularly reviewed by the HR department and the Managing Board with a view to their implementation and success. The review is conducted through close collaboration at the different locations and in consultation with location managers and team leaders as well as through the analysis of employee surveys, in which EPS³ was measured for the first time in the reporting year, and the analysis of employer rating platforms such as kununu. One measure taken in the year under review to cover the need for personnel in the area of software development and to mitigate the risk of a shortage of skilled workers on the domestic job market was the further expansion of the development site in Maynooth, Ireland (near Dublin), which was established in 2018. Due to the implementation of our new HR management system, we were also able to replace the previous applicant management system and use the new software to analyse the performance of job advertisements. The insights gained from this enabled us to optimise our job advertisements, the online portals used, as well as the application process for candidates. By increasing our attractiveness as an employer and through regular employee communication and appraisal interviews, we want to ensure that employee turnover remains as low as possible. In the reporting year 2020, the group-wide unintentional fluctuation of all permanent employees (the scope of consolidation was expanded to all group companies in 2020 compared to the key figure reported in 2019) was 3.70 percent (2019:

¹ Designation applies equally to employees of all genders and gender-neutral

² Fulltime-Equivalent

³ Employee Promoter Score



6.58 percent). Therefore, init achieved its goal of keeping the fluctuation rate at least constant. This is an indicator of the success of the employee retention measures implemented, despite the consideration of the Corona crisis.

Taking into account the particular effects of the Corona crisis in 2020, we have defined a fluctuation rate at the level of 2019 as a target for 2021. In the reporting period, we relied on various measures and offers, such as digital yoga classes, back and functional fitness courses, as well as digital information events to further increase init's attractiveness as an employer, due to the Corona crisis mostly carried out digitally, as face-to-face events such as after-work and other employee events could not take place. We would also like to make special mention of our INIT "Green Challenge", in which init employees worldwide jointly circumnavigated the globe more than four times by covering distances either by bicycle or on foot. In doing so, participants made a contribution to our environment as well as to their personal fitness and created a sense of unity across national borders during the Corona crisis, as well as fulfilling the idea of "WeAre#INITtogether".

Furthermore, in 2020 as in previous years, the company's employees were able to take advantage of voluntary benefits. In addition to well-known childcare subsidies, we made a bonus payment during the reporting year to all group companies as compensation for the particular hardship experienced by employees due to mobile working during the Corona virus pandemic. In addition, init and its employees also respond to their social responsibility, which is achieved not only through the sponsorship of regional sporting and cultural events and clubs, particularly during the Corona crisis, but also through donations and aid campaigns. We are particularly proud of the fact that our employees share this commitment and, for example, have themselves once again become active within the framework of a collection campaign for the Kinderschutzbund Karlsruhe. This social commitment contributes significantly to employees' connection with the company and therefore to employee satisfaction and ultimately to our attractiveness as an employer.

⁴ Valid for all German companies of the init group: init SE, INIT GmbH, initplan GmbH, initperdis GmbH, CarMedialab GmbH, iris Group, HanseCom GmbH.

TRAINING AND FURTHER EDUCATION

At init, we want to create an environment in which employees can reach their full potential. That is why we emphasise further development and promote the exchange of knowledge across all levels and areas of the company. The purpose of the training and ongoing further education of employees is to establish and expand the specific competencies that are required to implement our corporate strategy and objectives. Employees' need for further education and the measures to ensure it is delivered are first determined in the annual performance review and in meetings between managers and HR. In addition, upon joining the company, every employee undergoes a 6 to 12-week orientation and training program, depending on the area of activity. It consists of training on basic topics such as internal processes, products, public transport, marketing, HR and occupational safety. IT employees are introduced to specific standards and programming languages.

Training and further education measures are overseen by the HR department within the context of employee and organisational development and documented and assessed in the form of training evaluations in order to monitor the success of further education measures and draw conclusions for future measures. This is intended to ensure a continuous exchange and development of knowledge and to position init as one of the technological trendsetters in public transport. In the year under review, our internal init Academy was primarily supplemented with new digital content and the digitalisation of classroom training. Particularly in training management and e-learning, we have benefited from the new personnel management system that standardises and digitally maps all content as well as administrative activities.

Our aim here too, is to establish and expand specific competencies and support employees on an individual basis, thereby increasing our attractiveness as an employer and fostering employee loyalty over the long term.

We established our company's performance in the area of training and further education ⁴ in Germany with the help of the training ratio, which averaged 4.17 percent in



the reporting year (previous year: 6.25 percent⁵). We plan to keep the training rate constant at between 4.0 and 5.0 percent. Worldwide, we determine performance in the area of training and further education with the key figure of the number of training hours completed. In 2020, employees from all companies in the group completed an average of 5.5 recorded training hours. Despite the reduced number of external training courses and classroom training due to the Corona crisis, this value is only slightly below the previous year's value (6.0 hours; reported in 2019 for the companies: init SE, INIT GmbH, initplan GmbH). We plan to increase this value to approx. 6.0 hours per employee in the coming year. Further training measures at init included employee training with external providers, in-house training, webinars, podcasts, digital learning content and a small number of visits to trade fairs and congresses⁶. The spectrum of topics ranged from specific software training and certification to special management development. In the reporting period, we again placed emphasis on further training in the areas of agile working / agile software development. Learning should continue to be a part of everyday life for our employees.

CORONA VIRUS PANDEMIC

The global Corona crisis and associated governmental restrictions had a direct impact on init and all our employees worldwide. Within the framework of a crisis team consisting of the Managing Board and the Human Resources Manager of the group, the new situation was analysed on a daily basis starting in spring and appropriate measures were taken and communicated to employees. As early as spring, in addition to complying with all occupational health and safety regulations and Corona ordinances as a matter of course - in particular to ease the burden on families - core time was abolished. The lower limit for hourly accounts was extended to minus 100 hours and the possible working time corridor was expanded to offer the greatest possible flexibility. At the same time, technical conditions were improved wherever they were not yet sufficiently available, more licences for video conferencing were purchased, and stress tests of the IT infrastructure were carried out in order to offer mobile working in all areas where this was operationally possible, both in spring and from autumn. Although employees have been supported to work efficiently from home, our challenge is to ensure that we do not lose contact with them and that we communicate with them as efficiently as we would if they were in the office.

⁵ In the previous year without the companies Derovis GmbH, DResearch GmbH, CarMedialab GmbH, HanseCom GmbH

⁶ Webinars, podcasts, trade fairs and congresses are not included in the key figure "recorded training hours".



DATA PROTECTION

We take the protection of data very seriously, as the trust in our company and our systems is one of the most important aspects of successful and long-term business relationships.

After the EU Data Protection Basic Regulation (DSGVO) came into force, init implemented the new requirements together with the data protection officer. In particular, these relate to the new reporting obligations, accountability, obtaining consent and data security. This included the revision of documents ensuring an adequate level of protection for personal data, adapting technical and organisational measures, consent of data subjects and the revision of data workflows in the information security management system.

The init group manages data during order processing, bid processing, HR management, investor relations support and for marketing purposes. Within the scope of our ticketing projects, some personal data are maintained in our own IT systems. These IT systems are operated in certified external data centres, which are linked via managed remote maintenance connections. In this context, our objective is to guarantee the corresponding statutory provisions on data protection for personal and confidential data. At the same time, we detect any potential data leaks, thefts and losses in order to define corresponding corrective actions.

Implementation is based on our internal data protection guidelines, our information security management system and the handbook created for this purpose, which is reviewed in the same frequency as the audits for ISO 9001 certification, amended in line with business needs to correspond with applicable statutory requirements and accessible by all employees on the intranet. The information security management system records and documents central processes, guidelines, procedures and responsibilities. Its aim is to ensure the implementation, monitoring, evaluation, maintenance and improvement of IT and information security at the Karlsruhe site as well as at locations which are technically connected. The

IT department ensures technical and organisational data security measures.

The objective of the data protection officer appointed by init as well as employees from the IT department, the legal department, the personnel department and the quality management and audit department is to ensure compliance with the Federal Data Protection Act (FDPA) and other data protection provisions at the head office in Karlsruhe. The data protection officer is also jointly responsible for ensuring the highest possible level of compliance with internal standards such as our information security management system. They perform checks at regular intervals in order to determine whether the data protection and security system meet the requirements under data protection law pursuant to the FDPA and whether the regulations in the data protection and data security guidelines are effectively enacted and reported to the Management Board, if necessary. Furthermore, the data protection officer also initiates security measures and advises employees. The data protection officer is also listed as an external contact on the init website and can be contacted directly. There is regular communication with them on current data protection issues. In addition, each company is advised by a data protection officer to ensure compliance with local data protection regulations.

Data protection agreements are regularly concluded within the scope of our customer and supplier relationships. This is done to ensure compliance with the respective country-specific regulations and laws. In order to ensure the best possible local protection of data, init has, among other things, multi-level security concepts and up-to-date anti-virus solutions. In order to reduce the risk of new, yet unknown malware, we are raising awareness of this topic among our employees at the monthly staff meeting. In particular, employees in the HR department and in relevant key positions receive best-practice training. Furthermore, the internal IT department regularly informs the group about current malware via email.



The ECJ's⁷ decision to invalidate the transatlantic data protection agreement "Privacy Shield" between the USA and the EU has so far had minimal noticeable impact on init. Data transfer to the USA mainly takes place within the scope of business activities with affiliated companies and does not relate to end customer data but to business contact data. Furthermore, many of the applications used internally are based on an on-prem solution⁸. init and the data protection officer will monitor further developments on this topic jointly.

Within the scope of review and optimization processes, adjustments and improvements in data protection are

made on an ongoing basis. init works intensively on the preparations for further certifications regarding information security. In the reporting year, an information security officer was appointed and an engineering firm conducted an internal pre-audit for ISO 27001. Furthermore, the auditing company Dekra conducted the first part of the ISO 27001 certification audit in the last quarter. The second and final part of the certification audit is to be carried out by mid-2021.

During the reporting period, no reportable infringements were identified in the area of data protection.

⁷ European Court of Justice

⁸ On-Prem (also On-Premises) is a usage model for software in which the licensee operates the software under his/her own responsibility and on his/her own hardware.



COMBATING CORRUPTION AND BRIBERY

At init, compliance is a fixed component of our corporate values. Our group-wide code of conduct is intended to protect our employees and our company, as well as our customers and business partners. Within this context, fighting corruption and bribery is a high priority, as strict compliance with legal regulations and the avoidance of violations in connection with corruption form the basis for our business activities. Our objective is to maintain and continue to establish ethically, morally and legally irreproachable conduct in all areas of the company. Furthermore, init strives to keep all employees up to date on the topic of fighting corruption.

Our Ethical Guidelines comprise all applicable statutory and company requirements for our employees. They prescribe a specific code of conduct and stipulate that our company does not tolerate corruption or bribery. They include specific rules, such as those on the granting or acceptance of benefits, the documentation of business transactions and the comprehensive, truthful and lawful provision of information to employees, shareholders, the capital market, the media and other stakeholder groups. The Ethical Guidelines form the binding code of conduct for the entire init group and apply without exception to all employees – across teams, hierarchy levels, countries and all individual companies within our group.

The Ethical Guidelines were revised during the reporting year. The contents were restructured, updated, and assigned to the topics of colleagues and employees, business environment, knowledge and information, social and societal environment and anti-corruption. Furthermore, a recommendation for action for employees was formulated for each of these topics. The revised guidelines were explained to the employees in a staff meeting (due to the Corona situation in a video conference) and made available to all Group companies.

The init Ethical Guidelines are published on the website in German, English and French and are distributed to

employees in the group companies either in a timely manner when they join the company or during the application process. Furthermore, employees worldwide are informed about init's Ethical Guidelines at least once a year, through communication via the Intranet, email or in meetings. The employees of group companies confirm in writing that they have received and understood the information.

In addition, init's Managing Board maintains an active exchange with the management of all the consolidated companies. Once a year, the Managing Board members meet with the managing directors of the group companies. At this annual management meeting, the topic of combating corruption and bribery and the Code of Conduct in particular is again brought to the attention of management, in order to establish it further amongst the group companies and their employees.

Within the Managing Board of init SE, the Chief Financial Officer is responsible for compliance. The respective Board of directors and Legal departments in the group companies coordinate compliance topics. Our flat hierarchies enable us to react quickly to compliance suspected cases. In addition, a risk matrix with compliance related topics was drawn up as part of risk management in the year under review. This is reviewed and updated annually in order to evaluate new topics, identify the need for action and derive measures for compliance with any laws and regulations.

Since init's customers are mainly public transport companies or associations in Germany and abroad, public and formalised procurement is of major economic importance. Public procurement is strongly structured and regulated by public procurement law. Public procurement law protects the transparency and comprehensibility of decisions through its regulations on competition. These legal regulations in public procurement law must be observed at all times by both



the contracting authorities and the bidders involved, from the determination of requirements through the tendering phase to the awarding of the contract and order fulfilment.

We require and encourage the reporting of all processes that indicate a criminal offence or a systematic breach of laws or internal rules. To this end, an online whistleblower system was set up which enables employees as well as customers, business partners and third parties to report improper conduct, either anonymously or not. The system is accessible to everyone and is available on the init website. In addition, the Ethical Guidelines refer to the whistleblower system.

The system immediately forwards every report to the Legal department or the Managing Board, where it is reviewed and processed. In addition to this, init compiled a special handbook that defines internal processes, their documentation and the systematic processing of reports. The company's preventive and control measures also include the dual control principle, which is set out for the companies in a set of signature rules.

For the 2020 reporting year, no violations were identified in regard to corruption and bribery within the init group.

Karlsruhe, 15 March 2021

The Managing Board

Dr. Gottfried Greschner

Dr. Jürgen Greschner

Jennifer Bodenseh

Matthias Kühn