

> ESG report 2021
Non-financial group report 2021



init

ESG REPORT

CONTENT

**NON-FINANCIAL
GROUP REPORT**
(pursuant to Sections 315b, 315c of the
German Commercial Code (HGB))

| | |
|---------------------|-----------|
| Fundamentals | 3 |
| Environment | 5 |
| Social | 8 |
| Governance | 16 |

Imprint

Contact

init innovation in traffic systems SE
Kaeppelestrasse 4-10, 76131 Karlsruhe

Tel. +49.721.6100.0, Fax +49.721.6100.399

ir@initse.com

Editing and text

init innovation in traffic systems SE, Karlsruhe

www.initse.com

The ESG report is originally drafted in German:

This is a courtesy translation only. In case of
doubt, the German version shall prevail.

FUNDAMENTALS OF THE REPORT

ENVIRONMENT-FRIENDLY MOBILITY

As one of the leading global providers of integrated planning, dispatching, telematics and ticketing solutions for public transport, init innovation in traffic systems SE (“init”) aims to manage the company sustainably and act responsibly in all business areas. In addition to economic topics, we are also guided by the ESG criteria (environment, social, and governance) to measure and manage our performance in this area. We are in regular contact with the stakeholders of our company – capital market participants, customers, employees – to collect and process expectations, ideas and topics related to sustainability.

Our products and services not only improve the attractiveness and quality of public transport and increase the profitability of transport companies, they also make a significant contribution to climate protection.

ISS ESG, one of the world’s leading rating agencies for responsible investment solutions, awarded init a Prime Rating (ISS Corporate ESG). This rating is awarded to companies with an ESG performance above the sector-specific Prime threshold, which means that they fulfil ambitious absolute performance requirements.

PRIME RATING

ISS Corporate ESG

The 2030 Agenda with its 17 Sustainable Development Goals (SDGs) serves as a guide for sustainable development. It was adopted on 25 September 2015 at the UN summit in New York by 193 Heads of State and Government. The 2030 Agenda is a “pact on the world’s future” and we would also like to make a contribution. Therefore,

init has selected some UN SDGs that are specifically and clearly related to our business activities or use of our software or hardware by customers.



NON-FINANCIAL AND FINANCIAL KPIS – CLOSELY LINKED

In our strategy and our daily actions we assume that companies with a clear social mission have a competitive advantage. Meaningful goals and clear social values make a company more attractive to all stakeholders. The interdependence between non-financial data and financial success are evident in many examples. Social, environmental and economic performance of a company influence each other, and every area has noticeable effects on the others. This idea forms the basis of the ESG report. We see direct effects on the following areas of our company:

- Exploiting business opportunities that arise from clean technologies
- Accepting reduction in emissions as financial and social challenge
- Developing our employees and equal opportunities as a motivational factor
- Including social issues in our day-to-day decisions
- Understanding Corporate Governance as a transparent framework for decisions of capital market participants, customers and employees
- Understanding data protection and data security as a corporate task



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 of each area. In 2021, again no business activities were identified in the risk management system as having any highly likely serious negative impact on non-financial aspects.

MATERIALITY ANALYSIS

Following another analysis in the 2021 financial year, the topics were supplemented and restructured and new aspects were added.

Environmental matters, employee matters, social matters, combating corruption and bribery as well as respect for human rights have been identified as significant components within the meaning of the German CSR Directive Implementation Act (CSR-RUG).

The “Taxonomy Regulation” topic refers to the Regulation (EU) 2020/852 (Taxonomy) dated 18 June 2020, which aims to ensure companies perform sustainable business activities. In the first step, this report identified init’s share of Taxonomy-eligible activities and an analysis of the business activities was prepared. The taxonomy-aligned activities of the company will be reported in the next financial year. This topic is constantly being refined.

ENVIRONMENT



TAXONOMY REGULATION

In 2018, the EU commission adopted the action plan to finance sustainable growth. In order to steer capital flows towards sustainable investments, criteria have to be identified that can be used to determine whether an investment is ecologically sustainable. Therefore, establishing an EU classification system for sustainable activities was set as the measure of this action plan that the Commission has implemented with the adoption of the EU Taxonomy in June 2020.

init has made disclosures on the implementation of the Regulation (EU) 2020/852 (Taxonomy) – hereafter EU Taxonomy – for the first time for this reporting year. The group has to prepare a non-financial statement pursuant to Sections 289b f, 315b f HGB and in accordance with Article 1 of the EU Taxonomy there has to satisfy the resulting requirements.

The EU Taxonomy (Article 9) establishes six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use a protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

The first two objectives are to be applied for reports published from 1 January 2022; the other objectives are

to be applied for reports published from 1 January 2023. In the first reporting year, init’s activities are to be investigated and analysed whether they are eligible activities as defined by the taxonomy, i.e., whether they are suitable to make a substantial contribution to one of the environmental objectives.

In a second step – for the reports that will be published from 1 January 2023 – it is to be reviewed whether the activities identified as Taxonomy-eligible are also Taxonomy-aligned. Taxonomy-alignment is achieved when an activity meets all the technical screening criteria defined in the delegated acts of the EU Taxonomy. These criteria define the requirements for an activity to be classified as environmentally sustainable, while at the same time doing no significant harm and meeting minimum social standards.

In the reporting year, init comprehensively investigated the contribution to the EU environmental objectives “climate change mitigation” and “climate change adaptation”. In this process, the relevant business activities and the resulting revenues generated as well as the investments and operating costs, which can be classified as Taxonomy-eligible, were extensively analysed and evaluated.

init’s business model was considered in its entirety to determine the key performance indicator (KPI) revenues. By providing solutions for the whole process chain of public transport, init provides an enabling activity, and therefore falls within the scope of application of the EU Taxonomy. By developing, producing, integrating, installing, maintaining and operating software and hardware products as an end-to-end solution, which transport companies need to fulfil their operating requirements and needs, init makes a significant contribution to the functioning and efficiency of public transport by providing the IT infrastructure for public transport. init’s business activities, which focus on integrated solutions for planning, dispatching, telematics and ticketing for buses and trains, thus

directly relate to Activity 6.15 “Infrastructure enabling low-carbon road transport and public transport” of the EU Taxonomy and therefore can be classified as Taxonomy-eligible. The group’s activities not relating to public transport are classified as non-eligible activities.

In addition to the consolidated revenues KPI of the EU Taxonomy, additions to/investment in intangible assets and property plant and equipment and investment property and right-of-use assets pursuant to IAS 38, IAS 16, IAS 40 and IFRS 16 (capital expenditures (capex) are to be considered.

For Taxonomy-eligible opex (operational expenditure), expenditure for non-capitalised research and development costs, short-term leases, installation of energy efficiency equipment in buildings as well as repair and maintenance was also considered. In this process, individual parts were analysed and, if applicable, allocated to Taxonomy-eligible activities.

The denominators of KPIs comprise consolidated revenues from customer contracts as defined by IAS 1 82(a) (consolidated revenues), additions/investments in assets pursuant to IAS 16, IAS 38, IAS 40 and IFRS 16 (capex) as well as expenditure for non-capitalised research and development costs, short-term leases,

installation of energy efficiency equipment in buildings as well as repair and maintenance (opex).

The resulting KPIs for the financial year are as follows:

| Taxonomy-eligible proportion of business activities in 2021 ¹ , in accordance with the Regulation (EU) 2020/852, Article 8. | |
|--|----------------|
| | Proportion (%) |
| Total revenues² | 100% |
| thereof Taxonomy-eligible ³ | 97.62% |
| Taxonomy-non-eligible | 2.38% |
| Capex⁴ | 100% |
| thereof Taxonomy-eligible ⁵ | 64.91% |
| Taxonomy-non-eligible | 35.09% |
| Opex | 100% |
| thereof Taxonomy-eligible ⁵ | 95.13% |
| Taxonomy-non-eligible | 4.87% |

¹ In the data collection process, it was ensured that activities are not counted twice for the respective KPIs.

² See notes to the income statement in the notes to the consolidated financial statements

³ D The Taxonomy-eligible consolidated revenues comprise business activities in the area of public transport only. The KPI consolidated revenues solely takes into account revenue from contracts with customers pursuant to IFRS 15

⁴ See notes to the balance sheet in the notes to the consolidated financial statements

⁵ The Taxonomy-eligible consolidated revenues comprise business activities in the area of public transport only. The KPI consolidated revenues solely takes into account revenue from contracts with customers pursuant to IFRS 15.



CLIMATE AND ENERGY

Owing to its business model, the init group makes a contribution to promoting global public transport, and therefore, contributes indirectly to environmentally friendly forms of mobility in terms of conserving resources and reducing emissions.

The reduction of CO₂ emissions is also being driven forward within the group. Employees have contributed to saving 33 tons of CO₂ by using sustainable modes of transport, e.g., by using public transport and bicycles for a distance of 185,000 km.

Reduction in business travel by air also offers potential saving. Compared to the previous year, air travel was reduced by around 40 per cent at the Karlsruhe location. Certified by DB Vertriebs GmbH, almost 100,000 km CO₂-free kilometres were travelled by rail. This figure decreased year on year by 70 per cent due to the pandemic.

POWER CONSUMPTION

The power consumption of individual locations as well as data centers is planned to be transitioned from conventional to sustainable supply. This has already been implemented to some extent at locations in Germany and New Zealand.

The annual power consumption of the group totals 3,264 MWh and breaks down as follows:

| 2021 | in MWh | in per cent |
|-----------------|--------------|-------------|
| Germany | 1.538 | 47 |
| Rest of Europe | 121 | 4 |
| North America | 1.404 | 43 |
| Other countries | 201 | 6 |
| Group | 3.264 | 100 |

WASTE DISPOSAL

A waste disposal guideline has been in place for many years at init. In 2021, waste totalling 407,520 litres was produced at the Karlsruhe location, of which 52 per cent was recyclable materials and 39 per cent paper waste. Going forward, we aim to record the figure for the entire group and to reduce paper waste by providing training or using digital solutions.

SOCIAL



EMPLOYEES

As one of the leading global providers of software and hardware products 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 employees in our group-wide Ethical Guidelines.

The HR Director for the init group is responsible for all employee issues and control of measures in init group companies worldwide. 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, management of payroll accounting and recruitment of professional and managerial staff.

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.

Employee recruitment/diversity

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 in the areas of software and hardware development as well as in project management and commercial departments. In recruiting new employees, new potential recruiting channels are evaluated constantly and added to the existing portfolio if they prove to be successful. Winning professionals from other countries and the offer of career development in other group companies in Germany and abroad is also becoming more important. We also reach potential applicants by participating in career fairs, offering applicant training in schools and in the social circle of our employees, through our cultural and social engagement and sponsorship programmes, at init locations as well as through our employee referral programme and by directly contacting potential candidates.

As an international company with employees from over 39⁶ countries, it is our mission to create a non-discriminatory work environment. We live and breathe diversity and in selecting personnel and development of our employees we are committed to equal opportunities and the common values of the company, technical expertise, motivation, engagement and team spirit as well as group-wide values that are anchored in our Ethical Guidelines.

The proportion of women in the Managing Board and Supervisory Board of init⁷ stands at 25 per cent. The proportion of women in the first management level below the Managing Board stands at 33 per cent. The proportion at the second management level stands at 43 per cent.

⁶ Figures collected for init SE, INIT GmbH, IMSS GmbH, INIT FZE, INIT Ltd. UK, INIT Asia-Pacific Pte. Ltd, INIT QC Eastern Canada Inc., INIT NZ Ltd., INIT IRL Ltd., INIT Swiss, INIT Pty Ltd.

⁷ init SE



To promote diversity we also strive to increase the number of women in professions conventionally dominated by men such as the MINT professions (mathematics, IT, natural science and technology).

Employee satisfaction/attractive employer

In view of developments on the job market and because we are convinced that our highly qualified and motivated employees give us a decisive competitive edge, 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 loyalty. We are sure that a corporate culture shaped by open communication with flat hierarchies, mutual appreciation and diversity is a basic requirement for high employee engagement and ultimately also for the success of the company.

Measures to increase init's attractiveness as an employer are regularly reviewed by the HR department and the Managing Board as 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, EPS⁸ and the analysis of employer rating platforms such as kununu. In the reporting year, the kununu score of 3.84 from the previous year was improved to 3.9. It is expected that this score will improve further in the next year. We are aiming for a score of 3.93. 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 2021 reporting year, the group-wide turnover rate of all permanent employees stood at 4.30 per cent (2020: 3.70%; 2019: 6.58%). Therefore, init achieved its goal of keeping the turnover rate at least at the level of the last pre-pandemic year 2019. The effects of the global pandemic resulted in very low turnover into the first half of 2021, increasing significantly however from the beginning of the second half of the year. Based on the figures of the second half of 2021 and taking into account this effect as well as the general developments on the job markets, especially in the US, we expect a higher turnover rate for 2022 and catch-up effects from 2020 and 2021 with an estimated turnover rate of 8.5 per

cent, which has been defined as the target. In the reporting period, we used various measures and offers, such as digital fitness and health courses as well as digital information events, to further increase init's attractiveness as an employer. We would also like to make special mention of our init "Green Challenge" which was conducted again, in which init employees worldwide jointly circumnavigated the globe more than 4.5 times by covering distances either by bicycle or on foot. This corresponds to an increase of half of the earth's circumference compared to the previous year. In doing so, participants made a contribution to our environment, saved CO₂ as well as to their personal fitness and again strengthened the sense of unity across national borders during the coronavirus crisis, as well as fulfilling the idea of "WeAre#INITtogether".

Furthermore, in 2021 as in previous years, the company's employees were able to take advantage of voluntary benefits. In addition to the established childcare⁹ subsidies, as in the previous year, we made a bonus payment during the reporting year to all group companies as compensation for the particular hardship experienced by our permanent employees due to mobile working during the coronavirus pandemic.

Working models

In connection with the coronavirus pandemic and the related fact that employees have been increasingly working remotely or from home, the company gained extensive experience regarding hybrid working models. Based on this, it has been decided and communicated to the workforce that at the init group, hybrid working models with flexibility will be introduced in future, including a mix of mobile work within the boundaries of the country where the job is located and in the office. With this working model and flextime models, we are accommodating our employees' desire for more flexibility, as well as operational requirements of some presence in the offices. We particularly want to promote creative processes and strengthen employee communication and connection with the company through personal interaction. In this hybrid working model, we combine the advantages of mobile working with those of close interaction in the office. An employee survey conducted in the reporting year confirmed this approach. Through discussions with managers and more

⁸ Employee Promoter Score

⁹ init SE, INIT GmbH, IMSS GmbH (Standort Karlsruhe)



employee surveys in 2022, we will again review the effectiveness and acceptance of this model and refine it, if necessary.

According to a works council agreement concluded in the reporting year, in addition to the standardization of vacation entitlement of 30 days for all full-time employees, there will be a possibility to apply for up to 5 days of additional unpaid “flex vacation” per year.

Sustainable company pension

In addition to the statutory options of deferred compensation for direct insurance which are subsidised to the extent legally permitted, init also offers an employer-financed disability insurance to its employees who have been with the company for longer than six months and a company pension scheme in the form of a defined contribution benefit obligation for employees who have been with the company for more than five years.

Occupational health and safety

The global coronavirus crisis and associated governmental restrictions had a direct impact on all our employees worldwide in the reporting year 2021. The successful crisis management measures of the previous year and the proven health protection concepts and measures for our employees, customers and visitors were still in place. These measures were supplemented in the reporting year by conducting a vaccination event on four days in December, offering our employees and their family members vaccinations in order to reduce the risk of infection among the employees as well as within the company itself.

In the reporting year we also focused on mental health and trained employees from the HR department, works council and first-aiders of the companies in Karlsruhe⁵ as mental health first-aiders¹⁰.

Moreover, we organised a health week in October of the reporting period at the Karlsruhe location, which included on-site activities as well as virtual participation. In 27 events over five days, employees had the opportunity to learn about relaxation, physical activity, nutrition and mental health. Employees could get inspired through these events as well as find out

more about other specific measures to integrate healthy activities in their daily life. Surveys were conducted around the health week in order to later establish an ongoing workplace health programme based on the desires and interests of our employees. First measures and courses were implemented already in the reporting year and will be pursued further in 2022.

init Academy (training)

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 jointly in the annual performance review, or in feedback discussions in short intervals as well as 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.

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 evaluated our company’s performance in the area of training and further education ¹¹ in Germany with the

¹⁰ Deutsche Gesetzliche Unfallversicherung: DGUV Information 206-023

¹¹ Valid for all German companies of the init group: init SE, INIT GmbH, IMSS GmbH, CarMedialab GmbH, iris group, HanseCom GmbH



help of the training rate, which averaged 3.29 per cent in the reporting year (previous year: 4.17 per cent) We plan to increase the training rate again and keep it constantly above 4.0 per cent in future. Worldwide, we evaluate performance in the area of training and further education with the number of training hours completed. In 2021, employees from all companies in the group completed an average of 7.43 recorded training hours. This metric, which increased significantly year on year and exceeded the target of 5.5 hours per employee, is planned to be raised once more to around 8.0 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 some visits to trade fairs and congresses¹². 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.

¹² Webinars, podcasts, trade fairs and congresses are not included in the metric “recorded training hours”.



PRODUCTS AND SERVICES

Efficient public transport which is also reliable in times of crisis is a decisive factor for social and economic interaction. To keep systems properly functioning and prepare for future challenges, products and services as developed, implemented and operated by init are of vital importance. Millions of people worldwide use the travel services offered by our customers, whose proper functioning and attractiveness is ensured by init solutions. At init, we are aware of our social responsibility and our work is aligned to the current and future needs of our customers and their passengers. In this way, we want to ensure a sustainable future and enable qualitative as well as quantitative growth in our sphere of responsibility.

In this context, our innovative solutions help the public transport operators to be attractive for their customers, increase their efficiency, optimise processes and improve their service offering. Integrated system solutions are high in demand. init is meeting this demand by constantly expanding its range of products and services.

Social change in the transport industry

An ever-increasing number of people rely on local public transport and are switching to various modes of public transport. At the same time, transport and environmental problems are getting worse due to increasing urbanisation. Additionally, transport users have higher demands due to digitalisation, especially the demand for information. The necessary reduction of particulate matter and carbon emissions will also drive forward the use of zero emission vehicles and e-mobility in local public transport. This also entails potential demand for init solutions. Telematics for public transport is therefore a growth market which can be considered as very attractive in the long term.

Solutions to improve social interaction in public transport

Ticketing – contactless and convenient

In times when physical distancing has become the new norm, init provides various solutions for contactless payment for public transport operators, e.g., via our ticket printers and the latest generation of passenger terminals.

Furthermore, init has quickly responded to the change in customer needs and developed card readers that make cashless tickets possible also for customers with third-party vehicle equipment. All modes of cashless payment reduce the physical contact compared to cash payments. Last but not least, this significantly reduces the time required to pay for a ticket, therefore improving boarding times and punctuality.

5-10 TIMES

faster and safer with contactless payments

according to lit-transit

App HandyTicket

HanseCom, an init group company, develops software solutions for the public transport industry. The company is an expert in the field of cross-regional, mobile ticketing, urban mobility platforms and customer management systems. With its many years of industry experience, HanseCom is a reliable partner for more than 60 public transport companies and associations for managing their sales processes and mobile ticket sales. HanseCom's project portfolio includes the PT customer management system as well as cross-regional, mobile ticketing platform HandyTicket Deutschland, which has been successful on the market for over 12 years.

Mobility platforms – social and environmental progress

The transport ministers of all EU states have set the goal of achieving climate-neutral mobility in Europe



by 2050. In December 2020, they started the Sustainable and Smart Mobility Strategy. A paradigm shift – investments should be used to limit climate change and strengthen local public transport for the benefit of the society. Open mobility platforms that are able to integrate all offers of a region are the key to success of this strategy. This is shown by the regiomove lighthouse project in the Middle Upper Rhine Valley which has received many awards in the meantime. Smart mobility solutions such as regiomove follow the intermodal approach. They integrate different mobility providers of the region into one central platform. From overarching passenger information in real time, booking tickets and vehicles through to joint payment. init has developed and uses a booking platform for innovative mobility Mobility-as-a-Service (MaaS). The solution that is increasingly gaining importance connects different public transport offers resulting in a mobility mix tailored to individual demands.

E-mobility

The EU strategy for sustainable mobility primarily relies above all on the expansion of electromobility. National targets for granting public contracts for environmentally friendly buses are between 24 and 45 per cent in 2025 and between 33 and 66 per cent in 2030. Half of these targets have to be achieved through the procurement of emission-free electric buses. For Germany and Sweden, for example, this means that by 2025 almost a quarter of newly procured public buses must be fully electric.

Establishing a stable regular operation is also important for the transition to emission-free local public transport with the use of emission-free electric buses. With the transition of buses with conventional combustion engines to electric drive systems, the requirements for the operating processes and as a result for technically oriented information systems are also changing significantly. From the information basis for fundamental decisions via charging management and range forecast to adjustments in the current information systems, all functionalities must be taken into consideration in an integrated solution.

Our cloud-based solution for zero emissions in Bergen

Our customer Keolis Norway is one of the pioneers in managing its e-bus fleet, which is the second largest in Northern Europe, using init systems. Since the end of

2020, a purely SaaS cloud-based solution (Software as a Service) has been in use to monitor and charge the vehicles. The innovative software components are provided by two init group companies: The application for real-time monitoring of the fleet is provided by Mattersoft, while our subsidiary CarMedialab contributes the intelligent charging system MOBILEcharge. Together they form the IT foundation for a lighthouse project of e-mobility in local public transport.

At least **45 PER CENT**

new vehicles by 2025 should be low-emission buses

as required and promoted by the EU CVD (Clean Vehicles Directive) for almost half of the EU member states

Capturing occupancy rates – avoiding overcrowding

In view of the coronavirus crisis, new solutions are required to maintain the hygiene and distancing regulations in local public transport. And that means avoiding overcrowded buses and trains. For this purpose, transport companies must manage the occupancy rates in their vehicles actively and in real time. This in turn requires an integrated solution such as the Intermodal Transport Control System MOBILE-ITCS offered by init. The occupancy rates of vehicles are calculated by an on-board computer using passenger count sensors and transmitted to the control centre after every stop. Thus dispatchers can see the utilisation of a bus or tram in real time.

The thresholds for the respective occupancy level can be adjusted flexibly to the thresholds of the company or the requirements of pandemic management. By displaying the expected occupancy levels in passenger information, it is possible to influence the actual occupancy level on the demand side. Thanks to reliable information, passengers can select a less crowded service or even switch to individual mobility services such as rental bikes if local public transport is part of an intermodal mobility platform. At the same time, dispatchers can intervene in a targeted manner via the MOBILE-ITCS system if vehicles are overcrowded, e.g., by dispatching additional vehicles or by putting them in “Drop off only” status.



The MOBILEguide software enables a complex forecast of occupancy levels using historical data, real-time data as well as artificial intelligence and is the only system that also takes into account the expected number of alighting passengers. Additionally, information about occupancy levels can be fed into the system using prior knowledge.

The information about occupancy rates can also be made available to downstream systems for passenger information: for example in smartphone apps or via displays on the platform. Based on this information, the passengers can decide themselves which bus or tram they want to take – always confident that they are travelling safely with the local public transport.

Barrier-free public transport for all

The accessibility to the public transport system should be barrier-free for everyone. In a pioneering collaboration with the Land Transport Authority of Singapore and the advocacy group for people with special needs SG Enable, init worked on a project to pay better attention to the specific mobility demands of people with visual, hearing or mobility impairments. Around two years of intensive research and product development resulted in the travel assistance system ASSISTIVetravel. An app offers users needs-based support at every stage of the journey. Accessibility is big here: An optimum usability and

2022
accessibility in local public transport

according to the German Passenger Transportation Act

The features include external vehicle announcements for visually impaired as well as information for bus drivers whether passengers with special needs wish to board or alight, or internal announcements transmitted to passengers’ hearing aids. This successful project received two awards at the UITP Global Public Transport Summit.

Verification of EU vaccination certificates in public transport

init responded at short notice: init customers who have an EVENDpc on-board computer with barcode reader can now check passengers’ COVID status as part of a controlled boarding process. After a simple software update, the device is able to read and verify digital EU COVID certificates. The result is shown to the driver on

the display in a readable form. Reading COVID certificates makes it easier for the transport company to verify the specified public transport access requirements. Furthermore, a technically supported solution can avoid potential conflict between the driver and passenger because the result is more likely to be accepted by the passenger.

Increasing efficiency – increased safety for road users

Higher safety for all road users and lower fuel consumption is the aim of our driver assistance system MOBILEefficiency. The driving behaviour of bus drivers directly affects safety of road users, particularly in urban areas, and is also a significant cost factor for transport companies. Public transport providers who want to improve safety and reduce fuel costs need to take measures that foster lasting changes to driving behaviour.

50 PER CENT
decrease in unsafe and uneconomical vehicle use

York Region Transit, Toronto, Canada

The York Region Transit transport company took up this challenge and, with init’s support, implemented the assistance system MOBILEefficiency for safer and energy efficient driving. The system records all relevant data during the operation and creates reports from this data automatically. On the vehicle side, an on-board computer monitors, analyses, transmits, and stores all data streams related to vehicle utilisation. Key data streams include vehicle speed, engine speed, throttle/gas pedal position, yaw/turn rate, acceleration rate, fuel consumption, vehicle distance travelled as well as vehicle position. The on-board computer deploys algorithms to detect, store and present to the driver unsafe or inefficient driving behaviour in real time. Therefore, the system results in more safety on the roads, but also in a more energy efficient driving behaviour which can be promoted further through data-based training activities. Since the introduction of MOBILEefficiency in December 2017, York Region Transit has recorded a 50 per cent reduction in unsafe and uneconomical driving behaviour. A good result!



CUSTOMER SATISFACTION AS BENCHMARK

init solutions are decisive enablers for sustainability in cities and communities. init has already realised projects for over 1,100 national and international customers. With subsidiaries spread all over the globe, it is possible to support customers on site to implement projects. Our long-term expertise gives us a clear competitive edge, ensuring high customer loyalty.

With our annual global customer survey, we would like to ensure that our customers are at the centre of our business actions. We use the feedback to contact customers directly, to improve processes and strengthen our cooperation. The survey is an instrument to determine customer loyalty. It gives us a direct insight into our customers' thinking and helps us to identify and resolve any significant issues.

We also hold regular User Group Meetings to maintain close contact with our customers. During the User Group Meetings, users have the opportunity to swap notes with colleagues and INIT experts and actively contribute to the development of products and systems. In this way, the need for further development of products and system functionalities can be identified at an early stage.

RESEARCH AND DEVELOPMENT

init will continue to pursue the successful path it has been following for more than 20 years and increase the share of sustainable economic activities through further innovations. The research and development department plays a key role in this context. On the one hand, technical innovations and developments on the market have to be observed in order to turn these into our own innovative products at an early stage. On the other hand, the challenge lies in bringing technical innovations onto the market at the right time. This is the case where public transport operators have to respond to the new passenger demands.

With our employees' high level of training in research and development, combined with collaboration with universities and research institutes, we aim to react quickly to new developments and trends. Hardware and software developers at init are working continuously on new products and product concepts as well as on further developing existing products. In addition, numerous new customised software

developments and interfaces are realised. Overall in 2021, the init group spent a total of EUR 12.6m (previous year: EUR 11m) on the basic development of new products and the enhancement of existing ones independent of customers. This is 7.1 per cent (previous year: 6.1 per cent) of revenues. In addition, the group accomplished customer-funded, project-based new and further developments adding up to around three times that amount. In this way, we are making a contribution to the success of the internationally targeted sustainable green transformation of the transport sector and of effort to counter climate change. We aim to become an engine of environmental and social renewal through our research and development activities.

GOVERNANCE



COMPLIANCE

At init, compliance is an integral part 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.

Our Ethical Guidelines comprise all applicable statutory and company requirements for our employees. They set out specific rules of conduct. 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 are publicly accessible on our website in German, English and French. Employees receive the Guidelines already at the application stage or at the latest when they join the company. 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.

HUMAN RIGHTS

init recognises its responsibility to uphold and protect human rights. That is why they have been integrated in the Ethical Guidelines. Specifically, init condemns all forms of child and forced labour. We respect civil, political, economic, social and cultural rights. However, to be able to protect human rights in a globally connected society, we look beyond the boundaries of the init group and expect our contractual partners and subcontractors to also follow these Ethical Guidelines. Therefore, they are integrated into contracts and include further regulations to ensure compliance with human rights and laws. In order to identify risks regarding potential

violations at an early stage and to counteract them, init has implemented measures that are described in more detail in the following paragraphs.

NO VIOLATIONS

Human rights

No violations insofar of human rights were identified in this respect at init for the reporting year 2021.

COMBATING CORRUPTION AND BRIBERY

Combating corruption and bribery is a high priority for init, as strict compliance with legal regulations and the avoidance of breaches 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 combating corruption.

Our Ethical Guidelines prescribe a specific Code of Conduct and stipulate that corruption and bribery are not tolerated by our company. They include specific rules, such as ones 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.

Moreover, 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.



NO VIOLATIONS

corruption and bribery

No violations insofar of corruption and bribery were identified in this respect at init for the reporting year 2021

ENSURING COMPLIANCE

On the Managing Board of init, the CFO is responsible for compliance. The respective management as well as legal departments within the group coordinate compliance topics locally. Our flat hierarchies enable us to react quickly to (suspected) compliance cases. The internal processes ensure that any compliance infringements are reported by management and legal departments to the Managing Board of init, which in particularly severe cases also informs the Supervisory Board. In the reporting year, an audit committee was formed within the Supervisory Board, which monitors the Managing Board also in issues related to the operating effectiveness of the internal control system and compliance.

In addition, a risk matrix with compliance-related topics was drawn up as part of risk management in the reporting year. 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 highly 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.

The Managing Board of init has approved a country list in order to counteract risks that may arise from international business activities, for example, geographical risks. This list defines the countries in which the init group can have sales activities. For this purpose, clusters were prepared on the basis of official indices of various NGOs in accordance with industry specific risks and criteria. Well defined internal rules and procedures apply to different clusters, in order to perform sales activities in the countries included in a cluster. This process ensures early and careful assessment of business activities.

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 using the principle of dual control. 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 generally include the dual control principle, which is set out for the companies in a set of signature rules.

Here you can find the [Ethical Guidelines of init](#).



DATA PROTECTION AND INFORMATION SECURITY

We take the protection of data and information 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 with our customers and suppliers.

A compliance team comprising from Legal, IT, HR and Internal Audit is responsible for continuous monitoring of developments in the European and German data protection legislation and publications by authorities. Measures to address current developments and improvement of guidelines and requirements are planned jointly in cooperation with the external data protection officer. This includes 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 (ISMS). Synergy effects between data protection and information security are currently being implemented through an improved classification of data and systems as well as by determining the security objective.

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 kept 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. Besides this, as part of the ISO 27001 certification process, comprehensive guidelines were defined to improve the security of data, information and systems.

The basis for implementation is provided by the company's data protection policy, the data protection management manual, our information security management systems and the improved and newly

prepared guidelines. init SE and INIT GmbH have been ISO/IEC 27001:2017 certified since March 2021. The ISMS now provides a formal framework for further activities for the improvement of information security in the init group. An information security officer has been appointed as the contact person for issues relating to the improvement of activities in the ISMS.

ISO 27001

certified

From 2022 onwards, annual monitoring or recertification audits will be performed by a certification body.

The certification of other affiliated companies is planned for 2022. The preparations have been underway since the end of 2020. The focus is to define uniform guidelines and develop a standard for information security for all companies. As part of the existing ISMS, uniform minimum requirements for information security with affiliated companies are planned to implement in the next five years.

The central processes, guidelines, procedures and responsibilities are recorded and documented in the ISMS. 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.

Employees play a key role when it comes to information security. Therefore, all employees are trained to handle data and information regularly. Additionally, measures are executed to increase awareness for threats to information security. The organisational implementation is integrated in the new personnel administration software.

Controlling of suppliers is performed against the background of supply chain risks. Another significant activity to improve measures and requirements is the identification and treatment of information security incidences, as they can help in identifying weaknesses in



the ISMS. The monitoring of the ISMS and above all of the IT infrastructure is ensured through KPIs, internally organised weakness scans as well as penetration testing by an external service provider. Interruptions in business processes are prevented through business continuity measures. Besides, init has already concluded a cyber insurance policy.

Responsibilities were defined more clearly in the role concept as part of the ISO 27001 certification. The responsibilities for the definition and execution of guidelines have now been determined in all specialist departments. The IT department ensures the technical measures for information and data security. The security of software and hardware engineering, for personal security as well as controlling of suppliers is anchored in the corresponding specialist departments.

The objective of the data protection officer appointed by init as well as employees from the IT department, the legal department, the HR department and the quality management and audit department is to ensure compliance with the data protection provisions at the head office in Karlsruhe. 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 Managing Board, if necessary. Besides, the data protection officer initiates training measures and is available as an advisor to the 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 raise

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.

Within the scope of review and optimization processes, adjustments and improvements in data protection are made on an ongoing basis.

NO VIOLATIONS

Data protection violations

During the reporting period, no reportable violations were identified in the area of data protection. There were also no specific incidents through inquiries of persons concerned or regulatory authorities.