

> ESG report 2022

separate consolidated non-financial report 2022



init

ESG REPORT

SEPARATE CONSOLIDATED NON-FINANCIAL REPORT

(pursuant to Section 315c in conjunction with Sections 289c to 289e of the German Commercial Code (HGB))

Imprint

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The ESG report is originally drafted in German:
This is a courtesy translation only. In case of
doubt, the German version shall prevail.

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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, the init innovation in traffic systems SE Group (the “init Group”) 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.

Since 1983, we have been supporting transport companies in making public transport more attractive, reliable, punctual and efficient.

The init Group develops, produces, integrates, installs, maintains and operates software and hardware products that help transport companies meet their operational needs and requirements. These include planning, management and optimisation of operations as well as fare management.

The init Group’s products and services are designed to improve the quality of transport services in terms of customer orientation, punctuality, convenience, service, safety and shorter travel times. At the same time, it also enables transport companies to reduce their costs and/or boost their economic efficiency.

With the help of our products and services, public transport operators can do justice not only to society’s increasing mobility needs but we can also help to reduce carbon emissions that damage the climate, reduce environmental damage and conserve resources. You can also find the init Group’s business model in the combined management report contained within the annual report.

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.

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 contribute to this. 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.



The risk assessment is based on checklists that are developed in risk workshops by the respective person in charge of each area. Once again, in 2022, no material risks were identified that are inherent to our own operations, business relationships or products and services and are highly likely to have a significantly negative impact on the non-financial aspects at present or in the future.

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. The social, environmental and economic performance of a company are elements that 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 in the following areas of our company:

- Exploiting business opportunities that arise from clean technologies
- Accepting a reduction in emissions as a 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 considered within the framework of the risk management system, which is described on page 30 of the 2022 Annual Report.

MATERIALITY ANALYSIS

In harmony with Section 315 c HGB, in conjunction with Sections 289c to 289e HGB, the separate non-financial statement aggregates those aspects of environmental matters, employee matters, social matters, the protection of human rights and the combatting of corruption and bribery that were identified as being material in the course of the materiality analysis.

In 2017 the relevance of the topics identified in the German CSR Directive Implementation Act (CSR-RUG) was assessed with a view to their double materiality, i.e. in terms of the impact of the activities on non-financial aspects.

Each year, a review is conducted to ensure the aspects are fully covered. Following another analysis in the 2021 financial year, the topics from financial year 2017 were supplemented, restructured and new aspects were added.

The contents of this report are aligned solely towards the definition of materiality contained in the CSR-RUG and its contents. In light of the number and diversity of the frameworks, none of the current frameworks appear to be fully suitable. For this reason, a decision was made not to rely on one specific framework for the purposes of focused reporting.

The table presents the sustainability aspects of the init Group and how they can be allocated to the German Commercial Code (HGB) and/or the CSR-RUG.



	Material aspects	HGB / CSR-RUG
Environment	Climate and energy	Environmental matters
	Power consumption	Environmental matters
	Waste disposal	Environmental matters
Social	Employees	Employee matters
	Employee recruitment and diversity	Employee matters
	Employee satisfaction	Employee matters
	Working models	Employee matters
	Occupational health and safety	Employee matters
	Training	Employee matters
	Product and system responsibility	Social matters
	Customer satisfaction	Social matters
Research and development	Defined as an additional material point	
Governance	Compliance and ensuring compliance	Combating corruption and bribery
	Protection of human rights	Protection of human rights
	Combating corruption and bribery	Combating corruption and bribery
	Compliance with the data protection provisions	Defined as an additional material point

ENVIRONMENT



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. Aspects regarding the environment are discussed at Managing Board meetings and the results that have been achieved so far are presented.

TAXONOMY REGULATION

The topic of “Taxonomy Regulation” refers to Regulation (EU) 2020/852 (Taxonomy) dated 18 June 2020 and the Delegated Acts last revised on 15 July 2022, which aim to ensure that the economic activities of businesses are sustainable. Based on an analysis of all its economic activities, the init Group identified not only its activities that are Taxonomy-eligible, but also, for the first time this year, those activities of the group that are Taxonomy-aligned.

In 2018, the EU commission adopted an 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 one measure of this action plan, which the Commission implemented with the adoption of the EU Taxonomy Regulation from 18 June 2020 (Regulation (EU) 2020/852 – hereinafter referred to as the “EU Taxonomy”).

The init Group falls within the scope of Section 315b et seq. HGB and therefore has to prepare a separate non-financial statement and consequently meet the requirements of Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

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

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and 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 environmental objectives need to be reported on for the 2022 financial year. The init Group’s activities are to be investigated and analysed as to 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 it needs to be reviewed whether the activities that are identified as Taxonomy-eligible actually align with the Taxonomy. 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 revenue generated, as well as the investments and operating costs, which can be classified as Taxonomy-eligible, were extensively analysed and evaluated.

The business model of the init Group was considered in its entirety to determine the key performance indicator (KPI) revenue. By providing solutions for the whole process chain of public transport, the init Group 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, the init Group makes a significant contribution to the functioning and efficiency of public transport by providing **IT infrastructure** for public transport.

The business activities of the init Group, which focus on integrated solutions for planning, dispatching, telematics and ticketing for buses and trains, therefore directly relate to Activity 6.15 “Infrastructure enabling low-carbon road transport and public transport” of the EU Taxonomy and can therefore be classified as Taxonomy-eligible or Taxonomy-aligned. The term “infrastructure” in the definition of the group’s activities should be interpreted in the wider sense. The “Draft Commission Notice” published on 19 December 2022 specified that infrastructure enabling urban public passenger transport falls under the scope of the definition laid out in Section 6.15. This extends to the engineering of products to promote intelligent transport systems.

The group’s activities not relating to public transport are classified as non-eligible activities. These are considered to be minimal, as can be seen in the attached reporting forms.

In addition to the product-based group revenue indicator in the EU Taxonomy, capital expenditure (CapEx) and operating expenses (OpEx) are also analysed.

The share of total revenue generated with Taxonomy-aligned activities is calculated as the portion of net revenue generated with Taxonomy-aligned activities (numerator) divided by total net revenue (denominator).

The CapEx indicator includes all additions to/investment in intangible assets, property, plant and equipment and investment property as well as right-of-use assets pursuant to IAS 38, IAS 16, IAS 40 and IFRS 16 (CapEx). CapEx in the reporting period relates solely to assets or processes that are connected to the Taxonomy-aligned activities of init. No investments were made in the reporting period that lie within the framework of the CapEx plan. The share of Taxonomy-aligned CapEx is

calculated as the sum of Taxonomy-aligned CapEx (numerator) divided by total CapEx (denominator).

For Taxonomy-eligible or Taxonomy-aligned 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 or Taxonomy-aligned activities.

The proportion of Taxonomy-aligned OpEx is calculated as the sum of Taxonomy-aligned OpEx (numerator) divided by total OpEx (denominator).

Revenue, CapEx and OpEx as well as the respective share of sustainability in the identified KPIs are calculated on the basis of a detailed analysis of all the relevant accounts in the group’s chart of accounts. A clear allocation to the three KPIs is made at account level. All Taxonomy-related revenue, CapEx and OpEx are attributable to Activity 6.15 “Infrastructure enabling low-carbon road transport and public transport” of Annex 1 of Delegated Regulation (EU) 2021/2139 (climate change mitigation). Due to the clear allocation of the accounts and the fact that init’s business activities can be allocated to just one activity, it can be ruled out that revenue, CapEx or OpEx components have been double-counted.

The results of the individual reviews of the do-no-significant-harm (DNSH) criteria are presented in the attached reporting forms. Whether a significant contribution is made towards realising one or more of the environmental objectives, or whether one or more of the environmental objectives is impeded and whether the technical screening criteria have been observed is tested on the basis of the specific evidence and documented accordingly. In this regard, a comprehensive climate risk analysis was carried out for all significant locations of the init Group.

The analysis of climate risks revealed that there are sufficient financial resources at present, particularly in the form of time and materials, to adjust them. Building technologies, such as insulation or air-conditioning plants were identified as potential procedures for reducing the climate risks identified in the course of the



analysis. The analysis of Taxonomy-aligned business activities (consisting solely of CapEx in 2022) did not reveal any anticipated material climate risks with an associated DNSH impact arising from performing these activities.

The DNSH criteria for the environmental objectives 3 to 6 relate to the construction of infrastructure. Consequently, they do not apply to init's business activities.

In addition, compliance with the minimum social standards of the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, the ILO (International Labour Standards) and the International Bill of Human Rights was analysed in detail at the level of Taxonomy-eligibility.

The indicators for the reporting year can be seen in the reporting forms on the following pages.

CLIMATE AND ENERGY

The reduction of CO₂ emissions is being driven forward within the group. Employees have contributed to saving 30 tons of CO₂ by using sustainable modes of transport, e.g., by using public transport and bicycles for a distance of 170,000km. In comparison to the previous year, these figures have decreased by 15,000km and 3 tons respectively. We attribute this to the increase in the time spent working remotely from home.

Air travel is another indicator that we measure. At the Karlsruhe location, air travel increased by almost 380 per cent on the previous year, taking us back to the level seen prior to corona. DB Vertriebs GmbH certified that in 2022 almost 311,000km CO₂-free kilometres were travelled by rail. This figure has changed positively by 53 per cent on the previous year.

POWER CONSUMPTION

The power consumption of individual locations as well as data centres is planned to be transitioned from conventional to sustainable supply. We continue to drive this forward at our locations in Germany and Austria. In

2022, sustainable energy supplies accounted for 82 per cent of the init Group's consumption. The annual power consumption of the group totals 3,221 MWh (previous year: 3,264 MWh) and is broken down as follows:

2022	in MWh	in per cent
Germany	1,650	52
Rest of Europe	86	3
North America	1,271	39
Other countries	214	6
Group	3,221	100

WASTE DISPOSAL

A waste disposal policy has already been established in the init Group. In 2022, waste totalling 932,128 litres was produced in Germany¹ and 159,826 litres in North America², of which 50 per cent was recyclable materials and 15 per cent paper waste. Going forward, we aim to record the figure for the entire group and to reduce paper waste by providing annual training or using digital solutions.

WATER CONSUMPTION

Water is a scarce and valuable good. We at the init Group intend to make a contribution towards conserving it. For this reason, we began collecting data on this indicator in the 2022 financial year. Our goal is to establish the indicator throughout the group and keep water consumption at a constant level. In 2022 we were able to measure water consumption for the first time, with 956,077 litres consumed in Germany³, 4,286,142 litres consumed in North America⁴ and 5,743 litres consumed in the rest of Europe⁵.

¹ Init SE, INIT GmbH, IMSS GmbH Standort Karlsruhe, iris-GmbH infrared & intelligent sensors, DResearch Fahrzeugelektronik GmbH, Derovis GmbH and CarMedialab GmbH

² INIT Inc, SQM LLC, TQA LLC

³ DResearch Fahrzeugelektronik GmbH, Derovis GmbH and CarMedialab GmbH

⁴ INIT Inc, SQM LLC, TQA LLC and iris - infrared & intelligent sensing NA, Inc.

⁵ Inola GmbH, Mattersoft OY and iris intelligent sensing SASU



REPORTING FORMS EU-TAXONOMIE

EU Taxonomy 2022

Revenue				Substantial contribution criteria		DNSH criteria ("Do No Significant Harm")							2022	2021	Category (enabling activity) (20)	Category (transitional activity) (21)
Economic activities (1)	Code(s) (2)	Absolute revenue (3)	Proportion of revenue (4)	Climate change mitigation (5)	Climate change adaptation (6)	Climate change mitigation (11)	Climate change adaptation (12)	Protection of water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safe-guards (17)	Taxonomy-aligned proportion of turnover (18)	Taxonomy-aligned proportion of turnover (19)	E	T
		EUR '000	%	%	%	Y / N / n/a	Y / N / n/a	Y / N / n/a	Y / N / n/a	Y / N / n/a	Y / N / n/a	Y / N	%	%	E	T
A. Taxonomy-eligible activities																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
Transport																
Infrastructure enabling low-carbon road transport and public transport	6.15	185.878	97,2%	100,0%	0,0%		Y	n/a	n/a	n/a	n/a	Y	97,2%		E	
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		185.878	97,2%	100,0%	0,0%								97,2%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0,0%										0,0%			
Total (A1 + A2)		185.878	97,2%										97,2%			
B. Taxonomy-non-eligible activities																
Revenue of Taxonomy-non-eligible activities (B)		5.374	2,8%										2,8%			
Total revenue (A+B) ⁶		191.252	100,0%										100,0%			

⁶See notes to the income statement in the notes to the consolidated financial statements page 65



CAPEX				Substantial contribution criteria		DNSH criteria ("Do No Significant Harm")						2022		2021		Category	
Economic activities (1)	Code(s) (2)	Absolute revenue (3)	Proportion of revenue (4)	Climate change mitigation (5)	Climate change adaptation (6)	Climate change mitigation (11)	Climate change adaptation (12)	Protection of water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safe-guards (17)	Taxonomy-aligned proportion of turnover (18)	Taxonomy-aligned proportion of turnover (19)	Category (enabling activity) (20)	Category (transitional activity) (21)	
		EUR '000	%	%	%	Y / N / n/a	Y / N / n/a	Y / N / n/a	Y / N / n/a	Y / N / n/a	Y / N / n/a	Y / N	%	%	E	T	
A. Taxonomy-eligible activities																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																	
Transport																	
Infrastructure enabling low-carbon road transport and public transport	6.15	10.509	96,9%	100,0%	0,0%		Y	n/a	n/a	n/a	n/a	Y	96,9%		E		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		10.509	96,9%	100,0%	0,0%								96,9%				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0,0%														
Total (A1 + A2)		10.509	96,9%														
B. Taxonomy-non-eligible activities																	
CapEx of Taxonomy-non-eligible activities (B)		333	3,1%														
Total CapEx (A+B)		10.842	100,0%														

OPEX				Substantial contribution criteria		DNSH criteria ("Do No Significant Harm")						2022		2021		Category	
Economic activities (1)	Code(s) (2)	Absolute revenue (3)	Proportion of revenue (4)	Climate change mitigation (5)	Climate change adaptation (6)	Climate change mitigation (11)	Climate change adaptation (12)	Protection of water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safe-guards (17)	Taxonomy-aligned proportion of turnover (18)	Taxonomy-aligned proportion of turnover (19)	Category (enabling activity) (20)	Category (transitional activity) (21)	
		EUR '000	%	%	%	Y / N / n/a	Y / N / n/a	Y / N / n/a	Y / N / n/a	Y / N / n/a	Y / N / n/a	Y / N	%	%	E	T	
A. Taxonomy-eligible activities																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																	
Transport																	
Infrastructure enabling low-carbon road transport and public transport	6.15	14.710	96,8%	100,0%	0,0%		Y	n/a	n/a	n/a	n/a	Y	96,8%		E		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		14.710	96,8%	100,0%	0,0%								96,8%				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0,0%														
Total (A1 + A2)		14.710	96,8%														
B. Taxonomy-non-eligible activities																	
OpEx of Taxonomy-non-eligible activities (B)		484	3,2%														
Total OpEx (A+B) ⁸		15.194	100,0%														

⁷ See notes to the balance sheet in the notes to the consolidated financial statements page 66/67

⁸ See notes to the balance sheet in the notes to the consolidated financial statements page 66/67

SOCIAL



EMPLOYEE RECRUITMENT AND 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 constantly evaluated 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, through our employee referral programme and by directly contacting potential candidates.

As an international company with employees from over 39⁹ countries, it is our mission to create a non-discriminatory work environment. We live and breathe diversity and ensure equal opportunity when recruiting new staff and promoting employees. In particular, when filling vacant positions we put great store on applying the principle of dual control as a minimum. The shared values of the company are particularly important for us, along with professional expertise, ambition, motivation and team spirit, as are the group-wide values anchored in our Ethical Guidelines.

At some departments, we deliver training on “unconscious bias”. This training programme will be offered in other departments in the future.

The proportion of women on init’s Supervisory Board still stands at 25 per cent, which also

EMPLOYEES

As one of the leading global providers of software and hardware products for public transport, the init Group 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 init SE HR department which 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.

⁹ We measure this indicator at 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.



corresponds to the target figure. Due to the sudden departure of Ms. Jennifer Bodenseh, this target could no longer be met for the composition of the Managing Board in the reporting period. It proved impossible, despite an intensive search, to find a suitable female candidate in the time available to fill the position of Chief Financial Officer and who also possessed, in addition to the professional qualifications, in-depth expertise in project business and the corresponding industry experience. This circumstance notwithstanding, it remains our objective to meet the target for female representation on the Managing Board. The proportion of women at the first level of management below the Managing Board continues to stand at 33 per cent. Female representation at the second level of management below the Managing Board increased to 50 per cent due to a reorganisation.

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 certain that a corporate culture, shaped by open communication with flat hierarchies, mutual appreciation and diversity is a basic requirement for high employee engagement and also, ultimately 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

analysis of employee surveys, EPS¹⁰ and the analysis of employer rating platforms such as kununu. In the reporting year, the group matched its kununu score of 3.9 from the previous year. 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 2022 reporting year, the group-wide turnover rate of all permanent employees stood at 7.67 per cent (2021: 4.30 per cent; 2020: 3.70 per cent). The impacts of the global pandemic resulted in a very low level of employee churn in 2021. In the reporting year there was a corresponding rebound, reflected in higher employee churn, as expected. The objective is to return to the level of employee churn seen in the last year before corona of a maximum of 6.5 per cent. 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 as a team effectively circumnavigated the globe more than 4.3 times by covering the distance without any motorised assistance, 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 as well as to their personal fitness, saved CO₂ and again strengthened the sense of unity across national borders as well as fulfilling the idea of "WeAre#INITtogether".

Furthermore, in 2022 as in previous years, the company's employees were able to take advantage of voluntary benefits. In addition to the usual subsidies on childcare¹¹ we paid out EUR 1,000 or 30 shares to employees in response to profit made by the business. In addition, we paid a bonus of EUR 500 to each employee to help offset the effects of inflation.

¹⁰ Employee Promoter Score

¹¹ init SE, INIT GmbH, IMSS GmbH (Standort Karlsruhe)



WORKING MODELS

During the corona pandemic, which resulted in employees increasingly working from home or from mobile connections, the company was able to gather experience about a broad range of hybrid working models. In response, a decision was made that in future, the init Group would offer hybrid working models with flexible working hours with a mix of remote working and home working within the country of employment. With this working model and flextime models, we are accommodating our employees' desire for greater flexibility as well as the operational requirements to also have some presence in our 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. The effectiveness of mobile working was one of the topics addressed during an employee survey¹² in the 2022 reporting year. The final evaluation of the survey has not yet been released as the survey was not concluded until the middle of January. However, it is already clear that over 60 per cent of the employees are satisfied or very satisfied with the current opportunities for mobile working. Through discussions with managers and more employee surveys in 2023, we will again review the effectiveness and acceptance of this model and refine it, if necessary. Since 2022, negotiations have been conducted with the works council to structure working hours more flexibly. The new working hours arrangement has been introduced in the first quarter of 2023.

According to a works council agreement concluded in 2021, in addition to the standardisation of vacation entitlement of 30 days for all full-time employees, there will be a possibility to apply for up to five 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 that they are 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 continued to have a direct impact on all our employees worldwide at the beginning of the 2022 reporting year. 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.

Due to the great success of the corona vaccination campaign in the winter of 2021, we¹¹ decided to continue promoting employee health in this fashion and conducted a flu-vaccination campaign in October of the reporting year.

In addition, a communications event was held in the spring of the reporting year to inform employees about psychological health. After the event, a survey was conducted in which over 50 per cent of the participants graded the event with 9 or 10 stars out of 10. In response to the results of this survey and the demand (91.8 per cent) for a follow-up seminar, another talk was held on the topic of "Dealing with mentally-distressed fellow human beings".

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

¹² Valid for all German companies of the init Group: init SE, INIT GmbH, IMSS GmbH, CarMedialab GmbH, iris group, HanseCom GmbH

managers and HR. In addition, upon joining the company, every employee undergoes a 6 to 12-week orientation and training programme, depending on their 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.

The basic and advanced training measures are monitored by HR as part of personnel and organisational development and reported to the Managing Board at regular intervals. The measures are documented in the form of training assessments and evaluated to assess the success of the training 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.

Here too, our aim 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 in the long term.

We evaluated our company's performance in the area of training and further education¹² in Germany with the help of the training rate, which averaged 2.76 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 2022, employees from all companies in the group completed an average of 9.49 recorded training hours. It is planned to raise this metric, which increased year on year, once again to around 10.0 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 congresses¹³. 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.



PRODUCT AND SYSTEM RESPONSIBILITY

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 the init Group are of vital importance. Millions of people worldwide use the travel services offered by our customers, whose proper functioning and attractiveness is ensured by our solutions. We are aware of our social responsibility and our work is aligned to the current and future needs of our customers and their passengers. The focus is increasingly being placed on the digital transformation and decarbonisation of vehicle fleets as well as the switch to low-emission vehicles and seamless integration in operating processes. Using products and systems that are specialised for this purpose, 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 public transport operators to be attractive for their customers, increase their efficiency, optimise processes, reach the targeted carbon footprint and improve their service offering.

The init Group meets the associated high demand by constantly expanding and renewing its portfolio of products and services. The research and development department, in particular, plays a key role in this context. In addition, the growing awareness of climate change and the need to conserve energy and resources is opening up new

¹³ Webinars, podcasts, trade fairs and congresses are not included in the metric "recorded training hours".



and attractive market opportunities.

The Managing Board is actively involved in the day-to-day operations of the respective business units. For this reason, it is closely involved with product and systems management and drives technological renewal forward with a view to meeting the ESG criteria in the best possible way.

SOCIAL AND ECOLOGICAL CHANGE IN THE TRANSPORT INDUSTRY

Occupancy management solution

The continuing advance of digitalisation among private individuals is resulting in new information and communication requirements being placed on public transport operators. This trend was amplified by the impacts of the corona crisis. For example, 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. The occupancy rates of vehicles are calculated by an on-board computer using passenger counting sensors and transmitted to the control centre after every stop. In this way, 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 public transport operators 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.

The MOBILEguide software enables a complex forecast of occupancy levels using historical data, real-time data as well as artificial intelligence and also takes into account the expected number of alighting passengers. Additionally, information

about occupancy levels can be fed into the system on the basis of past experience.

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

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, we worked on a project to focus on 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 important here: the features include optimal ease-of-use and external vehicle announcements for visually impaired as well as information that informs bus drivers if 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 in 2019.

Ticketing

The init Group 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 shift in customer demand and developed card readers that also enable cashless tickets for customers with third-party vehicle equipment. All cashless payment methods reduce physical contact compared with cash payments. Last but not least, this significantly reduces the time required to purchase a ticket, therefore improving boarding times and punctuality.



Facilitating the transition to public transport: HandyTicket and Deutschlandticket app

Being able to travel everywhere on one single cheap ticket without having to deal with the complications of local tariff structures: this was the idea behind the EUR 49 ticket that will come into effect in Germany on 1 May 2023. HanseCom, a subsidiary of the init Group and a leading specialist in digital ticketing via smartphones in Germany, created the necessary conditions for this to work. With their new Deutschlandticket app, users can purchase the ticket in advance.

The Deutschlandticket app offers simple and easy digital access to the EUR 49 ticket. After downloading the app, users only have to register once with their personal details and payment details. Registered users can order the popular ticket in advance and be issued with the ticket on their smartphone on its official starting date. From that date onwards, they will automatically have it on their smartphone. The approximately two million consumers who currently use the HandyTicket Deutschland app from HanseCom will enjoy even easier access. They simply log in to the new app using their existing credentials and their data will be automatically transferred. Once the data has been stored, users can pre-order the Deutschlandticket directly via their app. Once official sales begin, the ticket is then automatically sent to their smartphone every month. This app makes it as easy as possible for people to use public transport and make the switch from their private cars to buses and trains.

Mobility platforms

For 2023 the European Commission announced a legislative initiative to promote multimodal digital mobility services (MDMS). These comprise such services as route planners, apps and distribution platforms with which existing mobility offerings from bike rentals through to bus and train connections can be linked together via a central portal. This entails a shared data platform that provides all the information in real time and over which payment transactions can be reliably made.

The regiomove solution used in Karlsruhe, where init is based, is a lighthouse project for such an

initiative and the trend towards Mobility as a Service (MaaS). regiomove is a blueprint for other cities that would like to be viewed as examples of climate-neutral intelligent transport hubs offering multimodal, clean and environmentally-friendly mobility solutions. The regiomove app bundles mass transport solutions and alternative sharing solutions without users having to switch between apps, even for payments. They simply enter their intended route and the app automatically delivers the most suitable mode of transport along with the best connections and the latest offers. The solution that is increasingly gaining importance connects different public transport offers, resulting in a mobility mix tailored to individual demands.

Securing ecologically and economically sustainable mobility

The EU strategy for sustainable mobility relies, above all on the expansion of electromobility. Since 2021, local public transport operators have been required to ensure that at least 45 per cent of the new vehicles they procure have low or zero emissions. From 2025 until the end of 2030, this quota is set to increase to 65 per cent. Half of these targets must be achieved through the procurement of emission-free electric buses.

at least

45 PER CENT

of 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

This transformation places completely new demands on operational control and requires, above all, optimised charging management. For this purpose, the init Group developed the integrated eMOBILE software suite which, beginning with the simulation and planning of services and schedules, optimises all the processes associated with depot and charging management, through to operational management, forecasts of vehicle range and analyses of energy consumption. Two of the largest fleets of e-buses in Europe and a first major customer in the United States have relied on this sector-leading technology since 2021.



Sustainably reducing fuel bills is an issue of particular relevance to public transport operators which have already converted their fleets to electromobility, as energy is likely to remain expensive for the long term, given the global political situation. Optimising charging procedures and making accurate predictions of the range of battery-electric buses will therefore be all the more critical in the future. The intelligent charging management system MOBILEcharge and the range prediction system MOBILerange effectively realise both of these aims.

MOBILEcharge ensures that vehicles are always charged on time, as required and as cost-effectively as possible. Due to the fact that the applicable electricity price depends primarily on the peak load, the first goal is to reduce this. In practice this means that vehicles are connected to a charging point at the depot but that the charging procedure is managed by MOBILEcharge at a later point in time and at lower capacity. In addition, variable electricity tariffs are exploited, which allows further cost savings of up to approximately 20 per cent using MOBILEcharge, as has been demonstrated by numerous public transport operators worldwide.

Knowing exactly the range of battery-electric vehicles is also vital for their operation: ideally, the prediction should reflect the actual consumption over the course of an operational day. This has the benefit that lower reserves have to be allowed for and the fleet of electric vehicles can be used more efficiently. In this way, MOBILerange contributes to reducing the energy costs of public transport operators still further.

Realising resource and energy savings potential in public transport

The cost burden of energy and resources is forcing public transport operators to review all their processes and analyses across the board to leverage any savings potential. From planning through to the operation of electric vehicles, our products help operators to save both energy and costs rapidly and effectively.

Due to the additional cost burden, the greatest flexibility is demanded from public transport operations planners who must change operating priorities when planning routes, vehicles and duty

rosters. MOBILEopti2, a module for the integrated optimisation of duty rosters and blocks, supports them with this task. This tool ensures that all statutory and tariff requirements are complied with, that empty trips are avoided and that fuel is saved. The use of artificial intelligence (AI) allows drivers' wishes to be taken into consideration, which greatly improves driver satisfaction.

A key function of the optimisation tool also lies in trip shifting. This entails moving journeys (usually school or supplementary services) forwards or backwards by one or two minutes in the planning in order to reduce idle time, avoid empty trips and to reduce energy consumption.

To further encourage energy-efficient driving behaviour, we developed MOBILEefficiency as a driver assistance system to support driving patterns that conserve energy. An on-board computer monitors all data flows in use in the vehicle, such as velocity, engine speed, acceleration, position, distance travelled and, of course, energy consumption. In addition, identification data are stored in order to allow their allocation to a certain vehicle, driver, trip, block and route. With the aid of algorithms, the on-board computer recognises any dangerous or uneconomical driving patterns and gives the driver a response in real time. The on-board computer transmits the log of the entire trip to the central computer system where the data is anonymised and can be used for driver training. MOBILEefficiency therefore ensures that the vehicles are operated economically and also makes a significant contribution to safety in the process.

The York Region Transit transport company based in the metropolitan region of Toronto implemented the assistance system for safer and energy-efficient driving in 2017. Since the introduction of MOBILEefficiency, York Region Transit has recorded a 50 per cent reduction in unsafe and uneconomical driving behaviour.

In addition to the need to save energy, many transport operators must also address the issue of a shortage in drivers. This can lead to restrictions to scheduled services, lower turnover and unhappy passengers. For this reason, it makes sense to



optimise the mobility concept for an entire region. A sophisticated on-demand concept can help here, particularly at times of weak demand and in peripheral and urban regions. Smaller and more economic vehicles coupled with fewer but better utilised trips can result in a classical win-win situation for both operators and passengers. The MOBILE-FLEX booking and management solution makes this possible.

50 PER CENT

decrease in unsafe and uneconomical vehicle use

York Region Transit, Toronto, Canada

The most important component is a reservation app that allows passengers to view, book and cancel trips. An innovative AI-based self-learning optimisation algorithm calculates the most efficient routes for flexible demand-oriented trips. This calculates the most economic route that best fits passenger needs on the basis of the routes requested by passengers and also optimises the use of drivers and vehicles.

CUSTOMER SATISFACTION AS BENCHMARK

Solutions from the init Group are a key enabler of sustainability in cities and municipalities. Since the company was founded we have realised over 1,100 projects for both domestic and international customers. With subsidiaries spread across 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 levels of customer loyalty.

With our annual global customer survey, we would like to ensure that our customers stand firmly at the centre of our business actions. We use the responses from the survey to directly address customers and develop products and systems in collaboration with them. We pursue the goal of improving processes and increasing the depth of cooperation. The survey is also an instrument to determine customer loyalty. It gives us direct insight into our customers' thinking

and helps us identify and resolve any significant issues.

We also hold international user group meetings once a year to maintain close contact with our customers. At diverse workshops, participants learn about the latest technical and operating issues together with professional colleagues from other public transport operators and init experts and contribute their own topics to open technology sessions. In addition, we hold system-specific working groups with our customers at least three times a year. During the user group meetings, users have the opportunity to exchange ideas with colleagues and our experts and to actively contribute to the development of our products and systems. In this way, the requirement for the development of products and system functionalities can be identified at an early stage.

init¹⁴ has had a quality management system certified in accordance with DIN EN ISO 9001:2015 in place since 1997. This quality and process management system ensures that quality standards are observed at all times and are continuously refined. In the course of the ISO 27001:2017 certification, extensive policies on data security, information and systems were defined and established at init¹⁵. Within the group, there is an expectation that even those operating entities that do not seek any external certification, nevertheless meet the criteria defined by DIN EN ISO 9001:2015 and 27001:2017.

RESEARCH AND DEVELOPMENT

The init Group intends to 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 innovation. The research and development department plays a key role in this context. On the one hand, technical innovations and developments have to be considered at an early stage in order to transform these into our own innovative products. On the other hand, the challenge lies in bringing technical innovation onto the market at the right time. This is the case when public transport operators have to

¹⁴ init SE, INIT GmbH, IMSS GmbH, INIT Inc., SQM LLC., TOA LLC.

¹⁵ Init SE, INIT GmbH, IMSS GmbH, INIT Inc.



respond to new passenger demands, as was recently the case during the corona crisis.

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.

EUR 16.3M

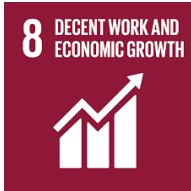
basic development of new products and
refinement of existing products

Hardware and software developers are working continuously on new products and product concepts as well as on furthering the development of existing products. In addition, numerous new customised software developments and interfaces are realised.

Overall, in 2022, the init Group spent a total of EUR 16.3 million (previous year: EUR 12.6 million) on the basic development of new products and furthering the development of existing ones, independent of customers. This equals 8.5 per cent (previous year: 7.1 per cent) of revenue. Of this amount, EUR 2.8 million was capitalised. Customer-financed new product developments and product refinements account for a further development volume that is three times the volume of basic development.

In this way, we are making a contribution to the success of the internationally targeted, sustainable, green transformation of the transport sector and the effort to counter climate change. We aim to become an engine of environmental and social renewal through our research and development activities.

GOVERNANCE



COMPLIANCE

Compliance is an essential component of the init Group’s 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 all teams, hierarchy levels, countries and individual companies within our group.

The Ethical Guidelines are publicly accessible on our website in German, English and French. Employees receive the Guidelines either during the application process or, at the latest, when they join the company. All employees are regularly informed about init’s Ethical Guidelines and trained on them at least once a year, via communication media such as the intranet, emails, meetings or a training tool. Group company employees confirm in writing that they have received and acknowledged the Guidelines.

The Ethical Guidelines can be found [here](#).

HUMAN RIGHTS

The init Group 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. They are integrated into the contracts made and are supported by further rules and arrangements to ensure compliance with human rights and laws. In order to identify risks regarding potential violations at an early stage and to counteract them, we have implemented measures that are described in more detail in the following paragraphs. In particular, the reporting to group management is listed in the “Ensuring compliance” section.

No violations of human rights were identified at the init Group for the 2022 reporting year.

COMBATING CORRUPTION AND BRIBERY

Combating corruption and bribery is a high priority for the init Group, as strict compliance with legal regulations and the avoidance of breaches in connection with corruption form the basis of our business activities. It is our stated standard to ensure that we act ethically, morally and within the law, in keeping with our code of conduct in all of our business lines. Furthermore, we strive 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 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, the 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 of corruption and bribery were identified at the init Group for the 2022 reporting year.

ENSURING COMPLIANCE

Within the full Managing Board, the CFO is responsible for compliance. In the reporting year, this responsibility was assumed by the Deputy Chairman of the Managing Board on an interim basis after the departure of the CFO. 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, which in particularly severe cases also informs the Supervisory Board. The Supervisory Board has constituted an Audit Committee that monitors the effectiveness of the system of internal controls, advises the Managing Board on compliance issues at regular intervals and reports to the full Supervisory Board.

At the end of each reporting year, the management teams of the respective entities submit a summarised report of any (suspicious) cases and how these were handled as well as a summary of the preventive measures carried out and any new preventive measures.

In addition, a risk matrix with compliance-related topics is maintained as part of risk management. 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 the init Group'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 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 our 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, we have 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.

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 Legal, IT, HR as well as Quality and Information Management 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 and implemented 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, the 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 have been implemented through an improved and uniform classification of data and systems as well as by determining the security objective. For 2023, it is planned to make a closer correlation between the technical and organisational measures (TOMs) and information security measures in order to further improve the efficiency of the security measures.

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.

UNIFORM REQUIREMENTS

for the init Group

In the course of the ISO 27001 certification, extensive policies on data security, information and systems were defined and established. Based on the ISMS requirements, an information security policy was drawn up for the init Group that defines the uniform requirements for all entities in the group. These requirements are being continuously expanded. There is potential for improvement in the coming

years with regard to the review of compliance with these requirements.

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 established guidelines. Certification pursuant to ISO/IEC 27001:2017 was confirmed for init SE and its subsidiary INIT GmbH by an independent certification company in March 2022. The subsidiaries, IMSS GmbH, with locations in Karlsruhe and Hamburg, and INIT Inc. in the United States, with locations in Chesapeake und Seattle, are now also certified. 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 to act as a contact for all questions related to improving ISMS activities. When implementing and reviewing the measures, this officer is supported by management system coordinators.

In 2022 a follow-up audit and, for the new entities, a first-time-through certification audit was conducted by an independent certification authority. No significant exceptions were found.

ISO 27001:2017 certified

The certification of other affiliated companies is planned for 2023. Preparations are underway for the certification of the subsidiaries, INIT Ltd. in Nottingham, HanseCom in Hamburg and iris GmbH in Berlin. The focus of activities will be placed on improving the uniform guidelines, thereby raising the init standard of information security for all companies in the group. As part of the existing ISMS, uniform requirements for information security with affiliated companies are planned to be implemented within 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 regularly trained to handle data and information. 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 this, the init Group has already concluded a cyber insurance policy. A healthy level of information security was confirmed in an audit conducted by the insurer.

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 department for management systems 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 this, the data protection officer initiates training measures and is available as an advisor to employees. The data protection officer is also listed as an external contact on our 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 and information security agreements are regularly concluded within the scope of our customer and supplier relationships. A detailed process was defined and effectively implemented within the framework of the ISMS.

The complexity of the country-specific rules and regulations is increasing noticeably. For this reason, the process used to identify and assess the regulatory, contractual and normative requirements was further improved and the requirements laid out in a written policy. One team regularly addresses any new legislation and draws up measures to implement the new requirements at the levels of the various entities, the business processes and the products.

In order to ensure the best possible local protection of data, we have, among other things, multi-level security concepts and up-to-date anti-virus solutions. In order to reduce the risk of losses caused by new, as yet unknown malware, we regularly raise awareness of this topic among our employees using a range of measures. In particular, employees in the HR department and in relevant key positions receive best-practice training.

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

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.