

ESG report 2023

separate consolidated non-financial report 2023



init

ESG REPORT

SEPARATE CONSOLIDATED NON-FINANCIAL REPORT 2023

(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

FUNDAMENTALS OF THE REPORT

Environment-friendly mobility – init’s mission is to improve the efficiency and appeal of public transport

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 (“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 and any ideas and topics related to sustainability.

Since 1983 we have been supporting public 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 aid of our products and services, public transport operators can do justice not only to society’s rising mobility needs but can also reduce carbon emissions that damage the climate, reduce environmental damage and conserve resources. You can also find more comments on the business model of the init group in the combined management report contained in 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.



ISS Corporate ESG / 24 August 2023

The 2030 Agenda of the United Nations with its 17 Sustainable Development Goals (SDGs) serves as a guide for sustainable development. It was adopted on 25 September 2015 by 193 Heads of State and Government at the summit in New York. The 2030 Agenda is a “pact on the world’s future” and we would also like to make a contribution. As the executive body, the Managing Board must act in the best interests of the company and is obliged to raise its sustainable value-added. In the same way, init fulfills its responsibility to make a contribution towards reaching the Sustainable Development Goals (SDG). Reference is made to the SDGs in each of the separate sections of this report: Environment, Social and Governance. In addition, this report implements the requirements of the CSR Directive from 11 April 2017 and the ensuing amendments



Fundamentals of the report

to the law and interpretations, including, but not limited to Section 315c in conjunction with Sections 289c to 289e HGB.

Interdependence of non-financial and financial KPIs

In our strategy and our daily actions we assume that companies with a clear social mission are able to realise competitive advantages. Meaningful goals and clear social values make a company more attractive to all stakeholders. The interdependencies between non-financial data (classified in this report between Environment (E), Social (S) and Governance (G)) and financial success are illustrated in numerous 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 for the init group. We see direct implications for our company, for example, from:

- exploiting business opportunities that arise from clean technologies
- accepting the financial and social challenge of reducing emissions
- developing our employees and equal opportunities as a motivational factor
- considering social matters in day-to-day decision-making
- understanding corporate governance as a transparent framework for decisions of capital market participants, customers and employees
- protecting data as a corporate duty

Non-financial risks

Non-financial risks are considered within the framework of the risk management system, which is described on page 55 of the 2023 Annual Report.

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 the year 2023, 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 aspects addressed in this report are defined in Section 315c in conjunction with Sections 289c to 289e HGB and are as follows: environmental matters, social matters, the protection of human rights and the combatting of corruption and bribery.

Materiality assessment – new requirement of the CSRD and ESRS

In harmony with Section 315 c HGB, in conjunction with Sections 289c to 289e HGB, the separate consolidated non-financial report (ESG Report 2023) aggregates those aspects of the 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 assessment for the years 2017 and 2021. The contents are based solely on the materiality definitions and required content defined in the German Act to Implement the Corporate Social Responsibility Directive (CSR-RUG) and Section 315c HGB in conjunction with Sections 289c to 289e HGB. In light of the number and diversity of the frameworks, none of the current frameworks appears to be fully suitable. For this reason, a decision was made not to rely on one specific framework for the purposes of focused reporting.



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Starting with the ESG Report 2024, the Group will primarily align its reporting towards the Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainable Reporting Standards (ESRS) pursuant to Art. 29b EU Regulation 2023/2772.

init conducted a materiality assessment pursuant to CSRD/ESRS in summer 2023. In contrast to CSR-RUG, such an assessment is based on the concept of double materiality. This means that materiality aspects are identified by taking into account the following two perspectives:

1. Impact materiality
2. Financial materiality

According to ESRS, impact materiality relates to positive and negative sustainability-related impacts that are connected to the undertaking's business and a materiality assessment (see ESRS 1, No. 14). A sustainability matter is material from an impact perspective when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short, medium or long term. Impacts include those connected with the undertaking's own operations and upstream and downstream value chain, including through its products and services, as well as through its business relationships. Business relationships include those in the undertaking's upstream and downstream value chain and are not limited to direct contractual relationships. (ESRS 1, No. 43) Financial materiality relates to the case when a sustainability or environmental matter generates risks or opportunities that could have a financial impact on init. Information or a sustainability matter is material from a financial perspective if it triggers or could reasonably be expected to trigger material financial effects on the undertaking. This is the case when a sustainability matter generates risks or opportunities that have a material influence, or could reasonably be expected to have a material influence, on the undertaking's development, financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium- or long-term (ESRS 1, No. 48).

If an impact, risk or opportunity, breaches the materiality thresholds of one of the two materiality perspectives, then it becomes subject to mandatory reporting. This can involve interdependencies between the two materiality perspectives. For example, a violation of the law could be relevant in terms of the compliance dimension of impact materiality but it may also have a financial impact if the corresponding fines or penalties are imposed.

In the course of the materiality assessment, the following areas were identified as material in 2023:

- ESRS E1 Climate change
- ESRS E5 Resource use and circular economy
- ESRS S1 Own workforce
- ESRS S4 Consumers and end-users
- ESRS G1 Business conduct

For the 2017 materiality assessment the following topics were identified as being material: training, employment relationships, compliance with data protection laws and combatting corruption. As a result, the three non-financial aspects of "employee matters" ("training" and "employment relationships"), "social matters" ("compliance with data protection laws") and "combatting corruption and bribery" ("combatting corruption") were covered by the assessment.

Following another assessment in the 2021 financial year, the topics were supplemented and restructured and new aspects were added. Environmental matters, employee matters, social matters, combatting



Fundamentals of the report

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).

In the past, init has already voluntarily reported on other topics above and beyond the aspects identified in the 2017 and 2021 materiality assessments. These include “research and development” and “compliance with data protection laws”. The new materiality assessment has substantiated the correctness of this approach. At the same time, the topic of water and marine resources was identified as not being material to the business. Consequently, we will no longer report on the organisation’s water consumption. However, we would like to emphasize at this point that within the Group we put great store on conserving water as a valuable resource.

Specific data on this topic was reported on in the past. Depending on the data available, information was provided for each location, entity or region. Thanks to seamless gathering of all the data for the current reporting year, it is now possible to present the results for the entire init group.¹ This marks a substantial improvement in the informative value of the reported data.

In the ESG Report 2023 we have already undertaken a possible categorisation based on the ESRS. However, full CSRD/ESRS reporting will not be presented until financial year 2024.

The table presents the sustainability aspects of the init group and how they can be allocated to HGB/CSRS-RUG and/or the CSRD-ESRS.

¹ The data from micro-entities has been estimated by extrapolation. This relates to those entities in APAC and Canada that each have fewer than 10 employees. In sum, the headcount of these microentities accounts for just 1.5% of the total headcount of the init group. The data for environmental matters has been extrapolated accordingly.



Fundamentals of the report

| | Material aspects | HGB / CSR-RUG until FY 2023 | CSRD/ESRS from FY 2024 |
|--------------------------|---|--|--|
| Environment | Climate, energy and power consumption | Environmental matters | E1 |
| | Waste disposal | Environmental matters | E5 |
| Social | Employees | Employee matters | S1 |
| | Employee recruitment and diversity | Employee matters | S1 |
| | Employee satisfaction | Employee matters | S1 |
| | Working models | Employee matters | S1 |
| | Occupational health and safety | Employee matters | S1 |
| | Training | Employee matters | S1 |
| | Product and system responsibility | Social matters | Voluntary additional disclosures to S4 |
| | Customer satisfaction | Social matters | Voluntary additional disclosures to S4 |
| Research and development | From now on only presented in the management report | - | |
| Governance | Compliance and ensuring compliance | Combating corruption and bribery | G1 |
| | Protection of human rights | Protection of human rights | S1 ² |
| | Combating corruption and bribery | Combating corruption and bribery | G1 |
| | Compliance with the data protection provisions | Defined as an additional material aspect | S4 |

² The concept of “protecting human rights” also applies under ESRS S2 but was found to be irrelevant in the materiality assessment.

ENVIRONMENT



Public transport is becoming increasingly important for environmental reasons. init contributes to the goal of SDG 13 “Action to combat climate change” by encouraging greater use of public transport and supporting the introduction of electric bus fleets.

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 product portfolio of init reduces particulates and the emission of harmful substances. The block of Environment aspects is discussed at meetings of the Managing Board and the results already achieved are presented.

Taxonomy Regulation

The topic of “Taxonomy Regulation” refers to Regulation (EU) 2020/852 (Taxonomy) dated 18 June 2020 and the associated Delegated Acts last revised on 21 November 2023, which aim to ensure that the economic activities of businesses are sustainable.

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. For this reason, 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 315f et seq. HGB and must therefore draw up a consolidated non-financial statement and satisfy the relevant requirements in keeping with Article 8 of the EU Taxonomy.

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 European Commission has released a number of delegated regulations to implement the EU Taxonomy. Commission Delegated Regulation (EU) 2021/2139 was published on 4 June 2021 (also known as the Climate Delegated Act). This regulation contains the technical screening criteria for determining the activities for the first two climate-related environmental objectives. Parts of this regulation already applied in the 2021



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reporting year, when Taxonomy-eligible activities had to be reported on, and also in 2022, when full disclosures on Taxonomy-eligible activities and Taxonomy-aligned activities were required.

Commission Delegated Regulation (EU) 2023/2486 (the Environmental Delegated Act) was released on 27 June 2023. This sets the technical screening criteria for the other four environmental objectives. Another Commission Delegated Act (EU) 2023/2485 was published on the same date that contains amendments to the Climate Delegated Act. This Delegated Act will be phased in successively. Reporting on eligible activities related to Climate Objectives 3 through 6 is required for the current reporting year 2023. From reporting year 2024 the reporting must also include Taxonomy-aligned activities.

In the course of applying the Delegated Acts, the business activities of the init group are initially screened and analysed to determine whether they are eligible in terms of the EU Taxonomy, i.e. whether they have the potential to make a material contribution towards the Environmental Objectives.

In a second step the activities identified as eligible are reviewed to determine whether they actually align with the EU 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 (“DNSH”) and meeting minimum social standards.

In 2021 init initially investigated its 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.

As a result, the business activities of the init group, which focus on integrated solutions for planning, dispatching, telematics and ticketing for buses and trains were allocated to Activity CCM 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. In this regard, a Commission Notice released on 20 October 2023 clarified that the provision of IT infrastructure for public transport that can be counted among “intelligent transport systems” falls within the scope of the activities of CCM 6.15.

The business model of the init group was considered in its entirety when measuring turnover as a key performance indicator (KPI). By providing solutions for the whole chain of public transport processes provided to the targeted customer segment, 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 the IT infrastructure for public transport.

The analysis of business activities is revised at regular intervals to account for any amendments to the regulatory requirements and developments in the business activities. In the 2023 reporting year the business activities were thoroughly examined in terms of the technical screening criteria for Environmental Objectives 3 through 6. As a result, the new business activities adopted in the Environmental Delegated Act only apply to the business model of the Group to a very limited extent: individual components of the products of the init group can be allocated to “Activity CE 1.2 Manufacture of electrical and electronic equipment for industrial, professional and consumer use” with reference to “transition to the circular economy”. Some components are sold individually within the framework of after-sales supply activity,



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which frequently follows on from earlier project business, e.g. for the expansion of vehicle fleets. These only provide the customer with added value in connection with the software developed by init.

Consequently, these components do not constitute their own product category and are only sold, as mentioned above, in the after-market business. For this reason, they are combined as an integral component of the project-related solutions and therefore covered under Activity CCM 6.15. Reference is made to the comments on the IFRS 15 interpretation of revenue in the notes to the consolidated financial statements. Merely products in the “automotive engineering” category at CarMedialab GmbH are reported under Activity CE 1.2, as these are sold to customers outside of the project business in the field of public transport.

Likewise, Activities CCM 3.18 and CCM 3.19 could apply to the init group at first glance, but the same applies here: the material contribution of init lies in integrating components in holistic systems for the purpose of establishing intelligent transport systems. Consequently, allocation to Activity CCM 6.15 remains correct and appropriate.

The group’s other activities outside of the field of public transport are classified as non-eligible activities. These activities only contribute 2.0 per cent to the total revenue of the init group.

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

The share of total turnover generated with Taxonomy-aligned activities is calculated as the portion of net turnover generated with Taxonomy-aligned activities (numerator) divided by total net turnover (denominator). In the 2023 reporting year, 98 per cent of turnover was reported as eligible under the EU Taxonomy (2022: 97.2 per cent). The change of 0.8 percentage points is due to products in the “Automotive Engineering” division of CarMedialab GmbH which are allocated to the new Activity CE 1.2. In the previous year, these were presented as non-eligible activities under the EU Taxonomy.

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 the init group. In particular constellations, such as the sale of electric cars, these could be allocated to other activities. However, this does not correspond to the intended purpose but just the defined purpose of the source of the investment. For the purposes of our reporting this would be improper treatment and could even be misleading. 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). The share of Taxonomy-aligned CapEx in the 2023 reporting year comes to 96.2 per cent (2022: 96.9 per cent) and is therefore almost identical to the previous year.

For Taxonomy-eligible or Taxonomy-aligned OpEx (operational expenditure), spending on non-capitalised research and development costs, short-term leases, installation of energy efficiency equipment in buildings as well as repair and maintenance were 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). The share of Taxonomy-aligned OpEx in the 2023 reporting year comes to 97.8 per cent (2022: 96.8 per cent) and is therefore up one percentage point on the previous year.

Turnover, CapEx and OpEx as well as the respective share of sustainability in the three identified KPI’s 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. Taxonomy-aligned turnover, CapEx and OpEx are attributable to Activity 6.15 “Infrastructure enabling low-carbon road transport and public transport” of



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Annex 1 of Delegated Regulation (EU) 2021/2139 (climate change mitigation) in its most recent version (Commission Delegated Regulation (EU) 2023/2485). Due to the clear allocation of the accounts and the fact that the business activities of the init group can be clearly allocated to customer segments and applications, it can be ruled out that turnover, 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 that could be potentially affected by climate risks.

The analysis of climate risks revealed that there are sufficient financial resources available at present, as well as the time and skills needed, to adjust to climate change. Building technologies, such as insulation or air-conditioning plants were identified as potential investments for reducing the climate risks identified in the course of the analysis. The analysis of Taxonomy-aligned business activities (consisting solely of CapEx in 2023) did not reveal any anticipated material climate risks with an associated DNSH impact arising from performing these activities.

The DNSH criteria for Environmental Objectives 3 through 6 are aimed at avoiding possible impediments to realising the objectives as a result of construction on infrastructure projects. However, the infrastructure measures of the init group do not qualify as construction, but rather consist of intelligent transport systems. These are also covered by Activity CCM 6.15 (see horizontal question 101 in the Commission Notice C/2023/267 released on 20 October 2023). Consequently, Environmental Objectives 3 through 6 are not affected by the infrastructure activities of the init group.

The due diligence process at the init group ensures compliance with the minimum protection afforded by 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. Compliance with the minimum standards is communicated both internally within the init group and also with external parties.

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

EU Taxonomy reporting forms 2023

TURNOVER

| Financial year 2023 | 2023 | | | Substantial Contribution Criteria | | | | | | DNSH criteria ('Does Not Significantly Harm') | | | | | | Minimum Safeguards (17) | Taxonomy aligned proportion of turnover 2022 (19) | Category enabling activity (20) | Category transitional activity (21) |
|---|----------|----------------|----------------------------|-----------------------------------|-------------------------------|-------------|---------------|----------------------|-------------------|---|--------------------------------|------------|----------------|-----------------------|-------------------|-------------------------|---|---------------------------------|-------------------------------------|
| | Code (2) | Turnover (3) | Proportion of Turnover (4) | Climate Change Mitigation (5) | Climate Change Adaptation (6) | Water (7) | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Climate Change Mitigation (11) | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | Biodiversity (16) | | | | |
| Economic Activities (1) | | TEUR | % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| A. Taxonomy-eligible activities | | | | | | | | | | | | | | | | | | | |
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | |
| Infrastructure enabling low-carbon road transport and public transport | CCM 6.15 | 206.079 | 97,8% | Y | N/EL | N/EL | N/EL | N/EL | N/EL | | Y | Y | Y | Y | Y | Y | 97,2% | E | |
| Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 206.079 | 97,8% | 97,8% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | | Y | Y | Y | Y | Y | Y | 97,2% | 97,8% | 0,0% |
| Of which enabling | | 206.079 | 97,8% | 97,8% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | | | | | | | | 97,2% | | |
| Of which transitional | | 0,00 | 0,0% | | | | | | | | | | | | | | | | |
| A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | |
| Manufacture of electrical and electronic equipment | CE 1.2 | 507 | 0,2% | N/EL | N/EL | N/EL | N/EL | EL | N/EL | | | | | | | | | | |
| Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 507 | 0,2% | 0,0% | 0,0% | 0,0% | 0,0% | 0,2% | 0,0% | | | | | | | | 0,0% | | |
| A. Turnover of Taxonomy- eligible activities (A.1+A.2) | | 206.586 | 98,0% | 97,8% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | | | | | | | | 97,2% | | |
| B. Taxonomy-non-eligible activities | | | | | | | | | | | | | | | | | | | |
| Turnover of Taxonomy-non- eligible activities | | 4.215 | 2,0% | | | | | | | | | | | | | | | | |
| Total ¹ | | 210.801 | 100,0% | | | | | | | | | | | | | | | | |

¹ See the notes to the consolidated financial statements in the Annual Report 2023, Notes to the Consolidated Income Statement, from page 94

CAPEX

| Financial year 2023 | 2023 | | | Substantial Contribution Criteria | | | | | | DNSH criteria ("Does Not Significantly Harm") | | | | | | Taxonomy aligned proportion of CapEx 2022 (19) | Category enabling activity (20) | Category transitional activity (21) | |
|--|-------------------------|------------------------------|---------------|-----------------------------------|-------------------------------|-------------------------------|-------------|---------------|----------------------|---|--------------------------------|--------------------------------|------------|----------------|-----------------------|--|---------------------------------|-------------------------------------|-------------------|
| | Economic Activities (1) | Code (2) | CapEx (3) | Proportion of CapEx (4) | Climate Change Mitigation (5) | Climate Change Adaptation (6) | Water (7) | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Climate Change Mitigation (11) | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | | | | Biodiversity (16) |
| | | TEUR | % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| A. Taxonomy-eligible activities | | | | | | | | | | | | | | | | | | | |
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | |
| Infrastructure enabling low-carbon road transport and public transport | CCM 6.15 | 14.206 | 96,0% | Y | N/EL | N/EL | N/EL | N/EL | N/EL | | Y | Y | Y | Y | Y | Y | 96,9% | E | |
| CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 14.206 | 96,0% | 96,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | | Y | Y | Y | Y | Y | Y | 96,9% | | |
| | | Of which enabling | 14.206 | 96,0% | 96,0% | 0,0% | 0,0% | 0,0% | 0,0% | | | | | | | | 96,9% | | |
| | | Of which transitional | 0,00 | 0,0% | | | | | | | | | | | | | | | |
| A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | |
| Manufacture of electrical and electronic equipment | CE 1.2 | 29 | 0,2% | N/EL | N/EL | N/EL | N/EL | EL | N/EL | | | | | | | | | | |
| CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 29 | 0,2% | | | | | | | | | | | | | | 0,0% | | |
| A. CapEx of Taxonomy- eligible activities (A.1+A.2) | | 14.236 | 96,2% | | | | | | | | | | | | | | | | |
| B. Taxonomy-non-eligible activities | | | | | | | | | | | | | | | | | | | |
| CapEx of Taxonomy-non- eligible activities | | 558 | 3,8% | | | | | | | | | | | | | | | | |
| Total² | | 14.793 | 100,0% | | | | | | | | | | | | | | | | |

OPEX

| Financial year 2023 | 2023 | | | Substantial Contribution Criteria | | | | | | DNSH criteria ("Does Not Significantly Harm") | | | | | | Taxonomy aligned proportion of OpEx 2022 (19) | Category enabling activity (20) | Category transitional activity (21) | |
|---|-------------------------|------------------------------|---------------|-----------------------------------|-------------------------------|-------------------------------|-------------|---------------|----------------------|---|--------------------------------|--------------------------------|------------|----------------|-----------------------|---|---------------------------------|-------------------------------------|-------------------|
| | Economic Activities (1) | Code (2) | OpEx (3) | Proportion of OpEx (4) | Climate Change Mitigation (5) | Climate Change Adaptation (6) | Water (7) | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Climate Change Mitigation (11) | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | | | | Biodiversity (16) |
| | | TEUR | % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| A. Taxonomy-eligible activities | | | | | | | | | | | | | | | | | | | |
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | |
| Infrastructure enabling low-carbon road transport and public transport | CCM 6.15 | 14.245 | 97,8% | Y | N/EL | N/EL | N/EL | N/EL | N/EL | | Y | Y | Y | Y | Y | Y | 96,8% | E | |
| OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 14.245 | 97,8% | | | | | | | | Y | Y | Y | Y | Y | Y | 96,8% | | |
| | | Of which enabling | 14.245 | 97,8% | 97,8% | 0,0% | 0,0% | 0,0% | 0,0% | | | | | | | | 96,8% | | |
| | | Of which transitional | 0,00 | 0,0% | | | | | | | | | | | | | | | |
| A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | |
| Manufacture of electrical and electronic equipment | CE 1.2 | 6 | 0,0% | N/EL | N/EL | N/EL | N/EL | EL | N/EL | | | | | | | | | | |
| OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 6 | 0,0% | | | | | | | | | | | | | | 0,0% | | |
| A. OpEx of Taxonomy- eligible activities (A.1+A.2) | | 14.251 | 97,8% | | | | | | | | | | | | | | | | |
| B. Taxonomy-non-eligible activities | | | | | | | | | | | | | | | | | | | |
| OpEx of Taxonomy-non- eligible activities | | 320 | 2,2% | | | | | | | | | | | | | | | | |
| Total³ | | 14.571 | 100,0% | | | | | | | | | | | | | | | | |

2 and 3 See the notes to the consolidated financial statements, Notes to the Consolidated Balance Sheet, from page 99



Environment

CLIMATE, ENERGY AND POWER CONSUMPTION

The Greenhouse Gas Protocol (GHG Protocol) creates a comprehensive global standardised framework to manage and measure greenhouse gas emissions from private and public sector operations, value chains and mitigation actions. When compiling the information for reporting on GHG emissions, init draws on the GHG Protocol as its reporting framework.

The GHG Protocol sets standards for the accounting of greenhouse gases. The GHG Protocol Corporate Accounting and Reporting Standard contains a list of requirements and guidelines to enable companies and other organisations to draw up an inventory of their greenhouse gas emissions at organisational level. It breaks down the greenhouse gas emissions of a business into three different levels (“scopes”). Scope 1 emissions are direct GHG emissions from operations that the organisation owns or controls. Scope 2 emissions are indirect GHG emissions caused during the generation of purchased electricity. Scope 3 emissions are all indirect GHG emissions (not already included in Scope 2) that occur along the value chain of the reporting entity, either upstream or downstream in the chain. For the first time, the init group is able to report holistically on Scope 1 and Scope 2 GHG emissions for the 2023 reporting year. The measurement of carbon equivalents in accordance with Scope 3 GHG emissions is currently being prepared and should be reported on as a generic indicator in the coming year (2024). We intend to reach net-zero in Scope 1 and Scope 2 by 2030 at the latest.

Under the definition of **Scope 1** 998 metric tons of CO₂e were emitted, which corresponds to 0.91 metric tons of CO₂e per employee. Mobile energy accounts for the largest share of 45 per cent (the Group’s own vehicle fleet). This is followed by stationary energy in the form of heating for buildings, which accounts for 44 per cent of Scope 1 emissions and cooling agents (e.g. for air-conditioning) which account for 11 per cent.

Scope 2 emissions came to 902 metric tons of CO₂e (market-based⁴). This corresponds to 0.82 metric tons of CO₂e per employee. The location-based⁵ figure amounts to 1,421 metric tons of CO₂e, corresponding to 1.29 metric tons CO₂e per employee. Consequently, the market-based figure of the init group lies 37 per cent below the location-based figure. Electricity consumption, which is an element of Scope 2, came to 3,487 MWh in the year 2023 for the entire group. The increase can be attributed to the growing workforce and also the greater use of office spaces and charging of the Group’s electric vehicles. The fact that the Group purchases electricity from certified renewable sources is a positive factor. The Group’s electricity purchases came to 1,490 MWh, accounting for 43 per cent of total power consumption. At the Karlsruhe location, all electricity is purchased from certified renewable sources. The same holds true for Austria, Finland and the United Kingdom. HanseCom GmbH purchases electricity from certified renewable sources at three of its four locations. A photovoltaic plant is currently being installed at the Karlsruhe location as a specific measure to foster environmentally-friendly power generation. In addition, the share of renewable power will be raised significantly in those locations where this is possible.

| Scope 2 in 2023 | Absolute CO ₂ e in metric tons | CO ₂ e per employee in metric tons |
|-----------------|---|---|
| Market-based | 902 | 0.82 |
| Location-based | 1,421 | 1.29 |

⁴ The market-based method quantifies Scope 2 GHG emissions on the basis of the emissions emitted by the generators from which the reporter contractually purchases electricity bundled with instruments, or unbundled instruments on their own. (GHG Protocol, “Scope 2 Guidance”, Glossary, 2015).

⁵ The location-based method quantifies Scope 2 GHG emissions based on average energy generation emission factors for defined locations, including local, subnational, or national boundaries (GHG Protocol, “Scope 2 Guidance”, Glossary, 2015).



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| Electricity consumption as an element of Scope 2 | 2023 in MWh | 2022 in MWh | 2021 in MWh |
|--|----------------|----------------|----------------|
| | 3,487 | 3,221 | 3,264 |

All other indirect emissions along the value chain, including business trips, are recorded under **Scope 3**. Air travel⁶ accounts for the greatest share of business travel (pkm = kilometres per person), followed by rail travel. In the year 2023 a total of 5.5 million pkm were travelled by air, with the Karlsruhe location accounting for 1.8 million pkm (2022: 1.2 million pkm). In the year 2023 a total of 0.8 million pkm were travelled by rail⁷, with the Karlsruhe location accounting for 0.4 million pkm (2022: 0.3 million pkm) As a global player, the Group puts great store on personal contact with customers and interpersonal exchange and cooperation between employees all over the world. Nevertheless, both the rise in the number of employees travelling in real terms and the higher amount of travel need to be scaled back. As in the past, we seek to reduce the amount of travel. Our internal travel policy gives preference to rail travel over air travel, whenever possible. Potential to reduce the amount of travel is identified in such matters as conducting final customer inspections of systems remotely. Likewise, meetings only need to be held locally when absolutely necessary for business reasons. Wherever possible and sensible, meetings are held via video-conferencing or other digital media.

WASTE DISPOSAL

The waste disposal indicator is another indicator that could only be measured across the entire Group for the first time this year. Based on the findings, 0.1 kt of waste was produced. Of this 99.82 per cent is non-hazardous waste and 0.18 per cent falls under the classification of “hazardous waste” found in Directive 2008/98/EC of the European Parliament and of the Council⁸. Waste paper accounts for the greatest share of waste (Germany: 368,876 l | 2022: 370,100 l) followed by plastic waste, which accounts for 21 per cent, cardboard at 12 per cent and mixed waste at 11 per cent. Scrap metal, scrap wood and biomass are only produced to a very small degree.

| Waste disposal 2023 | in thousand tons (kt) |
|----------------------------------|-----------------------|
| Paper waste | 0.05 |
| Cardboard waste | 0.01 |
| Scrap wood | 0.002 |
| Scrap metal | 0.004 |
| Plastic waste | 0.02 |
| Biomass waste | 0.0009 |
| Mixed waste | 0.01 |
| Total non-hazardous waste | 0.0969 |
| Total hazardous waste | 0.0002 |
| Total | 0.0971 |

The init group has established a waste management policy. Going forward, we aim, among other things, to reduce the amount of paper waste by training staff or using digital solutions. The target of init is to maintain its current waste efficiency relative to revenues.

⁶ Long-haul and short-haul flights

⁷ National, international, suburban and urban rail

⁸ Hazardous waste produced by the init group consists of batteries, chemically contaminated operating supplies, anorganic laboratory chemicals and organic chemicals.

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Employee health is our top priority. For this reason we have undertaken a number of measures aimed at promoting employee well-being and creating a working environment in which they feel comfortable.

Within the init group we share the conviction that diversity reinforces our innovative strengths. We therefore acknowledge our responsibility as an employer to foster a working environment where people are valued and equal opportunity is given to people of diverse backgrounds.

Employees

As the leading global provider 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 a decisive 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 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 steering HR measures in init group companies worldwide. In addition to the entities based in Karlsruhe, the HR department at init SE is responsible for catering to those foreign entities that do not have their own HR department. This role comprises monitoring of reporting processes for key HR indicators and, depending on the company, administration, personal development, management of payroll accounting and recruitment of professional and managerial staff.

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

Employee recruitment and diversity

In particular, in view of the continued lack of staff, particularly in the IT industry, specifically, but not just 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. We have set ourselves the goal of remaining an innovative employer of choice and spreading this image more forcefully in future. We also intend to bind our existing workforce to init for the long term by fostering a values-based corporate culture that will help us keep accelerating our growth trajectory to date. We intend to win new recruits at all init locations in accordance with our annual growth objective of 10-15 per cent on average.



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To attract 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 offering career development in other group companies in Germany and abroad is playing an increasing role. 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, directly contacting potential candidates and by placing job advertisements in general and specialist online job exchanges.

As an international company with employees from over 41⁹ 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, we put great store on applying the principle of using at least two decision-making levels when filling vacant positions. In addition to professional expertise, ambition, motivation and team spirit are particularly important for us, along with the group-wide values anchored in our Ethical Guidelines.

Training sessions on the topic of unconscious bias were held in a number of the companies in the init group during the reporting year. The training sessions made a substantial contribution towards raising awareness and avoiding unconscious bias. This training offer will be expanded in the coming year to additional entities and employees.

Female representation on the Supervisory Board lies at 33 per cent, which therefore surpasses the set target of 25 per cent. With regard to the Managing Board, the set target, also of 25 per cent, could not be met and currently lies at 0 per cent. It proved impossible, despite an intensive search, to find a suitable female candidate in the time available who possessed, in addition to her professional qualifications, also in-depth expertise in project business and the corresponding industry experience to fill the position of Chief Financial Officer. With regard to the newly created position of Chief Human Resources Officer on the Managing Board, it was deemed to be more sensible to appoint the existing Head of Human Resources to the position. This circumstance notwithstanding, it remains our objective to meet the target for female representation on the Managing Board when appointing new members to 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 on the second level of management below the Managing Board increased to 64 per cent due to a reorganisation. The Managing Board will strive to ensure that the proportion of women does not fall below 20 per cent at the first level of mid-management and 28 per cent at the second level of mid-management. These targets were set in order to ensure sufficient flexibility in appointing suitable persons.

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

Employee satisfaction/employer of choice

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 employer-of-choice 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 at the different

⁹ This indicator was measured 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.



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locations and in close consultation with location managers and other executives as well as by analysing employee surveys, EPS¹⁰ and the analysis of employer rating platforms such as kununu. In the reporting year, the kununu score of 3.9 from the previous year was improved to a score of 4.0. It is expected that this score will improve further in the next year. A score of 4.05 is targeted for the short-term in the coming year. 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 2023 reporting year, the group-wide turnover rate of all permanent employees stood at 8.59 per cent (2022: 7.67 per cent¹¹). In the reporting period, we used various measures and offers, such as online fitness training and health courses as well as digital information events, to further increase init's attractiveness as an employer. The foundation stones for changes to the personal development department were laid in the reporting year. These included training sessions, workshops on management development and working out new formats for performance reviews to place more emphasis on self-initiative and each employee's sense of responsibility and their development opportunities as well as alternative transparent career paths available within init.¹²

Furthermore, as in previous years, the company's employees were able to take advantage of voluntary benefits in 2023.

Working models

The init group will continue to offer hybrid working models in future that offer flexible working hours and a mix of working remotely (within the borders of the home country) and working in the office. These hybrid working models and flexitime models meet the desires of many employees for more flexibility and a work-life balance but also the operating needs of at least some attendance in the offices, which fosters indirect communication and social networking. 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. A works agreement was signed in the reporting year that permits up to 40 per cent of an employee's total hours to be worked remotely, assuming their permanent residence is in Germany. In addition, the possibility of working remotely abroad has been defined that complies with all the legal requirements ("workation")¹³. The new working hours arrangement has been introduced in the first quarter of 2023. Within the framework of these arrangements, the core working hours and flexitime corridor that had been in place previously were revoked, as well as the total number of flexitime hours, thus making the new arrangement more flexible.

According to a works agreement concluded in 2021 already, there is a possibility to apply for up to 5 days of additional unpaid "flex vacation" per year in addition to the standard vacation entitlement of 30 days for all full-time employees.

The effectiveness of these measures is reviewed in the course of regular employee satisfaction surveys and other extensive employee surveys.

Sustainable company pension

In addition to the statutory options of deferred compensation in the form of direct insurance which is subsidised by the Company to the maximum extent permitted under the law, init also offers an employer-financed disability insurance to its employees who have been with the company for longer than six months

¹⁰ Employee Promoter Score

¹¹ Total employee churn was measured for the first time in 2023. In previous years only "unintended employee churn" (of just permanent employees) was reported on.

¹² Concerns init SE, INIT GmbH

¹³ Concerns init SE, INIT GmbH and IMISS.



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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

Due to the great success of recent vaccination campaigns we decided to keep promoting the health of our workforce at the Karlsruhe location and conducted a flu-vaccination campaign in October of the reporting year, which was adopted by the employees to the full scope available. In 2020 (online) sports courses were already offered to keep our employees fit and promote their good health, such as back exercises and eye yoga, to counter the typical health problems arising from office work, such as sore backs or stress-related diseases. The campaigns offered should foster a positive working climate and nurture our values-based corporate culture. We plan to review the effectiveness of the measures taken to promote industrial safety and employee health by monitoring group-wide indicators.

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 that it is delivered are first determined jointly in the annual performance review, or in feedback discussions held at short intervals as well as in meetings between managers and HR. A new format for these feedback talks was found in 2023 that allows the individual personal development opportunities that are available to employees to be discussed. The new format will be implemented in 2024 for the first time. In addition, upon joining the company, every employee undergoes a 6 to 12-week onboarding and training programme, depending on their area of activity. This 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 allow conclusions to be drawn for future measures. This is intended to ensure continuous knowledge-sharing and development and to position init as one of the technological trendsetters in the field of public transport.

Work was already performed in the reporting year on harmonising leadership roles at init. This took the form of management workshops that addressed such topics as leadership roles, empowerment and internal corporate communication. These will be continued in 2024 and supplemented by such topics as targeted personal development to foster professional and management careers.¹⁴

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 over the long term.

We evaluated our company's performance in the area of training and further education in Germany with the help of the training rate, which averaged 3.14 per cent in the reporting year (previous year: 2.76 per cent). We plan to keep increasing the training rate and raise it to 3.5 per cent in future. Worldwide, we evaluate performance in the area of training and further education with the number of training hours completed. In 2023, employees from all companies in the group completed an average of 9.73 recorded training hours

¹⁴ Concerns init SE, INIT GmbH

(2022: 9.49). It is planned to raise this metric, which has already increased year-on-year, once again to around 10 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, to a lesser extent, visits to trade fairs and congresses¹⁵. In the reporting period we again placed emphasis on further training in the areas of agile working/agile software development as well as on management development, which will be expanded in the coming year within the framework of personal development. Learning should continue to be a part of everyday life for our employees.



Many people rely on public transport, but not all have access to it. With its offers, the init group promotes mobility and makes a positive contribution to SDG 9 “Industry, innovation and infrastructure”.

Using the solutions offered by init, transport operators can meet the rising demands placed on mobility – solutions that are a decisive step towards smart cities. In this way the init group supports SDG 11 “Sustainable cities and communities”

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, such as those 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 towards the current and future needs of our customers and their passengers. The focus is being increasingly 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. We attain this with a steady stream of innovations. This necessitates a constantly high level of investment spending on research and development and we intend to keep this high level stable.

The init group meets the high demand for its solutions by constantly expanding and renewing its portfolio of products and services. The research and development department 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 and attractive market opportunities.

¹⁵ Webinars, podcasts, trade fairs and congresses are not included in the metric “recorded training hours”.



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The Managing Board is also involved in the day-to-day operating business of the respective divisions. 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.

Barrier-free public transport for all

Accessibility to the public transport system should be barrier-free for everyone (“universal access”). 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 pay better attention to the specific mobility demands of people with visual, hearing or mobility impairments. This culminated in the ASSISTIVetravel system. This app offers users needs-based support at every stage of the journey. The features include optimal ease-of-use and 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.

Mobility platforms

The regiomove solution used in Karlsruhe, where init is based, is a lighthouse project for multi-modal digital mobility services and an example of the trend towards Mobility as a Service (MaaS). The regiomove app bundles mass transport solutions and alternative sharing solutions without the users having to switch between apps, not even for payments. They merely enter their intended route and the app automatically delivers the most suitable mode of transport along with the best connections and the latest offers. This solution, which is increasingly gaining importance, connects different public transport offers resulting in a mobility mix tailored to individual demands. This app has been available since 2020. regiomove is a blueprint for other cities that would like to be seen as examples of climate-neutral intelligent transport hubs offering multimodal, clean and environmentally-friendly mobility solutions.

Ticketing

The init group provides various solutions for contactless payment for public transport operators, e.g., via the latest generation of passenger terminals. Furthermore, init has responded to 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 need for 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.

HanseCom launched the Deutschlandticket app back in December 2022. This 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. The roughly two million consumers who currently use the HandyTicket Deutschland app from HanseCom will have it even easier. All they need to do is log in using their existing credentials and their data will be automatically transferred. 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.

Securing ecologically and economically sustainable mobility

Sustainably reducing their power bills is an issue of major relevance, particularly for those public transport operators who 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 for the future. The intelligent charging management system MOBILEcharge and the range prediction system MOBILErange effectively realise both of these aims.

MOBILEcharge ensures that the vehicles are always charged on time, as needed and as cost-effectively as possible. Due to the fact that the applicable electricity price depends primarily on the peak load, the first goal



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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. If this is coupled with variable power tariffs, MOBILEcharge can result in total savings of up to 20 per cent for fleets of 10 vehicles or more.

Knowing the precise range of electric vehicles is also vital for fleet operations. Ideally, the forecast should map the actual power consumption over the course of the day's operations. 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 energy savings potential in public transport

Planning for energy savings is one thing. Putting it into operation is another. Few factors have such an impact on the energy consumption of a bus fleet as the driving styles of the bus drivers. How large the potential savings can be is demonstrated in a study by the U.S. Department of Energy: aggressive driving that is not adapted to road conditions leads to between 10 and 40 per cent higher fuel consumption. Given the current prices, this can be a massive cost driver.

To encourage energy-efficient behaviour, the MOBILEefficiency was developed as a driver assistance system to nurture driving patterns that conserve resources. An on-board computer monitors all data flows in the use of the vehicle, such as velocity, engine speed, acceleration, position, distance travelled and, of course, energy consumption. In addition, identification data are stored to allow their allocation to a certain vehicle, driver, trip, block and route. With the aid of algorithms, the onboard computer recognises any dangerous or uneconomic 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. Within four months, the Toronto-based York Region Transit saw a 40 per cent reduction in fuel consumption thanks to MOBILEefficiency. Redundant idle time was also reduced by 40 per cent. At the same time, unsafe and uneconomic driving was reduced by 75 per cent over the course of one year.

AI is making public transport more efficient

Artificial Intelligence (AI) can contribute towards making public transport safer, more efficient and more environmentally friendly, and therefore raise it to the next level. For this reason, the EU and the Federal Ministry for Digital and Transport (BMDV) are subsidizing the development and testing of innovative technologies that support or enable intelligent mobility across transport operators. The init group did not just start work on optimizing processes for the planning and dispatching of transport fleets recently, but has been doing this for years. AI serves us and our clients to make the portfolio of products and services more efficient, more service-oriented and even more diverse.

Data is the foundation on which AI is built. Whether historical or real-time traffic data, ticketing data, timetables or fleet management: data is now available in great detail and this is used by init software solutions to train algorithms used in day-to-day operations. The application can map changes and trends more precisely and rapidly. This allows it to make more accurate forecasts of departure times, optimize routing and to respond to the latest events, such as accidents or traffic jams. In a pilot project between init and Golden Gate Bridge, Highway & Transport District in San Francisco, AI-based software significantly improved the reliability of bus departure predictions from 49 per cent to over 85 per cent.

Another field of application is the analysis and forecasting of vehicle occupancy with the goal of improving the information available to passengers. This is precisely what MOBILEguide offers, our system for providing information on occupancy rates and steering passenger flows, which in terms of reliability easily outperforms customary systems. The information this system obtains can then be presented in the



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Intermodal Transport Control System, MOBILE-ITCS for use by transport operators. However, the most important feature is the dissemination of occupancy rates using the channels used to provide passenger information, such as the apps or websites of the transport operators.

Another example of the use of AI in public transport is the MOBILE-FLEX solution which provides integrated booking, dispatching and route optimization for on-demand transport solutions. For passengers, smooth transportation from the start of their journey to the stop where they board the bus or train (first mile), and from the final stop (e.g. the main train station) to their actual destination (last mile) is becoming increasingly important. As a result, public transport companies are starting to recognize the importance of coordinated on-demand services, for example in rural areas or during off-peak periods. With MOBILE-FLEX, we offer a product that supports all common forms of on-demand operation, from fixed-route services with individual on-demand stops, to corridor operations, to flex routing with ride pooling. An AI-based optimization algorithm efficiently and easily links passengers' travel requests. The system's excellent performance allows short booking deadlines based on real-time vehicle positions as well as ride pooling with virtual stops, addresses or geo-coordinates. By specifying fixed points and departure times (for the strategic positioning of vehicles, such as depots or stations), MOBILE-FLEX combines the flexibility of modern flex routing with the operational requirements of public transport. A sophisticated on-demand concept developed on this basis 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 genuine win-win situation for both operators and passengers.

Yet another example of the effective application of AI in public transport is the browser and cloud-based personnel assignment system, MOBILE-PERDIS nextGen. Using machine learning, this system is able to draw up the best choice of routes and duty rosters for drivers and transport operators and update them on an ongoing basis. This not only increases flexibility but also improves staff satisfaction among drivers, a scarce resource. In this way, it also counters the problem of driver shortages for train and bus operations. This avoids restricted availability for fixed route services, low fare receipts and annoyed passengers.

To ensure that it is optimally prepared for the integration of automated buses and trains in public transport operations management, init joined the ÖV-LeitmotiF-KI project, which was kicked off at the beginning of 2022. Under the leadership of VDV, a standard reference model which includes AI methods and procedures is being created to govern the interaction between vehicles, the guidance system and passengers. init will implement the reference architecture and selected AI application cases to validate them during the Baden-Württemberg field test for autonomous vehicles.

Customer satisfaction as a benchmark

Solutions from the init group are a key enabler of sustainability in cities and municipalities. Since being founded we have realised over 1,100 projects for both domestic 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 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 as well as increasing and constantly improving the depth of cooperation. The survey is also 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 use the survey as an instrument for our internal analyses and evaluations. However, we refrain from publishing the results as this would unfairly benefit the competition.



Social

We also hold international user group meetings once a year to maintain close contact with our customers. At diverse workshops the participants can learn about the latest technical and operating issues together with their professional colleagues from other public transport operators and the experts from init. They can also 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 swap notes with colleagues and our experts and actively contribute to the development of products and systems. In this way, the need to continue the development of products and system functionalities has frequently been identified at an early stage.

init¹⁶ 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 the quality standards are observed at all times and continuously refined. In the course of the ISO 27001:2017 certification, extensive policies on data security, information and systems were defined and established at init¹⁷. 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.

¹⁶ init SE, INIT GmbH, IMSS GmbH, INIT Inc., SQM LLC., TQA LLC.

¹⁷ Init SE, INIT GmbH, IMSS GmbH, INIT Inc.

GOVERNANCE



As an international player, the init group makes a contribution towards creating workplaces where human dignity is respected. The observation of human rights is a key element of our compliance regulations.

Compliance

Compliance is an essential component of the init group's corporate values. With the rules of conduct that apply across the group, init wants to protect employees and companies as well as clients and business partners. To ensure that we reach this goal, all employees must undergo mandatory training once a year.

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 during their application already or, at the latest, when they join the company. All employees are regularly informed about init's Ethical Guidelines and trained in them at least once a year, via such media as the intranet, emails, meetings or a training tool. In the 2023 reporting year, 98 per cent of the employees in the init group successfully concluded the Ethical Guidelines training. As a result we attained a very good result within the init group and intend to maintain this level going forward.

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

Human rights

The init group is very aware of 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 with suppliers 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 group's management reporting is discussed in the "Ensuring compliance" section.

No violations of human rights were identified at the init group for the reporting year 2023.



Governance

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 for our business activities. We remain politically neutral. 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 ones on granting or accepting inducements, 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 stays in regular contact 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 anchor it more deeply at the group companies and among their employees. Employee training on this topic is performed at the respective group entity either in connection with the training on the Ethical Guidelines or as part of the separate compliance training. As a result, 98 per cent of the entire workforce of the init group successfully completed their training on this topic in the 2023 reporting year. No violations relating to corruption and bribery were identified in this respect at init in the reporting year 2023. Furthermore, there were no criminal convictions for violations of the laws governing corruption and bribery and no fines were imposed on any of the entities of the init group.

Ensuring compliance

According to the management's code of procedure, the CFO is responsible for compliance. The respective management teams and legal departments in the group entities coordinate compliance topics locally, such as corruption, bribery and protecting human rights. Our flat hierarchies enable us to react quickly to any (suspected) compliance cases. The internal processes of our compliance management system ensure that any breaches of compliance are reported by lower management and the legal departments to the Managing Board. The Managing Board regularly informs the Supervisory Board about compliance issues, particularly in the case of serious breaches. The Supervisory Board has constituted an Audit Committee that monitors the effectiveness of the system of internal controls, advises the Management 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 via an online tool and how these were handled as well as a summary of the preventive measures carried out and any new preventive measures, such as training that has been conducted.

In addition, a risk matrix with compliance-related topics is maintained as part of risk management. This is reviewed and updated each quarter 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. The legal framework of public-sector procurement law must be observed at all times by both the contracting authorities and the bidders involved,



Governance

from the definition of the scope of work through to the tendering phase, 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 that govern the 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 is in place 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. Reference is also made to the whistleblower system in the Ethical Guidelines. All reports from whistleblowers are immediately sent by the system to the independent reporting office at init SE, where they are reviewed and processed. In addition, we compiled a special handbook that defines internal processes, their documentation and the systematic processing of reports. The organisation's preventive and control measures include the principal of dual control, which is set out for the entities of the Group in a set of signature rules.

Data protection and information security

We take the protection of data and information very seriously, as the trust placed 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. ISO/IEC 27001 serves the init group as a framework in this regard. The Group applies it to ensure the confidentiality, integrity and the availability of internal information and systems that lie within the sphere of its responsibility, which are also relevant for customers and intends to maintain the very high security standards at their current level. To this end we will subject all relevant entities and transactions to full certification in the foreseeable future.

UNIFORM REQUIREMENTS

for the init group

A compliance team comprising experts from the Legal department, IT, HR as well as Quality Management and Information Security is responsible for continuously monitoring developments in 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, consent of data subjects and the revision of data workflows in the information security management system (ISMS). Synergy effects between data privacy and information security have been implemented through an improved and uniform 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 is kept on our own IT systems. These IT systems are operated in certified external data centres, which are linked via managed remote maintenance connections.



Governance

In the course of the ISO/IEC 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. Moreover, these requirements are being continuously expanded. A first milestone towards testing fulfillment of these requirements was reached in 2023 with the use of a compliance platform. This platform is used to obtain information on data privacy and information security topics throughout the Group. A potential improvement in the coming year will lie in a more extensive review of compliance with other aspects derived from the guideline.

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 subsidiaries INIT GmbH, IMSS GmbH and INIT Inc. in the course of a follow-up audit by an independent certification company in 2023. The subsidiaries INIT Ltd in Nottingham (UK) and HanseCom in Hamburg have been added to the audit universe and also obtained certification. Transition to the ISO/IEC 27001:2022 standard is planned for the year 2025. Work on the necessary preparations, modifications and new measures was kicked off in 2023.

ISO 27001:2017

certified

A formal framework has been established for other activities aimed at improving information security within the init group to ensure the constant evolution of the ISMS. An Information Security Officer has been appointed to act as a contact for all questions related to improving ISMS activities. This officer is supported by management system coordinators when it comes to implementing and reviewing any measures. A first milestone towards improving the quality of data retrieval throughout the entire init group was passed in 2023. Information on data privacy and information security is now obtained via the compliance platform. All of the responses to the reported issues are used to improve the survey in the following year and also to identify and realise any potential for improving data security.

The certification of other affiliated companies is planned for 2024. Preparations are underway for the certification of the subsidiaries inola GmbH 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. Consequently, all employees are regularly trained to handle data and information. Additionally, measures are undertaken to raise awareness of threats related to information security. The organisational implementation is integrated in the personnel administration software.

Controlling of suppliers is performed against the background of supply chain risks. Supply-side risks are subject to a specific risk identification process. This supplements the existing risk scenarios and presents them in greater clarity. This provides a foundation for framing and steering the measures used to mitigate such risks.



Governance

Another significant activity to improve measures and requirements in ISMS is the identification and treatment of information security incidents, 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, 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 have been defined clearly in the role concept as part of the ISO 27001 certification. The responsibilities for defining and executing guidelines have now been determined in all specialist departments. The IT department ensures that the technical measures for information and data security are in place. 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. In addition, the data protection officer initiates training measures and is available as an advisor to the employees. The data protection officers are listed as external contacts on our website and can be contacted directly. There is regular communication between 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 has been defined and effectively implemented within the framework of the ISMS.

The complexity of the country-specific rules and regulations is increasing noticeably. The process used within the init group to identify and assess legal, contractual and regulatory requirements is being constantly improved. 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 data 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 uncovered during the inquiries of persons concerned or regulatory authorities.