

The logo for 'init' is displayed in a white, lowercase, sans-serif font. The letter 'i' has a dot, and the letter 't' has a horizontal bar that ends in an arrow pointing to the right. The logo is contained within a white rectangular frame with a slightly irregular, hand-drawn appearance.

Non-financial  
group report  
2019



# NON-FINANCIAL GROUP REPORT

(pursuant to § 315b and § 315c HGB)

## Imprint

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# FUNDAMENTALS OF THE REPORT

## Business model

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

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

## Materiality analysis

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

The identified key topics of the init group in 2017 were "training and further education", "init as an attractive employer", "compliance with data protection provisions", and "fighting corruption". Thus, this report covers the three aspects "employee matters" ("training and further education" and "init as an attractive employer" topics), "social concerns" ("compliance with data protection provisions" topic) and "fighting corruption and bribery" ("fighting corruption" topic) pursuant to the CSR-GIL. As there have been no material changes to the business model, we consider the identified key topics from the materiality analysis in 2017 to be relevant for 2019 as well.

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

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

## Non-financial risks

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

The risk assessment basis are checklists which are developed in risk workshops by the respective person in charge for each area. In 2019, no business activities were identified as having any highly likely serious negative impact on non-financial aspects.

# EMPLOYEES

As one of the leading global provider of integrated planning, dispatching, telematics and ticketing systems for public transport, init relies on qualified, productive employees. Thanks to their experience and motivation, they are the ones who make the greatest contribution towards the company's success. For this reason, we strive to create a motivating, attractive, sustainable and safe working environment. As an international company, init also values diversity among its workforce. It is a key factor for business success and, along with the continuous acquisition and exchange of knowledge, a prerequisite for our ability to react flexibly to changing overall conditions. We have therefore also firmly enshrined our responsibility towards our employees<sup>1</sup> in our group-wide Ethical Guidelines.

The Director of HR at the init group is responsible for all employee issues and control of measures in companies worldwide, with a focus on the German companies init SE, INIT GmbH and initplan GmbH. Moreover, init has a position within the HR department of init SE that supports foreign companies that do not have their own HR department or responsible HR officer. This support comprises monitoring of reporting processes for key HR figures and, depending on the company, administration and recruitment of professional and managerial staff. In the past year, we expanded our group reporting further and standardised the calculation of key figures. This primarily ensures that the key figures Headcount, FTE<sup>2</sup>, employee turnover, participation rate in training and further education as well as training ratio are available on a monthly basis. We intend to develop this reporting further. The implementation of a new personnel management system launched in the reporting year will also contribute to this.

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

## **init as an attractive employer**

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

Measures to increase init's attractiveness as an employer are regularly reviewed by the HR department and the Managing Board with a view to their implementation and success. The review is conducted through close collaboration at the locations and in consultation with location managers and team leaders. One measure taken in the year under review to cover the need for personnel in the area of software development and to mitigate the risk of a shortage of skilled workers on the domestic job market was the further expansion of the development site in Maynooth, Ireland (near Dublin), which was established in 2018. At the same time, we ensure that new working forms and methods are implemented consistently at all locations. With these measures as well as regular employee meetings, we want to remain the employee turnover as low as possible. As a further measure, it was decided in the reporting year to create new areas for employees in which both modern working methods can be tested and leisure activities can be carried out together, such as parent-child work facilities, resting workplaces and a team lunch area. The opening took place in the first quarter of 2020. In the 2019 reporting period, the group-wide undesired turnover rate of permanent employees stood at 6.58<sup>3</sup> per cent (previous year 8.11 per cent). Thus, init has achieved its goal of keeping the fluctuation constant and, in addition, a reduction compared to the previous year. This is an indicator of the success of the employee retention measures implemented. In the period under review, we relied on a bundle of different measures and offers to

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<sup>1</sup> male designation applies equally to employees of all genders and gender-neutral

<sup>2</sup> Fulltime-Equivalent

<sup>3</sup> Inclusion of all fully consolidated companies

further enhance the attractiveness of init as an employer. Therefore, in the reporting period we emphasised a host of different measures and offers meant to increase further the attractiveness of init as an employer. In addition to the introduction of regular staff meetings and events, a cleaning service and a breakfast service were introduced.

For the coming reporting year, we have set ourselves the goal of maintaining the fluctuation rate at about the same level despite the tight labour market situation.

Furthermore, in 2019 as in previous years the company's employees were able to take advantage of voluntary benefits. We would particularly like to highlight the childcare subsidies we offer, not only for kindergarten children but also for primary school children, supporting our goal to be seen as a particular family-friendly employer. Besides, init and its employees also assume their social responsibility, which is evident both from the numerous sponsorship activities for local sports and cultural events as well as donations and relief campaigns. This social commitment contributes significantly towards the employees' identification with the company and therefore to employee satisfaction.

For its continuing commitment, in the reporting period, init SE was honoured again with the "Germany's best jobs of the future" seal of the Focus Money magazine for sustainable corporate development and workplace safety. Furthermore, the North American subsidiary INIT Inc. was recognised again as in the previous year as an attractive employer in the "Best Places to Work" awards.

## Training and further education

At init, we want to create an environment in which every employee 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 ensuring measures are first determined in the annual performance review and in meetings between managers and HR. In addition, upon joining the company every employee undergoes a 6 to 12-week orientation and training program, depending on the area of activity. It consists of training on

basic topics such as internal processes, products, public transport, marketing, HR and occupational safety. IT employees are introduced to the specific standards and programming languages.

Training and further education measures are overseen by the HR department within the context of employee and organisational development and documented and assessed in the form of training evaluations in order to monitor the success of further education measures and draw conclusions for future measures. This is intended to ensure a continuous exchange and development of knowledge and to position init as one of the technological trendsetter for public transport. Furthermore, the 2018 created internal init Academy, which was initially established for the Karlsruhe location could be expanded further. After the good start in the cooperation with a large number of universities in the past year, these were further strengthened in the year under review. For example, we welcomed a delegation of students from Nottingham to init in Karlsruhe, were involved in the TalkIT and the open day of the KIT (Karlsruhe Institute of Technology), presented ourselves at eleven different personnel trade fairs and extended our commitment to schools, for example in the context of the Pupils' Engineering Academy to support the career orientation of young people.

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

We measure our company's performance in Germany in the area of training and further education with the help of the training rate<sup>4</sup> which averaged 6.25 percent in the reporting year, with the key figure for the number of completed hours of further education worldwide. Further education measures at init comprised employee training with external providers, internal training, webinars, podcasts, digital learning content and attendance at trade fairs and congresses. The topics ranged from specific software training and certification to special management development. In the period under review, we placed particular emphasis on further training in the areas of agile work / agile software development, server virtualization and management development. Our goal is to raise the average number of recorded hours of further education per active permanent employee<sup>5</sup> group-

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<sup>4</sup> Valid for the companies: init SE, INIT GmbH, initplan GmbH

<sup>5</sup> Refers to all employees under social insurance law (full- and part-time), including the management, excluding trainees, temporary staff and interns, working students, employees on



wide to maintain constant in 2020. Learning should continue to become a part of everyday life for our employees. Permanent active employees<sup>4</sup> at init attended an average of around 6 recorded hours of training in

2019. This does not include smaller learning units such as webinars, podcasts, videos and learning nuggets.

## DATA PROTECTION

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

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

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

Implementation is based on our internal data protection guidelines, our information security management system and the handbook created for this purpose, which is reviewed in the same frequency as the audits for ISO 9001 certification, amended in line with business needs to correspond with applicable statutory requirements and accessible by all employees on the intranet. The information security management system records and documents central processes, guidelines, procedures

and responsibilities. Its aim is to ensure the implementation, monitoring, evaluation, maintenance and improvement of IT and information security at the Karlsruhe site as well as at the locations technically connected. The IT department ensures technical and organisational data security measures.

The objective of the data protection officer appointed by init as well as employees from the IT department, the legal department, the personnel department and the quality management and audit department is to ensure compliance with the Federal Data Protection Act (FDPA) and other data protection provisions at the head office in Karlsruhe. The data protection officer is also jointly responsible for ensuring the highest possible level of compliance with internal standards such as our information security management system. He performs 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 the regulations in the data protection and data security guideline and is effectively enacted, and reports to the Management Board if necessary. Furthermore, he also initiates security measures and advises employees. The data protection officer is also listed as an external contact on the init website and can also be contacted directly. There is a regular exchange on current data protection topics. In addition, each company is advised by a data protection officer to ensure compliance with local data protection regulations.

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

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maternity and parental leave for the companies: init SE, INIT GmbH, initplan GmbH

practice training. Furthermore, the internal IT regularly informs group-wide about current malware via e-mail.

Within the scope of review and optimization processes, adjustments and improvements in data protection are made on an ongoing basis. init works intensively on the preparations for further certifications (currently ISO27001) regarding information security. Among other

## COMBATING CORRUPTION AND BRIBERY

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

Our Ethical Guidelines comprise all applicable statutory and company requirements for our employees. They prescribe a specific code of conduct and stipulate that our company does not tolerate corruption and bribery. They include specific rules, such as ones on the granting or acceptance of benefits, the documentation of business transactions and the comprehensive, truthful and lawful provision of information to employees, shareholders, the capital market, the media and other stakeholder groups. 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 init Ethical Guidelines are published on the website and are handed over to the employees in the group companies either in a timely manner, when they join the company or already at the application stage. Furthermore, employees worldwide are informed about init's Ethical Guidelines at least once a year, through commu-

nication via the Intranet, email or in meetings. The employees of group companies confirm in written that they have received and acknowledged the information.

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

Moreover, init's Managing Board maintains an active exchange with the management of all the consolidated companies. Once a year, the Managing Board members meet with the managing directors of the group companies. At this annual management meeting, the management is again made aware of the topic combating-corruption and bribery and the Code of Conduct in particular, in order to establish it further at the group companies and among the company's own employees.

In the reporting year it was decided to revise the existing Ethical Guidelines and republish them at the beginning of 2020. The existing basic content will be retained, but the new guidelines will deal more specifically with the key aspects of corporate social responsibility. Among other things, there is an additional section on combating corruption and bribery, as well as clearly defined instructions and rules of conduct in business activities.

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

As the customers of init are mainly public transport companies or associations in Germany and abroad, public and formalised procurement are of major economic importance. Public procurement is strongly structured and regulated by public procurement law. Public procurement law protects the transparency and comprehensibility of decisions through its regulations on competition. These legal regulations in procurement law must be observed at all times by public customers as well as by participating tenderers such as init, from needs assessment to the tender phase through to awarding of the contract and order fulfilment.

We require and encourage the reporting of all processes that indicate a criminal offence or a systematic breach of laws or internal rules. To this end, an online whistleblower system was created at the end of 2017 and launched as at 1 January 2018, which enables employees as well as customers, business partners and third parties to report improper conduct, either anonymously

or not. The system is accessible to everyone and is available on the init website. In addition, the Ethical Guidelines refer to the whistleblower system. The system immediately forwards every report to the Legal department or the Managing Board, where it is reviewed and processed. In addition to this init compiled a special handbook that defines internal processes, their documentation and the systematic processing of reports. The company's preventive and control measures also include the dual control principle, which is set out for the companies in a set of signature rules.

For the 2019 reporting year, no violations were identified in regard to corruption and bribery within the init group.

Karlsruhe, 13 March 2020

The Managing Board



Dr. Gottfried Greschner



Dr. Jürgen Greschner



Jennifer Bodenseh



Matthias Kühn