



## Governance at Flix

### Business Ethics and Compliance

Business ethics and compliance are integral to Flix's operations. Anchored by a robust Compliance Management System, the Company prioritizes ethical conduct, enforces stringent policies, and cultivates a culture that values adherence to laws and ethical standards across its global operations. As a global corporation, Flix is subject to various laws and regulations, and adheres to strict corporate ethical standards and internal policies. All stakeholders and Flix subsidiaries are required to comply with regulations and exercise solid business ethics to generate long-term value. Compliance with legal requirements not only prevents Flix from negative financial consequences such as fines but also significantly reduces the risk of damage to the Company's reputation.

### Global Compliance Management System

Flix's Compliance Management System (CMS) encompasses a Global Code of Conduct, a recently formed Business Partners Code of Conduct, and several policies addressing key compliance risks such as Corruption and Data Protection. It also includes corporate policies regarding a Whistleblowing program, internal investigation procedures, and mandatory compliance training for all employees. The CMS ensures employees are informed about legal obligations and ethical standards through training and policy dissemination.

Employees are encouraged to report concerns through a Whistleblowing portal. All concerns undergo thorough examinations leading to sanctions for any violations that are identified. Flix extends its compliance network globally, with local Compliance Officers and Compliance Coordinators offering support. The Code of Conduct for Business Partners reflects Flix's commitment to high ethical standards for all partners. The Company created an incident management procedure to give employees an understanding of how they can report suspected breaches of Code of Conduct and/or other policies, and what will happen after a report. Information on the mechanisms for seeking advice and raising concerns are included in the People Code of Conduct. Lastly, external complaints can be directed to [fair-business@flixbus.com](mailto:fair-business@flixbus.com).

In 2023, 26 compliance issues were reported, and one written warning was filed. All operations were assessed for risks related to corruption, including payments to third parties, conflicts of interest, and unlawful payments to public officials. Employees from all entities are regularly informed about anti-corruption practices, including anti-fraud and clauses in the Code of Conduct. **Employees are also mandatorily enrolled to anti-corruption courses – which, in 2023, resulted in an 85 % completion rate.**

There were no significant instances of non-compliance with laws and regulations during the reporting period, and no instances of corruption were reported.

### Cybersecurity and data protection

Preserving the privacy and security of personal data is of paramount importance to Flix and requires robust cybersecurity measures and strict compliance with data protection legislation. To this end, Flix has implemented various security measures, like the encryption of sensitive data and disaster recovery



processes. Most of the cybersecurity work is done in-house with a dedicated cybersecurity team, which gives Flix an advantage over companies relying on consultants for this area of work.

Given the high volumes of personal data for employees, partners, and customers being processed and managed by Flix, effective technological and organizational safeguards are imperative. Flix's cybersecurity and data protection practices are important factors in building its customer loyalty and trust quotient. Flix upholds the fundamental rights of all stakeholders by adhering to laws, establishing internal norms, and employing innovative technological measures. Violations of data protection laws could damage the Company's reputation and result in substantial fines. Thus, guaranteeing cybersecurity and data protection is an essential focus area and risk mitigation strategy for Flix.

### **Employee Commitment to Data Protection and Cybersecurity**

Flix mandates all employees to observe compliance with data protection legislation and corporate values, emphasizing secure data handling with measures like two-factor authentication and end-to-end encryption contracts with cloud providers. Furthermore, employees are made aware of the security protocols to be followed through staff training, policies, and regulations. The closely monitored Flix Secure Score (FSS) utilizes security criteria to assess and ensure prevention of breaches and protection of user data.

### **Managing Data Protection and Cybersecurity Risks**

Data protection is a key focus for Flix's risk management and compliance efforts as a tech-enabled company. Among the mechanisms in place to ensure data protection are the Flix Data Protection Management System (DMS), global policies, and implementation of international information security standards.

Data protection is a central tenet in Flix's risk management and is engrained in the Company's DMS. Flix closely monitors data protection KPIs, including training enrolment rates, data requests, and procedures with data protection authorities. **In 2023, the training course on Security Awareness on FlixUni was completed by 84.9 % of the employees.**

Adhering to GDPR guidelines, Flix has a robust procedure for managing data privacy infringements, with dedicated teams categorizing risks and promptly alerting relevant authorities. The Flix SE Management Board receives an annual report from the data protection officer, including all the pertinent KPIs.

In 2023, 23 potential data breaches were inspected, but no serious breaches had occurred that had to be reported to the authorities. In some countries, Flix uses customer data for advertising purposes on the basis of Art. 13 para. 2 of Directive 2002/58/EC (ePrivacy Directive) or the respective national implementations.

### **Supply chain management**

As an asset-light tech company, Flix relies on its local partners to operate the bus and train services. In this context, ensuring risk mitigation and minimization across the supply chain is crucial. Flix collaborates with its suppliers to ensure ethical and regulatory compliance with respect to human rights, labor



regulations, and corruption. The new LkSG<sup>1</sup> legislation strengthens Flix's commitment to ethical supply chain practices.

Flix is rolling out a new procurement policy<sup>2</sup>, aimed at ensuring supply chain transparency. To enact it, the procurement team collaborates closely with finance, legal, and other relevant units, in particular compliance. Proactive risk management measures are integrated into the policy to safeguard against legal, financial, and reputational risks.

The risk management processes include the requirement for business partners to fill out a structured questionnaire for contracts worth 50,000 € or more, as well as a careful inspection of results. As part of the control measures, a compliance loop is in place for concerning answers. Flix's Code of Conduct also sets out clear expectations for suppliers regarding ethical behavior, environmental stewardship, and social responsibility. Further control functions are under evaluation to strengthen procurement risk management.

### **Flix's Business Partner Code of Conduct**

In order to align partners' practices with Flix's vision on ethical business, the Company has developed a Business Partner Code of Conduct. Currently, Flix is working to have 100 % of all business partners sign the Code of Conduct by the end of 2024. In addition, Flix has a supplier questionnaire in place to ensure transparent, ethical, and risk-mitigated procurement practices. The process includes a compliance loop if suppliers provide concerning answers, allowing for a double-check before proceeding. If suppliers fail to meet compliance standards, the Company refrains from engaging with them.

Although not having detected any adverse effects along the supply chain, Flix always aims at strengthening the safeguard in place for ethical supply chains. This is why the Company is working on developing more comprehensive control functions and reporting processes. In addition, it is the Company's intention that all business contracts include a Compliance Clause by the end of 2024.

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<sup>1</sup> ) LkSG (full name Lieferkettensorgfaltspflichtengesetz) is a German law that entered into force in 2023 which imposes due diligence requirements relative to human rights in the value chain on large companies in Germany.

<sup>2</sup> The Global Procurement Policy in place for Flix entities does not encompass Greyhound, Flix NA, Flix Inc, and Kamil Koç.