SUSTAINABILITY REPORT 2017

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This Sustainability Report is printed on FSC®-certified paper. The printing process is a carbon-neutral process. The volume of CO₂ emissions (642 kg CO₂) arising from production was offset by investing in a forest conservation project in the Kasigau Wildlife Corridor in Kenya. In the reporting period, four CEWE employees who work in environmental management travelled to Kenya to scrutinise the project content locally and to check the CO₂ offsetting calculation. The project originates from the ClimatePartner portfolio. It complies with international standards and is regularly certified by independent authorities.

Cover picture:
Pupils at Jora Primary School benefit from climate offsetting payments, which CEWE uses to support the Wildlife Works project in Kenya.
QUALIFIED ENVIRONMENTAL MANAGEMENT

The safety and protection of humans and nature are on the agenda of the environmental officers. All conditions were again met in the reporting year.

INNOVATION AS A GROWTH ENGINE

Product innovations are again resulting in revenue growth for brand products. The latest product developments were presented and evaluated at the annual Innovation Day.

EMPLOYEES AS SHAREHOLDERS

The continuation of the employee share programme and its expansion to European sites are ensuring greater participation. Over 80 per cent of employees are already CEWE shareholders.

SECURITY IN THE SUPPLY CHAIN

The Purchasing department regularly visits suppliers in order to identify efficiencies and risks. The implementation level of sustainability topics is also examined.

INTRODUCTION

Foreword
Sustainability management in the CEWE Group
Summarised non-financial statement
Comprehensive reporting
Management systems in use
Stakeholder management
Continuous stakeholder engagement
Materiality analysis
Large entity combines the advantages of the capital market and a family business
Organisational profile and description of the business model
CEWE at a glance
CEWE in Europe

ETHICAL AND FAIR BEHAVIOUR

Sustainability – modelled on the “honourable businessman”
CEWE’s vision
Corporate Governance Code
Composition of the Supervisory Board
Data privacy/data security
Employees’ health and safety

ECONOMIC VIABILITY

Company development – all targets achieved
Key business units with their brands and products
Sustainable financial management
Further development of the quality brand and customer retention
Risk management
Research and development
Quality management
Product safety
Incentive management
Meetings and partnerships

ENVIRONMENTAL PROTECTION AND RESOURCE CONSERVATION

Taking action against climate change through climate-neutral CEWE brand products
Saving energy

CEWE’s environmental management policy
Management systems to improve green credentials
Protecting water, preventing air and soil pollution
Responsible use of materials
Reducing waste and optimising recycling processes

RESPONSIBILITY FOR EMPLOYEES

CEWE employees – employee share programme
Human resources management – pay, parking and mobility
Implementation of CEWE 40

RESPONSIBILITY FOR EMPLOYEES

Awards
CEWE is a good workplace
Headcount
Collective bargaining agreements
Length of service and employee turnover
Board opportunities
Empowering women – work-life balance
Bringing people together

SOCIAL COMMITMENT

Social commitment as part of the corporate culture
Education network, promotion of young talent and association work
The company’s roots – preserving photography as a form of cultural expression
Integration through sports
Social commitment – supporting each other as a community

SUMMARY

Agreement of the materiality matrix with the GRI GD 60 aspects
GRI Content Index Table in accordance with GRI GD 4
Publication details
GRI audit statement
HGB audit statement

CONTENTS

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Another major project that has been ongoing for some years and was completed in 2017 is our new, state-of-the-art office building at our headquarters in Oldenburg. The open space concept redefines collaboration and fits in perfectly with our open communication culture. However, the new build does not only focus on transparency and openness, but also on sustainability.

We have succeeded in erecting a building that independently produces the energy required for air conditioning by combining the heat pump and the photovoltaic system. For the entire building concept, we are striving to attain the silver seal of approval from the assessment system for sustainable building (Bewertungssystem Nachhaltiges Bauen, BNB) of the German Federal Ministry of Construction. It takes into account the entire life cycle of the building from planning and construction through to usage up to the end of its service life.

These are just some highlights from the past reporting year. We will keep you up-to-date on many other advancements with this report. At the same time, we are fulfilling our duties as participants in the UN Global Compact and are also strengthening our commitment this year. You may have noticed that you have received our sustainability report earlier than in previous years. This is due to the fact that we (as a company that is oriented towards the capital markets) come under the new law to strengthen non-financial reporting. We have been reporting on our sustainability activities on an annual basis for almost a decade now. Our reporting is therefore on a stable foundation that enables us to analyse and publish all of the required data earlier and in the usual high quality, i.e. within four months of the balance sheet date. At this point, I would like to thank everybody involved.

In the coming years, we also want to continue to closely combine business success with the principles of sustainability. We are constantly working on generating continued good returns for our shareholders, on being the partner of choice for our customers and on improving quality of life at our locations.

Kind regards,

Oldenburg, April 2018

Dr Christian Friege, Chairman of the Board of Management of the Neumüller CEWE COLOR Stiftung
CEWE has set itself the goal to continuously improve its performance in terms of sustainability and to systematically develop and define its understanding of sustainability management. This is implemented as an integral component of corporate governance in five pillars. Alongside ethical and fair behaviour, these encompass economic viability, environmental protection and resource conservation, responsibility for employees and social commitment. Sustainability has already been the remit of one member of the Board of Management since 2006. From 1 January 2016, responsibility for Sustainability passed to Thomas Mehls, Board of Management member with responsibility for National and International Marketing as well as New Business Acquisition. Together with Dr Christine Hawighorst, Head of Public Relations and CSR, he ensures product- and process-related commitment and implementation at all locations.

The sustainability activities of all divisions are consolidated in the Sustainability Coordination Group. This regularly brings together experts from all specialist departments, who discuss topical issues, initiate new projects, define targets and compare results to those from the previous year. Sustainability issues are the responsibility of the managing directors at the respective national and international locations. They have appointed Sustainability Officers, who in turn maintain contact to the Sustainability Coordination Group. Employees are increasingly active in internal and external working groups and projects and therefore participate in special training courses on sustainability.

We have been training our employees to be active sustainability ambassadors since 2016. Six of these are playing an interface role. They meet regularly, answer colleagues’ questions, gather suggestions and bring topics to the table at the meetings of the Sustainability Coordination Group.

In order to comply with the statutory provisions on the summarised non-financial statement in accordance with Sections 315 b and 315 c in conjunction with Sections 289 b to 289 e of the German Commercial Code (HGB), CEWE decided to integrate the required information into the sustainability report, which is published annually. The disclosures on the business model are on page 15, the descriptions of the concepts, including the due diligence processes, the results of the concepts, as well as the disclosures of significant risks and the information on important non-financial performance indicators are sorted byAspect under key points and the corresponding page numbers are provided in the following table:
Sustainability has become an integral part of the company’s business strategy and corporate communications. CEWE was one of the first companies in Germany to opt for a comprehensive sustainability report on a voluntary basis. Since 2010, the company has annually published a corporate sustainability report based on standards in accordance with the Global Reporting Initiative (GRI). Materiality, clarity and timeliness are among the fundamental principles for defining reporting standards. Since 2014, reporting has been carried out in accordance with the GRI G4 Core option, with an Independent Assurance Report on the G4 Core option. Comprehensive reporting is an option. Furthermore, each year since 2014, an Independent Assurance Report has been published on an independent auditing firm (audit statement pages 70 and 73). Transition to the new GRI standards is planned for the coming year.

Stakeholder management

For CEWE, sustainability management also means an exchange of views with the stakeholders concerning all important impacts, requirements and developments related to the topic of sustainability. Building on this principle, 620 internal and 8 external stakeholders participated in a first external survey in 2014. In the result of the survey provided the basis for the materiality matrix.

CEWE has integrated concepts and instruments to design social, environmental and economic aspects into its organizational management in a number of corporate divisions. Certified environmental management systems (DN ISO 14001), from which sustainability-relevant data can be directly derived, have been in place in many business units since 2003. In 2015, these were extended at the German locations by the DIN EN ISO 50001 energy management system. Work-life balance and health audits were also performed in the area of HR (Hertie Foundation, TÜV Rheinland). Both areas were successfully re-audited in the reporting year. Moreover, CEWE was recognized in 2016 by the Lower Saxony Ministry of Economic Affairs and by the Demographic Agency, TÜV Rheinland. In the area of materiality, separate audits are carried out as needed to assess sustainability performance in a number of corporate divisions. CEWE’s values and culture. The employees saw improvements in the way sustainability is communicated. The sustainability topics covered are considered to be even more relevant, with consuming resources and saving energy as well as social engagement rating top for those interviewed.

For this year’s report, the 2014 stakeholder survey was revised in order to provide an even more differentiated description of the expectations and aspirations and identify concrete topic areas. Those included the importance and understanding of sustainability, key topics, awareness of the company’s commitment, status of the sustainability strategy and sustainability management, as well as strategies for implementation. The basis for selection was key stakeholder groups, as this allowed coverage of as many different perspectives as possible. Seventeen employees took part in an in-house survey; while 22 interviews were conducted with external stakeholders. The interviews involved 8 different stakeholder groups: sales and retail partners, purchasing and suppliers, IT and technology, logistics, production, environment, HR, marketing, finance, media and public relations, and one unassigned group.

The stakeholders met in small groups in the new event centre in Oldenburg to intensively discuss various topics. Aspects such as the sustainable way in which products are manufactured, the options for sustainable development and societal and political topics were of great interest. The results show that among the internal stakeholders the topic of sustainability plays a significantly more important role and is perceived more strongly as an integral part of CEWE’s values and culture. The employees saw improvements in the way sustainability is communicated. The sustainability topics covered are considered to be even more relevant, with consuming resources and saving energy as well as social engagement rating top for those interviewed.

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Continuous stakeholder engagement

Increasingly, employees from different departments are involved in specific projects relevant to sustainability. Accordingly, the focus is on a direct exchange of experience and authentic communication between the employees. Employees' families are also becoming increasingly involved, for example through the organisation of family days and holiday camps. A continuous exchange with the Works Council takes place, and it is included in important agendas.

Communication with customers is based on transparency and high-quality advice. A continuous process of exchange takes place on CEWE's social media platforms. Opinions, expectations and wishes are welcomed and are continuously integrated into the development of product innovations.

In the interests of continuous business partnerships, CEWE cultivates long-term relationships to suppliers. Quality assurance agreements support this goal. The inclusion of environmental and social topics, as well as anti-corruption, enhances the quality of supplier relationships. This helps to reduce reputational and credit risks posed by suppliers, for example due to non-compliance with environmental regulations, in a timely manner.

In marketing its products, CEWE cooperates with around 20,000 retail partners. Retailers are therefore a key link to consumers. Contact with retailers is intensified at trade fairs or during personal visits. The company places great importance on providing investors with continuous and transparent information. In addition to information in writing, a large number of personal contacts are fostered. This gives investors the opportunity to communicate their needs and suggestions, and CEWE the possibility to implement them.

By demonstrating responsible behaviour, CEWE positions itself as a reliable partner and attractive employer in its respective regional environments, and through its economic activities and social commitment makes a sustainable contribution to a positive development of society.

CEWE aims to increase the number of local suppliers and partners it works with. The objective of this approach is to leverage geographical advantages in an environmentally and economically sustainable manner. The dialogue with sponsorship partners takes place on a transparent, situation-based and equal footing. Primary communication measures include targeted media work as well as participation in and hosting of media events (e.g. company tours).

Materiality analysis

The results of the stakeholder survey of 2014 formed the basis of the materiality matrix. The individual points are deemed to be material if both the stakeholders and the company identify them as important. All internal materiality aspects tend to indirectly have an external relevance, e.g. environmental protection. Boundaries are defined by only including Aspects which directly have an impact outside the organisation. There were no significant changes from previous reporting periods in the scope and aspect boundaries.

Materiality matrix

<table>
<thead>
<tr>
<th>Environment</th>
<th>Procurement/compliance</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental protection</td>
<td>Sustainable procurement</td>
<td>Social commitment</td>
</tr>
<tr>
<td>Water consumption</td>
<td>CO₂ emissions</td>
<td>Occupational health and safety</td>
</tr>
<tr>
<td>Waste/waste water</td>
<td>Input materials</td>
<td>Product labelling</td>
</tr>
<tr>
<td>Energy consumption</td>
<td>Sustainable development</td>
<td>Supply chain (traceability)</td>
</tr>
<tr>
<td>Water consumption</td>
<td>FAIR</td>
<td>Product labelling</td>
</tr>
</tbody>
</table>

For CEWE, dialogue with stakeholders and groups in society is a key starting point on the way to greater sustainability.
Legal structure combines the advantages of the capital market and a family business. The legal form of a KGaA (partnership limited by shares) enables the CEWE Group to combine the typical strengths of capital-market-oriented companies with those of family firms. The company’s founder, Senator h.c. Heinz Neumüller wanted to ensure that his entrepreneurial principles would remain permanently established within the company and to secure the company’s long-term future. This is safeguarded by the Neumüller CEWE COLOR Stiftung and the major interest held by ACN Vermögensverwaltungsgesellschaft GmbH & Co. KG (the heirs of Senator h.c. Heinz Neumüller, the largest shareholder with 27.6 per cent). The foundation guarantees that the Group continues to be operated true to the legacy of Senator h.c. Heinz Neumüller, and thus upholds the character of a family enterprise. It stands for a business policy with a long-term focus. For this reason, it also assumes a management function.

The company’s founder continuously emphasised the need for the Group to be operationally innovative while optimising income. The capital market effectively promotes these entrepreneurial objectives. The decision-making of the company’s executive bodies – i.e. its Board of Management and Supervisory Board – supports and promotes its shareholders’ interests in an attractive investment. Here, too, the focus is on the company’s – and thus the investment’s – solid long-term development and sustainable capital growth. The combination of these two advantages is the key to an innovative company with a management approach geared towards economic viability and profit maximisation, while fulfilling its social role as an employer and economic factor.

Organisational profile and description of the business model

With 12 high-tech production sites and 3,857 employees, CEWE is present in 25 European countries as an innovative photo and online printing service. The company was founded by Senator h.c. Heinz Neumüller in Oldenburg, Germany, in 1961, and was floated on the stock exchange by Hubert Rothärmel in 1993. CEWE Stiftung & Co. KGaA is listed on the SDAX. In 2017, approximately 2.2 billion photos and more than 6 million CEWE PHOTOBOOKS were delivered to around 20,000 retail outlets. Revenue in the 2017 financial year amounted to EUR 599.4 million. As at 31 December 2017, the market capitalisation amounted to around EUR 651.6 million (7.4 million shares at a market price of EUR 88.05 each).

CEWE operates three strategic business units: Photofinishing, Retail and Commercial Online Printing. In the photography sector, fresh impetus is continuously provided with innovations relating to the joy of photography. To sell its products, CEWE relies on holistic multichannel concepts. In doing so, the company takes advantage of various distribution channels and cooperates with retail partners in the bricks-and-mortar segment (food trade, and chemist’s, electronics and specialist photography shops) as well as with online retailers. Customers can have their orders sent to them by post or collect them from the nearest branch of their chosen CEWE retail partner. In close cooperation with Marketing, the Distribution division comprehensively manages relationships with retail partners, equips and maintains points of sale in line with the brand image and coordinates campaigns. In the Commercial Online Printing business unit, business stationery products are marketed on the distribution platforms CEWE-PRINT.de, SAXOPRINT and viaprinto.

CEWE attaches great importance to sustainable corporate governance in all areas and has, in particular, been pursuing a sustainable climate protection strategy for several years, which includes, among other things, climate-neutral shipping. This strategy was significantly expanded in 2016. The CEWE PHOTOBOOK and all other brand products are produced in a climate-neutral process, which is verifiable and does not incur additional costs for customers. CEWE assumes full responsibility for the climate and protects the environment. CO₂ emissions are offset by protecting existing forests in Kenya by means of the Kasigau Wildlife Corridor project.
CEWE AT A GLANCE

25 European countries
12 production sites
9 sales offices
3,857 employees
20,000 retail partners
17,000 CEWE photo stations
2.2 bn photos
6.0 m CEWE PHOTOBOOKS

CEWE IN EUROPE

12 production sites
- Bad Kreuznach (Germany), Budapest (Hungary), Dresden (Germany), Eschbach (Germany), Germering (Germany), Kolle (Poland), Mönchengladbach (Germany), Montpellier (France), Oldenburg (Germany), Prague (Czech Republic), Rennes (France), Warwick (UK)

9 sales offices
- Aarhus (Denmark), Bratislava (Slovakia), Gothenburg (Sweden), Mechelen (Belgium), Nunspeet (Netherlands), Oslo (Norway), Paris (France), Vienna (Austria), Zurich (Switzerland)

25 countries
- Austria, Belgium, Croatia, Czech Republic, Denmark, Finland, France, Germany, Hungary, Iceland, Ireland, Italy, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, UK
ETHICAL AND FAIR BEHAVIOUR

Sustainability - modelled on the "honourable businessman" 18
CEWE’s vision 18
Corporate Governance Code 19
Composition of the Supervisory Board 20
Data privacy/data security 20
Ombudsman/whistle-blowing 21

JOINTLY RESPONSIBLE
Sharing environmental values

One of CEWE’s main suppliers is UPM Nordland Papier. Environment considerations played a major role in our decision to collaborate with this supplier. CEWE categorically only uses paper from responsibly managed forests for its entire product range. All European operations have already been FSC®-certified for many years. UPM promotes sound forestry practice and ensures that the origin of the processed wood is fully monitored.
SUSTAINABILITY – MODELLED ON THE “HONORABLE BUSINESSMAN”

• Stabilising the supply chain by choosing sustainable companies as business partners.
• Attracting customers through a consistent focus on the environment.
• Recruiting staff because CEWE’s environmentally friendly behaviour is a key component of our employer image.

SUSTAINABILITY AND RESPONSIBILITY

Our philosophy
CEWE is the leading photo service provider and technology leader in industrial photo finishing in Europe. We aim to further expand this position exclusively through our performance, honesty and sound business practices. Customer focus, the quality of our products, an outstanding ability to innovate and the good reputation of our company are at the heart of everything we do. CEWE considers it important to convince customers with skilled and dedicated staff as well as high-quality products. We are committed to providing a fair and just working environment, because our employees are our greatest asset.

Entrepreneurial spirit and leadership philosophy
Partnership and respect for the individual are the hallmarks of our culture. Our partnership-based leadership philosophy is founded on mutual trust, respect for each other and mutual responsibility. The delegation of responsibility. Our employees have a great deal of scope for action, and within the range of their responsibilities they participate both in decision-making processes and in the economic success of the company. The companies in our Group are administered by managing directors and managers who think and act with business acumen.

Business partners and competitors
Our relationship with our business partners is based on trust and fairness. We are a reliable partner, and we respect the applicable laws and regulations to be observed in all aspects of business. Therefore, we refuse to accept any behaviour that discards or threatens our integrity. We are opposed to unlawful agreements and offers.

Consequently, we are not interested in obtaining orders by granting or offering spurious advantages.

Community and social responsibility
Our shareholders understand that ownership is also an obligation to society. They believe the company’s position in the market economy is also legitimised by its contribution to society. They always behave responsibly both internally and externally and are guided by ethical principles. We feel a particular obligation to protect our employees and the environment, and we further this obligation through sustainability.

Our business principles are subject to a constant process of critical review and development. We expect all employees to align themselves with the objectives and basic values and to act accordingly at all times. Management staff have a particular responsibility in this regard and are expected to set an example.

RESPONSIBLE BEHAVIOUR

Sustainability and responsibility are two very closely interwoven concepts. They play an important role in all company divisions at CEWE. For this reason, we have developed a corporate governance model that focuses on ethical principles and economic aspects. The company achieves this with the help of its employees, who show consideration and respect in their dealings with the company and its customers. And even if the role model of the “honorable businessman” may seem somewhat outdated today – responsible behaviour in the sense of reliability, honesty, longevity, decency, integrity, trust and diligence are values that we live and breathe.

Our employees act with foresight and foresight – always with a focus on the needs of customers, business partners, employees and society. Because in the knowledge that trust and an excellent reputation are the best currency.

Sustainable behaviour is an economic success factor at a number of levels. The effectiveness of sustainable behaviour in achieving economic success can manifest itself in various ways. A few examples are listed here:

• Recruiting staff because CEWE’s environmentally friendly behaviour is convincing and makes it an attractive employer.
• Attracting customers through a consistent focus on the environment.
• Recruiting staff because CEWE’s environmentally friendly behaviour is a key component of our employer image.

FIVE DIMENSIONS OF SUSTAINABLE BEHAVIOUR OF A RESPONSIBLE COMPANY

Economic

Economic viability

Investment and financial management

Long-term value creation, risk management, supplier and market stability management

Environmental and energy management systems, waste management, green IT, occupational health and safety

Responsibility for employees

Employee participation, pension scheme, training and education

Equal opportunity, work-life balance, employee involvement, social security

Environmental protection and resource conservation

Environmental and energy management systems, waste management, green IT

Social commitment

Compliance with the German Corporate Governance Code, whistle-blower system

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Partnership and respect for the individual are the hallmarks of our culture. Our partnership-based leadership philosophy is founded on mutual trust, respect for each other and mutual responsibility. The delegation of responsibility. Our employees have a great deal of scope for action, and within the range of their responsibilities they participate both in decision-making processes and in the economic success of the company. The companies in our Group are administered by managing directors and managers who think and act with business acumen.

Business partners and competitors
Our relationship with our business partners is based on trust and fairness. We are a reliable partner, and we respect the applicable laws and regulations to be observed in all aspects of business. Therefore, we refuse to accept any behaviour that discards or threatens our integrity. We are opposed to unlawful agreements and offers.

Consequently, we are not interested in obtaining orders by granting or offering spurious advantages.

Community and social responsibility
Our shareholders understand that ownership is also an obligation to society. They believe the company’s position in the market economy is also legitimised by its contribution to society. They always behave responsibly both internally and externally and are guided by ethical principles. We feel a particular obligation to protect our employees and the environment, and we further this obligation through sustainability.

Our business principles are subject to a constant process of critical review and development. We expect all employees to align themselves with the objectives and basic values and to act accordingly at all times. Management staff have a particular responsibility in this regard and are expected to set an example.

Corporate Governance Code
The Board of Management and the Supervisory Board have for a long time been committed to the principles of modern corporate governance.

The objective is to uphold and further reinforce the confidence which investors, financial markets, business partners, employees and the public place in the company. In order to comply with applicable
requirements, the necessary organisational measures were therefore implemented early on:

• Publication of all capital-market-related information on the Internet
• Active, open and transparent communication
• Close cooperation between the Board of Management and the Supervisory Board
• Responsible risk management

CEWE regularly monitors implementation of the Corporate Governance Code and adjusts its policies in line with current developments. In 2017, CEWE complied with almost all of the provisions of the German Corporate Governance Code. For more details, please refer to the 2017 Annual Report, page 106 ff.

Company and Compliance

The Supervisory Board of CEWE Stiftung & Co. KGaA consists of 12 members, of whom 10 are independent. The majority of the Supervisory Board members are female. In compliance with statutory requirements, the Supervisory Board will, regarding future nominations, also give appropriate consideration to whether candidates have the necessary skills, competences and technical experience required to serve on the Supervisory Board.

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ECONOMIC ViABILITY

Company development – all targets achieved 24
Key business units with their brands and products 25
Sustainable financial management 26
Further development of the quality brand and customer retention 28
Risk management 29
Research and development with an instinct for innovation 29
Quality management 30
Product safety 30
Supplier management 31
Memberships and partnerships 33

ON A GROWTH TRAJECTORY
Course set for the future
In his capacity as Chairman of the Board of Management, Dr Rolf Hollander guided CEWE through the analogue-digital transformation with commitment, a pioneering spirit and great success. He moved to the Board of Trustees of the Neumüller CEWE COLOR Stiftung on 1 July 2017 and handed over the reins to his successor Dr Christian Friege. He and several guests jointly opened the new office building at the Oldenburg site in September. The new building is also an investment in the future of the company: it was constructed taking sustainability aspects into account and provides numerous workplaces across 3,400 m² of additional space.
Company development – all targets achieved

The company achieved its economic targets again in 2017. Revenue increased to EUR 599.4 million (previous year: EUR 593.1 million). The brisk Christmas trade was further proof of the power of the CEWE brand: 39.1 per cent of revenue and 93.6 per cent of income (EBIT) were generated during this period and 2017 saw record sales for good revenue growth. Despite the VAT increase from 19 per cent to 20 per cent on photobooks in Germany and the associated price increase for customers, 6 million copies of the CEWE PHOTOBOOK were sold – almost as many copies as in 2016. The CEWE PHOTOBOOK brand produced 2.13 billion digital photos were produced, meaning that CEWE met its target of 2.08–2.18 billion digital photos in 2017. The CEWE CALENDAR, CEWE WALL ART, CEWE CARDS und CEWE-PRINT.de increased revenue significantly as well, with 1.09 billion copies of calendars, 724.5 million copies of wall art, 584.5 million copies of cards, and 253.8 million copies of photo books sold. The CEWE PHOTOBOOK brand for its market presence in Germany, achieves with raised (and therefore also touchable) texts, clip art, frames and designs.

GROWTH THROUGH BRAND POWER

Regular strategy work – econometric forecast based on visible trends

The starting point for working on a long-term, healthy economic performance at CEWE is the uptake of technology and other market trends from all conceivable sources – market research institutes, conferences and symposiums, trade press and general financial press, conversations with partners and suppliers, retail partners and consumers. The information obtained this way populates the long-term forecast model and provides management with a new view of potential future income statements, balance sheets and cash flows.

Continuous company transformation – CEWE defines initiatives and implements them rigorously

On the basis of this forecast, CEWE defines initiatives that it can use to shape its future development in the interests of the company and all its stakeholders. The effects of these initiatives are also added to the forecast model.

While this planning work is mostly performed once a year – apart from exceptional situations – follow-up work is constantly underway on the initiatives, and their implementation is closely tracked in regular meetings (including meetings of the Board of Management). In 2017, CEWE made the following key steps as part of its long-term transformation strategy:

- Focus on long-term profit and corporate value
- Continuous company transformation – CEWE defines initiatives and implements them rigorously
- New business units with their brands and products
- Growth in commercial online printing
- CEWE received the coveted “Superbrand Germany” award in Berlin on 15 May 2017

The strong earnings and financial position enable the company to pursue targeted acquisitions, which are expected to drive growth further. At the same time, CEWE continues to be able to offer shareholders an increasing dividend where possible for the foreseeable future. The reported improvement in profitability as well as the strong operating cash flows and a further increase in cash and other short-term liquid assets (EUR 4.55 billion in January 2017) to EUR 5.13 billion in January 2018. The company, which is headquartered in Berlin, employs 3,420 people in 2017 (3,433 in 2016). Revenue in EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
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<tr>
<td>Revenue</td>
<td>523.8</td>
<td>536.2</td>
<td>599.4</td>
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</table>

CEWE PHOTOBOOK also achieved an increase in revenue based on the gross goods price. According to the 2017 annual report, 1.09 billion copies of calendars, 724.5 million copies of wall art, 584.5 million copies of cards, and 253.8 million copies of photo books were sold – almost as many copies as in 2016. The CEWE PHOTOBOOK brand for its market presence. CEWE also received the coveted “Superbrand Germany” award in Berlin on 15 May 2017.
Further development of options for future business units

Through targeted equity investments, young companies. CEWE intends to continue to develop future business units in line with its model for Commercial Online Printing. Above all, for potential investments, CEWE is interested in online business models which – just like CEWE – produce autonomous businesses, to create before a short-term counter-personal benefit and thus build a strong brand, while offering the potential of developing CEWE’s business in future. With the right mix, the brands and Designcom companies were acquired at the end of 2015. Participation in the high-tech Startups (HTSF) is used, among others, which is also targeted by the federal government provides CEWE with an extensive overview of business start-ups and potential investment opportunities. Acquisition of established companies with a view to building up new business units or further developing existing ones is also conceivable.

Sustainable financial management

CEWE creates value with its operational activities rather than financial free-flying.

The focus of financial management is to keep overall value creation in R&D, marketing, sales, production and all other functions high and consequently optimize capital structure. For this purpose, cost structures are structured in such a way that fixed costs are kept as low as possible and increased. Even when just buying back its own shares, CEWE’s own estimate of the company’s going-concern value, derived from the forecast model, was crucial. If, from the company’s perspective, the share price is significantly lower than the share’s fair value, CEWE systematically sees the opportunity to buy back shares and create value. Financial management at CEWE also takes the long-term view when it comes to financing, investor relations, investments and general cost awareness.

Solid debt financing – high proportion of long-term lines of credit

CEWE has long-term, trust-based relationships with several banks. The main banks providing credit to CEWE were chosen because these institutions pursue a conservative business policy that is similar to that pursued by CEWE. There is continuous communication with all the relevant banks. The main bank relationship with CEWE ensures that it has a healthy mix of short-term loans and a significant proportion of longer-term arrangements. CEWE also appreciates the value of a sustainable financial structure. It is part of the company’s strategy to allow it to be able to exploit strategic opportunities. In doing so, emphasis will be placed on long-term value creation which boosts the company’s going-concern value.

Strong balance sheet: high equity ratio

CEWE always aims to maintain a high equity ratio, which offers the company security and strategic freedom. This view applies practically independently of the current situation on the financial market. Even if a high “capital efficiency” is currently en vogue and great importance is attached to ratios such as return on equity (ROE), which is regularly displayed in the quarterly and annual reports. From CEWE’s perspective, this correlates well with the main banks providing credit to CEWE. There is continuous communication with all the relevant banks. When configuring its lines of credit, CEWE ensures that it has a healthy mix of shorter-term loans and a significant proportion of longer-term arrangements. CEWE also appreciates the value of a sustainable financial structure. It is part of the company’s strategy to allow it to be able to exploit strategic opportunities. In doing so, emphasis will be placed on long-term value creation which boosts the company’s going-concern value.

Targeting investors with a long-term view

The traditionally long-term view espoused by CEWE, and outlined in this Sustainability Report, has been actively communicated to investors through its annual reports. CEWE is interested in online business models which – just like CEWE – produce autonomous businesses, to create before a short-term counter-personal benefit and thus build a strong brand, while offering the potential of developing CEWE’s business in future. With the right mix, the brands and Designcom companies were acquired at the end of 2015. Participation in the high-tech Startups (HTSF) is used, among others, which is also targeted by the federal government provides CEWE with an extensive overview of business start-ups and potential investment opportunities. Acquisition of established companies with a view to building up new business units or further developing existing ones is also conceivable.

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In the reporting year 2017, CEWE used its customer feedback system to survey 300,000 customers so as to be able to further optimise product. The same is now true of CEWE's other brand products. In the category of online printing shops, which was presented by Quality [Deutsches Institut für Service-Qualität (DISQ)]. CEWE achieved the highest marks in individual areas of customer satisfaction, while it was ranked second in other areas.

Further development of the quality brand and customer retention

The successful development of the CEWE brand was carefully taken into account in its external presentation. The logo, which has been further developed, has been expressing the individual side of the brand, products and services since the beginning of 2016. This typographical work was carried out in cooperation with a consultancy. The CEWE PHOTOBOOK has become Europe’s most popular photo product: the CEWE PHOTOBOOK. What started out as innovation in 2005 has to date developed into one of the most popular photo products. The CEWE PHOTOWORLD app was given a new look in 2017. CEWE-PRINT.de won the German Fairness Award 2017 in the category of online printing shops or in the area of products and services. In the course of these success, opportunities and risks are monitored at least every quarter. Similarly, they are also reported to the Supervisory Board at least quarterly.

Non-financial risks

A group of “non-financial” risks are associated with the sustainability topics covered in this report. According to the German “CSR directive implementation act”, non-financial aspects that must be reported essentially comprise employee, environmental and social matters, respect for human rights, as well as the combating of bribery. The risk management system identifies opportunities for sustainable business success and in order to reach strategic targets. Successful management of existing risks and newly occurring risks is crucial for CEWE's business policy is directed towards safeguarding the viability of the company and increasing the company's going-concern value. Successful management of existing risks and newly occurring risks is crucial for sustainable business success and in order to reach strategic targets. The traditional, characteristic SME awareness of costs is very positive, even when analogue photography was the dominant medium.

Research and development with an instinct for innovation

CEWE has always attached great importance to research and development. Even when analogue photography was the dominant medium, many of the company’s own patents for production machines and devices helped it to transform technological and innovative leadership into a competitive advantage. This is a tradition that is continuing in the digital age, both in terms of manufacturing technology and software development. At SAXOPRINT also, devices that we have developed in-house are being used since 2017. Important achievements and processes were patented in the reporting year.

The CEWE PHOTOWORLD app was given a new look on the start pages and in the product selection. In addition, many new products were added.
Quality management

The quality of brand products is determined on the one hand by the digital workflow and on the other by the industrial production process. For this reason, all quality management efforts are geared towards optimising and aligning these two processes.

The online printing service from SAXOPRINT is delivered using state-of-the-art equipment as described in the current Annual Report on page 142, 4/4 large-format print machines. The processing of this large-format technology is handled using automated systems. One of the most important core competencies is the processing of digital data. The digital workflow is self-programmed and under-user-intensive improvements. For image enhancement, CEWE uses the best available software which it adapts and regularly monitors in line with its own high-quality criteria. Process controls for the crucial colouring processes were introduced, ensuring a consistent colour quality. These are mostly in-house developments for digital printing, which are based on comparable professional standards in other areas.

Within the context of complaints management, tips and suggestions received for improving product quality are always processed together with the respective departments. CEWE handles complaints quickly and in an accommodating manner. Its aim at all times is to keep the complaints rate low, despite the increasing complexity of the products. At 0.6 per cent, the complaints rate in 2017 was at the same level as the previous year.

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Product safety

A team of experts is responsible for the systematic management of product safety. The team comprises employees from the Purchasing, Production, Product Management, Legal and Quality Assurance departments. The team examines the marketability of all existing products on an ongoing basis. CEWE works very closely with all its suppliers, joint site visits to production sites ensure compliance with key requirements even at the manufacturing stage.

New products are only launched with the appropriate certification. Furthermore, current legislation is always monitored and taken into account in all procedures. The company’s own best practice criteria extend beyond the scope of current legal stipulations and comply with the latest recommendations of the German Federal Institute for Risk Assessment.

CEWE’s stringent demands on product safety and quality management contribute to the brand’s success. In the 2017 reporting year, there were no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services. The goal – as in 2017 – is to continue to sell products without any safety deficiencies.

Supplier management

Sustainability is a task that encompasses the whole of society and is a decisive factor in economic success. For this reason, CEWE also places high demands on its suppliers when it comes to sustainability. In the procurement process, in addition to low cost, proven product safety and sustainable and continuous quality assurance, joint consideration is also given to environmental, economic and social aspects. Besides using new materials and products, it was also possible to implement production and process optimizations with existing and new suppliers. In the area of product enhancement, new digital printing paper types and production technologies were implemented to expand the product range and to improve quality. The partnership with suppliers is characterised by openness, transparency and honesty, which are the foundation for sustainable collaboration.

CEWE works with local suppliers whenever possible. CEWE’s significant locations of operation are the countries where its production sites are located. A list of all entities currently belonging to the Group can be found in the current Annual Report on page 206. “Local” refers to all production materials sourced from suppliers from the same country. For the reporting year, this means that CEWE was able to purchase 54 per cent of the materials locally.
A supplier survey using a sustainability questionnaire has already been carried out in the past three reporting periods to gain a better understanding of the importance and partly also the implementation level of the diverse sustainability criteria along the supply chain. The next survey in relation to commitment to sustainability in supplier logistics will take place in the first quarter of 2018 and will be included in the evaluation of the sustainable performance of suppliers.

All of CEWE’s locations of operations are within Europe and are therefore subject to the statutory regulations that prohibit forced, compulsory or child labour. CEWE signed up to the BME (German association of materials management, purchasing and logistics) Code of Conduct several years ago, which also makes clear the company’s position on child labour. CEWE also underwent the BME’s annual screening during the reporting period.

For suppliers from regions classified as critical in accordance with BME guidelines, CEWE personally satisfies itself of the conditions on site. User supplier audits were therefore again performed in 2017 on the topics of quality, product safety and social compliance (ban on child labour, high level of occupational safety, active protection of health) at seven existing suppliers in China and South Korea. In these audits, CEWE was able to satisfy itself that the sustainability requirements are being met along the entire value-added chain. There were no new suppliers from these regions in the reporting year. In 2017 overall, there were again no incidents concerning or complaints about suppliers with whom CEWE cooperates.

In order to fulfill its responsibility to sustainability, CEWE has established a two- or multi-staged purchasing strategy for production materials.

The company aims to work with more local suppliers in future in order to provide economic support in the regions where its production sites are located and to reduce CO₂ emissions in supplier logistics.

In order to fulfill its responsibility to sustainability, CEWE is informed about the guidelines through a reference on the purchasing department. For suppliers from regions classified as critical in accordance with BME guidelines, CEWE personally satisfies itself of the conditions on site. User supplier audits were therefore again performed in 2017 on the topics of quality, product safety and social compliance (ban on child labour, high level of occupational safety, active protection of health) at seven existing suppliers in China and South Korea. In these audits, CEWE was able to satisfy itself that the sustainability requirements are being met along the entire value-added chain. There were no new suppliers from these regions in the reporting year. In 2017 overall, there were again no incidents concerning or complaints about suppliers with whom CEWE cooperates.

CEWE started its cooperation with NABU in 2014 predominantly with the local NABU group at the company’s headquarters in Oldenburg and extended this cooperation in 2016 with the national NABU association. According to the requirements of the NABU, CEWE has been extended to twelve partner locations. Commitment to families and children is needed in various ways. In addition, CEWE employees do voluntary work in local organizations.

The UN Global Compact has been a member of the UN Global Compact, the world’s largest business sustainability partnership since 2009.

In the time since the partnership was started in 2015, collaboration has been extended to twelve partner locations. Commitment to families and children is needed in various ways. In addition, CEWE employees do voluntary work in local organizations. In the time since the partnership was started in 2015, collaboration has been extended to twelve partner locations. Commitment to families and children is needed in various ways. In addition, CEWE employees do voluntary work in local organizations.

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ENVIRONMENTAL PROTECTION AND RESOURCE CONSERVATION

Taking action against climate change through climate-neutral CEWE brand products 36
Saving energy 39
CEWE’s environmental management policy 40
Management systems to improve green credentials 40
Protecting water, preventing air and soil pollution 41
Responsible use of materials 42
Reducing waste and optimising recycling processes 42

COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

Strong voluntary commitments

An important objective of CEWE’s environmental management policy is to avoid environmental pollution. The company deliberately works with standards and invests in technologies to ensure that all processes are designed such that they are increasingly sustainable. Compliance with applicable legal regulations and additional requirements in relation to all environmental matters have top priority. The DIN EN ISO 14001 environmental management system, which was introduced in 2011, ensures verifiability and commitment at all German digital printing sites.
Taking action against climate change through climate-neutral CEWE brand products

Emissions of CO₂ and other gases that are harmful to the climate are generally recognised to be the cause of the human-induced greenhouse effect. The consequences of the changes in the global climate brought about by this are already being felt. For this reason, at the 2015 United Nations Climate Change Conference in Paris, the majority of countries attending it agreed on a significant reduction of the CO₂ footprint. Reducing industrial emissions has a major impact in this context.

CEWE is aware of its important responsibility in this regard. For many years, the company has been increasingly mindful of organising its production and logistics activities in an environmentally compatible manner. Many projects relating to regenerative energy production (own photovoltaic systems, switching to certified green electricity), energy efficiency (LED lighting, green IT) and the climate-neutral shipping of all mail-order products already serve to lessen the company’s CO₂ footprint.

CEWE has already been offsetting CO₂ emissions arising from the manufacture of its CEWE brand products since September 2016. This CO₂ offsetting presents an opportunity to lessen currently unavoidable impacts on the environment in the overall balance.

ANNUAL OFFSETTING THROUGH CLIMATE-NEUTRAL PRODUCTION AMOUNTS TO 20,000 TONNES OF CO₂

Calculating CO₂ offsetting works by calculating the balance of CO₂ production (debits) and CO₂ removal (credits). CEWE calculates the footprint for its products, which includes production of the basic materials, their transport to the production sites and the company’s fuel, gas and electricity consumption (cradle-to-gate). Projects aimed at saving energy, generating renewable energy and reforestation – for the most part outside Europe in the emerging and developing economies – serve as CO₂ credits. These projects require financial backing. They are certified by independent third parties and the removed or saved CO₂ is calculated in accordance with international standards. These CO₂ credits are then offset against the CO₂ debts, and on balance no CO₂ is released into the atmosphere: CEWE’s CO₂ footprint is thus offset.

The money raised from the emission certificates is used to support the project area through education, work, infrastructure, water supply and awareness raising, while endangered species such as elephants and zebras are also protected.

The dimensions of each tree and each branch are determined in a sampling area and are used to draw conclusions regarding the volume of wood. The quantity of bound CO₂ is then determined by combining the data on the density of the wood and the tree type. The entire area of protected forest of 500 km² can be evaluated using several such sampling areas.

Wildlife Works in Kenya employs around 320 people. 103 of these work as rangers to protect wildlife. Many of the employees are involved in nature work, they work on water projects and continuously measure the density of the vegetation.

The offsetting project – the Kasigau Wildlife Corridor

The project chosen by the company to offset the CO₂ footprint of the brand products is the Kasigau Wildlife Corridor in Kenya. The forest conservation and reafforestation project is located in a 200,000 hectare landscape corridor between two national parks in southern Kenya. Initiated by the UN, the project is certified in accordance with the internationally recognised Veri fied Carbon Standard. The aim of the project is to support local communities to sustain the forest and carry out afforestation, rather than pursuing slash-and-burn agriculture as previously. The indigenous peoples (approx. 150,000 people) see themselves as rangers and gamekeepers. The financial income from the CO₂ offsetting is invested in the community, in schools and education, in reafforestation and conservation, in manufacturing resource-saving cooking stoves, and also in setting up fair trade production facilities.

G4-EN19, G4-EN27
Environmental protection and resource conservation

CO₂ footprint
Calculation of the CO₂ footprint is based on the international IPCC (Intergovernmental Panel on Climate Change) standards and cataloged and presented in accordance with the current Corporate Accounting and Reporting Standard of the Greenhouse Gas Protocol Initiative. All production sites operated by the group are taken into account. CEWE reports annually within the framework of the Carbon Disclosure Project. In 2017, the company was awarded a very good result (A) for the third time in a row. Consideration was given to the extensive area of extensive reporting and achievements in combating climate change.

Direct CO₂ emissions from stationary and mobile sources (Scope 1) at CEWE include combustion processes for heating purposes using predominantly gas and small amounts of heating oil, and fuel consumption for company vehicles or leased vehicles. Indirect emissions resulting from the generation of purchased electricity are labelled Scope 2 emissions. Other indirect emissions relating to corporate activities, but not generated as a result of CEWE corporate activities, are labelled Scope 3 emissions. These include logistics processes for the supply of goods and product deliveries, logistics processes for waste disposal and emissions generated by employees driving to work or on business trips.

<table>
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<tr>
<th>Scope</th>
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<td>6,997</td>
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<td>21.7%</td>
</tr>
<tr>
<td>Scope 3</td>
<td>16,423</td>
<td>16,058</td>
<td>16.2%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Legislative</td>
<td>10,810</td>
<td>8,792</td>
<td>39.4%</td>
<td>35.5%</td>
</tr>
<tr>
<td>Goods delivery</td>
<td>3,921</td>
<td>2,962</td>
<td>12.1%</td>
<td>12.9%</td>
</tr>
<tr>
<td>Waste logistics</td>
<td>3,060</td>
<td>1,999</td>
<td>13.4%</td>
<td>12.8%</td>
</tr>
<tr>
<td>Employee travel, incl. business travel</td>
<td>2,965</td>
<td>1,519</td>
<td>7.9%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Total</td>
<td>29,044</td>
<td>28,222</td>
<td>10.3%</td>
<td>10.6%</td>
</tr>
</tbody>
</table>

Energy consumption in 2017 amounted to 149.9 TJ, which is a similar level to the previous year (148.8 TJ). Of the total amount, 23.2 TJ (15.6%) is accounted for by gas for heating purposes, 22.7 TJ (15.1%) by fuel (mostly diesel) and 94.3 TJ (26.2 GWh) by electricity.

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy requirement per product and service GJ/t</td>
<td>3.66</td>
<td>3.52</td>
<td>3.28</td>
<td>3.35</td>
</tr>
<tr>
<td>Energy requirement per product and service GJ/m€</td>
<td>269</td>
<td>269</td>
<td>269</td>
<td>269</td>
</tr>
<tr>
<td>Energy requirement per product and service kWh/m€</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Energy requirement per product and service t/€m</td>
<td>25</td>
<td>24</td>
<td>22</td>
<td>25</td>
</tr>
<tr>
<td>Energy requirement per product and service t/€1000m</td>
<td>3.26</td>
<td>3.26</td>
<td>3.26</td>
<td>3.26</td>
</tr>
</tbody>
</table>

CEWE’s strategy on climate change encompasses various different approaches.

• Utilising renewable energy sources: From in-house photovoltaic systems at the Frübling and Germaring production sites and in the new building in Oldenburg (since August 2017), 275 MWh/a, CO₂ saving of 111 t/a.
• Increasing use of certified green electricity: In 2017, 100% green electricity was used at the sites in Oldenburg and Prague, as well as in some sales offices, which meant that 3.462 tonnes of CO₂ in Scope 1 were saved.
• Continuous reduction of energy consumption by increasing efficiency: Ideas in this direction include installing LED lighting at SAXOPRINT in Dresden (CO₂ saving of 250 t/a), energy-efficient data centres (e.g., for example in Oldenburg) CO₂ saving of 150 t/a and savings in the area of air conditioning and compressed air generation. In 2017, all production sites apart from Oldenburg were retrofitted with LED lighting in the expectation of reducing electricity consumption by 1 GWh per annum (approximately 400 t CO₂). In Oldenburg, the installation of LED-lighting is scheduled for spring 2018.
• Energy-conscious behaviour of employees and energy-aware use of company vehicles: CEWE is supporting staff on a production site basis with job tickets, staff bicycles and by operating charging stations for electric vehicles.
• Climate-neutral printing: On the CEWE-PRINT.de, SAXOPRINT and viaprinto websites, customers will be offered the possibility to print their print materials in a climate-neutral process.

Long-term climate goals
In compliance with the ambitious goals towards a low-carbon society formulated in Paris in 2015, CEWE has set itself two major long-term targets:

1. To halve Scope 1 and Scope 2 CO₂ emissions between 2015 and 2025. In absolute terms from 1.527 t CO₂ in 2015 to 0.764 t CO₂ in 2025.
2. To lower the absolute Scope 3 CO₂ emissions reported in the GGP by at least 20 per cent in the next ten years based on the values for 2016.

Scope 3 emissions. Other indirect emissions relating to corporate activities, but not generated as a result of CEWE corporate activities, are labelled Scope 3 emissions. These include logistics processes for the supply of goods and product deliveries, logistics processes for waste disposal and emissions generated by employees driving to work or on business trips.

Energy consumption in 2017 amounted to 149.9 TJ, which is a similar level to the previous year (148.8 TJ). Of the total amount, 23.2 TJ (15.6%) is accounted for by gas for heating purposes, 22.7 TJ (15.1%) by fuel (mostly diesel) and 94.3 TJ (26.2 GWh) by electricity.
CEWE’s environmental management policy

The Climate strategy is embedded in the environmental management policy, which describes environmental protection and resource conservation as key aspects of CEWE’s sustainability strategy. Under the heading “Conserving nature”, the following areas of action have been defined and actively practiced within the scope of the company’s business activities:

- Saving energy
- Taking action against climate change
- Protecting water, preventing air and soil pollution
- Responsible use of materials
- Reducing waste and optimising recycling processes

The commitments that the company has set for itself comprise compliance with all legal regulations and additional requirements. CEWE also places particular importance on individual requirements that are important by both internal and external stakeholders.

Continuous improvement of occupational health and safety and environmental protection. All newly installed systems and procedures must comply with applicable national and international standards and laws, and must be below the specified threshold values applicable to the industry.

The commitments that the company has set for itself include compliance with applicable legal regulations and additional requirements.

CEWE’s environmental management policy

CEWE received the B.A.U.M. environmental award from the German Association of Environment Management in 2017, which was accepted on behalf of the company by the former Chairman of the Board of Management, Peter Heisel, as well as by the Managing Directors Rolf Hollander and Stephan Schmidt.

Management systems to improve green credentials

The stakeholder survey revealed that aspects such as energy consumption, environmental protection and material input are rated as very important by both internal and external stakeholders. CEWE aims to continuously improve its environmental performance. To enable environmental aspects such as energy required for production and IT processes, as well as emissions produced during transport of CEWE products to be systematically documented, the company began in 2011 to implement and roll out an environmental management system in accordance with DIN EN ISO 14001 at all four sites. Since 2013, all four sites have been certified accordingly. The reporting year was intensified in 2017, both systems were again externally monitored. The energy management system in compliance with DIN EN ISO 14001 was successfully recertified in 2016 and the environmental management system in accordance with DIN EN ISO 14001 was successfully certified for the first time in 2016.

Total environmental protection expenditures

Total expenditures were approx. EUR 0.4 million in the reporting period. Including just from internal energy and environmental management systems (EUR 0.1 million), costs for waste water treatment and industrial waste disposal, which in 2017 amounted to approx. EUR 0.5 million.

 CEWE primarily uses tap water; the overall share of well water is around 2.5%. Waste water analysis (EUR 0.1 million), refurbishment costs (EUR 0.05 million), costs for waste water treatment (EUR 0.5 million) and other project costs (EUR 0.1 million). Not included are costs for waste disposal, which in 2017 amounted to approx. EUR 0.5 million.

CEWE’s own further-reaching targets. This also forms the basis for driving forward the company's policy on climate change. The energy management system in compliance with DIN EN ISO 14001 is continuously improved in 2014 and the environmental management system in accordance with DIN EN ISO 14001 was successfully certified for the first time in 2016. Both systems were again externally monitored.

Environmental protection and resource conservation

- Responsible use of materials
- Protecting water, preventing air and soil pollution
- Taking action against climate change
- Saving energy

CEWE’s efforts in the area of digital printing include:

- Use of low carry-over paper-developing machines without a leader, in many cases featuring eco-waste technology
- Making of final baths rather than final rinses for colour negatives
- Consumption-based water-dispensing equipment

CEWE primarily uses tap water, the overall share of well water is around 2.5%. Absolute water consumption should correspondingly decrease.

Improving the quality of waste water

Industrial photography will continue to require water for developing photographic materials in the future. The managers at the production sites therefore attach great importance to constantly improving the quality of waste water produced. Just from internal energy and environmental management systems (EUR 0.5 million), costs for waste water treatment and industrial waste disposal, which in 2017 amounted to approx. EUR 0.5 million.

CEWE has for many years relied on the following measures to effectively save water in its production process:

- Consumption-based water-dispensing equipment
- Use of low carry-over paper-developing machines without a leader, in many cases featuring eco-waste technology
- Making of final baths rather than final rinses for colour negatives
- Consumption-based water-dispensing equipment

• Making of final baths rather than final rinses for colour negatives
• Use of low carry-over paper-developing machines without a leader, in many cases featuring eco-waste technology
• Making of final baths rather than final rinses for colour negatives
• Consumption-based water-dispensing equipment

Reducing waste water consumption

CEWE has for many years relied on the following measures to effectively save water in its production process:

- Reverse-flow cascade rising of paper
- Use of low carry-over paper-developing machines without a leader, in many cases featuring eco-waste technology
- Making of final baths rather than final rinses for colour negatives
- Consumption-based water-dispensing equipment

CEWE primarily uses tap water, the overall share of well water is around 2.5%. Absolute water consumption should correspondingly decrease.
Environmental protection and resource conservation

Environmental protection and resource conservation

CEWE's analytical laboratory at its headquarters in Oldenburg constantly monitors all relevant waste water contaminants. These include ethanol, a significantly less harmful product, instead. Efforts are also continuing in offset printing: no mineral oils or alcohols are used in the printing process. This means that the offset ink used is based on vegetable fats and isopropanol is not used as a washing additive.

Reducing waste and optimising recycling processes

The resource-conserving use of materials plays a decisive role in environmental management. CEWE selects its materials very carefully, bearing in mind not just qualitative, but also environmental considerations.

Responsible use of materials

CEWE is accelerating the use of environmentally friendly materials, in particular for its most popular product: the CEWE PHOTOBOOK. Since 2015, FSC® certification of all digital printing products has been successfully carried out at all sites. The entire value-added chain, from forest owner to printing works, is certified. Under the terms of the certification, goods receipts, goods issues, production processes and inspections are reviewed on a year by year independent third parties. High demands are placed on the quality of paper, which is the primary processing material. So far, no recycled paper has been found that meets all of the company's demands. The cardboard used for the book covers is composed exclusively of recycled material. The share of recycled input materials is 9 per cent. Secondary raw materials include packaging material and grey board for book covers and copy paper.

Packaging

Compressed cardboard, which is manufactured from recycled materials, accounts for more than 98 per cent of all packaging. The remaining amount, less than 2 per cent, consists of plastics, which are used to protect against moisture during transport. In 2017, the company again achieved its goal to maintain the proportion of plastic used at well below 5 per cent.

Reducing waste and optimising recycling processes

CEWE's analytical laboratory at its headquarters in Oldenburg constantly monitors all relevant waste and water contaminants. These include silver, pH values, COD (chemical oxygen demand), sulphate and ammonia nitrogen.

Recycling methods in photographic processing

In 2017, CEWE achieved an impressive recycling rate for photographic processing solutions of 98 per cent across the entire Group. The rate is derived from the ratio of recycled overflow to the total quantity of photographic processing baths used.

All photographic baths used at all sites are sent for analysis to the main laboratory in Oldenburg. Formulas used as a basis for recycling are also calculated here. To ensure that process quality remains high, sensitometric tests are also conducted several times a day for analytical control purposes.

Waste balance sheet 2017

The CEWE Group generated 13,768 tonnes of waste in 2017, corresponding to approximately 31 per cent of the quantity of material used (waste ratio). The waste ratio in the previous year was also just over 30 per cent. The target set in 2015 to cut the waste ratio to less than 20 per cent of all waste within the next three years by reducing production waste was not yet reached in 2017 and still remains an ambitious target. For its waste balance sheet, CEWE evaluates quantities of waste by type of material. By far the most waste is generated by printing paper, carton paper, and copy papers.

Materials balance sheet 2017

Hazardous waste makes up 5.4 per cent of all waste produced. More than 90 per cent of this hazardous waste is recycled. The CEWE Group generated 638 tonnes of waste as hazardous waste, equivalent to approximately 2.4 per cent of its total waste. Since 2011, FSC® certification of all digital printing products has been achieved. CEWE has been achieving an average silver recovery rate of 94 per cent for several years by desilvering all its photographic processing baths using an electrolytic recovery process. In 2017, the company recovered 229 kilograms of silver.
RESPONSIBILITY FOR EMPLOYEES

Human resources management – policy shaping and implementation at CEWE 46
Awards 46
CEWE is a great workplace 47
Headcount 47
Collective bargaining agreements 48
Length of service and employee turnover 48
Equal opportunities 49
Empowering women – work-life balance 49
Employee participation – employee share programme 50
Pension scheme 50
Training and education 51
CEWE Junior Management Programme (JMP) 51
CEWE Forum and CEWE Knowledge 51
Healthcare 52
Occupational health and safety and sick leave 53

From top l. to bottom r.: Oliver Palatinus (Budapest), Frida Olsson (Stockholm), Ludovic Le Ridou (Rennes), Barbara Foltys (Koźle), Bastian Freese (Oldenburg), Melanie Schürmann (Münster), Igor Jorganovic (Oslo)

DIVERSITY CHARTER

Equal opportunity at CEWE

As an international company, CEWE values and promotes diversity among its employees and, for this reason, signed the “Diversity Charter” in 2017. All employees are to be appreciated – regardless of gender, nationality, ethnicity, religion or ideology, disability, age, sexual orientation and identity.
MOTIVATED EMPLOYEES

Human resources management – policy shaping and implementation at CEWE

Employees are a particularly important factor in the success of a company. CEWE values its staff and considers them as partners in the company. We have set the following objectives for our human resources management:

• Resilient and committed employees
• Skilled human resources management
• Promotion of young talent
• Modern and safe working conditions

CEWE is a great workplace. For over ten years, CEWE has conducted regular satisfaction surveys among the staff at its German sites. Their responses provide valuable insights that flow into management and organisational development. In 2016, an employee survey was conducted at the German sites in cooperation with Great Place to Work® and the findings were very positive.

In the reporting year, the employee survey was extended to all German subsidiaries and international locations. Altogether, almost 80 per cent of employees at CEWE’s 2,378 employees, accounting for some 32 per cent (previous year: 173, or 33 per cent) at international locations. There was a high level of agreement (over 80 per cent) in relation to the following points, for example: friendly working atmosphere, pride in team achievements, good welcoming culture.

CEWE has undergone enormous change in the past few decades. Not only the products but also the associated workplaces and areas of responsibility have changed substantially. Many employees who have worked at the company for a long number of years actively shaped this change and were honoured for this in 2017.

CEWE has undertaken continuity planning in cooperation with the Hertie Foundation’s “audit beruf und familie” (career and family) survey and was awarded the “audit beruf und familie” certificate for the first time in 2014 for its family-friendly policy. The accredited quality certificate recognises CEWE’s engagement in the “Diversity Charter” in May 2017. Signing the charter confirms a working environment that is free of prejudice for all employees.

In the reporting year 2017, the “Top Employer” certificate with the supplementary module “family-friendly” and the “audit beruf und familie” certificate were successfully recertified.

CEWE is now established on the market as a strong and modern employer that secures its social future through four pillars:

• Skilled human resources management
• Promotion of young talent
• Modern and safe working conditions

In early August 2016, CEWE was awarded the “Demografiefest – Sozialpartnerschaftlicher Betrieb” (“Demographically stable – Social Partnership Company”) certificate. The certificate is a confirmation that CEWE has faced the challenges of demographic change and initiated exemplary measures in the areas of human resources development and commitment, equal opportunities and diversity, occupational health and safety management and internal knowledge transfer. The award not only honours companies for their demographic stability, but also for their commitment to sustainability stabilise the target agreements developed within the scope of certification within the next two years. The certificate is a clear signal by the state of Lower Saxony promoting commitment on the part of the social partners in making sure companies are well-prepared for the future.

CEWE is a top employer

In 2014, CEWE was among the first companies to be awarded the “Top Employer” certificate with the supplementary module “family-friendly” by the Foundation’s Global Partner Forum. The quality certificate has been developed in cooperation with TÜV Rheinland, which audited the company’s standards concerning reconciliation of family and working life. The audit, which is under the auspices of the Federal Minister for Family Affairs, is recommended by leading German business associations.

The company also participated in the Hertie Foundation’s “audit beruf und familie” certificate. The quality certificate was successfully recertified.

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CEWE has undergone enormous change in the past few decades. Not only the products but also the associated workplaces and areas of responsibility have changed substantially. Many employees who have worked at the company for a long number of years actively shaped this change and were honoured for this in 2017.
Equal opportunities

There are equal opportunities for everybody at CEWE – regardless of gender, skin colour, nationality, age, sexual identity or religion; the only thing that counts is a person’s ability to do a job. The diversity of employees is valued and promoted in the international company. Different nationalities also reflect the different markets and customers. At the company’s German sites alone, 9.9 per cent of employees come from 60 countries (e.g. France, Poland, the Netherlands, Sri Lanka, Turkey, Vietnam). To send out a clear signal, the location in Oldenburg was the first of the German sites to sign the “Diversity Charter” in the reporting year. The topic of diversity is important to CEWE, as it has a varied international workforce. To achieve a professional working atmosphere, it is particularly necessary for employees to be able to operate in an unprejudiced working environment.

Equal participation and inclusion are an integral part of the corporate culture at all locations. The share of employees with disabilities is 5.3 per cent. The Germering site in particular has provided exemplary conditions for years and in the reporting year received an award for its excellent inclusion projects.

No cases of discrimination were reported to the ombudsman or the Works Council last year. CEWE’s objective is to ensure that there will continue to be no cause for reports of discrimination in the coming years.

Empowering women – work–life balance

Female employees accounted for approximately 49 per cent of the workforce in Germany in 2017. The Board of Management has given some thought to the matter of promoting and implementing equal participation of men and women in executive positions and has defined clear objectives for the next few years. For the first-tier management level of senior staff members, it is planned to raise the target from 11 to 20 per cent. At the second-tier management level (head of department, commercial manager, etc.), the already fulfilled quota of 35 per cent was raised to 38 per cent. The target concerning the number of women on the Board of Management is 12 per cent (1 in 8); in the case of the Supervisory Board, the applicable statutory quota of 30 per cent is already fulfilled.

Reconciling work and family life needs the implementation of a variety of measures in different areas. Childcare during the parents’ working hours is always an important aspect. CEWE therefore continues to work with the Oldenburg branch of Eltern- und SeniorenService AWO, which offers employees free consultations to arrange care for children – also during holiday periods – or dependent relatives.

Stephan-Johannes Reinhold, Managing Director of CEWE at the Germering site, and Susanne Augenthaler (right), the overall representative for people with severe disabilities at CEWE, accept the “Inklusion in Bayern” (Inclusion in Bavaria) award from the Social Minister Emilia Müller (left).

Employees by employment contract and position 2017 (total)

<table>
<thead>
<tr>
<th>Male</th>
<th>Permanent</th>
<th>Full-time</th>
<th>Part-time</th>
<th>Executive employees</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>226</td>
<td>1,179</td>
<td>1,187</td>
<td>167</td>
<td>253</td>
<td>1,609</td>
</tr>
<tr>
<td>Female</td>
<td>247</td>
<td>1,168</td>
<td>1,277</td>
<td>596</td>
<td>1,404</td>
</tr>
<tr>
<td>Total</td>
<td>473</td>
<td>4,347</td>
<td>4,165</td>
<td>753</td>
<td>5,013</td>
</tr>
</tbody>
</table>

New recruits in 2017

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30</td>
<td>17</td>
<td>204</td>
</tr>
<tr>
<td>30 to 50</td>
<td>262</td>
<td>485</td>
</tr>
<tr>
<td>Over 50</td>
<td>62</td>
<td>124</td>
</tr>
<tr>
<td>Total</td>
<td>401</td>
<td>713</td>
</tr>
</tbody>
</table>

Collective bargaining agreements

Germany-wide, around 62 per cent of the workforce is covered by collective bargaining agreements, Europe-wide 42 per cent.

New recruits by age and gender 2017 (total)

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30</td>
<td>261</td>
<td>244</td>
<td>49</td>
<td>64</td>
</tr>
<tr>
<td>30 to 50</td>
<td>48</td>
<td>57</td>
<td>8.4</td>
<td>11.1</td>
</tr>
<tr>
<td>Over 50</td>
<td>10</td>
<td>13</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Total</td>
<td>321</td>
<td>314</td>
<td>48.4</td>
<td>50.8</td>
</tr>
</tbody>
</table>

A total of 876 new recruits started at CEWE in 2017.

Employee turnover in 2017

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30</td>
<td>104</td>
<td>87</td>
<td>1.7</td>
<td>2.4</td>
</tr>
<tr>
<td>30 to 50</td>
<td>146</td>
<td>91</td>
<td>2.6</td>
<td>2.6</td>
</tr>
<tr>
<td>Over 50</td>
<td>55</td>
<td>24</td>
<td>0.8</td>
<td>0.6</td>
</tr>
<tr>
<td>Total</td>
<td>305</td>
<td>202</td>
<td>5.1</td>
<td>5.1</td>
</tr>
</tbody>
</table>

A total of 618 new recruits started at CEWE in 2017.

Employee turnover and employee dismissals

A total of 253 employees in the German sites celebrated their anniversary with the company in 2017 – 117 of these had been working at CEWE for 40 years. Such long-standing service is a key factor in guaranteeing expertise and experience. In 2017, the rate of employee turnover at the German sites was 11.7 per cent (previous year 9.3 per cent) and 16.3 per cent at the international sites. Consideration was given to contract terminations by the employer and employees.

Responsibility for employees

Responsibility for employees
For the last four years, to assist parents with school-age children, CEWE has been offering two weeks of childcare during the summer holidays, which is attended by an increasing number of children each year. As a further enhancement of the work–life balance, the company’s own large-scale childcare facility “cewelino” was opened on 2 July 2014. The in-house childcare facility at the Oldenburg site offers two full-day places from Monday to Friday for employees’ children under the age of three. Since 2014, employees at the Oldenburg site can use their own large-scale childcare facility “cewelino”.

The employee share programme was revised in the reporting year and made accessible to all employees throughout Europe. In the meantime, employees can avail themselves of this programme through a packet of four or eight bonus shares, the number of employees who have taken advantage of the bonus shares in the previous year: 2,891 employees took advantage of the bonus shares in 2017. The company’s objective once again in 2018 is to inform employees about the opportunity to participate in the company and to attract as many employees as possible to the programme.

### Employee participation – employee share programme

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Employees who drew pension provisions in the financial year 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,589 1</td>
</tr>
<tr>
<td>2016</td>
<td>1,892</td>
</tr>
<tr>
<td>2017</td>
<td>2,484 1</td>
</tr>
</tbody>
</table>

1 Based on the number of all employees who are eligible to hold shares.

CEWE employees at the company’s German sites have the option of providing for their retirement by participating in a private, company-financed pension scheme. The company supports this scheme with subsidies set under a collective bargaining agreement. The company’s non-German sites also have their own pension schemes. Employees were notified about the benefits of the company pension scheme through an additional targeted Information, resulting in an increase in the number of employees who have opted for the scheme. As at the reporting date, 2017, 845 employees at the different non-German sites have taken advantage of this programme.

The company’s aim in the coming years is to continue to achieve a high training rate to enable as many young people as possible to successfully start their careers.

The Junior Management Programme was expanded and internationalised in 2017. The opportunity offered by the programme ensures that the skills are available to internationally enable junior talent to grow into specific top management roles. Employees agreed to collectively agree company pension. For 2014 and 2015, CEWE agreed to collectively agree company pension provisions. Like this, CEWE aims to ensure that after retiring from active service employees receive an additional sum on top of their other pension rights.

### CEWE Forum and CEWE Knowledge

Training and education

Once again in 2017, CEWE in Germany was the largest employer and trainer in the photo industry. In 2017, 165 young people entered the company as apprentices. CEWE is known for its expertise in 12 different professions. This resulted in a record high training rate of 82.4 per cent at the German sites. The company’s aim is to continue to achieve a high training rate to enable as many young people as possible to successfully start their careers.

### CEWE Junior Management Programme (JMP)

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In the 2017 reporting year, the programme was expanded to include new agile methods of project management. As part of its CEEW Knowledge project, CEWE also offers its employees free professional development opportunities with its own trainers outside of working hours. In addition to language, photography and computer courses, the management programme is continuously expanded to include new subjects such as healthcare and illness prevention. Financial support and leave of absence are also provided for employees who wish to attend part-time courses in disciplines such as innovation management, information law and marketing.

Healthcare

Teaching employees about the importance of holistic health awareness is essential in ensuring sustainable and positive long-term corporate development. Healthy employees simply feel better – and they also perform better, are more reliable and more motivated. For this reason, CEWE also places great emphasis on providing working conditions that are beneficial to employees' health and promote good health. Seminars on healthy work styles and healthy lead- ership techniques, the management programme are based on a holistic strategy and whether the implemented measures are subject to controlling. Particu- larly employed was placed in the systematic design and implementation of the company's health management programmes and documenting the effectiveness with the help of surveys. The employee interviews conducted on a random basis reflected a very high degree of staff satisfaction with their company.

Health Week – maintaining dialogue with employees

A few years ago, CEWE introduced an annual Health Day that takes place at the company's headquarters in Oldenburg every year as part of the company’s health management programme. In the reporting year, this day was extended to enable employees to provide employees with a framework in which they could learn extensively about health issues associated with their work and personal lifestyles. Interesting external experts were invited to provide employees with a wealth of first-hand information and offer their expert opinion on specific topics or issues. For example, health is not just about exercise and nutrition; it also con- cerns the psychological, physiological and social aspects related to work and work environments.

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OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety is a key concern, particularly in the area of production. In 2017, a total of 43 employees (around 2 per cent of the workforce) were represented on occupational safety committees, which support the introduction of programmes for accident prevention. CEWE is investigating in order to prevent such accidents from occurring in the future. As part of this, employees are made aware of the potential dangers of the machines that they are working with. The Oldenburg site has a company doctor, an occupational health and safety expert and more than 100 trained first-aiders. In addition to driver safety training and advice on preventing burnout, the company also has a contingency plan in place for pandemics. CEWE is again working towards maintaining the same high level of safety across all divisions in 2018 in order to further reduce the number of work-related acci- dents in the coming year.

Days lost through sick leave in 2017

<table>
<thead>
<tr>
<th></th>
<th>German sites</th>
<th>Previous year</th>
<th>Non-German sites</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days lost</td>
<td>33,566</td>
<td>29,202.5</td>
<td>8,349</td>
<td>9,749</td>
</tr>
<tr>
<td>Percentage</td>
<td>5.5</td>
<td>5.3</td>
<td>3.1</td>
<td>4.0</td>
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</tbody>
</table>

During Health Week, many employees had the opportunity to attend presentations and courses. Campaign and information stands invited employees to find out about health-related issues and to become active. Campaign and information stands invited employees to find out about health-related issues and to become active.
Junior players from Dietrichsfeld primary school (in white) and Krusenbusch primary school (in yellow) met in the final of the CEWE BasKids primary school league held in the Large EWE Arena.

Social commitment as part of the corporate culture 56
Education network, promotion of young talent and association work 56
The company’s roots – preserving photography as a form of cultural expression 57
Integration through sport 57
Social commitment – supporting each other as a community 58

CEWE BASKIDS PRIMARY SCHOOL LEAGUE
Attractive sports programme for kids
There is a tradition at CEWE of supporting good and effective youth work. While continuing its sponsorship of the EWE Baskets Oldenburg, CEWE is now also increasingly involved with the junior basketball players. The CEWE BasKids primary school league provides the primary school children with a platform on which they can develop their playing skills and experience great team spirit together with their fellow pupils.
Socially responsible behavior and social commitment are an integral part of CEWE's corporate culture. This reflects a clear commitment to the company's sites throughout Germany and Europe and derives from CEWE's perception of its role as an active member of society and region. As a part of the further development of the sponsorship concept, the focus of the sponsorship activities was divided into three areas: the role of CEWE, the environment and photography culture. The company prioritises projects where it is able to contribute to making a society worth living in and to the future-proof development of the environment. All commitments are undertaken with long-term orientation and reliability in mind. In alignment with CEWE's perception of its role as an active member of society and region, the company prioritises projects where it is able to contribute to making a society worth living in and to the future-proof development of the environment.

Aims and results

Over the past decades, CEWE has steadily built up a wide cooperation network with educational and research institutions, giving rise to close collaboration with many schools, universities of applied sciences and universities. Regular exchanges, joint projects and teaching assignments assumed by a number of senior employees and management staff enable a valuable knowledge transfer between the spheres of research and industrial practice. In a way that is innovative and inclusive, it is the company’s aim to promote the inculcation of photography and innovation. The Chairman of the Board of Management is the Deputy Chairman of the Technology and Environment Committee of the Association of the German Photographic Industry. The company’s roots – preserving photography as a form of cultural expression

The great passion and emotion that customers put into taking photos and designing their photographic products is an incentive for the company to preserve and promote “photography as a cultural asset”. CEWE places great importance on also promoting young photographers through appropriate projects and giving talented youngsters the chance to hold their own exhibition.

Integration through sports

Many sports clubs and sports events benefit from the commitment and support of CEWE in many popular ball sports such as basketball, handball, volleyball and football, as well as running events, aquatic sports and ice hockey. The European production sites in particular generally pursue long-term sponsoring of clubs. The partnership with the EWE Baskets is already entering its ninth season, for example, and the ladies’ VfL Oldenburg handball team have also been partners for many years.

Over the course of the past 27 years, the Heinz Neumüller foundation has financed more than EUR 500,000 in funding for a total of 116 doctoral students. Dr Rolf Hollander, who has been Chairman of the Foundation since its establishment in 1993, also views the funding as an “investment” in future managers, entrepreneurs and scientists.

CEWE is firmly rooted in its environment and engages in open dialogue with all relevant groups and organisations, thus allowing it to target its involvement accordingly. It is also the reason why the vast majority of donations and sponsorship activities are decided and implemented by local CEWE organisations and employees, European and worldwide financial decisions are made and agreed at board level. All support measures in the form of donations and sponsorships as well as memberships are first examined using a set of criteria and always comply with the applicable legal and tax requirements.

Through its donations, sponsorship and funding activities, CEWE wants to contribute to making a society worth living in and to the future-proof development of the environment. All commitments are undertaken with long-term orientation and reliability in mind. In alignment with CEWE’s perception of its role as an active member of society and region, the company prioritises projects where it is able to contribute to making a society worth living in and to the future-proof development of the environment.

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Central to CEWE’s corporate culture is the company’s commitment to preserving and promoting “photography as a cultural asset”. CEWE’s roots run deep as an innovative online printing partner.
Social commitment – supporting each other as a community

Parallel to the positive economic development of the company, CEWE is proud and pleased to make use of the scope that this presents for social commitment. Whether in the form of emergency humanitarian aid, a long-term involvement or employee projects, CEWE feels strongly committed to contributing to a better and more sustainable future for people and the planet wherever relief is needed and especially in those regions where the company has sites. As well as many regionally based small- and medium-scale projects, the partnerships with SOS Children’s Villages and the Nature and Biodiversity Conservation Union (NABU) are supported at different locations in several countries.

In addition to the fixed projects, CEWE also supports current emergency aid projects. In 2017, these included providing emergency supplies to children during the famine in Somalia as well as humanitarian aid measures in the Diffa region in the border area between Niger and Nigeria.

Integration of local communities at the company sites

The business activities have diverse impacts on the local communities at the respective company sites. CEWE generally provides secure jobs locally and attractive working conditions for all employees. Building projects are coordinated in advance with the responsible authorities to ensure all statutory regulations are complied with. A new office building was opened at the headquarters in Oldenburg in the reporting year. CEWE sought a dialogue with the respective authorities, neighbours, employees and NABU at an early stage in order to provide information and respond to suggestions and concerns.

For the Merkur CUP, the largest U-11 football tournament in the world, CEWE has been supporting the young athletes with donations of money and items.

Jakub Vágner is a Czech musician, television presenter and extreme angler, who is especially well-known for his TV show “Fish Warrior” on the National Geographic Channel as well as for his travels. As a partner, CEWE provides him with copies of the CEWE PHOTOBOOK in which he expressively documents his travels.
The environmental protection, materials and water consumption Aspects are especially important for the 12 production sites.

Environmental protection

Besides lowering CO₂ emissions, CEWE places equal importance on materiality matrix

<table>
<thead>
<tr>
<th>Why is the Aspect material?</th>
<th>GRI</th>
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<td>Environmental protection</td>
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Materials

The materials used have a major impact on product quality. The raw material's environmental footprint (such as a low carbon footprint, negative impact on the local environment, climate change, loss of biodiversity, etc.) has a major impact on product quality. The raw material's environmental footprint (such as a low carbon footprint, negative impact on the local environment, climate change, loss of biodiversity, etc.) has a major impact on product quality.

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<tr>
<td>Materials</td>
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Water consumption

Water is a precious and renewable resource. CEWE uses water in particular to produce photographic products. CEWE screens service providers and suppliers very carefully in order to also ensure responsibility for water consumption.

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<td>20, 21</td>
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Sustainable procurement

This is achieved by selecting suppliers and service providers who meet CEWE’s sustainability criteria. CEWE’s supply chain strategy is to ensure that all its suppliers meet CEWE’s environmental, ethical, and social standards. CEWE screens service providers and suppliers very carefully in order to also ensure responsibility for water consumption.

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Summary

The environmental protection, materials and water consumption Aspects are especially important for the 12 production sites.
G4-3 Report the total number of employees by employment contract and
gender. On an annual average, CEWE employed 3,857 people in total in 2017 (previous year: 3,550). Of these, 2,049 employees (53 per cent) and 1,242 employees, accounting for some 32 per cent (previous year: 1,172, or 33 per cent) were women. The distribution of employees among the different employment contracts (fixed-term and indefinite-term) and contract types (full-time, part-time and temporary work) is shown in detail on page 24. To cover the Christmas period, around 700 seasonal workers are employed at the German processing plants from October to December. All other details can be found in the tables on page 48. To cover the Christmas period, around 700 seasonal workers are employed at the German processing plants from October to December.

G4-4 Report the primary brands, products and services. CEWE is active in three strategic business segments: 1. photofinishing with the brands CEWE PHOTOBOOK, CEWE CALENDAR, CEWE CARDS and CEWE DELUXE ART, 2. commercial online printing (SAXOPRINT, CEWE-PRINT.de, viaprinto), and 3. own multichannel retailing in the form of bricks-and-mortar retail stores and online shops (brands Fotojoker, Fotolabs, Japan Photo).

G4-5 Report the number of countries where the organisation operates, and
which directly have an impact outside the organisation. In CEWE's supply chain, the direct suppliers for production materials are considered. In the case of material procurement (separate audits to assess sustainability factors), FSC®.

G4-6 Report the number of countries where the organisation operates, and
which directly have an impact outside the organisation. In CEWE's supply chain, the direct suppliers for production materials are considered. In the case of material procurement (separate audits to assess sustainability factors).

G4-7 Report the nature of ownership and legal form. This information is contained in the organisational structure and legal form.

G4-8 Report the location of the organisation's headquarters.

G4-9 Report the number of countries under which the organisation operates, and
which directly have an impact outside the organisation. More information is presented in the table showing alignment of the materiality matrix with the GRI Aspects on pages 60 and 61. This information can be found on the map of Europe.

G4-10 Report the total number of employees by employment contract and
gender. On an annual average, CEWE employed 3,857 people in total in 2017 (previous year: 3,550). Of these, 2,049 employees (53 per cent) and 1,242 employees, accounting for some 32 per cent (previous year: 1,172, or 33 per cent) were women. The distribution of employees among the different employment contracts (fixed-term and indefinite-term) and contract types (full-time, part-time and temporary work) is shown in detail on page 24. To cover the Christmas period, around 700 seasonal workers are employed at the German processing plants from October to December. All other details can be found in the tables on page 48. To cover the Christmas period, around 700 seasonal workers are employed at the German processing plants from October to December.

G4-11 Provide a statement from the most senior decision maker of the organi-
sation's strategy for addressing sustainability, vision, goals for the coming
year, etc. The Chairman of the Board of Management of CEWE Aktiengesellschaft: "In CEWE's strategy, sustainability is an essential component. We have set ourselves the goal of being a company with a sustainable culture, in which we consider our social, environmental and economic responsibilities.

G4-12 Describe the organisation's supply chain. In CEWE's supply chain, the direct suppliers for production materials are considered. In the case of material procurement (separate audits to assess sustainability factors), FSC®.

G4-13 Report any significant changes during the reporting period regarding the
organisation's size, structure, ownership or its supply chain.

G4-14 List all other exclusion criteria in the organisation's consolidated financial statements.

G4-15 List the provisions for defining the input content and the Aspects
included in the Group's consolidated financial statements.

G4-16 List (significant) memberships of associations and national or inter-
national advocacy organisations.

G4-17 List all standards covered in the organisation's consolidated financial statements.

G4-18 List all materiality Aspects identified in the process for defining report
content.

G4-19 List all materiality Aspects identified in the process for defining report
content.

G4-20 List (significant) memberships of associations and national or inter-
national advocacy organisations.

G4-21 For each material Aspect, report the Aspects Boundary within and outside
the organisation.
64

62

64

62

64

65
1 External assessment by BDO AG Wirtschaftsprüfungsgesellschaft, whose statement is printed on pages 72 and 73.

| G4-EN31 | Total environmental protection expenditures. Total expenditures were approx. EUR 0.4 million. |
| G4-EN30 | Report the criteria and methodology used to determine which environmental impacts are significant. |
| G4-EN29 | Monetary value of significant fines and total number on non-monetary criteria. |
| G4-EN27 | Report the extent to which environmental impacts of products and services have been mitigated during the reporting period. |
| G4-EN19 | Report the amount of GHG emissions reductions achieved as a direct result of emissions reduction measures. |
| G4-EN18 | Report the GHG emissions intensity. For Scope 1 and 2 GHG emissions 227 kg/t in 2017 (kg CO2 per metric ton of material used), in 2016 232 kg/t. |
| G4-EN17 | Report gross other indirect (Scope 3) GHG emissions in metric tons of CO2 equivalent. |
| G4-EN15 | Report gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent. |
| G4-EN8 | Report total water withdrawal by source. CEWE primarily uses tap water; the overall share of well water is around 5 per cent. Absolute water consumption in 2017 was 176,060 m³. |
| G4-EN7 | Report the reductions in the energy requirements of sold products and services. |
| G4-LA14 | Percentage of new suppliers that were screened using labour practices criteria. |
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of identity. |
| G4-LA9 | Training and education In 2017, 488 seminars were held (previous year: 545), which were attended by 1,892 employees (previous year: 2,489). |
| G4-LA6 | Total number of work-related accidents. Work-related accidents totalled 188 (previous year: 171). |
| G4-LA5 | Employees represented on occupational safety committees that support prevention and implementation of occupational health and safety measures. |
| G4-LA1 | Percentage of new suppliers that were screened using environmental criteria. |

Summary

1 External assessment by BDO AG Wirtschaftsprüfungsgesellschaft, whose statement is printed on pages 72 and 73.
G4 Content Index in accordance with GRI G4 — Part 7

**G4-SO8** Has the organisation identified any non-compliance with laws or regulations?

- **No incidents**

**G4-HR10** Percentage of new suppliers that were screened using human rights criteria.

- **No new suppliers classified as relevant were added in the reporting year**

**G4-HR2** Are any operations and suppliers identified as having significant risk of incidents of forced/compulsory labour, child labour, young workers being exposed to hazardous work?

- **No new supplier from regions classified as relevant were added in 2017**

**G4-HR3** Were there any incidents of discrimination?

- **No incidents reported to the ombudsman or the Works Council**

**G4-HR5** Did the organisation ensure all business partners and/or their suppliers communicate to employees on human rights issues?

- **All members are trained**

**G4-HR6** Did the organisation ensure all business partners and/or their suppliers communicated to employees on human rights issues?

- **All employees were informed within the context of the procurement procedures**

**G4-SO1** Summary of projects and statements relating to local community engagement.

- **CEWE again supported a large number of projects at the production sites and worldwide in 2017**

**G4-SO4** Report the total number and percentage of business partners that the organisation's anti-corruption policies and procedures have been communicated to, broken down by region.

- **No new supplier from regions classified as relevant were added in 2017**

**G4-SO5** Report confirmed incidents, accusations or legal cases regarding corruption.

- **No new supplier from regions classified as relevant were added in the reporting year**

**G4-SO6** Report operations with significant actual and potential negative impacts on local communities.

- **No new supplier from regions classified as relevant were added in 2017**

**G4-SO7** Report the total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

- **No new supplier from regions classified as relevant were added in 2017**

**G4-SO9** Report measures taken by the organisation in the reporting period to prevent or mitigate significant negative impacts on local communities.

- **No new supplier from regions classified as relevant were added in 2017**

-- **GRI Content Index in accordance with GRI G4 — Part 8

**G4-PR2** Were there any incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services?

- **No incidents reported in the reporting period**

**G4-PR3** Report confirmed incidents, accusations or legal cases regarding corruption.

- **No new supplier from regions classified as relevant were added in the reporting year**

**G4-PR4** Report the total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

- **No new supplier from regions classified as relevant were added in the reporting year**

**G4-PR5** Report the total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

- **No new supplier from regions classified as relevant were added in the reporting year**

-- **GRI Content Index in accordance with GRI G4 — Part 1

**G4-PR9** Report the total number of grievances concerning labour practices filed prior to the reporting period and resolved in the reporting period (see Compliance).

- **No new supplier from regions classified as relevant were added in the reporting year**

**G4-PR10** Report the number of grievances concerning labour practices filed prior to the reporting period and resolved in the reporting period (see Compliance).

- **No new supplier from regions classified as relevant were added in the reporting year**

--- **Summary**
REPORTING SYSTEM

Objective of the report
This report aims to transparently present the objectives that CEWE pursues in order to overcome economic, environmental, social and community challenges, and the measures it uses to do so.

Procedure
This is the eighth Sustainability Report that CEWE has published. The report was prepared in conjunction with the Sustainability Coordination Group and was approved by the Board of Management.

Publication
This report was published on the company’s website at www.company.cewe.de on 30 April 2018 and is available for download in German and English.

Fundamentals
The data was prepared in accordance with the GRI G4 Guidelines “Core” option. The “Core” option contains the essential elements of a sustainability report. It provides the background against which CEWE communicates the impact of its economic, environmental, social and governance performance.

Data
The data was collected over the course of the 2017 financial year, which ran from 1 January to 31 December. The information contained in the report concerns all affiliated companies, i.e. all companies in which CEWE Stiftung & Co. KGaA held a majority shareholding at the time the Sustainability Report was prepared. The financial data is presented in euros.

Editorial notes
This Sustainability Report is published in German and English. The deadline for editorial content was 20 April 2018.

PUBLICATION DETAILS

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To the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

We have performed a limited assurance engagement on the sustainability information marked with “√” in the Sustainability Report of CEWE Stiftung & Co. KGaA, Oldenburg, for the reporting period from January 1 to December 31, 2017. Our assurance engagement refers solely to the sustainability information marked with “√”.

Management’s Responsibility

The legal representatives of the Company are responsible for the preparation of the Sustainability Report in accordance with the principles of the Global Reporting Initiative (hereafter: “GRI-Criteria”) and for the selection of the sustainability information to be assessed.

The legal representatives of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of the Sustainability Report, which is free from material misstatements, whether due to fraud or error.

German Public Accountancy Practitioners’ Declarations relating to Independence and Quality Assurance

We are independent from the Company in accordance with the professional pronouncements for quality assurance, in particular the Professional Responsibility and Assurance Standards Board (IAASB). This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the sustainability information marked with “√” in the Sustainability Report of the Company for the reporting period from January 1 to December 31, 2017, has not been prepared, in all material respects, in accordance with the GRI-Criteria.

Within the scope of our assurance engagement, which substantially has been conducted in February and March 2018, we performed amongst others the following assurance and other procedures:

- Identification of likely risks of material misstatements in the Sustainability Report under consideration of the GRI-Criteria
- Inquiries of personnel involved in the preparation of the Sustainability Report
- Evaluation of selected internal and external documents
- Evaluation of the presentation of selected disclosures in the Sustainability Report
- Analytical evaluation of selected disclosures in the Sustainability Report
- Assessment of the presentation of selected disclosures regarding sustainability performance

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the sustainability information marked with “√” in the Sustainability Report for the reporting period from January 1 to December 31, 2017, has not been prepared, in all material respects, in accordance with the GRI-Criteria.

Restrictions of Use

We issue this report on the basis of the engagement agreed with the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg. The assurance engagement has been performed for purposes of the Supervisory Board of the Company and the report is solely intended to inform this as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.
GERMAN PUBLIC ACCOUNTANCY PRACTITIONER’S REPORT

CONCERNING A LIMITED ASSURANCE ENGAGEMENT

To the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

We have performed a limited assurance engagement on the Non-Finan-
cial Statement of the Combined Non-Financial Statement of CEWE Stiftung & Co. KGaA, Oldenburg according to § 289 HGB, which is combined with the Non-Financial Statement of the parent company according to §§ 315c in conjunction with 289c to 289e HGB and incorporated in the Sustainability Report 2017, including the parts qualified by references to the Sustainability Report 2017.

Management Responsibility

The legal representatives of the Company are responsible for the preparation of the Combined Non-Financial Statement in accordance with §§ 315c in conjunction with 289c to 289e HGB.

Our audit firm applies the national statutory provisions and profes-
sional pronouncements for quality assurance, in particular the Profes-
sional Code for German Public Accountancy Practitioners and German Chartered Accountants (40 Wp/315) as well as the quality assurance standard of the Institute of Public Auditors e.V. (IDW) regarding Quality Assurance Requirements in Audit Practice (SOW G 1).

Our responsibility is to express a limited assurance conclusion on the Combined Non-Financial Statement based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the inter-
national standard on Assurance Engagements (IAASB: ISAE 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, published by the International Auditing and Assurance Standards Board (IAASB). This standard requires us to plan and perform the assurance engagement to obtain limited assurance about whether the Combined Non-Financial Statement of the Company has been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB. We do not, however, express a separate conclusion for each disclosure. It is a limited assurance engagement, the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The choice of assurance procedures is subject to the German Public Accountancy Practitioner’s professional judgement.

Within the scope of our assurance engagement, which has been substantially has been conducted in February and March 2018, we performed amongst others the following assurance and other procedures:

• Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
• Identification of key risks of material insufficiencies in the Com-
  bined Non-Financial Statement
• Inquiries of personnel which is responsible for the collection of the information on contracts, due-diligence processes, results and risks, the
  coordination of internal controls and the consolidation of information
• Analysing and testing of selected disclosures from the Combined
  Non-Financial Statement
• Evaluating the internal and external documents
• Assessment of the overall presentation of the disclosures

Assurance Conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Combined Non-Financial Statement for the reporting period from 1 January to 31 December 2017 has not been prepared, in all mate-
rial respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

Restriction of Use

We issue this report on the basis of the engagement agreed with the
Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg.

The assurance engagement has been performed for purposes of the Supervisory Board of the Company and the report is solely intended to inform this as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

Engagement Terms and Liability

Our responsibility lies solely towards the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg, and is limited in accordance with the “Special Terms and Conditions of BDO AG Wirtschaftsprüfungsgesellschaft” as of 1 January 2017 and the “General Engagement Terms of the institute der Wirtschaftsprüfer in Deutschland e.V.” for Wirtschafts-
prüfer and Wirtschaftsprüfungsgesellschaften” as of 1 January 2017.

Our audit firm is a member of the Global Network of Public Accountancy Practitioners.

BDO AG Wirtschaftsprüfungsgesellschaft
Eleni Kousou-Meuschke
Wirtschaftsprüfer
(Spanien)

(www.bdo.de) as agreed with the Supervisory Board. We refer to the provisions contained there. We assume no responsibility or liability towards third parties.

Hamburg, 20 April 2018

BDO AG Wirtschaftsprüfungsgesellschaft

Ellen Kousou-Meuschke
Wirtschaftsprüfer
(Spanien)

(Spanien)

1 We have performed a limited assurance engagement on the German version of the Combined Non-Financial Statement and issued a German Public Accountancy Practitioner’s Report in German language, which is authoritative. The following text is a translation of the German Public Accountancy Practitioner’s Report.
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