Cover photo (l. to r.): The children of CEWE employees Zoé Steiner, Henri Theilen and Sophia Lüken are happy that all CEWE brand products are produced in a climate-neutral process.
4 RECOGNISING SUSTAINABILITY AS AN OPPORTUNITY

Effective as of 1 July 2017, there will be a change in CEWE’s management. Read the interview to find out how much importance both the outgoing and the new Chairman of the Board of Management attach to the topic of sustainability going forward.

34 CEWE ASSUMES FULL RESPONSIBILITY FOR THE CLIMATE

Since September 2016, CEWE has produced all of its brand products in a process that is 100 per cent climate-neutral. This does not entail any extra costs for customers. Read more about what CEWE does for the environment in the chapter Environmental Protection and Resource Conservation.

20 MULTI-AWARD-WINNING: CEWE’S CAPACITY FOR INNOVATION

CEWE has successfully managed the transition from analogue film developer to digital technology company. This was once again underscored by multiple awards in 2016.

44 CEWE IS A GREAT PLACE TO WORK®

The results of the employee survey were positive. As many as 81 per cent of employees hope to enjoy a long career with CEWE. Turn to the chapter Responsibility for Employees for more information on training, education and family friendliness.

7 AMBASSADORS FOR SUSTAINABILITY

Five sustainability ambassadors have successfully completed their training in Oldenburg and have initiated projects of their own. Read the report to discover how they are integrated into sustainability management.

54 FOR A SOCIETY WORTH LIVING IN

Responsible behaviour and social commitment are integral to CEWE’s corporate culture. Each year, the company sponsors a large number of educational, cultural, sporting and social projects. In the chapter Social Commitment, you can find out more about support on the ground at the production sites and worldwide.
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FOUR QUESTIONS TO THE CHAIRMAN OF THE BOARD OF MANAGEMENT

Sustainability as a challenge and an opportunity

Effective as of 1 July 2017 there will be a change in CEWE’s management. Dr Christian Friege, the company’s Head of Distribution since 1 January 2016, is succeeding Dr Rolf Hollander as Chairman of the Board of Management. After more than 15 years at the top, Dr Hollander is taking on the position of Chair of the Board of Trustees of the Neumüller CEWE COLOR Stiftung. An interview on the topic of sustainability:

1. What does sustainability mean to you?
Dr Hollander: In our decision-making processes we consistently give consideration to economic, environmental and social interests, and in so doing make them an integral part of our corporate philosophy. In my view, these are the decisive criteria when it comes to this topic.

Dr Friege: Sustainability in all its various facets is the basis for all strategic and operational processes within a company. This is the only way to ensure that organisations are successful and – what is more important – that this success can be sustained over the long term.

2. What distinguishes sustainability at CEWE?
Dr Hollander: Everyone at CEWE basically has an interest in a sustainable business focus. This orientation has the full backing of the entire Board of Management. Our Sustainability Coordination Group is staffed by the responsible member of the Board of Management and 12 employees from all specialist departments, who work together on a variety of different projects.

We attach importance to offering all employees the chance to get actively involved, and have therefore set up a training programme for ambassadors for sustainability. They see to it that sustainability becomes more firmly anchored across the company. Our staff’s
commitment reaches beyond the company, too. Many of them are involved in projects on a voluntary basis in their free time, which is something we regularly honour.

Dr Friege: At CEWE, an orientation towards sustainability is deeply ingrained in the company’s DNA. This basic understanding underpins our decision-making and forms the basis for our ambitious goals. We can cite many examples illustrating this and it is also reflected in numerous projects that are currently under way. For example, the consistent focus on renewable energy sources, with investments in our own photovoltaic systems in Freiburg and Germering, the new office building in Oldenburg, which uses geothermal energy and photovoltaics as energy sources, and the switchover to green power. Since the third quarter of 2016, CEWE has produced and shipped all brand products in a climate-neutral process. Our sustainable basic understanding continues in the area of social commitment: as an attractive employer, CEWE is fully integrated in the region and through its sponsorship of a wide range of local projects and institutions allows the local community to share in its corporate success.

3. What factors are decisive for ensuring that CEWE can sustain its success as a going concern?

Dr Hollander: A values-oriented corporate culture, planning for the long term and thinking in decades. By reporting in line with the current GRI G4 Guidelines, we are demonstrating that we are not afraid to be transparent. Our stakeholders can inform themselves thoroughly about our decisions and goals across all areas related to sustainability.

Dr Friege: Sustainable behaviour spanning all company divisions and across all hierarchical levels creates good prospects for development. This includes an open dialogue and exchange with our stakeholders. This year, we again intend to consolidate the results of various surveys in a materiality analysis, which we will communicate in next year’s report.

4. What strategies is CEWE currently pursuing in the area of sustainability?

Dr Hollander: CEWE strives to define clear and broad-based sustainability objectives. By communicating our sustainability policies, we give our stakeholders and investors a comprehensive and balanced understanding of our sustainability record.

Dr Friege: Sustainability will continue to play a key role at CEWE in the future. This is first and foremost a question of continuity. We will stick to this course whilst at the same time, mindful of changes, embracing new challenges with forethought and foresight. By the way, this also applies to CEWE’s long-standing partnerships. Here, too, we are constantly striving to strengthen our sustainability credentials and are not content to rest on our laurels.

Thank you for the interview.

Dear Readers,

We would like to take this opportunity to thank our employees, partners, shareholders and customers for a successful year and especially for the joint progress made in the area of sustainability.

Sustainable action will continue to determine our day-to-day business and secure our corporate success moving forward.

Oldenburg, May 2017

Kind regards,

Rolf Hollander

Chairman Friege
MANAGING SUSTAINABLY

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 been the remit of a member of the Board of Management since 2008. From 1 January 2016, responsibility for Sustainability passed to Thomas Mehls, Board of Management member with responsibility for International and National 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 at CEWE 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.
In order to encourage employees to become proactive ambassadors for sustainability, a new advanced training programme has been set up in Oldenburg that was implemented for the first time in 2016. In collaboration with the Oldenburg Chamber of Industry and Commerce (IHK), the first five sustainability ambassadors completed their training. In multi-day workshops, they learned at first hand about the many facets of sustainability. They now play an interface role, answer colleagues’ questions, gather suggestions and maintain regular contact to the Sustainability Coordination Group. First and foremost, however, they are dedicated multipliers who actively promote projects, thereby helping to ensure CEWE’s continued future success. At the Germering location, Timo Harries completed four modules at the Munich Chamber of Industry and Commerce in 2014 as part of the training programme to become a CSR manager.

Comprehensive reporting

Global Reporting Initiative GRI G4
For CEWE, sustainability has become an integral part of the company’s business performance and corporate communications. CEWE was one of the first SDAX companies to embrace the idea early on of preparing a sustainability report on a voluntary basis. Since 2010, the company has annually reviewed its company-wide progress based on standards in accordance with the Global Reporting Initiative (GRI). Materiality, clarity and timeliness are among the fundamental principles for defining reporting. Since 2014 CEWE has reported in accordance with the GRI G4 Core option. Furthermore, each year since 2014, an Independent Assurance Report has been drawn up by an independent auditing firm.

German Sustainability Code
Parallel to this, CEWE has issued the declaration of conformity with the German Sustainability Code (DNK). The cross-sector transparency standard provides companies with a basis for reporting on sustainability performances. Drafted in 2011 by the German Council for Sustainable Development on behalf of the German government, the code covers 20 criteria relating to the environmental, social and economic dimension. CEWE’s disclosures are published in the DNK database.

UN Global Compact
CEWE has been a member of the UN Global Compact, the most important initiative for responsible corporate governance, since September 2010. Like all participating companies, CEWE has committed to report annually on its progress in implementing the Ten Principles as well as efforts to promote sustainable development. This annual Communication on Progress (COP) is directed at all company stakeholders.
Management systems in use

CEWE has integrated concepts and instruments designed to improve social, environmental and economic aspects into its organisational management in a number of corporate divisions. Certified environmental management systems (DIN EN ISO 14001), from which sustainability-relevant data can be directly derived, have been in place in many business units since 2013. In 2015, these were extended at the German locations by the DIN EN ISO 50001 energy management system. Work–life balance audits were also performed in the area of HR (Hertie Foundation, TÜV Rheinland). Moreover, CEWE was recognised by the Lower Saxony Ministry of Economic Affairs and by the Demographic Agency for its demographic stability in the fields of HR strategy, leadership and corporate culture, health management, work organisation and design as well as qualification and competence. In the area of materials procurement, separate audits are carried out as needed to assess sustainability factors. Internal and external reviews of the application of environmental and ethical principles draw on quality, product safety, occupational health and safety, and supplier management. The risk management system assesses the overall level of opportunities and risks associated with the individual risk areas in an annual Group-wide risk inventory, and the internal control system (ICS) forms an integral component of the business processes of the CEWE Group. The present report describes the management approaches in greater detail. The information presented is for the most part based on data that is regularly collected, processed and analysed within the organisation. To optimise data monitoring, dedicated sustainability management software was rolled out in 2015.

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, 630 internal and 15 external stakeholders participated in an extensive survey in 2014. The result of the survey provided the basis for the materiality matrix.

For this year’s report, the 2014 stakeholder survey was revised in order to provide a more differentiated picture of the expectations and opinions and identify concrete topic areas. These included the importance and understanding of sustainability, key topics, awareness of CEWE’s commitment, status of the sustainability strategy and sustainability management, as well as challenges for implementation. The basis for selection was CEWE’s 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 39 interviewees belonged to 11 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 results show that among 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 CEWE’s culture. All employees see improvements in the way sustainability is communicated. The sustainability topics covered are considered to be even more relevant, with conserving resources and saving energy as well as social engagement ranking top for those interviewed.

The external survey reveals that the topics identified as material remain unchanged. The relevance of the individual topics varies considerably within the stakeholder groups. The individual results are being reviewed by the relevant departments and will be integrated into future strategies.
Materiality analysis

The results of the stakeholder survey 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 also 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

1: Scale in logarithms for purposes of presentation. | 2: Includes handling of chemicals.
Continuous stakeholder engagement

CEWE’s corporate culture encourages a high degree of self-responsibility and offers employees plenty of possibilities to contribute their own ideas to the processes of continuous improvement, as well as to participate in corresponding training and education offerings. In addition to regular discussions with employees, communication media used are the intranet, staff information brochures (CEWE AKTUELL), IT-based information platforms and company meetings. 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 all important agendas. CEWE utilises a wide variety of event formats to foster direct contact and dialogue with contact partners and representatives from the stakeholder groups.

Communication with customers is based on transparency and high-quality advice. A continuous process of exchange takes place on CEWE’s social media platforms. Starting from 2016, opinions, expectations and wishes are also welcomed in personal encounters at the CEWE Innovation Day. In this way, active dialogue with customers drives sustainable product innovations forward.

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 25,000 retail partners. Retailers are therefore a key link to consumers and are addressed through a variety of different measures, for example at trade fairs, personal visits, etc. CEWE 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 strategy 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 high-quality media work as well as participation in and hosting of media events (e.g. company tours).

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 27.4 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 founder continuously emphasised the need for the CEWE Group to operate innovatively 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 structure of the CEWE Group

Limited shareholders

Annual General Meeting

Supervisory Board

Board of Trustees

General partner:
Neumüller CEWE COLOR Stiftung

CEWE Stiftung & Co. KGaA, Oldenburg (operations)
Organisational profile

With 12 high-tech production sites and approximately 3,550 employees, CEWE is present in 24 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 2016, approximately 2.2 billion photos and more than 6.2 million CEWE PHOTOBOOKS were delivered to around 25,000 retail outlets. Revenue in the 2016 financial year amounted to EUR 593.1 million. As at 31 December 2016, the market capitalisation amounted to around EUR 625.8 million (7.4 million shares at a market price of EUR 84.57 each).

CEWE operates three strategic business units: Photofinishing, Retail and Commercial Online Printing. In the photography sector, CEWE continuously provides fresh impetus 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 retail trade, chemists’, electronics and specialist photography stores) as well as with online retailers. CEWE 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, CEWE’s Distribution division comprehensively manages relationships with retail partners, equips and maintains points of sale in line with the brand image and coordinates campaigns.
**CEWE in Europe**

- **Production sites**
  Oldenburg, Mönchengladbach, Eschbach, Germering, Dresden, Bad Kreuznach (all Germany), Warwick (UK), Montpellier (France), Rennes (France), Kožle (Poland), Prague (Czech Republic), Budapest (Hungary)

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

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

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From l. to r.: Alf Meyer – Divisional Manager Central Purchasing and Materials Management, Roland Muschallik – Managing Director of Leistenfabrik Schmidt GmbH, Alina Lindstedt – employee in Central Purchasing
STRAIGHTFORWARD AND OPEN

Setting standards

Trust and fairness characterise the relations with CEWE’s business partners. As a reliable partner, CEWE expects its suppliers to act in a manner that is compatible with sustainable behaviour. When selecting suitable companies, their geographical proximity to the production sites plays an important role. Local firms like Leistenfabrik Schmidt from the Westerwald region that can boast high quality and excellent product safety requirements are valued partners.
RESPONSIBLE BEHAVIOUR

Sustainability – modelled on the “honourable businessman”

Sustainability and responsibility are two very closely interwoven concepts. They play an important role in all company divisions at CEWE. For decades, its aim has been to align ethical principles and economic interests. 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 “honourable businessman” may seem somewhat outdated today – responsible behaviour in the sense of reliability, honesty, longevity, decency, integrity, trust and diligence are values that CEWE lives and breathes. CEWE’s employees act with forethought and foresight – always with a focus on the needs of customers, business partners, employees and society. Secure 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.
• Stabilising the supply chain by choosing sustainable companies as suppliers. This ensures a long-term ability to supply goods at the required quality level, resulting in satisfied customers and ultimately sustainable product sales.
• Saving costs by avoiding materials that are transported over long distances. This helps to protect the environment and reduces costs.

CEWE’s vision

Our philosophy
CEWE is the leading photofinisher and technology leader in industrial photofinishing 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 Group are at the heart of everything we do. CEWE considers it important to convince customers with skilled and dedicated staff as well as with 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 corporate culture. Our partnership-based leadership philosophy is founded on mutual trust, respect for each and every individual and 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 expect the applicable laws and regulations to be observed in all aspects of business. We therefore refuse to accept any behaviour that discredits or threatens our integrity. We are opposed to unlawful agreements and bogus 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 fulfil this obligation through sustainability.

Undertaking
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. To reflect the importance of these principles, particularly for investors, customers and employees, Board of Management member Andreas F. L. Heydemann was appointed Corporate Governance Officer at the beginning of 2009. His tenure ended at the end of 2015. He was succeeded with effect from 1 January 2016 by the Head of the Legal department, Mr Oliver Thomsen, who reports directly to the Board of Management and the Supervisory Board.

CEWE’s 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, CEWE therefore implemented the necessary organisational measures early on:

Five dimensions of sustainable behaviour of a responsible company

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• 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 2016, the company once again complied with almost all of the provisions of the German Corporate Governance Code. For more details, please refer to the 2016 Annual Report, page 124 ff.

BME Code of Conduct
This is a voluntary code of conduct initiated by the Bundesverband Materialwirtschaft, Einkauf und Logistik e.V. (BME – German association of materials management, purchasing and logistics) and is intended to put substance behind the interest in upholding fair, sustainable, ethically responsible principles of conduct. CEWE signed up to the BME Code of Conduct in 2009. The Code serves on the one hand as the basis for supplier contracts, and on the other as a benchmark for extensive surveys conducted at regular intervals by CEWE’s Purchasing department.

Composition of the Supervisory Board
The Supervisory Board of CEWE Stiftung & Co. KGaA consists of 12 members. In its current composition, it almost fully complies with Section 5.4.1. (2) of the German Corporate Governance Code. The Supervisory Board has two female members from among the shareholder representatives and three female members from among the employee representatives. The company therefore complies with the new statutory requirement that 30 per cent of Supervisory Board members be 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.

Data privacy/data security
The issues of data privacy and data security are a very high priority for CEWE. To meet the requirements of the affected parties, the company’s Data Protection Officer, Elisabeth Mählmann, is supported by a team made up of staff members from different corporate divisions. Each member of the team makes a valuable contribution through their specialised knowledge in specific areas. If necessary, the team can be supported by external consultants. Due to the increasing complexity of the systems, they need to be reviewed on a regular basis. Furthermore, employees receive regular training on the topics of data privacy and data security.

There were no identified incidents of data leaks, thefts or losses or substantiated complaints regarding breaches of customer privacy.

Protecting personal customer data is a high priority for CEWE. Sensitive data are transmitted using encrypted connections and stored on secure servers.
and losses of customer data in the reporting period. Correspondingly, no significant fines were reported.

Illegal practices are incompatible with CEWE’s basic values and business principles. Within the scope of the compliance system, appropriate standards of conduct have been drawn up to prevent white-collar crime. All members of the governing body have received training in combating corruption. Furthermore, all members were trained in the context of lectures.

In this context, an external ombudsman was appointed. Employees, business partners and third parties may contact the ombudsman if they want to confidentially report any indications of suspected cases of corruption, fraud, embezzlement or any other serious irregularities. Information on suspected cases can, of course, also be submitted anonymously.

In the 2016 reporting period, the ombudsman did not receive any reports and there were no violations of laws or regulations.

Dr Rainer Buchert was appointed ombudsman for CEWE in 2009. In 1999, he founded his law firm, which specialises in criminal law. Following a career with the Federal Criminal Police Office and as Chief of Police, he can reliably assess any whistle-blowing incidents brought to his attention and promptly mediate between the company and whistle-blowers.

NO SUSPECTED CASES OF CORRUPTION, FRAUD AND EMBEZZLEMENT. NO VIOLATIONS OF LAWS OR REGULATIONS

G4-SO4, G4-SO5, G4-SO8

Ombudsman/whistle-blowing

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At the leading photo and video trade fair photokina, Dr Rolf Hollander (left) welcomes CEWE brand ambassador Ronny Stäger.
CREATING FUTURE
Customers become brand ambassadors

In addition to investments in human resources and technology, CEWE has in recent years also invested significantly in building the brand. Brand awareness and brand appeal have been growing steadily and contribute to the company’s current and future economic success. Some enthusiastic customers have in the meantime become brand ambassadors, who in an authentic and appealing manner publicly present their enjoyment of CEWE products.
**REVENUE GROWTH THROUGH BRAND POWER**

**Company development – all targets achieved or surpassed**

The company achieved and in some cases surpassed its economic targets again in 2016. Revenue increased to EUR 593.1 million (previous year: EUR 554.2 million). A total of 1,078,301,311 CEWE products were dispatched. CEWE benefited from the growing portfolio of value-added goods and from the high level of brand recognition. Assisted brand recognition of the best-selling CEWE PHOTOBOOK increased in 2016 to 70 per cent¹. CEWE aims to further build on this brand strength. The Commercial Online Printing business unit also fulfilled the high growth expectations. Revenue grew by 7.9 per cent to EUR 84 million. Despite the increase in VAT on photo books, Group revenue in 2017 is forecast to be between EUR 585 million and EUR 615 million. Earnings per share for 2017 are expected to range between EUR 4.23 and EUR 4.81. The goal is to make the company more valuable year by year and allow the shareholders to continue to share the benefits of increasing earnings.

**Economic 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: results from market research institutes, conferences and symposiums, trade press and general financial press, conversations with suppliers, retail partners and consumers. The information acquired in this way populates the long-term CEWE forecast model and provides management with a view of potential future income statements, balance sheets and cash flows.

**Continuous corporate 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 CEWE 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 this way, CEWE is continuously working on its transformation. In 2016, CEWE received the “Digital Champions Award”, honouring its successful transformation from analogue film developer to Europe’s leading photographic service provider.

**Focus on long-term profit and corporate value**

CEWE uses these measures to focus clearly on optimising the long-term corporate situation. Consequently, quarterly results and sometimes even annual results are less crucial than the long-term vitality of

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¹ Source: GfK analysis, Nielsen market research analysis.

### Revenue in EUR million

<table>
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<th>Year</th>
<th>2012</th>
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<th>2014</th>
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<th>2016</th>
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<td>507.2</td>
<td>536.2</td>
<td>523.8</td>
<td>554.2</td>
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<tr>
<td>Change compared to previous year</td>
<td>+8.1%</td>
<td>+5.7%</td>
<td>-2.3%</td>
<td>+5.8%</td>
<td>+7.0%</td>
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</table>
recognition enjoyed by the CEWE PHOTOBOOK for the other product
groups by progressively transferring the differentiation advantages of
the satisfaction and quality guarantee the CEWE brand is known for to
a growing product portfolio. At the same time this boosts advertising
effectiveness, and CEWE’s products can be sold to customers “in ad-
vance”, also to the benefit of the CEWE retail partner.

Commercial Online Printing clearly positive
In 2016, with increased revenue of EUR 84 million, the Commercial
Online Printing business unit was well-positioned to shoulder the mar-
keting investments and recognised a first positive operating result of
EUR 1.6 million. With the three brands CEWE-PRINT.de, SAXOPRINT
and viaprinto, CEWE is now active in ten countries. In addition to online
shops in Germany, the UK, France, Spain, Italy, Switzerland and Austria,
CEWE is currently offering business stationery products in the Neth-
erlands, Belgium and Poland. The company also has plans to expand
into other European countries. New products launched on the online

Together with German news magazine WirtschaftsWoche, Deutsche
Telekom presented the first “Digital Champions Award” in Berlin
on 16 June 2016. CEWE was presented with the prize in the “Digital
Transformation Medium-sized Company” sub-category.

the company, CEWE thinks in terms of decades. In the forecast model,
such long-term aspects can in many cases be identified in the going-
cconcern value of the company.

G4-4 Key business units with their brands and products

Strengthening the brand in the Photofinishing core business
In the Photofinishing business unit, CEWE is maintaining its focus on
cementing the position of the CEWE PHOTOBOOK as a premium-seg-
ment brand not only in the core markets of Germany, Switzerland and
Austria, but also in all other European countries that CEWE supplies.
Apart from the established CEWE PHOTOBOOK, since 2013 additional
product brands with similar positioning have been added with CEWE
CALENDARS, CEWE CARDS and CEWE WALL ART. The aim is to
leverage the positive consumer behaviour and high level of brand

The annual Innovation Day is where new ideas and projects are present-
ed and evaluated. The opinions of customers and employees also flow
into the development process at this early stage.
printing portals in 2016 included labels, high-quality wall calendars, envelopes, ring binders, sticky notes, presentation folders and stamps, as well as brochures as a high-quality book with hard or soft cover. In the area of advertising technology, roll-ups, exhibition walls, beach flags and banners, as well as advertising signs on twin-wall or aluminium composite boards are now offered. New types of paper and formats, as well as gold and silver finishes have also been added to the company’s existing range of standard products.

In the 2016 reporting period, CEWE and Olympus Europe decided to enter into a strategic partnership aimed at further expanding CEWE’s Retail business. The approximately 150 modernised CEWE RETAIL Group specialist photo outlets and also partly redesigned online stores among other things have a strategic focus on selling Olympus equipment, which has a high market share and excellent quality above all in the mirrorless camera systems segment. Coordinated marketing activities at European level will help to achieve the market objectives.

It is hoped that the Commercial Online Printing activities of the CEWE-PRINT.de, SAXOPRINT and viaprinto brands can again increase revenue in the majority of markets in 2017.

**Retail: strong performance for CEWE RETAIL**

CEWE operates multichannel retailing in Poland, the Czech Republic, Slovakia as well as Norway and Sweden in the form of bricks-and-mortar stores and online shops (brands include Fotojoker, Fotolab, Japan Photo). CEWE RETAIL offers its customers an attractive selection of cameras, lenses, accessories and services, as well as CEWE’s entire photofinishing range. With hardware CEWE recorded EBIT of EUR 0.6 million. Furthermore, in 2016, CEWE RETAIL maintained or even expanded its strong market position in Norway, the Czech Republic and Slovakia. In the year under review, the company continued to make extensive adjustments to its business model in Poland through repositioning: it further optimised its branch structure and enhanced the attractiveness of its retail outlets in order to appeal to new customer groups.

CEWE, Europe’s leading photofinisher, and Olympus will strengthen their collaboration in Europe-wide retail business in future. The cooperation will enable both companies to further develop their respective strengths and to benefit from the market access and expertise of each other.
Further development of options for future business units
Through targeted equity investments in 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 customised, high-quality products with a substantial customer benefit and thus build a strong brand, while offering the potential of developing CEWE’s business in future. With this foresight, CEWE most recently acquired the futalis and DeinDesign companies at the end of 2015. Participation in the High-Tech Gründerfonds (HTGF II) seed fund initiated 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.

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. CEWE communicates continuously 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 sufficient number of unused credit lines, which allow it to be able to exploit strategic opportunities, even at very short notice.

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 at CEWE practically independently of the current situation on the financial markets: even if a high “capital efficiency” is currently en vogue and greater leverage is required through external financing, CEWE retains a high equity ratio (2016: 53.8 per cent). Accordingly, CEWE does not endeavour in any way to increase the return on equity by reducing equity. CEWE considers speculation involving increasing share value by reducing equity and consequently expecting an increase in the return on equity to be wrong: an increased debt ratio also means the company must pay a higher interest rate for the debt, because of the increased risk. The discount rate thus increases and, within the framework of the company valuation in a discounted cash flow, the bottom line is that there is no increase in value. In terms of the return on investment, CEWE pays very close attention to the value of the return on capital employed (ROCE), which is regularly displayed in the quarterly and annual reports. From CEWE’s perspective, this correlates well with the company’s going-concern value.

Sustainable financial management
CEWE creates value with its operational activities rather than financial fine-tuning
At CEWE, the role of financial management is to keep operational value creation in R&D, marketing, sales, production and all other functions free of all financial constraints. The golden rule is that covenants, payment terms, capital market communication and similar elements must be structured in such a way that correct long-term decisions can be made and implemented. 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 seizes 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.

G4-DMA Finance

1: Covenants are legally binding assurances made by the borrower or bond debtor during the term of a loan.
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 the years. Brokers who establish contact with investors are aware of this CEWE characteristic. As a result, they, too, consciously arrange contacts with potential investors who want to invest in companies with a long-term focus. This is important, as it avoids conflicts of goals with investors focused on the short term, who tend to invest before a short-term high in the share price, with the aim of leveraging this to make a profitable exit. This tactic may work out for such investors; CEWE, however, would then face the challenge of offering even investors who come in when the price is high a reasonable return, which a speculative rise and fall in the share price would make difficult. CEWE gives preference to steady, positive performance and shareholders with a long-term view. By seeking shareholders who match this profile, unproductive relationships are avoided in advance, ultimately saving costs.

No fear of investment, but with a sense of proportion

One consequence of this long-term view is a fundamental willingness to invest. However, each investment is carefully examined and – where no past experience is available – larger investments are safeguarded by investment appraisals. All larger investments are retrospectively reviewed and evaluated. The ability to pay immediately due to available cash or unutilised lines of credit means that CEWE can regularly take advantage of special supplier offers, particularly in the case of capital goods. Consequently, if, for example, investments are brought forward, they are much more cost-effective than if they were made later. Thus, a short-term disadvantage is accepted in favour of a much greater long-term advantage.

No speculative investments – just a solid parking spot for available capital

If cash cannot be used to repay debt, it is generally “parked” at a fixed interest rate. Speculative investments are not entered into.

Cost awareness at CEWE: the sharp pencil is always to hand

The traditional, characteristic SME awareness of costs is very pronounced at CEWE. Typical statements are: Do we have to outsource this, could we not do it ourselves? Three quotes aren’t enough, let’s get another one. We don’t need to meet in person – everyone knows each other, let’s hold a video conference instead.

CEWE promotes employee ownership of CEWE

It is important to CEWE that management and staff think and act as if CEWE was their own company. To ensure that this does not remain just a theoretical concept, CEWE promotes employee participation in the company’s ownership. It does so via employee share programmes that offer maximum tax benefits, as well as share options for managers.

Quality brand with a high customer focus

Since its market launch, the CEWE PHOTOBOOK has become Europe’s most popular photo book. Millions of customers trust in the multi-award-winning quality of this best-selling product. The same is now true of CEWE’s other brand products, which in 2016 once again came top in numerous tests conducted by independent organisations. One particular highlight, along with 60 other test victories, was the company’s win in the Stiftung Warentest November 2015 test, which continued to be highly relevant for customers in 2016. Here, together with its partners Saturn and Drogerie Müller, CEWE PHOTOBUCH clearly outranked the competition. CEWE also attaches great importance to customer service: express delivery (further upgraded in 2016), 100 per cent satisfaction guarantee, customer service availability seven days a week (even up to midnight during the Christmas period) have long been standard at CEWE.

Since 2012, CEWE has also been measuring customer satisfaction in terms of willingness to recommend further. Since then, over 250,000 consumers have completed short feedback surveys on products,
software and services, thus ensuring that processes are continuously reviewed and enhanced.

The customer comes first at CEWE – this goes for new and existing customers alike. The high level of customer satisfaction among purchasers of CEWE products confirms the success of this focus. This is also reflected in the high net promoter score, which once again improved to 58 per cent in 2016. Both product innovations and marketing campaigns are closely aligned to the needs of CEWE’s customers. Since 2015, this focus has been a key marketing theme. Customers provided authentic and convincing reports of their experiences of using CEWE PHOTOBOOK. Cooperation with CEWE’s retail partners also emphasises this point. CEWE maintains an intensive customer dialogue through a variety of touchpoints, enabling it to adequately respond to consumer wishes at all times.

Besides the successful product portfolio, the high level of CEWE brand awareness and brand appeal also contributed to the positive development. The marketing campaign consistently focuses on enthusiastic customers.

Risk management: opportunities and risks

CEWE’s business policy is directed towards safeguarding the viability of the company and sustainably increasing the company’s going-concern value. Achieving these objectives entails a permanent and conscientious process of weighing up the opportunities and risks inherent in CEWE’s pan-European activities. Seizing opportunities and the ability to identify, analyse and mitigate risk through appropriate strategies are important factors in defining corporate action.

Systematic management of opportunities and risks is an ongoing task for the Board of Management and the management in each area of responsibility. The risk management system identifies opportunities and risks within the individual risk fields as part of an annual, Group-wide risk inventory. The annual opportunities and risk report (cf. CEWE’s 2016 Annual Report, p. 112 ff.) is prepared on the basis of this risk inventory. In the course of the year, opportunities and risks are reassessed at least every quarter. Similarly, they are also reported to the Supervisory Board at least quarterly.
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 CEWE is continuing in the digital age, both in terms of manufacturing technology and software development.

CEWE currently has more than 140 employees working on the initial and ongoing development of ordering options via desktop, software, Internet, apps and other channels. In its software development, CEWE makes use of agile software development and automated tests to bring better-tested products and software features to market more quickly. In a proprietary mechanical and electrical device development process, prototypes are planned and built which are subsequently duplicated for CEWE’s plants, partly in-house and partly by external partners. The CEWE PHOTOS app was newly introduced in 2016. This makes it very easy for users to order photos directly from their smartphones. The app also offers the option of preselecting images which can then be printed right away at a CEWE PHOTOSTATION.

Almost every second visit to the company’s websites is made through a mobile device. The changeover to a design that is optimised for mobile devices and responsive – i.e. optimised for various screen sizes – has further boosted use of the company’s online platform.

Quality management

The quality of CEWE’s 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.

At CEWE, quality management begins with selecting the procedures and materials used. All materials are examined on a regular basis, while the control loop and communication with the supplier’s quality control system is continuously enhanced. CEWE has more than 50 years of solid experience in the methodologies used for processing photographs and in the meantime over ten years in digital printing processes.

The photographic paper, printing paper, chemicals and dyes that the company uses are constantly being improved in close collaboration with suppliers. For industrial digital printing based on electrophotographic processes, the company uses systems that combine high performance with high colour quality. For inkjet printing, CEWE uses 12-colour systems with pigment-based inks that guarantee maximum colour space, improved colour gradations and optimum stability.

With SAXOPRINT, CEWE has integrated offset printing as an additional manufacturing technology. The online printing service is delivered using state-of-the-art equipment such as several Heidelberg Speedmaster XL}

In the year under review, CEWE once again picked up a large number of awards for its app portfolio. Since the launch of CEWE PHOTOWORLD mobile in 2012, this software has undergone continuous further development.

CEWE AGAIN RECEIVED STIFTERVERBAND’S “INNOVATIVE THROUGH RESEARCH” AWARD

G4-DMA Development

G4-DMA Quality

Economic viability
One of CEWE’s most important core competencies is the processing of digital data. The digital workflow is self-programmed and undergoes continuous improvement processes. For image enhancement, CEWE uses the best software available, which it adapts and regularly monitors in line with its own high-quality criteria. CEWE has introduced process controls for the crucial colouring processes, 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 0.61 per cent, the complaints rate in 2016 was only marginally higher than in the previous year (0.57 per cent).

Product safety

A team of experts is responsible for the systematic management of product safety. This team is comprised of 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 on-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 test criteria extend beyond the scope of current legal stipulations and comply with the latest recommendations of the German Federal Institute for Risk Assessment.

162, 4/4 large-format print machines. The processing of this large-format technology is handled using automated systems.

The last step in the quality process is the final check. Here, too, the goal is to continuously improve product quality.

CEWE’s stringent demands on product safety and quality management contribute to the brands’ success. In the 2016 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 2016 – is to continue to sell products without any safety deficiencies.
Supplier management

Sustainability is a task that encompasses the whole of society and is the key to 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 process expertise, sustainable and continuous quality assurance, joint consideration is also given to environmental, economic and social aspects. Innovative leadership on the part of suppliers is a prerequisite for long-term partnerships that are the basis for enhancing efficiency across the entire supply chain. In conjunction with its suppliers, CEWE launches new developments and solutions for optimising production materials as well as machines and facilities in order to further expand and safeguard its position as market leader over the long term. The partnership with suppliers is characterised by openness, transparency and honesty, which are the foundation for sustainable collaboration.

In CEWE’s supply chain, the direct suppliers for production materials are considered. Where critical materials are purchased by retail partners, the latter’s sub-suppliers are also considered and screened. Critical materials in particular include products with special demands on product safety and product quality.

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 CEWE Group can be found in the current Annual Report on page 254.

“Local” refers to all production materials sourced from suppliers from the same country. For the reporting year, this means that CEWE purchased 58 per cent of the materials locally (previous year: 52 per cent), 22 per cent in the European Economic Area and 20 per cent outside. 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 supply logistics.

In order to fulfil its responsibility to sustainably manage and mitigate risk, the company aims to adopt a two- or multi-supplier strategy for production materials. All relevant suppliers are informed in writing of the compliance guidelines put in place by CEWE and support them in full. They ensure that the legal requirements are observed and possibly even exceeded in their respective areas of responsibility. In 2016, the total number of suppliers was 6,500 (previous year: 6,000). All suppliers receiving an order from CEWE are informed about CEWE’s guidelines through a reference on the purchasing conditions.

Supplier evaluation system

In the 2016 reporting period, 80 per cent of the new relevant suppliers were screened using labour practices, human rights and environmental criteria (previous year: 70 per cent). In order to assess the implementation level of the diverse sustainability criteria along the supply chain, a number of the existing national and international key suppliers were validated with the help of an extensive sustainability questionnaire. Feedback from more than 120 suppliers provided a picture of where suppliers stand with regard to their sustainable conduct. The majority of those surveyed already record key performance indicators and attach importance to reducing their energy consumption. Especially positive is the feedback in the area of social and community sustainability. Measures such as training, audits and undertakings to prevent corruption, ensure compliance with ethical principles and the observance of human rights are widespread. In the future, CEWE is intending to roll out a comprehensive supplier evaluation system which will encompass all aspects of the sustainable performance of existing and future 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.

CEWE ENGAGES WITH ITS SUPPLIERS ON SUSTAINABILITY

Supplier audits are regularly conducted on suppliers from regions classified as critical in accordance with BSCI Guidelines. In 2016, one new supplier was added from a region classified as critical, and was screened through an on-site inspection in the same way as existing suppliers. All sites visited complied with CEWE’s exacting standards. In the reporting period, there were again no incidents concerning or complaints about suppliers with whom CEWE cooperates.

CEWE’s suppliers are nowadays not only characterised in terms of quality and pricing. Other performance criteria in the supply chain include innovative strength, process know-how and logistics competence in the sense of short supply routes, sustainable transports (for example CO₂-neutral) and corresponding packaging concepts.
Memberships and partnerships

SOS Children’s Villages worldwide
SOS Children’s Villages is an independent, non-government, inter-denominational children’s aid organisation which is active around the world. It has given itself the mission to help abandoned children and children in need build a better future. Currently, there are 571 SOS Children’s Villages and 1,987 other projects worldwide. CEWE has been a partner of SOS Children’s Villages worldwide since 2013. In the meantime, the cooperation has been extended to 12 partner locations. The engagement for children and families in need is put into practice in a variety of ways – in the form of emergency relief programmes, integration projects for refugees or new housing projects in the SOS Children’s Villages. CEWE’s employees also do voluntary work in local organisations, lend a hand on “Volunteer Days” or organise summer and holiday activities for children.

NABU
For over 115 years, NABU has been committed to conserving and safeguarding nature for future generations. CEWE started its cooperation with NABU within the scope of a joint photo competition. Since 2014, the planning of the extension to the Oldenburg location giving consideration to nature conservation has been on the agenda. A total of 144 nesting boxes for the protection of endangered bird species have been hung up and an insect hotel installed.

UN Global Compact
The UN Global Compact is the world’s largest corporate sustainability initiative which aims to combat corruption, slavery and child labour and create decent working conditions. The German Global Compact Network (www.globalcompact.de) has established itself as an important platform for dialogue in the area of Corporate Social Responsibility. CEWE has been a member of the network since September 2010.

CDP
CDP (formerly Carbon Disclosure Project) is a non-profit organisation that, based on the information provided by the companies, has compiled the largest freely available index of CO₂ emissions for business-related activity in the world. The investors who have given the project their backing have access to all responses. This enables them to factor in the various effects of climate change on business, such as price risks for certification, direct weather risks and rising energy costs, when making their investment decisions. CEWE signed up to the Carbon Disclosure Project in 2010, and in 2015 and 2016 was honoured for its outstanding environmental reporting.

“pro:connect”
The non-profit charity “pro:connect”, which is financed by donations, brings together job-seeking refugees and potential local employers. CEWE became a member of the association in 2016 and has provided support in the form of subsidising a staff position, along with various financial and material donations (print products such as flyers and business cards).
German Sustainability Code

The German Sustainability Code (DNK) provides a framework for reporting non-financial performance and can be used by all organisations and enterprises regardless of their size or legal structure. The EU Commission has named the German Sustainability Code one possible standard for satisfying the obligation requiring European public interest entities with more than 500 employees to disclose non-financial information from 2016. CEWE applied the transparency standard in 2015 and successfully filed its declaration of conformity with the German Sustainability Code in 2016.

German Association for Materials Management, Purchasing and Logistics e.V. (BME)

The German Association for Materials Management, Purchasing and Logistics e.V. (BME) promotes the exchange of knowledge for business and science, on the procurement side and on the supplier side. The association is open to all industries (e.g. manufacturing, retail, public sector, banking, insurance) and all types of companies. CEWE signed up to the BME in 2006 and has been a member of the BME Compliance Initiative since 2009.

B.A.U.M. e.V.

The German Association of Environmental Management (B.A.U.M. e.V.) raises awareness among companies, local communities and organisations regarding issues around environmental protection and a vision for sustainable economic activity. Together with member companies, the association develops new, strategic concepts and updates existing systems and methods with regard to environment-related and sustainable management practices. CEWE has been a member of B.A.U.M. since 2012.

FSC® (Forest Stewardship Council®)

The Forest Stewardship Council was set up in 1993. The council’s objective is to implement the requirements for sustainable forest development that were agreed at the conference in Rio. According to FSC® regulations, the entire processing and commercial chain from forest to wholesaler must be certified completely and seamlessly. As part of the certification process, the production processes are examined on an annual basis by independent third parties. Certified operations are permitted to include the FSC® label on FSC® products. By purchasing these products, consumers can make a direct contribution to the improvement of forests. All CEWE production sites across Europe have been FSC®-certified since 2011.

Deutsche Post DHL GoGreen, DPD Total Zero and UPS Carbon Neutral

GoGreen is a carbon-neutral shipping service for customers of Deutsche Post DHL. Total Zero is the carbon-neutrality commitment from standard and express parcel operator DPD, and with carbon-neutral shipment, UPS offers customers the ability to counterbalance the emissions generated by the transport of their packages through certified carbon-neutral (CO₂) offsetting.

CEWE has been using the GoGreen service for all German mail-order consignments since April 2010. The CEWE-PRINT.de online platform has been using the DPD Total Zero service for all its consignments since 2012. CEWE has been shipping UPS consignments using the carbon-neutral shipment programme since February 2014.
ENVIRONMENTAL PROTECTION AND RESOURCE CONSERVATION

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Saving energy 39
CEWE’s environmental management policy 39
Management systems to improve green credentials 40
Protecting water, preventing air and soil pollution 40
Responsible use of materials 42
Reducing waste and optimising recycling processes 42
AIMING FOR CLIMATE NEUTRALITY
Reducing the CO₂ footprint

CEWE significantly expanded its sustainable climate protection strategy in 2016. Since September 2016, the CEWE PHOTOBOOK and all other CEWE brand products have been manufactured in a climate-neutral process. CEWE offsets production-related CO₂ emissions by supporting an extensive climate protection project in Kenya.
**SYSTEMATIC ENVIRONMENTAL PROTECTION**

G4-EN19, G4-EN27

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, CEWE 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 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.

In the year under review, CEWE set itself the ambitious goal to offset all unavoidable CO₂ emissions arising from the manufacture of its CEWE brand products. This CO₂ offsetting presents an opportunity to lessen currently unavoidable impacts on the environment in the overall balance. For this initiative, CEWE received the CHIP FOTO AWARD for Sustainability at photokina 2016.

**SINCE 2016, ALL CEWE BRAND PRODUCTS HAVE BEEN MANUFACTURED IN A CLIMATE-NEUTRAL PROCESS**

Calculating CO₂ offsetting

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 CEWE production sites and CEWE’s fuel, gas and electricity consumption (cradle-to-gate). Mail-order shipment to the customer has been effected in a climate-neutral process for a number of years and the contracted logistics will in future be switched to climate-neutral in a separate process. 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 calculation of

The project also includes creating jobs above all for women in the manufacture of sustainable clothing, in tree nurseries and in the education and healthcare sectors.
removed or saved CO₂ is carried out in accordance with international standards. These CO₂ credits are then offset against the CO₂ debits, and on balance no CO₂ is released into the atmosphere: CEWE’s CO₂ footprint is thus offset.

The offsetting project: the Kasigau Wildlife Corridor
The project CEWE has chosen for offsetting the CO₂ footprint of CEWE’s brand products is the Kasigau Wildlife Corridor in Kenya, which recultivates and protects forests 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 Verified 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 reforestation and conservation, in manufacturing resource-saving cooking stoves, and also in setting up fair trade production facilities. In July 2017, CEWE is planning to send its own team of auditors to Kenya to critically assess the project contents, review the CO₂ offsetting calculation and evaluate the different project components.

The project territory links the Tsavo East and Tsavo West National Parks and serves as a wildlife corridor which is home to numerous bird species and endangered animals such as zebras, cheetahs, lions and elephants. As well as conserving a natural carbon sink, the project contributes to the protection of the local biodiversity.

The project has enabled educational facilities to be built and scholarships to be awarded.
CEWE’s CO₂ footprint
Calculation of CEWE’s CO₂ footprint is based on the international IPCC (Intergovernmental Panel on Climate Change) standards and calculated and presented in accordance with the current Corporate Accounting and Reporting Standard of the Greenhouse Gas Protocol Initiative. All production sites operated by the CEWE Group are taken into account. CEWE reports annually within the framework of the Carbon Disclosure Project. For the second time in sequence, CEWE achieved a very good result (100 A-) as Sector Leader Industrials 2016. Consideration was given to the open and 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 reported as Scope 2. Other indirect emissions relating to corporate activities, but not generated as a result of corporate activities, are labelled Scope 3 emissions. For example, 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>
<thead>
<tr>
<th>CO₂ emissions 2016 vs 2015 (Scopes 1, 2 and 3)</th>
<th>2015 (t CO₂)</th>
<th>2016 (t CO₂)</th>
<th>Percentage 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>3,017</td>
<td>3,219</td>
<td>111%</td>
</tr>
<tr>
<td>Scope 2</td>
<td>10,384</td>
<td>7,202</td>
<td>25.0%</td>
</tr>
<tr>
<td>Scope 3</td>
<td>19,224</td>
<td>18,423</td>
<td>63.9%</td>
</tr>
<tr>
<td>Logistics</td>
<td>12,533</td>
<td>10,918</td>
<td>37.9%</td>
</tr>
<tr>
<td>Goods delivery</td>
<td>3,585</td>
<td>4,340</td>
<td>15.0%</td>
</tr>
<tr>
<td>Waste logistics</td>
<td>371</td>
<td>400</td>
<td>1.4%</td>
</tr>
<tr>
<td>Employee travel, incl. business travel</td>
<td>2,735</td>
<td>2,765</td>
<td>9.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32,625</strong></td>
<td><strong>28,844</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Energy requirement and Scope 1 and 2 emissions 2013–2016

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions in t/a</td>
<td>13,473</td>
<td>13,244</td>
<td>13,401</td>
<td>10,421</td>
</tr>
<tr>
<td>CO₂ emissions in t/€ m</td>
<td>25</td>
<td>25</td>
<td>24</td>
<td>18</td>
</tr>
<tr>
<td>Energy intensity coefficient GJ/€ m</td>
<td>277</td>
<td>269</td>
<td>259</td>
<td>250</td>
</tr>
<tr>
<td>Energy requirement per product and service GJ/t</td>
<td>4.36</td>
<td>3.66</td>
<td>3.52</td>
<td>3.28</td>
</tr>
</tbody>
</table>

CO₂ emissions in kg/t of materials used 2013–2016

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-15, G4-EN3, G4-EN4, G4-EN5, G4-EN7, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CEWE’s energy consumption in 2016 amounted to 148.8 TJ, which is 4 per cent higher than in the previous year (143.3 TJ). The increase results from a rise in sales revenues (up by 7 per cent) and a higher production output (up by 11 per cent). Of the total amount, 32.7 TJ is accounted for by gas for heating purposes, 21.9 TJ by fuels (mostly diesel) and 94.2 TJ (26.2 GWh) by electricity.
CEWE’s strategy on climate change encompasses various different approaches.

- **Utilising renewable energy sources** from in-house photovoltaic systems; at the Freiburg and Germering production sites, 260 MWh/a, CO₂ saving of 105 t/a.

- Increased **consumption of green power**. In 2016, the Oldenburg and Prague sites consumed 100 per cent green electricity, which translated into a saving of over 3,000 t of CO₂ in Scope 2 (30 per cent) compared to the previous year.

- **Continuous reduction of energy consumption** by increasing efficiency. Steps in this direction include installing LED lighting as at SAXOPRINT in Dresden (CO₂ saving of 250 t/a), energy-optimised data centres (green IT, for example in Oldenburg CO₂ saving of 150 t/a) and savings in the area of air conditioning and compressed air generation.

- **Energy-conscious behaviour** of employees and energy-aware use of production machinery (improved machine run times).

- **Use of energy-efficient company vehicles** through financial support for electric and hybrid vehicles as well as offsetting fuel consumption in Germany with the DKV fuel card. This led to savings of 808 t Scope 1 CO₂ emissions in 2016.

- **More environmentally friendly orientation of distribution logistics.** Optimising transport services made it possible to save 13 per cent, or 1,615 t, of CO₂ in 2016. The company is seeking to make further significant reductions in the next two years.

- **Business travel by rail.** By using the business rail card, it was possible to cover 379,819 passenger kilometres and thus 92.4 per cent of rail journeys in a climate-neutral manner.

- **Climate-friendly commuting.** CEWE will support its staff with job tickets or staff bicycles and by providing charging stations for electric vehicles.

- **Climate-neutral printing.** On the CEWE-PRINT, SAXOPRINT and viaprintfo websites, CEWE offers its customers the possibility to print their print materials in a climate-neutral process.

**CEWE’s 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 13,401 t/a to less than 6,700 t/a.

2. To lower the absolute Scope 3 CO₂ emissions reported in the CDP by at least 25 per cent in the next ten years based on the values for 2015.

**CEWE’s environmental management policy**

CEWE’s strategy on climate change is embedded in its environmental management policy, which describes environmental protection and conservation of resources as key aspects of CEWE’s sustainability strategy. Under the heading “conserving nature”, the following areas of action have been defined and actively practised 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 CEWE has set for itself include compliance with applicable legal regulations and additional requirements. CEWE also places particular importance on individual requirements of its stakeholder groups such as customers and retail partners and is committed to meeting these.

In terms of planning and investment, the company uses the best technologies available. This applies not just from an economic perspective, but also from the point of view 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 with regard to the health of employees and the environment.

Continuous improvement of occupational health and safety and environmental protection as well as the prevention of environmental pollution are CEWE’s declared objectives. CEWE has not breached any environmental regulations and there have been no grievances or significant fines relating to the environmental impact of the company’s activities.

**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 energy management system in accordance with DIN EN ISO 14001 at the four German digital printing sites in Oldenburg, Germering, Mönchengladbach and Freiburg. Since 2013, all four sites have been certified accordingly.

Additionally, the energy management system in accordance with DIN EN ISO 50001 has been rolled out at the above sites and at SAXOPRINT in Dresden. Within the scope of this energy policy CEWE has committed to the continuous improvement of its energy-related performance, and to supporting this process by taking energy input, energy consumption and energy efficiency into account when buying-in products and services and utilising machinery, equipment and facilities. To review energy targets, performance indicators are identified and constantly monitored. The reference framework for CEWE’s energy policy is the legal requirements and CEWE’s own further-reaching targets. This also forms the basis for driving forward CEWE’s policy on climate change.

**Expenditures for environmental protection**

Total expenditures in the reporting period came to approx. EUR 0.4 million. Included in this amount are costs for the energy and environmental management systems (EUR 0.15 million), costs for waste water treatment and waste water analysis (EUR 0.1 million), refurbishment costs (EUR 0.05 million) and other project costs (EUR 0.1 million). Not included are costs for waste disposal, which in 2016 amounted to approx. EUR 0.5 million.

**Protecting water, preventing air and soil pollution**

Water is mostly used to develop photographic materials such as film and paper. The quality of waste water is closely monitored, and it always complies with legal requirements.
Reducing water consumption
CEWE has for many years relied on the following measures to effectively save water in its production process:

- reverse-flow cascade rinsing of paper
- use of low carry-over paper-developing machines without a leader belt, in many cases featuring eco-wash technology
- use 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 7 per cent. Absolute water consumption in 2016 remained constant compared to the previous year. The specific water rate is 2.5 l/m². Thus the goal to further lower water consumption was not achieved and after evaluation of all the possibilities it must be concluded that this goal cannot be achieved. All optimisations are in place and have been exhausted. The goal for 2017 is to maintain the specific water rate below 2.5 l/m². Absolute water consumption should be correspondingly low.

Improving the quality of waste water
Industrial photofinishing will continue to require water for developing photographic materials in the future. CEWE therefore attaches great importance to constantly improving the quality of waste water produced. Since 2001, CEWE has complied with the photo industry’s voluntary commitment to halve the release of hard complexing agents into waste water, as they are highly resistant to biodegradation. No final baths containing formaldehyde have been used since 2002. CEWE’s analytical laboratory at its headquarters in Oldenburg constantly monitors all relevant waste water contaminants. These include silver, pH values, COD (chemical oxygen demand), sulphate and ammonium nitrate.

Preventing air and soil pollution
With respect to air and soil pollution, it is the employees who are the first to be exposed to potential environmental hazards. Safety in the workplace is a fundamental aspect of environmentally sustainable activity. CEWE has taken the appropriate precautions and reduced the concentration of hazardous substances as far as possible. This also means using the most advanced and most environmentally friendly technologies in the entire production process. CEWE’s efforts in the area of digital printing machines are plain to see: its printing process produces low levels of ozone that are well below the statutory limits. Eighty-five per cent of digital printing machines that print CEWE PHOTOBOOKS use very small toner particles, which are ideal for producing optimum image quality. As the toner’s liquid carrier binds the toner particles with imaging oil, employees are not exposed to any airborne particles. In addition, the ink that is used to manufacture selected digital printing products in the ink jet process is solvent-free.

Isopropanol has not been used as a cleaning agent in digital printing for more than four years. Ethanol, a significantly less harmful product, is used instead. CEWE is also continuing its efforts in offset printing: no mineral oils or alcohols are used in the printing process. This means that the offset inks used are based on vegetable fats and isopropanol is not used as a washing water additive.
Responsible use of materials

CEWE is accelerating the use of environmentally friendly materials, in particular for its most popular product, the CEWE PHOTOBOOK. Since 2011, 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 and production processes are inspected once a year by independent third parties. CEWE places high demands on the quality of paper, which is its primary processing material. So far, no recycled paper has been found that meets all of CEWE’s demands. In the area of packaging and the cardboard for the book covers, however, CEWE uses only recycled material.

The percentage of secondary raw materials is 9 per cent. Secondary raw materials include packaging material and grey board for book covers and copy papers.

Packaging

Corrugated cardboard, which is manufactured from recycled materials, accounts for more than 98 per cent of packaging. The remaining amount, less than 2 per cent, consists of plastics, which are used to protect against moisture during transport. In 2016, the company achieved its goal to maintain the proportion of plastic used at well below 5 per cent.

Reducing waste and optimising recycling processes

The resource-conserving use of materials plays a decisive role in CEWE’s environmental management. CEWE selects its materials very carefully, bearing in mind not just qualitative, but also environmental considerations. The company aims for a minimum amount of production waste and carefully disposes of any unavoidable waste.

Recovering silver

Silver is a by-product of film and photo paper processing. The German Waste Water Ordinance (Abwasserverordnung) stipulates a limit of 30 g/m² of photo material. This is five or six times greater than the value produced by CEWE. CEWE has been achieving an average silver recovery rate of 95 per cent for several years by desilvering its photographic processing baths using an electrolytic recovery process. In 2016, the company recovered 4.547 tonnes of silver.

Recycling methods in photographic processing

In 2016, CEWE achieved an impressive recycling rate for photographic processing solutions of 89 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 photochemical baths used at all CEWE 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

Cardboard accounts for more than 98 per cent of CEWE packaging. CEWE employees from different departments work continuously to make packaging even more environmentally friendly.
remains high, sensitometric tests are also conducted several times a
day for analytical control purposes.

Materials balance sheet and waste ratio
The CEWE Group generated 13,799 tonnes of waste in 2016, corres-
ponding to approximately 30 per cent of the quantity of material
used (waste ratio). The waste ratio for the previous year was 33 per
cent. The target set in 2015 to cut the waste ratio to less than 30 per
cent within the next three years by reducing production waste was
therefore almost achieved in the reporting period.

For its waste balance sheet, CEWE evaluates quantities of waste by
type of material. By far the most waste is generated by printing paper
and packaging, which consists of paper and cardboard. In the case of
printing paper, particular attention is paid to ensure that the scrap paper
is sent for recycling in a way that optimises the recycling process.

In offset printing, three different types of paper are collected separ-
ately to ensure a high-quality recycling process. The waste chemicals
generated from the preparation of photographic baths are reused as
a nitrogen oxide reducing agent in the cement industry. Hazardous
waste makes up 4.9 per cent of all waste produced. More than 90 per
cent of this hazardous waste is recycled.
RESPONSIBILITY FOR EMPLOYEES

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Training and education 50
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The 70 CEWE employees achieved excellent individual and team results in the various age groups in the Brunnenlauf running event.
The Everstener Brunnenlauf running event is a fixed date in the calendar for CEWE every year. With 70 registered athletes, CEWE was one of the biggest running teams in 2016. In addition to this event, CEWE offers its staff a number of possibilities to engage in sport and keep fit, for example the weekly running group or trial courses for fitness boxing.
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 the contribution they make to the company’s success. Skilled human resources management and the intensive promotion of young professional talent contribute to this and therefore play an important role. CEWE is now established on the market as a strong and modern employer that secures its social future through four pillars:

• responsible entrepreneurship
• skilled human resources management
• promotion of young talent
• modern and safe working conditions

Awards

In 2014, CEWE was among the first companies to be awarded the Top Employer certificate with the supplementary module Family Friendly by SOS Kinderdörfer Global Partner GmbH. The quality certificate has been developed in cooperation with TÜV Rheinland, which audited the new standard concerning reconciliation of family and working life within the framework of a certification process. CEWE was awarded the certificate after successfully completing this certification process. Within the process, all areas of CEWE’s HR management were reviewed in terms of reconciling the demands of a career with today’s understanding of parenthood. In 2016, health management was added. In this context, the cewe-vital health management system was reviewed and found to be very good.

CEWE also participated in the Hertie Foundation’s audit berufundfamilie (career and family) survey. As part of this, in August 2014 CEWE was awarded the audit berufundfamilie certificate by the non-profit Hertie Foundation for its family-friendly HR policy. The accredited quality certificate recognises employers’ endeavours to integrate work and family life. Its practical implementation is reviewed on an ongoing basis. The audit, which is under the auspices of the Federal Minister for Family Affairs and the Federal Minister of Economics, is recommended by leading German business associations. The agreed targets are reviewed annually, and CEWE passed the audit in 2016.

In early August 2016, CEWE was awarded the “Demografiefest – Sozialpartnerschaftlicher Betrieb” (“Demographically stable – Social Partnership Company”) certificate in Hanover by Olaf Lies, Lower Saxony’s Minister for Economic Affairs, and the Demographic Agency. The certificate is a confirmation that CEWE has faced the challenges of demographic change and initiated exemplary measures in the areas of

CEWE was one of 11 companies to be awarded the “Demografiefest – Sozialpartnerschaftlicher Betrieb” certificate. 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.
human resources development and commitment, equal opportunities and diversity, occupational health management and internal knowledge transfer. The award not only honours companies for their demographic stability, but also for their commitment to sustainably 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 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 CEWE’s management and organisational development.

*The first employee survey in cooperation with Great Place to Work® was conducted in 2012. At the time, 71 per cent of employees felt that CEWE is a good workplace. The figure for other companies with a headcount of between 500 and 2,000 was 68 per cent. The survey has now been repeated. Currently, 81 per cent of employees are of the opinion that CEWE is a great workplace.*

81% OF EMPLOYEES WOULD LIKE TO STAY WITH CEWE FOR A LONG TIME

The company conducts regular surveys to find out how satisfied its employees are in their job.

**Headcount**

In 2016, CEWE employed an average annual workforce of 3,550 across Europe (2015: 3,420). Of these, 2,378 and hence around 67 per cent were employed at the company’s sites in Germany (previous year: 2,298 or 67 per cent) and 1,172 employees, accounting for some 33 per cent (previous year: 1,122 or 33 per cent), worked at the Group’s international sites.

To cover the Christmas period, around 500 seasonal workers are employed at the German processing plants from October to December each year. CEWE has made it a principle to enter into direct employment contracts and as far as possible not to fall back on freelancers and supply workers. Germany-wide, CEWE took on 337 new employees in 2016 (192 male, 145 female). Of the new recruits, 105 are under the age of 30, 148 between the ages of 30 and 50, and 84 over the age of 50. A total of 225 work full-time and 91 part-time. There were 246 temporary and 112 permanent employment contracts. The 337 new recruits include two executive positions.
The length of service at the German production sites averaged 10.9 years in 2016. A total of 167 employees celebrated their anniversary with the company in 2016; of these, many had been working at CEWE for over 25 years. Such long-standing service is a key factor in guaranteeing expertise and experience. The high level of employee satisfaction is reflected in the rate of employee turnover, even though restructuring measures meant that this was slightly higher in 2016 than in the previous year. Employee turnover in 2016 was 9.5 per cent (previous year 8.6 per cent). Consideration was given to contract terminations by the employer and employees.

<table>
<thead>
<tr>
<th>Employees by employment contract and position 2016 (total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employees by age and gender 2016 (total)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Under 30</td>
</tr>
<tr>
<td>Executive employees</td>
</tr>
<tr>
<td>23</td>
</tr>
<tr>
<td>Employees</td>
</tr>
<tr>
<td>931</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CEWE Group headcount as an annual average in 2016</th>
</tr>
</thead>
</table>

| No. of employees | 590 Retail | 625 Commercial online printing | 2,335 Photofinishing |

<table>
<thead>
<tr>
<th>Length of service and employee turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>The length of service at the German production sites averaged 10.9 years in 2016. A total of 167 employees celebrated their anniversary with the company in 2016; of these, many had been working at CEWE for over 25 years. Such long-standing service is a key factor in guaranteeing expertise and experience. The high level of employee satisfaction is reflected in the rate of employee turnover, even though restructuring measures meant that this was slightly higher in 2016 than in the previous year. Employee turnover in 2016 was 9.5 per cent (previous year 8.6 per cent). Consideration was given to contract terminations by the employer and employees.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employee turnover in 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30</td>
</tr>
<tr>
<td>30 to 50</td>
</tr>
<tr>
<td>Over 50</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
</tbody>
</table>
Equal opportunities

Everyone has the same opportunities at CEWE, regardless of gender, ethnicity, nationality, age, sexual orientation or religion; the only thing that counts is a person’s ability to do a job. As an international company, CEWE values and promotes diversity among its employees. Different nationalities also reflect the different markets and customers. At the company’s German sites alone, 7.1 per cent of employees come from 40 countries (e.g. France, Poland, the Netherlands, Sri Lanka, Turkey, Vietnam). 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

As in the previous year, female employees accounted for approximately 48 per cent of the workforce in Germany in 2016. CEWE’s 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 30 per cent was raised to 35 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.

Many children of employees take part in CEWE’s two-week summer holiday programme.

For the last three 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. On 2 July 2014, as a further enhancement of the work–life balance, CEWE also opened its own large-scale childcare facility, called cewelino. The new in-house childcare facility at the Oldenburg site offers ten full-day places from Monday to Friday for employees’ children under the age of three.

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 CEWE employees free consultations to arrange care for children – also during holiday periods – or dependent relatives.
Employee participation – employee share programme

Since 2005, under the terms of an employee share ownership programme, employees have been able to purchase CEWE shares every year at a special price, supported by a financial contribution from the company that is tax-free and exempt from social security contributions. Thanks to a successful communications campaign and the opportunity to acquire five bonus shares, the number of employees who availed themselves of this programme has risen again compared to the previous year: 1,638 employees took advantage of the bonus shares in 2016. The company’s objective once again in 2017 is to inform employees about the opportunity to participate in the company and to attract as many employees as possible to the programme.

### Employee share programme: participation in 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees participating in the employee share programme</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1,290</td>
<td>50%</td>
</tr>
<tr>
<td>2015</td>
<td>1,434</td>
<td>60%</td>
</tr>
<tr>
<td>2016</td>
<td>1,638</td>
<td>69%</td>
</tr>
</tbody>
</table>

Pension scheme

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 have their own pension schemes. Employees were notified about the benefits of the company pension scheme through additional targeted information, resulting in an increase in the number of employees joining the scheme. Furthermore, with effect from 1 January 2014, labour and management in the photo processing industry for the first time concluded a Working Life and Demography tariff agreement. With this strategy for addressing demographic change, CEWE is responding to the challenges of an ageing society. In terms of practical implementation, the following options are available: long-term account, phased retirement, collectively agreed pension entitlements, age-related reduction in working time and additional occupational disability insurance.

In this context, for every employee employed full time for more than six months at 31 March in any given year, CEWE pays EUR 300 into a demographic fund. For 2014 and 2015, CEWE agreed to allocate the amount in the fund to collectively agreed pension provisions. Like this, CEWE aims to ensure that after retiring from active service employees receive an additional sum on top of their dwindling statutory pension. In 2016, an overall works agreement made provision for age-related reduction in working time, which has been in place since June 2016.

### Employees who drew pension provisions in the financial year 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>783¹</td>
<td>1,454¹</td>
<td>2,484¹</td>
</tr>
<tr>
<td></td>
<td>845²</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1: German sites | 2: Non-German sites

Training and education

Once again in 2016, CEWE was the largest employer and trainer in the photo industry. In 2016, 122 young people worked at CEWE as apprentices in 13 different professions. This resulted in a renewed high training rate of over 5 per cent at the German sites. 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.
To allow trainees to get to know one another better and “grow together” as a team before starting their training, a three-day trainee excursion to Cuxhaven was organised at the beginning of July 2016.

Leadership - experiencing the vision

In 2013, CEWE began its first-ever leadership programme. In groups of 20 participants, managers at all levels and from all sites examined CEWE’s vision at two-day workshops. The aim and the aspiration is to reinforce the practical implementation of the management vision, to reflect on personal management styles and to develop from this a number of areas of personal development and courses of action. In 2016, one leadership training course was held with the participation of CEWE managers.

CEWE Forum and CEWE Knowledge

Continuing education is fun, it sparks inspiration and brings satisfaction and confidence. CEWE’s employee development programmes demonstrate the company’s capacity for innovation. Plenty of good reasons to offer employees the comprehensive CEWE Forum educational programme, now in its fifth year. The CEWE Forum is aimed at CEWE managers and specialist staff. The course programme is structured in line with the company guidelines in such a way that managers at all levels and specialist staff can find dedicated courses and a forum for exchange to suit their own individual needs. As part of its CEWE 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 project is continuously expanded to include new subjects such as healthcare and illness prevention. CEWE also provides financial support and leave of absence for employees who wish to attend part-time courses in disciplines such as innovation management, information law and marketing.

Seminars in 2016

<table>
<thead>
<tr>
<th></th>
<th>German sites</th>
<th>Previous year</th>
<th>Non-German sites¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>545</td>
<td>286</td>
<td>202</td>
</tr>
<tr>
<td>Participants</td>
<td>2,489</td>
<td>1,471</td>
<td>834</td>
</tr>
</tbody>
</table>

¹: Presented for the first time.
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 promote good health. With seminars on healthy work styles and healthy leadership techniques, CEWE’s managerial team is in a healthy frame of mind for day-to-day work. Within the scope of an audit, independent auditors conducted a detailed analysis of the quality and effectiveness of the company’s health management programme in the reporting period. The analysis gives consideration to existing healthcare structures and the measures in place for employees. The decisive factor is the extent to which the healthcare programme is based on a holistic strategy and whether the implemented measures are subject to controlling. Particular emphasis is placed on the systematic design and implementation of the company’s health management programme and reviewing and documenting the effectiveness with the help of surveys. The employee interviews conducted on a random basis reflect a very high degree of staff satisfaction with their company.

Health Day – 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. For an entire working day, CEWE encourages dialogue with its roughly 900 employees on health issues associated with their work and personal lifestyles. CEWE invites interesting external experts who 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 concerns the physiological, psychological and social aspects related to work and recreational environments. Reflecting the high level of acceptance, a Health Week is planned for 2017.

Occupational health and safety and sick leave

In 2016, 71 employees, again corresponding to around 2 per cent of the total workforce, were represented on occupational safety committees.

In his role as occupational health expert at the Oldenburg site, Waldemar Simon, M.A. has been actively supporting all employees since November 2014.

EXTERNAL AUDIT CONFIRMS CEWE’S EXCELLENT HEALTH MANAGEMENT SYSTEM
CEWE’s Health Day has established itself as an important event within the context of health management. Numerous presentations, courses, campaign and information stands invite employees to inform themselves about health-related issues, test their physical fitness and become active.

At 63, the number of reportable work-related accidents was higher in 2016 than in the previous year (58). Accidents on the way to and from work increased from 22 in 2015 to 24 in 2016. At the non-German sites, there were three reportable accidents and one commuting accident.

Certificates of incapacity to work are recorded in the HR software IFS. Other data is recorded in a dedicated software program by the employee responsible for occupational safety. The cause of each accident is investigated 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 2017 in order to again reduce the number of work-related accidents in the coming year.

Once again, many employees at the company’s sites in Germany and abroad took up the offer of medical check-ups. Incentives to stay healthy and prevent illness were created through partnerships with gyms and company sports clubs. Health checks, such as ergonomic advice, skin cancer screenings, hearing tests, heart stress tests and venous and foot pressure measurements were conducted on-site and several extensive back-care training sessions took place. Regular monitor workstation analyses were carried out with the aim to create ergonomically designed workplaces. The management’s goal is to maintain the low level of sick leave. To this end, all established measures and projects will be continued into 2017.

### Days lost through sick leave in 2016

<table>
<thead>
<tr>
<th></th>
<th>German sites</th>
<th>Previous year</th>
<th>Non-German sites¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours</td>
<td>29,202.5</td>
<td>28,522.5</td>
<td>9,749.0</td>
</tr>
<tr>
<td>Percentage</td>
<td>5.3</td>
<td>5.2</td>
<td>4.0</td>
</tr>
</tbody>
</table>

¹: Presented for the first time.
The junior players of TuS Bloherfelde 06 are excited about their new jerseys.

### 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 sport
- Social commitment – supporting each other as a community

The junior players of TuS Bloherfelde 06 are excited about their new jerseys.
JERSEY SPONSORING
Support for young teams

For CEWE, social commitment means also providing support where good and effective youth work is done. As part of a Germany-wide campaign, over 1,200 teams received new sets of jerseys in 2016. Apart from the many health benefits, CEWE values the positive personal development possibilities that sport offers young people and is continuing the successful campaign in 2017.
FOR A SOCIETY WORTH LIVING IN

Social commitment as part of the corporate culture

Socially responsible behaviour 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 the region. The company’s sponsorship activities focus on four areas: education, culture, sport and social affairs. The company prioritises projects where it is able to contribute its expertise and experience and support young people. In 2016, CEWE supported a wide range of projects at its respective sites in Europe with a sum in excess of EUR 1 million.

Involvement of local communities at the production sites

CEWE’s business activities have diverse impacts on the local communities at the respective company sites. In general, CEWE offers stable jobs at its sites, including a large number of part-time jobs, which are particularly interesting for young families. Building projects are first of all coordinated with the responsible authorities to ensure all statutory regulations are complied with. At the company’s headquarters in Oldenburg, a number of meetings took place with local residents and interest groups in the reporting period to jointly discuss the new business premises on the company’s site. 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.

The fact that CEWE is firmly rooted in its local community, engages in open dialogue and maintains all manner of contacts to all relevant groups and organisations plays in its favour here, allowing the company to target its involvement to local needs. It is also the reason why the vast majority of donation and sponsorship activities are decided and implemented by local CEWE organisations and employees.

Education network, promotion of young talent and association work

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 management staff enable a valuable knowledge transfer between the spheres of research and industrial practice, in a way that is innovative and inclusive. By actively supporting internships and apprenticeships, CEWE systematically promotes young talent and maintains direct contact with the experts of tomorrow. What is more, since 1995 the Neumüller CEWE COLOR Stiftung has awarded up to six scholarships for doctoral theses each year to the Carl von Ossietzky University in Oldenburg. The foundation is also

OVER EUR 1 MILLION FOR SPONSORING AND DONATIONS

Some 200 guests attended the topping-out ceremony for the new office building at the Oldenburg headquarters, which is scheduled for completion in autumn 2017.
a sponsor of the Deutschlandstipendium scholarship for Jade University of Applied Sciences, a sponsor of the European Medical School and is a long-time partner of Cologne University of Applied Sciences. In cooperation with the state vocational school Photo + Medienforum Kiel, CEWE supports the training and further education of young talent in the field of photography. In addition to the school sponsorship programme, the Heinz Neumüller Prize is awarded each year to the best graduates. The business simulation games organised by CEWE as part of a training programme for students attending the Liebfrauenenschule in Oldenburg have become something of a tradition and are now in their 18th year.

CEWE also contributes its expertise as an active member in several associations as well as on DIN and ISO committees concerned with all aspects of photography and innovation. The company provides one board member and the Deputy Chair of the Technical and Environment Committee of the Association of the German Photographic Industry. CEWE is also represented by an employee on the board of the Federal Association of Photographic Industrial Laboratories (BGL).

The company’s roots – preserving photography as a form of cultural expression

The CEWE brand increasingly stands for photography as a form of cultural expression – whether photographing nature, family, children, weddings or portraits. The high level of emotion that flows into customers’ pictures and designing their photographic products is an incentive for the company to preserve and promote “photography as a cultural asset”. The range of topics is diverse. The sponsorship concept includes international film festivals, concerts, book fairs for children and adolescents, art exhibitions and a variety of projects in cooperation with art schools. CEWE places great importance on promoting young photographers through appropriate projects and giving talented youngsters the chance to hold their own exhibition. Each year, CEWE therefore initiates and supports a number of photo competitions.

Integration through sport

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

CEWE started its cooperation with NABU in 2013 predominantly with the local NABU group at the company’s headquarters in Oldenburg and extended this collaboration in 2016 with the national NABU association.

From 2013 to 2017: over EUR 1 million in support of SOS Children’s Villages

One of the most well-known examples of CEWE’s widely diversified social engagement is its social partnership with SOS Children’s Villages.

The cooperation began in 2013, which was followed by concrete projects at the locations in Germering (Children’s Village Ammersee), in Eschbach (Children’s Village Black Forest), in Mönchengladbach (Children’s and Youth Facilities Düsseldorf) and in Oldenburg (Children’s Village Worpswede, Kumasi in Ghana and an emergency aid programme in the Philippines, fighting Ebola in Africa and support for unaccompanied child refugees). The close contact and regular exchange visits again gave rise to various follow-up projects in 2016 involving the active support of CEWE employees.

In the years 2013 to 2017, CEWE has donated over EUR 1 million for families and children in need. CEWE is the first company to receive the Excellence Award from SOS Children’s Villages International in recognition of this. Dr Christine Hawighorst and Matthias Meß accept the prize on behalf of CEWE.
CEWE employees from Belgium actively supported the Special Olympics in La Louvière in 2016. Over 12,000 athletes participated and many of them took the opportunity to capture this unforgettable moment for free at the CEWE photo stand in the family tent.

Rüdiger Wohlers, Managing Director of NABU Oldenburg, undertakes an excursion to the insect hotel at CEWE’s headquarters in Oldenburg with interested employees’ children.

At the SOS Children’s Village Worpswede, 97 girls and boys live in SOS Children’s Village families, social and educational support groups and residential groups. CEWE employees discovered for themselves how the youngsters are lovingly and professionally cared for.

As part of the staff environmental programme, all of the trees used at the photokina exhibition stand were planted out on the company’s premises in Oldenburg.
## SUMMARY

Alignment of the materiality matrix with the GRI Aspects — Part 1

<table>
<thead>
<tr>
<th>Aspects in accordance with the materiality matrix</th>
<th>Why is the Aspect material?</th>
<th>GRI Aspect</th>
<th>GRI Indicator</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy/consumption (CO₂) emissions</td>
<td>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, CEWE has been increasingly mindful of organising its production and logistics activities in an environmentally compatible manner.</td>
<td>Economic Performance Energy Emissions Transport</td>
<td>EC2 EN3, EN4, EN5, EN7 EN15, EN16, EN17, EN18, EN19 EN30</td>
<td>30, 36, 38, 39</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>Besides lowering CO₂ emissions, CEWE places equal importance on conserving resources, protecting water and making an active contribution to occupational health and safety and environmental protection at the production sites.</td>
<td>Economic Performance Energy Emissions Products and Services Compliance (environmental) Transport Overall (environmental) Environmental Grievance Mechanisms</td>
<td>EC2 EN1, EN2 EN3, EN4, EN5, EN7 EN15, EN16, EN17, EN18, EN19 EN27 EN29 EN30 EN31 EN34</td>
<td>30, 36, 38–40, 42, 43</td>
</tr>
<tr>
<td>Materials</td>
<td>The materials used have a major impact on product quality. The main raw material is paper. Utilisation of paper as a renewable raw material impacts the long-term continuity of the forests and the climate.</td>
<td>Materials Water</td>
<td>EN1, EN2 EN8 EN23</td>
<td>40, 42, 43</td>
</tr>
<tr>
<td>Waste/waste water</td>
<td>Water is a precious environmental resource. CEWE uses water in particular for processing photographic materials. Pollution control and improving the quality of waste water is therefore material. A low waste rate reflects the responsible use of resources and is therefore also deemed to be material.</td>
<td>Materials Water</td>
<td>EN1, EN2 EN8</td>
<td>40, 42, 43</td>
</tr>
</tbody>
</table>

Relevance: All Aspects are relevant for the stakeholder groups within and outside of the organisation. Outreach: The outreach of the Aspects relates to all CEWE production sites, sales offices and the entire delivery area. The environmental protection, materials and water consumption Aspects are especially important for the 12 production sites.
### Alignment of the materiality matrix with the GRI Aspects — Part 2

<table>
<thead>
<tr>
<th>Aspects in accordance with the materiality matrix</th>
<th>Why is the Aspect material?</th>
<th>GRI Aspect</th>
<th>GRI Indicator</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable procurement</td>
<td>Monitoring the supply chain and giving procurement a regional focus are two important topics for CEWE’s stakeholders. Both have an impact on CEWE’s product safety and transport emissions. Suppliers are expected to support the compliance guidelines put in place by CEWE. CEWE screens the working practices of suppliers and sub-suppliers outside Europe.</td>
<td>Economic Performance</td>
<td>EC2</td>
<td>30</td>
</tr>
<tr>
<td>Supply chain (traceability)</td>
<td></td>
<td>Procurement Practices</td>
<td>EC9</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Supplier Environmental Assessment</td>
<td>EN32</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Supplier Assessment for Labour Practices</td>
<td>LA14</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Labour Practices Grievance Mechanisms</td>
<td>LA16</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Child Labour</td>
<td>HR5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Forced or Compulsory Labour</td>
<td>HR6</td>
<td></td>
</tr>
<tr>
<td>Environmental product optimisation</td>
<td>CEWE already offers CEWE brand products produced in a climate-neutral process without incurring additional costs for the customers.</td>
<td>Compliance (environmental)</td>
<td>EN29</td>
<td>14, 25 f., 34</td>
</tr>
<tr>
<td>Product labelling</td>
<td></td>
<td>Customer Health and Safety</td>
<td>PR2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Product and Service Labelling</td>
<td>PR5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compliance (product responsibility)</td>
<td>PR9</td>
<td></td>
</tr>
<tr>
<td>Occupational health and safety</td>
<td>Healthy and motivated employees are key to a company’s success.</td>
<td>Occupational Health and Safety</td>
<td>LA6</td>
<td>49</td>
</tr>
<tr>
<td>Fair labour practices</td>
<td>Internally, this topic is material because responsible HR policy is part of our corporate culture and geared towards moving forward with a motivated team. CEWE screens service providers and suppliers very carefully in order to also assume responsibility for people along the supply chain.</td>
<td>Economic Performance</td>
<td>EC2</td>
<td>19, 28 f., 45 f., 48, 64</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Market Presence</td>
<td>EC6</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Supplier Environmental Assessment</td>
<td>EN32</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employment</td>
<td>LA1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Supplier Assessment for Labour Practices</td>
<td>LA14</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Labour Practices Grievance Mechanisms</td>
<td>LA16</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equal Opportunity</td>
<td>HR3</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Child Labour</td>
<td>HR5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Forced or Compulsory Labour</td>
<td>HR6</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Supplier Human Rights Assessment</td>
<td>HR10</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Local Communities</td>
<td>SO2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Anti-corruption</td>
<td>SO4, SO5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compliance (society)</td>
<td>SO8</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer Health and Safety</td>
<td>PR2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer Privacy</td>
<td>PR8</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Product Responsibility (compliance)</td>
<td>PR9</td>
<td></td>
</tr>
<tr>
<td>Diversity and equal opportunity</td>
<td>These Aspects are important for CEWE against the background of demographic changes and the reconciliation of a career and family. They ensure that CEWE is an attractive employer and help in the race to find the best talents.</td>
<td>Economic Performance</td>
<td>EC3</td>
<td>18, 45–49</td>
</tr>
<tr>
<td>Demographic change</td>
<td></td>
<td>Employment</td>
<td>LA1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Training and Education</td>
<td>LA9</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Diversity and Equal Opportunity</td>
<td>LA12</td>
<td></td>
</tr>
<tr>
<td>Social commitment</td>
<td>Social commitment is not a central demand for the stakeholders. For CEWE, social commitment is part of the corporate culture and has a high priority.</td>
<td>Local Communities</td>
<td>SO1</td>
<td>52 f.</td>
</tr>
</tbody>
</table>
## G4-31 GRI Content Index in accordance with GRI G4 — Part 1

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>General Standard Disclosures</th>
<th>Status in 2016</th>
<th>Pages</th>
<th>BDO¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-1</td>
<td>Provide a statement from the most senior decision maker of the organisation about the relevance of sustainability to the organisation (organisation's strategy for addressing sustainability, vision, goals for the coming 3–5 years).</td>
<td>At CEWE, sustainability is an integral part of corporate governance. Sustainability management is described in detail and concrete sustainability targets can be found in the respective chapters.</td>
<td>4, 6, 16, 17</td>
<td>✓</td>
</tr>
<tr>
<td>G4-3</td>
<td>Report the name of the organisation.</td>
<td>See Introduction and Publication details.</td>
<td>10–12, 71</td>
<td>✓</td>
</tr>
<tr>
<td>G4-4</td>
<td>Report the primary brands, products and services.</td>
<td>CEWE is active in three strategic business segments: 1. Photofinishing with the brands CEWE PHOTOBOOK, CEWE CALENDAR, CEWE CARDS and CEWE WALL ART, 2. Commercial online printing (SAXOPRINT, CEWE-PRINT.de, viaprinto), 3. Own multichannel retailing in the form of bricks-and-mortar retail stores and online shops (brands include Fotojoker, Fotolabs, Japan Photo).</td>
<td>12, 23</td>
<td>✓</td>
</tr>
<tr>
<td>G4-5</td>
<td>Report the location of the organisation’s headquarters.</td>
<td>See Publication details.</td>
<td>71</td>
<td>✓</td>
</tr>
<tr>
<td>G4-6</td>
<td>Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.</td>
<td>This information can be found on the map of Europe.</td>
<td>13</td>
<td>✓</td>
</tr>
<tr>
<td>G4-7</td>
<td>Report the nature of ownership and legal form.</td>
<td>This information is contained in the organisational structure and legal form.</td>
<td>10, 11</td>
<td>✓</td>
</tr>
<tr>
<td>G4-8</td>
<td>Report the markets served (including geographic breakdown, sectors served and types of customers and beneficiaries).</td>
<td>In 24 European countries CEWE supplies 25,000 retail outlets, 14,000 CEWE INSTANT photo stations, dedicated CEWE retail stores in some countries and online printing services providers. Customers and beneficiaries are retail partners, consumers and businesses.</td>
<td>12, 13</td>
<td>✓</td>
</tr>
<tr>
<td>G4-9</td>
<td>Report the scale of the organisation (total number of employees, total number of operations, quantity of products and services provided).</td>
<td>3,550 employees, 12 production sites, revenue of EUR 593.1 million, 6.2 million copies of the CEWE PHOTOBOOK, 2.2 billion photos produced, over 35,000 t of printed paper. CEWE’s market capitalisation at 31.12.2016 was around EUR 625.8 million (7.4 million shares at a market price of EUR 84.57 each).</td>
<td>12, 22</td>
<td>✓</td>
</tr>
<tr>
<td>G4-10</td>
<td>Report the total number of employees by employment contract and gender.</td>
<td>On an annual average, CEWE employed 3,550 people in total in 2016 (2015: 3,420). Of these, 2,378, or 67 per cent, were employed at the company’s sites in Germany (2015: 2,298 or 67 per cent) and 1,172 employees, accounting for some 33 per cent (2015: 1,122 or 33 per cent) worked at the Group’s international sites. Of the employees, 1,740 were female and 1,810 were male. There were 47 female and 208 male executive employees. Among the women, 158 were on temporary contracts and 1,558 were on permanent contracts, and among the men 252 were on temporary contracts and 1,582 were on permanent contracts. A total of 1,696 men worked full-time (108 part-time), for women this was the case for 1,283 (463 part-time). To cover the Christmas period, around 500 seasonal workers are employed at the German processing plants from October to December.</td>
<td>47, 48</td>
<td>✓</td>
</tr>
<tr>
<td>G4-11</td>
<td>Report the percentage of total employees covered by collective bargaining agreements.</td>
<td>Germany-wide, around 86 per cent of the workforce is covered by collective bargaining agreements, Europe-wide 60.5 per cent.</td>
<td>48</td>
<td>✓</td>
</tr>
</tbody>
</table>

¹: External assessment by BDO AG Wirtschaftsprüfungsgesellschaft, whose statement is printed on pages 72 and 73.
## GRI Content Index in accordance with GRI G4 — Part 2

<table>
<thead>
<tr>
<th></th>
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<th>Status in 2016</th>
<th>Pages</th>
<th>BDO&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-12</td>
<td>Describe the organisation’s supply chain.</td>
<td>In CEWE’s supply chain, the direct suppliers for production materials are considered. In the case of purchases via retail partners, for production-critical materials the sub-supplier is also considered and reviewed. Production-critical materials in particular include products with special demands on product safety/product quality.</td>
<td>30, 31</td>
<td>✓</td>
</tr>
<tr>
<td>G4-13</td>
<td>Report any significant changes during the reporting period regarding the organisation’s size, structure, ownership or its supply chain.</td>
<td>There were no significant changes in the reporting period.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>G4-14</td>
<td>Report whether and how the precautionary approach or principle is addressed by the organisation.</td>
<td>Environmental management system in compliance with DIN EN ISO 14001, energy management system in compliance with DIN EN ISO 50001, opportunity and risk management, internal control system (ICS), occupational health and safety, Carbon Disclosure Project and UN Global Compact.</td>
<td>8, 27, 40, 52</td>
<td>✓</td>
</tr>
<tr>
<td>G4-15</td>
<td>List externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses.</td>
<td>German Corporate Governance Code, the Ten Principles of the UN Global Compact, German Sustainability Code, Carbon Disclosure Project, DIN EN ISO 14001 environmental management system, DIN EN ISO 50001 energy management system, audits in the field of human resources management with regard to reconciling work and family life (Hertie Foundation, TÜV Rheinland), demographically stable materials procurement (separate audits to assess sustainability factors), FSC&lt;sup&gt;©&lt;/sup&gt;.</td>
<td>7, 27, 40</td>
<td>✓</td>
</tr>
<tr>
<td>G4-16</td>
<td>List (significant) memberships of associations and national or international advocacy organisations.</td>
<td>An overview of memberships and partnerships is provided on pages 32–33. Furthermore, CEWE also provides a member of the Executive Board of the Photo Industry Association and the Deputy Chairman of the PIV Technology and Environment Committee. CEWE provides the Chairman of the BGL (German Federal Association of Industrial Photographic Laboratories). CEWE is represented by a member of the Board of Management on the management committee of the German Association of Environmental Management (B.A.U.M.) and plays an active role on various advisory committees (for example Sustainability in the supply chain).</td>
<td>32, 33, 56</td>
<td>✓</td>
</tr>
<tr>
<td>G4-17</td>
<td>List all entities included in the organisation’s consolidated financial statements.</td>
<td>This information is provided in CEWE’s Annual Report 2016 on page 254.</td>
<td>30</td>
<td>✓</td>
</tr>
<tr>
<td>G4-18</td>
<td>Explain the process for defining the report content and the Aspect Boundaries.</td>
<td>To define the report content, a stakeholder analysis and survey was carried out. The results of the survey were used to draw up the materiality matrix. The individual points are deemed to be material if both the stakeholders and the company identify them as important. Boundaries are defined by only including Aspects which directly have an impact outside the organisation. The Aspects are listed in the materiality matrix.</td>
<td>9</td>
<td>✓</td>
</tr>
<tr>
<td>G4-19</td>
<td>List all material Aspects identified in the process for defining report content.</td>
<td>Energy/energy consumption, environmental protection, material input, sustainable procurement, occupational health and safety, fair labour practices, ecological product optimisation, waste/waste water, (CO&lt;sub&gt;2&lt;/sub&gt;) emissions, environmentally friendly transport, product labelling, demographic change, supply chain (traceability), water consumption, diversity and equal opportunity, social engagement.</td>
<td>9</td>
<td>✓</td>
</tr>
</tbody>
</table>

<sup>1</sup>: External assessment by BDO AG Wirtschaftsprüfungsgesellschaft, whose statement is printed on pages 72 and 73.
For each material Aspect, report the Aspect Boundary within and outside of the organisation.

- Product labelling: internal and external relevance (customers).
- Ecological product optimisation: internal and external relevance (retail partners and supply chain).
- Supply chain: internal and external relevance (consequences for choice of retail partners and for customer information).
- Fair labour practices: internal and external relevance (e.g. no child labour and exploitation).
- Environmentally friendly transport: internal and external relevance (e.g. choice of suppliers and fundamental logistics decisions at the respective production sites).

All internal materiality Aspects tend also 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.

More information is presented in the table showing alignment of the materiality matrix with the GRI Aspects on pages 60 and 61.

The stakeholder survey was conducted in 2014 for the first time in a structured manner, giving more emphasis to material Aspects. The reason for this is the transition to GRI G4.

No changes compared to the 2015 Sustainability Report.

Customers, employees and business partners from the areas of sales and retailing, purchasing and suppliers, IT and technology, logistics, production, environment, human resources, marketing, finance, press and public relations as well as an unassigned group (media, neighbours, politicians, non-governmental organisations).

The basis for selection was the key stakeholder groups of CEWE, as this allowed as many different perspectives as possible to be covered.

Involvement of the stakeholders takes place on a continuous basis. The concrete measures subdivided according to the respective groups are described in the introduction under the heading “Continuous stakeholder engagement”.

The key topics are summarised in the materiality matrix. The table showing alignment of the materiality matrix with the GRI Aspects from page 60 sets out why the Aspects are considered material, which GRI Aspects they fall under and with what measures and degree of progress CEWE addresses them.

The stakeholder survey was conducted with the help of a structured questionnaire, i.e. the stakeholder groups were given identical Aspects to evaluate and prioritised them from their own perspective.

Financial year 2016 from 1 January to 31 December 2016.

1 June 2016.

Annual.

1: External assessment by BDO AG Wirtschaftsprüfungsgesellschaft, whose statement is printed on pages 72 and 73.
### GRI Content Index in accordance with GRI G4 — Part 4

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<tr>
<th></th>
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<th>Status in 2016</th>
<th>Pages</th>
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</tr>
</thead>
<tbody>
<tr>
<td>G4-31</td>
<td>Provide the contact point for questions regarding the report or its contents.</td>
<td>The contact details for the Chairman of the Board of Management and the Sustainability Officer on the Board of Management can be found in the report.</td>
<td>71</td>
<td>✓</td>
</tr>
<tr>
<td>G4-32</td>
<td>Report the GRI Content Index for in accordance with GRI G4 incl. External Assurance</td>
<td>BDO AG Wirtschaftsprüfungsgesellschaft is auditor for the annual financial statements of CEWE Stiftung &amp; Co. KGaA and is also assigned with the independent assurance report for the Sustainability Report.</td>
<td>62 ff.</td>
<td>✓</td>
</tr>
<tr>
<td>G4-33</td>
<td>Report the organisation’s policy and current practice with regard to seeking external assurance for the report. Report the scope and basis of any assurance provided. Report the relationship between the organisation and the assurance providers.</td>
<td>CEWE’s Corporate Governance Code is described in detail in the report. The organisational structure and corresponding explanatory notes can be found in the report.</td>
<td>72, 73</td>
<td>✓</td>
</tr>
<tr>
<td>G4-34</td>
<td>Governance structure - report the governance structure of the organisation.</td>
<td>Ethical principles, internal code of conduct and Corporate Governance Code are made available to all employees. They can be accessed both on the Internet and the intranet. New employees receive copies in their welcome folder. Training takes place at regular intervals.</td>
<td>10, 11, 16</td>
<td>✓</td>
</tr>
<tr>
<td>G4-56</td>
<td>Describe the organisation’s values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.</td>
<td>Over 50 per cent of executive employees have completed CEWE’s Junior Management Programme.</td>
<td>16</td>
<td>✓</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Specific standard disclosures</th>
<th>Status in 2016</th>
<th>Pages</th>
<th>BDO¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-DMA</td>
<td>Disclosures on management approaches.</td>
<td>For an overview, see page 8. In addition, the table on pages 60 and 61 show the pages in the report where the respective management approach can be found relating to the material Aspects.</td>
<td>8, 16, 25-30, 39, 40, 46, 56</td>
<td>✓</td>
</tr>
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</table>

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<tr>
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<th>Status in 2016</th>
<th>Pages</th>
<th>BDO¹</th>
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</thead>
<tbody>
<tr>
<td>G4-EC2</td>
<td>Financial implications and other risks and opportunities for the organisation’s activities due to climate change.</td>
<td>This information is provided in CEWE’s risk management. To ensure dependable, sustainable and high-quality supply with raw materials, CEWE has also extended its supplier management.</td>
<td>30 ff.</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EC3</td>
<td>Coverage of the organisation’s defined benefit plan obligations; how many shares were bought by employees in the reporting period within the scope of the organisation’s employee shares programme (by type: discounted staff shares vs. bonus shares)? Shares sold in employee shares programme (percentage).</td>
<td>1,638 employees drew pensions under the company pension scheme in the reporting year. Detailed information about the pension plan is presented in CEWE’s Annual Report 2016, in the consolidated financial statements, Notes D: Comments on the balance sheet, page 200 ff.</td>
<td>30, 50</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EC6</td>
<td>Report the percentage of senior management at significant locations of operation that are hired from the local community, stating the organisation’s definition of senior management, local and significant locations of operation.</td>
<td>Over 50 per cent of executive employees have completed CEWE’s Junior Management Programme.</td>
<td>51</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EC9</td>
<td>Percentage of products and services purchased locally.</td>
<td>The entire CEWE Group purchased 22 per cent of its materials and supplies (previous year 29 per cent) in the European Economic Area and 20 percent (previous year 24 per cent) outside Europe. The percentage of production materials purchased locally increased to 58 per cent.</td>
<td>30</td>
<td>✓</td>
</tr>
</tbody>
</table>

¹: External assessment by BDO AG Wirtschaftsprüfungsgesellschaft, whose statement is printed on pages 72 and 73.
<table>
<thead>
<tr>
<th>Specific standard disclosures</th>
<th>Status in 2016</th>
<th>Pages</th>
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</thead>
<tbody>
<tr>
<td>G4-EN1 Materials used by weight and volume.</td>
<td>This information is presented in the quantitative balance.</td>
<td>42, 43</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EN2 Recycled input materials (paper, cardboard, grey board, packaging without plastic).</td>
<td>The share of recycled input materials is 9 per cent. Secondary input materials include packaging materials and grey board for the book covers and copying papers.</td>
<td>42</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EN3 Energy consumption within the organisation.</td>
<td>Energy consumption is 148.8 TJ, of which 32.7 TJ gas for heating, 21.9 TJ fuels (primarily diesel) and 94.2 TJ (26.2 GWh) electricity.</td>
<td>38</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EN4 Energy consumption outside of the organisation.</td>
<td>Energy consumption outside of the organisation amounts to 265 TJ (consideration of logistics processes in Scope 3).</td>
<td>38</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EN5 Energy intensity ratio per metric ton of raw materials used.</td>
<td>The energy intensity ratio per metric ton of raw materials used was lowered to 3.28 GJ.</td>
<td>38</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EN7 Report the reductions in the energy requirements of sold products and services.</td>
<td>The types of energy consumed within the organisation are gas, fuel (diesel) and electricity (Scopes 1 and 2).</td>
<td>38</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EN8 Report total water withdrawal by source.</td>
<td>CEWE primarily uses tap water; the overall share of well water is again around 7 per cent. Absolute water consumption in 2016 remained constant compared to the previous year.</td>
<td>40</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EN15 Report gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent.</td>
<td>The results have increased slightly compared to 2015: from 3,017 to 3,219 t of CO₂</td>
<td>38</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EN16 Report gross energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.</td>
<td>Total electricity consumption in 2016 was 26.2 GWh/a compared to 25.8 GWh/a in 2015. This corresponds to Scope 2 CO₂ emissions of 7,202 t (2015: 10,384 t).</td>
<td>38</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EN17 Report gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent.</td>
<td>Reported Scope 3 CO₂ emissions, which at CEWE are primarily accounted for by logistics processes, totalled 18,423 t in 2016.</td>
<td>38</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EN18 Report the GHG emissions intensity.</td>
<td>For Scope 1 and 2 GHG emissions 230 kg/t in 2016 (kg CO₂ per metric ton of material used), in 2015 329 kg/t.</td>
<td>38</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EN19 Report the amount of GHG emissions reductions achieved as a direct result of initiatives to reduce emissions.</td>
<td>A particularly energy-efficient data centre built in 2012 makes it possible to save a further 150 t CO₂ annually, which is equivalent to almost 2 per cent of total Scope 2 emissions. Two photovoltaic facilities at the Freiburg and Munich production sites produce an energy output of 260 MWh/a of solar energy. This translates into a CO₂ reduction of 105 t/a. Increasing efficiency (installing LED lighting) saves another 250 t/a. Low consumption company vehicles save 808 t per year. A more environmentally friendly orientation of distribution logistics also saves 1,615 t annually.</td>
<td>36, 38, 39</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EN23 Report the total weight of hazardous and non-hazardous waste, by disposal method.</td>
<td>The CEWE Group generated 13,799 t of waste in 2016, which corresponds to slightly more than 30 per cent of the quantity of material used (waste ratio). The waste recovery rate was again over 98 per cent.</td>
<td>43</td>
<td>✓</td>
</tr>
</tbody>
</table>
## GRI Content Index in accordance with GRI G4 — Part 6

<table>
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<tr>
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<th>Pages</th>
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</thead>
<tbody>
<tr>
<td><strong>G4-EN27</strong> Report the extent to which environmental impacts of products and services have been mitigated during the reporting period.</td>
<td>Since September 2016, CEWE has produced all of its brand products in a process that is climate-neutral. The amount of CO₂ offset by this over the past months is around 10,000 tonnes. In cooperation with ClimatePartner, CEWE invests the full amount in a certified climate protection project in Kenya. Added to this are emissions savings of 808 t/a through use of the DKV fuel card and financial support for electric and hybrid vehicles. Consumption of green power and the Oldenburg and Prague sites translated into a saving of another 3,235 t of CO₂ compared to the previous year.</td>
<td>38, 39</td>
<td>✓</td>
</tr>
<tr>
<td><strong>G4-EN29</strong> Monetary value of significant fines and total number on non-monetary sanctions for non-compliance with environmental laws and regulations.</td>
<td>No fines for non-compliance with environmental laws and regulations were imposed against CEWE in the reporting period.</td>
<td>39, 40</td>
<td>✓</td>
</tr>
<tr>
<td><strong>G4-EN30</strong> Report the criteria and methodology used to determine which environmental impacts are significant.</td>
<td>Within the scope of the Carbon Disclosure Project, CEWE also reports extensively on Scope 3 emissions, which relate among other things to material manufacturing processes and logistics processes. For the Sustainability Report, reporting focuses on the logistics processes, which are shown to have the most significant effect on the environment in terms of emissions and are also affected by CEWE. For this reason, they are regarded as one of the most important aspects of CEWE’s environmental management strategy.</td>
<td>38</td>
<td>✓</td>
</tr>
<tr>
<td><strong>G4-EN31</strong> Total environmental protection expenditures.</td>
<td>Total expenditures were approx. EUR 0.4 million.</td>
<td>40</td>
<td>✓</td>
</tr>
<tr>
<td><strong>G4-EN32</strong> Report the percentage of new suppliers that were screened using environmental criteria.</td>
<td>80 per cent of the new relevant suppliers were screened using labour practices, human rights and environmental criteria (previous year: 70 per cent).</td>
<td>30, 31</td>
<td>✓</td>
</tr>
<tr>
<td><strong>G4-EN34</strong> Total number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms.</td>
<td>No grievances were filed in the reporting period.</td>
<td>39, 40</td>
<td>✓</td>
</tr>
</tbody>
</table>

### Social (labour practices and decent work)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>G4-LA1</strong> Total number and rates of new employee hires and employee turnover.</td>
<td>Germany-wide, CEWE took on 337 new employees in 2016; staff turnover was 9.5 per cent (2015: 8.6 per cent).</td>
<td>47, 48</td>
<td>✓</td>
</tr>
<tr>
<td><strong>G4-LA6</strong> Total number of work-related accidents.</td>
<td>Work-related accidents totalled 171 (2015: 136). There were 63 reportable accidents in 2016.</td>
<td>52, 53</td>
<td>✓</td>
</tr>
</tbody>
</table>

  - Number of reportable accidents. 24.  
  - Accidents on the way to and from work. 0.  
  - Work-related fatalities.  
  - Lost-day rate. At the German production sites 5.3 per cent (2015: 5.2 per cent). At the non-German production sites, the rate was 4 per cent.  
  - Report the system of rules applied in recording and reporting accident statistics. Each accident is recorded in the HR software IFS and the cause is investigated 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 they are working with. At the Oldenburg production site there is a company doctor, an occupational health and safety expert and over 100 trained first-aiders. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

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

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<tbody>
<tr>
<td>G4-LA9 Training and education.</td>
<td>In 2016, 545 seminars were held (2015: 286), which were attended by 2,489 employees (2015: 1,471).</td>
<td>51, 52</td>
<td>✓</td>
</tr>
<tr>
<td>Average hours of training per employee by gender and by employee category.</td>
<td>CEWE did not record these figures in the reporting period.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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 diversity.</td>
<td>The Supervisory Board has seven male and five female representatives. All other details can be found in the chapter “Responsibility for Employees”.</td>
<td>18, 47, 49</td>
<td>✓</td>
</tr>
<tr>
<td>G4-LA14 Percentage of new suppliers that were screened using labour practices criteria.</td>
<td>80 per cent of the new relevant suppliers were screened; in the previous year 70 per cent.</td>
<td>30, 31</td>
<td>✓</td>
</tr>
<tr>
<td>G4-LA16 Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms (from perspective of HR, supply chain and environment).</td>
<td>No grievances were filed in the reporting period.</td>
<td>19, 30, 31, 49</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Social (Human Rights)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-HR3 Were there any incidents of discrimination?</td>
<td>No incidents of discrimination were reported to either the ombudsman or the Works Council.</td>
<td>49</td>
<td>✓</td>
</tr>
<tr>
<td>G4-HR5, G4-HR6 Are any operations and suppliers identified as having significant risk for incidents of forced/compulsory labour, child labour, young workers exposed to hazardous work?</td>
<td>In 2016, one new supplier was added from a region classified as critical, and was screened through an on-site inspection in the same way as existing suppliers.</td>
<td>30, 31</td>
<td>✓</td>
</tr>
<tr>
<td>Report measures taken by the organisation in the reporting period intended to contribute to the effective abolition of forced/compulsory labour and child labour.</td>
<td>Communication of content in CEWE’s own terms and conditions of purchase and supplier audits, especially in critical regions.</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>G4-HR10 Percentage of new suppliers that were screened using human rights criteria.</td>
<td>80 per cent of the new relevant suppliers were screened; in the previous year 70 per cent.</td>
<td>30, 31</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Social (Society)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-SO1 Summary of projects and statements relating to local community engagement.</td>
<td>CEWE again supported a large number of projects Europe-wide in 2016.</td>
<td>56, 57</td>
<td>✓</td>
</tr>
<tr>
<td>Total amount of donations used for social engagement purposes.</td>
<td>Donations and sponsoring funds used for social engagement purposes totalled EUR 1 million in 2016.</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>G4-SO2 Report operations with significant actual and potential negative impacts on local communities.</td>
<td>No negative impacts are known.</td>
<td>56</td>
<td>✓</td>
</tr>
</tbody>
</table>

¹: External assessment by BDO AG Wirtschaftsprüfungsgesellschaft, whose statement is printed on pages 72 and 73.
## Specific standard disclosures

| 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 type of business partner and region. | CEWE’s employees are informed to 100 per cent via employee meetings and in-house communications. Suppliers are informed to 100 per cent through a reference to the terms and conditions of purchase via an order form. All others: to 100 per cent via the website cewe.de and the Sustainability Report. | 19, 30, 31 | ✓ |
| Report the total number and percentage of governance body members that the organisation’s anti-corruption policies and procedures have been communicated to, broken down by region. | All members are trained. | ✓ |
| Report the total number and percentage of employees that the organisation’s anti-corruption policies and procedures have been communicated to. | All employees were informed within the context of presentation events. | ✓ |
| Report the total number and percentage of employees that have received training on anti-corruption. | All employees were trained within the context of presentation events. | ✓ |

| G4-SO5 | Report confirmed incidents, accusations or legal cases regarding corruption brought against the organisation. | There were no incidents, accusations or legal cases regarding corruption brought against the organisation in the reporting period. | 19 | ✓ |

| G4-SO8 | Has the organisation identified any non-compliance with laws or regulations? | There were no incidents in the reporting period. | 19 | ✓ |

## Social (Product Responsibility)

| G4-PR2 | Were there any incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services? | There were no incidents in the reporting period. | 29 | ✓ |
| G4-PR5 | Results of surveys measuring customer satisfaction. | Since 2012, more than 250,000 consumers have completed short surveys and given their feedback on products, software and services, thus ensuring processes are constantly reviewed and developed. Again in 2016, CEWE won many independent tests. | 26, 27 | ✓ |
| G4-PR8 | Were there any identified leaks, thefts or losses of customer data and/or substantiated complaints regarding breaches of customer privacy and losses of customer data? | There were no incidents and/or no complaints in the reporting period. | 18, 19 | ✓ |
| G4-PR9 | Report the total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. | There were no fines for non-compliance with laws and regulations concerning the provision and use of products and services in the reporting period. | 18, 19 | ✓ |
| Total number of grievances concerning labour practices filed prior to the reporting period and resolved in the reporting period (sight compliance). | There were no grievances in the reporting period. | ✓ |

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1: External assessment by BDO AG Wirtschaftsprüfungsgesellschaft, whose statement is printed on pages 72 and 73.
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 seventh 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 31 May 2017.

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. The Core option 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 2016 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 4 May 2017.
PUBLICATION DETAILS

G4-3, G4-5, G4-31
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INDEPENDENT PRACTITIONER’S LIMITED ASSURANCE REPORT

G4-33 Independent practitioner’s statement regarding performance of a limited assurance engagement in respect of sustainability information.

To CEWE Stiftung & Co. KGaA, Oldenburg

We have been engaged to perform a limited assurance engagement on the sustainability information marked with (‘√’) in the Sustainability Report of CEWE Stiftung & Co. KGaA, Oldenburg, for the period from 1 January to 31 December 2016. Our engagement refers solely to the sustainability information marked with (‘√’).

Management’s Responsibility

The management of CEWE Stiftung & Co. KGaA, Oldenburg, is responsible for the preparation of the Sustainability Report in accordance with the criteria as set out in the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (hereafter: “GRI-Criteria”) and for the selection of the sustainability information to be assessed.

This responsibility of the company’s management includes the selection and application of appropriate methods to prepare the Sustainability Report as well as the use of assumptions and estimates for individual sustainability disclosures which are reasonable under the circumstances. Furthermore, the responsibility of the management includes the maintenance of the system of internal controls for the preparation of the Sustainability Report, which is free of material – intended or unintended – misstatements.

Statements of the German Public Accountant regarding the Independence and Quality

We are independent of the company in accordance with German commercial and professional regulations and we have fulfilled our other professional duties in accordance with these requirements.

We apply the national legal requirements and professional standards for quality control, in particular the Professional Code for German Public Accountants and German Sworn Auditors as well as the draft of the IDW Quality Control Standard: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW EQS 1), which are in line with the International Standard on Quality Control 1 (ISQC 1), published by the International Auditing and Assurance Standards Boards (IAASB).

Practitioner’s Responsibility

Our responsibility is to express a limited assurance conclusion based on our work performed on the sustainability information in the Sustainability Report marked with (‘√’).

We conducted our work in accordance with the Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)), issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that causes us to believe that the disclosures relating to the sustainability information marked with (‘√’) in the Sustainability Report of the company for the period from 1 January to 31 December 2016 have not been prepared in all material respects with the GRI-Criteria. This does not mean that separate conclusions are expressed for each marked sustainability information. In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore significantly less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner’s judgment.
Within the scope of our work, we performed amongst others the following procedures:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Sustainability Report regarding the preparation process, the underlying internal control system and selected sustainability information
- Analytical procedures on selected sustainability information of the Sustainability Report
- Comparison of selected sustainability information with corresponding data in the Consolidated Financial Statements and in the Group Management Report
- Assessment of the presentation of selected sustainability information regarding the sustainability performance

Conclusion
Based on our work performed and the evidences obtained, nothing has come to our attention that causes us to believe that the sustainability information marked with (“√”) in the Sustainability Report of CEWE Stiftung & Co. KGaA, Oldenburg, for the period from 1 January to 31 December 2016 has not been prepared, in all material aspects, in accordance with the GRI-Criteria.

Limitation of Liability
This report is not intended for any third parties to base any (financial) decisions thereon. We have responsibility solely towards the CEWE Stiftung & Co. KGaA, Oldenburg, and this is limited in accordance with the „Special Terms and Conditions of the BDO AG Wirtschaftsprüfungsgesellschaft“ as of 1 January 2017 and the „General Engagement Terms of the Institut der Wirtschaftsprüfer in Deutschland e.V. for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften“ as of 1 January 2017 (www.bdo.de) as agreed with the company. Therefore, we do not assume any responsibility towards third parties.

Hamburg, 18 May 2017

BDO AG Wirtschaftsprüfungsgesellschaft

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