

SUSTAINABILITY REPORTING
VAPIANO SE
2018

Preface by the Supervisory Board

Dear Readers,

This year again we would like to inform you about our efforts in the field of sustainability. 2018 was a difficult year for Vapiano in operational terms, which is why we were unable to further deepen our sustainability reporting to the extent we had planned.

In the future, we will focus on customer satisfaction as the core of our strategy. Our new "Focus to Grow" strategy envisages sustainable growth. For this purpose, we will take a closer look at the sustainability in the future and will report a further update next year. Overall, we continue to see potential in the field of waste management and recycling which we can combine with our strategy of growing more profitably in the future.

The Supervisory Board of Vapiano SE

Structure

The report covers all corporate and joint venture restaurants in Germany as well as the Support Center. To the extent that the group of entities in this report is expanded to include other units, this is highlighted separately in the report. A close circle was selected for the first reporting cycle. This is to be expanded step by step as part of the reporting process by working more closely together throughout the Vapiano Group on key non-financial issues. The group of restaurants from which sustainability-related data were collected therefore differs from the group of consolidated companies defined for the financial data. Vapiano SE is responsible for defining and implementing the objectives and measures mentioned in the report.

For reasons of better readability, we generally only use the male form to designate groups of people. Of course, this always refers to both women and men.

Within the framework of non-financial reporting, a description of the respective risks and an assessment of the probability of occurrence and impact on the non-financial aspects according to the net method (assessment after consideration of existing measures) was carried out for each topic and identified as material. Based on this assessment, it was established that Vapiano was not exposed to any non-financial risks that were very likely to occur and would have serious effects on the non-financial aspects. Other non-financial risks arising from our own business activities and from business relationships, products and services are explained elsewhere in the risk management report (individual and group management report, section 6) in connection with measures to mitigate them.

Reporting on the concepts used by the Group to manage the selected subject areas is currently not based on a framework, as the process of reviewing a suitable framework has not yet been completed due to the short-term implementation of the CSR Directive. To ensure greater transparency in reporting, we have included progress reporting at most points this year.

THE VAPIANO CONCEPT

Vapiano is a restaurant chain in the so-called Fast Casual Dining (FCD) segment of system catering and offers dishes of the Italian cuisine with fresh ingredients in a stylish ambience. Currently Vapiano has a network of 231 Vapiano restaurants in 33 countries on five continents. The restaurants are operated

as corporate restaurants, joint venture restaurants or franchise restaurants. Further details on the business model can be found in the Annual Report.

1. Product and guest concerns

1.1. Quality and product safety management in the restaurants

In the implementation of food safety and quality standards, the restaurant teams are overseen by the respective Operations Manager. They carry out regular restaurant visits and encourage employees to act in a manner to adhere to food safety and quality and to prevent possible misconduct.

Operational Quality Assurance (OQA) conducts unannounced audits in Vapiano restaurants up to four times a year. These checks follow a fixed schedule and are consistently documented. Internal audits include company audits as well as hygiene audits. In addition, there are unannounced hygiene audits carried out by the independent SGS INSTITUT FRESENIUS. The hygiene audits are based on a comprehensive checklist which covers all areas to be checked in the restaurant and is adapted annually to the latest findings. As part of the hygiene audits, SGS INSTITUT FRESENIUS takes samples of food and water based on a previously defined sampling plan and also carries out surface samples. The test results are obtained in accredited laboratories.

Following the internal audits, a final discussion takes place with the general manager of the respective restaurant or a local representative. If critical deficiencies occur, the local contact receives an action plan to eliminate the criticized points.

In 2018, all corporate restaurants in Germany were internally audited three to four times, corresponding to a total of 167 audits. In addition, three external audits were carried out (136 in total).

In 2019 our restaurant auditing will be revised.

Food safety measures

- Regular food testing based on a detailed sampling plan by external, accredited laboratories (e.g., SGS INSTITUTE FRESENIUS) and associated performance allowance
- Regular “mystery shopper” visits and evaluation by an external partner (ISC) in which quality, service, and cleanliness are examined
- Annual revision of the HACCP concept and, if necessary, adaptation
- Implementation and logging of daily self-checks (including on best-before dates, restaurant and personal hygiene) in the HACCP calendar as well as their logging in the HACCP calendar
- Annual updating of manuals intended for employees (including hygiene and training) and definition of operational instructions
- Regular training on quality standards and assurance for our employees (including documentation)
- Regular hygiene training and follow-up training according to the Infection Protection Act
- Meeting the stringent safety and quality requirements is the prerequisite for granting additional bonuses.

1.2. Quality and product safety management in procurement

In terms of food safety and quality, procurement plays an important role alongside restaurant operations. The goods we purchase can possibly impair the taste of the food if they do not meet the criteria previously defined by the supplier and thus do not meet the specifications approved by the strategic purchasing and quality management departments. The quality of the goods can also suffer during transport, e.g. due to an interruption in the cold chain or undiscovered damage to the packaging. If such defects are not detected and corrected, they can also have a negative impact on Vapiano's reputation.

We want to prevent damage to our guests and offer them safe, tasty and healthy products they enjoy. We have therefore set ourselves the goal of ensuring the greatest possible food safety and product quality for the entire process chain from production to consumption of our products based on our specifications.

Various Group functions work closely together to achieve this goal. The strategic purchasing department plays a central role in this. It is responsible for price negotiations and the selection of suppliers for many of our market regions throughout Europe. In addition to the general requirements of our Code of Conduct (see Compliance Management and Anti-Corruption, Section 2), it communicates to our business partners our high standards of food quality and safety. It also supports the product development team in the creation of new products and corresponding specifications.

Regional purchasers in countries not managed by strategic purchasing can make use of the centrally procured assortments or procure goods themselves based on the specification manual, which meet our quality requirements.

The QM department also plays a key role in quality assurance in accordance with our own standards and the relevant statutory provisions. In cooperation with the strategic purchasing department, it classifies products for strategic relevance, volume of purchases and risk potential. On this basis, it defines measurements such as product checks or audits.

The QM department is also involved in the selection of our suppliers and dealers. Each new supplier must answer a questionnaire on all quality-relevant parameters. Only if QM subsequently approves it, the corresponding supplier may supply to Vapiano. Depending on the strategic importance of the product and the evaluation of the supplier questionnaire, an audit may be carried out in advance. The existing Vapiano suppliers and the ingredients purchased by us are also regularly checked by the QM department. If any production steps or product quality give cause for criticism, appropriate countermeasures are discussed with the supplier. The implementation of the measures is monitored by QM or the strategic purchasing department. If food safety and product quality can no longer be guaranteed from the point of view of QM and strategic purchasing, business relations with the supplier are terminated.

We also use a standardized procedure for the inclusion of new products. First of all, a pre-selection is made by the strategic purchasing department with regard to their general suitability. The proposed products are then checked by the QM department against the specifications and, if the defined standards are met, approved. An additional sensory inspection and approval is carried out by a group

consisting of members from all relevant departments. This is to ensure that no new article enters the system without testing and release.

Another function that is decisive for quality and food safety is so-called operative purchasing (procurement and delivery of purchased goods). We have commissioned HAVI Logistics, a specialist logistics service provider for system catering. The company handles around 85% of the transports in Germany between the central warehouses and the restaurants. It only uses special vehicles that are suitable for foodstuffs and guarantee a continuous cold chain. These are equipped with temperature recorders and have three cooling chambers that can be set to separate temperatures. The central warehouses also meet all the necessary requirements to guarantee food quality and safety, including a comprehensive incoming goods inspection for every delivery. HAVI also has its own QM department.

If, in spite of all precautions, goods that do not meet our requirements nevertheless reach the restaurants, one of three processes is initiated, depending on the deviation: In case of qualitative deviations (spoilage, goods past BBD, breakage, sensory deviation, temperature deviation or similar) the restaurants complain to HAVI. The company processes the complaint in a dedicated department and communicates with the supplier. In parallel (via forwarding), the complaint is also received by the strategic purchasing department and QM, so that appropriate measures can be taken depending on the severity of the deviation. In critical cases, the use of the product is suspended. If the restaurant's complaint is based on a foreign object, i.e. an organism or substance that does not belong in the product in its origin, a special foreign object process is initiated in the restaurant. All complaints are archived and can be evaluated at product or supplier level. This enables the purchasing department to take action if a supplier repeatedly brings goods into the system that do not meet the specifications.

An important factor in quality assurance is continuous communication between those responsible in the company and in its value chain, as well as with external experts: the Vapiano SE Management Board is notified about all suspended products on the same day. It also receives an annual management review to inform the Supervisory Board about the implementation status of the quality targets in the reporting year and the targets for the following year. The report also contains product-related complaints, quality-related inquiries, complaints from guests, the results of supplier audits, as well as visits by authorities and QM-relevant projects. The Chief Financial Officer, who is responsible for the QM departments, exchanges information on quality management issues in a weekly Jour Fixe with the relevant department heads. Furthermore, there is a regular exchange with suppliers, logistics service providers and external testing institutes.

In Germany, for example, there is a particular sensitivity to gluten. The trend towards a more conscious diet among a wider section of the population is also exposing our company to changing guest expectations. However, we are not unprepared for this development: Right from the start, self-determination and free choice of ingredients were integral components of our concept. However, we want to take even greater account of conscious nutrition in our food assortment and enable our guests to make an informed decision about their diet. That is why we not only ensure the legally required, transparent product declaration with clear labelling of ingredients. Rather, we also want to provide reliable information about other product features such as "gluten-free" or "lactose-free" and consistently comply with the relevant requirements on all known allergens.

In order to achieve this goal, the product development, quality management and marketing departments in the core markets of Germany and Austria work closely together to design the product range and strategic orientation. The Management Board also participates in the joint committees set up for this purpose. The evaluation of guest feedback plays an important role in this work. If, for example, guests frequently ask whether more vegan dishes can be introduced, this is systematically included in product decisions. Feedback from social media channels is also used for this purpose.

1.3 Conscious nutrition

In 2018, we also introduced further measures to support conscious diets and offer people with intolerances a healthy and tasty alternative diet: On menus and online portals, icons are assigned to individual dishes to explain whether a product is lactose-free, gluten-free, vegan or vegetarian. Together with the German Celiac Disease Society, we have developed a very comprehensive concept to ensure the gluten-free nature of the dishes labelled in this way and to provide the necessary knowledge through appropriate training. The processes for producing gluten-free products at all Vapiano restaurants with a gluten-free range have been certified by the German Celiac Disease Society. Furthermore, we not only fulfil the EU-wide legal obligation to list the use of 14 specified allergens, but also provide information on other allergenic ingredients such as lactose or pine nuts.

With our seasonally changing specials, we even put special forms of nutrition explicitly in the foreground and often offer dishes specifically under headings such as low-carb, vegetarian or vegan. In addition, we train our employees in conscious forms of nutrition with the help of our own training manuals. In the future, this training will be supplemented by an online learning platform and annual courses on the preparation of gluten-free foods.

It is part of our understanding of a conscious diet that we prefer to purchase and process products that contain as few declarable additives as possible. However, there are limits to what we can do: Some products, such as sausages, cannot be manufactured without additives. In addition, in Germany we have not used eggs from laying hens kept in battery cages since 2011. As part of a partnership with the Albert Schweitzer Foundation, we have now committed ourselves to purchasing only eggs and products from eggs that come at least from barn husbandry in the future.

1.4 Guest satisfaction

Guest satisfaction is Vapiano's top priority and at the heart of its strategy. With the highest quality and food safety, comprehensive training of our staff and significant investments in our restaurants, we fulfil important requirements to offer our guests an all-round positive experience. Nevertheless, in the end each guest will judge his experience for himself. Failure to adequately assess our guests' expectations poses a risk to our business development. Only a company that is willing to listen and learn can be successful in the long run. That is why Vapiano is committed to responding to guest feedback as well and as quickly as possible. Our guests' experiences help us to uncover weak points in our concept and our operations and to continuously improve.

Vapiano is in constant dialogue with its guests, either personally via the restaurant teams or via many other channels from social media to e-mail, traditional mail and telephone. Every day we receive compliments, constructive criticism, wishes and requests from our guests. Within our organization we have created the central function of Guest Feedback Manager for their processing. This manager

belongs to the Operations department. Feedback from social networks is a special case. The marketing department and the regional operations managers share responsibility for these channels.

We invite the guests of our restaurants to give their feedback directly on site via so-called iFeedback terminals. There they can award one to five stars in each of the four categories Experience & Friendliness, Food & Beverage, Restaurant & Atmosphere and Waiting Time and add a written comment. These feedbacks are anonymous. However, guests can also enter their e-mail addresses so that we can contact them later.

In addition, we run a "Mystery Shopper" program: At least once a month, service checks are carried out at all Vapiano restaurants worldwide. Unannounced, anonymous restaurant testers check the quality, service and cleanliness as well as the operational standards. A few days after the visit, the restaurant is informed of the result. Good evaluations trigger special allowances for a team event.

The International Service Check grades remain at a high level and total 91.9% in the financial year.

Grades – International Service Check

	<u>2017</u>	<u>2018</u>
Total	93,3 %*	91,9 %
Quality	97,4 %	95,8 %
Service	89,2 %	88,3 %
Cleanliness & Order	93,2 %	91,5 %

** Due to system harmonization in the geographical region under review, this information has been adjusted in the previous year.*

1.5. Animal welfare

For Vapiano and its business partners, animal protection is defined by the parameter's animal health, characteristic behavior and animal welfare and is based on the "Five Freedoms" of the British Farm Animal Welfare Council. These form the basis for a large number of international assessment systems and are recognized internationally.

These five freedoms are:

1. Freedom from Hunger and Thirst
2. Freedom from Discomfort
3. Freedom from Pain, Injury or Disease
4. Freedom to Express Normal Behavior
5. Freedom from Fear and Distress

The Vapiano Code of Conduct must be recognized and observed by all suppliers. At the start of 2018, the Code of Conduct was expanded to include further aspects, including animal protection. Animal well-being is seen as a top priority and is never placed behind competition and commercial goals. Furthermore, fundamental animal protection requirements also have to be satisfied. Within the scope

of their work to produce and market animal products, business partners and suppliers are required to observe the specifications defined by Vapiano precisely.

Vapiano continues to use only a very small percentage of ingredients obtained from animals and remains committed to this approach. As far as possible, recipes are developed where meat is an option and not mandatory. At present, Vapiano offers five vegan main courses, two vegan snacks and two vegan desserts.

In 2016 Vapiano came first in a ranking list of vegetarian, friendly fast food and fast casual restaurants. In the current 2018 ranking, Vapiano secured third place in the category "Vegan pizzas in system gastronomy".

Together with product development, quality management and marketing, Vapiano strives to offer its guests additional healthy nutrition options. This includes a range of gluten-free, lactose-free, vegan and vegetarian dishes. In 2018, for example, the vegan option of zucchini "Zoodles" was launched as an alternative to low-carb pasta.

Furthermore, we will also be switching from Grana Padano D.O.P. (not vegetarian due to the use of animal rennet during production) to Italian hard cheese (vegetarian rennet).

Vapiano reacted immediately to the recommendation from the Albert-Schweitzer-Stiftung to stop laying hens being kept in cages: In 2018 barn eggs were introduced as the minimum standard in all 33 countries in which the restaurant chain is present. The minimum standard not only applies to eggs, but also to all products made from eggs. Around 75 per cent of VAPIANO restaurants around the world do not use eggs from battery hens.

The beef filet offered by Vapiano comes from grazing livestock that is kept on fields all year around and is fed only grass. No additional feed is given.

2. Compliance management and anti-corruption

Restaurants not only need to provide fresh food and drink, a pleasant environment and good service, and meet the diverse needs of guests, suppliers, employees, government agencies and other institutions, but also need to observe established norms and standards. We endeavor to ensure that all employees and bodies of the Vapiano Group always act with integrity and in accordance with the law and our values and observe our internal principles of conduct. It is therefore our goal to systematically prevent infringements and business conduct lacking in integrity and to integrate compliance into our business processes. To this end, we have been operating a compliance and risk management system since 2017 as the third subdivision of corporate governance, in addition to the internal control system and internal audit functions. The compliance management system is defined in the Vapiano Compliance Directive, which so far applies to all employees of Group and joint venture companies.

The system is based on the following instruments:

- 1) Code of Conduct
- 2) Whistleblower System
- 3) Compliance Risk Assessment
- 4) Policy Assessment
- 5) Training and Communication
- 6) Compliance Reporting

In the compliance organization of the Vapiano Group, the Management Board assumes central responsibility in accordance with the German Corporate Governance Code. It takes measures to define and monitor the requirements and to follow up violations in order to avoid or minimize compliance risks and to counter negative developments. The Management Board also ensures that enough resources are available for these tasks and has appointed a Head of Corporate Governance, who also performs the function of Compliance Manager.

The Compliance Manager supports the Management Board in establishing adequate compliance precautions and intervening in the event of violations. He reports directly to them and is exclusively bound by their instructions. In all countries in which Vapiano is active, compliance officers have been appointed for operational implementation. They were introduced to their new responsibilities for the first time in 2017 and have continued to pursue them conscientiously in 2018. The Compliance Officer reports to the Management Board and to the Audit Committee of Vapiano SE at regular intervals.

The Management Board and the Audit Committee of the Vapiano Group are informed once or twice a year about compliance management activities. In the event of special events, they also receive an ad hoc notification. If further measures are necessary, proposals are submitted to them and implemented in consultation with the Management Board. There were 2 Compliance incidents reported in 2018.

2.1 Compliance at Vapiano SE and its national companies

The basis and central reference document for compliance management is the Vapiano Code of Conduct (CoC). It contains all important principles and rules of conduct that guide our daily activities throughout the Group (content of CoC: see 2.3). In 2017, at the initiative of the Management Board, we began to revise the text, content and layout of our CoC to make it more comprehensible to our employees.

In 2018, we implemented the new CoC worldwide in all corporate and joint venture restaurants and inform our employees comprehensively about its contents. However, the employment contracts of employees from the Support Center and the corporate and joint venture restaurants already contain a general reference to our internal rules and regulations. As a result, compliance with the CoC is mandatory for these Vapiano employees.

Since 2016, employees in the corporate and joint venture restaurants in Germany and at the Support Center have been able to anonymously contact an external ombudsman if they feel that they have been disadvantaged in any way or if they wish to report a compliance case. Their information is carefully processed, and any grievances are rectified. In 2018, we received 19 reports via the Ombudsman's hotline. After careful consideration, none of the reported cases proved to be relevant to compliance. In 2017, the ombudsman system was also implemented in the corporate markets of England, Austria and the USA. In the respective countries (e.g. Sweden or the Netherlands), joint venture restaurants have their own local processes, some of which are comparable.

The basic compliance management functions described above apply without restriction to the entire Group. As part of a comprehensive risk-oriented analysis, the Group Management Board defined eight sub-areas for the corporate and joint venture restaurants of Vapiano SE and its national subsidiaries as well as the Support Center, and in each case defined explicit targets and mandatory measures. Overall responsibility for all eight areas lies with the responsible Country Manager. The Country Manager appoints a responsible employee.

One important area in 2018 was data protection. The entry into force of the EU data protection basic regulation in May 2018 was implemented as part of a project that ensured that the requirements were implemented in the corporate and joint venture markets.

2.2 Compliance by franchisees

As entrepreneurs, our franchisees act on their own responsibility; this also applies to the area of compliance. However, they are obliged to comply with the Vapiano Principles (see above) if and to the extent that these principles have been incorporated into the franchise agreements as binding guidelines. By signing our franchise agreements, the franchisees expressly acknowledge these obligations – to our mutual advantage: by consistently applying the system, they reduce their own compliance risks and at the same time protect our brand name from damage to its reputation.

2.3 Compliance by suppliers

Naturally, we cannot directly monitor the work of our suppliers. Therefore, there is a risk that a supplier may not comply with the Vapiano principles. Should this become known, Vapiano as a customer of this supplier could still be held accountable and our reputation could be damaged. We have therefore set ourselves the goal of ensuring compliance with the Vapiano principles in the procurement process by means of suitable instruments.

For example, we always carry out an evaluation of each potential system supplier before it is included in our network. They must complete a questionnaire, which is checked by the Quality Management department (more on quality management checks in Section 1, Product and guest concerns). Furthermore, we have published a Code of Conduct (CoC) for business partners for the first time in 2016 which was updated in 2018. It is based on the conventions of the International Labor Organization, the UN Declaration of Human Rights, the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Conventions on the Elimination of Discrimination against Women and Compliance with the Rights of the Child. The CoC requires compliance with legal provisions, prohibits child labor, forced labor and disciplinary measures and links working conditions and remuneration to the respective labor law provisions. It also prohibits discrimination, demands freedom of organization and assembly, safety and health at work and effective environmental protection. Finally, the CoC calls for operational measures to implement its guidelines. Animal welfare was added to the list in 2018 (for more information see section 1.5). In addition, individual formulations have been adapted.

3. Employee concerns

The concerns of our employees, the "Vapianisti", are very important to us. The main topics here are "Diversity, equal opportunities and fair wages", "Training and further education", "Employee

satisfaction" and "Occupational health and safety". Most of these topics are managed centrally from the Support Center. The Human Resources (HR) department located there is responsible for recruiting and onboarding new employees as well as for training and further education activities and the labor-law related management of the corporate restaurants in Germany. Accordingly, the contents of the following sections 3.1 to 3.3 refer only to the corporate restaurants within Germany and the Support Center. In the field of "occupational health and safety", the quality management department is responsible for strategic orientation, while operational implementation is the responsibility of Operational Quality Assurance (OQA).

With an international training and continuing education program, HR ensures the implementation of uniform quality and management standards throughout the entire Vapiano Group. The necessary technical and organizational know-how and management skills are taught to restaurant managers via classroom and online training.

In addition, we also exercise due diligence at the employee level and take precautions to ensure that the rights of our employees are respected throughout the Group (more on this in Section 3.1, Diversity, Equal Opportunities and Fair Wages, and in Section 2, Compliance Management and Anti-Corruption).

Employee responsibility is anchored at the top management level of the Vapiano Group. The Chairman of the Management Board is informed once a week bilaterally by HR and in a meeting with the senior management – which also includes HR - about the findings and measures relating to key personnel issues.

3.1 Diversity, equal opportunities and fair wages

We attach particular importance to gender equality and ethnic, religious, age-related and cultural diversity in accordance with our broad spectrum of guests. In addition, no one may be discriminated against because of their sexual orientation.

The payment of our restaurant employees is based exclusively on their function. This is governed by the provisions of the German Remuneration Transparency Act and by the respectively applicable national legislation and collective agreements. In Germany, this is the collective agreement negotiated with the social partners by the Bundesverband der Systemgastronomie (BdS). It applies to more than 90% of Vapiano employment contracts. As a member of the BdS for many years, Vapiano had already paid the corresponding wages long before the introduction of the minimum wage law in Germany.

The provisions of our Code of Conduct and collective bargaining agreements apply to the recruitment of new employees and promotions. The Vapiano restaurant managers are requested to consider only the qualifications of the applicants.

In all areas of the company, recruitment is carried out under supervision and only with the consent (internal signature guideline) of the HR department. This cascade process involving the HR department is structured according to the position to be filled.

We specifically promote the national diversity of our employees. We support refugees with subsidiary status in obtaining a work permit. To this end, we cooperate with specialist lawyers for foreigners' law. In addition, we organize language courses for employees. We also support religious diversity, e.g. by expressly pointing out to Muslim women that wearing a headscarf during work is permitted. We take

offensive action against discrimination and sexual harassment. We enable our employees to report any incidents via our whistleblower system. Every report is carefully checked.

Nationalities of employees

	German	EU incl. Germany	Non EU
Corporate restaurants	41%	61%	39%

3.2 Education and training

Qualified employees are an important success factor for high-quality system catering. Demographic change and the associated shortage of skilled workers are also a challenge for our personnel management – both for recruiting and for the long-term retention of talent at Vapiano. To counter the associated risks, we have set ourselves the goal of making Vapiano a strong corporate brand on the labor market and an excellent training company, preferably by promoting talented employees from our own ranks.

As a result of our strong growth course, we have a great need for junior managers. To meet this need, we set ourselves the following goal: 80% of our restaurant management is developed from within our own ranks. We were able to achieve this goal in 2018 and the current rate is 83%.

To achieve this goal on a long-term and sustainable basis, we use a variety of programs: Apprentices and students receive 360-degree support from the department responsible for this: HR "Young Talents". With an internal scholarship program, we offer vocational training as an "expert in system catering" (at our restaurants), as an "office management clerk" and as a "personnel services clerk" (both at the Support Center). We also support the dual bachelor's programs IBA Gastronomy Management, DHBW Food Management and BA Rhein-Main Hotel and Gastronomy Management.

Internal education

The number of applicants for apprenticeships / study places shows that Vapiano is perceived as a good trainer: We received around 900 applications for the corporate restaurants for the 45 positions offered. As a result, 30 trainees and 15 dual students were hired. In 2018, the takeover rate was 77%.

We want to offer each of our employees an environment in which they can fully exploit their potential. The principle we pursue is "learning from the next generation". This also applies to the Group strategy. To this end, the company management regularly seeks a direct exchange with our junior staff. For example, the Management Board had the two best bachelor theses of our dual students presented to it.

However, the work of the HR department is not limited to internal measures. We participate in the association's work of Federal Association of System Catering and support the BdS Team Cup, a major training championship for system catering trainees from Germany and Austria, both in terms of

personnel and in-kind contributions. As one of nine supporters of the new "Experience Europe" corporate initiative, we also offer young adults seeking work internships in other European countries. We inform our young talent successes through our own press work.

3.3 Employee satisfaction

We have set ourselves the goal of reducing the fluctuation rate by continuously striving for a high level of employee satisfaction. For us, it is the central performance indicator for this topic. In 2018, length of service increased by 10%. While in 2017 the average length of service of the employees of our corporate restaurants was 3.04 years (restaurant crews 2.09 years, restaurant managers 4.0 years), it increased significantly in 2018 to 2.42 years for restaurant crew members and 4.5 years for management.

A high fluctuation rate is an indication that the employees require improvement. By responding to this, we improve our chances on the market. Studies on hotel operations have shown that there is a close correlation between employee and guest satisfaction in the hospitality industry. For this reason, we reward good results in our incognito service checks with budgets for freely selectable team events.

Joint activities such as company football will continue to be promoted. In Cologne, for example, we have set up a team consisting of staff from the Support Center and the local restaurants.

We operate a whistleblower system for the corporate and joint venture restaurants in Germany and for the Support Center. Since 2016, we have contracted an external lawyer as ombudsman for this purpose. Our employees can turn to him – even anonymously – if they feel disadvantaged or harassed in any way (more on this in Section 2, Compliance Management and Anti-Corruption).

Vapianisti in need through no fault of their own are also offered financial assistance through our V-Care Social Fund.

3.4 Occupational health and safety

Especially in the system gastronomy standardized, often monotonous processes with only a few breaks lead to work overload of our employees. This can also have an impact on employees' motivation, affect their well-being and have a negative impact on Vapiano's business. That is why, in addition to accident prevention, the avoidance of work overload is also an important issue for us.

The aim of Vapiano is to keep the number of accidents and sick days as low as possible and to ensure a healthy working atmosphere, good mood and fun at work. To avoid accidents and prevent illnesses, we take a three-pronged approach: We discourage our employees to put themselves and others at risk and support them through good training and specific management and training tools. In addition, we instruct them in the safe handling of machines (pasta machine, dough machine, oven, tilting frying pan, hand blender etc.) and working materials (cleaning agents etc.) and work with our business partners on safety-related improvements. Finally, we are committed to reducing psychological stress as an important cause of illness.

The responsibility for occupational health and safety lies with the Management Board of Vapiano SE. The OQA department is responsible for the organization and control of occupational health and safety measures. The occupational safety specialists (SiFas) play a key role in operational quality assurance.

These are company consultants who support the employer in all matters relating to occupational safety. Their judgement and actions are decisive for the level of safety and health protection of the employees in the company. At Vapiano, two SiFas work hand in hand: one external and one internal.

The external SiFa is provided by ARBUMED, a private institute for occupational health and safety; the internal SiFa is located in the OQA department.

The internal SiFa clarifies matters relating to the operational area, such as the organization of aspects concerning occupational health and safety organization or deficiencies in operational safety, directly with the relevant local managers (area and restaurant managers) and the respective specialist departments (e.g. construction, supply chain management). The Country Manager is also involved in decisions on investments, new processes and work equipment and discusses these with the Management Board. In addition, the OQA department always exchanges information with the Country Manager when necessary and after measures have been implemented (from 2018 also on a quarterly basis) and reports directly to the Management Board each year. The latter is also informed once a year about the status of occupational health and safety at Vapiano in a management review. In addition, regional health and safety committee meetings are held four times a year. Among others, the responsible area manager and the (deputy) restaurant managers as well as safety officers or confidants, the company doctor and the internal SiFa participate in these meetings.

3.4.1 Focus on accident prevention

To prevent accidents, we use a range of management and training tools throughout the Group. In addition to the occupational safety manual, our training manuals and the operations manual also contain instructions on accident prevention. Our operations department conducts regular training sessions based on standardized templates. Depending on the number of employees, each site has at least one safety officer. As a structural measure to prevent accidents, the internal SiFa has drawn up an overview that summarizes structural requirements of labor law and food law, the so-called Construction Guide. The construction department uses it as a guideline in its work.

The internal SiFa carries out at least one inspection per site each year to review the company's structure for dealing with occupational health and safety. In addition, there is another inspection which is performed by the external SiFa and our company physician provided by ARBUMED. The SiFas write a report for each inspection. If any defects become apparent during the inspection, they draw up an action plan, which the responsible persons at the respective site must work through within the set deadlines. The external SiFa uses the Vapiano Audit System, to which both the restaurant managers and the area managers have access, for the preparation of the inspection report. The system automatically generates the action plan after input and sends a notification of the publication of the audit results to the restaurant management. The system provides for a period of 30 days for processing. Every ten days, one of a total three escalation stages takes effect consecutively. In the third stage, the Management Board is informed about the processing status of the defects if they have not been completely remedied by then.

The internal SiFa prepares its inspection report using standard software and including images of any defects found. The report is then sent as a pdf file to the respective restaurant manager, the area

manager, the country manager as well as the Head of Construction and the Head of OQA, who then deal with, supervise and support any processing of the list of deficiencies.

The occupational safety measures implemented in 2017 via our online platform (Vapiano Audit System – VAS) were continued in 2018: The VAS serves to access and view the inspection reports or audit results and to process the resulting action plans. Our online directory for the documentation of injuries and first-aid services has been integrated into the VAS. In addition, it allows restaurant managers to record and report accidents. Furthermore, we use it to provide our employees with numerous information and training documents as well as operating instructions and safety data sheets. In 2018, our VAS database has been extended to include a vulnerability analysis, which can be used to draw conclusions on occupational accidents, which are included in the annual report of the occupational safety expert.

The system for training safety officers and fire fighters in our Vapiano Academy, which was introduced in 2017, and regional first aid training was continued in 2018. For example, the internal training of safety experts by the internal occupational safety expert was started.

3.4.2 Prevention of work overload

We avoid physical strain at the workplace by designing the latter as ergonomically as possible. For this purpose, the occupational safety expert carries out workplace assessments in cooperation with the construction department. In 2018, for example, the design of the cashier's workplace.

Our automatic shift management system also helps to reduce stress: It ensures compliance with the prescribed break times by means of work-time recording. To enable our employees to make optimum use of their break times, we support them with a discount card for our restaurants. We prevent monotonous work by providing for rotation between different workstations in line with the qualifications of each employee, thus offering more variety. We actively promote cross-functional training and offer employees with multiple qualifications increased pay.

4.Environmental concerns

Efficient environmental and climate protection are key elements of the path towards this goal which requires cooperation between politics, business and civil society. Vapiano wants to make its contribution and is particularly committed to conserving resources. The protection of our natural resources is in our own interest because they form the basis for our core business: transforming high-quality ingredients into tasty dishes. We have also undertaken to reduce packaging and waste at our restaurants to a minimum across the Group. In addition, we strictly adhere to existing environmental laws.

Vapiano generates waste mainly in its restaurant operations and, to a lesser extent, at our Support Center. This mainly includes paper and plastic waste from the take-away business and food waste from production as well as guest consumption at every restaurant. In addition, our operations consume energy. Accordingly, "ecological packaging", "waste management" and "energy saving" are key environmental issues for Vapiano.

4.1 Environmentally-friendly packaging

The packaging of goods is key in ensuring high product quality, from procurement to processing in the restaurants to our take-away business. It is important to find the right balance between product quality and the use of environmentally-friendly packaging materials. This issue is becoming more and more important as our packaging volume has increased overall in recent years. The expansion of our take-away business has played a major role in this.

Since the company was founded, we have produced considerably less waste than conventional fast food restaurants, as we always serve food on porcelain dishes and with metal cutlery in our restaurants. We also offer the vast majority of non-alcoholic beverages in returnable bottles. Nevertheless, the area of packaging still holds potential for optimization.

To keep its promise of quality and protect the environment, Vapiano uses different packaging concepts depending on the food. Both disposable paper and cardboard packaging and reusable packaging, such as reusable plastic containers with lids, are used. Since 2017, a large proportion of the take-away paper and cardboard packaging we used was certified by the Forest Stewardship Council (FSC). In 2014, we replaced the plastic containers used in our restaurants for portioning pasta with bags made from renewable raw materials. Only the film used to line the bags was still made from fossil raw materials. We also aim to use only packaging that is free of chemical additives such as BPA, BPS or polyfluorinated chemicals in future. Since mid-2017, all out-of-house packaging has met this requirement.

4.2. Waste management

By accurately calculating our purchasing and cost of goods, we help minimize the amount of waste generated by our business activities. In this way, we not only save costs but also protect the environment. Our declared goal is the reduction of waste. In addition, Vapiano consistently complies with the legal requirements for the disposal and documentation of waste. Otherwise, we would face fines and risk damage to our reputation. In Germany, the laws relevant to our waste management include the Commercial Waste Ordinance (GewAbfV), the Packaging Ordinance and the Closed Substance Cycle Waste Management Act. The GewAbfV divides waste into eight different categories and obliges us to treat them separately. Vapiano produces waste in the six categories paper & cardboard, glass, plastics, metals as well as biowaste and residual waste and sorts them according to this classification.

We are also working to achieve the objective set out in the Packaging Ordinance of recycling 60% of all paper and cardboard packaging waste.

In view of growing waste volumes, especially in the out-of-house business, we have set ourselves the goal of using packaging even more efficiently (and thus avoiding waste), and of increasing our recycling rate.

In general, Vapiano purchases according to consumption and demand. Where possible, we prefer industrial-size packs and containers to other packaging sizes to reduce the amount of waste. In addition, we are further developing our packaging concepts: for out-of-house sales and to deliver pasta

dishes and fresh salads, for example, to our customers, we use high-quality packaging that can be reused at home. Feedback from customers and delivery services shows that this approach is effective. In addition, we reduce the amount of waste generated when our food is consumed by our restaurant guests. To this end, in 2017 we issued a Group-wide directive that bread should no longer be added by default, but only on request.

Unavoidable waste (including food waste) is disposed of by specialist companies and recycled as far as possible throughout the Group. All waste generated by our catering operations is collected directly from the restaurants by certified waste service providers and professionally disposed of or processed.

In case of problems or risks related to the field of waste management, Vapiano enters into direct dialogue with the relevant stakeholders. This also applies to exchanges with suppliers.

4.3 Energy

Most of the energy consumed by Vapiano is used for lighting the restaurants, operating the ventilation systems in the open kitchen and dining area and for kitchen technology. The use of energy by companies is regulated by law in Europe and other countries. In Germany, the Energy Services Act (EDL-G) applies. It obliges large companies to carry out an energy audit in accordance with DIN EN 16247-1 or alternatively to establish an energy management system in accordance with DIN EN ISO 50001.

Vapiano pursues the goal of reducing its energy consumption per restaurant to avoid climate-damaging emissions and reduce costs at the same time. To achieve this goal, we work together with competent energy technology service providers in Germany. Every month, they send the restaurants reports on the power consumption of individual parts of their operations so that they can identify and eliminate the causes of high consumption. We also use the reports to analyze total and individual consumption and thus quickly identify and implement potential savings.

We have had a contract with Mangelberger Elektrotechnik GmbH since 2007 which equips all of Vapiano's new restaurants in Germany with modern, standardized switchgear, so-called sub-distribution boards, which have their own energy management system. Edison Street GmbH, a subsidiary of Mangelberger Elektrotechnik, is responsible for collecting and processing consumption data. In 2017, it also carried out energy audits in accordance with

§ 8a EDL-G by an auditor recognized by the Federal Office of Economics and Export Control. During the reporting period, energy audits were carried out at six German stores in Munich, Augsburg and Bonn.

Starting with the Vapiano store in Freiburg (Breisgau), all new sub-distributions have been expanded since 2010 to include a uniform smart metering concept with intelligent consumption meters. These enable real-time control of consumption quantities and the use of flexible and thus cost-effective agreements on energy procurement.

We use various energy-saving technologies in our restaurants. For example, we use a heat recovery process for the pasta cookers. We increasingly make use of energy-saving LED lighting.



As in the previous year, Vapiano covered most of its restaurants' electricity requirements during the reporting period with "green electricity". However, our absolute energy consumption is likely to increase, as we intend to expand further in the future. It is therefore all the more important to increase the energy efficiency of our processes.