



Summarized non-financial report 2017

VAPIANO[®]
PASTA | PIZZA | BAR

Chi va piano,
va sano
e va lontano

Table of Contents

Preface
by the
Chairman
of the
Supervisory
Board p. 6

Preface
by the
Chairman
of the
Management
Board p. 8

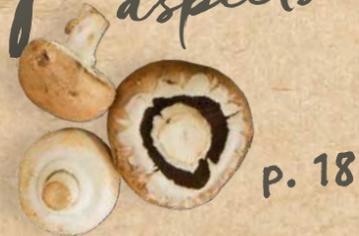
Editorial
note



Business
model p. 14



1. Product
and
guest
aspects



- 1.1 Food safety and quality p.21
 - 1.1.1 Quality and product safety management in the restaurant p.22
 - 1.1.2 Quality and product safety management in procurement p.26
- 1.2 Conscious nutrition p.30
- 1.3 Satisfied guests p.34

2. Compliance
management
and
anti-corruption



- 2.1 Compliance at Vapiano SE and its national companies p.43
- 2.2 Compliance at the franchisees p.44
- 2.3 Compliance in the supply chain p.46

3. Employee
matters



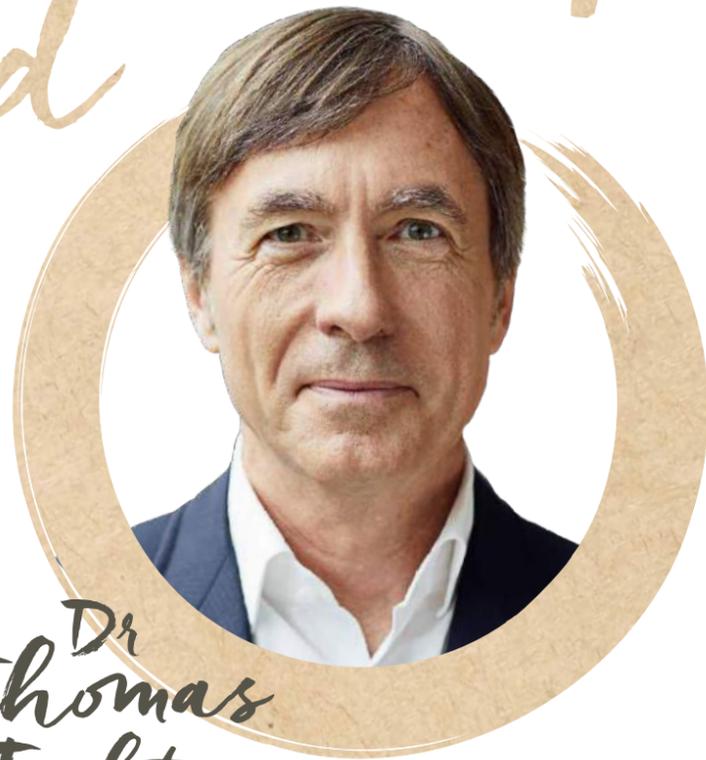
- 3.1 Diversity, equal opportunities and fair pay p.51
- 3.2 Training and continuing education p.54
- 3.3 Employee satisfaction p.58
- 3.4 Occupational health and safety p.62
 - 3.4.1 Focus point: accident prevention p.64
 - 3.4.2 Protection against work overload p.66

4. Environmental
matters



- 4.1 Environmentally friendly packaging p.71
- 4.2 Waste management p.73
- 4.3 Energy management at the locations p.76

Preface by the Chairman of the Supervisory Board



Dr
Thomas
Tochtermann

Dear readers,

The brand name Vapiano stands both for a relaxed and laid-back attitude as well as clearly defined principles. One of these principles says: By constantly questioning our status quo, we will ensure our success over the long term. The present non-financial report does exactly that: We look at the key dimensions of our social responsibility and ask ourselves how well we meet the respectively related demands as one of the leading European restaurant chains in the fast casual dining segment.

The basis of this report is the new statutory requirement to inform the public about material non-financial effects of our corporate activities in financial year 2017. At the same time, we see our report as an opportunity to refine our internal discussions on non-financial topics and to set focal points for product and guest aspects, compliance and anti-corruption as well as employee and environmental topics based on an informative, accurate representation of risks and opportunities of our business activities.

In order to prioritize the various topics that might be appropriate in this discussion, we inspected them for materiality. We determined to which extent they are relevant to our brand and whether they have a substantial influence on the economic position of our company.

While preparing this report, we were guided by the principles of transparency, balance and demonstrability. The objective was to briefly and concisely provide information about Vapiano's economic, social and environmental responsibilities and thus provide the reader with a reliable basis for evaluating the Vapiano Group. As Vapiano SE's Supervisory Board, we were particularly called upon here. We had to carefully verify the accuracy of all pieces of information. To receive appropriate assurance in this respect, we also commissioned the auditing company Ebner Stolz to carry out a review.

On behalf of the Supervisory Board, I sincerely hope you find our report a stimulating read.

Yours,

A handwritten signature in black ink, appearing to read 'Thomas T...', written over a light grey rectangular background.

Preface by the Chairman of the Management Board



Jochen
Halfmann

Dear guests,
dear Vapianisti,
dear shareholders,

Vapiano has established itself as an innovator in system gastronomy and made a name for itself as a lifestyle brand with uncompromising freshness, highest quality with a very attractive price/performance ratio and a first-class ambiance. From the very start, we have prioritized the needs of our guests and their desire for self-determination as well as fairness and career opportunities for our employees. Moreover, we also consistently give consideration to the expectations of our other stakeholders. These include our business partners and shareholders as well as representatives of supervisory authorities, trade associations and political groups. We are actively responsible to all these groups to minimize the social, environmental and economic risks of our business activities and to create sustainable added value.

To ensure this, we maintain a value-based corporate culture at Vapiano and follow the principles of integrity and sustainable corporate governance and with our Code of Conduct for employees offer guidance regarding responsible behavior to all Vapianisti. With an additional Code of Conduct we oblige our business partners to commit to the standards we have defined. Systematic quality management, good international perspectives for our talent and the promotion of diversity among our workforce are a matter of course for us. Responsibility for the environment is also very important to us. For example, we use green power and the recovery of the heat energy used in the restaurants.

Naturally, we are nowhere near being perfect. But we intend to continuously improve and have set ourselves ambitious goals. We are planning, among other things, to integrate sustainability even more in our management processes in the future. For this, we plan to intensify cooperation regarding material non-financial topics within the entire Group. We are convinced that the strategic focus on sustainability will create added value for Vapiano. To achieve this, we intend, for example, to establish a Group-wide progress reporting based on a recognized standard and to create a roadmap that will help us successfully manage our sustainable development in the coming years.

In the summarized non-financial report, we would like to show you what we have already done in the past year to take on responsibility for people and the environment.

I hope you find our report inspiring.

Yours,

A handwritten signature in black ink, which appears to be 'Jochen Halfmann', written in a cursive style.



Editorial note



Summarized
non-financial report

Structure and preparation of the summarized non-financial report

Vapiano SE meets its obligation pursuant to Sections 315b, 315c in conjunction with 289b to 289e of the German Commercial Code (HGB) requiring it to publish a non-financial consolidated report which applies both to the Vapiano Group as well to Vapiano SE. At the same time, we want to use this report to inform our shareholders and other stakeholders about our social engagement and all related services. We have been engaged in a continuous dialog with many stakeholders such as our suppliers, franchisees, employees and investors for a long time. In addition to our own considerations, it was their concerns that informed our selection of content for this report. Their expectations were directly included in the materiality assessment via the persons responsible for the respective topics. We have performed the materiality assessment in cooperation with the executive managers of the relevant corporate departments to determine our material topics. For this, we weighted the impact of our business activities in the areas product and guest aspects, human rights, anti-corruption and anti-bribery as well as employee, social and environmental matters and their repercussions on our net assets, financial position and results of operations. The result of this process is the following report structure:

Under the heading Product and guest aspects, the **first chapter** will focus on food safety and quality, conscious nutrition as well as guest satisfaction and guest dialog. In the materiality assessment, the latter was assigned to social aspects which will be summarized in this chapter.

The **second section**, Compliance management and anti-corruption, presents the goals and instruments with which a responsible, transparent governance and control of a company is to be achieved, which is focused on long-term growth of company value. This section also includes the observance of the human rights aspect. This aspect is significant with regard to the value-creation chain and employee rights, including at franchisees.

The **third chapter**, Employee matters, focuses in particular on diversity and equal opportunities, including fair pay as well as the protection of occupational health and safety, training and continuing education and employee satisfaction.

This is concluded by the **fourth section**, Environmental matters. The focus in this section is eco-friendly packaging and waste management, including food waste and energy management at our locations.

The subject matter of the report are all corporate and joint venture restaurants in Germany as well as the support center. If we report on other units beyond the aforementioned consolidation scope, this will be specifically indicated in the report. We chose a narrow consolidation scope for the first reporting cycle. As part of the progress reports, the consolidation scope is to be gradually expanded through cooperation with the entire Vapiano Group concerning material non-financial topics. The group of restaurants from which sustainability-related data was collected may potentially deviate from the Group consolidation scope defined for financial data. Vapiano SE is responsible for the definition and implementation of the goals and measures specified in this report.

As part of the non-financial reporting, a description of the respective risks as well as an assessment regarding the probability of occurrence was carried out for every topic identified as material, including the impact on the non-financial aspects according to the net value method (assessed after consideration of existing measures). Based on this assessment, it was determined that no non-financial risks exist for Vapiano which have a high probability of occurrence and might have a significant impact on non-financial aspects. Other non-financial risks from our business activities and from business relationships, products and services are described elsewhere in the risk management report (separate and consolidated management report Section 6) in connection with measures for their reduction.

The reporting regarding concepts based on which the Group manages the selected subject areas is currently not based on a specified framework as the review process for a suitable framework has not been completed yet due to the implementation of the CSR group policy on short notice. For the next financial year, however, we are planning a progress report based on recognized standards to achieve even more transparency regarding our sustainability measures.

*Business
impact*

PRODUCT & GUEST ASPECT
COMPLIANCE &
ANTI-CORRUPTION
EMPLOYEE MATTERS
ENVIRONMENTAL MATTERS

*Report
subject*

ALL CORPORATE AND JOINT
VENTURE RESTAURANTS
IN GERMANY INCL.
SUPPORT CENTER



Business model



Fresh Casual Dining,
inspired by traditional,
Italian cuisine

205 restaurants 33 countries 5 continents

The Vapiano concept

Vapiano is one of the most successful European restaurant chains by market share in the fast casual dining (FCD) segment in the system gastronomy industry. In 2002, Vapiano opened its first restaurant in Hamburg with the idea to serve tasty, Italian cuisine-inspired dishes with fresh ingredients at attractive prices in a stylish ambiance. In 2004, the founders decided to turn Vapiano into a global franchise concept. This idea has resulted in today's network of 205 Vapiano restaurants in 33 countries on five continents. The restaurants are operated as corporate restaurants, joint venture restaurants or franchise restaurants.

Vapiano offers its guests a large selection of high-quality dishes with bi-monthly seasonal themes prepared fresh right in front of the guests. The restaurants are known for their pleasant atmosphere as well as their exclusive design and high-quality decor. The furnishing concept is based on the design and colour concept of Milan designer and architect Matteo Thun and is regularly revised to continuously optimise the guest experience in the restaurants. Every restaurant has a bar which offers coffee specialties, wine, liquors and alcohol-free beverages. Throughout the day, a typical Vapiano restaurant transforms from a restaurant with a busy lunch hour into a relaxed coffee lounge in the afternoon and later into a dinner restaurant with an attractive atmosphere and subsequently into a night bar. In 2017, the Vapiano system recorded approximately 42 million guest visits in its restaurants.

Vapiano represents self-empowerment and individuality. At Vapiano, the guests decide whether they will order their food from the chef, at the terminal or via the Vapiano app, and whether they will pay via chip card or app. Furthermore, a growing number of the company's restaurants offers take away and delivery services, giving its guests the option of either enjoying their meals in the restaurant or outside of the restaurant.

Depending on the specific characteristics of the respective market, Vapiano operates its restaurants with a mix of three operational models: Corporate restaurants, joint venture restaurants and franchise restaurants. These three operational models provide the strategic flexibility to enter new markets and to adequately develop existing markets. An overview of the restaurants in the individual operational models can be found in Section 1.2 of the 2017 group management report.

Corporate restaurants are restaurants operated by Vapiano SE and its wholly-owned subsidiaries. Restaurants in which the Vapiano Group has a share of less than 100% are referred to as joint venture restaurants. The latter are full consolidated if Vapiano controls the companies; if not, they are included in the Group using the equity method.

The corporate and joint venture restaurants are operated by the respective national companies in which Vapiano SE directly or indirectly holds a controlling interest. All these companies operate their restaurants only in the country of their registered offices. The only exceptions are Vapiano SE, which also operates a restaurant in Austria, and a company with registered office in France which operates two restaurants in Luxembourg.

Franchise restaurants are restaurants operated by franchise partners. These are not included in the consolidated financial statements of Vapiano SE. The shareholders of these restaurants are Vapiano's respective franchise partners.

The Group companies Vapiano Franchising GmbH & Co. KG and Vapiano Franchising International GmbH (with their respective registered offices in Schönefeld and Luxembourg) and other companies invoice all (the Group's own restaurants as well as those operated by franchisees) restaurant companies for a net sales-based franchise fee every month.

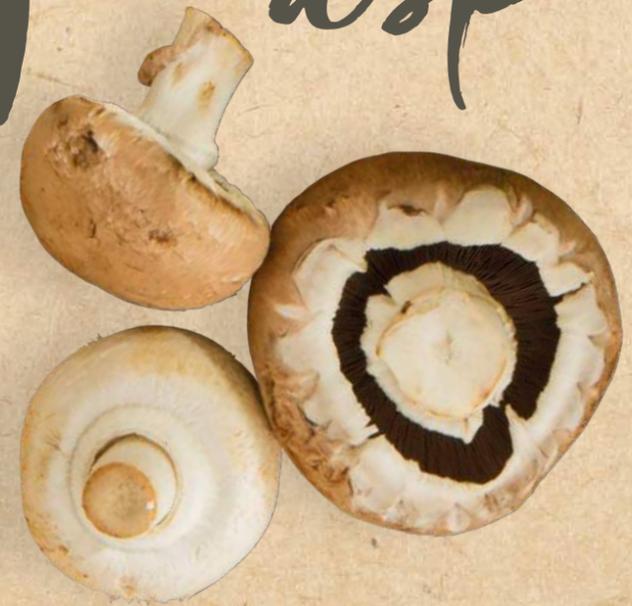
Vapiano's core markets are Germany, Austria, France, Sweden, the Netherlands and the UK. Denmark and Spain were newly added in 2017. According to a study conducted by OC&C Strategy Consultants GmbH in January 2017, Vapiano holds a leading position in the fast casual dining segment in Germany, Austria, and Sweden. In Germany, the company ranked 12th by net sales among system gastronomy companies in 2017. Vapiano has repeatedly confirmed its ranking among the top ten providers in the quick service gastronomy segment, behind such renowned names as McDonald's, Burger King, Nordsee, Yum!, Subway, and Edeka. In the Netherlands, France and the UK, Vapiano is one of the top three players in this segment.

According to a study conducted by OC&C, the FCD segment will grow by approximately 10% in the most important Vapiano markets between 2015 and 2020. Moreover, OC&C projects an average growth of Italian cuisine of 9% for the same time period.

For more details regarding our business model please see Section 1.1, respectively, of the 2017 management report of the Vapiano SE separate financial statements as well as in the 2017 Group management report.



1. Product and guest aspects



Vapiano is committed to the
highest standards of quality and
customer satisfaction



Vapiano's guests expect high-quality, flavorful, fresh and healthy products. We intend to fulfill these expectations in order to achieve highest possible guest satisfaction. Only in this way it is possible to achieve sustainable growth and profits. We therefore place great emphasis on food safety and quality and maintain an open dialog with our guests and enable them to maintain a conscious healthy diet.

1.1 Food safety and quality

A material prerequisite for Vapiano's business success is to ensure food safety and high product quality which has therefore highest priority for us. Our approach in this respect is twofold. It focuses both on the approach within the restaurants as well as our procurement.

1.1.1

Quality and product safety management in the restaurant

Deviations from our quality requirements and quality assurance processes may lead to deficiencies which may result in dissatisfied guests, inspections by public authorities and negative publicity. Such deficiencies may ultimately lead to massive damage to the reputation of the Vapiano brand and thus have a negative impact on our business development (more on this in the Vapiano SE and Group risk reports in the respective 2017 management reports in Section 6). To face these risks, Vapiano has introduced a comprehensive quality assurance system (as described below).

We have defined an ambitious goal in the quality management area: We have and will continue to have an uncompromising approach with regard to food safety and product quality in all of our restaurants worldwide. This affects both the processing of foodstuffs as well as the selection of packaging options. In the take away and delivery segments, we strive to achieve an ideal balance between the taste and the visual impression of the products and avoidance of packaging. We therefore focus on a small delivery radius, among other things. To achieve our goals, the Vapiano SE Management Board has adopted a comprehensive quality management concept and defined high quality standards which we will describe in detail below. These quality standards apply to all work steps starting with the receiving inspection, to the storage of raw and prepared goods, the preparation and processing, the temperature monitoring all the way to the cleaning of the equipment used. Restaurant employees and management teams are strongly encouraged to strictly comply with all requirements. The respective work instructions are set forth in Vapiano's hygiene manual and in special training manuals.

The Vapiano quality assurance system in Germany works on three different levels: regular restaurant visits by our operations managers, unannounced audits by our Operative Quality Assurance (OQS) team and unannounced hygiene-related audits by independent third-party testing institutions.

Our restaurant teams are monitored in the implementation of the food safety and quality standards by the respectively responsible operations managers. The operations managers regularly carry out restaurant visits and promote appropriate actions required for the implementation of food safety and quality by the employees to prevent any potential misconduct.

The OQS team performs unannounced audits in the Vapiano restaurants up to four times per year. The audits are performed based on a specified schedule and consistently documented. Internally, we carry out both operational audits as well as hygiene-related audits. In addition, we have external hygiene audits performed by the independent testing institution SGS INSTITUT FRESENIUS. The hygiene audits are respectively performed based on a comprehensive check list. The check list covers all areas to be inspected in a restaurant and is annually adjusted to include the most recent findings. In addition to the audits, the SGS INSTITUT FRESENIUS takes food, water and surface samples during specified audit cycles and analyses them.

Subsequent to the internal audits, a follow-up meeting is carried out with the General Manager of the respective restaurant or with an on-site representative. If critical deficiencies were uncovered, the on-site contact is provided with an immediate action plan that focuses on the immediate removal of the deficiencies. The OQS team monitors the implementation of this plan. A quarterly report is prepared at the end of each quarter and presented to the Vapiano SE chairman of the Management Board who subsequently reports to the Supervisory Board.

In 2017, all corporate restaurants in Germany were internally audited three or four times, this corresponds to a total of 167 audits. Added to this were three external audits, respectively (136 in total). Overall, 303 audits were performed at the corporate restaurants in 2017.

In 2018, all restaurants are to be audited seven times – both internally and externally. In addition, the corporate restaurants are to be checked regarding their gluten-free food. An auditor acting incognito will order a gluten-free pasta dish which is subsequently microbiologically tested to ensure that it really is gluten-free. If gluten is found in the dish, an immediate action plan will be prepared to remedy this deficiency as quickly as possible. In addition, we carry out training courses concerning the restaurant processes. The effectiveness of these measures will subsequently be verified in an additional test.

Quality control

...TO ENSURE OUR HYGIENE STANDARDS

High quality standards

...TO ACHIEVE OUR GOALS

Food safety measures

In addition to the audits, Vapiano SE carried out the following measures to guarantee food safety and quality in the German restaurants in 2017:

- 1 Continuous application of a detailed testing plan in connection with internal food inspections by external labs, e.g. for microbiological tests
- 2 A hazard analysis and definition of critical management points in accordance with our HACCP concept (Hazard Analysis and Critical Control Points) as well as the performance of respective inspections carried out up to three times a day (including regarding best-before dates, restaurant and personnel hygiene) and their recording in the „HACCP“ calendar
- 3 The continuous update of the hygiene manual for employees as well as training manuals and operating instructions
- 4 Continuous training courses on quality standards and assurance for our employees (including documentation)
- 5 Regular hygiene-related training courses and follow-up instructions pursuant to the German Law on the Prevention and Control of Infectious Diseases
- 6 Introduction of performance-based remuneration based on the results of internally (by the OQS team) and externally (by SGS INSTITUT FRESENIUS) performed audits
- 7 Introduction of incentives for compliance with strict safety requirements

1.1.2

Quality and product safety management in procurement

In addition to the restaurant operations, procurement also plays a critical role for food safety and quality. Goods that we purchase may impair the taste of the dishes if they do not fulfill the criteria previously specified by the supplier and thus do not meet the specifications established by our strategic procurement and quality management (QM) departments. Goods may also be damaged during transport, e.g. due to an interruption in the cold chain or due to undetected damage to the packaging. If these types of damage remain undetected and are not remedied, this may also have adverse effects on Vapiano's reputation.

We intend to avert harm from our guests and want to offer them safe, delicious and healthy products that they can enjoy. It is therefore our goal to ensure utmost food safety and product quality for the entire process chain from the creation to the ingestion of our products based on our specifications.

Various Group functions closely cooperate to achieve this goal. Our strategic procurement department plays a central role in this respect. It is responsible for price negotiations and selecting the suppliers for many of our market regions throughout Europe. It educates our business partners regarding our high standards concerning quality and safety of foodstuffs beyond the general provisions of our Code of Conduct (see Compliance Management and Anti-Corruption, Section 2). Furthermore, it supports the product development department in the development of new products and the respective specifications.

Regional purchasing specialists in countries not managed by the strategic procurement department may use products from our centrally purchased product range or purchase their own goods that meet our quality requirements based on the specifications manual.

Moreover, the QM department plays a key role regarding quality assurance in accordance with our own standards and respectively applicable statutory provisions. In cooperation with the strategic procurement department, it generally classifies the products according to their strategic relevance, total purchasing volume and risk potential. Based on this, it subsequently defines measures to be taken such as goods inspections or audits.

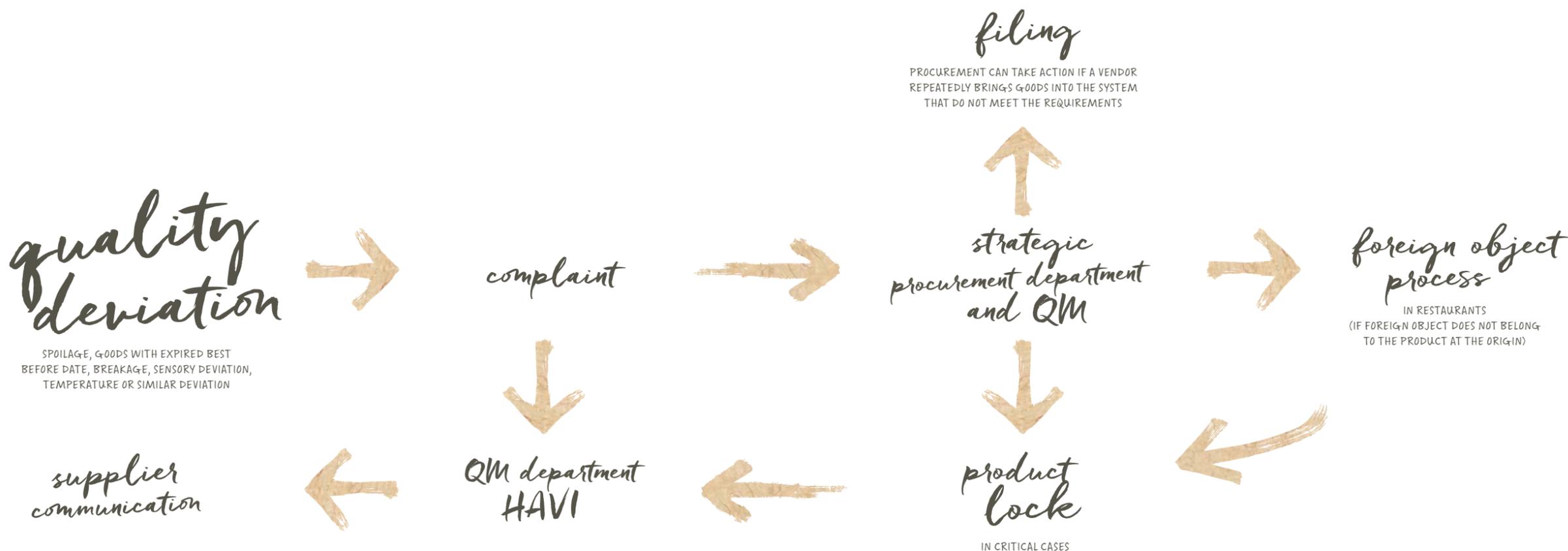
The QM department also participates in the selection of our suppliers and dealers. Every new supplier has to complete a questionnaire covering all quality-relevant parameters. Only if QM releases the supplier subsequent to the completion of this questionnaire may the supplier sell its goods to Vapiano. An audit may be carried out before the supplier's release depending on the strategic importance of the product and the questionnaire analysis. The existing Vapiano suppliers and the ingredients purchased by us are also regularly inspected by the QM department. If any production steps and product quality give rise to criticism, appropriate remedial measures are coordinated with the supplier. The implementation of these measures is checked by QM or the strategic procurement department. The business relationship with the supplier is terminated if food safety and product quality can no longer be ensured in the opinion of QM and the strategic procurement department.

Supplier requirements

UNIFORM STANDARDS
AND HIGH DEMANDS ON
OUR PRODUCTS

15
supplier
audits

THE SELECTION OF SUPPLIERS TO BE AUDITED IS DERIVED FROM STRATEGIC FOCUS POINTS WHICH ARE NEWLY DETERMINED EVERY YEAR. AGAINST THIS BACKDROP, QM PERFORMED A TOTAL OF 15 SUPPLIER AUDITS IN 2017.



We also employ a standardized process when we plan to include new products. First, the strategic procurement department carries out a preliminary selection based on the products' general suitability. The proposed products are subsequently checked by the QM department with regard to their specifications and released if they meet the defined standards. A group comprised of members from all relevant departments performs an additional sensory inspection and releases the products. This process is to ensure that no new products are included in the system without review and release.

An additional, critical function for quality and food safety is the so-called operational purchasing (procurement and supply of the purchased goods). For this, we commissioned HAVI Logistics, a specialized logistics services provider for system catering. The company is responsible for around 85% of the transports between central storage facilities and restaurants in Germany. It exclusively uses special vehicles suitable for foodstuffs that ensure an uninterrupted cold chain. The vehicles are equipped with temperature recorders and three cooling chambers that can be separately set to different temperatures. The central storage facilities also fulfill all necessary requirements to ensure food quality and safety, including a comprehensive incoming goods inspection during each delivery. Furthermore, HAVI Logistics has its own QM department.

If, despite all precautions taken, goods reach the restaurants that do not meet our requirements, one of three processes is initiated depending on the type of the deviation: In the event of quality discrepancies (spoilage, goods with expired best-before date, breakages, sensory discrepancies, temperature or similar discrepancies),

the restaurants will lodge a complaint with HAVI Logistics. The company will process the complaint in a dedicated department and is responsible for communicating with the supplier. At the same time (via forwarding), the complaint is also forwarded to the strategic procurement department and QM to ensure that measures can be taken depending on the seriousness of the discrepancy. In critical cases, a product blocking process is initiated. If the restaurant's complaint is based on a foreign object, meaning an organism or a substance that does not belong in the product, the restaurant initiates a special foreign object process. All complaints are archived and can be analyzed on the product or supplier levels. The procurement department is thus able to take measures if a supplier repeatedly brings goods into the system that do not meet requirements.

An important factor in quality assurance is the uninterrupted communication between the responsible persons in the company and in its value-creation chain as well as with external experts: The Vapiano SE Management Board is notified regarding all blocked products on the same day. Furthermore, the Management Board is presented an annual management review. Its purpose is, among other things, to inform the Supervisory Board about the status of the implementation of quality goals during the reporting year and of the goals set for the following year. The report also contains information regarding complaints, quality-related guest inquiries and complaints, results of supplier audits, visits from public authorities and QM-relevant projects. The CFO who is responsible for the procurement and QM departments meets weekly with the department managers to discuss quality management questions. Moreover, regular periodic discussions are held with suppliers, logistics services providers and external testing companies.

1.2 Conscious nutrition

Conscious nutrition is becoming increasingly more important in society. Many people change their eating habits and live on a vegan or vegetarian diet, gluten-free, lactose-free, low-carb or even according to the clean-eating method.

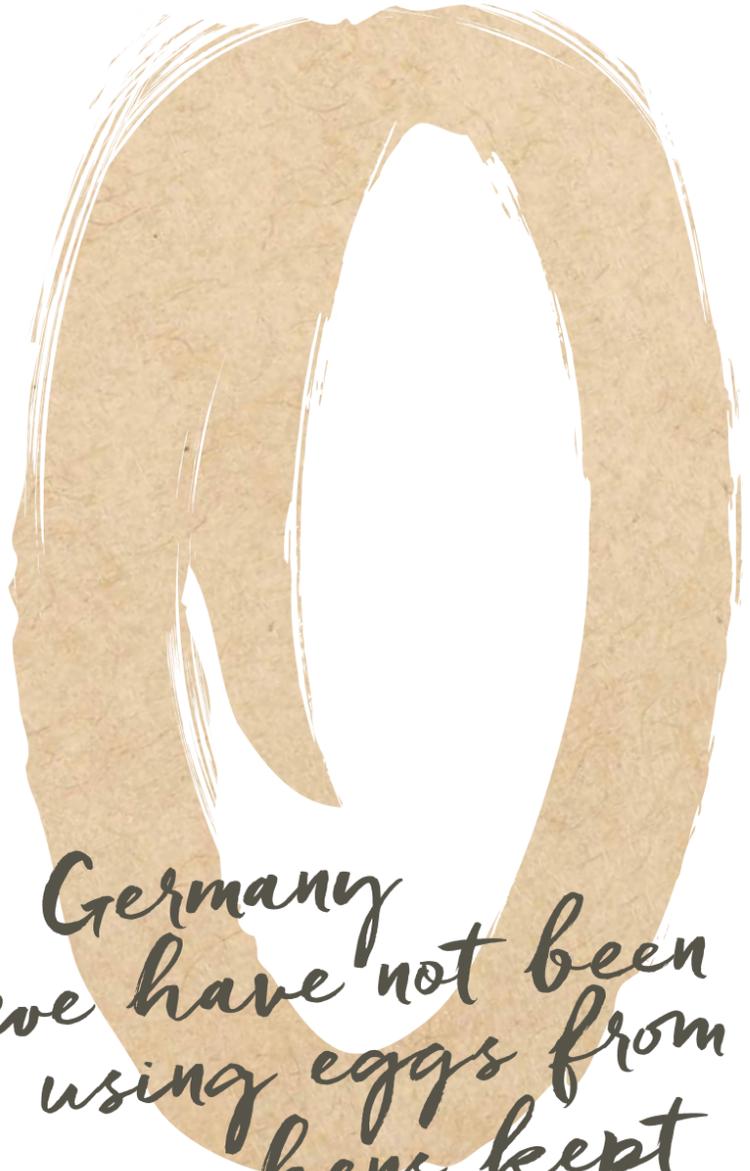
In Germany, for example, gluten in particular is a sensitive topic. Due to the trend towards a more conscious diet in the wider population, our company also has to face changed guest expectations. However, we are not unprepared for this development: Self-determination and free selection of ingredients were integral parts of our concept from the start. We want to factor in conscious nutrition even stronger in our range of dishes and to enable our guests to make an informed decision regarding their nutrition. For this reason, we provide more than the legally required, transparent product declaration with a clear specification of the ingredients used. We also want to reliably inform our guests about additional product features such as „gluten-free“ or „lactose-free“ and to consistently comply with the respective requirements.

To achieve this, the product development, quality management and marketing departments closely cooperate regarding our product range and strategic direction in the core markets Germany and Austria. The Management Board is also involved in the respectively established joint bodies. The analysis of guest feedback plays an important role in this work. If guests, for example, frequently ask for the introduction of more vegan dishes, then this is systematically taken into account in the product decision. For this, we also use feedback from social media channels. Using the „zoodle“, we are currently working on a specific approach to create dishes that fulfill several expectations regarding conscious nutrition at once. The zoodle consists of 100% zucchini thinly cut into spaghetti-like pieces and can be used in vegan, gluten-free as well as low-carb dishes. In 2017, we presented several zoodle recipes via our Vapiano blog.

Also in 2017, we introduced additional measures to support conscious nutrition and to offer people with food intolerances a healthy and tasty food alternative: The individual dishes are assigned respective symbols on the menus and in online portals that explain whether a product is lactose-free, gluten-free, vegan or vegetarian. Together with the German Coeliac Society (DZG), we have created a comprehensive concept that is to ensure that the respectively specified dishes are truly gluten-free, and which provides the respectively required expertise via appropriate training courses. The processes for the preparation of gluten-free products that exist in all Vapiano restaurants offering gluten-free food have been certified by the German Coeliac Society. Furthermore, Vapiano was awarded 1st place in the category „veggie-friendliest fast-food restaurant“ by Vegetarier Bund Deutschland e.V. Moreover, we not only comply with the EU-wide statutory obligation to specify the use of 14 prescribed allergens, but also provide information regarding additional allergenic ingredients such as lactose or pine nuts.

In our seasonally changing specials, we even put emphasis on special diets and often offer our dishes under headings such as low-carb, vegetarian or vegan. In addition, we train our employees about diets focusing on conscious nutrition with training manuals that we develop in-house. In the future, we plan to add an online learning platform and annual courses on the preparation of gluten-free food to these training courses.

It is part of our approach to a conscious diet that we prefer purchasing and processing products that contain as few additives as possible that require declaration. However, we face certain limitations in this respect: Some products, such as cold meats, cannot be prepared without additives. Furthermore, in Germany we have not been using eggs from laying hens kept in battery cages since 2011. As part of a partnership with the Albert Schweitzer Foundation, we have committed to only purchase eggs and egg products worldwide that are sourced from hens which are at least kept in a barn as of 2018.



In Germany
we have not been
using eggs from
laying hens kept
in battery cages
since 2011.

1.3 Satisfied guests

Our measure for the quality of our performance is ultimately the satisfaction and wellbeing of our guests. For this reason, we primarily focus on the following precepts in our work:

1

Uncompromising freshness ensures outstanding taste and healthy nutrition

2

Design, decoration, music and the right lighting create an inspiring atmosphere that re-freshes all your senses

3

Stimulating communication between Vapianisti and guests makes the guests feel welcomed as a friend

4

Perfect execution – for every guest, at any time

Constant dialogue with our guests

With highest quality and food safety, comprehensive training of our workforce and important investments in our restaurants, we meet important prerequisites in order to offer our guests an entirely positive experience. However, each guest will judge his/her experience for him- or herself. A risk for our business development is if we do not adequately recognize our guest's expectations. Only a company that is willing to listen and to learn can be successful over the long term. For this reason, Vapiano intends to react to guest feedback as appropriately and quickly as possible. The experiences of our guests help us to uncover any weaknesses in our concept and our operations and to ensure continuous improvement.

Vapiano engages in a continuous dialog with its guests, either personally via the restaurant teams or via various channels from social media and email to traditional mail and telephone. We receive compliments, constructive criticism, guest wishes and requests on a daily basis. We have created the central function of guest feedback manager for their processing within our organization. This manager is part of the operations department. Feedback via social networks constitutes a special case. The responsibility for these channels is shared by the marketing department and the regional operations managers.

We invite our restaurant guests to provide feedback directly on-site via our so-called iFeedback terminals. On these terminals, guests can give one to five stars in the four categories, experience & friendliness, food & beverages, restaurant & atmosphere as well as waiting time, and add a written comment. This feedback is anonymous. However, the guests can also provide their email address so that we can contact them later.

In addition, we operate a „mystery shopper“ program: At least once per month, we conduct international service checks in all Vapiano restaurants worldwide. During these checks, unannounced anonymous restaurant testers check quality, service and cleanliness as well as operating standards. A few days after the visit, the respective restaurant is informed about the result. Good evaluations trigger extra allowances for a team event.

The grades of the international service checks have slightly decreased from 91.9% in 2016 to 91.6% in 2017, but have nevertheless stabilized on a high level.

grades international service check

	2016	2017
Total	91,9%	91,6%
Quality	97,4%	97,2%
Service	89,2%	88,9%
Cleanliness & tidiness	93,2%	92,7%

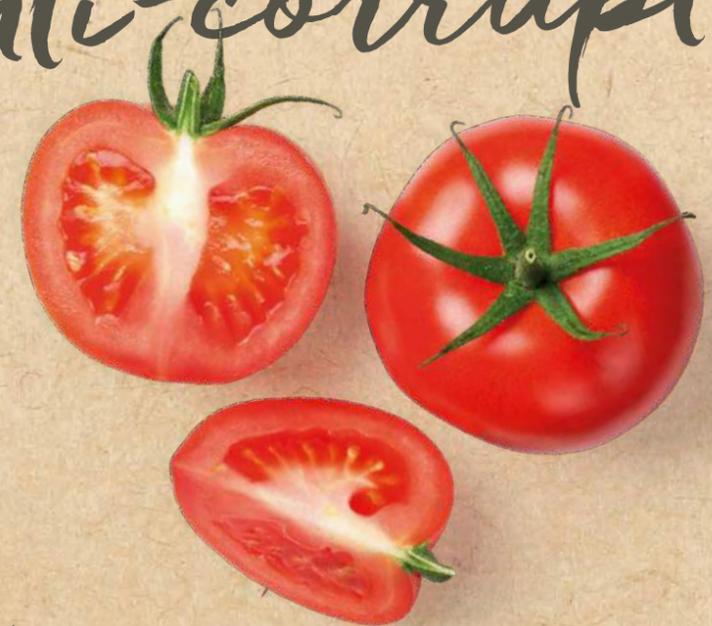
Taking
Feedback
seriously

....AND GROWING ON IT

In addition, Vapiano is planning to introduce a unified, centralized guest feedback tool. This tool is to be initially introduced in our corporate and joint venture restaurants in Germany in 2018. Once this test phase has been successfully completed, we will be able to also include the German franchise restaurants. Furthermore, we are checking the option of an international roll-out. The goal is to collect, process and subsequently evaluate all guest feedback with this tool. At the end of 2017, the Management Board decided on the solution offered by a specific service provider and released the respectively required budget. A special feature of the tool is the option to import guest evaluations that were not sent directly to Vapiano and were posted on various internet platforms such as TripAdvisor, Google Business and Lieferando.



2. Compliance management and anti-corruption



Vapiano strives to ensure that its actions comply with the law as well as values at all levels.

Compliance management system

Running a restaurant today not only means offering fresh food and beverages, comfortable surroundings and good service, it also means meeting the various demands of guests, suppliers, employees, public authorities and other institutions. It also means adhering to set standards. We strive to ensure that all employees and bodies of the Vapiano Group always act with integrity, conforming to legal requirements and in line with our values and comply with our internal Code of Conduct.

It is therefore our goal to systematically prevent violations and business behavior lacking in integrity and to integrate compliance in our business processes. For this, since 2017 we have had a compliance and risk management system in place as the third subsection of our corporate governance system in addition to our internal control system and internal audit. The compliance management system is defined in the Vapiano compliance policy, which has so far applied to all employees of our Group and joint venture companies. The system is based on the following:

- | | | | |
|---|----------------------------|---|----------------------------|
|  | Code of Conduct |  | Policy management |
|  | Whistleblower system |  | Training and communication |
|  | Compliance risk assessment |  | Compliance reporting |

Furthermore, the system is based on the central principles of our corporate culture: „fairness“, „integrity“, „ethical conduct“ as well as “social responsibility“.

The Management Board takes on central responsibility in the compliance organization of the Vapiano Group in accordance with the German Corporate Governance Code (DCGK). The Board takes measures to define and monitor the requirements and to follow-up on violations to avoid or minimize compliance risks and prevent negative developments. In addition, the Management Board also ensures that enough resources are available to fulfill these tasks and has appointed a Head of Corporate Governance who also fulfills the function of compliance manager.

The compliance manager supports the Management Board in the establishment of adequate compliance measures and also takes measures in the event of violations. The compliance manager reports directly to the Board and is only bound by Board instructions. In all countries where Vapiano is active, we have appointed compliance managers to ensure operational implementation. In 2017, these compliance managers were given an introduction into their new tasks for the first time – additional training courses will follow.

The Management Board and the Supervisory Board Audit Committee of the Vapiano Group are informed about the compliance management activities once or twice per year. In the event of special events, they will also receive an ad hoc message. If further measures become necessary, they will be provided with proposals which will be implemented in coordination with the Management Board.

The basis and central reference document for the compliance management is Vapiano's Code of Conduct (CoC). It contains all important principles and rules of behavior that inform our daily activities throughout the Group. Upon the Board's initiative, we have started to revise the text, content and layout of our CoC to ensure that its content is more comprehensible to our employees. In 2018, we will implement the new CoC worldwide in all corporate and joint venture restaurants and inform our employees comprehensively regarding its contents. We will at the same time check whether and to what extent we can also expand the requirements of our Code of Conduct and the Vapiano compliance policy to our franchisees. The employment contracts for support center as well as corporate and joint venture restaurant employees, however, already contain a general reference to our company-internal rules and provisions. This makes compliance with the CoC, as an integral part of the employment contracts, binding for these Vapiano employees.

All employees in compliance-relevant functions are also obligated to attend special basic and additional training courses. Executives have to attend a special anti-corruption compliance training. Furthermore, a compliance training was conducted as part of an international Executive Board meeting in Bonn in fall 2017.

In addition, our compliance management contains a whistle blowing system: Since 2016, employees in the corporate and joint venture restaurants in Germany and in the support center may anonymously contact an external ombudsman if they feel in any way discriminated against or wish to report on a compliance situation, for example, concerning the observation of human rights (further information regarding human rights can be found in Section 3, Employee matters). Their reports will be carefully reviewed and any violations will be rectified. In 2017, we received 13 reports via the ombudsman hotline. After a careful review, none of the reported cases turned out to be compliance-relevant. In 2017, we also implemented the ombudsman system in the corporate markets in the UK, Austria and the U.S. We partially already have local, comparable processes in place for joint venture restaurants in the respective countries (e.g. Sweden or the Netherlands).

Measures

CONTINUOUS TRAINING
OF OUR EMPLOYEES

2.1 Compliance at Vapiano SE and its national companies

The described basic compliance management functions apply to the entire Group without restrictions. Group management has defined eight subsections for the corporate and joint venture restaurants of Vapiano SE and its national companies as well as the support center as part of a comprehensive risk-oriented analysis in 2017 and has respectively specified explicit goals and mandatory measures. The respectively competent country manager has overall responsibility for all eight subsections. The responsible country manager appoints a responsible employee for each of these subsections.

Data protection is currently an important topic. Data protection requirements will become stricter with the General Data Protection Regulation of the EU taking effect in May 2018. The Management Board has therefore initiated a project that is to ensure that we implement all requirements in all corporate and joint venture markets by this date.

2.2 Compliance at the franchisees

Protection of the Vapiano brand

Our franchisees act as independent entrepreneurs; this also applies to compliance. However, they are obliged to comply with Vapiano principles (see above) if and to the extent that these principles were included in the franchise agreements in the form of a binding policy. When concluding a franchise agreement, the franchisees explicitly acknowledge these obligations – to both our advantages: By consistently applying our compliance system, they reduce their own compliance risks, including with regard to the observance of human rights, and protect our brand name from reputational damage.

In its respective franchise agreement, the franchisee assures us never to have been finally convicted for a crime or particularly serious crime or to have confessed to such a crime. In addition, the franchisee asserts not to be a participant in activities, business dealings or organizations involved in tax fraud, tax evasion, money laundering, illegal income, drug trade, trade with other illegal goods or substances, human trafficking, gun trade, violations of export restrictions, coercion or bribery, racketeering and/or kidnapping. Franchisees further must assert that they will refuse to have any dealings involving business practices, persons, companies and organizations that or who use illegal means or are involved in illegal actions. Vapiano thus has the option to terminate agreements with franchisees who have made false assertions. In 2018, we will review whether we will use as additional instruments both our Code of Conduct becoming part of the franchise agreements and expand the scope of our compliance policy to our franchisees.



Franchise agreements
with advantages for
both sides

2.3 Compliance in the supply chain

Evaluation & Code of Conduct

Naturally, we cannot directly monitor our suppliers' work. There is therefore a risk that a supplier will not comply with Vapiano principles and violate human rights, for example. If this becomes public knowledge, Vapiano, as a customer of this supplier, may still be held accountable and our reputation could be damaged. For this reason, it is our goal to ensure compliance with Vapiano principles using appropriate means in our procurement process.

For example, we generally perform an evaluation of every potential system supplier before the supplier is included in our network. The supplier has to complete a questionnaire which is reviewed by quality management (more details on the quality management review can be found in Section 1, Product and guest aspects). Furthermore, we published a Code of Conduct (CoC) for business partners for the first time in 2016. It is based on the conventions of the International Labor Organization, the United Nations Universal Declaration of Human Rights, the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Convention on the Elimination of All Forms of Discrimination Against Women and adherence to the Rights of the Child. The CoC demands compliance with statutory provisions, prohibits child labor, forced labor or disciplinary measures and links work conditions and remuneration to the respective labor right provisions. Moreover, it prohibits discrimination, demands the freedom to organize and assemble, health and safety at the work place and effective environmental protection. In closing, the CoC requires the enactment of operating measures in order to implement its provisions.

In early 2016, the CoC was sent to the 119 business partners which our strategic procurement department works with as an attachment to the terms and conditions of purchase. Of these, 58 companies have confirmed the terms and conditions of purchase in writing and thus have acknowledged them. Ten of these companies provided their confirmation with restrictions, which, however, do not reference the CoC.

In the meantime, we have revised our CoC for business partners. We have newly included animal protection. In addition, we adjusted the wording of individual provisions.

The Management Board has released the new version of our Code of Conduct for business partners during the first quarter 2018. By the second quarter 2018, we plan to provide it to our suppliers managed by the strategic procurement department – in connection with the request to acknowledge the Code of Conduct for business partners in writing. The document also forms the basis for the new supplier portal which we will use to include items and relevant product information in our new merchandise management system as of the third quarter 2018. Its formal acknowledgment will thus become a core element of our supplier management system.

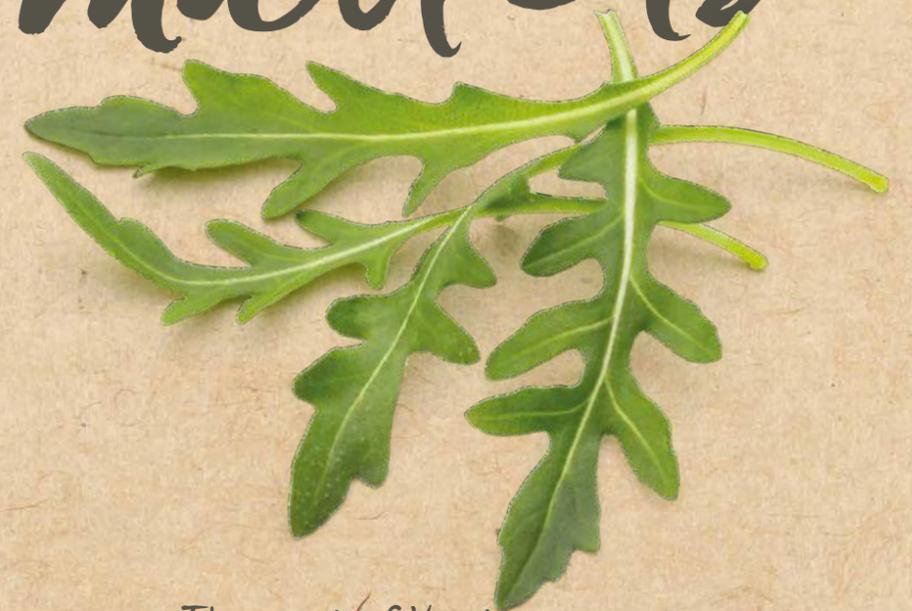
By fall 2018, all strategic suppliers will be asked to acknowledge the Code of Conduct (see Section 1, Product and guest aspects). In the future, we will also check compliance with the Code of Conduct during audits that we preferably perform at our strategically important suppliers.

Code of Conduct

ACKNOWLEDGEMENT
BECOMES A CORE
COMPONENT OF SUPPLIER
MANAGEMENT



3. Employee matters



The soul of Vapiano are
our Vapianisti

Satisfied and high-performing employees are one of the key success factors for Vapiano.

The concerns of our employees, the „Vapianisti“, therefore have high priority for us. Most significant in this respect are the topics „Diversity, equal opportunity and fair pay“, „Training and continuing education“, „Employee satisfaction“ as well as „Occupational health and safety“. These topics are primarily centrally managed from the support center. The human resources (HR) department, which is located here, is responsible both for the recruitment and the onboarding of new hires as well as for the training and continuing education activities and the labor law-related management of the corporate restaurants in Germany. The following Sections 3.1 to 3.3 accordingly refer only to the corporate restaurants in Germany as well as the support center. In the „Occupational health and safety“ section, our Quality Management is responsible for our strategic direction, while our Operative Quality Assurance (OQS) team is responsible for the operational implementation.

HR ensures the consistent implementation of quality and management standards for the entire Vapiano Group with an international training and continuing education program. We provide our restaurant managers with the respectively required technical and organizational know-how and management expertise through classroom and online training courses.

Moreover, we fulfill our human rights-related due diligence obligations on the employer level and take precautions that the rights of our employees are protected throughout the entire Group (for more information see Section 3.1, Diversity, equal opportunity and fair pay, and Section 2, Compliance management and anti-corruption).

Employee matters are the responsibility of the highest management level of the Vapiano Group. Once weekly, the chairman of the Management Board is informed bilaterally, by human resources and during a fixed meeting with the Executive Board of which human resources is also part, about the findings and measures with regard to material personnel matters.

3.1 Diversity, equal opportunities and fair pay

The system gastronomy segment provides good entry and promotion prospects, also for un-skilled staff. New employees therefore join us with high expectations. By fulfilling these expectations, we strengthen our employees' commitment and their identification with Vapiano.

We have therefore undertaken to fairly pay for our employees' performance and to ensure diversity and equal opportunities for all of our employees.

Special emphasis is thereby put on gender equality and ethnic, religious, age-related and cultural diversity corresponding to our broad spectrum of guests. Furthermore, we do not permit that any person is discriminated against based on their sexual orientation.

The remuneration of our restaurant employees is solely based on their function. This is governed by the German Act on Remuneration Transparency (EntgTranspG) and by the respectively applicable national laws and collective agreements. In Germany, this is the pay rate of the German Association of System Catering Companies (Bundesverband der Systemgastronomie – BdS) agreed upon with the social partners. It applies to more than 90% of the Vapiano employment contracts. As a long-term member of the BdS, Vapiano has been paying the respective collective bargaining agreement-based wages long before the adoption of the minimum wage law in Germany.

The provisions of our Code of Conduct and of the pay scales under the collective agreement apply when we hire new employees and when we promote existing employees. The Vapiano restaurant managers are thereby strongly encouraged to only take into account the applicants' skills and qualifications.

In all company departments, all hiring is always conducted under the supervision and subject to the consent (internal signature policy) of the HR department. This sequential process, which is carried out with participation of the HR department, is respectively structured depending on the position to be filled.

We actively promote ethnic diversity among our employees. We help refugees who are beneficiaries of secondary protection with obtaining a work permit. To achieve this, we work with lawyers who are specialized in German aliens law. In addition, we organize language classes for our employees. We also support religious diversity, e.g. by expressly pointing out to Muslimas that wearing a headscarf is permitted in the workplace. We actively fight any kind of discrimination and sexual harassment. Our employees have the option to report potential incidents via our whistleblower system. Every report is carefully reviewed.

Diversity

WE PROMOTE THE DIVERSITY OF OUR EMPLOYEES IN MANY RESPECTS

Distribution by nationality of the employees

Area/ Location	German citizens	EU citizens incl. German citizens	Non-EU citizens
Restaurant	42%	62%	38%
Support center	94%	98%	2%

(as of Dec. 31, 2017)

3.2 Training and continuing education

Motivated employees are one of our success factors at Vapiano. In this respect, the training and further education of our employees are of particular importance to us.

Build a winning team

Skilled employees are an important success factor for high-quality system catering. The demographic change and related lack of skilled workers also represents a challenge for our personnel management – both with regard to recruiting as well as the long-term retention of our talented Vapianisti. In order to deal with the related risks, it is our goal to establish Vapiano as a strong company brand and outstanding training company and to preferably promote talented Vapianisti from our own ranks.

Thanks to our strong growth trajectory, we have a high demand for junior managers. To cover this demand, we have set ourselves the following goal: We plan to develop 80% of our restaurant management from our own ranks. Currently (2017) the ratio is 72%.

To achieve this goal sustainably and over the long term, we employ various programs: Trainees and students receive 360-degree care from the respectively responsible department: HR „Young Talents“. Our internal scholarship program enables trainees to complete professional training courses to become a „Specialist in System Catering“ (in the restaurant segment) and an „Office Management Associate“ and a „Personnel Services Associate (both at the support center). We also subsidize the dual bachelor courses IBA Catering Management, DHBW Food Management and the BA Rhein-Main Hotel- & Catering Management.

Internal training systems

The applicant numbers for training or university places demonstrate that Vapiano is perceived as a good training company: We received 800 applications for 60 offered positions at the corporate restaurants. We subsequently hired 21 trainees and 39 students completing the dual bachelor course of study. In 2017, of the 2,796 employees of our corporate restaurants, 45 were trainees and 56 dual bachelor students (as of December 2017). More than 60% of the trainees and dual bachelor students were subsequently taken on in 2017.

We intend to provide to each of our employees an environment where they can fully realize their potential. We call the principle on which this approach is based „learning from our young talents“. This also applies to our Group strategy. To achieve this, company management regularly engages in a direct dialog with our young talents. For example, the Executive Board asked to be presented the two best bachelor theses of our dual bachelor students. In return, thanks to our „CEO for a week“ concept, one of our bachelor students was able to personally try out the position of the chairman of the Management Board and acquaint himself with the CEO's work. He documented his experiences in a video journal and shared it throughout the Group via our employee magazine „Gazetta dela Pasta international“ and the CEO newsletter.

"CEO
for a
week"

WE PROMOTE DIRECT
EXCHANGE WITH OUR
YOUNG TALENTS.

The work of the HR department, however, goes beyond purely internal measures. We are also involved in the association work of the Bundesverband der Systemgastronomie e.V. (BdS – Federal Association of System Catering) and support the BdS Team Cup, the big championship of trainees in system gastronomy companies in Germany and Austria both in terms of personnel and contributions in-kind. As one of nine supporters of the new corporate initiative, „Experience Europe“, we also offer internships in other European countries to young adults seeking employment. We communicated our success in our young talent initiatives via our in-house public relations work.

In 2017, the quality of our work training young talent was confirmed by several prizes awarded by several chambers of industry and commerce: The best trainee nationwide in the „Specialist for System Catering“ track in 2017 came from Vapiano. In the federal states of Baden-Wuerttemberg and Hamburg, Vapiano system catering trainees were also awarded 1st prize during the respective award ceremonies.

We also have an ambitious goal set for our continuing education: We want 100% of our restaurant managers to complete our in-house certification system. In 2017, the ratio of respectively certified managers was 80%. Management positions are only awarded if the certification exam has been successfully passed after completion of our in-house training.

Our in-house center for continuing education, the Vapiano Academy, plays a central role in the training of our staff. In the academy, Vapianisti from all over the world receive professional and personal training and support instructed by professional trainers and lecturers. Furthermore, the V-Academy offers introductory courses and several workshop modules that are build on each other.

In addition, our V-Team enables our Vapianisti to gather experience abroad in the international launch team that plans and carries out restaurant openings outside of Germany. Executives also participate in our Talent Days, our popular annual internal career event, and in the leadership courses offered in our support center.

V-Academy

OUR IN-HOUSE CENTER FOR
CONTINUING EDUCATION
PLAYS A CENTRAL ROLE.

3.3 Employee satisfaction

Employee satisfaction is an important topic for Vapiano as it helps us to reduce employee turnover. The system gastronomy segment in general suffers from high employee turnover and it requires great effort to ensure a consistent product and service quality. High employee turnover also poses a risk for Vapiano.

It is therefore our goal to reduce employee turnover by consistently working towards high employee satisfaction. For us, high employee satisfaction represents the key performance indicator in this respect. In 2017, the average period of employment of employees in our corporate restaurants was 3.04 years (restaurant crews 2.09/ restaurant management 4.0 years).

A high employee turnover indicates that the employees desire certain improvements. By working with these issues, we improve our market opportunities. As hotel business-related studies indicate, the satisfaction of employees and guests in the hospitality industry are closely correlated. For this reason, we award budgets for freely selectable team events if our service checks, which are carried out by a “mystery shopper”, bring good results (more details on this can be found in Section 1, Product and guest aspects).

Prerequisites for high employee satisfaction are equal opportunities and fair pay as well as high-quality training and continuing education. In addition to this, HR keeps an eye on many additional factors that contribute to employee satisfaction: HR, for example, advises restaurant managers with regard to the design of modern work stations and processes and supports the exchange among and the personal commitment of employees. The HR department in Germany has developed a decentralised structure that provides administrative and targeted personal support to employees. Throughout Germany, twelve HR representatives and three team leaders were appointed. In addition, five „field coaches“ from the HR department are responsible for the training and continuing education of the restaurant management on-site in the regions assigned to them. The annual „General Manager Convention“, a meeting of restaurant managers and support center executives, facilitates an exchange on a professional and on a personal level.

Joint activities such as our company soccer teams are also promoted. In Cologne, for example, we put a team together consisting of support center employees and employees from the local restaurants.

Prerequisites

...ARE FAIR OPPORTUNITIES
AND FAIR REMUNERATION

We operate a whistleblower system for all corporate and joint venture restaurants in Germany as well as the support center. Since 2016, we also have an external lawyer under contract who acts as ombudsman. Our employees can turn to the ombudsman – even anonymously – if they feel in any way discriminated against or harassed (more details can be found in Section 2, Compliance management and anti-corruption). We offer financial aid to Vapianisti who are facing hardships through no fault of their own via our V-Care social fund.

To check the effectiveness of our measures and to systematically manage our processes, it is important to reliably measure employee satisfaction. For this, we have so far used analog questionnaires which we plan to digitize in the future to significantly improve the proportion of returned completed questionnaires from the restaurants (see below). In addition, we also regularly prepare a „mood barometer“ for our support center. In 2017, we also used the results from an employee survey by „Great Place to Work“ to manage our personnel processes. The organization, which is currently active in more than 50 countries, supports companies in the design and development of an attractive, motivating and result-promoting workplace culture.

In a workshop with the Executive Board in June 2017, we derived central topics for employee satisfaction from the results of the survey. From this, measures and project ideas were developed – including the Vapiano Portal (an Office 365 communication platform with sharepoints) and the introduction of Skype for Business – and finally, central values were defined. These values are: transparency, honesty, being a role model, and responsibility or “ownership”.

As part of the digitalization of our employee survey, we plan to create an engagement index that is to become an important KPI. For this, we intend to use an „engagement“ app based on our existing iFeedback data system. A respective feasibility study is to be prepared in the first quarter of 2018. The app is to be introduced by the end of 2018.

Employee participation in corporate decisions may, for example, contribute to the improvement of corporate processes and also improve employee satisfaction. In 2017, HR introduced a number of employee participation measures for Vapianisti in Germany. This takes place, e.g., in the form of quarterly meetings with all support center employees. When in November 2017 the headquarters in Cologne was about to move to a new location, this was managed by HR and assisted by a project group comprising support center employees. They worked on the design of new work environments, among other things, and developed a central theme for the new support center as a place where many different people come together to make a difference.

V-Care

OUR SOCIAL FUND FOR
VAPIANISTI IN DISTRESS
THROUGH NO FAULT OF
THEIR OWN

The four
central
values
for
employees

Transparency

Honesty

Being a role model

Responsibility

3.4 Occupational health and safety

The health and safety of our employees are basic prerequisites for a motivated, satisfied and high performing staff.

In addition to these two aspects, standard, often monotonous processes and few breaks can lead to work overloading of employees, especially in the system gastronomy sector. This may impact the employees' performance, have an adverse effect on their wellbeing and negatively impact Vapiano's business. Therefore, avoiding work overload, in addition to accident protection, is also an important topic for us.

Vapiano's goal is to keep the number of accidents and sick days as low as possible and to ensure a healthy work atmosphere, good mood and fun during work. We follow a three-fold approach to avoid accidents and prevent illnesses: We ask our employees to avoid putting themselves and others at risk and support them in this endeavor by providing good training and various specific management and training tools. In addition, we train them in the safe use of machines (pasta maker, dough mixers, ovens, tilting frying pans, hand blenders, etc.) and work materials (cleaning agents, etc.) and work with our business partners on safety-relevant improvements. Finally, we are committed to reducing psychological stress as an important disease trigger.

The Vapiano SE Management Board is responsible for occupational health and safety. The OQS department is responsible for the organization and control of occupational safety measures. Our occupational safety specialists have a key function in operational quality assurance. They are operational consultants who support the employer regarding all occupational safety issues. Their judgment and actions are also important for the level of occupational health and safety among the company employees. At Vapiano, two occupational safety specialists work hand in glove. The external SiFa is seconded by ARBUMED, a private institution focused on occupational health and safety; the internal SiFa is a member of the OQS department.

The internal SiFa resolves issues that relate to operational matters, such as the presentation of the occupational safety organization or deficiencies in operational safety, directly with the respective responsible persons on-site (regional or restaurant managers) and the respective specialist departments (e.g. construction, supply chain management). The country manager is additionally involved in the event of decisions on investments, new processes and work equipment and discusses these matters with the Management Board. Moreover, the OQS department communicates with the country manager, if required and depending on the measures taken (quarterly as of 2018), and reports directly to the Management Board on an annual basis. In addition, the Management Board is informed annually about the occupational health and safety status at Vapiano with a management review. Furthermore, regional occupational safety committee meetings take place four times a year. These are attended by the respectively responsible regional managers and the (deputy) restaurant managers as well as the safety officers or person of trust, the medical officer and the internal occupational safety specialists.

Accident protection

...AND AVOIDANCE OF WORK OVERLOADS

3.4.1

Focus point: accident prevention

Measures for accident prevention

To prevent accidents, we have established a number of management and training tools throughout the entire Group. In addition to the occupational safety manual, our training manuals and the operations manual also contain instructions on accident prevention. Our companies regularly conduct training courses based on standardized guidelines. Depending on the number of employees, every location has at least one safety officer. To prevent accidents as a result of construction measures, the internal occupational safety specialists has prepared an overview that summarizes structural requirements from labor law and food law, the so-called Construction Guide. The construction department uses it as a guideline in its work.

The internal occupational safety specialists conducts at least one inspection per year per location to check on the occupational safety organization. Further inspections by the external SiFa and our medical officer, who has been seconded by ARBUMED are conducted. The occupational safety specialists prepare a report for every inspection. If deficiencies are detected during the inspection, the occupational safety specialists create an action plan that the persons responsible at the respective location must carry out within certain specified periods. The external occupational safety specialists uses the Vapiano audit system, to which both the restaurant managers as well as the regional managers have access, to prepare the report. After the report has been entered into the system, it automatically generates an action plan and sends a notification announcing the publication of the audit results to the restaurant management. The system sets a period of 30 days for completion of the tasks. After ten days, respectively, three consecutive escalation stages that are based on one another take effect. The third stage notifies the Management Board

regarding the status of the remediation of deficiencies unless these have been fully remedied by then.

The internal occupational safety specialists prepares her inspection report manually using standard software and suitable images corresponding to the potentially detected deficiencies. The inspection report is subsequently forwarded in pdf format to the respective restaurant manager, regional manager, country manager as well as head of construction and head of OQS, who will then tackle, supervise or support the remediation of the deficiencies on the list.

In 2017, we carried out various occupational safety measures. We have, e.g., added the topic to our online platform (Vapiano Audit System – VAS). The VAS can be used to view inspection reports or audit results and to process the resulting action plans. Our online first aid book which documents injuries and first aid services was also integrated into the VAS. Our intranet also contains a function that permits the reporting and recording of accidents. In this way, we are able to provide our employees with various information and training documents as well as operating instructions and safety data sheets. Additional focal points in 2017 were the training of safety officers and voluntary firemen at our Vapiano Academy as well as regional first-aid training courses. Furthermore, we added safety- and health-relevant processes to our process environment, such as maternity leave-related matters or glasses for computer work for office personnel, and expanded our first-aid equipment beyond the respective requirements of the DIN standard.

In order to manage these measures, we record all incidents and categorize them based on type of injury for a targeted accident prevention.

Construction
Guide

...COMBINES
REQUIREMENTS FROM
LABOR AND FOOD LAW

3.4.2 Protection against work overload

Ergonomic design

...OF THE WORKPLACE PREVENTS INCORRECT STRESSES

We avoid incorrect physical stress through the ergonomic design of workstations to the extent possible. For this, we have carried out a workplace assessment. In 2017, we assessed, among other things, the newly established take-away workstations.

Our automatic shift system is another measure that reduces stress or excessive workload: It ensures adherence to the prescribed break times via its time-tracking function. We also provide our employees with a discount card for our restaurants to enable them to optimally use their break times. We avoid monotonous work by having employees rotate between workstations, depending on their skills and qualification, thus ensuring that they have enough variety in their work.



1

AUTOMATIC SHIFT SYSTEM ENSURES ADHERENCE TO THE PRESCRIBED BREAK TIMES

2

DISCOUNT CARDS FOR EMPLOYEES FOR AN OPTIMAL USE OF BREAK TIMES

3

ROTATION BETWEEN WORKSTATIONS OFFERS VARIED TASKS



4. Environmental matters



Sustainable concepts for
a responsible use of
our resources

To leave coming generations a livable world is a central social responsibility.

This requires efficient environmental and climate protection and the cooperation of politics, business and civil society. Vapiano wants to contribute to this and is particularly focused on the conservation of resources. The protection of our natural basis of life is in our very own interest. After all, it is the basis for our core business: the processing of high-quality ingredients to create tasty dishes. Throughout the Group, we continue to pursue the reduction of packaging and waste in our restaurants to a minimum. Furthermore, we strictly comply with existing environmental laws.

At Vapiano, waste is created predominantly in our restaurant operations and, to a lesser extent, in the support center. This is predominantly paper and plastic waste from the take away business and food waste that is created during the production and consumption of food by guests in every restaurant. Furthermore, our operations consume energy. Thus, „ecological packaging“, „waste management“ and „energy preservation“ represent key environmental topics for Vapiano.



4.1 Environmentally friendly packaging

The packaging of goods also plays a critical role for high product quality starting with the purchase to the processing in the restaurants and all the way to our take away business. Along the entire chain, it is crucial to find the right balance between product quality and use of environmentally friendly packaging material. This issue has increasingly moved into our focus because the volume of packaging we use has overall grown over the past years. A large share was thereby caused by the expansion of our take-away business.

Ever since the establishment of our company, we have been producing significantly less waste than traditional fast food restaurants because we always serve the meals in our restaurants on porcelain dishes and provide metal cutlery. In addition, we offer the great majority of our non-alcoholic beverages in returnable bottles. Beer is almost exclusively offered on tap. However, there is still potential for optimization in the packaging area for our company.

It is not only us, our guests also have an increasingly critical attitude concerning the created packaging waste. This was the information we gleaned from their feedback regarding the type and size of our packaging. Guest satisfaction has a strong influence on Vapiano's economic success, which is why we take these reports very seriously. However, when choosing packaging, we have to take into consideration different, and at times conflicting, points of view: Next to the guest experience, another important aspect is the ability to keep food warm as well as the functionality and stability of the packaging materials used. Our packaging must fulfill high quality and hygiene standards and at the same time be environmentally friendly and save resources – from production to disposal. Ensuring this is a complex and important task.

Vapiano's goal is to avoid packaging-related environmental damage by increasingly using eco-friendly materials. We intend to avoid using plastic to the extent possible and use regenerating resources – in particular for cardboard and paper packaging.

Our strategic procurement department, which is responsible for many of our market regions throughout Europe, is leading this conversion initiative. In addition to the purchasing of goods, it is responsible for the procurement of the materials used in the Group. As part of its work, it closely cooperates with quality management (QM) which checks every item for compliance with statutory provisions and Vapiano standards (more details on this can be found in Section 1, Product and guest aspects).

Depending on the dish, Vapiano uses different packaging concepts to make good on its quality promise and still be environmentally friendly. We use both single-use packaging made from paper and cardboard and also reusable packaging such as reusable plastic containers with a lid. In 2017, the majority 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 purposes with bags made from renewable resources. Only the lining of these bags is a film made from fossil raw materials. This lining, however, is to be replaced by the bio-degradable plastic polylactide (PLA) which is produced from renewable resources. In addition, we strive to only use packaging that is free of chemicals such as BPA, BPS or polyfluorinated chemicals. Since mid-2017, all packaging used for take away fulfills this requirement.

*Individual
packaging
concepts*

...FOR QUALITY ASSURANCE
AND ENVIRONMENT
PROTECTION

4.2 Waste management

Waste reduction and separation

By exactly calculating our purchasing and use of goods, we can make a contribution to the environment by reducing the amount of waste produced in our business activities as much as possible. We thus not only save costs, but also protect the environment. Our declared goal is the reduction of waste. Also, Vapiano strictly complies with statutory requirements regarding the disposal or documentation of waste. Otherwise, we have to expect fines and damage to our reputation.

The laws relevant to our waste management in Germany include the Commercial Waste Ordinance (GewAbfV), the Packaging Ordinance (VerpackV) and the Law on Life-Cycle Management (KrW-AbfG). The GewAbfV separates waste into eight different categories and obligates us to treat the different types separately. Vapiano produces waste in the six categories PPT (paper, paperboard, cardboard), glass, plastics, metals and bio-waste and residual waste and sorts them according to this classification. It is the responsibility of the restaurants to ensure correct waste separation. They are locally responsible for their waste management. The Packaging Ordinance distinguishes different packaging types and prescribes specific disposal channels. We take these requirements into account, e.g. when returning reusable bottles. Also, we are working on the implementation of the objective specified in the Packaging Ordinance, which is to have 60% of all paper and cardboard waste recycled.

In
Germany
600%
of all
paper and
cardboard waste
are soon to be
recyclable

In view of a growing waste volume in the take away business, it is our goal to use packaging even more efficiently and thus in a more waste-saving manner and to increase our recycling quota.

Generally, Vapiano purchases goods based on consumption and demand. If possible, we prefer packaging and containers in industrial sizes to other packaging sizes to reduce packaging material volume. In addition, we have been continuously refining our packaging concepts: We use particularly high-quality packaging, which can be reused at home, for the take away sales and deliveries to our customers with pasta dishes and fresh salads. From the feedback received from customers and delivery companies, we received the impression that this approach is effective. Furthermore, we are reducing waste that may be produced during the consumption of food by the guests of our restaurants. For this, we issued a Group-wide instruction in 2017 to no longer actively add bread and only offer it if requested.

Throughout the Group, unavoidable waste (incl. food waste) is disposed of by commissioned specialist companies and recycled wherever possible. The waste produced in all our restaurants is picked up by certified waste disposal service companies directly from the restaurants and professionally disposed of or recycled.

If problems or risks arise concerning waste management, Vapiano enters into a dialog directly with the relevant stakeholders. This also applies to the dialog with the suppliers.

Recycling

CONTINUOUS
IMPROVEMENT OF
OUR PACKAGING
MATERIALS

4.3 Energy management at the locations

Optimization of energy consumption

The largest part of Vapiano's energy consumption comes from the restaurant lighting, the operation of the ventilation systems in the open kitchens and the guest rooms as well as the kitchen technology. The energy use of companies in Europe and other countries is regulated by law. In Germany, the Energy Services Act (EDL-G) applies in this case. It obligates large companies to carry out an energy audit pursuant to DIN EN 16247-1 or, alternatively, to establish an energy management system pursuant to DIN EN ISO 50001.

Vapiano's goal is to reduce its energy consumption per restaurant to avoid emissions that damage the climate and to reduce costs at the same time. We work closely with competent energy technology service providers in Germany to achieve this goal. They provide reports regarding the energy consumption of individual restaurant sections to every restaurant on a monthly basis so the restaurants are able to identify and remove the causes for high consumption. We also use these reports on a centralized basis to analyze total and individual consumption in order to quickly detect and implement savings potentials.

We have had an agreement with our partner Mangelberger Elektrotechnik GmbH since 2007. They equip all new Vapiano restaurants in Germany with modern, standardized switchgears, so called sub-distributions, which have independent energy management systems. Edison Street GmbH, a subsidiary of Mangelberger Elektrotechnik, is responsible for the collection and analysis of consumption data. Furthermore, our partner had an auditor certified by the Federal Office for Economic Affairs and Export Control carry out energy audits pursuant to Section 8a EDL-G in 2017. In the reporting period, energy audits were performed in six German branches at the locations Munich, Augsburg and Bonn.

Starting with the Vapiano branch in Freiburg (Breisgau), all nine sub-distributions have been equipped with a uniform smart metering concept with intelligent consumption meters since 2010. These enable a timely management of the consumption volumes and the use of flexible and thus cost-efficient tariffs for the energy consumption. In a branch opened in Cologne in 2017, the sub-distribution was also equipped with a so-called contactor, which permits a targeted and on-demand management of the energy consumption in the restaurant. It is now possible to activate or deactivate the energy supply in different parts of the restaurant as needed. This technology will, for example, be used for the control of the cooking equipment through new activation plans. This had become necessary as, due to the construction of the take away stations, modified usage times became prevalent. At the moment, we are reviewing whether it is possible to make the processes more efficient by entering the operating times in an app.

We use different energy-savings techniques in our restaurants: For pasta cookers, we use a process to recover heat. We also increasingly use energy-saving LED lighting. In 2017, we commissioned a study that was to check whether an improved control for the ventilation systems should be introduced. By having an on-demand control of the ventilation systems for the kitchen equipment, we hope to uncover new energy savings potentials.

As in the previous year, Vapiano mainly covered the energy needs of its restaurants with green power. However, our absolute energy use will likely increase as we plan to further expand in the future. It is therefore even more important to increase the energy efficiency of our processes. For 2018, Vapiano accordingly plans to carry out two key measures. We plan, on the one hand, to newly determine all consumption times of all electrical devices in the restaurants. It will be possible to reduce energy consumption and optimize energy management, e.g., by avoiding peak loads, with defined activation and deactivation times. On the other hand, we are reviewing the introduction of an energy management system or metering point operation.

Green electricity

...IS THE MAIN FORM OF ENERGY FOR OUR RESTAURANTS

Disclaimer

This consolidated non-financial report contains future-oriented statements. They are based on certain assumptions and expectations that were applicable at the time of publication. The statements are therefore linked to uncertainties: Future actual developments and results may – for various reasons – deviate significantly from these assumptions and estimates. Vapiano SE does not assume any guarantee or liability that future developments and actually achieved results will correspond to the assumptions and estimates stated in this report.

VAPIANO SE

IM ZOLLHAFEN 2-4
D-50678 KÖLN

TEL.: +49 (0) 221 67001-0
FAX: +49 (0) 221 67001-205
E-MAIL: info@vapiano.eu

CONCEPT & EDITORIAL OFFICE

Stakeholder Reporting GmbH, Hamburg
www.stakeholder-reporting.com

REALIZATION

IR.on AG, Köln
www.ir-on.com

