

STRÖER

SUSTAINABILITY STRATEGY 2030
STRÖER SE & CO. KGAA

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For reasons of better readability, the simultaneous use of female and male language forms is omitted below and the generic masculine is used. All personal names apply equally to all genders.

01 | FOREWORD

Dear readers,

Sustainable, environmentally friendly business practices are becoming ever more important and public expectations are also growing. Business partners and employees have cultivated an enhanced awareness of sustainability topics. Policy planning has also become more ambitious: with its Green Deal, the European Union has set out the objective for its member states to become climate neutral within 30 years and for its circular economy to become more effective – a real challenge.

The companies of the Ströer Group have been operating sustainably for many years, but have not extensively formulated or publicly documented this practice. This is something that we would like to change with this report. Ströer's guiding sustainability principle is: less is more sustainable. We aim to live up to this principle within our financial and technical means.

Change can usually only be brought about with novel approaches and out-of-the-box thinking. This is why we are highly committed to driving the innovation process. Our focus on efficiency and innovation strengthens our economic future. It also contributes to a more mindful use of resources and growing economic efficiency in terms of the use of materials and energy. For this reason, Ströer permanently optimizes all of its processes. This ultimately means that our customers benefit from tailored solutions across our operations.

In the future, we want to align our Company even more strongly with the principles of sustainability as well as entrepreneurial and social responsibility. Both are inextricably linked. This strategy allows Ströer to play a role in finding solutions to the global challenges of our time: environmental protection and ultimately quality of living for a growing population.

In light of the enormity of this topic, the European Union has set an important milestone: between 1990 and 2030, CO₂ emissions in the EU are set to be cut by at least half. Ströer is also embracing this date and wants to measurably boost its sustainability performance in key areas over the next 10 years.

Despite our long and successful company history, we find ourselves time and again at the start of a complex process that tangibly shapes our thinking and actions. Ströer is aware of its responsibility towards society, its employees, its shareholders and the environment. We will continually improve. We will communicate on these processes in detail in the future and report transparently on sustainability.

Udo Müller
Founder/Co-CEO
Ströer SE & Co. KGaA

Christian Schmalzl
Co-CEO
Ströer SE & Co. KGaA

Dr. Christian Baier
CFO
Ströer SE & Co. KGaA

02 | BUSINESS MODEL

Core business of out-of-home advertising

Ströer SE & Co. KGaA, a listed German company with its registered office in Cologne, is a major provider of out-of-home and online advertising as well as all forms of dialog marketing in Germany. Ströer offers advertising customers both focused and individualized, integrated communications solutions along the entire spectrum of media. Ströer covers the entire range of customers, from large national advertisers through to small local advertisers.

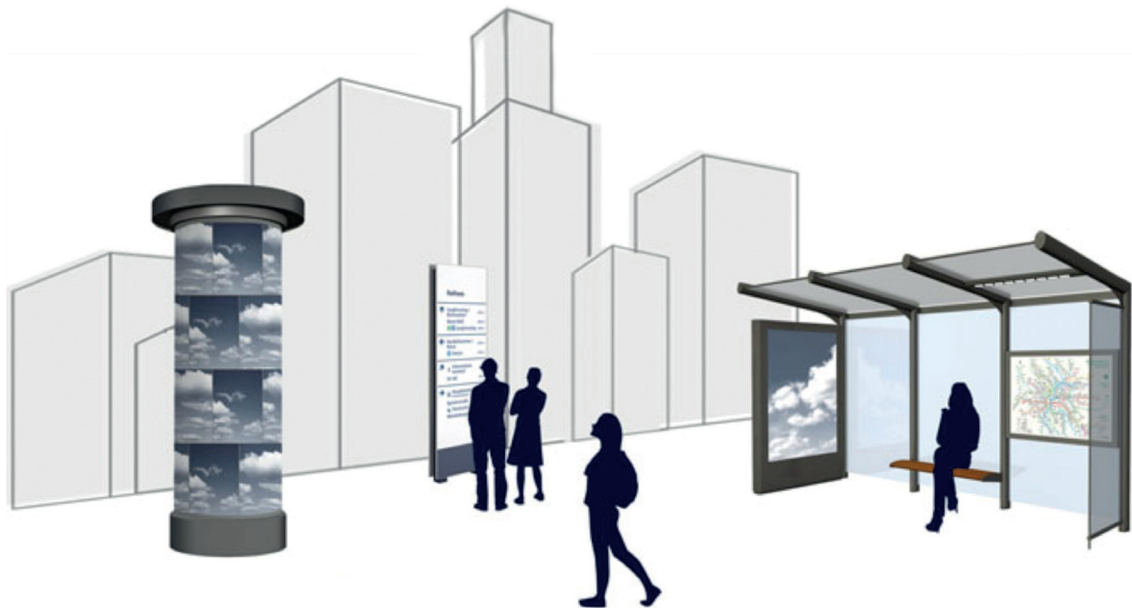
Ströer's core business is **out-of-home media** (OOH) including all forms of digital advertising (DOOH). (D)OOH is supplemented by the complementary Digital Content and Direct Media segments (see below). This takes out-of-home media to a new level with the "OOH+" strategy, which gives Ströer's customers the possibility of broadcasting an advertising message via all relevant media channels in parallel and ideally coordinated. Ströer is the only company in the world to offer this concept.

In out-of-home media, Ströer has around 300,000 advertising media in Europe, predominantly in Germany. Its offerings include both traditional formats with posters and with billboards and light projectors as well as digital formats with LED/LCD screens. Ströer organizes the set-up, maintenance, servicing and illumination of advertising media and street furniture or advertising on the side of buildings.

Street furniture refers to objects and structures in public spaces which, in contrast to buildings and other facilities, are of a dimension similar to furniture rather than houses, for example benches, shelters, advertising columns, lamp posts, clock towers or notice boards or billboards.

Ströer, for example, sets up shelters at tram stops free of charge and can then keep the advertising revenue earned through them. Ströer operates Mega Lights, City Light columns, City Light posters, clocks and other media based on the same principle. To position advertising, spaces in public places or on trams are leased from private owners and municipalities.

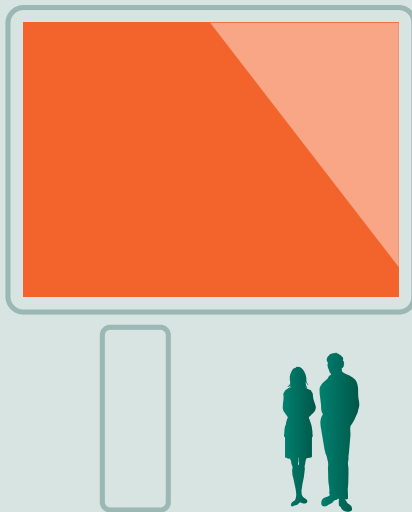
Ströer has entered into user agreements with many municipalities and owners of private land such as Deutsche Bahn [German federal railway], shopping mall operators and public transport providers. Based on these long-term agreements, Ströer can set up the infrastructure necessary for advertising spaces, conclude contracts with companies and agencies and take care of the operational implementation of their advertising measures.



Street furniture: Function with design and service.
Bus and tram stop shelters, signage, advertising pillars.

Diverse advertising media

Mega Lights: Double-sided, large-scale advertising media for display formats of roughly 9m² such as billboards at intersections. The projection surface is an LED screen or the Mega Light is a glass-encased and internally backlit advertising media in which posters are automatically rotated every few seconds.



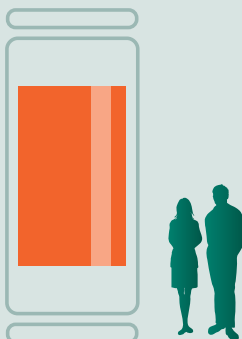
City Light poster: Free-standing, backlit advertising media for display formats of roughly 2 m² for example at bus stops in pedestrian zones or shopping malls.



Station video: Lithic-type construction with 1m² to 2m² screens with a 16:9 aspect ratio; for indoor use.



City Light column: An advertising media in cylindrical form for outdoor use similar to an advertising column that takes backlit posters with a total surface area of roughly 8m² for example in pedestrian zones.



Billboards: Traditional billboards (some with lighting) for affixing paper-based materials of varying compositions.



From traditional out-of-home advertising and street furniture through to digital advertising with content

The out-of-home business, including its digital advertising spaces, is supplemented by the **Digital Content** segment. Since acquiring Interactive, Business Ad and Adscale as well as a majority stake in freeXmedia in 2013, Ströer has operated as one of the largest digital marketers of online advertising in Germany. The continuous improvement in the requisite proprietary technology infrastructure is a key differentiator from numerous German competitors. The Ströer Group currently operates and commercializes several thousand websites, predominantly in German-speaking countries.

With the acquisition of *giga.de* and *t-online.de*, in particular, Ströer evolved from being a provider of advertising services to a news provider, and consequently to an integrated media company. *t-online.de* is Ströer's own news portal, established as a significant political medium and an important journalistic force in Germany. With Ströer's investment in Statista, a renowned data provider, the news service offering is rounded off with key information on business and social matters.

In digital publishing, Ströer publishes premium content on numerous topics across all digital channels, offering one of Germany's widest reaching networks, with *t-online.de* and additional special interest sites. The *watson.de* media brand is a specialist news portal for younger generations. Furthermore, Ströer operates the internet portals *giga.de*, *kino.de*, *desired.de*, *familie.de* and *spieletipps.de*.

»The particular strengths of Ströer's solutions are the high quality of the content in specialist fields with attractive reach.«

Marc Schmitz, CEO Ströer Content Group

Berlin as a digital hub

The content business comprises digital investments such as *t-online.de*, *watson.de*, *giga.de*, *kino.de* and the data provider Statista. The Content Group uses both own infrastructure with servers and related technology at the Berlin location, the 'digital hub' of the Ströer Group, and cloud services. Approximately 1,250 staff are responsible for the production and commercialization of content.

The out-of-home business is supplemented by **Direct Media**. This segment comprises both the commercialization of products and services in direct sales and telemarketing as well as the provision of customer services for companies in different industries, such as telecommunications, insurance or e-commerce (dialog marketing). In the wake of several acquisitions, Ströer is one of the largest providers of call center capacity and direct sales capacity in Germany.

These two additions (Digital Content and Direct Media) transform the OOH business into OOH+. The combination of the three business segments puts the Company in a position to become ever more relevant for its advertising customers and, thanks to its strong market shares and long-term contracts for advertising media, it has an excellent position on the German market from which it can benefit exponentially from growth in the years to come.

Market insight and digital competence as USPs

Ströer's business model has two main USPs that have been responsible for its success to date. These are, on the one hand, the focus on the German market, which has led to excellent market and location insight and on the other hand, it is the combination of OOH and digital advertising with a high reach and good target group focus. In the wake of the digitalization of the advertising market, the ability to combine traditional out-of-home advertising with other advertising formats is a distinct competitive advantage. Against this backdrop, Ströer will focus on the digitalization of advertising media in the future. The challenge for Ströer lies in surpassing customers' expectations.

»In an increasingly digital advertising market, Ströer's USP is the combination of out-of-home and digital advertising with a high reach and good target group focus.«

Fabian Kietzmann, Head of Marketing, Germany

03 | COMPANY HISTORY

Roots of the Ströer Group

Heinz Ströer and Udo Müller founded Ströer City Marketing in 1990 in order to tap into new markets in out-of-home advertising, such as through the acquisition of advertising rights in the new federal states of eastern Germany. Following the acquisition of several competitors in 2002, Ströer City Marketing became Ströer Out-of-Home Media AG.

The acquisition of Deutsche Städte Medien in 2004 and Deutsche Eisenbahn Reklame in 2005 accelerated the Company's growth even more. Since then, Ströer can be found in German train stations, underground and suburban railway stations as well as airports and has around 300,000 advertising spaces in total. Ströer is one of the best known out-of-home advertising company in Germany.

In 2010, the Company went public on the Frankfurt stock exchange. In 2011, Ströer acquired a renowned provider of digital brand communication and sales promotion in shopping malls, ECE Flatmedia, a subsidiary of the developer and operator of shopping malls, ECE. This saw Ströer add advertising spaces in the largest German shopping malls to its offerings.

In 2013, Ströer supplemented its OOH business with online marketing following its acquisition of the marketplace Adscale. Ströer has increasingly become a multidisciplinary and independent commercializer of marketing. In 2015, Ströer bought the majority of shares in Hamburg-based Content Fleet, which specializes in owned media (all media channels such as blogs or news channels and advertising spaces belong to the company which thereby retains full control over the content).

Business expansion

In 2014, Ströer invested in digital publishing with its acquisition of *giga.de* and, in November 2015, it acquired the online platform *t-online.de* from Deutsche Telekom. In August, Ströer had already acquired the digital marketer Interactive Media CCSP, and in December of the same year, it acquired the data provider Statista. Ströer secured itself a majority stake in the cosmetics manufacturer Asambeauty just one year later – in a move to capitalize on the Ströer Group's sales strength for its own attractive products.

In 2017 and 2018, Ströer's product portfolio was successfully expanded to include the Dialog Media segment (call centers). With this transaction, Ströer's objective is to be the strongest performing media company in Germany with a vertically integrated portfolio of branding, performance and dialog products.

A phase of strong growth is now giving way to a phase of consolidation. As part of post-merger integration, the business activities of the companies are now being integrated as best possible in order to fully exploit the synergies identified. Besides operating advantages, the consolidation also improves Ströer's holistic image, making the service portfolio even more attractive for advertising customers.

»Ströer is equally an attractive employer in Dialog Marketing, also for newcomers to the industry thanks in particular to the development opportunities.«

Konstantin Wolff, Head of Dialog Media



04 | MARKET EXPECTATIONS

Increasing expectations of sustainable business

Climate change concerns and affects more and more people around the world. Weather extremes are on the rise, the negative impact of climate change is becoming more tangible and threatening for everyone. Demand for limited resources is also continually increasing. Not least because of this, we, as a responsible company, want to comprehensively address the subject of sustainable business practices.

A growing trend in the sensitivity for sustainability topics can be seen among lessors, suppliers, customers and employees. Customers are increasingly attaching more importance to a holistic sustainability approach by suppliers and service providers, they want to be able to better understand the business policies of their business partners. Employees are becoming increasingly aware of sustainability topics, which has a knock-on effect on Ströer's attractiveness as an employer. Cities and also private lessors as well as publishers of Ströer's online marketing are placing more emphasis on sustainable business development.

The market players and stakeholders have a heightened need for information because they want to be able to assess companies better. The number of private and institutional investors looking to invest their funds sustainably is seeing continuous growth. At the same time, the reduction of risks in a more complex economic and political environment is becoming increasingly important. Overall, the general conditions have become more challenging.

Ströer will not shy away from this trend and these needs, also with a view to the financial and reputational repercussions. But the real motivation for continually improving our operations and communication is the firm belief that only companies that act responsibly can be successful in the long term.

The success of a company and its ability to operate sustainably and fulfill the expectations of its stakeholders are inextricably linked. In order to make this transparent, companies must present their management approach for sustainable business practices in a clear and convincing manner. It must be evident how management deals with issues such as climate change and how related changes are taken into account.

»Sustainability affects our lives, the political agenda and the global economy in equal measures and is naturally dealt with in a comprehensive manner.«

Dr. Florian Harms, Editor-in-Chief t-online.de

Legislation raises the bar even higher

The European Union (EU) plans to expand the duty to provide information on sustainability and on climate change in particular in order to facilitate better market analysis for market participants and incorporate ESG aspects in business assessments (Ecology, Social, Governance). Companies are to be more closely involved in the topic, as reflected in the reporting requirements for the relevant measures.

These requirements are part of the EU's ambitious Green Deal, which aims to make Europe climate neutral. By 2030, CO₂ emissions are due to be initially cut by 50% (ideally 55%) compared with the base year of 1990, and by 2050, the EU's economy is to be climate neutral overall. The European Green Deal is aimed at creating a more efficient circular economy with a significantly higher rate of recycling and reuse of resources across the entire value creation chain.



Growing information needs

In order for regulatory authorities, financial institutions, market participants and the general public to make decisions on doing business and living in a more environmentally friendly way, they need adequate information on the approach taken by companies for sustainability issues. The relevant data should not only focus on the climate, however, but also provide insight on a company's use of resources and, in particular, its dealings with stakeholders. Key aspects are, for example, the design of products or services, the supply/value chain, workplace diversity or the protection of customer data.

With this in mind, Ströer is now supplementing the presentation of its management approach for its operating activities in the annual report with its management approach for sustainable operations. Ströer outlines how climate change impacts its business performance and explains what measures are to be implemented in response. Furthermore, Ströer provides an outlook on future sustainability targets.

05 | SUSTAINABILITY STRATEGY

Ströer's understanding of sustainability

Sustainable business practices aim to preserve the balance of interests between all stakeholders in a business process and all players affected by the business process. Integrity, justice and fairness are components of sustainability. Companies with sustainable business practices avoid knowingly disadvantaging third parties. The United Nations (UN) describes sustainable development as meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Under this premise, Ströer understands sustainability as effective environmental protection and energy savings, comprehensive product responsibility, the avoidance of waste and extensive recycling, responsible HR policies and in particular also a transparent corporate governance policy focused on all stakeholder interests, efficient compliance management with effective anti-corruption and bribery measures as well as comprehensive risk management and data protection.

Climate change has not had any noticeable effect on Ströer's business performance to date. In the years to come, however, climate change could necessitate considerable business adjustments for Ströer's customers and thus also affect their advertising habits. In anticipation of that development, and by harnessing digitalization and using multi-disciplinary approaches, Ströer would like to design advertising concepts and formats that will continue to be outstandingly competitive in the future, not least because they already take account of sustainability requirements that will heighten in the future.

Approach for even more sustainability

Formulating a sustainability approach and sustainability targets for companies, regardless of the sector and industry, regardless of the size, regardless of the corporate form or the ownership structure, gives company's decision makers orientation and acts as a guideline for defining sustainability concepts and sustainability measures. Ströer will find the best possible balance of all socially desirable sustainability aspects. Climate is a major aspect, but not the sole one.

The Ströer Group's new sustainability strategy takes both the needs of the market and the particular characteristics of the company and the availability of resources into account. This gave rise to an individual concept that builds on and steps up past efforts as well as effectively closing gaps where possible. On this basis, sustainability communications can be developed that not only convince (financial) market players but also meets future expectations and standards of the stakeholders.

In the past, Ströer prioritized growth, both organic and inorganic. The professionalization of the industry required companies operating in it to have a certain size in order to have, for example, sufficient funds for researching sustainability and truly effective sustainability concepts. The Ströer Group today comprises around 170 companies. The development of these companies took center stage, integration and harmonization only came second. As a result, the companies in the Ströer Group became more sustainable at different speeds and with different focuses. In the future, sustainability efforts and strategies will be more synchronized.

»The profitable combination of economics and ecology is an exciting, serious and long-term challenge that we are taking up. Particularly as a family-owned company, we have always thought in terms of decades and not quarters.«

Udo Müller, Co-CEO Ströer SE & Co. KGaA

Efficiency, innovation, responsibility as guiding principles

The "Ströer sustainability strategy 2030" describes the current and future sustainable business practices and how they dovetail with the business model. In doing so, Ströer optimally combines the business strategy, which has an economic focus, with the sustainability strategy 2030 which gives priority to environmental topics, social responsibility and corporate governance aspects. Two key components for this, efficiency and innovation, are already integral parts of the business model. They entail operating efficiently and in a way that saves resources and cuts emissions, and innovative actions that pave the way for more environmentally friendly materials and processes.

What cannot be achieved through adequately sustainable business practices shall be achieved through additional effort. Under the guiding principle of responsibility, Ströer subsumes all actions that fine tune areas where efficiency and innovation have not yet achieved the desired sustainable result. Ströer thus visibly and tangibly fulfills its responsibility towards the environment, its stakeholders and society. For Ströer, efficiency, innovation and responsibility mean:

- Optimizing all meaningful sustainability practices using cost/benefit analysis
- Using novel products and work processes in order to be able to offer more attractive services or facilitate a more circular economy

- Targeting expenses for purely sustainable purposes where there is a lack of rationalization options and innovation alternative.

Long-term sustainability planning

Why the 'strategy 2030'? A strategy centered on 2025 does not go far enough. Not all the measures and plans may be able to be implemented by then. In addition, there is no long-term approach that is removed from day-to-day business and transient events. A strategy 2027, for example, would beg the question: Why the year 2027? What is happening then? A round number is more suitable as an eye-catching timescale. Furthermore, a major milestone of the EU is also in 2030, namely that of cutting CO₂ emissions by at least 50% (compared with the base year of 1990) such that there is a "natural benchmark."

Main areas of interest of Ströer stakeholders

Investors	Lenders and investors attach great importance to a consistently strong business performance coupled with a low level of volatility. For this stakeholder group it is also important that business risks are mitigated through an appropriate corporate governance policy and ultimately that there is adequate transparency in order to be able to assess the above aspects.
Advertising customers	Customers want comprehensive support with optimized offerings across the entire media spectrum (traditional and digital out-of-home advertising, online advertising and dialog marketing). This requires a holistic, multi-disciplinary picture of the company being awarded the work. Furthermore, the sustainability of the advertising itself is becoming increasingly important.
Lessors of advertising locations	Lessors place importance on advertising measures that are designed and implemented in an as environmentally friendly manner as possible. This means the responsible use of energy and the sustainable use of materials for the advertising media. On top of this comes ensuring that the advertising media is "seamlessly embedded" into the environment.
Employees	For the employees of the Ströer Group it is important that the Company's overall strategy is sustainable and reflected in very specific (individual) measures in everyday office life.

The new sustainability infrastructure

The enormous growth in operations over the past decades significantly improved Ströer's competitiveness. At the same time, Ströer has and continues to actively embrace a whole range of sustainable aspects. Given the speed of growth, however, the infrastructure could not keep pace such that not all structures and systems in the Group have been able to be harmonized. This makes recording and preparing sustainability information harder, which explains why not much data on sustainable business have been gathered to date. This will gradually be remedied.

At the turn of the year 2019/2020, Ströer subjected its sustainability performance and communication to a thorough analysis. The aim is to further improve the performance and make it significantly more transparent in the years to come. To this end, criticism and suggestions by investors, customers and employees have been taken on board in order to devise a sustainability strategy in harmony with the business model: "Efficiency. Innovation. Responsibility." This strategy will shape operational processes and structures in future.

The key sustainability topics in the Ströer divisions

	Environment	Social issues	Governance
Headquarters	Energy consumption (office properties and vehicle fleet)	Needs of employees	Data protection, compliance, supervision, risk management
Out-of-Home	Energy consumption (office properties) Energy consumption and material requirements for advertising media Production and logistics Value chain	Needs of employees Customer relationships	Data protection, IT security
Digital Content	Energy consumption (office properties, data centers and internet website)	Needs of employees Customer relationships	Data protection, IT security
Direct Media	Energy consumption (office properties)	Needs of employees Customer relationships	Data protection, IT security
Production (Asambeauty)	Energy consumption (production processes) Raw materials Value chain Waste management Water management	Needs of employees Customer relationships	Data protection, IT security

06 | ENVIRONMENT AND CLIMATE PROTECTION

Ströer's efforts to further enhance environmental friendliness

Ströer can implement its sustainability strategy particularly effectively in the area of environmental protection. With efficiency as its guiding principle, it continuously optimizes its operational processes while consistently reducing its resource requirements. As a result, CO₂ emissions are being reduced. Under the guiding principle innovation, Ströer

drives forward the ongoing technological improvement of screens in out-of-home advertising and the development of new environmentally sound advertising concepts. Ströer also pursues innovative ways of greenscaping street furniture and using renewable forms of energy.



More sustainability in environmental protection

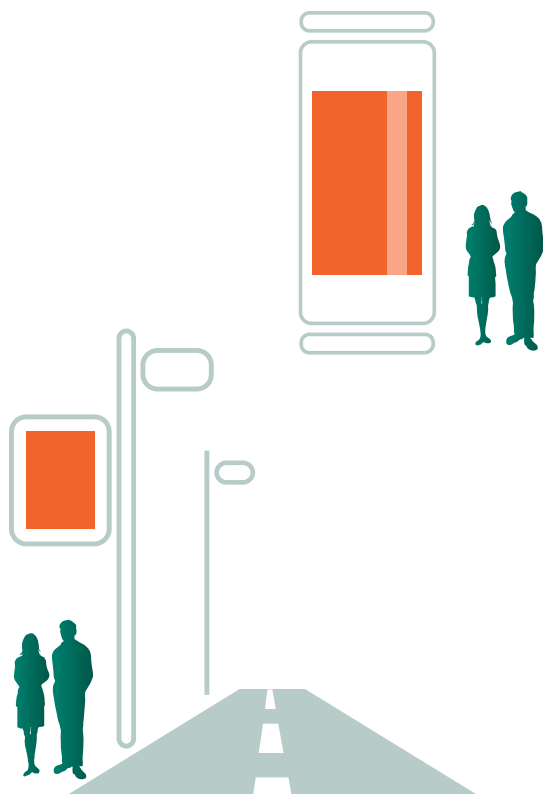
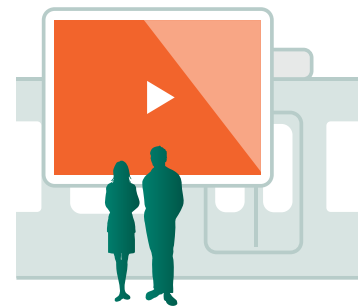
Efficiency	<ul style="list-style-type: none"> The continuous optimization of operational processes and the use of modern technology lead to an ongoing relative reduction in energy and resource requirements.
Innovation	<ul style="list-style-type: none"> Transitioning out-of-home advertising from conventional materials to digital technology improves the overall environmental footprint. Enhancement of LED system technology is expected to reduce the energy requirements of screens by around one third. Ströer supports customers in the development of new environmentally sound advertising concepts. Going forward, the price of the advertisements for customers may be determined on the basis of the energy intensity of the advertisement, depending on the technology used. Greenscaping street furniture improves the micro-climate and visual appeal. Over time, Ströer will offer a range of added benefits with the street furniture for a better smart city.
Responsibility	<ul style="list-style-type: none"> Ströer plans to increase the share of eco-electricity in the next few years. The use of sustainable materials and concepts for advertising media leads to a more effective circular economy, which improves the conservation of resources.

The sustainability assessment always requires a comprehensive approach that is not limited to a few individual aspects, but rather sets the measures in their wider context. This results in a balancing out of opposing effects: for example, higher electricity consumption in return for lower consumption of materials or lower electricity consumption in return for higher fuel requirements. Such considerations should minimize the adverse effects that economic activity inevitably brings.

Furthermore, looking 10 years ahead, street furniture will no longer only be advertising media, but increasingly part of an urban smart city system. In response, Ströer will offer relevant services, such as mobility management, measurement of environmental data or air pollution control technology. Ströer will not only use its resources for advertising, but increasingly for communal and sustainable services.

»The relevance of out-of-home advertising in public life will increase significantly in the next few years. We aim to support this process in the most sustainable manner possible.«

Alexander Stotz, CEO Ströer Media Germany



Large number of advertising media

Ströer airs advertisements on around 300,000 advertising media (as of year-end 2019), with by far the largest share located in Germany. Some 243,000 of these are traditional media without any additional features, such as billboards, advertising columns or hanging signs on lamp posts. Around 52,140 advertising media have power connections. Of these, 47,410 have (background) lighting. 8,480 have built-in motors equipped to change posters in display cases. Finally, Ströer has around 4,080 advertising installations with LED and LCD technology (some with more than one screen page) and 650 installations with video projectors.

Advertisements on traditional poster space are regularly replaced depending on the lease period required by customers. The external service providers engaged by Ströer visit the relevant locations, remove the posters, affix new ones and document these procedures. At the same time, they check the lighting in order to exchange damaged lamps. Screens are cleaned on a regular basis.

Importance of product responsibility

Ströer develops and produces all street furniture prototypes itself. This allows Ströer to take sustainability aspects into account from the first mark on the design page to the last production screw. In doing so, Ströer ensures that the grade purity of the raw materials used allows the furniture to be completely disintegrated after the end of its life span and virtually all the materials recycled in line with the concept of the circular economy.

Ströer uses as little plastic as possible (plastics are generally difficult to recycle due to their variety), preferring metal and glass instead, which can be reused as often as required. In addition, Ströer pays attention to the standardization of the street furniture, making it possible to exchange individual parts without any problems and reducing the consumption of materials. Ströer strictly complies with all approval guidelines (which is by no means the case everywhere in the industry). This is particularly relevant given the radiation of LED walls.

Series production of the street furniture is carried on both in Germany and abroad. Quality management of the products procured outside Germany is already carried out before shipping or loading. This reduces additional, long transport routes if mistakes arise.

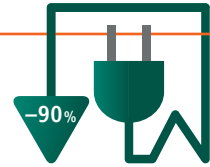
Benefits in energy and materials management

There are several environmental aspects when it comes to Ströer's advertising media. For example, in 60% of cases, posters contain materials (types of paper and glues) that cannot be recycled, but rather have to be disposed of in waste incinerators. To replace posters, the locations are visited by car, meaning fuel is consumed. Backlit media also require electricity.

Automated scrolling technology requires electricity for motors and lighting and these media also require service providers with vehicles to change the adverts. Although the LED and LCD screens have higher electricity requirements than the traditional poster media, there is no materials consumption and service providers do not need to visit the locations other than to clean and maintain them in rare cases. In this way, Ströer optimizes the sustainability performance of its advertising media. Out-of-home advertising media used to be cleaned at regular intervals, but Ströer now makes it contingent upon the actual degree of soiling. This allowed us to halve the quantity of water required and the number of trips made by the cleaning staff.

Did you know?

By changing from "black text on a white background" to "white text on a black background," Ströer can achieve a decrease in electricity consumption of up to 90% with its digital advertising media.



The environmental benefits are achieved by means of design changes. As a rule, screens present out-of-home advertising using dark text on a light background. To make this text easy to read, the brightness of the background should be high, especially in direct sunlight. This requires a lot of energy. However, presenting white text on a black background can cut the energy consumption by around 90%. Another aspect relates to innovation: in the future, the price customers pay for advertising may be determined on the basis of the brightness of the background (LED technology) and as such the advertiser's willingness to support sustainability.

»Ströer can contribute its experience in the development of new advertising media technology, especially with regard to the use, usability and life span of products.«

Michael Schmid, Head of Research and Development

Focus on quality and longevity

As a rule, technical equipment such as corporate mobile phones or laptops are decommissioned at the end of their depreciation period. Ströer extends the life span of these appliances far beyond this point in time and only orders replacement parts when appliances become damaged and are no longer economically viable. If the radiance of LED screens or even just individual modules decreases noticeably, Ströer does not replace these screens immediately, but rather exchanges only the damaged components and subsequently recommissions them (recalibration). This refurbishment ensures that the appliances can be used without notable performance impediments, significantly extending the life span of these screens.

Did you know?

By optimizing the cleaning intervals for screens, Ströer halved water consumption and the cleaning staff's trips to the advertising media.

- 50%

Sustainable production in Germany with deep vertical integration

With its subsidiary Asambeauty, Ströer carries on the production of cosmetics. The company, with its registered office in Unterföhring near Munich, has especially committed itself to sustainable business practices. This includes the selection of raw materials, production and sales logistics.

Since 1964, Asambeauty has been producing various skin care products (including creams and shampoos) and cosmetics (such as lipstick, mascara and foundation). The company not only carries on research and development, but also produces the products itself in order to meet its own high demands regarding quality and sustainability. Consequently, the company puts a premium on high vertical manufacturing. Asambeauty produces key active ingredients itself. Nearly all the cosmetics are produced at the Beilngries and Steinach locations in Germany.

The company ensures that it uses only natural raw materials where possible. At its location in Rhineland-Palatinate, Asambeauty extracts the active ingredient OPC (oligomere procyanidine) from grape pulp (that is, the residue after the processing of grapes, i.e., grape peels, twigs and grape pips), used in dietary supplements or skin care products. Asambeauty uses unused grape pulp components as eco-fertilizer.

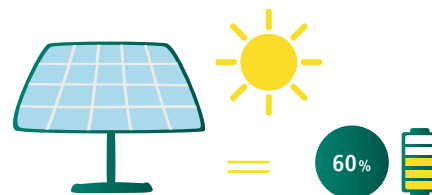
Energy consumption by Asambeauty

in kilowatt hours	2018	2019*
Electricity	578,600	603,553
Heating oil	1,880,377	1,705,312
Diesel	39,141	29,792
Gas	97,143	85,012
Liquid gas	58,611	82,053
Σ	2,653,872	2,505,722
kWh/1 million € of revenue	37,537	29,973
kWh/1 million Products**	147,437	119,891

* Not including procurement by the Steinach location in 2019 (first recorded from 2020 onwards)

** Units

The company produces a portion of the energy needed for production with its own photovoltaic installation. In 2018 and 2019, it produced 341,311 kilowatt hours and 346,256 kilowatt hours, respectively, accounting for a share in the electricity requirements of just under 60% in each year.



Asambeauty sells around 80% of its products in German-speaking countries, mostly through in-house sales and drugstores, focusing on short distribution channels. Thanks to production flexibility and efficiency – ensuring high profitability despite small batches – the company does not need extensive warehousing, allowing it to save resources.

»We focus on quality and sustainability when preparing of our formulas and selecting our raw materials.«

Michael Scherer, COO Asambeauty

Did you know?

Ströer generates around 60% of the electricity required for production using its own photovoltaic installation.

Sustainable environmental management in detail

Ströer is currently testing different plant types for use in greenscaping street furniture. In addition to ornamental purposes, they contribute to the improvement of air quality. Although the effect of greenscaping cannot be exactly quantified, it has a long-term positive impact, looks more appealing and absorbs more water. However, the plants used must demonstrate a certain measure of resilience as they are exposed to both intense solar radiation and extended dry periods. In addition to moss, which is sensitive to dry conditions, Ströer is also testing the use of the succulent sedum.



By using new material compounds and techniques, and due to new features and the organization of new processes, Ströer is continuously reducing energy consumption and use of resources. Electricity use is reduced through more efficient technology (lower-consumption light sources) and the optimized use of existing technology (adjusted on/off times, adjusted color and background use). Increased digitalization also lowers demand for non-electric energy and materials. Digitalization of trip planning for poster changes results in fewer car trips. As a result, products and services are not only more environmentally friendly, but Ströer simultaneously honors the concept of product responsibility.

Street furniture is not only advertising space, it can also integrate modern technology designed to aid air pollution control (filter systems), measurement sensors to determine the level of air pollution and other technical features. Ströer is currently researching and testing the relevant systems. In cases of emergency, billboards can help provide information to the public. Street furniture can house mobile communication antennae or serve as “ramming protection” against road rage in highly frequented street sections. Finally, in the more distant future, advertising screens may serve to direct traffic flows in cities.

Use of sustainable and recyclable materials

Ströer selects the materials for advertising media on the basis of their sustainability profile. Ströer’s advertising media are increasingly developed and produced on the premise of recyclability and low material and energy consumption. Ströer designs advertising media in an ever more standardized manner to keep production, maintenance and repair costs as low and resource-friendly as possible. At the same time, it steers away from multicomponent material towards products that can be fully disintegrated, significantly improving their recyclability in line with the concept of an enhanced circular economy.

Energy management in numbers

Ströer designs special programs aimed at steadily reducing electricity consumption for the advertising media and street furniture. In a first step, Ströer was able to reduce energy requirements for its advertising media and street furniture by 30%. Some 40,000 objects were switched from conventional lighting using fluorescent tubes to LED lamps. Moreover, the lit periods of the objects were optimized using timers and twilight switches. As a result, electricity consumption by the advertising media fell from around 51 million kilowatt hours to 35.5 millions kilowatt hours in the period from 2014 to 2016.

Did you know?

Using modern LED technology in advertising media, Ströer decreased the energy consumption in this equipment by 30% within the space of only 24 months.

Such a massive one-time reduction of energy consumption will be next to impossible to repeat as the savings potential is largely exhausted. However, a similar overall improvement could be achieved in the medium to long term by replacing a substantial number of the very material-intensive traditional posters with screens as advertising media.

At present, Ströer is intensively analyzing the total life span of each product. To this end, it is recording and analyzing all the relevant parameters in production, operation and recycling. Initial results indicate that digital advertising media are considerably superior to the traditional types in terms of sustainability.

Mediocre environmental balance of posters

Only some of the film covering traditional posters can be recycled. Often the materials (billboards, glue) are not water-soluble. As such, only 40% of the advertising materials are recyclable, 60% of the posters are incinerated as conventional or hazardous waste (thermal recycling).

New advertising concepts are also expected to decrease the overall number of out-of-home media, especially the kind that demonstrate an adverse relationship between environmental impact and promotional effect. To this end, advertisements are aired on the advertising media in a way that ideally reaches the respective target audiences at the ideal time and place. Consequently, the advertising proves to be more effective despite the reduced number of locations. This helps decrease the absolute number of media while the promotional impact remains the same or even improves.

The Ströer Group energy consumption

in Kilowatt hours (kWh)		2019
Advertising media and street		38,676,923
Energy consumption in buildings*	Electricity	3,077,611
	Natural gas	3,108,445
	Heating oil	1,880,377
	Gas	39,141
Vehicle fleet	Diesel fuel	13,853,920
	Gasoline	2,445,509

* Figures for 2018

The Ströer Group's CO₂ emissions

in tons of CO ₂ *		2019
Advertising media and street		18,758
Energy consumption in buildings**	Electricity	1,492
	Natural gas	628
	Heating oil	542
	Diesel	10
Vehicle fleet	Diesel fuel	3,685
	Gasoline	580

* Electricity = 485g CO₂/kWh. Natural gas = 202g CO₂/kWh. Fuel oil = 288g CO₂/kWh. Diesel = 266g CO₂/kWh. Gasoline = 237g CO₂/kWh

** Figures for 2018

More sustainability in office life

Ströer offers its employees free drinking water in the office. To this end, it installed a large number of water dispensers. However, the water bottles are made of plastic and the dispensers have to be cooled and regularly cleaned for hygiene purposes. Consequently, the water supply at our locations (in Germany, tap water is the best-monitored foodstuff) are gradually being refitted with automated carbonization. The new technology will also make it possible to draw boiling water directly from the tap in an energy-efficient manner. Certain Ströer locations have accessible roofs on which employees have set up compost heaps as an experiment in order to convert organic waste into useful humus. Thought is also being put into setting up beehives at these locations.

Did you know?

Ströer has started converting the organic waste produced in the office into fertile humus on the premises.



07 | WELFARE AND COMMUNITY

Importance of social issues

Ströer plans to further strengthen the culture of sustainability across all hierarchy levels and increasingly raise awareness among all stakeholders. Raising awareness for sustainable business practices should result in a more responsible approach to social and community issues. This belief covers not only the entire value chain but also areas with a high public profile.

More social sustainability

Efficiency	<ul style="list-style-type: none"> • Further standardization and digitalization of personnel management frees up additional resources, leaving more time for better employee support. • Ströer places an emphasis on sustainability along the value chain.
Innovation	<ul style="list-style-type: none"> • The introduction of systematic knowledge management is expected to more effectively retain experience in the Company. • Participation in the Cologne-based "Mit Frauen in Führung" association [Women in the Lead] aimed at increasing the number of women in management positions on a long-term basis. • Awareness for increased sustainability should be raised right from initial training. • The creation of sustainability sites within the <i>t-online.de</i> and <i>watson.de</i> portals will help strengthen awareness accordingly within the Company.
Responsibility	<ul style="list-style-type: none"> • Ströer provides non-profit institutions with advertising space at cost or heavily discounted prices ("pro bono"), for example environmental protection organizations for fund-raising campaigns or public-benefit purposes, such as the search for missing children. • Ströer is currently investigating the possibility of generating significant amounts of eco-electricity itself and thereby gradually replacing the electricity drawn from conventional sources.

Employee development not management

Employee retention through employee satisfaction is a top HR policy priority at Ströer. Key influencing factors are a pleasant work environment, attractive training and development offers as well as equal opportunities. The role of managers is equally important for the working environment. At Ströer, executives have an operational function in addition to their delegating function, thereby acting as a role model in every respect.

»We have a very good working environment, young talent is fostered, new ways of working are tested and we have flat hierarchies.«

Anne Ossenberg, Head of Legal Department

Ströer's decentralized company structure is also a motivational factor for its employees, as it affords them a broad scope for decision-making and development. They keep their independent professional responsibility and maintain their profile within the Group at the same time. Personnel managers present significant topics in internal seminars at Ströer locations. All employees, including the managers, can sign up for these seminars, which serve to convey information and present an opportunity for employees to exchange ideas. The exchange of ideas allows employees to share in the experiences of their colleagues, which improves transparency within the organization. Transparency is also improved by means of extensive employee communication in the form of live events at the headquarters and video conferences at the locations (town hall meetings), which are used, for example, to communicate company results at the same time as they are communicated to the capital markets.

Ströer actively involves its employees in identifying and defining individual performance targets. Step one: *What do you plan to do?* The manager and the employee identify the range of responsibilities jointly, providing complete clarity regarding the work to be delivered and eliminating misunderstandings. Step two: *What do you need from me to achieve this?* The manager and employee jointly define the conditions that have to be met to achieve the defined goals. Step three: *How will we know that the goals that you have set have been achieved?* The manager and employee define objectives and transparent criteria to measure achievement of success.



In the next few years, Ströer will automate more administrative HR processes, especially in areas such as contracts and training and development. Employees in the HR department will only trigger processes and carry out control functions. Systematic simplification and digitalization of administrative processes will free up resources in the HR department, making time for pinpoint management and employee support. Intensive consultations will be held with regard to individual group-wide development.

The objectives of these changes include greater individualization of salaries with options regarding salary components. In this way, employees can select suitable components depending on the phase in life they find themselves in. We also plan to enhance our employees' training options. In view of a very good performance to date, we will intensify the integration of studies and work. This strengthens employee motivation and Ströer's attractiveness as an employer.

»Ströer is eager to actively involve employees, thereby promoting greater loyalty and ensuring that their knowledge is kept and evolved in the Company.«

Birgit Oßendorf-Will, Head of Human Resources

Knowledge management

Ströer has implemented measures to improve knowledge management in the Company: How can we better retain knowledge in the Company? At the same time, the measures are aimed at better retaining employees. While development work on the concept has been completed, experience has to be gathered in implementing it. The important questions to answer are the following: Should we document more knowledge and experience? Should we create more databases for customer documentation, for example? Should we grant employees more handover time (employees leaving the Company and new employees joining the Company)? Should Ströer internally communicate more information on knowledge management?

Did you know?

Ströer rewards suggestions for improvement of out-of-home advertising by employees and awards prizes for the best suggestions every year.



Training and development

Ströer bundled its training and development concept into a uniform program "Jump," the individual components of which are closely linked. This program covers all measures relating to employee development and recruitment. Ströer offers occupational training units with a wide range of options for employees. The development measures serve to convey information and build networks, thereby improving the flow of information within the Company.

Jump 'n' Start: the trainee program. The 18-month program provides insight into the Company's business fields. From the start, each participant in the program is accompanied by a mentor, who supports them in both professional and personal matters.

Jump 'n' Grow: the talent program. Employees or managers with the Company for more than two years can apply for a 12-month development program to acquire new working methods, gain new competencies and expand their own network.

Jump 'n' Train: the e-learning platform. This platform provides a range of content aimed at training and personal development for employees with or without a management function.

»Awareness of sustainability should be raised right from initial training.«

*Christian von den Brincken,
Managing Director of Business Development*

In the future, awareness of sustainability issues will be raised right from initial training at Ströer, which is why its training programs will pay greater attention to sustainability matters. Awareness of sustainability matters in the Company has increased noticeably in the last few years. Today, resources are used more consciously than 10 years ago. However, we still see room for improvement. The growing measure of interest from employees and applicants alone is an incentive for Ströer to address this issue with even greater intensity.

Trainee careers at Ströer

- Marketing communications assistant
- Office management assistant
- Web design
- Media designers
- IT specialist for application development
- IT specialist for system integration
- Journalist (practical training)

In 2019, Ströer had 176 trainees. On average, 85% are taken on.

Dual program of study (Bachelor's degree)

- Business administration
- Marketing and digital media
- Commercial computer science
- Marketing

In 2019, Ströer had 39 employees on dual programs of study for a bachelor's degree. On average, 90% are taken on.

Dual program of study (Master's degree)

- Digital innovation and business transformation
- Management master

In 2019, Ströer had two employees on dual programs of study for a master's degree.

Working hours and place of work

Ströer offers all forms of flexible working hours, even if the policies cannot be the same in all group companies due to operating requirements for certain jobs. Take-up is to be encouraged more in the next few years.

- Sabbatical: Longer special leave of between three and six months.
- Vacation^{plus}: An additional 20 days of vacation per year with a salary deduction.
- Job sharing: Several employees share a job.
- Part-time: Employees only work a reduced number of hours for the Company.

Ströer employees can also work remotely if this meets business needs. The introduction of the "Flex Work" solution gives employees the opportunity to perform their work and the related activities at the location where it is most effective in the situation. This arrangement puts the focus on the employees and their work situation.

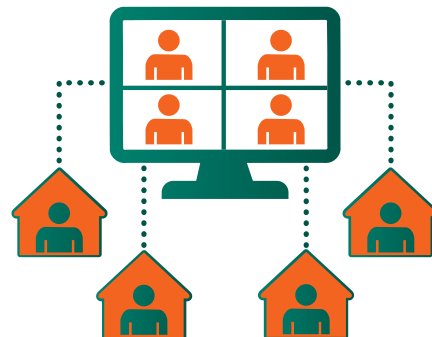
Modern ways of working in the media industry require an attractive, functional and inspiring environment, which best meets the demands of individual employees and their requirements in different work situations and loosens the tie between the work and a desk or the office.

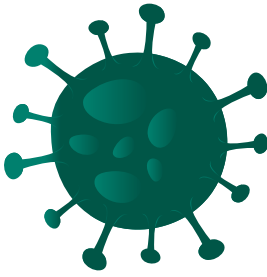
Objective employee appraisals and on-top benefits

Where employee appraisals are concerned, Ströer deviates from traditional behavior patterns. There are no regular appraisals held at fixed intervals between line managers and staff members. Instead, Ströer sees advantages in ongoing appraisals in day-to-day operations compared with regular employee appraisals on set dates.

In addition to the bilateral performance appraisal, Ströer has introduced panel assessments: Managers present "their" employees and their assessments in an internal meeting. The other participating managers also make an assessment (in the same way as in a teachers' conference prior to issuing reports). The probability is very high that all employees will be assessed according to the same criteria. Employees can, however, be excluded from these panel assessments.

Ströer has its own Kindergarden for children under three at its headquarters. This offering is very well received by staff and the Kindergarden is running at full capacity. In addition, Ströer promotes sports initiatives by employees doing team sports.





Measured response to the coronavirus pandemic

Ströer responded in a swift but calm manner to the spread of the SARS-CoV-2 virus and the COVID-19 lung disease triggered by it. A task force was set up to coordinate and implement all the required measures. The cloud-based IT infrastructure that had been implemented in 2019 proved advantageous, enabling employees to work from home without disruption.

All employees were informed about appropriate behavior in dealing with the crisis. Employees were shown in webinars how to use technology for working from home. Where requested, employees were also given individual support in connection with issues surrounding the coronavirus rules. Where employees needed to be physically present in the office, the office space was set up in a COVID-secure manner in advance.

Ströer made use of the established HR instrument of short-time working, particularly for employees in sales, and decided not to make redundancies. Pay for short-time work is limited, however, to 60% of regular pay (67% for staff with children). For those on low wages, this limited pay can lead to considerable hardship; in such cases Ströer tops up the short-time pay generously.

During lockdown and also thereafter, Ströer made its digital infrastructure (advertising spaces) available to municipalities for free to enable their crisis management teams to inform the public about official instructions, requests for help and rules of conduct in a targeted manner.

»Our employees are not alone during the coronavirus confusions and we are topping up short-time pay considerably, for example.«

Dr. Christian Baier, CFO Ströer SE & Co. KGaA

Gender equality

The advancement of women is a very important subject for Ströer. Together with 12 other reputable Cologne-based companies, Ströer helped found the "Mit Frauen in Führung" association [Women in the Lead] in 2016. Membership of this association involves a commitment to help women achieve their full potential and ensure a balanced gender ratio in executive positions. This includes fair payment and a balance between work and family life. The association focuses on the sharing of experiences and networking between the companies involved as well as joint projects on the subject of the advancement of women.

In 2017, Ströer initiated the project "Cross-Mentoring für Potenzialträgerinnen" [cross-mentoring for high potentials]. Cross-mentoring is a special form of mentoring where the companies in the association work together on the training and development of managers. Women with a successful track record are supported by a mentor from a higher management level in enhancing their skills and careers whilst gaining access to new networks. Looking beyond one's own horizon brings impetus for innovation and optimization to the companies in the association. Furthermore, Ströer has been a member of the Initiative Women into Leadership (IWIL) since 2019, supporting women in leadership positions.

Did you know?

Ströer has been actively promoting female employees for many years through the "Mit Frauen in Führung" association [Women in the Lead].

Social commitment

First and foremost, Ströer understands social responsibility to be concern and **looking out for the wellbeing of children**. With this charitable mindset, for example, Ströer gets very actively involved in searches for missing children and initiates other projects for children. Ströer has already had some successes as part of the "Initiative Vermisste Kinder" [The Lost Children Initiative]. Ströer's commitment to the "Hope's Angel Foundation" helps parents during terminal care and grieving following miscarriages, stillbirths and neonatal deaths. With the Sternenbrücke children's hospice, Ströer supports the families of children, adolescents and young adults who are suffering from such life-limiting illnesses or disabilities that they die from them at a young age. With the Mutige Kinder [Brave Children] association, Ströer helps children living in poverty, living with illness or suffering mental or physical abuse.

Ströer is going to expand its social commitment and build on its **cooperation with aid organizations** away from traditional advertising deals. With *t-online.de*, Ströer can offer non-governmental organizations (NGOs) a platform with huge reach for raising donations, regardless of the NGO's size or advertising budget. The aim is to generate additional donations totaling one million EUR a year for these organizations on an ongoing basis.

The focus of the cooperation is on (local through international) humanitarian aid organizations. The size of the organization, method of support or focuses such as education or food security do not play a role. Beyond advertising space at cost price, Ströer will also involve the NGOs, where appropriate, in reporting in terms of content in order to objectively inform readers about hardship and suffering around the world and to explain the overall context of requests for donations.

The establishment of a **news portal for sustainability** is set to raise social awareness in future. In addition to hot topics and advice, sustainability reporting should illuminate different solutions with constructive approaches to improving the use of resources and social interaction. The solid research with accessible information highlights new perspectives for the climate and environment. Showcasing sustainability day in day out can inspire new behavior and the motivation to take up new (consumption) habits promotes a new way of interacting to bring about real ecological improvements. *t-online.de* is the ideal platform to help readers find their way around the topic and offer companies and advertisers a way to enter into dialog. In addition, *t-online.de* also wants to become more sustainable itself by examining its own habits critically and using resources even more sparingly and carefully. The aim: to make *t-online.de* climate neutral.

The three-day **Greentech Festival** on the old site of Berlin Tempelhof airport puts a spotlight on the latest technologies for sustainable living. Developers discuss their pioneering concepts and inventions. In the public 'Greentech Exhibition', exhibitors showcase their innovations, technologies and ideas. At the 'Green Leaders Conference', prominent thought-leaders, international pioneers and leading economic policymakers meet to discuss burning ecological issues of the day in lectures and podium discussions. In addition, the 'Greentech Award' is made for important ideas on green technology in the categories Youngster, Innovation, Start-up and Impact. The Greentech Festival took place for the first time in May 2019. In June 2020 40,000 to 50,000 visitors had been expected. Ströer gets involved in the event and its marketing. Due to the Sars-Cov-2-related restrictions, however, the festival was postponed indefinitely.



Sustainability along the value chain

Ströer expects its suppliers, who are mostly Germany-based, to adhere to the Ströer suppliers' code which encompasses sustainability. This code obliges business partners to take on responsibility for being mindful of fundamental and human rights in their area of business and to prevent the violation of rights, discrimination or disadvantage. Suppliers are also expected to observe the relevant statutory rules on working hours, pay and other benefits. Suppliers are expected to deal fairly with their employees. This applies in particular for equal opportunities and the fair treatment of employees. Where legally admissible, the employees' freedom of association must also be acknowledged and members of employees' organizations or trade unions must neither be favored nor disadvantaged.

Ströer also obliges its suppliers to use natural resources responsibly. Environmental impacts must be minimized by optimizing procedures. To monitor and record companies' environmental impact, an appropriate environmental management system must be set up and used. Ströer requires foreign suppliers of goods to sign up to the international Responsible Business Alliance.

»We purchase 80% of our goods and services in Germany, which is why our sustainability risks in the value chain are very low.«

*Simone Kollmann-Göbels,
Head of Procurement & Real Estate*

08 | CORPORATE GOVERNANCE

Good corporate governance as a success factor

Governance has high importance for Ströer. Corporate governance is not only based on rules and regulations but also in particular on the “principles of the reputable businessperson” – this forms the basis of everything Ströer does. This also means that the corporate structures, i.e., the organization, the reporting lines and administrative processes are adapted to the new size of the Company as the business grows so that they remain effective.

More sustainability in corporate governance

Efficiency	<ul style="list-style-type: none"> • Enhancing a consistent group-wide data protection regime • Ensuring uniform group-wide IT security • Harmonizing compliance standards
Responsibility	<ul style="list-style-type: none"> • Winning staff for an in-house sustainability workshop for the purpose of assessing sustainable (investment) projects and measures • Establishing a consultancy service for more sustainability in advertising and for content with a sharper focus on sustainability issues

Ströer has grown again considerably over the past few years, in particular through acquisitions in various fields of the industry, with companies of all different sizes, corporate cultures and structures now part of the Ströer Group. These differences are now being harmonized – where commercially and economically viable. This means transferring Ströer SE & Co. KGaA’s high standards of governance and performance to all group companies.

For this purpose, Ströer Holding performs a number of functions centrally, including, for example, legal affairs, finance and controlling, HR management and personnel development, compliance management, data protection and IT security. For the provision of services, either consistent standards and requirements are stipulated or certain services are provided end-to-end by the central functions.

»Ströer has an efficient controlling function, a comprehensive risk management system, a risk early warning system and an internal audit function.«

Claus van der Velden, Head of Controlling

Ensuring compliance

Ströer places a premium on compliant behavior so as not to jeopardize long-term success for the sake of short-term gain. To this end, management has defined principles based on the corporate objectives to ensure compliant conduct on the part of the Company’s executives and employees and, where relevant, third parties, in order to prevent significant instances of non-compliance with applicable laws and voluntary commitments.

Ströer adopted a code of conduct in 2010, which it thoroughly revised and updated in 2017. A compliance report has also been prepared annually since 2017 to present any events to the general partner – Ströer Management SE – and the supervisory board of Ströer SE & Co. KGaA. No instances of corruption or non-compliance with antitrust law have come to light to date. Internally, there have been only a very small number of compliance incidents such as theft of low-value assets.

A company’s compliance culture forms the basis for the efficiency of its compliance management. Such a culture is largely shaped by a small number of aspects, including the tone from the top (general managers, board of management and supervisory bodies) with regard to compliance matters. This calls for executives at all management levels to behave with integrity and a sense of responsibility because it is their conduct that will determine the compliance climate within the organization. Ströer has achieved a successful corporate culture.

It requires that any instance of non-compliance has to be reported to the head of the legal department, who reviews the matter. Penalties for non-compliance are set by the employee’s superior in consultation with the HR department. Compliance incidents can also be reported to an employee’s superior, who in turn contacts the legal department.

Code of conduct

The Ströer Group's code of conduct emphasizes the importance of employees acting in accordance with the law and provides the names of people to contact in the event of any questions or matters to report. The code specifies important rules such as those concerning fraud prevention or the strict avoidance of conflicts of interest as well as requirements relating to financial reporting, the protection of intellectual property and data privacy. It provides specific guidance on conduct in business dealings and on how to handle gifts and benefits, donations and acceptance of undue advantages as well as fraud prevention and unfair competitive practices. The Ströer code of conduct also sets out instructions on how to communicate properly and ensure confidentiality.

Ströer uses consistent standards to brief its entire workforce on compliance. A compliance e-learning program has been available since January 2020 and completion is mandatory for all employees of the group companies. Dedicated e-learning supplements on the subject of compliance are currently being developed for areas with special requirements. Ströer has its own software development department, so it can easily program its own e-learning platforms. The compliance program will be expanded over the next few years in order to lock in the success achieved to date and to adapt the program to the needs of each and every corporate area.

Data protection

The group data protection officer draws up data protection policies for all group companies and checks compliance with these policies. Adherence to all legal and group requirements for the integrity of data of business partners and employees or the users of digital media is also monitored by the officer. The group data protection officer acts as an interface to the local data protection officers and data protection coordinators of the individual companies and coordinates data privacy matters at a central level in order to create a consistent group-wide standard.

High security standards for the protection of (customer) data apply in sensitive areas such as call centers. Call center premises are protected by special access cards to ensure that only a select number of employees can enter. Access is logged. Mobile phones are prohibited at workstations and the USB ports at the terminals are blocked. Other legal requirements are also observed, with Ströer assuring customers that the consent of (private) customers has been obtained before outbound calls are made to them.

The Group's data protection officer defines standardized and effective data privacy requirements for all group companies. Crisis scenarios have been developed for reportable and non-reportable incidents. Ströer has a keen awareness of the provisions of data protection law. A data protection kit containing useful information and tools is available to all employees involved in such matters.

»Ströer provides its employees with the tools they need to respond fast and appropriately to data protection infringements.«

Stephan Kuchenbuch, Group Data Protection Officer

No matter how careful we might be, it is not always possible to prevent infringements of data protection law. Such breaches are generally attributable to a lack of care in the technical handling of data storage. There were no data protection infringements in 2018 and two breaches in 2019. The persons affected were informed without delay.

IT security

Information technology (IT) security at Ströer is highly advanced. Ströer uses data centers to host infrastructure, though data is increasingly being stored in clouds for the sake of efficiency and security. Hackers regularly target Ströer's IT systems, but have yet to be successful in their endeavors. Annual stress tests that allow any gaps to be identified and closed in good time contribute to the high level of security. Errors by system users (users as a risk factor) remain the biggest weakness. These sources of risk are being steadily reduced by the continuous improvement of processes.

»We are working continuously to eliminate more and more risk factors in our processes.«

Tobias Stiegler, Head of IT

Crisis communication

Crisis situations usually occur unexpectedly and their scale is difficult to assess. Typical examples of such crises include employees involved in serious accidents, damage or losses suffered by customers due to the fault of the company as well as sudden and unfavorable financial developments. Businesses need to be in a position to respond immediately and appropriately. For such cases, Ströer has a crisis communication guideline setting out the alarm chain consisting of the people to be informed as well as a formal procedure.

Appointment of supervisory board members

Given the current group structure, the quality of the oversight function – especially from an investor perspective – is particularly important. Appointments to the oversight body of Ströer SE & Co. KGaA (the supervisory board) are made exclusively based on the criteria of performance and skills. For Ströer, this entails the challenge of finding an attractive selection of candidates with sufficient skills and expertise in a very tight market segment to supervise a fully integrated advertising and media company whose business focuses on Germany. The group of potential candidates is fairly limited compared to other sectors due to Ströer's special business model as well as the comparatively small size of the media industry in relation to the German economy as a whole.

According to the requirements formulated by the supervisory board, skills and market knowledge are the prime criteria for appointments to its ranks. All members of the supervisory board should also meet the requirements and recommendations of the German Corporate Governance Code (GCGC). However, further requirements and recommendations, especially those regarding the consideration of internal mandates at the companies of Ströer's supervisory board members, cannot always be fully taken into account due to the small number of suitable candidates.

Business relationships between the companies of the Ströer Group and the companies at which members of the supervisory board of Ströer SE & Co. KGaA work do exist, but to a very limited extent (bar one exception) and are also communicated very transparently and comprehensively by Ströer. Ströer continuously publishes a list of all self-contracting transactions which allows the terms and conditions to be examined in detail. Such transactions are always arm's length as demonstrated by appraisals at almost all companies. Moreover, the objectivity and neutrality of supervisory board decisions are fully verifiable at all times.

The efficiency of Ströer SE & Co. KGaA's supervisory board

Assessment criteria	GCGC ▼	Investors ▼
Skills, diversity and organization Overall, the members of the supervisory board have the requisite knowledge, skills and professional experience to properly perform their duties.	●	●
The statutory gender quota is observed (≥ 30%).	●	–
The supervisory board specifies concrete objectives for its composition and sets out a profile of skills and expertise for itself.	●	–
An age limit is defined for supervisory board members.	●	–
The length of service on the supervisory board is disclosed.	●	–
Due care Every supervisory board member has sufficient time to discharge their duties.	●	●
Members of the management board of a listed company may not accept more than two (GCGC)/five (investors) supervisory board mandates at non-group companies or similar functions.	①	②
Independence For the shareholder representatives, the supervisory board shall include what it considers to be an appropriate number of independent members, thereby taking into account the shareholder structure. A supervisory board member is to be considered independent in particular if they are independent of the company and its management board and independent of any controlling shareholder.	①/①	③
<ul style="list-style-type: none"> A supervisory board member is independent when they have no personal or business relationship with the company that may cause a substantial and not merely temporary conflict of interest. 	④	④
<ul style="list-style-type: none"> A supervisory board member is independent when they do not act as the representative of a major shareholder. 	–	●

Assessment criteria	GCGC ▼	Investors ▼	Assessment criteria	GCGC ▼	Investors ▼
<ul style="list-style-type: none"> A supervisory board member is independent when the company for which the member works does not deliver goods and services worth more than USD 10,000 to the supervisory board's company. 	–	●	Members of the supervisory board shall not be members of governing bodies of, or exercise advisory functions at, or have a personal relation with, a significant competitor of the company.	●	●
<ul style="list-style-type: none"> A supervisory board member is independent when the company for which the member works does not have a material business relationship with Ströer (material = more than 1% of revenue). 	–	④	Committees The supervisory board establishes an audit committee that addresses in particular the review of the accounting, the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system, the internal	●	●
<ul style="list-style-type: none"> A supervisory board member is independent when they are not a member of the supervisory board for more than 12 years. 	⑤	⑤	audit system, the financial statement audit and compliance.	●	●
More than 50% of the shareholder representatives are independent, i.e., they have no personal or business relationship with the company that may cause a substantial and not merely temporary conflict of interest.	⑥	⑥	The chair of the audit committee shall have specific knowledge and experience in applying accounting principles and internal control procedures, be familiar with financial statement audits and be independent. The chair of the supervisory board shall not chair the audit committee.	●	●
Conflicts of interest Supervisory board members are obliged to act in the best interests of the company. When taking decisions, they must not pursue any personal interests or exploit for themselves business opportunities to which the company is entitled.	●	●	The chair of the supervisory board and the chair of the audit committee are independent of the company.	●	●
Every supervisory board member shall disclose conflicts of interest to the chair of the supervisory board without undue delay.	●	●	The supervisory board shall form a nomination committee, composed exclusively of shareholder representatives, which proposes suitable candidates to the supervisory board for its recommendations to the shareholder meeting.	●	●
Every management board member shall disclose conflicts of interest to the chair of the supervisory board without undue delay and inform the other management board members.	●	●	▼ The German Corporate Governance Code (GCGC) and the significant corporate governance requirements of large international investors (investors) include customary criteria for the efficiency of oversight bodies. ● Criterion met ○ Criterion not met – Criterion not relevant for this set of requirements		
Members of the management board shall only assume sideline activities, especially supervisory board mandates outside the group, with the approval of the supervisory board.	●	●			

Ⓞ/Ⓢ: The supervisory board of Ströer SE & Co. KGaA has decided that six out of eight shareholder representatives have to be independent. This means that the supervisory board fell short of its self-imposed targets in mid-June 2020. However, a member who is not considered independent will leave the supervisory board on 30 June 2020 and another such member is expected to do so in the second half of 2020. It is highly probable that their two successors will be independent for the purposes of the aforementioned criteria and that the supervisory board will achieve its independence target overall.

Ⓛ: Ströer SE & Co. KGaA's supervisory board chair is the chairman of the executive board of freenet AG and a member of the supervisory board of three listed companies. This means that he holds more relevant mandates than the two recommended by the German Corporate Governance Code (GCGC) and should not accept the chair of the supervisory board at any non-group listed company. No other supervisory board members hold any relevant mandates.

Ⓜ: Ströer SE & Co. KGaA's supervisory board chair is the chairman of the executive board of freenet AG and a member of the supervisory board of three listed companies. Numerous investors believe that nobody should hold board mandates at more than five listed companies. Chairing the management board counts three-fold and chairing the supervisory board two-fold for this purpose. Christoph Vilanek, the chair of the supervisory board of Ströer SE & Co. KGaA, holds a total of seven mandates on this basis. No other supervisory board members hold any relevant mandates.

Ⓢ: Several investors believe that four out of eight of the shareholder representatives on the supervisory board are not independent (see also the table "The independence of Ströer supervisory board members in 2020"). This means that 50% of the supervisory board members appointed by shareholders (June 2020) are not independent according to the criteria of the German Corporate Governance Code and investors, which is considered inadequate. This is expected to change in the course of the year; see also the information provided underⓄ.

Ⓞ: In 2019, the Ströer Group sold services worth EUR 2.116m to freenet AG, the company of its supervisory board chair Christoph Vilanek, and services worth EUR 1.952m to Sparkasse Köln/Bonn, the company of its supervisory board member Ulrich Voigt; the annual revenue of the Ströer Group amounted to approximately EUR 1.6b in 2019. The Ströer Group did not purchase any goods or services from freenet AG or from Sparkasse Köln/Bonn. Otherwise, significant and ongoing business relationships are only maintained with companies of supervisory board member Dirk Ströer at present. One member of Ströer's supervisory board (shareholder representative) is not independent in respect of this criterion.

Ⓢ: Supervisory board member Dirk Ströer had been a member of the supervisory board for 16 years in May 2020.

Ⓢ: See the table "Independence of Ströer supervisory board members in 2020."

Independence of Ströer supervisory board members in 2020

Supervisory board member	Audit committee	Nomination committee	According to GCGC criteria	According to investor criteria
Christoph Vilanek, Chairman of the executive board of freenet AG <ul style="list-style-type: none"> • Chairman of the supervisory board • Member of the supervisory board 	<input type="checkbox"/>		●	●
Dirk Ströer, Businessman <ul style="list-style-type: none"> • Deputy chair of the supervisory board • Member of the supervisory board since 2004 	<input type="checkbox"/>		①	①
Ulrich Voigt, Chairman of the management board of Sparkasse Köln-Bonn <ul style="list-style-type: none"> • Member of the supervisory board since 2013 	<input type="checkbox"/> Chair	<input type="checkbox"/>	●	●
Petra Sontheimer, Management consultant and business coach at cidpartners GmbH, Bonn <ul style="list-style-type: none"> • Member of the supervisory board since 2018 		<input type="checkbox"/>	●	●
Vicente Vento Bosch, General manager and CEO Deutsche Telekom Capital Partners Management GmbH <ul style="list-style-type: none"> • Member of the supervisory board since 2015 			②	②
Angela Barzen, Independent business coach and trainer for executives and companies <ul style="list-style-type: none"> • Member of the supervisory board since 2019 			③	③
Martin Diederichs, Lawyer <ul style="list-style-type: none"> • Member of the supervisory board since 2010 		<input type="checkbox"/> Chair	●	●
Simone Thiäner, Personnel director at Telekom Deutschland GmbH <ul style="list-style-type: none"> • Member of the supervisory board since 2019 			④	④

Committee member
 Independent
 Not independent

①: Not independent due to his extensive business ties to companies of the Ströer Group.

②: Not independent due to his function as the representative of a major shareholder, but expected to leave the supervisory board in the second half of 2020.

③: Not independent because the company of the supervisory board member provides goods and services worth more than EUR 10,000 to companies of the Ströer Group annually.

④: Not independent due to his function as the representative of a major shareholder, but leaving the supervisory board as of 30 June 2020.

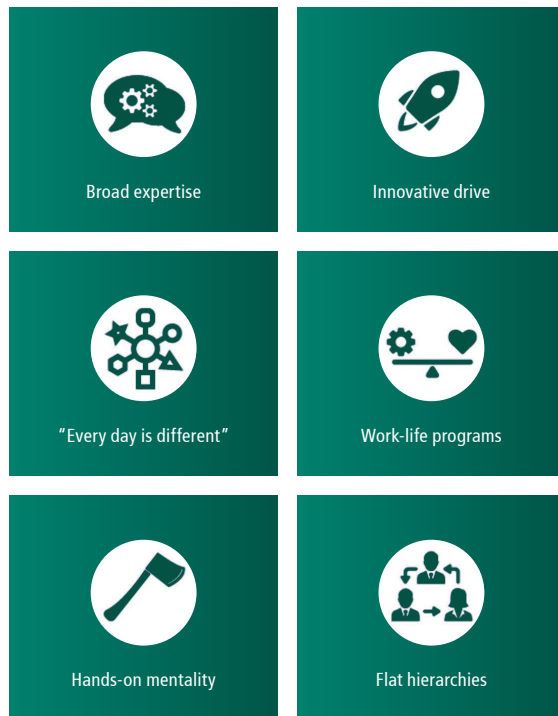
Advertising ethics

Whether companies in the advertising industry should be monitoring the content of advertising more closely is a frequent subject of public debate. Cigarettes, alcohol, gambling and certain political views are often cited in this context. Ströer deals with this issue carefully, but sees little room to maneuver.

Ströer does not see itself as a censor of advertising content, but believes that German law and any limits set by the German Advertising Standards Council are relevant. As an important player in the out-of-home media and digital content segments, Ströer does not wish to perform any assessment of advertising content beyond compliance with the legal rules. Ströer satisfies itself on the one hand that the advertising content it presents is legally compliant. On the other hand, the Company makes sure that it does not act in a way that obstructs competition and therefore only refuses to run advertising that glorifies violence or contains sexual discrimination.

»As an important market player, Ströer is not a censor. Ströer does not wish to inhibit the diversity of opinions in its role as a significant company in the advertising market.«

Christian Schmalzl, Co-CEO Ströer SE & Co. KGaA



Establishing a sustainability workshop

Ströer plans to establish a sustainability workshop in which a small group of employees work voluntarily on enhancing our sustainable corporate culture. They will interact with their colleagues in the Ströer Group in this process, collecting ideas and suggestions for greater sustainability in our actions. In personal talks or workshops, they will also put forward proposals and provide guidance on how to behave more sustainably. In this context, for instance, they will be able to share the message that sustainability does not necessarily mean sacrifice, but can lead to greater quality of life if we go about it the right way. The sustainability workshop will help our people to develop their own sustainability solutions to suit their work processes and thus improve the Company's overall sustainability performance. The workshop will also influence sustainability topics for trainees at Ströer. Last but not least, the members of the sustainability workshop will assess sustainable (investment) projects and measures in the Company and vote on them.

09 | SUSTAINABILITY GOALS

The changing world of advertising

Advertising is in a state of constant flux. The better the analysis of buying behavior becomes, the greater the understanding of changes in consumption patterns and the more new technology enables advertising solutions to be tailored more closely to needs, leading to constant change in advertising requirements. Ströer's response to this development is to continuously adjust its portfolio. One such adjustment is the digitization of advertising media as this is the only way to achieve sufficient flexibility for the service offering. New digital billboards, for example, allow for new products and product packages.

Yet no matter how much we plan ahead, there will always be unexpected developments and events. In order to keep the resulting negative impact for Ströer to a minimum, sustainable measures will be taken to make Ströer's service offering more resilient and robust. Formulating sustainability goals provides a structure for implementing these measures.

Sustainability goals for the environment

Ströer is driving forward innovative developments in display and lighting technology and is collaborating with companies in Germany and abroad, contributing its experience in the use, usability and life span of products in order to reduce electricity consumption in out-of-home advertising. Another objective is to continuously reduce the amount of paper used for posters that can only be disposed of by incineration. The long-term goal is paper-free, completely digitized out-of-home advertising.

- CO₂ emissions are to be reduced significantly by 2030. To do so, Ströer will define meaningful indicators by the end of 2020 which can be used to track progress.
- The power consumption of digital screens is to be significantly reduced by 2025, by around one third per square meter of screen.
- Sustainable materials as a percentage of total materials used for advertising media are to be increased significantly by 2030. To do so, Ströer will define meaningful indicators by the end of 2020 which can be used to track progress.
- The price of advertising for customers may depend on the energy intensity (LED technology) of the advertising in the future.

- Ströer will offer companies the option to become sustainable and climate-neutral by compensating for the CO₂ emissions associated with advertising.
- Ströer's street furniture will feature additional functions as we move towards the smart city of the future.

Sustainability goals for welfare and community

Ströer wants to take more time to support and develop its employees going forward, while becoming more flexible on when and where they work. This will alter the character of Ströer's office locations and see them changing from conventional office buildings to places to meet and exchange creative ideas.

Sustainability in advertising will also become increasingly important. Ströer therefore wants to help its customers convey their advertising messages in a greener manner going forward. To this end, Ströer will share its expertise in reducing the carbon footprint of advertising campaigns and making the content of these campaigns more sustainable. Ströer is developing a catalog of requirements for sustainable advertising for this purpose.

- The automation of administrative processes will unlock capacities for employee support and development.
- The experience gained from the organization of working from home in the first and second quarters of 2020 will be leveraged to develop even more attractive solutions for the further flexibilization of working time rules and more family-friendly working time models.
- Ströer provides advertising at cost or heavily discounted rates ("pro bono") for certain customers such as non-governmental organizations or for public-benefit purposes (such as the search for missing children).
- Sustainability pages providing comprehensive information on consumer behavior and economic activities will be set up on the portals of *t-online.de* and *watson.de* in order to raise sustainability awareness among further sections of the population.
- Ströer will provide the infrastructure for additional smart city services, giving cities, for instance, the opportunity to steer the flow of traffic more efficiently and thus more sustainably.

Sustainability goals for governance

Ströer wants both to become more sustainable itself over the next few years and to drive macroeconomic change towards more environmentally friendly business practices. Processes and standards are being harmonized within the Group for this purpose and aligned with the high standards of the headquarters.

- Standardizing structures with consistent group-wide rules on data protection and IT security

- Winning staff for a sustainability workshop which will collect ideas within the Ströer Group and have the right to assess sustainability-related decisions and investments
- Continuously improving Ströer's sustainability performance

Ströer has set itself the objective of steadily improving its sustainability performance. In order to document its track record, Ströer will commission a rating agency to assess its sustainability. The assessment will be repeated at regular intervals to determine what has changed. Ströer will report on these assessments, thereby complying with a significant transparency requirement of the United Nations' Global Compact.



10 | FORMAL SUSTAINABILITY COMMUNICATIONS

Thematic strategy fields in the Global Reporting Initiative (GRI) classification system

Area	Indicator	Page
GRI 102: Organizational profile	Name of the organization	
	102-2 Activities, brands, products, and services	2 ff.
	102-6 Markets served	2 ff.
	102-8 Information on employees and other workers	16 ff.
	102-9 Supply chain	13, 20
	Strategy	
	102-14 Statement from senior decision-maker	1
	102-15 Key impacts, risks, and opportunities	7
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behavior	20, 21 ff.
	Governance	
	102-22 Composition of the highest governance body and its committees	23 ff.
	102-23 Chair of the highest governance body	26
	102-24 Nominating and selecting the highest governance body	23 ff.
102-25 Conflicts of interest	23 ff.	
102-27 Collective knowledge of highest governance body	23 ff.	
102-30 Effectiveness of risk management processes	7, 9	
GRI 103/201 Management approach/ economic performance	Management approach disclosures	
	103-1 Explanation of the material topic and its boundary	2 ff.
	201-2 Financial implications and other risks and opportunities due to climate change	7
GRI 204: Procurement practices	204-1 Proportion of spending on local suppliers	20
GRI 205: Anti-corruption	Management approach disclosures	
	205-2 Communication and training about anti-corruption policies and procedures	21 f.
	205-3 Confirmed incidents of corruption and actions taken	21
GRI 302: Energy	Management approach disclosures	
	302-1 Energy consumption within the organization	13, 15
	302-3 Energy intensity	13
	302-4 Reduction of energy consumption	12, 13
	302-5 Reduction in energy requirements of products and services	12, 13
GRI 305: Emissions	Management approach disclosures	
	305-1 Direct (Scope 1) GHG emissions	13, 15
	305-2 Energy indirect (Scope 2) GHG emissions	13, 15
	305-4 GHG emissions intensity	13
	305-5 Reduction of GHG emissions	13
GRI 402: Labor/management relations	Management approach disclosures	16 ff.
GRI 404: Training and education	Management approach disclosures	
	404-2 Programs for upgrading employee skills and transition assistance programs	16
	404-3 Percentage of employees receiving regular performance and career development reviews	18
GRI 413: Local communities	Management approach disclosures	19 f.
GRI 414: Supplier social assessment	Management approach disclosures	
	414-1 New suppliers that were screened using social criteria	20
	414-2 Negative social impacts in the supply chain and actions taken	20
GRI 418: Customer privacy	Management approach disclosures	
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	22
GRI 419: Socioeconomic compliance	Management approach disclosures	
419-1 Non-compliance with laws and regulations in the social and economic area	21 ff.	

Thematic strategy fields in the Task Force on Climate-Related Financial Disclosures (TCFD) classification system

Area	Indicator	Page
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	7
Risk management	Disclose how the organization identifies, assesses and manages climate-related risks	7
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks	28 f.

Thematic strategy fields in the Sustainability Accounting Standards Board (SASB) classification system for the marketing and advertising sector

Area	Indicator	Page
Data protection	Discuss guidelines and practices in relation to behavioral advertising and consumer protection	22

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This sustainability report contains forward-looking statements which entail risks and uncertainties. The actual business development and results of Ströer SE & Co. KGaA and of the Group may differ significantly from the assumptions made in this sustainability report. This report does not constitute an offer to sell or an invitation to submit an offer to purchase securities of Ströer SE & Co. KGaA. There is no obligation to update the statements made in this report.

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