

CTS EVENTIM

Non-Financial Corporate Report 2017

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1 Foreword by the Chairman of the Supervisory Board

Dear reader,

Running a business has always been about more than just sales, earnings, and profitability. After all, business success is ultimately the result of sustainable, responsible action.

This document, CTS EVENTIM's first Non-Financial Report (NFR), provides you with an overview of how Europe's leading Ticketing and Live Entertainment company lives up to this responsibility along its value chain. The Supervisory Board discussed the NFR thoroughly and, supported by an independent auditor, audited it. We view the legal requirement to publish such a report not only as a special obligation but also as an opportunity:

By reporting on its initiatives and progress in its key action areas, the company not only presents a transparent picture of the many interfaces with its various stakeholders. It can also provide valuable insights into the risks and opportunities that attend its business operations – for society as a whole and the company's business success.

The pages that follow present the company's six material topics. Management identified these topics in a materiality analysis. This NFR devotes one chapter to each topic: customer orientation, product quality and safety, compliance management, employee matters, corporate citizenship, and climate and the environment. The Supervisory Board placed a strong emphasis on a transparent, balanced, and verifiable presentation of the contents in order to provide a reliable and undistorted image of CTS EVENTIM's corporate responsibility, one that all of the company's stakeholders – customers, employees, investors – can refer to.

In the years ahead, CTS EVENTIM will continue to report on its corporate-responsibility goals and initiatives. This report therefore marks the beginning of an ongoing progress report. We invite you to support CTS EVENTIM along the way with your questions and comments. On behalf of the Supervisory Board, I hope you find the report to be stimulating reading.

2 Editorial Note

This NFR fulfils CTS EVENTIM's obligation to disclose non-financial information for the 2017 financial year pursuant to Section 315b, Paragraph 1 of the German Commercial Code. It covers CTS EVENTIM AG & Co. KGaA (hereinafter: CTS EVENTIM) as the parent company and the main majority shareholdings listed in the consolidated financial statements. Reporting of non-financial performance indicators includes companies that are material to the Group on the basis of their headcount and the proportion of Group revenues they generate.

Senior managers of the Group's corporate functions along with its independent auditor conducted a materiality analysis to select the contents that are relevant for the NFR. They examined the aspects stipulated by law (employee matters, social matters, environmental matters, human rights, anti-corruption, anti-bribery) and their impact on the Group's asset, financial, and earnings situation. They also included the topics of customer satisfaction and product safety in their analysis. The materiality analysis found that six topics are material for CTS EVENTIM: customer orientation, product quality and safety, compliance management, employee matters, corporate citizenship, and climate and the environment. The main contents necessary to understand the company's business performance, operating results, and situation as well as the impact of its activities on the abovementioned aspects were determined for each topic.

The company's reporting on its management approach for selected topics takes into account the relevant standard of the Global Reporting Initiative (GRI), GRI 103, "Management Approach." GRI standards were also used as a framework to put in place the procedures to collect data for key performance indicators to present the company's performance with regard to the topics in future.

The Supervisory Board of CTS EVENTIM AG & Co. KGaA audited the NFR's contents. For this purpose, it commissioned KPMG AG Wirtschaftsprüfungsgesellschaft to conduct an audit with limited assurance based on ISAE 3000.

3 Business Model

CTS EVENTIM is one of the leading international providers of Ticketing and Live Entertainment services. Each year, more than 150 million tickets for more than 240,000 events of all kinds are sold on its systems: at the box office, online, and mobile. Its online ticket-portal brands include eventim.de, oeticket.com, ticketcorner.ch, ticketone.it, and entradas.com. CTS EVENTIM subsidiaries also organise a wide range of concerts, tours, and festivals such as 'Rock am Ring', 'Rock im Park', 'Hurricane', and 'Southside'. In addition, CTS EVENTIM operates some of Europe's most renowned entertainment venues, including LANXESS Arena in Cologne, the Waldbühne in Berlin, and the EVENTIM Apollo in London. The 'Corporate structure and business operations' chapter of the Combined Management Report in the Annual Report 2017 contains a detailed description of CTS EVENTIM's business model.

4 Customer Orientation

The Group's positive business performance is an indication that its customers – artists, promoters, entertainment venues, sales partners, the media, sponsors, and end users – are satisfied with CTS EVENTIM's products and services. In a dynamically evolving marketplace, the satisfaction of these heterogeneous groups is one of the company's most material issues. It is important to know customers' needs and opinions. It is the only way for management to guide the Group successfully on a lasting basis. The segments therefore systematically measure their customers' satisfaction. The Ticketing segment's E-Commerce and Sales departments report to the Management Board about the satisfaction of retail and B2B customers on a regular basis. At the Live Entertainment segment, the project leaders for each event assess visitors' satisfaction and, in cases of significant deviations from the norm, report to their company's senior management.

4.1 Retail Customer Satisfaction

Repeat customers account for a large proportion of ticket buyers. CTS EVENTIM's experience in e-commerce indicates that a high degree of customer satisfaction helps increase ticket sales. CTS EVENTIM measures and evaluates the satisfaction of online retail ticket customers. With the company's user-centred design process, their feedback provides valuable suggestions for improving online platforms.

CTS EVENTIM works with eKomi, Europe's largest independent provider of transaction-based customer opinions and product evaluations, to collect and systematically analyse its customers' evaluations. After their purchase in a webshop, customers are invited to rate their experience. So far, CTS EVENTIM has collected more than 146,000 customer evaluations. The average rating in 2017 was 4.5 out of 5 stars.

In addition, independent surveys gave CTS EVENTIM's webshops top marks for customer satisfaction in 2017. A survey of 18 online ticket shops conducted for news broadcaster n-tv by the German Institute for Service Quality awarded eventim.de first place, both overall and in all subcategories (value for money, breadth of offerings, customer service, web presence, shipping, returns, and ordering and payment terms). Ticket Online, which was rated second overall, is also a CTS EVENTIM brand. In a survey conducted by Servicevalue Market Research Institute for *Handelsblatt*, a German daily business newspaper, 57.5% of respondents rated eventim.de Germany's best online ticket vendor.

Like the Ticketing segment, the Live Entertainment segment also systematically collates customer feedback. After the big festivals organised by Group subsidiaries, visitors are regularly asked to state their satisfaction and preferences. Their answers are analysed scientifically. Detailed satisfaction scores are calculated for each festival stage as well as other aspects of the festival experience (catering, camping) for 'Rock am Ring' and 'Rock im Park' as well as for all the festivals organised by FKP Scorpio (hereinafter: FKP), such as 'Hurricane', 'Southside', 'Highfield', and 'Deichbrand'. Customer feedback in social networks and by email is systematically evaluated and answered by a third-party service provider with industry experience or by the organisers' own staff.

In response to customer feedback, the following major projects were initiated or completed in 2017:

- In November 2017 the Customer Service department began using a new customer-care tool that facilitates efficient and professional processing of customer queries and complaints across all channels (telephone, email, social media). It also supports the systematic, qualitative evaluation and analysis of customer queries, improves Customer Service's availability, and shortens processing time.
- Customer Service also did preparatory work for an improved address-management system which was installed in February 2018.
- Preparations were also made for adding significant new features to the webshops (direct enquiries, user tests, statistical analysis).

The following additional measures were taken in e-commerce:

- Mobile seating plan booking was improved on the basis of customer feedback.
- The online waiting room for high-demand advanced ticket sales was completely redesigned in order to improve the customer experience.
- The 'My Eventim' customer log-in area was enlarged to include new customer-friendly features (downloadable invoices, FanBonus overview, fanSALE sales).
- fanSALE introduced a new risk-management system to protect ticket buyers.
- In response to customer feedback, the data speed of the mobile app was increased.
- Customer-service features (an email contact form, FAQs) were integrated into the mobile app.
- Users were surveyed on a regular basis and in different forums (focus groups as well as online testing and onsite surveys) to learn more ways to improve the user experience.

After analysing its surveys, the Live Entertainment segment instituted the following improvements:

- The ‘Hurricane’ and ‘Southside’ festivals had experienced a relatively small but steadily growing need for a hotline that visitors and family members could contact with questions about the festival. The hotlines introduced in 2017 were used frequently throughout the festivals.
- The capacity of the disco tent at the ‘Hurricane’ festival’s campground was felt to be insufficient. At future festivals the disco will be open-air.
- Until now, ‘Rock am Ring’ visitors had to buy a combined camping and festival ticket. In future, these tickets will be sold separately to meet customers’ differing needs.

4.2 B2B Customer Satisfaction

CTS EVENTIM has a large number of long-standing B2B partnerships and stays in close contact with its business customers. It systematically measures their satisfaction on a regular basis, and its sales staff periodically survey existing and potential business partners and customers. All customer relationships for the INHOUSE product are recorded in a central customer relationship management system. For example, customers are asked about their satisfaction with ticket sales via CTS EVENTIM’s distribution network, including its ticket portals, ticket systems, and service. In future, this system will be introduced at other sales units.

4.3 Complaints Management

CTS EVENTIM has a significant interest in continually improving its offerings. It is also aware that a single negative comment on social media can influence other customers. For these reasons, the company takes complaints very seriously. The Customer Service department is responsible for the efficient processing and clarification of ticketing enquiries. Supported by computer systems, its employees carefully review all complaints and, if a claim is justified, fulfil it promptly. Complaints are also evaluated statistically in order to identify improvement potential.

CTS EVENTIM’s trained service personnel respond directly to general customer complaints about ticketing. Email complaints are typically answered within two to three working days, those submitted via social media within one day and often within just a few hours or minutes. Specific complaints about individual events organised by Group subsidiaries are handled systematically as well. For example, employees of these Group companies support their festivals’ Facebook pages before, during, and after the events.

5 Product Quality and Safety

The quality of CTS EVENTIM's product and services – from tour planning and event organisation to ticket sales – is crucial for customer satisfaction and business success. Management believes that the following aspects are therefore particularly important. The products and services offered by the Group and its subsidiaries should meet customers' quality expectations swiftly, fully, and at all times. It is essential for CTS EVENTIM's systems to be available without interruption and to be accessible to all interested customers. The company must do all it can to combat ticket counterfeiting. Webshop users need be confident that their personal data are shielded from unauthorized access. Finally, it is essential to meet event visitors' high expectations for event safety.

5.1 System Availability

Stable IT systems and processes are essential for seamless business operations. The Management Board addresses issues relating to system availability on a regular basis as part of internal risk reporting. The steps CTS EVENTIM takes to ensure system availability include working with third-party system operators that offer innovative and effective solutions.

For example, CTS EVENTIM uses three data centres in Frankfurt, Germany, operated by a leading global provider of colocation and housing services. This is to prevent data loss and ensure system availability even if one of the centres experiences a complete failure. Pursuant to CTS EVENTIM's requirements, these data centres have comprehensive certification. They are certified to EN ISO standards 27001 for IT security and 9001 for quality management, the PCI standard for cash-free payment systems, and the ISAE standards for documenting financial processes. Average system availability per 24 hours was over 99.9% in 2017.

In addition, CTS EVENTIM continually conducts automated checks of transactions at data centres outside Germany to ensure a high degree of performance and availability.

5.2 Inclusion and Barrier Freedom

CTS EVENTIM views ensuring equal access to events as its social responsibility and as a business opportunity. Its entities that organise major festivals take a variety of steps to make the events as comfortable as possible for people with disabilities. For example, FKP's Festival Production department

continually explores ways to enhance barrier-free participation at festivals. It discusses possible improvements with outside organisations (such as the disability advisory board of Zeven, a community located near the site of the ‘Hurricane’ festival) and then implements them in consultation with senior management.

Organisers plan festivals so that people with disabilities have unhindered access via the backstage check-in area and can check in quickly, conveniently, and away from large crowds. Care is taken to ensure that the distance between the disability-friendly campground and the event area is as short as possible. Wheelchair-accessible spectator platforms are erected in sufficient size and quantity to meet demand.

CTS EVENTIM subsidiary Marek Lieberberg Konzertagentur (hereinafter: MLK) provides disability-friendly camping and sanitary facilities at ‘Rock am Ring’. They are located in the immediate vicinity of the main entrance to allow quick access to the festival grounds. People with special needs may reserve a campsite with electricity at which they can park a vehicle. For greater convenience, check-in for people with disabilities is at the campground. A wheelchair-accessible spectator area with a view of the main stage is available to all severely disabled visitors and the person accompanying them.

5.3 Secondary Market

The secondary ticket market is important. It gives ticketholders a legal way to sell their tickets. CTS EVENTIM also believes that fans should have the opportunity to purchase tickets before tickets reach the secondary market. The company’s fanSALE resale platform provides a fair, secure, and transparent market for fan-to-fan transactions. The tickets offered there can be checked for authenticity, are shipped quickly and securely, and are paid for only when the buyer receives them. In addition, the platform can implement promoters’ individual specifications. For example, it can ensure that the ticket price on fanSALE does not exceed CTS EVENTIM’s original price.

Google, the world’s leading search-engine operator, announced in November 2017 that it would establish new restrictions on secondary ticket marketing in April 2018. CTS EVENTIM immediately optimised fanSALE for the new certification procedure. Because fanSALE already met most of Google’s requirements in 2017, it received AdWords certification in January 2018.

CTS EVENTIM’s webshops use security measures to make it more difficult for commercial resellers to purchase large numbers of tickets. One example is captcha protection, a procedure for ensuring, with a

large degree of certainty, that a website visitor is actually a human being. The company continuously analyses transactions for potential abuse so that, for example, it can prevent special computer programmes called bots from ordering tickets automatically. To make it more difficult to resell tickets commercially, for many events CTS EVENTIM, at the promoter's request, sets a limit on the number of tickets that can be purchased in a single transaction. CTS EVENTIM also offers complex solutions for personalising tickets, not only per order, but also per visitor. In 2017, for example, the promoter requested personalised tickets in advance sales for Ed Sheeran's European tour. In addition, CTS EVENTIM works continually on additional mechanisms for preventing unauthorised resales as effectively as possible. For example, it does this in partnership with Germany's Federal Association of the Event Industry.

5.4 Preventing Ticket Forgery

Counterfeit tickets can damage the reputation of event organisers and authorised ticket vendors. Of course, they are a source of great annoyance to the buyers, all the more so if buyers do not find out until they reach the event entrance.

Clear and comprehensive communications are essential for protecting customers from counterfeit tickets. CTS EVENTIM and its subsidiaries regularly advise their (potential) customers to purchase tickets only from official, authorised vendors. Prior to and at selected events, CTS EVENTIM's security experts work closely with the police to identify counterfeit tickets. CTS EVENTIM's security team reports anomalies and process changes (such as in the context of cooperation with the international police network) directly to the Management Board.

Every ticket sold by CTS EVENTIM has unique identification features that prevent double sales. The materials for hard tickets incorporate special optical and haptic characteristics. The addition of France in 2017 raised to 12 the number of countries where even more secure ticket embossing is used. Furthermore, CTS EVENTIM has centralised the procurement of ticket-making materials in each country (except in Russia, where it is not possible for logistical reasons). This enables the company to establish and maintain the highest security standards for materials, printing technology, and processing. In addition, CTS EVENTIM monitors tickets sold on auction platforms and other secondary markets.

5.5 Data Protection

Customer data are of great importance for the operation and development of CTS EVENTIM's ticketing business. The company stores and processes personal data, in part to improve its existing offerings and to develop new ones. It is therefore responsible for the proper and secure handling of these data. To give its existing webshop customers greater transparency and control over their newsletter subscriptions, since 2017 CTS EVENTIM has provided all registered users with an online cockpit. Customers see at a glance which newsletters they subscribe to, can subscribe to others, or cancel subscriptions.

This issue of data protection is attracting increasing public attention, especially since the handling of customer data is regulated by law. Unauthorised use of customer data by third parties for advertising or other purposes can diminish customers' trust. CTS EVENTIM therefore aims to protect customer data from unauthorised access and to ensure that the use of these data complies with the law.

CTS EVENTIM has appointed a Data Protection Officer who is a member of the Risk Committee and the IT Security Network. Pursuant to Section 11 of the Federal Data Protection Act, service providers that have access to customers' or employees personal data are required to sign a commissioned data processing agreement. In addition, in 2017 the company made extensive preparations for the entry into force of the EU General Data Protection Regulation (hereinafter: GDPR) in 2018.

Users' data-related queries received by the Customer Service department are processed without delay by the employees responsible for this task on the basis of a clearly defined and documented process and promptly brought to the attention of the Data Protection Officer. Such employees receive practice-oriented data-protection training.

In Germany alone, 284 of the Ticketing segment's employees received individual training in handling information and credit-card data in conformance with the Payment Card Industry Data Security Standard (hereinafter: PCI DSS). The company plans to provide more data-protection training as part of its ongoing project to implement the GDPR.

5.6 Safety Plans for Events

Event safety is a top CTS EVENTIM priority. A safety plan conforming with legal requirements is designed for every event. It is tailored to local conditions (infrastructure, buildings, human resources) and must

be submitted to all pertinent government agencies and subsequently approved by them. This is the only way for an organiser to obtain a permit to hold an event.

Section 43 of the German Ordinance on the Construction and Operation of Places of Public Assembly (MVStättVO) requires organisers, operators, and government agencies to agree on the arrangements laid down in the safety plan. This is a prerequisite for the issuance of a special-event permit (such as in the case of 'Rock am Ring') and/or a building permit ('Rock im Park'). All temporary structures (tents, open-air stages) are inspected by the building authority to ensure that they comply with the terms of the permit.

In the case of large events, employees responsible for safety and service receive detailed instructions on ensuring visitor safety and on the infrastructure, reporting channels, assignment of responsibilities, and human resources. During events, safety risks are monitored on an ongoing basis in close coordination with the police, weather service, and other official agencies.

To reduce safety risks at events, CTS EVENTIM also participates in industry-wide partnerships. One example is the annual Festival Work Conference organised by one of the police departments participating in Germany's nationwide partnership network of emergency services.

Prior to major events, the Group's major festival organisers – such as FKP and MLK – regularly initiate joint working groups with all emergency services and other experts (security professionals, controllers) to discuss festival safety. The organisers share and harmonise the working groups' findings in order to provide the public with the most consistent safety information and instructions.

As a result of this collaboration, different festival websites ('Rock am Ring', 'Hurricane') have detailed safety information whose content and structure are identical. All festival personnel (such as security and catering staff) receive a pocket-sized guide that clearly describes what to do in emergency situations (such as storms, evacuation, fire, and medical emergencies).

These measures demonstrated their effectiveness in 2017, especially when unforeseen events affected two particularly well-attended festivals. A terror warning forced the temporary interruption of 'Rock am Ring'; the more than 80,000 visitors were evacuated from festival grounds within 45 minutes without incident, as foreseen in the plan. The 'Hurricane' festival organised by FKP experienced severe weather on the main arrival date. Prompt alerts through a variety of channels, particularly social media, made it

possible to orchestrate the arrival in a way that prevented visitors from incurring unnecessary risks or experiencing complications when they reached the festival grounds.

6 Compliance Management

CTS EVENTIM acts in accordance with recognised principles of good corporate governance. The company respects the expectations of its customers, employees, and business partners, strives for fair competition, and expects all its employees to obey the law. This includes respect for human rights. Integrity is an important prerequisite for being perceived as a trustworthy business partner and employer.

Ensuring compliance is an essential aspect of corporate governance. For this purpose, the Group operates a compliance-management system (hereinafter: CMS) it established in 2017. The CMS is based on the principles of proper auditing of compliance-management systems of the IDW Institute of Public Auditors in Germany (IDW PS 980) and systematized the Group's already-existing compliance elements.

6.1 Purpose and Culture

The purpose of the CMS is to prevent violations of legal requirements and ethical principles in business transactions by CTS EVENTIM and its employees. More specifically, the CMS aims to:

- maintain trust and protect the Group's reputation
- provide employees with guidance and support
- protect corporate value
- fulfil legal obligations.

CTS EVENTIM has articulated its understanding of integrity in a binding Group-wide Code of Conduct. It serves as a fundamental source of guidance for all of employees' business activities and relationships of employees. It sets minimum standards for ethical conduct across countries, companies, and legal systems, particularly regarding interactions with business partners, the avoidance of conflicts of interest, anti-corruption, the protection of information and company assets, social media, accounting, and business records.

6.2 Compliance Organisation and Processes

The Management Board has overall responsibility for compliance, including the introduction, periodic control, and continual improvement of the CMS and monitors its implementation. It has appointed a

Compliance Officer who coordinates the CMS's implementation and ongoing development. The Compliance Officer reports directly to the Management Board. Compliance Coordinators have been appointed for central corporate functions and for subsidiaries over which the company has management control. Separate coordinators are responsible for special issues, such as complying with PCI requirements and ensuring IT security and data protection.

In line with the recommendations of the German Corporate Governance Code, the company put in place a whistle-blower system including a whistle-blowing committee in 2017 to receive and evaluate reports from employees. It promotes integrity at the company by making it easier to report and investigate possible compliance violations, fraud, actions prejudicial to the company, and illegal practices that could harm the company's reputation and lead to financial loss. Information can be reported anonymously. Protecting whistleblowers is a fundamental principle of compliance management.

Group companies over which CTS EVENTIM has management control are instructed to report their operational compliance risks on a quarterly basis by means of a Group-wide risk and opportunity management system.

The company has identified focus areas (anti-corruption/bribery, competition and antitrust law, and capital-market compliance) and disseminated policies to address them. Policy management defines the process for establishing Group-wide policies with the aim of making available to all employees, in a comprehensible form, the rules that are essential for them.

In the near future, the company plans to present the focus areas to selected groups of employees as part of a training module. Going forward, Internal Audit will monitor compliance with the requirements on a case-by-case basis.

6.3 Monitoring and Improvement

CTS EVENTIM is committed to continually improving and refining its CMS. Relevant company policies and the compliance measures it has implemented are reviewed annually. Internal Audit's findings are also fed back into the CMS. The CMS's components are therefore continually updated and documented.

7 Employee Matters

Qualified, high-achieving employees and next-generation managers are essential to CTS EVENTIM's success. As of year-end 2017, the company had 3,020 employees. Providing them with an attractive, sustainable work environment is a primary concern of the Management Board and a key task of the company's Human Resources team. Together, they promote a work culture founded on personal initiative, creativity, and pragmatism.

The Human Resources Department (HR) is responsible for human resources management. The HR Director reports directly to the CEO. Employee matters are therefore directly integrated into corporate decision-making processes. HR is an in-house business partner offering HR services and specialist functions to all subsidiaries in the Ticketing segment in Germany. It also provides centralized coordination and guidance for the Live Entertainment segment and the organisation outside Germany. HR has established standardized processes for identifying and developing high-potential employees and has created mechanisms to develop all employees as needed.

HR refines the company's human resources strategy in consultation with the Management Board. In 2017, CTS EVENTIM placed a particular emphasis on positioning its employer brand, developing its employees, embedding agile collaboration and work methods in the organisation, and promoting the professionalisation of its HR management. Vocational and professional training is another focus area. The Group trains young people in a variety of vocations and fosters the development of junior professional staff by offering work-study programmes. HR management of subsidiaries outside Germany is based on a uniform system which they use to design their own HR management processes.

7.1 Attractiveness as an Employer

As a result of general demographic trends and a healthy economy, CTS EVENTIM faces a growing shortage of skilled employees in key job categories. It is therefore intensifying its efforts to recruit high-potential employees and retain highly qualified specialists. CTS EVENTIM aims to be perceived as an attractive employer in and outside Germany. For this purpose, its HR management emphasises flat hierarchies, good development opportunities, and a productive working atmosphere in multicultural teams. CTS EVENTIM's international approach to recruiting includes targeted job postings and personnel searches in other European countries as well.

CTS EVENTIM's Ticketing segment has used an established employee recommendation platform for recruiting since 2016. The platform gives every employee the opportunity to view job openings, forward them to their contacts, share them on social media, and recommend friends and acquaintances for a job opening. If a recommendation leads to a hiring, the employee receives a bonus.

CTS EVENTIM regularly conducts internal and industry-wide benchmarking to ensure that its compensation is in line with the market, including for ICT and other highly sought-after job categories. It manages its compensation structure internationally by approving its companies' compensation budgets on a country-by-country basis. The HR department at Corporate Headquarters is responsible for monitoring and coordinating this process.

Another HR focus is to enhance employee satisfaction. One way CTS EVENTIM strives to achieve this is by involving employees in change processes. Before new approaches are instituted, employees have an opportunity to express their opinion in face-to-face meetings with management and on the company's virtual dialogue platforms. In addition, the company has established preventative, health-promoting programmes, barrier-free workplaces, and flexible solutions for a range of issues including work schedules and reintegration after parental leave. Employees also receive subsidies for Job Ticket, discounts on tickets sold on CTS EVENTIM platforms, and special terms from local businesses and service providers in some countries.

To better respond to employees' expectations, HR analyses its discussions with current employees but also those with potential employees, such as job-fair attendees. An important source of external feedback is Kununu, an employer-rating portal. CTS EVENTIM's HR managers comment on Kununu's evaluations and respond to criticisms posted by employees. In 2017, an analysis of CTS EVENTIM's scores and evaluations on Kununu indicated measurable improvements in the perception of the company's management and in its overall score.

In 2017 CTS EVENTIM received media recognition for its HR efforts. *Focus Business*, a quarterly German business magazine, ranked the company among Germany's best employers in 2017.

7.2 Human Resources and Capabilities Development

The increasingly rapid pace of technological innovation is altering work processes in many organisations, including the Ticketing and Live Entertainment segments. To remain a pacesetter and seize growth opportunities, CTS EVENTIM must continually renew and expand its knowledge base through

recruitment, training, trainee programmes, and the grooming and positioning of high-potential employees.

The objectives of CTS EVENTIM's HR management include systematically identifying and realising all human and labour potential across the Group, overcoming knowledge monopolies (knowledge that is restricted to individual employees), and filling vacancies internally. For this purpose, the Ticketing segment in Germany holds portfolio conferences on a regular basis at which managers review their employees' performance and potential. High-potential employees receive special support. In addition, employees' annual performance reviews serve as a forum for assessing their qualification needs.

CTS EVENTIM and its subsidiaries conduct a wide range of training programmes. For example, the Ticketing segment in Germany has an e-learning portal as well as development programs for managers (tailored to different functions and hierarchical levels), specialists, and project managers. It also offers language training and courses to obtain key qualifications.

In addition to the use of various e-learning modules, more than one in ten of the Ticketing segment's employees in Germany took part in in-house training and development programmes in 2017. These programmes included seminars to develop personal and methodological skills. The subject matter encompassed communications and negotiation management, confidence and persuasiveness, innovation and creativity techniques, and concept-development methods. In addition, individual, technical, and function-specific training focusing primarily on software development and finance was provided to employees externally. Language training is offered for English and German.

In addition to its other training and development offerings, in 2017 the company conducted a development programme for high potentials with 11 participants and career-specific development programmes for executives with supervisory authority, lateral managers in agile teams, and project managers with a total of 241 participants.

7.3 Diversity and Equal Opportunity

Diversity is not only required by law. CTS EVENTIM considers it a key success factor as well. Diversity enhances an organisation's agility, creativity, and knowledge-sharing and makes it easier to tap new markets in Europe and around the world.

CTS EVENTIM puts diversity into practice. It recruits internationally, provides barrier-free offices and workplaces, and hires people based solely on their professional and personal skills. The Ticketing segment in Germany shows that this approach is already working: it employed people from more than 20 countries in 2017. The company systematically monitors the age and gender profile of its workforce. In 2017 the ratio of female (47.4%) to male (52.6%) was balanced. The company's 873 employees had an average age of 37.9 years and the following age profile:

- 25 and younger: 10.3%
- 26 to 35: 34.2%
- 36 to 45: 30.7%
- 46 to 55: 20.0%
- 56 to 65: 4.1%
- 66 and older: 0.6%

The Group has a diversity concept for filling positions on its Management Board and Supervisory Board. More information on this concept can be found in the Corporate Governance Declaration pursuant to Section 289f of the German Commercial Code (HGB) for the 2017 financial year, which CTS EVENTIM has published on its website.

8 Corporate Citizenship

CTS EVENTIM's services appeal to a broad segment of the population. There are therefore good reasons for the Group's strong commitment to corporate citizenship: major events and cultural events inspire people. They foster a sense of community and can improve social cohesion. Moreover, many artists want to make a personal contribution to society through their work. With CTS EVENTIM's support, everyone involved can advocate and effectively promote good causes.

CTS EVENTIM's corporate-citizenship activities to promote social integration, better education, and other issues can also help improve the company's social environment and thus the prospects for stable sales markets, a reliable business environment, and qualified hires.

8.1 Corporate Citizenship Organisation

CTS EVENTIM's corporate citizenship activities are conducted through its umbrella brands or its subsidiaries themselves and are adapted to reflect regional particularities. One focus of these activities is on partnerships with promoters, artist managers, and other intermediaries in culture and sport.

The companies' CR teams consider potential partners and their issues with an open mind. They are supported by several corporate functions: Communications, Sales, HR, and IT. These functions systematically monitor socially relevant media trends and challenges and analyse customer feedback to identify the issues with sufficient public resonance to make a project successful for both the potential partner and the company.

8.2 Partnerships and Dialogue

CTS EVENTIM uses its media presence to sensitise the public to social issues. Like CTS EVENTIM, many of its customers – including public institutions such as schools, theatres, and museums – are active in the creative and cultural sector. The company aims to promote art, culture, and performance venues in specific ways: by helping its partners extend their reach and make their venues and programmes more attractive and by conducting effective, state-of-the-art public relations to raise awareness of the cultural value of live entertainment.

The company also partners with universities in the areas of culture and media management. CTS EVENTIM supports the training of its work-study students by helping to develop instructional

content and approaches and by promoting the expansion of work-study programmes through its funding and expertise. In addition, the company is a member of the Förderverein der Hochschule Bremen (Association to Promote Bremen City University of Applied Sciences). In 2008 CTS EVENTIM began supporting the EVENTIM Pop Course at the Hochschule für Musik und Theater Hamburg through a non-profit corporation created for this purpose. As the title sponsor, the company is committed to ensuring the course's existence well into the future. Year after year, the course graduates talented rock and pop musicians.

8.3 Donations and Sponsorships

Being part of the creative and cultural sector enables CTS EVENTIM to use donations and sponsorships to effectively promote social causes, thereby enhancing its reputation or that of its brands.

For example, FKP has supported the Viva con Agua Foundation for many years. The foundation has its own stands and numerous employees at all FKP festivals. Festival-goers can donate their beverage cups, which Viva con Agua employees collect in the audience. The cash deposit on the cups goes to Viva con Agua. In addition, FKP employees, the media and other festival partners are encouraged to donate at least €5 to Viva con Agua. These measures raised a record donation of €137,000 in 2017, which FKP rounded up to €140,000.

CTS EVENTIM has a long tradition of supporting the "Musik Bewegt" ("Music Moves You") initiative, an online platform on which many of Germany's best-known musical artists present and promote charitable organisations and projects. Since 2016 the company has also donated €15,000 annually to Germany's Association for the Promotion of Pop Culture to serve as prize money for the association's pop culture awards.

As in the prior year, in 2017 CTS EVENTIM supported the PxP Festival put on by its subsidiary Semmel Concerts by waving the online ticket-processing fee and reducing the rent for the Waldbühne, an outdoor concert venue in Berlin. The organiser, PxP Embassy e. V., serves as an advocate for refugees and people suffering political or religious persecution and promotes international understanding.

The Group's employees are included in its commitment to social engagement. For example, EVENTIM Nederland encourages its employees to participate in a fundraising run once a year.

CTS EVENTIM CEO Klaus-Peter Schulenberg is personally involved as well. He has been a member of the Advisory Council of the German Cancer Research Centre (DKFZ) for many years, serving as an ambassador for research in the fight against cancer. CTS EVENTIM has supported the DKFZ since 2015 by endowing a professorship, which successfully began its work in 2017. The €1 million endowment was the largest donation in CTS EVENTIM's history. The company also donated €10,000 to German Cancer Aid during "Welcome to Carmen Nebel," a gala donation event broadcast by ZDF, a German public television station.

9 Climate and Environment

CTS EVENTIM believes that preserving the environment and protecting the earth's climate for future generations are important social responsibilities. In Germany it has put in place an energy-management system in order to systematically reduce its energy consumption. Event organisers belonging to the Group also ensure that resources are used in an environmentally friendly manner.

9.1 Energy Management

The Energy Services and Other Energy Efficiency Measures Act (EDL-G) obligates large companies in Germany to have accredited experts conduct energy audits to assess their energy consumption. Companies in Germany that, like CTS EVENTIM, have put in place an energy-management system with an appropriate testing process can be exempted from this obligation by having their system certified. The Group's subsidiaries in Europe are subject to comparable legal obligations. For example, in Austria they are subject to the Austrian Federal Energy Efficiency Act (EEffG). The obligations in Austria were met by ÖNORM audits conducted by accredited third-party registrars.

The CTS EVENTIM Management Board is steadily implementing measures to reduce energy consumption. To establish the necessary control mechanisms for this purpose, at the end of 2015 the Management Board decided to put in place an energy-management system for Group companies operating in Germany and to obtain multi-site certification for this system under DIN EN ISO. The system's basic component is a permanent improvement cycle based on the plan-do-check-act (PDCA) method, which is common to all ISO management systems. In December 2016, this energy-management system was approved by an accredited registrar and certified for a three-year period. During this period, CTS EVENTIM has to subject the system to annual surveillance audits to demonstrate that it is continuously maintained and systematically improved.

9.2 Other Climate-Protection Measures

When CTS EVENTIM takes individual procurement decisions (such as selecting data-centre operators and issuing a new tender for office printing systems) it factors energy conservation into the selection of its service providers.

For example, the data centres that house the Group's ticketing systems consume large amounts of energy. These centres are operated by third-party service providers and are therefore not covered by CTS EVENTIM's energy-management system. However, data centres' energy efficiency was a criterion in the call for tenders for data-housing services. For example, power usage effectiveness (PUE) was factored into the overall evaluation for selecting data-centre operators.

In many cases, CTS EVENTIM uses energy efficiency as a criterion when it procures energy-consuming devices. It issued a large new call to tender and subsequently reconfigured its office-equipment landscape (printers, multifunctional devices, scanners). The selection process included an evaluation of the energy consumption of the devices proposed by the various suppliers. One of the procurement criteria was typical electricity consumption (TEC), a standard developed by Energy Star for comparing the electricity consumption of printers, copiers and scanners.

CTS EVENTIM's energy-management system covers its employees' business travel as well. It measures the energy consumed by the rental cars they use and includes this amount in the company's total consumption. In addition, CTS EVENTIM is taking steps to introduce technological innovations that keep business travel to a minimum. In the second half of 2017, it began a company-wide rollout of Skype for Business, a video-conferencing service. Going forward, this will make some business trips unnecessary and reduce costs.

9.3 Green Camping at Festivals

The Group also takes other steps to protect the environment, such as the Live Entertainment segment's efforts to reduce waste. For example, FKP aims to minimise the environmental impact of its festivals and has therefore recorded and documented their waste streams for a number of years. By evaluating the data, the company identified a considerable portion of the total waste, which for several years now has been processed by commercial sorting facilities and returned to raw material cycle. As another step toward this goal, festival merchants and sponsors are obliged to strictly separate recyclables. In addition, FKP has entered into major partnerships with Deutsche Bahn AG and metronom Eisenbahngesellschaft mbH. These arrangements entitle ticketholders for three FKP festivals – 'Hurricane', 'Southside', and 'Chiemsee Summer' – to free, environmentally friendly train travel to and from the festival; 20 to 25% of festival-goers (about 35,000 people) now take advantage of this offer.

MLK began offering green camping in 2011. Under this programme, festival-goers pledge to dispose of their rubbish and to take back with them all objects they brought to the festival grounds. FKP festivals have offered a similar programme since 2011 as well. The programme was successfully tested that year by a predecessor event of 'Chiemsee Summer': visitors to the 'Rock am Ring' festival pledged to help make better use of the site's available space by not bringing along superfluous camping equipment and to help ensure adequate rest and recovery by remaining quiet between 1am and 8am.

10 Assurance Report

Limited Assurance Report of the Independent Auditor regarding the separate non-financial corporate report¹

To the Supervisory Board of CTS EVENTIM, München

We have performed an independent limited assurance engagement on the separate non-financial corporate report as well as the by reference qualified part of the combined management report “Corporate structure and business operations” (further „report”), of CTS EVENTIM, München (further „CTS EVENTIM”) according to §§ 315b, 315c in conjunction §§ 289c to 289e HGB for the period from January 1 to December 31, 2017.

Management’s Responsibility

The legal representatives of CTS EVENTIM are responsible for the preparation of the report in accordance with §§ 315b, 315c in conjunction with §§ 289c to 289e HGB.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances.

Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the report in a way that is free of – intended or unintended – material misstatements.

¹ Our engagement applied to the German version of the separate non-financial corporate report. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

Independence and Quality Assurance on the Part of the Auditing Firm

We are independent from the company in accordance with the requirements of independence and quality assurance set out in legal provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

Our audit firm applies the legal provisions and professional pronouncements for quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed of the report within a limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the report, has not been prepared, in all material respects in accordance with §§ 315b and 315c in conjunction with §§ 289c to 289e HGB. We do not, however, issue a separate conclusion for each disclosure. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor's own judgement.

- Within the scope of our engagement, we performed amongst others the following procedures:

- Inquiries of personnel at corporate level who are responsible for the materiality analysis to get an understanding of the process for identifying material topics and respective report boundaries for CTS EVENTIM
- A risk analysis, including a media research, to identify relevant information on CTS EVENTIM's sustainability performance in the reporting period
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of disclosure on environmental, employee and social matters, respect for human rights as well as combatting corruption and bribery matters, including the collection and consolidation of quantitative data
- Inquiries of personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, the conduction of internal controls and consolidation of the disclosures
- Evaluation of selected internal and external documents
- Analytical evaluation of data and trends of quantitative disclosures which are reported by all sites on corporate level
- Assessment of the overall presentation of the disclosures

Conclusion

Based on the procedures performed and the evidence received to obtain assurance, nothing has come to our attention that causes us to believe that the report of CTS EVENTIM for the period from January 1 to December 31, 2017 is not prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

Restriction of Use / Clause on General Engagement Terms

This report is issued for purposes of the Supervisory Board of CTS EVENTIM, München, only. We assume no responsibility with regard to any third parties.

Our assignment for the Supervisory Board of CTS EVENTIM, München, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this report, each recipient confirms notice of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the General Engagement Terms with respect to us.

München, February 28, 2018

KPMG AG

Wirtschaftsprüfungsgesellschaft

Laue Wirtschaftsprüfer

ppa. Auer

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