

## Battle for the chairmanship escalated - A turning point at CEWE

(An editorial by Thomas Blömer in the April 2022 issue of imaging+foto contact)

The first news came out of the blue on the evening of March 17th: The Chairman of the Board of Trustees of the Neumüller Cewe Color Foundation, Dr. Rolf Hollander, announced that the majority of the committee had decided to terminate the contract of CEO Dr. Christian Friege - not to extend it beyond December 31, 2022. Ten minutes later, the company's supervisory board and the heirs of the company founder announced in another report that they had approved a contract extension.

After many observers on the stock exchange and in the industry had asked themselves what was happening in Oldenburg, Dr. Hollander and three other members of the Board of Trustees followed up on the evening of April 1st and formulated harsh allegations against Friege in a form that would never have thought possible to be accepted at Cew. The company has since responded to some of those allegations. These events are the reason for the unusual form of this editorial.

This is what happened: until March 17, there was not the slightest sign that a personnel change at the top of the Cewe board was even discussed. All the more surprising was the message from the Board of Trustees, which we reproduce here verbatim: "The Chairman of the Board of Trustees of the Neumüller Cewe Color Foundation, Dr. Rolf Hollander, announced that the Board of Trustees, due to differing opinions on corporate management, with a majority decision, cancelled the Management Board contract of the Chairman of the Management Board, Dr. Christian Friege, which will not extend beyond December 31, 2022. As a personally liable partner, the Neumüller Cewe Color Foundation manages the business of the listed Cewe Foundation & Co. KGaA. The Board of Trustees decides on the composition of the Executive Board. Dr. Friege has offered to ensure continuity in leadership and enable a smooth handover. The decision on the successor has not yet been made."

### Supervisory Board and Heirs for Friege

A few minutes later, Cewe's Investor Relations department published another report - this time on behalf of the Supervisory Board. In it, the chairman of this committee, Otto Korte, stated the following on behalf of the supervisory board regarding the report from the board of trustees: "The supervisory board of Cewe Stiftung & Co. KGaA speaks to Mr. Dr. Friege. He expresses his express thanks: 'Mr. Dr. Friege. The Supervisory Board is convinced that Friege has had a significant impact on the positive development of the company and earnings. The cooperation between the supervisory board and that of Dr. Friege's board has always been characterized by openness, trust and mutual respect. We would have been very supportive of a contract extension and would like to thank Dr. Friege expressly for the work he has done and for his promise to enable a smooth handover in the interests of the company,'" said the Chairman of the Supervisory Board,

Otto Korte. The heirs of company founder Heinz Neumüller, Cewe's largest shareholder (27.1 percent shareholding), also share this view: "Dr. Friege can be proud of his excellent work. The company has become more valuable year after year and has shown, not least in the COVID-19 pandemic, that the business model is resilient. This long-term orientation is not only in the interest of investors, employees and customers, but also corresponds to the thinking and actions of the company founder Heinz Neumüller. Dr. Friege has enjoyed our full trust at all times, and we would have welcomed a contract extension," the heirs said.

### Surprise for the Industry and the Stock Market

The process caused great surprise among many observers. Because in the past financial year, Cewe - like many other companies - felt the effects of the corona crisis, but achieved its profit targets and earned enough money that the shareholders received the 13th dividend increase as a result of the business. In addition, the Oldenburg-based image and print service provider has always been a haven of stability, reliability and continuity. In the 61 years of its existence, Cewe has only been managed by four CEOs: Company founder Heinz Neumüller was followed in 1992 by Hubert Rothärmel, who passed the office to Dr. Rolf Hollander and assumed the chairmanship of the supervisory board. In 2007, the two managers successfully fended off a malicious attack by obscure hedge funds. Since 2017, Dr. Christian Friege has been the head of the Management Board. Each of the four CEOs to date has managed to master major challenges with impressive success.

Heinz Neumüller built the company he founded into the leading large laboratory chain; Hubert Rotharme brought Cewe to the stock exchange and pushed ahead with internationalization before setting the course for the digital transformation at the beginning of the millennium. Dr. Rolf Hollander then carried through with bravura and courage by not only changing the company's key technologies, but also establishing a new business model: the anonymous service provider for retailers became a successful branded goods company. Finally, Dr. Christian Friege has strengthened Cewe's presence in the field of mobile imaging since taking over as CEO, e.g. through the acquisition of Cheerz, guided the company through the corona pandemic with a sure hand and, in his additional function as Sales Director, won the British drugstore chain Boots as a customer. Under Friege's leadership, Cewe has not only generated the highest sales, but also the best results and the highest dividends in the company's history. And the company won the Axia Best Management Companies Award in 2020 and 2021, which is presented by Deloitte, WirtschaftsWoche, Credit Suisse and the Federation of German Industries (BDI) as a seal of quality for successful medium-sized companies.

### The Board of Trustees Appoints the Board of Directors

Cewe's corporate structure is unusual for a stock corporation, because the Supervisory Board does not decide on the composition of the Management Board. The management of Cewe Stiftung & Co. KGaA, as the company is officially called, is the responsibility of the Neumüller Cewe Color Foundation, whose board of trustees appoints the board. The foundation has laid down the procedure for appointing this body in its statutes, which are not public. In addition to the chairman Dr. Rolf Hollander, the board of trustees currently consists of the chairman of the supervisory board, Otto Korte (as deputy chairman), lawyer Helmut Hartig (as representative of the heirs of the company founder) and the three independent members Dr. Kay Hafner (Essen), Katharina Le Thierry (Munich) and Matthias Peters (Hamburg). According to information from the Nordwest-Zeitung, Korte and Hartig on the Board of Trustees voted against the decision not to extend the contract with Friege. At the annual company balance sheet press conference on March 31, Friege himself referred to the powers of the Board of Trustees: according to the CEO, who is still in office, the Executive Board must take note of and accept the decisions of this body. "We don't have to communicate that or make assumptions about what will happen next," stressed Friege.

When asked by a media representative, he also stated in an attempt to smooth the waves of the personnel debate: The decision of the board of trustees, he quoted its chairman, was mostly made on the basis of different opinions about the company management. According to Friege, it was not met because the company's results were considered insufficient or the strategic positioning was called into question. Irrespective of who will be at the helm of the company after December 31, 2022, Cewe's strategy will not change, emphasized Friege. "There is a consensus on this between the Board of Trustees, the Supervisory Board and the Executive Board."

### Harsh Allegations

Anyone who had expected the discussion to calm down afterwards learned otherwise on the evening of April 1st. In a harsh press release about the reasons for the personnel decision, the majority of the board of trustees raised serious allegations against Friege. In the wording: "The majority decision of the Board of Trustees of the Neumüller Cewe Color Foundation on March 17, 2022, not to renew the contract of CEO Christian Friege after the expiration on December 31, 2022, has led to a number of questions both internally and externally. The Chairman of the Board of Trustees, Rolf Hollander, has therefore been commissioned by the Board of Trustees to provide the following clarification.

Despite Friege's quite acceptable-to-good work, which recently led to slightly declining results in 2021, the Board of Trustees have had concerns about Friege's achievements and his behavior for a long time. Two thirds of the members of the Board of Trustees are firmly convinced that Friege no longer has the necessary unrestricted trust for a contract extension - for personal reasons as well as for reasons of substance. Even with an overall well-positioned business model and the popular CEWE brand, the Board of

Trustees sees a market threatened by increasingly aggressive competition as requiring more dynamic action by the group with new, promising impulses. Chairman Rolf Hollander is convinced that the fact that Christian Friege did not recognize and implement the socially and internally important topic of women on the Management Board and other managerial functions is an inexcusable omission. Friege did not push the need to promote diversity in the company or the process of appointing a woman as head of Human Resources and Organizational Development by the Board of Trustees, but on the contrary massively obstructed it. In addition, he did not support an initiative driven by Cewe employees to promote women within the company. This shows how unimportant the advancement of women at all levels of the Cewe Group is for Christian Friege." As reported by the Nordwestzeitung, this announcement was primarily a reaction to a letter in which 83 Cewe executives at the second management level had asked the Board of Trustees about the reasons for its personnel decision.

### Contradiction From the Company

Cewe's operational management did not let the harsh statements sit on them. In a statement entitled "Cewe stands for value orientation" on April 3, the company commented on some of the allegations. Here is the text: "Following the most recent publication by the Board of Trustees of the Neumüller Cewe Color Foundation, the Cewe Foundation & Co. KGaA is emphasizing that the company stands for sustainable value orientation and diversity. Between 2017 (*year when Friege took office as CEO – ed.*) and 2021, the number of women in managerial positions rose by more than 50 percent from 95 to 146. At management level, half of the women were new positions to be filled by women. Overall, the proportion of women in the company is 48.5 percent (December 31, 2021). The promotion of women in management positions is reflected in the diversity in the filling of positions. This signal is particularly important to Cewe in order to provide potential applicants with a fact-based picture. The appointment of board members is the responsibility of the Board of Trustees of the Neumüller Cewe Color Foundation. Cewe stands for value-oriented, sustainable management. In doing so, the company takes into account the interests of employees as well as customers and shareholders. In the past ten years, Cewe has, both under the leadership of Dr. Rolf Hollander as well as under Dr. Christian Friege, not only expanded its European market leadership and the highest sales, not only generated results and dividends throughout the company's history, but also consistently achieved top results in the 'Great Place to Work' employee survey."

### Former Top Managers Take a Stand

Former top managers of the company have now also reacted to the harsh allegations against Friege. The former Human Resources Director, Michael Wefers, told the Nord-West-Zeitung that he was "really dismayed and appalled by what is happening at Cewe", and that this also applies to many of his former board colleagues. Wefers showed no understanding for the allegations against Friege: "You only need to look at

the development of measures to promote women in the time of Dr. Friege - and above all the development of the actual filling of positions with women in management. And then compare the filling of positions in management with women during Mr Hollander's operative time as a member of the Management Board." And he added that from his point of view as a former Human Resources Director, as a result of the allegations, it is to be feared that "Cewe will have a recruiting problem Women will get or have now if these false accusations are not corrected. "They are "damaging to reputation", said Wefers in the Nord-west-Zeitung.

### A Personal Word

In view of the sad events in Oldenburg, I am making an exception to the rule that journalists should keep their personal sensitivities out of the work. I've known Cewe since I was a child, and I've had professional relationships with this company and its managers for more than 35 years, in a spirit of trust, often on friendly terms, worked together. I have always, and I really mean always, perceived Cewe as an exemplary company whose corporate culture was shaped by the classic virtues of Hanseatic merchants. Of course, there have always been internal differences of opinion in Oldenburg over the past six decades. But it was an unwritten law that such differences were dealt with internally, while externally there was not a piece of paper between the members of management and the committees. It hurts my heart that this exemplary corporate culture is now apparently a thing of the past. On April 4th, the day this issue of imaging+foto-contact went to the printers, Rüdiger zu Klampe, head of the economics department of the Nordwest-Zeitung, wrote in his medium: "The unpleasant picture that has now emerged from the company came into being through a series of nationwide messages, does not do Cewe justice. The photo and online printing specialist is a top company. It has spectacularly mastered the transformation from analogue to digital photo production and has continued to grow steadily. What is currently going on will not make the search for good staff any easier. The existing more than 4000 employees also do not deserve this kind of public image." I have nothing to add to what my colleague said today.