

A woman in a yellow jacket is jumping on a dirt path in a field, holding a small object in the air. The path is lined with a wooden fence, and the background shows a vast, open landscape under a blue sky with some clouds. The overall mood is joyful and hopeful.

2024

Purpose and Impact Report

SHUTTERFLY

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Purpose

We make life's experiences
unforgettable.



Welcome

Welcome to our inaugural Purpose and Impact Report. In recent years, we have been taking steps toward a more coordinated approach to managing our efforts across a range of environmental, social and governance (ESG) issues. We are excited to showcase the totality of our efforts publicly for the first time. In these pages, you will read about how Shutterfly is working to understand and address the potential ESG impacts, risks and opportunities across our business.

There’s a lot to celebrate. In 2023, we completed our first Scope 3 greenhouse gas (GHG) emissions baseline to better understand environmental impacts across our supply chain. We donated more than \$650,000 to our communities through the Shutterfly Foundation as well as directly through company programs. We also contributed in-kind donations, some of which helped us reuse and repurpose material from our manufacturing process. From sustainable packaging to recyclable paper, from community volunteerism to reducing energy use in our facilities, we’re making strides that align with our purpose in many areas. We’re proud of our progress — and know that we still have more work to do. This report is a big step forward, and we are excited to use it as a way to increase transparency around our environmental sustainability and social efforts across our brands.

About Shutterfly

We believe there is extraordinary power in self-expression. That’s why Shutterfly and our family of brands help consumers create memories and capture moments that reflect who they uniquely are. Shutterfly’s brand portfolio enables all dimensions of personalization and creative design across three divisions: 1) Consumer, which includes our Shutterfly, Snapfish and Spoonflower brands, 2) Lifetouch and 3) Shutterfly Business Solutions.

Shutterfly is majority-owned by certain investment funds managed directly or indirectly by Apollo Global Management, Inc. (Apollo) and its subsidiaries and affiliates. As a company that is part of a private equity portfolio, we have a unique kind of oversight and support around ESG topics. Shutterfly contributes to Apollo’s consolidated ESG report by responding to an annual ESG disclosure questionnaire.

The questionnaire gives our executive team and Apollo’s team the ability to review our environmental and social efforts and to benchmark us against other companies and industries. Our company is also supported by Apollo’s ESG for Private Equity Team. We work with this team to get insights into recently-introduced regulations, tools for sustainability and social programs, and have the ability to collaborate with other portfolio companies working on similar efforts.

SHUTTERFLY

Shutterfly, our flagship brand, is a go-to destination of choice to discover, design and purchase unique and personalized items. Shutterfly offers a broad product assortment of personalizable items as diverse as canvas prints, jewelry, wine glasses, coffee mugs, photo books, holiday cards and wedding invitations.



Snapfish offers accessible, personalized products targeted at a value-conscious audience in categories similar to our Shutterfly brand, at a more affordable price point and with a strong presence in multiple international markets. Snapfish also provides white-label photo printing services for enterprise customers.

Spoonflower

Spoonflower is a vertically integrated curator of the most compelling assortment of wallpaper and fabric in the industry. Spoonflower connects independent artists who create custom designs with consumers, makers and interior designers looking for unique designs and products that are right for their projects.

Lifetouch

Lifetouch is a national leader in school photography, built on the enduring tradition of “Picture Day,” and serves families through portrait studios and other partnerships.



Shutterfly Business Solutions provides digital printing services for enterprise customers that enable efficient and effective customer engagement through personalized communications.

As of December 31, 2023, our company had:





Our Purpose and Mission

Our Purpose

To make life's experiences unforgettable.

Our Mission

To help people create products and capture moments that reflect who they uniquely are.

Our Approach to Creating Positive Impact

Shutterfly is committed to aligning our purpose and mission to fuel our long-term growth. An integral part of this commitment is maximizing our positive social and environmental impact within our workplace, operations, and supply chain — as well as in the larger world. We are doing this by integrating ESG topics into our operations and business decisions where possible. These considerations are overseen by our executive leadership and discussed with our Board of Directors.

Currently, we publish ESG-related information on our [website](#). As we move forward, we envision continuing to externally share the efforts we are making across our business.



Assessing Our Priority Topics

We have been hard at work developing the strong foundation required to better understand our impacts, risks and opportunities so we can take appropriate action.

In 2022, Shutterfly conducted a materiality assessment to identify the issues of greatest importance, risk and impact to our stakeholders, which include consumers, our majority shareholder, employees, vendors, business-to-business customers and community groups. The assessment provided key insights to inform our sustainability strategy and will help us set targets and goals for the future.

Our Priority Topics

The materiality assessment — which included internal and external interviews with stakeholders, employee surveys and peer benchmarking — enabled us to prioritize the following topics of greatest importance.

	Environmental	Social	Governance
High Priority	Energy use and GHG emissions	Diversity, equity and inclusion Customer protection and privacy	Ethical sourcing Data security
Priority	Waste management	Employee health and wellness Employee support and development Product responsibility	Ethics compliance
Emerging	Product life cycle	Community impact	ESG governance Transparency and stakeholder engagement

About This Report

This is Shutterfly's first Purpose and Impact Report, covering our company's environmental, social and governance efforts from January 1, 2023, to December 31, 2023, unless otherwise indicated. This report can be found online at www.shutterflyinc.com/esg/.

Shutterfly is responsible for the preparation and integrity of this report. It was reviewed by subject matter experts who contributed content. We welcome communication on our environmental, social and governance efforts and the content of this report. To get in touch with us, please contact PRinquiries@shutterfly.com.

Impact

At Shutterfly, we exist to make life's experiences unforgettable. But that's not all. We do so in a highly intentional way that creates positive impact.

Highlights and Awards

4%	Reduction in energy use across the overall company from FY2022 to FY2023
7%	Reduction in electricity consumption at our flagship manufacturing site in Fort Mill, South Carolina, from FY2022 to FY2023
1 million	Square feet of paper saved in 2023 with Shutterfly's reengineered book and card printing process
>90%	Of Shutterfly packaging units purchased in 2023 were recyclable via curbside or store drop-off programs
78%	Of Shutterfly's manufacturing waste was diverted from landfill
2,600	Pounds of fabric was recycled with our new program in Tempe, Arizona
>\$650,000	In cash donated through the Shutterfly Foundation
>\$740,000	Of in-kind donations
450	Volunteers engaged
1,400	Volunteer hours making a difference in communities



Environment

We continue to delight our customers around the world while owning our responsibility for protecting our planet's resources. This includes quantifying the greenhouse gas (GHG) emissions resulting from our operations and across our value chain. It also encompasses developing products more responsibly, reducing and recycling the waste they generate and decreasing the impact of our product lifecycle.

Climate and Energy Use

The need to take action to address climate change is ever more urgent, and we take seriously our responsibility to minimize the impacts of our manufacturing and printing operations by reducing our energy usage.

Shutterfly's manufacturing operations are the primary source of our energy use, accounting for 59% of our Scope 1 and 2 emissions. In 2023, we took steps to implement more efficient processes in our manufacturing facilities, such as reducing the amount of time large machinery stays on when not in use (refer to "Pilot Program Sees 7% Energy Reduction at Fort Mill" on next page). Another way that we have reduced energy use is through rightsizing our operations. In 2023, we closed a manufacturing location and consolidated production to existing locations, which reduced companywide energy usage by approximately 3%.

We have also adopted certain other best practices in our facilities. In the buildings and facilities where we have operational control, our standard practice is to use an automated building management system with lighting timers and sensors, and climate control settings. The facilities teams at our manufacturing sites conduct energy audits at least annually. Additionally, twice a year we work with third-party energy vendors to participate in joint audits. These regular checkpoints help us pinpoint any problems and identify ways to implement more energy efficiency measures.





Pilot Program Sees 7% Energy Reduction at Fort Mill

In 2023, Shutterfly piloted a program to change the way equipment is used at our flagship manufacturing site in Fort Mill, South Carolina. Team members selected 33 pieces of energy-intensive equipment that could be shut off without requiring extensive rehear times or calibration processes. With input from leads, operators and technicians, managers identified when equipment should be turned on and off and developed new schedules to more easily distinguish when equipment was unnecessarily running.

The production teams at the site spent three months prior to implementation evaluating various processes for optimal impact. Once the equipment was identified and the new operating processes were tested out, full implementation went into place in July. Over the course of just four months, the pilot program saw a 7% reduction in energy consumption at the site. Once it became clear that the plan was working, the schedules were integrated into job instructions and training.

Renewable Energy

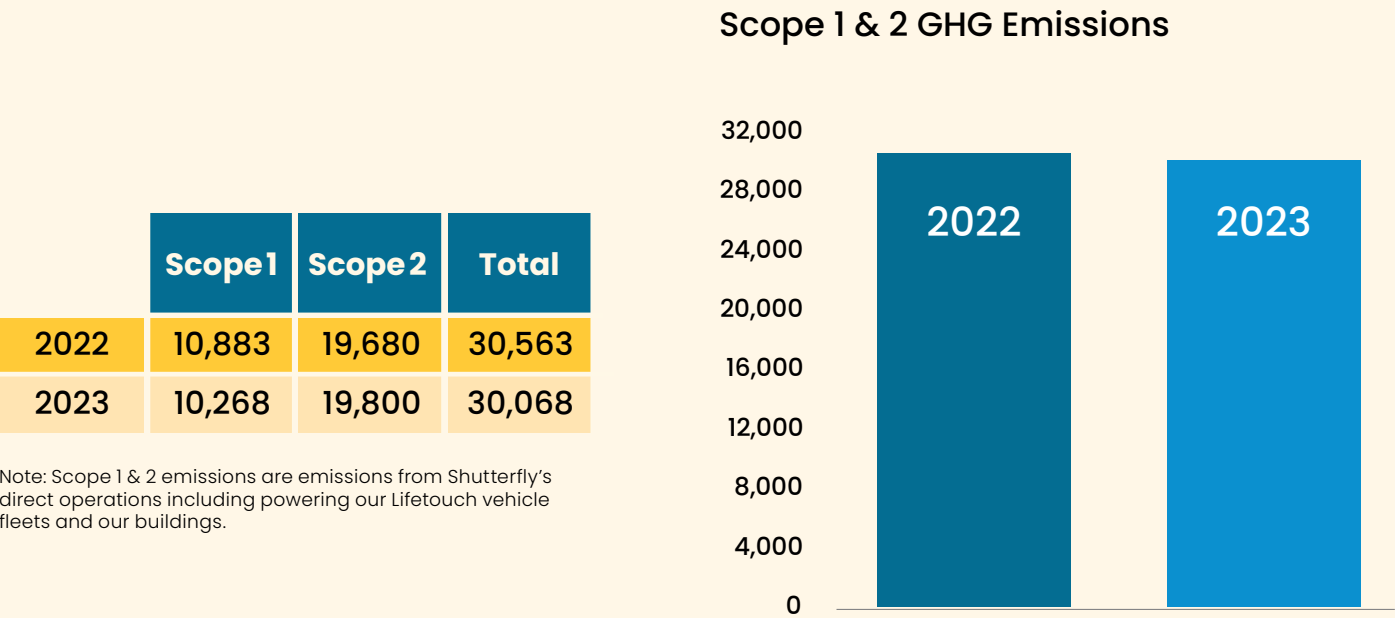
Shutterfly sources renewable energy through both grid renewable energy generation and Green Tariff programs, in which utilities give customers the option to meet their energy needs with renewable energy sources. Here are other efforts we are making in expanding our use of renewable energy.

- Three of our larger manufacturing facilities — in Tempe, Arizona; Fort Mill, South Carolina and Plano, Texas — have worked with local utilities to monitor and measure the renewable energy powering their annual consumption and are now sourcing a minimum of 5% of their energy from a combination of hydroelectric, wind or solar sources.
- Shutterfly’s Corporate Sustainability Manager, Kierstan Thomann, worked with Tempe’s electric utility company, Salt River Project (SRP), to provide feedback on SRP’s development of a power content label, which is a detailed breakdown of SRP’s retail customer product mix and carbon intensity based on megawatt-hours generated. This allows companies, including Shutterfly, to see what kind of energy is being used and inform renewable energy or decarbonization plans and opportunities.
- In Canada, one of our Lifetouch manufacturing facilities, warehouse locations, and several Lifetouch offices use electricity generated from renewable hydroelectric sources.

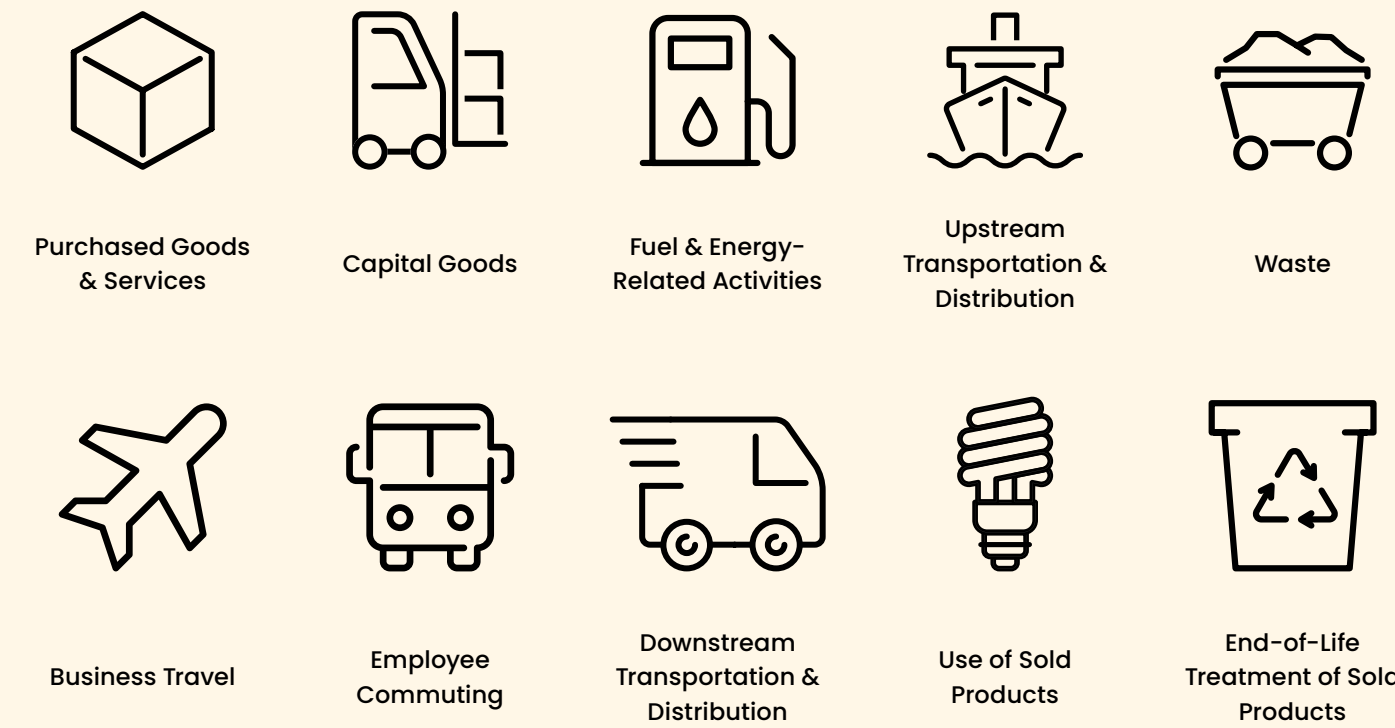
Emissions in the Supply Chain

Shutterfly’s Scope 3 emissions are indirect emissions from our value chain that we do not directly own or control. In 2023, we completed a mapping activity to identify which of the fifteen Scope 3 categories are relevant to our operations, in accordance with the GHG Protocol. We then calculated the emissions from the relevant categories. This activity informed us that our Scope 3 emissions are estimated to contribute to over 92% of the company’s total emissions. As a result, it is crucial for our sustainability strategy to measure these emissions to identify areas of focus so we can address them in the future.

Scope 1 & 2 Year-Over-Year Comparisons



Shutterfly’s Applicable Scope 3 Categories





SUSTAINABLE SUPPLIER SPOTLIGHT

Prima’s Sustainable Energy

Our Snapfish fulfillment partner in Australia, Prima, has facilities powered by a 200-kilowatt onsite solar energy farm with over 700 panels. This has generated over 269,000kw in energy to date, which is able to cover 80% of Prima’s energy requirements, minimizing the amount of electricity that Prima consumes. In July of 2023, the company became 100% carbon neutral, supplementing any energy not generated by their solar farm, a nearby wind farm and hydroelectric power.

Atlantic Packaging

Atlantic Packaging provides packaging materials to Shutterfly’s family of brands. In 2023, Atlantic’s plan to reach net-zero greenhouse gas emissions by 2046 was approved by the Science Based Targets initiative (SBTi), the first packaging company in North America to do so. Science-based targets are considered the gold standard in corporate climate action because of the level of validation and the kind of climate action required.

Climate-Related Risk Management

In a world grappling with climate change, identifying potential risks is essential.

Our Sustainability team monitors climate-related risks on an ongoing basis and partners with our Legal team annually to consolidate the risks into a comprehensive assessment. The framework and risk-assessment process aligns with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Once the risks are outlined, other teams — including our Direct Materials Supply Chain, Transportation & Logistics, Partner Fulfillment, Property Risk and Manufacturing — review and quantify these risks annually. These risks are then evaluated to determine their priority and to see what risk mitigation actions have already been taken.

In 2023, the most near-term material risks identified for our company included transition risks from increased ESG oversight, ESG disclosures and digital acceleration, and physical risks to facilities and partners in areas more vulnerable to the effects of climate change.

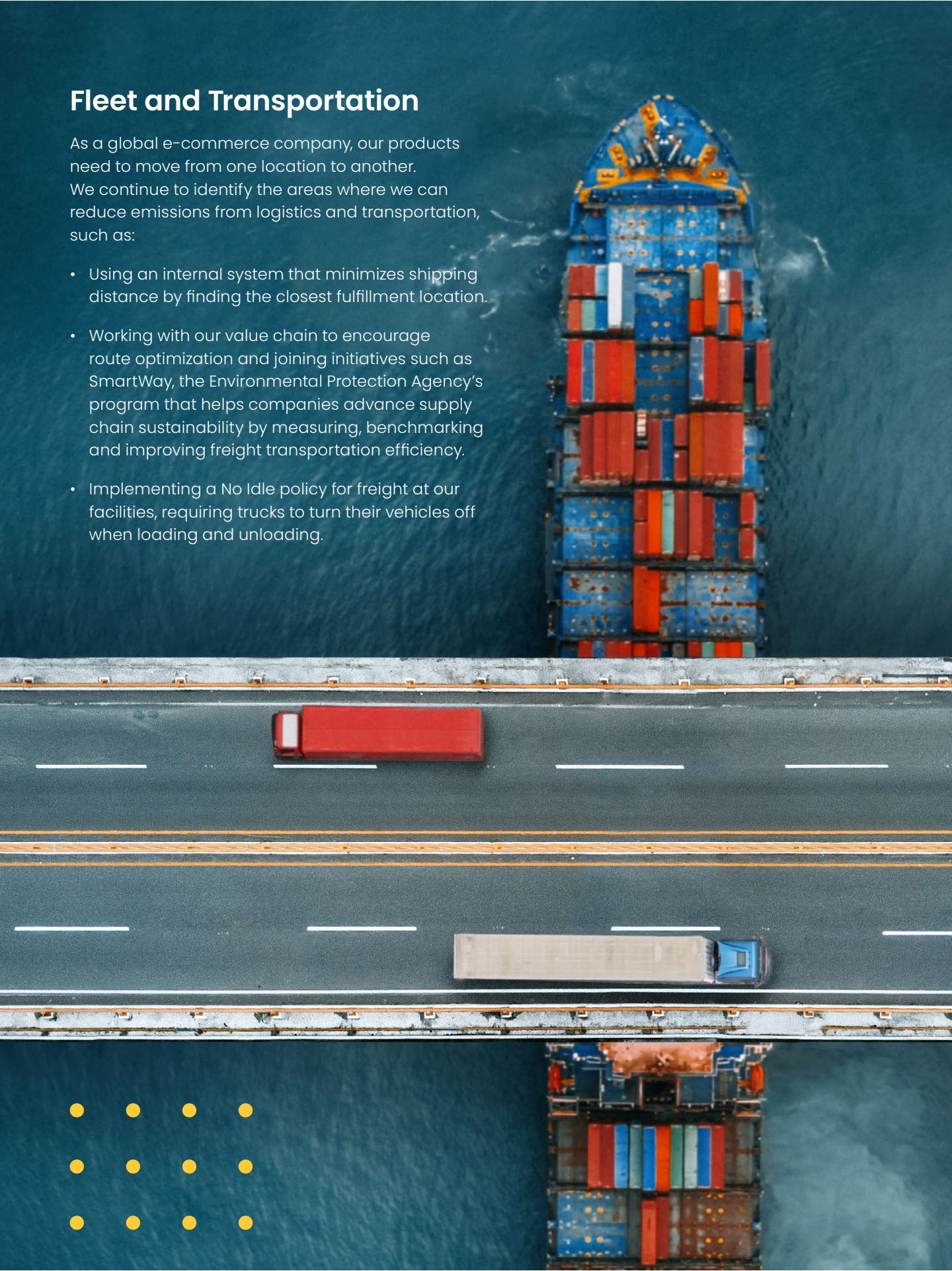
To minimize impacts from physical risks, the Operations and Supply Chain teams work together to continuously monitor events that could impact production and distribution, such as weather events. If necessary, they attempt to redistribute production to regions less likely to be impacted. When a material is expected to be impacted, such as cotton, the teams are diligent at identifying alternative sources. To prepare for and mitigate the transitional risks identified, Shutterfly continues to improve our climate-related data collection, disclosure process and risk management.

Our company has participated in Climate Disclosure Project (CDP) reporting for the last two years. Through this disclosure, we’re able to share information about our emissions, ESG oversight, climate risks, and emissions-reduction efforts with our stakeholders. Shutterfly also reviews proposed and passed legislation to confirm where additional preparation may be needed leading up to regulatory deadlines.

Fleet and Transportation

As a global e-commerce company, our products need to move from one location to another. We continue to identify the areas where we can reduce emissions from logistics and transportation, such as:

- Using an internal system that minimizes shipping distance by finding the closest fulfillment location.
- Working with our value chain to encourage route optimization and joining initiatives such as SmartWay, the Environmental Protection Agency’s program that helps companies advance supply chain sustainability by measuring, benchmarking and improving freight transportation efficiency.
- Implementing a No Idle policy for freight at our facilities, requiring trucks to turn their vehicles off when loading and unloading.





Celebrating Fashion Revolution with our Spoonflower manufacturing teams.

Waste

We aim to be responsible stewards when it comes to minimizing waste and disposing of it properly.

Reduce & Recycle

Because of our waste initiatives, in 2023 Shutterfly's manufacturing platform achieved a 78% diversion rate, meaning out of all the waste that resulted from creating products, less than 25% ended up in a landfill or incinerator.

In 2023, 48% of Shutterfly's waste was paper. This is the largest waste stream produced in our facilities. We use ink and coatings that are recycling compatible and have trim collection systems that ensure that even small bits of paper can be collected and recycled.

Because so much of our industrial waste can be recycled, we take extra care to reinforce good recycling practices through on-the-job training, signage and audits across all of our manufacturing sites. In 2021, we introduced color coding and signage to make it easier to sort waste at a glance. In 2022, this was formalized and added to our job instructions and on-the-job training materials. Our Operations teams audit our waste streams monthly to minimize contamination (recyclables going to landfill containers and vice versa) and annually to identify additional recycling opportunities and get cross-functional input on overall effectiveness.

While we know these best practices are important and contribute to our high recycling rate, we aim to reduce the amount of waste created in the first place. For example, we optimize our printing batch size to minimize partially-printed sheets while maintaining high print quality. In 2023, our Process Innovation Team reengineered our book and card printing process. As a result, we reduced paper consumption by more than 1 million square feet.

Paper isn't our only waste stream, and as we've grown with some new businesses and products, we've introduced materials that need additional solutions for recycling and reduction. For example, in 2023, we integrated textile production for customized fabric products at two of our facilities. To minimize trim waste for canvas and other textiles at these facilities, we utilize a large-format trimmer that allows us to lay out customer orders efficiently, which minimizes the amount of unprinted space that needs to be cut off or removed when completing an order.



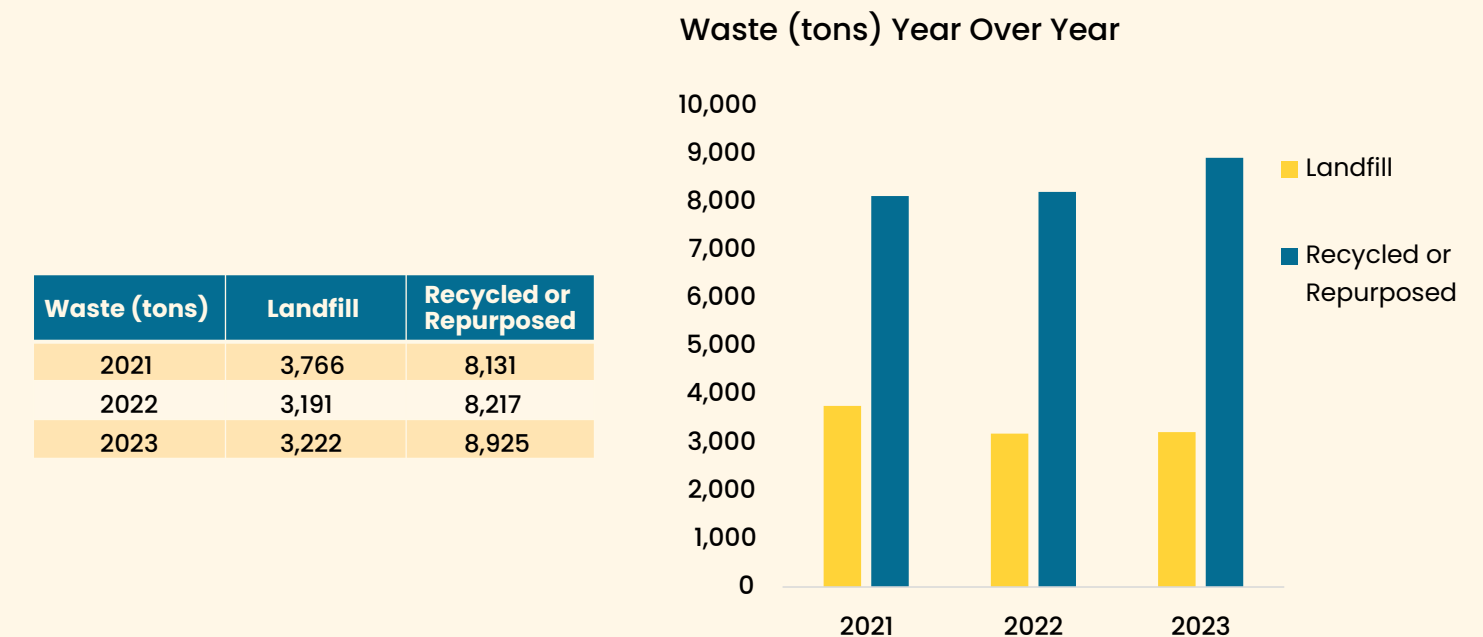
Piloting a New Ink Recycling Program

We have partnered with one of our printing suppliers to pilot a program to recycle the industrial inks required in their printers. The idea dates back to 2020, when we began to recycle ink canisters by sending them back to the supplier for cleaning and refill. The large plastic canisters can be reused, but still have residual ink that needs to be cleaned and processed. After some trial and error and feedback from Shutterfly, our supplier restructured the recycling program, which has now been successfully running at our facility in Plano since June of 2022

It can be difficult to find recycling options for textiles, which are known to be a large contributor to global waste. We introduced a new recycling program to divert natural and synthetic textiles from the landfill at our Tempe facility. The program diverted over 2,600 pounds of fabric. Looking forward, we hope to find a similar solution for the textile waste produced at our Fort Mill, facility and will continue to explore other creative solutions for repurposing this material.

As a manufacturer, we accumulate unique process waste that can have qualities that make recycling a challenge, such as large-format toner cartridges made of a combination of plastic and aluminum. We collaborate with our supply chain partners to test and support recycling options for these materials. In 2023, these supplier-supported return programs recycled more than 5,200 pounds of material.

Waste Year Over Year Comparisons



Reusing Scrap Materials

Manufacturing our products can result in usable scrap materials, and we take care to avoid wasting them. In 2023, Shutterfly donated more than 130,000 pounds of material including paper, fabric, wallpaper, picture frames and home décor items. These went to places such as Kids In Need Foundation, an organization that provides supplies to under-resourced teachers and students, and Habitat for Humanity’s ReStores, as well as a number of local creative reuse nonprofits like Tempe’s Treasures 4 Teachers. (See “Turning Trash Into Treasures”, below.)

2023 Scrap Material Donations:	
20,915	Pounds to Kids In Need Foundation
68,430	Pounds to Habitat for Humanity
15,184	Pounds to Treasures 4 Teachers
8,440	Pounds to local school districts



A teacher from a local Arizona school turned a Shutterfly frame into a ‘photo booth’ for Meet the Teacher Night

Turning Trash Into Treasures

At Shutterfly, we think deeply and creatively about how our materials can be used to bring joy to others once they’ve exited our pipeline. That’s why we donate materials to local organizations and local school districts, who then find creative ways to reuse them.

Chloe Reynolds, a teacher from Student Choice High School in Tempe, relies on Treasures 4 Teachers to find low-cost materials and a multitude of resources that teachers can use to make their classrooms into more engaging and creative spaces. She was excited to use some picture frames that Shutterfly donated as shadow boxes, which her classes will use to display famous historical figures that they are studying. “Creativity brings a form of freedom of expression into the classroom,” she says.



Supply Chain

We expect our suppliers to care as much about social, ethical and environmental issues as we do. That’s why we have processes in place to vet potential suppliers. We start by embedding performance criteria into the selection process.

All new suppliers complete a supplier evaluation questionnaire that requests information relating to their supply chain, such as the country of origin for raw materials, current social compliance and quality audits in place for their manufacturing partners. We also request any other documentation that demonstrates adherence to the ethical and fair treatment of facility workers and to state and federal environmental regulations.

In addition to the questionnaire that new suppliers complete, we ask our direct materials suppliers and our partner network to complete an annual voluntary ESG Self-Assessment (see highlights below) that provides information about their ESG policies or commitments, what ESG data and indicators they’re measuring, any targets they have set and their participation in additional voluntary disclosures. We also seek information on GHG emissions, diversity, equity and inclusion (DE&I) efforts, worker welfare and human rights topics. This gives a good picture of our strengths and weaknesses throughout our value chain and helps us find opportunities to partner together to improve these areas. In 2023, more than half of our audience responded to the assessment, an increase from 2022, showing a positive increase in engagement in this space.

ESG Self-Assessment Highlights

- 69% Have made public commitments for one or more ESG topics.
- 52% Track metrics for energy and waste, with the number of suppliers/partners tracking emissions increasing from 18% in 2022 to 26% in 2023
- 67% Promote diversity within their organization through activities such as Employee Resource Groups (ERGs) and talent and acquisition initiatives



Sourcing Paper Responsibly

sappi

Shutterfly's largest paper supplier, Sappi North America (SNA), is a leader in sustainability. Sappi has one of the lowest carbon footprints as a result of using renewable or alternative fuels for 78% of its energy needs. SNA mills are triple certified by leading sustainable forestry organizations ensuring that its paper and packaging products are sourced from responsibly managed forests. SNA's forestry practices go beyond just harvesting trees. They actively work to protect soil and water resources and plan for plant and animal habitat enrichment, promoting biodiversity.

Our Commitment

We work with suppliers that stand behind our paper sourcing policy. Our paper comes from sources that:

- Comply with applicable laws and regulations
- Conserve or maintain biodiversity and ecosystems
- Protect human rights
- Do not harvest or process from areas engaging in human rights, violations or armed conflict, use genetically modified trees or come from uncertified, high conservation value forests

Product Responsibility

We have taken steps to minimize product lifecycle impacts along all stages, including design, materials sourcing, manufacturing, distribution and packaging, product use and end-of-life disposal.

Paper-based products account for more than 70% of our revenue, so sourcing from well-managed forests and mills that take their environmental impacts seriously is one of our priorities. In 2023, our Spoonflower brand went live with three wallpapers certified by the Forest Stewardship Council®, a global, not-for-profit organization dedicated to the promotion of responsible forest management worldwide. This makes it easy for customers to feel confident in these responsible sourcing practices and creates more transparency in the pulp and paper sourcing. Our brands continue to evaluate third-party certifications and other ways to validate our responsible paper sourcing.

We also know that part of product responsibility is considering the full life cycle of the product. Our paper products are printed with inks and coatings that are compatible with recycling programs. We have also started looking at opportunities to provide circular products that incorporate recycled material. For example, Spoonflower has an eco-friendly product, REPREEVE®, which is a canvas made from recycled bottles. In 2023, we shipped 26,000 yards of this recycled canvas to customers. We are excited to bring in more paper products made from postconsumer material and continue closing the circularity loop.

As sustainable innovations emerge, we embrace them. For example, we are working with our suppliers and partners to test more options for higher recycled content, easier recyclability and less plastic in our products.

In addition to sourcing materials responsibly, we work to ensure that we are selling products that are safe for our employees to make and for our customers to use. Our Product Compliance Team is dedicated to staying up to date with consumer safety regulations as new information becomes available and ensuring our products are aligned with these regulations.



Delivering a Quality Customer Experience

Product responsibility includes making sure our customers are happy with their orders. We track top customer concerns and initiate continuous improvement actions to ensure our customers receive products that meet or exceed their expectations. This year, we introduced layered process audits, which span all levels of manufacturing leadership to proactively identify any opportunities for improvement in our processes. Improvements could be paths for waste reduction, quality enhancements or higher efficiency. Because this involves participation from all levels of employees, it reinforces that through the organization, quality is everyone's responsibility.



Packaging

As an e-commerce company, the packaging we use to ship our products is a significant part of our footprint. We see this as an opportunity to become more circular, supporting the recycling industry. Since 2022, we have increased the recycled content in our corrugated shipping boxes, which now include **a minimum of 60% recycled content and 45% postconsumer waste.** Including postconsumer waste is an important step toward sustainable packaging because it reinforces curbside recycling programs and puts that material to use.

In addition to changes to make our packaging more sustainable, Shutterfly has added a recycling statement with our products to better inform customers of what packaging materials can easily be recycled. Today, over 90% of the packaging used for Shutterfly can be recycled through curbside or store drop-off programs.





Social

At Shutterfly, we don't think small. We see the big picture when it comes to how we show up at the workplace, for our communities and for each other. We focus on the collective good because we believe that's what makes us strong. From employee development to partnering with local community organizations, we reach high to meet our collective goals.

Employee Engagement

Engaged employees feel valued and inspired to do their best work. That's why we provide ways for our employees to use their voices, explore new angles, and stay connected. We are always learning and continue to look for ways to engage employees.

This includes communicating our efforts and letting employees know the resources available to them. For example, Shutterfly sends a companywide monthly newsletter that includes cultural issues; employee updates; and diversity, equity and inclusion-related information. The company hosts Town Halls with the CEO and executive team so that employees can have more visibility into how company decisions are made and how they're connected to the overall strategy.

We continue to ask for feedback, which we take very seriously. Feedback helps managers know exactly what they can focus on to deliver a better employee experience, and often results in developing action plans. Another way we seek to improve the experience of our employees is by reviewing our employee engagement scores from our employee satisfaction survey by gender, race and ethnicity to identify any issues that may need attention within specific employee populations. In our 2023 Pulse Survey, we had a 77% response rate, which is two percentage points higher than the industry benchmark we compare against.

Our employees work tirelessly toward our purpose and our mission. But they still like to have fun, and we encourage this at every turn. Shutterfly sponsors Family Photo Days for family portraits, as well as small, team-driven networking and social events, such as onsite lunches for our manufacturing teams and Together Tuesdays at our office in Eden Prairie, Minnesota. One highlight is an annual cornhole competition in Tempe, now in its fourth year. In 2023, 72 teams signed up for the playful competition.

We love to celebrate our exceptional employees. In 2023, the Maximum Aperture program recognized employees for going above and beyond what is expected. Exceptional individuals or teams were chosen for quarterly Top Shot awards, culminating in the annual Maximum Aperture Award winners.

“Not only do people have the chance to engage in playful competition with their coworkers but they are outside enjoying the nice weather, laughing, listening to music, and having fun. The cornhole competition is a great opportunity to have a fun time while at work, and employees look forward to it every year!”

— Stephanie Gamache
Staffing & Facilities Manager



Meet a 2023 Top Shot Award Winner

Ketki Naik was one of the Q1 Top Shot Award winners in 2023, along with her Product Management Team. The team was acknowledged for launching one of our business-to-business partnerships.

“Truly honored to receive the Top Shot Award for 2023! Grateful to be part of a company that values and nurtures its top performers, providing opportunities for growth. Thanks for believing in me! Excited for what lies ahead!”

— Ketki Naik
Senior Principal Product Manager

Employee Development

When our employees are moving fearlessly, seizing new opportunities and tackling challenges, we all win. That's why we offer a variety of development and mentorship programs for employees and people managers companywide to build new skills to advance their careers within the company. These learning programs were developed internally with LinkedIn Learning resources and based on the evolving needs of our organization. Professional development topics include change management, support for hybrid and remote models and role-specific training to support skill development and career growth. At our manufacturing sites, we host onsite career and development fairs for people to learn about new possibilities.

77%

Response rate for
the 2023 employee
satisfaction survey



Health and Safety

Whether at a manufacturing site or in an office building, everyone deserves to be safe at work.

We're proud of our rigorous safety program, which has allowed us to was accepted into the best-in-class safety rates at our Shutterfly manufacturing sites. For example, in 2019, our Tempe site achieved OSHA Voluntary Protection Programs (VPP), which recognizes companies that go beyond compliance to promote the well-being of their employees. The site has maintained their VPP status and top-tier incident rates since then.

Total Recordable Incident Rate (TRIR)
Shutterfly Manufacturing Platform TRIR 1.34
Days Away, Restricted or Lost Time (DART)
Shutterfly DART 1.04

****Note:**
TRIR Industry Standard = 2.7
DART Industry Standard = 1.8
For industry comparison we used NAICS Code 323111
(Commercial printing for facilities with 250+ employees)

To look at our safety performance proactively, we utilize leading indicators such as Near Miss tracking, monthly audit scores, percentage of audits completed on time and the number of cause analyses performed for safety incidents. In addition to Near Miss reporting, we track corrective action quality and time to complete corrective action with performance goals in place. Using these leading indicators allows us to identify risks or concerns that could lead to injuries or unsafe situations and correct them before an accident occurs.

Safety Training

Safety orientation is provided as part of the employee onboarding process, and we require annual refresher training sessions. The type of safety training employees receive is dependent on job type and their state's compliance requirements.

Manufacturing employees receive general production safety training and job safety training, as well as annual Hazardous Communications training. Our manufacturing sites perform monthly safety audits using the company's safety management system, while hazardous waste audits are performed weekly.

All manufacturing sites have established emergency evacuation procedures, with drills performed regularly. For our office employees, we offer ergonomic assessments and emergency preparedness programs.

Employee Well-Being

It's important to us that our employees experience life's important moments feeling healthy and balanced. Our holistic approach to well-being encompasses all aspects of wellness and work/life balance, featuring a comprehensive Total Rewards program that includes health, retirement and incentive plans, as well as perks from pet insurance to discount codes for free merchandise.

In 2023, we announced our Presence With Purpose initiative. This is our strategy for a thoughtful and balanced way of getting employees into the office, while maintaining some flexibility in the roles where it's feasible. We have designed our approach as leader-led, with leaders largely having the flexibility to determine the roles that work best in the office or remotely.

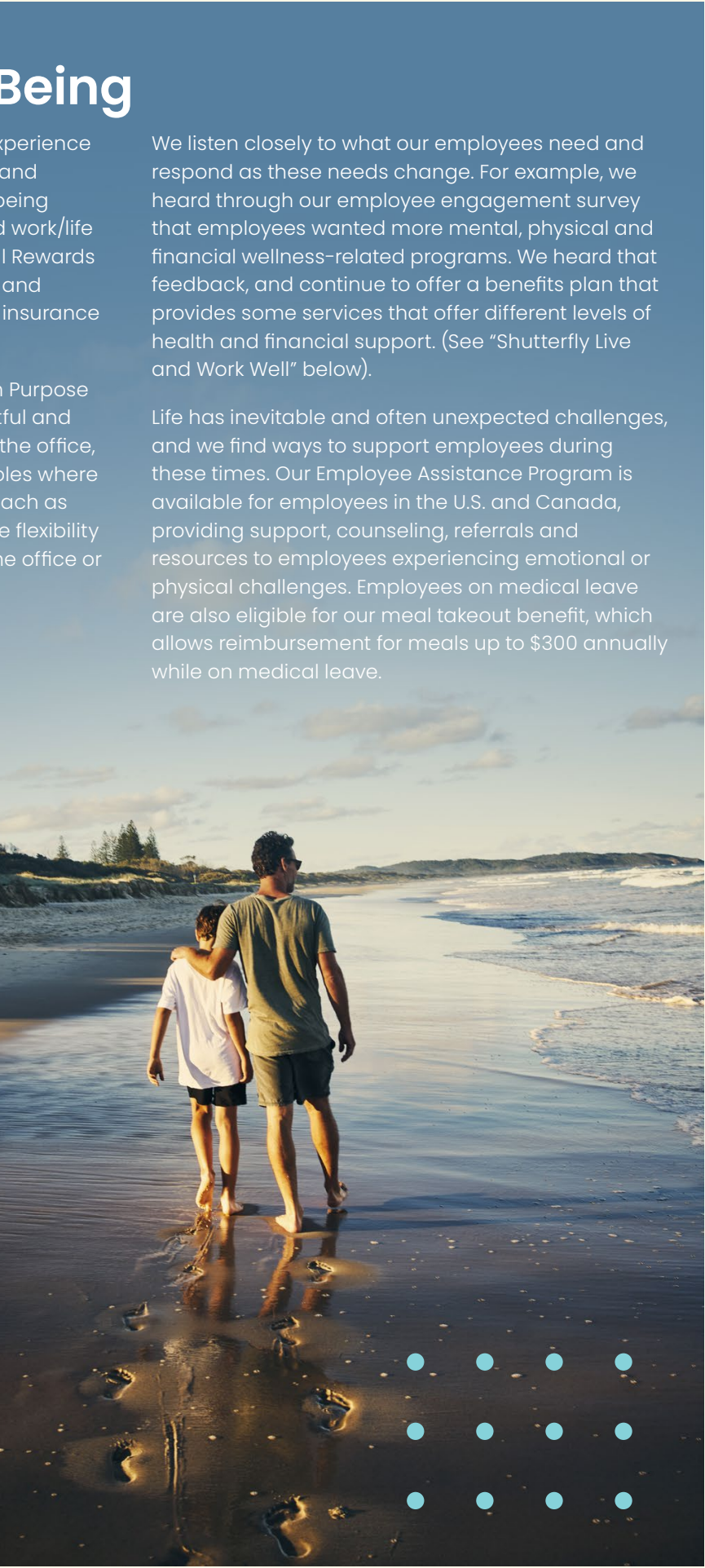
We listen closely to what our employees need and respond as these needs change. For example, we heard through our employee engagement survey that employees wanted more mental, physical and financial wellness-related programs. We heard that feedback, and continue to offer a benefits plan that provides some services that offer different levels of health and financial support. (See "Shutterfly Live and Work Well" below).

Life has inevitable and often unexpected challenges, and we find ways to support employees during these times. Our Employee Assistance Program is available for employees in the U.S. and Canada, providing support, counseling, referrals and resources to employees experiencing emotional or physical challenges. Employees on medical leave are also eligible for our meal takeout benefit, which allows reimbursement for meals up to \$300 annually while on medical leave.

Shutterfly Live and Work Well

This is a confidential program to help full-time employees deal with challenges such as stress, anxiety, depression, chemical dependency, relationship issues, legal issues, parenting questions, financial counseling and dependent care resources. It includes:

- Five no-cost in-network counseling visits per plan year
- 24/7 access to an emotional well-being specialist
- No-cost attorney consultation
- Two calls with a money coach per year
- A library of on-demand resources



Diversity, Equity and Inclusion

Supporting a diverse and inclusive workforce directly reflects our core value of embracing our differences, because at Shutterfly, we know that our differences make us stronger. Different lived experiences, different perspectives and the ability to bring each person’s whole self to work not only creates a better environment but also drives better results.

In 2020, we launched a long-term DE&I vision and we continue to build on this foundation by embedding DE&I throughout our business. One example is recruitment. In order to attract a diverse workforce, we partner with Apollo’s HBCU Network and the Professional Diversity Network for job postings to reach a wide talent pool in areas that are underrepresented.

We’re proud of our achievements and believe that we’ll get even further in creating the world we wish to see when we work together. Shutterfly has signed the CEO Action for Diversity and Inclusion pledge, committing to nurturing a safe and open workplace environment, advancing unconscious bias education and sharing our actions with both a coalition of fellow CEOs and more broadly with the public.

Shutterfly partners with the Connected Leaders Academy, which provides world-class leadership development programs for underrepresented leaders. As part of the program, which was launched by the consulting firm McKinsey & Company to support inclusion and equity, leaders nominate employees to participate.

“I am very impressed with this training session. The instructors and facilitators were knowledgeable, clear and concise in their training. I have met a lot of great people in the group and learned from them on our breakout sessions to understand diversity, inclusion, equality and bias. THANK YOU!”

— 2023 Embrace Our Differences trainee

To support this value throughout the levels of our organization, we offer a two-hour, interactive training called “Embrace Our Differences.” This course defines the importance of inclusion within all of our businesses. Learners make key connections between inclusion and Shutterfly’s values, customers and business success, as well as the impact that biases can have on each other.

Learners develop a path for the future and explore resources to help enable the next steps in their own DE&I journeys.

In addition to internal DE&I efforts, Shutterfly has implemented a form to track diversity within our suppliers. All new suppliers indicate if they fall within one of our outlined diverse-business classifications. This allows us to establish a baseline for our spend with diverse groups and identify opportunities to support these types of businesses.

We track the following business diversity designations:

- Historically Underutilized Business Zone (HubZone)
- Military Interdepartmental Purchase Request (MIPR) Assisting Agency
- Minority Owned
- Service-Disabled-Veteran Owned
- Small Business
- Veteran Owned
- Women Owned

\$31M

of spend with diverse suppliers in 2023

Embrace Our Differences

More than 850 Shutterfly employees, 78% of which were people managers, participated in the Embrace Our Differences DE&I training in 2023



Employee Resource Groups

We believe there is strength in connection. Shutterfly’s dynamic ERGs provide ways for employees to come together, learn and develop leadership skills based on common interests and experiences.

Each ERG has employee leaders who drive actions and activities throughout the year, such as external guest speakers, community outreach, and professional and personal development programs. These events provide a space for employees to develop support, appreciation and respect.

Our ShutTERGroups



Orange Goes Green

Provides education and resources that promote enhanced awareness and of and advocacy for the environment and sustainability.



Frame of Mind

Focuses on the well-being, morale, effectiveness and productivity of all employees through education and awareness, creating a safe and open space to share experiences and providing resources accessible to all employees.



Women in Leadership

Promotes excellence and diversity by providing opportunities to attract, develop, motivate and retain women.



ShutterColors

Supports employees of color through talent development and leadership opportunities through education, increased visibility, professional development and mentorship.



ShutterPride

Advocates for a work environment that respects, welcomes and supports the LGBTQ+ community and its allies, and promotes education and sensitivity regarding orientation.



Valor

Promotes a culture of diversity and inclusion by providing resources and support for Veteran employees, military families and active service members.



Employees Inspire Climate Action

Orange Goes Green, Shutterfly’s environment-focused ERG, believes in taking action when it comes to the health of our planet. The group has hosted several guest speakers on topics such as personal sustainability habits, global sustainability trends and corporate sustainability achievements. The ERG has also organized hands-on events such as community cleanups and tree plantings in parks and public spaces. Orange Goes Green also sponsors an ongoing Clean Commuter Survey, where employees are entered into a raffle every time they complete a “clean commute,” such as a carpool, public transit, bike or electric vehicle. In 2023, the ERG partnered with the City of Mesa in Arizona and several companies to plant 20 trees in a nearby community park.

“The Skyline tree planting event is a great example of how residents, community organizations, public and private institutions can all play a role in adding to Mesa’s tree canopy and keeping our community cool.”

— John Giles
Mesa Mayor

Finding Valor in Volunteerism

We embrace opportunities to support the military, with a total of 16% of new hires self-identifying as veterans in 2023. Recently, our Valor (Veterans and Allies Leading for Organizational Results) ERG partnered with Veterans Bridge Home, veterans group based in Charlotte, North Carolina, to clean up Cedar Grove Cemetery, a place where many veterans have been laid to rest. The event was part of a project to bring the cemetery back to a place of peace and pride for the Charlotte community. The volunteers worked hard to restore Cedar Grove by cleaning up trash, removing debris and caring for the headstones.





2023 Highlights

More than \$650,000
donated to nonprofit organizations

Nearly \$750,000
worth of in-kind donations

Engaged 446
volunteers who spent nearly
1,400 hours making a difference
in communities

Community

At Shutterfly, our purpose is to make life’s experiences unforgettable. And we believe that everyone deserves to experience unforgettable moments.

Through a range of partnerships, programs, grants and employee volunteerism, we engage with people in our local and global communities to help open doors to life’s milestone moments, and, true to our mission, celebrate these moments along the way.

In 2023, more than 400 employees across the U.S., Canada and Israel engaged in chapter-led local volunteer events, contributed significant in-kind donations, and gave more than \$125,000 back into their local communities. Highlights included several engagements with local food banks and food pantries, toy drives, Veterans Day activities, workforce readiness support and more. Read about our work [here](#).

Our Signature Partners

Through the Open Door Project, we partner with two key international organizations: Best Buddies International, an organization changing the lives of individuals with intellectual and developmental disabilities (IDD), and Covenant House which facilitates wraparound assistance for youth experiencing homelessness. Through grants, employee volunteerism and customer activations, we amplify the tremendous work of these nonprofits — not only through needed dollars, but also in ways that are uniquely Shutterfly.



In celebration of National Friendship Day, we launched the Power of Inclusion campaign with a Friendship Toolkit for caregivers, teachers, parents and students to explore how simple acts of kindness can have a significant impact on others’ feelings of inclusion.

The toolkit, with accompanying video testimonial from Best Buddies participants, was available to download and shared across Best Buddies’ network of 2,500 schools nationwide. We also delivered Buddy Journals for nearly 10,000 buddy pairs to celebrate a year of friendship together, and supported events with Lifetouch photography.



Throughout the year, Shutterfly employees volunteered at career advancement workshops with Covenant House. Lifetouch team members photographed multiple Covenant House events, including a portrait session for young mothers and their babies for Mother’s Day.

In addition, we helped amplify Covenant House’s mission to end youth homelessness during Youth Homelessness Awareness Month with our “Share Warmth, Spread Love” campaign. This included providing 400 Shutterfly blankets to participants in the Covenant House Sleep Out in Times Square. Throughout the holiday season, we also donated 3% of the profits from blanket sales to Covenant House.



Lifetouch Memory Mission

Since its inception in 2000, Lifetouch has traveled to destinations around the world for a week of intensive volunteer service. Trips have included helping to rebuild a village in war-torn Kosovo, repairing homes in Appalachia, establishing a children’s center in Jamaica and constructing a bridge on Navajo land in Arizona. Memory Mission volunteers have also built schools across Haiti and the Dominican Republic.

Lifetouch, which runs the program, invites partners to join. On each trip, nearly 50 volunteers representing national partners in education and company employees work side by side. Over the years, the Lifetouch Memory Mission has contributed more than 6,000 days of service from more than 500 volunteers.

In January 2023, volunteers traveled to Guatemala to help a rural community build a school using recycled materials. In addition to building the school, volunteers took portraits of the community’s K-6 students, which were delivered on the last day of the trip.



Employees Supporting Employees

Shutterfly is proud to offer an Employee Hardship Fund, which provides financial assistance to employees and their family members when tragedy or crisis strikes. The program is funded by the company, and employees can also donate into the fund. Since its inception in 2016, **more than \$300,000** was granted to employees, and of that total, **more than \$60,000** has been contributed by employees. In 2023, we granted more than \$77,000 to 40 employees.

Accountability

At Shutterfly, we operate with good corporate practices and a sound governance structure. Our purpose and impact as a company are closely overseen by our executive leadership team and driven by individuals and teams who are passionate about these efforts.

Oversight



Sally Pofcher, CEO

Our Leadership

Shutterfly is majority owned by certain investment funds managed directly or indirectly by Apollo Global Management, Inc. (NYSE: APO) and its subsidiaries and affiliates. The business is led by Sally Pofcher, CEO, and the executive team, and guided by a Board of Directors. Find details and information about our current leaders at www.shutterflyinc.com/leadership.

Sustainability

Sustainability is led by our Senior Manager of Corporate Sustainability. This function sits in our Operations division and works broadly with teams across the organization to drive increased sustainability.

Diversity, Equity & Inclusion

DE&I oversight sits within our Human Resources function. The primary efforts are maintained by the Vice President of Talent, who reports directly to our Chief Human Resources Officer.

Health & Safety

Our Environmental Health and Safety (EHS) efforts are supported by a dedicated team. This function sits in our Operations division and is made up of corporate EHS staff that manage companywide programs, as well as site-specific EHS team members that can deliver to the attention required in a manufacturing setting.

Citizenship & Philanthropy

Our citizenship and philanthropy efforts are driven by employees dedicated to these programs in addition to their other roles. This function reports to our Chief Marketing Officer and is supported by site-specific teams that organize local impact opportunities.

Ethics and Compliance

We conduct business in a manner that is honest and fair, complying with all applicable regulations, and doing so with integrity. A guiding force is our transparent ethics and compliance policy found in our Code of Conduct, which includes our policies for anti-corruption, anti-discrimination, cybersecurity, DE&I, Emergency Response plan, and more. Programs may be executed differently across different brands to ensure that the training and policies are delivered in a way that is effective for every employee and to address situations that are relevant for them.

In 2023, the company revamped the Employee Handbook, making it available in a digital format and updating policies as needed. Shutterfly distributed the handbook to all employees and collected acknowledgments of receipt and review.

At the time of hire, all new employees receive training on the Code of Conduct, the prevention of harassment and discrimination in the workplace, data privacy, and technology use and security. As of 2024, Shutterfly conducts regular refresher training for data privacy, technology use and security, the Code of Conduct and key compliance topics.

Cybersecurity and Privacy

Protecting customers’ and creators’ private personal information is a top priority, and we take our responsibility to protect data entrusted to us very seriously. We have controls and policies in place for customer protection and privacy, which we update regularly in response to changes in the regulatory and threat landscape. We monitor privacy and cybersecurity issues that might affect Shutterfly and our consumers and creators. We stay proactive, ready to respond with updated policies, practices and or/controls.

While we have a cybersecurity program and controls in place, no organization is immune to the risk of a cyberattack. In the event of a cyber incident, Shutterfly’s incident response team will be activated to respond, mitigate, and investigate. As part of our incident response process, Shutterfly will provide notifications to impacted individuals in accordance with our legal obligations.

As part of our ongoing commitment to the privacy of personal information in our care, we regularly review our existing procedures and work to put additional safeguards in place to further secure our information systems. See our Privacy Notices below.



Forward-Looking Statements

About Our GHG Emissions Estimates

Certain statements in this report may be considered forward-looking statements. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expect”, “intend”, “will”, “estimate”, “anticipate”, “believe”, “predict”, “potential” or “continue”, or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by the Company and its management, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations, include, but are not limited to, the possibility of economic downturn; decreased consumer discretionary spending, including as a result of general economic conditions; our substantial indebtedness; various factors beyond management’s control; and other risks and uncertainties set forth in the sections entitled “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” in the Company’s annual and quarterly reports to lenders and noteholders.

Nothing in this report should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. The Company undertakes no duty to update these forward-looking statements.

CAUTIONARY NOTE

We calculate our emissions based on guidance from the Greenhouse Gas (GHG) protocol, the U.S. EPA, the World Resources Institute (WRI), and the World Business Council for Sustainable Development (WBCSD). Our protocols, methodologies, standards and assumptions for tracking and reporting on emissions continue to evolve and may change from time to time, which could result in a lack of comparative data for different periods. The uncertainty associated with our emissions estimates depends on the availability of sufficient representative data the quality of available data, and the methodologies used for measurement and estimation, among other factors. We intend to continue to update our emissions estimates, in accordance with applicable standards, in the event of significant changes as additional data become available or estimation methodologies are refined, (and to reflect significant changes to our assets operations or emissions boundaries).

This report may use certain terms that others refer to as “material” in connection with certain social impact and sustainability matters. Used in this context, however, these terms are distinct from, and should not be confused with, the terms “material” and “materiality” as defined by, or construed in accordance with, securities or other laws and regulations. Therefore, matters considered to be material for purposes of this report may not be considered material in the context of our financial statements, securities disclosure, or our other public statements, and the inclusion of information in this report is not an indication that such information is necessarily material in those contexts.

