



**GLOBAL COMPACT COMMUNICATION  
ON PROGRESS 2018**



Network France  
WE SUPPORT

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## ABOUT THIS DOCUMENT

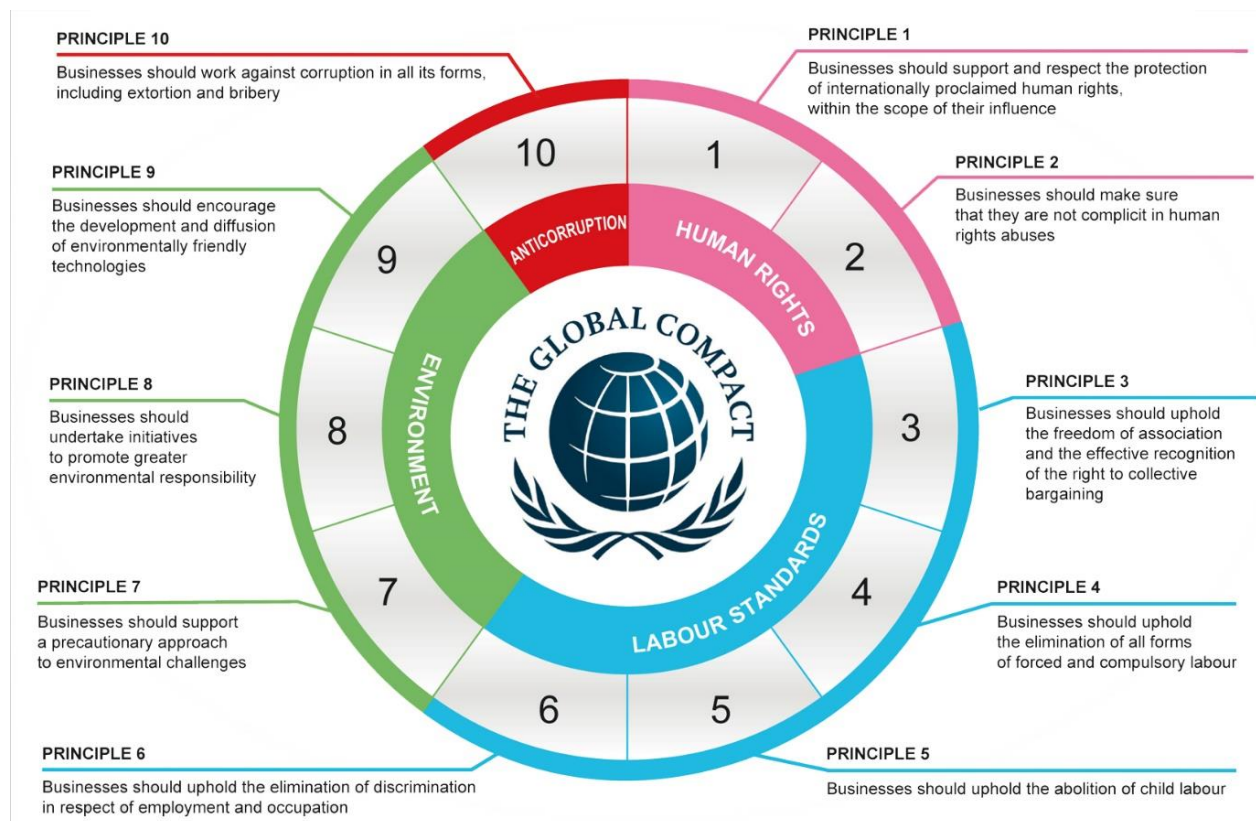
The United Nations Global Compact was launched in 2000 and is a call to companies to align strategies and operations with universal principles in the areas of human rights, labour, environment and anti-corruption and to undertake actions that advance societal goals.

With their membership, corporations express their commitment to align their operations and strategies with ten universally accepted principles of Responsible Business Conduct.

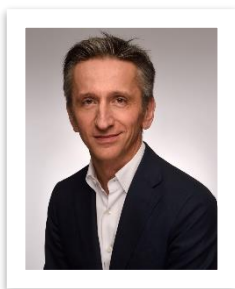
Linxens is taking part in the United Nations Global Compact (UNGC) initiative since August 2017.

In November 2018, Linxens is submitting its first Communication On Progress (COP) report to demonstrate the company's ongoing accountability to the UNGC's Ten Principles of Responsible Business Conduct.

### United Nations Global Compact Principles



## CEO'S STATEMENT OF CONTINUED SUPPORT FOR GLOBAL COMPACT



Linxens is fully committed to its Corporate Social Responsibility towards all the Group's stakeholders - customers, suppliers, employees, communities and institutions. It was therefore natural for the Group to join the United Nations Global Compact in August 2017.

It is Linxens' commitment and company policy to conduct its business in accordance with all applicable laws, rules and regulations of the jurisdictions in which it operates.

Taking our compliance with laws and regulations one step further, Linxens launched its Corporate Social Responsibility ("**CSR**") Program at the end of June 2018, which sets the highest standards in terms of ethics, business, integrity and sustainability. Our CSR Program is part of our mission and values and must be applied in our daily decision making activities.

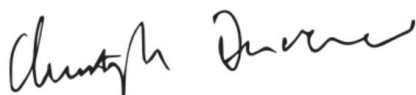
Linxens is committed to ensuring that its employees are treated with respect and dignity and that its manufacturing processes are environmentally responsible. Our CSR Program is designed in accordance with international standards and in particular with the OECD Principles of Corporate Governance.

In line with our UN Global Compact commitments, our CSR Program makes clear that we integrate human rights, anti-corruption and other ethical considerations into all aspects of our own risk management, and at every stage of our assignment. Our CSR Program also expresses the values and expectations of Linxens in its relationship with its stakeholders.

In the coming year, we will develop further training and risk assessment procedures to support and reinforce the practical implementation of our CSR Program.

I am pleased to reaffirm Linxens' continuing support for and commitment to the Ten principles of the UN Global Compact.

In this annual Communication on Progress, we give details of our actions to continuously improve the integration of the Global Compact and its Ten principles into our business strategy, culture, and daily operations.



Yours sincerely,

Christophe Duverne  
CEO

## ABOUT LINXENS

Linxens is a world-class provider of component-based solutions for the security and identity markets. We design and manufacture Micro connectors, RFID Antennas and Inlays. We use our technical expertise to offer innovative LED lighting solutions.

In a digital world where the future is all about connectivity, our technology ensures the best possible connections, where and when they are needed. Our expertise empowers people, so that they can experience the moment, and lead their life with technology in a seamless way.



### Setting standards in a digital world

A market leader for more than 30 years, Linxens has a proven track record of delivering its services to exceptional standards of quality, reliability and cost-effectiveness. Our products are used in a wide range of applications by smartcard manufacturers, chipmakers and module manufacturers.

Linxens products are enhancing people's daily lives every day, in the telecom, financial services, access control, e-Government, healthcare, hospitality, leisure & entertainment, IoT and transportation markets.

## A brief history

### ■ When timing, technology and tenacity align

The roots of Linxens stretch back to the early 1980s, when three talented and creative engineers were asked if they could design an ultra-thin, flexible connector that would enable the very first commercial smartcard to connect and communicate with an electronic reader. Observing the work of a cinema projectionist, the engineers realized that it should be possible to apply the principle of a 35mm movie film to create the first flexible connector. After several iterations with the creators of the smartcard, they came up with a number of innovations which were key to guaranteeing the performance of the smartcard – mechanical characteristics of the substrate, the ability to produce versatile design and a specific adhesive formula. In order to industrialize these new ideas, they had to design specific equipment for reel to reel manufacturing and thus the very first flexible etched circuit (FEC) – or smartcard tape – for smartcards was born.

Over the years, we developed technologies that became global standards – helping us to expand into new markets and truly make our mark on the industry.

Every project, every machine, every product that we have built has been designed and crafted to the highest quality standards.

### ■ Recent changes - Destined to connect

The company as we know it today, has grown both organically and through strategic acquisitions, reinforcing Linxens' position as a market leader and a trusted partner to our worldwide clients.

Being at the helm of contact solutions and somewhat an observer of the contactless secured connections market, it was inevitable that we sought to partner with the best in this sector in order to provide our customers with the widest range of solutions for secured contact and contactless connections.

And so, in April 2017, Linxens and Smartrac SIT joined forces to become a major player in secured connectivity solutions. Our portfolio now comprises RFID Antennas and Inlays as well as Microconnectors.

### ■ Linxens and Smartrac SIT: Cut from the same cloth

In 2000, a dozen innovative minds created Smartrac SIT and quickly became the reference in RFID products and IoT solutions. In 2010, the company pitched the idea of putting a microchip in the US passport – forever changing its future and, some could say, the way we travel. Within thirty days, the company produced its first 1,000 microchips – a purchase order that evolved within the first year into 2.2 million chips per month.

- **Customized services, on a global scale**

Linens provides its customers with a full range of design, fast prototyping and technical support services to meet their specific needs.

From our R&D centers in Europe and Asia, these customized solutions can be created from a variety of sources, from simple layouts to CAD and Gerber files. Our innovative laser technology then allows us to create prototypes in less than 10 days, while our etching technology reduces the costs of both tooling and any future design changes.

- **Employees who make things happen**

Linens aims to offer more than a job. We believe in providing a pleasant and healthy working environment, where collaboration leads to innovation, and we encourage team spirit through a range of sporting and Corporate Social Responsibility (CSR) initiatives.

**Our people are key to our success.**



## CORPORATE SOCIAL RESPONSIBILITY PROGRAM IN LINXENS

Linxens views Corporate Social Responsibility as an integral part of being an effective and a value-creating business. We are committed to maintaining ethical, social, environmental and governance standards and creating sustainable values for the benefit of all our stakeholders and the society at large wherever we operate.

Linxens has established a Corporate Social Responsibility (“**CSR**”) Program that guide the company in its day-to-day operations and express the values and expectations of Linxens in its relationship with its stakeholders.

In addition, Linxens supports the goals and objectives of Section 1502 of the Dodd Frank Wall Street Reform and Consumer Protection Act, which aims to prevent the use of conflict minerals that directly or indirectly finance or benefit armed groups.

Linxens Corporate Social Responsibility Program is based on five main policies: a Corporate Social Responsibility Code of Conduct, a Competition laws Code of Conduct, an Anti-Bribery Policy, an Export Control and Fund Freezing Policy and a Whistleblowing Policy.

Linxens CSR Policies are available through our [Website](#) and Intranet in different languages.





Essential topics and issues are covered by the Linxens CSR Policies, including but not limited to equal employment opportunity, environment, prohibition of forced and child labor, wages and hours, working conditions, freedom of association, avoidance of conflicts of interest, conflict minerals, fair completion, business integrity and corruption prevention.

Compliance with the Linxens CSR Policies is required to do business with Linxens.

In this respect, Linxens encourages suppliers, consultants and other business partners within its sphere of influence to follow its CSR Program and its standards for Corporate Social Responsibility, health and safety, the environment, quality assurance and training and competence.

For the coming year, Linxens will request all its strategic business partners to adhere to and comply with the principles and requirements set out in the Linxens Corporate Social Responsibility Code of Conduct and the corresponding policies.

Corporate Social Responsibility clauses are already included in commercial agreements signed with suppliers for raising suppliers' awareness of environmental, social and ethical issues and improving supply chain sustainability performance.

## HUMAN RIGHTS AND LABOR RIGHTS

Compliance with Human and Labor rights compliance is a key principle, but just a first step for us: In Linxens our project is to go further, our global project is “**Linxens is more than a job**”.

### 1. Human and Labor rights

As the pillar of our project, Linxens’ commitment to the UN Global Compact’s principles on human rights is expressed in our CSR Code of Conduct, which provides that Linxens has a duty to respect and promote internationally recognized human rights both internally and with its business partners. Linxens is committed to defending diversity, to prohibiting any kind of discrimination and to promoting health and safety principles.

Linxens defends the values of the international community, notably the United Nations Universal Declaration of Human Rights (UDHR) and the international Labor Organization’s Declaration of Fundamental Principles and Rights at work.

Linxens favors the selection of its Business Partners on the basis of their ability to comply with its CSR Code of Conduct and in particular with Linxens’ Human Rights commitments set in its CSR code of Conduct and to apply them to their own employees as well as to their subcontractors and next-tier suppliers.

Linxens joined the United Nations Global Compact in August 2017 to reaffirm these values.

We have also created an internal audit function and one of its roles is to review the compliance of each site and their practices regarding our policies and references, including Local labor law, Human Rights and so forth.

### 2. We encourage and promote employee expression

We encourage employee feedback and recognize their identified representatives. This is why we have implemented programs which are more than just compliance with local labor laws, for example *Tea Time* meetings in Thailand or *Values in Action* in Singapore.

We also share information with the work council on the sites where we have them, and organize *Town Hall* meeting on each of our sites during which we explain our environment and business and answer the questions that employees may have. All employees are invited to attend these meetings.

In 2018, we implemented our transformation program - Linxens 3.0 – a program which involves all our employees.

### Linxens 3.0

- More than **300** people have contributed to building the transformation plan
- **150** people involved in Focus Groups
- **147** participants in **29** workshops
- Linxens 3.0 The Gallery on each site for two weeks: more than **600** members of staff attended guided tours

## 3. Linxens is more than a job

### 3.1. Diversity is part of our identity

#### Linxens is 3,000 people, on 9 sites

- Germany: Dresden, Niefen
- France: Levallois Perret, Mantes la Jolie, Vorey sur Arzon
- Singapore: Changi
- Thailand: Ayutthaya
- China: Guangzhou, Suzhou

This contributes to our strong cultural diversity and we are convinced that it is extremely positive, therefore in addition to Group corporate programs, we actively encourage local HR training and recognition programs and specific events.

Examples:

- Our site in Mantes la Jolie has created the *Technisens* global plan. The objective of this plan is to have a dedicated follow-up of our Technicians which includes in particular survey meetings, recognition of specific hard skills, increased career opportunities and special trainings.
- In Ayutthaya we launched a *Tea Time* meeting program, which consists of organizing meetings with the operators to hear their opinions on the potential improvements to working conditions. Based on the outcome of these meetings, we elaborate an action plan, which are then tracked in order to guarantee improvement and we feedback our people.

### 3.2. People development

We are transparent with our employees; we talk about their performance, the support they could have from their manager, their wishes in term of development, training and career and discuss their workload. Our **appraisal system** concerns all our managers, engineers and tech and is implemented for some operators.

Our project is to deploy this practice to all our employees in the coming years, providing a system where everyone can talk about their job, their workload and their working conditions and opportunities to grow.

By having **training** opportunities our people can reinforce and increase their knowledge and expertise.

#### Training

- In **2018** more than **72,000** hours of training
- **56.4%** was on Hard skills and **43.3%** on soft skills.
- In parallel, in order to foster the integration of young professionals, we encourage apprentices and internship programs: In 2018 we had **20** interns and **40** apprentices.

Concerning **career development**, 5 career paths have been identified and communicated on - Production, Quality, Purchasing, Process Engineering and R&D

The career path grid and rating scale provide global information to anticipate needs in terms of job development for managers, HR and overall for employees in order to give them visibility in terms of career development.

### 3.3. Linx'care

We know that our people make the difference and recognize their engagement both during working hours and outside the workplace. Therefore, earlier this year, as part of our **#MoreThanAJob** mindset, we announced the launching of a program which gives our employees the possibility of sharing with us any voluntary work that they do and apply for financial support for a particular project that they are working on. (Projects can be anything from refurbishing schools to buying hospital supplies.) Our people chose to name this project **Linx'care**.

During the course of 2018, we received several applications for aid on projects that our employees are personally involved in, and we chose to support two projects. In order to

recognize the engagement of these members of staff, we shared information on the project with the entire Group and also contributed financially to them:

#### a) Les Foulées Achéroises

Donation of 1,500 Euros to the French association for “L'étoile de Martin” to help the fight against childhood cancer.



#### b) School Development activity with the KonRukNong Club

Donation of 1,500 Euros to the “Hill-Tribe Mae Fah Luang Learning Center”, Baan Mae Sor Noui, Omkoi District in Chiang Mai Province, Thailand, to upgrade the school shelter and restroom as part of its school development project to provide education opportunities for Hill-Tribe students.



## Local examples of #MorethanAJob being put into action

### ● Dresden - Teambuilding event through the “sächsische Schweiz” district

A great team-building event took place in Dresden at the end of the summer. 70 people from all departments, divided in 5 teams, navigated for over two and a half hours down the river Elbe, before racing to the end in Rathen.

A short break was followed by a geocaching game, which ultimately led the participants to a local hotel where they enjoyed a relaxing dinner.

### ● Changi – Donating to food to the needy

500 packets of food bundles, donated by Changi staff, was distributed by foot to needy families located near the Changi plant.

In parallel, staff from Changi donated a total of 23 boxes of food to the FoodBank HQ, who then distributed the boxes to disadvantaged families and charity organizations.

We were very proud to see more than 100 staff participate in these projects.



### ● Guangzhou- Trip to the seaside

As a sign of appreciation for their hard work and commitment to meeting the production and quality targets over the past few months, the Management Team from Guangzhou invited staff to spend the weekend on Xiachuan Island, South China.





For the year ahead, we aspire to take this global project further and to recognize all our people in their: Welfare, Working Conditions, Passion, Engagement, Skills... because we think that for them, Linxens should be more than a job. [#MoreThanAJob](#)

For instance, Linxens in Singapore won a Bronze award for its Onboarding Process.



23<sup>rd</sup> April 2018

#### Asia Recruitment Awards 2018 – Linxens Singapore wins the bronze award

We are proud to announce that the Changi HR team was a winner at the [Asia Recruitment Awards](#) ceremony that took place on Friday 20<sup>th</sup> April, in Singapore.

The Asia Recruitment Awards is one of Asia's most renowned awards, dedicated to celebrating organizations across Singapore, Malaysia and Hong Kong, with the objective of recognizing companies that have attained measurable success through sound and innovative talent acquisition strategies.

After being shortlisted for the prestigious [Best Onboarding Process Award](#) alongside companies such as Vodafone, Airbnb, GlaxoSmithKline and Essilor Amara, Linxens Singapore was honored to receive the bronze award for its innovative and successful onboarding process which is an integral part of Singapore's integration program for new recruits and which consists of long term actions that support the integration of new employees into Linxens.

Throughout the group, we recognize that successful talent acquisition and integration are key for people development and in order to position Linxens as a leading and competitive employer in our industry.

[Well done to all the teams involved and especially to the Changi HR team, led by Evelyn Yip, for winning this award.](#)

**Dominique Cavalie**

Senior Vice President HR and Communications

[Read more about the onboarding experience on our intranet.](#)



## ENVIRONMENT

Linxens is committed to comply with existing laws and regulations requirements of stakeholders and also to contribute to environmental and energy management.

### 1. Environmentally responsible and safe and healthy work environment for its employees



- Linxens is committed to ensuring that its manufacturing processes are environmentally responsible. All manufacturing sites have ISO14001 EMS certification.
- Linxens is engaged in optimizing the use of resources in its products and industrial processes, reducing the impacts on the environment and reinforcing its environmental management system in order to contribute to a better future for next generations.
- Linxens has established policies aiming to control and minimize the environmental impacts of its activities and is committed to a social and environmental responsibility shared approach.
- Linxens expects its employees to comply with its environmental management principles and requires business partners and suppliers to adhere to the environmental principles.

For instance for Ayutthaya, we specifically focused on the management of Energy:



- Linxens supports and **provides the resources needed** including human resources, budget, time to work, training and energy management system.
- **Periodic self-evaluation** of its compliance and energy management system are conducted and the results are reviewed by top management and committee.
- Linxens **forbids the manufacturing and/or selling of products** that present an **unacceptable risk** for individuals' health and the environment and favors the selection of business partners on their abilities to comply with the Linxens' principles.
- Linxens **strives to provide** a **safe and healthy work environment for its employees**. Every effort is made to ensure that risks of accidents, injury and exposure to health risks are minimized.
- Linxens **recognizes** that providing a **safe and healthy work environment** is **fundamental** to a productive and competitive work environment.

For instance, we celebrated this year a significant achievement in Changi:


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Date: May 24<sup>th</sup> 2018

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*Changi site achieves 365 days without an accident*


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On 13th May Linxens in Singapore was proud to celebrate 365 days without an accident. As Ng Ah Ban, Senior Plant Director said during his congratulatory speech, *"This is only possible through everyone's commitment and hard work and we should be all proud of this achievement."*

Our Changi site has been working very hard over the past year to change its safety culture and this great achievement demonstrates that this hard work is paying off.

Building on this success, Ah Ban has set another objective of 500 days without an accident, which will fall on the 25th September 2018... watch this space for more information!



## 2. Our sustainable development actions

Linxens **relentlessly strives** to reduce its **environmental footprint**.

- Develop **eco-friendly** chemistry
  - » Use of green copper (less arsenic used)
  - » Renewed gold bath
  - » Etching sludges treatment (transformed to copper oxide)
- Systematically use **sustainable materials**
  - » Paper spacers instead of plastic ones
  - » Recycled plastic for our reels
- **Waste sorting**
  - » Plastic sorting
  - » PVC and PC recycled in Thailand to produce pallets
  - » Partnerships with recycling specialists



For instance in France, the recycling rate of non-hazardous waste in our plant in Mantes-La-Jolie has increased from 28% in 2016 to 37% in 2018.

- **Reduce consumption** of natural resources
  - » New electricity saving air recycling equipment in France
  - » Water recycling in partnership with the Singaporean water authority
- **Raise awareness** among suppliers by asking them for environmental data on their products (suppliers EHS Program)
- Ensure **employee safety**
  - » Linxens is OHSAS certified
  - » 10 Safety golden rules regular reminders



### 3. Our target for the coming year

- » Replacement of hazardous solvents with less dangerous ones
- » Reduce Energy consumption and Energy Saving Program
- » Increasing employee awareness of the environment
- » Optimize waste disposal / recycling area
- » Recycling operation of plastic cups
- » Waste reduction

## ANTI-CORRUPTION

Linxens conducts its operations in **a fair, transparent and responsible manner**, in compliance with all laws and regulations applicable to its operations, with the highest standards of professionalism, honesty, integrity and ethics.

### 1. Policy for Anti-bribery

- Linxens has an **Anti-Bribery Policy** which defines the **minimum standards** that each Linxens employee must observe in the course of its business.



- All employees are required to **avoid any activities** that might lead to, or suggest, a **conflict of interest** with the business of the Company.
- Linxens **does not make direct or indirect** contributions to political parties.
- Linxens **prohibits** offering, asking for, receiving or agreeing to receive a **bribe**.
- In order to avoid any ambiguity in business relationships and to avoid any dependencies, **only cultural courtesy gifts or of a token value may be accepted or given**. All other gifts must be refused.
- **Facilitating payments** are **never permitted** under Linxens Anti-Bribery Policy.
- Linxens has **zero tolerance for corruption of any kind**, whether committed by a Linxens employees or by third parties acting for and on behalf of Linxens.

- Each Linxens employee shall only **conduct business in compliance with the applicable laws and the Anti-Bribery Policy**. If local laws or regulations in a particular country or region are more stringent than the Anti-Bribery Policy, then local rules or regulations shall apply.

## 2. Culture of openness and honesty

- Linxens is **committed to developing a culture of openness and honesty** where a person who is aware of a potential malpractice or misconduct is **encouraged to report** such matters, in good faith, **without fear of retaliation**.
- In line with Linxens culture of openness and honesty and **to reinforce the effectiveness of its CSR Program**, Linxens have implemented **a secure and confidential telephone and web-based system** to enable people (employees and external) to report potential non-compliant activity.
- Linxens ethics line is **available via this address [www.linxens.ethicspoint.com](http://www.linxens.ethicspoint.com)** or via a local telephone number.

### Telephone numbers

France	0800-91-0066
Germany	0800 071 3512
United States	844-893-1073
China	4006000336
Singapore	800-110-2340
Thailand	1800-011-795

- A **Whistleblowing Policy defines the rules encouraging the communication** about situations which could be in contradiction with Linxens Policies and Values and **protect the persons disclosing them**.





- The **Ethics Line** is open **not only** to our employees but to **any party** with knowledge of an **ethics or compliance issue**, including suppliers, customers and other third parties.

### 3. Our target for the current year and the coming year

- » Raise employee awareness by **in-house training and Q&A sessions** by regions and/or sites
- » Initiation of a **specific communication program** with awareness posters



- » Implementation of **e-learning modules on anti-corruption and competition laws** for employees who may be directly exposed.



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