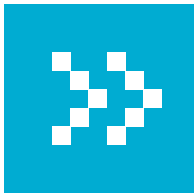




Creating Confidence

Progress Report 2018



Statement of Continued Support

The world faces an ever-increasing number of complex and interrelated challenges: radical technological advances driven by digitalization, new uncertainty caused by an unstable global political and economic order, and pressing environmental issues due to ongoing climate change. The global community needs to act responsibly and find solutions.

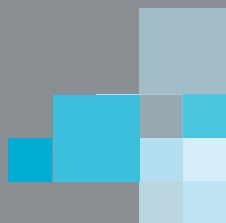
As a global leader in security-based technologies and services, we are acutely aware of our corporate responsibility. We are committed to ensuring that technological change is implemented in a responsible manner and are taking proactive, long-term measures to tackle the urgent challenges of our time – for the benefit of our around 11,400 employees, our customers and suppliers, the environment, and the community at large. This report for the United Nations Global Compact sets forth our priorities and documents the measures we have put in place. It relates to our activities in the 2018 fiscal year.

In publishing our eighth progress report, we are also renewing our commitment to the UN Global Compact for another year.



Ralf Wintergerst
Group CEO of Giesecke+Devrient GmbH

WE SUPPORT



About Giesecke+Devrient

Giesecke+Devrient (G+D) is a global security technology provider headquartered in Munich, Germany. Founded in 1852, the company has a workforce of around 11,400 employees and generated sales of EUR 2.25 billion in the 2018 fiscal year. 76 subsidiaries in 32 countries ensure customer proximity worldwide. The Group is comprised of four independent companies.

G+D develops, produces, and distributes products and solutions relating to analog and digital payment transactions, the digital connectivity of people and machines on the Internet, the protection and management of identities, and digital security. G+D is a technology leader in these areas and holds a leading competitive position.

G+D Currency Technology provides products and solutions for secure payment to central and commercial banks, banknote printers, security paper manufacturers, security transport companies, and casinos around the world. The portfolio includes banknote paper, banknotes, security features, banknote processing machines, and complete cash center solutions. G+D is an international leader in the currency industry.

Banks, mobile network operators, car manufacturers, and other companies rely on industry solutions supplied by **G+D Mobile Security**. These solutions safeguard data, identities, and a wide range of digital transactions. The portfolio includes solutions for eSIM management, secure HCE, and cloud payment. Data and project management are also part of the offering, as are SIM, bank, ID, and healthcare cards and tokens.

Veridos is a joint venture between G+D and Bundesdruckerei, offering customers secure and pioneering identification and identity solutions. The product range covers traditional printed documents as well as electronic ID documents, such as e-passports and electronic ID cards. Highly secure travel documents, ID systems, and healthcare cards can be used for conventional identification purposes as well as for authentication and protection in digital business processes.

secunet Security Networks is a leading German provider of high-quality cyber security solutions and an IT security partner to the Federal Republic of Germany. It offers an extensive portfolio of products and consulting services around the protection of data and infrastructures and for the transmission, storage, and processing of information. This includes encryption technology up to the highest security level. secunet ensures public authorities, organizations, and companies enjoy maximum protection against cyber attacks, espionage, and sabotage.

11,400
Employees

2.25
billion EUR
sales

32
countries

Our Responsibility

As a global leader in security-based technologies and services, we are acutely aware of our corporate responsibility. We are committed to ensuring that the changes brought about in all areas of life by digital transformation are implemented in a responsible manner. We are taking proactive, long-term measures to tackle the urgent challenges of our time – for the benefit of our around 11,400 employees, our customers and suppliers, the environment, and the community at large. This report for the United Nations Global Compact sets forth our priorities for responsible corporate governance and documents the measures we have put in place. It relates to our activities in the 2018 fiscal year.



Our corporate responsibility (CR) strategy is based on the ten principles of the UN Global Compact, together with three action areas that are relevant for G+D. In 2017, after conducting internal interviews and aligning with customer requirements, we identified our priorities as being employees, environmental and climate protection, and supply chain sustainability. Our activities and corporate governance measures are focused on these three areas. Group-wide framework requirements apply in the individual action areas. These requirements were laid down in greater detail in 2018 and a number of initial targets established. This included defining a new climate goal for reducing our greenhouse gas emissions (see p. 8). Within the constraints of the Group-wide framework, the business units set their own priorities in accordance with their specific requirements and define the CR measures and activities that are important to them.

Responsibility To Employees

Some 11,400 employees across 32 countries strive every day to make the lives of billions of people more secure thanks to technologies and solutions from G+D. It is crucial not only to have the right experts on board today, but also to ensure we remain attractive to talented young people with the relevant specializations.

In these times of technological disruption and social change, digitalization is radically changing the way people work and the way they are managed. We as a company therefore need to not only support and develop our existing staff accordingly but also attract new talent to G+D. In the Employees action area, our sustainability activities are focused on the following key dimensions: learning and development; diversity; health and work/life balance; and good working conditions.

FOCUS "LEARNING AND DEVELOPMENT"

Given the pace of innovation in our markets, it is especially important for our employees to be flexible and continue acquiring new knowledge. Lifelong learning is becoming essential. To ensure we meet these requirements, we take particular care in analyzing what skills are important for G+D today and which ones we will need in the future. We take these findings into consideration when hiring new members of staff, but also with regard to advising existing employees and helping them develop their abilities and acquire relevant new skills.

Our training portfolio is one of the instruments we use. It provides employees with fast access to high-quality training and is continually being expanded to include new aspects, such as agile working methods and virtual collaboration. We also deploy a wide range of other development resources, from individual career guidance – which covers specialist skills, project leadership, and management positions – through to coaching and special talent management programs.

In 2018, we redesigned our internal programs around the systematic identification and development of high-potential employees. We operate a Group-wide, global talent management program, in which we prepare employees to take on bigger projects and greater management responsibility. In addition, G+D Currency Technology and G+D Mobile Security have each launched their own development programs, which are geared to the particular requirements of their business. The larger subsidiaries also operate talent programs at the local level.

Women in Management Roles Worldwide in Percent



NEW DEMANDS ON LEADERS AND MANAGERS

Leadership and management styles are changing as a result of technological and social transformation. They are also being adapted to a new generation of employees with different priorities and expectations of the work environment and career paths. This means an even greater emphasis on staff development at G+D with regard to leadership and management. New programs and training formats are intended to ensure that line managers are optimally prepared for their demanding role and fully supported in their management responsibilities. In 2018, special training on leadership in an increasingly digitized workplace was one such example.

G+D Currency Technology also launched the worldwide "Lead.Together" initiative, which involves workshops for managers, development meetings, and talks by management. The aim is to establish a modern leadership culture and uniform management philosophy in the business unit. In addition, a transformation process was launched at our Munich site with the aim of creating a feedback-based performance culture that respects and values the individual. Implementing a robust feedback culture is an effective way of ensuring greater satisfaction, customer focus, motivation, better management and, ultimately, excellent performance. The program involves four key elements: the feedback dialog as a new format for employee evaluations plus a new three-tier bonus system.

FOCUS "DIVERSITY": STRENGTHENING DIVERSITY

Alongside offering good career development and progression opportunities within the company, we aim to recognize and promote the diversity of our staff. G+D regards a diverse workforce in terms of gender, age, and cultural origin as a significant competitive advantage. Leveraging the existing diversity at G+D and actively countering discrimination are essential to our long-term success in extremely fast-moving markets. As a signatory to the German government's Diversity Charter, which is designed to promote respect and combat prejudice, we embrace these principles in training sessions, workshops, and in the workplace.

We aim to create conditions in which our employees can perform to the very best of their ability regardless of gender, age, or cultural origin. In countries with specific legislation in this area, such as the USA, India, and South Africa, we have set up corresponding programs to promote equal opportunities and anti-discrimination.

Diversity is also a key criterion when selecting trainees and participants for our talent programs.

We reach out to skilled next-generation employees at an early stage, such as via careers fairs, at universities, or through Germany's nationwide "Girls' Day", which seeks to interest girls in technology-based career options. Girls' Day is the biggest career guidance project for female high school students worldwide. We attract young employees and job market entrants via professional training opportunities, dual and master's study programs predominantly in technical subjects, and direct entry into the workforce. For the vocational training programs at our Munich site, we have formed a network between the individual business units and the Corporate Center, thereby giving trainees an insight into different areas of the business.



www.girl-day.de



EQUAL OPPORTUNITIES FOR WOMEN

Equal opportunities for women and having a higher proportion of women in management and key positions are important goals for G+D as we seek to achieve greater diversity throughout the company. We exceeded our target of women occupying 10 percent of management positions in the top tier below the Management Board at Giesecke+Devrient GmbH in 2018, reaching a 14 percent share. Twenty percent of positions in the second management tier are filled by women, meaning that we achieved our target here, too. Until 2022 we aim to reach 17 percent in the first and 30 percent in the second management tier. This also reflects the requirement under German law to define a female quota for management roles. A third of our Supervisory Board is already made up of women. Worldwide, we aim to increase the proportion of women in leadership positions.



www.charta-der-vielfalt.de

Number of Employees Involved in a Recordable Injury



We will seek to achieve these objectives by filling vacant posts with suitable female candidates and providing targeted professional support for women within the organization. We take all aspects of management ability into consideration when selecting candidates and while recruiting staff in general.

FOCUS "HEALTH AND WORK/LIFE BALANCE"

We have a special responsibility to protect and promote the health of our employees. At all of our major locations around the world, we have introduced a certified occupational health and safety management system in accordance with the international OHSAS 18001 standard. This ensures that we take active preventive measures to avoid accidents and illness. Many of our subsidiaries also offer other health-related benefits, such as medical check-ups (screening), e.g. in Spain, India, and the US. We further expanded workplace medical services and the occupational health package at our Munich site in 2018. The associated training program addresses specific prevention and health-related topics, including ergonomics guidance, welfare advice, and addiction counseling. We also provide exercise and fitness programs at our headquarters site and other locations.

In addition to helping our employees to be healthy and productive, G+D seeks to ensure that each employee finds his or her own personal work/life balance. Our response here takes the form of staff development tailored to different life stages, which is designed to enable an individual and appropriate work/life balance. We offer a flexible working time model with no core working hours, no minimum daily attendance hours, and no limit on monthly leave. As well as being flexible about when our employees work, we also aim to be flexible about where they work. We allow them to do their job in an environment that is right for them, be it a home office or another location via mobile working. If our employees' personal circumstances change – perhaps through pregnancy, illness, or the need to care for dependent relatives – we support them.

Since 2004, our HR policy in Germany has been subject to external assessment in the *berufundfamilie* audit – a strategic management instrument that reflects our focus on accommodating different life stages. We have been awarded the highest level of audit certification, thereby confirming that an HR policy geared towards different life stages is part of G+D's corporate structure. The next re-audit will take place in January 2020 and be in the form of a dialog procedure. We intend to incorporate health as a focus topic into the action program of the audit.

GOOD WORKING CONDITIONS

As an employer, we not only have a responsibility to support and promote the health of our employees, we are also committed to creating a safe working environment and ensuring the right conditions are in place. All major G+D production locations worldwide operate a certified occupational health and safety system in accordance with the OHSAS standard and have implemented the appropriate measures. For the Mobile Security business unit, this includes 15 certified production facilities, covering some 80 percent of employees. In the case of Currency Technology, five production sites are certified, corresponding to 55 percent of the workforce.

At the Munich site, we are currently modernizing the offices and the general working environment, with a scheduled completion date of 2020. One of the aims is to boost workplace flexibility and facilitate more team working. As a result of a pilot project carried out on risk assessment, greater account will be taken of psychological stress when planning office space. In addition, as part of the Workplace 2020 initiative, we are looking at ways to make G+D more attractive as an employer, including measures to improve employee mobility. These are due for introduction in 2019.

In order to systematically integrate new employees into the company and retain them in the long term, G+D in Germany rolled out a redesigned onboarding process in 2018. The actual process is carried out within the business units, thereby allowing it to be aligned with the particular requirements of different employee profiles.

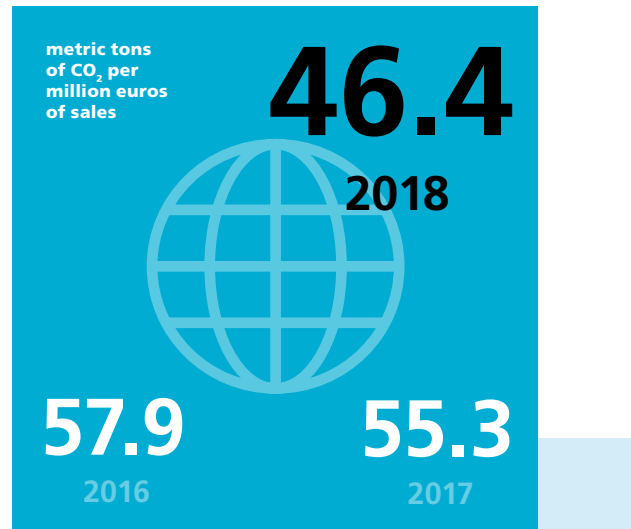
Responsibility To the Environment

Ongoing climate change is one of the most pressing issues of our time and business needs to play its part in finding effective solutions. Protection of our environment and climate, together with responsible use of natural resources, is therefore a key action area for G+D. We are committed to ensuring that our entire value chain is sustainable and to continuously reducing our ecological footprint.

All major production sites operated by the individual business units – 20 in total – have an ISO 14001:2015 environmental management system in place. The three Currency Technology production facilities in Louisenthal, Königstein, and Leipzig have energy management systems that are certified to the ISO 50001 standard. The individual business units and the Corporate Center are each responsible for their own management systems and for practical implementation of the associated activities and objectives. In the first half of 2018, all units were audited.

By defining Group-wide framework requirements, our aim is to ensure that uniform standards are met while also taking account of the specific requirements of the individual business units and identifying yet more ways of minimizing the environmental impact of our operations. We measure our activities against centrally defined sustainability indicators, which we record for the largest production sites worldwide. These indicators are based on the internationally recognized Global Reporting Initiative (GRI). Using these indicators to evaluate and analyze our environmental performance in line with the ISO 14001:2015 standard enables us to achieve greater transparency and measurability, including with regard to upstream and downstream processes in the value chain.

Direct and indirect CO₂ Emissions (Scope 1 and 2)



Market-based factor set

GROUP-WIDE CLIMATE GOAL

In 2018, we calculated and adopted a Group-wide reduction goal for our greenhouse gas emissions, based on data from the business units. We aim to reduce our direct and indirect emissions (tCO₂) by 25 percent relative to sales by 2022. The base year for our calculations is 2016. No complete emissions data is currently available for Group companies Veridos and secunet. We have therefore defined qualitative targets for them with regard to managing energy consumption data and recording all climate data. As a Group, our aim is to reduce our emissions by 2022 to a level compatible with the <two-degree limit set out in the Paris Agreement.

This will be achieved partly through the use of innovative technology. The Louisenthal paper mill, for instance, uses renewable energy obtained from a dedicated hydro-power system for the production of banknote paper and is gradually establishing a heat recycling network at the site. As part of the modernization work at our Munich headquarters, the entire site will be converted to LED lighting by mid-2019. Floor lamps will be fitted with daylight sensors and movement sensors. This will allow energy consumption for lighting to be reduced by more than half. We are also reducing our CO₂ emissions at other locations by implementing energy-efficient measures, such as changing the lighting in production facilities, e.g. at Mobile Security in China. We also aim to increase the amount of green electricity we use as a proportion of our total power consumption.

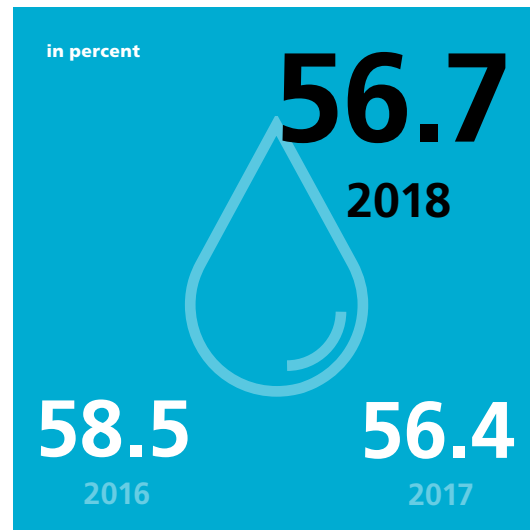
A comprehensive emissions control policy helps us measure G+D's climate protection activities. We report our greenhouse gas emissions in line with the Greenhouse Gas Protocol. This is the most widely used international calculation method for greenhouse gas emissions. In the world's most extensive climate protection ranking, the CDP, we occupied a good mid-table position in 2018 in the supplier category.



SUSTAINABILITY OF OUR PRODUCTS

Conserving resources is a crucial factor in the operation of our locations, and sustainability is also a priority when it comes to our products. Examples include banknote paper that is typically manufactured from cotton comber noil – a by-product of the textile industry that can also be derived from organically grown cotton if the customer prefers. For cashless payments, G+D Mobile Security (MS) can supply card bodies made of the renewable material PLA (polylactic acid). MS is also a participant in Mastercard's Greener Payments Partnership, which was launched in October 2018 to reduce the amount of plastic in payment card manufacturing and promote the use of sustainable materials. We can also provide SIM cards in various form factors that use less material as well as offering greener alternatives to the standard materials used. Embedded SIMs are the most environmentally friendly solution because they do away with the need for card bodies altogether.

Water Recycling and reuse¹



¹ Without water intensive banknote paper production

Hazardous Waste



Responsibility To Customers and Suppliers

Compliance underpins our reputation as a company and is fundamental to the trust our customers place in Giesecke+Devrient. This does not just mean complying with national and international laws and internal corporate guidelines – it also means staying true to G+D's values. A Group-wide compliance management system (CMS) helps our employees to observe the relevant rules and regulations, including those designed to prevent corruption and antitrust law violations.

Open communication and staff training play an essential role in preventing compliance incidents. The Compliance Office provides e-learning training sessions on compliance issues in order to ensure a consistent level of quality. Managers and staff working in risk-related fields also take part in face-to-face training. In the reporting period, G+D Currency Technology held ten such classroom training sessions and G+D Mobile Security held four. In 2019, we intend to introduce new Group-wide e-learning training sessions on the basics of compliance, anti-corruption, and competition/antitrust law. To enable us to identify possible misconduct at an early stage, we have set up an anonymous Internet-based reporting system, which employees and business partners can use to notify us of suspected unlawful behavior.


In 2019, we plan to introduce a new tool for risk analysis and assessment in relation to potential compliance violations and will also be refining our analysis system.

Internal policies, international standards, and legal requirements also oblige G+D to check the integrity of its business partners, both before commencing a new business relationship and also at regular intervals during an existing partnership. Our business partners are required to undergo an evaluation process and expressly commit to following proper business and information practices.

SUPPLY CHAIN SUSTAINABILITY

As a company with an extensive upstream value chain, we also expect our suppliers to comply with sustainability standards. At both G+D Mobile Security and G+D Currency Technology, suppliers undergo a selection process that covers a range of criteria, including quality, environmental, and workplace safety standards at production sites, plus compliance aspects.

In 2018, we defined a Group-wide approach to selecting and auditing suppliers in accordance with sustainability criteria in order to meet our own expectations as well as increasingly stringent requirements around sustainable supply chain management. The guiding principle of a sustainability-oriented supply chain is described in our Group-wide procurement manual. In 2019, we plan to define and implement specific targets and corresponding action relating to the procurement process and supplier audits.



G+D Mobile Security, with its very deep supply chain, already audits **20 to 30 percent of its active A and B suppliers** per year on sustainability criteria.

This includes developing an audit process for existing suppliers that considers social and environmental criteria, based on an industry standard. The aim is to expand and systematize the existing audit process. The new process will initially be introduced in the Mobile Security business unit. To prepare the ground for this, Mobile Security carried out a risk assessment of A, B, and sub-suppliers during the reporting period. The suppliers were categorized according to their social and environmental performance and requested to provide evidence of sustainable practices, such as certification. G+D Mobile Security has an extensive supply chain; to date, 20 to 30 percent of the active A and B suppliers have undergone audits that include sustainability criteria.

In 2018, G+D also updated its Group-wide statement on addressing forced labor, human trafficking, and slavery in our supply chain. This policy meets the requirements of the UK's Modern Slavery Act, which stipulates that organizations must publish an annual statement.

Many of our security technology products contain metals that are extracted from ore. The mining of these materials repeatedly raises human rights issues. Accordingly, G+D Mobile Security engages in systematic reporting to ensure responsible sourcing of these so-called conflict minerals. The contents of materials supplied, such as those used in the production of smartcards, are recorded and checked by means of a standardized process at G+D, thus creating the transparency required within our own supply chain. Our procedure complies with the requirements of the Dodd-Frank Act, a US federal law that includes provisions to regulate cooperation with raw materials companies in developing countries.

Responsibility To Society

The not-for-profit Giesecke+Devrient Foundation has been the vehicle for our corporate citizenship activities since 2010. The Foundation supports projects devoted to education, culture, and intercultural exchange. Particular focuses include support for the Museum of the Printing Arts in Leipzig – the city in which G+D was founded – and an international program in association with the Goethe Institute that involves inviting young people from all over the world to Germany. For three years now, this initiative has also included an alumni program. Finally, our employees have the opportunity to take part in a volunteering program and get involved in social projects selected by the Foundation.

 www.gi-de-stiftung.org

 www.druckkunst-museum.de



Corporate Responsibility at G+D

Focus/Activity	Progress/Outlook	Status/Goal	GC Principles*
Corporate Responsibility (CR) Strategy			
Materiality	Focus on CR action areas employees, climate and environmental protection, and a sustainable supply chain, based on internal survey and alignment with customer requirements (2017). Develop a corresponding CR strategy as a guiding framework for the entire Group	Design strategic CR framework, 2018: add detail and define specific targets. Goal in 2019: finalize and implement sustainability objectives in the individual action areas	
Reporting			
UN Global Compact progress report	Eighth report as per UN Global Compact requirements, covering progress in 2018	Ongoing	
MS¹: Participation in EcoVadis CSR assessment platform	Annual evaluation of G+D Mobile Security's activities and supporting documentation relating to the environment, working conditions, human rights, fair business practices, and a sustainable supply chain	MS in top 20% of suppliers evaluated, annual rating	
Action Area: Employees			
Learning & development			
Talent management at both the global and business unit level	Internal programs for systematic identification and development of high-potential employees (talent programs). Design and implement three programs in line with the requirements of the individual business units and target groups (CT ² , MS, and Group-wide talent programs)	2018: conduct standardized analysis of potential across all business units, identify/define developmental measures for all participants. Start of the three new talent programs, continuation in 2019.	1, 2, 6
Executive development	Communication of management principles based on G+D values; leadership training for an increasingly digitized workplace	Ongoing, gradual expansion of program in 2019	1, 2, 6
	CT: global campaign "Lead.Together" to establish a modern leadership culture and uniform management philosophy (workshops, development meetings, talks by management, etc.)	Ongoing	
	CT GmbH, Munich: implementation of a new feedback-based performance culture that respects and values the individual	Ongoing	
Diversity			
Gender/equal opportunities for women	Female quota for G+D GmbH: 10% of managers in top tier below Management Board; 20% in second management tier	Target achieved in 2018 for top management tier at 14%, 20% in second management tier	1, 2, 6
	Gender-sensitive approach to assessing potential in talent management and recruiting	Ongoing	1, 2, 6
Age/demographic change	Measures aimed at recruiting and retaining young talent, specialist staff, and managers, such as talent programs/reviews	Ongoing	1, 2, 6
	Initiatives to recruit and retain young talent, including Girls' Day 2018, Deutschlandstipendium Scholarship Program	Ongoing	
	Dual master's study program	Ongoing	1, 2, 6
Cultural diversity	Signatory of Diversity Charter (German business initiative to promote diversity in companies and institutions), integration of Charter content into training	Ongoing	1, 2, 6
	Hackathon internal digital initiative with international mixed teams	Established 2017; held once or twice a year; May 2018 in Stockholm with 50 participants from 11 countries	
G+D America: Measures in accordance with US law on equal employment opportunities (EEO) for women, minorities, veterans, and individuals with disabilities	Action plan as strategic tool for identification, development of measures, and implementation of measures relating to equal employment opportunities/anti-discrimination. Implemented policies and recruitment programs that focus on equal opportunities for women, minorities, veterans, and individuals with disabilities.	Ongoing	

¹ MS: Giesecke+Devrient Mobile Security GmbH

² CT: Giesecke+Devrient Currency Technology GmbH

Focus/Activity	Progress/Outlook	Status/Goal	GC Principles*
Health/work-life balance			
Health management and promotion	Certification of all major sites to OHSAS 18001; provision of medical check-ups (screening) and health measures at various subsidiaries, e.g. Spain, India, USA. G+D location Munich: expansion of workplace medical services and occupational health scheme; pilot project on risk assessment of psychological stress. Ergonomics advisers, training program around health and prevention	Since 2018, independently certified management systems in business units and the Corporate Center. Q1/2019 MS certification in accordance with new standard. Implementation of measures from pilot project on risk assessment of psychological stress, including adapting the work environment. Risk assessment with external partner since Q1/2019	6
Encouraging a healthy work/life/caregiving balance	“berufundfamilie” certification in accordance with follow-up procedure (highest audit level), with inclusion of the Leipzig printing site in the 10/2016 audit; confirmation that the operational measures adopted or updated are embedded in HR policy and are being rolled out in Leipzig	Measures ongoing until 10/2019, including review and adaptation of shift system at Leipzig printing site, 2018 expansion of option to work from flexible locations, approx. 20% of jobs at G+D GmbH are part-time; Integration of the priority topic of health into the action program of re-auditing 01/2020	6
Activities of subsidiaries	Flexible working hours and telecommuting option, e.g. USA (CT) and Spain	Ongoing	
Good working conditions			
Occupational health and safety	Certified health and safety management system in accordance with OHSAS 18001 at all relevant production sites worldwide (total: 20)	MS: 15 certified production facilities, i.e. approx. 80% of employees work at certified locations Q1/2 2019 audit; 2020: switch to new ISO 45001 standard CT: 5 certified production facilities, i.e. 55% of employees work at certified locations	7, 8, 9
Employee information and awareness	Location Munich: Sustainability Action Days with a focus on healthy eating, health, and conserving resources/mobility; e-learning on occupational health and safety/fire safety; Louisenthal: Health Day	2019: organization of Sustainability Action Days planned	10
Workplace 2020	Location Munich: modernization of office/working environment. Further increase workplace flexibility, expand team structures, and embed this approach more strongly in corporate culture. Taking account of psychological stress when planning office space. Consider other ways of boosting employer attractiveness as part of Workplace 2020.	Ongoing since 2016; review of solutions for improving mobility, such as introduction of JobRad and a car-sharing app, implementation in 2019. Extending flexible working	
Employee retention	CT Munich: realignment of onboarding process towards long-term retention of new employees. MS Munich: planning and introduction of a new pre- and onboarding process for systematic integration and long-term retention of new employees	Implemented	
Activities of subsidiaries	Additional measures that go beyond certification, e.g. G+D India: financial assistance for elderly parents of employees (co-insurance)	Ongoing	
Action Area: Environment			
Management system for planning and implementing sustainability measures	Central standards combined with decentralized responsibility: practical implementation of activities, objectives, and measures is the responsibility of the individual business units as of 2018. Centrally defined sustainability indicators in line with GRI standard (energy, CO ₂ emissions, water, effluents, waste, workplace accidents, work days lost, etc.); information gathered across Group using SoFi software tool.	Centralized management of standards; implementation became the responsibility of the individual business units in 2018	7, 9
Environmental management: certification to ISO 14001	Certified environmental management system for each business unit covering all relevant production sites	2018 certification in accordance with the revised ISO 14001:2015 standard in MS, CT, and Corporate Center	7, 8, 9
Energy management: certification to ISO 50001	Certified energy management system for paper mills in Louisenthal and Königstein and at the Leipzig printing site	Strategic energy target for Louisenthal 2017–2021: reduce energy requirements and CO ₂ consumption by 17% compared with base year 2010. 2018: 19% achieved.	7, 8, 9
Group-wide climate objective (scope 1 and scope 2)	Adoption of a Group-wide relative CO ₂ reduction target of 25% by 2022. Base year: 2016, KPI: tCO ₂ relative to sales. Qualitative targets for Veridos and secunet: management of energy consumption data and import of all climate data	Target for 2022: two-degree compatibility by means of various measures at selected sites, including pro rata purchase of green electricity	7, 8, 9

Focus/Activity	Progress/Outlook	Status/Goal	GC Principles*
Corporate carbon footprint (CCF)	Generate CCF 2018 for relevant production locations (for entire Group, with ability to break down by business unit). Greenhouse gas emissions reported in line with Greenhouse Gas Protocol. Product carbon footprint (MS): product-related CO ₂ footprint for cards manufactured at three different European sites	Annually, 2018 definition of new CO ₂ reduction goal as a framework for business units, partial collection of scope 3 (3.1, 3.3., 3.6), 2019: collect data for Veridos and secunet	7, 8
Conserving resources in production and site operation (selected examples)	<i>Louisenthal (Germany) paper mill</i> (production of banknote paper + foils): ongoing development of heat recycling network, using waste heat from the production process for climate control of buildings, own hydroelectric system, own CHP power generation via steam condensing turbine; <i>G+D MS China</i> : conversion to LED lighting at production sites; Spain: expansion of waste disposal, 100% green electricity; <i>USA (CT)</i> : save water by replacing sanitary facilities, save energy by using motion sensors and regulating air conditioning systems; recycle cardboard waste via recycling company; <i>G+D India (CT)</i> : use of digital documentation, e.g. for contracts and service reports for customers; installation of solar energy collectors on office buildings	Ongoing	9
EU Energy Efficiency Directive	Implementation at all European locations and performance of energy audits at sites without ISO 50001 certification	Completed at Veridos 12/17; completed at G+D GmbH Q1/2018	
Environmentally friendly products	Development/supply of environmentally friendly products, e.g. card bodies made of renewable PLA (polylactid acid); SIM cards in various form factors that use less material or embedded SIM without card body; banknote paper made using organically grown cotton comber noil on customer request	Ongoing	9
Dialog with stakeholders on environment and climate protection initiatives	MS: participant in Mastercard's Greener Payments Partnership to reduce first-use plastic and promote sustainable materials in payment card manufacturing (launch: October 2018). Participation in various climate protection schemes, such as Carbon Disclosure Project (CDP), and other initiatives, e.g. member of the German Global Compact Network's Peer Learning Group in conjunction with WWF/CDP; climate reporting partner of Deutsche Telekom; continued membership of Munich climate pact	Ongoing	8
Other activities	Munich: keeping beehives to support biodiversity; Mexico: employee reforestation project near Mexico City		
Action area: Sustainable supply chain			
Sustainability goals in procurement	Analysis and set-up of a systematic process for selecting suppliers within the Group. Definition of sustainability goals and corresponding measures for procurement.	2018: definition of a Group-wide approach to auditing suppliers according to sustainability criteria in line with the increasing demands on G+D and its supply chain, 2019: detailed definition of goals and implementation of measures	
Corporate procurement handbook	Embedding of social and environmental criteria in supplier selection process.	Since Q1/2018, general sustainability standards, 2018: development of a process to address sustainability in the supply chain, 2019: inclusion of detailed, Group-wide specifications in procurement manual, operational implementation in subsequent months.	
MS: Supplier Code of Conduct	Code of Conduct for suppliers	Implemented Q2/2018	
Supplier self-disclosure (CT and MS)	Extension of supplier self-disclosure (supplier questionnaire) to include environmental and social aspects	Since Q1/2018	
Sustainability issues included in supplier audits (CT and MS)	MS: audit of 20-30% of active A and B suppliers. CT: audit of approx. 5-10% of active A and B suppliers. Expansion of audit plan and corresponding checklist to include sustainability issues.	Since 2018, annual	
CR audit process and standard	Development of a systematic audit process for suppliers in accordance with social and environmental criteria, based on an industry standard (initially at MS)	2018: risk assessment of A, B, and sub-suppliers at MS in accordance with social and environmental aspects, clustering, sustainability evidence requested (e.g. certificates), 2019: selection of a CR audit standard, step-by-step development of an audit process	
MS: Bill of material (BOM) check for suppliers	Continuous expansion of product environmental management system BOMcheck (online database) to record and check contents of materials supplied, including conflict minerals in accordance with Dodd-Frank Act.	Ongoing	
Statement on the UK Modern Slavery Act	Statement on how G+D addresses human trafficking and forced labor in the supply chain in accordance with the requirements of the UK Modern Slavery Act	Update 2018 ff, development of a systematic audit process in accordance with CR criteria (see above)	1-6, 10

Focus/Activity	Progress/Outlook	Status/Goal	GC Principles*
Compliance/anti-corruption			
Group-wide Code of Conduct	Code of Conduct for all employees and business partners; incorporates UN Global Compact, ILO core employment standards, UN Declaration of Human Rights, OHSAS 18001; compliance monitored by Corporate Auditing	Update 2019 in line with stricter legislation and customer requirements	1-10
Compliance management system (CMS)	Group-wide CMS to prevent corruption and violations of competition law, with the individual business units taking responsibility. Quarterly Compliance Committee meetings in the business units for mutual exchange of information, coordination. Enhanced compliance monitoring at local level. Introduction of a spot-check concept to verify compliance with processes at business unit level. CMS adapted locally to new legal requirements (e.g. France, Brazil).	Ongoing	
Auditing of compliance management system	Auditing of CMS by external third party	CT 2017; MS 2018, Veridos 2018	1-10
Group-wide risk analysis	Systematic risk analysis of potential compliance breaches in relation to corruption and competition law (compliance assessment). Regular identification and assessment of compliance risks.	2018: introduction of a new tool for risk analysis and assessment, ongoing further development of analysis system. MS: compliance checks of top suppliers, of business with officials/ authorities and of association activities. 2019: carry out Group-wide risk assessment. Establish suitable measures for minimizing risk	
Employee awareness/preventive measures	Training sessions via e-learning on the basics of compliance/Code of Conduct, anti-corruption, and antitrust law Special face-to-face training for managers and staff in risk-relevant areas (MS: 4, CT: 10 training sessions) Re-rollout of anti-corruption training in Munich with 100% completion rate	2019: introduction of new Group-wide e-learning training sessions on the basics of compliance, anti-corruption, competition law (antitrust law) to further raise awareness and inform employees in relevant roles (e.g. sales)	10
Whistleblowing	Internet-based reporting system for internal and external persons for anonymous reporting of potential compliance violations and unlawful conduct	Implemented since 10/2017, 2018: introduction at Veridos	1-6, 10
Banknote Ethics Initiative (BnEI)	G+D is a co-founder of the initiative. Following a successful 2017 audit, confirmation of membership of G+D CT after letter of confirmation in November 2018	Ongoing	10
Review and monitoring of business partners	Ensure proper and reliable cooperation with business partners by means of risk-based checks, monitored using appropriate monitoring systems	Ongoing	
Corporate Citizenship			
Giesecke+Devrient Foundation	Brings together G+D's Corporate Citizenship activities; particular focuses include Museum of the Printing Arts in Leipzig, an international development program for young people from different countries worldwide in partnership with the Goethe Institute, alumni program	Ongoing	
Corporate volunteering program	G+D volunteering program involving social projects (selected by G+D Foundation), such as construction work and meeting events, as well as participation in a project designed to teach schoolchildren how to manage money responsibly	Ongoing	
Activities in subsidiaries (selection)	Mexico: financial assistance for earthquake victims and employee support for reconstruction work; India: blood donation campaign, donation of items for people in need; UK: local charitable activities in conjunction with customers; USA: donations and various social activities in local area (Community Support Committee); G+D Indonesia: support for a children's educational project		

10 PRINCIPLES OF THE UN GLOBAL COMPACT

- PRINCIPLE 1** Businesses should support and respect the protection of internationally proclaimed human rights.
- PRINCIPLE 2** Businesses should make sure that they are not complicit in human rights abuses.
- PRINCIPLE 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- PRINCIPLE 4** Businesses should uphold the elimination of all forms of forced and compulsory labor.
- PRINCIPLE 5** Businesses should uphold the effective abolition of child labor.
- PRINCIPLE 6** Businesses should uphold the elimination of discrimination in respect of employment and occupation.
- PRINCIPLE 7** Businesses should support a precautionary approach to environmental challenges.
- PRINCIPLE 8** Businesses should undertake initiatives to promote greater environmental responsibility.
- PRINCIPLE 9** Businesses should encourage the development and diffusion of environmentally friendly technologies.
- PRINCIPLE 10** Businesses should work against corruption in all its forms, including extortion and bribery.



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