

PROGRESS REPORT
2019

Statement of Continued Support

The past year showed that the global community faces ever-increasing challenges in the social and environmental spheres. Solutions are more urgent than ever before. Companies around the world can help meet that demand by optimizing and improving the existing technology base and developing new digital solutions. Used correctly and securely, these technologies can improve resource efficiency and thus pave the way for sustainable global development.

As a global leader in security technology, we have set ourselves the task of building public trust and confidence in the opportunities offered by digitalization. We want to actively create solutions to the global sustainability challenges of our time.

Our products and services already provide security for billions of people and bring new benefits for society and the environment. Looking ahead, we intend to adapt our portfolio to make an even greater contribution to sustainable economic development. In 2019, we therefore mapped the ways our products and solutions support and promote the United Nation's Sustainable Development Goals (SDGs).

Our commitment to sustainability is clearly reflected in our Corporate Responsibility principles and the associated action areas, in our support for the UN Global Compact, and in our status as a signatory to the GSMA's Digital Declaration. The latter initiative commits the CEOs of global technology companies to a digital future that is both responsible and sustainable.

This report for the UN Global Compact provides an overview of our efforts to promote sustainability. It relates to our activities in the 2019 fiscal year.

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



Ralf Wintergerst
Group CEO Giesecke+Devrient



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 11,500 employees and generated sales of EUR 2.45 billion in the 2019 fiscal year. 72 subsidiaries and joint ventures in 33 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, electronic and digital payment transactions, the digital connectivity of people and machines on the Internet, the protection and management of identities, and secure digital infrastructures.

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 Banknote Solutions division produces and distributes banknote paper, banknotes, and technologically advanced security features. The portfolio of the Currency Management Solutions division includes banknote processing machines of different sizes 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 Secure Transaction+Services division covers bank, ID, and healthcare cards as well as tokens and related services. The Trusted Connected Devices division is responsible for the IoT and digital solutions, including embedded SIM management, embedded OS software licensing, and digital identities as well as the traditional SIM market.

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 AG 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.

33
countries

11,500
Employees

2.45
billion EUR
sales

Our Responsibility

GLOBAL CHALLENGES

Our world is changing at a phenomenal pace. For the global community, this presents new opportunities, but also major challenges – from climate change and growing social inequality to increasing scarcity of resources and biodiversity loss. At the same time, we are seeing how disruptive technologies and digitalization are creating huge potential for progress and development, while also posing specific challenges around security and the shape of future markets.

HOW BUSINESSES CONTRIBUTE TO SUSTAINABLE DEVELOPMENT

Businesses can help by developing new solutions to these global challenges, thereby creating new opportunities and enabling sustainable development. This is reflected in the growing demands on business from governments and civil society. The United Nations' Sustainable Development Goals (SDGs) are also aimed explicitly at the corporate world, framing it as a major player in achieving the 17 Goals. Companies are at the forefront of international efforts to combat climate change – be it in the annual Conference of the Parties (COPs) of the United Nations Framework Convention on Climate Change (UNFCCC) or in the development of decarbonization technologies.

OUR RESPONSIBILITY

G+D is keenly aware of its corporate responsibility. As we strive for global leadership in security technology, we see it as our role to secure the opportunities being created by digitalization, thereby reducing the threats to society and the environment.

We are already helping to make life more secure for billions of people. We enable analog, electronic and digital payment transactions. We secure the digital connectivity of people and machines on the Internet. We protect and manage personal identities and cross-border traffic. And we reduce the risk of cybercrime for states, institutions, and critical infrastructures.

With our products and services, we are creating the conditions for sustainable economic growth and a better quality of life for people in a digital world.

In addition to our business portfolio, we aim to have a positive impact on society and the environment through our policies and actions along our value chain. Open and transparent dialog is an important tool in achieving that goal. Accordingly, we maintain regular contact with climate initiatives, such as the Carbon Disclosure Project (CDP) and a Peer Learning Group of the German Global Compact Network (DGCN). We are also a founding member of the Munich Business Climate Pact, which promotes dialog and cooperation with important local stakeholders to reduce CO₂ emissions.

OUR CORPORATE RESPONSIBILITY APPROACH

The G+D values of innovation, reliability, and collaboration also form our approach to corporate responsibility. We are working to implement these values for the shared benefit of society and the environment. Our CR approach is based inter alia on the United Nations Global Compact and Sustainable Development Goals.

In 2017, we conducted internal interviews and an analysis of customer requirements to define the key CR issues for G+D. Ultimately, we identified three main action areas: employees, environmental and climate protection, and supply chain sustainability. Mindful of the requirements of the UN SDGs, the Global Compact, and other globally recognized reporting frameworks (e.g. the Global Reporting Initiative), we widened the focus of our CR activities in 2019. The three action areas specified above have been joined by three more: responsibility for our business practices (compliance), products and solutions, and to society. Together, these six CR principles now define our commitment to responsible corporate management.

SDG MAPPING

The United Nations' Sustainable Development Goals were adopted by the UN General Assembly in autumn 2015. They entered into force in 2016 and are a core component in the 2030 Agenda for Sustainable Development. The 2030 Agenda calls on governments, business, and civil society to support implementation of all 17 Sustainable Development Goals and 169 associated targets over the next 10 years.



G+D intends to adapt its operations to better support the relevant SDGs in the future. During preliminary SDG mapping in late 2019, G+D identified which of the 17 SDGs were directly impacted by the Group’s commercial and CR activities.

A total of 10 SDGs were identified as relevant:



Six of these SDGs are particularly important with regard to G+D’s core operations. Our products and solutions have a significant impact on SDGs 8, 9, 10, 12, 13, and 16 and contribute to inclusive economic growth, social inclusion, and global security and stability. Our innovations in the core areas of payment, connectivity, identity, and digital infrastructures are not only improving security for people, they are also making life better and more sustainable.

The SDGs of particular relevance to G+D have been mapped to our six CR principles.

GOVERNANCE

Our CR activities are coordinated and organized within our CR governance structure. The Group CEO is responsible for the general direction of all CR activities across G+D. The individual business sectors are tasked with implementing the activities in their own sphere in accordance with their specific requirements.

IMPLEMENTATION OF CR ACTIVITIES

G+D has established Group-wide guidelines and policies to help implement CR activities. The results are measured using selected, centralized KPIs, e.g. accidents at work (action area “employees”), CO₂ emissions (action area “environmental and climate protection”), and hazardous waste and water treatment (action area “environmental and climate protection”). For the action area “supply chain sustainability,” we established a Group-wide approach to the selection and auditing of suppliers based on sustainability criteria. This approach also covers issues, such as human rights and conflict minerals. The specific targets are still being developed. With regard to the environment, G+D has adopted a Group-wide climate goal. We are now committed to a 25-percent relative reduction in CO₂ emissions by 2022 compared with 2016.

Our CR activities during the 2019 reporting year are documented in this progress report. They are also summarized in our annual report.

G+D CR Principles



Principle 1:
Responsibility to our employees



Principle 2:
Responsibility to our environment



Principle 3:
Responsibility in our supply chain



Principle 4:
Responsibility through our products and solutions



Principle 5:
Responsibility for our business practices



Principle 6:
Responsibility for our society

Principle 1: Responsibility to Our Employees



Our success is driven by the talent, knowledge, and day-to-day commitment of our 11,500 employees. Their professional development and personal wellbeing are therefore central elements in our HR policy – along with diversity and equal opportunities. This is also intended to make G+D an attractive employer for new talent. Using carefully targeted measures, we ensure all our employees have the skills they need for their current and future roles, plus an enjoyable working environment and the optimum work-life balance.

Our responsibility to our employees covers five core topics: Learning and Development; Diversity and Equal Opportunities; Wellbeing and Work-Life Balance; Good Working Conditions and Employee Engagement and Health and Safety.

LEARNING AND DEVELOPMENT

Professional development and training

G+D operates in highly dynamic markets that call for innovative solutions, flexibility, and the highest quality standards. We enable our staff to meet these demands by identifying the knowledge and skills that G+D requires – both now and in the future – and continuously updating and expanding our professional development resources. Our staff have access to a comprehensive training and education program as well as personal career guidance and coaching. We also run a global talent management program, in which we systematically identify and develop staff potential.

G+D Currency Technology (CT), G+D Mobile Security (MS), and our larger subsidiaries have their own development programs. CT, for example, has introduced a new and agile talent management program at the Louisenthal paper mill. Over 80 percent of the initial participants have since taken on new tasks, usually with greater responsibility.

At MS, developments include a new knowledge transfer program in Canada, for example. From 2020, there will be mandatory annual knowledge transfer on specific subject areas for every employee. The aim is not only to share information within the organization but also to improve and accelerate familiarization in the event of internal changes. In Australia, MS has implemented a new leadership program and a roadmap for annual staff training. Finally, G+D Mexico has created a talent evaluation program for production staff with the aim of boosting productivity and employee engagement.

Talent acquisition

For an innovative company like G+D, it is particularly important to have the right expertise throughout the organization, both now and in the future. Our markets are extremely dynamic and growing much faster than the number of qualified people available. Accordingly, we are constantly working to discover and attract young talent with the skills we need at the earliest possible stage. These efforts include career fairs, campus events, and “Girls’ Day” in Germany – a day dedicated to encouraging young women to explore opportunities in science and technology.

Our commitment to our staff supports the following SDGs: 3, 4, 5, 8, and 10. Our core topics “Learning and Development” contributes to SDG 4 (Quality Education), while “Diversity and Equal Opportunities” contributes to SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities). The core topic “Wellbeing and Work-Life Balance” and “Health and Safety” strengthen SDG 3 (Good Health and Wellbeing) and SDG 5 (Gender Equality).



We also attract young employees through professional training opportunities, dual and master’s study programs, 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. At locations that are close to a university, such as MS in Barcelona and secunet in Dresden and Ilmenau, we work hard to build contacts with potential future employees.

New leadership culture

Ongoing technological and societal transformation is also placing new demands on our leadership and management culture. In response, executive training is now a key element in our staff development strategy.

G+D is rolling out a new development program for executive managers worldwide since February 2020. The program comprises the following focus areas: New Work, New Leadership, Collaboration, and Agility. In 2019, all G+D members of the Management Board also participated in a Board Academy training program aimed at sharing perspectives and gaining new insights into key management issues within the G+D Group.

CT has expanded its global “Lead.Together” campaign, adding executive workshops, development meetings, and management talks. The campaign is designed to establish a modern leadership culture and embed standard management practices. It also promotes better exchange between employees and management across all levels. To evaluate the success of the “Lead.Together” campaign, CT will design a global 180-degree feedback survey in 2020, to be implemented in early 2021. In 2019, the campaign in Germany included 3 two-day basic workshops for training new executives, around 30 development meetings, 7 management talks, and 26 focus workshops.

DIVERSITY AND EQUAL OPPORTUNITIES

G+D regards a diverse workforce in terms of gender, age, and cultural origin as a clear competitive advantage. This is reflected in our commitment to the “Charta der Vielfalt” (German Diversity Charter), an employer initiative promoting diversity in companies and institutions. We support diversity in the workplace in a number of ways, including international hackathons, training events, workshops, keynotes, and round tables. We concentrate our efforts in the following areas: recruitment; onboarding and development; leadership and culture; communication. Diversity is also a key criterion when recruiting trainees and selecting participants in our talent programs.



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. In addition, MS in UK was recognized as an equal opportunity employer during the period under review. In Australia, the MS subsidiary introduced specific guidelines for equal opportunities within the company.

CT set up a special project group in 2019 tasked with driving the development of new diversity measures within the business sector.

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. A third of our Supervisory Board is already made up of women. Worldwide, we aim to further increase the proportion of women in leadership positions. 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.

In order to raise internal awareness of gender equality, G+D introduced a new series of talks – “Working@G+D” – at its Munich headquarters with CFO and Director of Labor Relations Dr. Peter Zattler. The first event, held in 2019, was entitled “Women@G+D.”

GOOD WORKING CONDITIONS AND EMPLOYEE ENGAGEMENT

In order to attract the best possible talent, it is important that G+D provides good working conditions and a pleasant work environment. To achieve that, we use a wide range of communication and feedback tools to enable continuous dialog with staff and we encourage them to share their opinions and ideas.

To better integrate and retain new employees, G+D has remodeled the onboarding process in Germany. Covering the first six months of employment, it is designed not only to familiarize new staff with the work environment but also to provide a warm and friendly introduction to G+D.

In Australia, the MS subsidiary has a centrally managed onboarding process. This enables management to monitor the progress of each new employee and assess their readiness for work. G+D Mexico and G+D India have also redesigned their onboarding process to give new employees the ideal start and help them identify strongly with G+D from day one.

We also seek to make the work environment as modern and user-friendly as possible. In Munich, for example, the facilities will be extensively updated until the end of 2020. The aims here are to make the workplace more flexible, to expand team structures, and to consider psychological factors in the planning of office spaces.

Women in Management Roles

Worldwide in Percent



G+D uses a range of measures to increase employee engagement, strengthen commitment, and promote mutual exchange.

- In the past, we have conducted multiple (also virtual) hackathons and installed think tanks to collect ideas and suggestions from staff.
- We offer a wide range of information and communication tools for internal users via multiple channels, e.g. intranet, digital dialog platforms, information events, and business talks.
- Employees receive special recognition, appreciation, and rewards for achievements and anniversaries as well as initiatives, such as a cycle to work campaign (Munich).
- At CT, the “Inspiring Performance” program promotes a feedback-based culture of recognizing and appreciating achievement. Plans for 2020 include tutorials on preparing and implementing feedback dialogs.
- MS Spain uses the “Participa” tool to collect regular feedback from staff on issues and measures that directly affect them.
- The MS subsidiary in the UK is pursuing a five-point strategy for integrating staff. This includes recognizing and rewarding good work, communicating the company’s values and goals, providing communication and leadership that promotes cross-level dialog, and supporting employees through transparent career planning.

HEALTH AND SAFETY

As an employer, we are responsible for the health of our employees and for providing a safe work environment.

We have implemented a certified occupational health and safety management system (OHSAS 18001) at all relevant locations worldwide. In the year under review, we migrated our certification to the new ISO 45001 standard. At CT, this involved five certified production locations and around 55 percent of all employees. In the MS business sector, there are 15 certified production facilities, covering some 80 percent of employees.

We use a range of measures to promote a healthier lifestyle for our staff. In Germany, these range from fitness and sporting activities to support with recovery after extended periods of illness or initiatives such as the campaign “cycle to work”. We expanded workplace medical services and the occupational health package at our Munich headquarters back in 2018. The associated training program addresses specific prevention and health-related topics, including ergonomics guidance, welfare advice, and addiction counseling.

Number of
Employees Involved in a Recordable Injury



There are also numerous initiatives at our international locations – from a campaign for better nutrition (Mexico) to fitness and weight-loss events (USA), health checks (India, Mexico), a company sports club (India), cycle to work programs (UK and Germany), and a road safety campaign (Spain).

Other safety initiatives include preventing accidents and near misses. In 2019, for example CT in Munich and MS in UK conducted awareness weeks and communication campaigns aimed at sensitizing staff to this issue.

WELLBEING AND WORK-LIFE BALANCE

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. If their personal circumstances change – perhaps through pregnancy, illness, or the need to care for dependent relatives – we support our employees. 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 are certified to the highest audit level and were successfully re-audited in 2019/2020.

We offer flexible working time models with no core working hours, no minimum daily attendance hours, and no limit on monthly leave as well as voluntary Saturday working and long-term time accounts. We are also flexible about where staff work, with a choice of home and mobile working options.

A good work-life balance should also include psychological wellbeing. In late 2019, we held the G+D Health Day “Success Factor: Inner Balance” in Munich. This provided a wide range of information and activities for staff on numerous topics around health, resilience, and psychological stress. We also conducted an online survey on mental health at work, which we will use as the basis for future measures. To increase awareness within the company, all management staff in Munich have received training on mental health in the workplace.

Among our subsidiaries, e.g. MS in Australia introduced the “Feel Good Friday” for the entire workforce and established a “Wellbeing” committee to devote additional attention to the issue. In Canada, MS launched a monthly program – “Lifeworks” – in 2019. This provides support for employees with confidential matters, such as stressful situations at work, family and relationship problems, depression, anxiety, and other emotional issues. In the US, the range of health-related offerings was complemented by a new series of seminars on financial and insurance issues developed in conjunction with the company’s insurance providers.

Principle 2: Responsibility to Our Environment



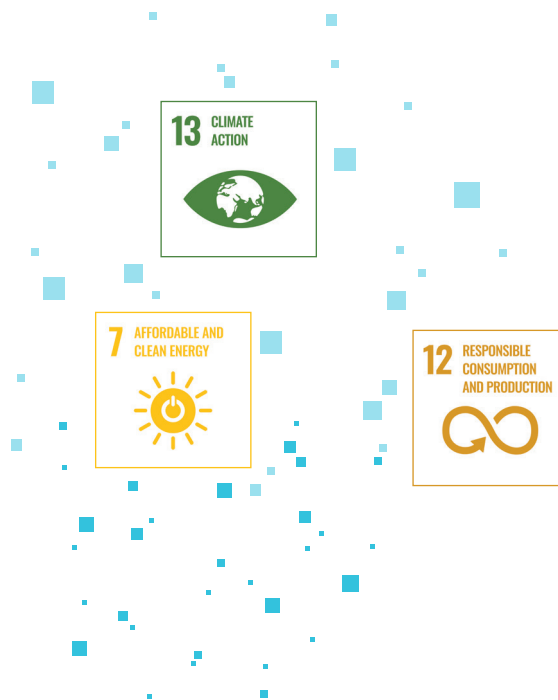
Our responsibility to the environment is one we take extremely seriously. We are working hard to preserve a decent world for current and future generations. Accordingly, we are reducing our greenhouse gas emissions, making more efficient use of resources, and deploying innovative technologies. In adopting these measures to protect the climate and environment, we are continuously seeking to reduce the impact of our business operations.

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.

GROUP-WIDE CLIMATE GOAL

In 2018, we introduced a Group-wide climate goal. Our aim is to reduce emissions by 2022 to a level compatible with the two-degree limit set out in the Paris Agreement. This means cutting our direct and indirect emissions (tCO₂) by 25 percent relative to sales. The base year for our calculations is 2016. To achieve this goal, we are steadily transitioning to renewable energy sources – increasingly produced ourselves – and implementing a range of efficiency measures.

For example, the Louisenenthal paper mill uses on-site hydropower for the production of banknote paper and has expanded its heat recycling network. By making better use of the existing waste heat, the plant reduced its carbon emissions in 2019 by 1,370 tonnes. There are also plans to increase the use of water from the local Mangfall river as a sustainable source of cooling for the production buildings and equipment. These measures alone could reduce greenhouse gas emissions by as much as 1,500 tonnes per year.



Our commitment to the environment contributes to SDGs 7, 12, and 13. Our climate goal supports SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). Our environmental impact management also contributes to SDG 7 as well as SDG 12 (Responsible Consumption and Production). We are likewise supporting SDG 12 with measures to manage and reduce our use of chemicals.

In Spain, Mobile Security (MS) has also ramped up its use of renewables. The Madrid and Barcelona locations are now exclusively powered by green energy. In addition, MS has updated its technical facilities in Spain, Germany, and the United States, replacing older production equipment as well as air conditioning systems, compressors, and extraction systems with new and more efficient models. The result is a reduction in power consumption at these sites of between 20 and 90 percent.

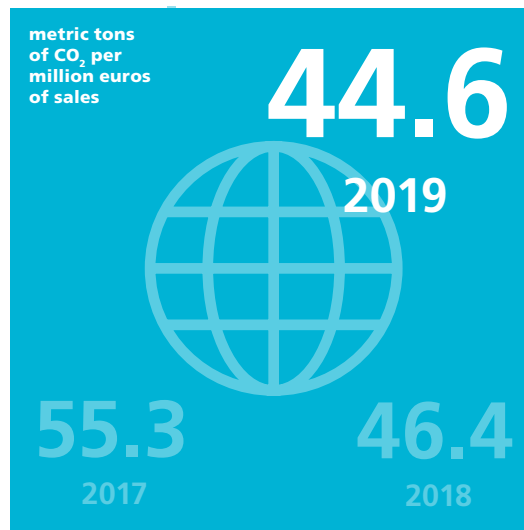
In Malaysia, G+D has been using solar power at its banknote printing facility since 2019. In the course of upgrading our headquarters in Munich, the entire site had been equipped with LED lighting by the end of 2019. Floor lamps were fitted with daylight sensors and movement sensors. This reduced power consumption for lighting by 40 percent.

Munich Business Climate Pact

G+D is one of the founding members of the Munich Business Climate Pact. In 2015, the City of Munich called on fifteen of the largest companies in the region to help drive improvements in environmental protection. Through a number of joint projects and individual measures, the first phase of the initiative (up to 2017) significantly exceeded the target of a 40,000-tonne reduction in annual CO₂ emissions. The Climate Pact is still in operation as part of Munich's climate protection program for 2019–2021. In addition to reducing local greenhouse gas emissions, the current aims are to boost cooperation between companies and identify new ways for cities and businesses to reduce carbon emissions.

In addition to our local efforts in Munich, G+D is a long-time member of the Peer Learning Group Climate of the German Global Compact Network (DGCN). PLG Climate has between 10 and 15 member companies and deals with specific aspects of climate management. It uses webinars and meetings to share ideas on topics, such as climate strategy, climate risk analysis, scope 3 emissions, and the use of methodologies to develop science-based targets. The main aim of these events is to enable members to share their experience and knowledge.

Direct and indirect CO₂ Emissions
(Scope 1 and 2)



Market-based factor set

MANAGING OUR ENVIRONMENTAL IMPACTS

We measure our activities against centrally defined sustainability indicators, which we record for our largest sites worldwide (i.e. those with over 100 employees). These indicators are based on the internationally recognized Global Reporting Initiative (GRI). Using our Group-wide SoFi database, we can track qualitative and quantitative trends in a range of environmental, health, and safety variables and implement improvements where necessary.

G+D uses an emissions controlling system to monitor the impact of climate protection measures. We report our greenhouse gas emissions in line with the internationally recognized Greenhouse Gas Protocol. Additionally, we have been documenting our corporate carbon footprint for the past 10 years. In the world's most extensive climate protection ranking, the CDP, we occupied a solid mid-table position in 2019 in the supplier category.

We have implemented the EU Energy Efficiency Directive at all our European locations. Our 20 largest production sites have environmental management systems in place that are certified to ISO 14001. We also deploy ISO 50001 energy management systems at the banknote paper mills in Louisenthal and Königstein.

Our environmental management systems enable us to improve our environmental performance, comply with legislation, and meet our own environmental targets consistently and systematically. The environmental impacts captured by these systems include energy consumption, CO₂ emissions, waste volumes, and water consumption.

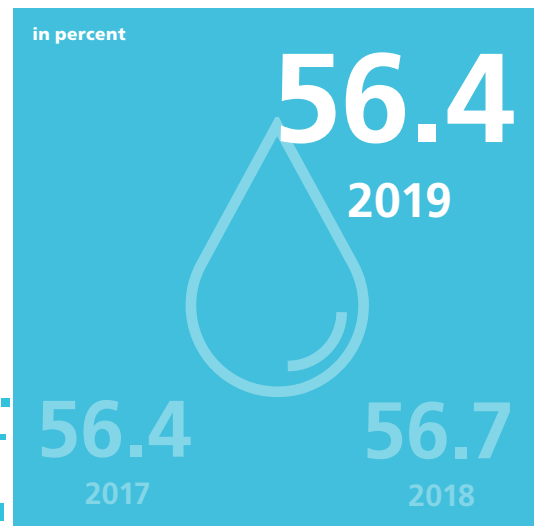
The business sectors and the Corporate Center are each responsible for their own management systems and for practical implementation of the associated activities and objectives. All business sectors were (re-)certified by an accredited external auditor in spring 2019.

RESOURCE CONSERVATION AND INNOVATION

Climate change is not the only consideration when it comes to protecting the environment and precious natural resources. In our manufacturing operations, we partner with customers to find more sustainable solutions while also investing in R&D.

Louisenthal, for example, has launched a sustainability initiative entitled "Life of a Banknote" that aims to identify potential for improvement in the areas of raw materials, production, transportation, and recycling. The manufacturing process for banknote substrates and foils requires significant quantities of power, heat, and water. The Louisenthal mill has not only improved its energy efficiency as described above, it has also reduced its water consumption. Thanks to on-site wastewater treatment, the plant is now using 40 percent less water than in 2010. Louisenthal has invested around EUR 15 million in recent years to reduce resource consumption in its production processes. It is also dealing with the question how the world's most sustainable banknote could look like. By 2021, it will have developed a "green" banknote concept that takes a holistic view of the entire product lifecycle, from raw materials and energy through production and distribution to end-of-life recycling.

Water Recycling and reuse



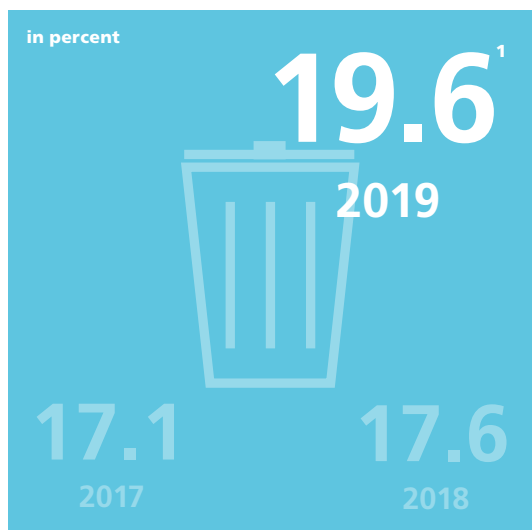
In addition, G+D has implemented numerous initiatives, measures, and projects at other locations aimed at reducing the company's ecological footprint. These measures range from increased recycling of production waste at card manufacturing facilities, e.g. at MS in Australia, to a reduction in waste and packaging at G+D Neustadt and G+D India. To take one example, the packaging used to transport cards within the organization can be reused many times over a number of years. Some card facilities have switched entirely from plastic containers to cardboard. In addition, G+D has held "Sustainability Days" for staff at a number of locations, including MS Neustadt, MS Canada, and the Louisenthal paper mill.

Another important environmental concern is managing – and reducing – the use of chemicals. G+D is constantly searching for alternative materials for the various production processes at CT and MS while also refining these processes to reduce or even eliminate the use of chemicals that are potentially harmful for the environment. Our efforts in this area far exceed the standards required by law.

In addition to the "Life of a banknote" initiative, G+D is working in a number of other areas on innovations to conserve resources throughout the value chain, from procurement through production to use. For example, we now offer eco-friendly credit cards made from renewable materials, e.g. a PLA card made from corn starch or a card with wooden inlay. We also use recycled PVC for some card bodies – or avoid it entirely as in the case of our half-SIM form factor, which requires less material to produce. Other options include embedded SIMs that dispense with the card body altogether. These are becoming ever more important given increasing connectivity of people and machines. Embedded SIMs require less material to produce and generate less waste, both during production and in use.

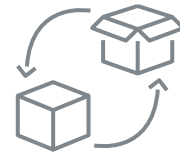
In addition, Mobile Security launched a sustainability project in 2019 entitled "Product Carbon Footprint." The aim here is to measure and improve the carbon footprint of new types of payment cards throughout their lifecycle, i.e. across raw materials, production, transport, use, and recycling.

Hazardous
Waste



¹Increased production volume and special disposal of chemicals

Principle 3: Responsibility in Our Supply Chain



We apply strict environmental and social standards to our extensive supply chain that meet and exceed all relevant national and international regulations. Sustainability is an important criterion whenever we select a new supplier. We also work with our suppliers to improve transparency, identify risks, and avoid associated negative outcomes.

We accept that our responsibility extends beyond our own production processes. In a globalized world, it is important that we source our raw materials in a sustainable and ethical way. We therefore use a range of instruments to embed sustainability throughout the procurement process. We also strive to continuously improve the environmental and social standards in our supply chain.

GROUP-WIDE PROCUREMENT STANDARDS AND SUSTAINABILITY CRITERIA

Our Group-wide procurement manual contains framework requirements for supply chain sustainability and defined environmental and social criteria for the selection and auditing of suppliers. These requirements are constantly being improved and expanded. In the year under review, we added a number of new questions, including several on environmental and safety management certification. At G+D Mobile Security (MS), which has a very deep supply chain, the proportion of audited A and B suppliers rose to 30 percent in 2019. The corresponding figure for G+D Currency Technology (CT) was 10 percent. All A and B suppliers serving MS have signed the Supplier Code of Conduct.

In addition, MS introduced the internationally recognized SMETA (Sedex Members Ethical Trade Audit) 4-pillar standard for assessing environmental and social risks among suppliers. The areas audited include labor standards, health and safety, and environmental management systems. Twenty percent of active A and B suppliers were audited in conjunction with TÜV Rhineland in 2019. In 2020, we aim to increase that number to more than 70 percent.



With our responsible approach to our supply chain – including Group-wide procurement standards and a commitment to human rights – we are actively contributing to SDG 8 (Decent Work and Economic Growth) and SDG 12 (Responsible Consumption and Production).

At CT, a new working group was established to promote sustainable procurement and further improve the supply chain. Formed in early 2020, the group has already assessed how procurement can support the UN's Sustainable Development Goals and identified which SDGs should be prioritized in the future.

COOPERATION WITH SUPPLIERS

Our suppliers report to us sustainability risks and provide relevant documentation (e.g. certificates). At MS, the auditing and self-disclosure process has been modified to include questions on environmental protection, health and safety, and other sustainability issues. This cooperation with suppliers will be expanded further in the future. Currently, we are rolling out a Group-wide supplier management portal to achieve even greater transparency and rigor in our supplier management processes. It also complements our supplier qualification and selection procedures. In addition, the portal will expand G+D's supplier onboarding process and provide measurability.

This year, we also plan to create a scorecard for key suppliers, making it easier for purchasers to select the most suitable providers. The scorecard will include various sustainability-related issues. We will also introduce special measures to help suppliers improve their sustainability performance. These measures will include training, events, and partnerships.

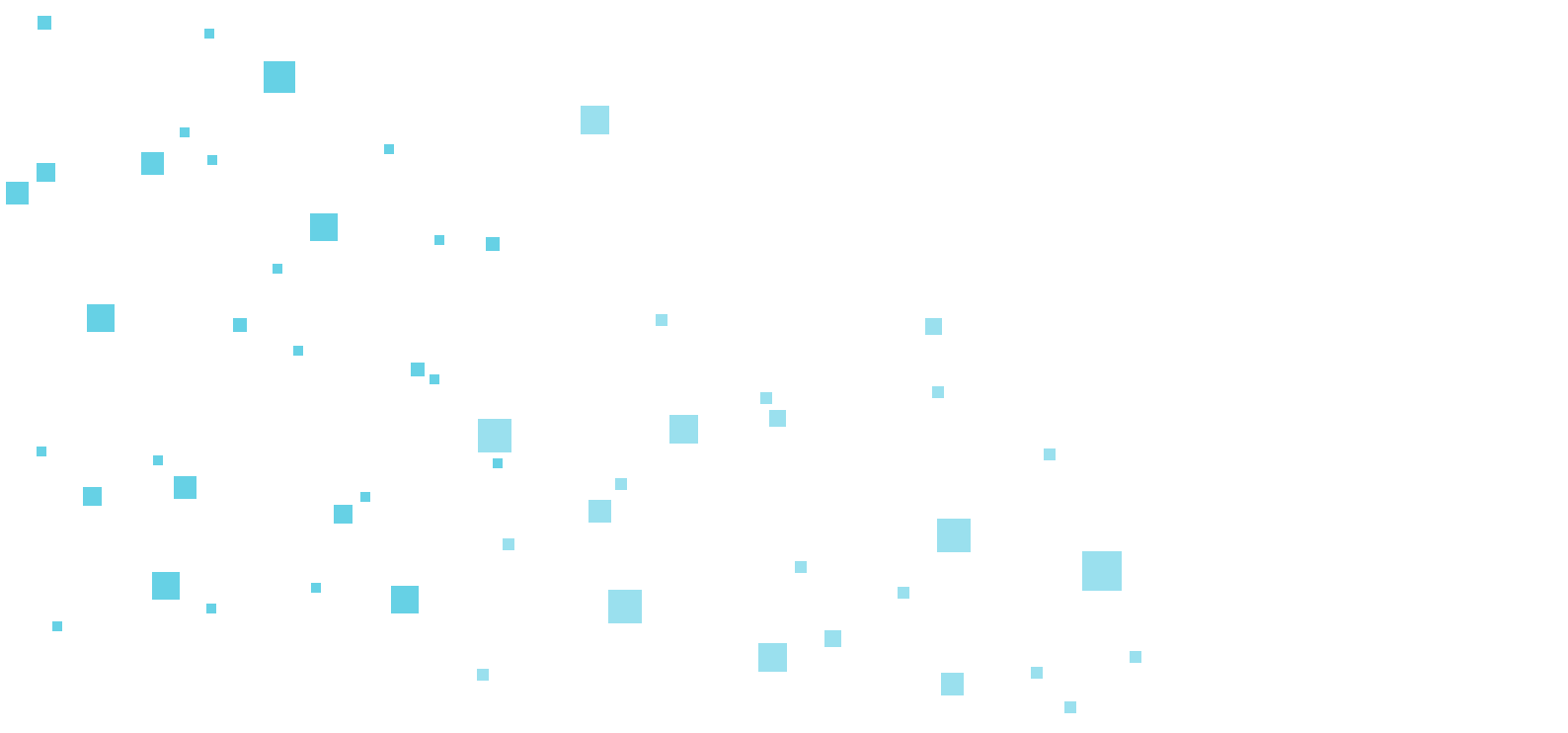
HUMAN RIGHTS AND LABOR STANDARDS

We are committed to upholding human rights and labor standards. Accordingly, we also work closely with all our suppliers to maintain those values throughout our supply chain.

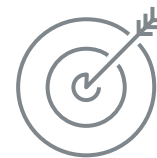
Our policy on forced labor, human trafficking, and slavery complies with the UK Modern Slavery Act. This law requires organizations to publish an annual modern slavery statement. It also forms an integral part of G+D's processes, our Code of Conduct, and our procurement standards.

In order to avoid the procurement of raw materials from conflict zones, G+D MS uses a reporting system that meets the requirements of the Dodd-Frank Act. This system utilizes a standardized process to record and check the composition of all incoming materials, e.g. for smartcard production.

To ensure our suppliers meet our standards on human rights and conflict minerals, our compliance questionnaires and Code of Conduct cover topics, such as child labor, forced labor, human trafficking, slavery, other local human rights and labor issues plus the sourcing of raw materials from conflict zones.



Principle 4: Responsibility through Our Products and Solutions



In all our products and services, we are committed to providing the best possible security, quality, and reliability for our customers. Working closely with customers, we are also contributing to global and inclusive economic growth. By securing payment processes as well as connectivity, digitalization, and identification systems, we are enabling our customers to create new digital business models and develop solutions and services that make our lives more convenient and sustainable.

G+D specializes in security technology across four key fields: payment, connectivity, identity, and digital infrastructures. Through these core fields, we support the objectives of global sustainable development.

INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH

G+D products provide the security required for global commerce. We secure analog, electronic and digital payment transactions. We ensure the digital connectivity of people and machines on the Internet. We protect personal identities using highly secure ID documents. And we reduce the risk of cybercrime for states, institutions, and critical infrastructures. Our products and services are thus laying the foundations for sustainable economic growth at the global level and for a better quality of life in the digital world.

Through our projects and investment, we are helping to create jobs in our customers' home countries and promoting the development of knowledge and productive capacities. This active contribution to sustainable economic growth is particularly beneficial in developing and emerging countries. In Egypt, for example, G+D is not only building one of the world's most advanced high-security banknote plants, we are also supporting the Central Bank of Egypt by providing specialist training to approximately 1,500 employees.

SOCIAL INCLUSION

Secure personal identification is an essential prerequisite for legal protection and freedom of movement. It also enables people to access government services, such as health and education. Our secure ID solutions and services play a major role in providing these capabilities.

We also promote social inclusion through our wide range of payment options. For example, in countries where the cellphone network is more developed than traditional payment systems, it is better to enable people to pay with their smartphone than with a physical payment card. There are also countries where people have no access to a bank and are totally reliant on cash. A prepaid payment card with biometric features can even be used by people who have no ID documents or bank account.

SECURITY AND STABILITY FOR THE GLOBAL COMMUNITY

G+D solutions play an important role in global security and stability. Our products safeguard payment transactions, provide identity security, protect national borders, and enable secure data transfer around the world. Accordingly, we are helping governments to combat threats, such as corruption, counterfeiting, identity fraud, cybercrime, and terrorism. We also enable the police to conduct cross-border investigations more quickly.

Our responsible approach to our products and solutions supports numerous SDGs. By promoting secure and inclusive economic growth, we are contributing to SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), and SDG 10 (Reduced Inequalities). We are also working to improve social inclusion in support of SDG 10 (Reduced Inequalities) and SDG 16 (Peace, Justice and Strong Institutions). SDG 16 is further strengthened by our contribution to global security and stability. Finally, G+D's efforts to promote sustainability are supporting SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequalities), SDG 12 (Responsible Consumption and Production), and 13 (Climate Action).



DEVELOPMENT AND USE OF DIGITAL SOLUTIONS FOR BETTER AND MORE SUSTAINABLE LIVING

By securing the digital connectivity between people and machines on the Internet and protecting digital infrastructures, G+D is building the foundations for solutions and services that improve the quality and sustainability of people's lives. We are helping to increase trust in new communication technologies, making it possible for people to share their valuable data in an increasingly digital world. Herewith, the 5G mobile standard plays a key role.

Sustainable mobility

Connected vehicles and autonomous driving will improve resource efficiency, enable intermodal mobility in cities, and offer new opportunities for car-sharing models. Nine of the ten leading automotive manufacturers use embedded SIM technology from G+D for their vehicle networking applications.

Better healthcare through remote diagnostics

Remote diagnostics can significantly improve healthcare access for people in rural and remote areas, as well as in developing countries. Using 5G, health professionals can provide continuous, real-time patient care – including medication, if required. It is even possible to perform remote surgery via augmented reality and robotic systems, e.g. in emergencies or natural disasters. G+D provides the technical basis for reliable network availability and the secure exchange of confidential data.

Better resource efficiency through smart utilities and smart home/office

The Internet of Things can improve energy efficiency and reliability of supply while also bringing down costs. For example, 5G-based management of wind, tidal, and solar farms offers a host of potential benefits. There are also new opportunities for public authorities and private service providers in the areas of recycling, street lighting, and autonomous waste collection, all of which benefit the wider community and environment. Smart home and office technologies enable centralized control and can significantly improve the energy efficiency of appliances and HVAC systems. All these applications require secure data connectivity, which G+D products provide.

Less travel and a better work-life balance through virtual working

Companies are already using digital communications and virtual conferencing to reduce business travel and the associated CO₂. They can deploy the same technologies to enable staff to work from home, thus improving their work-life balance. Data security is an essential requirement for these and future technologies. G+D meets that demand with specially tailored solutions.

Principle 5: Responsibility for Our Business Practices



By adhering to our own values as well as national and international laws and guidelines, we strengthen our reputation as a company and create the foundation for trusting relationships with our customers. Our compliance management system and G+D Code of Conduct serve to embed integrity and adherence to the law within our organization and also in our business relationships throughout the value chain.

G+D uses a range of instruments to uphold its own values and standards. It is important not only that we comply with national and international legislation as well as our own internal guidelines, but also that we adhere to G+D's core values and provide transparency into everything we do.

TRANSPARENCY

We are constantly working to improve our transparency, which also improves our performance. In addition to our dedicated management systems for compliance, data security, health and safety, and environmental performance, we collect and publish information and news in our annual report, in this progress report, in our PR communications, and on relevant platforms, such as EcoVadis.

CENTRAL COMPLIANCE MANAGEMENT SYSTEM (CMS)

Our CMS ensures Group-wide regulatory compliance to avoid issues, such as corruption and antitrust law violations. We have created compliance committees in all business sectors and at the Group level tasked with regularly monitoring the CMS. In 2019, G+D introduced a new tool for risk analysis and assessment in relation to potential compliance violations and refined the analysis system. The CMS was audited at G+D Currency Technology (CT) and G+D Mobile Security (MS) by external parties in accordance with IDWPS 980 standard. Veridos will be audited in 2020.



By accepting responsibility for our business practices, we are promoting SDGs 8 and 16. We contribute to SDG 8 (Decent Work and Economic Growth) through our sustainable business model and to SDG 16 (Peace, Justice and Strong Institutions) through our promotion of business ethics, opposition to corruption, and support for global data protection and cyber security.

CODE OF CONDUCT

Our Group-wide Code of Conduct combines inter alia the UN Global Compact, the core labor standards of the ILO, the UN Declaration of Human Rights, and certification to OHSAS 18001 (in future ISO 45001). Compliance with all points is checked by the Corporate Audit function. The Code of Conduct will be updated in 2020.

BANKNOTE ETHICS INITIATIVE (BNEI)

G+D is a co-founder of this banknote industry initiative to promote ethical business practices, prevent corruption, and ensure compliance with antitrust law. Following the successful audit of CT in 2017, its membership was verified in a letter of confirmation in November 2018. The next [BnEI](#) audit is scheduled for 2020.

GROUP-WIDE RISK ANALYSIS

We proactively and systematically identify and assess emerging risks – including potential compliance breaches in relation to corruption and antitrust law – and introduce preventive measures. In 2019, we used a newly introduced tool to conduct a Group-wide risk assessment and establish appropriate countermeasures.

TRAINING AND INFORMATION

Open communication and staff training play an essential role in preventing compliance incidents. We are therefore constantly strengthening our internal communications around this subject. In 2019, we introduced new e-learning content on the basic principles of compliance, on anti-corruption measures, and on antitrust law. We also use classroom training and intranet content to inform and sensitize staff.

INTERNET-BASED WHISTLEBLOWER SYSTEM

G+D has an anonymous reporting system in place for suspected violations and unlawful conduct. The system is open to internal and external users.

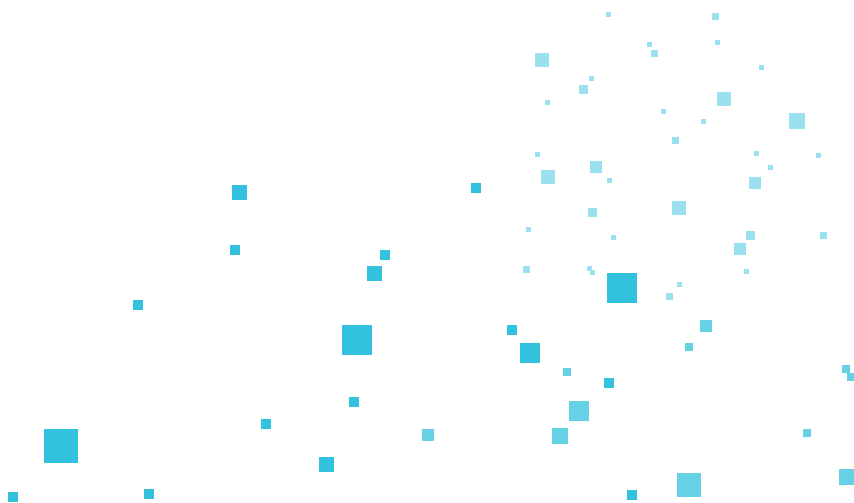
DATA PROTECTION

We have implemented a global data protection management system to ensure Group-wide data protection and data security standards for the collection, processing, and use of personal data. The system defines standard practices in the following key areas:

- Documentation of all processes and processing related to data protection
- Creation and management of all documentation and contracts required for external data processing
- Implementation of and support for customer inquiries
- Processing of right of access requests from data subjects
- Compliance with legally required measures for deletion of personal data
- Internal Training

The EU General Data Protection Regulation (GDPR) requires organizations to report personal data breaches. There were no reportable breaches in the year under review.

Our Binding Corporate Rules (BCRs) provide consistent and comprehensive data protection. They are based on the EU GDPR, which is implemented at all locations across the Group. BCRs can be provided for both data controllers and data processors (contractors). G+D was the first German company to introduce BCRs for both roles. Our BCRs have been approved by the relevant regulatory authorities in the EU.



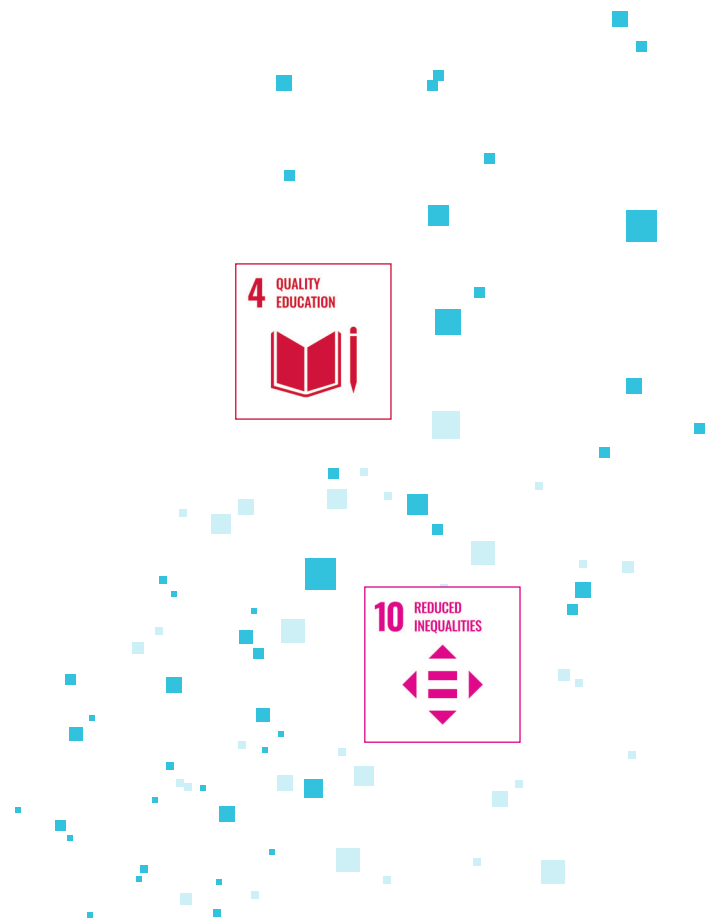
Principle 6: Responsibility for Our Society



As a longstanding and independent family-owned company, we believe entrepreneurship and social responsibility go hand in hand. Economic activity is only truly sustainable in a society that is equitable, progressive, open, and secure.

For the past ten years, we have concentrated our corporate citizenship activities in the Giesecke+Devrient Foundation. In addition to in-house projects, the Foundation also collaborates with selected partners. The majority of funding goes to culture and the arts, child and youth education, and the promotion of international exchange and intercultural skills among young people.

The Foundation's principal project is the Museum of the Printing Arts in Leipzig – the city in which G+D was founded. The Museum has been in operation for 25 years and was instrumental in having artistic printing techniques recognized as an intangible cultural heritage by the German UNESCO commission. In addition to showcasing historical printing techniques, the Museum is a place of meeting and exchange. Visitors can watch book printers and typesetters working with historical tools and machines, attend lectures and seminars, and enjoy a varied program of temporary exhibitions. In keeping with the Foundation's remit, there are also guided tours and other educational offerings for children and young people. The Museum is officially recognized as an off-campus learning location.



With our commitment to social responsibility through the Giesecke+Devrient Foundation, we are contributing to SDGs 4 and 10. In particular, we are supporting SDG 4 (Quality Education) through our funding for culture, the arts, and education, while our commitment also supports SDG 10 (Reduced Inequalities).



In the area of culture and intercultural skills, the Foundation's main priority is a youth development program. Run in partnership with the Goethe Institute Munich since 2011, the program enables young people from Europe, Africa, Asia, and South America to spend time in Munich during school vacations. Along with improving their German language skills, they learn more about the country thanks to an extensive cultural itinerary. In addition, the Foundation has an alumni program that was launched three years ago to build bridges between people and cultures around the world.

This year, the Foundation will make additional efforts to interlink its funding priorities and thus generate greater synergy.

In addition to the Foundation's activities, G+D has a corporate volunteering program where employees can volunteer on projects selected by the Foundation.

Our subsidiaries also implement projects around the world that promote social development at the local level. These range from helping school-leavers begin their careers (MS in UK) to donating IT equipment to an NGO and medical equipment to the Red Cross (Spain and Germany).

Staff donations and volunteering are becoming increasingly important at G+D. In addition to Christmas donations to a Munich food charity, G+D Mobile Security has in recent years organized collections for earthquake victims in Mexico and donated to the Banorte Foundation in that country. In the UK, staff at MS have been volunteering in their local communities, for example renovating youth centers or assisting school-leavers with job applications.



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