

SICPA

Corporate Social
Responsibility
2017



Enabling trust

The background of the entire page is a photograph of a modern building with a dark grey facade. The SICPA logo is embossed on the building's wall. In the foreground, there is a lush garden with many small, vibrant pink flowers and some green foliage. A concrete path leads towards the building. A tall, thin tree is visible behind the building, and a blue sky is in the background.

SICPA



CEO INTRODUCTION

July 2017 marked SICPA's 90th anniversary. The world has changed greatly since we were founded, indeed the pace of change has constantly accelerated. We have changed too, innovating continually. In recent years we have adapted to meet the new demands of an increasingly dematerialised world. Our vision of Enabling Trust has remained a constant however and the leitmotif of our history, ensuring the well-being of citizens, is ever more relevant.

As we celebrated the anniversary, we had numerous opportunities to reflect on, and recognise, the many achievements of our SICPA family. We look forward to continuing to deliver solutions and services with positive social impact over the next years, as we head for our centenary. We know that working in a sustainable way is essential if we are to fulfill our ambitions.

Sustainability at SICPA means that we must invent and deploy new solutions - as we have always done - whilst embracing organisational change and seeking resource efficiencies, promoting ecological ways of working and striving constantly for improvement. We must continue to invest in the development and exploitation of new technologies, valuing the unique contribution of our expert staff and offering a work place where they are motivated to give their best. We must continue to build and nurture our partnerships, being open to the feedback of our customers and of our suppliers, whilst also holding them accountable to the high standards for which we strive.

This is the 5th annual CSR report we have published. I am pleased that it shows the constant progress we have made. Importantly it also provides the opportunity to identify where we can do better and to underline our commitment to doing so. My continuing personal commitment and that of my top team is another constant.

CEO and Chairman

Philippe Amon

EXECUTIVE SUMMARY



Sustainability is deeply rooted in SICPA's culture and has been a feature of our values for decades. SICPA's approach respects and capitalises on the company's heritage, while adapting to a future where sustainability is ever more essential. The company's approach is based on 4 key pillars: **our markets, our people, communities and the environment**. SICPA integrates sustainability in its strategy at three levels: **compliance, reputation and business integration**.

SICPA has launched a number of initiatives over recent years, which enable us to demonstrate our commitment to key market issues, such as ethics, sustainable products and more recently products that contribute specifically to minimising environmental and social impact. SICPA has also improved its performance in other aspects - such as material and resource utilisation and waste reduction.

As a member of the UN Global Compact, SICPA's aim is to integrate the world's best practices in sustainability in its business and operations. The company has an overall positive environmental and social performance, in particular in terms of market, products, environmental and health and safety indicators.

OUR MARKETS

SICPA is currently taking on the challenge of linking the security of the physical world with its digital counterpart in order to protect goods and people from the vulnerabilities created by today's global digitalised economy and governance. During the year, SICPA was a key sponsor and participant at the 2017 Currency Conference in Kuala Lumpur - an opportunity for broad engagement with leaders of that industry. SICPA also maintained its Banknote Ethical Initiative (BnEI) accreditation as well as its ISO 9001, ISO 14001 and ISO 18001 certifications.

OUR PEOPLE

In terms of professional excellence, SICPA's working environment reflects the importance attributed to ensuring the highest technical and scientific standards and capabilities. The company maintains its work on integrated talent management processes and continues to develop its Employee Branding programme. In terms of training and development over 2000 learning programmes were delivered. We maintained our ranking in the TOP 100 Best Employers awards in Switzerland, for the 4th year in a row.

COMMUNITIES

In 2017, SICPA contributed over CHF 2.25 million to 88 community initiatives, mainly scientific, educational, cultural and environmental projects. The SICPA FitForCharity programme in Switzerland has expanded and now includes walking and cycling events, in its on-going mission to promote a healthy work life balance. More than 110 employees participated along the year in various activities celebrating SICPA's 90th anniversary. The objective of the year - to collectively complete 90'000 km by walking, running or cycling - was achieved.

ENVIRONMENT

The environmental footprint of the company is closely monitored. SICPA's production processes are energy intensive and the company is implementing projects to optimise energy use. In 2017, SICPA reduced its FTEs (Full-time equivalent employee) by 500, while its energy consumption remained stable, resulting in an increase by FTEs of 17% in electricity and 1% in fossil energy. It is important to note that SICPA reduced its fossil fuel use, now representing 39% of all energy consumed, compared to 67% in 2016. Over 75% of waste is recycled and treated. 42% of this waste is classified as dangerous or hazardous, requiring special treatment.

SICPA's approach respects and capitalises on the company's heritage, while adapting to a future where sustainability is ever more essential.



INTRODUCTION

OUR APPROACH

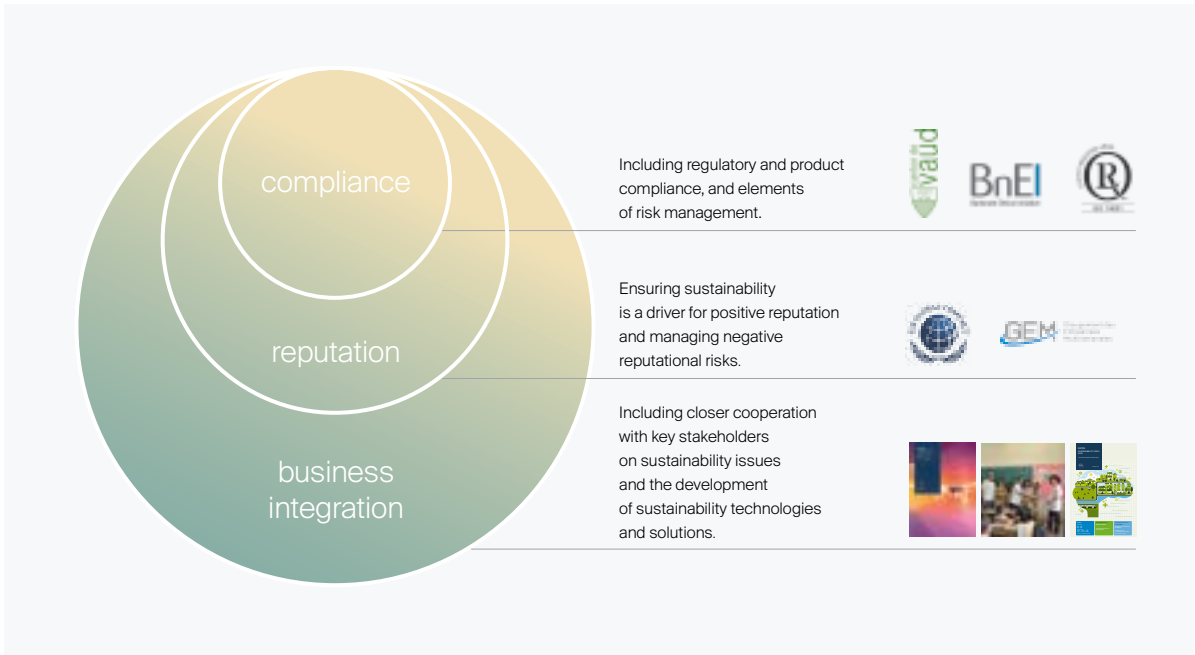
Corporate Responsibility is important for SICPA's business and markets. Customer requirements have evolved to include social and environmental issues. This applies not only to the selection criteria for choosing partners, product and solution providers, but also to their attitude to developing lasting business relationships.

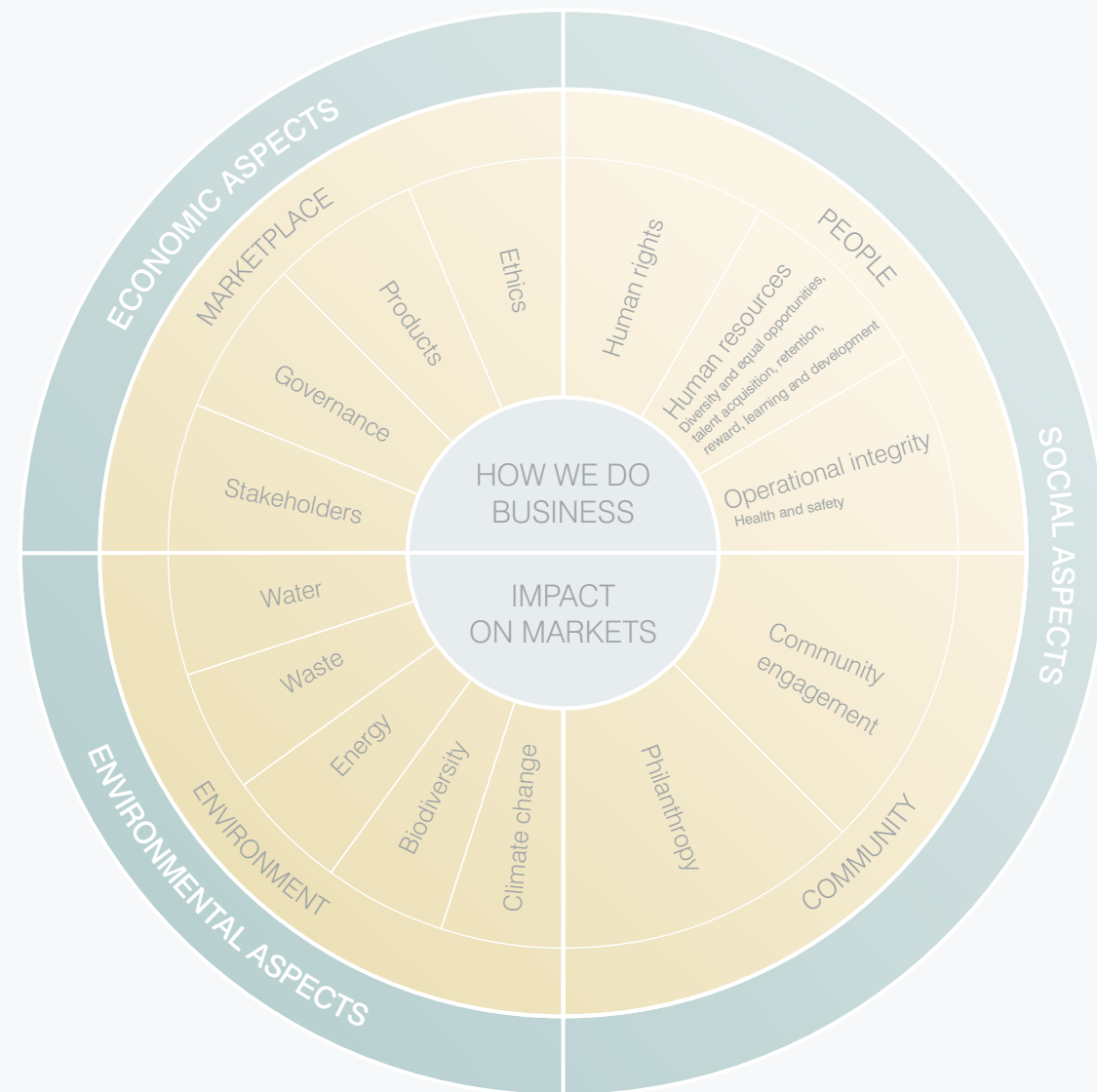
In 2013, SICPA launched a Group-wide initiative on Corporate Social Responsibility consisting of 4 key pillars:



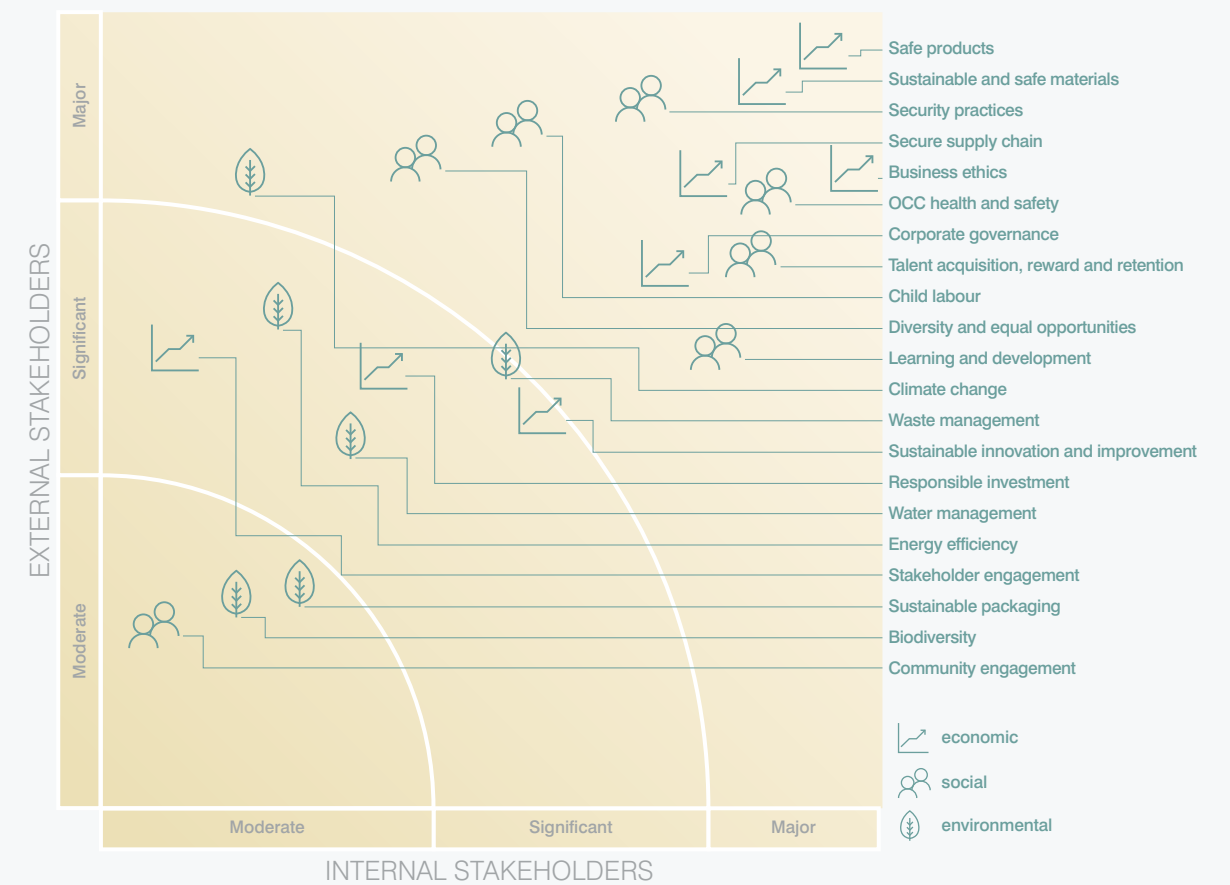
The approach reflects the manner in which SICPA conducts its business and how it impacts economies, society and the environment. Since launching the programme, SICPA has initiated multiple programmes and monitors and manages its social and environmental performance closely.

Since 2016, the company measures and monitors its sustainability actions at 3 strategic levels:





MATERIALITY ASSESSMENT



In 2017, SICPA used the Sustainability Materiality Assessment conducted the previous year as a tool to audit both internal and external stakeholders. Materiality aspects were defined based on SICPA's experience with CSR and the Global Reporting Initiative Guidelines. Late in 2017, SICPA launched an internal business oriented transformation programme, which represents an opportunity also to further review and refine aspects such as Governance structure. Major and significant aspects of the materiality assessment include:

MATERIALITY ASPECTS	SECTIONS (STATUS AND ACTIONS)
Economic aspects	
Corporate governance	Governance
Business ethics	Business ethics
Sustainable and safe products, materials and supply chain	Quality / Procurement
Social aspects	
Occupational health and safety	Operational integrity
Talent acquisition, retention and reward	Workplace excellence
Learning and development	Workplace excellence
Diversity and equal opportunities, non-discrimination	Workplace excellence / Human rights
Security practices	Human rights
Child labour	Human rights
Environmental aspects	
Waste management	Environment / Waste and climate change
Climate change	Environment / Waste and climate change



**ECONOMIC
ASPECTS**

OUR MARKETS

GOVERNANCE

The company's governance structures reflect its long term view on markets and economic sustainability. The company is headed by a Board of Directors made up of shareholders and external non-executive directors. The company's strategy and operations are overseen by the Executive Committee, supported by a number of committees addressing strategic topics; these included in 2017 the Technology Board, the Business Strategy Board and the Project Qualification Committee.

SICPA policies reflect a set of robust governing principles and rules. These are revised to reflect the latest best practice according to international standards.

STAKEHOLDERS

SICPA is currently taking on the challenge of linking the security of the physical world with its digital counterpart in order to protect goods and people from the vulnerabilities created by today's global digitalised economy and governance. In this context, we seek, establish and nurture strong partnerships with both academia (EPFL, CSEM, IMD, HEC Lausanne) and industry - from long established companies to new-comers in blockchain or data analytics. This creates an evolving ecosystem for co-innovation and new market approaches, from which we all derive network effects and economic growth.

SICPA was a key sponsor and participant at the 2017 Currency Conference in Kuala Lumpur – an opportunity for broad engagement with leaders of that industry and to discuss policies, efficiencies, best practices and new strategies, as well as the latest technologies and solutions that benefit their operations.

Throughout the year SICPA teams were also active in a range of traceability and international fora enabling discussion and briefing of government representatives and policy makers and other key stakeholders.

BUSINESS ETHICS

SICPA's long-standing commitment to conducting its business in an ethical manner and with integrity is reinforced by the public availability of its core principles on the SICPA corporate website. The Code of Business Conduct, the ABC Policy and the Competition Law Policy are pro-actively shared with and signed by all partners and available for consultation as part of the general governance of the company. These documents are also provided to customers and suppliers to ensure they are aware of the standards of practice that SICPA expects of them in their dealings.

SICPA ensures that all key stakeholders, including the company's management and related third parties are aware and receive training on integrity and ethics principles. The company keeps records of all staff and third parties who have read and approved these documents.

Under the leadership of the Board Audit Committee, Compliance and Risk specialists oversee the business and operational application of the Principles and ensure any incidents or potential breaches are appropriately investigated and dealt with.



Focus on: “Happy Cash, When Cash Connects People”

In 2017, CashEssentials launched a photography competition in collaboration with Wip-play, Happy Cash, When Cash Connects People, to illustrate the multiple facets of banknotes and coins around the world. The contest invited photographers from all walks of life to take creative and artistic photos illustrating cash in different forms. Over 1,000 entries were submitted. The collection of pictures offers a unique journey into the world of cash and illustrates the numerous social, economic and artistic attributes of cash.

www.cashessentials.org

PROGRESS: 2017 ACTIONS

Renew BNeI accreditation	✓
Complete stakeholder analysis (Materiality)	✓
Review grievance mechanism	▷

Legend: ✓ completed ▷ on-going ✕ pending

LOOKING FORWARD: 2018-2020

- Actively support and apply UN Global Compact principles
- Update grievance mechanism
- ISO9001:2015 and ISO14001:2015 certifications (new version)
- Food and Pharma business integration of best practices





PRODUCTS

SICPA products and solutions have an underlying social benefit. The company contributes to the well-being of society-at-large by actively contributing to ensuring cash systems, value documents and sensitive goods are safer and more secure for use or consumption.



QUALITY

The quality and safety of its products and solutions is key to the sustainability of SICPA as a successful company and this is reflected in the company's consistently renewed ISO 9001 certification. SICPA seeks to minimise the negative environmental impact inherent in the use and disposal of its products. Substitution programmes for a number of chemicals continue to contribute to the management and reduction of risks for human beings. Important work was done to integrate the new capability acquired through purchase of GFI to mark oil, reviewing risks and moving certain operations to our secure Swiss facility with dedicated 'Ready-to-Use' production. A programme was launched to develop a broader range of markers minimising environmental impact and risk.

PROCUREMENT

The economic sustainability and quality of SICPA products is closely linked to its suppliers. This is reflected in the company's Supplier Code of Conduct – this code sets out requirements for business continuity and contingency plans, product changes and phase out. Further, SICPA pays particular attention to environmental and social issues in its dealings with suppliers. The Supplier Code of Conduct covers ethics, security, environmental and human rights rules and principles. In terms of human rights, particular attention is given inter alia to employment conditions, child labour and non-discrimination guidelines.

AUTHENTICATION AND TRACEABILITY

Authentication and traceability are becoming increasingly important in a growing number of industry sectors, such as food or pharmaceuticals, especially as e-commerce expands. There is growing pressure on brand owners to demonstrate supply chain integrity and transparency, and manage associated economic, social and environmental risks.

As part of our commitment to make this world a safer place, SICPA has been working with global specialty chemicals leader Clariant, to bring PLASTIWARD® to market. This in-product protec-

tion for plastic medical devices brings security as close as possible to the medication. As part of this effort, SICPA, working with Clariant, hosted two free webinars on counterfeit plastic medical devices and pharmaceutical packaging. To bring new perspectives to this topic, SICPA invited independent subject-matter experts in anti-counterfeiting, business consulting and criminal investigations.

In 2017, SICPA continued to establish itself as a traceability solutions provider that helps minimise negative environmental impact from counterfeit and sub-standard products and the prevention of environmentally harmful activities such as the adulteration and illegal "cleaning" of fuel products. As an example, during the year SICPA signed a contract with the City of Dubai to trace drinking water sold in carboys. Water is a scarce resource in the region and health and safety implications are a major concern for local authorities.

Further, SICPA sponsored the Atlantic Council to undertake a comprehensive study on the harmful economic, environmental and human effects of oil fraud. Two ground-breaking reports were published during the year, one of which is entitled "Downstream Oil Theft: Global Modalities, Trends, and Remedies".

2017 status and achievements

In 2017, SICPA completed a study on banknote perception for the blind and visually-impaired with DEMAIN, a design company that specialises in 'inclusive design'. The study focusses on continuous responsible development – facilitating the identification of banknotes by the visually impaired. The technologies developed contribute to the efficiency and usability of banknotes with the objective of finding the best possible solution for ALL, including the blind, visually-impaired, colour-blind and sighted people. The outcome of this study lead to the design of an intuitive tactile system that we believe will empower banknote users of all ages and abilities in years to come.

Findings of the study and proposal were presented at the 2017 Currency Conference in Kuala Lumpur.

Around 500 delegates from Central Banks, Issuing Authorities and Industry suppliers coming from 76 countries took part in this premier Industry conference. All attendees at the event were invited to visit the dedicated SICPA booth and had the opportunity to test and assess the study on banknote perception for the blind and visually-impaired. The objective was for the audience to immerse themselves in the experiment by engaging and interacting with the intuitive tactile system.

This conference was also the occasion to celebrate 90 years of constructive relationships with our partners.

Future of Cash Initiative to promote and defend cash

In May 2017, SICPA launched the CashEssentials initiative to promote the use of cash and to ensure its longevity as a sustainable payment method. Inspired by Guillaume Lepecq's *Cash Essentials – Beyond Payments* white paper, CashEssentials provides an overview of the benefits of cash for society which includes the universal use of cash, efficiency, reliability and connecting people. Social inclusion and cash as a support to critical national infrastructure planning are key drivers for maintaining well-functioning national cash systems. The website provides fact-based information about cash and payment methods and also includes an opinion based weekly blog as well as a repository of documents and reports.

Moving forward, the next stage of this initiative is to transform CashEssentials into a think tank promoting fact-based research and information on cash to inform decision making.

LOOKING FORWARD: 2018-2020

- On-going replacement of harmful substances ▶
- Sustainable solutions ▶

Legend: ✓ completed ▶ on-going ✕ pending

SOCIAL ASPECTS

$$\pi_3(S^2) \cong \mathbb{Z}$$

OUR PEOPLE

The SICPA workplace reflects the importance of technical and scientific excellence and capabilities to the company, as well as the long-term and diverse nature of its business and markets.



WORKPLACE EXCELLENCE
The three topics below are major and significant aspects of SICPA's Materiality Assessment.

Talent Acquisition, Retention & Reward
During the year SICPA embarked on an internal restructuring to align skills with the increasingly digital focus of the company and to enable the on-going globalisation programme. In line with SICPA's strong commitment to its staff, those who left the company were compensated with a generous departure package including re-training provisions. In parallel SICPA continued working towards implementing integrated talent management processes. The initial focus is on acquisition, i.e. to strengthen recruitment processes overall and roll out procedures, tools and common practices globally. New processes and tools are objective driven focusing on quality of new hires, which is reflected in the retention rate of 93% in 2017.

During the year, various employer branding initiatives were launched by targeting key stakeholders and engaging people internally and externally. The company continued its extensive efforts to build its engagement with young graduates and professionals, through a variety of academic and

business partnerships including a Student Champion network.

Learning & Development
In 2017, more than 2000 learning activities were delivered, including formal and distance learning and on-the-job knowledge transfer. SICPA has specific programmes to develop leadership, management and innovation capabilities and skills. In total, 28 managers participated in the SICPA Management Tool Kit Training, gathering participants from a variety of countries including Malaysia, Morocco, Pakistan, and Switzerland.

Diversity & Equal Opportunities
Equal Opportunities and Non-Discrimination are part of SICPA's values and Code of Business Conduct. This is reflected in SICPA's workforce with more than 70 nationalities and ethnicities represented. In 2016, SICPA undertook an independent third-party assessment on gender equality. A high proportion of women were identified as top talents with high-performance ratings. In 2017, career transition charts show a higher proportion in management positions, 14% are held by women compared to 26% of the workforce being female. The company continues to monitor actions concerning equal opportunities at work

Focus on:
SICPA – Top 100 Employers

SICPA was selected amongst the Top 100 Most Attractive Employers in Switzerland for the 4th year in a row, by students and professionals, in particular in the IT and Natural Sciences fields. This is another milestone as the company builds its Employer brand in Switzerland and abroad. This follows the efforts to create Employer brand content and reach out to our target audience through a series of social media campaigns.

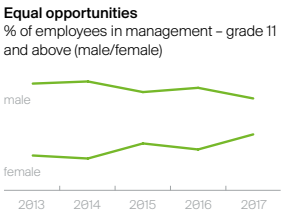
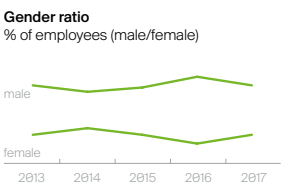
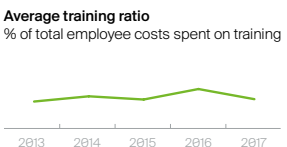
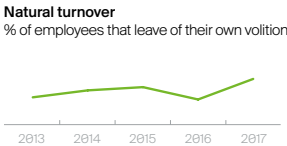
PROGRESS: 2017 ACTIONS

Quality of Life at Work survey	✓
Employee of Choice	✓
Maintain low health and safety incident rates	✓

Legend: ✓ completed ▷ on-going ✕ pending

LOOKING FORWARD: 2018-2020

- Complete competency model and job architecture projects
- Integrate talent management processes
- Implement equal opportunities actions
- Finalise human rights impact assessment
- Roll out grievance mechanism



Note: Figures for 2013 and 2014 represent Switzerland only. Following years include 80% of SICPA worldwide employees except for the training ratio. Starting in 2017, the training ratio is calculated based on the figures from SICPA Group annual consolidated financial accounts. It includes all training costs worldwide except related travel expenses.

The health and safety of SICPA employees and the communities in which the company operates is essential for the operational integrity and sustainability of the company's business.

HUMAN RIGHTS

SICPA aims to conduct its business in full respect of prevailing human rights standards and legislation. Human Rights elements such as non-discrimination and respectful labour and security practices are incorporated in the company's policies, in particular the Code of Business Conduct, HR and Security Policies. The Supplier Code of Conduct looks closely at issues, such as freedom of association, child labour, employment conditions, human treatment and freely-chosen employment.

2017 status and achievements

SICPA ensures that all relevant human rights issues are covered by the company's policies and guidelines and communicated accordingly to staff worldwide. Due to the nature of its business SICPA maintains the highest security standards. There is an on-going requirement to ensure we identify the impact these practices may have on the respect of human rights, in particular in relation to physical and data security, and ensure that adequate guidelines and training are given to security personnel, both SICPA and third parties.

SICPA staff in Switzerland voted in 2015 against the establishment of a staff association explicitly renewing their trust in management when it comes to the management and resolution of labour issues. In other countries, the freedom of association and collective bargaining principal is

applied through a trade union as and when determined by staff.

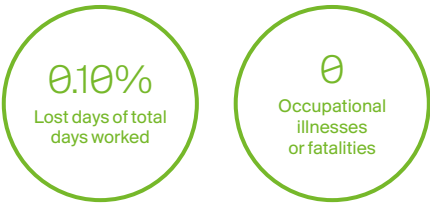
The 2016 Materiality Assessment results identified several human rights aspects, such as security practices and child labour, as important for the company's business. The UN Principles on Business and Human Rights and the Global Reporting Initiative (GRI) is used as a basis for internal assessments. SICPA has an on-going programme to identify potential gaps and address them accordingly.

OPERATIONAL INTEGRITY

The health and safety of SICPA employees and the communities in which the company operates is essential for the operational integrity and sustainability of the SICPA business. SICPA has rigorous health and safety processes and OHSAS 18001 certification. The company provides periodic and continuous training to its employees on occupational hazards and professional safety.

2017 status and achievements

In 2017 SICPA continued to maintain a low incident rate with only 21.7 incidents per million hours worked, which is below the industry average. The number of accidents with or without lost time decreased by 27% compared to 2016. It is important to highlight that there were no reported occupational illnesses or fatalities during the year.



**Focus on:
SICPA Spain 10th Anniversary**

In 2017, in conjunction with SICPA's 90th anniversary, SICPA Spain celebrated its 10th anniversary of the Alcalá de Henares Ink manufacturing plant. To celebrate this milestone, a special customer event was organised, followed by a party for employees on a well-known terrace in Madrid. At this event, SICPA Spain employees took turns pedalling on a fixed bicycle and raised EUR10'000 for Fundación Theodora, a children's charity that contributes to the well-being of children in hospitals, clinics and special care centres.

**Focus on:
USA: National Safety Month**

SICPA takes seriously the health and safety of its staff. In June 2017, SICPA offices in the USA participated in the annual National Safety Month, focusing on reducing leading causes of injury and death at work. The campaign provided a set of weekly topics which were communicated to employees, focusing on avoiding falls, fatigue, ergonomics and active shooters. This campaign was critically important to generate enthusiasm and awareness at all levels within the company about why safety must be an integral part of the business.



COMMUNITIES

SICPA continues to engage with the communities in which it conducts business and operates by being involved and participating in social, cultural, education and scientific activities. The focus of the company's corporate sponsorship and donations is in Switzerland, the home country and main production centre, and in countries where SICPA has existing businesses and operations.



2017 STATUS AND ACHIEVEMENTS

In 2017, SICPA contributed approximately CHF 2.25 million to 88 community initiatives, mainly to cultural, education and environmental projects.

In Switzerland, SICPA continues to be a proud sponsor of *La Nuit des Musées*, a local cultural event that takes place once a year in Lausanne and Pully, near the SICPA Headquarters. At this event, participating museums around the area are open for an evening – providing fun art activities such as animations, performances, movie projections, and artists meet and greet and address workshops and conferences. In 2017, SICPA participated in the design and production of the event entry tickets using UV security inks that were non-visible to the naked eye but contained surprising elements depicting a photo camera with a flash light, once viewed under UV lights.

In addition, as part of SICPA's on-going mission to promote a healthy work life balance, SICPA Switzerland continued its RunForCharity programme, renamed FitForCharity, encouraging health and fitness activities for employees and collecting funds for selected charities.

To celebrate SICPA's 90th anniversary, employees set themselves the objective to collectively complete 90'000 km by walking, running or cycling.

FitForCharity



LOOKING FORWARD: 2018-2020

- Continue awareness sessions
- Continue FitForCharity programme
- Follow-up the SICPA 90th Anniversary Community Programme

The programme was a success – covering 12 different sport activities in total and gathered over 110 participants completing over 90'000 km.

Some examples of SICPA Community projects outside Switzerland this year include SICPA Pakistan's collaboration with the Citizen Foundation, one of the largest national non-profit institutions in the field of education – providing education to underprivileged children in Pakistan. SICPA Pakistan employees volunteered their time and effort at a local primary school in Saudabad, Karachi. Employees also visited and spent time at Dar-ul-Sukun, a home for senior citizens located in Karachi that ensures that elderly people are always treated with care, respect and dignity.

Another example comes from Morocco, where SICPA organised a workshop, October 6-7, through its scholarship programme, with the Central Casablanca School. 64 students participated under the coaching of SICPA staff, working on innovation in technology to fight counterfeiting in specific business areas such as auto parts, food industry, cosmetics and documents authentication.

Focus on: 90th Anniversary Community Programme

In 2017, as part of SICPA's 90th anniversary celebration, SICPA launched a world-wide Community Programme in its main business and operational locations. In some countries the programme involved donating in-kind contributions to a variety of projects mostly in education (including scholarships) and healthcare. Examples include the funding of a 3-D printing laboratory in a school in Vlora, Albania; Scholarships for the George Washington Teacher Institute at Mount Vernon, USA; helping +5000 girls going to school with sanitary packs in the Bushbuckridge Region of Mpumalanga, South Africa.

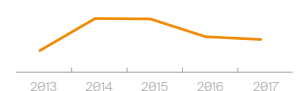
2,252

KCHF invested
in community
projects

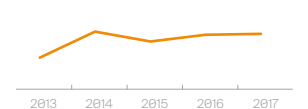
88

Community projects
supported

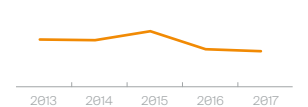
Total financial contributions (KCHF)
Sponsorships and donations to community



Number of community projects supported



Average project value (CHF)



Impact assessment and follow up*
Number of projects with implemented
impact assessments and development
programmes



* A substantial number of donations
are given to cultural events as one-off
contributions which do not require
follow up.

Note: the above figures are indicative
and exclude, to the extent that it was
possible to identify them, commercial
donations, membership of associations,
subscriptions and documentation.

+90,000

KM

completed in 2017
in sports events

A scenic landscape photograph showing a calm pond in the foreground, reflecting the surrounding autumn foliage. The trees on the grassy hillside are in various stages of color change, with some showing bright yellow, orange, and red leaves, while others remain green. The reflection in the water is sharp and clear. A teal-colored rectangular box is overlaid on the left side of the image, containing the text "ENVIRONMENTAL ASPECTS" in white, bold, sans-serif capital letters.

ENVIRONMENTAL ASPECTS

ENVIRONMENT

SICPA is highly conscious of the importance of optimising the environmental footprint of its operations. This is reflected in the company's QHSSE policy and relevant processes developed as part of ISO 14001 certification. Throughout the year SICPA continued to evaluate the environmental impact of the company's business and operations, including human health, climate change, resource and ecosystems impact. SICPA's environmental performance is closely linked to the intensity of its operations, in particular ink manufacturing. This continued to account for over 80% of the company's resource utilisation (i.e. electricity, water) and waste generation. In 2017, environmental initiatives and projects were related mainly to energy and waste management.

2017 STATUS AND ACHIEVEMENTS Energy and Water

Energy efficiency is an important factor for SICPA given its manufacturing operations. The energy KPIs calculation is based on the number of FTEs in December of the year. In 2017, SICPA reduced its activities in Brazil, impacting also some staff in Switzerland. As a result, the FTEs decreased by about 500, from 2875 in 2016 to 2371 in 2017. At the same time, the global operations of the company did not decline, hence the energy and water consumptions per FTE have increased. In 2017, the electricity intensity per FTE increased by 17% and fossil energy intensity per FTE by 1%. During this time, SICPA continued to install energy efficient solutions, such as in Switzerland where

halogen & mercury lights were replaced by LED technology and building isolation, heating system and ventilation flows were optimised. The company reduced its reliance on fossil fuel, this energy source representing 39% of energy consumption compared to 67% in 2016. Water intensity has slightly increased by 10% per FTE.

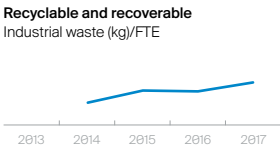
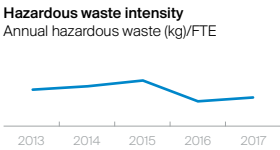
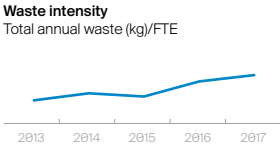
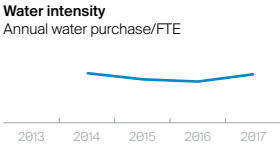
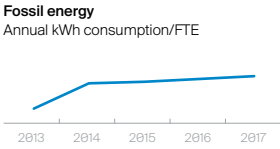
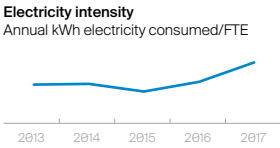
Waste & Climate Change

Waste Management and Climate Change were identified amongst the top significant aspects in the Materiality Assessment.

In 2017, over 75% of generated waste was recycled or required special treatment. It is worthwhile noting that 42% of SICPA waste is categorised as dangerous under European and national waste rules, which requires special treatment. 66% of such waste is generated in the company's Swiss manufacturing facility which has partnered with CRIDEC for disposal and reuse. CRIDEC uses such waste to generate materials and energy for a nearby cement plant, an example of SICPA's contribution to the concept of circular economy. Greenhouse gas emission actions continue to be regulation driven and by contractual obligations in some cases.

Focus on: ConTREEbute in Colombia

In Colombia, SICPA is working closely with its customer, Banco de Colombia, which strives for carbon neutrality. Under this scheme SICPA continued its support to the ConTREEbute initiative, planting trees with a selected provider, to offset its own carbon footprint related to the country's operations. In 2017, 7300 trees were planted in the Tolima and Cundinamarca regions as well as 3000 "Palma de cera" (Ceroxylon quindiuense) in the Quindío region. Re-seeding and maintenance activities were also performed as well as follow-up visits and project monitoring.



Note: figures are based on 90% Full Time Equivalents (FTEs), compared to 86% and 80% in 2015 and 2014 respectively.

LOOKING FORWARD: 2018-2020

Energy efficiency obligations	▷
Waste management solutions	▷
CO ₂ measurement (regulatory compliance)	▷

Note. The time horizon for these actions is 3-5 years.

Legend: ✓ completed ▷ on-going ✕ pending

OTHER CSR ACTIONS



The CSR section on the corporate website and intranet was regularly updated with over 50 news and alert articles published in 2017.

The company's approach to sustainability was formally approved by the Executive Committee six years ago. Since then, over 800 employees and 300 SICPA managers, including corporate functions, divisional management and country entities management, participated in CSR awareness sessions.

In 2017, 4 CSR training sessions were held as part of the SICPA Induction Programme and over 50 new employees were briefed.

The company continues to ensure its approach to sustainability issues is communicated externally. In 2017 SICPA produced a corporate video in Switzerland for its 90th anniversary illustrating employee commitment to the company and its customers and internal multi-media materials around the importance of innovation. In Pakistan, SICPA was awarded the 'Corporate Social Re-

sponsibility Award 2017' by the National Forum for Environment and Health (NFEH), for a second consecutive year.

The CSR section on the corporate website and intranet was regularly updated with over 50 news and alert articles published in 2017. The CSR report has been distributed to interested customers and partners.

SICPA has also communicated selectively on sustainability issues with peer groups, through the UN Global Compact Network and the CSR International Forum, and plans to continue such actions in 2018.

Focus on: Pakistan CSR Communication

In 2017, SICPA Pakistan published and distributed its Annual Newsletter, "SICPA Buzz", to its employees and partners. The newsletter covered its CSR activities in the country, including partnerships with deserving institutions in health and education. It also describes several initiatives such as health awareness sessions or the education and safety champion awards.





UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2017

PRINCIPLE		ACTIONS 2017	CSR REPORT 2017 REFERENCE/SECTION
Human Rights			
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none">– Policies inclusive of human rights– Grievance mechanism and remediation	Human Rights
Principle 2	Make sure that they are not complicit in human rights abuses	<ul style="list-style-type: none">– Policies inclusive of human rights	Procurement / Human Rights
Labour			
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none">– Policies inclusive of Labour Practices	Human Rights
Principle 4	The elimination of all forms of forced and compulsory labour	<ul style="list-style-type: none">– Code of Conduct– Supplier Code of Conduct– Clear contractual basis	Procurement / Human Rights
Principle 5	The effective abolition of child labour	<ul style="list-style-type: none">– Code of Conduct– Supplier Code of Conduct– National labour laws and regulations– Verification mechanisms	Procurement / Human Rights
Principle 6	The elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none">– Code of Conduct– HR police and procedures– Records of recruitment, training and promotion– Grievance and remediation	Procurement / Professional Excellence / Human Rights
Environment			
Principle 7	Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none">– Policies inclusive of environment– Stakeholder engagement– Governance structures– Grievance mechanism	Governance / Stakeholders / Environment
Principle 8	Undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none">– Sustainable products programme– Target and objectives	Products / Quality / Traceability
Principle 9	Encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none">– Lifecycle assessment– Product design– More sustainable materials	Products / Quality
Anti-Corruption			
Principle 10	Businesses should work against corruption in all its forms	<ul style="list-style-type: none">– Code of Conducts, and related Policies– Business ethics training– Group Compliance Committee– Grievance mechanism	Business Ethics

ABOUT SICPA

SICPA is a leading global provider of secured authentication, identification and traceability solutions and services. Founded in 1927 and headquartered in Lausanne, the privately owned Swiss company is a long-trusted advisor to governments, central banks, high-security printers, and industry.

SICPA's mission is to Enable Trust through constant innovation. For more than 70 years SICPA has been at the forefront of research and innovation in security inks which are at the core of the company's expertise. SICPA inks and special features protect the majority of the world's banknotes, security and value documents from counterfeiting and fraud.

The company also integrates these security features with digital technologies, such as software and data management systems, to offer solutions and services to governments, ensuring product authentication, traceability and protection as well as tax reconciliation and production control. SICPA also provides solutions and services to industry clients who need to protect their products and ensure supply chain integrity. Such solutions and services have already been delivered to companies in industry sectors as diverse as healthcare, food and beverage, fast moving consumer goods, luxury goods and spare parts.

Today, SICPA is a global company with offices and factories on five continents. With about 2,500 staff of over 50 nationalities, the company provides technologies and services to most nations worldwide.



SICPA

World Headquarters
Av de Florissant 41
1008 Prilly
Switzerland

Tel +41 21 627 55 55
Fax +41 21 627 57 27
info@sicpa.com
www.sicpa.com

Worldwide locations:
Visit www.sicpa.com/map

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