



SICPA

Corporate Social
Responsibility
2018



Enabling trust



CEO INTRODUCTION

Constant evolution is essential for a company like SICPA which aims to tackle global challenges. Continually adapting to market requirements and best practice is the hallmark of our approach. In 2018 we went one step further, undertaking a review of our internal structures and engaging in an internal transformation programme to set the scene for the 2020s. The programme reinforced our fundamental values and strengthened our capacity to continue innovating in a sustainable way. It underlined the importance we attach to our internal R&D and development capabilities whilst opening ourselves up to external partnerships which extend our ability to offer ever more effective and efficient solutions.

The relevance of SICPA's mission 'Enabling Trust' is underlined by increasing public concerns about the impact of new technologies. These technologies offer unparalleled opportunities to governments and their citizens but come with new risks and unintended consequences. Growing threats to Integrity and the security of Identity, increasing divergence between and within nations, the costs of social exclusion, the difficulty of determining genuine from fake. These are all areas where SICPA makes a difference and can mitigate risks: using our expertise to propose solutions combining both material and digital technologies which are secure and safe by design, which work across borders and promote international cooperation and which protect scarce resources.

Our vision is to be a key player in the creation of an Economy of Trust. This is the driver behind the Square One initiative which over the coming years will see the creation of a unique campus in Lausanne to house key actors in the sector, hosting a wider community to promote the vision. The initiative will benefit from the propitious Swiss environment and sense of excellence, bringing together leading local governmental and academic institutions with international partners and companies, both established and start-ups. It gives us good reason to be optimistic.

This is SICPA's 6th annual CSR report. It shows that 2018 was a year of both continuity and change, in which we demonstrated our ambition to continue to be the best at what we do. This will remain a constant as we look forward with energy and enthusiasm to 2019.

CEO and Chairman

Philippe Amon

EXECUTIVE SUMMARY

As a member of the United Nations Global Compact, SICPA's aim is to integrate the world's best practices in sustainability in its business and operations, adapting to a future where sustainability is ever more essential. SICPA's approach respects and capitalises on the company's heritage, culture and values.

The company's approach is based on 4 key pillars: **our markets, our people, communities** and **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 recent products that contribute specifically to minimising environmental and social impact. In 2018, SICPA updated its organisational structure through a Transformation Programme in order to deliver current business more efficiently and to develop new markets and products in the coming years. SICPA has also improved its performance in other aspects - such as material and resource utilisation and waste reduction.

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 2018 Banknote Conference in Dallas, Texas - an opportunity for broad engagement with leaders of that industry. SICPA also maintained its Banknote Ethical Initiative (BnEI) accreditation. Also this year, SICPA took the opportunity of the COP8 in Geneva to demonstrate the power of our technology to support tobacco control.

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 5th year in a row.

COMMUNITIES

In 2018, SICPA contributed, mainly scientific, educational, cultural and environmental projects. The SICPA FitForCharity programme in Switzerland continued in its on-going mission to promote a healthy work life balance. More than 100 employees participated along the year to the various activities, raising 5000 CHF for the Terre des Hommes NGO.

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 2018, SICPA increased its FTEs by 136, while its energy consumption remained stable, resulting in an increase by FTEs of 5% in electricity and 7% 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 60% of waste is recycled and treated, following which 41% is classified as dangerous/hazardous waste.

SICPA's working environment reflects the importance attributed to ensuring the highest technical and scientific standards and capabilities.

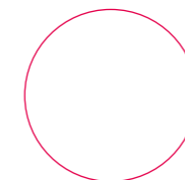
INTRODUCTION

OUR APPROACH

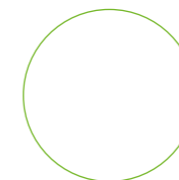
Corporate Responsibility is important for SICPA's business and markets. Customer requirements have evolved to include social and environmental issues. This applies not only to the selection criteria for choosing partners, product and solution providers, but also to their attitude to developing lasting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

Since launching in 2013 its Group-wide initiative on Corporate Social Responsibility, SICPA has initiated multiple programmes and monitors and manages its social and environmental performance closely.

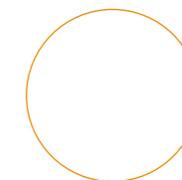
SICPA's CSR programme consists of 4 key pillars:



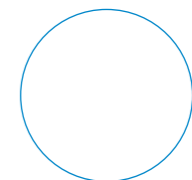
Our markets
Interaction and impact on the sustainability of economies and markets.



Our people
Engagement with employees.



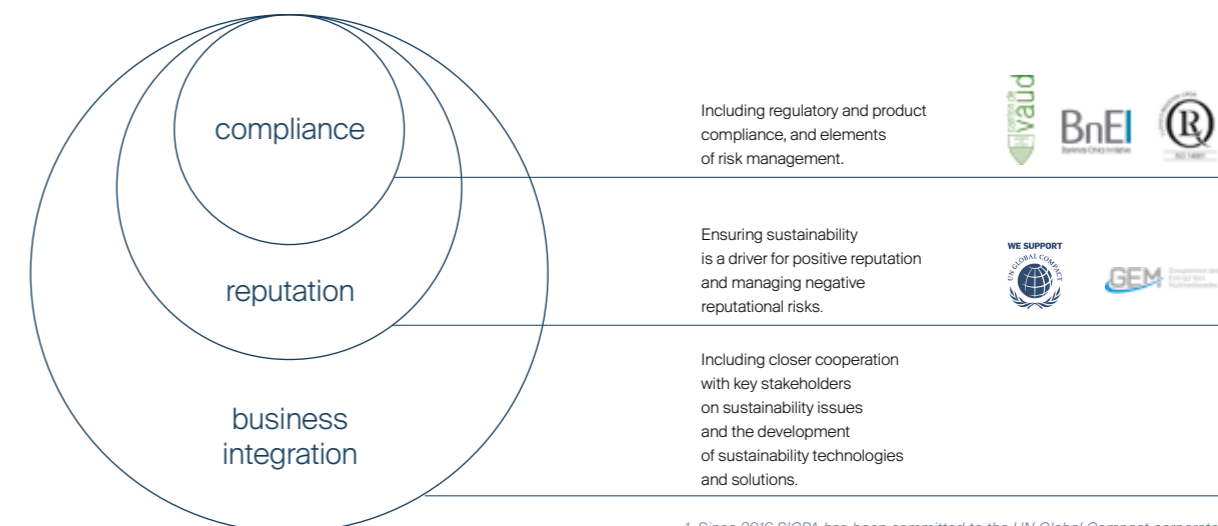
Communities
Participation within the communities where the company operates.



Environment
Impact of the company's operations on the environment.

This approach reflects the way SICPA conducts its business and how it impacts economies, society and the environment.

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

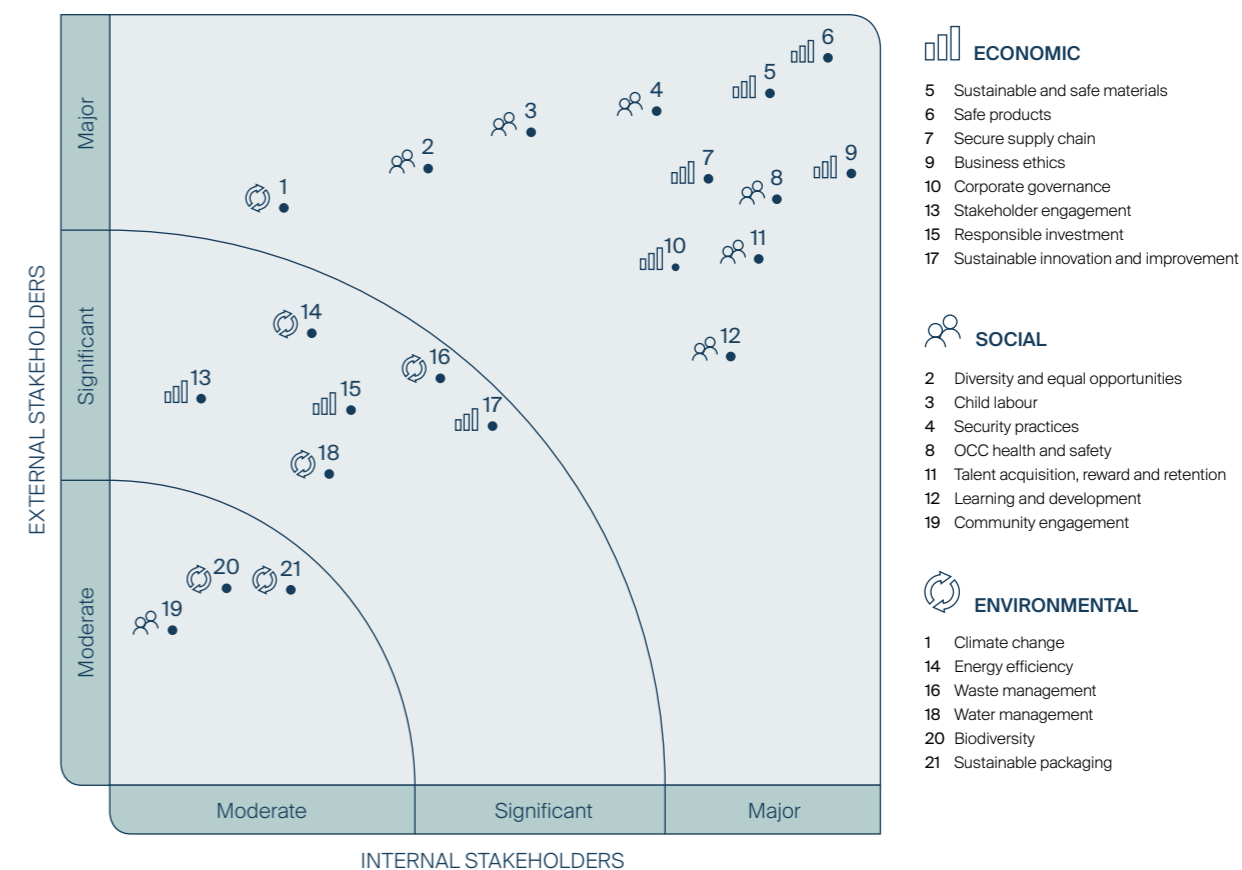


1. Since 2016 SICPA has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.



- 1 Diversity and equal opportunities, talent acquisition, retention, reward, learning and development
2 Health and safety

MATERIALITY ASSESSMENT



In 2018, SICPA continued to roll out its programme of measures based on our Sustainability Materiality Assessment. Materiality aspects were defined based on SICPA's experience with CSR and the Global Reporting Initiative Guidelines. 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

SICPA's governing 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. In 2018, SICPA updated its organisational structure through a Transformation Programme in order to deliver current business more efficiently and to develop new markets and products in the coming years. To fully achieve this, the company moved away from a two Division setup to one based on Strategic Business Areas (SBA) and Initiatives (SBI) which support the new transversal organisation.

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

STAKEHOLDERS

SICPA's partnerships with numerous stakeholders reflect its respectful entrepreneurship and its continuous commitment. As an example, in 2018, the company renewed its Joint Venture Agreement with Pakistan Security Printing Corporation for another 10 years. In addition, and among others, SICPA partnered with blockchain and cryptocurrency specialist Metaco to evaluate concept, feasibility and solutions in the area of digital currencies.

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 newcomers 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. The launch of the Square1 initiative, a future centre of the trust economy in the Vaud region, will further nurture this approach over coming years.

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.

Policies

Revised, implemented
and relevant
Internal Standards

Focus on: WHO Conference in Geneva – FCTC

In 2018, SICPA took the opportunity of the COP8 in Geneva to demonstrate the power of our technology to support tobacco control. At the COP8, the World Health Organisation (WHO) brought together 148 parties to put into force the *Framework Convention on Tobacco Control (FCTC) Protocol to Eliminate Illicit Trade in Tobacco Products*. This global strategy aims to strengthen the implementation of the FCTC to reinforce government policies and accelerate the implementation of the tobacco control treaty. On this occasion, SICPA presented its Track & Trace solution, SICPATRACE® to demonstrate its efficiency to fight tobacco counterfeiting.

PROGRESS: 2018 ACTIONS

Update SICPA Policies ✓

Legend: ✓ completed ▷ on-going ✕ pending

LOOKING FORWARD: 2019-2020

- Actively support and apply UN Global Compact principles
- Update grievance mechanism
- ISO9001: 2015 and ISO14001: 2015 certifications (new version)



A repeating pattern of yellow and blue rectangular elements, each containing a QR code and the text "SCAN THE CODE" and "CONNECT", arranged in a grid. The pattern is composed of alternating yellow and blue rectangular blocks, each featuring a QR code and the text "SCAN THE CODE" and "CONNECT". The blocks are arranged in a grid, creating a dense, repeating visual texture. The yellow blocks are slightly offset from the blue blocks, creating a staggered effect. The QR codes are black and square, positioned in the center of each yellow block. The text "SCAN THE CODE" is in a small, sans-serif font, and "CONNECT" is in a larger, bold, sans-serif font. The background is a light blue color with a subtle, repeating pattern of small, stylized icons.

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 certifications, such as ISO 9001. 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. A dedicated programme continues to develop a broader range of markers for the secure marking of oil, minimising environmental impact and risk and broadening applications.

In 2018, 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.

Authentication and traceability are 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. Throughout 2018, SCPA continued to develop its solutions in this area, working with different stakeholders to make this world a safer place. The company has now a strong evidence on ever more reliable and usable solutions for consumer applications enabling them to verify products at points of sale.

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.

In May, SICPA unveiled its latest technologies at the 2018 Banknote Conference held in Dallas, Texas, USA. This conference gathers each year attracting technology providers, security printers and government officials from all over the world. SICPA invited several clients to visit the manufacturing plant of its cutting-edge covert security technologies. On this occasion, central bank officials had a unique opportunity to see how these forensic markers are made and how they can optimise the cash cycle. During this event, SICPA also launched its new series of SPARK Live dynamic effects.

In 2018, SICPA continued to participate in the CashEssentials initiative to promote the use of cash and to ensure its longevity as a sustainable payment method. At the Intergraf Security Printers Conference in Dublin, SICPA invited industry leaders to view cash from the public's perspective. Cash is not losing ground, on the contrary the cash demand has grown everywhere in the world and encourages to think about how the industry can contribute in shaping its future. As part of this initiative, a photo contest was organised for the second year in a row. This year's theme was *Cash me if you can – The traveller's discreet companion*. The contest was opened to amateur and professional photographers around the globe who were free to focus on any aspects of the theme. The aim was to represent the feelings that cash can evoke in your escapades, your relations and your lives. 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.

Legend: ✓ completed ▷ on-going ✕ pending

SOCIAL ASPECTS



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 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 94% in 2018.

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 its Student Champion network. In 2018, SICPA sponsored a Business Game (a case on counterfeit products) organised by the Junior Enterprise of HEC Lausanne. This workshop was also offered to students from the Geneva University (UniGE). Thanks to these academic partnerships and student engagement activities, SICPA was elected

for the 5th year in a row in the Top 100 Most Attractive Employers in Switzerland.

Learning & Development

In 2018, 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 addition, to improve work efficiency, the company decided to launch a new programme, the "SICPA Digital Workplace" from 2018 to 2020. It will allow us to improve IT functionalities through a new operating system as well as new collaborative features to better work in teams.

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 2018, the company continued to monitor actions concerning equal opportunities at work.

Focus on: FIFA World Cup in Russia

In 2018, in conjunction with the World Cup in Russia, SICPA organised a worldwide internal prediction contest. For a month, employees lived a unique and friendly experience with their colleagues all around the world. In a spirit of camaraderie, participants faced each other to predict the results of each match during the competition. The three best forecasters were rewarded at the end of the World Cup. On the same subject, the Bank of Russia also honoured the World Cup by issuing a new 100 rouble commemorative note where SICPA participated with its SPARK Live inks.

PROGRESS: 2018 ACTIONS

New Employees Competency Model	✓
Employee of Choice	✓
Maintain low health and safety incident rates	✓

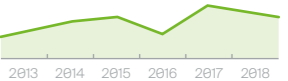
Legend: ✓ completed ▷ on-going ✕ pending

LOOKING FORWARD: 2019-2020

- Deploy the SICPA Digital Workplace
- Integrate talent management processes
- Implement equal opportunities actions
- Finalise human rights impact assessment
- Roll out grievance mechanism

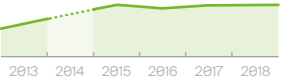
Natural turnover

% of employees that leave of their own volition



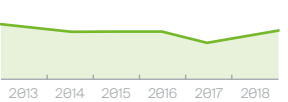
Performance reviews

% employees with formal performance review



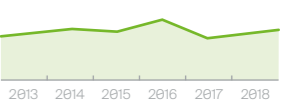
Training hours

Number of annual training hours per employee



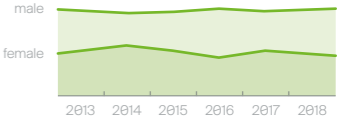
Average training ratio

% of total employee costs spent on training



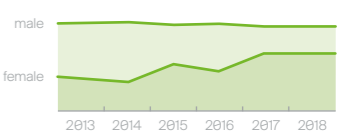
Gender ratio

% of employees (male/female)



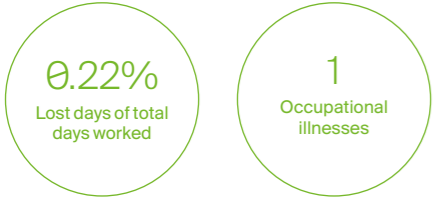
Equal opportunities

% of employees in management - grade 11 and above (male/female)



Note: Figures for 2013 and 2014 represent Switzerland only. From 2015 to 2017, figures represent 80% of SICPA worldwide employees except for the training ratio. The 2018 figures represent all SICPA worldwide employees except for the annual turnover and 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.

Elected 5th year in a row among Top 100 most attractive employers in Switzerland



As part of the Swiss “Journée des métiers”, SICPA in Switzerland, since 2003, allows employees’ children to share a working day with one of their parents or relatives to discover their profession and work environment. This initiative is organised by local authorities to allow children from 7th to 9th year to participate in workshops and discover new professions. Currently, educational choices remain strongly influenced by gender stereotypes. Therefore, on this day, children are encouraged to discover jobs outside cliché and without limiting themselves to traditionally female or male jobs.

Values & Corporate Culture

In recent years, SICPA has gone through several organisational changes and is now focused on promoting a common SICPA culture and building a transversal organisation by introducing a common competency framework. Leading and managing teams of different people with different personalities, career goals, communication styles and culture, is one of the most challenging aspects of a manager’s role. Given the importance of people management, SICPA introduced in 2018 a new Competency Model which is designed to identify the critical behaviors leading to success within SICPA culture. For the first time, all managers around the globe received the same training on people management skills.

In addition, the SICPA values were promoted through several internal events such as the World Cup contest and the End-of-year celebrations for the staff and their families.

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.

2018 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.

In 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.

2018 status and achievements

In 2018 SICPA continued to maintain a low incident rate with only 30 incidents per million hours worked, which is below the industry average. The number of accidents with or without lost time in-

creased from 39 in 2017 to 68 in 2018, for a population of more than 2500 employees worldwide. It is important to highlight that there was only one reported occupational illness and no fatalities during the year.

Focus on:
International Women’s Day

Since a few years now, SICPA is committed to actions and projects promoting diversity and professional opportunities. By offering a rose to each woman colleague on the International Women’s Day, SICPA supported in 2018 the programme “A woman... A rose” of the association “Marraines du cancer du sein Vaud” (breast cancer). In Pakistan, activities were organised during the day to address the significant role of women in society and emphasize the importance of women empowerment through education and career.

Focus on:
SICPA Product Compliance

SICPA takes very seriously the risks for the environment and the health of its staff and general public. In 2018, a communication campaign was set up to remind employees of the chemical regulations. To ensure correct understanding of dangers to consumers, professionals and industrial users, SICPA provided a Safety Data Sheet (SDS) explaining how to correctly handle hazardous materials. Every product marketed by SICPA is shipped with its SDS and a proactive communication with clients and suppliers is in place to ensure that the latest hazard information is always available.



COMMUNITIES

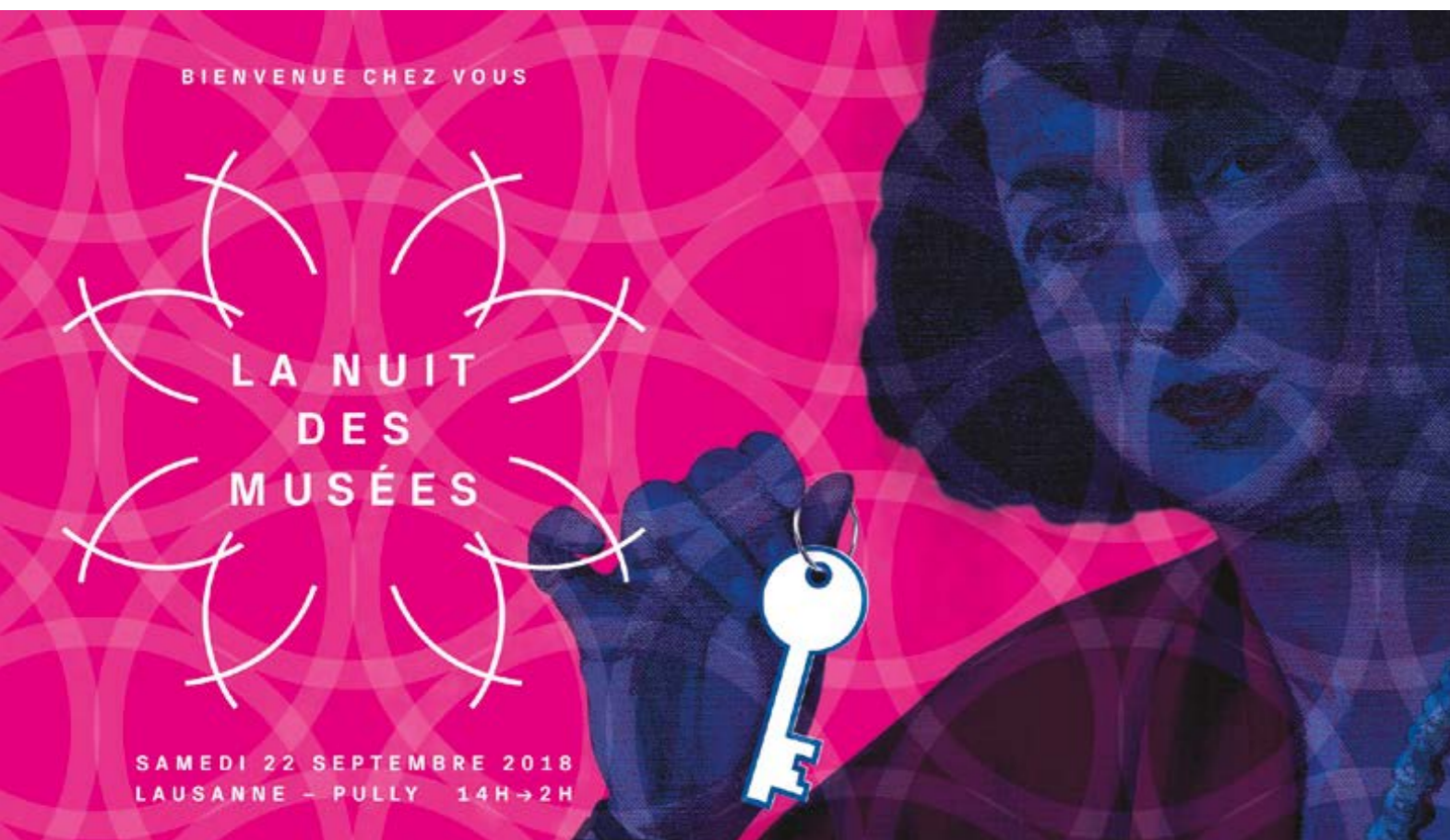
SICPA continues to engage with the communities in which it conducts business and operates by being involved and participating in social, cultural, education and scientific activities. The focus of the company's corporate sponsorship and donations is in Switzerland, the home country and main production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

1,398

KCHF invested
in community
projects

74

Community projects
supported



2018 STATUS AND ACHIEVEMENTS

In 2018, SICPA contributed approximately CHF 1.4 million to 74 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. During the 2018 event, 25 museums participated and welcomed no less than 15,000 visitors for more than 60,000 visits. The onlookers pushed the doors of the museums discovering more than 100 activities and 36 exhibitions such as performances, workshops and musical improvisation. In 2018, SICPA participated in the design and production of the event entry tickets using colour shifting inks. SICPA also sponsored various cultural events and conferences in the area of Lausanne such as concerts of Geneva Camerata, the JIYU Conference or even the TEDxLausanne.

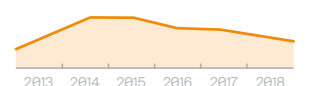
In addition, as part of SICPA's on-going mission to promote a healthy work life balance, SICPA Switzerland continued its FitForCharity Programme to encourage health and fitness activities among employees and collect funds for charities.

Through various events such as The Lausanne Marathon, Bike to work or DEFI, employees in Switzerland covered more than 2300 km which allowed to collect 5000 CHF for the Terre des Hommes Association.

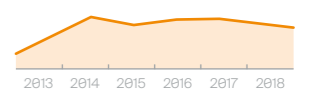
Some examples of SICPA Community projects outside Switzerland this year include SICPA Morocco participating to the Charity Football Tournament organised by the Casablanca Central School. The funds raised during this tournament were donated to the humanitarian association of Casablanca Central School to support its humanitarian caravan in the village of Imin Oumghaz. SICPA Morocco's employees also went into action through different operations such as blood donation and campaign for the distribution of food baskets to disadvantaged families.

Another example comes from Pakistan where SICPA has implemented several actions to encourage employees' involvement in health, education and community issues. In 2018, SICPA Pakistan started a new initiative "Going Green" to help in making the environment healthier and greener near their offices. The volunteer employees began by cleaning a park before planting nearly 200 trees.

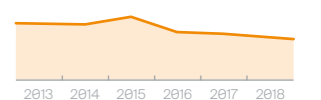
Total financial contributions (KCHF)
Sponsorships and donations to community



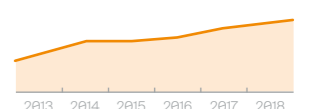
Number of community projects supported



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.

FitForCharity



LOOKING FORWARD: 2019-2020

- Continue to support community projects
- Continue FitForCharity programme

Focus on: DEFI 2018 – 10 Years!

In 2018, SICPA participated for the 10th time to this sport competition for companies. During a decade, this event offered the opportunity to 29 athletes to live an incredible sporting and human experience. After weeks of preparation, our athletes were finally ready to compete against the other teams in a three-day competition gathering disciplines such as running, mountain biking, orienteering cycling or archery.

The background of the slide is a dense, repeating pattern of blue butterflies, likely Gossamer-winged butterflies, with dark brown or black borders on their wings. The butterflies are oriented in various directions, creating a textured, almost hypnotic effect. In the lower-left quadrant, there is a semi-transparent blue rectangular box containing the text "ENVIRONMENTAL ASPECTS". In the lower-center of the slide, there is a single butterfly with orange and black wings, which stands out from the predominantly blue pattern.

ENVIRONMENTAL ASPECTS

ENVIRONMENT

SICPA attaches great importance to 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 accounts for 65% of the company's electricity consumption, 75% of fossil energy consumption and 89% of waste generation. In 2018, environmental initiatives and projects were related mainly to energy and waste management.

2018 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 2018, SICPA's FTEs increased slightly by 136 compared to 2017. At the same time, the energy and water consumptions per FTE increased reflecting a number of annual variations in production volumes. Importantly, the quantity of manufactured products in tons has risen by 18% for a smaller amount of energy consumption.

In 2018, the electricity intensity per FTE increased by 5% (compared to 17% in 2017) and fossil energy intensity per FTE by 7% (compared to 1% in 2017). During this time, SICPA continued to install energy efficient solutions, such as in Switzerland

where halogen & mercury lights continued to be replaced by LED technology and building isolation, heating system and ventilation flows were optimised. Finally, water intensity has declined by 10% per FTE.

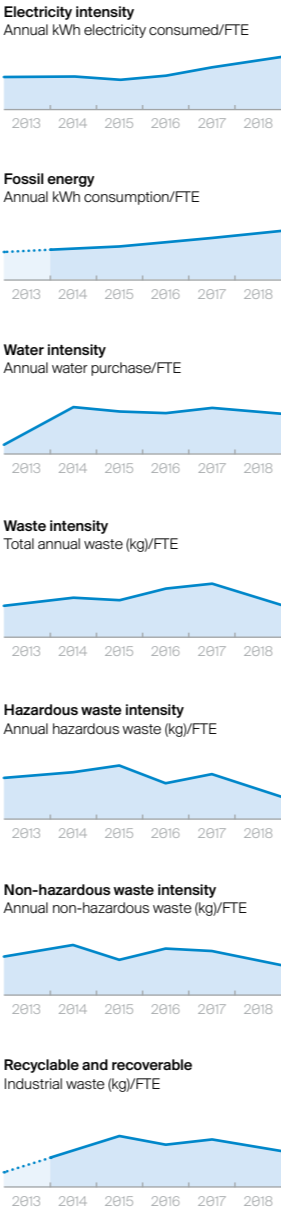
Waste & Climate Change

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

In 2018, over 60% of generated waste was recycled or required special treatment. It is worthwhile noting that in line with previous years and the nature of our products, 41% of SICPA waste is categorised as dangerous under European and national waste rules, which requires special treatment. 78% of such waste was 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: Energy Target Agreement with the Swiss Federal Authorities

In 2018, SICPA Chavornay validated the Energy Target Agreement with the Swiss Federal Authorities in charge of energy and environment. As part of the "2050 Energy Strategy", SICPA committed itself over a 10-year period to optimise energy in order to reduce its consumption and CO₂ emissions. Other modifications are planned up to 2025 such as the efficiency of the compressed air supply and the ventilation system to fulfil SICPA's objectives. In addition to reducing energy costs, this agreement also exempts SICPA Chavornay from the CO₂ tax for fossil energy until the end of 2020.



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

LOOKING FORWARD: 2019-2020

- Energy efficiency obligations >
- Waste management solutions >
- CO₂ measurement (regulatory compliance) >

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

Legend: ✓ completed > on-going ✕ pending

OTHER CSR ACTIONS

+500
SICPA employees
and managers
contributed to CSR
in 2018

+120
New employees
briefed on CSR

In 2018, the SICPA website was renewed and the CSR section was reviewed to include additional examples of SICPA achievements worldwide.

The company's approach to sustainability was formally approved by the Executive Committee seven years ago. Since then, over 900 employees and 400 SICPA managers, including corporate functions, divisional management and country entities management, participated in CSR awareness sessions.

In 2018, CSR training sessions were held as part of the SICPA Induction Programme and over 120 new employees were briefed.

The company continues to ensure its approach to sustainability issues is communicated externally. In 2018, the SICPA website was renewed and the CSR section was reviewed to include additional examples of SICPA achievements worldwide. In addition, communications on CSR topics continued to be published on the company's global intranet. Finally, the 2017 CSR report was distributed to interested customers and partners. In Pakistan, SICPA was awarded the 'Best Practices in Corporate Social Responsibility Award 2018' by the National Forum for Environment and Health (NFEH), for a third consecutive year.

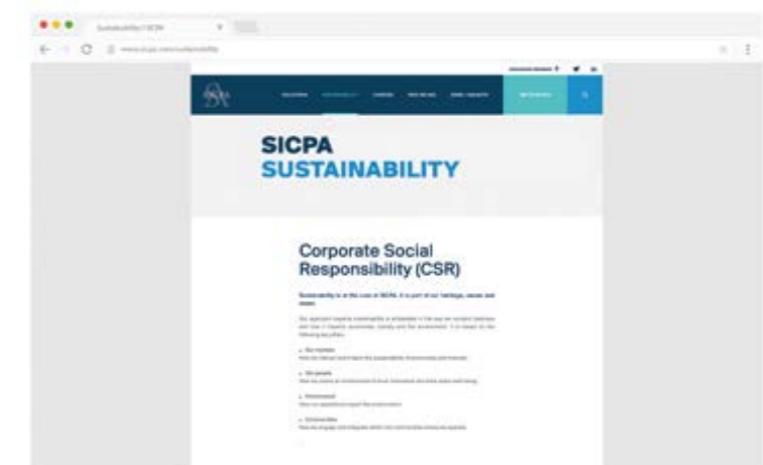
SICPA has also communicated selectively on sustainability issues with peer groups, such as the UN Global Compact Network and plans to continue such actions in 2019.

Focus on: SICPA on French TV demonstrating technologies against oil fraud

SICPA is becoming a recognised stakeholder in the fight against oil fraud.

In December, a French television team came to SICPA Headquarters to better understand how SICPA technologies such as oil markers can help in the fight against the different types of oil trade fraud and trafficking.

The programme "Complément d'enquête" was broadcast December 6 on France 2.





UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2018

PRINCIPLE	ACTIONS 2018	CSR REPORT 2018 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 policies 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 systems protect governments from tax revenue loss on products most often subject to illicit trade, such as excisable goods like alcohol, tobacco and fuel and support broader policy objectives in the fields of health and the environment. Systems also allow manufacturers to protect and authenticate their products and to engage consumers.

SICPA also continues to be focused on innovation in the digital area, working with inhouse R&D and external partners to provide solutions for e-government services.

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.



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