

SICPA

Corporate Social
Responsibility
2019



SICPA

Enabling trust

CEO INTRODUCTION

I am delighted to be writing the foreword for SICPA's 7th CSR report. We have continued to make good progress since we first launched this format in 2013, building on a long tradition of engagement with both external stakeholders and employees and our proactivity in promoting best practices. This year, whilst maintaining the core principles of our approach, we have decided to align our actions and outcomes with the UN Sustainable Development Goals. You will see this infused throughout the report.

There were numerous highlights in 2019. I would like to mention just a few, such as the international roll out of our competency framework to 14 countries. A key tool which is allowing us to better identify skills gaps and take the appropriate actions to fill them, including through training. Combined with advances in the SICPA Digital workplace through Office 365 implementation, it is enabling better collaborative working between our sites and Centres of Excellence across the globe, making possible more interesting and productive development opportunities for staff in projects internationally. All parts of the company are benefiting from our First in Class IT solutions which permit greater flexibility in working practices and improve productivity and work life balance.

Following issuance of Swiss Federal guidelines in 2019 on Personal Data Protection, we were able to validate the efficacy of our roadmap to ensure we are fully compliant. All company programmes, be they internal or client-oriented, are reviewed for alignment with the GDPR and other relevant local regulations. We maintained our approach of continually improving business practice policies and our strong emphasis on client-focused innovation, coupled with expanded reach in new technologies through working with partners.

We made further progress in understanding and managing our environmental impacts, through careful and regular monitoring of key indicators. We signed our first contract, with the Dominican Republic, in which we confirmed our engagement to be carbon neutral. I am pleased to note that numerous supporting initiatives in this direction are underway. They complement the impact of the company's mission to Enable Trust through fighting illicit practices with their many deleterious effects. This is for example the hallmark of our work to fight fraud in hydrocarbons and directly mitigating damage to the environment.

Last and not least I would like to recognise the commitment of SICPA and our employees to the communities in which we operate. This expressed itself in many ways in different countries through the year, including sometimes dramatically such as during the tropical cyclones in Mozambique in the Spring. This event highlighted the value of our well-prepared business continuity arrangements which have further demonstrated their worth as a strong basis for the challenges of 2020.

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 adopted the United Nations Sustainable Development Goals (SDGs) as a benchmark to which we will align our actions.

SICPA has launched numerous 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.

OUR MARKETS

SICPA continues to take 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.

The company launched SQ1, the Global Centre for the Advancement of the Economy of Trust, adjacent to SICPA's headquarters building, an initiative to bring together both private sector and academic partners, with the aim of creating a new competence center in the field of physical and digital trust technologies.

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, organising throughout the year activities to engage students. Implementation of the company's "Digital Workplace" programme continued by IT teams throughout the world. SICPA once again reported a low incident rate with only 11 incidents per million hours worked, which is below the industry average, with no occupational illness or fatalities reported during the year.

COMMUNITIES

2019 was unfortunately marked by several natural disasters around the world. SICPA provided support in Mozambique and Albania, to its employees and local communities. During the year SICPA also contributed to various scientific, educational, cultural and environmental projects in Switzerland and around the world. The FitForAll programme in Switzerland continued in its mission to promote a healthy work-life balance.

ENVIRONMENT

The environmental footprint of the company is closely monitored. SICPA's production processes are energy intensive and the company continues to implement projects to optimise energy use. In 2019, SICPA increased its FTEs by 349, while its energy and water consumptions per FTE decreased but most importantly, the quantity of inks manufactured in tons rose by 30% from 2018, whilst energy consumption fell. In 2019, total waste produced in kg per FTE increased by 27% compared to 2018, in line with the increase in volumes of inks produced during the year. Over 65% of generated waste was recycled or required special treatment compared to 60% in 2018.

In 2019, SICPA has adopted the United Nations Sustainable Development Goals (SDGs).

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 the 2013 launch of 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

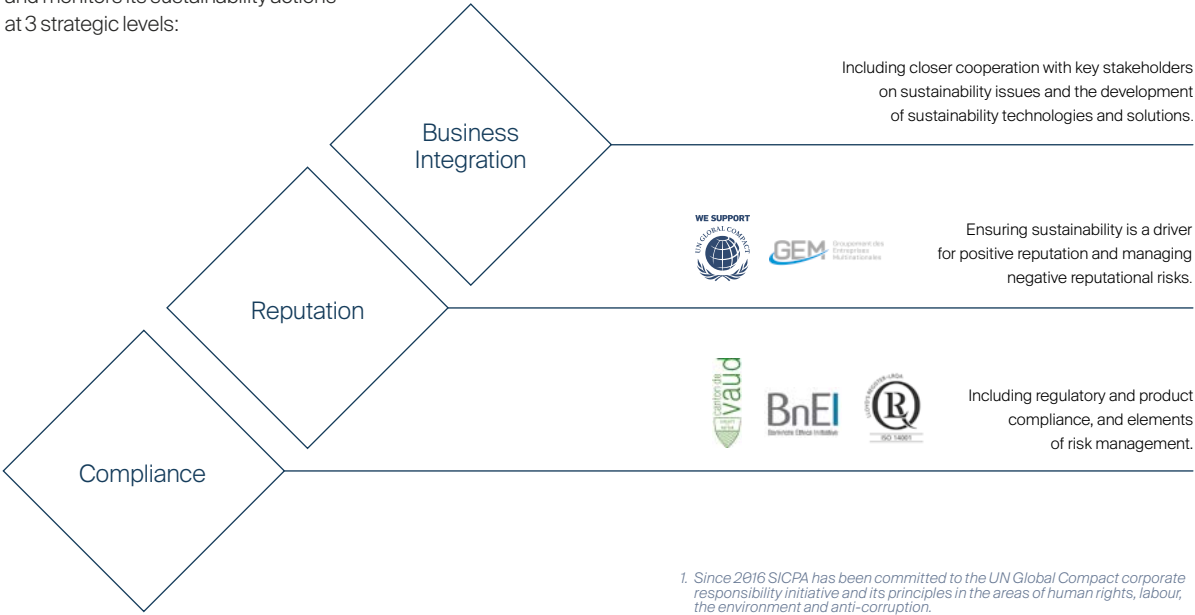
Impact of the company's operations on the environment.

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

In 2019, SICPA adopted the United Nations' Sustainable Development Goals (SDGs), as a benchmark to which we will align our actions. The 17 goals defined by the United Nations cover a wide spectrum of sustainable development topics relevant to companies such as poverty, health, education, climate change and envi-

ronmental degradation. The services and solutions we offer as a company have an important role to play in helping our clients meet their UN SDG targets - providing national governments, regional groups and simple citizens the means to fight fraud and counter the inefficiencies and distortions it creates. This is at the heart of our CSR approach along with strong company policies guiding how we ourselves act.

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



The Earth printed with SICPA security inkjet inks.

ALIGNED WITH THE UNITED NATIONS SDGS



MARKETPLACE



ENVIRONMENT



PEOPLE

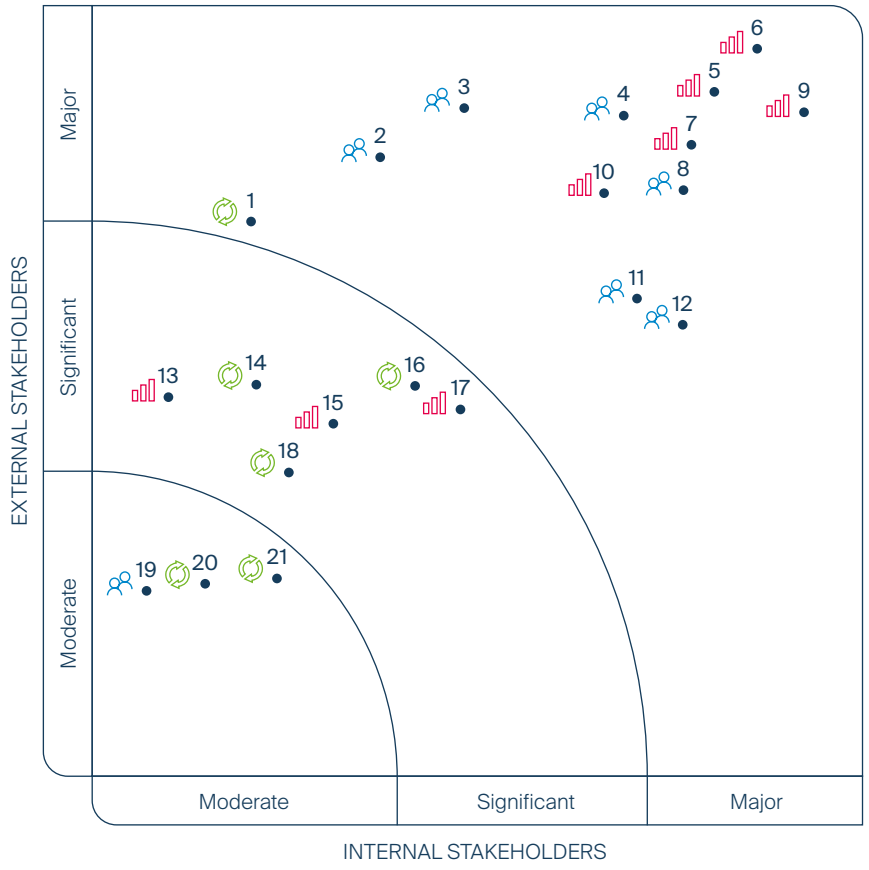


NOT APPLICABLE



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

MATERIALITY ASSESSMENT



- ECONOMIC**
 - 5 Sustainable and safe materials
 - 6 Safe products
 - 7 Secure supply chain
 - 9 Business ethics
 - 10 Corporate governance
 - 13 Stakeholder engagement
 - 15 Responsible investment
 - 17 Sustainable innovation and improvement
- SOCIAL**
 - 2 Diversity and equal opportunities
 - 3 Child labour
 - 4 Security practices
 - 8 OCC health and safety
 - 11 Talent acquisition, reward and retention
 - 12 Learning and development
 - 19 Community engagement
- ENVIRONMENTAL**
 - 1 Climate change
 - 14 Energy efficiency
 - 16 Waste management
 - 18 Water management
 - 20 Biodiversity
 - 21 Sustainable packaging

In 2019 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 committees addressing specific strategic topics. The company transformed itself from a two Division setup in 2018 to one based on Strategic Business Areas (SBA) and Initiatives (SBI) which support a transversal organisation. This enables the company to deliver current business more efficiently than before and to develop new markets and products.

SICPA policies reflect a set of robust governing principles and rules. These are revised to reflect the latest norms depending on international standards. In 2019, SICPA set up a new International Trade Compliance Policy. Applicable to all operating entities of the SICPA Group, this policy defines responsibilities for complying with international trade and customs regulations, sets up effective controls (import, export and national) and ensures appropriate management.

STAKEHOLDERS

SICPA's partnerships with numerous stakeholders reflect its approach of respectful entrepreneurship and its continuous commitment. As an example, in 2019, SICPA Indonesia inaugurated new facilities in its factory with its partner, the Indonesian Banknote Printing Company PERURI, taking into account future projected needs for the next 20 years.

SICPA continues to take 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. To enable trust in the digital world, SICPA's Strategic Business Areas for Digital Integrity and Digital Identity are supported by a Digital Applications Lab. Pilot schemes are underway to meet a diverse range of challenges – among others, protecting land registries, electoral integrity, diplomas or the supply chain of precious metals. SICPA also continues to 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.

Square One was launched in October 2019, still a campus under construction adjacent to SICPA's headquarters building, designated as the Global Centre for the Advancement of the Economy of Trust. SICPA leads this initiative with the support of key partners and local bodies such as the EPFL and the Canton de Vaud with the aim of creating a new competence center in the field of physical and digital trust technologies. It is scheduled to opening its physical doors at the end of 2021, and will bring together actors from industry, government and international institutions and academia.

SICPA teams were also active throughout the year in a range of international conferences on traceability, security inks or identity security solutions, 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 publication 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: Coffee and cocoa traceability systems

SICPA was awarded a contract in Ecuador to provide the service of designing and validating traceability systems based on blockchain technology for sustainable and deforestation-free Amazonian coffee and cocoa. Ecuador is the third largest cocoa producer in the world with 8% of the production and the first producer of fine cocoa aroma with 65% of the production. The Ecuadorian government declared the cocoa supply chain and its derivatives as a priority for the fulfilment of the sustainable development goals associated with the 2030 agenda and the strengthening of the national economy.

PROGRESS: 2019 ACTIONS

Update SICPA Policies	✓
Update grievance mechanism	▷
Submit UN Global Compact COP	✓

Legend: ✓ completed ▷ on-going ✕ pending

LOOKING FORWARD: 2020-2021

- Actively support and apply UN Global Compact principles
- Maintain BnEI accreditation
- Renewal of certifications

Policies

Revised, implemented relevant Internal Standards

SICPA's digital tax stamps combine various patented technologies for cutting-edge multi-level authentication.

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 vulnerable goods are safer and more secure for use or consumption.



QUALITY

SICPA has built its reputation as an innovator, thanks to the pioneering development of new products and technologies, annually investing a significant portion of its revenues in research and development – counting more than 4,200 patents to date. 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 certain chemicals continue to contribute to the management and reduction of risks for human beings. A dedicated programme is focused on developing a broader range of markers for the secure marking fuel, minimising environmental impact and risk and broadening applications.

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.

2019 status and achievements

Cash in Switzerland is still the most common payment method for households, especially for small purchases. The CHF100 note is the most commonly-held as a store of value. In September 2019, the new CHF100 note was officially released by the Swiss National Bank, as the sixth and final note in the latest 9th series, joining Switzerland's 10, 20, 50, 200 and 1000 franc denomination banknotes, which have been gradually phased into circulation over the past four years. This new generation of banknotes, with added security and protection against counterfeits, depicts typical facets of Switzerland. These banknotes demonstrate broad collaboration among multiple Swiss partners, resulting in a sophisticated design which combines a mixture of new and tried and tested security elements.

On this occasion and for the first time, SICPA opened its doors to selected Swiss media, showing some of its R&D labs in Prilly as well as the Chavornay production facilities. The visit was organised around R&D workshops involving several different laboratories. A news clip aired on RTS Swiss TV, in the evening news.

As of June 1st, SICPA in partnership with one of its logistics providers successfully set up a new delivery flow by sea via the Antwerp port, for customer orders of security inks, placed in containers on premise. This benefit the environment by assuring no transportation of empty containers between the factory and the logistics provider.

As in previous years, SICPA participated to various international conferences dedicated to cash technologies presenting its recent developments for banknote security.

Also in 2019, the company was awarded a contract with the US Department of Homeland Security to secure digital credentials, such as ID documents, driving licences and visas. SICPA is on the path to creating credible technology solutions for building and securing digital identities that will complement existing systems.

Initiative to promote and defend cash

In 2019, SICPA continued to participate in the CashEssentials initiative to promote the use of cash and to ensure its longevity as a sustainable payment method. Cash is not losing ground, on the contrary cash demand has grown in all regions of the world, a fact which motivates reflection on how the industry can contribute in shaping its future. 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 and crisis management 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 acting as a comprehensive repository of documents and reports.

Protecting products and brands

Illicitly produced products, which respect no regulations or norms, are so often harmful to the environment, to the workers who produce them and to those to whom they are ultimately sold. Fight-

ing illicit trade supports sustainability. SICPA's ever broader portfolio of technologies, services and solutions which counter frauds of all sorts enables us to help governments and companies meet their own environmental objectives. SICPA's high security traceability systems combined with proofs of origin provide assurance for consumers that highest standards have been met. Such technology solutions help prevent environmentally harmful activities such as the adulteration and illegal "cleaning" of fuel products.

The UNCTAD and TRACIT published a report in July 2019 entitled "Mapping the Impact of Illicit Trade on the Sustainable Development Goals". It officially maps the 17 UN SDGs against a number of economic sectors, providing data on illicit trade. SICPA is active in some of those sectors with its solutions to fight illicit trade, hence supporting the achievement of specific Sustainable Development Goals.

SICPA also continued to develop more reliable and usable authentication solutions for brand owners, with a new generation of graphical and digital technologies, enabling consumers to verify products at points of sale. These solutions are applicable across a range of industry sectors such as pharmaceutical, electronic consumer goods, luxury goods and food and drinks. Other current problems being tackled include counterfeit electric and electronic parts, product tampering in pharmaceuticals and protective measures for gold bullion.

In 2019, SICPA launched BullionProtect, an innovative solution to safeguard the integrity of the gold bullion market. The company doesn't protect the gold itself but rather the authenticity of the gold bars stamped by refineries, marking them with a security seal, specific to the client.

LOOKING FORWARD: 2020-2021

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

Legend: ✓ completed ▶ on-going ✕ pending

SICPAGUARD® HD Sense for document and product authentication.

Solar panels on the roof of SICPA's main facility in Switzerland.

ENVIRONMENTAL ASPECTS

ENVIRONMENT



Throughout 2019 SICPA continued to evaluate the environmental impact of the company's business and operations, including human health, climate change, resource and ecosystems impact. SICPA follows its QHSSE policy and relevant processes developed as part of ISO 14001 certification to optimise the environmental footprint of its operations. This is closely linked to the intensity of its ink manufacturing operations. In 2019, the quantity of inks produced worldwide increased by 30.51% compared to 2018. This manufacturing activity accounted for 78.23% of the company's electricity consumption, 70.44% of fossil energy consumption and 86.67% of waste generation. The remainder is related to the other business activities of SICPA around the world.

2019 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 2019, SICPA's FTEs worldwide increased significantly by 349 compared to 2018. The energy and water consumptions per FTE decreased but most importantly, the quantity of inks manufactured in tons rose by 30% from 2018, whilst energy consumption fell.

In 2019, the electricity intensity per FTE decreased by 5% (compared to a 5% increase in 2018) and fossil energy intensity per FTE decreased by 7% (compared to a 7% increase in 2018). Finally, water intensity has declined by 35% per FTE. 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.

Waste & Climate Change

The company identified waste management and climate change amongst the top significant aspects in its Materiality Assessment. In 2019, total waste produced in kg per FTE increased by 27% compared to 2018, mostly due to the 30% annual increase of inks production. Over 65% of waste generated was recycled or required special treatment compared to 60% in 2018. It is worthwhile noting that in line with previous years and the nature of our products, 30% of SICPA waste is categorised as dangerous under European and national waste rules, which requires special treatment. 72% 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

The SICPA Chavornay plant validated the Energy Target Agreement with the Swiss Federal Authorities in charge of energy and environment in 2018. 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: 2020-2021

- 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

Security label specimens using QUAZAR® technology for product and brand protection.

A laboratory technician is preparing a sample of marked fuel for precise quantitative testing.

SOCIAL ASPECTS





SICPA employees with visitors in Swiss Headquarters looking at the 2019 new 100 CHF banknote.

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 implementing its integrated talent management processes. The initial focus is on talent 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 2019, similar to 2018.

Over the years, numerous academic partnerships have been established with reputable institutions in the region of Swiss Romandie, such as EPFL, HEC and IMD. Willing to be open to the world and grow its employer brand awareness, SICPA, with its HR Talent Management team, continued organising throughout 2019 activities to engage students. These events were a great opportunity for employees to share their experience with young graduates or students wishing to follow their path. Among the events in which SICPA participated in 2019 were the IMD Global Talent Forum, the HEC Career Networking Fair and IT Day. The highlight was the participation in the EPFL Forum, one of Europe's largest recruitment fairs, where more than 190 companies and 85 start-ups attend each year to meet EPFL students and graduates from different fields of study.

Focus on: Global Development programme

Leading and managing a team is one of the most challenging aspects of a manager's role. In 2019, the SICPA Management Development Programme, a global training programme, was updated. It provides managers with the opportunity to grow their people management and leadership skills by focusing on communication, professional relationship building, change management, and cultural awareness. In addition, more than 40 training sessions in 14 countries were held following the implementation of the global competency model.

Learning & Development

SICPA has specific programmes to develop leadership, management and innovation capabilities and skills such as the SAP Integration Academy, a programme that enables training in all SAP processes. The company also continued to partner with Bookboon, an online library, to further develop a proactive e-learning culture. It is essential for employees to have the necessary skills, knowledge and attitude to adapt to the ever-changing workplace environment and to continuously develop both within and outside their role. In total, more than 2000 learning activities were delivered throughout 2019, including formal and distance learning and on-the-job knowledge transfer. In addition, the Digital Lab in HQ organised monthly lunch-hour learning sessions for employees who were eager to know more about SICPA's current and future activities across sectors within the digital sphere. Finally, the company's "Digital Workplace" programme continued to be implemented by IT teams, to improve IT functionalities as well as new collaborative features to improve team working.

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. To shine a light on the diversity within SICPA, the "Chef for a day" initiative was set up in 2019 in our Swiss Headquarters, to enable our colleagues to share the gastronomic treasures of their roots, whether regional or international.

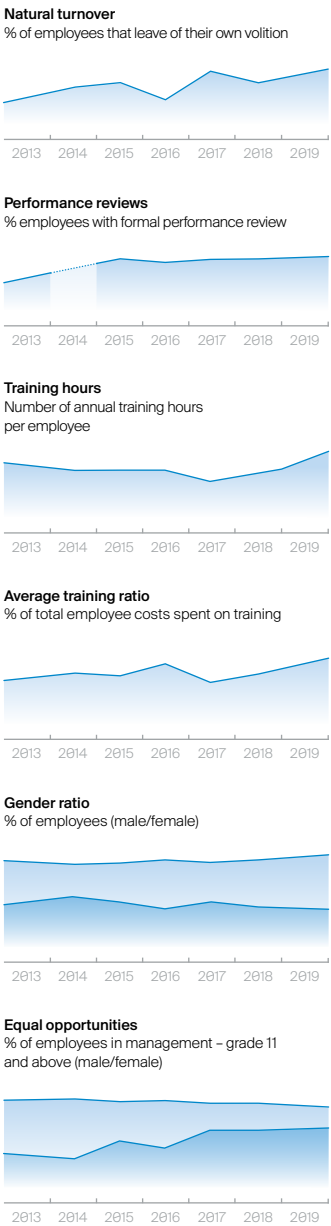
PROGRESS: 2019 ACTIONS

- | | |
|---|---|
| Deploy Employees Competency Model | ✓ |
| Global Management Development Training | ✓ |
| Maintain low health and safety incident rates | ✓ |

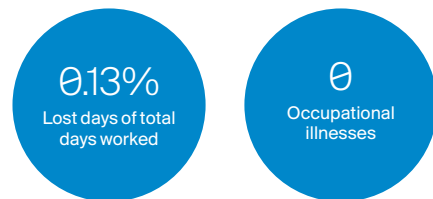
Legend: ✓ completed ▷ on-going ✕ pending

LOOKING FORWARD: 2020-2021

- Continue deploying the SICPA Digital Workplace
- Integrate talent management processes
- Implement equal opportunities actions
- Roll out grievance mechanism



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.



In addition, the company continued to monitor actions concerning equal opportunities at work. As part of the Swiss “Journée des métiers”, SICPA Switzerland has opened its doors since 2003 for employees to bring their children to work 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 and enables 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 a broad range of jobs and without limiting themselves to traditionally female or male jobs.

Values & Corporate Culture

SICPA is focused on promoting a common culture and building a transversal organisation and has introduced a common competency framework to support this. 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. Demonstrating the importance of people management, SICPA successfully implemented its new Competency Model in 2019. It 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 and sense of cohesion were promoted through numerous communications and several internal events in a number of countries, such as a table football tournament in HQ and the End-of-year celebrations for staff and their families in various countries.

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.

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.

SICPA’s Materiality Assessment 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 any potential gaps and address them accordingly.

Focus on: Center of Excellence in Spain

Our Center of Excellence in Madrid opened in September 2010 and will soon celebrate its 10th anniversary, an opportunity to renovate and refurbish the facilities, and accommodate our new talent in the best possible conditions. In 2019, the Spanish team had the pleasure to host the first worldwide meeting for Scrum Masters, a workshop allowing participants to share their agile practices at SICPA. Spain also pioneered the implementation of the first Employees Engagement Survey. This enabled some gaps to be identified and to set up an action plan to strengthen teamwork and cohesion within teams. In addition, a series of team building events were organised to reinforce this team spirit.

OPERATIONAL INTEGRITY

The health and safety of SICPA employees and the communities in which the company operates are 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.

2019 status and achievements

In 2019 SICPA continued to maintain a low incident rate with only 11 incidents per million hours worked, which is below the industry average. The number of accidents with or without lost time decreased from 68 in 2018 to 51 in 2019, for a population of more than 2800 employees worldwide. It is important to highlight that there was no reported occupational illness and no fatalities during the year.

For several years now, SICPA has also been attentive to the use of hazardous raw materials. For example, BPA is not allowed in SICPA’s raw materials at more than 0.1% due to its hazardous characteristics. All raw materials exceeding this limit have been identified and substitution or deactivation procedures have been implemented. As of today, raw materials used in Switzerland, and in most of SICPA’s subsidiaries, do not contain BPA or content is well below the limit of 0.1%. Phase out is still ongoing in only one entity and it is expected to be completed soon.

Focus on: GDPR – Data Protection

At SICPA, the protection of personal data has always been a primary concern and is professionally managed within SICPA client solutions. Best practice is integrated into our standard working procedures. In 2019, the Swiss Federal Council issued detailed provisions on data security requirements to cover the protection of personal data. To meet these provisions, SICPA implemented appropriate technical and organisational measures.



Security label specimens using QUAZAR® technology for product and brand protection.



COMMUNITIES



Everywhere SICPA conducts business and operates, the company takes care of its local communities 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.

2019 STATUS AND ACHIEVEMENTS

In 2019, SICPA contributed approximately 754’399 CHF to 89 community initiatives, mainly to cultural, education and environmental projects.

In Switzerland, SICPA sponsored various cultural events such as concerts of the Geneva Camerata, the charity concert of the Orchestre de chambre de Lausanne, the kids Diabolo festival and the cultural season of the city of Renens. The company also 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 2019 event, 25 museums participated and welcomed no less than 15,000 visitors for more than 70,000 visits. Visitors to the museums discovered the exhibitions and more than 110 activities such as performances, workshops and musical improvisation. In 2019, SICPA participated in the design and production of the event entry tickets using colour shifting inks.

In addition, SICPA Switzerland continued its Fit-ForAll programme to encourage health and fitness activities among employees, promoting a healthy work-life balance. Employees in Switzerland participated in various events such as The Lausanne Marathon, Bike to work, B2Run or DEFI, covering hundreds of kilometers whether cycling, walking, swimming or even scootering.

Also in 2019, SICPA sponsored the Lausanne Hockey Club with employees able to support the team in person during the season.

Some examples of SICPA Community projects outside Switzerland this year include SICPA Pakistan which celebrated Earth Day in April. Employees were invited to change their habits to make our planet a better and healthier place to live. SICPA Pakistan also decided to support the Layton Rahmatulla Benevolent Trust by assisting them in the improvement of their equipment and facilities. The LRBT Tertiary Eye Hospital provides free eye care to people with incomes close to the poverty line and has helped over 38 million patients all over the country.

Another example comes from Spain where SICPA collaborated with the NGO Cooperación Internacional which launched a campaign in support of underprivileged children, in the form of gifts. Un-

der the Christmas tree, employees left gifts for the children, bringing a smile to their faces during the holiday season.

Another example comes from the city of Kinshasa in the Democratic Republic of Congo where SICPA donated several dozens of recent, unused laptop computers to a high school in Ndjili, taking care of the shipment and related costs.

Focus on:
SICPA supports its communities

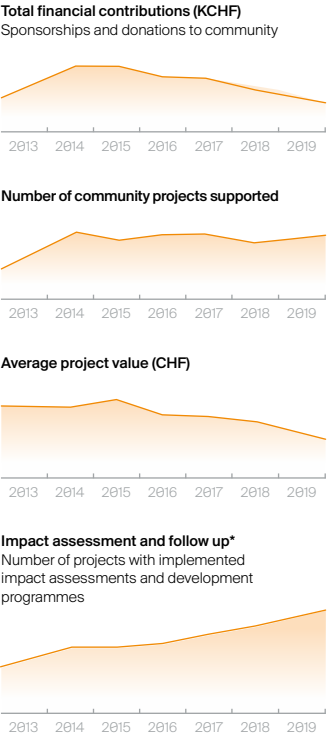
This year has unfortunately been marked by several natural disasters around the world. In March and April 2019, Mozambique was hit by two successive tropical cyclones, severely affecting the central and northern parts of the country and resulting in numerous human and material losses as well as the destruction of a large part of the crops. Immediate and priority action was taken to locate and provide emergency support to our 40 local employees and to secure our infrastructure and stocks of sensitive products. A few months later, SICPA also provided support to the local population hit by an earthquake in Albania where the company has operations.

CONFERENCES MADE IN SWITZERLAND

In its effort to support local initiatives, SICPA was a partner of the 3rd edition of the JIYU conference, in Lausanne, focused on the Business models of the future. This Swiss initiative rethinks the way of doing business, working, communicating and collaborating.

For several years now, and again in 2019, SICPA sponsored the well-known TEDx and TEDxWomen conferences which took place in Lausanne. The spirit of TED’s mission is Ideas worth spreading and therefore it brings together speakers from all over the world on various topics.

- LOOKING FORWARD: 2020-2021**
- Continue to support community projects
 - Continue FitForAll programme



* 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. Numbers for 2019 reflect this as several subscriptions were excluded.

OTHER CSR ACTIONS

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 2020.

Every year CSR awareness sessions are organised for employees to learn more about the company's approach to sustainability, specifically to new employees as part of the SICPA Induction Programme in the first weeks of their arrival. In the last eight years, over 900 employees and 400 SICPA managers, including corporate functions, divisional management and country entities management, participated in these sessions.

In Chile, SICPA partnered with a local solution provider of waste management and recycling, installing clean points in the offices and informing employees to contribute with the 3Rs: Reduce, Reuse and Recycle.

In Pakistan, SICPA was awarded for a fourth consecutive year, the Best Practices in Corporate Social Responsibility Award 2019 by the National Forum for Environment and Health (NFEH), in a ceremony graced by the Pakistani President.

The company continues to ensure its approach to sustainability issues is communicated externally on social media platforms and on its website. The website CSR section is updated to include examples of SICPA achievements worldwide. In addition, communications on CSR topics continue to be published on the company's global intranet. Finally, like in previous years, the 2018 CSR report was distributed to interested customers and partners.

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 2020.

+600
SICPA employees
and managers
contributed to CSR
in 2019

+350
New employees
briefed on CSR

Focus on: SICPA Headquarters exclusive visit for EPFL alumni

On October 31, a delegation of Alumni from the EPFL (École polytechnique fédérale de Lausanne) was welcomed in Prilly – a first for the company! The event, organised in collaboration with the EPFL Alumni VD-VS Antenna, allowed participants to visit several laboratories and attend demonstrations of SICPA solutions ranging from security inks, analytical laboratory, authentication solutions and the Digital Lab.

SICPA's serialisation solution for pharma securely marks at high speed on production lines.

Samples of marked fuels collected from the field are ready to be tested with SICPA's analyser.

UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2019

PRINCIPLE	ACTIONS 2019	CSR REPORT 2019 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 policy 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 continues to be focused on innovation in the digital area, working with inhouse R&D and external partners to provide solutions for a diverse range of e-government services, to enable trust in the digital world.

Today, SICPA is a global company with offices and factories on five continents. With more than 2,800 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

© 2020 SICPA HOLDING SA, Switzerland

SPARK®, SICPAGUARD® HD Sense, SICPATRACE®, QUAZAR® are trademarks of SICPA HOLDING SA, registered in Switzerland and other countries or otherwise protected by law.

SICPA is certified to ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 27001:2013 and ISO 17025:2017, according to a worldwide deployment programme, in the framework of a unique Integrated Management System. All material in these pages, including text, layout, presentation, logos, icons, photos and all other artwork including any derivative work, is the intellectual property of SICPA (for the purpose of this document the word "SICPA" shall mean SICPA HOLDING SA or any of its parent or affiliate companies) unless otherwise stated, and is protected by trademark, patent or copyright. No reproduction, derivative, or commercial use of any material is authorised without the prior express written permission by SICPA. Information contained in, or derived from, these pages shall not be used for development, production, marketing of any product or service, or for any other purpose, without the express prior written permission of SICPA.

