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Progress
Report



Creating Confidence

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Statement of Continued Support

We live in a period of major societal challenges – from ongoing climate change and the continuing Covid-19 pandemic to rising social inequalities worldwide. At the same time, society is undergoing transformation, bringing changes in how we live and work.

Companies are one of the foremost change agents in this global transformation process. It is their responsibility to provide meaningful impetus. Consequently, they have to be prepared to adapt and continuously evolve.

As a provider of security technologies with a 170-year track record, we are aware of our responsibility and actively assume it. We see this process as an opportunity to address problems and provide solutions. As part of developing our strategy, we set a new and comprehensive goal for ourselves in 2021 with respect to sustainability. G+D positions itself as a leading sustainable company in its market segments and contributes to a society worth living through responsible action.

Our strategy is based on the three pillars Environment, Social and Governance, referred to collectively as ESG. We have established goals for each of these pillars that are clearly measurable and go beyond what is required by law. This allows us to more vigorously pursue sustainable development going forward.

We have also embedded sustainability more firmly into our organizational structures. In September 2021, we established a team “Corporate Sustainability” to ensure that our sustainability strategy is being applied Group-wide while also being continually refined. In addition, we established an ESG Committee at the Group level in 2022, chaired by me, which will guide the continued development of our sustainability strategy.

This report for the UN Global Compact provides an overview of Giesecke+Devrient’s efforts to promote sustainability in fiscal year 2021. Our Business Sector Veridos, a joint venture with the German state-owned Bundesdruckerei, also became a signatory to the UN Global Compact in 2021. Veridos’s activities are therefore considered in the relevant sections of the report.

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



Dr. Ralf Wintergerst
Group CEO Giesecke+Devrient



About Giesecke+Devrient

Giesecke+Devrient (G+D) is a global security technology provider headquartered in Munich, Germany. Founded in 1852, the company has a workforce of around 11,800 employees and generated sales of EUR 2.38 billion in the 2021 fiscal year. A total of 81 subsidiaries and joint ventures across 33 countries ensure customer proximity worldwide.

Engineering trust through technology is G+D's core area of expertise. As a trusted partner to customers with the highest demands, G+D secures the essential values of the world. We develop customized technology in four major playing fields: payment, connectivity, identities, and digital infrastructures.

Payment: As a global market leader, G+D has a unique portfolio of solutions for public currencies as well as electronic and digital payment.

G+D provides solutions for end-to-end cash management. We produce and distribute banknote paper, banknotes, and technologically advanced security features. Our cash management solutions include banknote processing machines as well as complete cash center solutions. Complementary to this portfolio for physical currencies we also offer solutions for building and running a Central Bank Digital Currency (CBDC).

At the same time we are partner for the banking and finance sector with a comprehensive portfolio for smartcards and facilitate secure electronic and digital payment. In addition, we provide solutions for access and identity management in the health sector, for smart mobility and enterprises.

Connectivity: With a wealth of experience from securing connectivity, G+D is the trusted partner and pioneer for all challenges posed by the Internet of Things. We enable connections to mobile networks and the IoT, including SIM cards, SIM management services, eSIM management including secure operating systems as well as connectivity for enterprise IoT.

Identities: G+D supports governments and authorities around the world with reliable, integrated passport and identity solutions. Through Veridos, our joint venture with the German state-owned Bundesdruckerei, we offer innovative solutions for the authentication and verification of persons and objects. This includes highly secure physical and digital documents, border control and identification systems as well as eGovernment solutions.

Digital Infrastructures: As IT security partner to the Federal Republic of Germany, G+D enables digital sovereignty for governments, companies and society. Our listed subsidiary secunet is the leading European provider of high-quality cyber security solutions. secunet offers public authorities and industrial enterprises an extensive portfolio of products and consulting services around the protection of data and infrastructures and for the transmission, storage, and processing of information. This includes encryption technology up to the highest security level.

Our Responsibility

Global challenges

Weather phenomena and natural disasters that occurred in 2021, such as the devastating floods in Germany and the forest fires in the US and southern Europe, showed how urgent it is for progress to be made in fighting global climate change. Issues such as the loss of biodiversity and the depletion of natural resources were the focus of both political debate and media attention last year. At the same time, social concerns, such as the global inequities exacerbated by the Covid-19 pandemic, migrant and refugee flows, as well as diversity, and equal chances, call for increased global attention and action. In recent years, additionally consciousness raised of just how vulnerable global supply chains are – and how important it is that they be structured in an environmentally and socially sustainable manner.

Companies are key players in finding answers to the pressing problems of our time, as underlined by the United Nations in its Sustainable Development Goals (SDGs). SDGs identify what is germane to achieving a sustainable global business environment. Companies have to play an active role in achieving these goals: the design of their production processes, how they organize work, and their supply chains all have major environmental and social impacts. They can also make significant contributions to a sustainable development within the context of their core business activities through the products and solutions they provide.

Our responsibility – sustainability at G+D

G+D is keenly aware of its corporate responsibility and actively promotes environmentally and socially sustainable development. We want to intensify our commitment in this regard, which will involve the step-by-step transformation of our company. During 2021, we therefore made sustainability a focus of our strategic direction and drew up a new, comprehensive ESG strategy. Along with climate and environmental issues, diversity is another important element of our commitment to social sustainability. At the same time, we are placing increased focus on contributing to a society worth living through our products and solutions. Our core business activities encompass physical, electronic, and digital payments, secure mobile connections between people and things, safeguarding identities, and securing digital infrastructures. Our solutions help ensure that essential systems around the world remain stable and fully operational even in times of crisis. We additionally assist our customers in achieving their sustainability goals.

The new sustainability strategy – from six CR principles to ESG

During the 2021 reporting year, as in previous years, we were guided by the six established G+D principles of corporate responsibility (CR): employees, environment, supply chain, business portfolio, business practices, and society. Consequently, this report is likewise structured around these same six principles.

Going forward, we will align our sustainability strategy with the ESG criteria and tailor the reporting structure accordingly, starting in the coming year. ESG stands for Environmental, Social, and Governance.

- The environmental aspect will bring together our climate and environmental protection activities and our resource conservation measures. We are also planning to make our product portfolio even more sustainable and greener in the future. Developing and deploying sustainable technologies is a key action area in this respect.

- The social field covers health and safety at work, diversity, equality, training and development, and working in a modern work environment.
- Governance deals with responsible and forward-looking corporate management. In addition to sustainable investment and business models, governance includes digital responsibility, data privacy, ecologically and socially sustainable supply chains, as well as the integrity of our day-to-day business.

Along with the ESG criteria, the United Nation's SDGs form a second point of reference with respect to sustainability, our social commitment, and the continued improvement of our governance and corporate management. G+D particularly impacts nine of the seventeen SDGs. In the context of the SDG Ambition Initiative of the United Nations, we further strengthened our commitment to the SDGs in 2021, our alignment with the ESG criteria, and the associated strategic prioritization. We will continue with this effort in 2022.

ESG Dashboard



Environment

Climate:
CO₂ Emissions & Energy Consumption

Water

Waste & Circular Economy

Green Products and Technologies



Social

Diversity & Equal Chances

Lifelong Learning & Development

Health & Safety



Governance

Compliance & Integrity
(incl. Human Rights)

ESG Compatible Financing

Sustainable Investments/
Business Models

Digital Responsibility incl.
Data Privacy



Specific goals for sustainable development

During 2021, as part of the new sustainability strategy we developed initial specific goals for the three ESG criteria: With respect to environmental topics, we aim to reduce our Scope 1, 2, and 3 greenhouse gas emissions to net zero by 2040 (compared to 2020). In order to put this goal on a sound footing, we will submit the new climate goal for official recognition by the Science Based Target initiative (SBTi). At the same time, we also intend to reduce water consumption by ten percent by 2030 (likewise compared to 2020). With regard to social aspects, the focus is on our employees: we will increase the percentage of women in management positions, being guided here by the requirements for publicly traded companies. In addition, we will continuously expand our education and training programs. In terms of governance, we are continuing to enhance our compliance management system. We will further augment this system in 2022, thereby establishing a basis for complying to the requirements of Germany's Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz). We will add additional ESG goals in the course of 2022.

We measure our success in achieving sustainability goals by means of selected, central KPIs. These include for example CO₂ emissions, workplace accidents, hazardous waste, and water treatment. With regard to supply chain sustainability, we established a Group-wide approach to the selection and auditing of suppliers based on sustainability criteria. This approach also covers topics such as human rights and conflict minerals. The specific targets are currently being developed.

New structures at G+D for increased sustainability

In September 2021, G+D launched a new Corporate Sustainability unit. This team works in collaboration with staff in CR-related areas, such as HR, Legal + Integrity, and Purchasing, and is dedicated to addressing all ESG matters. Its responsibilities include developing goals, evolving G+D's sustainability strategy, and monitoring its implementation. The team reports directly to the Group CEO. In addition, early in 2022, an ESG committee has been established at the Group level headed by the Group CEO. This committee defines the cornerstones of the ESG strategy, draws up requirements, makes recommendations, and has veto rights with respect to business operations where activities conflict with the Group's corporate sustainability goals.

Outlook: Expanding reporting obligations

In April of 2021, the European Commission prepared a proposal for updating corporate reporting requirements. While this directive has not yet been fully approved, various changes that apply to businesses will arise as a result. Going forward, large but non-listed companies like G+D will be subject to reporting obligations. In addition, an auditing requirement will be introduced. Companies will be required to report their primary risks with respect to sustainability and how they are managing them as well as specifying the most significant negative impacts the company has on sustainability factors. G+D monitors further developments relating to reporting obligations and will augment its own reporting and risk analysis activities accordingly.

Networking and information sharing with regard to sustainability

Open and transparent dialog with stakeholders outside the company remains an important element in the ongoing development of our sustainability strategy as well as of G+D's commitment to sustainability. We are exchanging information with other companies and with actors involved in climate protection initiatives, such as the CDP (formerly: Carbon Disclosure Project). We are also active in the German network of the UN Global Compact. In 2021, G+D participated in the SDG Ambition Initiative of the UN Global Compact and was subsequently involved in the Climate Ambition Accelerator, which provided substantive input for the development of the new G+D climate goal. G+D has been a member of the Munich Business Climate Pact since its foundation. As a member, we engage in dialog with important local stakeholders with the aim of achieving lasting CO₂ reductions.

G+D CR Principles



Principle 1:
**Responsibility
to our
employees**



Principle 2:
**Responsibility
to our
environment**



Principle 3:
**Responsibility
in our
supply chain**



Principle 4:
**Responsibility
through our
business portfolio**



Principle 5:
**Responsibility
for our
business practices**



Principle 6:
**Responsibility
for our
society**



Principle 1:

Responsibility to Our Employees

Last year continued to be marked by the Covid-19 pandemic. Accordingly, the health and safety of our employees remained a central concern. At the same time, the nature of how and where we work changed. Through our Group-wide initiative “Growing Together”, we continue to evolve the work environment at G+D and are collaborating to shape how we work in the future. In the past year, we also made the topic of diversity a central aspect of G+D’s strategic orientation.

Growing Together

As part of this initiative, we began gathering ideas back in 2020 on how we want to go about working together at G+D. This led us to develop four main areas to focus on: flexible office, mobile work, new work, and platforms and tools. In 2021, we focused on putting the strategy paper into practice, concentrating on our headquarter in Munich, one of G+D’s largest sites worldwide. This will provide a valuable template for our other locations in Germany and around the globe. The various “Growing Together” activities of the past year are discussed in the sections below.

Health and safety

Safeguarding the health of our employees remained our highest priority in 2021. As part of managing the Covid-19 crisis, we continuously adapted our global hygiene and social distancing protocols to changing needs and requirements. We asked G+D employees around the world to work from home whenever possible and where their duties allowed. We also provided masks, gloves, self-administered tests, and disinfection stations and, as in the previous year, reduced business travel to a minimum. Our sites in 33 countries conformed to the evolving rules and regulations in effect at their respective locations. Where in-person work was necessary – for example, at production sites – work was carried out on staggered schedules and under strict hygiene protocols in order to ensure the safety of our employees.

We instituted special training courses aimed at assisting our employees and management staff to take a proactive approach in dealing with the challenges the pandemic presented. Several of these courses involved international participation, thereby boosting the sharing of information and experience between locations. In Germany, we provided all our employees with a full range of vaccines and, during a special campaign, extended the same offer to their family members and friends (with boosters provided starting in December of 2021). Vaccinations were also made available in other locations abroad, such as in Poona, India. We also granted employees worldwide paid time off so that they could get vaccinated. There was extensive internal communication around these measures at all our locations worldwide. In 2021, G+D was awarded the German Stevie® Award in silver in the category “Communications/PR Campaigns of the Year – COVID-19-related Information.” The Award is presented annually to businesses in German-speaking parts of Europe.

Occupational safety and health management

We have a workplace health and safety management system in place in all relevant locations worldwide. In 2021, we were once again successful in certifying the management system under the ISO 45001 standard at G+D and at the Veridos site in Munich as well as at additional production sites.

Number of reportable workplace accidents



Alongside numerous other topics, our training program has a special focus on support around physical and mental health. In 2021, there were special presentations on topics such as burnout and addiction. We also offer consultations on ergonomics, social issues, and problems related to addiction.

When employees return to work after extended illness, we have a range of measures in place to ease their reintegration into work life. Especially during a pandemic, we want to make sure that our employees receive every assistance the company can provide for them to smoothly return to work life and to being together with colleagues.

Wellbeing and work-life balance

It is important to us that our employees feel good about coming to work and, at the same time, are able to find the right work-life balance.

The "Mobile Work" action area relates to where an employee performs her/his duties. Our goal is that our employees worldwide should be able to spend half of their work hours working from home and the other half in-person on company premises. Customized schedules can be agreed with the employee's team and manager. In order to make this possible, the number of internal in-person meetings is reduced and the number of hybrid meetings expanded. At the same time, we have modified our travel guidelines in order to decrease the number of business trips. During the pandemic, some employees have no alternative to home working and remote work. Accordingly, we assist our employees by

providing them with a range of ways they can make the technical, physical, and mental adjustments necessary for them to work from home.

We also offer flexible working time models with no core working hours, no mandatory minimum attendance hours, and no maximum limit on monthly leave. In some work areas, employees can choose to work on a Saturday instead of a weekday. At the Munich location, we launched a pilot project that expands the flex-time model. Going forward, we intend to offer this model worldwide. Our flex-time models apply to all employees.

We also offer support and assistance when an employee's personal circumstances change. This can occur at the employee's request in order to, for example, provide for a better work-life balance, or, more specifically, to provide care for a family member or in the event of employee illness or disability. Since 2004, our stage-of-life HR policy in Germany has undergone external assessment by the berufundfamilie audit – a strategic management instrument that reflects our focus on accommodating different life stages and which we strive to keep at the highest level of certification.

Learning and development

As part of our sustainability strategy, we have set specific learning and development goals for 2022/23. By 2023, we want to expand, improve, and measure our progress in life-long learning and development opportunities at G+D.

Specifically, our goals are:

- to have our employees complete a minimum number of training units per year.
- to continuously evaluate and refine our catalog of training units.
- to use the Learning Management System to provide across-the-board oversight and documentation of participation in mandatory training sessions.
- to employ our global talent programs in the targeted development of staff and for succession planning and to link this with local talent development programs.
- to have all G+D locations worldwide able to nominate employees for our global talent programs.
- to make staff development and advancement transparent. In doing so, we will give particular attention to diversity.

By 2023, we will institute annual talent reviews for all employees worldwide.

Training

Employee education and training is an essential foundation for the growth and economic sustainability of our company. We continually analyze which skills our staff requires and modify our high-quality training courses, coaching program, and internal guidance and counseling accordingly.

During this reporting year, we rolled out our new Learning Management System, thereby enhancing equal opportunity within the G+D Group. This allows us to provide uniform training and education on globally relevant topics, such as compliance, data protection, diversity, and inclusion, across all our locations and also to track participation figures for training sessions on a global basis in a centralized system. In addition, the system gives our locations worldwide an opportunity to add specific e-learning sessions on a variety of topics as needed and provide employees with local access to them.

In 2021, we were able to offer our entire education and training program in Germany in digital format. This gave our employees the opportunity to take part in training sessions, even during the Covid pandemic, without having to expose themselves to health risks posed by in-person events.

Talent acquisition and development

We actively strive to identify and recruit new talent for our company. There were only limited opportunities to visit career fairs and universities in 2021, where most new employees are typically recruited, since many events had to be canceled again due to the pandemic. Instead, we focused our recruitment efforts on acquiring new talent through virtual forums. This took place alongside our successful, long-standing collaboration with universities, specifically those in Barcelona, Munich, and Stockholm, which provides us with direct access to new talent. We offer young people a variety of options for joining the workforce at G+D. As well as direct hiring, we also train employees ourselves and offer employment opportunities via dual study programs.

In addition, we seek to promote talent from within the company. In 2021, we introduced a new personnel development software at all our locations that applies the SuccessFactors "Succession and Development" module, which we aim to leverage in developing and promoting talented members of our staff. Our employees can use it to share their knowledge and skills and raise their profile within the company. It also allows them to apply for one of our talent programs.

This past year we also ran assessment centers for around 100 employees. These employees were able to apply for the company talent program, launched in 2021. All assessment center participants received extensive feedback and specific recommendations for their professional development. Seventy-seven employees were ultimately chosen for the 18-month, worldwide talent program. We took care to ensure the participants were drawn from different business sectors and that the group was international in scope and diverse in character. The 77 participants – 33 women and 42 men – hail from 17 different countries.

New leadership culture

The "New Work" aspect of the "Growing Together" initiative focuses on management culture and collaboration. We aim to establish an approach to management and work at G+D that is based on trust, mutual feedback, and empathy. The associated target vision of trust-based leadership encompasses multiple components: goal-oriented collaboration rather than hierarchical structures, the transfer of decision-making capacity from management to employees, and changes to the role of manager, who should function less as a technical expert and more as a coach. We see managers at G+D as change agents, as people eager to promote and facilitate new developments within the organization and take their teams with them.

In 2020, G+D introduced a new development program for executive-level managers. The program was augmented with virtual "learning Fridays" in 2021. These ongoing events not only help top management implement G+D's strategy in a uniform manner, they also provide opportunities to share information and improve networking across national boundaries and business sectors.

Beyond that, a new global development program, the Personal Growth Program, was launched in 2021, aimed at experienced management staff and senior managers. The 13 participants came from six countries and every business sector. The 18-month program has several objectives: personal development of the participants together with the creation of a cross-functional, multinational network. In addition, we want to use the program to help establish a uniform, Group-wide management culture.

Women in management roles worldwide in percent



Diversity and equal opportunities

In accordance with ESG criteria, diversity plays a central role in our Group-wide sustainability strategy. We have a multidimensional understanding of diversity that not only takes into account differences in terms of gender and gender identity, age, cultural and social background, but also diversity of thinking. Because we all differ, we learn from and with each other. In doing so, we reinforce our sense of community as G+D employees. As a company with operations around the globe, tolerance and open-mindedness are essential, as reflected in our commitment to the German Diversity Charter, an employer-led initiative. We believe that by taking into consideration a diverse range of perspectives we benefit in terms of enhanced innovative capacity and increased competitiveness and productivity. Our Code of Conduct and HR principles help us ensure that all employees are treated equally within the company. Diversity is also a key criterion when recruiting trainees and selecting participants in our talent programs.

A range of activities and initiatives were offered at G+D during the 2021 German Diversity Days. This included information provided via the intranet on topics such as cultural differences, gender topics, and language barriers. In addition, we conducted a survey and initiated a workshop on intergenerational exchange as well as diversity lunch talks, which will examine various diversity topics at least three times a year. These new initiatives augment activities from the previous year, which included establishing the Group-wide diversity working group and expansion of our onboarding process in response to matters associated with diversity.

Veridos established a task force on diversity in 2021. Its goals include increasing tolerance for and awareness of cultural diversity, identifying relevant key indicators, and establishing the status quo at Veridos in terms of diversity.

Gender equity

Equal opportunities for women as well as having a higher proportion of women in management and key positions are important goals for G+D as we seek to achieve greater diversity throughout the company. G+D's sustainability strategy sets specific goals in this regard for the coming years. By 2025, if there are more than three management positions on both Group and Subgroup Boards, at least one of these positions must be filled by a woman. With respect to executive-level management, we want to increase the proportion of female managers to 15 percent by 2025 and to 20 percent by 2030. Going forward, the aim is that the proportion of women participants in the talent development programs should be at least equal to that of the male participants. Beyond that, the percentage of female participants, regardless of the participation rate in the programs to date, is to be increased by ten percent. One goal has already been achieved: G+D's supervisory board satisfies the statutory requirement that at least 30 percent of its members should be women.

Good working conditions and employee engagement

In order to be an attractive employer, we provide our employees with good working conditions and a modern work environment. As part of the Group-wide "Growing Together" program, we have put in place a flexible office concept. This involves designing the workplace of the future. The way we use our offices around the globe will change. Going forward, home working and remote work will play an increasing role. Consequently, the way offices are configured and used will change. While previously employees worked at their own desks, the focus now will be on teamwork and collaborative processes. The space currently occupied by individual workstations will accordingly be used as group work areas or communal spaces. In addition, we want to set up flexibly reservable workspaces and silent spaces. On in-person days, this will allow our employees to seek out the right setting for their respective tasks. All home zones will have communal areas, such as work lounges, which employees can use for one-on-one conversation and social interaction.

As an attractive, modern employer, G+D provides assistance to employees with children. In the summer of 2021 for example, a two-week summer-break recreation program was held for children aged four to ten at the Munich location. We also offer a virtual parent round table for employees who are on family or maternity leave. During the past year, we also provided free emergency childcare.

The virtual onboarding system we introduced in 2020 as a consequence of the Covid-19 pandemic was further refined last year; the new orientation program within our learning management system is designed to ease the transition of new hires to their new workplace at G+D.

Strengthening cooperation and communication

Our “Growing Together” initiative focuses on reinforcing the culture of trust at G+D, promoting a sense of individual responsibility in our employees and a readiness to share information. In doing so – especially in light of an increasingly digital workplace where employees need not be physically present on site – we aim to enhance employee identification with G+D.

We are using our “New Work” concept, for example, to expand so-called “Communities of Practice” (CoP). CoPs bring together G+D employees from different departments and specializations to work on a shared area of interest and drive innovation for G+D in that area. Specific examples include an Agile and a Project Management CoP. All employees have the opportunity to create a CoP and invite interested co-workers to participate. We encourage the exchange of information between employees via our intranet, platforms for dialoging, business talks, and town hall meetings. We are working to provide globally standardized platforms and tools so that we can further develop communication and

cooperation within G+D in the digital future. Going forward, this will allow us to communicate digitally more easily, work collaboratively on content, hold online meetings and virtual events, conduct training sessions, and manage tasks and scheduling at a central site. We are also leveraging these technical solutions to reduce business travel and structure IT so that it is easier for all our employees to use this technology.

In September of 2021, Veridos launched the “VD Evolution” project. This project is aimed at boosting cooperation and internal information exchange. New procedures and interfaces will also make it easier for employees to work independently and exercise greater individual initiative.

Talents sensitize employees to sustainability

Participants in G+D subsidiary Louisenthal’s talent program developed a tool that can be used to evaluate the sustainability aspects of planned projects in the field of banknote paper and security foils.

The goal is to make sustainability attainable in every dimension. This will help participants learn to appreciate that seemingly simple projects have ecological and social impacts and can affect responsible corporate management. Louisenthal has already deployed the tool in two large projects. Major investments will be evaluated in this way going forward.



Principle 1: Responsibility to Our Employees

Our success is driven by the talent, knowledge, and day-to-day commitment of our 11,800 employees. The protection of their health, their professional development, and personal wellbeing are therefore central elements in our HR policy – along with diversity and equal opportunities. This is also intended to raise G+D's profile as an attractive employer and help us recruit new talent. We use targeted measures to ensure that our employees enjoy an attractive work environment, are able to achieve an optimum work-life balance, and have the skills they need to handle both their current and future roles.

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





Principle 2:

Responsibility to Our Environment

Climate change is one of the greatest challenges of our time, and it is vital that all stakeholders worldwide take swift action. Our new climate goal is part of our contribution towards reducing CO₂ emissions. In 2021, we made a decision to achieve net zero greenhouse gas emissions by 2040. G+D is also engaged on other environmental topics and actively is reducing its ecological footprint. Through product innovation and the targeted promotion of environmentally friendly technologies, we are minimizing our use of resources and reducing greenhouse gas emissions generated by production. At the same time, we are also pressing ahead with recycling processes. We measure and document our progress with respect to the environment by means of our certified energy and environmental management system, thereby establishing a basis for achieving our climate and environmental protection goals.

Group-wide climate goal

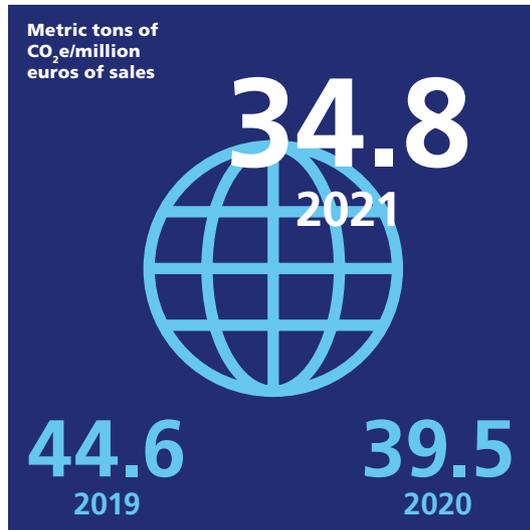
In December 2021, we set ourselves a new climate goal. Taking 2020 as a baseline, we aim to reduce our greenhouse gas emissions by 42 percent by the year 2030 and bring them down to net zero by 2040. These goals cover Scopes 1, 2, and 3. In pursuing our climate goals, we are making a concrete contribution towards limiting global warming to 1.5 degrees. For the development of these goals, we drew on the criteria set down in the Science Based Targets initiative (SBTi) and submitted our commitment letter in March 2022. We plan to have our goals approved by the SBTi in 2023. We aim to achieve our ambitious goal of net zero by continually improving our infrastructure, lowering our energy consumption, expanding the use of renewables at our various locations, and aligning our energy sourcing with our climate goal. In addition, in the coming years we will be allocating fixed budgets for investment in sustainability.

This new goal supersedes our previous climate goal. The latter was adopted in 2018 and stipulated a 25 percent reduction in the generation of direct and indirect CO₂ emissions in relation to sales by 2022 (baseline: 2016). We had already exceeded this goal by 2020, achieving a 32 percent reduction relative to 2016. During the 2021 reporting year, we were able to reduce our Scope 1 and 2 CO₂ emissions by 40 percent relative to the baseline year 2016.

Using renewables to protect the climate

The measures we are taking to avoid greenhouse gas emissions include the use of energy from regenerative sources, some of which we produce ourselves. As part of our sustainability strategy, we set a specific Group-wide goal with respect to the purchase of electricity, with 85 percent of our needs to be supplied from renewables by 2030.

Direct and indirect CO₂ emissions (Scope 1 and 2)



G+D already produces its own regenerative energy at some locations. G+D subsidiary Louisenthal, for example, has been generating hydroelectric power for the production of banknote paper and security foil for a number of years. In 2020, we completed a project in Malaysia that allows us to generate our own renewable energy. Our site there installed a total of 9,000 square meters of solar panels that provide power for use in printing banknotes. The investment totaled EUR 1.6 million, with the electricity being fed into the public power network. Since the system went into operation, we have avoided nearly 2270 t of CO₂ and 590 kg of nitrogen through the generation of solar power. That corresponds to around seven percent of total emissions at the site. In the first year of operation, electricity generation remained below maximum levels; in the future, we will be able to generate more green electricity via this system. We are now examining how we can set up additional solar modules at the Malaysia site.

Veridos Matsoukis powers its plant in Athens entirely from renewables. The power, which is used in the production of passports and ID cards, is generated in a wind farm in the Greek region of Phocis. Through regular audits, experts have certified full adoption and compliance with the European Directive (EU) 2018/2002 on energy efficiency. In the years ahead, Veridos Matsoukis intends to reduce its energy use by two percent a year. The site is taking numerous steps to achieve this goal, including increasing the operational efficiency of clean rooms and gradually replacing building windows.

Network development and peer learning

G+D's activities are not confined to its own activities. By sharing information in various networks, G+D is contributing its own experience while also drawing on the experience of others to continually improve its own operations.

- We are a long-time member of the Peer Learning Group Climate of the German Global Compact Network (DGCN). In 2021, we participated in the SDG Ambition Initiative, which was followed by our involvement in the Climate Action Accelerator. We were able to gain a number of important ideas from the Accelerator program that we applied in formulating our new 2040 climate goal.
- G+D has been participating in the econsense sustainability skills program initiative since 2021. Through this program, participating companies receive concise information and updates on pertinent developments and statutory requirements relating to sustainability. It also serves to establish a practice-oriented business network on sustainability that facilitates in-depth engagement with specific topics and an associated exchange of information.
- Our Munich location has been involved in the Munich Business Climate Pact for several years. G+D is a founding member of the Pact, which includes a total of 15 of the largest companies in Munich. We integrated the environmental action days co-organized by the Climate Pact into our "Sustainability Week" program, which was scheduled to coincide with the COP26. Due to the pandemic, the events took place in a purely digital format. During Sustainability Week, employees were provided with information on sustainability and encouraged to take steps of their own. The "Get Involved" app provided by the Climate Pact was a key element in this regard. The app initially underwent small-scale testing in the fall of 2021, and we are considering a follow-up version for 2022. This year, we are also planning a Group-wide sustainability hackathon, which will allow employees to be directly involved in brainstorming and applying ideas on issues relating to our sustainability strategy.

Reducing the ecological footprint of the product portfolio

In addition to the use of renewable energy, there are many other areas where we contribute towards sustainable development. During product development and design, we pay special attention to resource and environmental conservation, just as we do during production and recycling. Our researchers and developers are continually working on product innovation.

Use of sustainable materials in payment cards

As part of its Convego® Beyond product line, G+D developed payment cards whose product design combines innovation with sustainability. Convego® Recycle is the first ever payment card with a body made of 100 percent recycled PVC. Last year, the card was added to the Mastercard Sustainable Materials Directory. Mastercard carefully assesses all materials listed and provides the directory on sustainable card materials to its bank customers. This analysis showed that energy savings were 54 percent greater and the reduction in emissions 75 percent above that called for by the criteria. Several large banks in Germany and in other European countries currently offer these cards made of recycled PVC to their customers. Other sustainable payment cards from G+D are set to be certified in the Mastercard Directory as well: Convego® Natural has a card body made entirely from plant-based materials that are compostable under industrial conditions and can be safely incinerated. The Convego® Parley Ocean card, meanwhile, was developed in conjunction with environmental organization Parley for the Oceans and is produced using plastic waste collected from the world's oceans and beaches.

We provide transparency around our payment cards by showing the effects they have on climate change. To do this, we systematically ascertain the product carbon footprint of our cards throughout their entire life cycle. This not only lets us identify potential reductions in emissions, going forward it will also allow us to offer zero carbon products. Our clients can offset greenhouse gas emissions generated during production by investing in a sophisticated climate protection project.

We are also making an important contribution to sustainability through our collaboration with startup Doconomy, which we launched in 2021. The project allows bank customers to see the ecological footprint of their purchases. This gives banks the ability to provide their customers with transparency into the effects of consumer behavior and encourages customers to adopt a more sustainable lifestyle. Bank customers can also use this service to set CO₂ caps on their purchases or invest in climate-friendly impact funds.

Economizing on resources used in mobile solutions

The embedded SIM (eSIM) developed by G+D also helps economize on resources because the eSIM requires no actual card body and is incorporated into the device itself. The mobile device is personalized at the time of purchase and updates and new services can be installed remotely, thereby eliminating the need to switch out the SIM, in contrast with conventional systems. This not only saves on materials, it also reduces the emissions that would be generated by transporting the cards.

In the conventional SIM card sector, for the past three years we have been offering customers our Half SIM, a product that uses only 50 percent of the plastic of a traditional SIM. Last year for the first time, we identified the product carbon footprint of our SIM cards. As a result of these findings, we developed the Quad SIM, which we began offering our customers during the reporting year. This SIM card is 50 percent smaller than the Half SIM, resulting in a 75 percent reduction in materials compared to a conventional SIM card. Starting in 2022, we will also begin offering customers cards made of recycled PVC.

Durable, secure banknotes made of natural fibers

We are also committed to taking account of sustainability factors when it comes to banknotes. At the end of 2020, we launched an external study of the three types of banknote paper produced in the Louisenenthal paper mill (standard cotton, Longlife™, and Hybrid™). A product carbon footprint and water footprint were calculated for all three substrates that took into account the environmental footprint throughout the entire cash cycle. This involved looking at the banknote's route from the time the cotton is cultivated and harvested through production of the substrate and the security thread to printing, distribution (transport routes), and use of the banknotes in automated teller machines. The analysis also covered the extent to which alternative fibers (flax, cellulose, bio-cotton) rather than conventionally cultivated cotton would reduce the footprint. The study was completed in 2021.

In 2022, G+D will present a "green" banknote that draws on the findings of this study and allows us to reduce greenhouse gas emissions and water consumption significantly. The same external institute will calculate a separate product carbon footprint to ensure comparability with the banknote substrates and conventional materials mentioned above that are contained in the inks and security components (fibers, foils).

In addition, G+D launched its Green Banknote Initiative (GBI) in the spring of 2022, an open dialog-platform for currency issuers. The objective here is to make banknotes and the entire cash cycle more sustainable. This involves principles of the circular economy, reducing greenhouse gas emissions, and boosting resource efficiency in global value chains and in banknote production.

We are also developing sustainable concepts for cash management processes. We have, for example, switched from using single-use plastics to our own cartridge system for packaging banknotes. The NotaTracc® system translates the basic principles behind freight containers to the banknote cycle. The core of this innovative system is a plastic cartridge, the NotaTracc® tray, in which banknotes can be transported and stored loose, without any additional plastic packaging.

Our partners can further increase their efficiency due to integration of the trays into the NotaTracc® loading module. These banknote containers help automate the processes associated with sorting and quality assurance in cash centers.

Potential savings in passport production

During the reporting year, Veridos developed a method for calculating product carbon footprints that can be used to identify reduction measures for production processes. The calculation was applied, for example, to the e-passport made in Athens – a paper-based passport with electronic components. Going forward, Veridos will be able to use the method not only to better identify potential emissions reductions but also to offer carbon-neutral products by offsetting emissions generated by product manufacture through investment in climate protection projects.

Sustainability in production

In addition to developing sustainable innovative products, we have put a number of measures in place to conserve resources during manufacturing and make our processes more environmentally friendly. These include modernizing and optimizing existing vacuum systems used in banknote production in Königstein/Saxony, switching to CMR-free banknotes in Louisenthal, and a new program at our site in Mexico that encourages employees to commit to climate protection in the company's production activities.

Hazardous waste



We operate in strict compliance with RoHS Guidelines and the REACH Directive, which restrict the use of hazardous materials and chemicals. Monitoring occurs using the BOM Check database. At the same time, we are constantly searching for alternatives in our production processes to reduce the use of chemicals. The total volume of waste at G+D remained constant compared to the previous year. The share of hazardous waste rose slightly by 0.5 percent compared to the previous year. We also monitor the use of chemicals in our supply chain: each year, we review our suppliers' compliance declarations against current lists of hazardous materials and chemicals.

Travel activities

Owing to continued Covid-related travel restrictions, our emissions from business travel remained lower in 2021 than prior to the pandemic. Since meetings continue to be held virtually, where possible, and we have a policy of keeping business trips to a minimum to reduce the climate impact, our emissions from travel activities fell by an additional 22 percent in 2021.

Recycling activities

Recycling is another key issue we focus on. Along with products like our Convego® recycle card, this is also evidenced, for example, by our production of PVC cards. This involves breaking down rejects into their main components, plastic and chips, which are then reused. Another major lever we use to conserve resources involves the reuse of packaging of raw materials we have purchased for transporting cards internally. This packaging can be applied for a number of years. In addition, where possible, we utilize boxes made of cardboard rather than plastic to transport our smart cards.

Our responsibility does not end with our production activities, however: the bulk of the smartcards we make have been covered by WEEE Directive 2012/19/EU since 2018. Accordingly, we register our chip cards and label them with the WEE logo. At the end of their service life, these products, like smart cards and wearables, are returned in order to properly separate the raw materials, which are then recycled. We work with a central recycling service provider to ensure maximum efficiency of this process.

G+D is developing new solutions for improved recycling of raw materials, particularly in the area of payment cards. During the reporting year, we worked with Mastercard to create a system for returning used cards. A pilot project with a German bank was launched at the end of 2021.

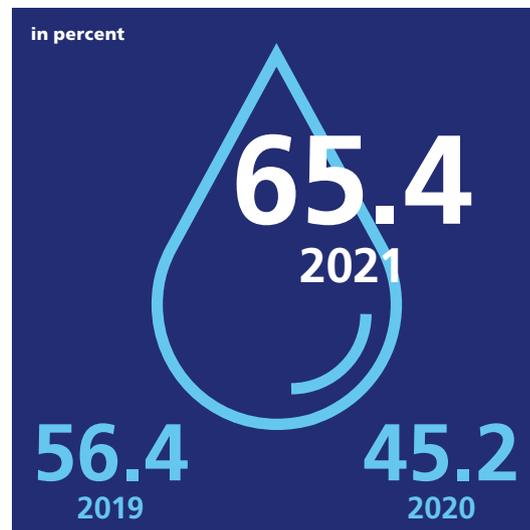
With respect to banknote production, we plan to install reel splitting equipment at the paper mill in Königstein, which will significantly increase the recycling rate for rejects.

Veridos Matsoukis has established a waste management and recycling plan for its location. Veridos manufactures roughly 8.4 million passports and 13.1 million ID cards each year in Greece. A system for collecting hazardous and non-hazardous industrial waste at the various production sites has been in place since 2020 to ensure that we are able to collect 100 percent of this waste for further use.

Environmental management and certifications

We monitor our activities around the environment and climate protection using fact-based and tool-assisted metrics. This gives us a precise overview of our progress and lets us clearly identify where we can make improvements to achieve our goals. In addition, our environmental management system helps us to meet environmental obligations.

Water treatment and reuse



Effective monitoring is essential, especially given our new sustainability goals. We report our greenhouse gas emissions in line with the internationally recognized Greenhouse Gas Protocol Standard. In the world's most extensive climate protection ranking, the CDP, we occupied a mid-table position in 2021. Along with greenhouse gas emissions, we also measure our water and energy consumption as well as waste volumes, among other values. Our metrics, which are based on the standards set by the Global Reporting Initiative (GRI), are calculated globally for all locations with more than a hundred employees. The figures are fed into our Group-wide sustainability database.

We use certifications and international guidelines to consolidate and harmonize our activities related to the environment. All of our locations in Europe, for example, comply with the EU's Energy Efficiency Directive. Our 20 largest production sites have environmental management systems in place that are certified to ISO 14001. In addition, the G+D production facilities for banknote paper in Louisenthal and Königstein also have energy management systems certified according to ISO 50001.

Veridos Matsoukis is certified under ISO 14001; the corresponding environmental management system is integrated into G+D's central environmental management system.



Principle 2: Responsibility to Our Environment

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

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





Principle 3:

Responsibility in Our Supply Chain

The pandemic has shown just how dependent our globalized world is on functioning supply chains. At the same time, it is becoming increasingly important to consider ecological and social aspects when selecting, acquiring, and processing raw materials. Accordingly, we have installed a range of instruments at G+D to embed and promote sustainability throughout our supply chain.

In 2021, it remained a priority to maintain our global supply chains and thus meet our obligations to our customers. We also made preparations to implement the Germany's Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz) and worked continuously to improve the ecological and social aspects of our supply chains.

Group-wide procurement standards and sustainability criteria as a framework

The core element in managing the procurement of goods and services is the Corporate Instruction on purchasing, which is binding for all G+D business sectors. We use it to define and specify the framework requirements for a sustainable supply chain, also taking into account ecological and social criteria. This set of rules is the basis for selecting and developing our suppliers.

Supplier qualification is another important component of a sustainable supply chain. Among our suppliers for smartcard manufacturing, the proportion of audited A and B suppliers was increased to 93 percent. Our focus here is on our supply chains in Asia. Auditing is conducted in accordance with the internationally recognized SMETA (Sedex Members Ethical Trade Audit) 4-pillar standard. It covers topics such as labor standards, environmental management, workplace safety standards, and business ethics. In 2021, on-site audits were not possible in most cases due to the pandemic; they were, however, replaced by other instruments, such as remote audits and the review of certification documentation. Our Supplier Code of Conduct continues to be applied throughout the supply chain – 95 percent of our suppliers have either

accepted it or operate under their own codes of conduct that are consistent with the G+D code.

The Supplier Management Portal (SMP) launched in 2020 assists our purchasing staff in selecting and qualifying suppliers. As planned, the portal was expanded to include e-sourcing and contract management during 2021. This will enable us to apply standardized procedures for contracts and invitations to tender, particularly in relation to sustainability requirements. The SMP will also serve as a strategic tool during 2022 in bringing G+D into compliance with the requirements of Germany's Supply Chain Due Diligence Act.

Due diligence law and labor standards

In 2020, we took part in the voluntary NAP monitoring as part of the National Action Plan for Business and Human Rights launched by the German government. This National Action Plan informed the drafting of the subsequent law on corporate due diligence in supply chains. As such, during 2021 we analyzed the requirements of the new law and used the findings to create the necessary additional structures and enable us to comply with the new due diligence law by 2023. Among other things, we will introduce a management system to ensure compliance with due diligence obligations within the supply chain. Staff from various departments across the company are participating in this Group-wide project, which is being led by the Compliance office. They include HR, Sustainability, Purchasing, IT, Quality and Contract Management, Communications, Legal, and Sales.

We respect human rights worldwide and uphold labor standards. We work closely with our suppliers to ensure that this commitment applies throughout our supply chain. Going forward, we will be intensifying our efforts in this area. Our aspiration is to engage more strongly with influencing factors outside our core business.

Like our Code of Conduct, our compliance surveys are addressing topics such as key human rights as well as covering conflict materials, i.e. questions and policies on forced labor, human trafficking, slavery, raw materials from conflict zones, and other locally pertinent human rights and labor questions.

Our policy on forced labor, human trafficking, and slavery complies with the UK Modern Slavery Act. We issue an annual statement reaffirming this compliance.

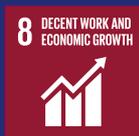
The purchase of chip cards, in particular, calls for careful investigation of conflict materials and how cobalt is procured. We record the materials used in chip card production and ensure that the metals used do not come from conflict zones and are DRC conflict free. In addition, we ensure that smelting works that are directly or indirectly part of our supply chain meet the requirements of the Responsible Minerals Assurance Process or a similar audit program. Our 2021 reporting on conflict materials complies with the requirements of the Dodd-Frank Act.



Principle 3: Responsibility in Our Supply Chain

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

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

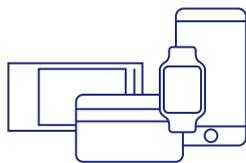




Principle 4:

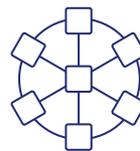
Responsibility through Our Business Portfolio

With its products and solutions, G+D is an important enabler of sustainable development in many countries worldwide. Our business is focused on four key fields: payment, connectivity, identities, and digital infrastructures. In 2021, G+D and its solutions again played a critical role in global security and stability by providing reliable protection in important security-related areas. We are continuously evolving our business portfolio and adapting it to meet the challenges of the future in order to ensure that we remain a reliable partner for security and innovation in our global community. We apply a variety of different types of leverage to make this happen, including organic innovation, acquisitions, venture capital investments, and deployment of our Corporate Development Fund. As we move forward and develop our portfolio, we will pay particular attention to technologies and investments that contribute to sustainability. Where objectives conflict, the newly formed ESG Committee will have the right to exercise a veto.



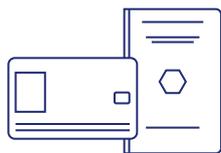
Payment

Our products and solutions facilitate secure payment. With our broad portfolio for public currencies as well as electronic and digital payment methods, G+D occupies a unique position in the payment ecosystem.



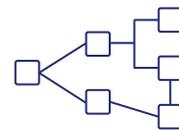
Connectivity

Millions of devices have already been interconnected in the Internet of Things (IoT) – with more being added every second. G+D supplies key technologies for trusted connections between people and machines in the Internet of Things.



Identities

The ability to participate fully in modern society depends on having a secure personal identity. G+D provides governments and public authorities all over the world with reliable, integrated ID solutions – both physical and digital.



Digital infrastructures

Digitization and connectivity are growing exponentially – and with them the number and complexity of cyber attacks. As an IT security partner to the Federal Republic of Germany, G+D enables digital sovereignty for governments, companies, and wider society.

Contribution to global development by G+D locations

G+D has locations in 33 countries around the globe. Through our projects and investments in many parts of the world, we are contributing to sustainable development at the local level, whether by creating new jobs or building know-how and infrastructure.

Payment: Financial inclusion through a variety of payment options

G+D has a wide range of different payment options in its portfolio for people around the world. We therefore not only offer customers convenience and security, we also make a significant contribution to social inclusion as well. In some countries, for example, accessing the mobile network is simpler than accessing the financial system. Our secure payment methods for mobiles provide people living in these circumstances with the opportunity to take part in economic life. In other countries, cash is the only means many people have for making and receiving payments. For persons who do not have identity documents or a bank account, prepaid payment cards offer an easy-to-use alternative. In the future, central bank digital currencies (CBDC) will be available for anyone to use as a digital payment method, regardless of whether they have a bank account or access to technical infrastructure. We are developing a broad portfolio of products and solutions in this area, with several initial pilot projects underway. We also continue to pursue development in the field of electronic and digital payment. Over the past reporting year, we expanded our portfolio to include authentication.

Connectivity: Security for sustainable innovation

G+D secures digital connectivity between people and things on the internet, thus building the foundations for solutions and services that improve the quality and sustainability of people's lives. In 2021, G+D took further action to position itself for future demands by completing an acquisition relating to the Internet of Things (IoT). Among other things, IoT can make the central supply of energy to cities and communities more efficient, reliable, and cost effective. Using smart home applications, people can intelligently manage lighting or heating at home and save energy. This technology must be reliable and secure. G+D makes an important contribution here through its connectivity offering.

Security for artificial intelligence

According to current estimates, seven exabytes of video data will be transmitted from vehicles and public cameras next year. These countless data points are hugely important in creating an autonomous infrastructure and generating added value for data-driven services and new companies and business activities. In 2019, G+D Ventures invested in the startup BrighterAI. It has developed a process whereby personal features, such as faces, can be anonymized while retaining the camera data for use in analytical and machine-learning applications. With this innovative approach to anonymization using artificial neural networks, BrighterAI has resolved the "data protection vs. analytics" dilemma for the more than 1.1 billion public cameras. By applying the same technology in public transportation systems, retail businesses, and shopping malls, artificial intelligence can provide the key to secure, technology-assisted, smart cities of the future.

Sustainable mobility

The development of autonomous, connected driving is a key technology on the path to more sustainable mobility. It will, for example, offer entirely new opportunities around the development of car-sharing models, which will make it easier for people to forgo having a car of their own. Along with security, the use of the right kind of chips will be essential to making autonomous driving a reality. This is where G+D is playing a key role: nine of the ten leading automobile manufacturers rely on embedded SIM technology from G+D for their vehicle networking applications.

Identities: Securing identities and social inclusion

Currently, roughly a billion people worldwide do not possess a legal identity. However, it is a prerequisite for issuing a wide range of official documents, such as birth and marriage certificates, as well as identity and travel documents. In 2021, Veridos committed itself to the human rights goal of the United Nations of a “legal identity for all” by including it in its corporate vision. The aim is that by 2030, everyone around the world should have a legal identity and free birth registration. This is also codified in SDG 16 of the United Nations because only a unique identity allows legal protection and freedom of movement, access to government services such as healthcare and education, and – not least – secure elections. Veridos supports the achievement of this goal through its products and solutions with operations that cover the entire globe. In total, 100 governments around the world use Veridos technologies.

During the reporting year, for example, Veridos produced new electronic passports for the Danish National Police, while in Bangladesh Veridos is helping roll out a state-of-the-art system of electronic passports, identity solutions, and border controls.

Veridos also established a new e-government line of business, which offers solutions that support the digitization of government administrative processes. This is aimed at making it easier in the future for citizens to access documents and public services.

Digital infrastructures: Digital solutions for a secure and more sustainable life

Our vision is to become Europe’s leading cyber security company. Increasing digitization, which has gained momentum due to the Covid-19 pandemic, spans many areas of life. This applies, for instance, to the contemporary workplace – because even after the pandemic ends, remote and digital working will continue to play a greater role in business as well as in government offices. Secure data traffic and protection of sensitive data against cyber attacks will be essential for the secure use of both present and future technologies. G+D products provide tailored solutions to ensure that society, companies, and public authorities are able to securely benefit from digitization and growing connectivity.

In 2021, G+D integrated stashcat, a messenger service for highly secure and flexible communications, into its business. stashcat combines the features of familiar messenger and cloud applications while operating its service in compliance with data protection requirements and exclusively in Germany-based data centers. The startup has already acquired several major clients, such as the German armed forces and police. A version designed for the education sector, schul.cloud, is being used by more than 7,500 schools across Germany.

Data protection as a critical component of our products and solutions

Products and solutions that involve large volumes of data inevitably raise questions about data protection and ethical data practices. At G+D, data protection is therefore of critical importance when it comes to developing new digital solutions – both in terms of privacy by design and privacy by default. But there is yet another aspect of data security that needs to be borne in mind, given that the need for security and trust generally increases over the course of the data life cycle. This cycle extends from the time the data comes into being (“at the edge”), through the point at which it is initially secured and processed (“edge computing”), to its transfer and secure, distributed storage (secure cloud/distributed cloud), and on through to its eventual use. In order to cover the entire data life cycle, we intend to expand our business to include topics such as secure edge cloud solutions, secure and reliable processing of data, and technologies for data recognition and the reliable handling of unsecured, potentially manipulated data. We rigorously apply the latest changes to and developments in data protection, such as case law relating to the Privacy Shield (Shrems II). Our commitment to data protection is recognized by others. G+D is regularly audited by customers, with consistently positive results.



Principle 4: Responsibility through Our Business Portfolio

Across all our products and services, we deliver security, quality, and reliability for our customers. Working closely with customers, we are also contributing to global and inclusive economic growth. We provide security for payment transactions and for connectivity, digitization, and identification. As such, we enable our customers to create new digital business models and develop solutions and services that make our lives more convenient and sustainable.

We contribute to multiple SDGs through our commitment to exercise responsibility in our business portfolio. By promoting secure and inclusive economic growth, we are contributing to SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), and SDG 10 (Reduced Inequalities). We are also working to improve social inclusion in support of SDG 10 (Reduced Inequalities) and SDG 16 (Peace, Justice and Strong Institutions). SDG 16 is further strengthened by our contribution to global security and stability. Finally, G+D's efforts to make many people's lives more sustainable are supporting SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequalities), SDG 12 (Responsible Consumption and Production), and 13 (Climate Action).





Principle 5:

Responsibility for Our Business Practices

Our corporate values are of central importance for our conduct towards customers, partners, and society as a whole. We have a range of instruments in place to ensure that we live up to these values, standards, and legal requirements. Thus we maintain our reputation as a company and retain the trust of our customers.

Central compliance management system and risk analysis

To ensure sustained commercial success, we constantly and systematically weigh opportunities and risks for our business. Our compliance and risk management systems are key tools in this regard. During the reporting year, the Group Risk and Compliance Committee (GRCC) met regularly to assess risks and to drive forward the ongoing development of G+D's compliance management system (CMS).

Compliance management system

Our system ensures Group-wide regulatory compliance to avoid issues such as corruption and antitrust law violations. We aim to eliminate sources of error before breaches occur. We have therefore created compliance committees in all business sectors and at Group level to regularly monitor the CMS. The compliance management system was independently audited at G+D Currency Technology, G+D Mobile Security, and Veridos in accordance with IDWPS 980.

Open communication and staff training are important in preventing compliance incidents. We are therefore constantly strengthening our internal communications around this subject. We provide e-learning content on the basic principles of compliance, on anti-corruption measures, on antitrust law, and on data protection.

Risk analysis

Our risk assessment allows us to identify both gross and net risks, ensuring that external risks are also on our radar. We proactively and systematically identify and assess emerging risks – including potential compliance breaches in relation to corruption and antitrust law – and introduce preventive measures. During the reporting year, additional measures were developed and implemented on the basis of the net risk assessment undertaken in 2020. The business partner screening process was updated during the reporting year.

Internet-based whistleblower system

Internal and external whistleblowers play an important role in uncovering abuses in society, politics, and business. We actively encourage people to raise concerns: whistleblowers can report issues to their managers, the relevant compliance officer, or via the "Tell G+D" whistleblower system. "Tell G+D" fulfills all requirements of the relevant EU directive and provides whistleblowers the opportunity to protect themselves by remaining anonymous. We will be drawing up a new worldwide whistleblowing guideline in order to better provide information about options for whistleblowers. This document will also cover legislative developments on a country-by-country basis.

Code of Conduct

Our Group-wide Code of Conduct combines inter alia the principles of the UN Global Compact, the core labor standards of the UN's International Labor Organization (ILO), the UN Declaration of Human Rights, and the requirements of the ISO 45001 standard. Compliance with all points is checked by the internal Corporate Audit function. In 2021, we initiated a Group-wide process to revise our Code of Conduct to align it with new statutory requirements and international standards. The new code will be completed and published in 2022.

Human rights and due diligence obligations in the supply chain

The requirements stipulated by Germany's Supply Chain Due Diligence Act will apply to G+D starting in 2023. In 2021, G+D duly began preparing for implementation. In order to satisfy statutory due diligence obligations, G+D is establishing a human rights compliance management system based on the principles of the central G+D compliance management system. Please see Section 3, "Responsibility in Our Supply Chain" (page 19f).

Banknote Ethics Initiative (BnEI)

The Banknote Ethics Initiative is committed to bolstering ethical practices in the banknote industry, fighting corruption, and promoting compliance with antitrust law. G+D is a co-founder of the initiative. In 2021, G+D Currency Technology underwent another successful audit and received a "best-in-class" rating.

Data protection

Data protection is of crucial importance for G+D and especially for our business – at multiple levels. We handle the personal data of our employees, our business partners, and in particular our customers with the utmost care and comply with all the relevant laws and regulations. We have a special commitment to data protection, not least as part of our corporate digital responsibility. In our Code of Conduct, we pledge to safeguard data and protect the right to privacy.

We have implemented a global data protection management system (GDPMS) to ensure Group-wide data protection and data security standards for the collection, processing, and use of personal data. Our management system comprises the following:

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

The data protection management system is supported by our network of local data privacy officers and data protection coordinators. They are available at our subsidiaries to serve as multipliers and points of contact. For documentation purposes, we use a digital system in which all relevant data and procedures are recorded across the Group.

This digital system meets statutory requirements and allows us to identify emerging data protection risks and respond accordingly.

As a contract data processor, it is essential for us that we be able to provide our customers with a high level of data protection and that we are able to verify the same. Our Binding Corporate Rules (BCRs) provide consistent and comprehensive data protection. Binding Corporate Rules represent a framework that is a hallmark of good data protection practices and is referred to by experts in the field as the gold standard.

G+D was among the first German companies whose Binding Corporate Rules for autonomous internal data processing as a controller were recognized by public authorities. Moreover, in 2018 we became the first company in Germany to be approved as a contracted processor. All subsidiaries were successfully audited for compliance with the Binding Corporate Rules.

Our employees play a crucial role in ensuring and improving data protection. Accordingly, we conduct regular, mandatory training sessions on data protection worldwide. Along with corporate-wide e-learning courses, we also held online information events in 2021 devoted to specific topics. In addition, periodic sessions took place during 2021 involving local privacy officers and data protection coordinators where professional expertise and experience were shared.

Transparency

Only companies that practice transparency are capable of earning the trust of their customers and partners. We therefore report our corporate figures and document G+D's development in our annual report, through our public relations efforts, and in our yearly UN Global Compact progress report. We also provide information about our activities on relevant platforms, such as EcoVadis. Our EcoVadis rating saw G+D Mobile Security improving by four points in the area of human rights and labor standards last year, reaffirming our silver status. G+D thus ranks among the top 20 percent of companies registered with EcoVadis. We publish our environmental data through the voluntary CDP program (formerly: Carbon Disclosure Project). This data is analyzed by CDP and made available to business partners.



Principle 5: Responsibility for Our Business Practices

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

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



16 PEACE, JUSTICE AND STRONG INSTITUTIONS





Principle 6:

Responsibility for Our Society

Established in 2010, the Giesecke+Devrient Foundation is the main vehicle for G+D's commitment to social responsibility. Despite the Covid-19 pandemic, the Foundation was able to continue and develop its activities in the fields of education, culture, and the arts during 2021. The Foundation also underwent strategic and staff renewal. In conjunction with the G+D Group, the Foundation also selected Munich-based educational charity Erziehungshilfezentrum Adelgundenheim as a G+D nominated good cause. Going forward, the charity will receive assistance from G+D employee volunteers at the company's Munich location.

New Foundation leadership

The Foundation has been under the new joint leadership of Celia von Mitschke-Collande and Kirsten Peter since early 2021. The arts, culture, and education remain central to the Foundation's activities, and it will retain and expand its existing partnerships. The Foundation intends to focus on larger-scale projects in this regard. This will allow it to sharpen its profile and raise its public visibility, as will the redesign of the Foundation's website and increased communication via social media. The Foundation will also engage in additional fund-raising activities to increase donations.

Foundation focus and activities in 2021

Ever since the company was established, G+D has had strong links to the arts and in particular to artistic printing techniques. The G+D Foundation began supporting the Museum for Printing Arts in Leipzig in 2011, which offers both an extensive collection of exhibits as well as courses, informational events, and seminars for students. In 2020, the museum and the Foundation launched an Artist-in-Residence program that brings four artists to the museum for a four-week work stay. An exhibit of the artworks created during their residence was held in 2021. In the second year of the program, owing to the large number and high quality of applications, the Foundation chose five artists for the residency, which ran from August to December 2021. The results will be presented in an exhibition beginning in March 2022. The third round of the Artist-in-Residence program will be announced in the course of 2022.

In the cultural sector, the Foundation has focused in recent years on international exchange programs. These programs are aimed at contributing to understanding and tolerance, peaceful coexistence, and successful collaboration in a globalized world. The Foundation has been working with the Goethe Institute in Munich since 2011 on an international development program for young people. Each year, 15- to 18-year-olds from around the world travel to Germany to complete a language course and learn about Germany and its culture. The program sponsors young people from different parts of the globe, thereby contributing to intercultural competency of the participants. In 2021, due to the pandemic, the program was only able to take place in the form of a digital summer camp. It involved young adults from Ukraine, Bangladesh, and Egypt. Starting in 2016, the Foundation expanded the program to include an annual alumni program, during which four former development program participants complete an internship at G+D, along with an intensive German language course. Due to the pandemic, the alumni program has been paused; the Foundation will resume the program once the acute phase of the pandemic has passed.

Education is the third area of focus for the Foundation. Broad-based projects provide children and young people from immigrant or underprivileged backgrounds with access to education and promote their personal development. An essential part of this effort involves a collaboration with the Munich-based Impro macht Schule e.V. charity, which was recognized with a first-place award by the Bavarian Integration Prize organization in 2021. Through the joint "I'll be ..." project, the Foundation and Impro uses improvisational theater to help 7th grade youngsters develop greater self-con-

confidence and learn how to treat both themselves and others with respect. Its aim is to help them transition to working life.

Other G+D and Foundation activities

In 2021, the Foundation conducted a survey of all employees in Munich in order to find a nominated good cause for G+D, which will receive assistance from G+D employee volunteers. Employees could provide information on what sort of activities they would prefer and which specific groups they would like to be involved with as well as how often they would have time for volunteering; G+D will “donate” half the time spent by employees on these activities. The institution chosen to benefit from this volunteering initiative is Munich-based educational charity Erziehungshilfezentrum Adelgundenheim. The Foundation’s first act was to finance a Christmas party for the children and adolescents at the center and to provide a donation to the eleven groups housed by the charity, which was used to fulfill specific wishes.

Alongside the Foundation’s activities, G+D also supports a range of charitable activities at the various company locations worldwide as well as a number of donation campaigns, both large and small. Last year, for example, G+D provided EUR 150,000 in financial assistance to flood victims in the areas around Berchtesgaden and in Bad Schandau, near our Königstein production facility in Saxony. In 2021, Veridos made a Christmas donation to help the elderly who depend on the local Munich food bank. At our location in the US last year, we drew on the company’s internal Community Support Program

to lend support to 20 local social projects, including various food banks, children and youth initiatives, and mental health institutions. In total, G+D collected EUR 30,000 for projects in the US, part of which came from the company and part from the employees themselves. The money was used to support organizations that provide food aid, assist people suffering from health-related disabilities, and for suicide prevention.



Principle 6: Responsibility for Our Society

As an independent, family-owned company that dates back 170 years, we believe entrepreneurship and social responsibility go hand in hand. Economic activity is only truly sustainable in a society that is equitable, open, and secure.

With our commitment to social responsibility through the G+D Foundation, we are contributing to SDGs 4 (Quality Education), 10 (Reduced Inequalities), and 16 (Peace, Justice and Strong Institutions).





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