



Giesecke+Devrient

# Modern Slavery & Human Trafficking Statement 2022

This is the Giesecke+Devrient (G+D) Modern Slavery and Human Trafficking Statement for the financial year ending 31 December 2022 published pursuant to section 54 of the UK Modern Slavery Act 2015 (MSA). This Statement sets out steps taken by the G+D Group which fall within the scope of section 54 (2) of the MSA to prevent modern slavery and human trafficking in its business and supply chains.

## 1. Our Business, Structure and Supply Chain

G+D is a global security technology group headquartered in Munich. G+D was founded in 1852. In the fiscal year 2022, the company generated a turnover of 2.53 billion euros with around 12,600 employees. G+D is represented by 91 subsidiaries and joint ventures in 33 countries.

G+D develops, produces, and distributes products and solutions for secure payment, connectivity, identities and digital infrastructures. G+D is a technology leader in these markets and holds a strong competitive position. The Group's customer base mainly comprises central and commercial banks, mobile network operators, business enterprises, governments, and public authorities.

G+D's product and service supply chains are extensive, global and comprise raw material, semi-finished and finished products.

## 2. Our Values and Policies

For G+D, corporate responsibility is a fundamental part of day-to-day business. Our policies and standards of conduct are derived from our corporate values.

We have underlined our commitment to these values by participating in the UN Global Compact since 2010. The UN Global Compact's ten principles advocate responsibility in areas including human rights and labor standards.

Based on this commitment G+D has implemented these principles in practice.

G+D's internal policies include our company-wide G+D Code of Conduct which in particular confirms that we:

- respect the personal dignity, privacy and human rights of every individual, and
- reject child or forced labor and will not tolerate any working conditions or ways or treating employees that violate international agreements such as the Universal Declaration of Human Rights or International Labor Organization (ILO) standards.

G+D also expects its suppliers to comply with these values. Our expectations are set out in the G+D Supplier Code of Conduct. Under this, suppliers agree to adhere to national and international standards regarding human rights and the environment, as well as other compliance requirements. They agree in particular:

- not to employ persons in forced or compulsory labor or any form of modern slavery or human trafficking. All work and service must be without threat of punishment and be voluntary. Workers must be able to leave work or employment at any time. Furthermore, there must be no unacceptable treatment of workers, such as any forms of domination or oppression in the workplace, psychological hardship, sexual and personal harassment and economic or sexual exploitation and humiliation.
- to comply with the prohibition of the use of child labor and the worst forms of child labor regarding young employees under 18 years of age.

G+D expects its direct suppliers also to take appropriate measures with regard to their subcontractors so that they also comply with the principles set out in the G+D Supplier Code of Conduct.

In addition, we have other formal policies intended to promote ethical and legally compliant business conduct. Policies contributing to our commitment to

prevent violations of human rights such as modern forms of slavery in our business include:

- Statement of Principle on Human Resources Policy
- Statement of Principle on Corporate Social Responsibility and Sustainability
- Corporate Instruction: Purchasing
- Statement on Human Rights Strategy (acc. to German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG))

### **3. Steps to Assess and Manage Risks**

G+D has an effective, well-functioning compliance management system in place to address ethical risks. The system is certified by external auditors. Corporate Auditing department ensures that we adhere to our principles and guidelines.

With the German Act on Corporate Due Diligence Obligations in Supply Chains (“LkSG”) came into force from 2023 we started in 2022 to introduce a human rights management system. According to the law enterprises are under obligation to exercise due regard for human rights and environment-related due diligence obligations in their supply chains with the aim of preventing, minimizing or ending any corresponding risks or violations. Supply chains, i.e., the own business area of G+D and especially direct suppliers. The due diligence obligations include especially establishing a risk management system, performing regular and ad hoc risk analyses, laying down preventive measures, taking remedial actions and establishing a complaints procedure. Staff from various departments across the company are participating in this group-wide project (e. g., HR, Sustainability, Purchasing etc.), which is being led by the Compliance office.

In 2022 we have performed a risk analysis regarding our own business area and started a risk analysis regarding our direct suppliers. Where necessary, remedial action has been taken. The assessment is still ongoing.

For our suppliers we set the same high standards that we apply to ourselves. We operate a supplier policy and we conduct due diligence on all relevant suppliers on a risk-based approach before they will get the status of a qualified supplier. This due diligence includes an abstract risk analysis regarding country and industry risks (also taking into account G+D's market position), reasonable online investigation to validate that a particular organization has never been convicted of offenses relating to modern slavery and a detailed risk analysis in a self-disclosure procedure if required. Suppliers undergo a selection process that examines a range of criteria including ethical and human rights considerations. Our 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 in 2021 and contract management during 2022. This enables us to apply standardized procedures including existing requirements (e. g., technical and sustainable).

After evaluating the results, any necessary preventive and remedial measures are determined.

In addition, an automated, internet-based Critical News Monitoring is carried out on an ongoing basis throughout the year for G+D's direct suppliers with regard to potential human rights (and environmental) risks.

Many of our security technology products contain metals that are extracted from ore. The mining of these materials raises potential human rights risks. 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 reporting on conflict materials complies with the requirements of the Dodd-Frank Act.

We verify and ensure that suppliers are complying with our requirements by carrying out regular audits. E. g., among our suppliers for smartcard manufacturing, the proportion of audited A and B suppliers was increased to 95 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 2022, 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 G+D Supplier Code of Conduct continues to be applied throughout the supply chain – in 2022 95 percent of the suppliers from G+D Mobile Security GmbH had either accepted it or operated under their own Codes of Conduct that are consistent with the G+D code. Since 2023, we are about to implement the renewed G+D Supplier Code of Conduct on a risk-based approach to further suppliers of G+D. It is published on G+D's homepage in various languages and is an integral part of G+D's General Terms and Conditions of Purchase.

Our reporting system is available to all employees of G+D as well as external parties (e. g., employees of suppliers). Reports can be submitted in writing or verbally via the electronic G+D whistleblowing tool "Tell G+D" or by post, e-mail or in person to the Corporate Compliance Office of G+D GmbH (also anonymously). In addition, employees of G+D can also contact their superiors or the (Local) Compliance Officers at any time. Further, we encourage selected suppliers to set up their own whistleblowing mechanism and tools.

## 4. Training

We use prevention and staff awareness strategies to actively avoid compliance breaches occurring in the first place. Our employees take part in extensive e-learning programs on compliance related topics, including our Code of Conduct. The topic of safety at work will be brushed up within regular instructions and trainings.

## 5. Our Effectiveness in Eliminating Slavery and Human Trafficking

The nature of modern slavery and human trafficking risks is not static. We continue to review and develop the effectiveness of the measures we take in ensuring that there is no modern slavery or human trafficking in our business activity and supply chains.

We monitor annually and on an ad hoc, random and risk-based basis, whether human rights-related risks (as well as environment-related ones) exist in our own business area and at our direct suppliers. Opportunities necessary to improve procedures are being identified during an audit, corrective measures will be defined and implemented. If corrective measures already have been taken, we check whether they have been successful. The monitoring is carried out by the responsible specialist department, by the Audit division or by an accredited 3rd party audit firm.

G+D is committed to transparency in its approach to respecting human rights. We will continue to use this annual statement pursuant to section 54 of the UK Modern Slavery Act 2015 as a means of information regarding the development of our policies and procedures in preventing modern slavery and human trafficking.

This statement was approved by the G+D Management Board.

Munich, October 2023

  
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