

Corporate Social Responsibility Report

January - December 2018





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CEO'S WELCOME

At IDEMIA, we are the global leader in Augmented Identity, empowering citizens and consumers alike to interact, pay, connect and travel in ways that are now possible in a connected environment. We understand that data, security and privacy have an essential role to play in protecting peoples' identities and private lives. We have embraced this new reality and we understand the security concerns that accompany advancement. We analysed the world around us and reinvented the concept of identity. This is what we call Augmented Identity – an identity that ensures privacy and trust and guarantees secure, authenticated and verifiable transactions. An identity that is so enhanced, adaptable, strengthened and self-sovereign that it allows us to truly enjoy life – because securing our identity is key to making our world a safer place.

We are an industry leader, so it stands to reason that we also set an example in our corporate responsibility journey. We are capturing opportunities to make a real difference, not only to society through our innovations, but also to our local communities across the world through engagement activities, to the health, safety and

wellbeing of our most valuable asset – our employees and to the precious resources and enduring health of our planet.

We value the opinions of our stakeholders including our customers, employees and partners, so, in consultation with them, we have identified our significant material corporate responsibility topics and have placed a spotlight on addressing them, monitoring our progress through a set of performance indicators. These top priority topics, always with due consideration of the legislative landscape affecting our business, continue to shape and focus our CSR agenda.

I am pleased to share with you in this report IDEMIA's corporate social responsibility efforts and achievements in 2018. This report also serves as our annual Communication on Progress to the Ten Principles of the United Nations Global Compact.


YANN DELABRIÈRE
CHIEF EXECUTIVE OFFICER



1. IDEMIA, WE STAND FOR AUGMENTED IDENTITY

1.1. About IDEMIA

IDEMIA Group S.A.S., is a French Société par Actions Simplifiée (Simplified Joint Stock Company). IDEMIA was formed from the coming together of Oberthur Technologies and Safran Morpho in 2017, with an accompanying name change in December 2018. The company's registered office is: 2 Place Samuel de Champlain, 92400 Courbevoie, France.

The Group develops, manufactures and markets specialized security technology products and services worldwide, mainly for the telecommunications, payments, and public security and identity markets. The Group's main customers are financial institutions, telecom operators and governments.

IDEMIA's operating segments are characterized by the following activities:

- › Telecom solutions: trusted by 500 mobile operators including leading mobile operators worldwide, the segment offers a variety of products and services for telecommunications companies, equipment manufacturers and IoT ("Internet of Things") service providers, in particular in the automotive industry. The main products are: SIM card technology (including 5G SIM cards), secured connectivity platforms (including e-SIM platforms for mobile and M2M devices) and eKYC solutions.
- › Payment solutions: trusted by 1,800 financial institutions including most of the world's largest banks, the segment offers a complete range of payments cards including personalization services for card issuers, mobile payment solutions and platforms, as well as ID proofing and adaptive authentication solutions. This activity is supported by high-level of innovation (dynamic CVV cards, biometric cards, metal cards...).
- › Government solutions: the segment offers to government / public sector solutions through Public Security & Identity and Identity Security, North America Business Units. The key expertise areas are: identity solutions, public security (border security, threats detection), biometric and document identification, and passengers flow facilitation. The Group is one of the world's largest providers of secured electronic access and identity documents and related solutions. Moreover, it is a trusted partner to U.S. government agencies for more than 50 years.

Key figures

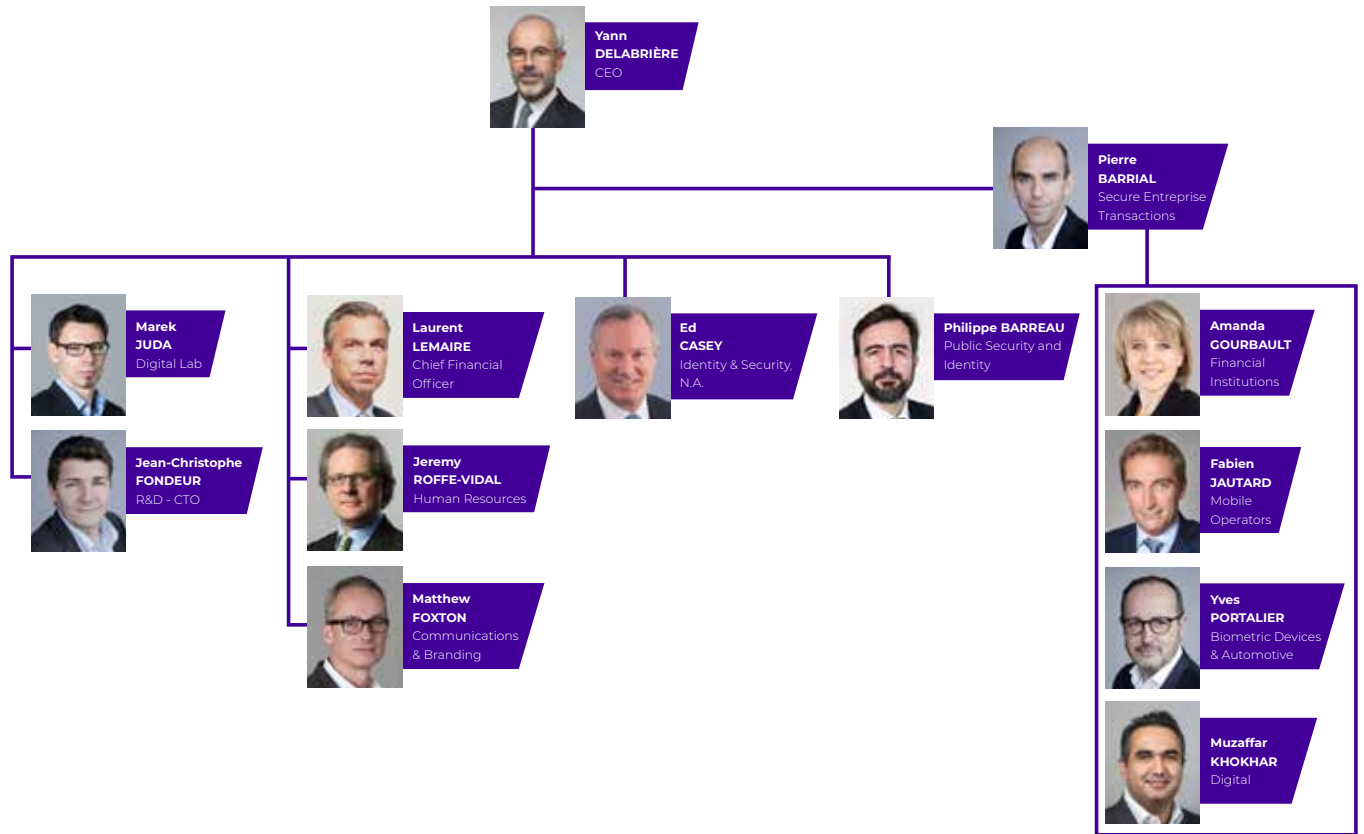
- › 13,000 employees
- › 80 nationalities
- › €2.2 Billion in revenues
- › \$200M+ in R&D in 2018 & over 1,500 active patent families
- › Large scale card production
- › 100+ major wins in eSIM subscription management platforms
- › 3B+ identity documents issued worldwide
- › 800M+ SIM cards shipped in 2018
- › 800M+ payment cards produced in 2018
- › 5M biometric terminals deployed worldwide

Well positioned in our markets

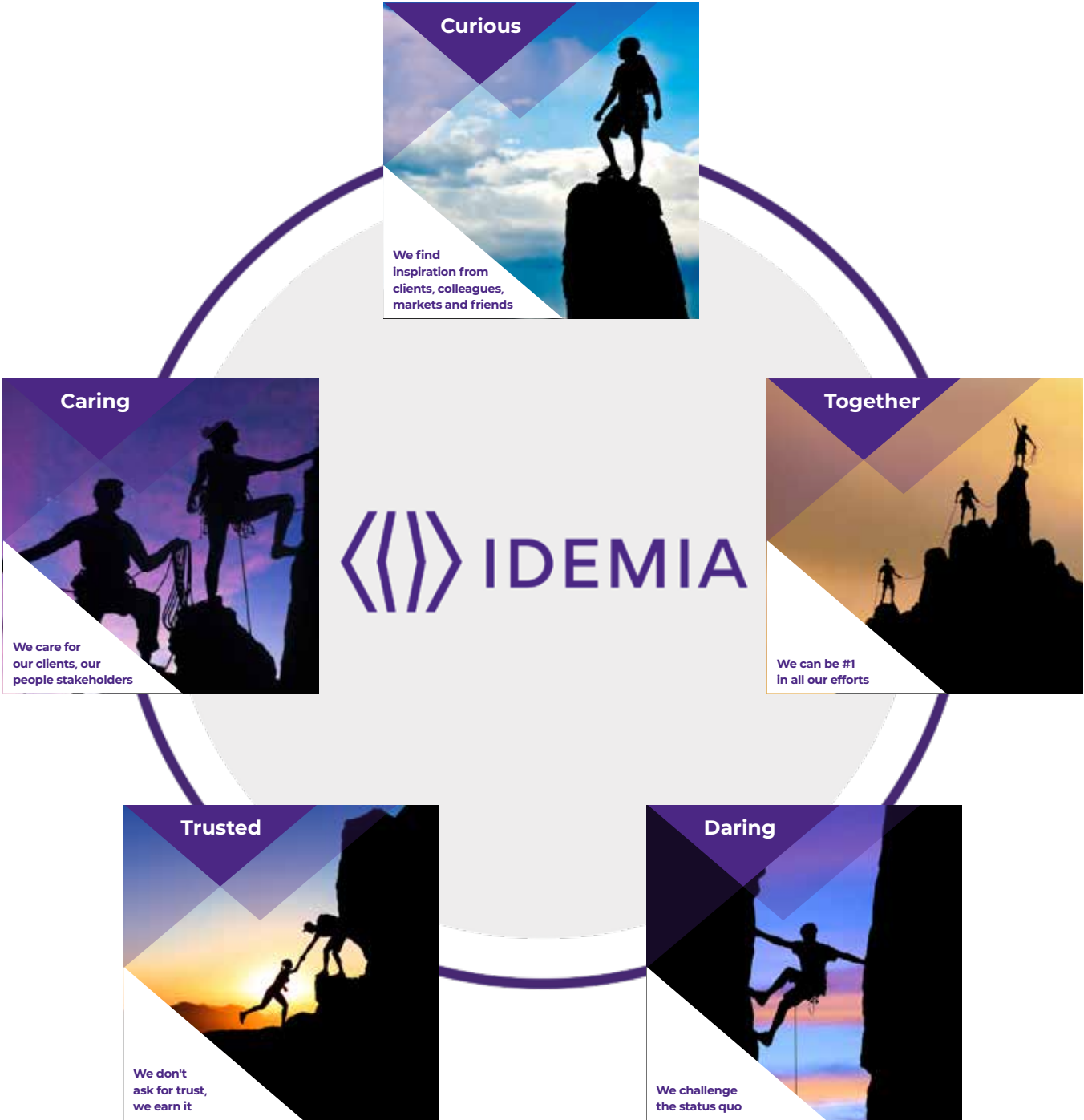
- › #1 in police biometric systems
- › Trusted by 1,800 financial institutions
- › #1 in civil identity solutions
- › Trusted by 500+ mobile operators
- › Trusted by leading premium car makers
- › #1 in US driver's license issuance

Operating in more than 140 countries

1.2. Executive Committee



1.3. Our Values



1.4. Awards

Morphowave by IDEMIA recognized in three categories in the nail to nail fingerprint capture challenge.

IDEMIA's contactless fingerprint desktop scanner MorphoWave was the only device winning an award in three categories in The Intelligence Advanced Research Projects Activity (IARPA) Nail to Nail (N2N) Fingerprint Challenge. The three categories are Fastest Scan, Best Gallery Accuracy and Best Latent Accuracy.

IDEMIA took top honors in ICMA Elan awards.

The International Card Manufacturers Association (ICMA) awarded IDEMIA best-in-class manufacturer of ID and Access Control Cards for its work redesigning the California Department of Motor Vehicles (DMV) new, REAL ID compliant driver license (DL) and ID card. The award, presented at the 2018 ICMA Elan Awards, highlights excellence in the global transaction card industry, honoring world-class achievements in card design and technological innovation.

Top scores for IDEMIA in Department of Homeland Security biometric technology rally.

IDEMIA's contactless OneLook™ device for rapid capture, matching and processing of face and iris biometrics, earned top scores in all three performance categories in the 2018 Biometric Technology Rally, hosted by the Department of Homeland Security (DHS) Science and Technology Directorate (S&T). Biometric Capture and Identification systems from participating organizations were tested for user satisfaction, effectiveness (capture capability and matching capability) and efficiency (throughput). OneLook was the only face/iris system that scored among the top three systems tested at the rally.

IDEMIA recognised by westpac for “PayWear”, the wearable enabling contactless payments.

IDEMIA was awarded “Innovation Partner of the Year” by Westpac, Australia's market leader in point of sale consumer and commercial finance. The award was presented in recognition of the success that the PayWear product has achieved since it was launched in late 2017.

IDEMIA's biometrics and mobile-based CloudCard+ solution wins best payment authentication solution award from JUNIPER research.

CloudCard+, a Strong Customer Authentication solution, based on mobile and biometrics, was recognized as a winner in the Best Payment Authentication Solution category of the 2018 JUNIPER research awards. Industry Associations

1.5. 2018 developments and highlights

January

- › Announced a change in the IDEMIA top management team, with a view to building on its global leadership in Augmented Identity.
- › Acquisition of Otono Networks and its industry leading eSIM orchestration solution announced.

February

- › IDEMIA and the Alabama Department of Revenue announced the full-scale deployment of the electronic ID app (Alabama eID) to protect residents against state income tax refund theft.
- › IDEMIA and Arkessa, a leading M2M/IoT connectivity service provider, announced the extension of their partnership to deliver eUICC (embedded Universal Integrated Circuit Card) and Subscription Management services to global Enterprise and Industrial IoT customers.
- › Appointment of Yann Delabrière as new Chairman of the Group.
- › Avnet and IDEMIA developed highly flexible 'Plug & Play' cellular connectivity solution for IoT and Industry 4.0 applications.
- › IDEMIA and Octo Telematics reinvented car sharing experience by adding facial recognition to EasyOpen solution.
- › Actility and IDEMIA announced their collaboration to deliver seamless, secure connectivity for LoRaWAN and LTE-based IoT.
- › Provided Sprint with eSIM subscription management platform in North America.

March

- › IdentoGO program to be brought to Barclays Center.
- › Partnering with Unisys to provide biometric services for Home Affairs Department in Australia.

April

- › Announced the launch of MorphoWave Compact. Using IDEMIA's patented, touchless 3D fingerprint technology it delivers the field-proven performance of the award-winning MorphoWave Tower in a stylish and compact reader, designed for wall-mounted access control and time & attendance applications.

- › IDEMIA, Network International and Mastercard partnered to launch smartphone-turned POS terminals.
- › Delivery of the new metal HSBC Black Credit Card – a dual interface (contact and contactless) metal veneer card made to deliver unique travel and lifestyle experiences to its cardholders.
- › Laurent Lemaire's appointed as new CFO.
- › IDEMIA and JCB trialed the first F.Code payment card in Japan.

May

- › Appointed by SIX Payment Services as official supplier of EMV®20 chips new generation.
- › Staples to rollout IDEMIA's IdentoGO Enrollment Centers.
- › Announcement of Donnie Scott as Senior Vice President, Public Security for North America.
- › IDEMIA's Smart PIN made available to Ditto Bank, the next generation French bank specialized in currency management.

June

- › TIS and IDEMIA joined forces to provide biometric digital identity solutions for financial institutions, using IDEMIA's digital identity platform for research and development.
- › Provided subscription management to TrueMove H in Thailand to activate the first eSIM connected watch in the country.
- › Worldpay and IDEMIA introduced MOTIONCODE debit cards to financial institutions in the US.
- › Selected to deliver Next Generation Fingerprint Matcher Engine as part of the UK Home Office Biometrics Programme.
- › Karen Gregory announced as Vice President, Human Resources for North America.
- › eSIM technology partnership announced with 10T Tech.

July

- › Launch of IDEMIA Case AFIS, the most powerful latent examination application on the market.
- › IDEMIA provided Avinor Oslo Airport with its latest facial recognition technology.
- › First certified card manufacturer in India for

contactless RuPay chip cards, with the facility to load multiple payment applications on a single card.

- › IDEMIA WISE platform delivered contactless payments as confirmed by proof of concept.

September

- › Télécom SudParis and IDEMIA presented BioDigital, a new biometric technology to combat identity spoofing.
- › IDEMIA presented IDEMIA 3D Face, the cutting-edge facial recognition technology.
- › Agreement was signed with Discover® Global Network, the payments brand of Discover Financial Services – a first of its kind agreement, aimed to ease and accelerate mobile and digital contactless payment adoption, and rollout by card issuers.
- › Partnership with Microsoft to facilitate eSIM management for Windows 10 Enterprise Devices.
- › Selected to provide Ontario Lottery and Gaming Corporation (OLG) with next generation lottery terminals in Canada.

October

- › Launch of IDEMIA's Asia Pacific headquarters and Innovation Centre in Singapore.
- › IDEMIA and JCB partnered to launch Google Pay in Japan.
- › Yann Delabrière appointed as Group CEO.

November

- › Announcement of a new organization of IDEMIA's business: the Citizen Identity and Public Security Business Units merged into a single Business Unit named "Public Security and Identity" (PSI).
- › Provided SK Telecom in South Korea with GMSA compliant smart connect solution to activate and manage eSIM device lifecycles.

December

- › Delivered the first smart national identity card to the citizens of Nepal.
- › Provided subscription management platform to dtac in Thailand to offer eSIM connected watches to all its subscribers.



2. APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

2.1. A longstanding commitment to CSR

Since 2006, IDEMIA has been a signatory to the Ten Principles of the United Nations Global Compact – the world's largest corporate citizenship and sustainability initiative. The voluntary decision to sign up to these principles, which are inspired by the Universal Declaration of Human Rights and embrace the values of respect for labor law, protection of the environment and combating corruption, illustrates IDEMIA's enduring commitment to promoting and embedding corporate social responsibility, both within our organization and throughout our sphere of influence.

Each year we communicate on our progress towards the Ten Principles. We upload our annual CSR reports to the UN Global Compact to demonstrate the strides we are taking to embed the principles within our business. This year's CSR report, covering the period January to December 2018, is prepared in accordance with the Global Reporting Initiative (GRI) Standards for Sustainability Reporting. No external assurance has been conducted and there have been no changes in the way we report or the reporting period.



Our approach to corporate social responsibility is guided by our company values. In all our CSR business, we aim to be caring, curious, together, trusted and daring.

2.2. CSR governance

An executive management-led CSR Core Committee defines our CSR Roadmap and priorities. On a day-to-day basis, IDEMIA's CSR strategy is coordinated by a central CSR Team, within the company's Quality, Security, and Corporate Responsibility function reporting directly to the CEO. The CSR Team is responsible for the harmonization and standardization of policies and objectives, including their effective adoption at IDEMIA sites worldwide. With employees in 62 different countries, across more than 200 sites and operating in excess of 140 countries, CSR implementation is supported by a network of local CSR, HSE and HR Managers, as well as Legal Correspondents and Trade Compliance Officers.

2.3. CSR Core Committee

At Executive Committee level, the main functions meet every quarter to drive CSR priorities and policies. This CSR Core Committee is chaired by IDEMIA's Branding and Communications Executive VP and company CSR sponsor, and gathers together top executives from across the business, including: Communications, Procurement, Quality, Legal, General Management and Global Operations. Experts from within the business collaborate on specific CSR agenda items. IDEMIA acknowledges widely accepted CSR best practice, which demonstrates that CSR commitments are more effectively implemented when driven by the company's top management.

2.4. CSR direction

The IDEMIA Code of Conduct is one of the key elements of CSR and all employees joining the company must sign their acceptance of the Charter's terms. The Code of Conduct informs and guides employees according to our business culture and our fundamental expectations of them in all aspects of their working lives. IDEMIA has also established a CSR scorecard made of various indicators from all CSR pillars: global, environment, social, health and safety, and supply chain. A subset of these key performance indicators form part of the Generic Business Score Card shared by all managers:

- › Percentage of employees declaring SATISFIED or VERY SATISFIED in internal surveys
- › Number of employees completing the online CSR training module
- › Annual CSR performance assessment score by EcoVadis
- › Occupational Injury Frequency Rate (Lost Time Injury)
- › Number of people having signed the Code of Conduct
- › Percentage of landfill waste (with a zero landfill target)
- › Number of internal audits controlling CSR issues

2.5. Key pillars

In order to control, focus and monitor our CSR activities, we have split them into five key pillars:



2.6. Global policies

We have developed a suite of global policies, designed to support our efforts towards a joined up approach to the management of CSR across our business, irrespective of geographical location, size or nature of operations. We check the currency of our policies annually and update them as required, such as to comply with legislative changes.

- › **H&S Manual:** a commitment to safeguard the health and safety of IDEMIA employees at their place of work and during business travel.
- › **Environmental Policy:** a means to respect the environment and reduce any environmental impact of IDEMIA's activities.
- › **Code of Conduct:** the principles of conduct with which everyone at IDEMIA must abide.
- › **Supplier Code of Conduct:** a set of fundamental expectations of our partners.
- › **Whistleblowing Procedure:** a formalized mechanism for the reporting of misconduct, policy infringement, crime or failure to meet legislative obligations.
- › **Conflict Minerals Policy:** IDEMIA's position statement on the ethical sourcing of minerals in its products.

2.7. IDEMIA in the community

Our corporate citizenship policy is to encourage IDEMIA subsidiaries to engage with their local communities to effect positive change. We have established partnerships with local and national charities, we support our employees' charitable activities, we work with local education providers to offer training and employment opportunities to the young generation, we promote environmental initiatives for the benefit of our neighbours with the intention of reducing local traffic and pollution, such as cycle to work and lift-sharing schemes.

In India, we collaborate with Akshaya Patra, a local association that fights against hunger, on a project involving the provision of mid-day meals to more than a thousand children studying in government and aided schools in the city of Bellary (India). This partnership goes under IDEMIA trade compliance procedure to prevent any risk of conflict of interests.

In the United States, we have developed specific actions toward the nation's Veterans, honouring them for their sacrifices and service to the country. The initiative started in 2015, and IDEMIA continues to actively recruit and train Veterans for key roles in various business areas.

In Brazil, we launched a program to increase reading among employees and work in partnership with universities to favour improvements in education: the partnership includes reduction of monthly fees (up to 25%) to employees or to their children.

In the UK, we have an established community outreach program, including charities chosen each year by members of our employee forum. We also select long-term partnership charities that benefit our local community and our annual awards make a positive impact on the charities abilities to continue their services within our locality.

The socially responsible efforts of employees are supported by IDEMIA.

We strive to positively affect the communities in which we live and work



2.8. Performance scorecard

Each year, IDEMIA participates in numerous CSR performance assessments, driven by customers' desire to understand and score the CSR practices within their supply chains. Furthermore, IDEMIA's global CSR performance is assessed at least annually by the international CSR platform, EcoVadis. IDEMIA has a twofold partnership with EcoVadis: on one hand, EcoVadis evaluates and scores our performance and shares it with our customers; on the other hand, EcoVadis scores our own suppliers performance and shares it with us.

In its latest assessment, IDEMIA was once again awarded a gold certification level by EcoVadis and is categorized as 'Advanced', meaning IDEMIA has a structured and proactive CSR approach. EcoVadis also concluded that IDEMIA has engagements/policies and tangible actions on major issues with detailed implementation information, as well as significant CSR reporting on actions and Key Performance Indicators. With this gold award, IDEMIA is amongst the top 5% of companies assessed by EcoVadis.



3. IDENTIFYING OUR IMPACTS

3.1. Stakeholder Engagement

We have identified the stakeholder groups to which we are accountable by the likelihood of them being significantly affected by our activities, products or services, or the potential for them to affect our ability to conduct our business. The main stakeholder groups are shown below.

IDEMIA STAKEHOLDER	ENGAGEMENT METHODS	FOCUS AREAS
Employees	<ul style="list-style-type: none"> › Employee surveys › Internal communications via email, social networks, physical communication (e.g. posters, employee handbook, contracts) › Worker committees 	<ul style="list-style-type: none"> › Labor conditions, remuneration, benefits, working hours, talent management, training › Health & Safety › Non-discrimination › Equal opportunities
Customers	<ul style="list-style-type: none"> › Annual customer survey › Contracts › Service reviews › Tenders › Customer meetings 	<ul style="list-style-type: none"> › Quality products and services › Business continuity › Code of conduct alignment
Suppliers	<ul style="list-style-type: none"> › Contracts › Supplier Code of Conduct › CSR performance audits and quality audits › Product streamlining and improvement collaborations › Supplier events 	<ul style="list-style-type: none"> › Code of Conduct adherence › No restricted substances › Legal compliance › Modern slavery avoidance › CSR performance › Avoidance of complicity in human rights abuses
Shareholders	<ul style="list-style-type: none"> › Annual general meeting › Company financial report 	<ul style="list-style-type: none"> › Sustainable business › Financial performance › Risk management › Trade compliance › Conflict of interest avoidance
Competitors	<ul style="list-style-type: none"> › Industry working groups 	<ul style="list-style-type: none"> › Harmonizing common activities, e.g. supply chain monitoring › Environmentally conscious products › Common solutions to industry-wide legal obligations › Fair competition
Local communities	<ul style="list-style-type: none"> › Employment opportunities › Outreach activities › Consultation on business change 	<ul style="list-style-type: none"> › Providing employment in the community › Charity partnerships › Encouraging employee philanthropy › Supporting communities following natural disasters
Education establishments	<ul style="list-style-type: none"> › Recruitment fairs › Providing IDEMIA experts to support educational events 	<ul style="list-style-type: none"> › Graduate traineeships › Work placements

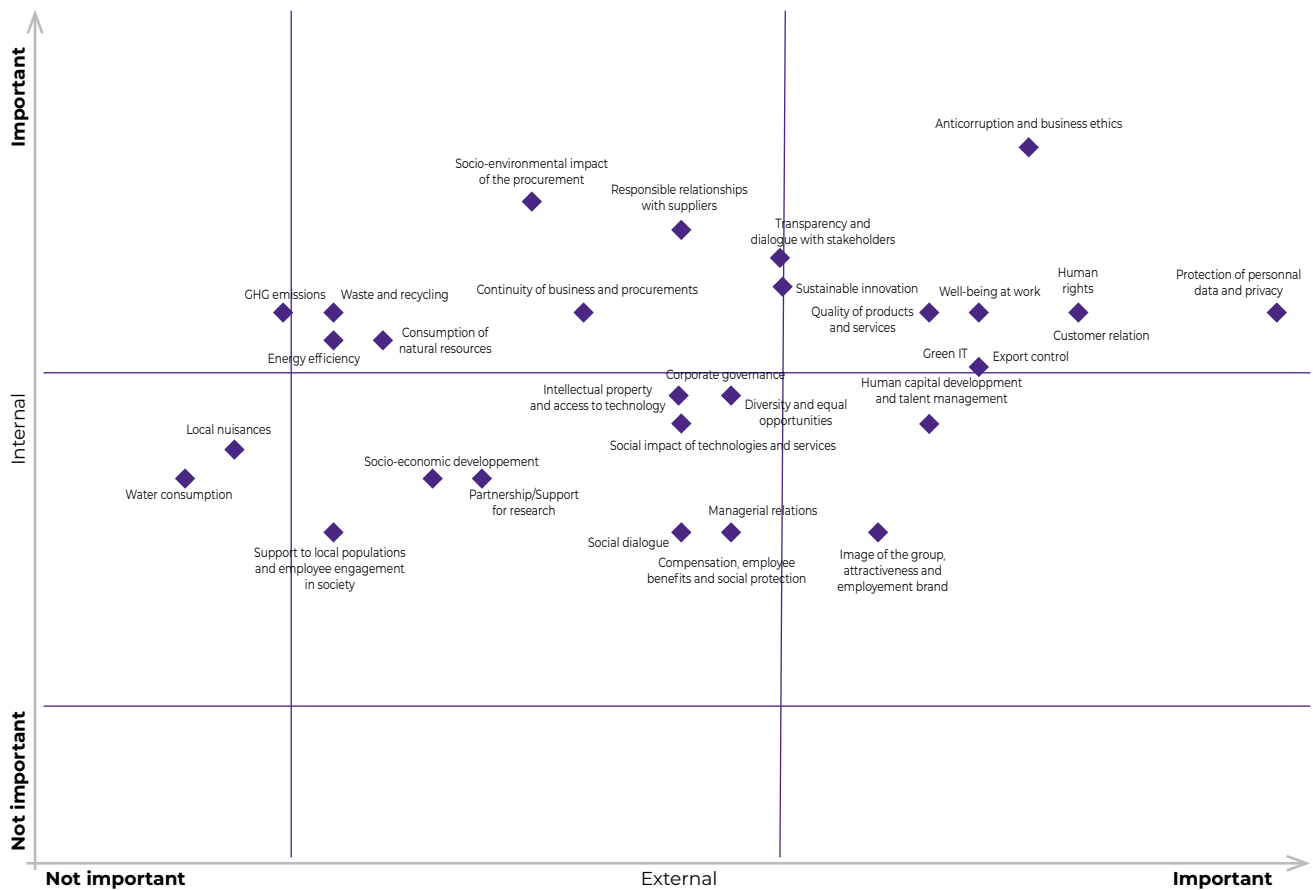
3.2. Materiality

In sustainability, materiality is the process of identifying the topics, which reflect an organization's significant economic, environmental and social impacts; or those that influence the assessments and decisions of stakeholders. It enables a company to understand its impacts and streamline its efforts on CSR topics relevant to its business.

In 2016, we conducted a thorough materiality exercise with the support of an external consultant. From a list of 32 issues, we asked stakeholders, including suppliers,

employees, customers and external agencies, to tell us “What are your expectations when doing business or partnering with IDEMIA?”

Our stakeholders informed us that twelve key material topics most influence their assessments and decisions in relation to IDEMIA. These twelve priority areas are helping to guide our CSR strategy and form the basis of our corporate social responsibility reporting.



3.3. IDEMIA's Material Topics

Our stakeholders told us that twelve topics are crucially important to them. Therefore, we have focussed this 2018 CSR Report on these material issues.

IDEMIA MATERIAL TOPIC	GRI TOPIC SPECIFIC DISCLOSURE	GRI TOPIC SPECIFIC DISCLOSURE
1. Anti-corruption & business ethics	GRI 205	10: Anti-Corruption
2. Personal data protection & privacy	GRI 418	
3. Human rights	GRI 412	1, 2: Human Rights
4. Well-being at work	GRI 403	3, 4, 5, 6: Labor
5. Customer relations	GRI 206	
6. Export control		
7. Quality products & services	GRI 417	
8. Sustainable innovation		
9. Green IT and environmental responsibility	GRI 302-1, 306-2	7, 8, 9: Environment
10. Transparency & stakeholder dialogue		
11. Responsible supplier relationships	GRI 204, GRI308	
12. Talent management & employee development	GRI 404	3, 4, 5, 6: Labor

4. BUSINESS CONDUCT

4.1. Business conduct background

Our business depends upon trust – trust in IDEMIA as a chosen partner, supplier, customer or employer, trust in our Augmented Identity products and services in an ever more connected world. Without trust in us, our people and our technologies our business faces great risk. We are a global company, with a complex network of operations spanning the globe. In each country we operate, we are bound to abide by local rules and regulations. What's more, we must comply with all relevant regional laws and in addition, we have committed to abide by certain internationally recognised standards of business

conduct. It is no surprise that, due to the very nature of the industry we operate within corruption, ethics, data privacy, human rights and export control are of premium importance to our stakeholders. We take a global overview of these matters, ensuring that we take account of the legislative demands, market risks, the nature and size of operations, along with a sensitivity to cultural norms, at all of our sites. We have deployed an organization, procedures and processes, and training, to ensure that our operations meet the highest ethical requirements.



IDEMIA has a set of values and ethical standards that are embraced by all of its employees and stakeholders. Duty of care has been integrated into all of the Group's business processes and growth is carefully managed in accordance with the highest international standards of business ethics, integrity and professionalism. These values and ethical behaviour are of critical importance to IDEMIA, in that they play a vital role in enabling it to earn and retain the trust of all of its stakeholders.

Competition, for IDEMIA, must be on the basis of its products, solutions and services and must not involve entering into any agreements with its competitors to illegally limit business and competition. Employees are expected to adhere to IDEMIA's policies and requirements in respect of fair competition and conflict of interest.

Internal communications to all employees support our management's commitment to ensuring that everyone at IDEMIA understands the ethical conduct standards, trade compliance and export control guidelines and applies them in his/her everyday business lives and, at the very heart of these efforts, that integrity, honesty and transparency should guide all employees in their work.

CSR KPIs related to our ethical practices are established and figures are being monitored. These include:

- › Number of employees having signed the Code of Conduct.
- › Number of employees trained on CSR fundamentals.
- › Internal audits addressing CSR.

We are rolling out ISO37001 Anti-Bribery certifications across our sites

› Trade compliance

IDEMIA trade compliance procedure contains the rules that must be followed by every director, officer and employee of IDEMIA and each of its direct or indirect subsidiaries and controlled affiliates wishing to establish a relationship with a partner for any purpose. This procedure applies to any third party that is intended to assist IDEMIA in obtaining, retaining or conducting business (agent, broker, commercial firm, consultant or consultancy firm, expert, distributor, intermediaries, lobbyist, prime contractor, public relations agency, supplier, sales representative, representative, reseller, subcontractor or co-contractor, joint venture partner, acting on behalf of IDEMIA). Employees must strictly apply this procedure.

Our trade compliance procedures also include clear guidelines for the management of gifts and hospitality.

Annual trainings are conducted by our Trade Compliance Team.

4.2. Anti-corruption

The IDEMIA anti-corruption program covers the entire set of requirements from international conventions: the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997):

- › The European conventions on anti-corruption:

The European Community Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union (1997), the Council of Europe Criminal Law Convention on Corruption, against the active and passive corruption of foreign officials (1999), the Council of Europe Civil Law Convention on Corruption (1999).

- › The United Nations Convention against Transnational Organized Crime, signed in Palermo (Italy, 2000).
- › The United Nations Convention against Corruption, referred to as the “Merida” Convention or “UNCAC” (2003).

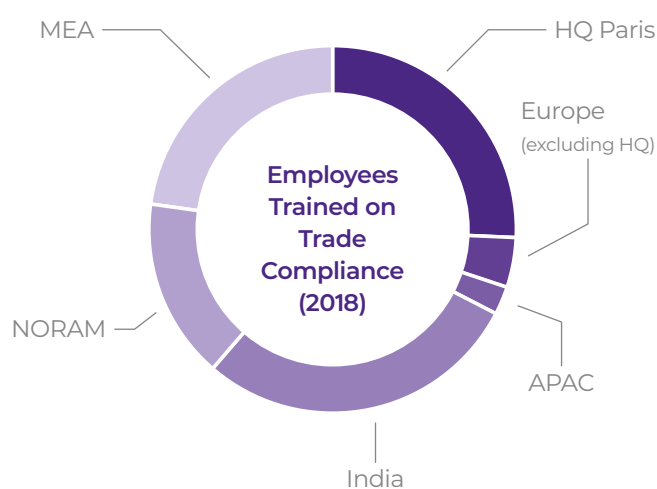
IDEMIA has Trade Compliance Officers (TCO) and Trade Compliance Correspondents (TCC) dedicated to its countries of operation and relevant activities. An IDEMIA Anti-corruption Policy is established.

We have a Trade Compliance contact for each region

In 2018, IDEMIA initiated a program of ISO37001 Anti-Bribery Management System certification at its sites. Certification is expected to be complete by the end of 2019.

Trade compliance training 2018

- › Each year, a trade compliance training program is defined, taking account of people previously trained, the headcount of IDEMIA at its locations and the level of risk assessed for the different regions.
- › Classroom training is targeted at sensitive personnel: group managers (CEO, CEO-1, CEO-2) and senior management of the subsidiaries, plus sales and purchasing employees.



- › The LATAM region formed part of 2017 training and based on 2018 training program definition, was not included.

4.3. Guiding principles and reporting wrongdoing

IDEMIA's Code of Conducts reflects senior management commitment to engage the Group in social responsibility including corruption prevention and detection process. The Code of Conduct, endorsed by IDEMIA's CEO and General Counsel and after consultation with employee representatives, is integrated into each facility operating procedures manual (Règlement Intérieur in France). Commitments expressed in the Code of Conduct encompass compliance with laws and regulations in all countries where we operate, fight against bribery and anti-corruption, import and export control, respectful relationships to all stakeholders (customers, shareholders, employees, trade unions, media, suppliers, partners...), safety of the workplace, and environmental stewardship. The Code of Conduct is accessible to all in five key languages of IDEMIA: French, English, Spanish, Chinese and Portuguese.

It is the reference on how we should behave internally, toward partners and customers. In compliance with the law, we also have implemented a whistleblowing procedure that allows questions about ethical matters, or reports of misconduct to be sent. This procedure, can be found by employees in a language understandable to them via the company intranet. We also recommend that our suppliers implement their own whistleblowing procedure.

4.4. Import and export control

Based on its Internal Export Compliance Program, IDEMIA complies, without exception, with all applicable regulations governing dual-use goods export, re-export and import operations.

With a network of more than 40 correspondents around the world, IDEMIA's export control expert reporting to the Legal Department:

- › Ensures that compliance standards are applied across the company, including KYC diligence.
- › Verifies the compliance of all business conducted by the companies within IDEMIA.
- › Participates in due diligence during mergers and acquisitions.
- › Verifies the compliance of all business conducted by companies subject to sanctions or embargoes.

In addition, IDEMIA complies with all applicable customs legislation by deploying a suitable, effective system to ensure compliance in all of its international business transactions.

4.5. Audit and risk management

We have processes and procedures to mitigate risks. Our Audit Committee meets throughout the year to monitor business risk and guide our actions. We have put in place worldwide insurance policies to protect our business, along with specific local policies at site level.

Internal audits take place regularly according to a strict screening of our subsidiaries. A pool of internal auditors tour IDEMIA's entities overseas to achieve control missions, following an audit calendar, established well in advance over 2 years. Our Internal Audit Charter, defining the roles, responsibilities and authority of IDEMIA's internal audit function, refers to the International Standards for the Professional Practice of Internal Auditing. CSR elements are taken into account during the audit process and sites are expected to have measures in place to address the fundamental CSR expectations of the business with a route for follow-up on any issues or non-conformances.

Additionally, a program of focused CSR audits for sites was launched in 2018, to drill down on key CSR issues such as working conditions, environmental practices and H&S. Personal data protection & privacy

10 IDEMIA sites were audited against principles of good CSR practice in 2018

4.6. Personal data protection & privacy

Advanced security solutions are at the heart of what we do and we are committed to protecting the personal data and fundamental rights of all citizens. Indeed, our trusted, secure technologies are enabling users to connect in ever more frictionless ways.

We have pledged to protect the personal data of our employees, customers, suppliers and others we interact with. Our dedicated, Group-level appointed Data Protection Officer has responsibility for this topic within IDEMIA.

Our data protection policies outline IDEMIA's responsibilities to interact with personal data, HR-related data and customer data in accordance with the following data protection principles:

1. The organisation processes personal data lawfully, fairly and in a transparent manner.
2. The organisation collects personal data only for specified, explicit and legitimate purposes.
3. The organisation processes personal data only where it is adequate, relevant and limited to what is necessary for the purposes of processing.
4. The organisation keeps accurate personal data, ensures that where necessary it is kept up to date and takes all reasonable steps to ensure that inaccurate personal data is rectified or deleted without delay.
5. The organisation keeps personal data only for the period necessary for the purposes for which the processing is taking place.
6. The organisation adopts appropriate measures to make sure that personal data is secure, and protected against unauthorised or unlawful processing, and accidental loss, destruction or damage.

We are serious about customer privacy, and have established robust policies and processes to mitigate any potential risk of loss of customer data and breaches of customer privacy. For example, with our biometric access and time solutions we have developed a detailed compliance guide, based on the tools recommended by the French Commission Nationale de l'Informatique et des Libertés (CNIL).

During 2018, we engaged in a General Data Protection Regulation (GDPR) compliance and information program, within and outside Europe, including:

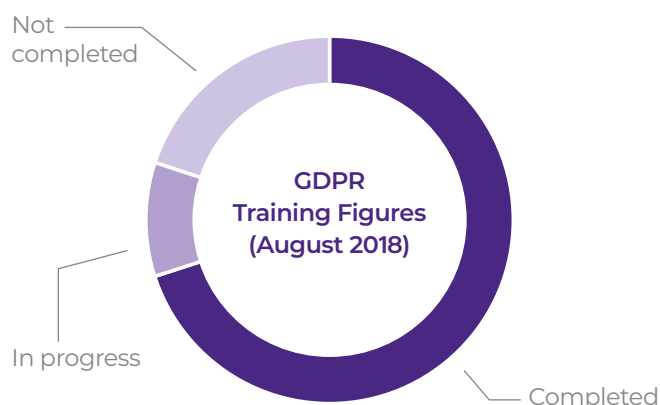
- › Mandatory information toward employees working/living in Europe, with a full GDPR e-learning and awareness campaign as required by this Regulation. The training was also targeted to all employees that

develop products or solutions processing personal data.

- › Awareness for employees outside of Europe or those whose position does not involve the processing of European personal data with a personal invitation containing a link to an animated and commented slide show that illustrates GDPR principles as well as why and how the GDPR impacts IDEMIA.

GDPR training 2018

IDEMIA took a twofold approach to GDPR training in 2018: a mandatory training course for those likely to process personal data of people residing in the EEA (EU + Iceland + Norway + Lichtenstein), and an optional information awareness course for all other employees with access to email.



4.7. Human Rights

IDEMIA respects the fundamental human rights laid out in the ILO Conventions, as well as the UN Business and Human Rights Principles. In 2006, we committed to support the Ten Principles of the UN Global Compact. As part of our pledge, we undertook to respect Principles 1: Businesses should support and respect the protection of internationally proclaimed human rights and Principle 2: Make sure they are not complicit in human rights abuses. We are taking action to address where we can impact human rights, both directly through our actions and indirectly through our relationships.

Discrimination

We believe in the fundamental dignity of every human being and in respecting individual rights. In our recruitment, career development and compensation practices we work against discrimination due to gender, sexual orientation, marital or civil partner status, gender reassignment, race, colour, nationality, ethnic or national origin, religion or belief, disability, medical status, age or

any other legally protected characteristic. The Code of Conduct reflects that each individual should be treated fairly, and recruited, selected, trained, promoted and paid based on merit, experience and other work-related criteria alone.

We respect our employees' lawful right to freedom of association. We compensate employees to ensure that their needs are met and provide opportunities for them to improve their skills and capabilities. We strive to provide safe and healthy workplaces where free discussion is encouraged and discrimination is opposed. We believe that our places of work and the conditions therein reflect our company ethos of mutual respect.

Child labor

We are strictly against the use of child labor, both within our own organization and in our supply chain. We have policies in place to ensure that any work carried out for IDEMIA by persons under the age of 18 and still in compulsory education, such as trainees and work placements students, is specifically designed not to interfere with or impede the employee's studies, should not include overtime, night time working, hazardous tasks or any other work that is likely to jeopardize their health or safety. We ensure proper management of student workers through adequate support and training, pay that is equal to workers at the same entry level performing similar tasks, proper maintenance of student records, due diligence of educational partners and protection of students' rights in accordance with applicable law. We expect our suppliers to mirror our conduct in this regard.

We are guided by the recommendations of the UN Global Compact to:

- › Be aware of countries, regions, sectors, economic activities where there is a greater likelihood of child labor and respond accordingly with policies and procedures;
- › Adhere to minimum age provisions of national labor laws and regulations and, where national law is insufficient, take account of international standards;
- › Use adequate and verifiable mechanisms for age verification in recruitment procedures;
- › Avoid having a blanket policy against hiring children under 18, as it will exclude those above the legal age for employment from decent work opportunities;
- › Exercise influence on subcontractors, suppliers and other business affiliates to combat child labor.

Modern slavery

We are committed to addressing the issue of modern slavery and human trafficking. A significant focus is placed each year on identifying risks of modern slavery in our supply chain, including an annual assessment of their labor practices. In 2018, we published our annual Slavery and Human Trafficking Statement in compliance with our legal obligations under the UK Modern Slavery Act.

We have identified that, where we work with small-scale, local recruitment agencies, not co-ordinated at a corporate level, we must ensure that we consistently share our Supplier Code of Conduct, educate those with responsibility for managing the relationships with local recruitment agencies on modern slavery risks and work with suppliers to be reassured that all recruitment is managed according to our expectations. We have also incorporated screening questions related to corporate responsibility practices in our request for information template.

Conflict minerals

IDEMIA supports the efforts of human rights organizations to end violence and atrocities in conflict affected and high-risk areas. It has been widely reported that the major driver of this violence is the natural abundance of the minerals tin, tungsten, tantalum and gold, known as conflict minerals. Armed groups fight for control of mines in this region and use forced labor to mine and sell the minerals, which in turn funds ongoing violence.

Whilst IDEMIA is not currently subject to legal obligations such as those of the US Dodd-Frank Act, we work with our supply chain to positively influence ethical behaviour through the application of a conflict-free sourcing process. In compliance with the OECD Guidelines on responsible sourcing, we control a full list of mineral sourcing partners, to ensure that our products and components originate from conflict-free smelters for gold, tungsten, tantalum, and tin (3TG). In 2018, we supported more than 20 customers with their conflict minerals reporting requirements, by the open sharing of information relating to minerals chain of custody. Our actions follow the recommendations of the Responsible Minerals Initiative, including checking for and requesting transitioning away from any identified smelters not compliant with the Responsible Minerals Assurance Process (RMAP).

5. PEOPLE

5.1. Labor practices background

The UN Sustainable Development Goal 8: Decent Work & Economic Growth, calls for the promotion of inclusive and sustainable economic growth, employment and decent work for all. IDEMIA's recruitment policies, conditions of work and adherence to the laws in all its countries of operation uphold the ethos of UN SDG 8 and are respectful of the ILO Core Conventions. We support the elimination of forced and compulsory labor and the abolition of child labor. We recognize the rights of employees to choose representatives and participate in trade unions. Our commitment is to provide work environments that respect the dignity, safety and security of all employees, that is favourable to good job performance and is free from all types of workplace violence, bullying and harassment. Through mandatory Code of Conduct training IDEMIA's employees gain an understanding of the company's entrustment of its people not to commit, tolerate, or ignore any form of unacceptable behaviour that negatively affects the right of us all to conduct our work in a safe, fair and non-discriminatory environment. Reporting mechanisms are in place, in the main languages of IDEMIA's workforce, providing employees with a secure channel to confidentially address experienced or witnessed incidents without fear of reprisal.

Our social policy has three ambitions:

- › Create ONE social identity across the whole IDEMIA group (which means achieve a unified social model that goes beyond cultures, borders, and missions).
- › Improve employee "engagement" through efficient management, training and goal sharing.
- › Grow skills and mobility through the creation of the IDEMIA Development Team, a system to plan for up to date resources, and the opening of IDEMIA Institute (the central training hub for IDEMIA).

The IDEMIA "One People Identity" program was established to develop leadership, harmonize compensation and benefits policies and ensure integration from a culture perspective. In 2018, we continued to work on group wide initiatives so that all employees can feel part of one and the same company.

In Paris, all teams are gathered in common headquarters in Paris La Défense. More than just offices, IDEMIA creates

an "IDEMIA home" reflecting our corporate culture. IDEMIA home offers great installations to work, meet, host meetings with customers and partners, demonstrate our innovations (state-of-the-art showroom). Our headquarters also deliver services for work-life balance, and offer sport installations to enhance well-being at work.

Annual polls measure employee engagement, reflecting the level of motivation of our employees based on management quality, trust in the service delivered to customers, understanding of the company vision and pride in being part of IDEMIA. The answers on key questions define the global "engagement" of employees. IDEMIA's 2018 Pulse Check obtained a 74% response rate, with 91% of employees stating that they feel personally responsible for the satisfaction of IDEMIA's clients. 71% of respondents intend to still be with IDEMIA after two years.

IDEMIA pledges to be a responsible employer in the following ways:

- › Train a large number of employees to maintain a high level of expertise in fast evolving technology markets.
- › Attract new talents.
- › Motivate all employees whatever their role.
- › Protect employees through health, safety and environment action plans, certifications, social bargaining.
- › Develop tools for better communication and decision-making.

Our CSR scorecard indicators measure progress on main labor-related topics, including:

1. Number of employees answering IDEMIA internal "engagement" polls (Pulse Check).
2. Level of answers "would I recommend IDEMIA to a third party".
3. Training (for men and women).
4. Turnover.
5. Absenteeism rate.

5.2. Health and safety at work

IDEMIA is committed to safeguarding the health and safety of its employees at their place of work and in the course of business travel, and strives to create a strong culture of prevention, ensuring the clear definition and communication of health and safety responsibilities.

Health and safety objectives are applicable to the whole company, whatever the activity, wherever the facility, whoever the employee, those on permanent and fixed term contracts, agency workers, temporary staff and contractors.

Employees in all facilities share a number of common health and safety objectives:

- › Preserve the health and safety of women and men who contribute to IDEMIA's activities, significantly reducing the risks of occupational diseases and accidents.
- › Introduce the evaluation of health and safety impact in the product development objectives and specifications.
- › Ensure continuous improvement of the health and safety management system.
- › Deploy and maintain ISO45001 (ex OHSAS 18001) certifications in our production sites.
- › Communicate to stakeholders and regularly publish actions and results on health and safety matters.
- › Comply with all local health and safety regulations.
- › Educate and train employees to make them aware of health and safety stakes and adherence to the company policy during induction and in CSR online training.

5.3. Health and safety monitoring

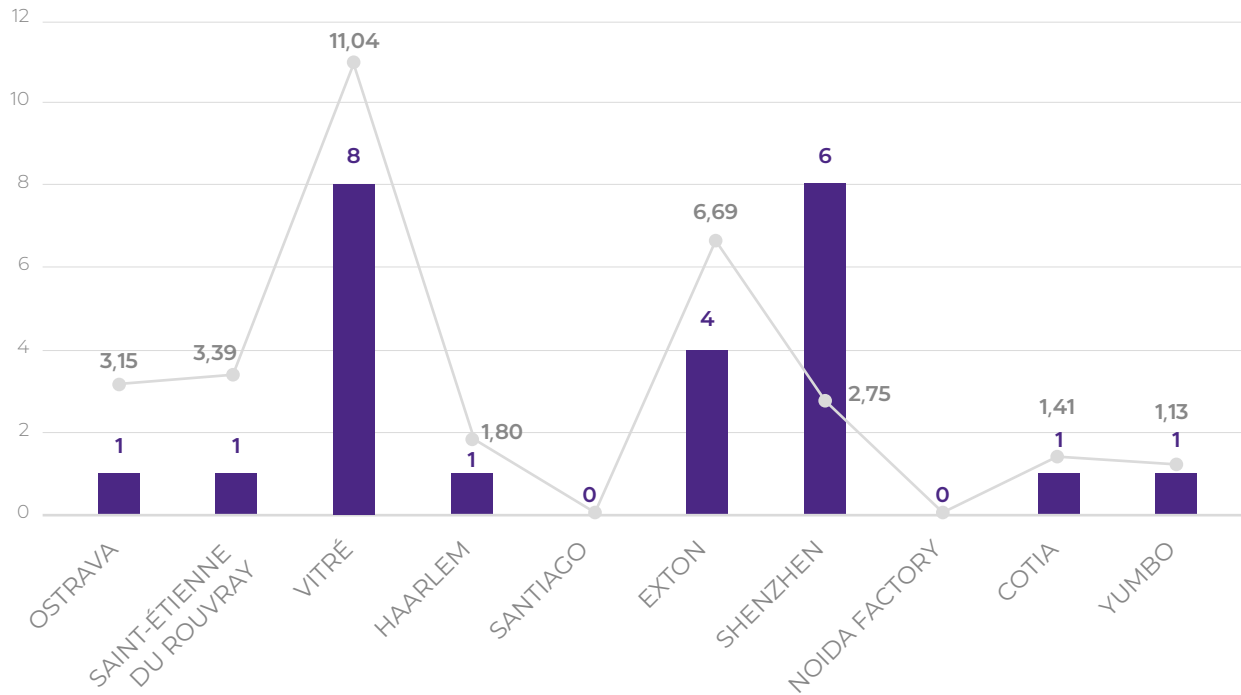
We are capturing and tracking the following data related to health and safety from IDEMIA sites, such as:

- › Number of injuries on the site.
- › Number of lost days during the month.
- › Number of minor accidents (accidents that do not translate into lost days).
- › Number of occupational diseases.
- › Number of injuries due to travel (home/work).

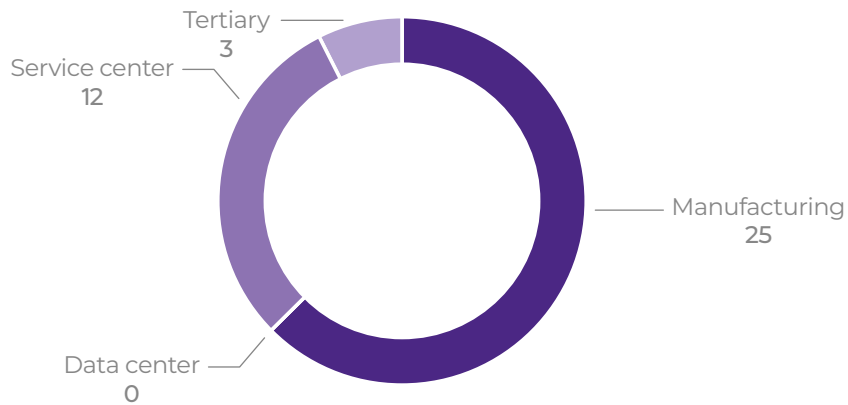
In 2018, there were 17 cases of recordable work-related ill-health. There were 41 reported injuries across IDEMIA's sites, for a Lost Time Injury (LTI) Frequency Rate of 1.55. We have calculated that 26,534,171 actual hours were worked in 2018. The health and safety rates that we report are based on 1,000,000 hours worked.

From 2019, we will begin to include sub-contractors in our health and safety H&S data capture.

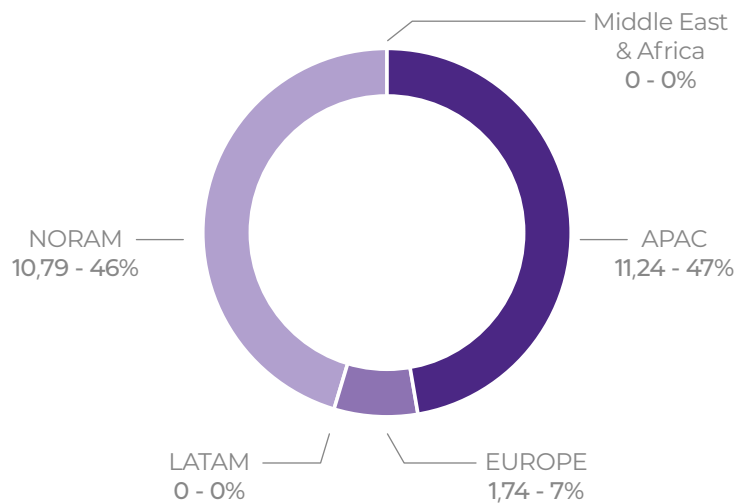
LTIFR Manufacturing Sites 2018



Number of injuries by activities 2018



2018 LTI Frequency Rate Service Centers



5.4. Business travel

We recognize the need to protect our employees, both within their regular place of work and during the course of business travel. In 2018, IDEMIA worked with a leading international security services company, to provide security risk information, advice, real-time tracking and emergency support to IDEMIA's international travellers. Through restricted access, all travellers are monitored via the service, providing senior management with a live interface to know exactly who is traveling and where. The service includes a pre-trip advisory bulletin, sent directly to the traveller, containing all pertinent information regarding the route of travel and the countries to be visited. Updates and advisories continue throughout the duration of the trip. Important information is communicated, such as:

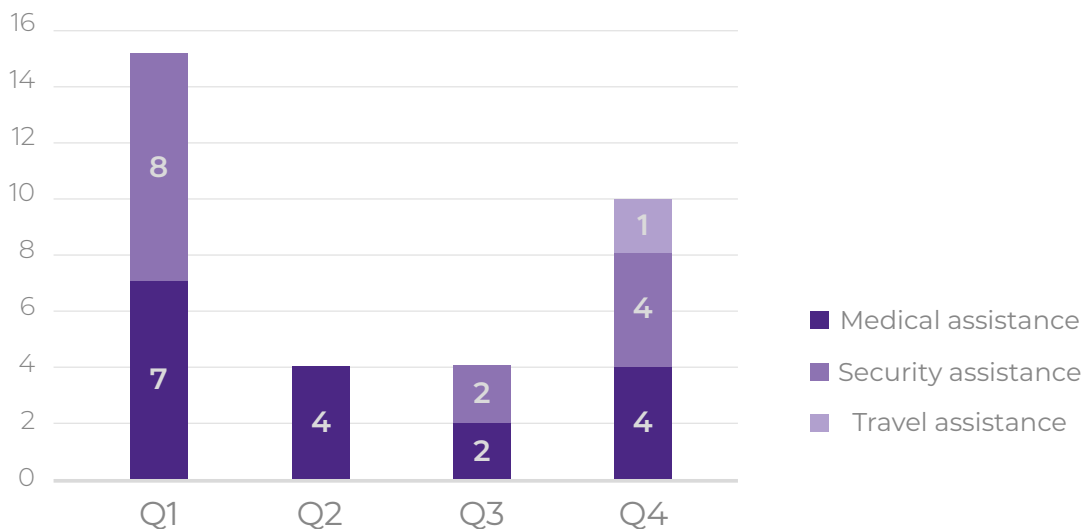
- › 24/7 emergency alarm centre contact numbers.
- › Travel risk summary.
- › Crime.
- › Terrorism.
- › Local law.
- › Travel by road.
- › Cultural tips.
- › Currency...

In the event of a serious incident, the traveller is advised on the appropriate course of action and should a critical event occur, travellers are supported to arrange removal from the risk, such as medical treatment or repatriation.

IDEMIA's Crisis Cell Policy, Security Travel Checklist and Guidelines provide support when there is a genuine business need to travel to high or extreme risk countries. Talent management & employee development

Assistance cases – business travellers, 2018

2018 (32)



5.5. Talent management and employee development

Onboarding

Our highly skilled international workforce is our greatest asset and because we know this, we are dedicated to providing the right tools and knowledge our people need to be the best they can be, both in the jobs they are hired to do, during their ongoing development and when applying for promotions or mobility opportunities. To support the ONE IDEMIA model we aim, right from the on boarding, to make our new colleagues feel welcome and ensure rapid understanding of role requirements. The following documents are provided to the new employees:

- › Purple Rules (document containing major common HR values).
- › Delegation of Authority.
- › Code of Conduct.
- › List of learning contents available (e.g. GDPR, etc.).

A mentor is assigned to support the new joiner's integration, and make sure that training is achieved within the first month of arrival. There are checkpoints with each new joiner at regular intervals during the first year and one around the time of the first anniversary.

HR information system

Communication and on line tools are key to achieve the unified ONE IDEMIA. Therefore we have our global HR information system called IDEMIA> Talents. This new single tool, available to all within IDEMIA, allows employees to:

- › Consult colleagues' profiles, facilitating interactions within our Group.
- › Have access to dynamic organization charts, enabling easier collaboration.
- › Consult and apply to job posts, encouraging internal mobility within the company.
- › Set individual objectives and manage performance, together with the managers.

Grow skills and mobility

IDEMIA Development Team has the mission to organize and plan people evolutions. Supported by an external consulting firm, this HR team helps employees and managers develop the right skills to grow from one mission to the next one, according to requirements and personal wishes.

In a fast moving high technology environment, employees are interested in the future missions offered in their environment, and how they can access them.

Skills development

The IDEMIA Institute was created to enable employees to learn, develop and share their skills through a single platform. The mission of the IDEMIA Institute is to develop its employees for its clients, without exception.

The IDEMIA Institute offers different categories of training to help employees, in their daily work, and develop their skills, for example:

- › An overview of IDEMIA products and services, its mission and global values, as well as its history of innovation.
- › Productivity tools for work efficiency.
- › Leadership and management development.
- › A more digital, more innovative way of thinking.
- › A certification roadmap for certain business functions.

As the first brick of the IDEMIA Institute, we have launched an alliance with Udemy, one of the largest MOOCs (Massive Open Online Course) in the world. The IDEMIA Institute is committed to offering different forms of learning: plenary courses, computer training, online or in collaboration. Regions and/or business units will continue to organize learning activities according to their specific needs and will have resources to share their content with other regions and entities.

NB: In some countries, the law prohibits the collection and publication of certain data.

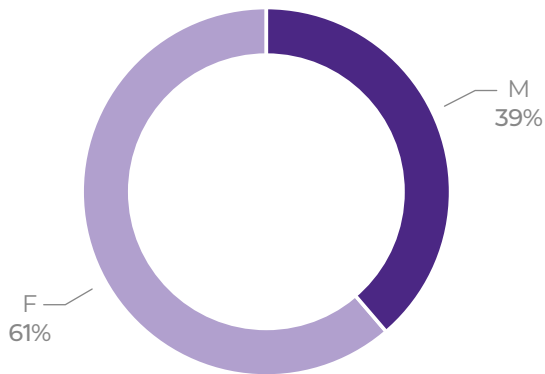
5.6. HR data

Individuals within the extended COMEX by gender and age

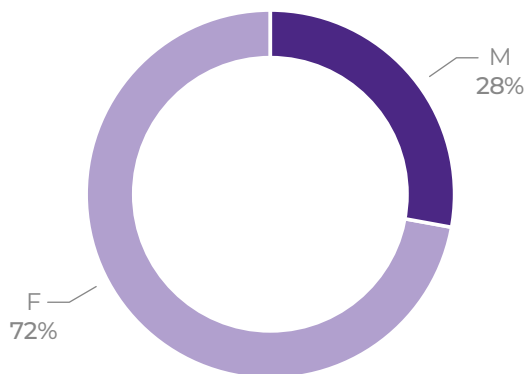
IDEMIA's extended COMEX is composed of 95% male representatives and 5% female. 50% are between 30-50 years of age, 50% are >50 years of age, with currently no members under the age of 30.

Gender of individuals in the workforce

DIRECT WORKFORCE GENDER SPLIT

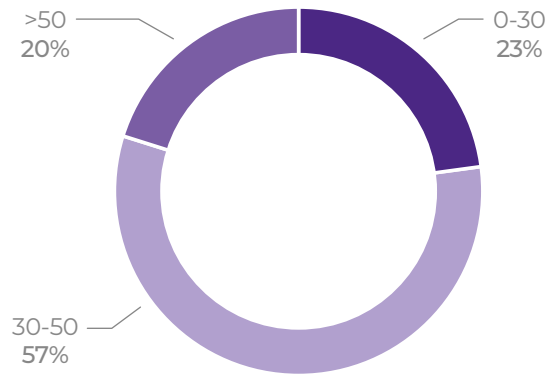


INDIRECT WORKFORCE GENDER SPLIT

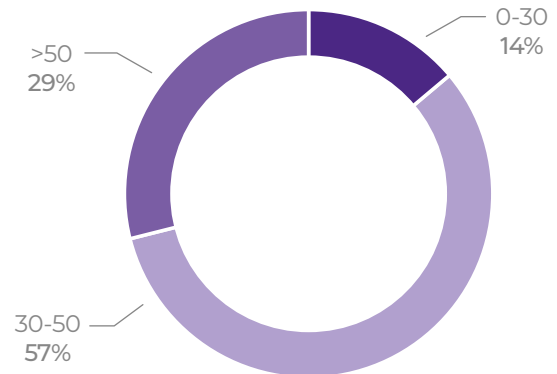


Age of individuals in the workforce

DIRECT WORKFORCE AGE SPLIT

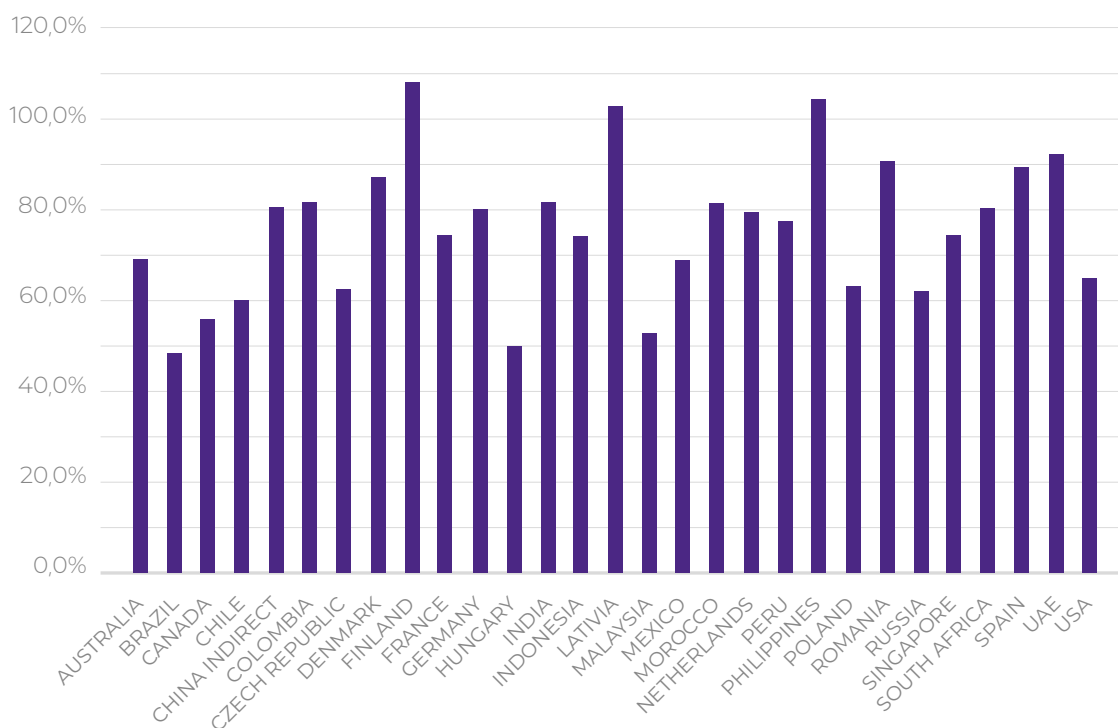


INDIRECT WORKFORCE AGE SPLIT



Salary repartition

Base Salary - Ratio F/M

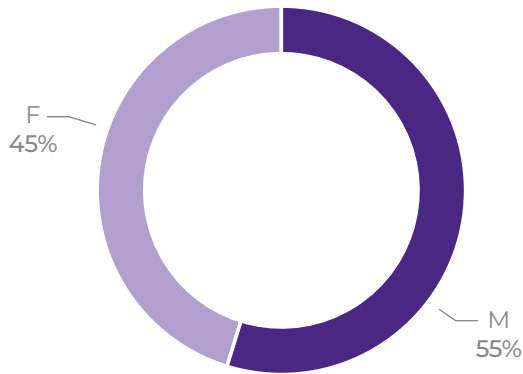


Recruitment

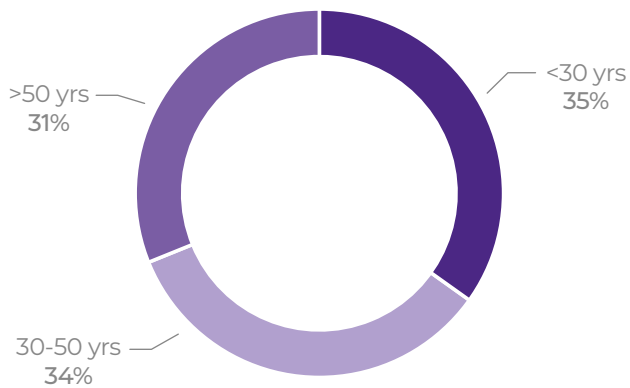
- › Total number recruited in 2018 = 2,099
- › 14.7% of total headcount.

2018 new hires:

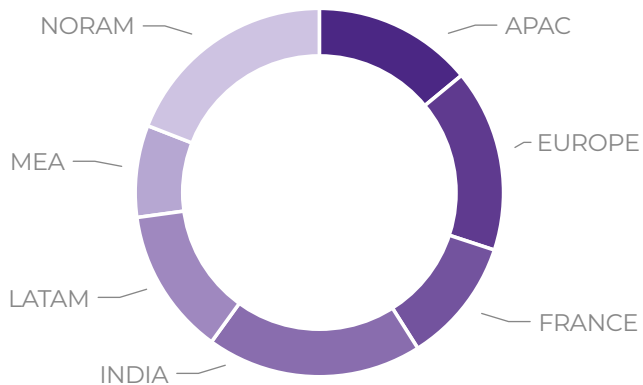
2018 NEW HIRES BY GENDER



2018 NEW HIRES BY AGE



2018 NEW HIRES BY REGION

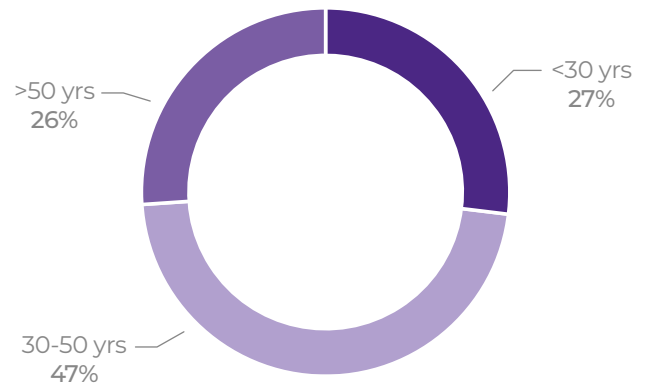


2018 leavers:

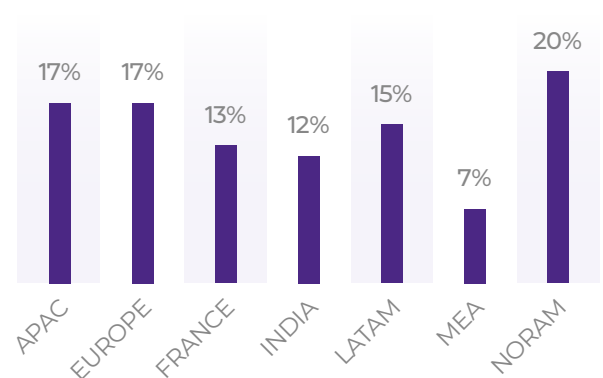
2018 LEAVERS BY GENDER



2018 LEAVERS BY AGE



2018 LEAVERS BY REGION



Turnover

- › Total number 2018 leavers = 2,787
- › 19.5% of total headcount.

Training and development

Employees receiving a regular performance and career development review:

	OBJECTIVE 2018	PERFORMANCE 2018
% of total workforce for which task completed	76%	96%

Performance and career development forms were shared with 100% of the targeted male and female employees.

Average hours of training undertaken by employees:

- › At IDEMIA's French sites, 67% of the total population received training during 2018, with a total of 27,174 training hours recorded. Across the sites an average of 75% of men were trained, along with an average of 70% of women.

6. ENVIRONMENT

6.1. Environmental management background

Protection of the environment is one of our CSR key pillars, the cornerstone of how we conduct our business. It is a shared responsibility to reduce energy sources dependency, and reduce consumption of energy, carbon footprint, greenhouse gas emissions, water and waste.

IDEMIA has establishments on all continents, with more than 200 sites including manufacturing plants, service centres, headquarters, sales offices, R&D centres and data centres. All these sites have different purposes, but serve the following common environmental objectives:

- › Minimize the environmental impacts of processes and services by reducing or eliminating dangerous substances, reducing energy consumption, limiting emissions, managing waste recycling and disposal.
- › Achieve our environmental goals through state-of-the-art, innovative, eco-friendly products and solutions by introducing the evaluation of environmental impact in the product development objectives and specifications.
- › Help our customers achieve their environmental goals with our products offering and provide suitable advice.
- › Encourage environmental responsibility within the supply chain.
- › Ensure continuous improvement of the Environmental Management System.
- › Deploy and maintain ISO 14001 certifications at our production sites (all manufacturing sites and the most important service centres, over 100 persons).
- › Communicate to stakeholders and regularly publish actions and results on environmental matters.
- › Educate and train employees to make them aware of environmental stakes and compliance with the company policy.

We measure progress regarding our main environmental objectives: reduce energy consumption per person or unit produced, and reduce carbon footprint, improve energy mix, reduce water consumption per person, manage waste (paying specific attention to landfill), and reduce VOCs (volatile organic compounds).

As a Group, we support world Environment Day.

What's more, all around IDEMIA, our people are working every day to better protect our environment. Examples of site initiatives include:

- › In Ostrava, Czech Republic, all office supplies are 100% recyclable.
- › In Cotia, Brazil, air conditioning water is reused for flushing toilets.
- › In Brazil (Cotia) and India (Noida), air conditioning water is reused for watering plants.
- › In Cali, Colombia, the replacement of halogen lamps with LEDs has saved more than €3,200 in electricity per year (23,600 kWh).
- › In Paris, France, the IDEMIA Tower is a HQE (High Environmental Quality) building.
- › In France, some entities develop solutions to facilitate employees' commute.
- › In almost all countries, regular lights are replaced by LEDs activated by presence detection.
- › In headquarters, network and secure printing are chosen to reduce paper consumption.
- › For electrical and electronic equipment, WEEE (Waste Electrical and Electronic Equipment Directive) third parties have been engaged to collect and treat potential dangerous equipment.
- › IDEMIA is a member of the Association des Fabricants et Personnaliseurs de Cartes with a special mission on sustainable development.
- › Waste is managed in all factories with the support of recycling companies. Data relating to waste disposal methods are provided by the waste disposal contractor.
- › In manufacturing, transportation solutions of material are constantly challenged for cost and energy reduction (this implies suppliers reorganization to optimize routes).
- › Procurement teams select partners to optimize transportation and costs.

We encourage all at IDEMIA to play their part in becoming a green attitude ambassador. They know that this can begin with very simple actions, such as:

Turning off the light when leaving a room.

Switching off the tap after washing hands.

- › Turning off computers at the end of the day, which can reduce around 80kg of CO₂.

- › Think about using a mug or re-usable cup instead of a plastic one for coffee or tea. In some sites there are money saving initiatives to incentivize these actions.
- › Think twice before printing a document, and if it is unavoidable always print double side.

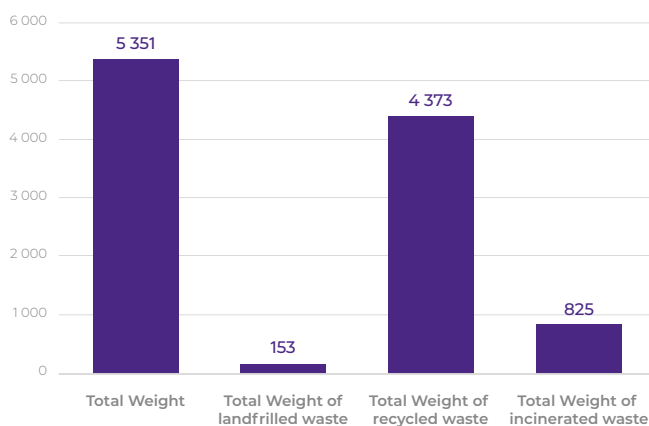
IDEMIA's management warmly welcome environmental initiatives and sites are invited to make their suggestions through the IDEATION process. Best practice of the excellent initiatives at our sites is strongly encouraged.

6.2. Tracking our environmental performance

Together, the CSR Team and local sites control environment progress through a number of Key Performance Indicators. In 2018, we had begun to gather, through a company-wide CSR reporting tool, data on the following:

- › Energy consumption.
- › Energy equivalent in tons of CO₂.
- › Part of renewable electricity.
- › Cubic meters of water consumed (per employee).
- › Volumes of waste (hazardous, non-hazardous, landfilled, recycled, incinerated).
- › VOC quantities

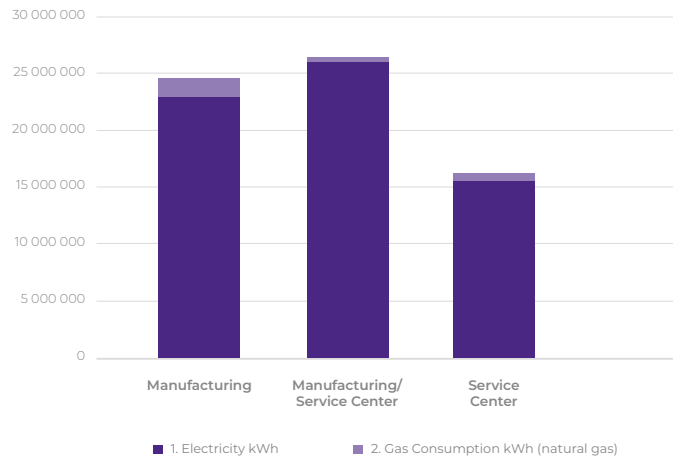
Total Weight and their Disposal Method (in tones)



*Information pertaining to waste disposal methods is provided by the recycling contractor.

Emissions of Volatile Organic Compounds (VOCs) in 2018 amounted to 6,255 tons

Energy Consumption



No significant spills were recorded in 2018

6.3. ISO14001 Certifications

Our objective is to certify all manufacturing sites and large sites with more than 100 employees.

100% of our manufacturing sites are covered by ISO14001 certifications, and 82% of our total production sites (including service centres).

6.4. Climate change

Our environmental commitment includes action to fight global climate change, and control greenhouse gas (GHG) emissions: reduce energy dependency, encourage renewable energies, improve waste management and restrict landfill, develop eco-designed products.

Although our main activities are not part of high-energy consumption sectors, for many years IDEMIA has declared its carbon footprint to Carbon Disclosure Project (CDP). The declaration is done in two categories, investors and supply chain, the latter meeting the request of a number of large customers (mobile operators and banks in the USA, Brazil, Germany and UK) asking for the energy spent through the manufacturing of their products in our plants. We monitor emissions of the gases CO₂, CH₄ and N₂O.

IDEMIA's 2018 CDP submission for Scope 1 shows 1,243 tons of CO₂ equivalent, whilst gross location-based energy indirect (Scope 2) emissions were 26,273 tons of CO₂ equivalent.

6.5. Product compliance

In 2018, IDEMIA continued to focus its attention on product compliance, striving to ensure that its products complied with the applicable legislation of all countries, in terms of the manufacturing, sale and distribution of

goods. This included key EU directives, such as REACH (Registration Evaluation Authorization and Restriction of Chemicals) and updates to its list of associated substances of very high concern, RoHS (Reduction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment) and WEEE and its national transpositions. Working closely with suppliers and customers, we took action to meet our legislative obligations and to help our customers meet their own. We use a range of methods to ensure that our products do not contain restricted substances under all relevant legislation in excess of applicable legal limits, including obtaining certifications from our suppliers and third party laboratory testing of our products. Our Supplier Code of Conduct contains provisions aimed at ensuring that suppliers comply with all relevant laws, regulations and customer requirements prohibiting or restricting the use of restricted substance.

Following a program of eco-design, IDEMIA's 1,400 R&D engineers analyse the environmental aspects of raw materials, the manufacturing and assembly process, distribution, and end of life management, with attention on all phases of the product life. The IDEMIA R&D team considers environmental aspects in both the technical specifications of the product and required manufacturing equipment, as well as the set-up of new associated production processes.

EcoVadis classifies IDEMIA's environmental performance as 'Advanced'



7. PRODUCTS AND SERVICES

7.1. Customer relations

Even with the best products, services, pricing, quality and cutting-edge technologies, a sustainable business must ensure the ongoing confidence of customers to place their trust in it as an honest, transparent, reliable, ethical partner. At IDEMIA we want to be THE supplier of choice for our customers, naturally on the basis of the innovations and services we offer, but also influenced by the reassurance that our moral compass is fixed on doing the right thing. For us, corporate social responsibility guides how we behave, constantly pushes us to be better and because we have put in place the necessary resource and expertise, and continue to strengthen cross-departmental collaboration on CSR-related topics we are seeing progress in our performance year on year. Where customers are further along their CSR journeys than us, we are keen to learn from them to support our continuous improvement efforts.

Fundamentally, we are committed, at all times, to conducting our business with honesty and integrity in compliance with the laws of all the countries in which we are active.

Technology is progressing faster now than ever before and with this comes new actors in the market and positional shifts that we must prepare for and respond to. Our competitors are amongst our key stakeholders and on certain subjects we work together in collaborative groups to improve our industry conditions, including those relating to CSR, such as environmental legislation and product compliance. We demonstrate, through our policies, procedures and training our intention to always do business within the law, including when seeking to win business. We are against price fixing, creating market restrictions, imposing geographic quotas or any other kind of anti-competitive behaviour with the effect of limiting the effects of market competition. Our Conflicts of Interest Policy ensures that potential risks are anticipated and managed.

7.2. Quality products and services

Quality

IDEMIA knows the importance of trust to its stakeholders, in every interaction, product and service and we recognize that our CSR and Quality work is crucial to building and sustaining this trust. That is the reason why IDEMIA, in 2018, created its new Quality Manual, supporting everyone's commitment to customer satisfaction, continuous improvement and compliance.

We shared the Quality Manual and related processes with employees through our intranet.

Furthermore, in 2018, we passed our common certification related to ISO 9001. Several sites around the world were in scope, with local and corporate Quality teams working together for the success of the certification.

Ideation

In 2018, we launched IDEMIA Ideation, opening the dialogue for employees to share their ideas on how to improve the workplace, reduce waste, do things faster and more efficiently, etc. IDEMIA Ideation is intended for our people to share and implement all these ideas, becoming a driver of change.

An IDEMIA Ideation contest is established to reward the best ideas and most active sites.



Compliant products

At IDEMIA, we understand that customers and end users need accessible and adequate information about the positive and negative environmental and social impacts of our products and services. This is why, in compliance with applicable laws, we include information on the safe use of our products and how to manage it at end of life. We also communicate with our customers on the sourcing of components, with regards to specific social, environmental and ethical concerns they may have. We have not identified any non-compliance with applicable regulations concerning product or service information labelling.

In 2018, IDEMIA continued to focus on product compliance, striving to ensure that its products complied with the applicable legislation of all countries, in terms of the manufacturing, sale and distribution of goods. This included key EU directives, such as REACH (Registration Evaluation Authorization and Restriction of Chemicals) and updates to its list of associated substances of very high concern, RoHS (Reduction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment) and WEEE and its national transpositions. We also investigated product compliance in terms of California, US law, Proposition 65.

Working closely with suppliers and customers, we took action to meet our legislative obligations and to help our customers meet their own. We use a range of methods to ensure that our products do not contain restricted substances under all relevant legislation in excess of applicable legal limits, including obtaining certifications from our suppliers and third party laboratory testing of our products.

Our Supplier Code of Conduct contains provisions aimed at ensuring that suppliers comply with all relevant laws, regulations and customer requirements prohibiting or restricting the use of restricted substance.

Our Conflict Minerals Policy ensures that we do not provide goods to customers that are complicit with human rights abuses.

IDEMIA Motion Code falls within scope of the European WEEE Directive and our obligations are managed with the expertise of a third party.

7.3. Innovation mindset



We are committed to deliver future-proofed innovation, which is:

- › **CUSTOMER-CENTRIC:** We believe that innovation should support clients and partners to serenely apprehend the future.
- › **MEANINGFUL:** We aim at having a positive impact on peoples' everyday lives in a concrete, ethical and useful way.
- › **SCALABLE:** We address the needs of billions of people from providing a whole nation with identities to enabling its citizens to get in touch.
- › **COLLABORATIVE:** We believe that technology and skills are fed by external exchanges.
- › **ALL ALONG THE VALUE CHAIN:** We deliver vertical answers in the physical and digital worlds: from chip to Cloud.

We apply this innovation mindset to all our business activities:

Financial Institutions: securing payment diversity

Our management of secret keys has become mission critical for the world's biggest companies. We have worked to reduce payment fraud – both online and in-store and we are driving EMV, NFC and mobile payment migration around the world. We also help develop digital banking as well as secure mobile payment solutions relying on a combination of innovative payment services and a set of digital authentication technologies, enabling us to create the payment solutions of tomorrow.

Mobile operators: securing mobility and beyond

At the forefront of the digital revolution, we are committed to bringing protected and convenient experiences to our mobile operator customers. We designed tools to link strong authentication with secure elements and service platforms to guarantee simple connectivity and service access to endusers anywhere, anytime.

Connected Objects: securing the identity of objects and users

We make it our mission to securely manage the identity of users in different environments and to enhance their mobility. We tap into our expertise in biometrics, data security, connectivity and identity management to ensure that our clients as well as end-users can thrive in today's hyper-tech era in total trust.

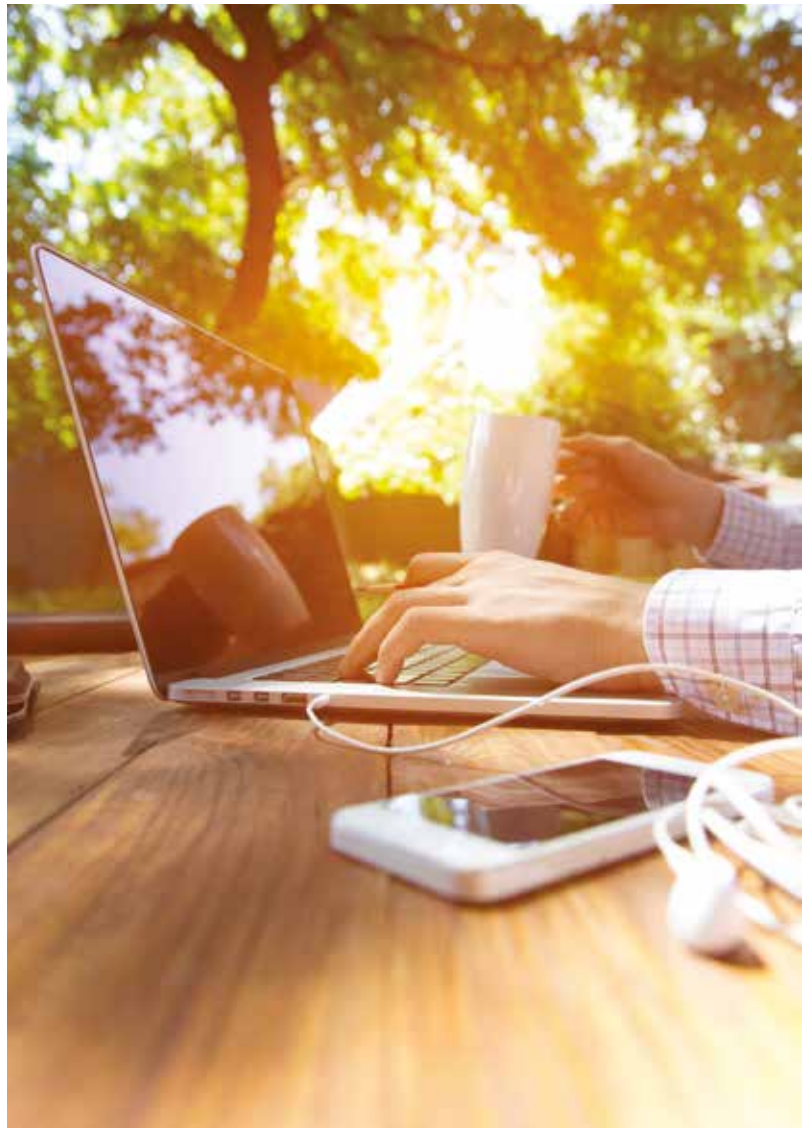
Public Security & Identity: making citizens' lives safer and easier

Our solutions are inspired by citizens who are in constant motion, more connected than ever and increasingly aware of privacy and security concerns. In a fast-changing environment where governments and security professionals face growing challenges to protect people and places, we enable every individual to live in a secured, safe and convenient environment and to benefit from a unique, trusted and protected identity throughout their lives.

Identity & Security, N.A.: providing identity assurance to secure & simplify lives

As a trusted partner to U.S. government agencies for more than 60 years, our deep domain expertise in civil identity, public security, commercial markets and biometric identification and document authentication is second to none. We aim to be the leader in providing secure, easy-to-use, integrated identity solutions that enhance end-user experiences.

We stand for Augmented Identity: enhanced, adaptable, strengthened and self-sovereign identity that creates a safer world for everyone



8. RESPONSIBLE SOURCING

8.1. Supplier management background

Partners and subcontractors play a pivotal role in ensuring we make good on our commitments. In order to build a chain of confidence, we aim to engage with third parties that share our ethical, social and environmental values. We welcome opportunities to share best practice and learning with our more mature CSR partners, whilst encouraging a focus on responsible business in those who are less advanced. All third parties with whom we engage must demonstrate that they are prepared to meet our fundamental expectations for responsible corporate behaviour.

We have defined the framework for a trustworthy supply chain in our Supplier Code of Conduct, to which we require our suppliers to sign their adherence. Key CSR principles are also set out in our general purchasing conditions.

We work to positively influence CSR practices in our supply chain, including education and best practice sharing on conflict mineral sourcing, and demanding zero tolerance of child and forced labor.

We expect our suppliers to confirm that their products adhere to all applicable legislation, for example EU REACH, EU RoHS and the U.S. California Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65).

We assess the ethical credentials of our suppliers through the third party CSR performance assessment agency, EcoVadis.

IDEMIA buyers consider CSR aspects when selecting suppliers and partners, and have formally incorporated CSR elements into our RFI template.

8.2. Assessing CSR performance of suppliers

Sustainable Supply Chain is among the key elements of IDEMIA's CSR policy and IDEMIA has committed to consider the social, environmental and ethical behaviour of its supply chain in its business activities.

To monitor the CSR performance of its suppliers and manage supply chain risk, IDEMIA has extended its partnership with EcoVadis, which offers a simple, easy to use service for suppliers to report and improve their CSR performance through an online platform. The assessment addresses 21 CSR Criteria across four categories:

- › Environment (ENV)
- › Fair Business Practices/Ethics (FBP)
- › Supply Chain/Sustainable Procurement (SUP)
- › Social/Labor and Human Rights (LAB)

IDEMIA's top spend suppliers and strategic partners are invited to be assessed via the Ecovadis platform.

Monitoring the CSR performance of the supply chain helps us to identify, address and avoid supply chain risks, such as those associated with particular geographic locations or types of industry, achieve compliance with legislation affecting our business and find opportunities to collaborate with suppliers on CSR.

In a collaborative effort, IDEMIA's CSR and Purchasing Teams support suppliers throughout the EcoVadis assessment process, from first contact to post-assessment follow-up.

Supplier scores are categorized from High Opportunity to High Risk. A supplier's EcoVadis CSR Performance Score is integrated into the scorecard utilized during the annual Supplier Performance Evaluation. IDEMIA's process to follow up on low scoring suppliers includes an extensive self-assessment questionnaire and on-site audit.

Reports generated by this assessment help to identify strengths and weaknesses in supply chain CSR performance, both across the supply base and with individual companies:

IDEMIA SUPPLIERS: CSR ENGAGEMENT ACTIONS	% COMPLIANT
Policy on corruption	81%
Reporting on health and safety indicators	71%
Reporting on energy consumption and GHGs	68%
Active whistleblowing procedure in place	68%
ISO14001 certified	65%
OHSAS 18001 / ISO45001 certified	52%
Audit or assessment of suppliers on CSR issues	61%
Formal sustainable procurement policy	45%

Weaknesses form the basis of a corrective action plan, which provides suppliers with opportunities to improve their performance over time and enables IDEMIA to monitor and address supply chain risks. Suppliers are invited to engage in a reassessment once corrective actions have been addressed. If, following reassessment, scoring has improved to an acceptable level suppliers will not be reassessed for another 12 months. However, if scoring still does not meet IDEMIA's expectations, be that the overall score or the subject score for a certain area of CSR performance, the next steps will be launched.

87% of suppliers assessed have met IDEMIA's threshold score for environmental practices. Those suppliers who have scored below the acceptable limits are working on the agreed set of corrected actions and will be re-evaluated to ensure progress over time.

Re-evaluated IDEMIA suppliers' CSR performance has improved by an overall average of 4 points, with the greatest progress being made in ethical conduct

8.3. Supplier Quality

Our dedicated supplier quality teams, both local and corporate, collaborate with each other and with suppliers in the following ways:

- › Qualification
- › Monitoring (audits, complaints, quality & CSR inputs for scorecards)
- › Introduction of new products
- › Incoming inspection management

We have supplier quality members focussed on specific products and supplier regions, and a dedicated supplier quality team at each IDEMIA plant.

IDEMIA's supplier qualification and monitoring includes corporate social responsibility criteria, with CSR performance integrated into supplier scorecards.

57 audits conducted by the supplier quality team in 2018 included CSR criteria

8.4. Supplier Code of Conduct

The Supplier Code of Conduct, complementary to the IDEMIA Code of Conduct, the ethical framework within which IDEMIA conducts its business, is shared with suppliers intending to partner with IDEMIA. The Code was developed with reference to prevailing international standards such as the ILO Codes of Practice, the Universal Declaration of Human Rights, Social Accountability International and the Responsible Business Alliance Code of Conduct. The IDEMIA purchasing department ensures that suppliers sign their acceptance of the expectations laid out within it prior to the commencement of contract negotiations. Data pertaining to supplier acceptance of the Supplier Code of Conduct are represented on IDEMIA's CSR scorecard.

Coordinating essential CSR principles are mirrored in our general purchasing conditions, whilst the Supply Chain Quality Team controls that our CSR principles are effectively applied through on-site audits.

8.5. Monitoring our Responsible Sourcing

IDEMIA has established a set of KPIs related to our interactions with suppliers on matters of CSR. These include:

- › Total number of suppliers CSR performance assessed.
- › % new suppliers screened using CSR criteria.
- › % top spend suppliers screened by EcoVadis.
- › Number of suppliers identified as presenting a high actual or potential negative CSR impact.
- › % of high risk suppliers with which corrective action plan implemented.
- › % suppliers signing Supplier Code of Conduct.
- › Number of buyers trained on CSR.

IDEMIA expects its suppliers to uphold fundamental conduct principles



10.

GLOBAL REPORTING INITIATIVE – CONTENT INDEX

In accordance with the Global Reporting Initiative Standards for sustainability reporting, this table points readers to **contextual information about IDEMIA - GRI General Disclosures** - within the report. Links are provided to each disclosure topic.

GRI GENERAL DISCLOSURE	TITLE	REPORT SECTION	PAGE
1. ORGANIZATIONAL PROFILE			
102-1	Name of the organization	IDEMIA - We stand for augmented identity	6
102-2	Activities, brands, products and services	IDEMIA - We stand for augmented identity	6
102-3	Location of headquarters	IDEMIA - We stand for augmented identity	6
102-4	Location of operations	IDEMIA - We stand for augmented identity	6
102-5	Ownership and legal form	IDEMIA - We stand for augmented identity	6
102-6	Markets served	IDEMIA - We stand for augmented identity	6
102-7	Scale of the organization	IDEMIA - We stand for augmented identity	6
102-8	Information on employees and other workers	IDEMIA - We stand for augmented identity	6
102-9	Supply chain	IDEMIA - We stand for augmented identity	6
102-10	Significant changes to the organization and its supply chain	Not applicable	
102-11	Precautionary Principle or approach	Environment - Product Compliance	34
102-12	External initiatives	IDEMIA - We stand for augmented identity	6
102-13	Membership of associations	IDEMIA - We stand for augmented identity	6
2. STRATEGY			
102-14	Statement from senior decision maker	CEO's Welcome	5
3. ETHICS AND INTEGRITY			
102-16	Values, principles, standards and norms of behaviour	Approach to Corporate Social Responsibility	12
4. GOVERNANCE			
102-18	Governance structure	IDEMIA - We stand for augmented identity	6

5. STAKEHOLDER ENGAGEMENT

102-40	List of stakeholder groups	Identifying our Impacts	16
102-41	Collective bargaining agreements	People	24
102-42	Identifying and selecting stakeholders	Identifying our Impacts	16
102-43	Approach to stakeholder engagement	Identifying our Impacts	16
102-44	Key topics and concerns raised	Identifying our Impacts	16

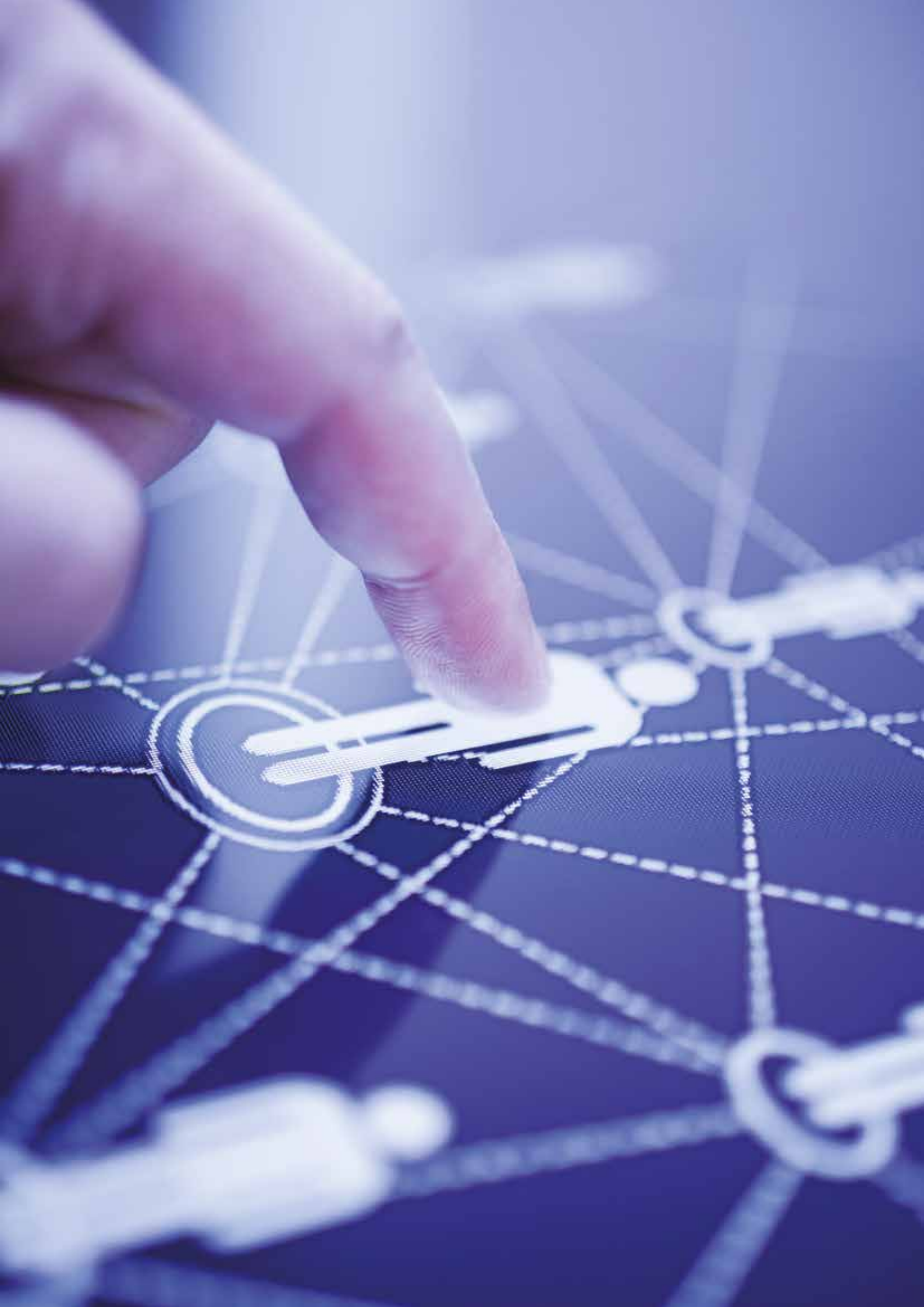
6. REPORTING PRACTICE

102-45	Entities included in the consolidated financial statements	Not applicable	
102-46	Defining report content and topic Boundaries	Identifying our Impacts	16
102-47	List of material topics	Identifying our Impacts	16
102-48	Restatements of information	Not applicable	
102-49	Changes in reporting	Approach to Corporate Social Responsibility	12
102-50	Reporting period	Approach to Corporate Social Responsibility	12
102-51	Date of most recent report	Approach to Corporate Social Responsibility	12
102-52	Reporting cycle	Approach to Corporate Social Responsibility	12
102-53	Contact point for questions regarding the report	End of report	44
102-54	Claims of reporting in accordance with the GRI Standards	Approach to Corporate Social Responsibility	12
102-55	GRI Content Index	Approach to Corporate Social Responsibility	12
102-56	External assurance	Approach to Corporate Social Responsibility	12

This table points readers to **Topic Specific Disclosures**, identified by IDEMIA through stakeholder engagement, as being material topics for IDEMIA to address. Links are provided to each topic specific disclosure.

GRI TOPIC SPECIFIC DISCLOSURE	IDEMIA MATERIAL TOPIC	REPORT SECTION	PAGE
GRI 200 - ECONOMIC			
204: Procurement practices	Responsible supplier relationships	Responsible Sourcing	38
205: Anti-corruption	Anti-corruption and business ethics	Business Conduct	19
206: Anti-competitive behaviour	Customer relations	Products and Services	35
GRI 300 - ENVIRONMENTAL			
302-1: Energy	Green IT and environmental responsibility	Environment	32
306-2: Effluents and waste	Green IT and environmental responsibility	Environment	32
308: Supplier environmental assessment	Responsible supplier relationships	Responsible Sourcing	38
GRI 400 - SOCIAL			
403: Occupational health	Well-being at work	People	24
412: Human rights assessment	Human rights	Business Conduct	19
417: Marketing and labelling	Quality products and services	Products and Services	35
418: Customer privacy	Personal data protection and privacy	Business Conduct	19

Comments on this report and about any aspect of CSR at IDEMIA may be directed to CSRTeam@idemia.com





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