gemalto
security to be free

SUSTAINABILITY REPORT 2014

Trust.
Everywhere

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WELCOME

...to our sixth Sustainability Report, which mainly relates to our activities in 2014. We hope you find it informative. As part of our vision for sustainability, we are committed to sharing this with you and we look forward to receiving your feedback.

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CEO's message

Being **strategic** about sustainability

"Bringing trust to the fast-growing digital world is a significant responsibility. People need to be confident in our ability to achieve such a fundamental role in society."

OLIVIER PIOU
CHIEF EXECUTIVE OFFICER

Our significant responsibility

Gemalto is a company founded on strong principles, built to last – which means supporting the prosperity of our business while living out our social and ethical values.

Bringing trust to the fast-growing digital and mobile world is a significant responsibility. People need to be confident in our ability to achieve such a fundamental role in society, and in their daily lives. To create that confidence, we must prove that we're ourselves trustworthy and that we're focused on creating sustainable value in the long term.

A relationship built on trust

Building trust with our customers has hence always been one of our core principles. It's fundamental to their success as well as to ours, and derives both from how we conduct ourselves and what we can offer.

As the world becomes ever more digital, we're providing an increasingly diverse range of solutions and services. In doing so, we stand by our values and we feel free to challenge where we believe things need to change. Not every digital opportunity will be for us, so understanding the views of a diverse mix of stakeholders ensures we make the right choices.

Connecting strategy to action

Turning our sustainability vision into reality implies working on several fronts at once. In 2014 we confirmed our global reach – supporting mobile health services in Africa, for instance – and developed more ecological solutions, like our range of bio-sourced banking cards. We continued to work on reducing our CO_2 emissions, and kept a high satisfaction rate from our employees. We also got our main suppliers on board, 100% of whom have now signed our CSR charter.

The increasing breadth of our solutions comes through innovation and co-creation with a variety of stakeholders, as well as through acquisitions. In 2014 we launched our bid for SafeNet to add to our capability in enterprise security and in software and data protection.

With this report we wish to show you who we are, what we believe in and how we try our best to contribute to society. We focus on four main areas: supporting our customers, reducing our environmental impact, valuing our people and managing our business responsibly. We're improving our sustainability performance year on year, and provide you more robust, tangible evidence to demonstrate it.

Ultimately, we're focused on enabling our clients to deliver trusted and convenient solutions to billions of people. It's a principled, long-term vision that we are happy living every day.

Olivier Piou Chief Executive Officer

Who we are

We believe people everywhere have a right to **feel secure in their digital lives.**

Digital technology offers huge potential for people all over the world. The possibilities are increasing daily – but so are the threats. Which is why individuals and organizations are constantly asking two key questions:

- Are you who you say you are?
- Is my data safe with you?

It's our technology that helps them trust the answers - which is why it's been adopted by so many of the world's businesses and governments. When they want to protect data and identities, they use our solutions.

And that way, their customers can confidently make the most of the digital world.

That's our purpose:
enabling our clients to bring trusted and convenient digital services to billions of people.

+2bn
END-USERS BENEFIT FROM OUR SOLUTIONS

€2.5bn
2014 REVENUE

114
NEW PATENTS FILED

+180
COUNTRIES WHERE OUR CLIENTS ARE BASED

2,500
R&D ENGINEERS

12,000+
EMPLOYEES

116
NATIONALITIES OF OUR EMPLOYEES

All numbers are as at 31 December 2014

What we do

We secure digital services and networks by offering a seamless chain of software, products, platforms and services.

EMBEDDED SOFTWARE & PRODUCTS

We embed software in a vast range of smart objects such as SIM cards, contactless banking cards, ePassports, citizen IDs, password generators, machine identity modules and many other connected devices.

PLATFORMS & SERVICES

We create and run secure software platforms on servers, to monitor and control these devices across hundreds of networks – checking identities, managing transactions, encrypting data and securing access to the cloud.

OUR SOLUTIONS

Our solutions enable our clients to deliver a vast range of secure services in mobile communications, payment, online banking, cloud access, identity and privacy, electronic government, the internet of things, software monetization and so on.

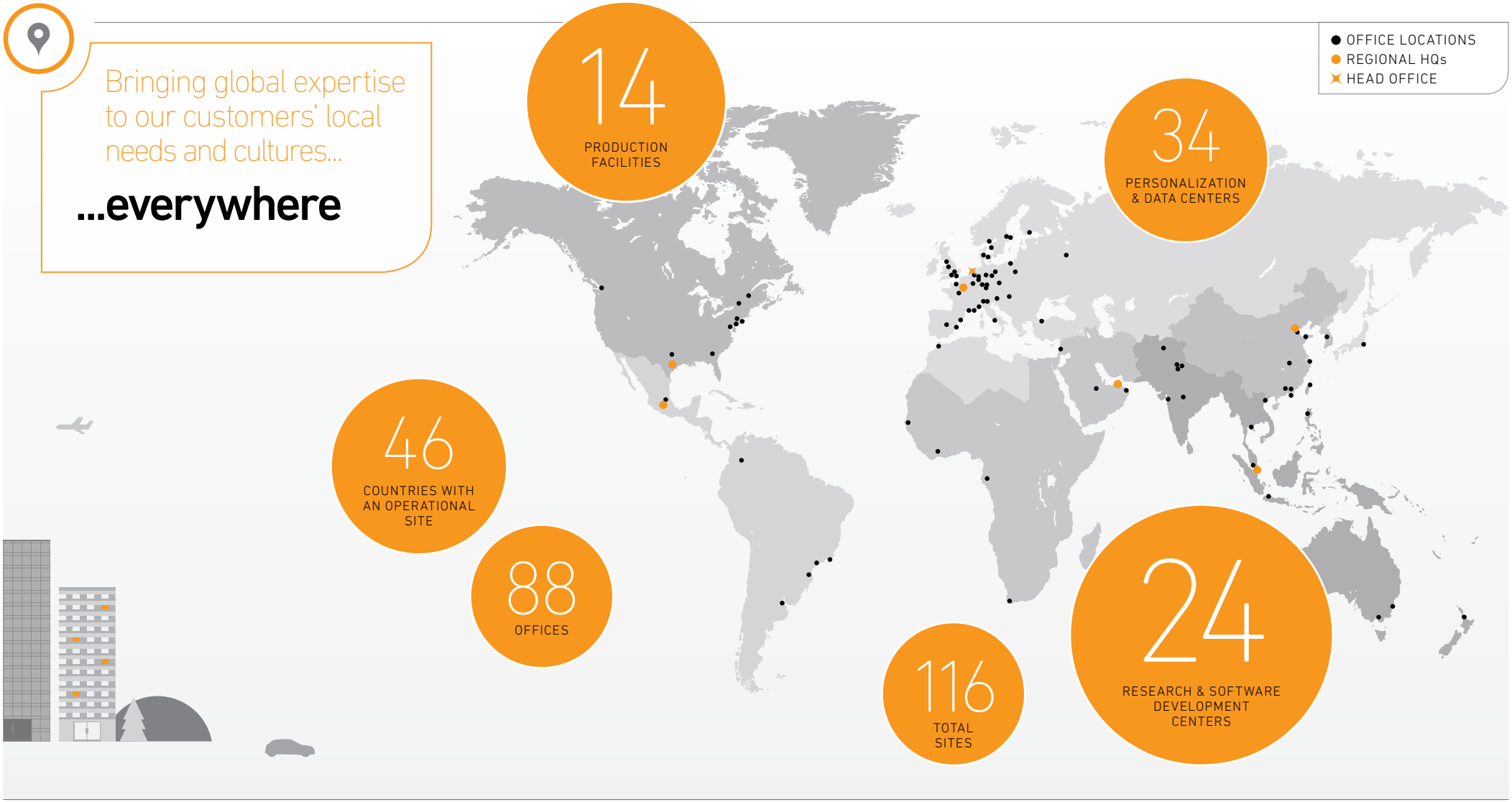
OUR CLIENTS

Our clients include some of the world's best known organizations: mobile operators, financial institutions, governments, healthcare providers, transport operators, vehicle manufacturers and many other enterprises.

Where we operate

Bringing global expertise to our customers' local needs and cultures...

...everywhere



Our **approach** to sustainability

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Gemalto and **sustainability**

OUR APPROACH

Being a leader in digital security, our solutions touch billions of people's lives every day. Ensuring these solutions are sustainable in the way they are made and used, and create maximum value for all our stakeholders, is central to our approach.

Materiality analysis

Our current materiality analysis dates from 2011, and we plan to update it in 2015. This will involve an assessment of our sustainability risks and opportunities and give us an overview of our material issues. This project will involve a wide consultation with internal and external stakeholders, benchmarking ourselves against other organizations, and taking account of issues raised by our key stakeholders.

The results, expected in the summer of 2015, will be used to identify and prioritize our risks, define our sustainability objectives, focus our reporting and target our resources and activities going forward.

Our values

Our approach to sustainability builds on our company core values, which underpin all our activities:

Customers
We put their needs at the center of all we do, develop partnerships and exceed their expectations.

People
We value their diversity, encourage teamwork and conduct ourselves with integrity.

Innovation
We continually develop valuable new ideas and creative approaches to business and technology.

OUR SUSTAINABILITY PRIORITIES

1. **Supporting our customers**
Our customers' evolving needs are at the heart of our business. We aim to build trusting long-term relationships with new and existing customers while working with them to develop innovative solutions that improve people's digital lives.

2. **Reducing our environmental impact**
Managing our impact on the environment is not only a moral responsibility and a regulatory requirement, it is a commercial opportunity. By reducing our energy use, water consumption and waste, we help our clients achieve their environmental objectives while reducing costs for our own business.

3. **Valuing our people**
Gemalto is built on the outstanding ingenuity and motivation of its people. To maintain our world-leading position, we need to attract, nurture and retain a talented, diverse and innovative workforce.

4. **Managing our business responsibly**
Our relationships depend on strong governance and sound business ethics. We build trust with our clients by behaving with integrity. We manage our risks through robust systems and policies. And we engage with employees and suppliers to improve environmental, social and ethical standards throughout our supply chain.

Our sustainability **performance** overview

OUR PRIORITIES	WHAT WE DO	2014 HIGHLIGHTS	WHAT'S NEXT?
1 Supporting our customers	• Customer engagement • Research and development • Responsible solutions • Eco-design	• 84% of customers 'satisfied' or 'very satisfied' with Gemalto (annual customer survey) • €180 million invested in R&D • Active participation in open standards (W3C member) • 1 billion people reached through our mobile financial services worldwide • 10 million carbon offset cards sold in 2014	• Deploy eco-friendly products: PLA cards[1], smaller SIM cards, responsible packaging and carbon offset offer
2 Reducing our environmental impact	• Environmental standards and certifications • Carbon reduction program • Energy, water and waste management	• 2 new sites certified ISO 14001 (total: 24 sites) • 70% of our employees work in ISO 14001 certified sites • Improvement of scope 3 GHG measurement • Improvement of our transport reporting • 80% waste valorization rate • 8% reduction of waste per production volume	• Continue to deploy energy audits on sites • Define a green IT action plan • Deploy CO_2 savings measurements for transportation optimization projects • Define measurement methods for express transportation
3 Valuing our people	• Monitor employee engagement • Strategic recruitment and inductions • Training and development • Mobility • Diversity • Safety at work • Employees' charitable activities	• 82% of our employees satisfied (annual survey) • Hired people from 65 nationalities and 40 countries • 69% of our employees received training in 2014 • 15% of our new recruits are fresh graduates • 95% of top 240 managers people have been promoted from within • Deployment of internal professional women's network • 1 new site OHSAS 18001 certified (total certified: 18) • Zero accident in handling hazardous substances since 2010 • 62 charitable activities funded involving more than 530 employee volunteers	• Deploy action plans following the employees' survey • Provide comprehensive training for everyone involved in recruitment • Recruitment programs for universities and schools • Integration programs particularly for employees of our recently acquired companies • Continue to encourage gender balance through women's network and our external outreach • Deploy our proactive watch program on hazardous substances
4 Managing our business responsibly	• Responsible supply chain • Code of ethics • Policies • Management systems • Standards • Risk management • Quality • Anti-fraud and corruption • Trade compliance • Monitoring and verification • Data protection and security	• 100% of our main suppliers have signed our Purchasing CSR Charter • 20 full on-site supplier audits carried out in 2014 • 92% positive response by employees to two new ethics-related questions introduced in our 2014 employee survey • Over 120 crisis management leaders trained worldwide	• Work with our suppliers to define their CSR objectives and action plans, and to plan specific audits • Offer training to help suppliers develop their CSR skills • Use the Global Reporting Initiative (GRI) indicators as a guideline to assess our purchasing performance • Communicate internally about responsible purchasing • Complete our Enterprise Risk Assessment on Platforms and Services businesses • Deploy our revised Business Continuity Framework on strategic sites and organizations • Streamline our Internal Control framework

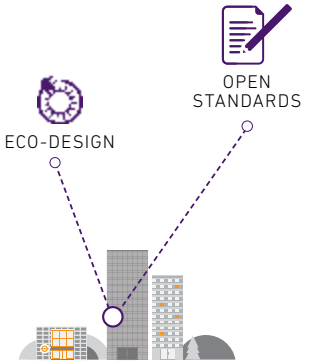
[1] Polylactic acid

Sustainability across our activities

INNOVATE

We're constantly innovating to address our clients' rapidly changing needs, respond to the opportunities of the digital age and enhance digital security.

CSR FOCUS



PRODUCE

We develop secure software and operating systems which we embed in many kinds of trusted device, which we then assemble and personalize.

CSR FOCUS

DELIVER

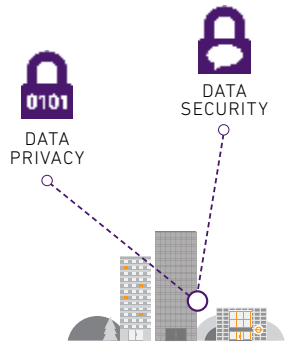
We deliver a vast range of solutions to our customers so that they can offer secure, convenient, high-quality products and services to their end-users.

CSR FOCUS

MANAGE

We use our platforms to manage products and data while they're in use, protecting, activating and updating them so they retain their value and offer the latest services to end-users.

CSR FOCUS



Managing sustainability

At Gemalto, sustainability is managed from Boardroom to site level. Everyone, at every level of the organization, plays a part in creating a responsible business.

The Board

Gemalto's Board is ultimately responsible for Gemalto's sustainability vision, strategy and performance.

The Sustainability Board

Chaired by our CEO, the Sustainability Board is an annual forum for Gemalto's Vice-Presidents to review our sustainability strategy, policies and performance and discuss next steps.

The Sustainability Steering Committee

Reporting to the Board, the Sustainability Steering Committee includes members of the Sustainability Board and representatives from key business functions. They work together to identify and implement our sustainability priorities and action plans, monitor and assess our performance.

Site managers

Site managers are responsible for implementing relevant sustainability policies and action plans at site level and reporting on performance.

Engaging with our stakeholders

Our stakeholders have their own priorities, concerns and understanding of sustainability.

Being transparent about our priorities, our performance and management processes helps us to build trust and identify opportunities to improve, while enabling our stakeholders to hold us accountable for our results. We regularly engage with a wide range of individuals and organizations to consult their views, build partnerships and communicate our actions and performance.

Here, we focus on our key stakeholders – those with the greatest influence on our performance.

OUR STAKEHOLDERS	HOW WE ENGAGE WITH THEM
Our customers	We are in constant, open dialogue with our customers to identify common interests and meet mutual objectives. We also work together to understand sustainability requirements and develop solutions. Our annual customer feedback survey, 'Tell Me', gives us a deep understanding of their views on many aspects of our business (see page 15 for further details). We also engage people through seminars and workshops, CSR questionnaires and through our consumer advice website, JustAskGemalto.com.
Our employees	Our annual employee survey – PeopleQuest – is designed to track employee satisfaction globally. Our annual Gemalto Sustainable Development Day (GSDD) enables employees to share and learn about each other's views on cultural, social and environmental issues (see page 33). Every year we share the priorities of our strategic HSE and sustainability agenda, and we invite employee feedback on our Sustainability Report. We also provide a confidential whistleblower hotline to enable them to raise concerns.
Our suppliers	Our CSR Purchasing Charter explains what we expect from our suppliers. The Charter has now been signed by 100% of our Tier 1 suppliers. We hold quarterly business review meetings with our main suppliers, which include discussions on sustainability topics. We also carry out supplier audits to get a realistic view of current practices and, if needed, share concerns on the issues raised (see page 36).
Our investors	Maintaining positive relations with investors and analysts is key to Gemalto's growth, and we use a wide variety of media to keep in regular contact. These include our Annual Report, Sustainability Report, press releases and Gemalto's investor website, as well as an Annual General Meeting of shareholders, regular roadshows, conference calls and face-to-face meetings. These enable us to understand their opinions and to adapt our policies with them in mind.
Our communities	We get involved in many of our local communities through our 'Your World' employee volunteering program (page 34) and other initiatives such as developing alternative ways of commuting to work (e.g. car-pooling and cycle-ways) and promoting sustainability awareness among local organizations and residents. Our recruitment and training programs are another way we engage with communities in the countries where we operate.

Supporting our **customers**

Our focus on customers ensures we build trust while tackling some of the big challenges facing society in a rapidly changing digital world.

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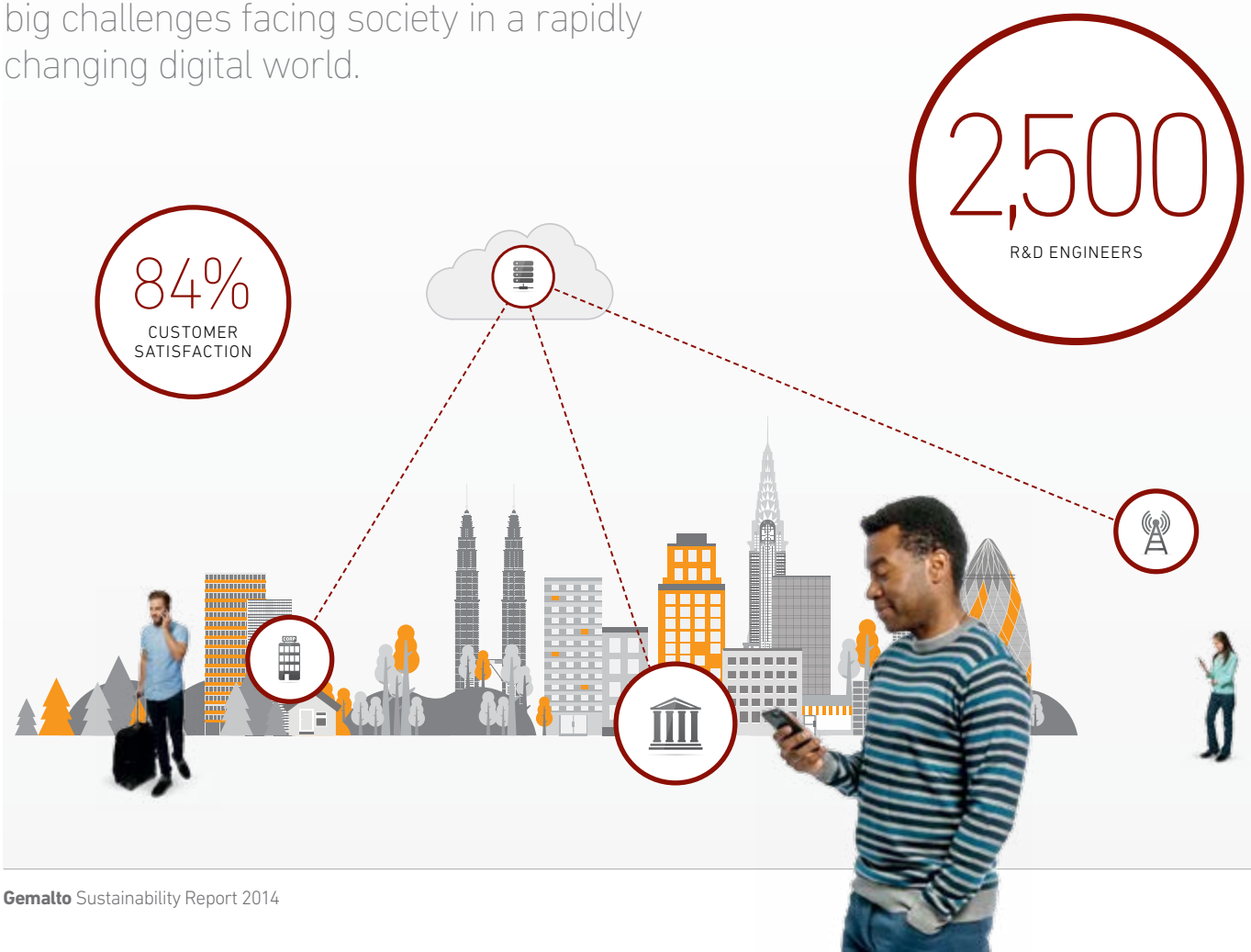
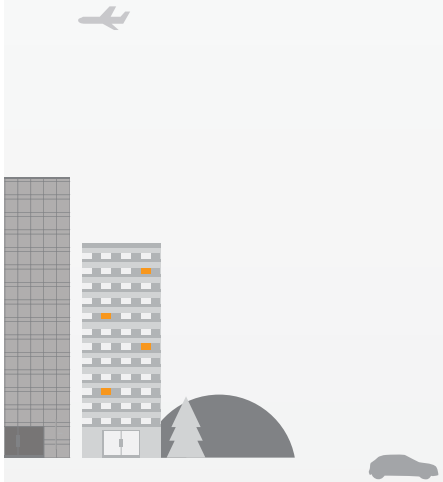


Creating **confidence**

OUR APPROACH

We value our customers very highly. We do everything we can to foster trusting, long-term relationships by focusing on their needs, living up to our promises and encouraging their feedback.



A relationship based on trust

Trust is critical for all our customers – from telecoms and public service providers to those working in finance and enterprise. With decades of experience, our clients know they can trust us to manage their own digital data and the personal information of their customers – including subscribers, citizens, bank account holders and employees.

People's trust in our ability to deliver high-quality products and services, and to provide support for problems, is central to our future business growth. We work hard to earn and maintain this trust by designing our strategy and operations around customer needs and ensuring we communicate with customers in an open and transparent way.

Listening to our customers

Every year, we commission our customer listening program – the 'Tell Me' strategic survey. This includes interviews with customers who rate their satisfaction with various aspects of the business and provide feedback on their vision and challenges. It provides a wealth of data that helps us measure our performance and shape our strategic direction. It also provides clients' views on a variety of topics to inform our approach to sustainability.

The Tell Me survey uses the methodology and metrics of an independent third party. In 2014 we held 350 'Tell Me' strategic interviews with our customers, representing the majority of our worldwide revenue. 84% of those interviewed said they were 'satisfied' or 'very satisfied' with Gemalto – a world-class rating.

KEY FIGURES 2014

CUSTOMERS WHO SAY THEY ARE 'SATISFIED' OR 'VERY SATISFIED' WITH GEMALTO

84%

QUESTIONS RECEIVED FROM CONSUMERS THROUGH JUSTASKGEMALTO.COM

1,100+

Supporting end-users

As a leader in digital security, we have a responsibility to help end-users understand the digital world and how they can get the most from the opportunities it offers. We provide advice and practical guidance in all areas of digital security through our consumer advice website – JustAskGemalto.com. Available in four different languages, it provides information on basic consumer issues and answers specific questions posted by users.

In 2014 our four sites received a total of 1,137 questions from visitors.

Innovating for our **clients' futures**

As one of our three core values, innovation is at the heart of everything we do and our proactive innovation program brings award-winning results. We're constantly researching and developing new ideas to deliver better solutions for our customers – through new technologies that enhance people's digital security and have a positive impact on society.

Meeting our customers' demand for innovation and collaboration

In an increasingly consumer-driven world, our customers depend on the highest standards of innovation to meet end-users' complex and changing needs. In recent years Gemalto has evolved to provide end-to-end insight development, research and collaboration that ensures our clients' offerings will be a success.

We've set up a new central market research team, which carries out consumer research on the topics that are of interest to our customers. This includes up-stream research before a product is developed to provide insight into end-users' specific needs, as well as research to help adapt an existing product to meet a particular market need or behavior.

In 2014 we also launched the Gemalto IDEAS Hub – an online consumer co-creation community in the UK and the US to test new ideas and concepts and to generate insights. These are fed back into discussions with our customers, promoting active collaboration during product development.

In 2014, for example, we conducted a survey to understand how end-users feel about online banking security. The insights we have gained are now being used to shape the next phase of collaboration with eBanking customers as we develop a new generation of eBanking security that meets fast-evolving consumer preferences and behavior.

We plan to extend the ideas hub to other parts of the world in the coming years.

KEY FIGURES 2014

INVESTED IN R&D

€180m

Supporting our people to generate new ideas

Thanks to the expertise and dedication of our 2,500 digital engineers based in 24 research and software development centers we submit a large number of patent applications for new innovations every year. Their work is enhanced by the creativity of Gemalto's entire workforce. That's why fostering innovation is a key element of our Human Resources training program (see page 31 of this report).

We encourage all employees to submit their ideas and suggestions through the Business Innovation Garage (BIG). BIG provides a structured process to funnel, nurture and retain our people's best ideas, rather like start-ups going through venture capital selection. Every year hundreds of ideas go through a stringent selection process, and the best of them become incubation cells for future development. Since it was launched in 2009, BIG has facilitated the development of several innovative solutions, some of which are now part of Gemalto's business stream.

Innovating for our clients' futures continued

Industry collaboration and co-operation

We collaborate with leading research bodies, universities, NGOs and industry partners through co-operative projects that aim to promote technological innovation and new digital concepts.

Yet developing new technology is only half of the story. We also work together to create global infrastructures and standardization that ensure our customers' digital solutions work in the field wherever they operate in the world.

By working together through a process of open innovation that pools expertise and allows shared learning, we can develop solutions that tackle many difficult challenges, as well as sharing best practices, standardizing approaches and leveraging funding.

In 2014 we worked on around 30 co-operative projects covering Telecommunications, Machine-to-Machine, Payment Systems, Government Programs and other areas such as Cloud Security and Wearable computing. About half were funded through international schemes (EUREKA clusters, Framework Programme of the European Union) and half by national programs. Gemalto's investment in these activities represents a significant focus for our experts' community.

One example is our collaboration with the International Civil Aviation Organization in the EUREKA Catrene Newp@ss project to develop a complete hardware and software platform for the fourth generation of ePassport, due to be launched in 2017. This future version will allow electronic data such as eVisas or Frequent Flyer information to be added to the electronic component of the passport. It is vital that the technology is standardized so that it can be used effectively around the world.

In France we are also an active participant in a number of 'Competitiveness clusters' which bring together businesses, research bodies and educational establishments in a specific region to develop co-operation around a set of shared themes and roadmaps. In 2014 we were involved in about ten innovative projects linked, for example, to Display Cards, Homomorphic Cryptosystems, the Internet of Things, and Privacy and Security protocols for embedded components.

Open standards – access for all

Gemalto is committed to making secure web technologies accessible to everyone. We're a member of the World Wide Web Consortium (W3C) which aims to make patent-free standards available to all developers of web applications. Our role is to ensure that these standards are trusted and secure. The challenge is to provide solutions that enable developers to meet their very specific security needs, while being flexible enough to operate around the world. In 2014 we supported the definition of a 'one-click button' for developers' basic security operations, and in 2015 we plan to support easy integration of payment means in the web. Furthermore, we support other open standards projects such as Open Web Application Security (OWASP) and FIDO Alliance.

Delivering **responsible solutions**

As a leader in digital security, our solutions touch billions of lives every day and help give people confidence in the applications offered by their service providers – our customers. Many of our solutions have wider social benefits beyond their immediate use, particularly in areas such as financial inclusion, health and welfare, safety and carbon saving.

Supporting health and welfare systems

New solutions are urgently needed to meet the increasing healthcare needs of a growing and aging population. It's predicted that, by 2020, there will be around 1 billion people in the world aged over 60, and increasing urbanization will see healthcare provision becoming more impoverished in some rural areas.

Tele-health uses Machine-to-Machine technology to deliver health services in an efficient, accessible way. For example, by providing remote monitoring for chronic illnesses such as diabetes and heart disease, it can increase patients' wellbeing, avoid hospitalization and reach people who live in isolated areas. Gemalto's Tele-health solution involves patients wearing a small device that uses mobile networks to link them automatically to doctors and healthcare system cloud-based services.

In 2014 our technology was selected by Limmex for a revolutionary emergency watch project with leading mobile operator Swisscom. The Limmex watch allows people with particular care or security needs – such as children, lone workers and individuals with specific health needs – to call friends and family at the push of a button.

Beyond this, our solutions support eHealthcare programs that provide multiple benefits for governments, patients, health insurers and health professionals. By linking secure personal eID with connected IT systems, eHealthcare programs reduce the heavy administrative burden on public healthcare. They also help prevent fraud, streamline prescription processes, improve quality of care and simplify records management. Gemalto currently supports eHealthcare systems in Algeria, Azerbaijan, China, Finland, France, Gabon, Germany, Mexico, Puerto Rico and Slovenia.

KEY FIGURES 2014

COUNTRIES THAT USE OUR MOBILE PAYMENT SOLUTIONS

17

PEOPLE REACHED THROUGH OUR MOBILE FINANCIAL SERVICES WORLDWIDE

1 bn

Supporting financial inclusion

Financial inclusion is key to the economic and social development of entire countries. Having a bank account makes it easier for people to save, access cash, pay bills, receive payments and develop a business. It also provides links with vital public and private services such as healthcare.

But globally, at least 2.5 billion adults[1] do not have bank accounts. For most, formal banking services are not available, affordable or reachable. Many lack the formal identification papers required to open a bank account, some live in rural areas without access to retail banking, and others have too low an income to be serviced by traditional financial institutions. Strikingly though, most unbanked people do have access to a mobile phone, and this presents a valuable opportunity to address the issue.

Gemalto enables its customers to provide mobile financial services to more than 1 billion people. Our services are available to consumers using any type of mobile handset across all mobile infrastructures, maximizing reach and engagement.

[1] Source: The Global Findex Database, Measuring Financial Inclusion, April 2012

Delivering responsible solutions continued

Today, Gemalto's mobile payment solutions are deployed in 17 countries: Cameroon, Colombia, Curaçao, Ghana, India, Italy, Ivory Coast, Mexico, Pakistan, Qatar, Rwanda, Spain, Suriname, Thailand, Uganda, Yemen and Zimbabwe. By way of an example, our technology powers the 'Transfer' service in Mexico. This allows any person or business with a mobile phone to send, request and receive money 24 hours a day without the need for data coverage or internet connectivity. 'Transfer' promotes the development of digital commerce in a traditional cash-based society, converting traditional banking transactions into secure and convenient electronic transactions. It serves millions of users in Mexico through its vast network of retailers, telecom operators and banks.

Supporting road safety

Our road safety solutions include smart card based technology for the European Digital Tachograph (EDT) – a sophisticated control system that records and monitors commercial driver and vehicle activity such as speed, driving time and breaks. Mandatory for all new trucks and buses in EU countries, the EDT offers an exceptionally high level of security and makes it much harder to commit and conceal fraudulent manipulation of the technology. As the first cross-border interoperable system of its kind, the EDT allows for better enforcement of a range of social legislation, improved road safety, better working conditions for drivers and fair competition between transport companies. Gemalto's smart card based Tachograph technology is an end-to-end solution which has been implemented across ten Tachograph projects, including in France and Turkey.

Other road safety solutions we are part of include eCall, a pan-European service which increases road safety by improving emergency service response times via automatically established, secure two-way links.

We also provide secure eDriving licenses. The European Commission makes a strong link between fake driving licenses and an increased risk of road accidents[1]. Our eDriving license is now used in France, India, Australia, Ireland, the Netherlands and Mexico.

Supporting energy efficiency

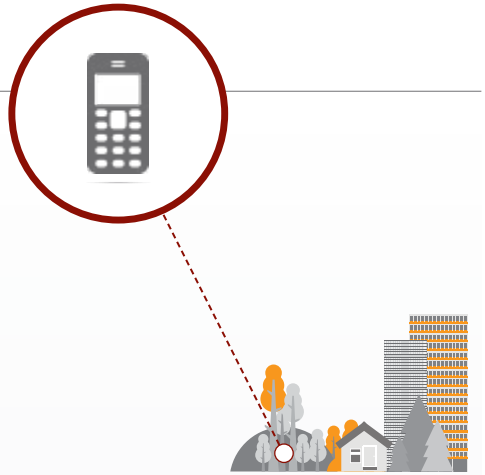
A secure energy supply is fundamental to society's wellbeing and economic growth. But we face a global challenge to improve energy efficiency and reduce climate change emissions. There's no one single solution, but improving the efficiency of energy distribution networks can make an important contribution. The US Department of Energy[2] estimates that, if the power grid were just 5% more efficient, the energy saved would equate to eliminating the greenhouse gas emissions from 53 million cars.

Smart grids help utility companies improve energy efficiency by reducing energy losses and better integrating distributed power generation and renewable supplies. At home, smart meters help consumers track and reduce their consumption and associated costs.

In collaboration with Oracle and V2COM, Gemalto has created a smart grid solution – a smart meter equipped with Machine-to-Machine technology – which allows the metering infrastructure to communicate in real time. This solution is currently being implemented in a number of countries in Latin America, including Brazil.

[1] http://europa.eu/rapid/press-release_IP-13-25_en.htm

[2] http://energy.gov/sites/prod/files/oeprod/DocumentsandMedia/DOE_SG_Book_Single_Pages.pdf



Trust. Every day

Improving maternal and child health and nutrition in Africa

In July 2014 we announced our support for the GSMA* pan-African mHealth Initiative (PAMI), which aims to improve maternal and child health and nutrition in sub-Saharan Africa. As one of the leading partners in this ambitious undertaking, we're contributing digital security expertise to help reach over 15 million pregnant women and mothers with children. Gemalto is helping to deliver mHealth and nutrition services through its advanced SmartMessage interactive messaging solution, helping to simplify the complex relationships between patients and health stakeholders.

* The GSMA represents the interests of mobile operators spanning more than 220 countries worldwide

Offering **eco-design** products

Our strategy is to develop a range of products that have a lower environmental impact, use less material and make the most of more sustainable solutions. We use life-cycle assessment and carbon footprint measuring tools to assess the environmental performance of our products – including smart banking and ID cards, SIM cards, USB tokens, readers, Machine-to-Machine components and terminals and other personalized devices.

What we do

Our customers increasingly want us to incorporate sustainable solutions into the products they deliver to their end-users. We help by developing new materials and processes that meet their needs. We also invest in research and development to identify new ways we can balance the marketability and the sustainability of our products. Using Life-Cycle Assessment, we quantify the environmental impact of our existing products and apply eco-design principles to the development of new ones.

Bio-sourced cards

In 2012 we issued a bio-sourced banking card using only polylactic acid (PLA) for the plastic part of the card body. This has a reduced environmental impact compared with traditionally used petroleum-based polymers. In 2014 we issued a new version of this card that targets dual interface applications and again only uses PLA.

Eco-friendly materials

For mobile network operators, we have developed a range of eco-friendly SIM card bodies, including half-sized bodies as well as SIMs with no extra card body that can be directly plugged into a handset. We've developed new manufacturing technologies to produce these cards. We've also extended the principle of developing smaller products using eco-friendly materials to the creation of new lines in card readers and packaging.

Carbon offsetting

Our carbon footprint modelling tool helps customers calculate the CO_2 emissions associated with a product to identify improvements and shape future plans. We offer customers the opportunity to offset the CO_2 emissions associated with a product through our partnership with CO_2Solidaire, which supports projects in developing countries that improve people's living conditions while reducing greenhouse gas emissions.

KEY FIGURES 2014

LIFE-CYCLE ASSESSMENTS OF OUR PRODUCTS SINCE 2012

50

ECO-FRIENDLY SIM CARDS SOLD

14%

'CARBON OFFSET' CARDS SOLD

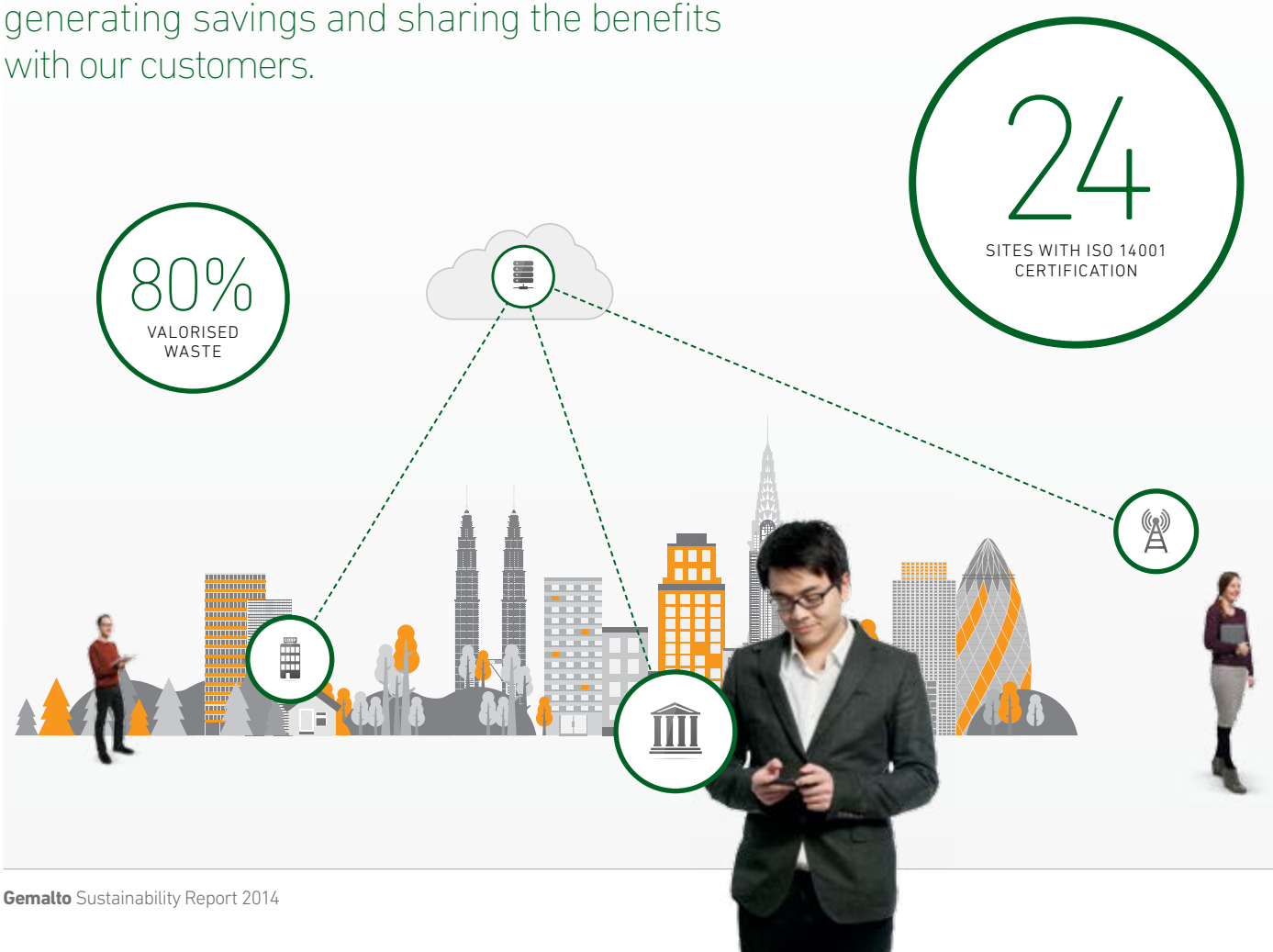
10m

Reducing our **environmental impact**

We're always working to reduce the impact of our operations, creating efficiencies, generating savings and sharing the benefits with our customers.

IN THIS SECTION

- Managing our environmental impacts 22
- Our carbon footprint program 23
- Energy and transport 24
- Water and waste 25



Managing our **environmental impacts**

OUR APPROACH

Our approach aims to reduce our environmental impacts and associated costs, and ensure we demonstrate our performance in a way that meets customers' expectations. To do that, we focus on three main elements:

- achieving ISO 14001 international certification;
- compliance with national and international regulations;
- improved manufacturing processes and the traceability of our supply chain.

What we do

We have achieved ISO 14001 certification at 22 of our production facilities and personalization centers, as well as at two office sites in France. Together, these cover 70% of our total workforce. Sites are externally audited at least once a year to assess the effectiveness of Environmental Management Systems – including risk management, impact analysis and improvement plans.

We manage the impacts of our operations through site-specific action plans which focus on reducing:

- consumption of energy, water, paper and manufacturing materials;
- waste management and pollution;
- greenhouse gas (GHG) emissions.

Many of our customers now have programs and targets in place to reduce their own GHG emissions. We help them by measuring and reducing our own environmental footprint (see next page for details). We also commission external auditors to evaluate our response to changes in legal requirements and regulations – mainly relating to the management of hazardous materials such as printing inks and related solvents.

KEY FIGURES 2014

SITES WITH ISO 14001 CERTIFICATION

24

PROPORTION OF OUR WORKFORCE BASED AT SITES WITH ISO 14001 CERTIFICATION

70%

Our **carbon footprint** program

We launched our carbon footprint program in 2009 to help monitor and reduce carbon emissions arising from our operations. We measure the six greenhouse gas (GHG) emissions covered by the Kyoto protocol that are relevant to our activities. Our monitoring includes energy and refrigerant gas consumption, incoming materials and services, incoming and outgoing freight, waste generation and business travel for both commuters and visitors.

Measuring our footprint

In 2012 we completed the measurement of the carbon footprint at all our sites. Our total Group-wide footprint was around 700,000 tons of CO_2 eq. Our most significant impacts come from raw materials in our production activities, which account for more than half of our emissions. The manufacturing of microprocessor chips is the single biggest contributor. Beyond this, product freight represents around 12% and business travel and energy consumption each around 10% of our total impact.

We looked at tons of CO_2 for all six greenhouse gases (GHGs) when calculating our total environmental footprint, following the French '*Bilan carbone*' rules and the guidelines of the Carbon Disclosure Project (CDP).

While we do not measure our total global carbon footprint every year, we do measure our scope 1 and 2 emissions and some scope 3 emissions (as declared in CDP) annually. In the future we plan to measure all our main sources of emissions annually to improve the monitoring of GHG savings.

Having this clear overview has helped us to tackle our most significant emissions through a range of actions:

- **microprocessor chips:** our purchasing teams now request updated information from suppliers on the amount of CO_2 per product;
- **transportation:** we include a footprint calculation tool in all standard supplier reports;
- **business travel:** we target reductions in professional travel, mainly by promoting IT communication solutions such as instant messaging and videoconferencing;

KEY FIGURES 2014

ESTIMATED GLOBAL GROUP-WIDE CARBON FOOTPRINT

700,000 in tons of eCO_2

SCOPE 1 AND 2 EMISSIONS IN OUR 21 MAIN SITES

48,627 in tons of eCO_2

- **product eco-design:** we have provided training to our R&D and marketing teams to develop lower impact products;
- **energy consumption reduction:** local action plans and our corporate energy audit program aim to identify energy efficiency opportunities;
- **waste reduction and recycling:** a range of local actions to reduce waste production and increase valorization (recycling or incineration with energy recovery) of our waste;
- **commuting (travel from home to work):** local actions to increase low-carbon modes of transport such as public transport, lift sharing, cycling, walking and working from home.

In 2009 we launched our carbon offset program, which enables customers to offset the carbon emissions associated with our products (see page 20).

Energy and **transport**

Energy

Our main energy use is for powering air-conditioning and heating installations in all our sites and machinery in our manufacturing sites. Reducing our energy consumption and associated costs has long been a priority, and some of our sites have been ISO 14001 certified for a decade.

We aim to reduce Company-wide energy consumption by 5% in ratio year on year, and we monitor energy usage in line with our corporate plans. Over the past ten years our main achievements have come through improvements to operational processes. Having introduced many successful measures, it is becoming increasingly challenging to meet our annual targets. Combined with this, Gemalto's growing commercial success is resulting in increased orders and production, pushing up our energy consumption.

We are working on a variety of site-specific actions to continue to reduce energy consumption. To measure and reduce the environmental impact of IT products and services, both for internal or business use, we now include Green-IT metrics in IT operational dashboards, and we have built a Green-IT clause focusing on energy and carbon use effectiveness in all new procurement contracts dealing with external data centers.

In 2013 we introduced an energy audit program which was supported by external energy-efficiency auditors. Sites now benefit from expert insight for improving their performance monitoring and action plans.

Transport

Since 2011 we have used our carbon measurement tool to calculate CO_2 emissions from freight – covering our principal logistics suppliers which transport goods between Gemalto sites and deliver our products to customers.

Our policy is to promote low-emission modes of transport as much as possible:

- sea-based freight transportation;
- road over air when appropriate;
- consolidated trucks, as opposed to dedicated truck.

KEY FIGURES 2014

ENERGY CONSUMPTION IN OUR 21 MAIN SITES

120 GWh

REPORTING COVERAGE: % OF TRANSPORTATION EXPENSES COVERED

50%

What's next

- Continue to deploy energy audits on sites.
- Deploy CO_2 savings measurements for transportation optimization projects.
- Define a Green-IT action plan.
- Define measurement methods for express transportation.

Water and **waste**

Water consumption

Our main water use is for sanitary purposes, green space and for washing printing frames in some manufacturing sites. Our policy is to continuously reduce company-wide water consumption by 5% a year in ratio.

Since we began measuring our water use in 2009, we have reduced water consumption per employee by 24% – from 21m^3 to 16m^3.

Waste reduction and valorization

To reduce and valorize our waste, we focus on three key areas: non-hazardous waste (plastic and module residues containing epoxy and metal), standard office waste (paper, print cartridges and toners) and hazardous waste (including inks and solvents).

Our objective is to reduce overall waste by 5% in ratio per year and to achieve a 75% valorization rate.

In 2014 the amount of waste per production volume decreased by almost 8%.

Our valorization rate is at 80%. This is the result of continuous improvement, including separation for recycling of both plastic and lead-frame skeleton waste in our manufacturing processes.

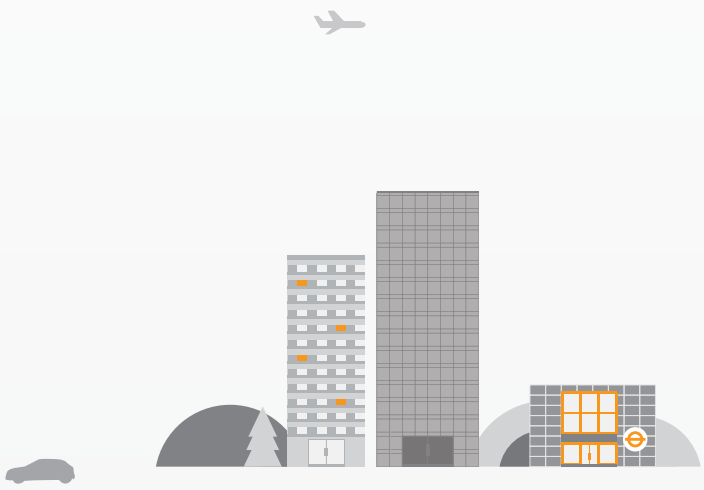
KEY FIGURES 2014

WATER CONSUMPTION PER EMPLOYEE

16m^3

VALORIZED WASTE

80%



Valuing our **people**

The wellbeing and development of our people is paramount for ensuring we meet our future business needs and provide a place where everyone can grow.

IN THIS SECTION

- Our Human Resources strategy 27
- Our priorities 28
- New talent acquisition 29
- Learning and development 31
- Diversity 32
- A safe place to work 33
- Supporting our employees' charitable activities 34

Our **Human Resources** strategy

OUR APPROACH

Gemalto's success is built on the ingenuity of its people. The way we manage and develop them is critical to our future growth. We base our business on a strong ethical foundation and culture of innovation, enabling us to attract and retain the most talented of them. By understanding our people's values and aspirations, we can create a professional environment where everybody thrives and feels proud to be part of a company that provides more than just a day job.

Our people are vital to our success

Trust in the performance and ethics of what we do is fundamental to our success, and the relationships between our employees and our customers are increasingly important. We're judged not only on the quality of our technical solutions but also on the quality of our people. That's why their talent, loyalty and trust are strategic priorities for Gemalto, and why we aim to enable every employee to contribute to Gemalto's future.

Employee engagement

Our annual 'PeopleQuest' survey tracks employee satisfaction so we can identify areas for improvement and continue to meet their high expectations.

In 2014 an impressive 83% of employees completed the survey (2013: 82%), demonstrating the value people place in it for improving their working lives and the success of the business. 82% of them said they were satisfied with Gemalto. We also strengthened the 'Ethics and Values' component of the survey, adding two new questions concerning ethics. A very high 92% of employees responded positively to these questions.

To gain as much as we can from the survey, we communicate results by region, site and organization – helping to build a deeper understanding of strengths and weaknesses and promoting accountability for action.

OUR PEOPLE IN 2014

TOTAL EMPLOYEES

12,000+

REGIONAL SPLIT OF WORKFORCE

ASIA	EMEA*
27%	51%

LATIN AMERICA	NORTH AMERICA
15%	7%

* EMEA: Europe, CIS, Middle East and Africa

GENDER DIVERSITY

MEN	WOMEN
61%	39%

Our **priorities**

Our '8 Pillars' for Human Resources

We base our approach to managing Human Resources on '8 Pillars' which put people at the heart of our business. The '8 Pillars' form the foundation on which everything else is built – serving our employees' needs and supporting our long-term business objectives.

Exempt employees: see definition page 44

Management by objectives

As part of our annual Performance Review, every employee meets their manager to assess their progress against objectives, and to set new targets for the future. The process supports people through their careers, helps us identify talent and development needs, and monitors outcomes that are critical to our business. We continually review our performance management process to ensure goals remain relevant.

Ethics and community

The Gemalto Code of Ethics governs all our relationships with clients, suppliers, stakeholders and colleagues (see page 37). Through our community program, Your World, we encourage employees to take an active role in local community environmental and humanitarian activities (more on page 34).

Mobility

We help our future leaders develop the in-depth understanding of the business they need by providing opportunities to move around the Company. Schemes like the Young Transfer Program encourage geographical and functional mobility, and support our strategy to develop leaders, managers and technical experts in key markets.

Training

To help people excel every day and build successful careers for tomorrow, our training programs are designed to provide the knowledge, skills and creativity they need to achieve our vision and their own current and future aspirations.

Recruitment

Our recruitment approach is based on fair and ethical criteria to identify the best available talent for the Company. In 2014 we strengthened our talent pipeline by recruiting exempt employees across 36 countries.

Compensation and benefits

Our compensation and benefits strategy provides a very precise method for determining how we reward our employees. It is benchmarked internally and externally, ensuring fairness, transparency, consistency and competitiveness.

Promotion from within

Internal promotion and talent management is fundamental to our sustainable leadership model and long-term development. We believe people who are trained, challenged and in control of their careers are best placed to take us into the future.

Diversity

We depend on a diverse, open-minded workforce to respond to rapid and complex changes in our customer base, markets and technologies. Our emphasis on diversity gives us a clear competitive advantage by promoting innovation and shared learning, and by shaping fair and equal employment practices.

New talent acquisition

Recruitment

Being the leader in Digital Security – a business inspired by continuous innovation – we need to hire the best engineers and most creative candidates capable of developing new ideas for our customers.

Global competition in our industry is fierce, so we have an ambitious talent acquisition strategy which is closely aligned with our business strategy.

In 2014 we recruited over 800 people for exempt positions in 36 countries. 32% of these were women, and 26% were fresh graduates.

Our four focus areas are:

REFER!

Our 'REFER!' program saw numerous new recruits as a result of referrals from current employees.

University Relations Program

This involves Gemalto 'ambassadors' working to develop long-term relationships and recruitment initiatives with universities in several different countries.

Social media

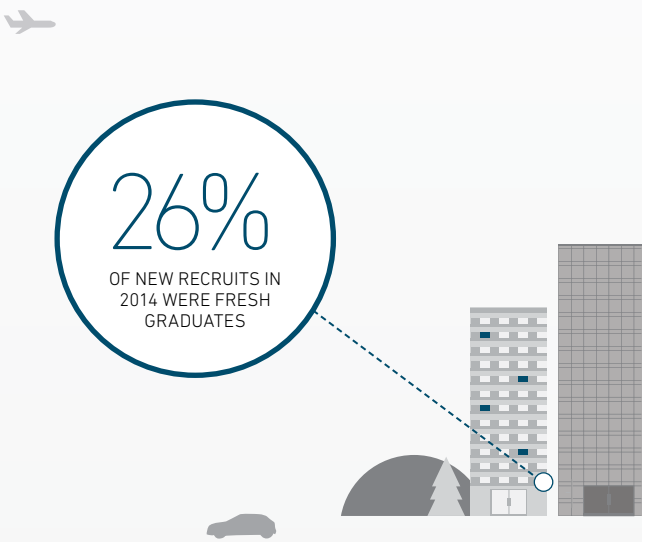
We use social media as a global recruitment tool. Our growing online presence is such that this is becoming a significant channel for recruitment.

Online

Our new candidate-friendly careers website www.gemalto.com/company/careers – was launched in May 2014.

What's next

- We will provide comprehensive training for everyone involved in recruitment, equipping them to tackle the challenges in today's talent acquisition landscape, and we will design a new program to deliver a very positive candidate experience.
- We will continue to strengthen our employer brand through multiple channels, with a focus on "what makes Gemalto unique".



New talent acquisition continued

Induction

We make it a priority to ensure that everyone who joins Gemalto feels welcomed from day one and supported to understand the business as they develop into their role. Our comprehensive employee induction program consists of three stages:

Gemalto Newcomer Orientation

The Gemalto Newcomer Orientation is attended by everyone from their first month as a Company employee. It introduces them to their role, explains how their part of the business operates and clarifies the relevant HR policies and procedures.

Gemalto Connection Program

The two-day Gemalto Connection Program is attended once selected exempt employees have been with us for between three and six months. It is designed to broaden their understanding of the business through meeting other employees and Senior Managers from their specific region.

Gemalto University – Discovery Program

The four-day Gemalto University – Discovery Program brings people together from around the world to build a deeper understanding of our values and mission, our management team and our global business in digital security.

Discovery Leadership Program

In July 2014 a selection of our most promising new recruits came together in San Francisco for our fourth Discovery Leadership Program. The event was designed as an opportunity to meet and hear from the Gemalto Senior Management team and to network with colleagues from around the world as they develop a sense of belonging to a global business.

Some 127 people representing 29 nationalities, working in 30 countries and across 52 different locations were involved in workshops which were led by executive managers. A 'Smart Hunt' around San Francisco helped participants see how people use our technologies, and an innovation brainstorm encouraged them to find a new business, service or improvement idea for Gemalto and to pitch it to the management team.

Learning and **development**

Investing in people

The digital world is evolving fast. We need our employees to respond quickly to new challenges, to anticipate the changing needs of customers and markets, and to adapt to new developments in technology. Investing in their skills and knowledge is one of our most important objectives.

Training programs

We offer a wide range of training opportunities. The 'Gemalto University' is our global leadership development program, which includes a number of targeted programs:

- discovery Leadership program – held every two years for new recruits (see page 30);
- emerging Leadership program – developing a cross-functional, international network of outstanding people with a key focus on digital security;
- executive Learning expedition – an opportunity for management teams to learn through benchmarking and best practice sharing from different industries.

Our new eLearning platform, launched in 2014, is an efficient, sustainable tool that makes the most of our knowledge and expertise by providing up-to-date information about our products and offers. For example, the SKY (Solutions are Key) eLearning program is dedicated to training our sales force and was completed by over 1,000 people in 2014. Other eLearning programs delivered during the year include modules on anti-competition law, anti-fraud and performance management.

Every year we invest approximately 2% of our total salary costs in training. In 2014 80% of our employees said that they have had opportunities to learn and grow. Furthermore, at the end of 2014, 94.6% of our top 240 managers had been promoted from within – reflecting our success in supporting people's mid- to long-term career development.

KEY FIGURES 2014

TRAINING SATISFACTION

79%

PERCENTAGE OF OUR TOTAL WORKFORCE WHO RECEIVED TRAINING

73%

PERCENTAGE OF OUR TOP 240 MANAGERS PROMOTED FROM WITHIN

94.6%

What's next

- Integration programs will continue to be key in 2015, particularly for employees of our recently-acquired company, SafeNet.

Developing innovation

Innovation is the key to meeting society's future needs and securing our long-term business success. The 'Gemalto Technical Ladder' is designed to provide structured opportunities for our technical experts to develop their international careers across different business groups. We have continued to expand our 'innovation cafés', which see experts present their technical work at different Gemalto sites – promoting internal knowledge sharing and encouraging innovation.

Diversity

Demographics

We recruit employees from a wide range of cultural and educational backgrounds, and we aim to be fair and inclusive in all recruitment and promotion decisions. In 2014, we recruited people of 64 different nationalities.

Gender diversity

We encourage the recruitment of women, as well as their development and promotion into Senior Management positions.

In 2014 women represented 39% of our new recruits, and 36% of participants in our 'Gemalto University' leadership development program were women (2013: 38%).

As of January 2014, two of our eight Senior Management team members and three of our 11 Board members were women.

'Gemalto Connected Women' is our internal professional network which aims to contribute to the Company's business success by increasing visibility of the benefits of gender diversity, building awareness, taking action and sharing best practice among Gemalto's women.

In 2014 40 network leaders from 15 locations attended our first global networking event, which included keynote industry speakers and the opportunity to meet colleagues and partners from the banking and telecoms industries.

KEY FIGURES 2014

PERCENTAGE OF WOMEN AMONG NEW RECRUITS

39%

What's next

- We will continue to encourage gender balance through 'Gemalto Connected Women' and our external outreach recruitment programs for universities and schools.
- We will also work to improve communication and understanding of the professional opportunities available to everyone at Gemalto.

A safe place to work

Health and safety

It is vital we provide a safe environment for all our employees and visitors. Our Human Resources and Health and Safety management systems are designed to reduce risks and ensure continuous improvement. We use OHSAS 18001 certification to gain external assurance of our standards.

Focus on safety

While our operations are relatively low risk, we strive to comply with the highest safety standards and controls. Our safety risks mainly relate to four areas:

- hazardous substances, compounds and chemicals used in manufacturing;
- ergonomics issues in our production sites; and musculoskeletal disorders (MSD);
- manufacturing equipment, forklifts and pallet trucks;
- commuting and business travel.

All our production areas and our two main administrative sites are certified OHSAS 18001, covering 62% of our employees. We challenge our practices and performance through external benchmarking and independent assessment.

In 2014 we lost a total of 770 working days as a result of injuries (2013: 1,082). The total number of injuries resulting in at least one day lost increased to 67, up 12% compared with 2013 (60). This was largely because of the higher number of accidents related to commuting, which at 20 was twice that in 2013 (10). Our target for 2015-2017 is to reduce the accident ratio per employee by 10%.

Managing hazardous substances

We use chemicals such as inks and solvents that can be flammable, irritating or toxic. We maintain and communicate with stakeholders a comprehensive list of reportable substances in our products, based on worldwide regulations and market requirements.

Through regular employee training, internal procedures and audits, we have not had any chemical-related accidents since 2010. In 2014 we began a proactive watch program to identify all substances present in our products that may be classified as dangerous for human health or the environment.

Ergonomics and musculoskeletal disorders (MSDs)

Our main ergonomics risks relate to the movement of materials at our production sites, while MSDs are mainly linked to repetitive movements in production areas, and to seating positions in offices.

We regularly run awareness and training programs to help build understanding and reduce the risks. We share experiences from across the business, including details of accidents, investigations and preventive actions, so that each site can improve its prevention plans.

In 2014 the theme for 'Gemalto Sustainable Development Day' was 'My health at work'. A set of video animations was presented on the intranet and during conferences to promote good posture and yoga exercises. Various activities were organized to encourage physical activity and raise awareness on nutrition.

KEY FIGURES 2014

OHSAS 18001 CERTIFIED SITES

18

EMPLOYEES COVERED BY OHSAS CERTIFICATION

62%

ACCIDENTS IN HANDLING HAZARDOUS SUBSTANCES SINCE 2010

ZERO

What's next

- Deploy our proactive program on hazardous substances.

Commuting and business travel

20% of our total days lost due to injuries in 2014 were a result of commuting and road accidents. To mitigate the risk, we run a Defensive Driving program for our business drivers, including those who rent a car, are reimbursed for mileage or who are required to drive as part of their duties. By the end of 2014 39% of relevant employees had attended a course.

To ensure the safety and security of our employees while travelling on Company business, we apply rigorous principles, including a travel validation process, pre-trip information and support, and 'security champions' at all our locations.

Supporting our employees' **charitable activities**

Our communities

We want to contribute to the communities we and our employees are part of – to help meet local needs and to build our reputation as a positive local employer.

'Your World'

Launched in 2008, 'Your World' is our annual program for employee involvement in community projects. Employees can apply for 'Your World' funding for humanitarian and environmental projects, either as individuals or as part of a team. Applications are assessed by a panel of local managers and employees and we contribute towards projects that demonstrate strong personal involvement and, for group projects, team-building benefits.

'Your World' also encourages employees to give their time to the local community through specific volunteering events and campaigns. In addition, our individual sites enable employees to support other activities that target specific local issues by giving time, money or donations in kind.

'Your World' in 2014

In 2014 Gemalto supported a diverse range of 62 projects, involving more than 530 employees. Projects supported through 'Your World' included:

- a food collection campaign in Gémenos and La Ciotat (France);
- construction of a reservoir wall to protect water from pollution in Noida (India);
- renovating an education and green jobs training organization in Austin (US);
- planting trees and helping to fertilize the harvest of '*Nuestros Pequeños Hermanos*', an institute for orphaned children in Mexico;
- turning a room into a library at Hoa Binh Social Center in Hanoi (Vietnam), a home to disadvantaged children, elderly and disabled people;
- running in the UK Race for Life fundraising event, to fund vital lifesaving work into preventing, diagnosing and treating cancer.

KEY FIGURES 2014

EMPLOYEES' PROJECTS FUNDED THROUGH YOUR WORLD PROGRAM	EMPLOYEE VOLUNTEERS IN YOUR WORLD PROJECTS
62	530+

What's next

- We are working to define a focus cause for our community efforts worldwide.

Disaster relief

Gemalto's disaster relief policy guides our response to sudden natural catastrophes such as earthquakes, tsunamis and floods. We respond to these types of disasters by providing technical help and guidance, and matching our employees' donations. We only make donations to reputable not-for-profit, non-governmental organizations.

Employees' survey incentive

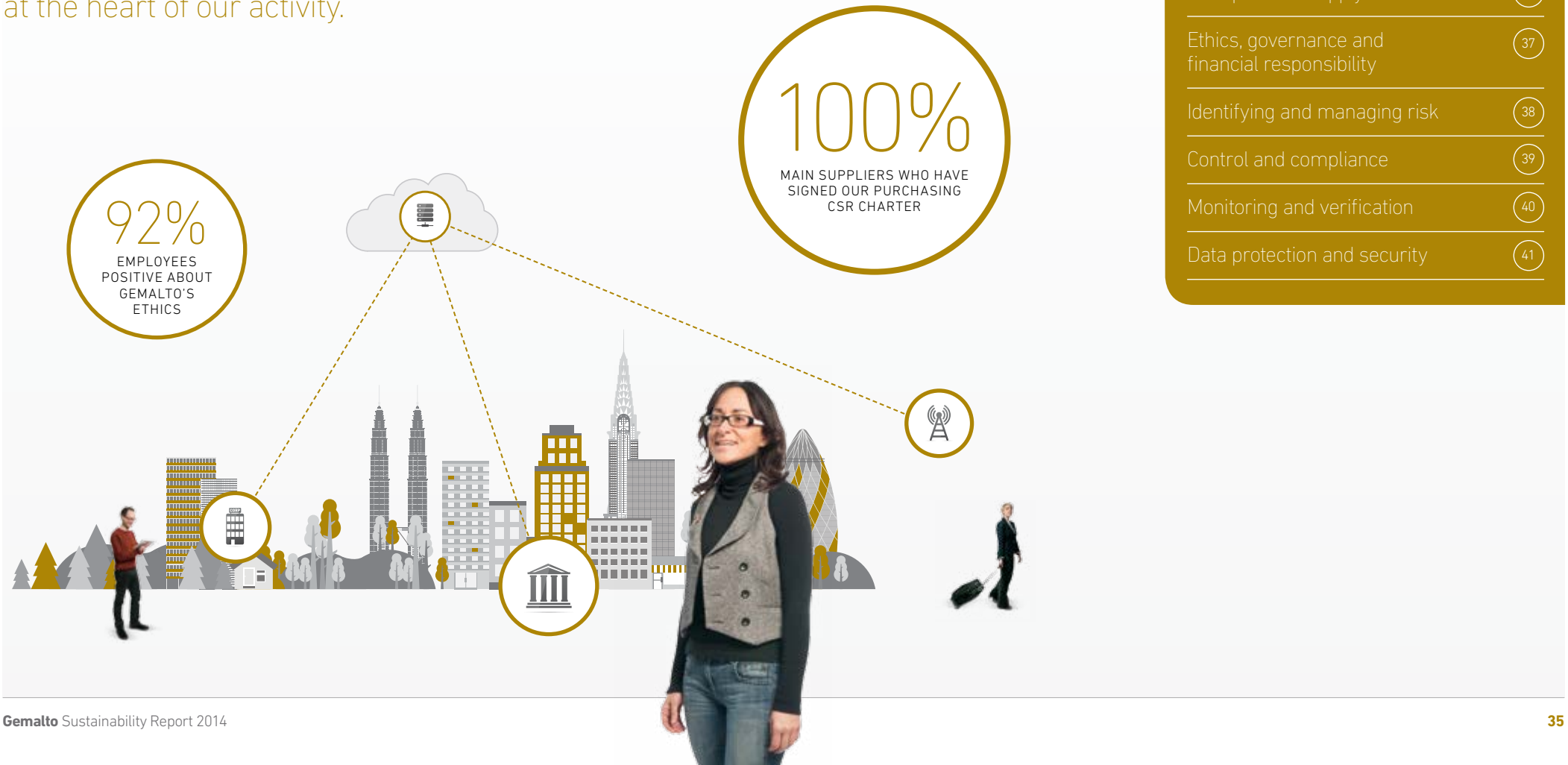
For every PeopleQuest survey completed by our employees, we donate €1 to a non-profit organization.

Managing our business **responsibly**

For Gemalto, good governance and strong business ethics are fundamental to the trust at the heart of our activity.

IN THIS SECTION

- A responsible supply chain 36
- Ethics, governance and financial responsibility 37
- Identifying and managing risk 38
- Control and compliance 39
- Monitoring and verification 40
- Data protection and security 41



A responsible **supply chain**

OUR APPROACH

We work closely with our suppliers to create a high-quality, reliable supply chain that supports our business objectives and meets our high ethical standards. Everyone involved in purchasing at Gemalto follows a well-established social responsibility evaluation process and achieves annual CSR objectives.

Responsible purchasing

Our responsible purchasing policies set out the environmental, social, ethical and supply chain management criteria on which we base our purchasing decisions. These criteria are derived from UN Global Compact electronics industry best practices.

We follow a three-step process:

1. **Securing commitment to our Purchasing CSR Charter**
   100% of our main suppliers (representing 78% of Gemalto's spending worldwide) have agreed and signed the Gemalto Purchasing CSR Charter, demonstrating that they adhere to the same values as us. We also include a CSR clause in all new contracts.

2. **Evaluating the CSR maturity of our main suppliers**
   Our CSR risk analysis, delivered by an independent third party, involves supplier self-declaration of social, ethical, environmental and supply chain policies. In 2014 the process covered around 60% of Gemalto's worldwide spending.

3. **Developing the CSR performance of our suppliers**
   The CSR performance of our suppliers varies depending on their location, size and organization. Our site audits are undertaken by an international third party, and help to ensure we retain the best suppliers and support them to meet our high CSR standards. In 2014 we carried out 20 audits around the world, with a particular focus on subcontractors and sensitive activities.

We aim to work collaboratively with our suppliers – helping them to improve through activities like on-site training and detailed improvement action plans. These are followed up with progress checks and additional site visits whenever required.

Supplier awareness of anti-fraud and anti-corruption

We require our suppliers to comply in full with anti-fraud and anti-corruption laws around the world, as set out in our CSR Charter, purchasing general terms and conditions and our CSR clause. In 2014 all Gemalto purchasers received training on anti-trust.

Sourcing minerals

Among the raw materials related to 'conflict-free' regulations, only gold is used in our products. To be confident that it only comes from acceptable sources, we require the very small number of suppliers involved to guarantee that the minerals we purchase originate from 'conflict-free' sources, based on the EICC's (Electronic Industry Citizenship Coalition) definition*. In 2014 all these suppliers confirmed compliance.

* The EICC is a coalition of the world's leading electronics companies working together to improve efficiency and social, ethical and environmental responsibility in the global supply chain

KEY FIGURES 2014

% OF OUR MAIN SUPPLIERS WHO HAVE SIGNED OUR PURCHASING CSR CHARTER	SUPPLIERS ON-SITE AUDITS ON CSR TOPICS
100%	20

What's next

- Work with our suppliers to define their CSR objectives and improvement action plans, and perform audits to assess their achievements.
- Offer training to help suppliers develop their CSR skills.
- Use the Global Reporting Initiative (GRI) indicators as a guideline to assess our purchasing performance.
- Communicate internally about responsible purchasing.

Ethics, governance and financial responsibility

Working with integrity

Our business is built on trust, so it's critical that we conduct our activities with honesty and integrity, comply with best practice and meet the highest standards of corporate governance. We have a number of codes and charters which underpin our management practices and professional standards.

Our Code of Ethics

The Gemalto Code of Ethics ensures we meet high ethical and professional standards wherever we operate, whether or not they are imposed by law. It guides all the work we do, how we work with others and how we deal with each other. At the end of 2012 we updated the code to include the requirements of the UN Global Compact. It is also supported by additional codes to guide purchasing and internal audit.

All new employees are expected to sign the Code of Ethics as part of the induction process, including employees brought into the Company through acquisitions.

Governance

Gemalto is a Dutch company listed on Euronext Amsterdam – our market of reference – and on Euronext Paris. Our corporate governance structure is based on the requirements of Dutch corporate law, the Dutch Act on Financial Supervision and the Dutch corporate governance rules. The Dutch *Autoriteit Financiële Markten* (AFM) – the Authority for Financial Markets – is our supervising authority. Where applicable, we also follow the regulations of the French *Autorité des Marchés Financiers* (AMF) – the Financial Markets Authority – as well as our own complementary internal procedures.

The Gemalto Board is committed to meeting the highest standards of corporate governance as a central measure to securing our long-term success. We aim for a rich blend of experience around the table to provide broad insights into the global, technological environment in which we operate. Since 2012 we have appointed three new non-executive Board members from Asia and the US – Homaira Akbari, Yen Yen Tan and Drina Yue – all active businesswomen who contribute a diversity of skills and experience to the Company.

For more information on Gemalto's governance structure see our 2014 Annual Report.

Financial responsibility

Gemalto follows a deep-rooted policy of responsible and sustainable financial management. This is fundamental to the way we run the Company, ensuring long-term resilience and meeting the expectations of our clients.

As a company with dual listing in Amsterdam and Paris, we comply with relevant market regulations and financial control requirements in both the Netherlands and France. These include a review of our reporting and accounts by our Audit committee and Board, and examination by external independent auditors. Gemalto's Audit committee Chairman is a specialist in audit activities and, like the other non-executive Board members, is independent.

The Audit committee assists the Board in addressing financial risks, including liquidity, foreign exchange, interest rate and credit risks. Our conservative management approach and metrics are described in the Annual Report.

This year, Gemalto shifted its funding policy from a net cash position to a still conservative financial structure after issuing a €400m seven-year public bond without financial covenants, in order to fund its acquisitions, particularly SafeNet.

Gemalto pays all taxes due in the countries where it operates based on a transparent transfer pricing policy and an open description of its shareholding organization. Details of this and local compliance measures are provided in the 2014 Annual Report.

Identifying and **managing risk**

Effective risk management is integral to our service and our culture, and it is fundamental to building trust in our ability to provide secure solutions and devices. We see effective risk management as a core responsibility to our stakeholders – including our customers, their end-users, investors, employees and others. We make it a priority to secure the operational security, integrity and continuity of all our operations around the world.

Risk management

Risk assessment is carried out at Group, business, function, domain and site management levels. We explain our principal risks and mitigation steps in our 2014 Annual Report.

We have developed five dedicated risk management processes across the organization:

- budgeting, planning and reporting;
- risk assessment and mitigation;
- crisis and business continuity management;
- fraud risk management;
- transfer to insurance.

Crisis management and business continuity

We cannot control all the risks we face, so we have robust crisis management and business continuity response plans in place to ensure our resilience to unforeseen events.

Our crisis management framework encompasses basic escalation and communication rules, action guidelines and clear roles and responsibilities for managing a crisis. So far, we have provided incident simulation training to over 120 crisis management leaders worldwide. In 2014 we continued to update and refine our crisis management framework in a continuous improvement loop. All crisis management leaders were required to submit their updated crisis management plans to the Corporate Risk Management Team for quality assurance purposes.

We also have a detailed business continuity framework and response plans in place to minimize disruption in the event of a crisis. They include increasingly standardized production tools and processes to promote flexibility between sites, multi-sourcing strategies so that we are not dependent on a single supplier and redundancy in our infrastructure so that support is available in the event of a problem. We reinforce this by storing key data in back-up sites so that our operations can continue uninterrupted during an incident. In 2014 we strengthened our business continuity framework with improved tools, templates and educational support across the Company.

KEY FIGURE 2014

CRISIS MANAGEMENT LEADERS TRAINED WORLDWIDE

120+

What's next

In 2015 we will continue to evolve and strengthen our risk management framework, enhancing our risk management culture across the business in line with best practices. Our next set of priorities includes:

- completing our enterprise risk assessment on Platforms & Services businesses;
- deploying our revised business continuity framework on strategic sites and organizations;
- streamlining our internal control framework.

Control and **compliance**

Management systems

We manage our business through a number of well-established management systems, including risk, security, environmental and quality management systems.

Quality and reliability

To maximize quality for our customers, we create bespoke products tailored to their needs and timescales through a 'make-to-order', rather than a 'make-to-stock', process. We source raw materials according to customer requests and make components based on specific functional specifications, rather than generic characteristics.

In 2014 we focused on the quality and service of our Platforms and Solutions – from development to operation. We established a dedicated team and aligned other internal teams to deliver specific KPIs to help better serve our customers.

Our 'World Class Enterprise Group' is dedicated to continuous quality improvement. It comprises a global unit of some 60 people who have undergone comprehensive training. They anticipate forthcoming standards to ensure Gemalto is always in line with best practice and fully compliant with current and future regulations.

Our annual 'Operations Excellence Award' scheme identifies the best contributions to customer satisfaction, quality, service and cost improvements from across the business. In 2014 63 projects were submitted by teams from 19 sites worldwide and the Gold winner was a software service delivery in the US.

Anti-fraud, bribery and corruption

Gemalto's anti-fraud framework is designed to prevent, detect, deter and respond to any fraudulent activities. It is overseen by the anti-fraud Commission, which comprises six Senior Managers and is responsible for continuous assessment of our fraud risks and development of our anti-fraud policy. Managers must inform the Commission of any suspicion of fraud. Additionally, employees can also use the Gemalto whistleblower line to raise concerns about financial irregularities. In 2014 17 of our 45 internal audits were either focused on fraud risk or were partially motivated by fraud concerns. In addition, around 430 key personnel received training on anti-fraud or anti-bribery and more than 1,000 were trained in ethics, bribery law, CFIUS and trade compliance topics. Newsletters, including these topics, were sent to around 1,800 employees.

We extend our anti-fraud focus to relevant third parties. Our Purchasing CSR Charter clearly states obligations relating to identifying, addressing and monitoring corruption concerns or verified practices (see page 36).

In some locations we work with agents and other intermediaries who promote our solutions and services. Our Agents Policy categorically prohibits us from dealing with those who have used, or are suspected of using, corrupt practices and behaviors to gain or retain business. In 2014 we strengthened our policy with additional information and standards to guide our management of agent relationships.

Human rights

Gemalto supports and complies with The United Nations Universal Declaration of Human Rights and the International Labor Organization (ILSO) standards. As a signatory of the United Nations Global Compact, we also benchmark our policies and results against world-class performers, and we review them annually against the Compact's ten principles. Our own HR rules usually exceed local rules and regulations, helping to ensure we avoid potential risks wherever we operate around the world.

Trade compliance

Gemalto is committed to full compliance with international, regional and local customs and trade control laws and regulations wherever it does business. This commitment is expressed through a dedicated network of Trade Compliance champions who operate under the leadership of the Corporate Trade Compliance Manager. The Trade Compliance department organizes regular local and global training sessions, as well as eLearning modules to improve awareness. Since 2010, more than 1,400 people have been trained.

Gemalto is aware that, in exceptional and unforeseeable circumstances, its products and solutions could potentially be redirected from their originally intended purpose. We have strict procurement, due diligence and ethics policies and safeguards in place to counter this eventuality. We are also compliant with the international 'Wassenaar Arrangement' relating to 'dual use' goods (defined as items or technologies normally used for civilian purposes but which could theoretically have military applications). Within Gemalto, this applies to products containing specific cryptographic functionalities. Our Trade Compliance department declares all such products to local export control authorities in each country they are exported to, and obtains an export license if necessary.

Monitoring and **verification**

Internal audit

Our Internal Audit team of eight is responsible for assessing Gemalto's risk management and internal control systems. Its work conforms to the International Standards for the Professional Practice of Internal Auditing, as published by the Institute of Internal Auditors (IIA), and is certified accordingly. The team has direct and unlimited access to Group operations, documents and employee records. To guarantee his independence, the Internal Audit Director reports directly to the Chief Financial Officer and has an open, independent line of communication with the Audit committee Chairman and the CEO. He also holds private sessions with the Audit committee at least annually.

External certification

Many of our sites and management systems comply with a variety of ISO standards – including Quality (ISO 9001), Environment (ISO 14001), Health and Safety (OHSAS 18001) and Security (ISO 27001) – and are subject to annual assessment and external certification.

Sustainability recognitions and ratings

- In 2014 we received the Ecovadis Gold CSR rating, scoring 69/100. This placed us within the top 10% best-performing companies in sustainability.
- We also follow the CDP Reporting Framework and, in 2014, our greatest improvement related to transparency, improving from 56 to 80/100.
- We are also proud to be recognized for our performance in one of our key markets, China. In 2014 we were awarded with:
  - 2014 Best Corporate Citizen for our Carbon Footprint Program, by China Daily;
  - 2014 Year of Innovative Corporate Citizen for our Carbon Footprint Program, by CCID.com.

RoHS, REACH and WEEE compliance

We continuously work to ensure that our products comply with all relevant industry directives and regulations, including:

RoHS (Directive on the Restriction of the use of certain Hazardous Substances in electrical and electronic equipment): we use accredited third-party laboratories to provide chemical analysis of our smart card and reader products, and we ask suppliers to assess their own compliance.

REACH (Registration, Evaluation, Authorisation and restriction of Chemicals): we optimize our processes and tools to improve compliance monitoring, with regulations relating to certain substances identified by the European Chemical Agency (ECHA). Our buyers and Health, Safety and Environment (HSE) managers worldwide have access to our central database.

WEEE (Waste Electrical and Electronic Equipment) regulation: we ensure a robust compliance process by subcontracting the declaration of sold quantities and eco-tax payments to external experts, such as the European Recycling Platform (ERP) company.

KEY FIGURES 2014

SITES ISO 9001 CERTIFIED	PERCENTAGE OF EMPLOYEES COVERED BY ISO 9001 CERTIFICATION
30	74%

Data protection and **security**

In the course of our business we process significant amounts of data relating to our customers, their end-users, our employees and our suppliers. It's of critical importance to both Gemalto and our stakeholders that we are trusted to manage the confidentiality and privacy of this data. Our multi-faceted approach to data protection ensures we can continue to build a world-class organization that is known and trusted for its management of data privacy and security.

Security

The data we manage is held in sites and centers that we own or control around the world, under the responsibility of our Corporate Security and IT departments. It is subject to stringent safeguards through our Security Management System (SMS), which includes robust policies, processes, tools and awareness-raising programs. The Gemalto SMS ensures the confidentiality, integrity and availability of data, the protection of networks by firewalls and other means, and the physical security of our sites, centers, equipment, transport and personnel. Implementation is assured by a worldwide network of security officers, supported by corporate and regional security departments and regular employee training. Our Anti-fraud Commission conducts or commissions regular internal security audits, which also cover IT subcontractors. As confirmation of our high standards, we are regularly granted security certifications by third parties including ISO 27001, EMV, GSM SAS, etc.

Privacy

Our Director of Global Data Privacy is responsible for ensuring Gemalto has adequate institutional knowledge of laws and regulations, providing training, advising and implementing policies and practices, strengthening our management of privacy risks and promoting privacy protection in all our activities.

Our performance in detail

Every year, we measure our performance against targeted objectives, evaluate the results and set new action plans.

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Managing our business responsibly 47

Performance indicators

Supporting our customers

	GRI G4 references	2013	2014
Customer satisfaction			
Customer survey results			
Confidence index over 1,000 per year	G4 – PR5	718	705
% of satisfied and very satisfied customers	G4 – PR5	86	84
Consumers			
Social benefits of our products			
Number of people for whom our solutions make financial access possible (qty in million)		934	999
Online support to end-users/consumers (www.justaskgemalto.com)			
Number of new tips created and posted		147	111
Number of questions received	G4 – PR5	986	1,137

Reducing our environmental impact

	GRI G4 references	2013	2014
Carbon footprint			
Number of carbon compensated cards produced per year (qty in million)	G4 – EN18	9	10
% of small SIM cards form factors sold		11	14
Water consumption (in ISO 14001 certified sites)			
Total consumption per year (m^3)	G4 – EN8	124,314 (19 sites)	145,003 (21 sites)
Consumption per employee and per year (m^3)	G4 – EN8	14.45	16.03

Reducing our environmental impact continued

	GRI G4 references	2013	2014
Energy consumption (in ISO 14001 certified sites)			
Total consumption of electricity, gas and fuel (in MWh)	G4 – EN3	113,269 (22 sites)	118,118 (21 sites)
Ratio - Energy consumption (Electricity, Gas and Fuel) per employee (in MWh)	G4 – EN3		13.06
Ratio - Energy consumption (Electricity, Gas and Fuel) per production (qty in million) (in MWh)	G4 – EN3		16.71
CO_2 eq emissions, linked to energy consumptions (scope 1 & 2), in certified sites	G4 – EN15	41,035 (22 sites)	48,627 (21 sites)
Waste management (in ISO 14001 certified sites)			
Total waste generated (tons)	G4 – EN23	5,140 (22 sites)	5,167 (21 sites)
Valorized waste (tons)		4,187	4,145
Non-valorized waste (tons)		953	1,022
% of valorized waste (reused or recycled including energy recovery)	G4 – EN23	81	80
Hazardous waste per year (tons)	G4 – EN25	365	338
Non-hazardous waste per year (tons)		4,775	4,829
Transport			
CO_2 emission linked to product transportation (outgoing freight)	G4 – EN30	53,292	56,957
% of transportation expenses covered (%) by CO_2 reporting	G4 – EN30		50
ISO 14001 certification			
Number of certified sites	G4 – PR4	22	24
% of covered employees	G4 – PR4	77	70

Note

All measurements are metric.

Performance indicators continued

Valuing our people

	GRI G4 references	2013	2014
Headcount distribution			
in Asia	G4 – 10	26%	27%
in EMEA	G4 – 10	52%	51%
in Latam	G4 – 10	16%	15%
in Noram	G4 – 10	6%	7%
Number of different employee nationalities	G4 – 1	113	116
% of women	G4 – 10	40	39
% of employees having permanent contract	G4 – 10	95.8	96.1
Turnover rate			
Turnover rate (for 'exempt' employees) (%)	G4 – LA1	7.9	7.7
in Asia	G4 – LA1	11.1	10.5
in EMEA	G4 – LA1	5.5	5.2
in Latam	G4 – LA1	9.9	11.2
in Noram	G4 – LA1	10.7	10.2

Valuing our people continued

	GRI G4 references	2013	2014
Training			
Training satisfaction (%)		78	79
Average hours of training per person trained	G4 – LA9	36	28
in Asia	G4 – LA9	49	49
in EMEA	G4 – LA9	25	26
in Latam	G4 – LA9	46	25
in Noram	G4 – LA9	38	9
Training budget (% of total salaries)		2	2
% of Gemalto employees trained during the year	G4 – LA10	75	73
in Asia	G4 – LA10	70	70
in EMEA	G4 – LA10	49	60
in Latam	G4 – LA10	87	85
in Noram	G4 – LA10	85	70
% of employees having received training with a CSR content among employees trained during the year	G4 – LA10	45	14

Exempt employees

'Exempt' employees are those who, because of their responsibilities and level of authority, are exempt from overtime provisions. As in other organizations, they are expected to work the time needed to accomplish their goals. They are most often found in managerial, supervisory, professional, administrative and other leadership roles.

Non-exempt employees

'Non-exempt' employees are those who, because of the type of duties they perform, their level of authority and method of payment, are subject to overtime provisions. They are therefore paid for all overtime hours worked.

Key

Asia: Asia Pacific.

EMEA: Europe, Middle East and Africa.

Latam: Latin America.

Noram: North America.

Performance indicators continued

Valuing our people continued

	GRI G4 references	2013	2014
Promotion from within			
% of top management positions filled in house (%)		95	95
Recruitment and diversity			
Number of people recruited	G4 – LA1	1,841	1,837
Number of nationalities recruited	G4 – LA12	65	64
Recruitment by gender and by position (qty)			
Men	G4 – LA1	1,038	1,120
Exempt		583	574
Non-exempt		455	546
Women	G4 – LA1	803	717
Exempt		300	275
Non-exempt		503	442
Number of graduates hired directly from the schools and universities		201	268
Women graduates hired directly from the schools and universities (%)		44	38
Exempt employees working in a different country than their mother country (%)	G4 – LA12	23	23
% of expatriates within exempt population		4	4

Valuing our people continued

	GRI G4 references	2013	2014
Employee satisfaction survey			
Answer rate (%)		80	83
Answer rate by position (%)			
Exempt	GA – LA1	82	85
Non-exempt	GA – LA1	79	80
Answer rate by region (%)			
in Asia		90	90
in EMEA		71	75
in Latam		91	94
in Noram		88	82
Satisfaction rate (%)		81	82
Satisfaction rate by region (%)			
in Asia		84	88
in EMEA		77	76
in Latam		85	86
in Noram		81	80
Satisfaction rate by position			
Exempt		83	83
Non-exempt		79	80

Key

Asia: Asia Pacific.
EMEA: Europe, Middle East and Africa.
Latam: Latin America.
Noram: North America.

Performance indicators continued

Valuing our people continued

	GRI G4 references	2013	2014
Appraisal			
% of exempt employees with annual interviews	G4 – LA11	96	96
in Asia	G4 – LA11	98	100
in EMEA	G4 – LA11	94	93
in Latam	G4 – LA11	98	98
in Noram	G4 – LA11	99	97
Health and safety			
OHSAS 18001 certification			
Number of certified sites	G4 – LA5	17	18
% of covered employees	G4 – LA5	67	62
Number of major non-conformities		7	2
Employee accidents/injuries			
Number of injuries with lost time (LTI)	G4 – LA6	60	66
in Asia	G4 – LA6	2	6
in EMEA	G4 – LA6	45	46
in Latam	G4 – LA6	9	9
in Noram	G4 – LA6	4	5
Number of lost working days (LWD)	G4 – LA6	1,082	731
in Asia	G4 – LA6	7	86
in EMEA	G4 – LA6	855	386
in Latam	G4 – LA6	67	70
in Noram	G4 – LA6	153	189
Hazardous substances			
Number of hazardous substances concerned by REACH regulation		151	161
Number of hazardous substances monitored by Gemalto		239	239

Valuing our people continued

	GRI G4 references	2013	2014
Community			
'Your World' corporate funding program			
Number of 'employee-community' projects funded	GA – S01	71	62
in Asia	GA – S01	5	10
in EMEA	GA – S01	27	19
in Latam	GA – S01	26	21
in Noram	GA – S01	13	12
Number of employees involved	GA – S01	443	538
Total amount of social investment (in €)	GA – S01	99,394	88,823

Key

Asia: Asia Pacific.
EMEA: Europe, Middle East and Africa.
Latam: Latin America.
Noram: North America.

Performance indicators continued

Managing our business responsibly

	GRI G4 references	2013	2014
Supply chain			
Commitment			
% of suppliers who have signed the Purchasing CSR Charter among key suppliers (These suppliers represent more than 78% of our purchasing spending)	G4 – EN32 G4 – LA4	87	100
CSR evaluation			
% of our purchasing spending done with suppliers assessed for CSR performance via an external third party	G4 – EN33		69
% of spending of rated panel done with suppliers having an active whistleblowing procedure in place	G4 – EN33 G4 – LA15 G4 – HR11		76
% of spending of rated panel done with suppliers running audits or assessments on CSR with their own suppliers	G4 – EN33 G4 – LA15 G4 – HR11		77
% of spending of rated panel done with suppliers having a formal code of business ethics			61
% of spending of rated panel done with suppliers reporting on energy use or GHG emissions			69
% of spending of rated panel done with suppliers ISO 14001 certified			72
CSR on-site audits			
Number of suppliers' on-site audits that have been conducted on CSR topics during the year	G4 – LA15	1	20
Number of Zero tolerance highlighted during CSR audits	G4 – EN33 G4 – LA15		0
Number of main weaknesses highlighted during CSR audits and addressed with supplier through improvement actions plan	G4 – EN33 G4 – LA15		15

Managing our business responsibly continued

	GRI G4 references	2013	2014
Employee training (number of trained employees)			
Training on Code of Ethics, bribery laws, CFIUS and trade compliance topics		1,036	932
Training on contracts basics, Authority limits, authorized signatories and sexual harassment		632	1,281
Training on fraud related matters**		730	427
eLearning focused on anti-bribery		1,062	0
Internal audit			
Internal audits focused on fraud risk or partially motivated by fraud concerns (qty)	G4 – 303	15***	17
Number of significant internal audit missions	G4 – 303	52	48
Security			
ISO 27001 certification			
Number of certified sites		8	10
Quality			
ISO 9001 certification			
Number of certified sites	G4 – PR4	28	30
% of covered employees	G4 – PR4	81	74
% of reduction/increase of significant customers' claims, compared to previous year	G4 – PR5	–18	38

* Figures were not disclosed in previous reports

** Legal trainings not included as in previous reports: now have been moved into business practices trainings

*** Suppliers' audit are now reported separately

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gemalto
security to be free