

Next generation digital security

Sustainability overview 2018





CEO's message



As the world becomes more connected, we make it more secure. Our five sustainability engagements support our vision for next generation digital security."

Philippe Vallée
Chief Executive Officer



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, while also creating the greatest value for all our stakeholders is central to our approach. With clients in over 180 countries our impact on digital security is global. Our five specific sustainability engagements set-out in 2017 (see page 03) aim to support our Next Generation Digital Security strategy. For example in 2018, we launched our Non-Profit Program for Trust in the Digital World which supports research in Responsible Digital Identity as well as other topics. We also deployed a mandatory on-line training course on personal data protection for all our 15, 000 employees. Energy being an increasingly critical resource to power the digital world, we grew our use of renewable energy worldwide.

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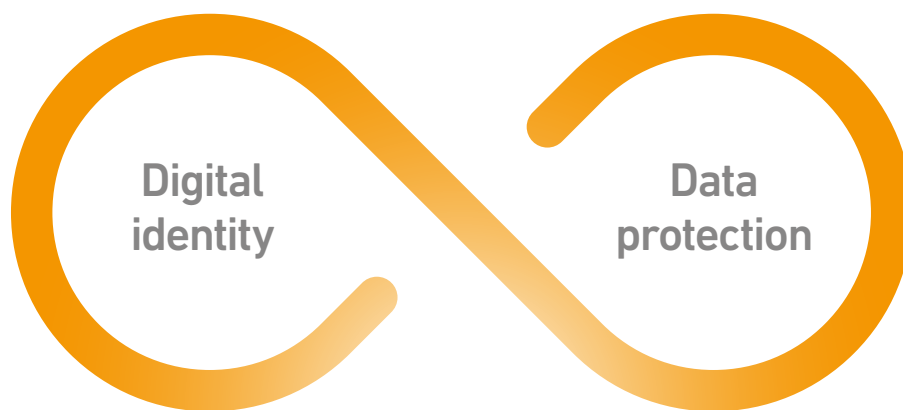
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About Gemalto

Every organization is going through a digital transformation, generating growing volumes of data and digital interactions. However, these also lead to increased cyberattacks. Gemalto's Next Generation Digital Security focuses on two core technologies – Digital Identification and Data Protection – that counter the two root causes of cyberattacks, identity theft and unencrypted data. Our solutions already bring trust to the complete digital service life-cycle for more than 30,000 businesses and governments worldwide by countering these dual threats.

How we create value

We bring trust to digital exchanges in two ways



Key markets

- Banking & Payment
- Mobile
- Internet of Things
- Government
- Enterprise Security
- Software Monetization

Key figures

15,000

Employees

€3bn

2018 revenue

30,000+

Clients

180+

Countries where our clients are based

47

Countries where we are based

3,000

R&D Engineers



Our approach

Managing sustainability

Our reporting is done in accordance with the European directive on non-financial reporting and the Global Reporting Initiative (GRI) framework, and we adhere to United Nations Global Compact principles (in 2018 we obtained advanced level). We also follow the OECD Guidelines for Multinational Enterprises. We are fully committed to implementing and continuously improving corporate practices, processes, programs and policies aimed at ensuring we operate effectively, efficiently and ethically in all areas.

These include our:

- Code of Ethics.
- Health, Safety, Environment & Sustainable Development policy.
- Purchasing CSR charter.
- HR pillars.
- Data Privacy policies.

These policies are central to our day-to-day activities and lay the groundwork for ensuring the sustainability of our business moving forward.

From boardroom to site level, everyone in Gemalto has a role to play in managing sustainability.



The Board of Directors

The Gemalto Board is ultimately responsible for our sustainability performance and vision.



The Sustainability Board

Chaired by the CEO, the Sustainability Board drives strategy and policy development.



The Sustainability Steering committee

Reporting to the Sustainability Board, the committee includes representatives from most business functions. They identify and implement appropriate actions on sustainability worldwide.



Site managers and corporate departments

Site managers and corporate departments (i.e. Human Resources, Purchasing, etc.) are responsible for implementing relevant sustainability policies and action plans within their areas of the business, and for reporting on their performance at the Group level.

Our sustainability agenda

Our sustainability agenda & 2018 onwards engagements

As a leader in digital security, our solutions help billions of people every day, and enable our customers to offer their services in trusted and sustainable ways.

To identify and prioritize the issues that matter most to our stakeholders, we conducted a materiality analysis in 2015. The issues were then grouped into five main reporting areas: Business and Customers, People, Society and Community, Environment and Governance and Compliance. To ensure our long-term development, we have also developed our Sustainability agenda for 2018 and beyond, which sets our key priorities for the coming years. In particular, we have identified five engagements.

We also analyzed how Gemalto's Sustainability priorities contribute to the United Nations Sustainable Development Goals (SDG). Our five Sustainability engagements will support eight SDGs.

In the following pages, we review our priorities for each of the five main reporting areas, and how we addressed our five engagements in 2018. All issues raised in our materiality analysis were covered in our last Sustainability Report published in May 2017.

Reporting areas	Engagement	Why it matters
Business & Customers	Intensify our data security and resilience 	Protect data, the central asset of the digital economy and society. Respond to the global increase in data breaches.
People	Develop our agile skills and digital learning 	Adapt to our fast changing environment to remain competitive. Increase the reach and efficient delivery of learning initiatives.
Society & Community	Build our 'non-profit program for trust in the digital world' 	Give back to society in our field of expertise. Play a role in digital trust beyond our products and solutions.
Environment	Increase our renewable energy use 	Minimize our impact on climate change.
Governance & Compliance	Implement best practices in the protection of personal data 	Respect end-user data privacy. Comply with General Data Protection Regulation (EU).



Business & Customers

We are constantly developing our business to meet the ever-evolving needs of our customers. Our goal is to work together, building trusted, long-term relationships, in order to create innovative solutions that improve people's connected lives.

Key engagement



Intensify our data security and resilience

The nature of our business requires us to process huge amounts of data every day. It is critical that we manage the confidentiality and privacy of this data for our customers, their end-users, our employees and suppliers.

Our Corporate Security and IT departments use a risk-based approach to manage data at all our sites, applying stringent safeguards through a worldwide Security Management System (SMS). Effective implementation is assured by a global network of security officers, as well as comprehensive employee training. For example, we track the number of employees that follow our Data security awareness eLearning module.

In 2018 we continued our company-wide Cyber Excellence Program (CEP) which is based on three pillars: prevent, detect and react. The program concentrates on five key security areas including customer data protection, internal information systems infrastructure, cloud security, internal data protection and end-user focus. It is complementary to other measures already in place and boosts our resilience against the threat from cyberattacks.

Sustainable Development Goals



Customer loyalty with Net Promoter Score (NPS)

+54



Investment in R&D in 2018

€265m

2017: €255m

Innovation

Innovation is one of Gemalto's core values. To ensure we continue to generate new ideas and technological solutions we have adopted agile development practices. These help us adjust more quickly to our customers' evolving needs, and efficiently explore any technology that could impact our markets. Our innovation journey maps all steps: from triggering creativity, to nurturing ideas and developing innovative solutions for our traditional and adjacent businesses.

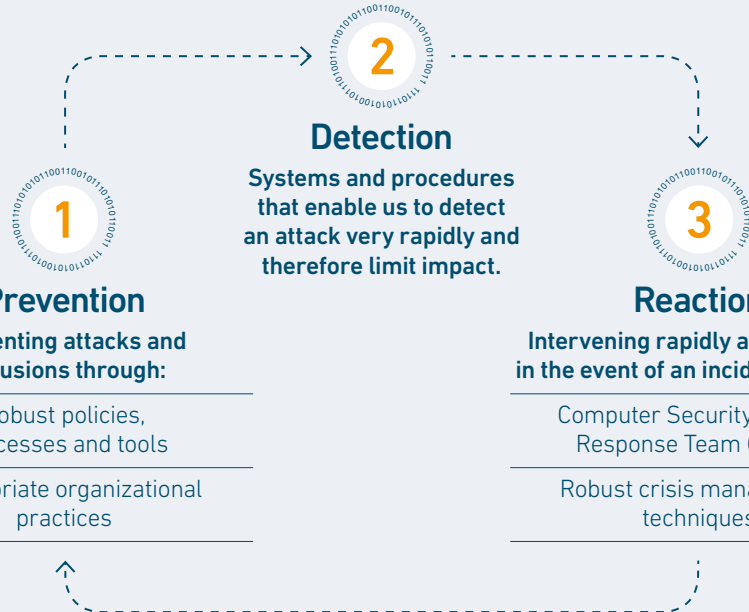
Throughout the year, a team with mixed talents, skilled in technology and ideation encourages Gemalto employees from around the world to contribute to our next wave of solutions. As part of this, we use the design thinking model so our clients and the end-users are positioned at the center of any development.

In order to multiply the sources of innovation we leverage not only our employees creativity, but also our privileged relations with the start-up eco-system and industry consortiums.



To efficiently align our efforts, we aim to only invest in promising projects. This is done through regular board reviews with all key people in the company to accelerate initiatives or stop them if necessary.

Gemalto's Security Management System focuses on three key areas



Crisis and Business continuity

To ensure resilience in the face of unforeseen events, we have developed robust crisis management and business continuity response plans. For more on our approach to identifying, assessing and mitigating risks associated with our activities, see the Risk Management section in the Gemalto Annual Report 2018.

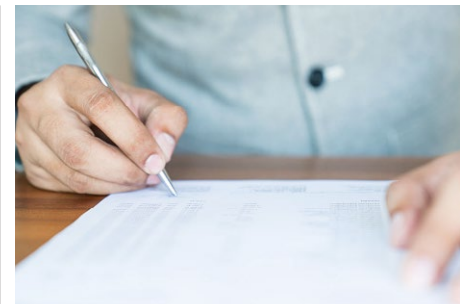
Managing our supply chain

Our responsible purchasing policies are based on United Nations Global Compact best practices as well as our Purchasing CSR Charter which clearly sets out what we expect of suppliers and how we require to work with them.

Our comprehensive Supplier Relationship Management process includes regular business reviews to help identify, address and quickly fix issues together.

To enhance efficiency and sustainability across our supplier networks, we also work with suppliers to initiate, implement and monitor their Continuous Improvement Plans.

Effective partnership is key for us. It is why we work closely with our suppliers to develop a high-quality, robust and reliable supply chain that supports our business objectives. This also helps us meet our high ethical standards and is backed by a comprehensive supply chain risk management process.



Main suppliers that signed the Purchasing CSR Charter (2018)

98%

2017: 98%

On-site supplier audits since 2014

70



People

Our people are the foundation of our success. Our HR pillars ensure that we continue to attract, nurture and retain a talented and diverse workforce, while maintaining a strong culture of ethics and innovation.

Key engagement



Develop our agile skills and digital learning

Sustainable Development Goals



The digital world is built on a constant flow of creative and flexible solutions, with short feedback loops and continuous improvement. Gemalto has endorsed the agility mindset to better serve its customers and efficiently capture new business opportunities. We have implemented an agile skills program targeting diverse Gemalto employees, from developers to Operations, as well as Marketing, HR and Finance. In 2018, more than 1,000 people were trained or took part in agility workshops. Agility weeks were organized in three countries (France, Singapore and India), with a strong focus on DevSecOps, which is a methodology allowing us to keep security culture in our agile working methods.

Technologies within Gemalto's eco-system are advancing rapidly and our people need the latest skills and knowledge to keep apace with our markets and customers. With adapted, up-to-date and on-demand learning programs, we respond to employees' immediate needs across diverse disciplines and businesses. In 2017, we expanded our digital learning offer to give employees a greater choice of learning methods. In 2018, we continued to expand digital learning access for our employees based around the globe in fields such as cloud technologies, machine learning, data science, DevOps as well as a multitude of other new courses.

Talent attraction

We focus on hiring the best and most creative people in their respective fields by leveraging our ambitious talent acquisition strategy. This includes an employee referral system, our University Relations Program, and a growing online and social media presence. In 2018, we recruited over 2000 people across 44 countries. All new recruits follow our induction and newcomer orientation programs.

Health, safety and well-being

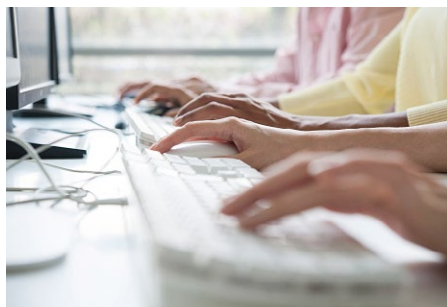
It is essential that we provide a safe environment for all our employees and visitors. Our HR and Health & Safety management systems are designed to reduce risks and ensure continuous improvement across our operations. Many of our production areas and our two main administration offices have achieved OHSAS 18001 certification, covering 52% of our employees.

We run awareness sessions, training programs and conduct regular audits to help reduce risks, with a particular focus on high-risk activities such as:

- Handling of hazardous substances used in production.
- Ergonomics and musculoskeletal disorders.
- Manufacturing equipment, forklifts and pallet trucks.
- Commuting and business travel.

In 2017 we launched a safety best practices training for site managers and on-site HSE teams. In 2018 it was further deployed to team managers.

Our remote working program allows eligible employees in several locations, the opportunity to work from home one or two days per week. By fostering a greater sense of trust, this initiative offers employees increased flexibility, independence and more efficient time management.



Employees trained in 2018

78%

2017: 75%



Our digital learning programs can be easily adapted to make them relevant to the maximum number of employees worldwide.”

Ramya Ganesan Learning and development manager (Singapore)



Equal opportunities and diversity

We believe our workforce should reflect both the global nature of our business and the diversity of our customers and end-users. Our Code of Ethics includes a clear statement on equal employment opportunities, in line with UN Global Compact principles.

Our employees are made up of 122 nationalities which is a key asset that we continually protect, enrich, and optimize through training, missions and mobility. We are a Tech company with roots in engineering and women make up 37% of all Gemalto employees and 28% of our exempt employee population. To create more balance, we focus on attracting more women and supporting their development and promotion into all levels of expert and management positions. In 2018, 42% of new recruits were women. In September 2018, in line with the Women’s Empowerment Principles (WEP) Statement, part of the United Nations’ Global Compact initiative signed by Gemalto, we launched a global Maternity Leave Program guaranteeing 15 weeks paid leave for all women employees regardless of location or local legislation.



Employee satisfaction

79%

2017: 80%

11101

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Society & Community

Digital technology brings positive benefits for people all over the world and helps stimulate economic growth. We work with others to deliver solutions that meet social needs and help communities everywhere to spread trust in the digital world.

Key engagement



Build our 'non-profit program for trust in the digital world'

Sustainable Development Goals



In a world where the explosion of digital has multiplied both opportunities and risks, security is key to our daily lives. In this context, Gemalto seeks to use its skills and expertise to broaden its scope beyond the confines of the Company. In 2018 we launched our non-profit program for trust in the digital world. This new philanthropic program focuses on education and research with the following objectives:

- Encourage young people in developing countries, disadvantaged students, and particularly women to study Information and Communications Technologies (ICT) and Science, Technology, Engineering and Mathematics (STEM) disciplines.
- Help nurture the next generation of digital citizens by sharing best practices with regard to the appropriate and responsible use of technology.
- Support research into the sociological aspects of establishing a responsible digital identity.
- Develop prototypes and support projects run by NGOs to provide trusted digital services to help underprivileged people.

This program includes ongoing and new partnerships between Gemalto and various NGOs and universities in the countries where Gemalto is based. Our partnerships include:

- Education: Funding scholarships, tutoring students, participating in conferences, financing education programs and training, and developing communication tools.
- Research: Supporting research topics, funding chairs, participating in conferences, and developing prototypes.

In 2018 we signed eight partnerships with NGOs and Universities in six different countries.

Solutions with a social purpose

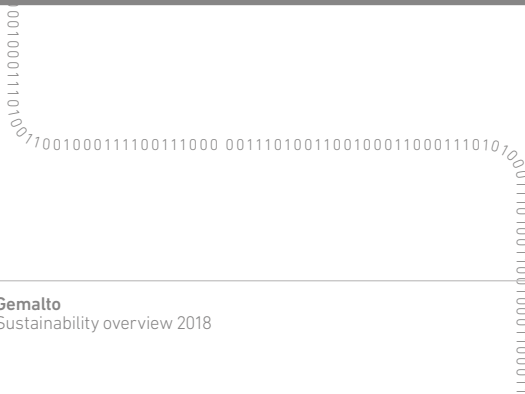
Our solutions help tackle some of society's major challenges. These include:

- Connectivity solutions for smart meters that promote energy efficiency and reduction of greenhouse gas (GHG) emissions. This helps utility companies improve energy efficiency by reducing energy loss and provides better integration of distributed power generation and renewable energy supplies. In the home, smart meters help consumers track and reduce their consumption and related costs.
- Mobile health solutions use IoT technology to deliver innovative services in an efficient, accessible way. For example, by providing real-time, remote monitoring for chronic illnesses such as diabetes, sleep apnea or heart disease, mHealth solutions can improve well-being, avoid hospitalization and reach people who live in isolated areas.

Engagement with stakeholders

We regularly engage with a wide range of individual and organizational stakeholders to hear their views, build partnerships and communicate our actions and performance.

- We are in constant dialog with our customers to identify common interests, meet mutual objectives, understand sustainability requirements and develop solutions. Our new Pulse customer listening program allows us to monitor the critical steps of our customers' journey via digital surveys. This helps detect gaps in their journey and perform the right improvement actions. Face-to-face interviews take place to assess the overall customer relationship, align our future market view and drive our product development. To gauge customer loyalty we employ the industry-standard Net Promoter Score (NPS), with the question "Would you recommend Gemalto to a colleague or peer?". In 2018, we had a NPS score of +54, ranking us amongst the top technology companies.
- Our annual 'PeopleQuest' survey is designed to track employee satisfaction globally so that we can continue to meet their high expectations and identify areas for improvement. Our annual Sustainable Development Day enables employees to share and learn about social and environmental issues. Every year, we share the priorities of our HSE and sustainability agenda and invite employee feedback on our Sustainability Report.





We support Passerelles numériques, a non-profit organization which provides education, technical and professional training in the digital sector to young underprivileged. These images illustrate some of the students benefiting from this program in the Philippines.

- In the countries where we have sites we are involved in various local initiatives supporting sustainable development such as mobility, training and social inclusion, environmental protection and economic development.
- We also engage with our suppliers through our responsible purchasing policy (see page 05).
- JustAskGemalto.com our consumer advice website gives us the opportunity to share our knowledge with end-users.

Promoting partnerships

A wide variety of partnerships support our business and CSR objectives, including those with universities, schools, NGOs, research bodies and industrial organizations (e.g. Tsinghua University in China, University of Texas, Austin etc.). These partnerships help talent attraction and support our research and innovation. We are a member of major federations and consortia, both within and outside of our industry (e.g. Eurosmart, SIMalliance, etc.).





Environment

We're always working to reduce the environmental impact of our operations – creating efficiencies, driving innovation and sharing the benefits with our customers.

Key engagement



Increase our renewable energy use

Sustainable Development Goals



Energy is an increasingly critical resource to power the digital world. Our commitment to increase the use of renewable energy is a pragmatic approach to help tackle climate change.

In June 2018, during our annual worldwide Gemalto Sustainable Development Day, we shared our vision for sustainable energy with our employees. The aim was to create awareness of our renewable energy actions and to remind people how to contribute to everyday energy savings.

We have long prioritized the reduction of energy consumption in our largest sites. In 2018, to continue this effort to improve our energy efficiency, we started the implementation of Energy Management Systems based on the ISO 50001 standard in our main French sites. Today our operational headquarters in Meudon (Paris), a manufacturing site in Normandy and a Research & Development site in the South of France are ISO 50001 certified.

We also sourced renewable electricity in certain countries where we operate thanks to renewable energy certificates such as Guarantee of Origin (GO) in France, Renewable Energy Certificate (Green-e Energy) in the US and International REC Standard (i-REC) in China. In France, all of our industrial sites, as well as our main offices use 100% renewable electricity enabling more than 98% of our employees to work using 'green' electricity.

We used 33,382 MWh of renewable electricity in 2018.

Our response to climate change

In 2009 we launched our carbon footprint program to help monitor and reduce the emissions from our operations. In addition to energy targets we focus on reducing emissions from freight, and minimizing business travel. We also help our customers to offset the carbon emissions associated with the products they buy from us. To date, this program has offset 25,000 tons of CO₂eq through projects in developing countries that improve living conditions while reducing greenhouse gas emissions.

In 2018, the Gemalto carbon offset offer was selected by the UK government as part of our contract to supply the next British passport – it will be the first CarbonNeutral® certified passport.

Thanks to our engagement on sustainable energy we strive to consume renewable electricity where possible. As part of this program we reduced our carbon footprint by 7867 tons of CO₂eq in 2018.

Eco-products and solutions

We use life-cycle assessment and carbon footprint analysis to guide the design and development of products that are more environmentally friendly, use fewer materials and make the most of sustainable technology.

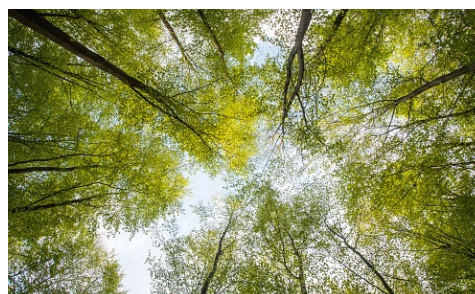
They include:

- A bio-sourced payment card made from PLA (poly-lactic acid), a corn-derived polymer replacing petroleum-based plastic.
- Smaller SIM cards and card readers.
- Packaging made from eco-friendly materials.



Renewable electricity in 2018

33,382 MWh



Carbon emissions offset since 2009

25,000 tons CO₂eq



Three French sites are now ISO 50001 certified and it ensures a consistent approach in the way we manage energy across our sites.”

Catherine Maroulier

Senior Purchaser, buildings and lease management (Meudon, France)



Sustainable IT

Sustainable IT is about measuring and reducing the environmental impact of IT products and services. We monitor sustainable IT metrics including electricity consumption, carbon footprint and printed paper. We monitor and improve the sustainability performance of our employees’ computers thanks to our selection of products with an eco-label.

In 2018, Gemalto participated in a WWF (World Wide Fund for Nature) survey with 24 large companies in France estimating the impact of a Green IT approach in ten different domains (Purchasing, Asset life-cycle, Governance, PC, Telephony, Printing, Tools and PC usage, Software, Digital Services and Business applications and Datacenters)

Gemalto was well ranked with a maturity level at 64% (versus the average of 59%). Highlights included ranking well on PC and software life-cycle best practices, as well as our Green IT governance with some room for improvement in our local server rooms.

The Digital Workplace project, currently in deployment, will help Gemalto increase its sustainable IT good practices. It aims to improve the employee user experience by providing new digital solutions and increasing mobility access. By hosting new IT solutions in energy efficient datacenters, access will be made possible to Gemalto applications using smaller devices (tablet, smartphone) and allow for the automation of many Information Solutions Service processes. This will result in a speedier delivery of services as well as a reduction of the number of systems needed to access these services, ultimately reducing the overall global power usage.

Resource efficiency

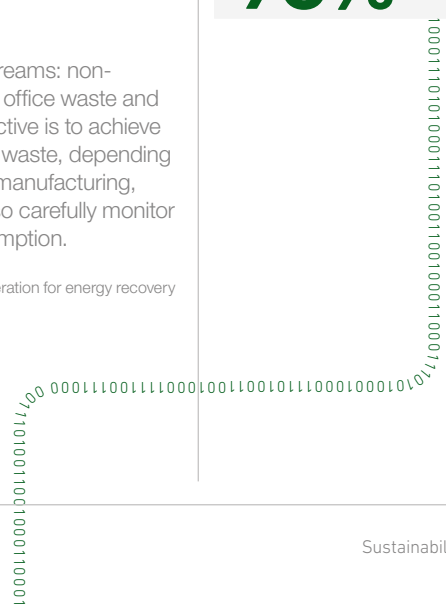
We focus on three waste streams: non-hazardous waste, standard office waste and hazardous waste. Our objective is to achieve a 70 to 80% valorization* of waste, depending on site activity (office, card manufacturing, personalization, etc). We also carefully monitor our water and paper consumption.

* Valorization waste: recycling or incineration for energy recovery



Company computers with an eco-label

98%





Governance & Compliance

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

Key engagement



Implement best practices in the protection of personal data

Sustainable Development Goals



In an increasingly connected world, it's more important than ever to keep personal data private and secure. As the regulatory environment continues to evolve, we follow the most recognized regulations to ensure the privacy and security of the data we process on behalf of our customers.

To deliver the soundest possible foundation for processing personal data on behalf of our customers, we implement best practices to comply with the strictest privacy standards set by Regulation (EU) 2016/679; the General Data Protection Regulation (GDPR). Our personal data protection program is subject to regular internal controls and is widely communicated to all employees and agents dealing with personal data entrusted to Gemalto by its customers.

Our public website hosts several documents covering the protection of personal data. We implement the concept of privacy by design, evidences, and rights of individuals at R&D level. As of May 2018 we deployed a mandatory online training course on personal data protection to all our employees.

Anti-fraud, bribery and corruption

Gemalto's anti-fraud framework is designed to prevent, detect, deter and respond to fraudulent activities (see the risk management section of the Gemalto Annual Report 2018). Our employees are encouraged to use the Gemalto whistleblower procedure to raise any concerns about financial irregularities.

We extend our anti-fraud focus to suppliers and our agents who promote our solutions and services in some locations.

Compliance

Gemalto complies fully with international, regional and local customs and trade control laws, regulations and directives wherever it does business. This includes RoHS (directive on the restriction of the use of certain Hazardous Substances in electrical and electrical equipment), REACH (Registration, Evaluation, Authorization and restriction of Chemicals) and WEEE (Waste Electrical and Electronic Equipment) regulations. Our Trade compliance mitigating actions are described in the Gemalto Annual Report 2018.

Human rights

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

Risk management and control, Governance

To know more about our Risk management and control as well as our Governance, please refer to the Gemalto Annual Report 2018.

Employees trained in anti-fraud, anti-bribery, anti-trust and ethics

1,027

2017: 487



Ethical conduct

The Gemalto Code of Ethics ensures we meet high ethical and professional standards wherever we operate, regardless of whether they are imposed by law. The code guides everything we do, and governs how we work with clients, suppliers, stakeholders and colleagues. All new employees, including those joining the Company through an acquisition, must sign the Code of Ethics as part of the induction process. Moreover, we have developed additional bespoke Codes of Ethics for specific teams, namely Purchasing and Internal Audit.

Positive response by employees to ethics-related questions in our employee survey

90%

2017: 91%

Our sustainability ratings & recognitions

Our customers and investors increasingly wish to assess our CSR maturity through questionnaires and audits. We are proud to share some of the ratings and recognitions we achieved in 2018.

Gold rating for CSR performance

In 2018, and for the sixth successive year, we received the Ecovadis Gold CSR rating, scoring 79. This placed us within the top 5% best-performing companies assessed by Ecovadis in all categories.



Extended CSR Report

In 2018, we received an 'Extended CSR Report' rating by FIRA Platform, an independent third party. FIRA verifies the CSR information of companies and institutions and enables CSR dialogue based on reliable information.



Climate change transparency

We have participated in the annual CDP climate change questionnaire since 2008. In 2018, we maintained a level C (CDP scale from A to F).



Strong ESG practice

Inclusion in the FTSE4Good Index Series which identifies companies demonstrating strong Environmental, Social and Governance (ESG) practices as measured against globally recognized standards.



Oekom corporate rating

Oekom provides ratings to international institutional investors and financial services companies to inform their investment decisions. From December 2017, our rating was maintained at a C+ level. We are classified as 'Prime' meaning that we qualify for responsible investment.





Inspired to know more?

If you'd like to know more, we'd be pleased to hear from you. And with employees of 122 nationalities in 47 countries around the world, we're probably close by and speak your language.

You can find full details at www.gemalto.com or on these social networks:



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