



Giesecke & Devrient Creating Confidence.







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Statement of continued support

As a family-owned company and international technology group, our products and services create security and confidence in an increasingly mobile and globally interconnected world. Being acutely aware of our corporate social responsibility, we are committed and inspired to integrate sustainability and responsibility as core corporate values into the business activities of Giesecke & Devrient.



Dur first progress report documents the key measures and success of our com mitment to upholding the ten principles and underlines the importance of cor porate social responsibility to our activities. At the same time, we are renewing this commitment for another year as a member of the UN Global Compact.



Dr. Karsten Ottenberg

Chairman of the Management Board Giesecke & Devrient GmbH



About Giesecke & Devrient

Giesecke & Devrient (G&D) is a worldwide market and innovation leader in the production and processing of banknotes and banknote paper, in security documents and ID card systems, and in smartcard-based solutions. As a one-stop provider of mobile security applications, G&D develops and markets hardware, software, and services for corporate customers such as banks, mobile network providers, public transportation operators, and original equipment manufacturers (OEMs).

Giesecke & Devrient is a global group with 49 subsidiaries and joint ventures in more than 30 countries and over 10,000 employees.

G&D posted revenues of 1.69 billion euros in 2010, of which 1.46 billion related to operations outside Germany. Worldwide investment over the past year totaled approximately 100.4 million euros. Some 116.7 million euros were invested in research and development (R&D), with additional investment in managing

ecological sustainability, employee development, and compliance world-wide. For more detailed figures and information about the company, see the downloadable current annual report on the G&D website.



Our CSR strategy: Creating value

For Giesecke & Devrient, corporate social responsibility (CSR) has long been a core aspect of our business. We began to develop an integrated CSR strategy in 2009 by consolidating our existing activities in this area and focusing them on our core business. The objective is to implement CSR on a consolidated, transparent basis, thus creating value for society and our company.

Key aspects of our CSR strategy

The environment, employees, and security and society are central pillars of our CSR strategy. Responsible management of natural resources and forward-looking HR policies are at the heart of our social endeavors, along with addressing security issues at the technological and societal level.

We established the Green Sustainability system in 2010 to align our worldwide activities and programs aimed at protecting the environment and climate. We are also continuously expanding our environmental management system and developing binding objectives for all areas of our business activities, from products and services to green production processes and global management of our supply chain. The Global Compact principles are firmly embedded in these processes.

As an international technology group, we employ over 10,000 people worldwide, who are a key factor in the company's success. We therefore aim to be a responsible and reliable employer throughout the Group. The health and safety of all employees and their professional and personal development are of paramount importance to us. The Global Compact rules on respecting human rights and labor standards form the basis of our commitment as a responsible employer.

At G&D, security is the foundation of our business. However, security is not only important to us in terms of technology. In our increasingly interconnected world, people's security needs are changing. Accordingly, we also intend to provide comprehensive answers to the pressing security is-

sues facing society. Our Group vision and mission statement also reflect this aim.

Responsibility as a management function

The Chairman of the Management Board is directly responsible for supervising the development and implementation of our CSR strategy. In January 2010, the Management Board approved a binding CSR commitment that defines our understanding of social responsibility. This commitment applies across the entire Group. It sets forth our desire to reconcile the business, social, and environmental impact of our activities – both in our day-to-day business operations and when developing and marketing new products and services.



The G&D value framework

Overarching systems

For G&D, acting in a sustainable and responsible way is part of our corporate philosophy and the basis of our value framework. Our corporate culture is founded on five values that underpin everything we do: trust, quality, sustainability, responsibility, and integrity.

The bigger the organization and the more global its operations, the more important a shared ethos and binding standards become. Each of our values thus finds expression in behavioral guidelines that form the basis for our actions. Our values are also reflected in our Code of Conduct. As an overarching set of rules, it defines boundaries that apply to G&D around the world – at every location, in every business unit, and in our day-to-day dealings with business

partners and with each other. The Code of Conduct is a cornerstone for Group-wide policies in the following areas:

- Respecting human rights
- Obeying the law
- Non-use of child or forced labor
- Data protection and the right to protect personal information
- Environmental protection
- Responsibility towards society
- Dealing with customers and suppliers

Internal compliance

To ensure compliance with the values and principles enshrined in the Code of Conduct, we have embedded a worldwide compliance management system into our business processes. This supports our objective of systematically integrating responsible, compliant behavior into our daily activity.

We achieved a significant milestone in this respect in 2010, when we set up an overarching global framework to coordinate our compliance activities. New structures, combined with clear responsibilities, are enabling us to develop compliance management on an ongoing basis so that we can instantly respond to changes in global requirements.

Our compliance management system commits us to maintaining the highest security standards and strict confidentiality. Compliance with the law is vital to G&D, particularly anticorruption, antitrust, and subsidy legislation, accounting and consolidation regulations, along with data protection requirements and tax, export, import, and customs laws. For us, integrity also includes respecting competition, resisting political influence, and rejecting both active and passive corruption. Action taken here includes laying down globally binding rules for our staff in a corporate policy on "Gifts and Invitations." These rules are communicated via the Group intranet based on real-world examples.

Our environment, health, and safety (EHS) program, which brings together all our standards in these areas, is also very important in terms of complying with our value framework and embedding it in all business processes. The EHS program ensures integrative, sustained support for environmental, health, and safety protection through certified management systems (ISO 14001, OHSAS 18001). This commitment enhances our competitive edge and helps drive our success. G&D is dedicated to protecting the environment and to protecting the occupational health and safety of its employees by applying consistent standards across the Group.



External implementation

We have established a range of monitoring and implementation systems to ensure that sustainable and responsible behavior is embedded throughout the entire value chain.

G&D sets high standards for its suppliers and external partners. Potential partners must undergo a multi-stage selection process covering criteria such as quality management, production sites, and CSR-related aspects, as well as their financial situation and product quality. This process is complemented by a Business Partner Questionnaire that addresses specific themes, e.g. compliance. The process and questionnaire are also applied to agents, distributors, and customers.

Our Supplier Conduct Principles require suppliers worldwide to meet the same CSR standards as we apply to ourselves. On-site compliance audits were conducted at the premises of 65 existing suppliers (around six percent of the total) during the reporting period.

The Statement on Business Controls is another instrument we are currently introducing to monitor sustainable conduct in our value chain. It contains declarations on corruption, data protection, the environment, labor standards, and human rights. From now on, the statement must be signed by the managing director of each subsidiary and by division managers, along with their regional chief financial officer or division controller.



Human rights: Observing and respecting human rights

PRINCIPLE

1

Businesses should support and respect the protection of internationally proclaimed human rights.

PRINCIPLE

2

Businesses should make sure that they are not complicit in human rights abuses. "We respect the personal dignity, privacy, and rights of every individual, regardless of their origin, nationality, culture, religion, or gender." This sentence from the G&D Code of Conduct commits the company to worldwide respect for human rights and compliance with the relevant laws.

Our standards for responsible behavior are laid down in the Code of Conduct, which applies to employees of all organizational units and associated companies in which G&D directly or indirectly holds more than 50 percent of the shares.

G&D also expects its business partners and suppliers to respect human rights and uphold other ethical principles. Recognition of international human rights standards is enshrined in our Supplier Conduct Principles and is thus a precondition for approval as a new strategic supplier. Furthermore, all new suppliers must complete a Compliance Questionnaire for G&D Business Partners as part of the qualification process. By

completing the questionnaire, suppliers agree to familiarize their management team and all employees with the G&D Code of Conduct.

Prevention through training

Human rights also form part of a comprehensive e-learning program for all G&D employees that includes compliance standards and the con-



tent of the Code of Conduct. So far, some 5,500 employees – more than half the workforce – have taken part in the program, with the remaining staff to follow by the end of 2011.

Responsibility of global managers

G&D's senior managers have a special responsibility to ensure compliance with company policies and guidelines. Accordingly, in August 2011, they were supplied with a comprehensive Checklist for the Statement on Business Controls. Human rights are among the specific issues covered by the checklist. The checklist is sent out by the Compliance Office in Munich and must be completed and formally signed by the managing director of each subsidiary and by division managers, along with their regional chief financial officer or division controller. This process reinforces worldwide compliance with legal requirements, as well as with G&D's high standards, by requiring personal acceptance of responsibility.

Binding standards for business partners

G&D is intent on creating greater awareness of the need for responsible, sustainable corporate governance. In addition to applying the Supplier Conduct Principles to new suppliers, the company therefore plans to extend them to key existing suppliers ("A" and "B" suppliers). By adopting G&D's ethical principles, these suppliers will be committing themselves to uphold human rights. If the corresponding standards are not met, or met only in part, an agreement will be made to put in place a process that drives forward implementation and compliance within the relevant company. This will also have the effect of boosting the shared understanding of social responsibility in day-to-day business operations.

G&D identified a total of 1,163 key suppliers in the value chain in the course of this process, of which some 20 percent have accepted the Supplier Conduct Principles or completed the Business Partner Questionnaire since 2010. The aim is to gain the commitment of 75 percent of our key suppliers to these principles by the end of 2012.

Additional measures

As part of its compliance management activities, G&D began setting up a worldwide helpline in early 2011 that will provide a central point of contact for any employee, customer, or supplier with a question concerning legal or company requirements. Queries concerning human rights will likewise be covered. The helpline will also provide a simple means of reporting potential violations in the strictest confidence. 90 percent of G&D's locations are already covered, with the remaining locations due to follow by the beginning of 2012.

Specific HR rules, Group-wide audits, and regular reporting to the company's Supervisory Board complement and enhance the processes for respecting and supporting human rights at G&D.

The Management Board monitors the entire process via regular reports that distinguish three aspects (current compliance violations / action taken / statistics).

Outlook

G&D will maintain its commitment to upholding human rights in its sphere of influence in the coming reporting period. The G&D Code of Conduct will be revised and updated during the course of 2011 to include direct reference to the core ILO standards and the UN's Universal Declaration of Human Rights.





Labor: Showing appreciation – working together

PRINCIPLE

3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

PRINCIPLE

5

Businesses should uphold the effective abolition of child labor.

PRINCIPLE

4

Businesses should uphold the elimination of all forms of forced and compulsory labor.

PRINCIPLE

6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Formal company commitment and systems

G&D's worldwide Code of Conduct contains fundamental, internationally recognized labor standards, including freedom of association, non-use of forced or child labor, and a discrimination-free workplace.

All employees are assured the same career opportunities. The Code of Conduct also stipulates that unlawful discrimination or harassment of any kind will not be tolerated. At G&D, every employee "has the right to be treated fairly, politely, and with respect by his or her superiors, subordinates, and coworkers." Working conditions or ways of treating people that contravene international agreements will not be tolerated. Two cases of discrimination were reported to the Equal Opportunities Officer in Germany during the reporting period, for example, and were dealt with immediately.

G&D actively communicates the Code of Conduct worldwide and ensures it is implemented and complied with on an ongoing basis. The Corporate Auditing function monitors compliance with the Code in the course of its audits.

Labor standards in the supply chain

G&D also aims to promote the core principles of the Global Compact in its wider sphere of influence. All new business partners and key suppliers to G&D's value chain are therefore requested to comply with these principles as part of the qualification and selection process. This process is described in detail above in the section entitled "Observing and respecting human rights."

Integrated management system established

The integrated environment, health, and safety (EHS) management system was significantly expanded during the reporting period through the addition of health and safety standards. It brings together all our EHS policies



and strategies and leverages synergies. An important milestone was the introduction of the occupational health and safety management system standard OHSAS 18001, which forms the basis of management systems for OHS protection in corporate environments and thus strengthens G&D's overarching EHS management system.

Our Munich, Leipzig, Königstein (Saxony), and Louisenthal (Bavaria) production sites have all been certified in accordance with OHSAS 18001 since December 2009. The standard will be extended to all other sites; the relevant strategy to achieve this by 2014 has already been approved.

The EHS system also documents the type and number of work accidents at G&D, with the number being used to improve OHS protection. The internationally available data at G&D's locations is currently being compiled at the central level and analyzed.

Prevention is key

G&D is determined to achieve even higher levels of health protection for its employees. To do this, it has established numerous prevention programs, such as the "health calendar." This covers ergonomics in the workplace, diet, exercise, and inner balance. A pilot project in Munich, which involved 120 employees, focused on ergonomics in the workplace.

Our objective is to develop the best possible health policies for our staff. These policies will ultimately be embodied in a corporate health management (CHM) concept to be defined by September 2011. The resulting CHM system will form part of the EHS strategy.

Practical example: Health services at our Mexican subsidiary

Under Mexican law, any company with more than 100 employees must provide its staff with medical services. Giesecke & Devrient Mexico SA, a wholly-owned G&D subsidiary, has met this requirement in exemplary fashion. Full-time company physician Dr. Luz Ojeda can be consulted by staff on all medical matters and is also able to provide treatment in suitably equipped rooms.

In the first half of 2011, around 550 employees of G&D's Mexican subsidiary were treated in just over 1,000 individual cases, which ranged from first aid and treatment for illness to homeopathic remedies and stress management advice. Dr. Ojeda is also involved in epidemiological surveillance, e.g. for illnesses associated with the H1N1 virus ("swine flu") or measles, and offers preventive health measures for staff.

Strong employee involvement

Management is committed to establishing how G&D staff view their employer, which is why G&D conducted a second worldwide emplovee satisfaction survey in October 2010. A key finding was that 71 percent of those surveyed are happy to wholeheartedly recommend G&D as an employer. The survey also prompted a range of initiatives aimed at continuous improvement, including adjustments to overtime payments in Belgium and revision of the remuneration model in the US. In the UK, there is now also greater recognition of the performance and creativity of employees, with the focus on employee of the month awards and a new suggestion system. Spanish staff expressed a wish for more contact with management, so breakfast with the managing director has become a regular event. G&D China organizes an open door day for employees' families. G&D Mexico developed a coaching and mentoring program for trainees and new employees, while in Dubai the professional development programs

are being revised and aligned more closely with staff needs.

Work/life balance

G&D promotes a healthy work/life balance to actively prevent those with family commitments being disadvantaged in day-to-day work life. We want to create a working environment in which an employee's familial situation and private needs are not a hindrance. Our program includes innovative working time models and advice and support for staff with

childcare or other care responsibilities involving family members. In Germany, the company has received an award for the third time in succession for its "berufundfamilie" audit. G&D was also ranked among Germany's top employers in 2010 and has been awarded "Fair Company" status by Karriere magazine.



Labor

Outlook

We aim to systematically expand our occupational health and safety system and offer our employees the best possible working conditions and health concepts. Consequently, all of G&D's worldwide production locations will successively be certified to OHSAS 18001. We will also be adding a corporate health management program to our integrated environment, health, and safety (EHS) management system.

In response to demographic change, G&D is increasingly focusing on (extended) family issues, e.g. via seminars on the subject of "When Your Parents Get Old." Opportunities for part-time work at different stages of life will also be expanded, to allow staff to care for a family member, for example. Another area to be further developed in future is diversity. G&D is also seeking to enable a balance between work commitments and voluntary or charitable activities; a corresponding corporate volunteering program is being developed.



The results of the worldwide employee satisfaction survey conducted in October 2010 gave rise to around 1,000 individual measures across the Group, of which 228 have already been successfully completed. Various other measures aimed at continuous improvement of working conditions and support for equal opportunities are currently in process.



Environment: Considering generations to come

PRINCIPLE

Businesses should support a precautionary approach to environmental challenges.

PRINCIPLE

8

Businesses should undertake initiatives to promote greater environmental responsibility.

Responsible use of resources and protecting our climate and the environment are core CSR elements and thus a key aspect of G&D's CSR policy. "Considering generations to come" is the guiding principle that embodies our commitment to putting ecological awareness into practice. In addition to complying with existing legal requirements, G&D sets itself ambitious objectives with regard to a sustainable corporate and product policy.

PRINCIPLE

9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Strong commitment to climate and environmental protection

The G&D Code of Conduct includes a binding commitment to environmental protection. The Group-wide Green Sustainability system was established in 2010 to strategically align G&D's various worldwide activities and programs aimed at protecting the environment and combating climate change. It defines binding principles to move the company closer towards our objective of a sustainable value chain, from introducing environmental standards across the Group and implementing a climate protection strategy through to efficient use of

raw materials and the development of green products.

Our integrated environment, health, and safety (EHS) management system brings together all our standards in these areas, and we are currently establishing a comprehensive, international environmental reporting

system. EHS guarantees a sustained focus on these areas through certified ISO 14001 and OHSAS 18001 management systems. We expect all our production sites to comply with the requirements of these standards by 2014. Ten sites and subsidiaries are already certified to ISO 14001 and five to OHSAS 18001.

As a binding standard, the EHS Corporate Guideline ensures the continuous improvement of environmental and climate protection across the company.

It is buttressed by a Statement on Business Controls that requires managers worldwide to report on the environmental impact of their activities and any pollution caused. The data contained in this statement is collected and evaluated by the Compliance Office in Munich. This process reinforces worldwide compliance with legal requirements and G&D's high standards by requiring acceptance of personal responsibility.

Global Compact principles as a supplier requirement

G&D also expects its business partners and suppliers to manage natural resources responsibly, which is why the three environmental principles of the Global Compact are an integral part of the compulsory Supplier Conduct Principles, along with adherence to relevant regional and international environmental standards. All relevant suppliers are thus obliged to comply with these principles as part of the qualification and selection process.

Sustainability in the value chain

To systematically improve our carbon footprint across all areas of our corporate activity, we have implemented an efficient climate protection strategy. The focus here is on reducing CO₂ emissions. Establishing the corporate carbon footprint, which calculates the CO₂ emissions at our locations arising from business activity and production operations, is an important milestone in this regard. This allows us to define activities and objectives to reduce emissions. In 2010, we calculated the entire carbon footprint for the ISO 14001-certified pilot locations Munich, Leipzig, Louisenthal, and Königstein in Germany and Nitra in Slovakia, thus providing the basis for reporting our reduction goals from 2012 onwards as required by our membership of the Carbon Disclosure Project.



We have already taken additional action to reduce emissions and conserve resources. Our Munich site uses its own combined heat and power unit to meet part of the site's energy requirements, saving some 1,995 tons of CO₂ a year.

At our plants in Louisenthal, Bavaria, and Königstein, Saxony, modern biomembrane reactors treat production wastewater. Over 60 percent of the resulting high-quality, purified water can be channeled back into banknote paper production, where it provides a drinking-grade substitute for fresh water. The water saved is equivalent to the annual consumption of a small town of 8,800 inhabitants.

To reduce our CO₂ emissions as effectively as possible, we endeavor to ensure responsible use of natural resources throughout all the company's processes. In 2010, we systematically documented electricity and water consumption at many of our locations and set up programs for more efficient use of resources.

We also established a corporate travel management system at the end of 2009 to record the CO₂ emissions



from flights and train and car journeys with a view to offsetting them in the future. Having started with the German locations, over the coming years we will consolidate all business travel-related CO₂ emissions as part of a global strategic program. A range of measures are planned to offset the associated environmental impact.

Green products and carbon footprint

Alongside reduction of CO_2 emissions at the production sites and throughout all corporate processes, G&D is also working on a green product

policy, which also forms part of the G&D Code of Conduct. In product development and design, we aim to combine outstanding technical quality with efficient use of raw materials and climate-friendly alternatives. To cut emissions during the lifecycle of selected products, we record emissions via the product carbon footprint and are working on developing climate-neutral products.

To conserve resources and reduce environmental impact, we endeavor to save on materials and use alternative ones in the manufacture and packaging of our products. One example is the development of green SIM cards. We are continually testing eco-friendly materials that are durable and easy to recycle. If required and feasible, we use PET, ABS, or PC instead of PVC for card production. In an increasing number of markets, we are agreeing to take card bodies and chip modules back at the end of their useful life.

In addition to complying with legal guidelines on restricting chemicals and hazardous materials, our Mobile Security business unit has set additional internal standards as part of a pilot project and has expanded



the list of hazardous materials. We also expect our suppliers to comply with the list. By regularly updating the hazardous materials catalog, we ensure that our standards are in line with market developments and move closer towards our objective of a sustainable value chain. A Groupwide standard is under consideration, based on the pilot project.

Outlook

Now that the first carbon footprints have been established for selected sites, our aim is to extend the program to all worldwide production locations by the end of 2011. The year 2011 will

see calculation of the product carbon footprint for G&D's Mobile Security business unit, a process that will be extended across the entire Group. Compiling this data is an important milestone towards our stated objective of a sustainable value chain. In 2012, we will define specific emission reduction targets as required by our membership in the Carbon Disclosure Project.

We also plan to engage more intensively with the issue of the water footprint.



Anti-corruption: Applying values – observing rules

Businesses should work against corruption in all its forms, including extortion and bribery.

fighting corruption, blackmail, and bribery, and to acting in accordance with all relevant laws. We pursue a policy of zero tolerance. Rule infringements are not tolerated and compliance violations are penalized accordingly. This policy is based on our defined guidelines and policies, which have been signed by all managing directors and apply to our activities around the globe: our Code of Conduct, the corporate "Gifts and Invitations" policy, and the Business Partner Questionnaire that our suppliers and business partners must complete before they can work with G&D. These binding rules apply at every location, in every business unit, and in our day-to-day dealings with business partners and with each other. The Code of Conduct states that the rules "also expressly apply to instances in which obeying the law may even lead to a loss of business or influence." The fact that a contract may go to a competitor is "no excuse." The Code of Conduct is available in German and English and can be viewed by all visitors to our website. The "Compliance Management" sec-

Giesecke & Devrient is committed to

tion of our annual report also cites the Code, as well as highlighting the need to comply with the law and company policy.

Binding anti-corruption guidelines

In 2009, we took key steps to enhance compliance management, which manifested themselves in 2010 in the form of organizational changes within

the Group. Global rollout of an overarching compliance management system in the year under review enabled us to incorporate binding policies and guidelines for compliant behavior into all our business processes. In addition to establishing a comprehensive reporting system that delivers regular reports to the Management Board and Supervisory Board, we set up a global helpline to provide a central point of contact for any employee or external partner with a question or information concerning compliance. Two notifications have been made since the helpline was established, one of which was classified as relevant.

G&D continues to develop internal corporate guidelines to embed binding, uniform procedures into its business processes. For example, our Global HR Standards and Guiding Principles define behavior that complies with the relevant laws and G&D policies.

Based on a "checks and balances" approach, we apply the dual-control principle to all relevant matters.

We also introduced a new internal guideline on gifts and invitations in the year under review. A checklist is available on the intranet that provides employees with practical advice relating to gifts and invitations. Staff can consult this checklist at any time to establish whether they are acting in accordance with G&D guidelines in their dealings with customers and business partners.



Anti-corruption guidelines for our business partners

We also expect our business partners to comply with G&D guidelines. Accordingly, acceptance of our Supplier Conduct Principles is a precondition for becoming a key supplier. In addition to requiring compliance with the relevant legislation, the principles contain a section on unacceptable business practices that provides explicit instructions on avoiding corruption and other illegitimate business practices and on dealing with gifts, hospitality, and expenses (business courtesies). With the integrated Compliance Questionnaire for G&D Business Partners, G&D has also developed a tool for assessing suppliers in connection with corruption and their relationships with government officials.

Prevention is key

G&D's compliance management system follows a simple principle: prevent, investigate, act. Prevention is essential in order to avoid potential compliance violations.

Managers of all G&D companies and of companies that are at least 50 percent G&D-owned must implement, monitor, and, where necessary, improve internal anti-corruption rules. Each managing director of a subsidiary and the division managers, along with their regional chief financial officer or division controller, must confirm this commitment in writing every year by signing the Statement on Business Controls (which has a strong focus on corruption issues) and submitting it to headquarters in Munich starting in August 2011.

Employee communication and anti-corruption training

Communication and training are central planks of G&D's anti-corruption policy. Every employee worldwide is supported with regard to acting in accordance with laws and internal corporate guidelines. We have developed a worldwide e-learning program that helps our employees to enhance their knowledge and experience in this area. Available in 11 languages, the program offers three basic courses covering compliance standards and the G&D Code of Conduct, anti-corruption, and antitrust law. The "Code of Conduct" training block familiarizes all G&D employees with ethical business behavior, including compliance with the law, particularly anti-corruption legislation. The anti-corruption training block was specially developed for employees with external responsibilities. The courses are compulsory for all staff, and attendance is monitored by their supervisors.

In October 2010, we launched our worldwide e-learning program at our subsidiaries in India, Mexico, Brazil, Dubai, Hong Kong, Singapore, Korea, Australia, and Russia. Rollout of the program to all other G&D units commenced in February 2010 and 5,500 employees have already taken part. The global training program is ongoing, with attendance of three basic courses expected by the end of 2011.

Internal reporting

Compliance management monitors adherence to rules relating to corruption and blackmail and observance of the relevant laws. The Compliance Office submits a quarterly report to the Group Management Board, which in turn reports annually to the Supervisory Board (in the presence of the auditor) on the compliance management system within the Group

Practical example:

E-learning in our Australian subsidiary

For Sue Hughes from GDAA in Melbourne, it was the first official training on compliance issues: "I was really amazed at how complex the whole issue is and how many aspects have to be taken into consideration. I was therefore very glad that I could participate in the training. With this guidance it is certainly easier to behave in compliance with the corresponding rules and regulations."

Uli Klink, managing director of GDAA, took part in a training course on antitrust laws: "It was definitely worth the time. Right now, there are so many things going on at G&D requiring attention in the context of antitrust law that it was really helpful to get information on where G&D stands and what needs to be considered internationally and from a corporate point of view."

Individual events are reported separately and directly to the Chairman of the Management Board, who adopts suitable measures in conjunction with the other Board members. Compliance matters are examined and advised upon on a case-by-case basis; external organizations may also be called in for this purpose.

Outlook

Our aim is to embed a robust compliance culture at G&D by 2013. To enable this, we are integrating our compliance values and standards into many business processes.

We will assess the effectiveness of our compliance management system in 2012 – corresponding preparations and a process for selecting an external auditing company commenced in the year under review.

The UK Bribery Act came into force on July 1, 2011. Given the Act's global impact and its effect on both individuals and companies, G&D needs to ensure that its requirements are met worldwide. Accordingly, G&D has launched a process to create an international anti-bribery and corruption (ABC) policy in order to embed compliance with the UK Bribery Act in the company.

We will also commence updating our risk map in 2012 with regard to potential compliance risk areas, take appropriate action following the relevant analysis, and present the results in the annual management report.



Taking responsibility – providing active support

We are very much aware of our responsibility to the environment and society in which we operate. We believe that all business activity involves accepting and exercising this responsibility. Corporate citizenship is therefore an ongoing, open-ended process at G&D.

Coordinated approach to corporate citizenship

A significant milestone was achieved in 2010 when we brought together our corporate citizenship activities involving education, culture, and intercultural exchange in the independent, not-for-profit Giesecke & Devrient Foundation. In particular, this gives our extensive donations a long-term focus.

The foundation is endowed with 20 million euros and a key aspect of its work lies in training and educating young people through our own projects and by supporting the Berlinbased "new responsibility foundation" ("stiftung neue verantwortung"). The aim of the "new responsibility

foundation" is to drive forward interdisciplinary research into innovative solutions to the social challenges of our time.

As well as supporting the education of young people, an important objective of the G&D Foundation is promoting relations between different nations and cultures. It is developing its own program to help achieve this. For example, in 2011 the foundation enabled 20 young Indians to take part in a three-week language and cultural exchange in Munich and Berlin. This will be repeated in 2012 with Indian students and the following year will see Brazilian students take part for the first time. The G&D Foundation also incorporates funding for the Museum of the Printing Arts in Leipzig, thus fulfilling an objective close to our hearts: to preserve the historical heritage of the printing arts. The museum displays machinery and presses for producing printed works and provides information about the cultural history of typesetting, printing, and bookbinding.

Support for individual employee commitment

Alongside the activities supported by our Foundation, we also intend to expand our corporate citizenship in the future. We aim to encourage individual employee commitment, for which a corporate volunteering program is being developed.



Overall outlook

G&D will continue to develop the initiatives it has launched and to introduce new measures in the coming reporting period.

We will also drive forward implementation of our CSR strategy and embedding of the principles of the Global Compact throughout the company. With its core action areas of the environment, employees, and security and society, CSR is a central pillar of our activities.

We are undertaking further activities as we continue to advance towards our objective of a sustainable value chain. With regard to the environment, significant progress has been made in terms of optimizing processes across the Group. We also intend

to engage more intensively with water and water consumption issues in the future and develop a G&D water footprint comprising the total quantity of water required throughout the entire value chain to create our products and services.

With regard to working conditions and employment, demographic change – at least in Europe – will become a key area alongside occupational health and safety. In the field of human rights, our primary objective is to drive forward our anti-discrimination policies.

Finally, we intend to further develop our activities around security and society. Security and the associated future development of identity, with all its facets, will remain a key focus. This area is highly important in relation to our core business and also of particular social relevance. Our aim is to establish a stakeholder dialog on this subject over the next few years.

Through activities such as development of a materiality matrix, we will further systematize, assess, and drive forward our CSR commitment across the three defined action areas. In this respect, we also plan to align our measures more closely with the expectations of our external stakeholders.

As key components of our business, sustainability and social responsibility will continue to shape everything we do.

G&D's CSR program at a glance

	System and measures	Status and outlook	Connection to principles of Global Compact
CSR strategy	Formal CSR commitment and strategy approved by management	Completed	
	Signed on to the Global Compact in 2010	Annual communication on progress	
	Identification of specific CSR action areas	Completed	
	Definition of flagship project in "security and society" action area	Completed; implementation due in 2012/13	
	Creation of a materiality matrix	In process; completion in 2012 following stakeholder consultation	
	Raising awareness among employees and customers via provision of information in printed form and online	Further development of information provision (brochures, Internet) for employees plus e-learning programs and seminars until 2013	
	Group-wide Code of Conduct	Corporate audit for monitoring compliance with the Code of Conduct	Principles 1–10
		Updating of Code of Conduct and integration of ILO and UN's Universal Declaration of Human Rights scheduled for 2011	
	Worldwide implementation/rollout of compliance management system with Compliance Office in Munich	Compliance culture to be embedded at G&D by 2013 with zero tolerance policy Efficiency review of compliance management system initiated for 2012 Process to create an international ABC policy has been launched Updating of risk map planned	Principles 1–10, especially principle 10
	International e-learning program covering compliance standards and Code of Conduct	5,500 employees worldwide have undertaken e-learning training, with the remainder to follow by the end of 2011	Principles 1–10
_ o	Statement on Business Controls (declaration concerning corruption, data protection, the environment, labor standards, and human rights)	Annual statement by managing directors of the subsidiaries and division managers along with their regional chief financial officer or division controller (Implementation started in August 2011)	Principles 1, 2, 5, 6, 7, 8, 10
and	Corporate Guideline on gifts and invitations	Implementation completed; content communicated via intranet	Principle 10
Action area Compliance	Establishment of helpline for employees, customers, and service providers	The helpline already covers 90 percent of locations, with the remaining locations to follow by the end of 2011	Principles 1–10
¥ ů	Regular reports to Management Board and Supervisory Board	Reporting covers three areas: compliance violations, action taken, and statistical data for compliance	Principles 1–10
	Regular worldwide employee satisfaction survey	2010 survey in 21 countries resulted in more than 1,000 measures, of which 228 have already been implemented	Principle 6
Action area Employees	360° feedback for managers worldwide	Ongoing	Principle 6
	Introduction of Group-wide HR Standards and Guiding Principles	Completed; ongoing implementation within the company	Principle 6
	Review, modification, and expansion of continuing professional development program with particular focus on employee's phase of life	Implemented in 2011 training program; average training hours in Germany were 25.61 per employee in 2010. Stronger engagement with demographic change and diversity in future; advice service established for those with care responsibilities – also covers social aspects in Germany	Principle 6
	Establishment of a global health management program	Launched in 2010; certification of all production locations in accordance with OHSAS 18001 planned	Principle 6
		Expansion of regional health management initiatives (e.g. health calendar in Germany and health week in Munich)	
	Group-wide collection of data on type and number of work accidents and on health promotion measures	Recording of data has commenced; analysis will take place following centralized collection of data	Principle 6
	Extensive work/life balance program	Recertification of berufundfamilie gGmbH tool for Munich site	Principle 6
	Awarded "Fair Company" status	Consistent, transparent remuneration structure for interns, student trainees, etc.	Principles 1, 3
	Recruitment and development of young people	Expanding national and international partnerships with universities	

	System and measures	Status and outlook	Connection to principles of Global Compact
	Establishment of Group-wide Green Sustainability system	Design completed, implementation started; definition of environmental indicators	Principles 7, 8
	Group-wide EHS standards	Completed; establishment of international EHS reporting systems	Principles 7, 8
	Group-wide rollout of ISO 14001 and OHSAS 18001	Locations certified to ISO 14001: Munich*, Louisenthal*, Königstein*, Leipzig*, Barcelona, Nitra*, Nanchang, Huangshi, Itaquaquecetuba, Tokyo (*= also certified to OHSAS 18001) All production sites to be certified to OHSAS 18001 by 2014	Principles 7, 8
	Participation in the Carbon Disclosure Project	Continuous improvement of transparency and definition of reduction targets	Principles 7, 8
	Corporate Carbon Footprint	Calculation of carbon footprint for Munich, Leipzig, Louisenthal, Königstein, and Nitra sites in 2010; Group-wide calculation planned by end of 2011	Principles 7, 8
	Calculation of emissions for selected products (product carbon footprint)	Concept development completed, implementation commenced in 2011	Principles 7, 8
	Increasing use of alternative materials and continued development of green products, e.g. green SIM cards	Introduction of divisional/departmental workgroups for continued development of green products	Principles 7–9
	Company Vehicle Policy for green travel and fleet management with upper CO_2 limit of 160 g/km	Implemented	Principles 7, 8
	Introduction of efficiency programs	First programs introduced, e.g. green production	Principles 7, 8
	Reduction of hazardous materials in banknote printing	Centralization of galvanoplasty completed	Principles 7–9
a ent	Measures for conserving resources in production and processing	Expansion of programs for conserving resources, e.g. alkali treatment unit at all print sites (97 percent of the alkaline waste is treated)	Principles 7–9
areč	Systematic recording of electricity and water consumption	Intensive focus on water footprint planned	Principles
Action area Environment	Biomembrane reactor at production facilities in Königstein and Louisenthal (water treatment during banknote production process)	Water saved is equivalent to the annual consumption of a small town of 8,800 inhabitants	Principles 7–9
	Use of combined heat and power unit in Munich	Annual savings of 1,995 tons of CO ₂	Principles 7-9
Action area Procurement	Supplier Conduct Principles	Written acceptance of principles required before supplier can work with G&D: 1,163 key suppliers identified. Around 20 percent have accepted the Supplier Conduct Principles in writing since 2010. The aim is to gain the commitment of 75 percent of our key suppliers to these principles in 2012	Principles 1–10
Action	Expansion of business partner selection process via the Business Partner Questionnaire	Binding standard in qualification process	Principles 1–10, especially principle 10 (anti-corruption)
Action area Corporate citizenship	G&D Foundation established in 2010	Establishment and implementation of first foundation programs; in 2011, 20 young Indians took part in a language and cultural exchange in Germany; program to be repeated with Indians in 2012 and Brazilian students in 2013	



Giesecke & Devrient

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