



Communication On Progress (COP) 2007-2008

Contact Person

Rosa Delgado

Phone: +41 22 594 3008

Fax: +41 22 594 3001

E-Mail: rdelgado@wisekey.com

www.wisekey.com

Date: 15.08.2008

Authors: WIS@Key SA

World Trade Center II

29 Route de Pré-Bois

1215 Genève 15

Switzerland

Table of Contents

1	MESSAGE FROM CARLOS MOREIRA.....	3
3	WISEKEY SA	4
4	WISEKEY AND THE GLOBAL COMPACT	7
5	BASIC PRINCIPLES OF THE GLOBAL COMPACT	9

1 Message from Carlos Moreira

WISeKey is one the first global companies to have developed a trusted model in the digital identity sphere aiming to empower individuals and corporations with its own identity.

WISeKey became one of the signatories of the Global Compact initiative in 2003, to adhere its principles in particularly in the areas of human rights, labor, environmental protection and fight against corruption.

WISeKey works proactively, in its every day performance, to meet our ideals of Corporate Responsibility in full, towards a responsible and sustainable society but, in particularly the less disadvantaged.

WISeKey works with increasingly conscience-focused marketplaces and, the demand for more ethical business processes and actions has resulted in more business success.

OISTE, the Organisation Internationale pour la Sécurité des Transactions Electroniques, and WISeKey, through its unprecedented partnership has together developed a trust framework for digital identity intended to serve the global community.

WISeKey will maintain its strong commitment with the Global Compact initiative while improving our ability to enhance performance and profitability, with a clear conviction that corporate social responsibility and sustainability are inherent to our business strategy.

WISeKey is proud to recognize that has achieved its commitments which have been for the benefit of our company, its staff, stakeholders and enhances the way we do business as a company and as world citizens.

Sincerely,

Carlos Moreira
Co-Founder and CEO
WISeKey SA
www.wisekey.com

2 WISEKEY SA

WISeKey is a privately-owned company headquartered in Geneva, Switzerland. Since 1999 it has become the world's most trusted secure identity infrastructure, service provider of Public Key Infrastructure (PKI) and security identity management trust services for complex solutions.

WISeKey is a clear example of a company deploying efficient and cost effective PKI to enable secure e-business. Through a combination of hardware and software, practices and process, users unknown to each other can now communicate with confidence.

Trust in the digital world is a fundamental element enabled by WISeKey in conjunction with the unprecedented OISTE relationship which is focused around the axis of security, neutrality and political know-how.

Through its development of a geopolitically neutral, decentralized and globally accessible services infrastructure, WISeKey has positioned itself to deliver neutral and high-level electronic security at fees that are affordable to the most disadvantaged regions of the world.

In the years to come, the "Digital Divide" will expand to the "Identity Divide" and emerging economies expect from us that we contribute to closing the gap for the benefit of everyone.

WISeKey offers first class infrastructure services that not only enables governments and enterprises to establish and maintain their own identity management solutions to issue and manage secure electronic identities, but also provides them with other related electronic identification methods such as biometrics, SSO and so on.

WISeKey intends to truly fulfill our Corporate Social Responsibility as a global ICT player.

Global Presence - The Affiliates Program

This program expands the development of trusted digital identity services and the use of secure electronic communications worldwide. The support from head office provides efficient localized solutions and client relationships with a proactive global communication channel and market research that will insure subsidiary venture success.

WISeKey aims to extend its presence everywhere and its first subsidiaries are: Switzerland, Bulgaria, Spain, United States, Brazil, Mexico, Venezuela, Peru and Saudi Arabia.

WISeKey has customers in various business sectors such as media, aviation, banking, security, communication and mobile operators, application and Internet service providers and so on. We also serve governments such as, Spain, Hawaii, Switzerland, Vietnam, Peru, Colombia, Venezuela, China,

Mauritius, Senegal, Angola and so on, with a large range of applications.

Partners

WISeKey has entered into formal global strategic partnerships with Microsoft, Hewlett-Packard and actively works with other global partners such as EDS, Verisign and Sun Microsystems.

The company has also established a respected profile among international trade groups, such as the International Chamber of Commerce, UN Economic Commission for Europe (ECA), UN Commission on International Trade Law, International Migration Organization (IMO) and Fonds mondial de la Solidarité Numérique (FSN).

WISeKey has established partnerships with public and private sector organizations which include International Telecommunications Union (ITU), OASIS, Liberty Alliance, the World Trade Organization, the Clinton Global Initiative and the International Criminal Court in the Hague.

Initiatives

WISeKey has invested considerable resources and know-how to position Geneva in particular, as the most secure location in the world to host and manage Digital ID projects. The WISeKey Root certificate, owned by OISTE, is located in the Swiss Secure Data Centre facility since 1999.

During this period, WISeKey has been the initiator of important projects such as Youtourist.Net (UN World Tourism Organization), NetelD (Clinton Initiative) and the Geneva Security Forum, with the Government of Geneva, Switzerland.

WISeKey and OISTE have responded to the strategic importance that the EU gives to Mediterranean economies and the challenges these regions have to cope with today, in particular the increasing digital and cultural breach.

WISeKey, OISTE, Malaga Town Hall and the Malaga Valley Group have recently launched a Mediterranean technological Hub of collaboration for municipalities and regional governments, named "I'm Mediterranean" which provides access to services and citizens, based on the digital identity concept. This Hub intends to address regional e-governance requirements to enhance communications or interactions between Mediterranean economies and reduce the gap between expectations and current available ICT services - - <http://www1.wisekey.com/news/080728-MediterraneanDigitalSpace.aspx>

OISTE

The Trust Model - Building International Trust is Key.

OISTE is the first international non-for-profit Foundation in the world to

create a neutral cryptographic Root in collaboration with the ITU, the standard body for the X509 protocol. WISEKey is the Root Key operator.

A Foundation governed by its present by-laws and the Swiss Civil Code, based in Geneva, Switzerland. Founded with the objective of promoting the adoption of international standards to secure electronic transactions, expand the use of digital certification, and ensure global interoperability of certification authorities in e-transaction systems.

The main objectives are the promotion of trust, security and confidence, this is key to underpinning any sustainable growth and development among countries and corporations. It facilitates self-governing participation in the determination of international e-communications security and the use of technical and legal certification standards applicable to e-transactions and communications worldwide as well as the Global Public Key Infrastructure and the issuance of certification authorities and registration.

OISTE main responsibilities include the custody of a Global Common Root for Certifications Authorities on behalf of organizations and governments, and the establishment of a secure Internet in disadvantaged areas of the world – developing countries.

3 WISeKey and the Global Compact

In order to guarantee that human rights, non-discriminative attitudes, work standards and environmental protection regulations are observed and that economic development has the required capacity, WISeKey was one of the first Swiss companies to support the UN Global Compact Initiative and plans to strengthen efforts to fulfill our commitments in due time.

The Global Compact Initiative has helped us to orient our business activities according to the ten global principles and work towards sustainable development on the basis of partnership and the integration of the principles into our day-to-day business processes.

WISeKey remains faithful to its business activities however, due to its dynamism and attachment to corporate social responsibility and business ethics; we have also extended our scope to other types of activities.

New Goals Defined for 2008-2009

WISeKey's current strategic and operational activities are leading to a profitable development of the company, stakeholders and affiliates which should result in a sustainable and ethical development.

WISeKey intends that Corporate Social responsibility actions serve as a framework in our development as a unique business capacity to create wealth through long-term value proposition.

WISeKey recognizes that we need to improve our Corporate Social responsibility goals, in terms of targets, metrics and performance to bring the company up to speed with other members of the Global Compact Initiative. However, this implies costs that we would not be able face for the time being but at a later stage.

WISeKey has set milestones for the period 2008-2009, which includes:

- Promote UN Global Compact Initiatives
 - Increase the understanding of WISeKey principles and policies, that includes the UN Global Compact at the grassroots level through our international meetings, trainings and gatherings
- Environmental standards and Cost savings
 - Identify measures to further embrace and enforce the environmental standards in its operations worldwide

- Refocus the cost reduction issue. Identify and measure direct profit and loss account savings, capital savings and business benefits associated with productivity gains.
- Personnel:
 - Refocus employee recruitment to support our business transformation to actively orient our activities to perform better and faster. To employ people that favour the use of friendly technologies enabling creativity, effectiveness and customer satisfaction.
 - Refocus the way WISeKey staff perform on our contracts, and the way they take further responsibility and accountability for the world on behalf of the company. While not always specified in a particular contract, business considerations are of significant importance.
- Increase security standards for **UN GLOBAL COMPACT community**. WISeKey initiated this project by sending an invitation through this COP to increase security standards within the community. We plan to pursue this project during 2008-2009.
- Support friendly technologies
 - Launch the Mediterranean Hub in Malaga: Develop tools for better integration and sustainable development in the region. Promote the bilateral and regional partnership dimension which will strengthen relationships between Mediterranean citizens (I'm Mediterranean) based on specific regional attributes (language, nationality, age, professional activity, etc). Offer friendly services addressed to the most disadvantaged, aiming to contribute to the eradication of poverty and any form of corruption. Finally, promote the *Corporate Responsibility ideals of the UN Global Compact Initiative towards a responsible and sustainable Mediterranean society*.

4 BASIC PRINCIPLES OF THE GLOBAL COMPACT

Progress to Date:

We have focused on a few priorities to accelerate the progress during 2007-2008, as follows:

Principle	Progress to date
Human Rights Businesses should	<p><u>Human rights protection</u></p> <p>WISeKey is fully committed to human rights, and privacy policies as these principles were already incorporated into our Corporate Governance rules and Code of Conduct.</p> <ul style="list-style-type: none"> ➤ We have a very proactive Legal and Ethics Committee which assists the Board of Directors in their oversight of these issues ➤ Our Head office, Branches and Affiliates operating practices reflects the requirements of these principles, for example, data from employees and clients are recorded locally (data centres), within the limits of legal, data protection and privacy restrictions, to ensure compliance. ➤ Actions involving human rights protection have been included in training programs for our employees and clients for example to encourage equal opportunities for all, women & men and people with disabilities. <p>WISeKey is fully committed to initiatives which aim at bridging the digital divide:</p> <ul style="list-style-type: none"> ➤ In particular, to define global citizenship and the role of corporations in this endeavor <p><u>Clinton Global Initiative (CGI)</u></p> <ul style="list-style-type: none"> ➤ <u>Latest status</u>: Project feasibility study was concluded. CGI is currently seeking to get the funds for the NETeID implementation ➤ <u>Original target</u>: WISeKey adheres to the initiative to respond to President Clinton's call to global action in helping emerging economies worldwide. An approach was developed to reduce the gap between the Digital Identification Divide and aiming to contribute to the eradication of poverty, <u>through a new identity management and transaction platform (NETeID)</u>. ➤ WISeKey and the OISTE Foundation developed for this commitment the <u>NETeID Social Network</u>. The NETeID

	<p>System was designed as a set of online tools intended to empower poor and excluded people around the world to access via their digital identities different sources of assistances and interventions. This cash flow management approach aimed to reduce operations costs, intermediaries and other sources of financial loss when remittances are sent to developing countries. This also, promoted micro-credit initiatives and increases the awareness and control capability of the countries which provide the funds.</p>
--	---

Principle	Progress to date
<p>Labor standards</p> <p>Businesses should</p> <ol style="list-style-type: none"> Uphold the freedom of association and the effective recognition of the right to collective bargaining; The elimination of all forms of forced and compulsory labour; The effective abolition of child labor; and The elimination of discrimination in respect of employment and occupation; 	<p>Collective bargain rights</p> <p>Working processes and practices have been executed in compliance with this principle and in fulfilment of our obligation of consulting openly with our staff and representative forums.</p> <p>Elimination of all forms of discrimination</p> <p>All our Branches, Affiliates and Head Office:</p> <ul style="list-style-type: none"> ➤ Showed more transparency and trust on collective bargaining and have reported in the annual control and audit assessment process. ➤ Encouraged to respect cultural diversity as well as gender balance in staff recruitment for example, today, we have about 30 nationalities in our staff speaking 35 different languages and more women in the management area. <p>UN GLOBAL COMPACT Partners security ideals</p> <ul style="list-style-type: none"> ➤ <u>Latest status</u>: WISeKey initiated this project by sending an invitation through this COP to increase security standards for the community. A system that allows UN Global Compact Initiative to get a FREE WISeKey personal email certificate was implemented. Results were not very satisfactory. We suspect that not enough awareness efforts were made last year therefore, we plan to pursue this project during 2008-2009. ➤ <u>Original target</u>: Reinforce the use of digital certificates and encrypted emails among the UN Global Compact partners. We proposed encrypting emails to keep hackers away from intercepting and reading our communications.

Principle	Progress to date
<p>Environment</p> <p>Businesses should:</p> <ol style="list-style-type: none"> 7. Support a precautionary approach to environmental challenges; 8. Undertake initiatives to promote greater environmental responsibility; 9. Encourage the development and diffusion of environmentally friendly technologies. 	<p>Data Centers</p> <p>Data centers provided a unique combination for security conscious companies and countries which understand that location for hosting systems is a key element for the security of their data. WISEKey put special emphasis on constructing safe, durable and environmental proof buildings (highly secure rooms, restricted passageways, multi-person access controls and energy reduction):</p> <ul style="list-style-type: none"> ➤ The deployment of secure Data Centers in various countries has started with: Spain (Bilbao), and Bulgaria (Sofia) <p>Increase efficiency</p> <p>All our Branches and Affiliates have reported a successful and conscious adoption of key measures, that have allowed increasing the efficiency and savings of the company such as:</p> <ul style="list-style-type: none"> ➤ Increasing use of recycled used paper, reduce the number of photocopies and print paper in offices ➤ Save energy by disconnecting all machines and lights that are not necessary used overnight. <p>Dematerialization process (friendly technologies)</p> <ul style="list-style-type: none"> ➤ WISEKey have increasingly supported all our own Branches, Affiliates, Head offices and clients in their dematerialization process, avoiding usage of paper-based documentation while ensuring integrity and authenticity of documents. <p>Alinghi Project:</p> <ul style="list-style-type: none"> ➤ <u>Latest status</u>: This project became a Mediterranean initiative in Malaga. The "OISTE and WISEKey Launch a Hub for the Mediterranean Digital Space in Malaga" ➤ <u>Original target</u>: WISEKey became one of the Alight Sponsors, Defender of the 32nd America's Cup 2007 in Valencia. Environmental awareness is very important to Alinghi. The latter is financing several projects in Valencia in this area to give something back to the city which has been their home since 2004

Principle	Progress to date
Corruption	
Business should	<i>“Transparency creates Trust”</i>
10. Work against all forms of corruption, including extortion and bribery	<p>Increased transparency</p> <p>All our Branches and Affiliates reported a successful conscious adoption of key measures, that have allowed to increase the efficiency, savings and therefore, more transparency in the company's every-day operation, as follows:</p> <ul style="list-style-type: none"> ➤ Make sure that our company is not directly or indirectly involved through, partners, suppliers or clients in any form of corruption practices such as bribes or extortion ➤ Agreements, contracts and other legal documents reflect our commitment to this principle and other ethical business practices too ➤ Fight against identity divide and corruption in disadvantaged areas of the world ➤ Promote and adopt initiatives to counter all forms of corruption, including extortion and bribery.