



**UN Global Compact**  
**Communication on Progress**  
**2007-2009**

# 1. Statement of Continuing Support

*A statement of continued support for the UN Global Compact in the opening letter, statement or message from the Chief Executive Officer, Chairman or other senior executive;*

In 2006, we pledged our commitment to the principles of the UN Global Compact in respect of human rights, labor, environment and anti-corruption. We believe that these 10 principles must lie at the heart of today's responsible, forward thinking company.

To date, we have made notable progress in integrating the principles into our company culture. Furthermore, as an organization with a global presence we take a measured, precautionary approach to the impacts of our operations on both a human and environmental level.

We fully support the initiatives of the UN Global Compact, and we are acting continually to incorporate the principles into our own operations and across our wider sphere of influence.

Thomas Savare  
CEO  
Oberthur Technologies  
October 2009



## 2. UN Global Compact Principles

In the table below, Oberthur Technologies provides a report against each of the Ten Principles of the UN Global Compact.

OBERTHUR'S COMMITMENT AND PROGRESS
<b>Human Rights - Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;</b>
<p>Oberthur Technologies is compliant with international standards for Human Rights, such as the ILO convention and the OECD guidelines.</p> <p>The company has not been in violation of any international or local labor, health and safety or employment laws during the period covered in this report.</p> <p>Oberthur is committed to ensuring the protection of its workforce across all of its sites, and as such has established policies and procedures covering issues such as equal opportunities, violence in the workplace and unlawful harassment, as well as standard rules of conduct</p>

with which all employees must comply.

Not only is Oberthur dedicated to protecting the rights of its employees, but the Company also seeks to maintain a positive impact on the societies in which it operates. Outreach activities are common across Oberthur's locations and as a responsible corporate citizen Oberthur constantly seeks opportunities to support local populations.

When the Sichuan province of China was hit by an earthquake in 2008, Oberthur joined the effort to support the relief and regeneration of the area. In the initial days following the disaster, Oberthur Shenzhen and its employees raised 50k RMB for the relief efforts.

Major flooding in the UK in the summer of 2007 severely affected the vicinity of Oberthur's Tewkesbury site and caused loss of water supplies for most businesses and residences in the area, over a two week period. As well as immediately implementing measures to protect the health and safety of its UK workforce, Oberthur Technologies corporately donated £20k to the Gloucestershire Relief Fund responsible for managing the crisis and rebuilding the local area. The Company also contributed to a flood relief fund raising event.

After the storm Kenetsa in Manila in late September 2009, Oberthur Technologies immediately deployed a series of pre-defined crisis measures to protect and support its severely affected local workforce and raised additional funds within the Company.

Locally, Oberthur works alongside charities and community action groups, for example in some countries providing 'matching donations' for employees who take part in sponsored charity events, and providing donations and staff activities during the holiday season for charities working with underprivileged children (e.g. in the US and Singapore).

**Target: We will continuously monitor the course of events in the countries where we operate and will provide funding to help our workforce and local populations in the case of natural disasters such as flooding, earthquakes and pandemics. In 2010, the Company will actively investigate the opportunity to work through a foundation, whether already established or to be set up by the Company, with a view to improving the effective usage of such funding.**

#### **Human Rights - Principle 2:**

**And make sure that they are not complicit in human rights abuses.**

Oberthur has 6000 employees across more than 35 countries worldwide. With a foothold in so many locations, the Company is committed to complying with all local legislation and standards in respect of human rights.

Oberthur takes seriously its responsibilities to the communities in which it operates, and endeavors to provide a high level of employment, benefits and security to local populations

From the start of its operations, particularly in emerging countries where regulations were not always fully defined, Oberthur Technologies has pioneered an employee policy based on its own international standards: annual benchmarking of employee salaries, providing mandatory social insurance benefits including pensions, medical, personal injury and unemployment insurance, maternity benefits, alongside a range of measures for a safe and responsible working environment, such as food vouchers and the use of a staff dormitory for night shift workers.

**Target:** In 2010, we will formalize and communicate a code of conduct for sub-contractors and suppliers to ensure their adherence to ethical and sustainable business practices.

**Labor Standards - Principle 3:  
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;**

Oberthur Technologies proactively reviews and complies with national and local legislation around labor and employment practices including working hours, wages and benefits, equal opportunity and freedom of association. In many countries, including at Oberthur's Tewkesbury UK site, employees have formed an Employee Consultative Forum with elected representatives from across the business areas. Regular monthly meetings are held, along with ad hoc meetings as appropriate with senior management attending to consult on aspects of the business and issues affecting employees.

Employees of Oberthur Technologies are free to join trade unions. In many of the countries in which Oberthur has a presence a large portion of the Company's workforce is unionized, particularly true in Scandinavia.

In France, all legal rights to collective bargaining are fully respected, and a number of agreements on social and HSE matters are regularly signed with trade unions, after discussions, with a view to improving the working environment and the welfare of the employees.

At its facilities in the USA, Oberthur is legally and ethically compliant with the National Labor Relations Act (NLRA), which safeguards employees' rights to engage in "protected concerted activities" with or without a union. Such activities are categorized as two or more employees acting together attempting to improve working conditions, such as wages and benefits.

**Labor Standards - Principle 4:  
The elimination of all forms of forced and compulsory labor**

Oberthur does not employ forced or bonded labor.

The Company's working hours adhere to the relevant local regulations and where its operations involve shift work, shift patterns are carefully managed to ensure fairness and flexibility in line with employee contracts. Overtime is not compulsory and employees are invited to opt in/out of a working arrangement outside of normal contracted hours. Employees are recompensed for additional working hours, for example by time in lieu.

In many of Oberthur's locations, all permanent and temporary employees are protected under a formal framework, entitling them to reasonable time off for such activities.

**Target:** We will continue to follow a process of careful monitoring and documentation, ensuring that all necessary steps will be implemented in order to prevent such occurrences.

**Labor Standards - Principle 5:  
and the effective abolition of child labor,**

Oberthur does not employ child labor and endeavors to ensure that this practice is repeated through its supply chain. The Company maintains strict and consistent pre-employment and work eligibility checks in accordance with legal requirements at a global and local level.

**Target:** Through the development and communication of a formal code of conduct for suppliers, we will ensure that our commitment to the effective abolition of child labor is clearly understood and that we only work with suppliers who are aligned to this principle.

**Labor Standards - Principle 6:  
The elimination of discrimination in respect of employment and occupation.**

Oberthur supports the principle of equal opportunities in employment and opposes all forms of unlawful or unfair discrimination on the grounds of race, creed, color, nationality, ethnic origin, age, language, religion, politics, gender, gender reassignment, sexual orientation, marital status, civil partnership, membership or non membership of a trade union or disability.

The Company believes that it is in its best interests, and those of all who work in the Company, to ensure that the human resources, talents and skills available throughout the community are considered when employment opportunities arise. Internal mobility is fairly active throughout the group and priority is given to existing employees when a job position becomes vacant, on professional evaluation exclusively, in full compliance with Oberthur's governance rules.

Every step is taken at Oberthur Technologies to ensure that individuals are treated equally and fairly, and that decisions on recruitment and selection, on training, promotion, redundancy, redeployment and career development are taken solely on job based criteria.

Oberthur is committed, wherever practicable, to achieving and maintaining a workforce, which broadly reflects the community in which it operates. Across its sites, Oberthur is involved in outreach activities to positively promote employment opportunities from within the local community. As part of these activities, Oberthur has established work placement arrangements with local schools and internships with local colleges and universities, and in some cases has a company ambassador to support local schools' careers centers with insights into the world of engineering and manufacturing.

Oberthur upholds grievance and disciplinary procedures which are communicated to all staff and it strives to achieve a highly desirable working environment across its international network. All sites have defined rules that are formalized in an Employee Handbook, which is provided to all employees ensuring knowledge of the rules and requirements to apply them when at work.

Every employee (professionals and managers in 2008) is eligible to be given by his/her manager an individual evaluation of work carried out. This evaluation is reviewed by the N+2 manager and HR in order to prevent any form of discrimination. The supporting document is standardized across the worldwide organization and is being extended to

include all operators by the end of 2009.

In the USA, Oberthur has created and maintains Affirmative Action Plans through which individuals in protected classes that are underrepresented in the organization's workforce have equal opportunities in recruitment, selection, appointment, promotion, training, and compensation. Employment and compensation processes are evaluated annually to ensure that they remain free of discrimination.

**Target: We have a project to define a global banding and grading system and we will begin its implementation.**

**Environment - Principle 7:  
Businesses should support a precautionary approach to environmental challenges;**

With facilities worldwide and a foothold in each of the five continents, Oberthur is acutely aware of its responsibilities as corporate citizens of the world. Oberthur takes a respectful approach to the environment and is committed to continuing business practices that reflect its endeavors to sustain the long term viability of the planet.

In 2008, Oberthur developed and published its environmental statement and commitment to an 8-point action plan. The action plan is now the driver for the development of environmental improvement measures across the business, the results of which are assessed and incorporated as best practice throughout the organization.

Oberthur is dedicated to achieving compliance with national, regional and global environmental legislation, including REACH, RoHS and WEEE and has a network of environmental managers and representatives to ensure it is able to proactively respond to future legislative changes.

A wide range of established procedures, supported by a process of continuous improvement, are undertaken within the company in order to eliminate or reduce any harmful impact on the environment arising from the realization of its products and services.

Recycling is actively promoted with a view to eliminating landfill waste. Oberthur's Exton USA site has become the company's first zero waste to landfill site. In 2007, 39% of waste produced at Oberthur's Tewkesbury UK site was sent to landfill. Daily waste collections contributed to air and fuel pollution and increased costs. Since 2008, only 5% of waste is sent to landfill, with collections on a quarterly basis. In Sao Paulo Brazil, Oberthur has implemented a series of improved environmental waste streams which have resulted in a 90% recycling rate to date.

**Target: We will define and publish environmental targets for our network of sites. These targets will be developed alongside our existing 8-point action plan and sites will have the independence to achieve the targets during 2010 through locally determined means. Monitoring will be carried out and results communicated internally and externally. Areas of best practice will be highlighted and wherever feasible rolled out across the business.**

**Environment - Principle 8:**

## **Undertake initiatives to promote greater environmental responsibility;**

Since pledging its commitment to the Global Compact in 2006, Oberthur has made significant progress across a range of environmental initiatives.

Actions taken include the following:

- Introduced a global environmental policy project, with leadership from the highest level and input from the various regions and business units across the company's operations.
- Consulted an external environmental consultancy firm to conduct site visits and highlight areas of existing good practice across Oberthur's sites.
- Set targets with regards to environmental performance, globally and for each site.
- Produced a global environmental statement and an action plan for environmental management, and reported on this publicly in its 2007/08 annual report.
- Started the process of implementing the environmental strategy and putting in place systems to measure, control and report regularly on environmental performance across all Oberthur's sites globally.
- Embarked on a program to implement a formalized environmental management system by achieving ISO14001 certification for all its manufacturing sites.

Key achievements include the following:

- ISO14001 accreditation has been awarded at Oberthur's manufacturing sites in Shenzhen (China), Tewkesbury (UK), Barcelona (Spain), Sao Paulo (Brazil), Strangnas (Sweden), Noida (India). Further certification is expected at Oberthur's Vitre (France), Puy Guillaume (France), Johannesburg (South Africa) and Exton (USA) facilities by the end of 2009.
- Significant progress has been made at individual sites, for example; a series of environmental initiatives at Oberthur Sao Paulo saw a reduced water consumption of 14.9% in 2008, and a 17.8% reduction in electricity consumption.

As well as reporting formally on its environmental activities in the annual report, Oberthur is also developing its communication with customers via a dedicated section on its website and will continue the ongoing dialogue with its customers in relation to new developments in products and solutions within the environmental sphere. Dedicated space for corporate social responsibility issues, including the UN Global Compact principles has been provided on Oberthur's intranet site to support the ongoing program of embedding these activities into the company culture.

**Target:** A corporate environmental policy, complementing our commitment to the UN Global Compact and its 8-point environmental action plan, is under deployment and detailed targets will be published in 2010. We will review the current handling of internal environmental messages with a view to creating improved communication channels for all employees. External communications will also be included in the scope of these activities.

### **Environment - Principle 9:**

**Encourage the development and diffusion of environmentally friendly technologies.**

Oberthur Technologies strives to provide consistently high quality, innovative products and

services, balanced with a genuine and long-term commitment to the environment in which it operates and in line with its customers' requirements. Oberthur is actively engaged in the development of environmentally friendly alternatives to traditional materials used in its core processes, as well as 'greener' fulfillment and packaging options.

The company has committed to the following:

- Provide innovative and realistic approaches to the development of alternative technologies, materials and products in the market place.
- Evaluate new product designs against targets for energy consumption, pollution and risk.
- Ascertain together with its customers the environmental benefits and impacts associated with the design and manufacture of their products.

Current initiatives include:

- Working actively to reduce solvent-based inks in its processes and to replace them with water-based solutions. In 2008, Oberthur's Tewkesbury facilities noted a 50% reduction in solvent usage in its printing press founts, without loss of product quality.
- The introduction of SMS messaging and other options to minimise the fulfilment that accompanies its products.
- A reduced size contact plate (35% smaller in size than its predecessor) is being rolled out as standard across its manufacturing sites. The environmental benefits of this are clear in a significant reduction in metal required.
- The EcoSIM (half sized SIM card) product has been successfully launched in 2009, with more than 10m cards already manufactured through Oberthur Shenzhen, China. The amount of card body material required is reduced by half per card.
- Alternatives to standard PVC card body material are continually investigated, developed and qualified for customer orders, such as recycled PVC, PETG, Bio PVC and PLA.
- Take back schemes for payment and SIM cards, whereby Oberthur takes responsibility for the destruction and recycling of its customers end-of-life cards.

**Target: We will continue to actively seek and develop environmentally friendly products and processes relevant to our businesses. During the course of 2010, we will develop and launch a series of new products, which will be compliant with our commitment to reduce impact on environment. We will also ensure that customers and suppliers are closely involved in these activities.**

**Anti-corruption - Principle 10:**

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

The successful business operation and reputation of Oberthur is built upon the principles of fair dealing and ethical conduct of its employees. Oberthur's reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as scrupulous regard for the highest standards of conduct and personal integrity.

Employees owe a duty to Oberthur, its customers, and shareholders to act in a way that will merit the continued trust and confidence of the public, in compliance with legal local rules.

Oberthur has developed policies dedicated to appropriate business conduct and cases of conflict of interest. Under these policies, Oberthur stipulates that business dealings with outside firms should not result in unusual improper gains for those firms. Improper gain refers to bribes, product bonuses, special fringe benefits; unusual price breaks, gratuities and other windfalls designed to ultimately benefit the outside firm, the employee, or both. Promotional plans that could be interpreted to involve improper gain require specific executive-level approval.

Through employee contracts and rules of conduct, Oberthur ensures that any employee found to have been a perpetrator of extortion or bribery or other fraudulent activity will be subject to disciplinary action. Such activity may be deemed as gross misconduct and as such, is subject to consideration for dismissal. Where criminal activities are involved, Oberthur would inform the police.

**Target: We will develop a dedicated corporate social responsibility section within our intranet site for employees and on our external corporate website. These communications will enable us to clearly outline our ongoing commitment to the principles of the UN Global Compact and our expectations of staff and other stakeholders in terms of anti-corruption.**