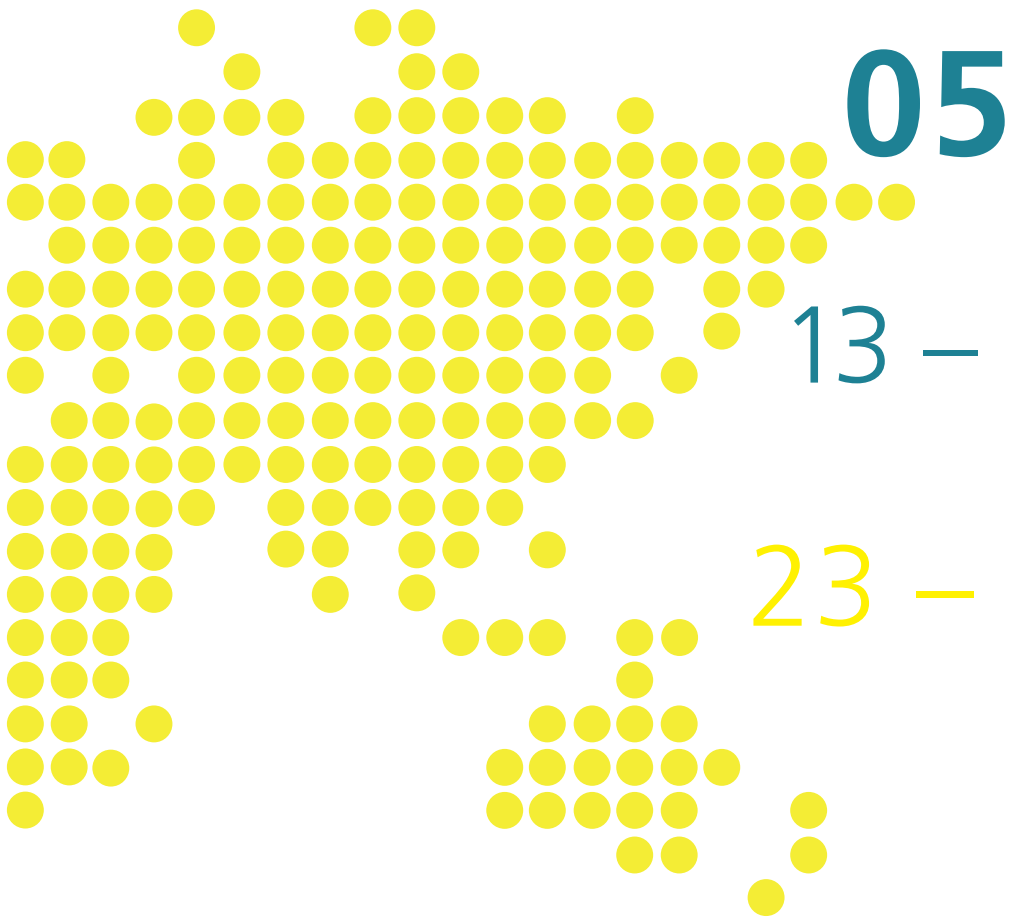


UN GLOBAL COMPACT  
COMMUNICATION  
ON PROGRESS 2013



Giesecke & Devrient  
Creating Confidence.

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## A TRADITION OF RESPONSIBILITY

G&D can look back on a heritage of more than 160 years. As a successful family-owned business, our goal is to preserve resources for future generations. We take responsibility for the social impact of our business activities and are mindful of the challenges involved in achieving sustainable operations within our value chain.

During the 2012/13 reporting period, we made targeted improvements in the area of corporate social responsibility (CSR). In Germany, for example, we introduced a centralized energy management system, which will facilitate the systematic reduction of our energy consumption. The roll-out of myPerformance in 2013 saw the start of a process that will gradually ensure standardized and fair evaluations for all employees across all international subsidiaries. Our rigorous compliance management system has now been independently audited. Our employees worldwide received training on policies and regulations designed to ensure lawful behavior.

This third G&D communication on progress documents our activities in 2012/13 in the areas of human rights, the fight against corruption, labor standards, environmental protection, and corporate citizenship. At the same time, we are renewing our commitment to the ten principles of the UN Global Compact, which we first pledged to support in 2010.



Dr. Walter Schlebusch  
Chairman of the Management Board  
Giesecke & Devrient GmbH

# ABOUT GIESECKE & DEVRIENT

Giesecke & Devrient was established in 1852 by Hermann Giesecke and Alphonse Devrient as the “Officin für Geld- und Werth-papiere” in Leipzig, a city with a rich printing and publishing heritage. After initially specializing in printing banknotes and supplying the associated security paper, the company gradually expanded its core business to include other security technologies, particularly in the fields of smartcards, electronic payment, personal identification, Internet security, and special security solutions for mobile telephony. As an internationally leading technology provider, G&D safeguards reliable transactions and the authenticity of identities and values for its global public and private sector customers across three business units:

## BANKNOTE BUSINESS UNIT:

Banknote paper and printing, security paper and foils, plant engineering, services for printing firms, banknote processing systems, security features and sensor technology, service and technical support.

## MOBILE SECURITY BUSINESS UNIT:

Hardware, software, and services for mobile security applications: SIM cards, bank cards, authentication solutions, SIM and device management, subscription management, Trusted Service Management (TSM) for NFC-based applications such as mobile payment and secure loading and execution of applications on mobile devices.

## GOVERNMENT SOLUTIONS BUSINESS UNIT:

ID card and personalization systems, border control solutions, travel documents, electronic healthcare cards and solutions, systems for personal identification, and systems for authentication and protection of online electronic transactions.

Research and development has always been a priority for G&D. The Group currently has 1,092 developers working on new products and processes. Compared to the previous year, investment in research and development was increased in 2012 by approximately ten percent to 128 million euros. G&D holds some 7,300 patents and patent applications worldwide.



Key figures 2012

## KEY FIGURES 2012

- Sales of 1.789 billion euros (of which 88 percent generated outside Germany)
- 11,213 employees (as of the end of 2012)
- 58 subsidiaries, joint ventures, and associated companies
- Presence in 32 countries on all continents



## KEY PROGRESS IN 2012/13

### COMPLIANCE

- Founding member of the Banknote Ethics Initiative (BnEI) (p. 11)
- Successful completion of the compliance management system audit (IDW PS 980 standard) (p. 9)
- Introduction of a procedure for handling third-party codes (p. 25)
- Introduction of a Group-wide data protection management system (p. 10)

### EMPLOYEES

- Implementation of a Group-wide evaluation process for managers and employees (myPerformance) (p. 13)
- Global Talent Management: Adaptation and expansion of the existing program to include additional regions (p. 16)
- Re-audit of the berufundfamilie certificate with new goals and measures (p. 15)

### ENVIRONMENT

- Roll-out of a standardized sustainability reporting system with the metrics collected extended to include additional sustainability data (p. 17)
- Introduction of a centralized energy management system and worldwide survey of energy efficiency measures (p. 19)
- Verification of the carbon footprint by an external third party (TÜV Nord, scope 1 and 2) (p. 17)
- Certification of additional sites (ISO 14001, OHSAS 18001) (p. 27)

# OUR CSR MANAGEMENT: CREATING AND SYSTEMATICALLY MANAGING VALUES

Everything we do as a company is ultimately measured against our slogan, **Creating Confidence**. Trust in our products and solutions not only serves as the basis for our economic success, but also sets the standard for our interaction with our employees, business partners, and the environment. We seek to uphold our corporate values of trust, quality, sustainability, responsibility, and integrity to the benefit of all. For G&D, this means responsibly managing natural resources along our value chain, implementing forward-looking HR policies, and actively addressing the impact of technological developments on society.

## KEY ASPECTS OF OUR STRATEGY

The basis of G&D's CSR strategy is a **voluntary commitment**, which defines our understanding of corporate social responsibility across the entire Group. Our objective is to use CSR to create value for the society we live and operate in and for our company.

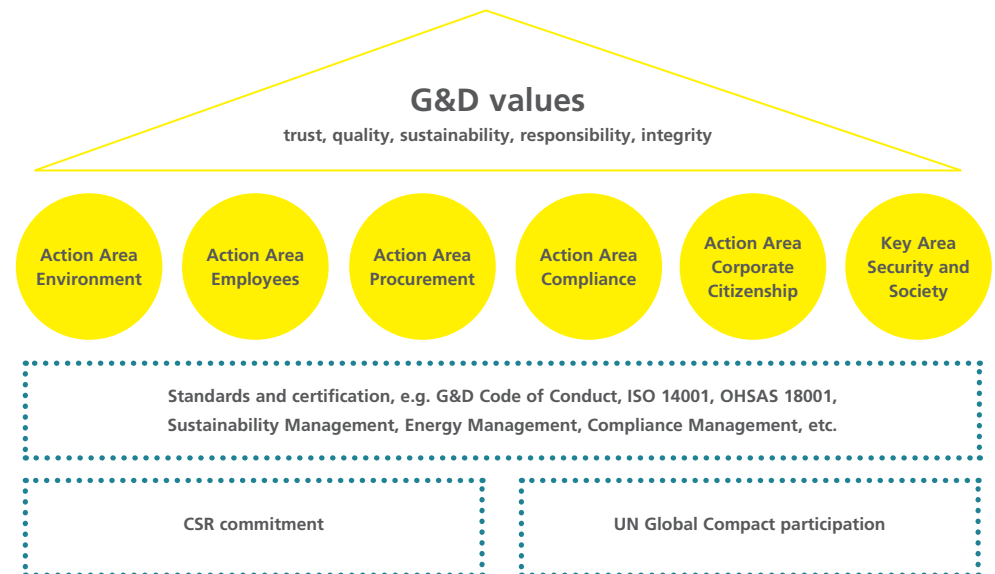
Our CSR strategy is divided into the five action areas of the environment, employees, procurement, compliance, and corporate citizenship, plus the key area of security and society. In 2010, we signed on to the **UN Global Compact** and committed ourselves to its ten principles covering human rights, labor standards, environmental protection, and the fight against corruption.

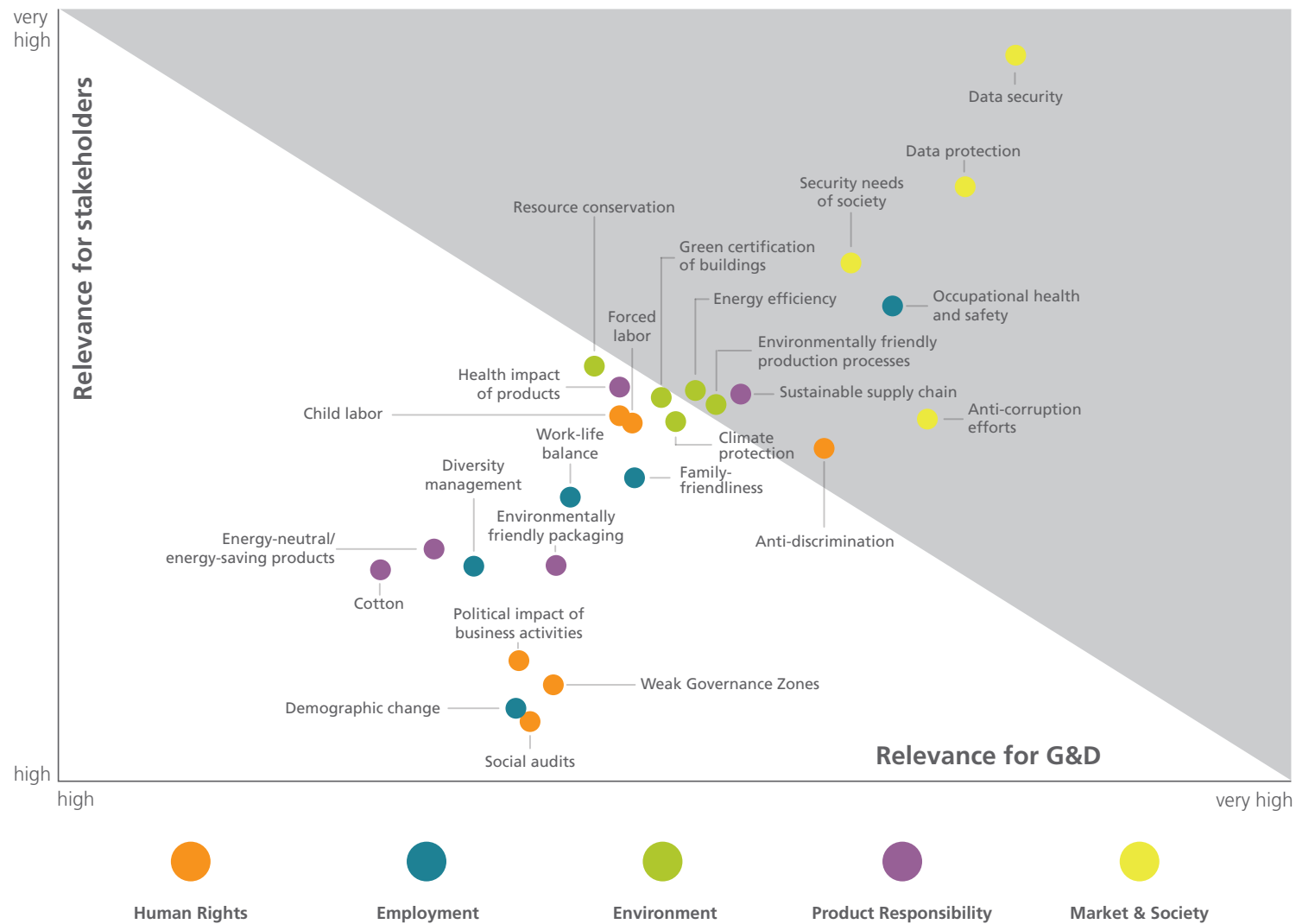
## RESPONSIBILITY REQUIRES DIALOG

We are not only committed to the UN Global Compact, but also to maintaining an open and transparent dialog with our stakeholders. We value this dialog highly because total trust in our company and products is crucial to the long-term survival of our business. Discussions with our stakeholders open up different perspectives, which enable us to bring new inspiration and ideas to our work.

G&D commitment  
[www.gi-de.com](http://www.gi-de.com) >  
About G&D > CSR

For more  
information on G&D's  
dialogs, see the 2012  
progress report and  
[www.gi-de.com](http://www.gi-de.com) >  
About G&D > CSR Strategy  
and Management >  
CSR Strategy





In 2011/2012, we created the **G&D materiality matrix** in order to prioritize our CSR activities. During discussions with colleagues and external stakeholders, we asked about the CSR issues that G&D should focus on now and in the future. Analysis of the resulting views and expectations forms the basis of the strategic direction of our CSR activities.

## CODE OF CONDUCT – AN OVERARCHING SET OF RULES

Our **Code of Conduct** is an overarching management tool, which lays down the rules that apply to G&D around the world – at every location, in every business unit, and in our dealings with business partners and with each other. The Code of Conduct combines the ten social and ecological principles of the UN Global Compact, the core employment standards of the International Labor Organization (ILO), the UN Human Rights Declaration, and the requirements of the OHSAS 18001 occupational health and safety standard.

## SYSTEMS AND STANDARDS FOR MANAGING OUR CSR ACTIVITIES

Sustainable and consistent management of operations across a global organization requires clear guidelines, programs, and management systems.

Activities relating to protection of the climate, the environment, and health and safety are brought together in our **sustainability management system** (p. 17). For several years now, we have been using certified **ISO 14001** and **OHSAS 18001** management systems. In June 2013, we introduced an additional **centralized energy management system** in accordance with **ISO 50001**, initially at our four German locations (p. 19).

Our **compliance management system** ensures that the values and principles of the Code of Conduct and other guidelines are upheld (p. 9). Last year, the organization, suitability, and effectiveness of our compliance management system in Germany and at G&D subsidiaries in other countries was tested and validated in accordance with the assurance standard of the Institute of Public Auditors (IDW PS 980).



## 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.

## PRINCIPLE 10

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

# HUMAN RIGHTS AND ANTI-CORRUPTION: APPLYING VALUES – RESPECTING RULES

We are wholly committed to respecting and supporting human rights. We have therefore laid down binding rules in our Code of Conduct that reject all forms of discrimination.

Alongside these principles, it is essential for a company that identifies itself with values of trust, quality, sustainability, responsibility, and integrity to have systems and measures in place to fight corruption. We therefore enforce a strict zero-tolerance policy: Violations are not accepted by G&D and misconduct is penalized accordingly.

our own employees and the employees of our customers and suppliers the opportunity to ask questions confidentially, to obtain advice, and to report potential compliance violations. In the 2012/13 reporting period, four issues were reported and investigated by the relevant bodies.

The organization, suitability, and effectiveness of our compliance management system in Germany and at G&D subsidiaries in other countries were examined and validated in accordance with the assurance standard of the Institute of Public Auditors (IDW PS 980). G&D is one of the first SMEs in Germany to have carried out this review; another review is planned for 2014/2015.

## COMPLIANCE MANAGEMENT SYSTEM

The basis of our anti-corruption and anti-discrimination policy is our Code of Conduct, which applies to every one of our employees and incorporates important standards.

Our compliance management system ensures that our anti-corruption and anti-discrimination policy is observed. The Compliance Office provides advice and support for our employees and partners on all compliance issues. As part of its audits, Corporate Auditing checks that legal requirements and internal corporate guidelines are complied with across the entire Group. The Compliance Office reports important events and global developments to the Management Board on a quarterly basis, which the Management Board then reports annually to the Supervisory Board. By setting up a compliance helpline, we have a global tool that gives both



## INTERNAL COMPLIANCE THROUGH RAISING AWARENESS AND PREVENTION

We see preventative measures and programs as fundamental to avoiding potential violations. Through the Statement on Business Controls, an annual declaration by top level management on corruption, antitrust law, security, data protection, labor standards, human rights, and environmental protection, we ensure that relevant laws and our internal rules are implemented and that compliance is monitored. The response rate to the Statement on Business Control is nearly 100 percent.

Our compliance management follows the principle: prevent, investigate, act. G&D has further refined its associated risk map to create Risk Map 3.0. This is based on the Statement on Business Controls, the Corruption Perceptions Index compiled by Transparency International, and the results of reports from G&D subsidiaries, as well as their key data (sales, customer base, etc.). The focal point of the regular updating exercise in 2013 was antitrust law.

An important element of our prevention strategy is the provision of extensive training for our employees. We have developed a worldwide e-learning program for our intranet as well as classroom training sessions on compliance-relevant topics, including anti-corruption and dealing with business partners. By the beginning of August, some 80 percent of our employees globally had taken part in these training sessions.

In order to ensure the responsible handling of data, we have established a Group-wide data protection management system. For each company in which we hold a majority stake, a Local Privacy Officer has been appointed. He or she reports quarterly on all activities and incidents to the Group Privacy Officer, who then reports quarterly to the G&D Management Board. Special training measures are used to raise awareness among our employees of the importance of responsible use of data.

## EXTERNAL COMPLIANCE WITH OUR STANDARDS

Our business partners are bound by the same standards as those that apply to G&D. As part of their qualification process, key suppliers (A and B suppliers) receive the Compliance Questionnaire for G&D Business Partners. In addition, they also have to sign the Agreement on Business Ethics with its reference to special Supplier Conduct Principles when working with the Mobile Security business unit. By the end of 2013, 80 percent of our key suppliers should have signed the Compliance Questionnaire and/or the Agreement on Business Ethics. The response rate is currently 70 percent.

In line with the UK's new anti-corruption legislation, we have developed an anti-bribery and corruption (ABC) policy. In 2012, the first training sessions on this policy were undertaken with 170 sales partners. Further training sessions are planned for business partners, such as suppliers.

Over the past five years, we have carried out over 100 audits of suppliers that include CSR-related issues to check compliance with our guidelines.

Many security technologies require rare minerals. The extraction and processing of these minerals repeatedly raises human rights issues. Accordingly, we have composed a statement on responsible handling of these conflict minerals.



## BANKNOTE ETHICS INITIATIVE

The Banknote Ethics Initiative (BnEI) is an international initiative of the banknote industry, established with the goal of implementing strict ethical principles in business. It was introduced at the Currency Conference in Athens on May 13, 2013. G&D is a founding member of the initiative. The chairman of the initiative, Antti Heinonen, former head of the Banknotes Directorate at the European Central Bank, discusses the core mission of the BnEI.

### MR. HEINONEN, WHAT ARE THE MAIN AREAS OF FOCUS OF THE BANKNOTE ETHICS INITIATIVE?

"We are concentrating on the prevention of corruption and compliance with antitrust law within the banknote sector. Maintaining high ethical standards has become increasingly important. Only in this way can the industry preserve its most valuable asset – the trust of customers and other stakeholders."

### WHO IS YOUR TARGET GROUP?

"All companies in the banknote sector who would like to join the initiative – printers as well as manufacturers of paper, printing inks, security threads and foils, and machines. No candidate has yet completed the entire process, but we are hoping that the first companies will receive accreditation by the end of the year."

### WOULDN'T YOU EXPECT EVERY COMPANY IN THE BANKNOTE SECTOR TO COMPLETE THE MEMBERSHIP PROCESS WITH FLYING COLORS?

"Smaller companies in particular may not have all the tools available to them, even if they do comply with all the regulations. Accordingly, we have published the BnEI Code of Ethical Business Practice, as well as a detailed handbook with a catalog of tools, in order to illustrate best practice."



[www.bnei.com](http://www.bnei.com)

## IN FOCUS: EQUAL OPPORTUNITIES FOR WOMEN

Human rights include equal treatment of all our employees. Our three-step diversity policy is an important tool for tackling discrimination on the basis of gender, age, or cultural background. At various locations (including Munich and Barcelona), there is an Equal Opportunities Officer, whose job is to ensure equal treatment of female and male employees.

To promote the professional development of our female employees, the Management Board has set a goal of increasing the proportion of women in the executive and global management team (comprising over 500 managers) to 15 percent by 2015.

In 2012, we founded a women's network to promote women. The objective is to identify factors that have a positive impact on the professional development of women. The Management Board and HR are working together to formulate recommendations and define concrete measures. The women's network has also initiated a mentoring program between female managers and young trainees (both female and male).

In June 2013, G&D held a pilot seminar for women, entitled "Women in Positions of Responsibility: Shaping Your Own Future." In October 2013, the seminar will be held again. "Women in Leadership – Individual Style, Strong Impact" is a training session that is now firmly established. Through virtual meetings and training sessions, we intend to continue promoting international networking among female managers in the coming year and plan to introduce an EMEA-wide pilot

project entitled "Women in Business." This will support successful professional women to move into management roles and break through the glass ceiling as well as helping women in key functions across the entire region to network. In addition to a broad spectrum of training content, there will be a focus on peer-to-peer advice. This international approach provides an effective way to benefit from examples of best practice from other countries.

In Germany, supported by the Federal Ministry for Women, genderdax provides a platform for exchanging information on practical issues. Since 2011, G&D has been one of the 50 companies selected to be a member of the genderdax community, which supports highly qualified women in specialist and managerial roles.

### Currently at G&D ...

- 11 percent of executive and global managers,
- 27 percent of the executive pool,
- 34 percent of participants in the global Top Talent program and regional talent programs for professionals,
- 25 percent of Supervisory Board members,
- and approximately 60 percent of trainees in the G&D Group Graduate Program

... are women.

## LABOR STANDARDS: SHOWING APPRECIATION – WORKING TOGETHER

As an international company, we have committed ourselves to complying with fundamental labor standards, which are laid down in our Group-wide Code of Conduct and based on the principles of the International Labor Organization (ILO). Freedom of association, non-use of forced or child labor, equal opportunities for all employees, and a safe working environment are the key principles that G&D has defined for itself.

### DEVELOPMENT OF OUR VALUE-BASED MANAGEMENT CULTURE

The G&D Code of Conduct sets out an ethical framework for our company. This presupposes a value-based corporate culture, which is reflected in leadership practice and in the interaction between employees.

2011 saw the launch of a Value-Based Leadership project. This training concept has now been carried out with senior and middle management in selected countries worldwide, such as Sweden, India, and Germany. Global roll-out is scheduled to take place by 2014.

In order to ensure a consistent Group-wide evaluation process for employees and managers based on agreed objectives and tasks, G&D has developed a global performance management system. Roll-out of myPerformance to include all international subsidiaries commenced in 2013. The standardized employee evaluations cover uniform competencies and appraisal levels that can be applied to different cultures. myPerformance has already been implemented in Australia, Brazil, Canada, China, the UK, and India.

#### PRINCIPLE 3

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

#### PRINCIPLE 4

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

#### PRINCIPLE 5

Businesses should uphold the effective abolition of child labor.

#### PRINCIPLE 6

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



## OCCUPATIONAL HEALTH AND SAFETY

The health of our employees is part of our social responsibility and a key quality attribute. As confirmed in the materiality matrix, this subject is of major importance to our internal and external stakeholders. G&D is currently developing an occupational health management system, which will eventually be rolled out across the entire Group. The basis of the system is OHSAS 18001 (Occupational Health and Safety Assessment), with several international locations having already been certified in accordance with this standard. The process has already been completed for all our German facilities.

Our policies and strategies relating to the environment and occupational health and safety have been incorporated into an overarching sustainability management system. For occupational health and safety, we have developed 19 indicators based on the GRI standard. Group-wide collection of data started in 2013.

During the reporting period, we successfully implemented four pilot projects on ergonomics in the workplace, diet, movement, and inner balance. Additional activities included first-aid training for trainees and the implementation of local health promotion measures, such as smoking cessation seminars as well as evacuation drills and safety training. Starting in the fall of 2013, the ergonomics project will become a regular program including activities such as workplace analyses and seminars.

## DEMOGRAPHIC CHANGE

Health promotion also has an important role to play in addressing demographic change. Our holistic personnel policy is carefully tailored to different employee life stages in order to help overcome demographic challenges. We have also developed a demographic strategy based on the three pillars of managing talent, maintaining employee performance levels, and leadership and professional development. Assessments covering each business area are used to analyze specific challenges in the individual business units and develop measures to counter demographic change. Our three-pillar strategy was confirmed by a stakeholder dialog held in March 2012 with scientists, occupational physicians, and HR strategists.

During the reporting period, we held a seminar in Munich called "50 plus: Prospects for Your Professional Future" on multiple occasions. Based on the experience gained with this seminar, we are identifying and reviewing further measures for our staff members.

## WORK-LIFE BALANCE

We want to make it easier for our employees to create a better balance between their work and private life and to foster working conditions that take their family situation into consideration. We believe that we can only compete internationally for the best-qualified staff if we respect the private needs of our employees.

Having developed our workplace childcare facilities in previous years, last year we focused on providing assistance for employees with dependent relatives. We held new seminars on caregiving, living wills, and power of attorney, which were warmly welcomed. In the future, we intend to significantly extend our support in this area. Examples include providing reports on the intranet about combining work and caregiving.

G&D was once again awarded the berufundfamilie certificate in Germany for its commitment to family-friendly working practices. The third re-audit took place in May 2013 in accordance with a new certification procedure for long-standing participants. We are committed to implementing further extensive measures designed to facilitate a work-life balance for parents. These will cover, for example, promoting flexible working locations, work-life balance as a fixed pillar of health management as well as the development of innovative concepts to promote a family-aware management culture.

## INFOGRAPHIC: PART-TIME POSITIONS AT G&D GERMANY

TO END OF 2010	TO END OF 2011	MID-2012	MID-2013
7.4 percent of workforce	8.4 percent of workforce	9.2 percent of workforce	9.4 percent of workforce



## SELECTED ACTIVITIES IN THE ACTION AREA EMPLOYEES

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- Implementation of the Valued-Based Leadership training concept
- Group-wide standardized myPerformance evaluation system for employees and managers, based on defined objectives and tasks
- Development of an occupational health management system
- Seminar "50 plus: Prospects for Your Professional Future," which was very well received by employees
- New seminars for employees on caregiving, living wills, and power of attorney
- As well as the existing summer vacation program in Munich, introduction of an English-language journalist camp for the 11- to 14-year-old children of our employees
- Childcare voucher system at our UK site, which offers employees tax benefits
- Assuming 100 percent of health insurance costs for employees, their children, and parents at our site in India; provision of regular German courses (three times per week) for employees during working hours

## GLOBAL TALENT PROGRAMS

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As a leading global technology provider with sites in 32 countries, G&D takes an increasingly international approach to employee development. Accordingly, we expanded our existing talent program in Munich and launched regional initiatives for our subsidiaries in EMEA (Europe, the Middle East, and Africa), APAC (Asia Pacific), and North and South America. In the future, access to advancement programs will be offered every two years based on an analysis of employees with potential in each region.

Lloyd Jansen, Supply Chain Manager for Banknote Processing and Mobile Security at G&D South Africa in Johannesburg, took part in the new analysis of employee potential at the end of 2012. "I would like to have an international career at G&D and gain experience of different business environments in addition to the one I am currently working in. The talent program provides the ideal framework for me to develop and achieve my professional goals at G&D," said Lloyd Jansen.

All the selected candidates take part in one and a half years of training modules in team management, career development, and personal skills. Particular emphasis is placed on G&D's values and the intercultural skills of the participants. After completion of the program, the participants remain in close contact with the G&D employee development team.



## PRINCIPLE 7

Businesses should support a precautionary approach to environmental challenges.

## PRINCIPLE 8

Businesses should undertake initiatives to promote greater environmental responsibility.

## PRINCIPLE 9

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

## PROTECTING THE ENVIRONMENT: CONSIDERING GENERATIONS TO COME

As a family-owned business, we have a special focus on meeting the needs of present and future generations. For us, this includes the responsible use of resources and protection of our environment and climate. This has also been confirmed by our stakeholders in a materiality survey (p. 7). In the fall of 2013, G&D will share ideas and seek input as part of another stakeholder dialog on "Sustainability – Customer Requirements and Regulation," focusing on energy efficiency.

### PERFORMANCE INDICATORS FOR CLIMATE AND ENVIRONMENTAL PROTECTION

Having a sustainable value chain is defined as a strategic long-term corporate objective in our Code of Conduct.

The main tool used to plan and manage G&D's sustainability activities is the sustainability management system, which is based on the ISO 14001, OHSAS 18001, and (since mid-2013) ISO 50001 certified management systems. Last year, we expanded our database, which follows Global Reporting Initiative (GRI) standards. Since June 2013, in addition to energy and emissions data, we have been collecting data on other sustainability factors, such as production of waste, water consumption, wastewater, and occupational health and safety. We use this data to identify indicators for individual aspects of sustainability, which form the starting point for drawing up specific measures for managing sustainability. By the beginning of 2014, we aim to have created a comprehensive reporting structure based on performance indicators.

In June 2013, we reviewed and condensed our policies on the environment, energy, and health and safety. The new guidelines are binding across the entire Group.

## CLIMATE PROTECTION STRATEGY

Subjects such as energy consumption and CO<sub>2</sub> emissions are becoming increasingly important for the entire production and supply chain. To systematically improve our carbon footprint across all areas of our corporate activity, we have drawn up a climate protection strategy. Our overall objective is to cut direct and indirect CO<sub>2</sub> emissions (scope 1 and 2) by ten per cent by 2016, compared with the reference year 2010. We will also publish these reduction targets as required by our participation in the Carbon Disclosure Project.

Establishing our corporate carbon footprint is an important milestone, providing us with information on the greenhouse gas emissions for each site. Last year, we completed the calculation of CO<sub>2</sub> emissions for 24 sites.



### OUR CARBON FOOTPRINT IN 2012

G&D's total emissions for 2012 were approximately 22,400 tons higher than in the starting year 2010. This is primarily due to a rise in reported activities contributing to supply chain emissions (scope 3). Otherwise, the figures for 2012 are satisfactory: Despite significant growth in sales and headcount, the annual direct and indirect emissions (scope 1 and 2) remained almost constant at 150,000 tons.

Data collection was verified by an independent third party, German technical inspection agency TÜV Nord. We have been planning concrete reduction measures (energy management system) since 2013.

## ENERGY MANAGEMENT SYSTEM

In June 2013, as an important step towards reducing our CO<sub>2</sub> emissions (scope 1 and 2), we introduced a central energy management system (EnMS) in accordance with DIN EN ISO 50001, initially at the four German sites: Munich, Leipzig, Königstein, and Gmund. The EnMS was integrated into the existing sustainability management system.

The certified energy management system serves to capture detailed information on energy consumption at the production sites, enabling us to develop strategic goals and operational measures to improve our energy efficiency. The Munich site, for example, is running a project to reduce the energy consumption of its IT equipment by the end of 2014. The objective is to lower the electricity requirement per IT client by five percent. We also want to increase cooling efficiency as part of infrastructure management by 15 percent by 2015.

Last year, in the card production facility in Nitra, Slovakia, an energy recovery system was put in place, resulting in savings of around 765,400 kWh of energy in 2012 at the location.

We are currently working on a comprehensive energy concept for our banknote paper facility in Louisenthal, Germany. In 2013, we intend to use heat recovery to significantly lower the energy consumption required for heating the building and for compressed air supply. We are also investigating whether we can generate eco-friendly electricity by installing an additional turbine in our own hydroelectric plant.

## GREEN PRODUCTS AND PRODUCT CARBON FOOTPRINT

Alongside reducing CO<sub>2</sub> emissions at our production facilities and in all corporate processes, G&D is working on a green product policy. We are using more and more alternative, eco-friendly materials and are continuing to develop our green products. The Green Working Group in the Mobile Security business unit meets four times a year to identify and prioritize solutions.

An important example of our responsible use of natural resources is the green SIM card, which has a card body made of cellulose. A card body for payment cards made of PLA material (natural polylactide) should be available by the end of 2013.



## ENVIRONMENTAL PROTECTION IN PRODUCTION FACILITIES

### Foil facility for banknote paper at Louisenthal, Germany

When constructing the new production facility for high-security threads and foils used in banknote paper production at the Louisenthal site in Germany, G&D invested in efficient technology for heat recovery. The building, which was commissioned in July 2013, has rotary heat exchangers for the recovery of heat and moisture in air-conditioning systems. In addition, the production facilities were equipped with heat exchangers that use the waste heat from machine exhaust air as well as the exhaust gas heat produced by operating the post-combustion plant. The waste heat extracted is fed back into the cycle and used to heat the buildings.

### Banknote printing in Malaysia

At our Malaysian site, G&D invested in a new system for eco-friendly recycling of chemical solutions in banknote printing. By means of automatic filter cleaning and the induction of chemicals, employees are less exposed to chemicals than previously. Smaller amounts of chemicals are used, which are now more environmentally compatible. The machine also runs more quietly and produces less dust. Due to improved filtration, the new system can recycle the solution more times. When new solution is required, a specialist company disposes of the waste solution in accordance with good environmental practice.

## ADDITIONAL ACTIVITIES IN THE ENVIRONMENT ACTION AREA:

- In 2013, G&D took part in the sustainability campaign week organized by the German Council for Sustainable Development. This involved our employees in Munich making a contribution to resource protection by handing in their old personal cell phones to be recycled. The proceeds went to environmental projects in Bavaria, Germany. To help boost the health of our employees, we offered them a free bicycle inspection. Staff were also given information about the highest consumers of energy in the workplace.
- As a contribution to emissions reduction, G&D provided five parking spaces at the Barcelona site for electric cars. Employees can charge their electric vehicles here cost-free.
- Our UK location established an environmental steering committee, which monitors and manages a variety of different measures and programs on environmental and climate protection (e.g. the introduction and communication of recycling programs).



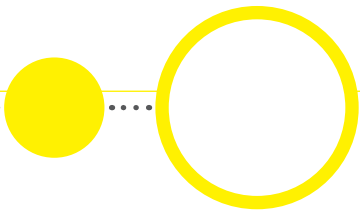
## SECURITY AND SOCIETY: SAFEGUARDING VALUES – SHAPING THE FUTURE

As an international technology provider, data protection and data security are a crucial part of our core business. This is underscored by the results of our 2011/12 materiality survey (p. 7). The way in which data protection is understood and implemented not only has an impact on the security of private, commercial, and administrative data – the increasing digitalization of our society and the rapid spread of mobile applications raise completely new issues around personal identity. Helping to shape the social opportunities and challenges of our digitalized world is a priority for G&D. We therefore continued with our international and interdisciplinary **“IDENTITY – Talk in the Tower®”** dialog platform last year and also extended it to include new aspects.

Following the first Tower Talk in May 2012, two groups of experts – the Tower Task Forces – explored the ideas raised during the inaugural event in greater depth. The first working group is currently looking into two scenarios of how the world may look in 2023 and discussing the outcomes of predicted technological development on our identity. Using imagined daily routines from the future, they are illustrating positive and negative impacts from the users’ perspective. In the second expert group, the participants are focusing on four applications, including electronic voting via secure mobile identification. Both Tower task forces will publish a summary of their discussions. From September 2013, a third Tower task force will dedicate itself to the subject of Big Data, where questions such as the following will be central: How does the collection of large volumes of data influence identities? How can data minimization be implemented? Which technologies can help to enable data minimization?

The first interim results were presented by the Tower task force experts to attendees from academia, politics, and business at the second Tower Talk, held in April 2013 in London. Here, participants considered identity not only in a transatlantic context, but also from a Chinese perspective. John C. Chiang from Beijing University underlined the cultural challenges inherent in protecting identities.

The next highlight will be the conference on “The Future of Identity” on November 28, 2013 at Bavaria’s EU office in Brussels. Supported by the European Network and Information Security Agency (ENISA), the focus will be on how our identity is changing in the digital age. In this context and in front of some 150 attendees, the first discussion results of the “IDENTITY – Talk in the Tower®” initiative will be presented, including the publications produced by the first two Tower task forces.



"WHILE WE ARE HAPPY TO DISCLOSE  
ALMOST ALL OUR PERSONAL DETAILS ON  
SOCIAL NETWORKING SITES, WE STILL  
WANT TO PROTECT OUR IDENTITY.  
COMPANIES NEED TO REACT ACCORDINGLY  
AND ADAPT THEIR PRODUCTS."


*(Stefano Rodotà, long-standing data protection expert)*

"WE DON'T GIVE ENOUGH THOUGHT  
TO THE INFLUENCE THAT OUR INCREASINGLY  
HYPER-NETWORKED WORLD HAS ON US,  
WHICH IS WHY I AM FOLLOWING THE  
"IDENTITY – TALK IN THE TOWER®" DISCUSSIONS  
WITH GREAT INTEREST."

*(Juliet Lodge, Director of the Jean Monnet  
European Centre of Excellence)*

#### AT A GLANCE:

- **"IDENTITY – Talk in the Tower®"** launched by G&D in 2012 as an interdisciplinary, international, and creative dialog platform
- Key topics: identity, data protection, anonymity, and transparency in our interconnected world
- Annual discussion involving leading figures from the world of politics, business, and academia, which provides new stimulus for the initiative



[www.identity-tower.com](http://www.identity-tower.com)  
[www.future-identity.eu](http://www.future-identity.eu)



## CORPORATE CITIZENSHIP: TAKING RESPONSIBILITY – SUPPORTING COMMITMENT

For Giesecke & Devrient, business activity is not solely measured by commercial metrics but also by the contribution we can make to the society in which we live. Our various activities in the fields of education, culture, and intercultural exchange were thus brought together in the **Giesecke & Devrient Foundation** in 2010. We also operate a **corporate volunteering program**.

### THE G&D FOUNDATION – BRIDGING TRADITION, THE FUTURE, AND DIFFERENT CULTURES



The G&D Foundation was established in 2010 and is endowed with 20 million euros. Nurturing and developing young people worldwide with a focus on intercultural skills lies at the heart of the Foundation's work. Since 2011, the Foundation has worked with the Goethe Institute to organize language and cultural exchange visits to Germany for groups of young people from other continents. In 2013, the program saw 20 participants from Mexico and Brazil spending time in Munich and Berlin.

G&D's historical roots lie in the printing arts, which is why the G&D Foundation also supports the Museum of the Printing Arts in Leipzig, thus making the historical heritage of our company accessible to everyone. By helping to fund the "new responsibility foundation" ("stiftung neue verantwortung"), the G&D Foundation supported new ideas and solutions during the reporting period in order to actively shape important issues that affect our future.

Collaboration with other initiatives has also been continued. The Foundation was involved in the "Bookmark" ("Lesezeichen") project run by the Tatendräng volunteer agency in Munich. This supports children starting school who lack the necessary German language skills. The "Making More Immigrants Teachers" program, an initiative of the Bavarian Ministry of Culture in conjunction with the ZEIT Foundation, and the "Fit for Responsibility" program, which G&D supports together with the Roland Berger Foundation, were like-wise both continued. The goal of "Making More Immigrants Teachers" is to generate interest in a teaching career among pupils from migrant backgrounds. "Fit for Responsibility" awards scholarships across Germany to talented children and young people from socially disadvantaged families.

A decorative graphic on the left side of the page consists of a vertical dotted line. At the top is a solid teal circle. Further down is a solid yellow circle, followed by a teal circle with a white outline. At the bottom, a horizontal dotted line extends from the vertical one, passing through a large yellow circle containing the text 'www.gi-de-stiftung.org' and 'www.druckkunst-museum.de', then through a small yellow circle with a white outline, and finally through a large solid teal circle. A horizontal dotted line also extends from the top teal circle to the left of the 'MAKING SPACE FOR VOLUNTEERING' section header.

## MAKING SPACE FOR VOLUNTEERING

G&D set up a **corporate volunteering program** in early 2012 to encourage its employees to volunteer. Employees can register to volunteer on selected projects and can also propose their own projects. If an employee devotes up to two days of their vacation or free time to volunteering, G&D will allow them the same number of working days to pursue this activity.

## SELECTED PROJECTS FROM THE CORPORATE VOLUNTEERING PROGRAM:

- Excursion with refugee families
- Renovating a classroom
- Visiting an adventure park with a group of children from different cultural backgrounds
- "Supervision by a third party" project to help separated couples maintain contact with their children

[www.gi-de-stiftung.org](http://www.gi-de-stiftung.org)  
[www.druckkunst-museum.de](http://www.druckkunst-museum.de)



# AT A GLANCE – G&D'S CSR PROGRAM

	MANAGEMENT SYSTEMS, GUIDELINES, INITIATIVES	ACTIVITIES AND PROGRESS	GOALS AND OUTLOOK	DETAILS	GLOBAL COMPACT
CSR strategy	Support for the UN Global Compact	Third <b>progress report</b> 2012/2013 as per the requirements of the UN Global Compact	Ongoing		
	Prioritization of CSR issues and action areas	Internal and external stakeholders surveyed (2011/12), <b>materiality matrix</b> created and results discussed with the individual departments (mid-2012). Example: Taken into account when designing the strategic compliance program	Update 2014	p. 7	
	Raising awareness among employees and customers	<b>Intranet and online presence</b> revised: <a href="http://www.gi-de.com/responsibility">www.gi-de.com/responsibility</a>	Ongoing		
	Flagship "security and society" project	Interdisciplinary and international <b>Identity – Talk in the Tower® dialog platform</b> continued (Berlin 5/2012, London 4/2013); two task forces established ("Role of Machines" and "Control of Identity")	Task force on Big Data in September 2013; conference on November 28, 2013 in Brussels	p. 21	
Action area: Procurement/Supply Chain and Compliance	Group-wide Code of Conduct	<b>Code of Conduct</b> for all employees and business partners; incorporates the UN Global Compact, the ILO core employment standards, the UN Human Rights Declaration, OHSAS 18001; compliance checked by Corporate Auditing; Group-wide <b>procedure for handling third-party codes</b> developed and introduced	Ongoing	p. 8	Principles 1–10
	Compliance management system with Compliance Office in Munich	Successful completion of <b>compliance management system</b> audit (IDW PS 980) across the Group	Next audit 2014/2015	p. 9	Principles 1–10, especially principle 10
		Nearly all sites now have access to the <b>compliance helpline</b> ; four incidents reported in 2012/2013	Ongoing	p. 9	Principles 1–10
		International <b>e-learning training</b> , as well as classroom training sessions, on compliance basics, Code of Conduct, anti-corruption, antitrust law, data protection, and dealing with business partners	Global completion of the various compliance training sessions by Q3 2013	p. 10	Principles 1–10
		<b>Risk map</b> updated (Risk Map 3.0), particularly with regard to antitrust law	Annual update	p. 10	Principles 1–10, especially principle 10
		<b>Training</b> for 170 sales partners on the <b>anti-bribery and corruption policy</b> based on the UK Bribery Act	Training planned for other business partners (e.g. suppliers)	p. 10	Principles 1–10, especially principle 10
		<b>Statement on Business Controls</b> confirmed by nearly 100 percent of subsidiaries (declaration by, among others, the local managing directors on corruption, antitrust law, data protection, the environment, labor standards, and human rights)	Statement updated annually	p. 10	Principles 1, 2, 5, 6, 7, 8, 10
		Statement produced on the handling of <b>conflict minerals</b>	Ongoing	p. 10	
		Introduction of new <b>corporate guidelines on donations and sponsorship</b>	Group-wide transparency regarding donations and sponsorship activities; standardized process		Principle 10

	MANAGEMENT SYSTEMS, GUIDELINES, INITIATIVES	ACTIVITIES AND PROGRESS	GOALS AND OUTLOOK	DETAILS	GLOBAL COMPACT
Action area: Procurement/Supply Chain and Compliance	Banknote Ethics Initiative (BnEI)	G&D co-founded the <b>Banknote Ethics Initiative (BnEI)</b> with the aim of defining binding ethical principles in business	External audit of the compliance management system of participating companies planned by end of 2013	p. 11	Principles 1, 2, 10
	Supplier selection process	<b>Compliance questionnaire</b> and <b>Agreement on Business Ethics</b> with reference to the <b>Supplier Conduct Principles (in the Mobile Security business unit)</b> used as part of the qualification process for key suppliers; 70 percent response rate to date	Agreement of 80 percent of the most important suppliers by end of 2013	p. 10	Principles 1–10, especially principle 10
	Data protection management	Completed setting up of a <b>data protection management system</b> ; Local Privacy Officer with reporting function appointed at majority stake sites; employee training on responsible handling of data	Development of data protection measures	p. 10	Principles 1, 2, 10
Action area: Employees	Group-wide performance management of managers and employees	<b>myPerformance</b> for worldwide standardized evaluation of management/employees in terms of performance and objectives achieved; introduced in the largest subsidiaries in 2013	International roll-out by 2015	p. 13	Principle 6
	Global talent program and leadership culture	German talent pool extended to become global <b>talent management</b> across three regions (EMEA, APAC, the Americas); <b>Valued-Based Leadership</b> training concept carried out with senior and middle management, roll-out started in Sweden and India	Group-wide roll-out of the Value-Based Leadership training concept by 2014	p. 16 and p. 13	Principles 1, 2, 6
	Group-wide employee satisfaction survey	Action items arising from the <b>employee satisfaction survey</b> (2010) implemented; monitored using the database	Revise concept for employee satisfaction survey in 2014		Principle 6
	Health management and promotion	<b>Indicators and data collection</b> finalized (see sustainability management system); occupational health and safety extended to include preventative health promotion measures; four pilot projects implemented (ergonomics in the workplace, diet, movement, and inner balance)	Certification of all major production locations according to OHSAS 18001 by 2014; long-term Group-wide implementation of the health management system; regular activities around ergonomics as of the fall of 2013	p. 14	Principle 6
	Diversity management for age, gender, culture	Phased establishment of <b>diversity management</b> with initial concepts and measures: step 1, age; step 2, gender	Expansion of diversity management in 2014 to include step 3, cultural diversity		Principles 1, 2, 6
		Strategy for <b>demographic change</b> developed since 2012 with business unit workshops and reviewed via a stakeholder dialog (3/2012); "50 plus: Prospects for Your Professional Future" training session evaluated and new measures identified	Ongoing	p. 14	Principles 1, 2, 6
		<b>Women's network</b> continued: subject matter for projects identified and recommendations provided to HR; held pilot seminar for women in middle management	Increase percentage of women in global and executive management from 11 to 15 percent by 2015; program for global networking of female managers by 2014	p. 12	Principles 1, 2, 6
	Encouraging a healthy work/life/caregiving balance	<b>Flexible working-time models</b> continued, proportion of part-time positions in Germany increased to 9.4 percent; <b>vacation program</b> for children extended, " <b>berufundfamilie</b> " re-audit in May 2013; <b>advice for employees</b> with dependents in need of care (since 2011) with new seminars on caregiving, living wills, and power of attorney	Extending support for employees who are caregivers	p. 15	Principle 6
	Trainee recruitment and development	National and international <b>partnerships with schools and universities</b> continued	Ongoing		

	MANAGEMENT SYSTEMS, GUIDELINES, INITIATIVES	ACTIVITIES AND PROGRESS	GOALS AND OUTLOOK	DETAILS	GLOBAL COMPACT
Action area: Environment	Guidelines	New <b>guidelines</b> replace the previous policies on the environment, energy, and health and safety	Ongoing	p. 17	Principles 7, 8
	Sustainability management system for planning and auditing sustainability activities	Development of <b>goals and indicators</b> for protection of the environment, health and safety, as well as corporate real estate, following GRI standards; database extended to include sustainability data on occupational health and safety, production of waste, water consumption, and wastewater; based on these, measures for sustainability management are planned	Reporting structure based on KPIs by beginning of 2014	p. 17	Principles 7, 8
	Energy management system	Introduction of <b>energy management system (EnMS)</b> according to DIN EN ISO 50001 (initially at the four German locations Munich, Leipzig, Königstein, Gmund); survey of all relevant production locations with regard to <b>reduction and efficiency measures</b> carried out; EnMS integrated into sustainability management system, <b>goals</b> established to increase energy efficiency	First measures from mid-2013, such as reduction of energy consumption per IT client; improved cooling efficiency as part of infrastructure management	p. 19	Principles 7, 9
	Group-wide certification to ISO 14001 and OHSAS 18001	The following locations have already been certified according to <b>ISO 14001</b> : Athens, Barcelona*, Beijing*, Huangshi*, Knoxfield, Königstein*, Leipzig*, Louisenthal*, Markham, Mexico City, Munich*, Nanchang*, Nitra*, Silverwater, Tokyo, and our E-Kart joint venture in Gebze* (*= also certified in accordance with <b>OHSAS 18001</b> ). More in 2013: Shah Alam*; OHSAS: Markham	Certification of all major production locations by 2014	p. 17	Principles 7, 8
	Carbon footprint	<b>Corporate carbon footprint</b> : completion of third <b>data collection/evaluation cycle</b> for the 24 major locations; emissions data verified by a third party (TÜV Nord); <b>raising awareness</b> of our carbon footprint carried out; concrete <b>reduction measures</b> planned since 2013; <b>product carbon footprint</b> for card products, which are manufactured and personalized at four different locations	Reduction of CO <sub>2</sub> emissions by 10 percent between 2010 and 2016	p. 18	Principles 7, 8
	Conserving resources in production and processing	<b>Green Working Group</b> in the Mobile Security business unit collects and prioritizes ideas for green products; new <b>production building in Louisenthal</b> (800 tons of CO <sub>2</sub> saved using exhaust air treatment and heat recovery compared to traditional systems); new systems for <b>environmentally friendly recycling at the banknote printing facility in Malaysia</b> ; <b>combined heat and power unit</b> in Munich; <b>biomembrane reactor</b> in Königstein and Louisenthal for treating water	Product: card body for payment cards made of PLA material end of 2013; ongoing	p. 19	Principles 7–9
	Stakeholder dialog on environmental/climate protection	Groundwork for <b>stakeholder dialog</b> on energy efficiency	Stakeholder dialog in fall 2013	p. 17	Principles 7–9
Action area: Corporate Citizenship	Giesecke & Devrient Foundation	Support of <b>language and cultural exchange visit</b> to Germany for 20 young people from Brazil and Mexico, <b>Museum of the Printing Arts</b> in Leipzig, and <b>"new responsibility foundation"</b> ("stiftung neue verantwortung") in Berlin, as well as other projects	Ongoing	p. 23	
	Corporate volunteering program	<b>Corporate volunteering program</b> started in Germany at the beginning of 2012; example projects: Excursion with refugee families, renovating a classroom, visiting an adventure park with a group of children from AKA (Active for Intercultural Exchange Association), "Supervision by a third party" project	Ongoing	p. 24	



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