Responsible digital security is in Gemalto’s DNA. Wherever we do business and whatever the market, we seek to contribute positively to society and to reduce any impact we may have on the environment. This is why responsible corporate social behavior is second nature to us.
functioning of the Board and its committees that are reviewed regularly with regard to their appropriateness and effectiveness. It also has a policy on the ownership of and transactions in Gemalto securities. For more information, please refer to ‘Corporate governance’, pages 54 to 59.

Anti-fraud management

Gemalto’s anti-fraud commission comprises the Group Legal Counsel, the EVP Human Resources, the Chief Information Officer, the Security Director and the Internal Audit Director. It was created in 2008, and meets once a quarter to coordinate the various fraud prevention and detection programs. It initiated the anti-fraud policy which was published in 2009 and among its actions it promoted various training sessions on integrity and anti-fraud awareness (please refer to page 61).

Risk assessment

In 2007, Gemalto initiated an enterprise risk assessment and subsequently issued a risk map together with action plans to mitigate the key risks. An update of these action plans was presented to the Audit committee and twice to the Board in 2009. A detailed description is presented in ‘Internal risk management and control systems’, pages 60 to 62.

Internal control

Gemalto’s management regards internal control as a responsibility that is shared by all managers and that is met by implementing a set of processes and procedures within Gemalto intended to provide reasonable assurance that risks are mitigated, financial reporting is reliable, applicable laws and regulations are complied with, and that the objectives of the Board can be attained (please refer to pages 61 and 62).

Global compact

As a business with operations and customers on every continent, we are also signatories to the United Nations Global Compact. This is a strategic policy initiative for those committed to aligning their operations and strategies with ten universal principles in the areas of human rights, labor, environment and anti-corruption. Please refer to www.unglobalcompact.org.

Customers and solutions

Customer focus

We put our customers at the center of our Company strategy. We want to ensure they can rely on every one of their Gemalto contacts as well as our products and services. As a result, we have very high levels of customer confidence in all our businesses around the world.

Every year we commission an independent ‘Tell Me’ survey, which consists of 470 face-to-face interviews with customers who rate their satisfaction with different aspects of our businesses. Our aggregate score of 715 represents ‘best-in-class’ against our global peer group, and recent increases in that rating over previous years show our investment in customer focus has paid off.

The survey tells us that our customers value our employees’ skills, availability, pro-activity and transparency, as well as the fact that they are well supported by the rest of the organization. Our levels of services are reaching excellence in core card businesses and are challenging the major players in software and solutions. That tells us Gemalto is a trusted company that customers can rely on.

Our improvement initiatives will continue to be driven by customer feedback, and our account managers regularly share yearly action plans with their customers to ensure we are always aligned to their strategic and operational needs. As a result some 60% of our customers now say they wish Gemalto to be their trusted partner to face the opportunities – and challenges – of the future in the digital realm. We also answer any enquiries from customers who wish to maintain a CSR standard throughout their own supply chains.

Security

Security is what we sell – but it is also critical to Gemalto as a source of trust in the market. We aim for excellence in the integrity and confidentiality of assets and data belonging to Gemalto and our customers.

715

Our customers rated their overall confidence in Gemalto as 715 out of 1000, representing a ‘best-in-class’ score and an increase of 13% against 2008.

"Bringing trust and convenience to this new digital, wireless world is the contribution we’ve taken upon ourselves to deliver. It is a noble social role."

Olivier Piou
Chief Executive Officer
We achieve this by promoting a security culture. Dedicated programs for all our employees help them maintain the highest levels of both logical and physical security. At the corporate level, we maintain a full risk register that is constantly updated – which means our internal security standards and policies surpass regulatory requirements. These systems are monitored, audited and tested on a regular basis.

Every employee and every site must contribute daily to achieving our objectives of ensuring our customers’ security infrastructures are never compromised. We maintain external certifications on all R&D, production and personalization sites – awarded by companies like Visa and MasterCard, and conforming to standards such as ISO 27001. And we use our own leading-edge security technology to protect our own, and our customers’, data.

**Business continuity**

We have plans in place to deal with external events and to ensure as far as possible the continuity of our operations for the benefit of our customers. Our crisis management system, being deployed at all our sites, is based on established response plans. Our key sites have undergone specific risk assessments and special focus was given in 2009 to ensure protection of personnel or preparedness for remote working, in order to cover any pandemic absenteeism.

**Greener products**

We have worked hard to develop products that enable our customers to offer green solutions to their end-users: degradable cards made from PLA that still meet stringent banking industry specifications; smaller sized cards that reduce the use of materials; readers optimized in many parts of the developing world, lack of banking infrastructure is hampering economic growth and entrepreneurialism. As a result, Gemalto has been working with its partners to create entirely new approaches to mobile banking, mobile money transfer and mobile payment.

We work with operators – such as MTN and Mcel in Africa, Telenor in Pakistan, and a host of banks in regions like Latin America and the Gulf – to allow people to use their cellphone as a banking, wallet and transaction system. The uptake has been remarkable. After just seven months in Uganda, we had more than 370,000 users conducting more than one million transactions per month. Most of the transfers are for small values. For instance in Africa, the average amount is around USD15 – workers sending money home or paying bills. But this suddenly opens up myriad life choices for people who might otherwise be tied down to locations where there are few opportunities. Introducing fundamental changes in the way people worldwide carry out transactions, mobile financial services have important socio-economic impacts in these emerging and developing markets where lack of efficiency, transparency and infrastructures hamper development.

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for ultra-efficient use of plastics and other non-renewables. We are also planning a global roll-out of our compliance with the EU regulations on the use of chemicals (REACH), in conjunction with the implementation of the Globally Harmonized System of Classification and Labeling of Chemicals (GHS). That means our suppliers also integrate Gemalto environmental requirements into their own systems.

**Support for consumers**
ID theft, credit card fraud and lost data always make headlines – and the coverage is usually negative. The general public can easily get the impression that their digital lives are vulnerable and complex. A TNS Sofres survey in 2008, commissioned by Gemalto, confirmed that people have many questions about the security aspects of the digital services they use – but they didn’t know who to turn to for answers.

With thousands of experts looking after the safety of banking data, telecom subscriptions and government services, we knew we could help reassure anyone who needs quick and practical advice on these issues. By allaying their fears, we realized we could support our customers as they roll out even more advanced digital services.

We therefore responded to this unanswered need by launching a consumer advice web site www.justaskgemalto.com. This offers FAQ’s, articles and a series of 3D animations showing how digital security works. Visitors to the site can ask questions – such as how to choose a good password or safeguard mobile phone contacts – that are answered by Gemalto experts. During 2009 the site had more than 1.1 million visitors.

**Employees**
Every business understands the need to nurture, develop and safeguard their employees. For Gemalto, a company built on the ingenuity of its people, this is doubly important.

**Developing human resources**
The digital environment is evolving rapidly. Our customers expect us to be able to innovate and respond to new evolutions in technologies and markets. That means developing our employees is of paramount importance to our corporate sustainability.

That’s why Gemalto budgets 2% of its salary costs to training each year. We ensure that everyone in the organization has the skills and knowledge to respond to the needs of our customers and our markets.

We monitor progress through the Gemalto Performance Review which, with a process of management by objectives and annual appraisal, provides a key foundation to our management of our employees’ achievements in the short term and career advancement in the mid to long term.

The Human Resources team and management work closely to identify new career moves to support our practice of promotion from within. We encourage mobility across the businesses and between regions – through, for example the Gemalto Technical Ladder, which gives our technical experts a structured career path.

Gemalto University, our global leadership development program, has created a worldwide community of key leaders, ensuring we remain well-organized and competitive.

Our employee practices support and conform with the human and labor rights laws in every country in which we do business.

**Listening to employees**
PeopleQuest, our annual employee survey, tracks satisfaction across our global operations. We use the results to help us create, implement and improve policies and initiatives designed to meet employees’ expectations for their working lives. The results of the 2009 survey showed continuing improvement in our employees’ overall satisfaction.

**Safety at work**
Although our operations pose few explicit safety risks, Gemalto regularly benchmarks its Health & Safety Management System (HSMS) against industry best practices. Eleven sites have already got the OHSAS18001 certification, designed to minimize risk to employees, improve health and safety systems, demonstrate diligence and gain assurance. We undergo third-party audits biannually, and review our continuous improvement program annually. As a result, Gemalto’s safety record is highly rated in its peer group of companies.

**Supply chain and manufacturing**

**Commitment to quality**
Every day, Gemalto’s solutions and software allow hundreds of millions of consumers to manage their digital services safe in the knowledge that they are secure. Our customers rely on these products to protect revenues, keep data and buildings secure, and to confirm identity to combat fraud. So it is imperative we operate with the highest levels of quality to ensure we deliver totally reliable services.
In 2009, we merged our teams delivering Quality, Security, Health, Safety and Environment together with our World Class Manufacturing organization. This is now one single unit dedicated to improving customer satisfaction, protecting Gemalto employees and stakeholders, improving quality and anticipating new regulations and standards to ensure Gemalto is always compliant with best practice.

As well as the obvious synergies, this single unit has helped us continue the development of a Lean Six Sigma culture. Our World Class Manufacturing approach has evolved and we are now committed to World Class Enterprise. This continues to contribute to the enhancement of our customer relationships and provides tangible benefits to the Company performance.

Environmental management
Efficient, effective manufacturing processes and responsive supply chain management are critical to Gemalto’s success as a global leader in digital security solutions. But as well as satisfying our customers’ needs, we need to be sensitive to the world around us. By managing our environmental impact, we can help secure our industry’s future. This isn’t a recent fad for Gemalto: we have audited our Environment Management System (EMS) for more than ten years now. Twenty-one of our facilities are ISO 14001 certified.

Cleaner manufacturing
Our commitment goes beyond regulatory compliance. For many years, our production facilities have focused on reducing their consumption of energy, water and hazardous materials. For example, in Shanghai, modified air conditioning has reduced energy consumption by 25%. In Singapore, a new design of pallet reduced transport weight by 25%. Overall, paper consumption at our facilities in Gemenos and La Ciotat has fallen by 56%. In the US, our PVC waste is collected and recycled to produce masts for boats. At Tczew in Poland, waste re-used, recycled, or converted to energy has increased from 41% in 2004 to 68% in 2008.

Our carbon footprint
Gemalto is a pioneer in CO₂ emissions, and we measure the entire Company’s carbon footprint. In 2006, our Fareham facility in the UK was audited as carbon neutral by KPMG. We were the first card manufacturer in the world having a CarbonNeutral® offer. In 2008, we produced 4.7 million cards under the initiative – rising to about 9 million in 2009. A carbon reduction program focused on logistics has been embedded into 2010 corporate objectives. And our travel booking tool allows employees to see the carbon footprint of their business trips. With an active travel policy control, we were able to reduce overall business travel by 20% in 2009. For many years our production facilities have focused on reducing their consumption of energy, water and hazardous materials.

Community
Helping to build thriving communities wherever we operate is a vital part of the way we work. We believe in developing the local economy by recruiting and training individuals from the countries in which we do business. Our global Your World program supports employee involvement in non-profit organizations worldwide. These are all chosen through a careful process which excludes any political or trade union body. Over the past two years, 140 local or global organizations have received financial support through the program.

Gemalto’s certifications
- ISO 14001 [Environment]: 21 sites
- ISO 9001 [Quality]: 27 sites
- OHSAS 18001 [Health & Safety]: 13 sites
- ISO 27001 [Security]: 6 sites

Carbon neutral
In 2009 we produced about 9 million cards under the carbon neutral initiative, nearly double our 2008 figure.
The stories are inspiring. Our support is helping disadvantaged students in France attain engineering qualifications through Cercle Passeport Telecoms; Relay for Life is raising awareness — and funds — for cancer research in the USA; the Oakville Dragon Boat Race helps the Halton Children’s Society in Canada; Hands on Shanghai is a scheme for hospitalized children; the Surfrider foundation helps clean beaches in France; Maria Luiza Orphanage cares for children in Buzovgrad — and the list goes on.

Gemalto also backed team initiatives such as Tabitha Cambodia, where a group of Gemalto Singapore employees traveled to Phnom Penh to build houses; or the International Coastal Cleanup, where 35 of our employees helped de-pollute Chek Jawa Cape on Pulau Ubin Island, Singapore.

Eco-friendly products
Gemalto has a long-standing portfolio of eco-friendly products for banking, telecom and government customers worldwide. This was recently expanded, further reducing environmental impact in three key areas:

Reducing hazardous substances
Gemalto actively seeks ways to reduce the use and disposal of hazardous substances during production, e.g.:
• In our advanced Card Center in Pennsylvania, US, we succeeded in eliminating ink jets by replacing them with laser inscription.
• We are treating and recycling rags which were previously discarded in the process of cleaning manufacturing equipment.
• We are increasing the use of vegetable-based inks in the printing process.

Using chlorine-free materials
In 1997 Gemalto began to move to non-chlorine polymers resulting in the majority of our current products being chlorine free. These include:
• PETG\(^*\) based products: a chlorine-free alternative to PVC, PETG can be incinerated without creating harmful gases or air pollution.
• ABS molded cards: these are PVC free and significantly reduce the amount of waste during production.
• PC Twin Reader: the first smart card reader which satisfies eco-design criteria, anticipates legal requirements on hazardous substances and is easier to recycle.
• Small form factor cards: which reduce the amount of material required in production.

Promoting renewable and recycled materials
Gemalto actively promotes renewable and recycled materials, reducing the overall environmental footprint of our production processes, e.g.:
• Polylactic Acid (PLA) card: a new bio-sourced material which is easily recyclable and compostable.
• Paper-based materials for short-term use, such as scratch cards.
• ECOPack: eco-friendly packaging made of 100% recyclable materials for our fulfillment services.
• Recycling production waste to make boat masts.

\(^*\) Polyethylene Terephthalate Glycol.