As a leader in digital security, we help to provide the trust that underpins stable and sustainable communities. Our solutions help billions of people every day, and enable our customers to offer their services in trusted and sustainable ways. We also aim to make the most of our opportunities for contributing to society – from supporting health and welfare systems to promoting financial inclusion.

The issues that matter

In 2015, we carried out an extensive materiality analysis to identify and prioritize the issues that matter most to our stakeholders – including managers, employees, investors, customers and suppliers. We grouped these issues into five main reporting areas: Business and customers, People, Governance and compliance, Society and community, and Environment. Among all of the issues identified, these ten stood out as particularly material:

- Data security.
- Data privacy and confidentiality.
- Changing regulations on data privacy and security.
- Crisis management.
- Anti-bribery, anti-corruption, anti-fraud and ethical behavior.
- Attracting talent.
- Investment in R&D.
- Business continuity management.
- Developing and retaining existing employees.
- Supply chain disruption management.

Detailed information about our 2015 materiality analysis – including methodology, findings and outcomes – can be found in our 2015 Sustainability Report.

Managing sustainability

Everyone in Gemalto – from Boardroom to site level – plays a part in managing sustainability.

We put strong governance and business ethics at the heart of our global development, and expect every employee to sign the Gemalto Code of Ethics. Our governance structure is covered in detail on pages 51-57 of this report.

Our focus areas

We will be covering each of the five main reporting areas, along with all the issues raised in our materiality analysis, in greater detail in our 2016 Sustainability Report, to be published in May 2017.

In the following pages of the Annual Report, we review the most material issues for each of the five main reporting areas, and how we addressed them in 2016.
Sustainability focus

Business & Customers
Our customers’ needs evolve constantly, and we are continually developing our business in response. We aim to build trusting, long-term relationships with them, working together to develop innovative solutions that improve people’s connected lives.

Data security
The nature of our business requires us to process huge amounts of data every day. It is vitally important that we are trusted to manage the confidentiality and privacy of this data for all our customers, their end-users, our employees and suppliers.

Our Corporate Security and IT departments use a risk-based approach to manage data at all our sites, applying stringent safeguards through a worldwide Security Management System (SMS). Effective implementation is assured by a global network of security officers, as well as comprehensive employee training. We are constantly developing new ways to enhance our data protection. Initiatives in 2016 included the company-wide Cyber Excellence Program (CEP) based on three pillars: prevent, detect and react. With a specific focus on five key security areas including detection and reaction capabilities, server security, network access, end-to-end encryption and secure customer data exchanges, the program complements measures already in place and boosts our resilience against the threat from cyber-attacks.

Innovation
We are accelerating our digital transformation through the use of agile methodologies and cloud technologies in order to adapt to the rapidly changing business and technical environments. By focusing our corporate mindset on agility, we are able to better and more quickly adjust to our customers’ evolving needs. We use this approach to target the cloud delivery model for all new projects we undertake.

At the same time, we are also building a DevOps software development culture, which includes the use of DevOps tooling to automate the delivery of our solutions. This not only improves our speed to deliver frequent value to end-users, but also reinforces our agility in the face of changing business needs. Our value delivery framework strengthens our ability to continuously and sustainably secure our end-to-end solutions, offering protection to our customers – and their customers – against data threats.

Ensuring business continuity
To ensure resilience in the face of unforeseen events, we have drawn up robust crisis management and business continuity response plans. For more on our approach to identifying, assessing and mitigating risks associated with our activities, see the Risk section on pages 30-38 of this report.

Managing our supply chain
Our commitment to social responsibility goes beyond our own operations. We want a responsible supply chain that supports our business objectives, meets high ethical standards and ensures we treat people fairly. Our responsible purchasing policies are based on United Nations Global Compact best practices, and our CSR Ethical Purchasing Charter sets out clearly what we expect of suppliers and how we intend to work with them. Effective partnership is key, and our comprehensive Supplier Relationship Management process includes regular business reviews to help identify and address issues together. To enhance efficiency and sustainability across our supplier networks, we also work with suppliers to develop and implement Continuous Improvement Plans.

Since 2014, 100% of our main suppliers have signed the Ethical Purchasing Charter, and we have carried out 52 on-site supplier audits to evaluate compliance. More than three quarters of the suppliers reevaluated by desktop audit in 2016 improved their CSR score.

To help our own employees minimize procurement risks, in particular those associated with CSR issues, we ran a purchasing process awareness campaign in 2016.

Investment in R&D in 2016

87%

Customers ‘satisfied’ or ‘very satisfied’ with Gemalto
People
Our success is built on the ingenuity and commitment of our people. We aim to ensure that we continue to attract, nurture and retain a talented and diverse workforce, while maintaining a strong culture of ethics and innovation.

Attracting, developing and retaining talent
We use our ambitious talent acquisition strategy, which includes an employee referral system, our University Relations Program, and a growing online and social media presence, to hire the best and most creative people in their respective fields. In 2016, we recruited over 2,300 people across 44 countries.

All new recruits undergo our Induction and Newcomer Orientation programs, and the Gemalto Connection and University Discovery programs are designed to develop exceptional leaders for the future. In 2016, over 9,000 employees received training, with 80% satisfaction.

Retaining talent and skill is a top priority, so we are regularly finding ways to recognize our employees’ contributions. In 2016, we announced our new success-sharing program, offering free Gemalto shares to all employees worldwide. This reward scheme allows employees, whatever their position, to become Gemalto shareholders and profit from the Company’s growth and performance.

Well-being and work-life balance
Ensuring employee well-being is an integral part of our culture and a key factor in the performance and competitiveness of our business. In 2016, our annual Human Resources open day focused specifically on this topic. We recognize the importance of providing an environment where employees can flourish, and are committed to best practices in key areas ranging from stress management to work-life balance.

Over the past two years we have launched remote working pilots in several countries, enabling employees to work from home one day a week. In 2016 we increased the number of days to two per week in some locations and opened the program up to more employees. The initiative, which fosters trust by offering greater flexibility and time management, has been well-received by participants and their managers, and we will explore the possibility of extending it to additional regions in the future.

Health and safety
Providing a safe environment for all our employees and visitors is essential. Our HR and Health & Safety management systems are designed to reduce risks and ensure continuous improvement across our operations. All our production areas and our two main administration sites have achieved OHSAS 18001 accreditation, covering 54% of our employees. We run awareness and training programs and conduct regular audits to help reduce risks, with a particular focus on high-risk activities such as:

- Handling hazardous substances used in production.
- Ergonomics and musculoskeletal disorders.
- Manufacturing equipment, forklifts and pallet trucks.
- Commuting and business travel.

Equal opportunities and diversity
We believe our business benefits from a workforce that reflects the global diversity of our customers and the markets they serve. We are an equal opportunities employer, and actively seek to develop and promote women to Senior Management positions. In 2016, 44% of new recruits were women. Furthermore, two of our 14 Senior Management team members and two of our ten Board members are women.
Sustainability focus continued

**Society & Community**
Digital technology brings positive benefits for people all over the world and helps to stimulate economic growth. We work with others to deliver solutions that meet social needs and help communities everywhere to feel secure in their digital lives.

**Data privacy and confidentiality**
In an increasingly connected world, it’s more important than ever to keep personal data private and secure. As the regulatory environment continues to evolve, we follow the most recognized regulations to maintain a framework of controls that ensures the privacy and security of the data we hold.

To deliver the soundest possible foundation for processing personal data, we have developed practices that fully meet the strictest privacy standards set by the European Union data protection laws. We regularly assess, plan and act on appropriate safeguarding mechanisms for personal data, and ensure that employees and management are fully aware of, and instructed in, our privacy procedures.

**Products with social impact**
Our solutions help tackle some of society’s major challenges – from financial inclusion to efficient and accessible health and welfare services. These include:

- Solutions that enable our customers to provide mobile banking to millions of people, improving communities’ access to financial services.
- Tele-health solutions that help clients deliver health services efficiently.
- Smart card based technology that supports governments in improving road safety.
- A smart grid solution that promotes energy efficiency.
- M2M technology that helps curb vehicle emissions, optimize engine efficiency and improve driver safety.

**Environment**
We’re always working to reduce the environmental impact of our operations – creating efficiencies, driving innovation and sharing the benefits with our customers.

**Green IT and energy**
Green IT is about measuring and reducing the environmental impact of IT products and services. We monitor Green IT metrics including electricity consumption, carbon footprint and printed paper – and all new procurement contracts with external data centers now include Green IT requirements on energy efficiency and carbon emissions.

We have long prioritized the reduction of energy consumption and costs; some of our sites have been ISO 14001 certified for a decade. Our target is a company-wide 5% year-on-year reduction in ratio, and we monitor energy usage in line with our corporate plans.

**Developing eco-products**
We use life-cycle assessment and carbon footprint analysis to guide the design and development of products that are more environmentally friendly, use fewer materials and make the most of sustainable technology. They include:

- A bio-sourced banking card made from PLA (poly-lactic acid), a corn-derived polymer replacing petroleum-based plastic.
- Smaller SIM cards and card readers.

**Addressing climate change**
We launched our carbon footprint program in 2009 to help monitor and reduce the emissions from our operations. Our focus is on lowering our energy usage, reducing emissions from freight, and minimizing business travel.

We also help our customers to offset the carbon emissions associated with the products they buy from us. To date, this program has offset 20,000 tons of CO2e through projects in developing countries that improve living conditions while reducing greenhouse gas emissions.