

**COMMUNICATION ON PROGRESS (COP)**

**BASIC TEMPLATE**

*Period covered by your Communication on Progress (COP)*

*From: 01.01.2016      To:      31.12.2016*

## 1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER (OWNER OR PRESIDENT IN THE CASE OF SMALL BUSINESSES)



### Message from Carlos Moreira

The year 2016 is a milestone on our company's history. In the first place, as of 31<sup>st</sup> March 2016 WIS@key Holdings became a public company listed on the SIX Swiss Exchange. Following this, WIS@key completed the acquisition of VaultIC, the semiconductor business segment of INSIDE Secure, a French company. As a result, WIS@key became a global cybersecurity and Internet of Things (IoT) player and the only Cybersecurity/IoT specialist offering an end-to-end trusted cybersecurity platform vision.

WIS@key's geological neutrality and data sovereignty ensured by its DISTE Root of Trust is the key differentiator for the company vis-a-vis its competitors. This is especially important as the WIS@key RoT serves as a common trust anchor, which is recognized by operating systems ("OS") and IoT applications to ensure the authenticity, confidentiality and integrity of on-line transactions. We believe these features could be vital in creating significant business opportunities with various governments, international bodies, industrial companies which are wary of foreign government oversight and centralization of data on servers outside their jurisdiction.

Our vision for the next few years is to create and extend cyber resilience and provide secure digital identity technology, enriching the freedom and lives of as many as possible.

The UN Global Compact has allowed us to highlight areas of our business where improvement is recommended, as well as to hone our solutions and business practices to be better aligned with the 10 principles. We look forward to yet another year of responsible opportunity in line with Global Compact values.

As a means to complement our report, we attach the company's official Annual Report 2016, which includes a Corporate Governance Report, a Compensation Report and the Statutory Auditor's Report. We believe that these reports portray the efforts, challenges and ethical commitments of the company with all the thoroughness that is required from publicly listed companies.

Yours sincerely,



Carlos Moreira  
CEO and founder WIS@key

Geneva, 31<sup>st</sup> July 2017

## WIS@key's Annual Report 2016:

[https://cdn.wisekey.com/uploads/images/ANNUAL\\_REPORT-20161.pdf](https://cdn.wisekey.com/uploads/images/ANNUAL_REPORT-20161.pdf)

## Human Rights

<input type="checkbox"/>	WISeKey markets a system of digital identity management that respects the fundamental right to privacy, as stated in Article 12 of the Universal Declaration of Human Rights.
<input type="checkbox"/>	WISeKey core business is cybersecurity. The right to security of the person and the information she generates, guaranteed by Article 3 of the Universal Declaration of Human Rights, is enforced on the digital world thanks to technical solutions and products marketed by WISeKey.
<input type="checkbox"/>	WISeKey respects and values its employees without any discrimination related to race, religion, nationality or gender.
<input type="checkbox"/>	All WISeKey business units are respectful of the right to freedom of thought, opinion and expression
<input type="checkbox"/>	WISeKey's human resources departments enforce the right to social security and the employees' right to rest and leisure through appropriate contractual conditions.
<input type="checkbox"/>	WISeKey is respectful of the legal framework of the countries and places where it has business operations and in particular of the <i>Code des Obligations</i> in Switzerland and the <i>Code Civil</i> in France. These two legal instruments comply with the highest standards of human rights.
<input type="checkbox"/>	WISeKey fulfils its obligations to respect and promote human rights by abiding by the law of the places where it has operations.

## Labour

<input type="checkbox"/>	WISeKey offers appropriate contractual conditions in terms of wages, working hours, holidays, maternity protection, occupational safety and training opportunities.
<input type="checkbox"/>	WISeKey's productivity and personnel motivation are high as a reflection of lawful working conditions.
<input type="checkbox"/>	In WISeKey's Geneva, the personnel participates on the election of a representative to the pension fund.
<input type="checkbox"/>	WISeKey offers state of the art working-facilities including sanitation, heating, air-conditioning, working space, working supplies, parking facilities
<input type="checkbox"/>	WISeKey is respectful of the legal framework of the countries and places where it has business operations and in particular of the <i>Code des Obligations</i> in Switzerland and the <i>Code Civil</i> in France. These two legal instruments comply with the highest standards of labour law.
<input type="checkbox"/>	WISeKey actively checks that none of its suppliers engages in forms of forced and compulsory labor.
<input type="checkbox"/>	WISeKey actively checks that none of its suppliers engages child labour.
<input type="checkbox"/>	WISeKey respects and values its employees without any discrimination related to race, religion, nationality or gender.
<input type="checkbox"/>	WISeKey makes sure that employment-related decisions are based on relevant and objective criteria
<input type="checkbox"/>	WISeKey endeavours to ensure peaceful and fair working relationships among its different hierarchical levels
<input type="checkbox"/>	WISeKey's Corporate Governance Rules – last updated January 2011, based on the "Swiss Code of Best Practice for Corporate Governance" offer guarantees of lawful and fair labour practices

## Environment

<input type="checkbox"/>	WISeKey products, such as WISeAuthentic, have a low environmental impact. In the case of WISeAuthentic, WISeKey is not responsible to ship smartcards to clients individually. Watch manufacturers are responsible. Smartcards do not fly from far-away places and have a low carbon impact.
<input type="checkbox"/>	WISeKey impact on Green House Gas emissions (GHG) is low. The volume of the company's business is not big enough to impact on Green House Gas emissions (GHG). Apart from international travelling of its CEO, the impact is average for a small ICT company.
<input type="checkbox"/>	WISeKey follows up closely on public utilities' bills. WISeKey's data centre is energy intensive. The cooling system employs important quantities of water. From the electricity consumption side it is difficult to reduce the bill when the company is expanding. However, there is a favourable trend thanks to the reduction of physical servers, in exchange for virtual servers. The processing capacity increases, but energy consumption remains the same.
<input type="checkbox"/>	New equipment purchasing decisions are weighted considering its environmental impact. Energy efficiency is a criteria when deciding on the purchase of new equipment.
<input type="checkbox"/>	Obsolete equipment is disposed respecting Swiss and European safe-disposal directives: <i>Waste Electrical and Electronic Equipment Directive (WEEE)</i>
<input type="checkbox"/>	WISeKey endeavours to reduce physical mail and paper use. The company recycles paper, ink toners and PET on-site.
	WISeKey's premises are served by state of the art public transportation systems
<input type="checkbox"/>	In order to reduce travelling: (1) WISeKey encourages the use of teleconferencing; (2) WISeKey implements teleworking arrangements for as many cases as possible; (3) WISeKey engages the services of foreign software developers in Southeast Asia; (4) WISeKey's meeting rooms are fitted to offer state of the art technological facilities for telephone & video conferencing. WISeKey's personnel often use Skype for video conferencing.
<input type="checkbox"/>	The dematerialization of processes plays an important role in WISeKey's business strategy. Dematerialization means less paper consumption. On the other hand, WISeKey's clients have a positive environmental impact thanks to reduced transport and the simplifications of energy consumption processes due to the fact that interactions take place on-line. WISeKey has a positive impact because its business model implies an increase in the consumption of virtual rather than tangible products.

## Anti-Corruption

<input type="checkbox"/>	Applications developed. "Should I buy it", an application being developed by WISeKey, uses law-enforcement mechanisms developed by Interpol, i.e. the Global Register. "The INTERPOL Global Register is a project under development to counteract illicit trade by enabling people to scan and verify the legitimacy of a product from their mobile device. Users – consumers, manufacturers, distributors, retailers, law enforcement and government officials – will be able to open an Internet-based application on a mobile phone or other Internet-connected device to scan and receive information on a product to
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	verify whether the product is being legitimately sold, access product information and see what safety features are in place.”
□	WISeKey’s market of digital identity for persons, processes and objects is closely linked to the efforts of curbing illicit trade.
□	By becoming a publicly listed company on the SIX Swiss Exchange in 2016, WISeKey must publish a Corporate Governance Report, a Compensation Report plus the Statutory Auditor’s Report. These reports exist to guarantee that high-levels of transparency are in place.
□	WISeKey’s Corporate Governance Rules include a “Whistle blow act” ... reporting on violations of the law, rules, regulations and the company’s Code of Conduct are contemplated and protected... These rules explicitly state: <i>“it is forbidden to demand or accept payments or other advantages for themselves or others from third parties, nor may they grant third parties unlawful advantages...”</i>

## 2. MEASUREMENT OF OUTCOMES

In the box below, please include the most relevant indicators to **measure outcomes**. Examples include:

	<p><b>Human rights</b></p> <ul style="list-style-type: none"> <li>✓ 2017 assessment of the company’s compliance with human rights principles when fulfilling the obligation to report to the Global Compact</li> <li>✓ Company records of compliance with human rights values</li> <li>✓ Personnel’s professional satisfaction and motivation</li> <li>✓ WISeKey’s products and solutions are a recognised brand that enforce the right to security and privacy on the digital domain</li> </ul>
	<p><b>Labour</b></p> <ul style="list-style-type: none"> <li>✓ Employees professional satisfaction and motivation</li> <li>✓ Absence of labour conflicts brought to tribunals</li> <li>✓ Record of employees’ observations and complaints with regard to working conditions</li> <li>✓ Surveillance of suppliers’ respect of recognised international standards of labour law</li> <li>✓ WISeKey makes sure that suppliers do not employ forced or child labour</li> </ul>
	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>✓ Improved waste-management measures</li> <li>✓ Improved recycling facilities at all the company’s premises</li> <li>✓ Improved recycling practices by all the company’s business units</li> <li>✓ Increase on the volume of recyclable materials processed at the company’s premises</li> <li>✓ Improved environmental awareness applied to the working place of all personnel</li> <li>✓ Discussions with the owner / manager of WISeKey’s premises with regards to air-conditioning facilities at the data-centre facilities</li> <li>✓ Reduction on public facilities bills (water and electricity)</li> </ul>
□	<p><b>Anti-corruption</b></p> <ul style="list-style-type: none"> <li>✓ Legal and Ethics Committee appointed by the Board of Directors (seven shareholder representatives with at least 3 non-executive directors)</li> <li>✓ Comments and observations made by the auditors on their statutory report</li> <li>✓ More companies and governments use WISeKey’s digital certification services as a means to curb illicit trade and fight corruption</li> </ul>

