

Neuchâtel, March 23, 2021

COMMUNICATION ON ENGAGEMENT (COE)

Period covered from: March 18, 2019 to December 31, 2020

Dear Stakeholders,

As President of AQC, I am pleased to confirm that AQC – Association pour l'Assurance qualité des fabricants de Bracelets cuir - reaffirms its full support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this Communication on Engagement, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Angelika Duckenfield
President

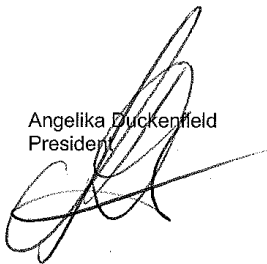


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1. Introduction

1.1. About AQC

VISION, MISSION & STRATEGY

VISION

Our vision is to ensure a leather bracelet with **the highest level of safety** with a responsible global supply chain that promotes security and traceability in the leather bracelet Industry



MISSION

Our mission is to provide members a platform to facilitate **the traceability and compliance of materials** and components used in the manufacture of leather bracelets.

STRATEGY

Our strategy is defined in a roadmap and actions plans in conformity with the AQC values: Expertise, Safety, Confidentiality, Mutualisation in **cooperation with all stakeholders.**

5=1
1=5



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GENERAL PRESENTATION 2021 5

1.2. Advantages to support Global compact

Rather than ask if Sustainable Business is smart Business, we should ask:

1. Can we guarantee a high-quality product to the customers?
2. Can we guarantee the minimum quality standards in sustainability to the customer and the consumer?

Launched in 2000 by former UN secretary general Kofi Annan, the United Nations Global compact is a call to companies everywhere to align they operations and strategies with 10 Universally accepted principles in the areas of Human Right, Labor, Environment and Anti-corruption, and to take action in support of UN Goals.

By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, AQC is not only upholding its basic responsibilities to people and planet, but also setting the stage for long-term success.

In 20 years, UN Global Compact it's:

- 10'000 Companies
- 166 countries
- 77'000 public reports

2. History of AQC engagement



Antonio Hautle, CEO of UN Global Contact Network Switzerland and Lichtenstein has been invited by AQC to participate as a speaker to the first Multi- Stakeholder Meeting that took place on June 21st, 2018 in Neuchâtel.

This presentation was the occasion to introduce the UN 10 principles and the UN Sustainable development goals to 100 representatives of the leather bracelets supply chain. That's how the collaboration between AQC and GCNS was launched.

Following this successful meeting, the membership and commitment of AQC to UN Global compact has been established on February 27th, 2019.

Letter of AQC's commitment on UN Global compact / UN 10 principles:


ASSOCIATION POUR L'ASSURANCE QUALITÉ
DES FABRICANTS DE BRACELETS CUIR

H.E. António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

Neuchâtel, February 27th, 2019

AQC's commitment

Dear Mr. Secretary General,

I am pleased to confirm that AQC supports the ten principles of the UN Global Compact with respect to human rights, labor, environment and anti-corruption.

With this commitment, we express our intent to support the Global Compact advancing these principles and will make a clear statement of this commitment to our stakeholders and the general public.

We also pledge to participate in and engage with the UN Global Compact in the following way(s):

- Encourage our members to join the UN Global Compact
- Promote the UN Global Compact Ten Principles within the Leather Bracelets Supply Chain
- Support UN Global Compact business participants in implementing and reporting on their sustainability efforts.
- Organize dialogue events, workshops and training for your members on the UN Global Compact and specific topics relevant to corporate sustainability.
- Provide expertise and/or be the voice of our members to UN Global Compact working groups and special initiatives;
- Support the development and activities of a Global Compact Local Network.

We recognize that a key requirement for participation in the Global Compact is the submission of a Communication on Engagement (COE) that describes our organization's efforts to support the implementation of the ten principles and to engage with the Global Compact.

We support public accountability and transparency, and therefore commit to report on progress within two years of joining the Global Compact and every two years thereafter according to the Global Compact COE policy.

Sincerely yours,


Angelika Duckenfield
President of AQC

AQC - Association pour l'Assurance Qualité des Fabricants de Bracelets Cuir
Ruelle William Mayor 2 - 2000 Neuchâtel (CH)
Téléphone : +41 32 721 04 70 - www.aqc-asso.ch - info@aqc-asso.ch - IDE: CHE-262.552.002

2.1. From words to actions

Following the commitments taken in the letter of commitment, you will find hereafter the actions implemented by the AQC to support the UN Global compact.

Encourage our members to join the UN Global Compact

- ⇒ Promotion of UN global compact on AQC website www.aqc-asso.ch
- ⇒ Promotion of UN global compact in the AQC general presentations “Understand AQC” used during our meetings and by our members
- ⇒ Sensibilization of our Board members (Board meetings: 18JUL18; 30AUG19)
- ⇒ Sensibilization of our communication working group (WG meetings: 13NOV18; 29JAN2019)

Promote the UN Global Compact Ten Principles within the Leather Bracelets Supply Chain

- ⇒ Integration of the UN 10 principles into the audit questionnaire for certification of bracelets manufacturers and leather suppliers.

Support UN Global Compact business participants in implementing and reporting on their sustainability efforts

- ⇒ Present Report “Commitment on Engagement”.

Organize dialogue events, workshops and training for your members on the UN Global Compact and specific topics relevant to corporate sustainability

- ⇒ Events:
 - Multistakeholder meetings:
 - 21JUN18: Neuchâtel
 - 19FEB19: Milan
 - 17JUN19: Geneva
 - 18DEC19: Geneva

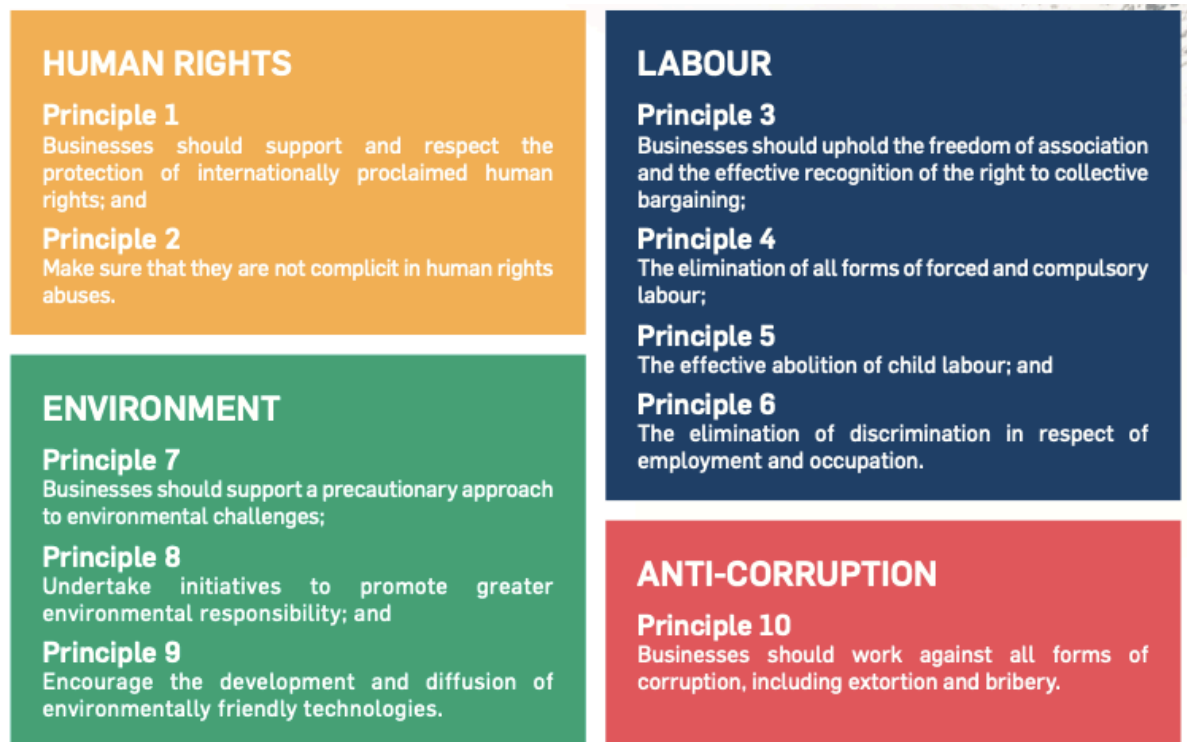
Provide expertise and/or be the voice of our members to UN Global Compact working groups and special initiatives

- ⇒ Participation of AQC in:
 - 02DEC19: COP training introduction
 - 06MAY20: Webinar COP
 - 09NOV20: Human right due diligence
 - 17MAY19: General Assembly
 - 18MAY20: General Assembly
 - 19JAN20: Swiss Triple Impact Project

Support the development and activities of a Global Compact Local Network

- ⇒ Payment of membership fee
- ⇒ Promotion of Global compact events

3. Ten Global compact principles



4. Scope of the COE

4.1. For the AQC organization

Covers:

- AQC employees.
- AQC members delegates in AQC working groups and in statutory meetings.

4.2. For the AQC stakeholders of the leather bracelet supply chain

Covers the stakeholders that are in the AQC scope:

- Leather suppliers shared between AQC members.
- Leather bracelet manufacturers members of AQC.

5. Actions related to the Human Rights principles

5.1. For the AQC organization

- ⇒ Status before 2019:
 - No tool implemented to verify the specific requirement regarding Human Rights.
- ⇒ Evolution in the Quality management system:
 - 15JUL19: implementation of the AQC Code of Conduct (Doc MAQ009)
 - 01OCT19: implementation of a Human Resources policy (Doc PRO036)

These 2 documents allow AQC to integrate Human Rights in its internal procedures. This is done with the control, measurement and continuous improvement of business practices. The scope concerns integrity and ethical behavior, anticorruption, respect of people, dignity (no discrimination, no harassment) and conflict of interest.

- 20DEC19: AQC is certified ISO 9001

Indicator to measure actions (status 31DEC20):

- 100% of AQC employees are covered by the AQC HR policy.
- 100% of AQC board members have signed the AQC Code of Conduct.

HUMAN RIGHTS

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2

Make sure that they are not complicit in human rights abuses.

5.2 For the AQC stakeholders of the leather bracelet supply chain

Leather suppliers shared by AQC members

No specific requirements were implemented for Human rights in the first version of the specifications.

The 17th of November 2020, Human rights requirements have been reinforced and redefined in the new AQC specifications for leather suppliers (doc PRO010).

Indicator to measure actions (status 31DEC20):

Mid 2023: All AQC audited leather suppliers match the requirements defined in the specifications.

Leather bracelet manufacturers members of AQC

Since 2017, the specifications (doc PRO023) for Bracelet manufacturers requires the Respect of Human Rights and fundamental freedoms, through the implementation of a code of conduct.

The implementation of a new version of specifications is scheduled in January 2021.

Indicator to measure actions (status 31DEC20):

100% of AQC Bracelet Manufacturers sites are AQC certified.

6. Actions related to the Labour principles

6.1. For AQC organization

- ⇒ Status before 2019: No tool implemented to verify the specific requirement regarding Labour.
- ⇒ 21MAY19: Implementation of the AQC Health and Safety policy (MAQ011)

By implementing the Health and Safety Policy, the AQC specifies among other things, the importance attached to HSP, our desire to provide a safe and healthy work environment for all, our intention to respect HSP laws and regulations, the objectives and means to achieve them, the roles and responsibilities of everyone, including those of workers.

By ensuring that occupational health and safety is part of our decision-making system at all levels, we promote the integration of HSP throughout the organization's structure.

Targets of the HSP:

- Provide all people with a quality working environment and conditions that optimally preserve their health and safety.
- Maintain the frequency of occupational accidents and diseases at a low level, by carrying out accident and near-miss analyzes with the implementation of corrective or preventive measures.
- Reduce the frequency of non-professional accidents, by carrying out prevention campaigns or awareness-raising actions, if necessary.
- Take into account the different aspects of occupational health and safety at all stages of a project.
- Be in total compliance with legal obligations.

- ⇒ 01OCT19: Implementation of a Human Resources policy (PRO036) taking into consideration:

- Respect of people.
- Breaks and holidays.
- Health and security of workers.
- Protection of personal data.
- Integration of new employees.
- Training plan.

Indicator to measure actions (status 31DEC20):

RH3: trimestrial employee absence rate follow-up

RH5: trimestrial employee accidents follow-up

LABOUR

Principle 3

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

Principle 4

The elimination of all forms of forced and compulsory labour;

Principle 5

The effective abolition of child labour; and

Principle 6

The elimination of discrimination in respect of employment and occupation.

6.2. For the AQC stakeholders of the leather bracelet supply chain

⇒ Status in December 2019: the standards created in 2017 include a progressive implementation within the supply chain.

- 43% of leather suppliers shared by AQC members are covered.
- 85% of Bracelet Manufacturers members of AQCare covered

The AQC Certification covers:

- Health and safety at work: e.g. PP Equipment, clean working places,
- General Employment Terms
- Workers organization
- Non-discrimination
- Child Labor / Young Workers
- Discipline and grievance procedures

Indicator to measure actions (status 31DEC20):

- 50% of Leather suppliers shared by AQC members are covered (in volume: 52,2% bovine et 93,5% Alligator)

- 100% of Bracelet Manufacturers members of AQC are covered

7. Action for the Environment

7.1. For the AQC organization

⇒ Status before 2019: no tool implemented to verify the specific requirement regarding the environment.

⇒ 15JUL19: implementation of MAQ010 – sustainability Policy

AQC is committed to promote sustainability.

Concern for the environment and promotion of a broader sustainability plan are integral to AQC's professional activities and to the management of the organization. In this frame, AQC supports and promote the UN Sustainable development goals.

Scope:

- Use and re-use: e.g. paperless alternatives, recycling, dishware reusable, green certified cleaning products
- Employees engagements: e.g. education, feedback,
- Energy saving: e.g. electricity is produced from renewable energy sources
- Transportation: e.g. public transports are preferred both for internal and external meetings, CO2 measurements.

AQC aims to follow and to promote good sustainability practices, to reduce the environmental impacts of all its activities and to help clients, partners and stakeholders to do the same.

Indicator to measure actions (status 31DEC20):

Yearly follow-up report

ENVIRONMENT

Principle 7

Businesses should support a precautionary approach to environmental challenges;

Principle 8

Undertake initiatives to promote greater environmental responsibility; and

Principle 9

Encourage the development and diffusion of environmentally friendly technologies.

7.2. For the AQC stakeholders of the leather bracelet supply chain

Since 2017, the specifications for Bracelet manufacturers members of AQC and leather suppliers shared by AQC members are covering the environment with:

- Regulation of Endangered Species of Wild Fauna and Flora (CITES)
- Compliance with regulations related to dangerous substances
- Management of waste and emission

In 2020, AQC recognizes the Animal welfare standards applicable for Alligator farming. AQC members are in a transition period and aim to purchase only from certified farms. An evaluation will be performed by end of 2021.

Indicator to measure actions (status 31DEC20):

2018:

- 56% of alligator farms identity known.
- 0% of alligator farms ICFA certified.
- 50% country of bovine slaughterhouse known.

2019:

- 90% of alligator farms identity known.
- 3% of alligator farms ICFA certified.
- 65% country of bovine slaughterhouse known.

2020:

- 100% of alligator farms identity known.
- 45% of alligator farms ICFA certified.
- 88% country of bovine slaughterhouse known.

8. Action for Anti-Corruption

8.1. For the AQC organization

- ⇒ Status before 2019: No tool implemented to verify the specific requirement regarding anti-corruption
- ⇒ 15JUL19: implementation of the AQC code of conduct (Doc MAQ009)

ANTI-CORRUPTION

Principle 10

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

The reputation of AQC is one of its most valuable assets, and it must be nurtured and protected.

The AQC Code of Conduct defines the way in which members and collaborators must behave in general, but also in situations in which certain actions could have serious consequences on the reputation of the Association, its members and interested parties.

It takes into consideration:

- Integrity and ethical behavior: e.g good faith, honesty, integrity, due diligence.
- Anticorruption measures: avoid conflicts of interest and limitation of gifts and advantages

This Code goes beyond mere compliance with laws and regulations. It demonstrates the AQC' commitment to act ethically and with integrity, while respecting individual rights.

To control the application of the CoC, AQC also implemented its Internal financial control procedure – PRO030

Indicator to measure actions (status 31DEC20):

100% of AQC employees and 100% of AQC Members have signed the Code of Conduct

8.1 For the AQC stakeholders of the leather bracelet supply chain

Since 2017, the specifications for Bracelet manufacturers members of AQC sets requirements related to anti-corruption.

In 2020, new requirements have been put into place in the new specifications for the leather suppliers share by AQC members.

Indicator measurement (status 31DEC20)

Objectif: Agenda 2022