

An aerial photograph of a dense forest, likely a coniferous one, with a thick layer of mist or fog hanging between the trees. Sunlight rays are visible, creating a dramatic, ethereal atmosphere. The image is partially obscured by a dark teal overlay on the left and top, with a bright green diagonal line cutting across it.

AUDEMARS PIGUET

Le Brassus

REPORT ON DUE DILIGENCE
AND TRANSPARENCY IN RELATION
TO MINERALS AND METALS FROM
CONFLICT-AFFECTED AREAS AND
CHILD LABOUR

ABOUT THIS *REPORT*

This document addresses Audemars Piguet's due diligence and reporting compliance as required by Art. 964j-I of the Swiss Code of Obligations and the Swiss Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO). It covers the period from January 1 to December 31, 2023, during which Audemars Piguet complied with the due diligence obligations in relation to minerals and metals from Conflict-Affected and High-Risk Areas and in relation to child labour, as further detailed in this report.

ABOUT *AUDEMARS PIGUET*

Audemars Piguet Holding SA (hereafter Audemars Piguet) is a company limited by shares under Swiss law (Société anonyme de droit Suisse) headquartered in Le Brassus, Switzerland. A globally renowned Swiss watchmaker, Audemars Piguet creates Haute Horlogerie watches and provides personalised after-sales and maintenance services. The company operates three main production sites, all located in Switzerland.

As the oldest watchmaking manufacturer still in the hands of its founding families, Audemars Piguet continues today to work hand in hand with local manufacturers, fusing ancestral savoir-faire with advanced technology to create shared value for its clients, employees and the wider community that spans the globe. The entrepreneurial spirit and values upheld by its founders remain at the core of the brand's identity. Ethical business practices play a crucial role in how Audemars Piguet conducts its operations and contributes to the long-term viability of the company.

COMPLIANCE *OVERVIEW*

OBLIGATION RELATED TO MINERALS AND METALS

Exemption regarding minerals and metals from conflict areas

Audemars Piguet does not import tin (Sn), tantalum (Ta), or tungsten (W), commonly referred to as the “3 Ts.” The quantities used in machining by Audemars Piguet in 2023 are below the thresholds set by the DDTro. The company is therefore exempt from the reporting obligation under Article 964j paragraph 1, CO in the field of minerals and metals.

For gold (Au), Audemars Piguet has a strong approach to tracing its supply of both recycled and mined gold and is able to demonstrate that the gold does not come from conflict areas. Specifically, the company does not import ores and exclusively sources “dégros” gold from Swiss refiners, who themselves adhere to the principles of due diligence set by the Responsible Jewellery Council (RJC). The mined gold exclusively comes from artisanal small-scale mines (“ASM”) located outside Conflict-Affected and High-Risk Areas (CAHRAs) and only within the framework of the PX Impact® programme.

OBLIGATION RELATED TO CHILD LABOUR

Human Rights Governance

Audemars Piguet is committed to respecting human rights throughout its value chain and has a zero-tolerance policy on human rights violations. This commitment is carried through its governance structure both internally and externally.

The company’s commitments are in line with the ten principles of the United Nations Global Compact, which invite companies to adopt, support, and implement a set

of fundamental values in the areas of human rights, labour rights, the environment, and the fight against corruption. In addition, Audemars Piguet relies on the United Nations Guiding Principles on Business and Human Rights, as well as the OECD Due Diligence Guidance for Responsible Business Conduct of May 30, 2018.

The continued adherence and strengthening of the Human Rights Policy are driven by the company’s Due Diligence Steering Committee (hereafter the Committee), comprising representatives from Sustainability, Legal, Responsible Sourcing, Procurement, Risk & Compliance. In addition to a rigorous selection of suppliers and materials used, a working group was set up in 2020 to ensure traceability and due diligence of coloured gemstones and gold. In 2023, its scope was expanded to include all materials and services. The Committee’s mission is to establish and verify the governance, documentation, and regulatory oversight necessary for Audemars Piguet to adhere to the highest standards of due diligence and risk management across its various supply chains.

Commitment to Sustainable and Ethical Sourcing Across the Supply Chain

Audemars Piguet is dedicated to cultivating secure, sustainable and ethical supply chains. The company closely maps its value chain to ensure transparency and traceability of the origin of materials in order to identify, assess, and manage potential risks with direct suppliers or other third-party partners through the value chain.

Sustainable Development Charter

In 2015, Audemars Piguet established a Sustainable Development Charter (SDC), which incorporates the principle of eliminating child labour in the supply chain (article 2.1), in line with International Labour Organization (ILO) Conventions 138 and 182.

The SDC structures the commercial relationship Audemars Piguet has with its suppliers. The supplier commits to accepting the entire content of the SDC and to disseminating it to its own suppliers. Upon further revision in 2021, the SDC requires suppliers to comply with all applicable laws and regulations regarding conflict minerals and metals (tin, tantalum, tungsten, gold) to ensure transparent and conflict-free sourcing (article 1.3).

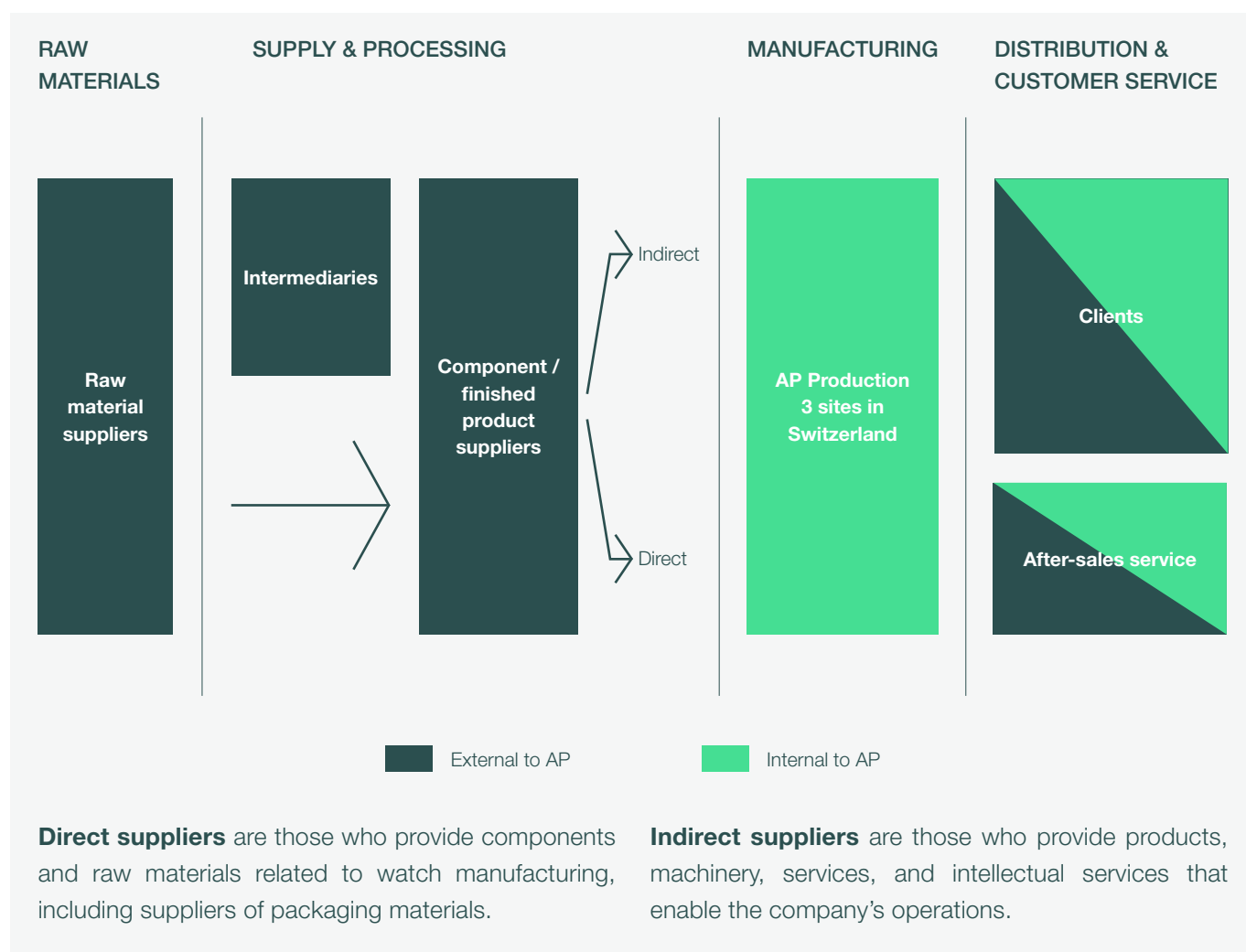
Audemars Piguet monitors and oversees the acceptance and implementation of the SDC by its suppliers.

SUPPLY CHAIN MANAGEMENT

VALUE CHAIN MAPPING

Audemars Piguet's value chain includes:

- Sourcing of raw materials from suppliers,
- Transformation and/or procurement from suppliers and intermediaries of components and/or semi-finished and/or finished products and services,
- Watch manufacturing by Audemars Piguet at its three production sites located in Switzerland,
- Logistics, sales to retailers and end-clients, as well as customer service worldwide.



Supplier Engagement

The Sustainable Development charter has always included the principle of eliminating child labour in the supply chain (article 2.1), in line with International Labour Organization (ILO) Conventions 138 and 182. Furthermore, since its revision in 2021, the SDC requires suppliers to comply with all applicable laws and regulations regarding conflict minerals and metals (tin, tantalum, tungsten, gold) to ensure a transparent and independent supply free from any armed conflict (article 1.3).

As part of continual improvements, Audemars Piguet plans to evolve the SDC in 2024, renaming it the “Supplier Code of Conduct” (S-CoC). Like the SDC, the S-CoC will be signed by all suppliers when they wish to initiate or renew a commercial relationship with Audemars Piguet. The S-CoC will strengthen environmental requirements and follow the recommendations requested in the framework of the Due Diligence Steering Committee, especially regarding human rights (integrating the ILO Tool).

To ensure full uptake of the S-CoC commitments, Audemars Piguet will provide key communication materials and support to suppliers to ensure their proper understanding, transmission, and application of the S-CoC to various stakeholders. Similar efforts around the SDC proved successful: following the launch of an ambitious supplier engagement programme in 2022, framed within the Swiss Triple Impact (STI), more than 60 suppliers had made commitments related to the United Nations Sustainable Development Goals, including human rights, by the end of 2023.

Raw Materials Guidelines

In 2023, Audemars Piguet formalised the Raw Materials Guidelines to centralise all its requirements for the various materials used. This guide, already utilised internally, will be rolled out to its partners along with the S-CoC. It aims to strengthen the company’s responsible sourcing practices, including the use of recognised certifications, support for fair trade practices, and active efforts to prevent human rights violations. It also emphasises transparency and traceability to enhance visibility within the supply chain.

RISK MANAGEMENT

Risk assessment, risk mitigation and traceability are fundamental elements of Audemars Piguet's business activities and an area where the company will continue to expand its efforts, guided by a risk-based approach.

RISK ASSESSMENT

To assess any potential risks or deviations from policy, Audemars Piguet periodically conducts on-site visits and audits to identify possible and actual impacts. A key strength in this area is the company's ability to count on long-term and trusting relationships with its partners and suppliers, which enables access to strategic information in terms of origins, traceability, and cooperation throughout the supply chain. Risks assessments focus in particular on salient human rights risks such as child labour, torture, or inhumane treatment, and dangerous or illegal work. These risks are regularly audited by independent third-party expert in their fields.

Since 2020, the company has conducted an annual risk analysis based on:

1. Its purchasing power in terms of annual volumes,
2. Its impact on the environment,
3. Its impact on human rights within various supply chains.

Factors considered by Audemars Piguet to identify various risks include:

- Risks related to the country of origin based on reference public analyses such as the Children's Rights in the Workplace Index and the Conflict-Affected and High-Risk Areas (CAHRAs) list.
- Risks of specific sectoral activities (mining activities, animal farming, etc.).

- Risks identified in internal analyses commissioned by Audemars Piguet (e.g., raw material risk studies, materiality matrix, audits, etc.).
- External analyses identified by Audemars Piguet (NGO reports, press articles, specialised reviews, audits, etc.).
- Site visit reports and meetings with experts in these supply chains.

This analysis made it possible to identify and therefore prioritise five materials qualified as "sensitive": gold, diamonds, coloured stones, leather, and wood. In 2023, this analysis was extended to all raw materials used by Audemars Piguet and confirmed the relevance of the five "sensitive" materials.

Suppliers classified as having a "high" residual risk level are to be analysed by the Committee, which in turn will decide under which conditions to continue the commercial relationship. For suppliers with "medium & low" risk levels, risk management measures are taken accordingly.

RISK MITIGATION

General Approach

The risk analysis process described above considers the impact on human rights within various supply chains, including the risk related to child labour. In addition to the fact that 98% of the sites of Audemars Piguet's tier 1 and tier 2 suppliers (subcontractors and suppliers of Audemars Piguet's suppliers) are in Switzerland and

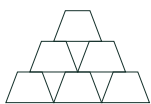
neighbouring France – thus presenting low risks in terms of child labour – Audemars Piguet has implemented mitigation measures.

If the assessment of the “Atlas of Children’s Rights and Business” classifies a country of origin or an activity in the “Enhanced” or “Heightened” categories in the Workplace Index, Market Index, or Community Index, a SMETA 4-pillar audit or equivalent may also be required for suppliers of “non-sensitive” materials.

In addition to external audits, site visits may be conducted at regular intervals by internal Audemars Piguet experts to maintain connections with various stakeholders in the supply chain, whether they involve sensitive materials or not.

SPECIFIC MITIGATION MEASURES REGARDING SENSITIVE MATERIALS

The risk analysis conducted in 2020 and again reevaluated in 2023 identified and prioritised five materials classified as “sensitive”: gold, diamonds, coloured gemstones, leather, and wood.



Gold:

Audemars Piguet sources gold exclusively from Swiss refiners that are RJC COP certified and have implemented due diligence processes. RJC certification covers the prohibition of child labour.

For the residual part of ASM mined gold used in production, the origin of the mine is known. On-site visits and verification of processes in place locally did not highlight risks of child labour.

For each kilogram of gold purchased, Audemars Piguet contributes to two ASM mine support programmes: PX Impact® and Swiss Better Gold. These funds support miners’ families in health, education, or living condition improvement projects.



Diamonds:

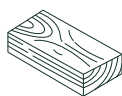
Audemars Piguet collaborates with a select number of long-standing partners meeting strict quality, due diligence, and traceability requirements. All direct partners are RJC certified, and Audemars Piguet encourages indirect partners (tier 2)

to obtain RJC certification and follow the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Audemars Piguet does not source diamonds from Conflict-Affected or High-Risk Areas (CAHRAs) nor from Russia and Sierra Leone. In the absence of certification, third-party audits ensuring high transparency and ethical practices are conducted up to the mine. RJC certification includes a prohibition of child labour.



Coloured Gemstones (Emeralds, Sapphires, Rubies):

Audemars Piguet exclusively works with coloured gemstones of known origin. It collaborates with tier 1 suppliers certified by RJC. The origins of gemstones are systematically requested from the supplier. For gemstones lacking certification within their supply chains, prioritised tracing programmes have been in place since 2021, achieving full traceability coverage. Independent third-party audits verifying Audemars Piguet’s requirements, including the absence of child labour, are conducted for each actor in the supply chain.



Wood and Its Derivatives:

For wood and its derivatives (paper, cork), Forest Stewardship Council (FSC) certification is required. Programme for the Endorsement of Forest Certification (PEFC) or Swiss Wood certifications are also accepted. Wood type and origin are systematically requested, and compliance with the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) authorised species list is ensured. FSC and PEFC certifications include an assessment of child labour risks.



Leather:

Since January 2022, all leather strap suppliers are AQC certified (Association for Quality Assurance of Leather Bracelet Manufacturers). Tanneries are all AQC and/or Leather Working Group (LWG) certified. Alligator leather used for straps exclusively comes from American farms regularly audited by third parties. The bovine leathers used for the main collections’ straps primarily come from Europe.

Leather suppliers must be LWG certified. Both AQC and LWG certifications include an assessment of child labour risks.

GRIEVANCE *MECHANISM*

Audemars Piguet provides a grievance mechanism allowing any employee, supply chain actor or stakeholder to confidentially and without any fear of reprisal, voice any concerns over the supply chain or any newly identified risk.

The platform, called Speakupline, is available 24/7 in all relevant languages. Managed by an independent third party, it aims to protect employees and tier 1 suppliers who report acts or situations that could harm the common interest or violate Audemars Piguet's code of professional ethics, especially if these employees do not trust the usual hierarchical communication channels or fear potential retaliation. This independent third party is responsible for translating and/or anonymising the allegations, as well as assessing the severity of the alert. All qualified alerts are forwarded to the Internal Audit department, which conducts investigations as necessary.

To ensure the independence of the investigation, the internal audit operates directly with the agreement and under the supervision of the Audit Committee, and if necessary, the Board of Directors.

In 2023, to keep up with recent legislative developments within the company, a similar mechanism (accessible from the group's website) was implemented for external parties to ensure this mechanism is available across its entire value chain. In this context, and with the aim of increasing reporting on issues such as human rights violations, child labour, and environmental damage, Audemars Piguet is launching a phased awareness programme for its suppliers.

In 2023, Audemars Piguet received no complaints regarding child labour in its operations or its supply chain.

COOPERATION *WITH STAKEHOLDERS*

Understanding the needs of its stakeholders is crucial to how Audemars Piguet operates. Whether it is with employees, clients, suppliers, or partners, the company strives to maintain a collaborative approach and continuous dialogue to evolve and generate value for all parties involved. It plans and participates in specific activities for each stakeholder and invites feedback to know what is important to them and what can be improved.

Over the past several years, Audemars Piguet has strengthened its commitment to fostering positive change in the supply chain through long-standing collaborations with institutions and organisations to set the highest responsible standards in the industry.

- Federation of Swiss Watch Industry (FH) (member for +20 years)
- Responsible Jewellery Council (RJC) (member since 2015)
- Association for Quality Assurance of Leather Bracelet (AQC) (contributor since 2016)
- Forest Stewardship Council (FSC) (certified since 2017)
- B Lab Switzerland (contributor since 2019)
- Swiss Better Gold (SBG) (member since 2019)
- The Coloured Gemstones Working Group (CGWG) (member since 2022)

CONTINUOUS *IMPROVEMENT COMMITMENT*

To ensure prompt information acquisition and stay abreast of developments that could impact Audemars Piguet's diligence, a vigilant stance is taken towards selected suppliers. Whenever a supplier dealing with critical materials is identified, continuous surveillance is executed through automated monitoring tools. Any hint of practices deviating from the Sustainable Development Charter or due diligence procedures is promptly relayed to the Committee, which determines appropriate actions vis-à-vis the supplier. A comprehensive summary of this vigilance is presented at each Committee session.

The company embodies a robust culture of continuous improvement, recognising that adherence to due diligence principles necessitates ongoing staff training on supply chain intricacies. Given the ever-evolving regulatory landscape, best practices, and market demands, periodic evaluations of our due diligence process ensure adaptation and refinement.

Audemars Piguet is committed to continuously improving its monitoring, risk management system, and due diligence process and to evolving them within the organisation as well as with all its business partners. This inaugural report, designed for iterative refinement, will be regularly updated to meet the stringent standards of the DDTro.

This report was adopted by the Board of Directors on May 22, 2024.

Alessandro Bogliolo

Chairman of the Board of Directors

Olivier Audemars

Vice Chairman of the Board of Directors

