



UN Global Compact Communication on Progress Update March 21, 2012

Statement of Continuing Support

Introduction

Since its foundation in 1895, Swarovski has retained its tradition of social and environmental responsibility centered on the philosophy of its founder, Daniel Swarovski. It was his vision of a company based upon the wellbeing of not only his employees, but also of the wider community and the environment in which they live that remains at the heart of Swarovski's sustainable business practices. Throughout the years, the commitment to these values has deepened and they continue to be the cornerstone of Swarovski's success.

In 2010, as a natural extension of its own corporate philosophy and to affirm the strength of its commitment to these values on the world stage, Swarovski became a signatory to the United Nations Global Compact (UNGC). By participating in this global initiative, Swarovski aligned its own values to the UNGC's ten principles.

Today, Swarovski recognizes that stakeholders increasingly require businesses to act responsibly. As a market leader, global company and prominent brand, it takes this responsibility seriously and plans to maintain its support of the UNGC and strengthen the impact it has in these areas. These commitments formed the Swarovski Executive Board's decision to expand and develop Swarovski's values into the Swarovski Spirit 2020.

The key to the Swarovski Spirit 2020 is its structure, which highlights the important interface of the organization's strategic direction with its strongly held corporate values. These values are to be:

- responsible,
- imaginative,
- vigorous, and
- passionate.

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Being responsible means not only acting in the interests of the company but also bearing in mind how those actions may impact others. As a fifth generation family owned business, Swarovski assumes accountability for its actions as a responsible corporate citizen, and strives to positively influence society, the economy and the environment. It is of vital importance to work towards the future in order to create a positive and lasting legacy in line with Swarovski's core values and its commitment to society as a whole.

The corporate value of responsibility has been translated into corporate action. During 2011, the Executive Board launched a global project to develop a Corporate Responsibility (CR) Strategy. The CR Strategy project is a multi-dimensional and multi-phased approach to the topic and will lead the organization to develop and implement a variety of initiatives. It is currently planned that the implementation phase will begin in the second half of 2012. The first phase of the CR Strategy Project, which began in 2011 and will continue through the first quarter of 2012, was the development of a detailed analysis of the status quo at Swarovski. As currently envisioned, the Swarovski CR approach will most likely comprise six axes related to the organization's people, its sourcing, the environment, its products, ethics and integrity, and its communities.

Human Rights, Labor, Environment and Anti-Corruption

Swarovski's strategic axes for its CR Strategy are in line with the UNGC's four key areas. Our axis around People is in line with Human Rights and Labor. Our axis around the Environment is in line with the Global Compact's Environmental Principle, and our axis around Ethics and Integrity is in line with Anti-Corruption. Specific initiatives and action plans will be developed over time as the phase one is completed, and Swarovski will continue to provide the UNGC with periodic updates.

In addition, Swarovski has already implemented a Supplier Code of Conduct, which requires commitments and signatures. This code is based on a respect for fundamental human rights that leads to the fair treatment of the workforce and specifically incorporates: (a) the protection of international human rights (b) the provision of healthy and safe working conditions (c) payment of at least the minimum legal wage and compensation for overtime as per legal requirements (d) the right to collective bargaining (e) the abolition of forced labor and child labor (f) the strict adherence to the maximum legal working hours and (g) the elimination of discrimination, including that related to hiring and employment. Therefore, the Supplier Code clearly addresses the UNGC's Principle for **Human Rights and Labor**.

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The Supplier Code also commits our suppliers to continuously reduce the environmental impact of their operations by: (a) striving to minimize waste and emissions to air, land, and water (b) handling chemicals and hazardous waste in an environmentally safe manner (c) contributing to the recycling and reuse of materials and products and (d) improving energy efficiency in its production processes. Therefore, the Supplier Code clearly addresses the UNGC's Principle for the **Environment**.

Finally, the Executive Board has recognized the need for a global business responsibility and integrity program as part of the developing CR Strategy. One cornerstone of this program will be a stakeholder Code of Conduct to be implemented in the near future. The Code of Conduct will include Swarovski's position on key business imperatives including a clear commitment to combat bribery and other anti-corruption activities globally. Therefore, the proposed Code of Conduct will address the UNGC's Principle for **Anti-Corruption**.

Conclusion and Next Steps

Swarovski reaffirms its commitments to responsible, social, ecological and ethical standards and to practicing the principles of sustainable development in its daily operations. As Swarovski now turns to look towards the future, the Executive Board has asked the General Counsel to do an extensive re-evaluation of best practices, benchmarking best in class global integrity and ethical approaches in order to develop an approach and a strategy that will be tailored to the Swarovski journey. This initiative will include the aforementioned Code of Conduct that addresses not only the UNGC's key concerns but also the values articulated as part of the Swarovski Spirit 2020.

Our dedication to the United Nations Global Compact is a true expression of our continued journey towards and sincere dedication to sustainable corporate social responsibility. We look forward to a continued successful collaboration between Swarovski and the UNGC.



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