

UN Global Compact Communication on Progress Update September 2013

Statement of continued support

Introduction

Swarovski joined the United Nations Global Compact in 2010 and committed to aligning our operations and strategies with the Ten Guiding Principles under the areas of human rights, labor, environment, and anti-corruption.

Swarovski's communication on progress update for 2013 below provides an overview of our activities in alignment with the ten principles as outlined by the UNGC. Our second sustainability report due to be published before the end of 2013 will include further details on our commitment. Through the sustainability report, we reaffirm our commitment to corporate responsibility.

A tradition of responsibility

Our company founder Daniel Swarovski believed that success in business was only possible if the environment and its resources were treated with respect, and social needs taken into account. He made his own views on sustainability known by expressing them as one of his guiding principles: "It is the duty of every responsible company to support social and environmental projects."

The purpose of the Swarovski Sustainability Report is to highlight the company's past and present activities and achievements in a clear and simple way. In addition, Swarovski would like to convey the challenges it is facing at present, the actions it is contemplating to address them, evaluate the goals which have been achieved and the measures which have been implemented. These will form the basis for a constructive discourse with the company's stakeholders and it underlines the commitment to build and develop Swarovski in a sustainable way.

Looking into the future, Swarovski Spirit 2020 – defines our values, vision and mission – represents our long-term view of the future. As we look forward to 2020, we see great opportunities, yet also big challenges. We are committed to meeting these challenges with responsibility, imagination, passion and vigor.

Reporting period

The quantitative information in the report will cover the financial years 2010, 2011 and 2012. The report will provide clear examples of the milestones in place in relation to the development of the company.

Reporting areas

The data in the report relates primarily to the office and key manufacturing locations. In an effort to constantly improve the method of reporting, Swarovski will strive to continually expand its reporting areas in the future and to take the necessary steps to ensure that data is collected and consolidated in an appropriate, quality-assured way.

Stakeholders

Swarovski's main stakeholders are its shareholders, employees and their families, customers and business partners, suppliers, authorities, social partners, and local residents. The Sustainability Report will aim to keep these stakeholders informed and to strengthen constructive dialogues.

Content

The themes covered in the report will be aligned with the UNGC Guiding principles and the Global Reporting Initiative (GRI) guidelines. The overview below is an executive summary of the progress that will be covered in the 2013 Swarovski Sustainability Report.



Robert Buchbauer Daniel Cohen Markus Langes-Swarovski

Matthias Margreiter Nadja Swarovski

COMMUNICATION ON PROGRESS

Principle 1: Business should support and respect the protection of internationally proclaimed human rights.

Principle 2: Business should make sure they are not complicit in human rights abuses.

All Swarovski suppliers are required to sign our Supplier Code of Conduct (SCoC) prior to any business agreement. According to the SCoC all our suppliers have to respect fundamental human rights, treat the workforce fairly as defined in the ILO's core labor conventions and abstain from any business related to armed activities. Suppliers of Swarovski are indeed required to provide their workers with sound health and safety conditions, and must certify that they will comply with all national laws and regulations in their country of operation.

In order to assure compliance with the SCoC, an independent social compliance audit program conducted by a Social Accountability Accreditation Services (SAAS) accredited certification body commenced in January 2013, starting with our largest external supplier. This audit program will be expanded to more suppliers.

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Business should uphold the elimination of all forms of forced and compulsory labor.

Principle 5: Business should uphold the effective abolition of child labor.

Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation.

People are of key importance to the success of any organization. As Swarovski keeps expanding, we are aiming to attract the best talent, and to be well positioned as an attractive employer providing attractive benefits, equal opportunity and diversity. Furthermore, Swarovski safeguards a high level of health and safety standards throughout its business.

Swarovski employs an extremely diverse workforce registering 60 nationalities, 16 languages, and participation in 21 different religions in 2012. Additionally, all employees in Wattens and Triesen are covered by collective bargaining agreements.

Our Code of Conduct for Suppliers does not tolerate any form of forced, compulsory or child labor. Our company is proud of the diversity of our employees.

Principle 7: Business should support a precautionary approach to environmental challenges.

Principle 8: Business should undertake initiatives to promote greater environmental responsibility.

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.

Environmental challenges have always been a priority for Swarovski and our focus on water has long been a tradition in our company since our founding in 1895. In many parts of the world, water stress represents a major challenge – with long-term implications for economic and human development. Likewise a lack of access to clean drinking water already represents one of the most significant barriers to health and development in many communities. As an industrial water consumer, we contribute to efforts to address these challenges and ensure that consumers associate our brand with positive water stewardship.

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

It is in the nature of a family company to think in terms of generations rather than in calendar quarters. Ever since our inception, Daniel Swarovski insisted that his company apply the strongest business ethics in all its dealings – and this sits at the heart of our corporate culture. Nonetheless, given the increased complexities of operating a global business, Swarovski recognizes the need to formalize expectations and commitments. As part of Swarovski's CR Acting with Integrity program, Swarovski is developing an Integrity Charter that will codify our business ethics and values, as well as related principles and practices. The Charter is intended to address many areas of business integrity, including but not limited to anti corruption and anti bribery issues..