

SWAROVSKI UNGC COP
PERIOD COVERED BY OUR COMMUNICATION ON PROGRESS
2ND OCTOBER 2013 TO 1ST OCTOBER 2014

1. Human Rights

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

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

Swarovski remains committed to upholding internationally proclaimed human rights standards within the company and throughout the supply chain. We have long recognised the importance of our employees to the long term success of the business. We aim to recruit and retain qualified, engaged and reliable people. Ongoing commitment to, and active demonstration of, our support and respect for human rights is essential in order to retain this ability.

Swarovski maintains internal functions and processes consistent with internationally proclaimed human rights and continues to pursue ongoing improvement in this regard. Of particular significance to Swarovski, given our predominantly female workforce and customer base, is the issue of equality as defined by the Universal Declaration of Human Rights. In light of this, Swarovski became a signatory to the [Women's Empowerment Principles \(WEPs\)](#) in 2014 and is actively working to further integrate these into our operations. As well as enhancing the culture of diversity and inclusion at Swarovski, we are also supporting human rights through the [Swarovski Foundation](#) and its philanthropic efforts to encourage economic, social and cultural freedoms in the community.

Furthermore, in accordance with our ambition to manage and maintain a responsible supply chain, we have conducted a review of Swarovski's responsible sourcing practices and begun implementation of a newly defined Responsible Sourcing Initiative (RSI). The initiative involves a risk-focused supplier selection process and measures to increase compliance with the Supplier Code of Conduct (SCoC) and applicable laws. In addition, the initiative aims to strengthen the existing compliance procedures and introduce a supplier development program.

Implementation of our RSI began with a supplier risk analysis in order to proactively identify, mitigate and manage risks in the supply chain as it relates to responsible sourcing. We have also revised our [SCoC](#) to ensure it fully reflects the breadth and depth of our ambition.

In order to ensure adherence to the SCoC, we continue to pursue a program of assessment and remedial support with suppliers as well as third party supplier audits. This is a risk-focused program with actions tailored to the level of identified risk in line with predefined RSI procedures.

2. Labor

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

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

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

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

Our relationship and engagement with employees is consistent with internationally recognised labor standards and we maintain high standards by integrating continuous improvement procedures into our day

to day operations. We are progressing with the implementation of a number of key initiatives to facilitate more efficient and effective continuous improvement. This includes:

- **Global Grading System:** Launched in 2012, this system is now integral to the company's management of compensation and benefits. The grading system defines a methodology for measuring a position's scope. This provides a standardized basis for comparing different roles and thus lays a firm foundation for internal equity.
- **HR Connect:** We continue to roll out this improved employee data management system; and in the process, we are working towards the integration of key indicators necessary for more effective monitoring and evaluation of our performance as an employer.
- **Swarovski Employee Survey:** We are now preparing for the second Swarovski Employee Survey which will be conducted in 2014. We have acted on the results and feedback from the first survey in 2012 which produced a wealth of valuable insights to help Swarovski become a more attractive employer.

As well as strictly adhering to legal requirements and regulations while pursuing continuous improvement within the company, Swarovski also takes a clear stand on working conditions, respect for human rights and the elimination of discrimination throughout our supply chain. This is clearly demonstrated by the relationships we maintain with our suppliers – underpinned by our SCoC.

Now provided in the local languages of our major suppliers, the SCoC plainly sets out Swarovski's commitments and our expectations from suppliers. This includes:

- No forced labor
- No child labor
- No discrimination
- Humane treatment and no harassment
- Freedom of association and collective bargaining
- Decent compensation
- No extensive working hours
- Health and Safety
- Grievance process

We are carrying out a risk-focused program of supplier audits and supplier development in order to ensure that these expectations are met and to address any shortcomings.

3. Environment

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

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

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

Swarovski's history has been closely linked to water since the company was founded in Austria to take advantage of the power generation potential of the region's abundant water resources. Over the decades, our relationship with water has inspired and been reflected in our desire to protect the environment more widely.

This was a major factor in the creation of the [Swarovski Waterschool](#). First launched in 2000, the Swarovski Waterschool has reached over 196,000 students in 2,600 schools across 4 countries: Austria, Uganda, India and China. The Swarovski Waterschool program helps to improve access to safe water and sanitation in the locations where it operates and works with communities to help them address ecological, economic, social and cultural challenges related to water. As part of its ever expanding program, the Swarovski Waterschool

identified a new partner NGO in Brazil in 2014 with whom we have now begun to deliver the Swarovski Waterschool program in the Amazon Basin.

To enhance our ability to effectively monitor, evaluate and report on our environmental performance, we are in the process of selecting a new environmental data management system. The chosen solution will enable us to more efficiently manage environmental data from locations around the world, identify opportunities for improvement, track performance, and improve transparency. We will complete selection in 2014 and begin implementation in 2015.

Our biennial [Swarovski Sustainability Report](#) was last published in 2013 and covered the period from 2010 to 2012. As part of our commitment to ongoing monitoring and continuous improvement, we have now collected data for 2013 which is available in our [Sustainability Data Update 2014](#).

Progress has also been made with our Swarovski Sustainable Stores (Triple-S) program. Recognising our global retail footprint of 2,480 stores, we understand the importance of integrating sustainability into the design, construction, operation and maintenance of our retail offering in order to reduce our consumption of natural resources. To this end, Swarovski's Retail Architecture team is leading on the development and implementation of Triple-S and have established a set of internal guidelines which are being rolled out in phases over the next 2 years. These are based on the internationally recognised Leadership in Energy and Environmental Design (LEED) concept. In parallel, Swarovski is seeking certification for select stores that began notably with the LEED Platinum certification of our Dam Square, Amsterdam store in 2012. This is the highest level of LEED certification and was the first Platinum certified jewelry store in Europe. It was followed in 2014 by Gold Certification of our Westfield London store.

Internally, we are actively encouraging employees to engage with environmental issues. In 2014, we have been following a calendar of international observances including UN led days to raise awareness and support employee engagement with environmental and other issues. This has included: World Water Day and International Mother Earth Day as well as highlighting Swarovski's support for environmental causes such as our recent sponsorship of Extreme Ice Survey in 2014. Many of these observances are accompanied by interactive sessions like lunch time lectures that provide an opportunity for employees to become more actively engaged.

Anti Corruption

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

Acknowledging the complexities of operating a global business, Swarovski is in the process of formalizing expectations and commitments in a companywide Integrity Charter that will codify our business ethics and values along with related principles and practices. This is a natural extension of the company's founding values and will address business integrity topics including: anti corruption and anti bribery issues.