

# SWAROVSKI

## STATEMENT OF CONTINUED SUPPORT BY THE EXECUTIVE BOARD

### COMMUNICATION ON PROGRESS 2016

A commitment to responsible ways of working has been embedded in the way Swarovski does business since it was founded by Daniel Swarovski in 1895. Today, we continue to take inspiration from his original vision and maintain his conviction that business must play an important role in helping communities and our environment to flourish.

As such, we are pleased to reaffirm our ongoing commitment to the UN Global Compact and its ten principles in the areas of Human Rights, Labor, Environment and Anti-Corruption. As a participant in the UN Global Compact since 2010, Swarovski has continuously progressed towards further integration of the ten principles into our strategy and operations.

Our progress is captured in our latest Sustainability Report which we published in the time since our last Communication on Progress. It details our goals, achievements, performance and initiatives. We refer to the report in this year's COP and highlight key practical actions taken in each of the four issue areas along with references to qualitative and quantitative indicators of Swarovski's progress.

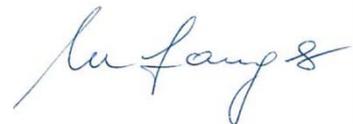
We are steadfast in our ambition to grow our business in a manner that respects people and the planet and our engagement with the UN Global Compact is an important part of realizing this goal. We look forward to ongoing engagement with the UNGC as we continue our sustainability journey.



Robert Buchbauer



Daniel Cohen



Markus Langes-Swarovski



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## Introduction

Since our previous Communication on Progress, we have published the Swarovski Sustainability Report 2015. This is our third Sustainability Report and it was guided by Global Reporting Initiative (GRI) G4 standards and reporting criteria. Our GRI index cites the UNGC Principles and provides references for where information relevant to each principle can be found throughout the report.

The main body of the report is made up of 14 fact sheets. Four fact sheets focus on introducing Swarovski and its approach to sustainability; nine are based on the most material issues identified through a process of stakeholder engagement; and four look in detail at the sustainability efforts of those four Swarovski business units for which sustainability is most relevant.

We recognise the importance of engaging stakeholders in order to effectively define our material impacts. Thus, in the preparation of our report, we pursued a three stage stakeholder engagement process: we identified, prioritized and validated our most material issues which then made up the bulk of our Sustainability Report. In addition to internal consultation we also engaged B2B customers, end consumers, suppliers, NGOs, industry associations, multi-stakeholder associations and CSR experts.

As we continue to build on Daniel Swarovski's vision and our inherent values we have been formalizing sustainability at the heart of our strategies and operations. Our four business unit specific fact sheets are a reflection of this increasingly formal engagement with sustainability.

For example, as covered in the Sustainability Report, the Swarovski Gemstones Business aims to be at the forefront of sustainability efforts which "means ensuring that our stones are traceable, responsibly sourced and produced according to the highest safety and environmental standards." As reported, the Gemstones Business has already taken important steps forward on this journey (e.g. Responsible Jewellery Council certification). Similarly, within the Swarovski Professional business unit which designs, manufactures and markets crystal "our management is now making sustainability a guiding principle across the entire Swarovski Professional business."

The full Sustainability Report and GRI index are available at [Swarovski Sustainability Reporting](#) where we will also provide future data updates as part of our reporting cycle.

In the sections that follow, we provide a brief update on developments since the period covered by the Sustainability Report and include links to more detail. This progress is categorized by the four broad issue areas of the UNGC principles; namely, Human Rights, Labor, Environment and Anti-Corruption.

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## 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 continues to be unequivocal in our commitment to upholding internationally proclaimed human rights standards internally and among our suppliers. Our [Employee](#) and [Responsible Supply Chain](#) Sustainability Report fact sheets explore in detail our overall efforts on these issues and key developments during the period 2013-14. Developments since that period, and since our last COP are summarized below.

We have continued working towards a more globally aligned systematic approach to Inclusion and Diversity that builds on our values and our existing compliance with legal requirements. We have undertaken an initial review of internal systems and processes in place for the effective management of these issues and will follow up with an Inclusion and Diversity framework. This is already being complemented by a high level benchmarking of our business against best practice. We have also engaged with peers through forums and networks like EMEA Diversity and Inclusion Network to share and learn from other companies on key topics.

One aspect of Inclusion and Diversity that is expressly recognised by Swarovski, given that women make up 75% of our workforce, is the issue of women's empowerment. As supporters of the Women's Empowerment Principles, we have partnered with UN Women through Atelier Swarovski, Swarovski's luxury fashion accessories line. Atelier Swarovski launched an exclusive UN Women charity bracelet in support of the Safe Cities Global Initiative sold in selected Swarovski stores across the globe.

The Safe Cities campaign works to prevent violence against women and girls in urban environments. 30% of the RRP from each sale was committed for donation to the initiative, which is a global programme to develop and implement tools, policies and approaches on the prevention of harassment and violence against women and girls.

In addition, Swarovski will be sponsoring the annual Trust Women Conference for the third consecutive year. Organised by Thomson Reuters Foundation, Trust Women unites NGOs, corporations and pioneers in the field of women's rights to take action and forge tangible commitments to empower women.

Finally, in line with new legislation, Swarovski is compliant with the requirements of the UK Modern Slavery Act 2015 and continues to be compliant with the California Transparency in Supply Chains Act 2010.

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## 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.**

As is the case with Human Rights above, we are steadfast in our commitment to upholding internationally recognised labor standards within our business and by taking a positive stance with suppliers. Detailed information can be found in our [Employee](#) and [Responsible Supply Chain](#) Sustainability Report fact sheets.

Since our last COP, both the Swarovski Gemstones Business and our US-based personalized jewellery business unit - Chamilia - have achieved Responsible Jewellery Council (RJC) certification, awarded for the maximum period of 3 years.

Swarovski Professional and our Atelier Swarovski have now also become RJC members and will work towards certification in line with RJC requirements.

With our Responsible Sourcing Initiative (RSI), established in 2014, we are helping our suppliers to maintain a keen focus on respecting workers' rights. As this program matures and is further integrated across our business, we have increased our capacity to monitor and improve the social performance of our supply chain. Since our last COP, we have expanded those parts of our global CSR team with responsibility for our supply chain. This allows us to accomplish more through RSI - including monitoring working conditions through audits, strengthening performance and empowering suppliers with knowhow where needed.

We have also implemented improvements to our internal systems to allow us to better manage and track supplier social performance data. We've adopted a new data system to make us more agile and effective in managing key data across our business. This has been rolled out to key internal stakeholders, further supporting integration of RSI into day to day operations.

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## 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.**

In our Swarovski Sustainability Report 2015, our environmental impacts and initiatives are covered in the [Energy and Emissions](#) as well as the [Water and Waste](#) fact sheets. These, along with our [GRI Index](#), provide our latest quantitative environmental data.

Since the period covered by our Sustainability Report and our last COP, we have continued our focus on environmental initiatives within our own operations and also within the wider community through the Swarovski Waterschool program and our continued support for the Swarovski Foundation and its environmental activities.

Internally, we are developing and testing new approaches to managing the 'end of life' of our products as part of our contribution to a circular-economy society. In particular, we have been piloting a collaborative model of sustainability challenges using upcycled material from our products.

For example, Swarovski has previously partnered with Cirque du Soleil to create a variety of costumes embellished with Swarovski crystals. In 2016, this partnership was extended into the sphere of sustainability. Together we gave Fashion Business students at École supérieure de mode part of l'École des sciences de la gestion de l'Université du Québec à Montréal (ESG UQAM), the opportunity to reimagine Swarovski crystal-embellished costumes that have previously appeared in some world famous shows from Cirque du Soleil. The two companies worked together with ESG UQAM to connect young talent with these incredible materials and to engage their skills in a sustainable fashion challenge.

Also since our last COP we have integrated sustainability guidelines into our newly revised brand standards which set out minimum requirements and outline best practice in the use of printed materials for communications and packaging. For example, this includes the use of FSC certified products, recycled content and chlorine free paper.

We have also been seeking to improve our capacity to collect, analyse and report on our environmental performance. We have begun implementation of a new data management solution for global sustainability data - which as an industry leading software solution - will enable Swarovski to more efficiently and reliably monitor and report on key environmental indicators. With the flexibility and user-friendliness of the system, operations teams will be better able to pursue sustainability goals.

Our cornerstone community engagement program, Swarovski Waterschool continues to grow and strengthen in its mission to educate and empower children, their teachers, families and communities to take local action to address the ecological, economic, social and cultural issues that affect sustainable access to and use of water. Improving local conditions at a global level, Swarovski Waterschool is building a network of sharing and learning through its new teaching

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and learning materials 'Drops of Knowledge for Rivers of Change' connecting schools and children participating in SWS all over the world. For sixteen years, SWS had been committed to improving the quality of some of the world's greatest rivers, with focus on provision of clean drinking water and sanitation in schools and communities. Swarovski Waterschool works in partnership with NGO, Government and private sector partners in Austria (Danube), Brazil (Amazon), China (Yangtze), India (Ganges), Thailand (Ping), Uganda (Nile) and the United States of America (Mississippi).

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## **4. Anti-corruption**

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

Swarovski remains committed to ethical business practices and we oppose corruption in all its forms. This is evidenced by our Executive Board's dedication to upholding Daniel Swarovski's values, our Supplier Code of Conduct and our upcoming Integrity Charter.