

SWAROVSKI

United Nations Global Compact Communication on Progress 2020

Statement of Continued Support by Swarovski's CEO

In 1895, our founder Daniel Swarovski established farsighted principles of fairness to communities and the environment that still guide our business 125 years later. We acknowledge that for Swarovski to succeed in the future, we must continue our respect for Daniel's principles. They help us to consider our responsibilities in terms of generations, not quarters and provide a platform toward our goal of sustainable development. Whilst we honour our heritage, we recognize that the world we live in is constantly evolving; we face challenges and we understand that for us to continue for generations to come we need to do business responsibly.

As a manufacturer of crystals, genuine gemstones and created stones as well as finished products such as jewelry and accessories. Swarovski is committed to driving positive change and sustainable development across the industries we cover. 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 alignment of the ten principles into our strategy and operations.

Our latest Sustainability Report, published in 2019, reaffirms Swarovski's commitment to understanding and responding to sustainability issues across its value chain and details the many activities that Swarovski has, and continues to engage in. Our latest report can be found [here](#).

We are committed to our ambition of growing 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, CEO

Introduction

At Swarovski, we continue to believe that in order to meet today's global macro challenges, partnerships between individuals and organisations are essential to finding solutions to issues such as climate change, social inequality, and natural resource depletion. We are committed to using the strength of our business and brand to promote collective action. Swarovski looks to work with global initiatives such as the United Nations Global Compact, the Women's Empowerment Principles, and, is steadfast to working towards the UN Sustainable Development Goals. On an industry level, we are also collaborating with our peers to promote change across the jewelry industry and participate in sector led initiatives such as the Responsible Jewellery Council (RJC).

Swarovski aims to offer the most sustainable, and most responsible crystal on the market. Our best in class manufacturing facilities in Wattens, Austria, has industry-leading safety, labor and environmental practices in place. Our various certifications by the RJC provide independent, third-party confirmation of our responsible business practices. We are pioneers in product safety, 100% of Swarovski crystals are produced using our pioneering Advanced Crystal lead-free* formula and more recently using our expertise in technical innovations, we have developed a new scarlet colour crystal that is both lead-free* and cadmium-free. Our Restricted Substance Safety Policy program, CLEAR, mandates us to systematically manage, restrict and eliminate harmful chemicals from our products and supply chain. It is a mandatory standard for all product development involving chemicals. REACH, the EU's chemical compliance initiative, is fully integrated into CLEAR. Our CLEAR program is obligatory for our global manufacturing facilities and all suppliers producing on Swarovski's behalf. Adherence to this policy ensures we remain ahead of chemical compliance legislation, whichever market we operate in.

As one of the largest retailers of finished jewelry and as a supplier of crystal, created stones and genuine gemstones to other jewelers, we acknowledge and embrace our responsibility to improving the sustainability of the jewelry industry. We ensure a high degree of traceability and transparency through ownership of our own crafting facilities and the production of Swarovski Crystal. At our crafting facilities and our stores, we have aligned with internationally recognized social and environmental standards and we are committed to continuously raise the bar in our own products and collections to offer our customers only the best craftsmanship quality born out of responsible practices.

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.

*Containing 0.009% lead or less

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.

We acknowledge that protecting and respecting human rights is salient to sustainability and our integrity as a business. Swarovski continues to be unequivocal in our commitment to upholding internationally proclaimed human rights standards internally and among our suppliers. Our auditing program monitors the standards of our production locations to industry leading international standards. We understand that people play a vital role in our ongoing success and we respect the human rights of everyone who contributes to our business - both our employees and the people working in our supply chain.

In line with global anti modern slavery reporting requirements, Swarovski has continued to publish a Modern Slavery Statement which reflects the steps we have taken to ensure there is no modern slavery in our business and supply chains. Read the latest Swarovski Modern Slavery Statement [here](#).

As a company comprised of 76% females in the workforce, Swarovski recognizes that advancing equality and enabling women to fulfill their potential is not only good for business, but also has a positive impact on society. As a business, we aim to empower our workforce across the value chain through education opportunities. After conducting a successful pilot BSR HERproject with a key supplier in 2018, we felt encouraged to facilitate a further two HERprojects with two key strategic suppliers in China. HER stands for Health Enables Returns, spotlighting how workplace health and financial inclusion can unlock women's full potential. The training content is based on the specific health needs of their workplace and centers on female healthcare. In addition to the important health awareness program, by teaching communication and leadership skills, HERproject empowers women to recognize that they can achieve much more than they may have thought possible.

The Swarovski Foundation have been in partnership with Women for Women International for the last six years and in this time have supported 998 women survivors of war to rebuild their lives in Nigeria. In 2019, we continued to empower women under our Human Empowerment pillar; specifically supporting 150 women through Women for Women International's social and economic empowerment programme which provides women with crucial knowledge and education about their rights, health and practical skills to start their own businesses to lift themselves and their families out of poverty. More information on the Swarovski Foundation can be found [here](#).

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 recognized labor standards within our business and taking a positive stance with suppliers. More information on our management approach to fair labour conditions and responsible sourcing can be found in our latest Sustainability Report [here](#). We strive for colleagues across the Swarovski value chain to enjoy good conditions, benefits and opportunities throughout their working lives.

Our Positive Production program aimed to focus our work in our Swarovski owned production plants continues to work towards sustainability excellence in our manufacturing and production locations by 2020. The program has three work streams that systematically advance sustainability and ensure our manufacturing is socially and environmentally responsible. The first stream ensures the highest standards of sustainability are met through external verification and certification according to leading industry organisations. Therefore our manufacturing plants are on a continuous journey to seek multiple certifications and recertifications aiming at continuous improvement in the area of overall working conditions (SA8000, SMETA), workers health and safety (OSHAS 18001), environmental management (ISO 14001), energy management (ISO 50001) and sustainability in general (Responsible Jewellery Council).

Swarovski is committed to the Responsible Jewellery Council (RJC). Individual Swarovski business units have successfully held RJC certifications including Swarovski Professional, Swarovski Gemstones Business and Atelier Swarovski which was recently successfully re-certified in 2019. Going forward, we plan to merge our existing RJC certifications and hold one certification representing the entire Swarovski Crystal Business in 2021.

The second stream of our Positive Production program focuses on improving the measurement of sustainability performance. We have successfully created a framework of KPIs and centralized data collection to ensure that there is a consistent approach to monitoring, reporting and driving progress.

Above and beyond auditing, we want to positively impact our employees and their communities and contribute to addressing business relevant sustainability issues such as equality, wellbeing and environmental challenges. The third stream of our Positive Production program helps us to work toward this aim and supports us in our commitment to contributing to achieving the UN Sustainable Development Goals. In 2019 Swarovski completed a Water Stewardship Partnership with Thai NGO Asian Disaster Preparedness Center (ADPC). The partnership improved flood preparedness in the Swarovski facility as well as the outside community through a training program with 40 employees in our Swarovski factory Thailand. As a result of this training a further 7000 will be impacted from

this training cohort and will have a ripple effect into the wider community. In 2020 we launched a yearlong pilot project "WE Sparkle" in Swarovski Gemstones Thailand in partnership with local Care Thailand office Raks Thai to help empower employees by increasing awareness on financial literacy, providing impartial financial advice and understanding more on health and wellbeing. Due to the impact of COVID-19, the partnership also delivered support for the employees for the health and financial impact of the pandemic.

Our Responsible Sourcing Initiative (RSI), established in 2014, helps us to ensure sound health, safety, environment and labor standards are in place across multiple tiers of our external supply chain. The RSI program helps us to monitor and maintain a keen focus on respecting workers' rights across our supply chain. We are committed to tracking and improving the labor practices in our supply chain and work closely and collaboratively with our suppliers to drive for continuous improvement. The RSI program focuses on core suppliers that are exposed to higher risks and covers 95% of the businesses sourcing spend.

Swarovski continues to support and actively participate in the Coloured Gemstones Working Group (CGWG). We established the CGWG with other luxury brands and mining companies in 2015 to better understand the risks and opportunities for positive impact in the sourcing and production of colored gemstones. We collectively aim to drive continuous improvement with tools designed to enable better practices and reduce adverse impacts in the colored gemstone supply chain.

At Swarovski we understand that a diverse and inclusive working environment allows people to develop and thrive whilst empowering them to feel free to be themselves. Gender, ethnicity, age, sexual orientation, disability or any other characteristic should never be a factor in recruitment, promotion, pay or other decisions and therefore have internal policies in place to promote a healthy work-life balance and equal access to career development.

We believe a systemic challenge to fostering a diverse and inclusive working environment is unconscious bias. After a successful pilot in 2018 we began a formal partnership with, the global research organization, The NeuroLeadership Institute, offering employees in office locations the opportunity to take part in a comprehensive eLearning module focused on how to mitigate bias from every-day decisions. So far 471 employees have participated in the training.

At Swarovski we are committed to supporting gender equality and ensuring greater parity in our people and business decisions. Our annual campaign on International Women's Day 'The Future is Equal' provides us with a platform to celebrate women's achievements internally and externally whilst raising awareness on gender parity. In 2020 we engaged with 4485 employees making up 29% of the global workforce in 36 countries.

At Swarovski we remunerate and reward our people based on performance and contribution. This is the reason we have global schemes and guidelines in place to ensure all our employees are offered a package that is both fair and competitive. We are committed to offering equal pay for equal work and endeavor to be transparent with employees regarding pay decisions and have worked hard to ensure decisions are made based on talent and role performance. We annually report on our 'UK Gender Pay Gap' in line with national legislation. The report found [here](#) analyzes specific pay data from UK business

divisions. We recognize that there is still work to do to in order to narrow the gender pay gap across the company and remain fully committed to ensuring gender parity across our business.

Our public commitment to the UN Women's Empowerment Principles (WEPs) drives our approach towards leadership, the workplace, our markets and communities. In our own company we strive to lead by example and champion women's empowerment. As well as being a signatory of the UN WEPs, Swarovski is a supporter of UN Women and a founding member of Business for Social Responsibility's global initiative, Business Action for Women, a coalition of leading companies committed to achieving progress for women globally.

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.

At Swarovski we take our role in protecting the environment seriously, our goal is to protect the natural environment that is touched by our supply chain and we are committed to continuously improving our operational sustainability and work toward sustainable production across our global sites.

As outlined in the Labour section of this COP, the Positive Production program structured to achieve excellence in sustainability at Swarovski's production locations helps us monitor our environmental impact. In line with the first stream of this program (to achieve a common framework of social and environmental standards of audits and certifications in all locations) new standards at several sites have been achieved.

Progress has also been made in the Stream 2 of Positive Production to create a standardization of global sustainability indicators including data collection and management. From the materials it sources to the products it makes, Swarovski aims to make a positive contribution. Since 2010, we have achieved 20%* reduction in total energy consumption and a 71% reduction in Scope 1 GHG emissions across our manufacturing and production locations whilst 32%* of our energy comes from renewable sources at our manufacturing and production sites. In 2019 76% of our total water demand was met with recycled water across our manufacturing and production locations.

In 2019, we published a [report](#) outlining the environmental cost assessment of the raw ingredients that create our signature crystal. The research conducted in partnership with Trucost, part of S&P Global, we analysed the extraction and processing of 53 raw materials used in the production process, excluding cutting, polishing and distribution. The analysis was based on 99.9% of annual raw material in tonnage across a series of eight environmental impact categories, such as greenhouse gas emissions, ecotoxicity and water consumption. Whilst shedding light on where we can focus our efforts to improve impacts, this project has also enabled the comparison of crystal with other jewellery materials. Looking ahead, we are conducting a further life cycle assessment which will give us visibility of our signature product from cradle to grave.

Through our upcycling projects as part of our Conscious Design program, we aim to inspire and challenge the next generation of designers and business leaders to consider the circular economy by reconsidering 'waste' as a resource. We have partnered with inspiring designers like Patrick McDowell, who held an innovative 'Sparkle Up' event during London Fashion Week spring/summer 2020 to shift the dial on reusing and swapping fashion pieces and using Swarovski upcycled crystal on curated fashion pieces to give them a new life.

Through our design school partnerships with renowned institutions we push for the integration of sustainability into curriculum to inspire the next generation to make informed decisions on their creative projects to limit their environmental and social impact. In 2019 we conducted our biggest Conscious Design academic partnership yet with Central Saint Martins. The [‘Swarovski Conscious Design’](#) partnership integrated sustainability into live curriculum projects reaching 165 students across three degree disciplines: BA Jewellery, MA Material Futures and BA Textiles.

The Swarovski Foundation supports since 2018, The Nature Conservancy’s Mantiqueira Mountains Reforestation Project (alongside other donors). The project aims to create the enabling conditions that make forest restoration the land-use of choice in Mantiqueira, which will ultimately result in the restoration of 1.2 million hectares of forest by 2030. More information on the Swarovski Foundation can be found [here](#).

The Swarovski Waterschool, established in 2000, is an educational initiative aiming to empower children aged 8 to 17 to become “Water Ambassadors” who understand and practice sustainable water use. The Swarovski Waterschools are located globally near seven key water sources or sheds and work collaboratively with local NGOs to engage students and their communities.

The three key themes of the Waterschool program include: access to safe water, water education, sanitation hygiene and health and the program is structured to help young people ensure long-term availability of clean water for all. The Swarovski Waterschool connects to three specific UN Sustainable Development Goals: Quality Education, Clean Water & Sanitation and Partnership for the Goals. The recent progress and impact of the Waterschool includes:

The Waterschool Radio Program Rios de Saberes (Rivers of Knowledge) in Santarém created by Waterschool students and external experts reaches approximately 8,800 students and 560 students weekly. The program discusses environmental topics, the Waterschool and promotes a wider exchange between the schools and communities in the region. Through this program, we simultaneously help students to gain relevant technical and vocational skills for employment and share knowledge and skills needed to promote sustainable development on a public scale.

In Uganda, the Waterschool constructed 10 rainwater tanks and filters, enabling 5,500 children and 300 teachers to enjoy safe water at school. This not only provides safe and affordable drinking water for the schools directly, but also enables children to take safe drinking water back home to their communities helping to reduce water borne diseases amongst school children and thus helping increase school attendance.

In China, the local Waterschool in Mianyang in the Sichuan province introduced the Furongxi project, mobilizing 7 townships along the Furongxi river to take action and introduce a trash management program reducing the amount of garbage thrown into the river. By engaging and connecting several communities and local organizations the Waterschool China was able to create a multi- stakeholder partnership to promote sustainable development. More information on Swarovski Waterschool can be found [here](#).

*Based on 2019 Performance Data

4. Anti-Corruption

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

The Swarovski Integrity Charter defines how the business and our employees can act responsibly to meet global business opportunities and challenges. It reconfirms our values, principles and commitment to being a responsible business.

Swarovski's Code of Conduct continues to guide our supplier relationships. Swarovski expects suppliers to fully obey all national laws and regulations applicable in the country and other governmental authorities of any country in which they do business. Within our Code of Conduct (which suppliers must adhere to) we ask our suppliers to commit to countering bribery and corruption which means no tolerance of bribery, no facilitation payments or no money laundering, and to abstain from any business related to terrorism or armed activity.