

# THE JOURNEY OF CRYSTAL

SUSTAINABILITY REPORT 2013



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SWAROVSKI

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## BUSINESS ACTIVITIES

The world of Swarovski encompasses the production and marketing of a wide range of high-quality products and services for consumers (B2C) and businesses (B2B):

### MAKING EXCLUSIVITY AVAILABLE TO A GLOBAL CONSUMER BASE:

Jewelry, watches & fashion accessories  
Figurines & Home Accessories  
Beauty & Fragrance  
Lighting

### HIGH-QUALITY CRYSTAL AND CRYSTAL-RELATED PRODUCTS FOR BUSINESS PARTNERS:

Crystal components  
Genuine gemstones and created stones  
Corporate gifts  
Traffic safety & other functional lighting solutions

### OTHER ACTIVITIES COMPRISE:

Crystal experiences  
Entertainment

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## KEY ACHIEVEMENTS IN THE REPORTING PERIOD:

### WE INTRODUCED SPIRIT 2020

### WE LAUNCHED A FORMAL CORPORATE RESPONSIBILITY FRAMEWORK

### WE LAUNCHED THE SWAROVSKI FOUNDATION

### WE LAUNCHED ADVANCED CRYSTAL

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The Swarovski Executive Board: standing, from left: Daniel Cohen, Nadja Swarovski, Mathias Margreiter  
Seated, from left: Markus Langes-Swarovski, Robert Buchbauer

## DEAR READERS,

The world is constantly changing – be it in terms of economy, environment, or technology – and so is Swarovski. What will never change is our commitment to strive for the highest ethical standards. The good name of our family business is one of our most important assets. We are aware of our responsibility to protect it and are committed to this aim in all that we do.

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.”

At Swarovski, this responsible attitude has matured because the company is managed by descendants of the founder’s family in the understanding that it is even more important today to consider the future, and to build up and promote a high level of sensitivity concerning the appropriate use of available resources.

Swarovski is a growing business that remains at the very forefront of design, creativity, and technological innovation. Our company employs 25,000 people worldwide, all of whom contribute their diverse perspectives, experiences, and values. This – along with our employees’ knowledge, skills, and talents – helps underpin the success of our increasingly international business, despite challenging global economic conditions.

Each member of the global Swarovski community carries their share of responsibility for our business. Likewise we, the Members of the Executive Board, take our responsibility for each one of those members seriously. Swarovski takes its stakeholders into consideration in its actions and decisions – whether they are employees, customers, consumers, family members, or shareholders.

Swarovski’s continued healthy growth and the implementation of our many projects show that we are on the right track. This report is an expression of our ongoing journey toward the practice of successful sustainable Corporate Responsibility (CR). It is with this document that we reaffirm our commitment to responsible, social, ecological, and ethical standards and to our intention to practice the principles of sustainable development in all of our daily operations.

Our CR strategy aims at ensuring that we follow our words with actions and remain true to the vision of our founder, Daniel Swarovski. That is, to run a company that has at its heart not only the wellbeing of all employees, but also that of society and the environment as a whole. It is aligned with the Ten Principles of the UN Global Compact, signifying our

strong commitment to this important international initiative to promote business responsibility.

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

We would like to close with these inspiring words from our founder: “A pre-condition of your long-term success is that you endeavor to think not only of yourselves but also of your fellow human beings. Those who adhere to this condition will certainly be blessed with success.”

And last but not least, we would like to thank the family shareholders and our employees. It is only through your initiative, your commitment, and your sense of responsibility that Swarovski is what it is: cosmopolitan, a market leader, a trendsetter, a creative partner, and, not least, a responsible corporate citizen that strives to positively influence society and the environment.

Sincerely,  
The Executive Board of the Swarovski Crystal Business

# 1 ABOUT SWAROVSKI

## SWAROVSKI CRYSTAL BUSINESS\*

Revenue: EUR 2.38 billion (2011: EUR 2.22 billion)  
Number of employees: 25,135

Total number of stores worldwide: approx. 2,350  
Number of stores operated by Swarovski: approx. 1,250  
Number of partner-operated stores: approx. 1,100

Number of stores by region:  
Asia/Pacific: approx. 770  
North/South America: approx. 470  
Europe: approx. 1,100

Swarovski's products are sold in approx. 170 countries.  
Production locations: Austria, China, Czech Republic, India,  
Liechtenstein, Thailand, and the US.

\*as on 31.12.2012

## 1.1 — OUR BUSINESS

For over 100 years, Swarovski, the brand synonymous with craftsmanship, creativity, and innovation, has developed its supreme mastery of precision cutting to become the world's leading producer of cut crystal, genuine gemstones, and synthetic stones. The family business has remained fully independent since its foundation in Wattens, Austria, in 1895.

### SWAROVSKI CRYSTAL BUSINESS

This report covers Corporate Responsibility commitments in Swarovski's Crystal Business specifically.

Swarovski designs, manufactures, and globally markets jewelry and high-quality crystal, genuine gemstones, created stones, and finished products such as accessories and lighting solutions. What started in 1895 as a small crystal manufacturing business in Wattens, Austria, has grown to be a global company making exclusivity available to a worldwide consumer base. With a rich history and a culture of creativity. The company is committed to growth and to maintaining its place at the forefront of design, creativity, and technological innovation.

### THE EXECUTIVE BOARD OF THE SWAROVSKI CRYSTAL BUSINESS

The Executive Board (ExB) is appointed by the Swarovski Advisory Board and is collectively responsible for leading the Swarovski Crystal Business. Furthermore, the Advisory Board has allocated specific responsibilities to individual ExB members. The ExB consists of family members only.

The members meet once a month, alternately in Männedorf, Switzerland, and Wattens, Austria.

### THE SWAROVSKI ADVISORY BOARD

The Advisory Board is the control and oversight body of the Swarovski Crystal Business. The Advisory Board represents the Swarovski Group's 78 shareholders through its six family members – one-third female, two-thirds male. The members meet once a month, alternately in Männedorf, Switzerland, and Wattens, Austria.

### THE SWAROVSKI FAMILY SHAREHOLDERS

There are 78 Swarovski family shareholders. They assemble three times per year and there are also different shareholder associations.

## PRODUCTION LOCATIONS SWAROVSKI CRYSTAL BUSINESS\*



\*as on 31.12.2012

## SWAROVSKI SPIRIT 2020

The Swarovski Executive Board developed Swarovski Spirit 2020 as an expression of its strategic intent and values for the Swarovski Crystal Business.

Swarovski Spirit 2020 embodies our mission ("what we do and promise"), values ("how we act"), and vision ("what we aim for"). It provides the ambition to guide Swarovski's actions and serves as a framework within which Swarovski's strategies are formulated. It is intended both as an explanation of Swarovski's direction for employees throughout the world and a public statement of what Swarovski stands for.

### OUR MISSION – WHAT WE DO AND PROMISE

Through our mastery of the poetry of precision we continue to be the market leader, driving force, and reliable partner within our industry to meet people's desire for adornment and delight since 1895 as

manufacturer, marketer, and retailer of premium jewelry and consumer products ranging from decorative objects to lighting and accessories, manufacturer and marketer of premium jewelry stones for customers.

### WE ADD SPARKLE TO PEOPLE'S EVERYDAY LIVES.

We provide high-quality products and services and anticipate, fulfill, and exceed consumers' desires and customers' needs.

We offer our colleagues and teams fulfilling challenges that inspire them to be innovative and creative.

We regard competition as a challenge that pushes us to expand our market leadership.

We assume accountability for our actions as a responsible corporate citizen, and strive to positively influence society, the economy, and our environment.

We grow our family shareholders' long-term value.

### OUR VALUES – HOW WE ACT

We are responsible, imaginative, vigorous, and passionate.

#### RESPONSIBLE

We always think and act in the interest of the company and the impact our actions may have on others. We take care of Swarovski as a whole and Swarovski cares about us – we walk the talk.

#### IMAGINATIVE

We are open-minded and innovative in creating aesthetically unique product designs and solutions for our consumers and customers.



#### VIGOROUS

We are dynamic and powerful. We leverage the strengths and benefits of our global organization. We empower colleagues to be effective and efficient. We work as a team across the organization to achieve our joint ambition of outstanding and profitable results. We acknowledge and reward performance.

#### PASSIONATE

We strive for consumer and customer loyalty by continuously surprising and amazing them and create long-term relationships with our business partners.

### THE SWAROVSKI SPIRIT AWARDS

The Swarovski Spirit Awards are a celebration of the outstanding achievements of Swarovski employees, their valuable contributions to the company's success, and their ability to add sparkle to people's everyday lives. The Swarovski Spirit Awards are presented by the Executive Board.

# 2 OUR CR APPROACH

## 2.1 — CR STRATEGY

In 2011, we began developing a comprehensive Corporate Responsibility approach, building on the Swarovski Spirit 2020, and integrating existing responsible principles and values related to CR.

As part of this process, around 60 of the company's internal stakeholders spanning all businesses and functions cooperated to identify the most important CR topics. The strategy is intended to enhance the positive impact of our operations and will help us to mitigate the potential for any negative impact of our business.

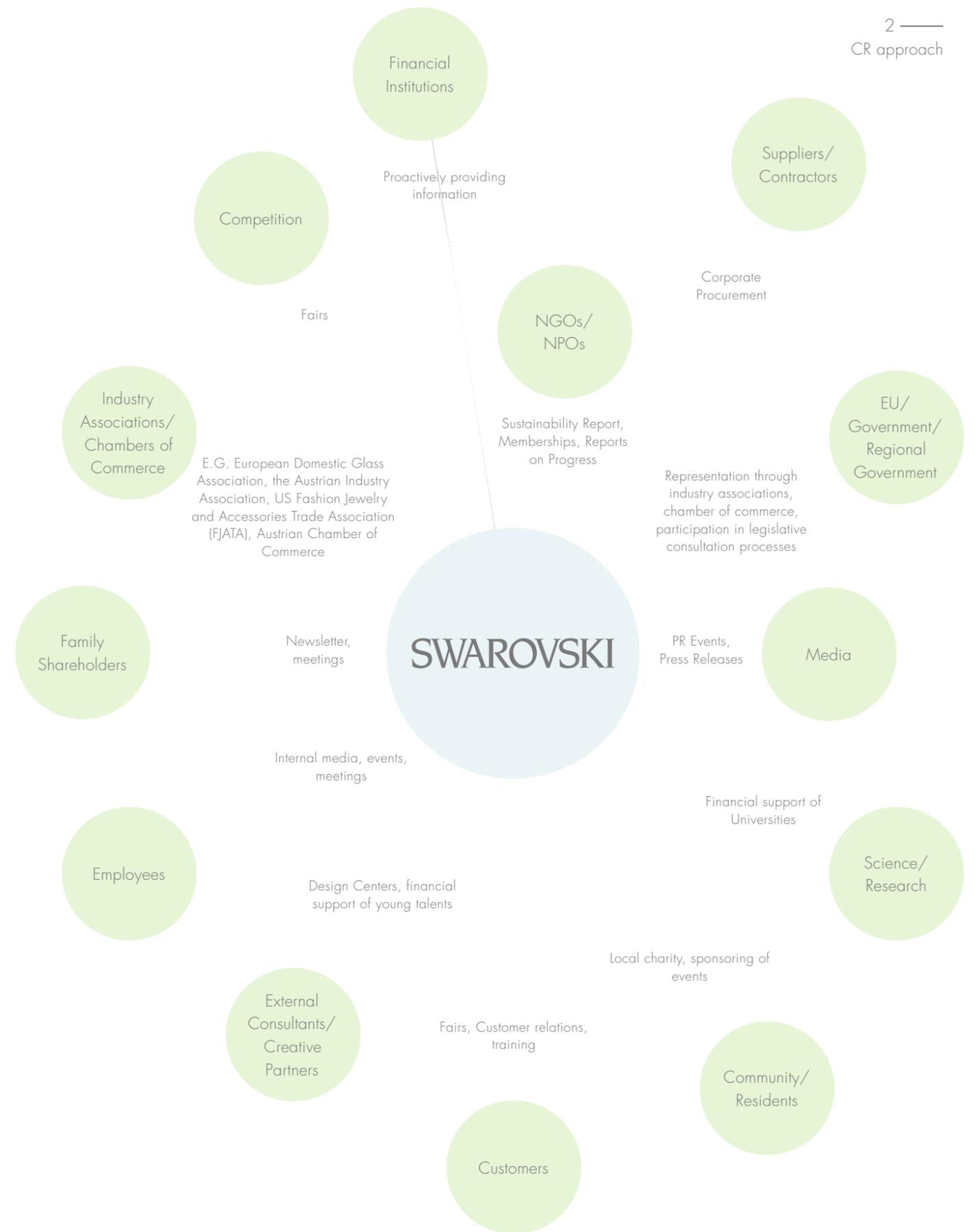
The results have been extensively reviewed, discussed, and prioritized by both senior managers and the Swarovski Executive Board, and their deliberations are reflected in the selection of the final CR topics.

## STAKEHOLDER ENGAGEMENT

Stakeholders play an essential role in Swarovski's continued success, and the company takes their varied perspectives into account.

All our operations identify, prioritise and directly engage stakeholder groups that have the potential to affect our production, financial and corporate responsibility performance.

Swarovski's main stakeholders are its owners, employees and their families, customers and partners, suppliers, authorities, social partners, special interest groups and local residents. There are also many other groups, that have a direct interest in the current business operations and the company's development. The Sustainability Report aims to keep these stakeholders informed and to strengthen dialog with them.



## OUR CR APPROACH

We have developed six focus areas, which will be examined and further defined by key senior management.

Our CR approach places particular focus on the following areas:

### 1. CARING FOR OUR PEOPLE

**Investing in our people and our communities.**

Swarovski's success is ultimately driven by its employees. While the company has a long tradition of looking after employees, there is a need to develop a more strategic approach that will suit the international nature of our business. The aim is to achieve and maintain a strong set of common standards across the company.

#### THE AMBITION IS

...  
to be an attractive employer

#### THE STRATEGIC PRIORITIES INCLUDE

...  
to identify areas to improve employee engagement  
...  
to develop global guidelines and policies for compensation and benefits, performance review, and promotion processes  
...  
to ensure continued commitment to diversity and equal opportunities throughout Swarovski  
...  
to foster a healthy work-life balance and safe working conditions

#### STATUS – WORK IN PROGRESS

A global employee survey was launched in 2012. A performance management framework will be implemented soon. Global policies were rolled out and reviewed in 2013.

### 2. RESPONSIBLE SUPPLY CHAIN

**Fostering environmental and social responsibility throughout the supply chain.**

Some of the biggest challenges for large companies relate to the social and environmental impacts of their supply chains. For Swarovski, there are opportunities in terms of increased supply chain transparency and the measures we can take to effectively manage related risks and opportunities.

#### THE AMBITION IS

...  
to manage a responsible supply chain that delivers increased reliability, quality, and productivity

#### THE STRATEGIC PRIORITIES INCLUDE

...  
to improve labor and environmental standards in our supply chain  
...  
to develop better supplier relations  
...  
to improve our security of supply  
...  
to improve the quality and reliability of goods supplied

#### STATUS – WORK IN PROGRESS

A Supplier Code of Conduct has been developed and it was agreed to review and update it in 2013. A supplier audit program is being implemented from 2013 onward.

### 3. ETHICS AND INTEGRITY

**Conducting our business with ethics and integrity.**

As a family company, Swarovski has historically operated according to values. Given the size of our business, as well as our increasingly global footprint, these now need to be formalized and systematized. This includes the development of an SCB-wide Integrity Charter – and is supported by an effective set of governance mechanisms.

#### THE AMBITION IS

...  
to be an industry benchmark for ethics and integrity

#### THE STRATEGIC PRIORITIES INCLUDE

...  
to formalize and develop values and core commitments into an Integrity Charter  
...  
to develop a comprehensive Business Integrity program, relevant for all key stakeholders

#### STATUS – WORK IN PROGRESS

It is anticipated that a Business Integrity Charter will be developed by beginning of 2014.

### 4. CREATING RESPONSIBLE PRODUCTS

**Producing safe products that customers trust.**

Swarovski has long been an innovator in both its production processes and its products. We are operating in a context of ever-more regulation around the nature of the materials used in production – as well as the health and safety standards of the goods that they are used to produce. We have a strong historical record in this respect – but there is always more that can be done. There may also be opportunities to use sustainability issues as drivers of future innovation.

#### THE AMBITION IS

...  
to create safe products and use sustainability to drive innovation

#### THE STRATEGIC PRIORITIES INCLUDE

...  
to embed sustainability within development, research, and innovation projects  
...  
to reduce energy costs by integrating sustainability criteria into product design processes

#### STATUS – WORK IN PROGRESS

The first major milestone has been implemented with the launch of Advanced Crystal.

## 5. PROTECTING THE ENVIRONMENT

### Reducing our environmental footprint.

All major companies face increasing scrutiny with respect to their environmental impacts. This is particularly the case in terms of energy consumption and emissions – as well as water consumption and waste management. Whilst we believe we have already achieved strong levels of environmental practice – we aim to build on this and continue improving our performance. In particular, we intend to implement a more coordinated and consolidated approach to managing our environmental risks and opportunities relating to those key issues of energy, emissions, water, and waste.

### THE AMBITION IS

...  
to be recognized as a leading company for managing water and minimizing water consumption

### THE STRATEGIC PRIORITIES INCLUDE

...  
to reduce our impact and the environmental footprint  
...  
to increase energy, waste, and water efficiency  
...  
to encourage employees to develop and apply green approaches

### STATUS – WORK IN PROGRESS

A unified database is being created and projects are being consolidated in order to develop strategies to set specific targets that will help reduce our ecological footprint.

## 6. GIVING BACK

### Giving back to society to “add sparkle to people’s everyday lives”.

Although Swarovski already has a long history of giving back to society, corporate best practice in this regard is getting ever-more sophisticated. There is a clear opportunity for Swarovski to develop a limited number of strategic “signature” programs that will be more closely aligned to our business objectives and ensure that we maximize our positive social impact.

### THE AMBITION IS

...  
to express and be recognized for our values and the creativity and impact of our community investments

### THE STRATEGIC PRIORITIES INCLUDE

...  
to further enhance the social and environmental impact of the Swarovski Waterschool program  
...  
to expand the Waterschool program to reach more people and raise its international profile  
...  
to improve the contribution our activities make to our reputation  
...  
to enhance the engagement and interest of our employees

### STATUS – WORK IN PROGRESS

Development of the Swarovski Foundation and the Swarovski Waterschool strategy.

# CR MISSION STATEMENT

“Our commitment to Corporate Responsibility has been embedded in the way we do business since our company was created by Daniel Swarovski in 1895.

Today we maintain this tradition, which we have built up over generations, in how we strive to add sparkle to the everyday lives of our employees, customers and suppliers and the broader community on a global scale, while protecting the natural environment and seeking to leave a rich legacy for future generations.”

2.2 —

## GOVERNANCE

We have implemented a strong governance structure to operationalize the CR strategy. This includes a CR Team and a global CR Steering Committee.

The CR Team acts as a coordinating hub for all CR-related activities, including guiding and engaging businesses and functions in their approach to CR. It will be responsible for driving Swarovski's CR strategy forward and will operate as an expert resource that supports Swarovski's initiatives in the area of CR. The CR Team also takes responsibility for CR performance and for maintaining dialog with external stakeholders, as well as CR reporting and communication.

The CR Steering Committee:

- oversees all CR-related activities
- advises on strategic priorities and initiatives
- recommends planning, resourcing, and targets
- prepares decisions for submission to the Executive Board

The CR Steering Committee is led by the Vice President for Corporate Responsibility and is made up of cross-functional senior management delegates – each of whom is responsible for implementing the CR strategy in their respective units.

The members of the CR Steering Committee include top and senior managers from all businesses and functions including HR, Legal, Procurement, Marketing, Operations, Communications, Production, R&D, and Facility Management.

The CR Steering Committee held its first quarterly meeting in February 2013.

2.3 —

## ACHIEVEMENTS AND TARGETS

At the Swarovski Forum 2011, we communicated the Swarovski Spirit 2020, which defines our values, vision, and mission. In the same year, we initiated the development of a comprehensive Corporate Responsibility approach building on the Swarovski Spirit 2020. Our progress in implementing the CR strategy will be continuously monitored and new targets will be developed.

After more than 12 years of intensive research, all of Swarovski's crystal production has been switched over to "Advanced Crystal".

In line with our integration of "Giving Back" as a strategic component of our CR framework, we set up the Swarovski Foundation, which identifies well-defined causes to support and selects strategic philanthropic partners.



*"In alignment with our company's core values, we formally established the Corporate Responsibility Team in 2012 with the mission of enhancing our social and environmental commitments to our employees, customers, and communities."*

Burak Cakmak, VP Corporate Responsibility

# 3 REPORTING APPROACH

These pages outline our efforts to maintain a sustainable business. They tell the story through the journey of a crystal starting from Research, Development and Production, Production through to Design, Marketing and Sales.

Our 2013 report structure is the outcome of our ongoing analysis and prioritization of CR topics. It covers those activities undertaken during the 2010, 2011, and 2012 (January to December) financial years. It continues the story started in our first Swarovski Sustainability Report (launched in 2010), provides an additional progress update, and reflects an enhanced scope, which has been extended from our Wattens operations to global locations. This report is also aligned with the Global Reporting Initiative (GRI) at C+ level.

Our last report was produced in 2010. Swarovski expects to produce future reports to be published on a bi-annual basis. There were no significant changes to the business regarding size, structure, or ownership in the reporting period.

In this report, a lot of specific information about Wattens is included as a follow-up to the 2010 report and thus to provide transparency on the progress in Wattens. However, the content focus and level of detail may change over time as we continue to add more locations.

## BOUNDARIES AND MATERIALITY

This report concentrates on the Swarovski Crystal Business (SCB) as part of the Swarovski Group. We are not reporting on joint ventures, leased facilities, or outsourced operations.

Within the SCB, we are focusing on locations with the most significant sustainability impacts. This includes our major production sites in Wattens, Austria; Triesen, Liechtenstein; Plattsburgh, USA; Marigot Jewelry Thailand and Swarovski Gemstones Thailand, as well as our location in Männedorf, Switzerland. We have addressed the data collection and quality assurance challenges through a rigorous internal collection and review process and external quality control with the aim to improve in future reporting periods.

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## STRUCTURE OF THE REPORT

The report is structured around the value creation of our product, the Journey of Crystal: from product development and design, production, through to marketing and sales, including our supply chain. Along this golden thread we outline our efforts to maintain a sustainable business and to tell our entire story covering all aspects of the business. This enables our readers to gain a better understanding of our products, our corporate culture, and how we approach sustainability across the whole value chain.

Having experienced the journey of our product and our company, it will be obvious for our readers that the success and rich heritage of Swarovski is only possible thanks to the know-how, the engagement, and the creativity of our employees. Our commitment to be an attractive employer, as well as the initiatives and activities emphasizing this goal are featured in the chapter "Caring for our people".

The final part of the report, "Giving Back," gives a summary of our engagement for the communities we operate in and for the society we interact with.

Data measurement techniques and the bases of calculations adhere to GRI Indicator Protocols.

This report does not include data on our global sales companies or our production sites in China and in India. Our aim is to progressively include data for further locations in future reports.

Our goal is a step-by-step approach to continuously extend the reporting scope over the next years.

# 4 COMPANY VALUES

## THE AMBITION IS

...  
to be an industry benchmark for  
ethics and integrity

## THE STRATEGIC PRIORITIES INCLUDE

...  
to update our values and core  
commitments into an Integrity Charter  
...  
to develop a comprehensive Business  
Integrity Program, including but not  
limited to user-friendly manuals and  
stakeholder training

## STATUS – WORK IN PROGRESS

...  
It is anticipated that a Business  
Integrity Charter will be developed by  
beginning of 2014.

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 the rollout of the Integrity Charter, we plan to train all employees to fully understand its implications. The first phase will start at the top (i.e. the Swarovski Executive Board) and cascade down through their direct reports to cover all senior management positions.

In addition, training modules will be developed to ensure full coverage across all business units and functions.

We plan to develop an effective set of governance guidelines and procedures to support the application of the Integrity program. These include:

- protecting the confidence of information received
- protecting the identity of anonymous complainants, wherever possible
- dealing consistently and effectively with all incidents and questions
- providing pro-active, preventative, and precautionary advice and guidance

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.

# 5 DEVELOPMENT AND DESIGN

## THE AMBITION IS

...  
to create safe products and use sustainability to drive innovation

## THE STRATEGIC PRIORITIES INCLUDE

...  
to embed sustainability within development, research, and innovation projects  
...  
to reduce energy costs by integrating sustainability criteria into product design processes

## STATUS – WORK IN PROGRESS

...  
Sustainability is becoming more and more a part of Product Development at Swarovski, as well as other departments. The first major milestone has been implemented with the launch of Advanced Crystal.

## 5.1 — CREATING RESPONSIBLE PRODUCTS

Our commitment to sustainable development, corporate responsibility, innovation, creativity, and the courage to think and do the unprecedented are central to our success. This includes extensive and innovative research of developing technologies and raw materials to ensure we stay at the cutting edge of the sector.

To date, Swarovski's approach to developing responsible products has focused on chemical content and customer health and safety. This has been with a view to meeting and exceeding relevant legal

requirements. As a result of our Advanced Crystal initiative (read more about this on page 27), we now lead the industry in terms of the sustainable composition of crystal. In addition, our CLEAR program means we apply the highest product compliance standards with regard to all sourced material content in our products.

We aim to build on this performance by using our new Sustainable Innovation Program to integrate sustainability into all of our development, research, and innovation projects. This will

ensure that all future Swarovski products will be developed in a way that minimizes their impact on the environment and provides the opportunity for embedding sustainability into other areas of the business. The overall objective is to encourage all Swarovski employees to introduce and hand in their ideas for all types of innovation. Swarovski has always been an excellent breeding ground for new ideas.

## WHAT IS SWAROVSKI CRYSTAL?

The quality, cut, and finish of every Swarovski crystal are second to none. This is not just a subjective perception; the quality and value of crystal can be determined through the application of objective criteria. Just as the value of a diamond is graded on the basis of the "4 Cs," the value of a crystal is determined by the "5 Cs":

### CUT

Only cutting of the utmost precision is capable of lending crystal exceptional brilliance. Exact faceting is required to optimize each crystal's prismatic effect and bring out its full beauty. The more precisely the crystal is cut, the greater its brilliance.

### CLARITY

Crystal only has purity and clarity to the extent that it is free of blemishes such as cloudy spots, streaks, and bubbles. This requires only the purest raw material and flawless processing techniques.

### COLOR

Perfect crystal is also characterized by the intensity and consistency of its color. The best kind of crystal will reflect light particularly well and display the full spectrum of its colors – giving a fiery display of light around it.

### CONTOUR

Precision in manufacturing creates perfectly shaped crystals, which in turn ensures perfect processing.

### CARE

Sustainability concerning the selection and composition of ingredients, responsible production, and conscientious regard for legislation, customers, and the environment are essential values in modern crystal production.

It is against these criteria that we measure all our products.

## TECHNICAL DEVELOPMENT

We know the crucial sustainability parameters within our production processes and equipment. We have learned how to assess them and are in the position to implement these lessons learned into our development process.

There is a project in place that will deliver sustainability Key Performance Indicators within Technical Development by 2016. Furthermore, a system for the assessment of current processes and equipment according to sustainability Key Performance Indicators, as well as an energy and resource assessment system for production equipment and processes, will be set up.

## CLEAR

Swarovski places great emphasis on product safety. The development of innovative products and the targeted use of only prequalified materials underline how the company is at the cutting edge of its sector.

On the subject of restricted substances, some of the best known and heavily restricted substances are still lead, cadmium, and nickel. But some slightly more unusual names, including azo dyes, phthalates, and organic tin compounds, have also started to attract scrutiny. All of these substances are regulated under the CLEAR program, which sets out relevant limits on their usage – from raw materials to the final product. Since late 2009, these specifications have been a mandatory global standard throughout Swarovski’s entire product range.

Swarovski addresses the industry’s increasingly strict legal requirements and the heightened awareness of today’s consumers often before new legislation is introduced, thereby underpinning its role as an innovation leader. Our products, whether manufactured in-house or purchased from external sources, are developed in accordance with applicable laws and regulations.

With our Lighting Business, our watches, and our Active Crystals product ranges, we face additional, completely different requirements in terms of product safety. All products therein are developed in line with all safety standards for electrical products that are regionally required and applicable. All such market approvals will get managed by external partners who conduct all product certifications for us to ensure that we are fully compliant with UL, CE, C-Tick, CCC, GhostR, to name a few.

One of the many initiatives is the CLEAR program, which ensures only approved raw materials and permissible substances are used in our products. The CLEAR program is valid for 100% of all Swarovski products as this is an increasingly important issue in the consumer goods sector. Indeed, the number of product recalls faced by companies operating in Europe, the United States, and Asia continues to increase dramatically, with significant financial, legal, or reputational consequences for any company.

Swarovski ensures that all its products always match their intended use and do not present any danger to the health or safety of its users.

Thus product safety is verified at every stage of a product’s lifecycle, from the original idea, through its development, during production, and further on to its market entry and even beyond, as active market surveillance is a key responsibility. Product compliance is a permanent feature of all quality gates in Swarovski’s development processes.

Similarly, there were no instances during the reporting period of failing to observe legal requirements and voluntary procedures with regard to the effects of products and services on health and safety.

In addition to complying with all applicable legal requirements, Swarovski also voluntarily meets various industry standards like the OEKO-TEX Standard 100, which is a prerequisite when delivering products into the textile industry. We have also eliminated PVC from our products or parts thereof.

Swarovski also provides the following information regarding the sustainability impact of its products:

The origin of a Swarovski product can be traced back.

Swarovski provides its customers with directions of use.



*“Our responsibility as a manufacturer and brand is fully reflected by our product compliance efforts. The implementation of standards like CLEAR is definitely not an easy task but strongly supports our global sustainability efforts.”*

Albert Zimmermann, Director Product Compliance

## ADVANCED CRYSTAL – THE NEW DNA OF CRYSTAL

For more than 118 years, Swarovski’s work has been characterized by groundbreaking crystal expertise. Our success has been driven by sustainable processes and strategies – as well as a pioneering spirit that has helped us identify and interpret market trends early.

This approach is embodied in our new, proprietary “Advanced Crystal” formula.

This new and innovative lead-free\* crystal formula will help carry Swarovski’s high standards well into the future. After more than 12 years of intensive research, all of Swarovski’s crystal production has been switched over to “Advanced Crystal”.

Our approach in this respect is as simple as it is logical: to offer customers crystal of the high quality and brilliance they expect, whilst ensuring our products meet and surpass legislation, regulations, and industry standards around the world relating to people and the environment.

Our switch to “Advanced Crystal” has involved the modification of the composition of more than 8,000 items and the re-development of more than 100 crystal colors – without compromising quality at any point. This represents a real breakthrough for the industry and the patented technology sets the standard amongst our peers.

**SUPERIOR**  
Fantastic customer reaction

Genuine competitive advantage through pioneering technology

Raises the bar for quality and sustainability in the industry

Exceeds today’s industry standards and anticipates those of tomorrow

**BRILLIANT**  
Continues to deliver the famous “Swarovski sparkle”

Offers the same variety and dependability of product

Adds brilliance and quality to existing collections

**LEAD FREE\***  
Groundbreaking, patented lead-free\* formula

Perfect peace of mind thanks to carefully selected materials

\* Crystal glass and all other materials containing 0.009% lead or less. Formula is patented in the US and 16 European countries



The Swarovski Spirit Award 2011 for Innovation went to Gerold Sprachmann – Director Glass Factory, representing a cross-functional project team – for the patented new composition and the adaptation of the whole production operation to market our compliance with the strictest current and upcoming regulations as a new dimension.

*“Everything develops and changes with time. Just how much of a constant crystal had become in our business was demonstrated by how difficult it was to develop “Advanced Crystal,” and how complicated it was to adapt all the relevant processes. This has been witnessed by every individual who has worked on this exciting project, which has involved the entire value chain, from raw materials to customer services. We have now made an important step toward sustainability. Through this project we have gathered experience of how such wide-ranging changes can be implemented – this is valuable know-how.”*

Gerold Sprachmann, Director Glass Factory

## SWAROVSKI FUTURING WORKSHOP

Swarovski will continue to drive sustainability into other areas of the business – such as products, packaging, and production processes – to ensure our production activities continue to take place in an environmentally responsible way.

In 2013, we plan to launch our first initiative under our “Creating Responsible Products” program at the “Swarovski Futuring Workshop.” This aims to highlight how we plan to use sustainability to encourage innovation, to create new products and processes. The workshop will include participants from various parts of the company – as well as a selection of established external pioneers from fields including material science, biomimicry, futurology, mathematics, chemistry, engineering, architecture, and social innovation.

The workshop is intended to:

- build on and advance Swarovski’s culture of innovation using new technologies and sustainable thinking
- communicate leadership in innovation to stakeholders
- impact growth in skills and capacity through the varying Swarovski departments
- promote “step-change” innovation in materials, applications and services

5.2 —  
**DESIGN**



Perspectives by John Pawson

Crystal is timeless, which is why it adapts so easily to changing trends. Swarovski relies on creative minds to sustain this process of adaptation – and to continue finding new ways of using this glamorous and versatile material.

Swarovski has cooperated with leading designers and couturiers for more than a century, including icons such as Coco Chanel, Elsa Schiaparelli, and Christian Dior.

Today, the company continues to work with outstanding contemporary designers like Yves Saint Laurent, Giorgio Armani, Versace, Gucci, and Prada, cutting-edge innovators like Viktor & Rolf and Vivienne Westwood, as well as emerging young design talent.

In terms of design, our aim is to:

- . be on trend
- . leverage technological innovation
- . prompt consumer demand
- . nurture design talent
- . keep crystal at the international cutting edge of design

**CORPORATE COMMUNICATIONS AND DESIGN SERVICES**

*“Design equals commerce. You can only market products well if the products themselves are strong. That’s why it’s so important for Swarovski to continue working with visionary designers and to further develop its work in this field.”*

Nadja Swarovski, Member of the Swarovski Executive Board

Our London-based Corporate Communications & Design Services (CC&DS) team is driven by its passion for crystal. It brings together great designers from the fields of fashion, jewelry, architecture, and lighting along with leading names from art, science, and technology – with the aim of widening the boundaries of what can be achieved when working with crystal. In short, the exemplary work of the finest designers is combined with quality, craftsmanship, and technology

**USING DESIGN TO DRIVE INNOVATION**

As part of this process, the visions and concepts of international designers are used by our product development team in Wattens to drive forward our technological development of crystal. This includes new forms, new cuts, new colors, and new applications.

**ACTING AS A STIMULUS FOR DEMAND**

The visionary creations facilitated by our CC&DS team have a significant international impact – amongst peers, designers, retailers, and consumers. This contributes to our overarching aim: to inspire customer curiosity – and to encourage them to visit our stores and engage with our website.

**PROVIDING AN INCUBATOR FOR CUTTING-EDGE DESIGN**

Swarovski is proud of the role that it plays in nurturing and supporting cutting-edge design – and providing the platform from which innovative designers can launch exciting new crystal design concepts. This includes, for example, initiatives such as Atelier Swarovski, Swarovski Crystal Palace, Runway Rocks, and the sponsoring of fashion weeks.



Atelier Swarovski by Eric Daman, Urban Aztec Necklace Coral



Alessandra Ambrosio at the Victoria's Secret Fashion Show, with wings set with over 100,000 Swarovski crystals



Illustration by Fredrikson Stallard for Swarovski Crystal Palace, ©James Harris 8



## FORECASTING DESIGN TRENDS – THE BUREAU DE STYLE

In 2011, we established a new Bureau de Style in Paris with overall responsibility for the design of the Swarovski Fashion collection and the Swarovski Crystal Living collection. Here, experts forecast which trends will be most relevant for Swarovski in the next two years – and then collate their findings with “bottom-up” observations from our on-the-ground marketing teams. This provides high-level insight into the expectations and preferences of our target markets – informing our decision-making on future trends, product evolution, and technological innovation.

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## EVERY DESIGN IS PART OF A VISION

Based on major global trends and design themes, and of course on the Swarovski design language, a creative vision is consolidated for the creative teams in guidelines and inspirational documents. Using these as a basis, they then create moodboards and a design strategy for each collection, expressing a different facet of the season’s main theme. To sharpen this vision, the team defines specific design elements such as colors, forms, graphics, specific cuts of crystal stones, and design details, easily recognized as a Swarovski signature.

In 2011, the highly successful team consisted of 16 different nationalities with 16 different professional backgrounds and is located in Paris, Hong Kong, Männedorf, and Wattens.



## NURTURING NEW DESIGN TALENT

Our long tradition of collaboration with distinguished world-class designers, as well as leading international fashion and design schools, means we are in a strong position to provide participants with a platform from which to show the best of their talents. Our International Talent Support competition, which is open to final year fashion and design students, is designed to give visibility and encouragement to young designers from around the world. Participants in the competition – which covers fashion, accessories, and (since 2011) jewelry – have their work examined and evaluated by a panel of renowned international jurors. ITS is a platform for creative minds and scouts young talent. A total of 140 design schools are approached to participate in the ITS jewelry competition.

As part of its sponsorship of this event, Swarovski granted the SWAROVSKI ELEMENTS Jewelry Award, which carries a cash prize valued at €10,000. The winner is offered a six-month internship at Swarovski's headquarters in Austria. In addition, Swarovski makes its precision-cut crystals available to jewelry contest finalists to use in their designs.



Brilliant young designer Xiao Zi Yang was presented with the SWAROVSKI ELEMENTS Jewelry Award by Ute Schumacher, Swarovski Vice President for Trend Research & Design, in Trieste, Italy, on July 14, 2012.



Nadja Swarovski, Member of the Swarovski Executive Board

## INTERVIEW WITH OUR GLOBAL DESIGN PATRON, NADJA SWAROVSKI

As a global patron of design for the company, Executive Board Member Nadja Swarovski is committed to forging ongoing relationships in the fashion, jewelry, architecture, design, film, and art industries to help create new and relevant products celebrating crystal. This helps to continually position Swarovski at the forefront of design and consumer trends.

**Q. You are known as the initiator and driver of Swarovski's network of visionary designers. Where did your idea of approaching designers come from?**

A. The inspiration to forge closer relationships with the design industry came from the many stories my grandfather Manfred Swarovski would tell – including his meetings with Coco Chanel and Christian Dior. As a child, I was fascinated that our Tyrolean crystals were so sought after in fashion capitals such as Paris and New York. When I grew up, I set out to reestablish these links.

**Q. How do you go about commissioning designers? How do you choose upcoming ones?**

A. Designer selection is partly an intuitive process – and partly based on both recommendations and the reputation of the designers themselves. Often, artists will also approach us. However, there is one clear condition: they must appreciate crystal – this is the only way to ensure they can successfully integrate our products into their designs.

**Q. How has design changed in recent years?**

A. The many technical innovations on the market have made a number of developments possible. New fabrics, technologies, and the acceleration of communications have strengthened people's consciousness of good design. Design breaks down borders, and its potential here cannot be over-emphasized. The intercultural links brought about by the internet, as well as excellent international design schools where all nations learn together, are of great importance in this respect.

**Q. Of the many projects you have worked on over the years, which are you most proud of? What "crystal" moment do you most cherish?**

A. One amazing example recently took place in Versailles, where Swarovski launched a new and innovative LED "candle" to be used within this famous palace. I was delighted by the fact that we were able to introduce this beautiful new product into so illustrious a setting – and bring the past and future together in such a harmonious way. It is wonderful to illuminate the past with modern inventions – and to see the fun designers have when working with our crystal.

# 6 PRODUCTION

## THE AMBITION IS

...  
to be recognized as a leading company for managing water and minimizing water consumption

## THE STRATEGIC PRIORITIES INCLUDE

...  
to reduce our impact and the environmental footprint  
...  
to increase energy, waste, and water efficiency  
...  
to encourage employees to develop and apply green approaches

## STATUS – WORK IN PROGRESS

...  
A unified database is being created and projects are being consolidated in order to develop strategies that will help improve energy, water, and waste efficiency.

## 6.1 — PROTECTING THE ENVIRONMENT

Swarovski is the world’s leading manufacturer of cut crystal – and is also well known for its natural gemstones, created stones, innovative lighting products, jewelry, and figurines. We are committed to the principle of sustainability throughout all of our production processes. This section details the projects we are engaged in to achieve the highest levels of environmental sustainability.

### PROACTIVE MANAGEMENT OF ENVIRONMENTAL CHALLENGES

We have identified three key environmental challenges that we are proactively managing:

The first, climate change, is widely recognized as the biggest global environmental challenge – and one that has potentially long-term human impacts. In this context, we believe it is not only our duty to work to reduce carbon emissions throughout our operations – but it is also the prudent path to take.

The second issue is water quality and availability. 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.

The third, waste management, is a challenge for most businesses. We recognize our responsibility to reduce our waste production and to increase recycling, material reuse, and ensure responsible disposal.

In this context, we are applying our Swarovski Environmental Excellence program to responsibly address each of these issues.

The major aims of the program are to identify areas where we can generate savings through greater energy and water efficiency, as well as lower levels of waste generation.

Starting in 2013, Swarovski is collecting data to set the baseline for a global data management system. This will help us identify short- and long-term opportunities for improving our ecological footprint. Based on these results we will start defining relevant key performance indicators (KPIs), implementing specific efficiency projects, and actively managing our ongoing efforts to reduce our environmental footprint.

This approach will not only help reduce costs and enhance our brand; it will promote innovation within Swarovski as we develop new, more environmentally friendly products and ways of working.

## CERTIFICATION AND AWARDS

### ISO 14001 CERTIFICATION

Two of our key production facilities have been certified according to the internationally recognized ISO 14001 Environmental Management Standard. This includes our Marigot-Ayutthaya plant (certified since 2009) and our Marigot-Bangpoo plant (certified since 2010), both in Thailand. A major advantage that arose from the ISO 14001 certification was increased transparency and a simplified introduction of improvement measures in relation to the environment.

The ISO 14001 standard helps organizations implement effective environmental management systems (EMS) – based on the principles of ongoing monitoring and the achievement of continuous improvement in performance. In particular, it helps organizations establish relevant objectives (and the processes by which they plan to achieve them), implement these processes, monitor the effectiveness of these processes, report the results – and continuously enhance the EMS based on these results. Certification to ISO 14001 is subject to third-party assurance. Building upon the certifications in Thailand, we are examining opportunities to expand the ISO 14001 certification program to other Swarovski locations.

### LEED CERTIFICATION OF STORES

Swarovski's first Leadership in Energy and Environmental Design (LEED) certified store was opened in August 2012, and is not only the first jewelry store in Europe to achieve LEED certification, it is also the first jewelry store in Europe to receive Platinum status. (Read more about Swarovski Retail Architecture on page 54.)

Sustainability standards for Swarovski Sustainable Stores will be broadly based on the LEED concept whenever possible. Swarovski is currently reviewing the many aspects of our Sustainable Stores initiative for store design that fall under the LEED certification system.

### CSR-DIW AWARD

The CSR-DIW Award is granted by Thailand's Ministry of Industry to those companies that are engaged in meaningful CSR activities. In 2012 – and again in 2013 – Swarovski Gemstones Thailand won CSR-DIW Awards for its beginner (flagship) projects. The CSR-DIW Award is given in recognition of companies' CSR activities in the following seven categories:

1. Legal and regulatory compliance system
2. Respect for human rights
3. Consideration for employees
4. Consideration for the environment
5. Consideration for suppliers
6. Consideration for customers
7. Cohesion with the local community

### GREEN INDUSTRY THAILAND

In December 2012, Swarovski Gemstones Thailand achieved certification at Level 3 Green System of the Green Industry Thailand initiative for environmentally friendly production. Recognition is awarded to production facilities that commit to reducing environmental impacts and implementing an Environmental Management System (EMS).

### THE PEOPLE AWARD

The Water School for a Living Yangtze project, run by Swarovski and its local partner the Shangri-la Institute, was recognized in 2012 for bringing people together to protect the Yangtze with The People Award at China's National Water Protection Charity Awards. (Read more about the Swarovski Waterschool program on page 92)

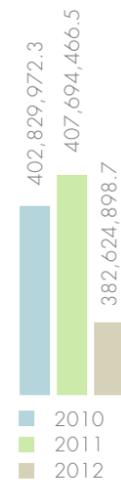
6.3 —

# RESPONSIBLE EMISSIONS AND ENERGY MANAGEMENT

The manufacturing of crystal, synthetic and natural gemstones accounts for a significant part of our energy use and carbon footprint. With an ever-increasing selection of energy sources at our disposal, and through the efficient use of renewable energy and innovative energy technologies, we are working to optimize our energy use and reduce our carbon output.

## ENERGY CONSUMPTION

Swarovski reduced its total energy consumption in the reporting period by 5% from 402,829,972.28 kWh in 2010 to 382,624,893.67 kWh in 2012 as a result of changes in production. The types of direct energy consumed at Swarovski sites include natural gas, liquefied gas, #2/4 fuel oil, #6 diesel oil, solar, and hydropower. Of the total energy usage, 18.28% is hydropower.



### TOTAL ENERGY CONSUMPTION PER YEAR\*

kWh	2010	2011	2012
Natural gas	77,268,342.50	78,218,260.60	75,255,331.10
Liquefied gas (propane)/(LPG)	611,953.81	664,941.08	537,315.06
Fuel oil light	22,053,000.00	18,230,000.00	14,135,000.00
Fuel oil extra light	28,369.77	25,213.48	
Diesel oil	5,063.50	7,198.59	8,285.72
Solar	30,000.00	30,000.00	30,000.00
District heating	1,554,837.00	1,297,248.00	1,554,003.00
Hydropower	59,407,040.00	60,168,402.00	55,755,240.00
Thermal energy	37,183,300.00	37,787,694.00	39,069,400.00
Indirect electricity	126,987,751.00	131,716,460.00	96,545,035.00
Compartment heating	35,592,136.00	44,106,032.00	68,344,616.00
Process heating	41,820,841.00	35,132,876.00	30,976,417.00
Domestic hot water	11,390.00	31,864.00	31,989.00
Cooling	274,234.00	276,006.00	378,750.00

\* Total numbers include data from all referenced production locations listed on page 21

## INDIRECT ENERGY CONSUMPTION

The amount of energy purchased and consumed from external sources decreased by 23.68% between 2010 and 2012.

Owing to the efforts of our supplier and to Swarovski's procurement strategy (product and supplier selection), we succeeded in nearly replacing fossil fuels in our crystal production portfolio. Our eco proportion increased from 75.22% in 2010 to 89.59% 2012 in Wattens.

In 2011 and 2012, 351 MW of green-e certified renewable energy credits (RECs) were purchased in Plattsburgh to offset carbon emissions from the production of lighting products.

## RECYCLED THERMAL ENERGY AND WASTE HEAT RECOVERY

Swarovski uses thermal energy produced from recycling to reduce first run energy use and optimize energy efficiency when possible. Swarovski uses heat recovered from its production processes wherever technology permits and when it makes financial sense. In Wattens, for example, rotary heat exchangers currently capture up to 50% of heat lost to air used to power ventilation systems. Three cooling absorption systems are used to cool the production halls. This technology means we are able to use 30% less heat than would otherwise be required using conventional ventilation and cooling technology. Likewise, by operating heat recovery units, we are able to meet the entire water requirements for the Wattens facility – equivalent to an average of 175m liters each year.

In total, 13% of annual thermal energy requirements at Wattens and 1.57% of all Swarovski energy needs are met through heat recovery and the extraction of retained heat from highly efficient heat and power generation systems.

## ENERGY-EFFICIENT HVAC

In Männedorf, Swarovski uses the energy storage capacity of Lake Zürich for its innovative building technology. For its new office with approximately 12,300 m<sup>3</sup> office space on the banks of Lake Zürich, the lake water is used for the heating and cooling system. During warmer months, naturally cool water is pumped through the building to air condition the space without having to cool the air. Even in winter, the water temperature of Lake Zürich at a depth of 25 meters is a constant 4°C, which is why it can be used for either heating or cooling. Its heating capacity adds up to 940 kW and the cooling capacity to 950 kW.

Since air conditioning presents the biggest challenge in terms of energy consumption at our warmer climate production facilities, we have established a number of energy conservation projects to reduce our energy consumption. During the reporting period, this included:

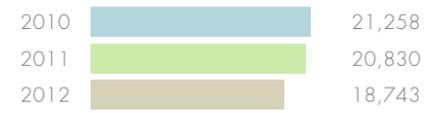
- A cooling pad system to reduce air temperature and reduce energy consumption.
- A chiller plant management system to automatically regulate the air conditioning system based on real-time requirements for reduced energy use.

## GHG EMISSIONS IN WATTENS\*

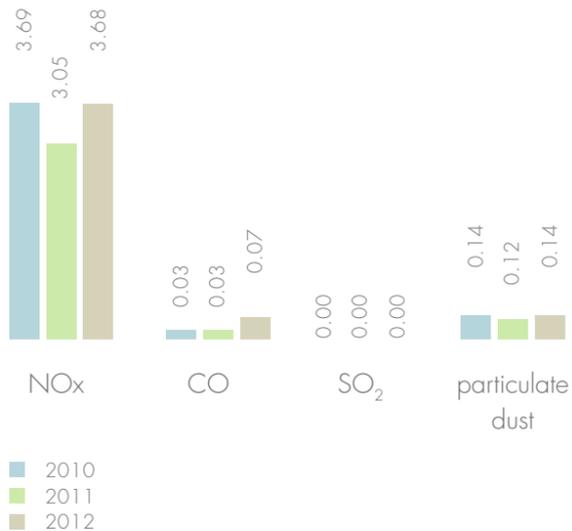
Scope 1 and 2 greenhouse gas emissions at Swarovski have decreased from 21,258 m<sup>3</sup> in 2010 to 18,743 m<sup>3</sup> in 2012, which can be attributed to the accelerated operation of eco-friendly gas turbines for power and heat generation, and changes in production from 2011 to 2012.

The data on CO<sub>2</sub> equivalent (CO<sub>2</sub>E) emissions includes all relevant sources, substances, and emitters (natural gas, heating oil, diesel, soda, potash). Swarovski is obliged to take part in the European Emissions Trading Scheme (ETS), and uses a very complex monitoring and reporting process. CO<sub>2</sub> quantities must be collected, validated, and approved by the authorized agency TÜV for facilities in the EU.

## GHG EMISSIONS



Total greenhouse gas emissions as the sum of direct and indirect emissions in tons of CO<sub>2</sub> equivalent



## NATURAL GAS CO-GENERATION

Under Swarovski's co-generation system, generated electricity is fed into the company's internal transmission network, whilst heat produced by the turbines is used to produce hot water for domestic and industrial use. This is around 1/7th of the emissions produced per kWh by – for example – a modern truck traveling on the highway. Under optimal conditions, the cogeneration system runs at more than 85% efficiency. In winter, the water is used to heat our production plants, whilst in summer it is used to cool these same plants using innovative absorption technology.

\* We are in the process of collecting and collating the relevant data for the other sites for future reporting cycles.

## USE OF HYDROPOWER TO GENERATE ELECTRICITY

One of the main reasons for the development of the company in Wattens in 1895 was the hydropower energy potential of the Inn and Wattenbach rivers. In 1994-95, after just eight months of construction, the 3,400 kW output Haneburger plant was completed. In 2001, the Haneburger plant was recognized as a small hydropower plant, and since then has been classified as an eco power plant. Over 16% of energy requirements at Wattens are met by hydropower produced on-site.

After many years of pilot studies in fresh water ecology, technicians and ecologists formulated a fish ladder that was recognized by the local authorities as a reference point for other hydropower projects.

## SOLAR POWER ENERGY

Plans are in place to install solar panels and a heat pump at our operations at Swarovski Gemstones Thailand by the end of 2013. These will be used to heat water – and are expected to save a total of 330,000 kWh of electricity per year.

Production location in Wattens, Austria



6.4 —

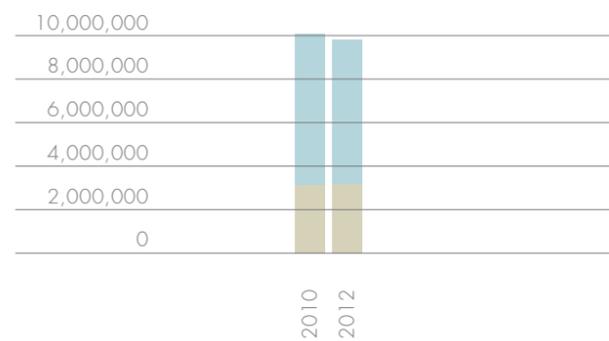
# IMPROVING WATER USAGE AND TREATMENT

Water has always played a central role in the history and evolution of Swarovski. One of the main reasons for the development of the company in Wattens in 1895 was the energy potential offered by its rivers. Since then, water has continued to play an important role in the generation of our electricity – and in our production processes. Swarovski has identified a number of examples of best practice at its individual operations – which it plans to roll out across the company. This is with the aim of achieving recognition as a leading company for water management.

## WATER WITHDRAWAL

Overall water withdrawal at Swarovski's sites has increased over the reporting period from 3,158,623 m<sup>3</sup> in 2010 to 3,194,217 m<sup>3</sup> in 2012, but total water used annually has been reduced by roughly 2.5%.

### SWAROVSKI WATER USE\*



■ Water demand satisfied by recycled reused water in m<sup>3</sup>  
■ Total water withdrawal in m<sup>3</sup>

## WATER DISCHARGE

Planned and unplanned water discharge decreased from 2010 by 11% in 2012. Reductions are a result of fluctuation in production utilization during the reporting period, as well as advanced treatment methods.

Water treatment processes include chemical, biological, mechanical, and anaerobic methods.

\* Total numbers include data from all referenced production locations listed on page 21.

## CLOSED LOOP WATER SYSTEM

The grinding and polishing process is one of Swarovski's core competencies. This also involves the recycling of wastewater after it has passed through various special water treatment plants.

We have a comprehensive wastewater cleaning facility in place. To ensure successful and economically viable wastewater treatment, separate canals for surface and cooling water, sanitary wastewater and process wastewater were installed.

The processing of uncut crystal fragments requires polishing the face of the crystal and washing with water. Any useful materials in the resulting residual material output are regained via a patented production process that uses recycling and are fed back into production. All wastewater associated with this – and other production processes – is subject to comprehensive treatment, including through the application of cyclical purification systems.

In Wattens there are three water circulation processes that are used for crystal production:

The Central Polishing Water Circulation System (ZPK), in which the water is filtered and 95% of the water is recycled.

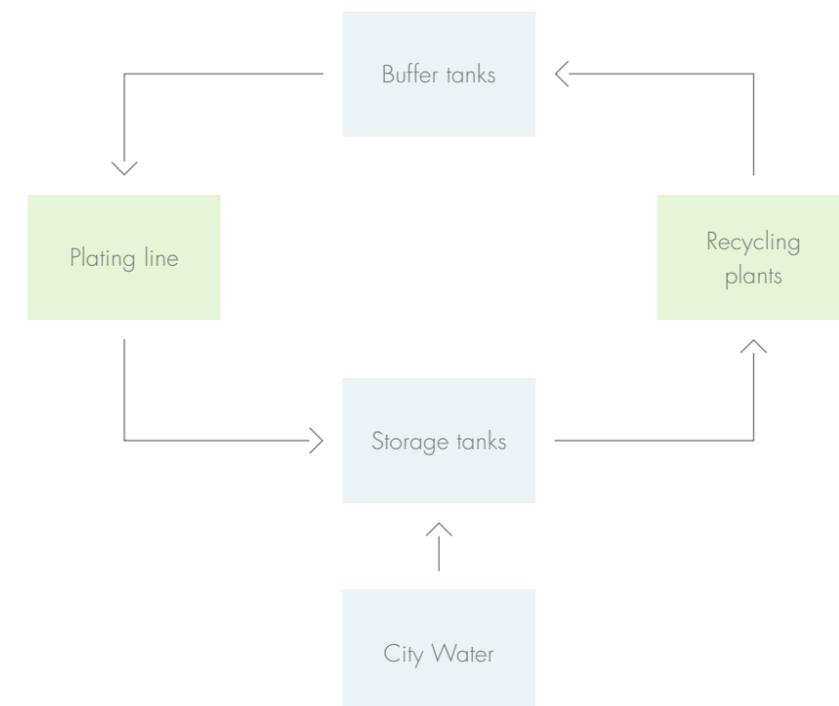
The Central Grinding Water Circulation System (ZSK), whereby the production processing water is filtered and around 98% is recycled.

The Operational Wastewater Treatment Plant (BARA), which treats the remaining 5% and 2% respectively from the previous two water treatment plants. Water used in various other departments involved in the industrial process is also treated here.

After the chemical and physical treatment in the BARA, the water then goes to the municipal water treatment plant where it is further treated by biological means. Following this step, the clean water is then returned to the Inn River.

Our plating operations use water recycling plants to minimize consumption. Water is initially drawn from the local public supply infrastructure. This is then processed in our recycling plant and stored in buffer tanks, ready for use by our plating line – where it helps regulate conductivity. Water used during the plating process then flows back into the storage tanks, is processed through a closed loop water system at the recycling plant – and the cycle begins again.

The process is set out in the diagram below.





Closed loop water system in Wattens

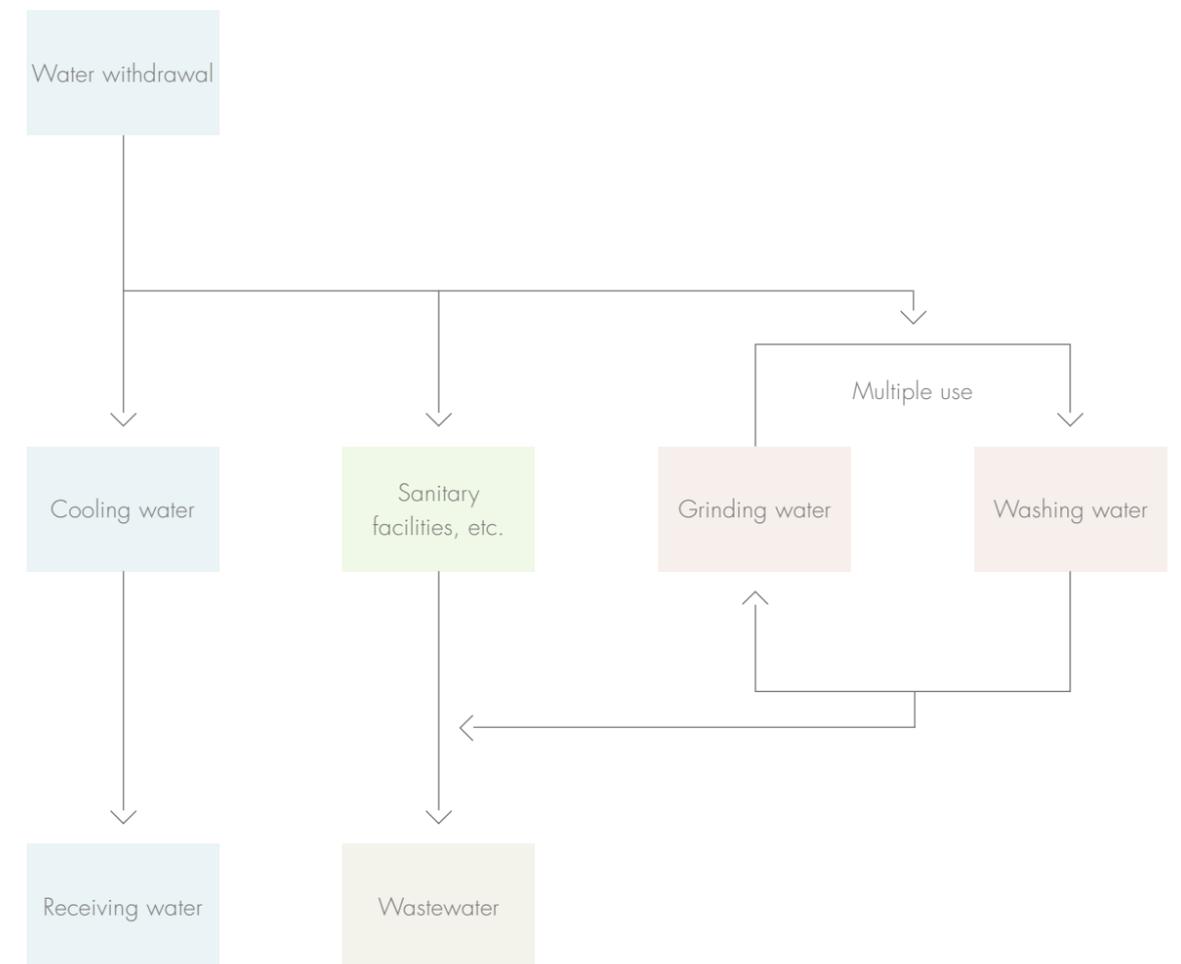


Closed loop water system in Wattens

## RESPONSIBLE WATER MANAGEMENT IN THE CUTTING PROCESS

Swarovski has closed loop water systems supporting its cutting operations. The frequency of water exchange usually ranges between three to six months. Resulting non-water residual materials are steadily filtered and removed from the system.

Water quality within the system is measured in terms of pH value and chemical oxygen demand. All of the industrial wastewater is gathered together and the pH value is neutralized. The water is then processed and treated until it meets all legal standards and is returned to the public water system.



## WATER RECYCLED AND REUSED

Our sanitation department works closely with the internal works laboratory to keep track of the environmental effects of production and to minimize water emissions.

The volume of water recycled and reused across Swarovski's operations is more than double the amount of total water withdrawal, owing to the amount of water retained during the production process. 67.39% of water demand is met using recycled water. Around 30% of the total volume is reused about four times within the production process until it is disposed of.



Wastewater treatment plant in Wattens

## 6.5 — RECYCLING AND WASTE MANAGEMENT

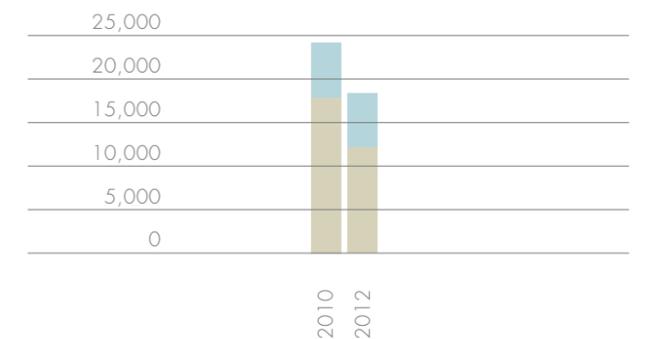
Swarovski currently follows a number of good practices with regard to waste – particularly on the topic of recycling. Our ultimate goal is to develop a company-wide waste strategy with aggregated data on waste volumes and country-wide reduction targets.

Waste is assessed in terms of recoverability and type and is divided into three parts: hazardous waste, non-hazardous waste (recycled), and non-hazardous waste (non-recycled).

Priorities of the Swarovski Environmental Excellence program regarding waste management are to:

- continue efforts to reduce packaging and increase the use of sustainable material
- establish waste reduction targets
- create more environmentally friendly stores through the integration of sustainability criteria into future store design
- reduce waste and increase the reuse of materials

### SWAROVSKI WASTE AND RECYCLING\*



- Total waste recycled, reused, and composted in tons
- Total waste generated in tons

Recycling rate increased by 4.7% from 2010

\* Numbers include data from all referenced production locations listed on page 21.

## WASTE AND RECYCLING

Swarovski has considerably reduced the total weight of waste produced by its operations in the reporting period. The volume has declined from 23,475 tons in 2010 to 18,975 tons in 2012 due to changes in production. Approximately 44.6% of waste that is generated is recycled, reused, composted, and/or recovered across production facilities, which is an increase in the recycling rate of 4.7% from 2010.

Waste management methods include reuse, recycling, composting, recovery, incineration, deep well injection, landfill, and on-site storage.

The residual material output from crystal processing is treated in a recycling facility developed and patented by Swarovski. In fact, 15% of the total volume of our production site in Wattens is recycled material.

No hazardous waste as defined by the Basel Convention Annex I, II, III, and VIII was transported, imported, exported, or treated at Swarovski locations.

Our in-house recycling processes mean we reuse hundreds of tons of material in production. For example, there is a dedicated facility to clean and shrink any cracked non-foiled crystals so that they can be used again as raw material for the production process.

Working with various metals gives us an opportunity to reuse metal pieces when we can and to ensure a high collection rate of metal scraps for recycling. Our jewelry operations use an electrolysis/ion exchange machine to capture and separate precious metals generated during plating.

Outside of the production process, plastics, glass, metal, and paper are collected for recycling where service is available.

### AMOUNT OF WASTE CREATED BY THE ORGANIZATION AND RECYCLED OFF-SITE IN TONS\*

	2010	2011	2012
plastic total:	859	739	596
metal total:	849	1,094	395
glass total:	2,827	3,340	2,361
paper/OCC total:	626	769	660

\* Numbers include data from referenced production locations listed on page 21, except Marigot Jewelry Thailand.

## SOLVENT MANAGEMENT

Decisions are made and appropriate measures are taken on the basis of the conservative use of materials in order to increase the use of recyclable materials.

To achieve this with regard to the use of solvents, distillation facilities are used with the goal of increasing the percentage of recycled solvent utilized.

## INNOVATIVE RECYCLING PROJECTS

The polishing agent recycling project – which is still in the development stage and is being piloted – aims to separate out debris from the polishing process, recycle it, and reuse it for polishing disks. The goal is to reduce waste production with the potential to reduce the required amount of polishing agents and our dependency on a narrow supplier base. The crystal manufacturing process generates thousands of tons of high-quality gypsum slurry as a by-product.

Gypsum has been used for millennia as a construction material, and in most cases it can be continually recycled. This project aims to highlight the extent to which gypsum can be recycled, the resources this helps protect, and the costs that can be saved by doing so.

Residual material output from the processing of cubic zirconia is treated and reused in the production of ceramics by other companies. This has the added advantage of reducing the production of rare earths. Swarovski continues to explore innovative solutions for the recycling of this and other material outputs by submitting materials to companies that evaluate economical recycling methods.

## COMPANY-WIDE PACKAGING-UP PROJECT FOR CONSUMER GOODS

During the reporting period, a cross-group project team has developed the Packaging-Up concept. This recognizes that our packaging marks the beginning of the relationship between the consumer and our crystals – and aims to ensure that Swarovski's packaging is just as distinguished as its products. It is based on the concept of veiling and unveiling – inspiring anticipation without revealing everything.

This is not just a matter of superior quality and aesthetics, however. We also aim to use Packaging-Up as an opportunity to improve the sustainability of our packaging – and reduce our associated costs. For example, following the launch of the project, 90% of new consumer goods packaging is made from recycled cardboard and paper – and all plastic tags have been replaced by recyclable and/or biodegradable cardboard or cellulose tags.

Additionally, 95% of all cardboard used to package lighting products when they're shipped is made of post-consumer recycled content.

Further to this initiative, Swarovski is working on an ongoing basis to analyze and manage the environmental impact of its packaging. In 2013, this included the initiation of a review of our jewelry boxes and shopping bags. This is aimed at evaluating the associated carbon footprint, environmental impacts, and opportunities for reduction. A key outcome of this process will be a baseline carbon footprint assessment of our entire consumer packaging.

# 7 MARKETING AND SALES

## 7.1 — SWAROVSKI SUSTAINABLE STORES

For Swarovski, being environmentally conscious is a priority, not only in relation to our production activity, but also in our retail business.

As our customers' primary touchpoint, the point of sale is of vital importance to us. As a result, Retail Architecture has great value-adding potential for the Swarovski brand. In this context, our mission includes creating an inviting and inspiring environment that offers an unforgettable shopping experience while delivering the highest quality to customers, and the integration of sustainability into our offerings.

At present, we are engaged in transforming stores to the customer-friendly "Crystal Forest" model, which was developed in collaboration with designer Tokujin Yoshioka. Crystal Forest marks a real step forward – not only from a design aspect, but also due to its innovative integration of sustainability into our retail model and its ability to appeal to modern consumers.

Concurrently, Swarovski encourages its customers and business partners to be involved, where appropriate, in the development of our design, procurement, product development, and rollout management ideas. It is also necessary that they follow Swarovski processes and policies and will be ready to openly discuss alternatives in order to maximize the benefit to the overall success of the brand.

## SWAROVSKI SUSTAINABLE STORES INITIATIVE (TRIPLE -S)

Swarovski Sustainable Stores is a global Swarovski initiative to create sustainable stores with reduced usage of natural resources.

The Crystal Forest concept will incorporate a set of standards developed by the Swarovski Sustainable Stores initiative that are broadly based on the Leadership in Energy and Environmental Design (LEED) concept – with particular emphasis on LEED's Commercial Interiors (C1) category.

These internal standards are due to be finalized by the end of 2013, and will initially apply to all new Swarovski stores and major refurbishment projects. Practical experience gained in our two upcoming pilot stores, one of which will strive for LEED certification, will also inform the initiative on a practical level.

Where practical to implement, the following elements are currently being considered as part of the Swarovski Sustainable Store standards:

### SUSTAINABLE SITES AND LOCATIONS

Selecting store locations that consider access to public transportation, renewable energy systems, ventilation systems, health of employees, lease flexibility, thermal energy, and day lighting.

### COMPLIANCE WITH CODE OF CONDUCT

Utilizing vendors that adhere to Swarovski's Code of Conduct for construction, contractors, vendors, and materials sourced for new stores.

### MEASURES TO REDUCE WATER USAGE

Implementing water monitoring and efficiency measures such as water metering, low-flow fixtures, sustainable landscaping, and installation of materials that use less water and chemicals for cleaning.

### MEASURES TO REDUCE ENERGY USAGE

Utilizing energy-efficient measures such as individual energy metering, cooler, low-energy lighting,

occupancy sensors, renewable energy systems, and Energy Star appliances.

### RETAIL FURNITURE THAT IS SUSTAINABLY SOURCED, CERTIFIED, AND/OR RECYCLABLE

Identifying retail furniture that can be sourced in an environmentally and socially responsible way and therefore complies with Swarovski's Supplier Code of Conduct, respects international laws and treaties, has low VOC emissions, and comes from certified, sustainably farmed, minimally treated, rapidly renewable, and/or recycled sources.

### MEASURES TO REDUCE WASTE

Analyze existing waste disposal trends and increase recycling opportunities, reduce and reuse when possible, evaluate waste haulers, and track and monitor waste recycling data.

### SPACE HEATING & VENTILATION (HVAC) CONSIDERATIONS

Consider installation of high-efficiency HVAC system and associated smart controls, effective insulation, enhanced commissioning, and regular maintenance.



LEED certificate

## LEED CERTIFICATION

LEED – which was originally established in 1988 by the US Green Building Council (USGBC) – is arguably the most internationally recognized green building certification concept. LEED provides third-party rating and verification of “green” buildings – including their design, construction, and operation. Formal participation demonstrates leadership, innovation, environmental stewardship, and social responsibility.

LEED projects have now been successfully established in 135 countries.

LEED provides Swarovski with a framework for identifying and implementing practical and measurable green building design, construction, operations, and maintenance solutions, thereby helping us provide healthy and sustainable indoor spaces for our staff and customers.

The location for Swarovski’s first European-based LEED-certified store was under examination for many years, and opened its doors in August 2012. Dam Square, in Amsterdam, was primarily chosen due to its potential to achieve a high score on the LEED certification scale. This includes its accessibility for bicycles, strong public transportation links, and the ease of sourcing building materials. Furthermore, Dam Square is centrally located not only in Amsterdam, but within Europe as a whole, making it a strategic tourist catchment area conducive to marketing Swarovski’s sustainability ethos.

From the outset of the project, the brief required the achievement of LEED certification. To the credit of the project team, the store gained the highest level of LEED certification – becoming the first LEED “Platinum” certified jewelry store in Europe.

This project will continue to be used as a pilot store for future sustainable benchmarking, to promote internal awareness, and provide live feedback at operational level.



LEED Platinum certified Swarovski store, Dam Square in Amsterdam

## 7.2 — TRIPLE-S – OVERVIEW

In terms of the overall progress of the Triple-S initiative to date, the following key steps have been undertaken:

establishing existing store baseline data such as electrical consumption (kWh) and analyzing results to inform future benchmarking

investigating sustainable retail architecture options

retaining external consultants and advisors to inform and validate our new standards presentations to create broader internal sustainability awareness

internal staff up-skilling to LEED Green Associate (GA) status

engaging with key suppliers to improve supply chain and ensure compliance

LEED Platinum certification at Dam Square, Amsterdam, obtained

## 7.3 — TRIPLE-S – NEXT STEPS

Moving forward, the following items will be addressed:

continue to investigate and define areas where we see potential to realize our stores in a more sustainable manner

continue close collaboration between the Triple-S team and the CR team

hold practical workshop(s) with relevant stakeholders to promote a holistic sustainable approach for our retail stores

testing (Pilot) at two separate store locations and further concept improvement

achieve a second European Swarovski LEED certified store

formal definition of KPIs, processes, guidelines, and manuals

positively influence our other retail stores and independent retailers

support brand and reputation communications

continue with research into technological advancements and new approaches

complete project review and implementation

operational day-to-day energy costs, minimizing end-of life

waste and supporting recycling aspects



Inside the Swarovski store in Dam Square, Amsterdam



*"This project is in line with the values and behaviors of Swarovski. We act responsibly by taking care of our employees, the environment, and the next generations. We are vigorously setting new benchmarks in the jewelry industry by finding innovative solutions to benefit consumers and our employees. On top of this we like this project."*

Jochen Schmidt, Director Retail Architecture



PAUL O'LEARY

Paul O'Leary, Retail Architecture Engineering Manager, is a qualified architect and former member of the Royal Institute of the Architects of Ireland (RIAI), with over 13 years postgraduate experience with an emphasis on sustainable architecture. Paul has also achieved accreditation status as both a domestic and commercial building energy assessor, in addition to being a Certified European Passivhaus Designer (CEPHD). As part of the Triple-S initiative, Paul and the rest of the team will continue to define and develop sustainable standards for Swarovski Retail Architecture moving forward.

Why is it important for a company like Swarovski to build sustainable stores?

It is important to consider things in perspective. This is not a new topic; our competitors are already embracing sustainable methodologies in order to stay competitive, mitigate risks, and employ successful marketing strategies.

Swarovski has an ambitious 2020 vision. I believe our Swarovski Sustainable Store initiative will actively contribute to this vision and equally support our ongoing Sustainability Reporting in the process.

From a business case rationale, retailers and brand owners are faced with increasing costs for energy, water, and the disposal of daily waste, as well as their obsolete equipment and compliance with ever-tightening regulations.

Because of increased competitive pressure and the need to optimize and increase our revenues per square meter, retailers need to think of a new shopping experience beyond "new color" but toward a new vendor process, as well as to think of a more sustainable design strategy. A concept that designs smarter, buys better, and considers the long-term in order to be truly sustainable.



Meeting room,  
Dam Square in Amsterdam



Swarovski store, Dam Square in Amsterdam

The Triple-S initiative integrates aspects of sustainability into new retail architecture design, such as lowering operational day-to-day energy costs, minimizing end-of-life waste, and supporting recycling aspects.

Apart from environmental benefits, improving the sustainability of a store design and store fixtures shows that major cost savings can be achieved hand in hand with environmental improvements to energy, waste, and water.

As we develop our new Consumer Concept for 2014 and embrace the progression to the next generation Crystal Forest retail architecture, Triple-S will continue to develop and inform in a progressive manner. Whilst integrating new design elements and green building techniques, we will endeavor to reuse as many elements from the previous store as possible during refurbishment, implement recycled materials where practical to do so, benchmark peer developments, establish evaluation criteria, continue to collect latest technological opportunities and ultimately reduce our global carbon footprint.

As we strive to build more sustainable stores, I am enthused by the progress made to date; the project in general, the collaboration with the Corporate Responsibility team, the support from the rest of the Retail Architecture department, and the opportunity to drive Swarovski's global sustainability endeavors moving forward.

# 8 SUPPLY CHAIN

## THE AMBITION IS

...  
to manage a responsible supply chain that delivers increased reliability, quality, and productivity

## THE STRATEGIC PRIORITIES INCLUDE

...  
to improve labor and environmental standards in our supply chain  
...  
to develop better supplier relations  
...  
to improve our security of supply  
...  
to improve the quality and reliability of goods supplied

## STATUS – WORK IN PROGRESS

...  
A Supplier Code of Conduct has been developed and is being amended in 2013. A supplier audit program is being implemented from 2013 onward.

## 8.1 — RESPONSIBLE SUPPLY CHAIN

As a Europe-based responsible company with a global outreach, Swarovski aims to go beyond compliance. Both in the EU as well as in production countries with weaker environmental and social requirements, Swarovski has adopted policies to responsibly manage the supply chain to deliver increased reliability, quality, and productivity.

## ACHIEVEMENTS

Developments in supply chain management in the reporting period.

As part of our responsible sourcing initiative, a supplier audit project has been launched to develop a common company-wide approach to supplier auditing. It is intended to gain greater transparency in our supply chain to improve risk management and to ensure compliance with respective international standards.

### SUPPLY CHAIN TRANSPARENCY

External experts evaluated the status quo of our suppliers in key areas and markets.

Furthermore, we started a project with our suppliers in certain key markets to evaluate and improve Health & Safety conditions.

## TARGETS

Building a more extensive supplier development program, including increased training and capacity building.

Increasing requirements for suppliers to reduce the environmental impact of their operations and acknowledge compliance with specific regulatory requirements.

Developing a company-wide audit approach and expanding it to more suppliers.

## RESPONSIBLE SOURCING PROGRAM

As part of our CR strategy we are introducing the “Responsible Sourcing Program,” which that focuses on human rights, labor, and environmental standards in our supply chain management, including:

improving the quality, traceability, and reliability of goods supplied

developing better supplier relationships

reducing security of supply risks

The initiative involves a risk-focused supplier selection process and various measures to increase compliance with the Supplier Code of Conduct and applicable laws. In addition, the initiative aims to strengthen the existing compliance procedures and introduce a supplier development program.

## SUPPLIER SELECTION

Supplier selection plays an important role in the long-term success of our supply chain. Therefore, Swarovski selects suppliers after thorough due diligence to mitigate risks in the value chain. At the moment we have set the basic selection criteria of:

1. Quality & Compliance
2. Cost Competitiveness
3. Technical Capability
4. Financial Stability
5. Reputation in the Industry

We strive to be an integrated partner in the communities in which we operate, and make efforts to reduce transport costs and environmental effects by actively sourcing locally.

## SUPPLIER COMPLIANCE

All Swarovski suppliers must comply with all national laws and regulations in their country of operation. They are required to sign our Supplier Code of Conduct, which is issued to both tier 1 and tier 2 suppliers prior to any business agreement.

The code requires adherence to the key pillars of labor rights, including the right to collective bargaining, adherence to working hour and wage regulations, non-discrimination, provision of healthy and safe working conditions, and commitment to reject child or forced labor.

The agreement also includes the expectation that Swarovski suppliers should reduce the environmental impact of their operations. They should strive to minimize waste and emissions to air, land, and water; handle chemicals and hazardous waste in an environmentally safe manner; contribute to the recycling and reuse of materials and products; and improve energy efficiency in their production process.

At the end of the reporting period more than 30% of our tier 1 and tier 2 suppliers have signed the Swarovski Supplier Code of Conduct.

Although we have not identified any major cases of non-compliance with our ‘Supplier Code of Conduct’, if the situation arises we will take the following steps where appropriate:

- . Investigate the issue
- . Engage with the supplier and help to correct the situation in a responsible way

Should the supplier not show willingness, Swarovski will investigate alternatives concerning where the process can be improved

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 in the future.

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## CORPORATE PROCUREMENT

All procurement staff within Corporate Procurement must follow the Swarovski Supplier Code of Conduct for procurement employees. They are made aware of the correct conduct that they must adhere to in any (potential) corruption situation – preferably by means of examples. This subject is always addressed at least once a year to the entire staff of the procurement organization. It is also included in the orientation of new employees.

# 9 CARING FOR OUR PEOPLE

## THE AMBITION IS

...  
to be an attractive employer

## THE STRATEGIC PRIORITIES INCLUDE

...  
identifying areas to improve  
employee engagement  
...  
developing global guidelines and  
policies for compensation and  
benefits, performance review, and  
promotion processes  
...  
ensuring continued commitment to  
diversity and equal opportunities  
throughout Swarovski  
...  
fostering a healthy work-life balance  
and safe working conditions

## STATUS – WORK IN PROGRESS

...  
A global employee survey was  
launched in 2012. A performance  
management framework will be  
implemented soon. Global policies  
were rolled out and reviewed in  
2013.

## 9.1 — CARING FOR OUR PEOPLE



In 1895, Daniel Swarovski was already well aware of the important role employees play in the success and long-term sustainability of the organization.

Therefore, he built Swarovski based on two fundamental pillars, which still remain integral to today's success: availability of hydropower and the ability to recruit and retain qualified, engaged, and reliable people.

Swarovski's employees are vital to the success of the business today and tomorrow, and the company is committed to maintaining the highest possible standard of employee engagement throughout its operations. Swarovski is driving a number of integrated initiatives, framed in the core CR strategy "Caring for our people". The people program consists of two aspects: "Health & Safety" and "Equal Opportunities".

The "Health & Safety" initiative aims to improve the current health and safety policies to create a healthy work environment. The goal of the "Equal Opportunities" initiative is to ensure equal opportunities for all employees across Swarovski.

## TRAINING IN WATTENS

Employees in Wattens are provided with various programs for skills management. This includes internal training courses, funding support for external courses, the provision of sabbatical periods, retraining, severance pay, and more.

Employee categories in Wattens are subdivided into senior management, middle management, and employees.

### AVERAGE HOURS OF TRAINING IN WATTENS\*

		2010	2011	2012
total hours devoted to training personnel within each employee category	Senior Management	n.a.	n.a.	1,637
	Middle Management	n.a.	n.a.	32,679
	Employees	n.a.	n.a.	61,222
average number of training sessions	Senior Management	n.a.	n.a.	25
	Middle Management	n.a.	n.a.	44
	Employees	n.a.	n.a.	13
total hours devoted to training personnel	female	28,736	38,303	35,502
	male	54,223	53,416	60,038
average number of training sessions	female	12	15	15
	male	18	17	20

### PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING IN WATTENS DURING THE REPORTING PERIOD\*

Employee training or assistance programs in Wattens cover the following:

Internal training courses

Funding support for external training or education

The provision of sabbatical periods with guaranteed return to employment

Transition assistance programs to support employees who are retiring or whose employment has been terminated cover the following:

Retraining for those intending to continue working

Severance pay

Job placement services

Assistance (e.g. training, counseling) on transitioning to a non-working life

\* We are in the process of collecting and collating the relevant data for the other sites for future reporting cycles.

## EMPLOYEES – FACTS & FIGURES

### EMPLOYEES BREAKDOWN\*

	2010	2011	2012
Total	13,303	16,490	15,197
workers male	2,639	3,149	2,795
workers female	6,768	9,685	8,702
salaried personnel male	1,891	1,932	2,003
salaried personnel female	2,014	1,793	1,782
employees full-time	12,363	15,519	14,184
employees part-time	940	971	1,013
employees permanent	10,305	13,170	13,980
employees temporary	3,005	3,347	1,225

\* Total numbers include data from all referenced production locations listed on page 21.



#### COLLECTIVE BARGAINING:

100% of employees in Wattens and Triesen are covered by collective bargaining. None of the employees in Männedorf, Plattsburgh, Marigot, and Bangpalee are covered by collective bargaining agreements.

#### THE HR VALUE PROPOSITION:

We drive a culture and environment where our people can learn, grow, and contribute to the current and future success of Swarovski.

## CORPORATE HR – CREATING GLOBAL PEOPLE SOLUTIONS

Corporate HR develops and drives global HR frameworks, policies, and procedures to position Swarovski as an attractive employer – within and outside the organization. The Corporate HR organization, which is based in Männedorf, Switzerland, consists of five Competence Centers and three Global HR Business Partners:

Global Talent Management has the purpose of creating, building, and managing Swarovski's employer brand and reputation as an attractive employer in the market.

Global Engagement measures levels of employee engagement and the enablement of our employees, and develops initiatives to improve these levels in order to be a truly attractive employer.

Learning for Development: The Swarovski Leadership Academy acts as a Competence Center for Leadership at Swarovski to develop leadership skills and shape leadership culture based on our company values. In 2012, the Swarovski Leadership Academy delivered 23 academy classes to 312 participants from 26 countries.

Corporate Compensation and Benefits (C&B) provides global frameworks, guidelines, tools, processes, and policies in the areas of Global Job Grading, Compensation, Benefits, Mobility Management, and Executive Affairs. In the interest of all our stakeholders they partner with business units and functions to ensure compliance, effectiveness, equality, fairness, and efficiency from an overall SCB perspective.

HR Systems and Metrics is responsible for building, running, and further developing a highly standardized best practice global HR system designed to support our businesses in the most efficient and effective way. One of the key initiatives of the HR Systems & Metrics team is HRconnect – a global HR framework, which, in one way or another, will eventually affect all Swarovski employees.

Global HR Business Partners consult with senior managers to improve business performance and to develop and implement a division-specific HR strategy.

## GOING GLOBAL – LAYING THE FOUNDATIONS TO ENSURE DIVERSITY AND EQUAL OPPORTUNITIES

With the Corporate HR function, it was possible to launch the first global HR initiatives in 2012.

Key initiatives include an individual and global grading system, an HR IT solution, and a global employee survey.

These are pre-requisites for future HR processes and policies, which are necessary to ensure diversity and equal opportunities and to become

a truly attractive employer. The importance of these three initiatives will be explained in the next section.

#### MINIMUM WAGES

Swarovski complies with the minimum wage rules in every country in which it operates, and all employees receive remuneration equal to or above the national minimum wage. The ratio of our entry-level wage to local minimum wage is at least 1:1 in all of our operations.

#### PERFORMANCE APPRAISALS

It is required to provide regular performance reviews to 100% of office employees at Swarovski Crystal Business.

100% of production workers at Wattens receive direct performance appraisal through an efficiency bonus.

### SWAROVSKI GLOBAL GRADING SYSTEM

As part of the company's efforts to ensure equal opportunities, Corporate HR launched the Swarovski Global Grading System (SGGS) in 2012, which replaced regional grading structures.

The SGGS framework creates consistency of job definitions and ranking of jobs within Swarovski. It supports the Spirit 2020 ambition by providing a foundation for governance, ensuring transparency, striving for external competitiveness and internal fairness, with the goal of having a clear comparability of tasks, responsibilities, and accountabilities of the various jobs across the organization.

A global and consistent job grading system facilitates a number of integrated HR management practices, such as career paths and talent management, global reward programs, and global mobility management.

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### HRCONNECT

HRconnect is a strategic initiative with the aim of implementing highly efficient global processes in the area of HR and beyond.

The rollout of HRconnect started in 2012 to build up one global HR system. The global "country by country" rollout will cover over 40 countries and include master data of all employees (currently around 25,000). One target of HRconnect is to build a global IT system landscape that will ensure a high standard of personal data protection and security.

Such a system is the prerequisite for global HR processes like performance review, succession planning, and people development. All this in turn supports the business in its strategies of globalization or growth.

### SWAROVSKI EMPLOYEE SURVEY

To give our employees a voice, the first Swarovski Employee Survey was conducted on a global scale in October 2012, measuring levels of engagement and enablement across the organization. A very good response rate of 74 percent was achieved.

The survey, conducted by external consultancy Hay Group, was confidential and anonymous. Conducting the survey was a major milestone toward the vision of increasing our appeal as an attractive employer, identifying the areas where the company is doing well and where it can improve.

The survey consisted of 64 questions, grouped in 20 dimensions, including an additional section with questions only for employees who work in our production sites. These questions solely focused on health and safety topics.

In March 2013, the survey results were communicated to all employees. Based on the feedback received, targeted action plans are now being developed and implemented locally and globally.



*"In line with Swarovski Spirit 2020, I am certain we are on the right track to become an even more attractive employer. We have introduced several global HR initiatives to this end – such as the Swarovski Global Grading System, the 2012 Global Employee Survey, HRconnect, the Employer Branding Project, and the Global Mobility Policies. I am excited to see so much talent in our organization; eager to grow professionally and personally with this company, adding sparkle around the globe."*

Tom Bán, Executive VP Corporate HR

### FEEDBACK FROM THE EMPLOYEE SURVEY

#### DIVERSITY

The Employee Survey, conducted by Hay Group, included two questions about diversity and discrimination. The feedback from employees was very positive and showed that we are on the same level as global high-performing companies. This means that many of our employees are certain that Swarovski values and supports diversity.

#### WORKING CONDITIONS/SAFETY

Employees who work in our production sites received additional questions as part of the employee survey, which solely focused on working conditions and safety. Based on the feedback we received our employees claim to have a good understanding of the health and safety rules and procedures. In the Wattens production site, replies to this question were extremely favorable (82%), showing that Swarovski ensures training on safety is a top priority for everyone.

### PROMOTING A HEALTHY WORK-LIFE BALANCE

Since Swarovski also wants to promote a healthy work-life balance, employees were asked in the survey if Swarovski supports them in achieving a healthy balance between work life and personal life. Based on the feedback, we are currently below the level of global high-performing companies. Swarovski is working on specific employee-related initiatives to allow its employees greater flexibility, which should lead to a better work-life balance and reduced stress.

### TRANSPARENT COMMUNICATION

Knowing the importance of transparent and open communications, we are evaluating options to launch a global series of informal meetings or lunches where employees have the opportunity to meet and talk to the top management teams, allowing open two-way communication.

In addition, Strategy Update Meetings organized by the Executive Board are now being held twice a year in Wattens and Männedorf. During these meetings, important information from all business units, as well as current performances and trends are presented to the audiences, ensuring transparent communication to the employees.

The Meet the ExB Lunch takes place regularly and employees from all functions can apply to attend. This open communication channel has been well received by employees in Wattens and Männedorf locations and continues to be very popular.

## ENSURING DIVERSITY AND EQUAL OPPORTUNITIES

Swarovski employs an extremely diverse workforce at its Wattens site, registering 60 nationalities and 16 languages in 2012.

43.88% of employees in Wattens are female. This figure has marginally declined in the reporting period owing to turnover. 2% of our workforce in Wattens are employees with disabilities.

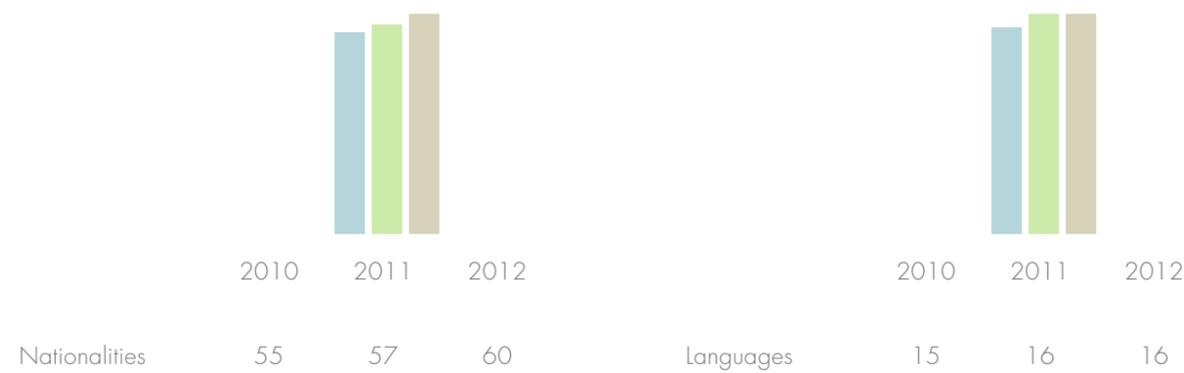
At senior management level 9.23% are female, while at middle management level 32.36% are female.

### GENDER BALANCE

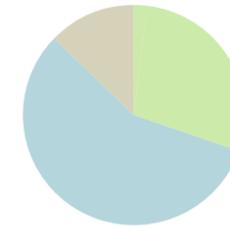
At Swarovski, around two-thirds of the workforce are women. Therefore, our "Equal Opportunities" program intends, among others aspects, to design programs to support equal opportunities for women and men, to develop policies that support employees returning from parental leave, and to support women in their progression to management positions.



### DIVERSITY OF EMPLOYEES IN WATTENS\*



### ENSURING DIVERSITY AND EQUAL OPPORTUNITIES IN WATTENS\*



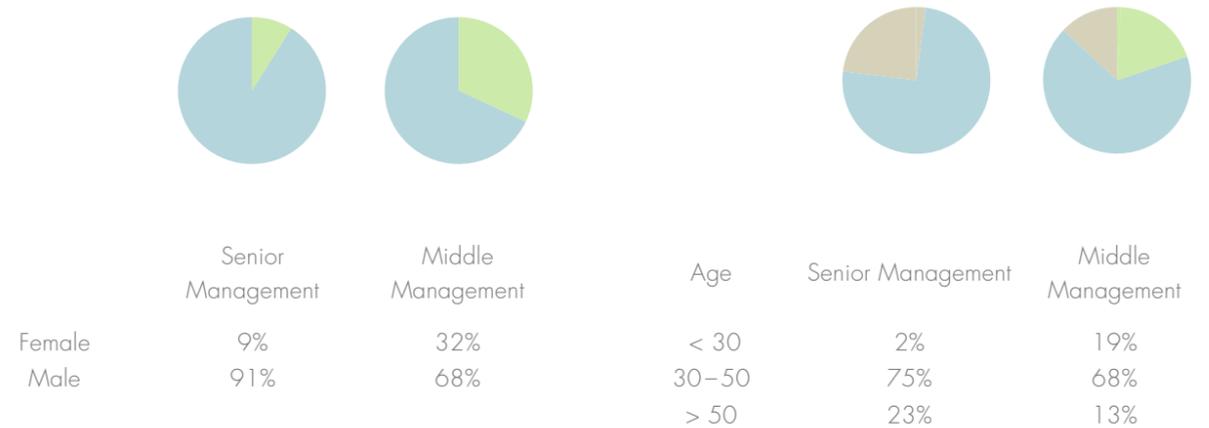
Age	2010	2011	2012
< 30	29%	28%	25%
30-50	58%	58%	58%
> 50	13%	14%	16%

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 opportunities, and diversity.

The provision of equal opportunities throughout Swarovski's global entities is a key priority. Swarovski will not tolerate discrimination or harassment based on race, religion, color, creed, national origin, sex, disability, age, or any other relevant category. Our company is proud of the diversity of our employees.

The Swarovski Global Grading System, HRconnect, and the Employee Survey are prerequisites and will provide Swarovski with a greater understanding of the strengths and weaknesses of the current policies and processes with respect to equal opportunities. They lay the foundation for substantiating the CR programs to develop global policies and to allow for local adaptation and implementation.

### DIVERSITY OF SWAROVSKI GOVERNANCE BODIES IN 2012 IN WATTENS\*/\*\*



\* We are in the process of collecting and collating the relevant data for the other sites for future reporting cycles.

\*\* Data was only collected and analyzed in 2012 in the course of the Hay Grading



## CHANGE IS GOOD

*"Growing together to grow together" – this was the motto for the initiative for the restructuring of the areas of production and technology that took place at Swarovski in 2012, with the aim of achieving sustainable growth and profitability.*

Karl Wagner, Swarovski's Executive Vice President Operations, gives an insight into the process.

Like many other companies, Swarovski does not shy away from the fact that there is increased pressure from competitors, while our customers are demanding more in terms of speed, innovation, and price. It is therefore necessary to take decisive steps and have a well-thought-out response to these challenging market situations. The overall goal of the new initiatives is to ensure long-term business success and to foster efficiency and effectiveness within our processes.

The adaptations in our production processes in Wattens help us to increase the efficiency of our resources by reducing the seven sources of waste in a lean production context. Furthermore, the newly established organization structure in Operations reflects a transparent, end-to-end, collaborative, and structured leadership.

Collaboration is key for the future: employees in production work more closely with their colleagues in marketing and sales, and they make use of their shared experience and know-how in a more structured way. Our employees in the areas of Operations are now deployed more flexibly along the value chain instead of being responsible for only one work step exclusively. This not only provides them with the opportunity to more actively take part in creating improvements and innovations, but also increases the motivation across our entire workforce.

Our goal is to secure and expand our market position by always keeping the customer's priorities foremost in our minds: deliver the right products at the right time in the right quality, thus On Time in Full (OTIF), by promoting both individual initiatives and good cooperation between partners. To achieve this we have shortened our decision-making and strengthened our information processes, therefore making sure that our employees are well informed and customer-oriented across all relevant areas of responsibility.



In 2009, Swarovski Professional focused on the implementation of a global manufacturing structure with the goal of optimizing our value chain. The objective is an efficient, flexible, and customer-oriented production and supplier network, which allows the company to manufacture goods close to our markets and integrate with the supply chain of our customers. It mitigates production peaks by compensating capacities, reinforces our agility, and thus increases our competitive advantages. As part of the global production network, Wattens, as the cradle for an outstanding success story and as a source for future inspiration, acts as a competence center for technology and production development.

"Growing Together" is a process that requires time, especially for our employees to become accustomed to these changes. The benefits are already evident, above all in areas where we are delegating responsibility.

We still have challenges ahead of us, but we are convinced that our way is the right one for a successful and cooperative future.

9.2 —

## ENSURING HEALTH AND SAFETY – AT OUR PRODUCTION SITES

Ensuring the health and safety of employees and fostering their wellbeing is essential for a successful and sustainable business. Employees have the benefit of a structured safety framework consisting of preventive measures, including broad workplace and plant security monitoring, and safety.

The latter comprises safety management, several safety specialists, such as qualified engine builders and chemists, and operational entities such as factory fire brigades.

Within our Health & Safety program we aim to further improve the current policies and performance. Each operation is responsible and held accountable for the development and implementation of procedures and programs that comply with these requirements.

**SWAROVSKI IS COMMITTED TO:**

Complying with applicable laws and regulations of the countries in which we operate.

Requiring that employees perform their duties in the safest manner possible.

Providing a safe work environment by minimizing and/or eliminating hazards. In conjunction with the company's training manual, which contains a wide range of work-specific advanced training courses, apprenticeships include many sessions on the topic of safety. Topics covered include the handling of hazardous situations, as well as mechanical and chemical materials; safety procedures for operating machines and vehicles; first aid; the operation of medical devices and safety-based fitness training. Swarovski also ensures that protective clothing and occupational health provisions are made available.

Utilizing a key corporate oversight position at each location to conduct regular reviews and report findings to the management to ensure that company health/safety policies and procedures are being adhered to.

Ensuring accident reporting is completed in a diligent manner.

Ensuring that mechanisms are in place that promote employee participation in the development of health and safety standards, and that these employees take ownership of their health and safety responsibilities.

### HEALTH & SAFETY IN WATTENS\*

There is a committee for Safety Compliance Management in Wattens, which contributes to the safety of 100 percent of the employees at the production location Wattens. Furthermore, it ensures production continuity, the protection of the environment, as well as the company's compliance with all regulatory and legal requirements.

To cope successfully with these far-reaching and comprehensive tasks, there was a framework of security principles set up by the Production Management. In accordance with these guidelines, the team works closely together with all preventive and operational units, in particular Swarovski Occupational Medicine, Security, the factory fire brigades, the on-site laboratories, process engineers, and the Works Council.

	2010	2011	2012
total number of reported hours not worked due to accidents and industrial injuries	12,719	14,142	12,294
total number of reported hours not worked with absence >3 days	7,402	9,555	8,127
reported number of all injuries with absence >1 hour	265	303	202
reported number of notifiable "real" industrial injuries with absence > 3 days	92	93	78
rate of industrial injuries per thousand workers	35	30	30
rate of industrial injuries per thousand total	35	32	41

\* We are in the process of collecting and collating the relevant data for the other sites for future reporting cycles.

## SAFETY ASSISTANTS IN WATTENS

Implementing the regulations of the Workers Protection Act (BGBI. Nr. 450/1994) requires our company to appoint and train a set number of safety representatives (SVP). An internal directive defines the tasks of the security assistants.



Casting

## HEALTH & SAFETY

Health and safety topics are covered by informal agreements in Wattens.

At Triesen, a legal workers' counsel does not exist, but health and safety topics are covered by a common treaty called "Gesamtarbeitsvertrag" (GAV), and at the company level there is an employee representative board called "Mitarbeiterkommission" (MIKO), which is always involved in the decision-making process.



Jewelry polishing

## HEALTH & SAFETY AT MARIGOT JEWELRY THAILAND

For its outstanding contributions and commitment to the health and safety of its employees, Marigot Jewelry Thailand has received numerous awards. Among them are the Zero Accident Award Gold Level for 2012 and the Zero Accident Award Silver Level for 2010 to 2011.

On a national level, the company has won the Outstanding Business Enterprise for Safety Award for 2012, and on a provincial level the Outstanding Business Enterprise for Safety Award for 2011.

These awards – which are only a few of many more – show how Swarovski's engagement for its employees is rewarded and officially recognized.



Jewelry plating

## 9.3 — ENSURING EMPLOYEE WELLBEING

### TRAINING – SERIOUS ILLNESS

Swarovski provides education, counseling, prevention/risk control, and treatment for its employees in Plattsburgh, Wattens, and Bangpalee. In Wattens, these are also provided to family members of employees at the Swarovski Friday (minus the treatment programs).

Employees at the Marigot sites are provided with education and prevention/risk control programs regarding serious illness, and employees at Triesen are provided with training, education, and counseling.

### WATTENS

The Swarovski occupational health team (Swarovski Arbeitsmedizin) is responsible for the wellbeing of employees at the Wattens site. The team offers a wide range of services, each focused on employee health. In general, the occupational health department at Wattens looks at the relationship between work and employment on one side, and people, their health, and any illnesses on the other. The team works to promote and maintain employees' physical, mental, and social wellbeing as much as possible. It provides tailored, individual advice, so that work-related stresses and strains do not grow into larger problems.

The occupational health team acts as a partner in developing ergonomic solutions for staff in the workplace. The team provides individual advice and guidance on ergonomics and prevention, holding 376 discussions on this subject in 2012 alone. The "Fit at the workplace" program is an important part of their work.

As a pioneer in this field, Swarovski has been sending staff for 20- to 50-minute "active breaks" led by a professional team of exercise experts, every week for 23 years. To date, over 400 people have been treated, with 9 out of 10 reporting a benefit.

The occupational health department at Wattens regularly organizes first-aid courses for staff and ensures that first aid and emergency response plans are in place at each location: the company is proud to count over 1,080 first aiders among its ranks.

Swarovski Fridays were originally conceived of as "health days" and are now a fixed part of Swarovski's health program in Wattens. For 13 years they have demonstrated how many different paths there are to fitness and vitality, and that the first step in getting healthy need not be anything to fear. Staff can get information on any topic that is good for the body – from cooking to traditional Chinese medicine, and from Kinesio training to cardiology – taking in every part from head to toe and all five senses.



Eye exam at Swarovski Friday

### SWAROVSKI OCCUPATIONAL HEALTH SERVICES IN WATTENS

- Outpatient treatment in acute cases
- First aid and emergency medicine
- Treatment for wounds and changing dressings
- Blood tests and one-on-one meetings to discuss results
- Queries on personal protective equipment
- Vaccinations and advice on inoculations
- Advice on business travel
- Workstation evaluations
- Psychological advice on burnout, harassment, addiction, and conflict
- Ergonomic consultancy
- Advice on prevention
- Active and health-focused training courses

### MARIGOT JEWELRY THAILAND

There are various free initiatives in place at Marigot Jewelry Thailand that promote employee wellbeing. These focus on general health promotion through campaigns on issues such as HIV/AIDS, Flu 2009, Red Eyes, diabetes, and substance abuse prevention, alongside activities including annual health checks, and ensuring a productive workforce through the Happy Workplace program, an annual works outing, sports activities, and talent shows.

In recognition of the well-documented health advantages of breastfeeding for infants and mothers, Marigot Jewelry Thailand provides a supportive environment to enable breastfeeding employees to return to work and accommodate their needs. A private quiet room is available for employees. HRH Princess Srirasm, the Royal Consort to HRH Crown Prince Maha Vajiralongkorn, supports the program.

# 10 GIVING BACK

## THE AMBITION IS

...  
to express, and be recognized for, our values and for the creativity and impact of our community investments

## THE STRATEGIC PRIORITIES INCLUDE

...  
further enhancing the social and environmental impact of the Swarovski Waterschool program  
...  
expanding the Waterschool program to reach more people and raise its international profile  
...  
improving the contribution our activities make to our reputation  
...  
enhancing the engagement and interest of our employees

## STATUS – WORK IN PROGRESS

...  
Implementation of the Swarovski Foundation and further development of the Swarovski Waterschool strategy

## 10.1 — GIVING BACK

Aware of its commitment to respect humanitarian values, Swarovski has a long history of giving back to society. This began with the provision of holistic support for its employees and for the community in Wattens in Austrian Tyrol, and is firmly grounded in the principles laid down by company founder Daniel Swarovski.

Today, Swarovski’s giving back activities embrace both local communities and wider causes – reflecting our increasingly international profile. This includes our active support of fashion, art and design, as well as charitable initiatives relating to culture, science, education, sport, and humanitarianism.

## ACHIEVEMENTS AND TARGETS

### A STRUCTURED APPROACH TO GIVING BACK

Until now, Swarovski’s social contributions were never widely publicized – it was simply ingrained into our culture as a natural thing to do. By integrating “Giving Back” as a component of our CR strategy, we are boosting our profile as a corporate citizen while also creating a more focused and strategic approach to giving back. This includes the creation of the Swarovski Foundation, the identification of well-defined causes to support, and the strategic selection of philanthropic partners.

The founding trustees of the Foundation (Nadja Swarovski (Chairperson); Anthony Julius, esteemed lawyer and professor at the University of London; CEO of Maiyet and long-time human rights activist Paul van Zyl; and litigator and expert on economic issues Helen Jenkins) will identify charitable projects to support under the Foundation’s three main pillars:

Fostering Creativity and Culture by promoting the arts, advancing education, supporting cultural institutions and innovative projects with cutting-edge talent

Promoting Wellbeing and Human Rights, including support for women’s empowerment, access to health and education, and the advancement and development of young people and communities

Conserving Natural Resources through projects aimed at promoting the conservation, protection, and improvement of the environment.

The Foundation started work during the reporting period with the announcement of its first project, the restoration of the statue of San Giorgio. The statue stands on top of the dome of Palladio’s Basilica di San Giorgio Maggiore in Venice. The restoration will help ensure that the 16th-century Basilica is preserved as one of the key examples of Palladian architecture in the city of Venice.

In addition, the Foundation is supporting the development of a world-class learning center at the Design Museum in London. The Swarovski Learning Centre aims to attract 60,000 learners a year, acting as a hub that brings together the worlds of formal education, informal learning, and professional design. It will enable the museum to build a platform for research and engagement within the creative disciplines, while also supporting the development of a generation of young designers.

Finally, the Swarovski Foundation is committed to supporting the Swarovski Waterschool, the long-established Swarovski charity that works to teach children the importance of sustainable water management.

## COMMUNITY INITIATIVES

Swarovski has had a policy of investing in the communities in which it is active right from its earliest days. We believe in acting responsibly and creating value within our local communities.

Company employees, many of whom live locally, play an active role in this process because they are the ones that best understand the culture and needs of their own communities. In turn, Swarovski recognizes and respects that each community in which it operates is unique – and the company is committed to respecting local culture, interests, and needs. It supports programs that are appropriate for those local communities and is guided by feedback from local offices. As the business grows, Swarovski hopes to expand these social contributions as a way of sharing the benefits of its success.

Swarovski is actively engaged in many community initiatives, and a selection of some of its most notable are detailed below:

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## PROMOTING TOURISM, CULTURE AND SPORT IN WATTENS, AUSTRIA

The Austrian alpine town of Wattens has been home to Swarovski since the company was founded in 1895 and the company's influence on the community is obvious. A major expression of the company's efforts to support the community is Swarovski's Kristallwelten, its multimedia homage to crystal. Kristallwelten is one of Austria's most popular tourist attractions and brings thousands of visitors to the town every year.

Swarovski also supports the lively local cultural and educational scene through programs such as Art in the Giant and Music in the Giant. The "Giant" is the symbol for and the entry to the Swarovski Kristallwelten. As such, it represents the protector of all festivities that take place at the Kristallwelten.

Other company-supported community activities and associations include the Swarovski Music Association, originally founded by Daniel Swarovski, and the Swarovski Wattens Sports Association, which embraces a range of sports and youth activities while helping employees achieve a healthy lifestyle.

In addition, the Daniel and Marie Swarovski Trust provides scholarships for high-performing students from low-income families who live in Tyrol – helping ensure they are able to achieve their true potential. The company also supports a range of local charitable associations, including the SOS Children's Village. This independent, non-governmental international development organization was founded in Austria in 1949 and works to meet the needs of and to protect the interests and rights of children.

## RECYCLING HEAT TO BENEFIT THE WATTENS COMMUNITY

Industrial processes always generate a certain amount of excess heat. In 2011, Swarovski and the Wattens municipal office, together with the engagement of the local community, developed an initiative that established a new heat exchanger station. The purpose was to share excess heat generated through the production process with the local community in the form of hot water.

Since October 2012, heat extracted from Swarovski's production facilities (approx. 13,000 MWh per year) has been transferred directly to a specially created transmission network in Wattens. By the end of 2013, this will supply about half of all residential (i.e. approximately 200 households) and commercial buildings in Wattens – replacing around 600,000 m<sup>3</sup> of natural gas and 500,000 liters of heating oil per year. Fernwärme Wattens GmbH, a public-private partnership between the town of Wattens (30 percent), D. Swarovski KG (60 percent), and the Haim KG power plant (10 percent), operates the project.

This initiative is expected to significantly reduce domestic heating needs and further improve air quality in Wattens. In addition, it is estimated to have already saved up to 3,913 tons of CO<sub>2</sub> in the first construction phase, which will be finalized by the end of 2013. After the completion of the final stage it is expected to achieve a saving potential of about 10,500 tons of CO<sub>2</sub> per year. The ultimate aim is to serve the entire Wattens region within a radius of around 21 km of the town – considerably increasing its impact in terms of reducing carbon emissions in the community.

The initiative is taking place under the overall umbrella of Destination Wattens Regionalentwicklung GmbH (Destination Wattens Regional Development GmbH) a public-private partnership between D. Swarovski KG and the town of Wattens. It is 60 percent owned by D. Swarovski KG and 40 percent by Wattens. The Destination Wattens Regionalentwicklung GmbH initiative will have lasting positive effects in the fields of business, science, education, and culture, in addition to creating new prospects and jobs for the region.

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## COMMUNITY ENGAGEMENT AT PLATTSBURGH

Swarovski is honoring Andrew Schonbek's commitment to help with the restoration and donation of lighting to a local historic 1924 theatre. Employees are able to volunteer along with others from the community in the restoration of the theater. Located in downtown Plattsburgh, it is the last theater in the area and once it is complete, will be used by many in the community.

Running in North America- Team Swarovski has active running participation in North America including participating in the Plattsburgh Half Marathon, the St. Pat's 5k in Providence to support the American Heart Association, the Heart Walk, Go Red for Women, and the Relay for Life.

## SCHOOL FOOD PROGRAM AT BANGPLEE, THAILAND

As part of a broader Department of Industry initiative, Swarovski Gemstones Thailand began work with the nearby Wat Kotharam School on a project to establish a vegetable garden and a fishpond stocked with 500 catfish. This was with the aim of providing the main ingredients for school meals and to improve sustainability awareness. In addition, the project also serves as a training center for students wishing to learn about agriculture.



School Food Program at Bangplee

## MARIGOT JEWELRY THAILAND

Swarovski is active in a number of countries, including in Thailand, where it has a well-established business that is connected to the company's activities in the jewelry segments, with the support of Marigot Jewelry Thailand. It is here that the "Return benefits to your hometown" program is conducted.

Established 25 years ago, this program creates opportunities for its employees to propose projects to improve their often-underdeveloped hometowns in the Ayutthaya and Banpu regions. MJT's Welfare and Safety Committee selects two of these each year (i.e. one in each region) and makes a donation in kind (for example building materials), provides employee manpower (during working hours), and a financial donation.

Recent examples include the construction in 2012 of a multi-purpose building for school activities in Baan Ma Kam, Srisaket province; the construction of a library and the renovation of a canteen in Baan Mae Prao, Prae province, also in 2012; and the renovation of a canteen and the construction of new toilets and washbasins at the school in Baan Kud Pittayakarn, Konkaen province.

## LOCAL COMMUNITY INVESTMENT – MARIGOT

Swarovski's Marigot site has invested in a number of infrastructure projects and services provided primarily for public benefit.

Scholarship for artisanal skills with Royal Jubilee Goldsmith under the patronage of the Crown Princess Sirinthron.

2010: Baan Ton Pueng School, Sakonnakorn province, renovation of canteen building and repainting of academic building.

2011: Baan Nong Hua Kwang School, Kampangeth province, repainting of academic building.

2011: Baan Kam Kaew School, Amnart Chareon province, building the library, 3 toilets, and renovation of teacher room.

2012: Baan Ma Kam, Srisaket province, building multipurpose building for school activities.

2012: Baan Mae Prao, Prae province, building library and renovation of canteen.

2013: Baan Kud Pittayakarn, Konkaen province, renovation of canteen, building of new toilets and washbasins for the school.

Investment in these projects has improved living standards in poor and underdeveloped areas, created unity and good will between company employees and local communities, and boosted the profile of Swarovski's commitment to Giving Back both internally and externally.

In addition to contributing to community life, Swarovski also stands ready to step in with emergency relief and support for its employees and communities at times when natural disasters strike.

## COLLEAGUES FOR COLLEAGUES

On March 11, 2012, a 9.0-magnitude earthquake, the biggest ever recorded in the country, struck the northeast of Japan. The subsequent tsunami reached a height of almost 30 meters, devastating large swathes of the region's coastline and affecting the reactor cooling systems at the Fukushima Daiichi nuclear plant. In the weeks that followed all domestic emergency services were mobilized to find survivors and support the half million people living in shelters. Meanwhile, life in the rest of Japan was full of uncertainty while the authorities tried to establish the level of damage to the Fukushima nuclear reactors, and how this would ultimately affect the country. As a contribution to alleviate the dire situation, Swarovski donated 100 million yen (€870,000) to the Japanese Red Cross Society to support their relief efforts. In the days immediately following the disaster, Swarovski's local management team focused on making sure its entire staff was safe and that decisions taken were well informed, reasonable, and properly balanced, bearing in mind the risks involved.

In November 2011, Swarovski Marigot was affected by severe flooding in Thailand. Extreme monsoons caused rivers in more than twenty provinces to flood both in industrial zones and rural areas, affecting more than three million people. As the situation affected company employees, many of whom lost their homes or at best suffered severe damage to their residences, Marigot and Swarovski immediately arranged help in the form of both emergency and longer-term assistance and where necessary, financial aid. Swarovski also announced a worldwide fundraising campaign entitled "Colleagues 4 Colleagues." Employees raised an incredible 10.6 million Thai baht (€260,000), a sum that was matched by the Executive Board, achieving the grand total of 21.3 million Thai baht (€520,000). The amount was then made directly available to company employees in Thailand and distributed locally according to needs.

During this difficult time, Managing Director Jeerasage Puranasamriddhi demonstrated his exemplary leadership skills. His ability to anticipate and his hands-on way of taking quick decisions were instrumental in minimizing damage. He was responsible for supplying immediate help, long-term support, and financial aid for many employees who lost their homes. In 2012, Jeerasage received the Swarovski Spirit Award for Leadership.

### 10.3 — BROADER CHARITY AND SPONSORSHIPS

Swarovski is committed to continuing its charitable activities in a number of areas in which it is known to be a strong supporter. The primary focus is on the three pillars of the Swarovski Foundation.

#### LIFE BALL, AUSTRIA

In Austria, Swarovski supports the annual Life Ball, Europe's largest charity event dedicated to HIV/AIDS awareness. In 2012, Swarovski sponsored the Life Ball Crystal of Hope Award for the sixth time. The award, which is accompanied by a €100,000 endowment, goes to the organization that has demonstrated exceptional commitment to combating HIV/AIDS. In 2012, it was presented to Jackie Branfield, founder of Operation Bobbi Bear of Amanzimtoti in Durban, South Africa, whose organization works to protect sexually abused children. This includes work to minimize the risk of HIV infection at the point of rescue, and bringing the abusers to justice.



An African child with Bobbi Bear



Antonio Banderas at the Life Ball

#### HELPING KREBSHILFE FIGHT BREAST CANCER, AUSTRIA

Swarovski also supports the fight against breast cancer. The company is a partner of the Pink Ribbon initiative of Krebshilfe (Cancer Support) Austria, a not-for-profit organization founded in 1910 to fight cancer in all its forms. Swarovski is committed to fighting against the disease and raising awareness of it wherever possible. The company launched its first ever Pink Ribbon collection in October 2010, breast cancer prevention month. As part of the initiative, we donated €15,000 to the organization. Together with a wide range of other media activities, Swarovski also supported Pink Ribbon Night. This was held on October 8, 2013, in Vienna's Schönbrunn Palace, and was attended by a number of international stars, including Olivia Newton-John. Profits from the event were also donated to Krebshilfe Austria.

#### WOMEN FOR WOMEN, GLOBAL

Swarovski also supports the initiative Women for Women Making a Difference, whereby prominent women provide moral and financial support to traumatized women in war zones. Swarovski has supported the initiative in the form of artistically designed awards – one of which, in 2011, went to the British singer and human rights activist Annie Lennox. Since 2011, Swarovski has donated a total of 71,534 Euros through the purchase of corporate tables at the Women for Women galas, creating awards, donating jewelry, and sponsoring a fashion show. In May 2012, Nadja was honored with their Making a Difference Award for her splendid engagement. So far, the Woman for Women initiative has been able to raise a total of 945,000 Euro, the proceeds of which benefit thousands of women in countries such as Afghanistan and the Democratic Republic of Congo.



Women for Women

#### SPONSORSHIP OF THE COUNCIL OF FASHION DESIGNERS OF AMERICA

In keeping with its principle of nurturing the next generation of design talent, Swarovski's sponsorship of the Council of Fashion Designers of America (CFDA) includes the endowment of three awards for the best young designers in the United States. In 2011, Swarovski marked its tenth year of support for these young designers who have now become leading lights in the fashion industry.



CFDA Awards

#### BFI LONDON FILM FESTIVAL

In 2012, Swarovski supported, for the third year in a row, the Best British Newcomer Award, which was created to recognize the achievements of new and emerging British talent, where the recipient receives a £5,000 bursary. Swarovski also supports the Master Class series, which offers audiences the opportunity to hear presentations from key filmmakers on a range of subjects, such as production design, cinematography, writing, and direction.

# SWAROVSKI WATERSCHOOL

The Swarovski Waterschool is Swarovski’s leading CR signature program in which everything revolves around water, the earth’s most precious resource. The history of Swarovski has always been closely linked to water and it was this resource, found in abundance in the Austrian Tyrol, that first attracted company founder Daniel Swarovski to the region. Water was – and is – the essential ingredient for his products and it also allowed this visionary man to generate clean electricity to fuel his machinery.

Although water is readily available in Swarovski’s homeland of Austria, the situation is very different in many parts of the developing world: water shortages, droughts, and environmental pollution endanger many communities and vulnerable groups – including children. Since Swarovski first established its initial Waterschool project in 1999, it has launched four different Waterschools around the world in Austria, China, India, and Uganda.

In addition to financial support, Swarovski works closely with its local partners to discover the needs of the local people and to develop both educational material and new ideas aimed at improving living conditions in the local area.

The objectives are to create awareness amongst the participants of the Waterschool program of the fact that water is essential to our survival, to teach the principles of sustainable water management, and to provide clean drinking water and water sanitation in schools and surrounding communities where the Waterschool program is active.

And finally to address ecological, economic, social, and cultural issues

that affect water on a local and global level.

## THREE PILLARS

The Waterschool program is based on three interrelated pillars: “access to fresh water,” “classroom activities,” and “sanitation, hygiene, and health.”

### THE ACCESS TO FRESH WATER PILLAR

This pillar stresses the importance of providing access to clean water to those in need. The Swarovski Waterschool works hand in hand with local partners to identify, establish, and

implement solutions for solving both long- and short-term water-related challenges. This involves the supply of fresh drinking water to schools through the installation of a range of facilities, such as rainwater harvesting tanks and water boiling devices.

### THE CLASSROOM ACTIVITIES PILLAR

Classroom activities are key to understanding the importance of water in the greater context of sustainable development.



Swarovski Waterschool Project India



Swarovski Waterschool Project China

Well-trained Waterschool educators teach children from the age of eight the principles of sustainable water management, sanitation, and hygiene. Teaching materials convey related theoretical knowledge through engaging experiments and practical outdoor programs. This aims at involving the children as “Water Ambassadors” in the wider community. In addition, teacher training sessions help promote responsible water management by enabling them to give their own Waterschool classes – supported by specially developed handbooks.

### THE SANITATION, HYGIENE, AND HEALTH PILLAR

Teaching the principles of sanitation and hygiene in schools and through community workshops is a major task under the third pillar.

This also involves the construction of sanitation facilities in schools and their communities and improving the health of the community at large. This mainly applies to areas where no access to running water can be guaranteed.

## VISION AND MISSION

We understand that it is our responsibility to take a truly international approach to our corporate social responsibility projects. It is the vision of our Waterschool program to contribute to the long-term availability of water for the benefit of people and nature and for the maintenance of the world’s cultural and biological diversity. This includes:

- teaching children the principles of sustainable water management
- enabling communities to solve their water-related challenges
- enhancing the lives of women

· providing access to safe water

· addressing ecological, economic, social, and cultural issues that affect water on a local and global level contributing to a world where all people have access to safe and reliable water and adequate sanitation



Swarovski Waterschool Project Uganda

The program has been successful because it has been evolved and developed with the active participation of local leaders who adapt it to their specific requirements. While the Waterschool programs may differ from country to country, they are still united by the common basic concept, namely to teach the decision makers of the future about the wise use of limited water resources and to disseminate this knowledge within their families and local communities.

**THE SCS' CONTRIBUTIONS TO THE SWAROVSKI WATERSCHOOL**

The Swarovski Waterschool program could not have happened without the Swarovski Crystal Society (SCS), which has close to 300,000 members. A proportion of their membership fees is donated to the program, as well as proceeds from the sale of products sold exclusively to SCS members, such as the special Annual Editions. The motifs of the prestigious SCS Annual Editions often feature endangered animals, such as the panda, gorilla, tiger, or the polar bear. The fact that SCS members may only purchase one of these adds to the exclusivity of the product. Without this ongoing support from SCS members, the Swarovski Waterschool program could not have become what it is: a wonderful example of how Swarovski adds sparkle to people's everyday lives.

**SWAROVSKI WATERSCHOOL, AUSTRIA**

The Swarovski Waterschool in the National Park Hohe Tauern was established in 1999. Its teachers – all of whom are highly trained National Park rangers – visit local schools to provide five-day courses based on sustainable water management.

Schoolchildren address questions such as “How does a hydrological cycle work?”, “Will there always be enough

will have welcomed its 10,000th class participant and will celebrate its own 10th anniversary. Children of Swarovski employees can take part in a five-day water camp for which the company covers two-thirds of the associated costs.

Birgit Wirnsburger, Manager Education and Public Relations, Hohe Tauern National Park, Kaernten: “The Waterschool program is both sustainable and impressive, not



Swarovski Waterschool Project Austria

water for all of us?”, or “Is water an endangered natural resource?” through a mixture of scientific and hands-on classroom techniques. They are then taken into the countryside to study waterways directly.

Around 13,500 children have benefited from the program in Austria during the reporting period. In addition, in 2003 Swarovski supported the building of a “House of Water” in the Hohe Tauern National Park, which helps ensure the Waterschool is accessible to students from other regions. By the end of 2013, the House of Water

just on a national level but also internationally. It is well received and has a positive impact on all those involved. It was only through this program that I really became aware that water as a resource is not inexhaustible. What children learn in the Waterschool they take home and pass onto their families, making others aware that having access to water is not necessarily self-evident. Above all, it is popular with children because of the many demonstrative experiments that they can carry out mostly on their own at the local stream during both outdoor activities days.”

**WATER DAY IN WATTENS**

The first ever Swarovski Waterschool Experience event took place on May 6, 2011, at Haus Marie Swarovski in Wattens. Approximately 350 Swarovski employees brought along their families, and especially their children, to this firsthand experience of the Swarovski Waterschool projects. Guests engaged in a range of exciting activities and experiments that opened up refreshing new ways to learn more about the valuable resource of water. Project coordinators from the four Swarovski Waterschools presented their work through presentations and discussions and thoroughly entertained visitors with stories about the food and culture in their respective countries. A particular highlight was the screening of the short film “Water Changes Everything.”

**SWAROVSKI WATERSCHOOL, INDIA**

The first Swarovski Waterschool outside of Austria was founded in 2006 in the Keoladeo National Park in India. This built on previous partnerships between Swarovski and WWF India, which focused on education for sustainable development.

Villages around the Waterschool are situated next to the Ganges River and living conditions are directly affected by the local wetland's ecological system. In recent years, this has been particularly affected by a failure of the annual monsoon to replenish supplies of ground water. As a result, competition for water in this area is intense. Local residents need water for domestic supply and agricultural irrigation, while the park needs it to maintain its ecological balance, its biodiversity, and its integrity as a seasonal wetland.

The Swarovski Waterschool holds a five-day teaching program up to six times a year. These take place in 63 primary and secondary schools in Bharatpur City, 36 villages in Bharatpur District, and – since 2013 – in schools surrounding the Ranthambhore National Park. More than 1,800 children have participated in the Swarovski Waterschool in India during the reporting period. In addition, children from both urban and rural schools take part in joint workshops at the National Chambal

Sanctuary. As a result, many of these children have engaged in various cleanup activities around their homes, schools, and villages.

Students who show particular enthusiasm and commitment are invited to participate in the Young Environment Leaders (YEL) program, which started in 2010. Members of the YEL program act as ambassadors and role models for other schoolchildren and the community in general. During the reporting period, the Swarovski Waterschool trained a total of 200 members of the YEL program. Many of these apply “shramdaan” (voluntary work) in their own villages, where they disseminate their new knowledge and skills.

The Swarovski Waterschool also trained a total of 130 teachers during the reporting period. This included 35 teachers from local schools in Bharatpur who were trained in the concept of Education for Sustainable Development through a focused, WWF-hosted workshop.



Swarovski Waterschool Project India

The successful implementation of the Waterschool in Keoladeo National Park has led the Rajasthan Forest Department to show genuine interest in replicating the program and to identifying the Ranthambore Tiger Reserve as a new location to carry out the Waterschool program. Water, or rather the scarcity of it, is a major issue in this area. The water table has been steadily dropping and very few organizations are working in the area to improve the situation. The Waterschool India is planning to work with schools and surrounding communities.

Dr. Anjana Pant, Associate Director National Conservation Program WWF India: “The highlights included the Outreach Program for Schoolchildren, which transmits the message concerning sustainable use of water using theater and puppetry, children’s visit to the Keoladeo National Park, and the implementation of vermicomposting and rainwater harvesting techniques by Young Environmental Leaders (YELs). For us, the Waterschool program is a unique and effective way of connecting with children and influencing their attitudes about conservation and the wiser use of natural resources. The Waterschool has the potential of being mainstreamed into the formal education system of the state.”

**SWAROVSKI WATERSCHOOL, CHINA**  
In 2008, Swarovski and the Shangri-La Institute for Sustainable Communities launched “The Living Yangtze” project for sustainable development. The aim is to help restore the ecological integrity of the Yangtze by increasing public participation

of schoolchildren and community members in responsible water resource management.

China’s water supply faces significant challenges. A total of 40% of available water is unfit for drinking and can only be used for industry or agriculture. Likewise, around 400 cities suffer from water shortages and more than 300 million citizens lack access to clean water.

The Swarovski Waterschool program is now taught in 59 of the schools and communities in six regions on the Yangtze including Qinghai, Sichuan,



Swarovski Waterschool Project China

Shangri-La, Chongqing, Hubei, and Shanghai. Eleven teachers’ training workshops were held in six project regions in 2012. Various stakeholders attended, including nature reserve staff, local community members, and representatives from government bodies. Teachers from regional coordination centers organized targeted trainings to match the specific circumstance of each pilot school.

Students have a minimum of one hour of water education per week and a total of 30 hours annually. Teachers and students also work with environmental specialists and local communities. The Waterschool program involves stakeholders from schools, communities, media, and government bodies, and emphasizes both formal and informal learning of local knowledge, traditional values, and cultural heritages. Students and teachers also learn cultural values from communities and villages, explore rivers to gain local knowledge, and report back to communities and local government offices.

The success of the program can be measured in its expansion with seven new schools in 2012. The Swarovski Waterschool has directly engaged almost 65,000 children and more than 110,000 additional community members over the reporting period. The project has received two awards: The Ford Motor Company’s Conservation & Environmental Grants Protection of the Natural Environment Communication Prize, and the

National Water Protection’s “The People Award.”

Yunhua Liu, Director Shangri-La Institute for Sustainable Development: “The Waterschool China program was chosen from five projects in the Asia-Pacific region (and the only one from China) to exhibit its activities at the UNESCO World Conference on Education for Sustainable Development in Bonn. Our film ‘I am a water drop!’ was awarded second place in the UN Decade of Education for Sustainable Development Short Video Clip Competition. We have focused on promoting Education for Sustainable Development in China for the past 17 years. This project provides a great opportunity for us to further explore important issues such as the combination of traditional culture and modern technology and how this can help us gain and transmit new knowledge, ethics, and skills.”

**SWAROVSKI WATERSCHOOL, UGANDA**

In 2008, Swarovski started a project at the source of the Nile River in Uganda together with the Bwindi Impenetrable National Park (on the UNESCO List of Natural Monuments since 1994),

including the establishment of a Swarovski Waterschool focusing on an educational program covering 20 schools in the surrounding area.

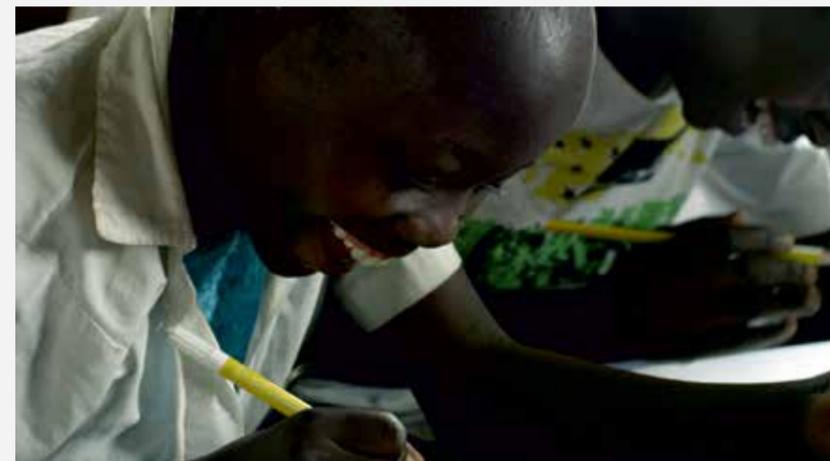
The national park is home to two groups of endangered great mountain gorillas. The area around the mountains once was densely populated with these creatures and surrounded by tropical rainforest. Intensive agricultural overexploitation has now seriously impacted the local ecosystem, causing a major decline in the forested areas. Although rainfall is relatively high and there is no water shortage, clean water is relatively scarce and inadequate infrastructure makes it hard for local communities to access it. Local residents have therefore been obliged to seek out supplies of clean water for domestic use a considerable distance from where they live.

Swarovski Waterschool activities in Uganda include Water, Sanitation, and Hygiene (WASH) Clubs in schools where teachers and schoolchildren learn about the importance of sustainable water and effective sanitation. Local schools are transformed into models for effective

water conservation and the practice of good hygiene. The Waterschool Uganda has installed solar power panels at suitable schools to illuminate reading rooms and dormitories. This naturally helps to enhance the results of the WASH Clubs and to further improve the learning environment. Nyamiyaga Secondary School has also received three computers, making computer lessons compulsory for all A-level students at the school.

In August 2012, the Swarovski Waterschool commissioned its new Banyara Gravity Flow Scheme, funded with around 611,000 euros. The scheme makes clean water available to local communities, with a particular focus on improving the supply of clean water to schools by providing water boiling equipment. This resulted in a significant drop in student absenteeism linked to water-borne disease. The Gravity Flow Scheme has benefited around 20,000 local people having a major impact on the amount of time women and children must spend searching for clean water, especially during periods of drought.

The responsibility for the maintenance of the water supply system is in the hands of the Village Savings and Loan Association (VSLA), a micro-credit model under which between 5 and 30 members meet in a self-managed group once a week to save and to borrow money. Members can take out loans to invest in income-generating activities such as commercialized farming, goat rearing, and small businesses. They can also use the loans to meet expenses such as school fees and medical bills. VSLA members are provided with security against unforeseen emergencies and they have access to the means with which



Swarovski Waterschool Project Uganda



Mackline Kyobutungi

to invest in the future. As a result, VSLA members experience significant economic and social progress, leading to a better sense of wellbeing, and enhanced quality of life. In the case of the Banyara Gravity Flow Scheme, these groups assume responsibility for its sustainability.

Charity Bwiza, Program Manager Bwindi Mgahinga Conservation Trust: “This is one of the projects I have implemented that made a significant, positive change in the lives of many people. Through the WASH Clubs, teachers and children acquired new knowledge and club members are literally showing fellow pupils how to transform the schools into ideal models of water and hygiene conduct. Construction of water boilers at 20

schools has reduced incidences of water-borne diseases among children and teachers. The Waterschool program and the funding of the Banyara Gravity Flow Scheme have made the lives of women and girls easier, empowered them, and given us confidence.”

**ADDING SPARKLE TO PEOPLE’S EVERYDAY LIVES**  
The impact of the Swarovski Waterschool program is well illustrated by the story of a 14-year-old girl, Mackline Kyobutungi, who lives with her family in the area around the Bwindi National Park and who attends Nyamiyaga Secondary School.

“Water is very important. We use it for all everyday chores such as cooking, washing, cleaning, bathing, and watering the gardens. We use about four jerry cans every day; each one is 20 liters, so they are very heavy. We used to collect water from a stream about one kilometer away – it was far to walk and the water was heavy to carry. And the water had a bad smell and would give us stomachaches. Now we just collect it from the tap a few minutes away, and the water smells and tastes good, and is nice and cold.

We prepare plays and songs with messages on clean water, and all the students understand it. I enjoy it very much, the songs are educating and I like to have dance in my life! We have learned a lot about sanitation

and personal hygiene from the WASH Club. We now wash hands before our meals, our clothes are clean, the school compound is clean and tidy, and we always drink boiled water. And what we learn here, we copy at home. I taught my parents about using drying racks and clean jerry cans, to cover latrines, and about general cleanliness at home. At first they thought it was funny that I was being their teacher, but they still got the message and changed their behavior.”

Mackline’s Head Teacher, Musingusi Edson, agrees: “The WASH Club has really helped improve health amongst the students and staff, and even the community as a whole. Before the tap and the water boiler there always was a lot of sickness. On an average day, maybe 20 students would be off sick; now it’s only two or four. We are now able to serve meals at a regular hour, and the students are happier and stronger and find it easier to concentrate.”



Swarovski Waterschool Project India

### Next steps

Presently there are Swarovski Waterschools connected to four of the world’s most famous rivers: the Danube, the Ganges, the Yangtze, and the Nile. The next big project will be a new Waterschool in the Amazon region. Collectively, these big river basins are essential for sustaining life on our planet and the habitat for millions of people and animals.



Swarovski Waterschool Project Uganda

GRI CONTENT INDEX		STATUS	LINKS	STATEMENT / COMMENT	UNGC REFERENCE
PROFILE DISCLOSURE					
1. STRATEGY & ANALYSIS					
1.1	Statement from the most senior decision-maker of the organization.		5		
1.2	Description of key impacts, risks, and opportunities.		5		
2. ORGANIZATIONAL PROFILE					
2.1	Name of the organization.		6		
2.2	Primary brands, products, and/or services.		inside front cover		
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.		6/7		
2.4	Location of organization's headquarters.		7		
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.		6		
2.6	Nature of ownership and legal form.		7		
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).		6		
2.8	Scale of the reporting organization.		6/7		
2.9	Significant changes during the reporting period regarding size, structure, or ownership.		20		
2.10	Awards received in the reporting period.		40/41		
3. REPORT PARAMETERS					
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.		20		
3.2	Date of most recent previous report (if any).		20		
3.3	Reporting cycle (annual, biennial, etc.).		20		
3.4	Contact point for questions.		2		
3.5	Process for defining report content.		21		
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.		21		

GRI CONTENT INDEX		STATUS	LINKS	STATEMENT / COMMENT	UNGC REFERENCE
3.7	State any specific limitations on the scope or boundary of the report (see completeness Principle for explanation of scope).		21		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.		21	In the long-term as Swarovski continues to expand its reporting scope we will look into reporting about joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities if applicable at that time.	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.		21		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).			No re-statements of information	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		21		
3.12	Table identifying the location of the Standard Disclosures in the report.		100-105		
3.13	Policy and current practice with regard to seeking external assurance for the report.		106		
4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT					
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.		7		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.		7	The Advisory Board is chaired by a non-executive officer.	
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.		7	Not a unitary board structure	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		7 73		
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.			As a family run company the composition of our highest government body, the Swarovski Advisory Board, is determined by family members.	

■ fully reported  
■ partially reported  
■ proprietary information

GRI CONTENT INDEX		STATUS	LINKS	STATEMENT / COMMENT	UNGC REFERENCE
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.		14-17 22/23		
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.		18		
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.			As a family run company the composition of our highest government body, the Swarovski Advisory Board, is determined by family members.	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.		12	CR framework – most relevant and material aspects.	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.		5	UNGC	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.			Swarovski is actively engaged in the European Domestic Glass Association, the Austrian Industry Association, as well as the US Fashion Jewelry and Accessories Trade Association (FJATA). Swarovski is furthermore a member of the Austrian Chamber of Commerce, and several national jewelry associations.	
4.14	List of stakeholder groups engaged by the organization.		13		
4.15	Basis for identification and selection of stakeholders with whom to engage.		12		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.		12		
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.		14-17 20		
PERFORMANCE INDICATORS					
ECONOMIC					
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.		71		Principle 1

GRI CONTENT INDEX		STATUS	LINKS	STATEMENT / COMMENT	UNGC REFERENCE
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation.		64		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.		86-89		
ENVIRONMENTAL					
EN2	Percentage of materials used that are recycled input materials.		52/53		Principle 8 Principle 9
EN3	Direct energy consumption by primary energy source.		42		Principle 8
EN4	Indirect energy consumption by primary source.		43		Principle 8
EN5	Energy saved due to conservation and efficiency improvements.		43		Principle 8 Principle 9
EN8	Total water withdrawal by source.		46		Principle 8
EN10	Percentage and total volume of water recycled and reused.		50		Principle 8 Principle 9
EN16	Total direct and indirect greenhouse gas emissions by weight.		44	Wattens only (reduced scope)	Principle 8
EN20	NOx, SOx, and other significant air emissions by type and weight.		44	Wattens only (reduced scope)	Principle 8
EN21	Total water discharge by quality and destination.		46		Principle 8
EN22	Total weight of waste by type and disposal method.		51		Principle 8
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.		52		Principle 8
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		26-29		Principle 7 Principle 8 Principle 9
SOCIAL: LABOR PRACTICES AND DECENT WORK					
LA1	Total workforce by employment type, employment contract, and region broken down by gender.		70		
LA4	Percentage of employees covered by collective bargaining agreements.		70		Principle 1 Principle 3

■ fully reported  
■ partially reported  
■ proprietary information

GRI CONTENT INDEX		STATUS	LINKS	STATEMENT / COMMENT	UNGC REFERENCE
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		79-81	Wattens only (reduced scope)	Principle 1
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		84	Wattens only (reduced scope)	Principle 1
LA10	Average hours of training per year per employee by gender and by employee category.		68	Wattens only (reduced scope)	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		69	Wattens only (reduced scope)	
LA12	Percentage of employees receiving regular performance and career development reviews by gender.		71		
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.		74/75	Wattens only (reduced scope)	Principle 1 Principle 6
HUMAN RIGHTS					
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening and actions taken.		65		Principle 1 Principle 2 Principle 3 Principle 4 Principle 5 Principle 6
SOCIETY					
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.		23	Although we did not have a formal corruption training program in the reporting period, we are planning to start rolling-out the Business Integrity model company-wide in 2014.	Principle 10
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.			None	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.			We have not been subject to any significant fines or non-monetary sanctions for legal non-compliance over the reporting period.	

GRI CONTENT INDEX		STATUS	LINKS	STATEMENT / COMMENT	UNGC REFERENCE
PRODUCT RESPONSIBILITY					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		26		Principle 1
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		26		Principle 8
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.			None	

■ fully reported  
■ partially reported  
■ proprietary information

# EXTERNAL CONFIRMATION INDEPENDENCE OF THE AUDITING ORGANIZATION

Maplecroft was commissioned by Swarovski (as an external party) to:

Provide input into how Swarovski can further align its reporting with international best practice standards and principles

Confirm the Global Reporting Initiative (GRI) G3.1 application level claim stated by Swarovski on p. 20

## METHODOLOGY

Our review of Swarovski's Sustainability Report involved the following activities:

A gap analysis of Swarovski's 2010 Sustainability Report against relevant standards and principles including the United Nations Global Compact (UNGC), Global Reporting Initiative (GRI), FTSE4Good and the Responsible Jewellery Council (RJC) – and the identification of areas in which Swarovski could further enhance its reporting via its 2013 Sustainability Report. This included engagement with Swarovski on how it can best meet emerging stakeholder expectations

A gap analysis of Swarovski's 2013 Sustainability Report against the Global Reporting Initiative G3.1 Sustainability Reporting Guidelines

A high-level, desk-based peer review of data to identify the degree to which it is aligned with relevant disclosure requirements, as well as the identification of material anomalies and gaps in the data. Any anomalies or gaps in data that could not be resolved by Maplecroft were referred back to Swarovski for clarification. Maplecroft did not review any original data sources or verify any of the data included in this report

Refinement of report content with Swarovski (including clarification, review and feedback) to ensure the information presented is fair and aligned with stakeholder expectations

Maplecroft did not carry out any fieldwork at Swarovski locations or inspect any Swarovski operations, initiatives or programmes.

## MATERIALITY AND COMPLETENESS

Maplecroft is satisfied that the narrative content presented in this report is a reasonable representation of current Swarovski processes and activities.

We also believe the Swarovski statement that it has applied the GRI G3.1 guidelines at C+ level is fairly stated.

## RECOMMENDATIONS

Swarovski might consider the following suggestions as it begins its reporting journey and progressively enhances and refines its corporate responsibility management/ reporting disclosures:

Enhanced data reporting, including the extension of coverage beyond its Wattens operation

Enhanced reporting on quantified targets for Key Performance Indicators (KPIs) – including detail around how it intends to meet these targets and evidence of performance against the same

A more structured review of materiality to better understand how and why the company prioritises specific corporate responsibility issues (including, for example, analysis of relevant and material stakeholder issues)

Further detail around responsible supply chain management, including key relationships, issues, impacts and management systems

Enhanced detail and analysis around Swarovski's operating context (for example in terms of socio-economic conditions, governance and the environment) to provide greater insight as to the company's potential and actual impacts (both positive and negative)

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D. Swarovski KG, Corporate  
Responsibility Department, 6112  
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**Contact:**  
Ulrike Braun  
corporate.responsibility@swarovski.com

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D. Swarovski KG, Corporate Creative  
Services, 6112 Wattens

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