



SWAROVSKI

SUSTAINABILITY REPORT
2015

Table of Contents

4

WELCOME

18

SUPPLY CHAIN

36

SWAROVSKI PROFESSIONAL

6

OUR BUSINESS

21

EMPLOYEES

39

GEMSTONES BUSINESS

9

OUR CSR APPROACH

25

ENERGY AND EMISSIONS

42

CONSUMER GOODS BUSINESS

12

STAKEHOLDER ENGAGEMENT

29

WATER AND WASTE

46

SWAROVSKI LIGHTING

15

PRODUCT SAFETY

32

COMMUNITIES

About this Report

This, our third sustainability report provides information and performance data on the operations of the Swarovski Crystal Business (SCB) during calendar years 2013 and 2014. SCB includes those parts of the business through which Swarovski designs, manufactures, and sells jewelry and high-quality crystal, genuine gemstones, created stones, and finished products such as accessories and lighting solutions.

The report focuses on the actions we have taken on the Corporate Social Responsibility (CSR) issues that are most material to our business and our stakeholders. It is divided into 14 fact sheets.

Factsheets 1 to 4 provide an overview of our business and our CSR approach; factsheets 5 to 10 cover our global activities and performance on key issues; and factsheets 11 to 14 explore how those business units with the most material sustainability impacts are making progress on CSR, under the umbrella of our CSR strategy.

The full version of the report – comprising all 14 fact sheets – is available to download at

<http://swarovs.ki/Sustainability-2015>

Our performance data includes 2013–14 data and 2010–12 for comparison, where possible. We have increased the scope of our reporting in 2013–14, expanding the number of major sites we report on from seven to nine. These are Wattens, Austria; Triesen Liechtenstein; Plattsburgh, USA; Marigot Jewelry Thailand (Ayutthaya & Bangpoo); Swarovski Gemstones Thailand (Bangplee); Männedorf, Switzerland; Pune, India; and Vietnam.

This report has been guided by Global Reporting Initiative (GRI) G4 standards and reporting criteria. Our GRI index, which contains some supplementary information is also available to download at

<http://swarovs.ki/GRI-2015>

We welcome stakeholder feedback on any aspect of our report. Please contact us at corporate.socialresponsibility@swarovski.com

WELCOME TO SWAROVSKI'S 2015 SUSTAINABILITY REPORT

Dear readers, Today, more than ever, responsible business stands to make a real difference in our world. As the global population increases, the climate changes and pressure on the Earth's precious resources intensifies, companies must step up to the challenge. At Swarovski, we are harnessing the power of innovation and creativity to build a more sustainable business – one that will endure for the long-term.

As a family-run company, we instinctively think in generations, not quarters. Our founder, Daniel Swarovski, was unequivocal about the role of business in helping communities to flourish and conserving the natural resources we need to thrive. As his descendants, and as the company's integrated corporate management team, we take inspiration from his original vision and pioneering spirit. We are committed to applying imagination and vigor to growing our business in a way that respects people and the environment.

Indeed, responsibility is both an integral part of our heritage and an essential characteristic of Swarovski. It has set us apart from our competitors for 120 years and continues to define the way we do business. We have consistently led the way in our industry on product safety and sustainability through innovations such as our lead-free formula, Advanced Crystal¹ which is the basis for

the entire Swarovski crystal range. Across the Swarovski Crystal Business (SCB), we are making progress on responsible sourcing, establishing standards and practices to improve transparency and traceability. We are proud that, following an independent audit process, both our Gemstones Business and our US-based personalized jewelry business, Chamilia, have become certified members of the Responsible Jewellery Council (RJC)².

Our deeply-held commitment to acting responsibly respects the Ten Principles of the UN Global Compact, and places us in good stead to respond credibly to the growing global interest in sustainability among our customers, consumers and other stakeholders. We value all our stakeholders' opinions, and in 2015, sought their views through a structured engagement process, which helped us understand which corporate social responsibility (CSR) issues are most important to them and to our business.

Through this, our latest sustainability report, we have shared our progress on these material issues. We have made this year's report more focused and accessible, structuring it around a series of factsheets. The factsheets can be downloaded together for a full overview of our performance, or individually for a snapshot of our progress on a specific issue.

Having established an overarching CSR strategy and created a CSR function for the SCB in 2011-12, during 2013-14 we took important steps to set priority projects in motion and globalize our approach. Collaboration across business units and functions sits at the heart of this effort, and is representative of the way we seek to manage key sustainability issues.

We have made progress on energy and water efficiency in our manufacturing locations, and improved the overall environmental footprint of our mono-brand stores through our Swarovski Sustainable Stores initiative. We took important steps to improve the sustainability of our highly vertically integrated supply chain, starting with the two areas where we stand to make the greatest positive impact: our owned factories and external suppliers of finished goods.

To help secure the future success of our business, we created a global network of current and future Swarovski leaders through our new Leadership Academy. And building on our long tradition of community giving, we extended the reach of our global Waterschool programme, and fully launched our philanthropic arm, the Swarovski Foundation.

Through all of these activities, we have increasingly seen the value of collaboration in becoming a sustainable business. As we continue on our journey in 2015 and beyond, we look forward to working with our customers, employees, suppliers and partners to further strengthen our impact and performance.

We hope you enjoy reading about our progress in 2013-14 and welcome your feedback on our achievements.

Sincerely,
THE EXECUTIVE BOARD OF THE
SWAROVSKI CRYSTAL BUSINESS



¹ Crystal glass and all other materials containing 0.009% lead or less.

² RJC certification was confirmed in 2015.

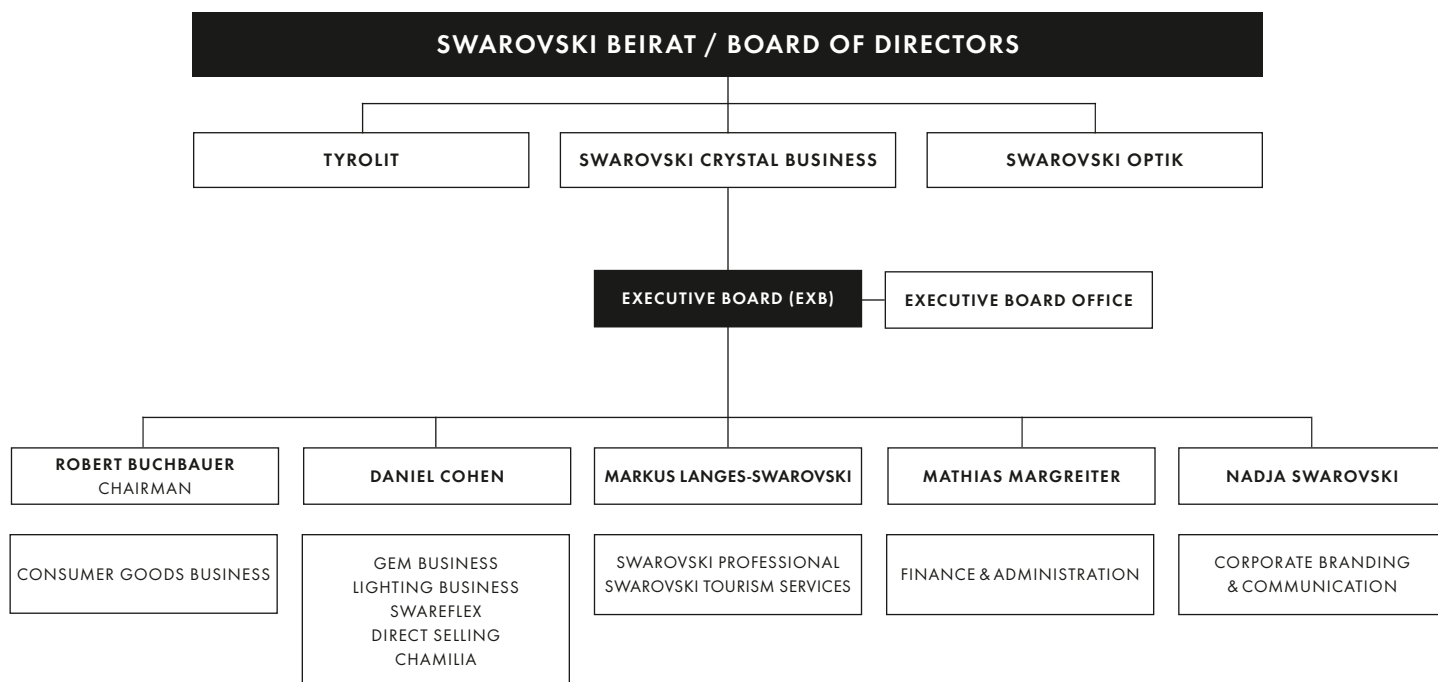
SWAROVSKI

SWAROVSKI SUSTAINABILITY REPORT 2015
FACTSHEET 2

OUR BUSINESS

CREATING HIGH QUALITY CRYSTALS, GEMSTONES AND FINISHED PRODUCTS
FOR BUSINESSES AND CONSUMERS WORLDWIDE

SWAROVSKI CRYSTAL OSCAR® CURTAIN,
MADE WITH OVER 100,000 CRYSTALS
DESIGNED BY DAVID ROCKWELL, 2010
COURTESY OF AMPAS



This diagram shows the structure of the Swarovski Group.
The Swarovski Sustainability Report 2015 is limited to the Swarovski Crystal Business

Swarovski designs, manufactures and markets high quality crystal, genuine gemstones, created stones, and finished products such as jewelry, figurines, accessories and lighting solutions. What started in 1895 as a small crystal manufacturing business in Wattens, Austria, has grown to be a global company, employing some 25,000 people.

BUSINESS HIGHLIGHTS

1895

What started in 1895 as a small crystal manufacturing business in Wattens, Austria, has grown to be a global company, employing some 25,000 people.

QUALITY AND RESPONSIBILITY

We strive to create high quality products that are both beautiful and responsible.



Rings by Art'Orafo made with Swarovski Genuine Gemstones as seen in Gem Visions 2012

The world of Swarovski

The world of Swarovski encompasses the production and marketing of a wide range of high quality products and services for businesses and consumers. We have nine production locations and our products are sold in more than 170 countries in 2,560 mono-brand stores worldwide.

JEWELRY, WATCHES AND FASHION ACCESSORIES

Swarovski is a global leader in the fashion jewelry segment. Through our retail network, we operate 1,335 of the world's 2,600 Swarovski-branded stores, with our partners operating the remaining 1,225. With the addition of luxury fashion accessories line Atelier Swarovski, as well as the launch of the affordable fashion jewelry retail concept lola and grace and multi-brand designer jewelry store Cadenzza, we have considerably expanded our portfolio. We also offer jewelry design, sourcing and merchandising services for third-party brands.

FIGURINES AND HOME ACCESSORIES

Since the creation of the original mouse in 1976, Swarovski has become famous around the world for its collections of crystal figurines and home décor objects, including vases and picture frames.

BEAUTY AND FRAGRANCE

Swarovski perfumes and beauty products have been marketed under the brand names 'Aura by Swarovski' and 'Swarovski Edition'.

LIGHTING

Swarovski Lighting, formally established in 2011, includes two premium consumer lighting brands: Swarovski, with its contemporary aesthetic, and Schonbek with its classic designs, as well as Swarovski Architectural Solutions, which provides custom solutions for architects and designers.

CRYSTAL COMPONENTS

Manufacturing loose crystals has been the driving force behind our company since its foundation in 1895. With more than one hundred years of experience in high quality craftsmanship and mastery of precision cutting, Swarovski has forged a global reputation for its crystals of unmatched range and brilliance. They are used in creative industries such as fashion, jewelry, accessories, interior design and lighting.

GENUINE GEMSTONES AND CREATED STONES

Since 1965, Swarovski has catered to the fine and bridge jewelry and watches sectors, and more recently the consumer electronics industry, with a beautiful range of precision-cut genuine gemstones and created stones.

Other products and services include:

CORPORATE GIFTS: A comprehensive range of corporate gifts and jewelry.

TRAFFIC SAFETY AND FUNCTIONAL LIGHTING SOLUTIONS: Technical and functional lighting solutions and crystal optics for LEDs.

CRYSTAL EXPERIENCES: Swarovski Kristallwelten, one of the most visited tourist attractions in Austria.

SWAROVSKI ENTERTAINMENT: The company's film division has collaborated with partners to develop, finance and produce feature films.

SWAROVSKI FOUNDATION: Our philanthropic foundation through which we support initiatives and organizations under three pillars: fostering culture and creativity, promoting well-being, and conserving natural resources.

Our production locations

- Austria/Wattens
- Liechtenstein/Triesen,
- Czech Republic/Železný Brod
(will be closed in 2015)
- Serbia/Subotica
(production since 2014;
opening of own site in 2015)
- China/Qingdao
(will be closed in 2015)
- India/Pune
- Thailand/Ayutthaya,
Bangpoo, and Bangpee
- USA/Plattsburgh
- Vietnam/Bien Hoa City



Our value chain



Sourcing

We source raw materials and components from our suppliers for use in the manufacture of our products. We request that all suppliers sign up to our Code of Conduct, which sets out our expectations on social, ethical and environmental standards. We monitor suppliers' working conditions with labour assessments.

Design and development

We strive to stay at the cutting edge through extensive and innovative research into new technologies and materials. Product safety is also of paramount importance to us and we strive to create high quality products that are both beautiful and responsible.

Production

Our products are primarily made at our own facilities. Crystal and created stones are manufactured and cut and polished – as are genuine gemstones. Jewelry and lighting products are assembled. At all of our facilities we strive to ensure that appropriate safety and environmental practices are in place and that our employees' rights are respected.

Distribution and logistics

Products are packaged, stored and transported from our production facilities to our customers and stores around the world. We are analyzing the environmental footprint of our packaging with a view to selecting more sustainable materials and reducing our carbon footprint.

Marketing and sales

We sell to business customers, spanning a wide range of sectors from fashion to jewelry and accessories to interior design and lighting. We also sell direct to consumers, through 2,600 Swarovski-branded retail stores.

KEY CSR ISSUES

- Supply chain assessment and management
- Human rights
- Ethics and anti-corruption

KEY CSR ISSUES

- Product safety
- Product responsibility

KEY CSR ISSUES

- Labor practices
- Environmental management – energy and emissions, water, waste

KEY CSR ISSUES

- Environmental management – energy and emissions, water, waste

KEY CSR ISSUES

- Labor practices
- Environmental management – energy and emissions, water, waste
- Ethics and anti-corruption

OUR CSR APPROACH

DOING BUSINESS IN A WAY THAT RESPECTS PEOPLE AND THE PLANET



At Swarovski, we think in generations, not quarters. Our longstanding commitment to doing business in a way that respects people and the planet, combined with our high quality craftsmanship and pioneering spirit sets us apart. We see Corporate Social Responsibility (CSR) as both an integral part of our heritage and an essential ingredient of our future success. This commitment is rooted in our founder, Daniel Swarovski's, firm belief in protecting the environment and caring for people. We believe it positions us well to meet the growing interest in sustainability among customers, consumers and other stakeholders.

CSR APPROACH HIGHLIGHTS

At Swarovski, we think in generations, not quarters.

Corporate social responsibility is both an integral part of our heritage and an essential ingredient of our future success.

Corporate social responsibility within Swarovski is supported at the highest level – by our Executive Board, all of whom are descendants of our founder Daniel Swarovski.

Our CSR strategy

Our CSR strategy was established in 2012, following an in-depth review of sustainability challenges and opportunities across the business. Our senior leaders, including our Executive Board members, agreed on six CSR focus areas: caring for our people, responsible supply chain, ethics and integrity, creating responsible products, protecting the environment, and giving back to society.

Starting in 2015, we are changing the way we report on these six strategic priorities in order to communicate our progress as clearly and transparently as possible to our stakeholders. Our new framework comprises four core values: CREATE (focusing on product safety, product responsibility and materials), RESPECT (for our employees and everyone in our supply chain), PROTECT (initiatives to protect the environment and conserve natural resources) and CARE (our commitment to integrity and caring for the people in the communities where we operate).

In 2013–14, we made progress on our focus areas (see table opposite), including developing our leadership culture, launching a global e-learning initiative, Responsible Jewellery Council (RJC) membership for our Gemstones Business and our personalized jewellery brand Chamilia, and introducing a program of continuous improvement for our suppliers of finished goods. Importantly, we have focused on how best to integrate CSR across our business and improve our performance. For example, in 2014, we selected an advanced data management system that will help us to improve the breadth and quality of our data and make consistent progress towards greater reliability and consistency of CSR information at a global level, in line with our six focus areas.

Our overarching Swarovski Crystal Business (SCB) approach is being tailored to resonate with the precise requirements of each business unit, in order to help them better navigate their sustainability challenges and opportunities. For our Gemstones Business, for example, responsible sourcing is a key focus, while for Swarovski Professional, energy and water efficiency is a top priority. (See business unit factsheets for further details on the activities and performance of each of our business units).

Looking ahead to 2015, we will build on these foundations by continuing to implement our CSR strategy across the six focus areas in a systematic way. In particular, we will focus on anticipating and responding to the dynamic needs of our business units and ultimately our customers, consumers and other key stakeholders. A flexible, open-minded approach will be central to adapting to diverse stakeholders' needs and expectations.

OUR SIX CSR FOCUS AREAS¹

Caring for our people Empowering our people to give of their best	Responsible supply chain Partnering with our suppliers to strengthen our supply chain	Ethics & integrity Maintaining a healthy, thriving company by acting with integrity	Creating responsible products Innovating to create safe, sustainable products	Protecting the environment Reducing our impact on the environment and using natural resources responsibly	Giving back Continuing our rich heritage of community investment
Swarovski has a strong stance on caring for our employees and enhancing their knowledge and skills. We recognize that our success is ultimately driven by our employees, and therefore strive to empower our people to give of their best and improve the performance of our business. We take a structured, global approach to learning and development and performance management.	We are committed to developing strong relationships with our suppliers and partnering with them to improve their social and environmental performance. This is fundamental to securing a reliable, sustainable supply of high quality materials. It is also integral to delivering the transparency required by our stakeholders.	Doing business in line with our values has long been important to Swarovski. It is vital that we continue to act with integrity in order to maintain our success as a large company with a global footprint. We are formalizing our approach to ethics and integrity at a global level through a phased approach.	Swarovski continuously innovates to create safe, responsible products. We have a comprehensive program in place to manage the increasing complexity and volume of product safety regulations. We also monitor the quality and sustainability credentials of our materials.	Major companies worldwide have a responsibility to act on pressing environmental issues. We are committed to playing our part in addressing climate change, lowering our impact on the environment and using natural resources efficiently. We have robust programs in place to reduce our energy and water consumption and cut waste.	Swarovski has a longstanding focus on giving back to society. Maintaining this heritage and maximizing our impact through long-term programs like the Swarovski Waterschool is integral to our vision. The Swarovski Foundation supports areas of key importance to our business: fostering creativity, promoting health and wellbeing and protecting the environment.
OUR AMBITION IS	OUR AMBITION IS	OUR AMBITION IS	OUR AMBITION IS	OUR AMBITION IS	OUR AMBITION IS
... to be a truly attractive employer	... to manage a responsible supply chain that delivers increased reliability, quality and productivity	... to be an industry benchmark for ethics and integrity	... to create safe products and use sustainability to drive innovation	... to be recognized as a leading company in managing water and minimizing water consumption	... to express and be recognized for our values and the creativity and impact of our community investments

¹ Our six focus areas encompass the issues identified as material in factsheet 4.



CSR governance

CSR within Swarovski is supported at the highest level – by our Executive Board, all of whom are descendants of our founder Daniel Swarovski. Importantly, our Executive Board members make strategic decisions on CSR in exactly the same way as they approach any other corporate decision, whereby one member takes overall responsibility for a specific area and decisions are made collectively. This ensures strategic alignment on CSR at the highest level and allows CSR to receive the prominence and attention required to fulfil our commitment to acting responsibly. Executive Board member Nadja Swarovski is responsible for leading our CSR efforts. The Board reports to a family advisory board ensuring that the wider family members are kept well informed about the company's progress on implementing our CSR strategy.

Our Vice President (VP) for Corporate Social Responsibility reports to Nadja Swarovski and oversees the development, implementation and evaluation of our CSR strategy on an ongoing basis. The VP also manages our global CSR team, which is tasked with putting our strategy into practice. The team collaborates with colleagues across the Swarovski Crystal Business, helping them to integrate CSR into their activities by providing expertise on relevant issues and delivering projects to complement their aims. Additionally, it monitors and reports our progress both internally and externally and builds partnerships with external stakeholders including non-profit organizations, high profile experts and CSR peers.

Swarovski Spirit values



Ethics and integrity

As a family-run company accustomed to thinking in generations rather than quarters, Swarovski is acutely aware that acting with integrity is central to maintaining the long-term success of the business.

As part of our commitment to the Responsible Jewellery Council, we are developing integrity charters and training programs for our Gemstones Business and our US-based personalized jewellery business, Chamilia. We have created internal communications and training strategies to help introduce the Charter to our employees. Building on this effort, we will take a forward-looking approach to developing Integrity Charters for our other SCB business units.

We are active in managing important ethics and integrity risks. Overall, corruption is a low risk for our business, however we do continue to monitor and we do have mechanisms in place to help employees find information on all ethics and integrity topics, including corruption, should they require it. For example, we have a hotline in the US, and we are setting up a helpdesk email for our Gemstones Business. Employees can also report any perceived non-conformances or concerns via their direct managers.

Another line of defence and structure in our corporate governance is our Internal Audit function, led by a VP for Internal Audit and Compliance. The VP reports directly to the Audit Committee on a periodic basis and he has an independent view on risks, compliance and integrity topics. The VP leads a global team who support him in this area.

Our supplier Code of Conduct sets out the social, environmental and ethical standards we expect from our suppliers. We also have a Code of Conduct for Procurement Employees, which defines how they should interact with suppliers and conduct our purchasing efforts with integrity and transparency.

STAKEHOLDER ENGAGEMENT

LISTENING AND RESPONDING TO STAKEHOLDER EXPECTATIONS
ON CORPORATE SOCIAL RESPONSIBILITY



Engaging with our stakeholders and taking their views into account is critical to our success as a business. Our key stakeholders include: our shareholders, employees, customers and business partners, suppliers, national and regional governments, regulators, non-governmental organizations (NGOs), industry associations and local communities. We regularly engage with all of these groups, directly and indirectly, through events, partnerships, one-to-one meetings, surveys, digital and social media channels.

STAKEHOLDER ENGAGEMENT 2013 and 2014

Below are some examples of stakeholder engagement activities that took place during 2013 and 2014:

WOMEN'S EMPOWERMENT PRINCIPLES ANNUAL EVENT

Held over two days, the 6th Annual Women's Empowerment Principles (WEPs) conference, entitled 'Gender Equality and the Global Jobs Challenge', spotlighted business strategies, experience and challenges around increasing and enhancing job opportunities for women and expanding access to decent jobs.

EMPLOYEE SURVEY 2014

Second global employee survey held in 2014, with results shared with managers and all employees across the business. Among the findings, 78% of employees are proud to work for Swarovski and 75% are motivated to go beyond their defined job responsibilities. Enablement – the extent to which employees feel supported and empowered to perform well in their job – has increased by 5% to 66% (in line with global norms).

SWAROVSKI WATERSCHOOL CO-ORDINATORS WORKSHOP

Annual meeting of the Swarovski and Swarovski Waterschool representatives (local NGO partners) from all five countries where the program is active: China, Uganda, Brazil, India and Austria. The representatives share progress and learnings from the year and work with Swarovski to continuously improve the program for the benefit of their respective communities.

STAKEHOLDER ENGAGEMENT HIGHLIGHTS

ENGAGING

Engaging with our stakeholders and taking their views into account is critical to our success as a business.

In 2015, we undertook a comprehensive materiality assessment, consulting a wide range of stakeholders on the CSR issues affecting our business.



THE NATURE CONSERVANCY'S WORLD WATER SUMMIT

The World Water Summit united practitioners and experts from The Nature Conservancy and multi-sector partners for a robust discussion on achieving water security to sustain human life while protecting nature. In particular, Swarovski engaged with stakeholders on the key issue of how to generate empathy and awareness about the importance of clean, sustainable water sources. This followed our recent collaboration with the distinguished photographer Eric Valli on the project 'Living Yangtze' – a photographic project which tells the stories of the communities living along the great Yangtze River.

We recognize the importance of listening and responding to stakeholder expectations around Corporate Social Responsibility. For this reason, we sought the opinions of our key stakeholders when prioritizing our material issues – see details below.

Determining our most material issues

In 2012, as part of the development of our CSR strategy, we undertook a detailed assessment of the key CSR risks and opportunities for our business. This involved in-depth consultation with internal stakeholders from across the Swarovski Crystal Business (SCB) – both senior leaders and issue experts. In 2015, we undertook a materiality assessment to review these issues with a wider range of stakeholders – both internal and external. We followed a three-stage process:

1. IDENTIFY:

Based on the issues identified through our 2012 internal consultation and assessment, and cross-checking against GRI G4 guidelines and peer benchmarking, we compiled a long list of CSR issues for consideration in our materiality assessment.

2. PRIORITIZE:

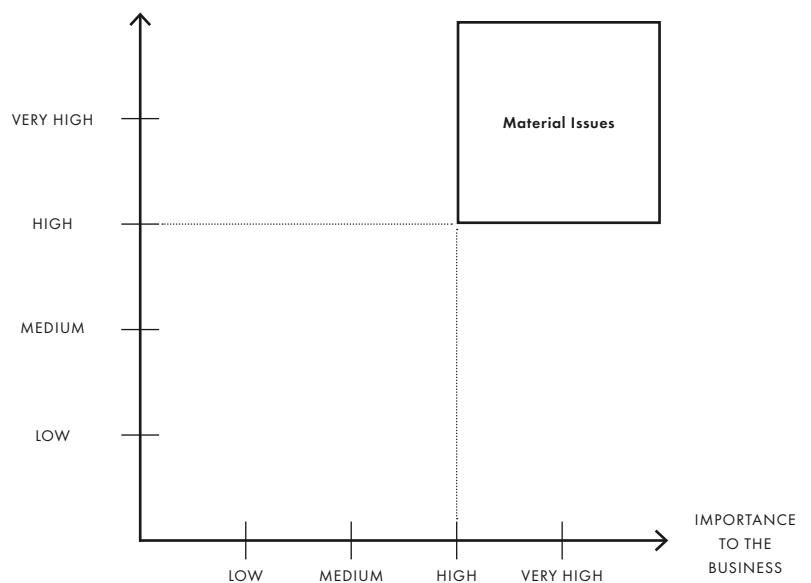
Using set criteria, we invited representatives from diverse stakeholder groups to score the issues in terms of relative importance, from low to very high. These groups included: employees, customers, consumers, suppliers, NGOs, industry associations, multi-stakeholder organisations (e.g. the United Nations), and CSR experts. We did this via a combination of in-depth interviews, an electronic survey, and an online consumer focus group. We also undertook a 'social media listening' exercise to understand which issues were being discussed most prominently on social media (e.g. Twitter, Facebook) and digital channels (e.g. blogs, news websites), giving a high score to issues sparking a lot of conversation, and vice versa.

We collated and analyzed all the scores to reach an average score for each issue. From the original list of approximately 40 CSR issues identified, we consolidated the issues that ranked as 'high' in importance to both the business and our stakeholders. Through this process, we selected nine issues that we consider to be the most relevant to SCB and our stakeholders.

3. VALIDATE:

We held an internal workshop to review and validate the prioritization of issues on a materiality matrix. The finalised matrix was then signed off by our senior leaders. We have focused our reporting on these material issues, as reflected in the content of our 2015 Sustainability Report factsheets and our GRI G4 index. The table overleaf provides further detail on issue definitions and boundaries, stakeholder interest, GRI aspects, and topics covered with our 2015 Sustainability Report.

IMPORTANCE TO STAKEHOLDERS



Material Issues

Energy and emissions
Water
Human Rights
Product Safety
Ethics and anti-corruption

Effluents and waste
Labour practices
Product responsibility
Local communities

Issue	Description	Issue boundary	Stakeholders with most interest	2015 Sustainability Report Factsheet
Product safety	Ensuring our products are safe for our employees to make and for consumers to use, and do not adversely affect human health. Providing relevant information to customers and consumers on the safe use and disposal of our products.	Within and Outside (Customers; Consumers)	Customers; Consumers; Regulators	Factsheet 5: Product Safety
Product responsibility	Creating and selling our products in a responsible way. Includes innovating to design and develop more sustainable products.	Within and Outside (Customers; Consumers)	Customers; Consumers; Regulators	Factsheet 5: Product Safety
Energy and emissions	Reducing our energy consumption and cutting greenhouse gas emissions through investing in energy efficiency measures and sourcing renewable energy at our offices, production facilities and stores.	Within and Outside (Supply chain; Communities)	Regulators, Communities; Suppliers	Factsheet 8: Energy and emissions
Water	Reducing our water consumption through investing in water efficiency measures and recycling or re-using water at our offices, production facilities and stores.	Within and Outside (Supply chain; Communities)	Regulators, Communities; Suppliers	Factsheet 9: Water and waste
Effluents and waste	Reducing the amount of waste we generate, recycling or re-using waste where possible, and ensuring that we meet or exceed regulations around the discharge of effluents back into the water system.	Within and Outside (Supply chain; Communities)	Regulators, Communities; Suppliers	Factsheet 9: Water and waste
Labor practices	Looking after our employees' safety and wellbeing and making Swarovski an employer of choice.	Within	Employees	Factsheet 7: Employees
Human rights	Respecting the human rights of our employees and the workers in our supply chain.	Within and Outside (Supply chain)	Employees, Suppliers	Factsheet 7: Employees Factsheet 6: Supply chain
Ethics and anti-corruption	Conducting our business with ethics and integrity. Includes having effective corporate governance structures in place, complying with all relevant policies, regulations, standards and codes around bribery and anti-corruption, and training employees on ethical business conduct.	Within and Outside (Supply Chain)	Employees, Regulators, Suppliers	Factsheet 6: Supply chain Factsheet 3: Our CSR approach
Local communities	Giving back to the communities in which we operate through our philanthropic initiatives and creating value through our role as a local employer.	Outside (Communities)	Communities	Factsheet 3: Our CSR approach Factsheet 10: Local communities

PRODUCT SAFETY

PIONEERING NEW INNOVATIONS IN PRODUCT SAFETY

Our customers' health, safety and enjoyment of our products are integral to sustaining a flourishing business. With a longstanding commitment to creating safe, responsible products, we continuously innovate to exceed product safety regulations, often before new legislation is introduced. We use high quality, responsibly sourced materials and cutting edge skills and technology, leading the way in sustainable crystal manufacture. Our focus on product safety will continue to yield a significant competitive advantage as consumer interest in transparency grows.

Driving continuous improvement

We maintain a strong focus on safety throughout a product's life – from design and development to production, sales and beyond. In particular, we take a rigorous approach to optimizing the chemical content of our products through our Restricted Substance Policy Program, CLEAR. This forms part of our broader Product Compliance Program, founded by the Executive Board in 2009, and acts as a mandatory standard for all our product development activities relating to chemicals. Some 20 experts across the global Swarovski Crystal Business take responsibility for developing the CLEAR program and ensuring its ongoing effectiveness. Our CLEAR Board meets regularly and is led by our Corporate Legal team.

Through CLEAR, we monitor evolving chemicals regulations (particularly in key markets such as China, Japan, the US and Europe), determine the action we need to take to comply, and keep our Restricted Substances List (RSL) regularly updated. In this way, we systematically manage, restrict and eliminate harmful chemicals from our products and supply chain. Our RSL currently comprises approximately 300 substances.

As the volume and complexity of regulations continues to grow – we saw an increase from 200 product compliance regulations in 2013 to 6,000 in 2014¹ – we have created dedicated teams within each of our business units who monitor and respond to relevant legal requirements.

We comply with all relevant regulations in the countries where we operate. There were no instances in 2013-14 of failing to observe legal requirements.

PRODUCT SAFETY HIGHLIGHTS

LEAD-FREE¹

Since 2012, we have made all Swarovski-branded products in line with our Advanced Crystal¹ standard – our pioneering lead-free¹ formula.

CLEAR

Through CLEAR, we systematically manage, restrict and eliminate harmful chemicals from our products and supply chain.

¹ Crystal glass and all other materials containing 0.009% lead or less.

Supporting our suppliers

Our Corporate Procurement team requires our suppliers to commit to respecting our RSL through their contracts and by signing our Supplier Code of Conduct. We communicate our expectations clearly, set clear limits for restricted substances (such as cadmium, nickel and lead) and monitor their use in all our sourced ingredients. Overall, we aim to support our suppliers by forming long-term partnerships to help them strive for both quality and compliance. For example, in 2013–14, we created an online material and product information portal that gives our suppliers access to the information they need on restricted substances together with advice on how to reduce the cost and complexity of product testing.

We are currently partnering with our suppliers to remove several Phthalates and Chlorinated Phenols from our supply chain by the end of 2016.

Delivering clarity to business to business customers

We provide our products and services to business customers in multiple industries - including jewellery and watches, textiles and apparel, accessories, lighting and consumer electronics - helping them to produce high quality products that adhere to stringent safety requirements. For example, our crystal business, Swarovski Professional, complies with the OEKO-TEX 100 standard in Europe, which sets limits for harmful substances in textiles and is an important prerequisite for supplying products to the textiles industry. We have achieved the OEKO-TEX Class II classification.

Over the past few years, we have seen a significant increase in requests from customers regarding information on product compliance. In 2013–14, we improved our compliance service program, which provides customers with information on: how Swarovski crystals comply with laws and regulations, how we comply with voluntary and customer-specific standards, and how new regulations may impact on customers' products. In addition to improving quality and saving time, this provides further reassurance to customers and strengthens their trust in our brand. Importantly, we have also introduced our CLEAR program to our customers as one of the prime indicators of product quality, the elements that differentiate our products in the marketplace.

In our Lighting Business, watches and Active Crystals product ranges, we comply with additional product safety requirements to help ensure our products comply with regional safety standards for electrical products. This is confirmed by independent certification bodies in the relevant country or region (e.g. CE, UL, C-Tick, CCC and Ghost-R).



Advanced Crystal²

Since mid 2012, we have made all Swarovski-branded crystal products in line with our Advanced Crystal² standard – our pioneering lead-free² formula. By moving our crystal production to Advanced Crystal², we have raised the bar for quality and sustainability in our industry, exceeding regulations while continuing to offer our customers products of the highest quality. We continue to enhance our Advanced Crystal² process to ensure continuous improvement in the way we manufacture and test our products.

Collaborating to exceed legal requirements

Our CLEAR program helps us to respond effectively to legal requirements. However, our customers are often keen to go beyond compliance, in line with their own sustainability goals. We partnered with customers from diverse industries to develop a limited assortment of crystals with a lead content below the usually accepted standards, which can be offered on a special request via a customized solution. This entailed working in partnership with our raw materials suppliers and production and altering our inspection and storage process in order to ensure compliance with the lower limit.

Building momentum

We will continue to evolve our product compliance program in line with global regulations, consumer scrutiny and customer requirements, tailoring our approach to meet the diverse challenges faced by different industries. In this way, we aim to ensure the highest product compliance standards and consistently improve the quality and safety of our products.



¹ Source: Tech Clarity Report <http://www.ptc.com/File%20Library/Topics/Product%20Analytics/Tech-Clarity-Infographic-Regulatory-Explosion.pdf>

² Crystal glass and all other materials containing 0.009% lead or less.

SUPPLY CHAIN

COLLABORATING WITH SUPPLIERS FOR CONTINUOUS IMPROVEMENT



Swarovski respects the human rights of everyone who contributes to our business – both our employees and the people working in our supply chain. We are committed to developing strong relationships with our suppliers and partnering with them to improve the social and environmental performance of their factories. For us, this is fundamental to securing a reliable, sustainable supply of high quality raw materials and goods.

By introducing a program of continuous improvement, we are taking collaborative action to identify and address sustainability risks, strengthening the resilience of our business while upholding Swarovski's longstanding focus on caring for people and the environment. This will also help us to respond effectively to the increased transparency required by our customers and other stakeholders.

SUPPLY CHAIN HIGHLIGHTS

RJC

The Swarovski Gemstones Business and our US-based personalized jewelry business Chamilia have both achieved Responsible Jewellery Council accreditation.

RSI

Our Responsible Sourcing Initiative (RSI) was set up in 2014 to help suppliers maintain focus on respecting workers' rights

Our approach

Our supply chain comprises a significant proportion of our own factories, together with external suppliers. We take a structured approach to monitoring and improving the social performance of our supply chain, beginning with the areas where we stand to deliver the most impact: our own factories and suppliers of finished goods, raw materials and components for production. This is a long-term commitment, and will encompass efforts to address the complex, multi-faceted issues within our wider supply chain.

Through our Responsible Sourcing Initiative (RSI), established in 2014, we are helping our suppliers to maintain a keen focus on

respecting workers' rights, including by monitoring working hours or improving health and safety in factories. Beyond monitoring working conditions through audits, we also strive to strengthen performance and empower our suppliers with knowhow, where needed.

We are investing time, energy and resources in this ambition, including by expanding our CSR team to assess and advise our own factories and suppliers. Through our assessments, we identify gaps in factories in a systematic way. We analyze the root causes, appoint local specialists (where necessary) to advise and support factory managers, and build capacity by developing targeted training and improving management systems.

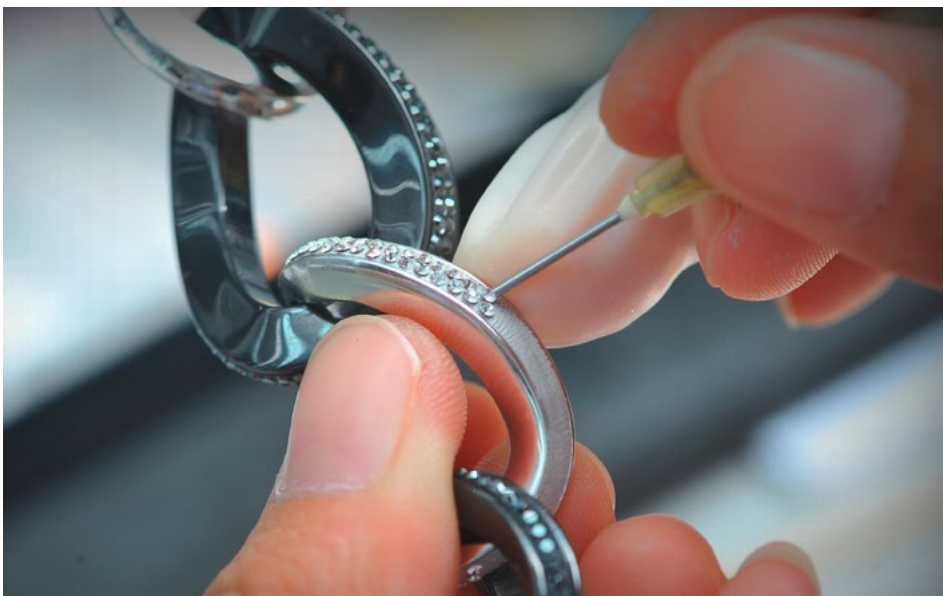
Improving standards in Swarovski factories

In 2013-14, our factories in Thailand (the Marigot Jewellery Company and Swarovski Gemstones Thailand) and Austria (the Swarovski Gemstones Business) were audited against the Sedex Members Ethical Trade Audits (SMETA) or an equivalent international recognised standard. With some 7,600 employees working at these factories, more than a quarter of our workforce, protecting their rights and wellbeing is vital to our future success.

In addition, we implemented various programs in our factories to introduce sustainable measures. For instance, at Swarovski Gemstones Thailand, we undertook a 'Happy and Safe Workplace' initiative to improve health and safety practices. A committee of managers and workers identified opportunities for improvements and took actions to remediate issues. For example, we invested in more advanced personal protective equipment (including safety shoes, better mouth-guards and eyeglasses), updated machines to reduce noise emissions, and increased indoor air quality with upgraded air-conditioning. We also improved the insulation around ovens to reduce the risk of workers coming into contact with hot surfaces. We have implemented the 5S¹ workplace organisation method to help ensure standards are maintained.

Towards Responsible Jewellery Council accreditation

The Responsible Jewellery Council (RJC) is an international not-for-profit standards and certification organization. Its 600 members span the jewellery supply chain from mine to store, and commit to being independently audited against the RJC Code of Practice, an international standard defining responsible business practices on diamonds, gold and platinum metals. Both the Swarovski Gemstones Business and our US-based personalized jewellery business unit, Chamilia, became RJC members in 2014.



SWAROVSKI GEMSTONES BUSINESS AND CHAMILIA PREPARE FOR RESPONSIBLE JEWELLERY COUNCIL CERTIFICATION

In 2013-14, Chamilia and Swarovski Gemstones Business prepared for their first RJC audits, with Chamilia achieving a three-year certification in June 2015 (prior to that, it was certified in line with the Signet Responsible Sourcing Protocol) and Swarovski Gemstones Business also achieving a three-year certification in September 2015. Becoming members of a globally respected certification body will help us to streamline our response to customer requests for sustainability data, demonstrate our ethical commitment and maintain our competitive edge in the global jewellery marketplace.



THE RESPONSIBLE JEWELLERY COUNCIL'S PRINCIPLES AND AIMS REFLECT AND COMPLEMENT

SWAROVSKI'S OWN CORE VALUES. BY COMMITTING TO RESPECT THE RJC CODE OF PRACTICE, WE ARE OFFERING AN IMPORTANT NEW LEVEL OF TRANSPARENCY TO CUSTOMERS, ENHANCING OUR LEADERSHIP POSITION IN THE GLOBAL MARKETPLACE AND RECONFIRMING OUR COMMITMENT TO RESPONSIBLE BUSINESS PRACTICES IN OUR GEMSTONES SUPPLY CHAIN.

Daniel Cohen,
Executive Board Member,
Swarovski Gemstones Business



WE ARE DELIGHTED THAT THE CHAMILIA BRAND HAS RECEIVED THE CERTIFICATION OF THE ESTEEMED RESPONSIBLE JEWELLERY COUNCIL. IT IS SO IMPORTANT THAT THE INDUSTRY COOPERATES WITH STANDARDS TO ENSURE BUSINESS PRACTICES BENEFIT THE CONSUMER AND OUR WORLD. COOPERATION WITH THESE PRACTICES IS OF THE UTMOST IMPORTANCE TO THE CHAMILIA BRAND."

Catherine Ottaviano,
Chamilia Vice President, Global
Merchandising and Marketing

Raising the bar in our supply chain

Through our Responsible Sourcing Initiative (RSI), established in 2014, we are supporting our suppliers of finished goods in respecting the tenets of our Supplier Code of Conduct. By adopting a global approach, we aim to assess suppliers and raise standards in a systematic way, taking a proactive stance on ethical and environmental issues.

We ask our suppliers within all our direct spend procurement categories (those providing goods that feed into our end products) to sign and respect the Code. We have made the code easily accessible for suppliers via an online portal, connected to our Supplier Management System.

We allocate a risk level to each factory and require selected key suppliers to conduct a self-assessment of their business and sustainability practices. Based on our own rigorous criteria, the assessment helps to identify risks and opportunities for improvement. We explore participating suppliers' approach to improving labour conditions by means of a third party assessment (such as the RJC, SMETA and SA8000 standards), or our own internal labour assessment (based on the SMETA standard). In future, we aim to streamline this process, reducing the number of external standards used to monitor supplier performance without obliging suppliers to duplicate audits.

We recognize that issues arising in factories are often complex, with no single solution, and therefore take a consultative approach to helping factory owners with remediation activities. Our CSR and Corporate Procurement teams collaborate with suppliers to develop corrective action plans based on their specific needs. Through a process of continuous improvement and ongoing dialogue, we help factories to improve their management systems and take actions designed to yield robust results over the long term.

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¹ 5S is a respected Japanese workplace organization methodology.

SUPPORTING OUR FIGURINES ASSEMBLER WITH IMPROVING HEALTH AND SAFETY STANDARDS

We aim to collaborate with all our suppliers to help them achieve our rigorous health and safety standards. A key component of our Responsible Sourcing Initiative is to enable our suppliers to perform in a productive and sustainable way, and empower them with knowledge and expertise, in parallel to monitoring their progress via audits. In 2014, we supported a Thailand-based assembler of crystal figurines in successfully completing a labor audit. We conducted a gap analysis to understand how well the supplier performed against our standards as well as local regulations. Based on this, we reviewed its production processes using trusted quality management tools, and shared knowledge and best practice on health and safety. In particular, we provided knowhow from across our business, including our Production, Corporate Procurement, CSR and Legal teams. Within just two months, we helped the supplier to address the issues identified and moved quickly to implement solutions, such as adopting best practice in storing hazardous chemicals. As a result, the supplier successfully passed an independent labour audit, showing significant improvements in health and safety practices (cutting non-conformances by 75%) and documentation, as well as its overall approach to improving labor conditions. Looking ahead, we are committed to supporting the company with the necessary expertise to implement sustainable measures and strive for continuous improvement.



Striving for transparency and continuous improvement

Since 2014, we have begun asking our raw materials suppliers to respect our 'Extractive minerals policy'. We are increasingly seeking to gain improved visibility of the origin of materials and we take the necessary steps to prevent conflict minerals from entering our supply chain.

In particular, the Swarovski Gemstones Business has conducted extensive country studies to identify risks and opportunities related to genuine gemstones mining. Starting with two of our most important minerals, we have explored pressing supply chain issues in depth, and will draw on this knowledge as we step up our efforts to address this industry-wide issue and improve transparency in the genuine gemstone supply chain.

We aim to scale up our Responsible Sourcing Initiative among key suppliers in high risk production countries, and will strive to make the program as efficient as possible for participating factories. We will continue to build capacity through focused training and tailored, leading-edge advice for factories, as we partner with them on our journey to supply chain resilience.

SWAROVSKI

SWAROVSKI SUSTAINABILITY REPORT 2015
FACTSHEET 7

EMPLOYEES

HELPING OUR EMPLOYEES TO THRIVE



Our people play a vital role in our ongoing success. Our founder, Daniel Swarovski, had a keen understanding of the importance of caring for our employees and enhancing their knowledge and skills. Today, the health and safety of our employees continues to be our top priority. Further, our vision is to be a truly attractive employer and a top global learning organization. We strive to empower our people with equal learning and development opportunities, ensure they are happy at work and have the tools and resources they need to give of their best. In this way, we will take employees' performance – and the performance of our business – to the next level.

We are taking action on fulfilling our vision in four principal ways: promoting strong leadership, supporting the development of a global skills curriculum, launching an online learning resource for employees, and creating opportunities for developmental mentoring.

EMPLOYEE HIGHLIGHTS

78%

Our employees continue to be proud to work for Swarovski (78%) and are motivated to go beyond their defined job responsibilities (75%).

WEPS

We signed the UN's Women's Empowerment Principles (WEPS) – which provide guidance to businesses on empowering women in the workplace, marketplace and community – in March 2014.



AS A LEARNING ORGANIZATION, WE TAKE OUR VALUES VERY SERIOUSLY AND STRIVE TO REFLECT THEM ACROSS ALL OUR LEARNING AND DEVELOPMENT ACTIVITIES, FROM DESIGNING INNOVATIVE TRAINING OPPORTUNITIES TO FOSTERING TEAM SPIRIT AND REWARDING PERFORMANCE.

Petronella Lockhart,
Vice President Global Learning and Development, Swarovski



Promoting employee health and safety

We are committed to ensuring the health and safety of all our employees. Our comprehensive safety framework includes robust measures to prevent workplace incidents, together with rigorous workplace monitoring and assessments. We comply with health and safety regulations in the locations where we operate and employ safety specialists to optimize structural, chemical and mechanical safety. Importantly, we encourage our employees to play an active role in maintaining a healthy and safe work environment, including by delivering relevant training, and provide our production employees with protective clothing and equipment.

Taking motivation to new heights

As part of our commitment to being open and transparent with our employees, we conducted our second global employee survey¹ in 2014. We shared the results with managers and all employees across the business to help drive progress and practical improvements.

Our employees continue to be proud to work for Swarovski (78%) and are motivated to go beyond their defined job responsibilities (75%). Additionally, engagement levels – the extent to which employees are committed and willing to go the extra mile – have increased

by 1% since our 2012 survey, and enablement – the extent to which employees feel supported and empowered to perform well in their job – has increased by 5% to 66%. These are both in line with global norms.

Forging a path to continuous learning

We established a global, centralized learning and development department in 2013, in order to cultivate a universal approach to providing employees with fair and compelling opportunities.

– Nurturing tomorrow's leaders

We are forging a strong network of leaders across the business while helping our people to become more effective managers and leaders. In 2014, we re-launched our Leadership Academy, in partnership with Ashridge Business School. This entailed developing our leadership culture and creating comprehensive learning and development programs for participants, setting the tone for future generations of leaders at Swarovski. Some 40 of our senior leaders contributed their views, including members of the Executive Board, and 100 employees had begun learning journeys by the end of 2014, with 165 nominated for 2015. We plan to measure the impact of their learning within the business.

– Supporting our retail employees

Elsewhere, we have founded a Retail Academy to help employees throughout our Consumer Goods Business gain valuable skills and knowledge on sales, customer service, management and leadership. The Retail Academy will play an integral role in shaping one global, consistent voice and message for consumers. In particular, it will focus on enhancing customer experience in our stores and helping store managers to coach and lead their teams effectively. We created the concept and the curriculum – which includes 25 courses – in 2014, and some 18,000 users in diverse markets have taken part in our global pilot, completing 35,000 learning hours to date. Building on this effort, we plan to launch the program in 2016.

– Fostering a global learning culture

Our new e-learning initiative – Virtual Ashridge – empowers our employees to manage their personal development and gain valuable insights into business and management. Devised by Ashridge Business School, the initiative comprises a collection of online learning materials. It is available in 14 languages and spans 12 core subjects, from leadership and strategy to personal effectiveness, and is designed to cater for different learning styles. Any Swarovski employee can log in from home or remotely via a tablet or smartphone. Our employees made 7,500 visits to the site in its first ten months, reviewing 50,000 resources.

– Mentoring for success

Some 20 people in Männedorf took part in our mentoring pilot program, learning valuable insights that will help them to develop their careers, build trust in our leaders and spark fresh conversations with their teams. In 2015, we will bring the program to Asia Pacific, with 41 people across the region set to take part over the year. We will also begin another wave of mentoring in Europe, including a 'Train the trainer' event to help expand the initiative across the continent. We take a developmental, collaborative mentoring approach, with both the mentor and mentee sharing learning experiences and knowledge.

Improving performance, pay and benefits

At Swarovski, we aim to create a high performance culture in a sustainable way. This means providing employees with the right tools, environment, conditions and leadership for them to perform at their best. The more engaged our employees, the longer they stay with the company, contributing to our success and reducing staff turnover.

We adopted a more systematic approach to performance management in 2013, and established a direct link between performance and pay in 2014. Our managers receive comprehensive support in setting clear expectations, as well as coaching employees, and measuring and rewarding performance.

Recognising the Swarovski Spirit

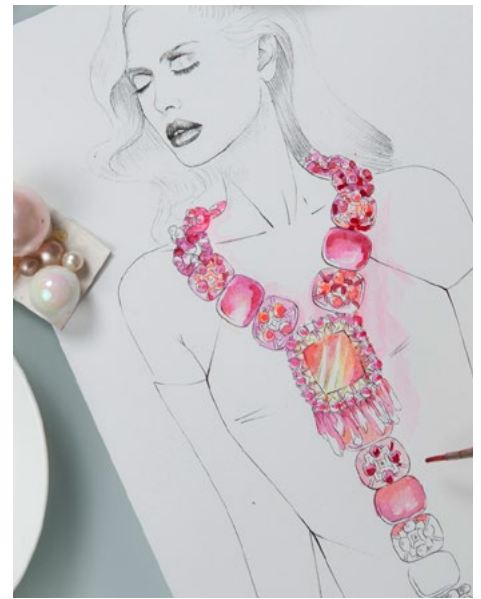
Every year, we hold the Swarovski Spirit Awards to celebrate employees' achievements in delivering our vision, living our values and adding sparkle to people's everyday lives. We also recognize employees' achievements in key areas including leadership, business growth and innovation. Hundreds of nominees make it through to the annual shortlist, which is shared with the Executive Board. In 2014, we received 500 nominations (2% of our employees) from every country and region, and recognized 15 employees with 'Shooting star' awards, presented by our Executive Board at a special ceremony in Austria.

Celebrating diversity

We are a diverse organization with a predominantly female workforce (70%), and strive to offer equal opportunities to all employees, regardless of gender, race, age or social background.

We signed the UN's Women's Empowerment Principles (WEPs) – which provide guidance to businesses on empowering women in the workplace, marketplace and community – in March 2014. In the workplace, our equal opportunities programs support women in progressing to management positions and encompasses further initiatives such as breast-feeding areas, cervical cancer screening, pregnancy lectures and post-pregnancy adaptation. We continuously seek to improve these schemes to respond more effectively to employees' needs. Within the community and broader marketplace, we have taken multiple steps to empower women in 2013-14. For example, we have raised awareness of campaigns such as Girl Rising (a campaign to give more girls access to education) and invited female employees to support the Swarovski Foundation's partnership with global charity Women for Women International. Elsewhere, we have sponsored the annual Trust Women Conference, which unites businesses, legal professionals and human rights pioneers to promote women's rights.

In 2013-14, we increased the proportion of female Executive Vice Presidents (EVPs) at Swarovski with the appointments of two new female EVPs. We also promoted a senior female employee to the position of Managing Director at Swarovski France. Some 30% of Managing Directors across our European region are female.

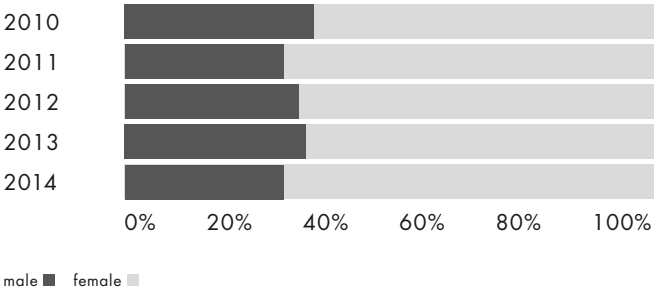


SIGNING UP TO THE WEPs
WILL HELP US TO PROVIDE A
COMPREHENSIVE APPROACH TO
ACHIEVING GENDER EQUALITY AT
SWAROVSKI, AND WE WILL WORK
TO ENSURE THAT ITS PRINCIPLES
ARE FULLY INTEGRATED INTO
OUR DIVERSITY AND INCLUSION
PROJECTS.

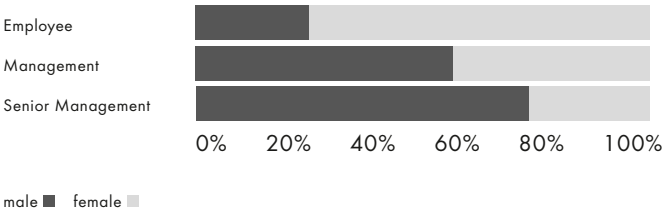
Nadja Swarovski,
Executive Board Member



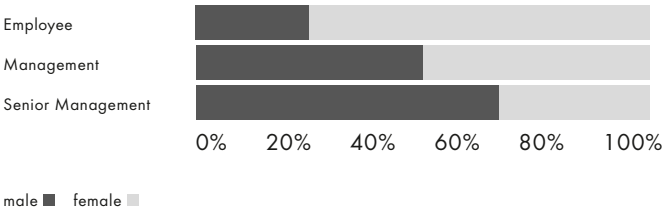
TOTAL EMPLOYEES BY GENDER



DIVERSITY MALE/FEMALE 2014



DIVERSITY MALE/FEMALE 2013



Based on data from Männedorf, Plattsburgh, Triesen, Wattens, Bangpree, Marigot Ayutthaya, Marigot Bangpoo, and since 2013/14 Pune and Vietnam



Gathering momentum

Looking to the future, we will develop a new recruitment framework, through which we aim to enhance the 'candidate experience', thereby enhancing our reputation as an attractive employer. We also hired a global inclusion and diversity manager in 2015 to cultivate a more focused, strategic approach to diversity and inclusion, and expand our WEP efforts.

We will develop a centralized employee management system to further improve transparency of our workforce. Additionally, we will continue to tailor learning programs to suit different generations and learning styles, including by expanding our e-learning portfolio and researching the potential of learning apps and gamification. Towards the end of 2015, we will launch a new Marketing Academy to support our sales, marketing and communications colleagues. Through our 'Women in leadership' project, we will seek to support more women in taking on senior roles.

Above all, we will focus on improving and maintaining our inclusive culture, and helping all our employees to thrive.

¹ The 2014 Swarovski Employee Survey was conducted in line with Hay Group's methodology. The results were compared with data from 400 companies worldwide and 5.7m employees.



ENERGY AND EMISSIONS

USING ENERGY EFFICIENTLY AND CHAMPIONING RENEWABLE ENERGY



Protecting the planet and tackling climate change are among the biggest challenges for humanity. Our world's population must embrace sustainable sources of energy if we are to live within the natural limits of the planet and maintain the conditions we need to thrive. At Swarovski, we are committed to playing our part in reducing carbon emissions and preventing climate change, including by adopting renewable energy and using energy efficiently.

Conserving energy and lowering emissions is also integral to maintaining our ability to operate successfully in the long term. The manufacturing of crystal, genuine gemstones and created stones accounts for a significant proportion of our energy use, and therefore we continuously innovate to reduce our energy footprint.

Striving for continuous improvement

We stay alert to changing energy and environmental regulations and regularly identify opportunities to reduce our energy consumption by increasing our use of renewable energy, adopting novel energy efficiency measures or recovering heat generated in production.

The Swarovski Crystal Business takes a global approach to addressing environmental issues, and where possible, we collect data on a global scale. Our greatest opportunity to reduce our environmental footprint lies with our flagship crystal manufacturing site in Wattens, Austria, where we use significantly more energy than at any of our other facilities.

Sustainable energy use is a growing area of focus for us, and we are committed to complying with the energy regulations in the countries where we operate. In particular, our Wattens site is committed to respecting the 2030 European Union goals of cutting greenhouse gas emissions (GHGs) by 40%, increasing use of renewables by 27% and improving energy efficiency by 27%. We have already achieved the renewable energy target and continue to seek improvements while pursuing the remaining targets. This will involve a thorough assessment of current risks and opportunities, new KPIs (2005 will be the baseline year) and specific, targeted measures.

ENERGY AND EMISSIONS HIGHLIGHTS

24%

Our total energy consumption has declined by 24% since 2010, due in part to our consistent focus on energy efficiency at a global* level.

34%

We experienced a decrease of 34% in Scope 1 emissions at our Wattens site in 2014 compared to 2010

55%

Globally¹, 55% of our energy consumption is derived from renewable sources.

¹ Global data refers to data from all locations for which data has been collected for this report. As outlined in the 'About this Report' section, these locations are: Wattens, Austria; Triesen Liechtenstein; Plattsburgh, USA; Marigot Jewelry Thailand (Ayutthaya & Bangpoo); Swarovski Gemstones Thailand (Bangplee); Männedorf, Switzerland; Pune, India; and Vietnam.



Cutting energy use worldwide

In 2013-14, our energy consumption declined by 20% from 382,624,893.67 kWh in 2012 to 307,971,218.66 kWh in 2014. We have achieved this decrease despite adding two more production sites to our reporting scope in 2013-14. Overall, our total energy consumption has decreased by 24% since 2010, due in part to our consistent focus on introducing energy efficiency measures at a global level. Since 2013, we have required our plants to measure and report on Scope 1 emissions (direct emissions generated by our own operations) and Scope 2 emissions (indirect emissions arising from the consumption of purchased electricity, heat or steam) in all of our main production sites.

TOTAL ENERGY CONSUMPTION (GWh)*

2010	402.8
2011	407.6
2012	382.6
2013	350.2
2014	307.9

* Based on data from Männedorf, Plattsburgh, Triesen, Wattens, Bangpalee, Marigot Ayuthaya, Marigot Bangpoo, and since 2013/14 Pune and Vietnam

We have reported on the carbon footprint of our Wattens production site since 2010, experiencing in 2014 a decrease of 34% (Scope 1 emissions) since our initial measurement.¹ The German audit and certification body TÜV has approved the calculation of our Scope 1 emissions.

GHG EMISSIONS SCOPE 1 AND SCOPE 2 (kt CO₂eq)*

2010	21.2	
2011	20.8	
2012	18.7	
2013	13.9	45.6
2014	13.9	46.7

Scope 1 ■ Scope 2 ■

* Based on data from Männedorf, Plattsburgh, Triesen, Wattens, Bangpalee, Marigot Ayuthaya, Marigot Bangpoo, and since 2013/14 Pune and Vietnam

CUTTING ENERGY IN THE GLASS SMELTING PROCESS

We have taken some important strides towards reducing the natural gas consumption and therefore carbon footprint of our glass factory in Wattens. We began working towards a more efficient heating technology for the glass smelting processes back in 2011.

Following an evaluation of the available technologies, we picked the state of the art oxygen-burner technology for use in our glass melting furnaces. This technology uses pure oxygen instead of air for the combustion process and cuts the volume of natural gas by half. Our technical team collaborated with our production colleagues to adapt the technology, and installed it in every melting furnace by the end of 2013. Building on this effort, we launched a pilot project in 2014 to equip pot furnaces (used for the production of colored glass) with the new technology, and will begin the process of upgrading every furnace in 2015 by replacing the existing oil burners with natural gas or oxy-fuel burners.

Optimizing energy efficiency

Optimizing our energy efficiency is an ongoing challenge, with colleagues across our production and process engineering teams collaborating to develop new solutions and improve our performance. In 2013-14, we took steps to improve the breadth and quality of the energy consumption data we collect, including by investing in an advanced data management system to capture and analyze this information at a Group-level.

ANALYZING OUR ENERGY REQUIREMENTS IN DEPTH

We have opted for a new 'SmartEnergy' service to improve energy efficiency and generate cost savings in the production process. Using our new smart meters, which are installed across our Wattens plant, we can now monitor our energy consumption at the factory with greater precision and conduct in-depth analyses of our energy requirements. Consequently, our process engineering team has developed plans to cut energy use and tested various energy efficiency initiatives, carefully comparing the results and identifying the most effective solutions. For example, through this 'SmartEnergy' project, we aim to achieve substantial energy and water savings in our silvering - thermoforming plants, decreasing the consumption of cooling water by 90%.

Reducing energy use together

Using energy more efficiently is a collective task and by encouraging employees to play their part, we aim to make more progress on this important issue. In 2012, we launched our 'Green and Healthy Living' initiative in London to encourage office employees to participate in reducing our energy use. We have now expanded the program to our offices in Wattens, Männedorf, Paris, New York, Singapore, Hong Kong and Thailand.

Through this program, we raise awareness of environmental issues and promote responsible behaviors such as turning off computer equipment and lights when not in use and using heating and cooling systems efficiently. Survey results from London, where the program is most mature, show that nearly 90% of our employees value the program's initiatives and actions.

Opting for renewable energy

We have a longstanding focus on renewable energy. The location of our crystal production business in Wattens goes back to our founder Daniel Swarovski's vision to harness the power of the Inn and Wattenbach rivers to power our manufacturing activities. Globally, 55% of our energy consumption is derived from renewable sources.

In Wattens, 33% of our electricity comes from our own hydro-electric plant, with a further 27% purchased from renewable energy generated sources and 40% derived from our co-generation power plant.

We are committed to increasing our use of self-generated energy in order to gain more control over the environmental impact of our operations, and create further opportunities to make reductions.

Harnessing the power of solar energy could play an important role in this effort. For example, our logistics center in Triesen produces 26,000 kWh annually from solar panels used for heating, and our plant in India uses solar water heating in the production process.

We introduced solar panels at our SGT factory in Thailand at the beginning of 2014 in order to heat the water we use in our production. This project stands to deliver energy savings of approximately 12,500 kWh per month.

Prioritizing renewable energy in our procurement processes remains central to expanding our use of renewables. For example, we now source 100% of the electricity required for our Wattens plant from renewable sources, up from 90% in 2012. Where we still source fossil fuels, we opt for natural gas, in order to lower our impact on the environment.

RENEWABLES VS NON-RENEWABLES 2013–14*

2013	45.1%	54.9%
2014	44.9%	55.1%

Non Renewables ■ Renewables ■

* Based on data from Männedorf, Plattsburgh, Triesen, Wattens, Bangplee, Marigot Ayutthaya, Marigot Bangpoo, and since 2013/14 Pune and Vietnam



IMPROVING ENERGY EFFICIENCY AT SWAROVSKI GEMSTONES THAILAND

At our Swarovski Gemstones Thailand (SGT) factory, we are targeting a 5% reduction in energy costs on an annual basis. In late 2014, we took steps to understand our energy use in depth by installing kWh meters for every department. In this way, we have identified high consumption areas (typically areas where there is a high density of machines and air-conditioning units). In light of these findings, we have re-organized our working day so that all workers take their lunch break at the same time, yielding a period of downtime when energy-intensive machines are not in use. This has reduced the electricity consumption during lunch breaks by 59%. Air conditioning accounts for some 60% of energy use at SGT, given the hot climate and heat generated within the factory. We regularly service our air conditioning units to keep them running as efficiently as possible, and are investigating adding energy-saving technology to each unit, in order to reduce energy use by up to 30%. In the future, these units will be replaced with a more efficient chiller system. In 2014, our SGT factory made a 3% energy saving on 2013. By gaining a greater insight into our energy use and implementing robust energy efficiency measures, we have already exceeded our target in the first seven months of 2015, compared to the same period in 2014, reducing energy costs by 9.6%. We plan to review our energy consumption on a regular basis to identify opportunities to make further improvements.

Recovering waste heat

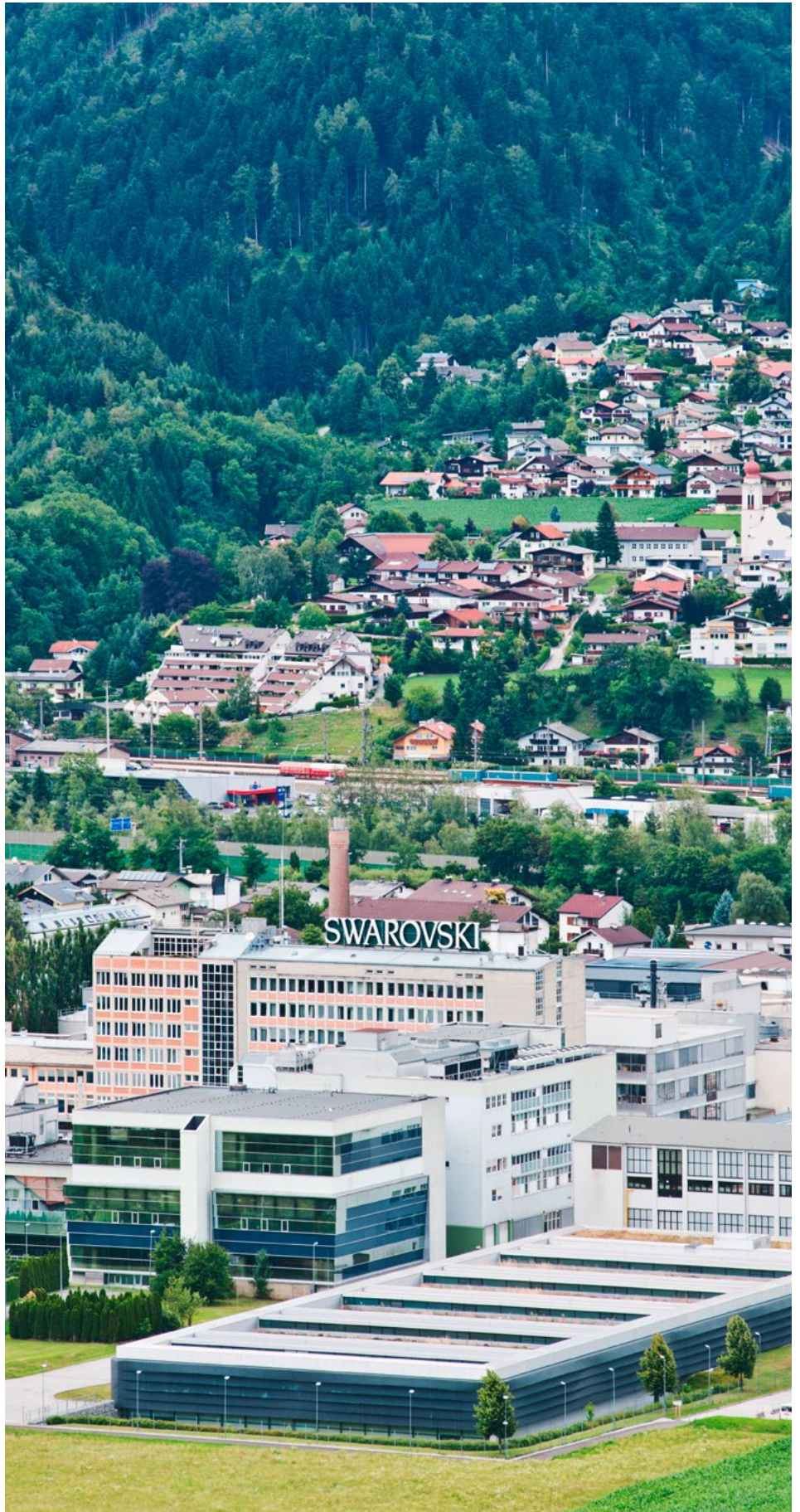
We use waste heat from the crystal production process in Wattens for heating and ventilation in the plant. For the past three years, we have also channeled excess heat from the production process to approximately 500 households in Wattens, helping to meet the town's needs for renewable energy. Ongoing improvements in part of the Wattens manufacturing site and the municipal district heating system could help the town make significant savings in oil and gas used for heating, reducing its carbon footprint by appr.26.000t CO₂.²

Eyeing an energy efficient future

Looking ahead, two of the main ways in which Swarovski aims to improve energy efficiency are improving building infrastructure and renewing machinery. We aim to create a truly 'lean' factory in Wattens by replacing our older buildings with new low energy buildings, in line with the standards set out by the Austrian Institute of Construction Engineering. These buildings will feature heat insulation measures, and initiatives to capture waste heat and smart air conditioning, for example. Additionally, current machinery will be replaced with more energy efficient alternatives, compliant with the latest safety certifications. Finally, we are striving to gain the ISO50001 Certification for Energy Management in Wattens and the Swarovski Gemstones Business (Thailand) in 2016. By adopting a systematic approach to improving our energy performance on an ongoing basis, we aim to make further strides in improving energy efficiency while reducing our energy consumption.

¹ It came to our attention while preparing this report that the GHG emissions charts included in our previous two sustainability reports were incorrectly labelled as covering both direct and indirect GHG emissions, when in fact the data only covered direct emissions.

² Calculation: QM klima:aktiv



WATER AND WASTE

MANAGING WATER AND WASTE RESPONSIBLY



Water is the source of all life on Earth. As fresh water supplies become scarcer while global demand for water increases, it is the responsibility of every business to use each drop as efficiently as possible. At Swarovski, water runs through the heart of our business. It is the one of the fundamental reasons why Daniel Swarovski located our business in Wattens, Austria in 1895. We use water throughout the polishing, grinding and cutting stages of creating crystals as well as a source of renewable energy.

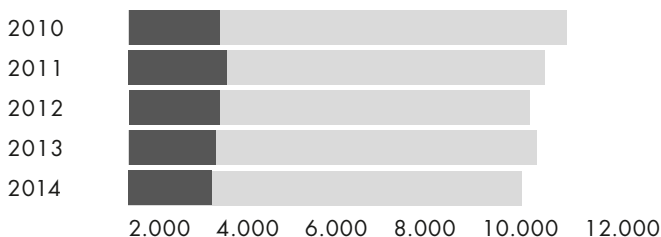
With a deep-seated respect for the environment, we strive to conserve water and maintain a keen focus on water treatment, in order to prevent harmful chemical substances reaching the water supply. Similarly, we take a rigorous approach to managing and reducing waste materials in our production processes, and increasingly in our owned stores.

Using every drop wisely

Swarovski aims to lead the way in water management in the jewellery industry and beyond. In addition to complying with relevant environmental regulations and researching how the chemicals we use may affect the environment, we take a proactive approach to managing water in our manufacturing operations. For example, our Central Water Circulation Systems – innovative closed loop water recycling systems – for grinding and polishing have been in operation since 1990 and 2000 respectively. They keep water circulating at our Wattens production site, reducing the need to draw water from the public water supply.

We have decreased the volume of water used across our sites by 3% since 2010, despite adding two more production locations to our reporting scope.

TOTAL WATER CONSUMPTION ('000 m³)



Total water withdrawal ■ Total water demand satisfied by recycled water ■

Based on data from Männedorf, Plattsburgh, Triesen, Wattens, Bangphee, Marigot Ayutthaya, Marigot Bangpoo, and since 2013/14 Pune and Vietnam

WATER AND WASTE HIGHLIGHTS

68%

We have consistently recycled 68% of the water in our operations since 2010.

28%

of the waste generated in our production processes in 2013–14 was recycled, reused or composted.

90%

We can now recycle 90% of the rare earths used in the polishing process.

Recycling and reusing water in production

We conserve water in our production processes through established recycling and reuse techniques. We recycle and reuse more than twice the volume of water we draw from other sources. In so doing, we have consistently recycled 68% of the water in our operations since 2010.

At the polishing stage of crystal manufacturing in Wattens, we wash uncut crystal fragments with water, feeding any useful materials back into the production process. Some 99.6% of the water is cleaned and recycled. In the next stage – grinding – 99.5% of the water used is treated and recycled. The remaining water from each of these processes is treated at our Operational Wastewater Treatment Plant, along with waste water from other industrial processes on site. From there, it is channelled to the municipal water treatment plant, before being returned to the Inn River.

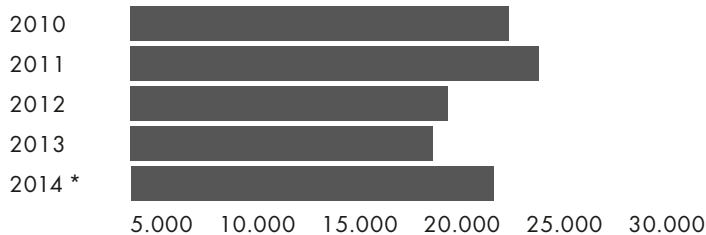
Our Process Engineering team is gaining a clearer view of the energy and water we use in production through a smart-metering 'SmartEnergy' system, in order to identify and develop reduction initiatives. By redesigning the washing process at our factory in Wattens, they have already achieved savings of demineralized water per washing line of up to 11,000m³.

Cutting waste in global production

We generated 24,849 tonnes of waste in 2013-14 through our production processes globally, of which some 28% was recycled, reused or composted. At our Wattens manufacturing site, this figure increases to more than 34%.

* The total waste generated in 2014 appears higher than in 2012 and 2013, as we have included more waste streams in our reporting scope for the majority of our sites, including electronic and printing waste such as toners and ink cartridges, in addition to waste generated in production.

TOTAL WASTE GENERATION (Tn)



Based on data from Männedorf, Plattsburgh, Triesen, Wattens, Banglee, Marigot Ayutthaya, Marigot Bangpoo, and since 2013/14 Pune and Vietnam

Innovating to reuse or recycle materials

We continuously innovate to find new ways to reuse or recycle materials in the production process. Recycled materials account for some 15% of the total volume of materials that we use in Wattens. On-site recycling facilities are in place for specific materials. For example, we have a dedicated facility to clean and shrink any cracked or foiled crystals, so that they can be used again in the production process.



Looking ahead

Following the example of our locations in Marigot, our Swarovski Gemstones Business in Thailand is seeking to gain ISO14001 environmental management certification in 2016.

Finally, we continue to analyze the environmental footprint of our packaging through our packaging review, with a view to selecting more sustainable materials and cutting our carbon emissions. This initiative encompasses, for example, a review of materials and design of product packaging and print materials.

RECYCLING RARE EARTHS IN THE POLISHING PROCESS

We use rare earths in the crystal polishing process to help clean uncut fragments of crystal. This generates waste in a powder form that is filtered into our waste water treatment facilities, eventually emerging as slurry for disposal. In 2013-14, we developed a new process to recycle the waste powder, which allows us to recycle 90% of the rare earths used in the process. We are reusing the powder at the polishing stage and selling the remainder to businesses. This new alternative to disposal protects the environment and conserves natural resources, as well as generating cost savings, both through avoiding disposal costs and buying fewer, virgin rare earths. Inspired by this success, we are also researching opportunities to recycle our grinding slurry.

TRANSFORMING GEMSTONE WASTE INTO CERAMICS

At Swarovski Gemstones Thailand, we are recycling slurry produced in the cubic zirconia manufacturing process and selling it to the ceramics industry. In past years, this slurry was sold back to one of our trusted cubic zirconia manufacturers for re-processing. However, by the end of 2014 this was no longer possible (due to cost reasons at our manufacturer's plant). Determined to find an alternative, we researched the options thoroughly and discovered that the ceramics industry could use the waste in its production processes. We presented the opportunity to various ceramics manufacturers in Thailand, and formed a partnership with a respected local company. Now, we are recycling 100% of the slurry on a monthly basis. Additionally, staying in contact with other ceramics manufacturers in the region will help us ensure the sustainability of the solution by creating robust contingencies for the future.

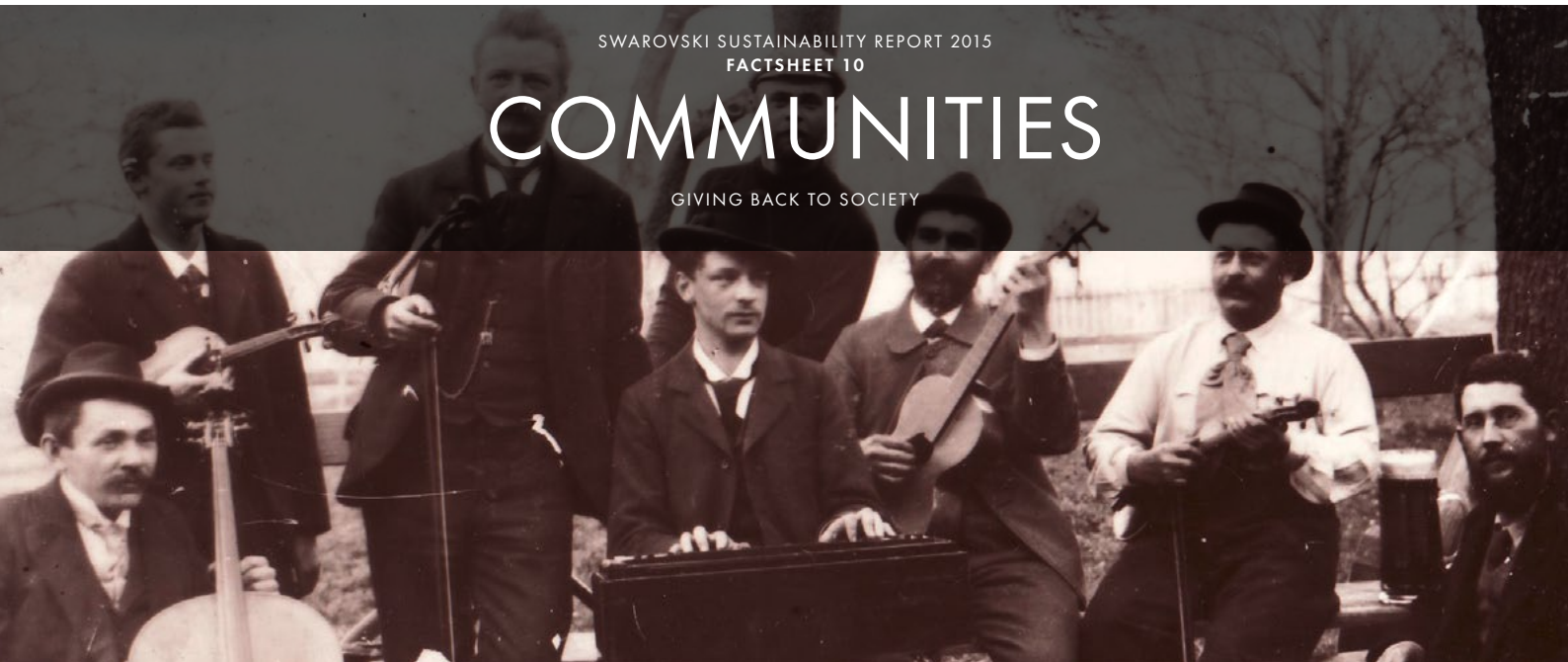


SWAROVSKI

SWAROVSKI SUSTAINABILITY REPORT 2015
FACTSHEET 10

COMMUNITIES

GIVING BACK TO SOCIETY



Swarovski has a longstanding tradition of caring for people and giving back to society. Our founder, Daniel Swarovski, had a clear vision of the responsibility of business – to help future generations to flourish. His commitment to philanthropy and charitable giving is still alive and well in the company today. Supporting local communities and inspiring young people through education is also integral to fostering creativity, a vital ingredient of our success.

Now, as we forge a global vision to guide our community engagement activities, we aim to maximize our impact through long-term projects and partnerships, and support the focus areas of the Swarovski Foundation.

Swarovski Foundation: Championing culture, supporting wellbeing and protecting natural resources

We established the Swarovski Foundation in 2013 to build on our company's rich heritage of philanthropy and giving, upheld by five generations of the Swarovski family. Through strategic charitable giving and stakeholder partnerships, we focus on supporting culture and creativity, promoting wellbeing and conserving natural resources. The Foundation is governed by an external Board of Trustees, drawn from fields including human rights, economics, law and journalism, and chaired by Nadja Swarovski. Together, they help to ensure that we are making tangible progress on our mission.

In 2013–14, we continued our legacy by promoting scholarship and excellence in the creative arts and funding the preservation of significant cultural sites. Additionally, we formed partnerships with progressive organizations seeking to empower women and create a brighter, fairer education future for young people. At Central Saint Martins, London's prestigious fashion school, the Swarovski Foundation Scholarship provided financial support to four final year fashion and jewelry design students in 2013–14. The Swarovski Foundation Centre for Learning, due to open in 2016 at London's New Design Museum, is set to deliver design-led education to some 60,000 learners annually.

We have also joined forces with global charity Women for Women International to help 500 women in Nigeria gain access to education and economic resources, so they can play a leading role in creating peace and prosperity. By supporting US charity Nest, we are helping to restore the ancient silk-weaving tradition of women artisans in Varanasi, India, and fund the provision of clean water and healthcare for their community.

COMMUNITY ENGAGEMENT HIGHLIGHTS

257,000

We have reached 257,000 children through the Swarovski Waterschool program since its inception, worked with more than 2,000 schools, and trained more than 8,700 teachers.

20,000

We have brought access to safe water to 20,000 children in Uganda and improved sanitation facilities, boosting school attendance.

60,000

The Swarovski Foundation Centre for Learning, due to open in 2016 at London's New Design Museum, is set to deliver design-led education to some 60,000 learners annually.

SWAROVSKI FOUNDATION

SWAROVSKI FOUNDATION AND TEACH FOR AUSTRIA

In Austria, we have partnered with Teach For Austria, part of Teach For All, an international network that seeks to improve education for disadvantaged students by supporting strong leadership among teachers. We are supporting Teach for Austria's efforts to expand from Vienna and Salzburg to Tyrol, the home of Swarovski, and beyond. The organization will train talented university graduates to become teachers in schools with a high proportion of children from underprivileged backgrounds, reaching more than 2,700 children during the three-year partnership.



WE ARE IMPRESSED BY NEST'S VISION FOR PROMOTING SOCIAL CHANGE THROUGH TRADITIONAL CRAFT-MAKING. WE HOPE THAT THIS PARTNERSHIP WILL EMPOWER THE WOMEN ARTISANS OF VARANASI TO CREATE HEALTHIER, HAPPIER AND MORE SUSTAINABLE LIVES FOR THEMSELVES AND THEIR FAMILIES.

Nadja Swarovski,
Chairperson of the Swarovski
Foundation



Swarovski Waterschool expands its reach

We established the Swarovski Waterschool in 2000 to reflect our commitment to conserving water, the natural resource that flows through the heart of our business. Through the Waterschool, we focus on: improving access to safe drinking water, water education, and sanitation and hygiene.

We are increasingly connecting our five individual programs – in Austria, India, China, Uganda and Brazil – in a global dialogue and way of thinking. In 2013-14, we worked closely with our NGO partners – who implement the Waterschool program on the ground – to understand how we can work together in a more harmonized way. We aim to help each country share best practice and adopt innovative teaching techniques, including by developing global teaching materials and an interactive online platform.

For example, we have compiled a guide on best practice in water education and participatory learning, and will also provide country-specific guides. In this way, children will be able to put their knowledge into practice in their schools, homes, and communities.

Overall, we have reached 257,000 children through our global Waterschool program since its inception. We have worked with more than 2,000 schools globally, and trained more than 8,700 teachers. Meanwhile, some 565,000 community members have taken part in the initiative. We continuously seek to understand how our work is changing behavior and attitudes.





SWAROVSKI WATERSCHOOL EXPANSION

In 2013–14, we expanded our Waterschool program to Brazil. We are working with the Earth Child Institute in Santarém in the Brazilian Amazon – a riverside location where local communities are affected by issues including overfishing, dam-building, ineffective water treatment, heavy flooding and chemical pollution. Students and teachers from local schools will be trained to deliver the Waterschool program in their respective schools. Some 35 schools have already signed up to the initiative. Over the next two years, one student and one teacher from each school will receive water education training. After each of four training workshops, they'll return to their schools with new knowledge and skills to deliver a different aspect of the program. We are asking each school to develop its own project and invite a further two schools to participate. In 2015, we aim to reach 2,400 children in 105 partner schools.

Waterschool performance highlights

- CHINA** Some 101 schools at our nine locations along the Yangtze River have integrated water education in their curriculum, with a minimum of an hour's water tuition a week. Our partner, the Shangri-la institute for Sustainable Communities, has also helped teachers gain the confidence to lead field trips.
- UGANDA** We have brought access to safe water to 20,000 children at 20 schools through a gravity flow system and rainwater harvesting, and installed sanitation facilities, boosting school attendance and reducing absenteeism among teenage girls.
- INDIA** We expanded our Waterschool programme to 24 schools in Ranthambore, and welcomed the former President of Finland, Tarja Halonen to a Waterschool initiative in Bharatpur.
- AUSTRIA** We have re-launched our improved mobile Waterschool program, through which children from Austria take part in a four-day water education course. 'Water youth clubs' are set to be a new feature of the program, and in the long term, we aim to establish an exchange with schools in developing communities.

Please [click here](#) for a short film on the Swarovski Waterschool.

Caring for our communities

Caring for our communities starts with looking after our employees. We aim for all our people to lead an enjoyable and fulfilling work life, and contribute positively within their communities. For example, we first formed an employee cycling club in the early 1900s. Today, we have many thriving sports activities for employees. We listen to our people's ideas and aspirations, and seek to understand our local communities' needs. Through all our efforts, we aim to reflect our imaginative spirit and culture of creativity, while creating real impact on the ground.

We remain committed to our future in Austria, where Daniel Swarovski founded our business in 1895, and recently re-opened the Kristallwelten (Crystal Worlds) in Wattens, following a comprehensive program of expansion in 2014. We hope that it will continue as an important local tourist attraction.

Swarovski also seeks to inspire and educate future generations of employees at a local level, including by supporting Innsbruck University with student research donations. We maintain an open dialogue with the University, offering them the opportunity to direct the funding where it is most needed. In this way, students in diverse subject areas are able to build their academic careers and embark on progressive research projects. In 2014, we granted funding for 17 applicants. In addition, the Swarovski Foundation provides scholarships to around 50 students in the Tyrol area.

INSPIRING EMPLOYEES TO PROTECT THEIR ENVIRONMENT

Swarovski encourages employees to participate in community engagement activities. For example, we are sponsoring scientist James Balog's (maker of the 'Chasing Ice' film) climate change studies in Austria, and offering our employees the opportunity to support his Extreme Ice Survey first hand. In 2014, Swarovski helped by maintaining the cameras he uses to film the movement of two Austrian glaciers. Since then, we held a competition to offer eight employees the chance to take part. With a keen interest or experience in mountaineering, photography and conservation, our employees are already helping to capture valuable footage of the glaciers. We provide comprehensive safety training, clothing and equipment, and ensure our employees are accompanied by a professional mountaineering guide. Each year, the current volunteer team will help to train the following year's volunteers. >

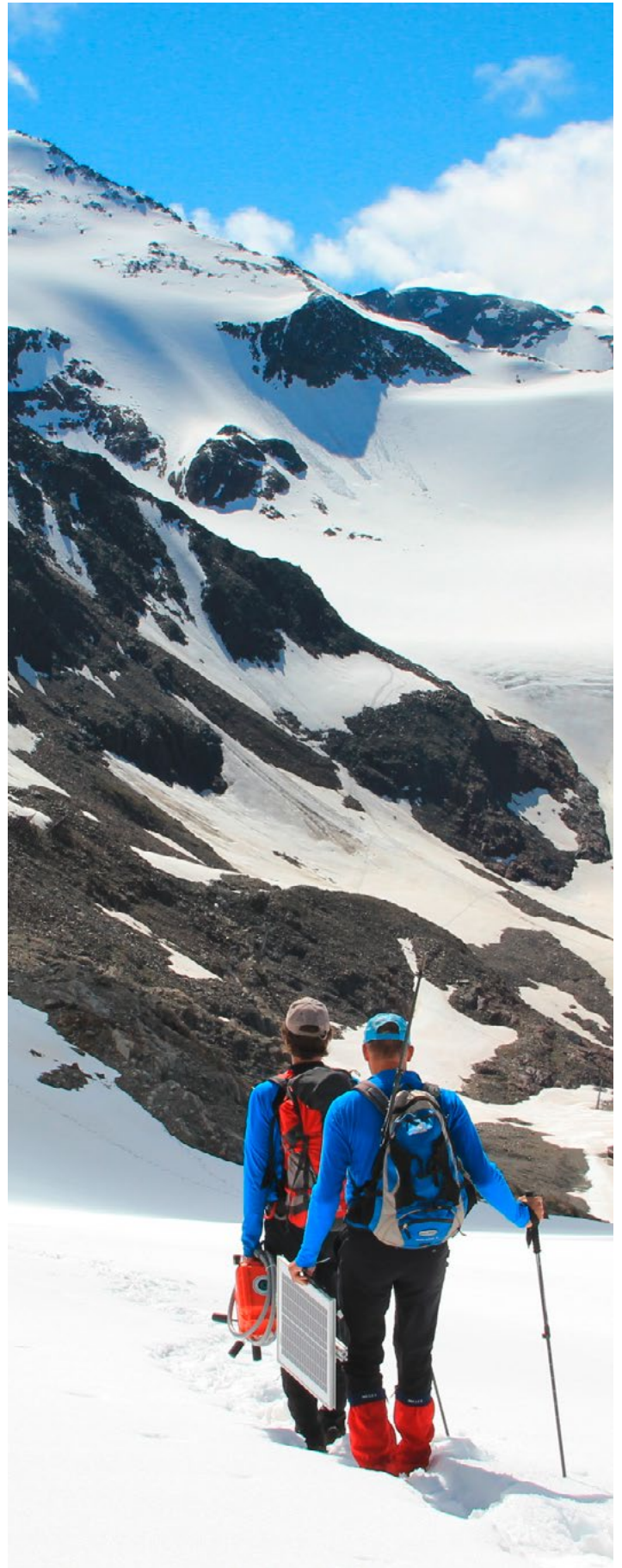
Community engagement highlights

- Some 300 of our employees raised €18,000 for local disadvantaged families by collectively running more than 600km and shooting over 300 goals, as part of Spirit Charity Event.
- Employees in Männedorf raised 25,000 CHF (€23,900) for our Waterschool project in China.
- Swarovski Gemstones Thailand donated clothing for children as part of World Children's Day, renovated a library at a temple school, cleaned the local canal and planted trees with young people.
- The Marigot Jewellery Company donated money to a local elementary school to help fund educational materials and equipment, and attended a lunch for more than 2,500 underprivileged or orphan children.

Looking ahead

As we move forward in 2015 and beyond, we will increasingly strengthen and consolidate our community engagement efforts at a global, country and local level through our long-term strategic partnerships and focused approach to corporate giving. We will seek to increase our impact by building synergies between the initiatives we support.

Importantly, we will measure and communicate our progress to stakeholders, and offer employees more opportunities to support our work, including through volunteering placements with the Waterschool.



SWAROVSKI

SWAROVSKI SUSTAINABILITY REPORT 2015
FACTSHEET 11

SWAROVSKI PROFESSIONAL

LEADING THE WAY IN SUSTAINABLE CRYSTAL MANUFACTURE

Swarovski Professional is the world's leading provider of precision cut crystal for fashion, jewelry, accessories, lighting, architecture and interiors. A family-owned and run business since 1895, Swarovski Professional rapidly earned a global reputation for outstanding quality and unique brilliance. We employ 5,500 employees globally. Our elegant, creative designs and cutting-edge craftsmanship have inspired world-famous designers, artists and architects. As the business-to-business arm of the Swarovski Crystal Business, Swarovski Professional also supports customers with a comprehensive range of design and application services. We enjoy trusted partnerships with major brands including luxury fashion labels, providing them with an array of colors, effects and shapes.

Pioneering the way on sustainability

We lead sustainability in the crystal industry through technological breakthroughs such as our Advanced Crystal¹ formula. As the business unit within Swarovski responsible for manufacturing all of our crystal components, we run a substantial production operation at our Wattens site. We prioritize employee health and safety throughout the production process and continuously seek to improve our environmental performance. Additionally, we support our suppliers in complying with our rigorous product safety program, in order to deliver the high quality, responsibly sourced components our customers require.

SWAROVSKI PROFESSIONAL HIGHLIGHTS

Our pioneering Advanced Crystal formula¹ has raised the bar for product quality and sustainability in the crystal industry.

100%

100% of the electricity we require for our Wattens site is now derived from renewable sources, up from 89.59% in 2012.

34%

The volume of carbon emissions generated directly by our crystal manufacturing operations has declined by 34% since 2010.

69%

69% of our water needs for crystal production in Wattens are met using recycled water.

¹ Crystal glass and all other materials containing 0.009% lead or less



Lowering our environmental impact

Manufacturing crystals accounts for a significant proportion of energy and water use within the Swarovski Crystal Business. It therefore presents us with an important opportunity to reduce our energy footprint and use water wisely, thereby maintaining a healthy, thriving business for future generations.

We are committed to expanding our use of renewable energy, improving energy efficiency and lowering GHG emissions, in line with the European Union's 2030 goals. Importantly, we are addressing our carbon footprint by exploring our energy consumption patterns in depth, including through a new smart-metering service to monitor electricity use at our Wattens plant. Drawing on these in-depth analyses, our engineers are developing innovative solutions to generate energy and water savings. For example, in our silvering-thermoforming plant or installation, we aim to decrease the consumption of cooling water by 90%. We will seek independent verification of our progress in Wattens by undertaking the ISO50001 Certification for Energy Management by 2016.

Renewable energy remains a strong focus for our business, with 100% of the electricity we require for our Wattens site derived from renewable sources. We generate 33% of this

electricity via our own hydro-electric plant, with a further 27% purchased from external renewable sources and 40% obtained from our co-generation power plant.

100% OF THE ELECTRICITY WE REQUIRE FOR OUR WATTENS SITE DERIVES FROM RENEWABLE SOURCES.

Our engineering teams are also researching more efficient heating technologies. For example, at our glass factory, we now use pure oxygen instead of air in our glass smelters. This stands to halve our consumption of natural gas. Building on this success, we plan to upgrade every furnace at the factory in 2015.

We harness waste heat from the crystal production process in Wattens for heating and ventilation in the plant, and share the excess with approximately 500 households in Wattens, helping to lower the town's carbon footprint.

WE HAVE CUT THE VOLUME OF DIRECT CARBON EMISSIONS GENERATED BY OUR CRYSTAL MANUFACTURING OPERATIONS BY 34% SINCE 2010.

Water is central to the polishing, grinding and cutting stages of creating crystals. We take a rigorous approach to conserving water, leading the way in water management

in the jewelry industry and beyond.

In particular, we have developed a closed loop water recycling system to keep water circulating at our Wattens production site, which in turn lowers our demand on the public water supply. Using advanced waste water treatment techniques, we recycle and reuse more than twice the volume of water we draw from other sources. Some 69% of water demand in Wattens is met using recycled water. Overall, water consumption has decreased at our Wattens site by 9% since 2010.

69% OF OUR WATER NEEDS FOR CRYSTAL PRODUCTION IN WATTENS ARE MET USING RECYCLED WATER.

Managing and reducing production waste is vital to fulfilling our ambition to protect the environment. We continuously research new ways to reuse or recycle materials. For example, our on-site recycling initiatives include a dedicated facility to clean and shrink any cracked or foiled crystals, transforming them into raw materials for new products. Elsewhere, we have uncovered a way to recycle the rare earths used for polishing crystals, directing 90% of the waste powder produced back into the polishing process, and selling the remainder to businesses. The total volume of waste generated at our Wattens site has decreased by 18% since 2010.



Striving for excellence in product safety

Our customers' health, safety and enjoyment of our products are vital to our ability to operate successfully in the long term. Using high quality, responsibly sourced materials and cutting edge skills and technology, we innovate to exceed product safety regulations, often before new legislation is introduced, maintaining a strong focus on safety throughout a product's life.

We optimize the chemical content of our products through our mandatory, group-wide Restricted Substance Policy Program, CLEAR. Among the key activities we undertake are monitoring chemicals regulations in key markets, updating our Restricted Substances List (RSL) and supporting our suppliers in meeting our requirements. In this way, we strive to systematically eliminate harmful chemicals from our products and supply chain.

Our progressive stance on product safety will stand us in good stead as customer requirements evolve, consumer scrutiny grows and the volume and complexity of regulations continue to grow. In particular, we have strengthened our approach to complying with upcoming regulations by creating dedicated teams in every business unit across the Swarovski Crystal Business.

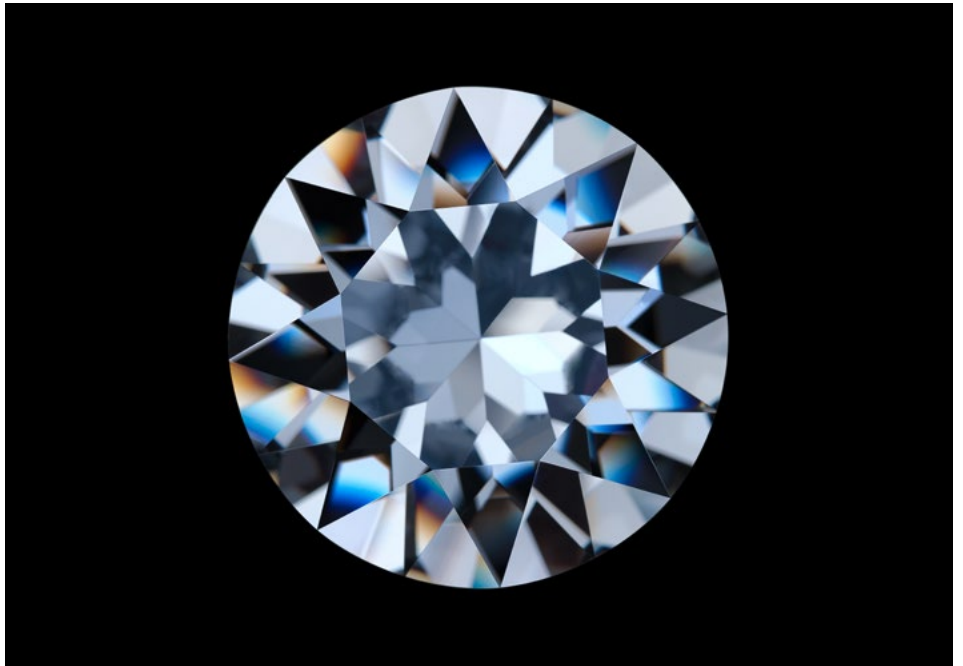
A new benchmark for the crystal industry

Advanced Crystal¹ is the name of our pioneering lead-free¹ formula. We have made all Swarovski-branded products using Advanced Crystal¹ since 2013, creating a new benchmark for the crystal industry in quality and sustainability. Improving our Advanced Crystal¹ process is an ongoing endeavor, with dedicated teams optimizing both the manufacturing and testing stages of production.

OUR PIONEERING ADVANCED CRYSTAL FORMULA¹ HAS RAISED THE BAR FOR PRODUCT QUALITY AND SUSTAINABILITY IN THE CRYSTAL INDUSTRY.

Promoting employee health and safety

We have a longstanding commitment to ensuring the health and safety of our



employees. At a practical level, we keep our employees safe by adhering to an established set of measures to prevent workplace incidents. Encouraging our production teams to be vigilant and alert to potential dangers also contributes to this effort. We provide our employees with comprehensive training on workplace safety, as well as protective clothing and equipment, and take steps to improve the safety of buildings, chemicals and machinery. Regular monitoring and assessments help us to evaluate and improve our approach, and importantly, comply with all health and safety regulations in the countries where we operate.

Looking ahead

Corporate Social Responsibility (CSR) has long been engrained in the way Swarovski Professional does business, since Daniel Swarovski founded the company in 1895, setting us apart from our competitors. He knew that respecting people and the environment was the key to sustaining a flourishing business, and successive generations of his family have upheld this commitment. Our position as a leader in sustainability in the crystal industry allows us to stand side by side with our customers at the forefront of sustainable innovation. It enables us to anticipate and respond effectively to their requirements, as consumer interest in sustainability grows.

We recognize that becoming a sustainable business is a journey requiring determination, creativity and innovation. In order to respect our heritage and retain our competitive edge in the marketplace, our management is now making sustainability a guiding principle across the entire Swarovski Professional business. This will also help us to stay ahead of the key social and environmental issues that stand to affect our business. We are taking steps to formalize this commitment, as we continue to tailor our CSR strategy to the needs of the Swarovski Professional business and its customers.

¹ Crystal glass and all other materials containing 0.009% lead or less.

GEMSTONES BUSINESS

STRIVING TO RAISE THE BAR IN RESPONSIBLY SOURCED AND PRODUCED STONES

The Swarovski Gemstones Business specializes in the production of world-class, precision-cut genuine gemstones, such as topaz and sapphire, and created stones, such as our world-renowned zirconia. With a rich and innovative heritage spanning 50 years, our products are characterized by their brilliance and unrivalled quality. At our production facilities in Thailand and in Wattens, Austria, we use precision-cutting and polishing technology, honed by Swarovski, over 120 years, to capture the radiance of genuine gemstones and created stones. We employ 700 people at our Swarovski Gemstones Thailand and Wattens facilities and in our sales offices around the world. Our brand and products can be found in fine jewelry, eye wear, watches, and electronic devices.

GEMSTONES BUSINESS HIGHLIGHTS

RJC

The Swarovski Gemstones Business became a member of the Responsible Jewellery Council in 2014 and achieved certification in 2015.

100%

Our gemstones factory in Austria is powered by 100% renewable electricity with a high proportion supplied by our own hydro-electric plant.

Our Corporate Social Responsibility journey

For Swarovski Gemstones, quality is not just about cut, clarity or color. It's also about responsibility, and striving to ensure the highest possible standards throughout the production and distribution of our stones.

As a family-run business with a proud 120-year history, responsibility sits at the heart of how Swarovski does business. Today, it's more important than ever. Delivering products with high ethical and environmental credentials has become the new norm, as consumers require greater transparency about the origins of products and how they are made. Meanwhile, global challenges such as climate change require businesses to find ever more efficient and innovative ways to use natural resources.

We aim to be at the forefront of these efforts. This means ensuring that our stones are traceable, responsibly sourced, and produced according to the highest safety and environmental standards



Towards a transparent supply chain

Looking beyond our own factory walls is integral to securing a transparent and controlled supply chain. The Swarovski Supplier Code of Conduct sets clear expectations for suppliers and defines the fundamental social and environmental criteria they must to fulfill in order to qualify for a business relationship with the Swarovski Gemstones Business.

We source all our cubic zirconia rough from selected leading suppliers in Western Countries and in China. The majority is processed at our own production facilities, where we also conduct all of the cutting, polishing, cleaning and sorting of both genuine gemstones and created stones.

If there is a peak in demand, we may source pre-formed cubic zirconia from Chinese manufacturers, who purchase the cubic zirconia rough from our trusted suppliers, ensuring the same high quality finished product. Through our supplier capacity building program, a component of Swarovski's Responsible Sourcing Initiative, we are supporting these manufacturers in improving health, safety and environmental standards in their own factories, in line with our Supplier Code of Conduct.

Our genuine gemstones supply chain is highly complex and fragmented, making traceability and transparency more challenging to achieve. Many of the genuine gemstones mines are small in scale, with companies using manual mining techniques. This is an industry-wide issue characterized by limited traceability and transparency.

Swarovski Gemstones is committed to addressing these challenges and we are therefore making this a key focus for our CSR journey. Today, as a first step, we are conducting extensive research to gain better visibility of our own supply chain globally, through on-the-ground assessments and direct engagement with suppliers. Within our industry, we are taking a leadership role, collaborating with peers to raise standards at a global level.



Striving for best practice in environmental management

We have robust systems in place to manage and reduce the environmental impacts of our production, and continuously innovate to ensure we consume natural resources efficiently. For example, we use smart meters at both our Thai and Austrian factories to monitor energy use and identify opportunities for improvement. In Thailand, we have re-organized the working day so that all workers take their lunch break at the same time, yielding a period of time when machinery is not in use. This cuts energy consumption during this period by almost 60%.

Our gemstones factory in Austria is powered by 100% renewable electricity, with a high proportion supplied by our own hydro-electric plant. We installed solar panels at our Thai factory in 2014 to generate hot water that is used in the production process, saving 12,500kWh per month.

Swarovski has developed highly efficient processes to manage and clean water in our manufacturing operations. In particular, a closed loop water recycling system keeps water circulating at our Wattens production site, reducing the need to draw water from the public water supply. Globally, the Swarovski Crystal Business has consistently recycled 68% of the water used annually in production since 2010.

Optimizing the chemical content of products is also a key focus for Swarovski, and takes place by means of a company-wide Restricted Substance Policy Program, CLEAR. Through this program, we work closely with our suppliers to ensure that our products contain no harmful substances.

Both our Swarovski Gemstones Business production facilities in Austria and Thailand are working towards achieving ISO50001 for energy management and ISO14001 for environmental management.

Creating a healthy, safe and fair workplace

We respect the human rights of everyone who contributes to our business, and strive to ensure our facilities and factories are safe, fair, and pleasant places to work. We comply with all health and safety regulations in the locations where we operate and employ safety specialists to optimize structural, chemical and mechanical safety. We provide relevant training to all employees and ensure that production employees are equipped with protective clothing and equipment. Importantly, we encourage our employees to participate in maintaining a healthy and safe work environment.

In order to be an employer of choice, we are responsive to the needs of both our Austria and Thailand employees. In Wattens, for example, we offer allowances for meals during afternoon and night shifts, on-site medical checks, on-site child day care and flexible working hours.

In Thailand, we're rigorous in respecting working hours and have made multiple health and safety improvements through our 'Happy and Safe Workplace' initiative, in consultation with both managers and workers. These include upgrading personal protective equipment, updating machines to reduce heat and noise, and improving fans to minimize dust. We have also sought to create more learning opportunities for employees by developing a 'People Development Center' – a database of employees' skills and

experience – so that we give employees with relevant experience the opportunity to contribute to another part of the production process, if needed. This increased level of flexibility also helps to ensure the smooth running of the factory and enhances productivity.

Swarovski Gemstones Thailand is in the process of implementing the OHSAS 18000 occupational health and safety standard and expects to achieve certification in 2016.

Looking ahead

Taking steps to further engrain responsibility across all our sourcing and production activities is vital to forging a successful future for the Swarovski Gemstones Business. In light of this, we have developed a comprehensive CSR strategy to help strengthen our work in this area, based on the overarching CSR strategy defined by the Swarovski Crystal Business. We will use our new strategic framework to guide decision-making and action across the business, focusing on four key issues: achieving traceability and raising standards in our supply chain, lowering our environmental footprint, further optimizing working conditions in our factories and striving for excellence in product safety. We will reinforce this effort by integrating CSR into the way we run our Gemstones Business, as we strive to lead the industry's efforts in making responsibility the defining characteristic of genuine gemstones and created stones.

ACHIEVING RESPONSIBLE JEWELLERY COUNCIL CERTIFICATION

The Swarovski Gemstones Business became a certified member of the Responsible Jewellery Council in September 2015. The (RJC) is an international not-for-profit standards and certification organization. Its 600 members span the jewelry supply chain from mine to store, and commit to being independently audited against the RJC Code of Practice, an international standard defining responsible business practices on diamonds, gold and platinum metals. In preparation for the RJC's independent audit of our operations in Austria and Thailand, we strengthened our Corporate Social Responsibility policies and improved key processes and systems, including our environmental management systems. Joining a globally respected certification body will help us to streamline our response to customer requests for sustainability data, demonstrate our ethical and environmental commitment, and maintain our competitive edge in the global jewelry marketplace.



THE RESPONSIBLE JEWELLERY COUNCIL'S PRINCIPLES AND AIMS REFLECT AND COMPLEMENT SWAROVSKI'S OWN CORE VALUES. BY COMMITTING TO RESPECT THE RJC CODE OF PRACTICE, WE ARE OFFERING AN IMPORTANT NEW LEVEL OF TRANSPARENCY TO CUSTOMERS, ENHANCING OUR LEADERSHIP POSITION IN THE GLOBAL MARKETPLACE AND RECONFIRMING OUR COMMITMENT TO RESPONSIBLE BUSINESS PRACTICES IN OUR GEMSTONES SUPPLY CHAIN.

Daniel Cohen,
Executive Board Member, Swarovski
Gemstones Business



CONSUMER GOODS BUSINESS

DESIGNING SUSTAINABLE RETAIL STORES WHILE CARING FOR EMPLOYEES AND CONSUMERS



The Swarovski Consumer Goods Business is the retail arm of the Swarovski Crystal Business. It acts as the invitation to the Swarovski brand, offering jewelry, watches, figurines and fashion and home accessories to consumers worldwide.

Established in 1976, the Swarovski Consumer Goods Business is represented in over 2,600 Swarovski mono-brand boutiques and department stores across 170 countries. Through our extensive retail network, we operate 1,250 of these points of sale, with our partners operating the remaining 1,350. Our stores are known for their elegant, design-led interiors, and provide an inspiring showcase for Swarovski's multi-faceted creations. We welcome over 170m customers through the doors of our mono-brand boutiques each year.

Integrating sustainability and design

At Swarovski, we aim to protect the environment and conserve natural resources. In particular, we focus on improving our energy efficiency, reducing our water use and preventing waste. Our Consumer Goods Business is increasingly integrating these sustainability principles in the design of our retail stores, setting new benchmarks for the jewelry industry while caring for our employees and consumers.

This effort will continue to grow in importance as consumers show ever more interest in brand sustainability. Our stores are often their first point of contact with the company, so it is vital that they form a positive impression. We aim to create an inspiring shopping experience while shining a light on what sustainability means to us. Additionally, building regulations are becoming more stringent and our business requires exceptional commercial and environmental performance.

We took significant steps forward with our Crystal Forest retail store concept in 2013-14. Introduced in 2009, it was our first store concept to intertwine design, elegance, quality and sustainability in one integrated model. At that time, we incorporated furniture-integrated LED lighting, for example, and more recently we have stepped up our

sustainability efforts, implementing a systematic, holistic approach in 2014: our global Swarovski Sustainable Stores (Triple-S) initiative. Today, 65% of all new and refurbished stores bringing the Crystal Forest concept to life adhere to our rigorous Triple-S standards. We will apply the same logic to future evolutions of our retail store concept.

CONSUMER GOODS BUSINESS HIGHLIGHTS

65%

Today, 65% of all new and refurbished stores bringing the Crystal Forest concept to life adhere to our rigorous Triple-S standards.

AWARD

Both of our jewelry manufacturing sites in Thailand received the Thai Prime Minister's 'Outstanding Award for Labor Relations and Welfare' Award (for the tenth and ninth year running, respectively).



TRIPLE-S IS RAISING THE BAR FOR SUSTAINABILITY IN OUR RETAIL NETWORK, WHILE HELPING TO LOWER OUR ENVIRONMENTAL IMPACT.

Robert Buchbauer,
Executive Board Member and
Chief Executive Officer, Swarovski
Consumer Goods Business



stores throughout, providing training for store operations and advice on how best to put the guidelines into practice.

Pending final certification results, we are proud to reveal that in 2015, our store in Columbia Mall, Maryland, USA, will become our third LEED-certified store. Our flagship store at Westfield Mall, London, gained LEED Gold Certification in 2014 following a major refurbishment, while the Swarovski store in Amsterdam's Dam Square became Europe's first LEED Platinum-certified jewelry store back in 2012. A further six Swarovski stores are located within LEED certified malls, including in Singapore, Hong Kong, India, the US and the Philippines.

Triple-S in practice

The Triple-S framework guides our efforts to create and maintain stores with a low impact on the environment and reduced consumption of natural resources. It focuses primarily on Swarovski mono-brand stores, and encompasses major refurbishments, relocation and new projects across all Swarovski retail store concepts. Based on the globally recognised Leadership in Energy and Environmental Design (LEED) guidelines for Commercial Interiors, Triple-S drives innovation throughout the design and construction of our stores. It integrates new green building techniques while addressing important topics such as recycled materials, energy consumption, water use and waste reduction.

We set a goal for 25% of our mono-brand stores in each region to comply with Triple-S standards by 2014, as we move towards converting all Swarovski mono-brand stores to Triple-S. Our Retail Architecture team is working closely with our Corporate Social Responsibility team to help our stores embrace these standards, including through a new Triple-S Manual offering detailed guidance on our five focus areas. These are: green leasing and sustainable sites, water and chemical use reduction, energy and atmosphere, materials and resources and indoor environmental quality.

Among our key goals, we aim to reduce electricity use in stores by 30%, cut water and chemical use by 40%, and reuse or

recycle a minimum of 70% of all non-hazardous construction and demolition waste. We also aim to incorporate a minimum of 10% recycled content in wood, metal and glass, and ban volatile organic compounds in retail furniture.

Sharing all architecture concept-related improvements with our store partners is an important part of our standard partner agreement, and supports them in improving their environmental footprint. Our architecture teams also consult our partners on site-related topics, such as reducing construction waste.

Striding towards sustainable stores

In 2014, we exceeded our Triple-S target in every region, with 42% of our mono-brand store openings and refurbishments meeting Triple-S standards. In particular, nearly all of our new openings and refurbishments in North America in 2014 achieved Triple-S status. Building on this success, we increased our target to 65% for 2015.

Importantly, we have demonstrated to our stores and the business that major cost savings can be achieved hand-in-hand with lowering our impact on the environment, and sustainable design comes at no (or minimal) additional investment. The changes we have made range from installing LED architectural lighting to opting for more efficient heating, ventilation and air conditioning (HVAC) systems. We worked in partnership with our



I AM PROUD OF WHAT CGB HAS ACHIEVED IN 2013-14 IN SUPPORT OF OUR CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES. THE SWAROVSKI SUSTAINABLE STORES PROGRAM, TRIPLE-S, IS RAISING THE BAR FOR SUSTAINABILITY IN OUR RETAIL NETWORK, WHILE HELPING TO LOWER OUR ENVIRONMENTAL IMPACT. WE ARE ALSO TAKING ACTION AT OUR THAILAND-BASED JEWELRY MANUFACTURING HUB BY INTRODUCING ENERGY CONSERVATION MEASURES, IMPLEMENTING ENVIRONMENTAL MANAGEMENT SYSTEMS AND CONTINUOUSLY IMPROVING EMPLOYEE HEALTH, SAFETY AND WELLBEING.

Robert Buchbauer,
Executive Board Member and
Chief Executive Officer, Swarovski
Consumer Goods Business

Manufacturing spotlight: Improving employee wellbeing at our Consumer Goods Business jewelry factory

Our Consumer Goods Business creates more than 50% of its jewelry in-house via the Swarovski-owned Marigot Jewellery (Thailand) Co., Ltd. The jewelry at Marigot's production facilities in Thailand is handcrafted by some 7,000+ employees and sold in our global stores.

In keeping with Swarovski's longstanding commitment to care for people, it is our responsibility to ensure that our Marigot employees are happy and healthy. This in turn improves productivity and contributes to the ongoing success of our business. In 2013–14, we undertook multiple initiatives to enhance employee health and wellbeing at the factory. These have proved to be very successful and continue to be delivered for the benefit of our employees. In particular, we supported the Happy Workplace program, an initiative of the Thai government and the Thai Health Foundation, which complements our own belief in respecting people. Spanning eight 'people, family and society' criteria considered to be integral to human happiness, the program is designed to promote employees' physical and mental health and improve their quality of life.

As part of this program, we created breastfeeding rooms where mothers can express breast milk several times a day.

We provide refrigerators to keep the milk cool, support them in sending the milk to their babies (who may live far from the factory) and provide advice from nurses. This initiative has been instrumental in ensuring employees' babies receive the nutrition they need and was recently praised by Friend of UNICEF, Paula Taylor. It also delivers distinct business benefits: participating employees' performance has improved, and as their babies' health has improved, so absenteeism has declined.

"When I began working here, I had not yet been able to breastfeed my baby. The factory nurse supported me by teaching me how to express breast milk." —Khun Ing-orn

The results of all our efforts to support employees at Marigot were reflected in our second global employee survey carried out in 2014. 100% of our Marigot employees participated in the survey, with 'engagement' (the extent to which employees are committed and willing to go the extra mile) and 'enablement' (the extent to which employees feel supported and empowered to perform well in their job) rates rising by 25% and 22% respectively putting us ahead of global high performing companies. Both of our Marigot sites in Ayutthaya and Samutprakarn have also since received the Thai Prime Minister's 'Outstanding Award for Labor Relations and Welfare' Award (for the tenth and ninth year running, respectively). The awards honor our commitment to enhancing employee health and wellbeing and fostering positive working relationships between colleagues, which continues to set us apart in the Thai marketplace.





Looking ahead

We will continue to develop our Triple-S initiative and help more stores reduce their impact on the environment, conserve natural resources and save costs by merging sustainability with store design. We are also investing in methodologies to measure the impact of our energy and environmental savings, including collaboration with global energy management specialists to improve the operational performance of our retail fleet.

The endeavors of our Retail Architecture team will continue to contribute to our overall efforts to embed responsible business practices across the business, as we strive to put sustainability at the heart of everything we do.

SWAROVSKI LIGHTING

INSPIRING EMPLOYEES AND MAKING ENVIRONMENTALLY SOUND,
STATE-OF-THE-ART PRODUCTS



Swarovski Lighting was established in 2011 to deliver premium decorative lighting and integrated lighting solutions to consumers and businesses. It combines Swarovski's world-leading expertise in cut crystal with state-of-the-art lighting

technology and design inspiration. The business includes consumer lighting brands Swarovski (known for its contemporary aesthetic) and Schonbek (known for its classic designs), as well as Swarovski Architectural Solutions, which

provides custom designs for designers and architects. Headquartered in Plattsburgh, New York, Swarovski Lighting employs 335 people at a cutting edge manufacturing facility.



Respecting the environment, health and safety

In line with our deep-seated respect for the environment and employee safety, we adhere closely to the regulations established by the Federal Occupational Safety and Health Administration (OSHA), as well as the Federal Environmental Protection Agency (EPA). The regular renewal of permits for air emissions and waste water effluent with the federal and state environmental agencies is a top priority. Similarly, researching new ways to reduce our industrial waste and exploring innovative technologies and processes are central to our efforts to reduce our environmental impact.

Our products are certified by diverse global safety and compliance bodies, including UL (Underwriters Laboratory, LLC) and VDE (Verband der Elektrotechnik).

LIGHTING BUSINESS HIGHLIGHTS

90

Swarovski Lighting has established a training work center to boost employees' knowledge retention and effectiveness within their first 90 days of employment.

12

Swarovski Lighting supports 12 local schools and two universities with collaborative educational initiatives.

Caring for our people

Throughout the Swarovski Crystal Business, we maintain a keen focus on helping people to become more efficient and realize their full potential. We know that motivated, engaged employees achieve greater results towards their own professional development and the success of the business. This is also true for Swarovski Lighting. Over the past year, the business has reduced staff turnover from 20% to just 6% by improving training programs and offering employees more opportunities to take part in fun, engaging social activities.



THE TRAINING WORK CENTER HAS HELPED TO SET CLEAR EXPECTATIONS AND SHOW OUR PEOPLE THAT THE COMPANY IS INTERESTED IN INVESTING IN THEM FOR THE LONG-TERM.

Lee Ann Pray,
Head of Human Resources,
Swarovski Lighting



Establishing a training work center

Swarovski Lighting established a training work center in our Plattsburgh headquarters with the overarching aim being to boost employees' knowledge retention and effectiveness within their first 90 days of employment with the company. We took a structured approach to expanding our training offering, focusing first on assembly production employees, with a view to increasing training opportunities in all production areas. Through a careful process of researching employees' needs and reviewing industry best practices, we developed a comprehensive new training program combining classroom teaching and interactive learning sessions. For example, we help employees to understand how their role links to productivity and profit, as well as

how to meet certification requirements and read manufacturing blueprints. We have also introduced 'Feedback Friday', whereby new employees are invited to discuss their first ten days with their HR Business Partner. Employee feedback is incorporated back into the training in order to improve and strengthen the course. One new employee highlighted that most of our employees had never seen a lighting fixture fully assembled, trimmed with crystal, and lit. This made us realize that seeing the beauty of our finished products could increase employees' pride in our company, boosting motivation and performance. The training program was subsequently modified so that new employees could hang, trim and light a fixture, helping them appreciate how their role contributes to our creations.

Fostering team spirit

We regularly develop activities to build team spirit and help employees to achieve their best. For example, the Hawaiian luau (festival) week we organized at our Plattsburgh facility in the middle of an unusually cold and long winter boosted everyone's spirits. We also hold "ice-breaker" activities to spark conversations and help people to find or build common ground. This was particularly effective when we merged some assembly groups. Even though they had worked in the same area for years on opposite shifts, they knew very little about each other. By starting conversations through ice-breaker activities, we have helped them to form new friendships, which in turn enhances productivity.

INSPIRING STUDENTS THROUGH MENTORING

Swarovski supports 12 local schools and 2 universities in the region with collaborative educational initiatives. For example, we are involved in the P-TECH program (Pathways in Technology Early College High School) at three local schools. P-TECH helps students in ninth grade (14-15 year-olds) onwards to make a tangible connection between what they learn in school and the world of work. We provide mentors for the program, who follow students through their six years, sharing valuable insights about how their studies relate to business and industry. Our current mentors are drawn from across the business, including finance, HR, product quality and engineering. Some 30 children are taking part, and will be able to gain a high school diploma and a two-year degree from the local university to supplement their qualifications. One of the participants is the grandson of one of our employees, who attended an information session we held for some 100 students and subsequently applied for a place.

We recommended him to the PTECH council. An intelligent, driven young man, he is dedicated to becoming a successful adult and has just completed his first year among the program's top students.



I AM PROUD TO BE THE COMPANY LIAISON FOR THE PTECH PROGRAM. IT IS SO REWARDING TO SEE THESE STUDENTS EXCEL. IN PARTICULAR, IT WAS AMAZING TO SUPPORT THE GRANDSON OF AN EMPLOYEE THROUGH THE NOMINATION PROCESS AND SEE HIM COMPLETE HIS FIRST YEAR IN THE PROGRAM. PTECH HAS OPENED OPPORTUNITIES FOR HIM THAT WOULDN'T OTHERWISE HAVE BEEN AVAILABLE.

Pamela Gomez,
HR Generalist, Recruiter and PTECH Liaison

Supporting our communities

Inspiring and supporting our local community is vital to encouraging local residents to consider a career with Swarovski Lighting. In this way, we are continuously reaching out to talented people who could perform a role in our business in the future.

It is important that we begin this process early in order for it to be effective. This means reaching out to students as early as eighth grade (13–14 year-olds), who are starting to make decisions about their pathway in life. We engage with local schools to help children understand the benefits of a career or work placement in manufacturing. In this way, we aim to encourage more young people to stay in the area when they have completed their education, and seek employment with us.

In addition to our mentoring activities, we also partner with local schools to help with CV writing and interviewing skills, and offer tours of our manufacturing site to local schools. Many of the teachers at these schools were unaware that manufacturing facilities such as Swarovski Lighting existed in Plattsburgh. Now that they have a greater awareness of our work, the teachers are incorporating some of the information they learned into their classroom curriculum.

At the university level, we collaborate with the local state university, SUNY Plattsburgh, to offer students internships that count towards their degrees. We offer approx. 12 internships each semester, with students often staying in touch with us as they continue on their study or career paths. One of our first interns, who worked in our accounting department, went on to work for a prestigious accounting and auditing firm. He later sought a change and reached out to Swarovski Lighting. We had a position open and knowing of his capabilities, we offered him a job. We were delighted to have him join our team and he has quickly progressed into a managerial role.

Looking ahead

We will continue to support our employees, helping them to achieve their best, and innovate to forge connections with the local student community through structured partnerships with schools and universities. In 2015–16, we plan to expand our training program beyond assembly to other areas of production, such as finishing and fabrication. We will also implement new manufacturing processes designed to lower our environmental impact. As the new academic year begins, our partnerships with local schools will bring a new group of students and opportunities to discuss the vibrant world of Swarovski Lighting.



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