

SWAROVSKI

Swarovski Canada Limited Forced Labour in Canadian Supply Chains Report: Fiscal Year 2023

1. Introduction

Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act") went into effect on January 1, 2024. The Act requires that businesses state the actions they have taken during the previous fiscal year to prevent and reduce the risk of forced labour and child labour in their operations and supply chains.

Swarovski Canada Limited is opposed to forced labour and child labour and has always sought to uphold human rights not just in our own facilities, but in our supply chains too. We welcome new initiatives that help us examine and reinforce our own due diligence processes and are pleased to prepare this report in compliance with the Act.

2. Steps Taken to Prevent and Reduce the Risk of Forced Labour or Child Labour

Swarovski Canada Limited is owned by Swarovski International Holding AG. Swarovski Canada Limited's supply chain is sourced solely through an affiliate company, Swarovski Aktiengesellschaft, which is also owned by Swarovski International Holding AG. Swarovski Canada Limited relies upon the many measures that its parent company and affiliates have in place to monitor both internal and external suppliers.

In 2023 Swarovski Canada Limited's parent company and affiliates took steps to prevent and reduce the risk that forced labour and child labour is used at any step of the production of goods imported into Canada. These steps include, but are not limited to, the following:

- **Auditing suppliers:** Collaborated on the Responsible Sourcing Initiative, through which 91 social audits concerning human rights were conducted.
- **Mapping supply chains:** Worked to map the supply chain tiers of Swarovski Zirconia and Swarovski Created Diamond collections up to stone growing.
- **Committing to streamlining auditing standards:** Continued implementing a process to ensure that all global manufacturing sites will be audited annually according to the SMETA or SA8000, beginning in 2024.
- **Prepared a new employee Code of Conduct:** Worked to prepare a new global Code of Conduct to be rolled out to all employees in 2024.
- **Prepared a new, enhanced reporting channel:** Prepared access to a new reporting channel, to launch in March of 2024, where violations of the Code of Conduct, internal policies or local laws and regulations could be reported by internal as well as external stakeholders (including suppliers).

3. Swarovski Canada Limited's Structure, Activities and Supply Chains

Structure

Swarovski Canada Limited (hereinafter "Swarovski Canada") is a private corporation, founded in 1976. It is owned by Swarovski International Holding AG (hereinafter, "Swarovski Holding" or "parent"), a Swiss company with its roots in Austria that designs, manufactures and sells crystals, Swarovski Created Diamonds, jewelry, watches, figures, decoration and accessories products, to businesses and consumers across the globe. The Board of Directors of Swarovski Holding has ultimate oversight over Swarovski Canada's strategy and implementation, supply chain and forced labour and child labour initiatives.

Swarovski Holding also owns Swarovski Aktiengesellschaft (hereinafter, "Swarovski AG" or an "affiliate"), based in the Principality of Liechtenstein. Swarovski Canada's supply chain is sourced through this affiliate company.

Activities:

Swarovski Canada does not produce any goods in Canada. Swarovski Canada imports Swarovski Created Diamonds, jewelry, watches, figures, decoration and accessories products into Canada, to be sold online and in retail stores. In 2023 Swarovski Canada owned and operated more than 50 stores throughout the country.

Supply Chain:

Swarovski Canada's supply chain is sourced solely through its affiliate, Swarovski AG. Swarovski Canada relies upon the many measures that Swarovski Holding and its affiliates have in place to monitor both internal and external suppliers.

The products that Swarovski Canada imports and sells are manufactured outside of Canada, either in one of Swarovski Holding's six production sites based in Austria, Serbia, India, Thailand and Vietnam, or in third-party manufacturing facilities around the globe.

4. Company Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

Swarovski Canada relies upon the measures that Swarovski Holding and its affiliates have in place to monitor both internal and external suppliers.

Supplier Code of Conduct:

Swarovski Holding's Supplier Code of Conduct outlines the expectations it has for its suppliers and contractors in terms of business ethics, human rights and working conditions. Swarovski AG expects its suppliers to fully obey all laws and regulations, including national and international laws prohibiting any kind of forced labour or child labour.

Responsible Sourcing Initiative (RSI):

In 2014 Swarovski Holding established RSI, a systematic, risk-based approach to assessing a supplier's performance against the Supplier Code of Conduct. First, they assess risks at a country level and determine the countries they should restrict sourcing and manufacturing from, or where they need to pay close attention to labour conditions. In a second step, they use a material risk analysis to identify the supplied products that they want to monitor continuously with audits. In 2023, 91 social audits were conducted as part of the RSI initiative, an increase from previous years.

Third Party Audits:

Swarovski Holding monitors selected suppliers' approach to improving labour conditions by means of a third-party audit (such as Sedex Members Ethical Trade Audit, hereinafter "SMETA"). Depending on the results, Swarovski Holding conducts follow-up audits 6 to 18 months after the initial audit is completed. Annual third-party audits are also conducted for all Swarovski Holding owned manufacturing sites.

Supply Chain Transparency:

Swarovski Holding's supply chain transparency program collects more detailed information about its upstream supply chain to increase visibility along each tier. Through RSI, Swarovski Holding monitors human rights for tier 1 (finished goods), tier 2 (components) and tier 3 (raw materials) suppliers.

5. Risk of Forced Labour or Child Labour Being Used and the Steps We Have Taken to Assess and Manage That Risk

Swarovski Canada relies upon the measures that Swarovski Holding and its affiliates have in place to monitor the risk of forced labour or child labour being used, and to take steps to assess and manage that risk.

Swarovski Holding, along with its affiliates, performs an annual assessment of its supply chains to identify risks related to social performance, including human rights and, specifically, forced labour and child labour. For its country risk analysis, Swarovski Holding uses the supplier risk assessment tool Sedex Radar, which incorporates forced labour and child labour risk scores. Onsite assessments of high-risk suppliers serve to enhance compliance with the company's due diligence requirements. These assessments include such measures as checking the availability of a formal policy on child labour or minimum age, as well as checking for a management system to control the age of all employees. Suppliers also have access to a grievance reporting channel called the Answer Desk. This online interface provides a confidential and secure way of reporting ethical concerns or violations of applicable laws or Codes of Conduct.

Additionally, Swarovski Holding strives to transparently demonstrate its efforts toward the compliance and sustainability of all of the facilities that it operates on its own. To ensure this, the Company looks to secure certification against the most widely recognized social standards available, including any indication of forced labour and child labour. In 2023, Swarovski Holding-owned production facilities in Austria, Vietnam, and Serbia successfully completed their SMETA audits, receiving either full compliance or only minor non-conformances.

6. Remediation of Any Forced Labour or Child Labour

Since the Responsible Sourcing Initiative Social program commenced in 2014, no cases of forced labour or child labour have been identified in Swarovski Canada's supply chain. As a result, no remediation has been made.

7. Remediation of Loss of Income to the Most Vulnerable Families That Results From Any Measure Taken to Eliminate the Use of Forced Labour or Child Labour in its Activities and Supply Chains

To date there have been no identified or reported instances of loss of income to vulnerable families that resulted from any measures that Swarovski Canada, its parent or affiliate companies, took to eliminate the use of forced labour or child labour in its activities or supply chains.

8. Training Provided to Employees on Forced Labour and Child Labour

In 2023 Swarovski Canada did not provide training to its employees on forced labour or child labour. In 2024, Swarovski Holding plans to introduce a new Code of Conduct training initiative which touches on these topics. This training will be mandatory for all global employees, including the employees of Swarovski Canada.

9. Effectiveness Assessments to Ensure that Forced Labour and Child Labour are not Being Used in Our Business and Supply Chains

Throughout 2023 Swarovski Holding's Chief Human Resource Officer and General Counsel continuously reviewed and monitored reports from the Answer Desk grievance channel to identify special risk and attention areas. Audits of internal and external production facilities were also routinely reviewed to ensure that Swarovski Holding's standards regarding forced labour and child labour were upheld and adhered to.

As we look to 2024, Swarovski Canada, its parent and affiliate companies aim to expand their forced labour and child labour initiatives, in continuance of their pursuit to provide all workers with healthy, safe working environments and sound employment conditions.

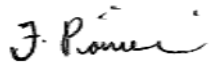
Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of Swarovski Canada Limited.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



Edward J. Capobianco
Director
Swarovski Canada Limited
May 24, 2024
I have the authority to bind Swarovski Canada Limited



Francine Poirier
Director
Swarovski Canada Limited
May 24, 2024
I have the authority to bind Swarovski Canada Limited