

Fighting Against Forced Labour and Child Labour in Supply Chains Act

Entity Report 2024 - The Swatch Group (Canada) Ltd.

1. Report Scope and Definition

This report (“the Report”) is the second Forced Labour and Child Labour Report submitted pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act (“Act”) by The Swatch Group (Canada) Ltd. (“we,” “us,” or “our”). It covers the most recently completed financial year ending December 31, 2024 (“Reporting Period”). The Report outlines the steps The Swatch Group (Canada) Ltd. has taken during the Reporting Period to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.

2. Steps Taken in the Previous Financial Year to Prevent and Reduce Risks of Forced Labour and Child Labour

As provided in The Swatch Group Ltd’s 2024 Sustainability Report, the risk of child labour among Swatch Group companies and suppliers based in Switzerland and neighboring countries was assessed as very low. The Swatch Group Ltd. reinforced its integration of sustainability into core business strategy and governance, ensuring SDGs (Sustainable Development Goals) considerations are embedded at all levels of leadership.¹ Global sustainability committees directly involved key departments in this effort. The Swatch Group Ltd. further continued to respect and promote the United Nations Universal Declaration of Human Rights and abide by the principles of the United Nations Global Compact. A notable milestone was the launch of the Swatch Group Sustainability School, which trained over 1,000 individuals on sustainability and social responsibility within the first two months.²

As a subsidiary of The Swatch Group Ltd, we share the values and business ethics of our parent company, which includes observing national and multinational provisions of law that have a bearing on our activities. We therefore continued to implement and enforce The Swatch Group Ltd. Supplier Code of Conduct (the “Supplier Code of Conduct”), which explicitly prohibits all forms of forced labour and child labour. During 2024, we continued onboarding new suppliers under this Code of Conduct and maintained its distribution to all relevant business partners.

¹ Swatch Group Sustainability Report 2024, pp. 12, 26–27

² Swatch Group Sustainability Report 2024, pp. 28–29

3. Our Structure, Activities and Supply Chains

3.1 Structure

The Swatch Group (Canada) Ltd. is incorporated under Ontario's Business Corporations Act and is headquartered in Toronto, Ontario. In Canada, we employ approximately 212 staff that support us by providing a range of corporate functions including logistics, customer service, finance, human resources, information technology, administration, marketing, sales, wholesale, retail, retail support, and corporate e-commerce.

The Swatch Group (Canada) Ltd. is a subsidiary of The Swatch Group Ltd. which is an international group with distribution subsidiaries around the world, and 17 consumer brands working in the manufacture, marketing and sale of finished watches, jewelry, watch movements and components.

3.2 Activities

Our primary business activities include the promotion, distribution, and sale of watches and jewelry. We manage both wholesale partnerships and company-owned retail operations. Brands distributed in Canada include: Blancpain, Breguet, Glashütte Original, Jaquet Droz, Omega, Longines, Rado, Hamilton, Mido, Tissot, Balmain, Swatch, and Flik Flak.

3.3 Supply Chains

The Swatch Group (Canada) Ltd. procures finished products from The Swatch Group Ltd. subsidiaries in Switzerland and Germany, with additional procurement in the U.S., France, Italy, Luxembourg, the U.K., and Hong Kong. Our tier-1 supply chain, mapped in 2023 and maintained in 2024, includes over 200 suppliers, primarily based in Canada (78%), with smaller portions from Switzerland, the U.S., and Europe.

Key procurement supplier categories include:

- **Textiles, apparel and luxury goods** (77%)
- **Real estate and logistics** (5% and 4% respectively)
- **Construction and engineering services** (5%)

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

The Swatch Group (Canada) Ltd. is committed to safeguarding and promoting human rights and sustainability within our operations and supply chains and shares The Swatch Group Ltd's zero tolerance policy for the use of child labour and forced labour. To further the Group's organizational commitment, The Swatch Group Ltd. has developed and mandated a Supplier Code of Conduct that must be used by all its subsidiaries.

We implement and enforce the Supplier Code of Conduct, which is aligned with international human rights frameworks, including the UNGPs, ILO standards, and OECD guidelines. This Code:

- Prohibits forced, bonded, indentured, or prison labour.
- Prohibits child labour below the legal minimum age.
- Requires suppliers to ensure working conditions meet minimum wage, health and safety, and hour regulations.
- Mandates periodic self-evaluation and allows Swatch Group to conduct independent audits.

All new vendors are required to review and sign acknowledgment of the Supplier Code of Conduct as part of our Vendor Onboarding Procedure.

4.1 The Swatch Group (Canada) Ltd.'s Code of Conduct and Ethical Business Practices Policy

During the onboarding process, all new employees of The Swatch Group (Canada) Ltd. are directed to review the Employee Handbook. It contains our Code of Conduct and Ethical Business Practices Policy which sets out basic principles to guide the behavior of all employees and officers of The Swatch Group (Canada) Ltd. We require all our employees to obey the laws, rules and regulations in the cities, states and countries in which we operate. We encourage our employees to report any illegal or unethical behavior to their supervisors, managers or other appropriate personnel.

4.2 The Swatch Group Ltd. Supplier Code of Conduct

The Swatch Group Ltd. Supplier Code of Conduct applies to The Swatch Group (Canada) Ltd., our facilities, our suppliers and their subsidiaries and affiliates, as well as subcontractors and sub-tier suppliers that provide goods or services to us or for use within our products.

The Supplier Code of Conduct is based on principles that are recognized in the industry and internationally recognized human rights, as set out in the United Nations International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the United Nation's Guiding Principles for Business and Human Rights (UNGPs), OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the 2019 Code of Practices of the Responsible Jewelry Council (RJC), the RJC's 2017 Chain of Custody standard, the Social Accountability International SA 8000 standard, the OHSAS 18001 standard and anti-bribery guidance (ISO 37001). In keeping with the UNGP's framework, we follow the higher standard where national law and The Swatch Group's strict standards differ.

As provided for in the Supplier Code of Conduct, Swatch Group (Canada) Ltd.'s suppliers are prohibited from engaging or supporting the use of involuntary labour, trafficking, forced, bonded, indentured or prison labour. Further, the Supplier Code of Conduct mandates that suppliers cannot withhold employees' original government-issued identification or travel documents and suppliers cannot impose unreasonable restrictions on movement within the workplace or upon entering or exiting company provided facilities. Employees are prohibited from paying employers' or their agents' recruitment fees or other similar fees to obtain or terminate their employment. Suppliers must ensure that employees' contracts clearly convey the conditions of employment in a language understood by the employees. Suppliers are also required to ensure that the third-party employment agencies they use are compliant with the provisions of the Supplier Code of Conduct and the law.

In adopting the Supplier Code of Conduct, we have established a zero tolerance for the use of child labour or underage labour, who are younger than at least 15 years of age, or the applicable minimum legal age for employment, whichever is higher. Suppliers must comply with the International Labour Organization (ILO) standards as well as applicable legal requirements. Suppliers may employ adolescents who are older than the applicable legal minimum age but are younger than 18 years of age. However,

suppliers must ensure that these employees do not perform work that might impact their health, safety or morals and suppliers are prohibited from requiring adolescent employees to work overtime or perform night-time work. Suppliers are required to maintain student records, perform rigorous due diligence of educational partners, and protect students' rights in accordance with applicable law and regulations. When they do employ students, suppliers are required to provide appropriate support and training and pay student workers, interns and apprentices the same rate as any other entry-level workers who perform equal or similar tasks.

Suppliers are required to comply with applicable laws and industry standards on working hours and provide employees with at least one day off in every seven days. Suppliers must ensure that all overtime work is voluntary and follows applicable laws and regulations. Suppliers must ensure that wages paid to their employees meet at least legal minimum standards. We require suppliers to communicate pay structure and pay periods to their employees and maintain an effective mechanism to report grievances and facilitate open communication between management and employees.

It is a condition of the Supplier Code of Conduct that suppliers are required to perform periodic evaluations of their facilities and operations, and the facilities and operations of their subcontractors and sub-tier suppliers that provide goods or services ultimately intended to for our products to ensure their compliance with the Supplier Code of Conduct and the law. Suppliers are required to allow us, or a third party we designate to periodically evaluate suppliers' facilities and operations of their subcontractors and sub-tier suppliers to assess the compliance with the applicable principles and requirements of the Supplier Code of Conduct.

The Supplier Code of Conduct has been made publicly available on The Swatch Group Ltd's website, and any concerns can be reported to sustainability@swatchgroup.com.

4.3 Swatch Group (Canada) Ltd. Vendor Onboarding Procedure

Prior to onboarding a new vendor into The Swatch Group (Canada) Ltd.'s supply chain, we require our personnel to follow our Vendor Onboarding Procedure. The Swatch Group Supplier Code of Conduct is an entry-level requirement that must be sent out as part of the onboarding process for all new vendors. Once a contract has been signed, each new vendor is provided with a New Vendor Package which includes our Supplier

Code of Conduct. Each new supplier is required complete our New Vendor Application Form, which requires them to acknowledge receipt of the Supplier Code of Conduct.

5. Forced Labour and Child Labour Risks in Our Activities and Supply Chains

5.1 Risk Assessment (Canada)

As discussed in section 2, a large portion of the goods The Swatch Group (Canada) Ltd. imports into Canada are watches and jewelry that have been manufactured by our parent company for the purposes of wholesale and retail distribution in Canada. At a global level, The Swatch Group Ltd. identifies areas of its supply chain that carry a risk of child labour and undertakes additional steps to manage risks within its supply chain (our tier 2) which is outlined below.

5.2 Global Swatch Group Risk Controls

At the global level, The Swatch Group Ltd. has most of its production sites in Switzerland where it manufactures its own watch movements, cases, crystals, hands and other watch components.

Swatch Group Ltd. conducted 134 supplier audits globally in 2024, with increased control in East Asia.³ The Swatch Group Ltd.'s FEPS (Far East Procurement Services) continuously verifies that direct suppliers and their facilities adhere to the Supplier Code of Conduct and applicable laws and regulations. All production facilities of direct suppliers and designated tier-2 suppliers are required to undergo two independent audits.⁴ These audits are prioritized based on geographic risk and procurement volume. Employee documentation is verified, and underage workers are specifically screened. The Swatch Group Ltd. continues to develop a supply chain mapping initiative to improve traceability and risk identification.

The Swatch Group Ltd. applies a zero-tolerance policy and cooperation with the suppliers will be suspended immediately in case of any failure about child labour. On-site supplier audits are carried out in a proactive effort to eliminate the risk of child labour in their supply chain. These audits are repeated at regular intervals. Regarding minerals and metals from conflict-affected and high-risk areas, the imported and

³ Swatch Group Sustainability Report 2024, p. 105

⁴ Swatch Group Sustainability Report 2024, p. 103

processed amounts of the materials defined by the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict Affected Areas and Child Labor (DDTRO) have been recorded and analyzed. The Swatch Group Ltd. does not source many of these specified minerals and metals, and only in small quantities where it does. The threshold is only exceeded in the case of tungsten and gold. Regarding gold and tungsten, The Swatch Group Ltd. has systems in place to ensure traceability and to confirm that these are not sourced from conflict-affected regions.⁵

6. Measures Taken to Remediate Forced Labour or Child Labour

In our ongoing efforts to maintain ethical business practices, we have not identified any instances of forced or child labour within our operations or associated supply chains. Accordingly, we have not had to implement any corrective actions in this regard.

7. Remediating Loss of Income to Vulnerable Families

Not applicable, we have not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

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

We acknowledge the importance of education and consciousness-raising within our team as key components in the fight against forced and child labour. Our employees have an understanding and compliance with our Employee Handbook and Supplier Code of Conduct. Our employees are notified with any revisions to the Employee Handbook and Supplier Code of Conduct, as applicable.

9. Assessing Our Effectiveness

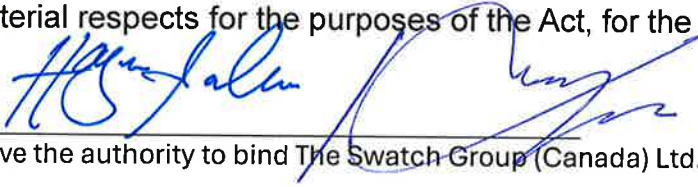
Stakeholders are encouraged to report violations of the Supplier Code of Conduct to sustainability@swatchgroup.com. No instances were raised to our attention that violate our Supplier Code of Conduct in 2024, and there were no forced labour or child labour incidents related to our suppliers identified through monitoring procedures.

⁵ Swatch Group Sustainability Report 2024, pp. 100

10. Board of Directors Approval and Attestation Statement

This Report was Approved by the Board of Directors of Swatch Group (Canada) Ltd., pursuant to section 11(4)(b)(ii) of the Act.

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 or entities 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.



I have the authority to bind The Swatch Group (Canada) Ltd.

Hazem Sbayteh / Nic Afloroaei

Director, The Swatch Group (Canada) Ltd.

05/31/2025