

Supplier Code of Conduct

INTRODUCTION

Responsible Sourcing and Sustainability are the core of The Swatch Group Ltd and its companies' (collectively, "The Swatch Group" or "The Swatch Group companies") business values. The Swatch Group companies are committed to taking responsibility for the protection of life, safety, health, and the environment. We endeavour to do our best across all areas and at all levels of The Swatch Group companies to live up to this responsibility.

The Swatch Group supports these commitments within the five sections of its Supplier Code of Conduct ("Code"). These cover Principle, Labour and Human Rights, Environmental Protection, Responsible Supply Chain and Ethics.

The Swatch Group companies will assess their suppliers' compliance with this Code, and any violations of this Code may jeopardize suppliers' business relationship with The Swatch Group companies up to and including termination.

This Code applies to The Swatch Group and its companies' facilities, The Swatch Group companies' suppliers and their subsidiaries and affiliates, as well as subcontractors and sub-tier suppliers providing goods or services to The Swatch Group companies or for use in or with The Swatch Group companies' products.

PRINCIPLE

The Code is based on 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.

Our approach is based on the United Nation Guiding Principles for Business and Human Rights (UNGPs). In keeping with the UNGPs framework, we follow the higher standard where national law and international human rights standards differ. In addition, we follow the higher standard where national law and The Swatch Group's strict environmental, health and safety standards differ. Where national law and The Swatch Group's high standards are in conflict, we respect national law while seeking to honour the higher standard.

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1 LABOUR AND HUMAN RIGHTS

1.1 Legal Compliance

Suppliers shall comply with applicable laws and regulations relating to their activities and the countries in which they operate. Suppliers shall ensure that any production, delivery or other action subject to obtaining specific governmental, legal or regulatory permissions is only to be undertaken when those permissions have been granted.

1.2 Anti-Discrimination

Suppliers shall commit to a workplace free of discrimination. Suppliers shall employ legally eligible workers based upon their abilities, rather than their age, race, colour, religion, disability, marital status, pregnancy status, gender identity, political affiliation, sexual orientation, social origin, national origin or any other status unrelated to an individual's ability to perform the work required by the job.

1.3 Anti-Harassment and Abuse

Suppliers shall commit to a workplace free of harassment and abuse. Suppliers shall not engage in, condone, or tolerate any physical abuse, verbal abuse and harassment, psychological harassment, and sexual harassment against or among their workers.

1.4 Prevention of Involuntary Labour and Human Trafficking

Suppliers shall not engage in or support the use of involuntary labour. Suppliers shall not traffic persons or use any form of slave, forced, bonded, indentured, or prison labour. Suppliers shall not withhold employees' original government-issued identification or travel documents. Suppliers shall not impose unreasonable restrictions on movement within the workplace or upon entering or exiting company-provided facilities.

Employees shall not be required to pay employers' or their agents' recruitment fees or other similar fees to obtain or terminate their employment. Suppliers shall ensure that employees' contracts clearly convey the conditions of employment in a language understood by the employees. Suppliers shall ensure that the third-party employment agencies it uses are compliant with the provisions of this Code and the law.

1.5 Prevention of Underage Labour

The Swatch Group has zero tolerance to the use of child labour or underage labour, who do not meet at least 15 years of age, or the applicable minimum legal age for employment, whichever is higher. Suppliers shall comply with the International Labour Organization (ILO) standards as well as applicable legal requirements.

Suppliers may employ juveniles who are older than the applicable legal minimum age but are younger than 18 years of age. Suppliers shall ensure that the juvenile employees do not perform work that might jeopardize their health, safety, or morals. Suppliers shall not require juvenile employees to work overtime or perform night-time work.

Suppliers shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable law and regulations. Suppliers shall provide appropriate support and training to all student workers. In the absence of local law, the wage rate for student workers, interns and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks.

1.6 Working Hours

Suppliers shall comply with applicable laws and industry standards on working hours. Employees shall have at least one day off every seven days. Suppliers shall follow all applicable laws and regulations concerning working hours and days of rest, along with ensuring all overtime work is voluntary.

1.7 Wages and Benefits

Suppliers shall ensure that wages paid to their employees meet at least legal minimum standards. The wages and benefits shall be rendered at such intervals and in such a form as in full compliance with all applicable laws. Overtime work shall be remunerated at a premium rate as per legal requirements. Suppliers shall strictly respect the applicable laws or regulations regarding the employer's contribution to the social security system. Suppliers shall communicate pay structure and pay periods to their employees. The use of temporary and outsourced labour shall be within the limits of the local law.

1.8 Health and Safety

Suppliers shall provide a safe and healthy working environment and shall take adequate steps to prevent accidents and injury to health arising out of, associated with or occurring in the course of work. Employee dormitories provided by suppliers shall be clean, safe, and provide reasonable living space. Suppliers shall obtain, keep current and comply with all required health and safety permits.

1.9 Freedom of Association

Suppliers shall allow and respect employees' lawful rights to associate with others, form and join organizations or unions of their choice and bargain collectively, without interference, discrimination, retaliation or harassment.

1.10 Grievance Systems

Suppliers shall have an effective mechanism to report grievances and facilitate open communication between management and employees.

1.11 Indigenous People

Suppliers shall recognise and respect the rights of indigenous peoples as articulated and defined in applicable local, national and international laws and their social, cultural, environmental and economic interests, including their connection with lands and waters.

1.12 Security

Suppliers shall assess security risks and establish measures that protect employees, contractors, visitors and personnel employed by relevant business partners against product theft, damage or substitution of products within the premises and during events, exhibitions and shipments.

2 ENVIRONMENTAL PROTECTION

2.1 Environmental Permits and Reporting

Suppliers shall obtain, keep current, and comply with all required environmental permits. Suppliers shall comply with the reporting requirements of applicable permits and regulations.

2.2 Hazardous Waste and Non-Hazardous Waste Management

Suppliers shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle hazardous waste and non-hazardous waste.

2.3 Wastewater Management

Suppliers shall identify, manage, and reduce wastewater produced by their operations. Suppliers shall conduct routine monitoring of their wastewater treatment systems in accordance with legal requirements.

2.4 Air Emissions Management

Suppliers shall identify, manage and reduce air emissions discharging from their operations that pose a hazard to the environment. Suppliers shall conduct routine monitoring of their air emission control systems in accordance with legal requirements.

2.5 Boundary Noise Management

Suppliers shall identify, control, monitor, and reduce noise generated by the facilities that affect boundary noise levels.

2.6 Greenhouse Gas Emissions Management

Suppliers shall identify, manage and reduce Greenhouse Gas (GHG) emissions from their operations. Suppliers shall regularly quantify, set targets, monitor progress, and reduce their emissions of greenhouse gases through the use of clean energy or other measures.

2.7 Resource Consumption Management

Suppliers shall regularly quantify, set targets, monitor progress, and reduce consumption of water, energy, hazardous substances, and other natural resources through re-use, recycling, substitution, or other measures.

2.8 Biodiversity

Suppliers shall protect biodiversity and sensitive habitats. Suppliers shall identify sensitive habitats and implement controls to ensure that their operations will not lead to a significant decline (no net loss) of threatened species or create an adverse impact on their habitat.

3 RESPONSIBLE SUPPLY CHAIN

3.1 Regulated Substances

Suppliers shall meet legal regulations and requirements on identification, transportation, handling, storage and disposal of hazardous substances. Inventory of hazardous substances with up-to-date Material Safety Data Sheet (MSDS) shall be maintained and provided for review upon request. Suppliers shall prohibit the use of substances that are subject to national or international bans for their adverse effects on humans or the environment. Suppliers shall establish Bill of Materials (BOMs) with the composition of materials supplied to The Swatch Group companies, and ensure the traceability of these materials.

3.2 Wood-based Products

Suppliers providing wood-based products to The Swatch Group shall sign up and comply with The Swatch Group Wood Policy agreement, which includes the following requirements:

- Suppliers shall comply with international and national regulations and agreements such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Species listed in Appendix I of CITES are prohibited.
- Suppliers shall not use species listed as threatened in the International Union for Conservation of Nature (IUCN) Red List of Threatened Species.
- Suppliers shall hold third party certifications to ensure the sustainable sourcing of wood-based products.

3.3 Leather Products

Suppliers shall comply with international and national regulations and agreements such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Species listed in Appendix I of CITES are prohibited. Suppliers shall not use species listed as threatened in the International Union for Conservation of Nature (IUCN) Red List of Threatened Species.

Suppliers shall ensure that their supply chain complies with legal regulations and requirements regarding animal welfare, well-being and hygiene standards. The taking of animal species (i.e., hunting, fishing) from their natural environment is prohibited. The use of leather from species classified in Appendices II and III of CITES is limited to the Alligator Mississippiensis species and shall be sourced from the clearly identified, controlled and sustainable farming operations in the US Southeastern States.

3.4 Precious Metals

Suppliers shall use precious metals provided physically by The Swatch Group companies or shall demonstrate that precious metals supplied to The Swatch Group companies are traceable and meeting the following requirements:

- Comply with the OECD Due Diligence Guidance on responsible business practice.
- Be conflict-free and mined responsibly in a manner that respects human and labour rights and does not inflict environmental damage, either directly or through subsequent contamination from tailings or waste rock.

The Swatch Group recognizes the Responsible Jewellery Council certification and other equivalent industry standards.

3.5 Diamonds and Gemstones

Suppliers shall ensure that diamonds and gemstones are mined, produced in a manner that respects human and labour rights, is conflict-free and does not inflict environmental damage, either directly or through subsequent contamination from tailings or waste rock. Suppliers shall respect applicable international sanctions related to the sourcing, trade and sale of diamonds and other gemstones irrespective of where they have been cut and from where they have been exported.

All parties involved in the supply chain, including mines, cutters, manufacturers and traders shall comply with this Code and internationally recognized standards on human rights and working conditions. Suppliers shall ensure that the origin of diamonds and other gemstones, including recycled materials and byproduct materials, are traceable and from legitimate sources. The revenues from mining and trade of diamonds and other gemstones shall not be used directly or indirectly to finance armed conflicts or terrorist activities.

Suppliers shall uphold an impeccable reputation for integrity and clear application of responsible and respectful business practices, with membership in organizations that certify these practices, or an explicit demonstration as necessary means of proof.

Suppliers shall provide full and complete disclosure of the physical characteristics of diamonds and gemstones (including detailed information on treatments), in compliance with national and international laws and industry best practices. Suppliers shall use appropriate and unambiguous nomenclature and refer to the CIBJO Blue Books for clarity.

For diamonds, suppliers shall adhere to the Kimberley Process Certification Scheme (KPCS) and the World Diamond Council voluntary system of warranties, and to support similar future initiatives aiming to protect human rights and the integrity of their supply chain.

Suppliers shall provide only natural, non-treated diamonds from legitimate sources that strictly conform to The Swatch Group companies' quality specifications unless explicitly requested, and have systems and controls in place to identify synthetics and ensure 100% synthetics free deliveries.

3.6 Quality Management System

Suppliers shall implement and maintain a sound business and quality management systems that facilitate product legal compliance, identify and mitigate quality risks, and facilitate continuous improvement. The quality management system can be based on standard ISO 9001 or equivalent industry standards.

3.7 Animal Welfare

Suppliers shall adhere to the humane treatment of animals and be encouraged to promote the welfare of animals. This includes providing an environment that is free from distress, cruelty, abuse, and neglect and that is consistent with all applicable laws and industry guidelines. These practices must be compliant with veterinary recommendations like OIE (World Organisation for Animal Health) standards or any other similar recognized animal welfare standards.

3.8 Sustainable Materials

Suppliers should favour materials that are recycled and recyclable. If not possible, suppliers are encouraged to favour materials that are biobased, compostable or biodegradable. At the minimum, suppliers should favour materials that are energy recoverable. Suppliers shall substantiate environmental claims (recycled, recyclable, organic, biobased, compostable or biodegradable) by appropriate documentation or certification when applicable.

3.9 Product Lifecycle Assessment

Suppliers are encouraged to design products in a way to minimize their size and weight and reduce to the minimum the content of substances that might impair their reuse or recovery. Suppliers are encouraged to assess the social and environmental impacts associated with the entire life cycle of materials, processes or products delivered to The Swatch Group companies. Between two identical materials, processes or products, suppliers shall always favour the one that has the smallest impact. Data on social and environmental impact assessment shall be made accessible upon request.

3.10 Community Development

Suppliers are encouraged to support the social, economic and institutional development of the communities in which they operate and support community initiatives. Suppliers should ensure an effective grievance mechanism is in place as a communication channel with affected communities and other relevant stakeholders.

4 ETHICS

4.1 Responsible Business Practice

Suppliers shall adopt a policy/policies that document their commitment to responsible business practices. The policy/policies shall be endorsed by senior management of the suppliers, is actively communicated to employees and is made publicly available. Suppliers should ensure all their employees and suppliers understand and adhere to this Code.

4.2 Management Systems and Responsibilities

The Swatch Group holds its suppliers accountable to this Code of Conduct, and all of its Standards. Suppliers shall implement or maintain (as applicable) management systems that facilitate compliance with this Code and the law, identify and mitigate related operational risks, and facilitate continuous improvement.

4.3 Business Integrity

The Swatch Group is committed to the prevention of bribery. The Swatch Group has zero tolerance of corruption within both in internal and external activities. Suppliers shall aspire to the highest ethical standards in business practices and the interactions with The Swatch Group companies and carry out all activities in a lawful manner in accordance with applicable company policies and rules. Suppliers shall report any concerns or breaches to their management or board.

The Swatch Group does not allow any exchange of favours, money, gifts, or any other monetary benefits with any officer, representative or employee of The Swatch Group companies with the intent to influence business decisions.

4.4 Transparency

Suppliers shall accurately record information regarding their business activities, labour, health and safety, and environmental practices and shall disclose such information, without falsification or misrepresentation, to all appropriate parties and as required by law.

4.5 Protection of Intellectual Property

Suppliers shall fully respect all intellectual property rights of its business partners and shall avoid any infringements of valid patents, trademarks, copyright, trade secrets or any other intellectual property.

4.6 Money Laundering

The Swatch Group has zero tolerance of money laundering or the financing of terrorism. Suppliers shall ensure full conformity with the applicable national and/or international accounting and banking standards and processes, as well as law with respect to money laundering, financing of terrorism, fraud, and other illegal activities. All payments have to be made on a contractual basis.

4.7 Fair Business, Advertising and Competition

Standards of fair business, advertising and competition are to be upheld. Appropriate means to safeguard customer information must be available.

4.8 Privacy

Suppliers shall commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers, consumers and employees. Suppliers shall comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

4.9 Audits and Assessments

Suppliers shall 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 The Swatch Group companies' products to ensure their compliance with this Code and the law.

Suppliers will permit The Swatch Group companies, or a third party designated by The Swatch Group companies 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 Code.

Suppliers shall not have manufacturing operations in, recruit labour directly or indirectly from, or source materials, products, or services directly or indirectly from, regions where The Swatch Group companies and third parties cannot access and conduct a comprehensive, independent evaluation of suppliers' compliance with this Code.

This Code draws from industry and internationally accepted principles such as United Nations Guiding Principles on Business and Human Rights, International Labour Organization's (ILO) International Labour Standards, the ILO's Code of Practice in Safety and Health, OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High Risk Areas, Responsible Jewellery Council Code of Practice 2019, Responsible Jewellery Council Chain of Custody 2017, the SA 8000 Standard of Social Accountability International, the OHSAS 18001 Standard and the anti-bribery guidelines (i.e. ISO 37001). This Code will be periodically updated to reflect changes in laws, regulations and Swatch Group's policies.

In the case of any translation of this Code, the English version shall prevail over the translated version. Please contact with sustainability@swatchgroup.com if any question or reporting associated with this Code of Conduct.