



WATCHES OF SWITZERLAND GROUP PLC
WATCHES OF SWITZERLAND OPERATIONS LIMITED
WATCHES OF SWITZERLAND COMPANY LIMITED

CORPORATE SOCIAL RESPONSIBILITY

INTRODUCTION

The Watches of Switzerland Group is committed to operating in a responsible and environmentally conscious manner. Our approach looks to embrace the responsibility we have for our planet, our colleagues and to make a positive contribution to the communities in which we live and serve.

Our CSR policy spans four key areas: **Colleagues, Supply Chain, Environment** and **Communities**.

Our Colleagues: We are proud to be a people business and employ over 2,000 colleagues across the business in the UK and the US. In our stores, in our warehouses and in our offices, we strive to provide a dynamic and open workplace where the rights, needs and unique contributions of every member of our diverse teams are respected and valued. In return, we expect our colleagues to contribute to our company culture by embodying our common values and provide our customers with a best in class experience.

Our Supply chain: We are committed to work to consistently improve the sustainability of our supply chain. As an important component of our supply chain, we inspect the third-party factories where our products are manufactured to ensure that working conditions meet our standards and comply with all industry-wide requirements. In addition, we are proud to be an active UK member of the Responsible Jewellery Council since 2011.

Our Environment We strive to conduct our business in a responsible, sustainable manner in order to protect the environment. Our environmental statement and policy highlight our commitments and improvement measures and continue to evolve in line with our growing business.

Our Communities: We are committed to making a positive contribution to the communities in which we live and serve in the UK and USA. In the UK, through our strategic partnership with The Prince's Trust, we are committed to help improve the lives of disadvantaged young people through a broad range of educational programmes and fundraising activities. In the USA, our approach is to support local community projects and charities in the communities in which we operate stores, namely in Florida, New York and Las Vegas.



OUR COLLEAGUES

Our colleagues are an integral part of ensuring the continued success of our business. We are committed to providing our colleagues with an open and dynamic workplace and to ensuring they are equipped with the most comprehensive tools to develop their full potential. This applies to colleagues in both offices and stores who are vital in offering our customers an unrivalled experience. Our vision and embedded values system enable us to celebrate and reward the achievements of our colleagues every day.

LEARNING & DEVELOPMENT

Product knowledge and customer experience skills are critical to our business. We are proud of our wide range of training and development programmes both in the UK and USA and work closely with our brand partners to ensure that our colleagues are true experts in our category. Our e-learning modules make learning and personal development accessible to all.

RECOGNITION & CELEBRATION

Our award-winning recognition programme Vibe! provides all colleagues with the ability to recognise and celebrate achievements across the employee population instantly via a digital platform. We celebrate these achievements in style at our annual award ceremonies. Clarity, our bi-monthly internal magazine, is another platform through which we engage with our colleagues, provide company news and recognise and celebrate the achievements across the workforce.

WORKFORCE ENGAGEMENT

Our Designated Non Executive Director is responsible with representing the voice of colleagues at Board level and in January 2020 we launched How Are We Doing?, our first company-wide engagement survey. A How Are We Doing? colleague forum will follow in Spring 2020 with plans to further develop the programme in the future.

DISABILITY DISCRIMINATION POLICY

The aim of The Watches of Switzerland Group is to provide an inclusive and accessible environment for all by proactively fulfilling our obligations under the Disability Discrimination Act (DDA) and any associated UK and European legislation. As a company, we will endeavour to evolve and improve the access and facilities our properties provide by making 'reasonable adjustments' to help our disabled customers enjoy their visit. Unfortunately, there are some premises where alterations would be detrimental to the wellbeing of the building, which may lead to certain access points and facilities being impossible to provide. In this situation, we will seek to provide an alternative shopping location where possible.

Accessible premises: We take all reasonable steps to provide easy access for all customers to our buildings and our facilities.

Training and awareness: We provide disability awareness training for our customer facing employees and raise awareness of accessibility throughout the company.

Accessible information: We strive to obey the spirit of the DDA with respect to the provision of our services online. The pages on our website conform at a minimum to level A compliance, as specified by the web content accessibility and endorsed by the Royal National Institute of Blind People (RNIB).

OUR COLLEAGUES CONTINUED

EQUAL OPPORTUNITY POLICY

The Watches of Switzerland Group has in place an Equal Opportunities policy and we believe we have an opportunity to be inclusive and encourage diversity within our workforce. Our recruitment process allows people with disabilities to have fair and equal access to employment opportunities. We make reasonable adjustments to roles and environments to accommodate disabled applicants and for employees who become disabled while employed by The Watches of Switzerland Group. Any acts of disability discrimination are dealt with in accordance with our internal policies.



OUR SUPPLY CHAIN

We have in place a robust code of conduct for suppliers, ensuring ethical trading practices are adhered to. Compliance to The Watches of Switzerland Group's business ethics code is mandatory in order to engage in business with us. The Watches of Switzerland Group monitors compliance by means of factory audits conducted by trained colleagues. Vendors are requested to provide The Watches of Switzerland Group with full access to their production facilities and to any documents pertinent to legal employment or environmental practices. Any vendor found to be in violation of this code will be notified of corrective action required to avoid termination of our business relationship.

There are 11 key principles to The Watches of Switzerland Group Vendor Code of Conduct and definitions of each are provided below:

1. Employment is freely chosen
2. Freedom of association and the right to collective bargaining are respected
3. Working conditions are safe and hygienic
4. Child labour shall not be used
5. Living wages are paid
6. Working hours are not excessive
7. No discrimination is practised
8. Regular employment is provided
9. No harsh or inhumane treatment is allowed
10. Responsible environmental practices protecting, and where possible, improving the environment, promote sustainable development and prevent the wasteful use of natural resources
11. Zero tolerance of conflict products

THE RESPONSIBLE JEWELLERY COUNCIL

The Watches of Switzerland Group is proud to be an accredited member of the Responsible Jewellery Council (RJC). With 1,000 member companies across the gold and diamond jewellery industry, the RJC is an international not-for-profit organisation which has been established to reinforce consumer confidence in the jewellery industry by advancing responsible business practices throughout the diamond, gold and platinum group metals jewellery supply chain.



OUR ENVIRONMENT

The Watches of Switzerland Group affirms its commitment to global environmental protection and recognises the importance of incorporating environmental issues within its business decisions and activities.

The organisation acknowledges the potential for serious environmental impairment which could arise from its operations if these are always not carried out in an environmentally responsible manner. The Watches of Switzerland Group is committed to complying with the requirements of the Environmental Protection Act 1990, and all legal duties and obligations imposed by other Environmental Acts and Regulations.

Over recent years we have introduced several initiatives to increase the focus on sustainability of our business. We will continue to move towards a more structured, systematic, transparent and measurable environmental programme.

Our commitments:

- **Raw Materials:** We comply with the relevant international laws and industry regulations when sourcing our products and insist on written guarantees from vendors that our products conform with international regulations
Employment is freely chosen
- **Endangered species:** We occasionally sell products made from specialist skins and exotic woods. Vendors are obliged to provide us with written guarantees that these products comply with the international laws and industry regulations

- **Reducing our contribution to climate change:** We will quantify the energy, fuel and water used in our business and develop and implement an action plan to achieve year-on-year reductions
- **Minimising waste:** We continue to take steps to reduce packaging in our supply chain and increase the re-use and recycling of materials
- **Communicating clearly with our colleagues and vendors:** We engage with our colleagues and our main vendors to look for their ideas and support in delivering our programme of environmental improvements
- We are an active member of the Responsible Jewellery Council
- These commitments apply to all businesses owned by The Watches of Switzerland Group

OUR ENVIRONMENT CONTINUED

WE WILL CONTINUE TO IMPROVE BY:

- Capturing the data that we need to form a company baseline and then setting targets for improvement
- Raising awareness of our achievements and targets with our colleagues
- Assessing which accredited environmental management system (EMS) is most appropriate for our business and aligning our programme accordingly

We will continue to work closely with our vendors to ensure The Watches of Switzerland Groups Code of Conduct is upheld across our supply chain.

We are deeply committed to ensuring our raw materials and products are sourced from vendors that meet high ethical standards with a focus on sustainability and transparency:

- **Diamonds:** The Watches of Switzerland Group is a signatory of the Kimberley Process (KP), a certification scheme established in 2003 to prevent conflict diamonds (also known as blood diamonds) from entering the mainstream rough diamond market. The United Nations defines conflict diamonds as: "Diamonds that originate from areas controlled by forces or factions opposed to legitimate and Internationally recognised governments". The KP scheme requires guarantees of diamond origin through the supply chain (www.worlddiamondcouncil.com). As a result, our diamonds are acquired from legitimate sources which have no involvement in funding conflicts and ensure the absence of any conflict diamonds.
- **Gold:** The Watches of Switzerland Group is a signatory of the 12 Golden Rules initiative driven by CAFOD (Catholic Fund for Overseas Development; www.cafod.org.uk). The initiative has been introduced in 2006 to ensure gold mining minimises damage to the environment and communities local to the mines. The gold we buy as part of our supply chain is entirely from legitimate sources. The Watches of Switzerland Group also requires all suppliers of Gold, Silver and Platinum metals to sign a declaration that all these metals are sourced through responsible suppliers and are authorised by the LBMA good delivery list (www.lbma.org.uk/good-delivery-list). Our vendors are also required to provide the name of their precious metals source.
- **Specialist skins:** A small number of our products use animal skins, which is usually restricted to watch straps. Our watch strap manufacturers only source skins from farmed sources and conform to the relevant international laws that include the Convention on International Trade in Endangered Species (www.cites.org). In addition, whilst we only buy watches from the most reputable manufacturers, we have systems and controls in place to ensure our watch vendors only use any animal skins from farmed and sustainably managed sources.
- **Product packaging:** At the warehouse and distribution level, paper, cardboard and space filling are re-used and/or recycled. In our retail operations, we have moved from polythene branded bags to recyclable paper bags. Our packaging supplier (Adare) operates to ISO9001 & ISO 14001 standards as well as SEDEX & SMETA.
- **Printed materials:** Our printed materials available in-store are supplied by Adare, the same third party as the packaging therefore operate to the same standards ISO90001, ISO14001 and FSC.

OUR ENVIRONMENT CONTINUED

In addition to raw materials, we continue to apply an environmentally conscious approach to all our operations. We continue to look for areas in which to improve these.

- **Energy:** In the Summer of 2019, we complied with our Energy Saving Opportunity Scheme (ESOS) obligation well ahead of the deadline on 5 December 2019.

The most significant saving identified was in-store lighting – replacing spotlights with LED equivalents. We have in fact already completed this improvement in 60% of our stores. Where this work has not been completed, it is because it is uneconomic to do so. There is an ongoing programme in place to install LED lights in the all our stores over the next 2-3 years.

This improvement in lighting has also led to a decrease in heat produced by older light fittings, which in turn has decreased the demand on HVAC systems. The ongoing replacement of HVAC systems during major refurbishments has also led to more energy efficient systems being installed.

We have half-hourly meters installed in 36 of our largest stores, to closely monitor the consumption of our higher usage stores. We are in the process of procuring specifically Green energy (solely from renewable sources) rather than Blue (a mix including nuclear) or Brown (Fossil fuels).

Our head office building, located in Leicester, has lighting that is controlled by movement sensors which also take account of natural light levels and dim lights accordingly. LED lighting has also been installed to some areas and a programme of replacing them throughout is ongoing. We are gathering the data needed to map our energy consumption and energy trends on a site by site basis. Once we have done this, we will set targets to reduce energy use and develop a plan to hit these targets.

- **Water:** Over the past four years we have installed water meters in all possible sites across our stores and offices. Water meter data is used to identify sites with exceptional water use and to resolve problems. We plan to gather the baseline data for water consumption in order to benchmark our stores and develop and plan with targets to reduce our water usage.
- **Waste:** At The Watches of Switzerland Group's head office buildings in Leicester, waste is segregated into paper, card and plastic which is recycled by our contractor, Biffa. Confidential waste is shredded and then recycled. Printer toners are recycled in our stores and office buildings. Second-hand office IT and electrical equipment is re-used and recycled by Stone Group. Batteries are recycled across our store network with each store having a bespoke container that is collected by a specialist recycler. We comply with the Waste Electronic and Electrical Equipment Directive which forms part of our company policy and procedures. Paper, cardboard and plastic is recycled in our network of stores through a national recycling contract with Managed Waste Solutions. Waste from fitting out new stores or re-fitting existing showrooms is separated and recycled where possible. Although valuable display equipment is often stored and re-used, we have identified that more needs to be done to look for ways of re-using and re-cycling; we always work towards using economically viable ways for us to divert as much waste as possible away from landfill.
- **Transport:** We partner with third party parcel distribution companies for the delivery of our products. These companies have an Ecovadis Gold sustainability rating and have made a commitment to reducing their carbon footprint. Our air travel within the company is limited and our fleet of more than 100 company cars has halved over the past 10 years, comprising only clean diesel or hybrid models.
- **Supplier Responsible environmental practices:** The Watches of Switzerland Group believes that a business should protect, and where possible, improve the environment, promote sustainable development and prevent the wasteful use of natural resources. We expect our business associates to comply with all current local environmental laws and regulations. Additionally, we encourage our vendors to promote responsible environmental practices.

OUR ENVIRONMENT CONTINUED

WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT (WEEE) REGULATIONS

Each year over 2 million tonnes of electrical and electronic waste are generated across the whole of the UK, which has increased in recent years as a result of:

- New technologies being developed
- Affluent society
- Throw away lifestyle

Over 75% of waste electrical goods end up in landfill, where lead and other toxins contained in the electrical goods can cause soil and water contamination. Many of the electrical items that we throw away can be repaired or recycled. Recycling items helps to save natural finite resources and also reduces the environmental and health risks associated with sending waste electrical goods to landfill.

The Watches of Switzerland Group complies with the WEEE Regulations by offering instore take back. Customers are able to return their WEEE products to our stores on a like for like basis when making a new purchase.

Electrical and Electronic Equipment that was made after 13 August 2005 should display the crossed-out wheelee bin symbol on the packaging or product.



WEEE Registration Number: WEE/JK1784ST

Battery Regulations Registration Number: BPRN00952

ASSESSMENT OF OUR ENVIRONMENTAL IMPACT

The retail jewellery business involves selling small, high value products. These products have a very long product lifecycle and most of our raw materials are highly recyclable and actively recycled (30% of the world's gold being sold is estimated to be recycled).

The high product value-to-volume ratio in jewellery means that transport and storage are small when compared with many retailers. Consequently, our footprint is relatively limited. Distribution of our products to our network of stores happens through a parcel carrier leading to efficient distribution. Similarly, our industry has very high sales density and stores are therefore relatively compact. The multi-site nature of retail and the similarity of our own stores make our network easy to benchmark both internally and relative to our retail peer set.

Retailing jewellery does however require significant display lighting which in turn increases the need for air-conditioned cooling. The nature of our retail business often demands that we fit stores to a high specification leading to a high cost per square foot and greater use of materials. At the luxury end of our range, products frequently have elaborate packaging. We continue to take steps to reduce packaging in our supply chain and increase the re-use and recycling of materials across the business.

Whilst the retail jewellery business has a relatively low environmental impact, we conduct our business in a responsible way and look to continuously improve controls and processes to minimise this further. The most important area of environmental risk sits within our supply chain, particularly in the countries where many of our raw materials originate. We will continue to carefully manage and monitor both our environmental and social impact at the source in order to ensure our values are upheld across the supply chain.

In summary, The Watches of Switzerland Group is compliant and responsible when sourcing products to ensure a high standard of environmental and social values is upheld across the business. We will continue to expand our programme of social and environmental quality checking. In the UK, we have made progress through a number of initiatives focused on the environment during recent years. The group plans to implement a more structured and measurable environmental programme and to re-engage with colleagues staff and stakeholders to shape behaviour and reduce its environmental impact.



OUR COMMUNITIES

We support the communities in which we live and serve in a variety of ways. In the UK, our corporate partnership with The Prince's Trust provides the framework for our fundraising and volunteering activities with colleagues encouraged to be mentors and role models to young people still in education. Teams at our UK support centre in Leicester are also very engaged with supporting local charity initiatives.

Given the different landscape in the USA, we do not currently have a national partner but choose instead to support initiatives local to our hubs in Florida, New York and Las Vegas. We also support the fledgling Prince's Trust USA and were pleased to support their launch with an event at our Watches of Switzerland Store in Soho, New York in 2019.