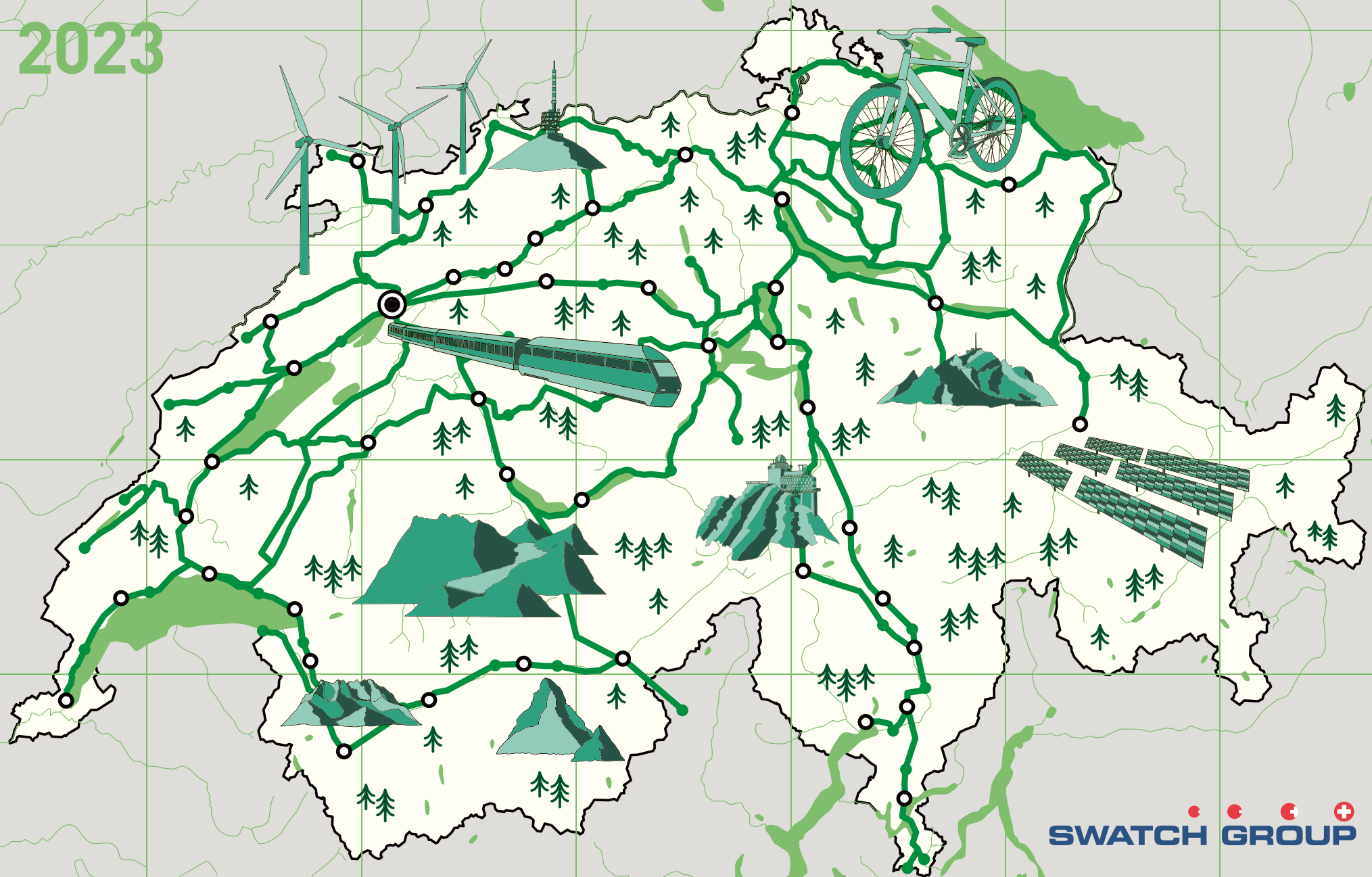


SUSTAINABILITY REPORT

2023



2023 KEY FIGURES

33.1%

of electricity from renewable energy sources

11.9%

biogas

-14.8%

gas consumption compared to 2022

-8.8%

emissions from stationary combustion compared to 2022

583

apprentices as of 08/01/2023 (start of training year)

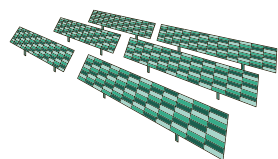
128

supplier audits

Swatch Group consolidated key figures	Unit	2023	2022	2021	2020	2019
Corporate and governance						
Net sales	CHF million	7 888	7 499	7 313	5 595	8 243
Salaries (excl. social security contributions)	CHF million	-2 043	-1 888	-1 802	-1 807	-2 080
R&D expenses (only direct costs)	CHF million	-275	-246	-245	-223	-251
Investments	CHF million	-803	-399	-303	-253	-459
Income taxes	CHF million	-262	-273	-237	-89	-256
Net result	CHF million	890	823	774	-53	748
New patents	Number	188	209	202	205	231
Environment						
Electricity consumption	GWh	294.0	281.4	257.9	239.4	269.1
Emissions from stationary combustion (primarily gas and heating oil)	t CO ₂ eq	11 807	12 942	14 910	15 890	18 991
Direct and indirect emissions (market based, Scope 1 and 2)	t CO ₂ eq	51 978	52 068	55 385	-	-
Water withdrawal	m ³	1 780 075	1 627 938	1 422 121	1 272 479	1 443 012
Hazardous waste	t	3 421	2 881	2 431	2 751	4 070
Non-hazardous waste	t	3 910	3 634	3 015	2 599	3 699
Social						
Employees as of Dec 31	Headcount	33 602	32 061	31 444	32 424	36 089
Proportion of women (headcount)	%	49	50	50	50	51
Proportion of women in management roles	%	37	36	37	-	-
Apprenticeship diplomas (in Switzerland)	Number	140	142	155	139	147
Sourcing						
Supplier audits	Number	128	146	76	54	149
Suppliers with A or B rating	Number	86	87	40	33	76

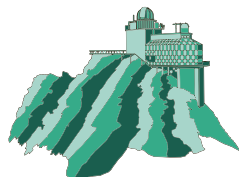
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CORPORATE AND GOVERNANCE



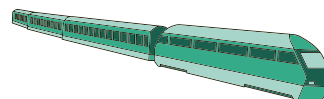
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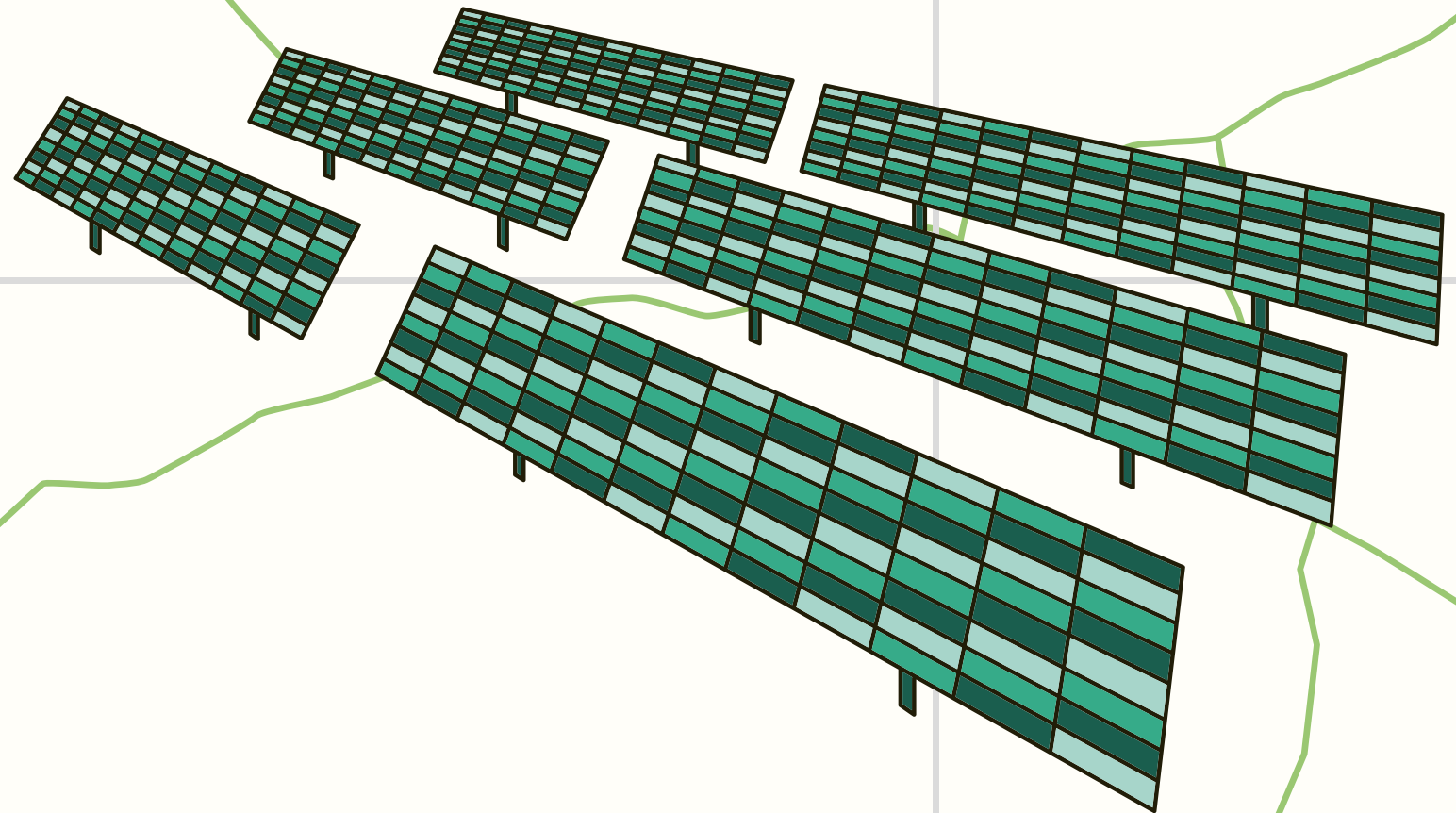
This sustainability report has been prepared in accordance with the GRI Universal Standards 2021. We followed all the reporting principles and requirements contained in the GRI 1 Foundation standard to identify content and prepare the report.

The name Swatch Group includes the entire scope of Swatch Group entities included in the consolidated financial statements listed in the Annual Report 2023.



SUSTAINABILITY AT SWATCH GROUP

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GRI DISCLOSURE 2-22

FOREWORD

For Swatch Group, responsible operations, responsible corporate governance and sustainability are a matter of course and have been part of our corporate culture and philosophy for many decades. Our attitude and vision in this respect remain unchanged! Ethical and social criteria, as well as environmental protection, have always been integral elements of this corporate culture. Swatch Group is also committed to responsible and sustainable sourcing, use of sustainable materials and applies a zero-tolerance policy on corruption, modern slavery and child labor, sets a positioning as an attractive and responsible employer and apprentice trainer, and runs a business model that is geared towards long-term, sustainable success.

In order to maintain our corporate culture and further embed these at all levels, in 2023 not only the Sustainability Team at Group level was enlarged, but also our entire sustainability community within our various entities. Several sustainability workshops were also organised and carried out in order to define the next objectives to achieve on our sustainability path. Our reference, benchmark, is what we have achieved so far. Our Sustainability Report 2023 shows the balanced scorecard as well as our goals, which we want to achieve in the coming years.

For example, we are continuing to work in the area of Scope 3 in order to reduce emissions in this field and to increase the measurement accuracy. In the same sense, we are also improving the analysis of our supply chains in order to achieve a reduction in Scope 3 emissions and to ensure due diligence and transparency in the supply chains as far as possible.

With passion, commitment and conviction, we continue to invest in sustainability on a daily basis in all areas, throughout the entire product life cycle, from product design to sourcing and customer service.

Since 2021, Swatch Group publishes a separate sustainability report in line with the GRI Standards in order to increase the scope of reporting, transparency and comparability. Swatch Group is taking into account the UN's Sustainable Development Goals (SDGs) and reports how it contributes to the achievement of these goals as a responsible company.

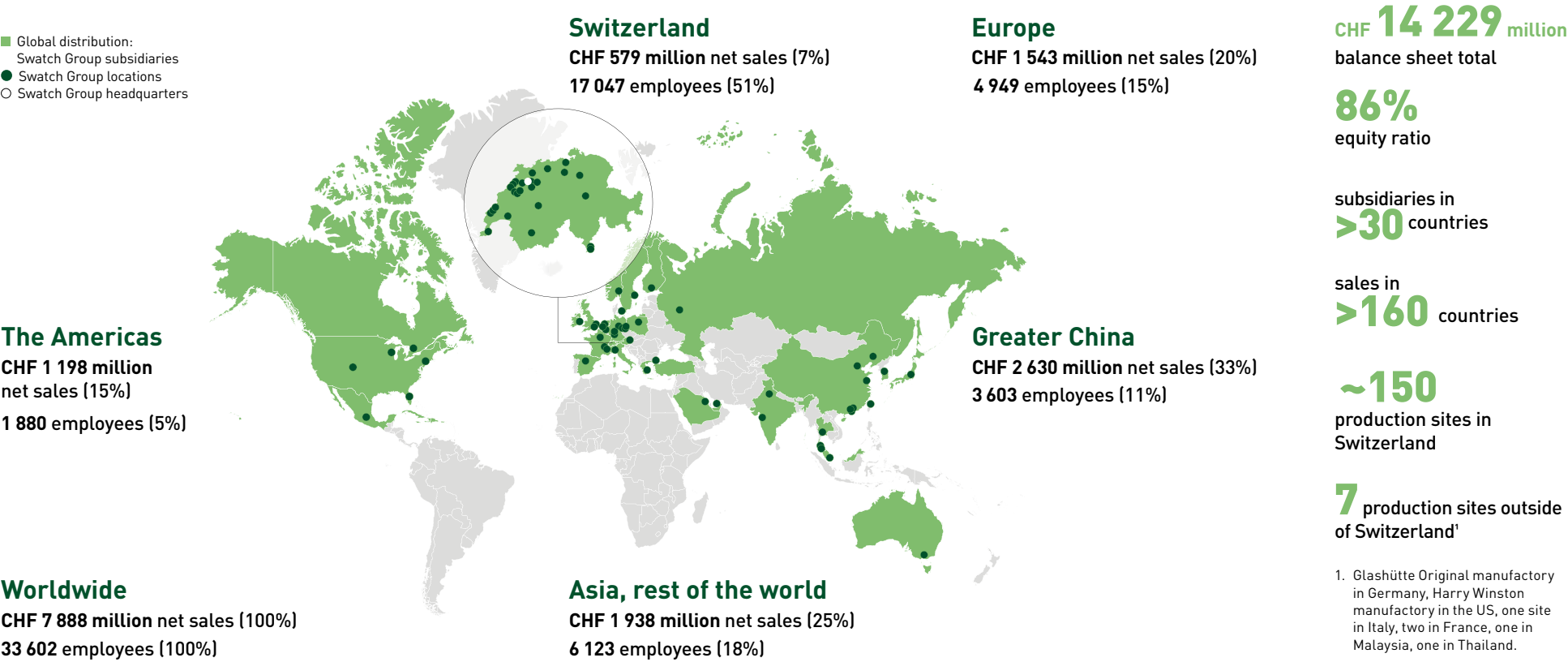
Marc A. Hayek / Thierry Kenel / Peter Steiger
Sustainability Steering Committee



GRI DISCLOSURE 2-1

OVERVIEW OF SWATCH GROUP

Swatch Group is an international group with 17 consumer brands working in the manufacture, marketing and sale of finished watches, jewelry, watch movements and components. It manufactures almost all the necessary mechanical and electronic components itself and supplies such parts to third-party manufacturers in Switzerland and around the world.





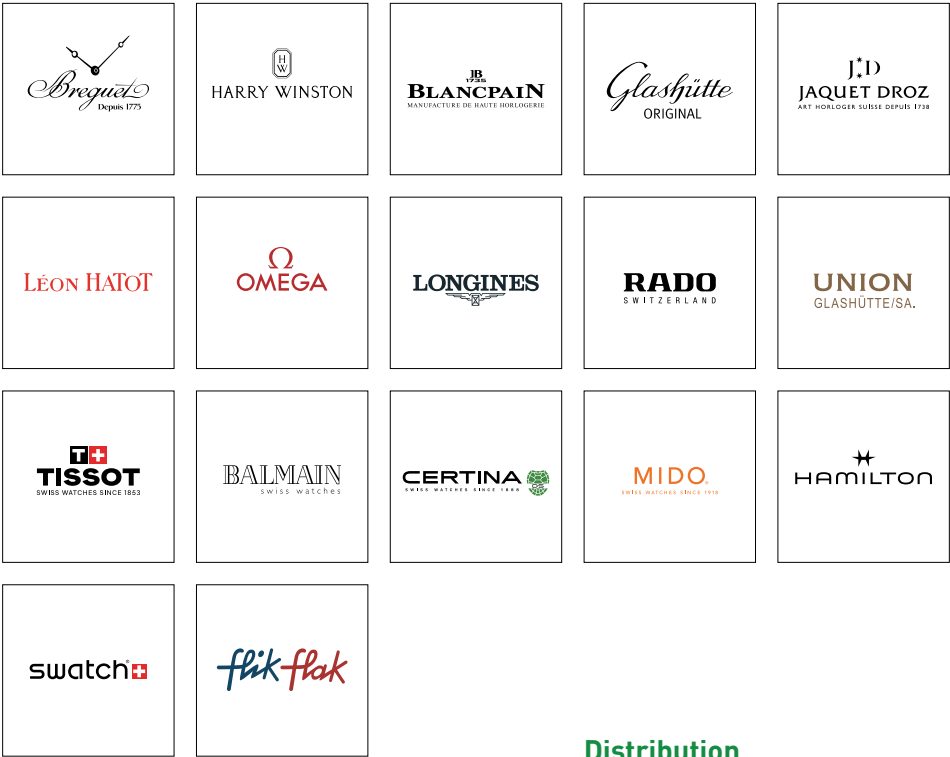
GRI DISCLOSURE 2-6

BUSINESS MODEL AND PRODUCTS

Swatch Group is a fully vertical company with a global sales network, service centers across the world and several sites for manufacturing watches, fine jewelry and electronic components. Swatch Group has approximately 150 production sites in Switzerland where it manufactures its own watch movements, cases, crystals, hands and other watch components. This far exceeds the criteria for marketing Swiss Made watches in accordance with applicable legal requirements.

Swatch Group companies in the electronic systems segment also have their production sites in Switzerland. Only a few production sites are located abroad, namely Glashütte Original's manufactory in Glashütte, Germany, and Harry Winston's fine jewelry manufactory in New York, US. However, Harry Winston timepieces are produced in accordance with Swissness requirements in the manufactory in Plan-les-Ouates, near Geneva. Three other production facilities in Italy and France manufacture components for watch straps or specific precision parts. Swatch Group operates two production sites in Thailand and Malaysia for the assembly of electronic components and in the field of surface treatment.

Swatch Group brands and subsidiaries Watches and jewelry



Distribution





BUSINESS MODEL AND PRODUCTS

Production

- ETA
- Mecor
- CHH Microtechnique
- Nivarox-FAR
- Comadur
- Rubattel et Weyermann
- MOM Le Prélet
- Universo
- Manufacture Ruedin
- Lascor
- Novi
- The Swatch Group Assembly
- Dress Your Body (DYB)

Corporate

- The Swatch Group Research and Development
 - Asulab
 - Moebius
 - CDNP
- Belenos Clean Power
- ICB Ingénieurs Conseils en Brevets
- Swatch Group Quality Management
- The Swatch Group Services
 - European Distribution Center
 - Logistics
- Information Technologies
- Corporate Customer Service
- Swatch Group Gems
- Real Estate Development
- The Swatch Group Immeubles

Electronic systems

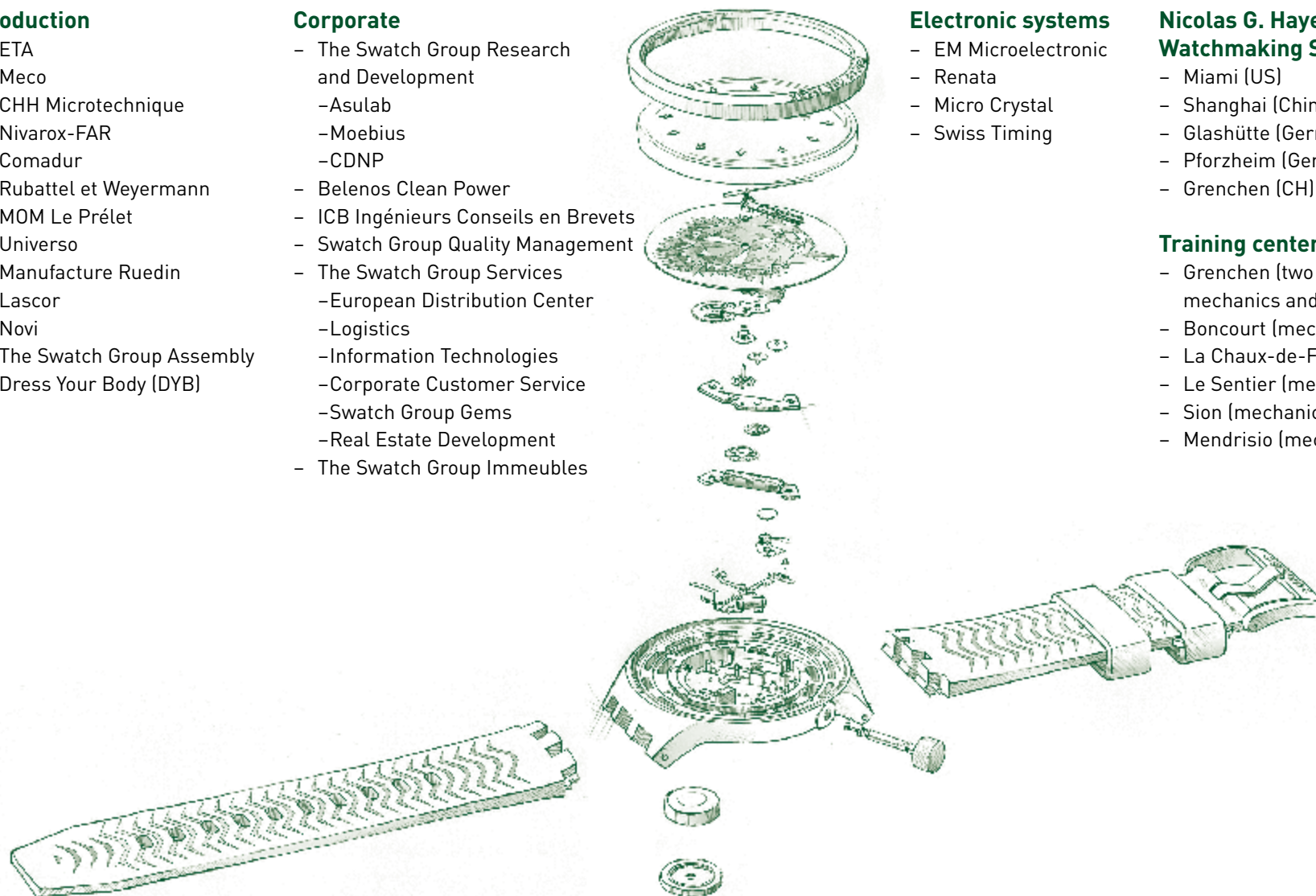
- EM Microelectronic
- Renata
- Micro Crystal
- Swiss Timing

Nicolas G. Hayek Watchmaking School

- Miami (US)
- Shanghai (China)
- Glashütte (Germany)
- Pforzheim (Germany)
- Grenchen (CH)

Training centers

- Grenchen (two training centers, mechanics and horology)
- Boncourt (mechanics)
- La Chaux-de-Fonds (mechanics)
- Le Sentier (mechanics and horology)
- Sion (mechanics)
- Mendrisio (mechanics and horology)





Powering electronic devices by ambient energy

BUSINESS MODEL AND PRODUCTS EM

EM Microelectronic (EM) designs and manufactures ultra-low power integrated circuits for small mobile devices and IoT applications. EM brings together the talent and resources needed to continue a long Swiss cultural tradition while creating cutting-edge products and ensuring long-term customer loyalty. EM is part of the Swatch Group's electronic systems segment. Together with its sister companies Renata and Micro Crystal, EM combines individual skills and group-wide synergies to provide turnkey solutions for a variety of applications.

Aligned with EM's sustainability efforts, EM's product portfolio offers chip solutions for migrating systems that were traditionally powered by replaceable batteries towards sustainable energy sources.

With the unprecedented multiplication of electronic devices, customers and final users in many verticals (IoT, consumer electronics, healthcare, industrial) have become extremely demanding in terms of their extended environmental responsibility, in particular when it comes to the power sources and electronic waste generation.

EM has positioned solar and thermal energy harvesting and power management at the center of its efforts, offering permanent, no-maintenance power supply for numerous devices.

The energy is supplied directly by the environment, removing the need for recharge or battery replacement and recycling, combining convenience and user experience with environmental consciousness.

For example, solar powered smartwatches never require charging or battery change, Bluetooth® headsets can go on for an unlimited period of time and connected thermostats require no maintenance thanks to EM's expertise in ultra-low power IC design and manufacturing. For solar energy harvesting, EM's special focus is to achieve the best efficiency under low illumination conditions, as this is where most users operate their devices.

These applications of EM products extend the company's sustainability efforts beyond their own operations, allowing their customers and their final consumers to transition to more environmentally conscious electronic devices.



Our contribution
to the SDGs





Micro timing devices that saves lives

BUSINESS MODEL AND PRODUCTS MICRO CRYSTAL

Micro Crystal designs ultra-low power timing devices for electronics that support people in their everyday life and connect them to the digital world that they care about.

Micro Crystal began offering timing solutions using quartz crystals for watches over 40 years ago. Today the company is one of the leading suppliers of components for the world's largest manufacturers of consumer goods, automotive electronics, IoT solutions, industrial control systems, wearables, medical devices and implants, and other high-accuracy product applications.

Its portfolio comprises micro quartz crystals, real-time clock (RTC) modules, oscillators and oven-controlled oscillators (OCXO). Based in Grenchen in Switzerland, Micro Crystal is part of Swatch Group's electronic systems segment.

With a range of intelligent and highly efficient RTC modules that combine a 32.768 kHz crystal and an integrated RTC circuit in a miniature, full ceramic case, the company offers developers space-saving, energy-saving timekeeping solutions that enable them to run their devices in power-saving mode between tasks. Whether on a single-board

computer or an IOT sensor, an onboard RTC module provides precision timekeeping and alarms even when the device is switched off or in power-saving mode.

Integration of sustainable and safe methods for turning off electronic devices or setting them to standby mode is now more important than ever.

Micro Crystal's products can be used to manufacture a whole range of electronic devices that have a longer battery life with smaller batteries. Smaller products requiring less space on the circuit board make installation easier and create the possibility of smaller, more lightweight standalone devices and wearables. Due to their long-term reliability and top performance, Micro Crystal's timing devices are helping expand and develop new healthcare and medical products, such as active implantable medical devices (AIMD) and electronic enabled drug delivery devices.

Micro Crystal has expanded its range of implantable-grade frequency and timing solutions with a product that offers unique functionality and power-saving options. Launched in 2022, the

RV-5028-C7 Medical real-time clock module is typically used for developing neurostimulators, cardiac monitoring devices, infusion pumps and smart orthopedic implants, which are designed to significantly improve patients' quality of life and life expectancy.

In 2023, Micro Crystal launched its C8 series, featuring the world's smallest real-time clock module. This comprises a special integrated RTC CMOS circuit and embedded quartz crystal inside a compact, miniature ceramic case measuring 2.0 x 1.2 millimeter.

Our contribution
to the SDGs





Always ahead of its time

BUSINESS MODEL AND PRODUCTS RENATA



Renata is a global leading manufacturer and supplier of primary and secondary micro-batteries and battery solutions. Its company headquarters are located in Itingen near Basel, Switzerland.

It is always ahead of its time. Founded in 1952, the company established itself as a watch battery producer and has always ensured that only the power actually required is used. Renata specialized in coin cells as early as the 1970s, catering to the new quartz watches at the time.

Today, Renata develops and manufactures innovative, efficient and first-class micro-batteries for watches and consumer and industrial applications. The company is passionate about creating resource-efficient and eco-friendly solutions. Its priorities include diligent and sustainable resource use.

As a battery manufacturer, Renata is aware of its major responsibility toward society and the environment. It is always optimizing its processes to make its business more sustainable and environmentally friendly. Its factory has been ISO 14001 (Environmental Management) certified for several years now.

Renata develops premium, longer-life batteries and operates its own battery recycling facility. By continually improving battery life and performance, Renata is ensuring it has satisfied customers, who can then go on to offer smaller and more efficient applications. It is also playing a key role in promoting efficient resource use both within the company and with its customers.

For instance, Renata is supplying its customers with batteries for heat, gas and electricity meters.

Lithium coin cells with a service life of up to ten years ensure optimal power consumption when used by the end user.

The company pays particular attention to saving energy, conserving resources and reducing emissions at its production sites. Its electricity is sourced entirely from Swiss hydropower.

Renata's continual improvement processes lower its scrap rate and enable it to steadily reduce its energy use and water consumption.

Our contribution
to the SDGs

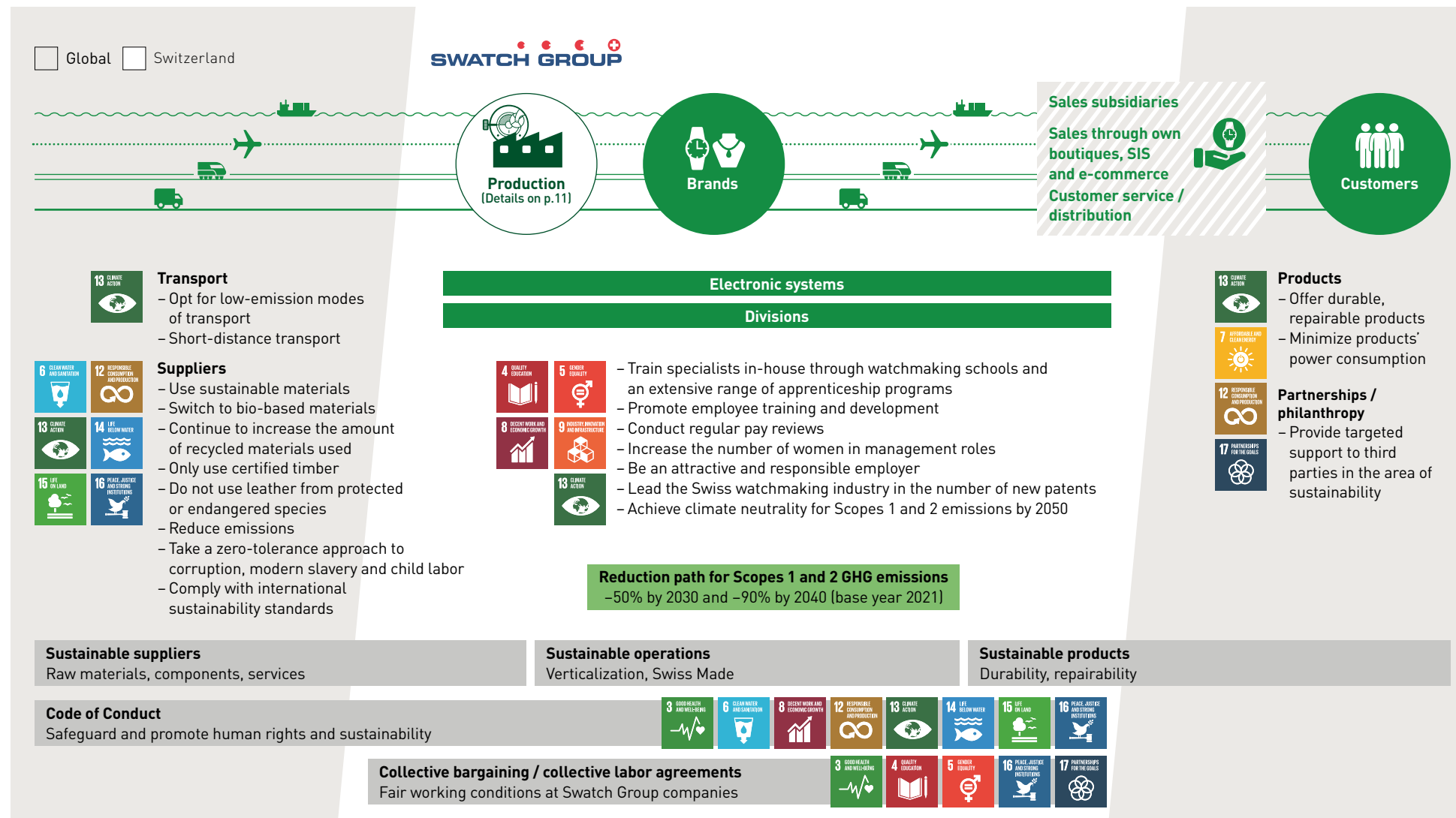




GRI DISCLOSURE 2-6

VALUE CHAIN

(simplified visual representation)



VALUE CHAIN

Production facilities

Why SWISS MADE

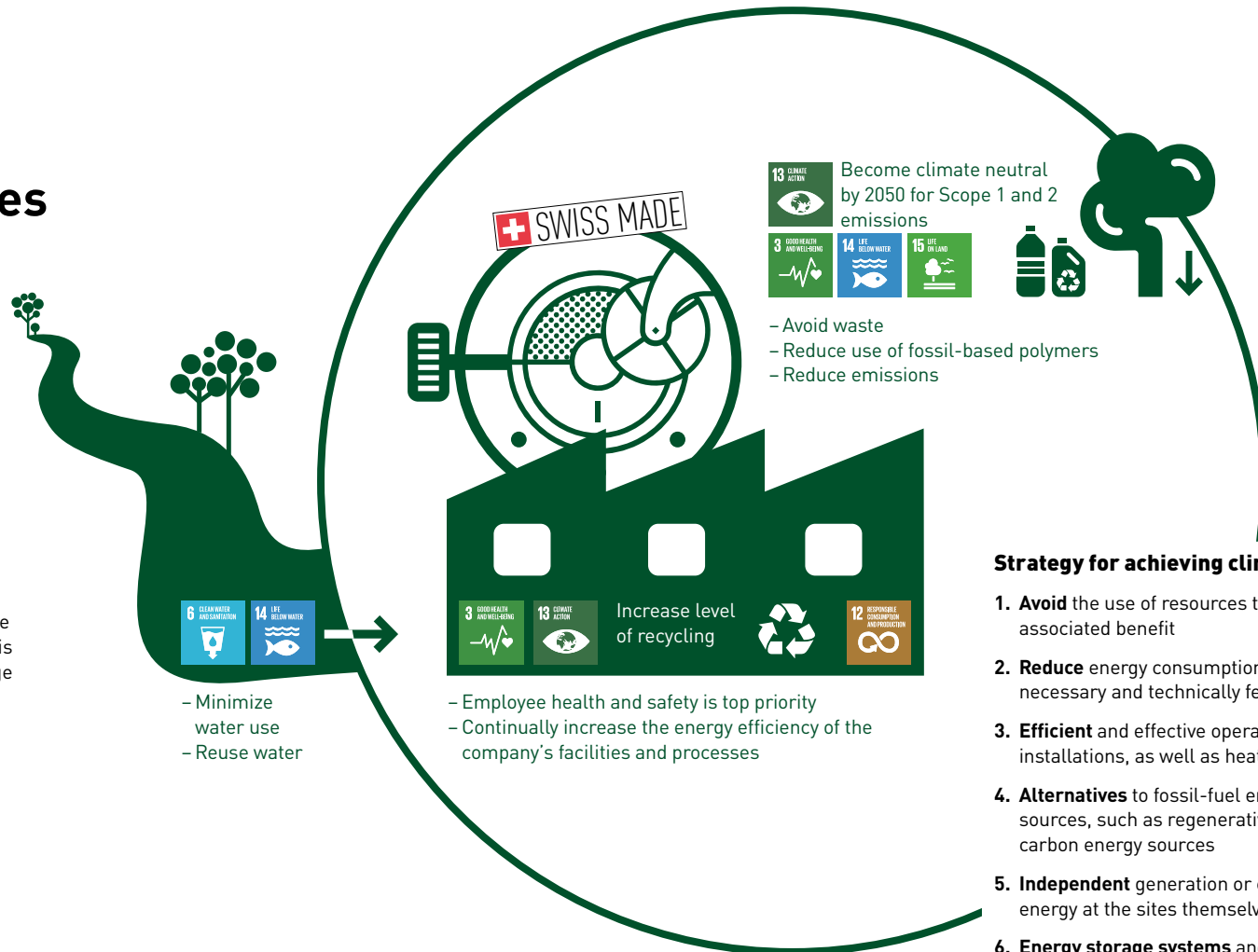
Nature protection. One-seventh of Switzerland's land is protected by its 20 nature parks. In addition, around 30% of the country is made up of forested areas, and this percentage is increasing.

Water protection Around 6% of Europe's freshwater reserves are found in Switzerland, and a large number of major rivers have their sources in the Swiss mountains. Thanks to exemplary water pollution control, the water quality is excellent.

Renewable energy. Around 80% of Switzerland's power comes from renewable energy sources. The country has one of the world's lowest-emission electricity mixes.

Public transport. One of the world's densest railway networks enables low-emission transportation of passengers and goods.

Social welfare. Switzerland has an extensive network of social security providers, which offer people who live and work in the country and their dependents a broad protection.



Strategy for achieving climate goals

- 1. Avoid** the use of resources that have no associated benefit
- 2. Reduce** energy consumption to the necessary and technically feasible minimum
- 3. Efficient** and effective operation of installations, as well as heat recovery
- 4. Alternatives** to fossil-fuel energy sources, such as regenerative or zero-carbon energy sources
- 5. Independent** generation or conversion of energy at the sites themselves
- 6. Energy storage systems** and carbon offsetting projects

Political stability and co-determination. One of the distinguishing features of Switzerland's democracy is that citizens are not merely represented by Parliament, but can also have a direct impact on legislation.

Innovation. With a highly skilled workforce and outstanding scientific research institutions, Switzerland is one of the most innovative countries in the world.



SUSTAINABILITY STRATEGY

GRI DISCLOSURE 2-12

Corporate responsibility

Swatch Group is committed to safeguarding its continued development, while also protecting the environment and guaranteeing the health and safety of individuals. The company endeavors to do the best it can in all areas and at all levels of the company to fulfill this responsibility. The Group's aim is to create value for its stakeholders, the environment and society as a whole.

Environmental, ethical and social criteria have therefore always been an integral part of its corporate culture and its sourcing policy. The Executive Group Management Board, the Extended Group Management Board and the management teams at the individual units continually ensure that they demonstrate what this culture of responsibility looks like and that all employees at all levels continually share and practice this approach. Swatch Group strives to ensure that resources are used efficiently and sparingly to guarantee that its products are manufactured and marketed in a sustainable and environmentally friendly manner, and thereby secure its long-term success. The use of recycled, recyclable, certified and/or environmentally friendly materials, consumer goods and production methods are the basis for all product development.

In 2001, Swatch Group began to set clear climate and efficiency targets and implement effective measures throughout the Group in order to play its part in preserving the environment. A further stage was completed in 2022, with the development and release of a roadmap for achieving Group-wide carbon neutrality in Scopes 1 and 2 by 2050.

Alongside this important progress, the Group is working to update its materiality concept and has introduced an opportunity and risk management system for this purpose. Increased measurement of Scope 3 emissions and a stronger operational risk management approach in the area of human rights are two further significant areas of work on the long list of projects and activities that the Group's sustainability officers are pursuing in their various units.









Commitment to the Sustainable Development Goals (SDGs)

Swatch Group seeks to meet the needs of the current generation without jeopardizing the ability of future generations to meet their own. The company's sustainability management approach is based on the United Nations' 2030 Agenda, which was adopted by the UN Member States. The 17 Sustainable Development Goals (SDGs) at the core of the 2030 Agenda form the international and universally applicable framework for sustainable development. Every SDG is essential to securing the prosperity of people and the planet. Swatch Group has identified 13 SDGs which are particularly relevant for the company and its stakeholders and which it can and aims to help achieve. It has defined its commitments, and it will continue to refine them on an ongoing basis, by adding goals, actions and performance indicators.










SUSTAINABILITY STRATEGY

SDG	Topics for Swatch Group	Commitments	SDG	Topics for Swatch Group	Commitments
	Ensure healthy lives and promote well-being for all at all ages – Occupational health and safety. – Working conditions in the supply chain. – Environmental considerations in the supply chain. – Air quality. – Water quality.	– Make the safety and health of employees the Group's highest priority.		Ensure access to affordable, reliable, sustainable and modern energy for all – Energy efficiency of the Group's products. – Renewable energies in the Group's products. – Energy efficiency of buildings and processes.	– Develop products so that they can be operated with sustainable energy sources wherever possible and minimize energy consumption.
	Ensure inclusive and equitable high-quality education and promote lifelong learning opportunities for all – Training and education. – Availability of specialists. – Training and employment of young workers.	– Train specialists in-house through watchmaking schools and an extensive range of apprenticeship programs. – Promote employee training and education.		Promote sustained, inclusive economic growth, full and productive employment and decent work for all – Offer and create high-quality jobs. – Cooperation with trade unions, collective labor agreements, employee benefits. – Economic performance. – Further training and education programs for employees. – Working conditions in the supply chain.	– Commit to manufacturing in Switzerland and train employees to become specialists. – Be an attractive and responsible employer.
	Achieve gender equality and empower all women and girls – Equal pay for equal work. – Promote diversity among employees.	– Conduct regular pay reviews. – Increase the number of women in management roles.		Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation – Innovation and R&D expenditure.	– Remain the leader for the number of new patents in the Swiss watchmaking industry.
	Ensure availability and sustainable management of water and sanitation for all – Water consumption. – Water quality. – Environmental considerations in the supply chain.	– Optimize water consumption and wastewater quality in buildings and processes. – Take care to minimize water use in production and reuse water as much as possible.		Ensure sustainable consumption and production patterns – Durable products, enabling repairs. – Recycling and a circular economy. – Environmental considerations in the supply chain. – Working conditions in the supply chain – Avoid waste.	– Offer durable products that can be repaired. – Take into account sustainability in the supply chain. – Use sustainable materials. – Continue to increase the amount of recycled materials used. – Switch to bio-based material.



SUSTAINABILITY STRATEGY

SDG	Topics for Swatch Group	Commitments	SDG	Topics for Swatch Group	Commitments
	Take urgent action to combat climate change and its impacts <ul style="list-style-type: none">– Energy efficiency of buildings and processes.– Reduce GHG emissions.	<ul style="list-style-type: none">– Achieve climate neutrality (Scope 1 and 2 emissions) by 2050.– Increase self-generated production of renewable electricity.– Continually increase the energy efficiency of the company's facilities and processes.– Develop products with a minimal carbon footprint.		Promote peaceful and inclusive societies, provide access to justice for all and build effective, accountable and inclusive institutions at all levels <ul style="list-style-type: none">– Effective and transparent governance.– Comply with laws and regulations.– Working conditions in the supply chain.	<ul style="list-style-type: none">– Take a zero-tolerance approach to corruption, modern slavery and child labor.– Comply with international sustainability standards. (RJC, Kimberley Process, etc.).– Safeguard and promote human rights and sustainability in supply chains.
	Conserve and sustainably use the oceans, seas and marine resources for sustainable development <ul style="list-style-type: none">– Water quality.– Environmental considerations in the supply chain.– Avoid waste.	<ul style="list-style-type: none">– Minimize water use.– Audit suppliers in relation to water management.– Reduce the use of polymers and minimize the threat of microplastics.		Strengthen the means of implementation and revitalize the global partnership for sustainable development <ul style="list-style-type: none">– Provide financial / technological support for sustainable actions.– Economic performance, responsible taxpayer.	<ul style="list-style-type: none">– Swatch Group brands support specific actions taken on sustainability by third parties.
	Protect, restore and promote sustainable use of terrestrial ecosystems <ul style="list-style-type: none">– Deforestation and forest degradation.– Promote biodiversity.– Avoid air pollution.– Avoid waste.– Environmental considerations in the supply chain.	<ul style="list-style-type: none">– Only use certified timber.– Do not use leather from protected or endangered species.– Take steps to reduce emissions.– Avoid waste.– Use own forests sustainably and promote biodiversity.			



SUSTAINABILITY TRACK RECORD

1992–2000

Swatch Group has been committed to sustainability for many decades. Some of the milestones are summarized on the following pages.



1992

Launch of the “Time to Move” special edition Swatch to commemorate the Rio Earth Summit. The conference aimed to bring together world leaders and get them to commit to working towards a more secure future for our planet.

1994

“The Spirit of Biel/Bienne” solar-powered car sets a world record on the test track in Almería, Spain. The project was supported by Swatch and developed by the Ecole d’ingénieurs de Bienne.



1999

Opening of the first Nicolas G. Hayek Watchmaking School in Shanghai, China, to preserve and promote watchmaking artisanship. In the following years, further schools were opened in Asia, Europe and the US.

1995

The first solar-powered Swatch with solar cells on the dial that power the quartz movement.

In collaboration with Daimler Benz, Swatch Group (then SMH) founds the joint venture MCC AG and starts developing the first “Smart”

(Swatch, Mercedes and Art) hybrid car. This lays the foundations for what would later become the “Belenos Clean Power” Swatch Group company.



© Keystone



2001–2011

2001

Swatch Group begins to set clear climate and efficiency targets and implement initial measures to reduce energy consumption and greenhouse gas emissions (GHG).

First collaboration with the Energy Agency for the Swiss Private Sector (EnAW) to reduce GHG emissions and energy consumption.

2002

First consolidated report on occupational safety and environmental protection as part of the annual report.

2003

On the occasion of the 50th anniversary of the diving watch Fifty Fathoms, Blancpain launches its first ocean protection initiatives.

2004

Omega supports the Solar Impulse project, with the aim to fly around the world in a solar-powered aircraft. The goal is to accelerate the necessary revolution in clean energy production and consumption through the use of solar energy.

First certification in accordance with the ISO 14001 Environmental Management System standard at Swatch Group (ETA).

2006

Swatch Group and Omega contribute technological expertise and financial support in the fields of micromechanics, microelectronics and new energy sources for the “Solar Impulse” solar-powered aircraft.

2008

Harry Winston becomes a member of the Responsible Jewellery Council.

2010

Decision to not use exotic leather in products, with the only exception being the use of straps from regulated American alligator breeders (in accordance with CITES, US Fish and Wildlife Services and ICFA standards).

Renovation of Swatch Group’s “La Suze” and “Le Bez” hydroelectric plants.

First step towards centralized gold recycling within the Group.

2011

Opening of the unique Swatch Art Peace Hotel in Shanghai, China – a space that brings together diverse

artists and encourages creation, collaboration and connection.

First ESG (Environmental, Social, Governance) report published as part of the Swatch Group annual report.



SUSTAINABILITY TRACK RECORD

2011–2017



Omega commits to fighting preventable blindness alongside international nonprofit organization Orbis with its flying eye hospital.

2012

All of the Swatch Group brands voluntarily discontinue the use of mercury-containing batteries three years before the EU decision in 2015.

2013

First agreement with EnAW and FOEN on a roadmap to reduce GHG emissions and energy consumption.

2014

Blancpain brings together its many initiatives for the protection of the oceans under the Blancpain Ocean Commitment label.

2015

“Solar Impulse” takes off from Abu Dhabi (UAE). Omega provided innovative technical systems.

Omega, Swatch Group Gems and Dress Your Body become members of the Responsible Jewellery Council.

2016

The new, patented EFG (edge-defined, film-fed growth) crystal growth process for sapphires enables in-house recycling of production residues, resulting in a more environmentally friendly manufacturing process.



Renata develops a return and recycling scheme for discharged batteries for Swiss customers.

2017

The Group takes a further step towards gold traceability by investing in the expansion of its own centralized gold foundry. It moves to entirely internal processing of precious

metals, from the foundry to the semi-finished and finished products.

Swatch Group manufactures the world’s smallest Bluetooth chip, the downsizing of which is crucial for condensing functions to fit into wearable electronic devices and for the Internet of Things (IoT).

The Bluetooth chip is very energy efficient and starts up quickly.

2018–2023

2018

Nivarox-FAR is certified by the Responsible Jewellery Council Code of Practices (RJC CoP). The RJC CoC (Chain of Custody) certification follows the year after.

Swatch Group decides to purchase only traceable gold.

2019

Opening of the Swatch headquarters, one of the largest wooden buildings in the world, with intelligent use of groundwater for heating and cooling, a total area of 1,770 m² for photovoltaic installations, LED lighting and an ingenious energy plan that helps optimize the building's carbon footprint.

Opening of the Cité du Temps in Biel / Bienne, built in accordance with sustainability principles.

2020

Launch of the Tissot T-Touch Connect Solar, powered by nature and distributed in a new 100% paper watch box.

Swatch introduces new packaging made of paper foam.

Swatch introduces a new bio-sourced material.



2021

Newest innovation: “Bioceramic” – watches made from a mix of ceramic and biosourced material that use castor oil.

Preparation of the first sustainability report in accordance with the GRI standards. In addition, it covers the contributions to the SDGs.

Blancpain strengthens its commitment to the oceans by creating



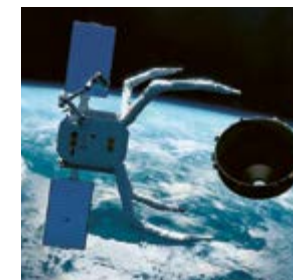
the Female Fifty Fathoms (FFF) Award as a new category at the Ocean Photography Awards to encourage more women to share their vision of the oceans.

2022

Omega participates in ClearSpace's pioneering mission to remove hazardous space debris, extending its sustainability efforts from the ocean floor and the earth's surface to every corner of space, no matter how crowded.

2023

A new record number of apprentices start their training – 180. This increase demonstrates the importance of vocational training at Swatch Group and its key role in securing young talent for the company.





MATERIAL SUSTAINABILITY TOPICS

GRI DISCLOSURES 2-12, 2-13, 2-14, 3-1, 3-2

Definition of report content

Material topics for Swatch Group were reworked in 2021. During the first step of this review, the Sustainability Steering Committee, along with external support, drew up a long list of potential material topics. The Committee included topics specified in key reference frameworks and relevant issues identified through extensive peer research. The list contained around 130 topics and was consolidated, with topics grouped by theme. Using the SDG Action Manager tool, all the topics were then assessed in terms of their impact on sustainable development, measured against the Sustainable Development Goals (SDGs). The topics were given a rating based on each SDG for potential positive and negative impacts. This resulted in a list with 25 topics. They were consolidated further and reduced to 11 material topics.

In 2022, there was a thorough review of Swatch Group's existing material topics. For each topic, the review process recorded the existing or potential positive and negative impacts of the company's activities on business, the environment and people, including human rights, throughout the value chain. The review involved various stakeholder groups and drew on internal company data and external information. The Sustainability Team and an external agency assessed the impacts according to their scale and scope, with particular attention paid to negative impacts. The scale refers to how severe a negative impact is, while the scope refers to how widespread it is. The material topics were prioritized based on this assessment. Each topic was assigned an appropriate, topic-specific GRI standard so that actions and developments in these areas




























can be demonstrated using specific performance indicators. In addition, the management of climate-related risk and opportunities was classed as material.












In 2023, the list of material topics was reviewed and supplemented. Risks, opportunities, indicators and objectives are now listed for each material topic, and the list will be further enhanced in the next few years. It should be noted that some objectives are set at the level of the individual companies and as a result, no consolidated targets at the Swatch Group level can be communicated. The consolidated targets, together with the targets of the individual companies, are an important component of the sustainability strategy. To address the content of the material topics more effectively, the "Product design and handling of materials" topic has been renamed "Product design and the circular economy", in a change from the Sustainability Report 2022.

The Sustainability Committee, comprising representatives from the Executive Group Management Board, reviews and approves the list of material topics. The Group's approach to corporate responsibility is approved by the Board of Directors, which has ultimate responsibility.



MATERIAL SUSTAINABILITY TOPICS

Material topics	GRI Standard	Contribution to the SDGs
Corporate and Governance		
Governance, ethics & compliance	– GRI 205 Anti-corruption – GRI 408 Child Labor – GRI 409 Forced or Compulsory Labor	 
Climate-related risks and opportunities	– GRI 201 Economic Performance	
Economic performance	– GRI 201 Economic Performance – GRI 207 Tax	  
Innovation	– GRI 203 Indirect Economic Impacts	  
Environment		
Energy and emissions	– GRI 302 Energy – GRI 305 Emissions	      
Product design and the circular economy	– GRI 301 Materials – GRI 306 Waste	     
Water	– GRI 303 Water and Effluents	 
Biodiversity	– GRI 304 Biodiversity	  

Material topics	GRI Standard	Contribution to the SDGs
Social		
Employees, diversity and equal opportunities	– GRI 401 Employment – GRI 405 Diversity and Equal Opportunity – GRI 406 Non-discrimination – GRI 407 Freedom of Association and Collective Bargaining	 
Occupational health and safety	– GRI 403 Occupational Health and Safety	  
Training, education and preservation of arts and artisanship	– GRI 404 Training and Education	  
Sourcing		
Sourcing	– GRI 204 Procurement Practices – GRI 301 Materials – GRI 308 Supplier Environmental Assessment – GRI 408 Child Labor – GRI 414 Supplier Social Assessment	  

A description of the management approach and information on the topic standards is provided in the relevant chapters.



STAKEHOLDERS

GRI DISCLOSURE 2-29

Identifying and selecting stakeholders

Drawing on the experience of employees from different areas such as quality management, sourcing, logistics, human resources, energy management, and representatives of the Group companies and Group management, the company has identified the stakeholders who have the most influence on Swatch Group or are most affected by its business activities in some way. These stakeholders can be categorized into five groups:

List of stakeholder groups

	Customers	Employees	Business partners	Civil society	Regulators
Description / example	End customers, B2B	All employees	Partners / suppliers of products, raw materials, services	NGOs, the media, consumer federations, other players	Government bodies, industry associations, certification bodies
Key topics	<ul style="list-style-type: none">– Durability and quality of products, customer satisfaction– Customer care and service– Transparent information– Environment and working conditions in the supply chain	<ul style="list-style-type: none">– High-quality jobs– Apprenticeship training– Training and education– Occupational health and safety– Collective labor agreements– Employee benefits– Equal pay, pay reviews– Economic performance	<ul style="list-style-type: none">– Working conditions in the supply chain– Environmental considerations in the supply chain– Transparent information– Economic performance	<ul style="list-style-type: none">– Climate change (GHG emissions)– Working conditions in the supply chain– Environmental considerations in the supply chain– Water consumption– Air quality– Energy consumption– Lawful conduct– Equal pay, pay reviews– Waste, circular economy, recycling	<ul style="list-style-type: none">– Lawful conduct– Climate change (GHG emissions)– Environmental considerations in the supply chain– Working conditions in the supply chain– Occupational health and safety– Collective labor agreements– Economic performance
Interaction	Customer feedback in boutiques, after-sales service, online channels, social media	Direct communication, HR department, internal communication, intranet, mailings, flyers, CLAs	Regular direct communication, Supplier Code of Conduct, audits	Press releases, business and sustainability reporting	Implementation of legal specifications, active membership in federations



STAKEHOLDERS

GRI DISCLOSURES 2-25, 2-26, 2-29**Stakeholder engagement**


Swatch Group has a strong interest in identifying the needs and opinions of its key stakeholders and taking these into account in its corporate strategy and decision-making processes.

The Group maintains regular contact with these stakeholders in order to facilitate this. Swatch Group is in direct contact with people from various stakeholder groups using different channels and means of interacting, such as talking to customers in boutiques, holding dialogue with suppliers and employees, and providing ways to receive direct feedback and communicate online. This enables the company to find out which specific issues are important to which stakeholders, so it can then address these issues accordingly. This dialogue also informs the content of the sustainability report, which covers the material topics that positively or negatively impact people, such as human rights, the environment and the economy.

Due to Swatch Group's global presence, with subsidiaries in over 30 countries and customers around the world, the company is in contact with people from a wide range of cultural backgrounds, and it takes their needs and concerns seriously, particularly those of vulnerable groups.

Swatch Group strives to involve the widest possible range of stakeholders in the dialog and overcome obstacles with their input. The company often has direct contact with its stakeholders, whether in boutiques or through its customer service.

Swatch Group ensures that it is close to its customers and suppliers and nurtures personal relationships with them through its in-country organizations. The Supplier Code of Conduct was revised in 2022, stipulating that suppliers must continue to adhere to the Swatch Group's values and standards.

 For more information about the Supplier Code of Conduct, please see the chapter "Corporate and governance" on p. 38

The company's lean and efficient governance structures make it possible to maintain constant dialogue with employees. In efforts to be mindful of vulnerable groups in the job market, Swatch Group Germany, for instance, includes applicants with disabilities in the target audience of all its job postings and gives them priority in cases where they are equally matched with other candidates. Integrating people with disabilities is also part of the collective labor agreement for the Swiss watch and microtechnology industry.

For the exchange of information, all stakeholder groups have permanent access to websites and online communication channels.



STAKEHOLDERS

GRI DISCLOSURE 2-28

**External initiatives and association membership
Federation of the Swiss Watch Industry**

Fédération de l'industrie horlogère (FH) is the umbrella organization of the Swiss watch industry. The federation currently has around 500 members, i.e., over 90% of Swiss companies involved in the manufacture and marketing of watches, pendulum clocks or components. In 1982, the Fédération suisse des associations de fabricants d'horlogerie and the Chambre suisse de l'horlogerie merged to form the FH. It currently embodies 150 years of history of the Swiss watch industry. The mission of the FH is to represent and develop the Swiss watch industry at a national and international level and uphold its interests. In concrete terms, the FH is committed to promoting free trade agreements, combating counterfeiting, protecting Swissness and handling regulatory matters, such as those relating to substances (REACH, RoHS) or the Swiss central office for the control of precious metals, or ensuring other industry-related requirements or standardization.

Swatch Group is an important member of the FH through its brand, production and service companies. The Group is represented in the FH General Meeting and actively and fully takes part in the FH's activities through its representatives on the Council and in the technical commissions and committees (economic, financial, legislative monitoring, legal, standardization and anti-counterfeiting group). Swatch Group is also represented on the FH Board. Within the scope of its tasks, the FH maintains relations with public authorities and business circles and has an international network through

its representative offices in Hong Kong and Tokyo, as well as through its connections at a federal level that are responsible for foreign affairs. The FH is also a very active member of economiesuisse, a member of the CIBJO (Confédération internationale de bijouterie, joaillerie, orfèvrerie, des diamants, perles et pierres), and has a wide network of partners at a national and international level, in particular through its sister watch industry federations in various countries, such as France, Germany, Japan, China and South Korea.

**Convention patronale de l'industrie horlogère suisse –
CP (Swiss Watch Industry Employers' Association)**

The CP is the umbrella organization for employers in the watch and microtechnology industries. It represents the interests of companies at employer level and liaises with trade unions, authorities and other umbrella organizations, such as the Swiss Employers' Association (Schweizerischer Arbeitgeberverband – SAV). The CP was founded in 1937.

On May 15 of that year, it signed the country's first collective labor agreement (CLA) with the Swiss Metalworkers' and Watchmakers' Union (Schweizerischer Metallarbeiter- und Uhrenarbeiterverband – SMUV). This was a historic act for industrial peace, because for the first time in any country, the employers' federations and the workers' unions in an industrial sector decided to permanently renounce power struggles and resolve their relations and disputes through negotiation and arbitration. The unions negotiate an update of the CLA at regular intervals, usually every five years. The current CLA came into force on January 1, 2017, and was due to expire on December 31, 2021. However, due to the Covid-19 pandemic,



STAKEHOLDERS

it was extended until June 30, 2024. Management and worker representatives have negotiated the new CLA, due to come into force on July 1, 2024, in 2023. The new CLA is expected to be adopted by the parties in spring 2024. Collectively, the CP's five member federations currently represent more than 700 companies, which in turn employ more than 57 000 people. The Group has a strong representation in the CP, and its delegates are actively involved in its general meetings, as well as in the various commissions or groups dealing with CLA negotiations, social security, watch industry foundations, vocational training and occupational health and safety. The latter is responsible for supporting the companies in the implementation of the industry solution for the watch and microtechnology industry. The office for vocational training is responsible for organizing basic and further training courses with the various vocational schools, technical colleges and other higher education institutions, in cooperation with the cantonal authorities and the companies that offer basic training and / or part-time training alongside work. After completing any of the various high-quality training courses that underpin the skills of the professions in the watch industry, participants can obtain certificates and diplomas that are officially recognized at a federal level.

WOSTEP Foundation, Watchmakers of Switzerland Training and Educational Program

The WOSTEP Foundation is a training and education center for watchmakers supported by members of the Swiss watch industry. Members and supporting organizations include major watchmakers, manufacturers, retailers and suppliers of workshop equipment and tools.

WOSTEP was founded in 1966 and was transformed into a foundation in 2006. The range of education programs and consultancy services offered by the WOSTEP Foundation are considered to be the standard of quality worldwide. WOSTEP's mission is to train and educate the next generation of technical personnel for the customer service sector of the Swiss watch industry. Employers around the world recognize WOSTEP certification as proof of technical skill and comprehensive training.

The Group works closely with the WOSTEP Foundation, including through its own apprentice workshops and training centers, and with the Nicolas G. Hayek Watchmaking School. The Group is represented by two members on the WOSTEP Foundation Board of Trustees.

Links to research centers and higher education institutions

Swatch Group continues to work closely with various institutions, such as the Centre suisse d'électronique et de microtechnique (CSEM), the Swiss federal institutes of technology in Lausanne (EPFL) and Zurich (ETHZ), and the University of Lausanne.



STAKEHOLDERS

Swiss Association for Standardization (Schweizerische Normen-Vereinigung – SNV)

The Group is a member of the SNV and is actively involved in updating existing standards and developing new ones. The SNV has various technical committees, each of which specializes in a highly specific area of standardization. Where the watch industry is concerned, these areas include the specifications of diving watches, water-resistant watches, magnetic resistant watches and components of all kinds. The standards preserve the manufacturing processes and guarantee both the industry and consumers a certain product quality. The SNV is an expert point of contact for all standardization matters. As an independent hub and competence center, the SNV ensures efficient access to national and international standards. It enables and promotes the development and harmonization of new standards through the active influence of its expert members in national and international standardization bodies.

International umbrella organizations and associations

Swatch Group is also involved in the national associations of other countries, including France (Fédération de l'horlogerie), Italy (Assorologi, Associazione Italiana Produttori e Distributori di Orologeria), the US (American Watch Association – AWA), Hong Kong (The Federation of Hong Kong Watch Trades & Industries Ltd.), Japan (Japan Watch Importers' Association), and India (All India Federation of Horological Industries – AIFHI).

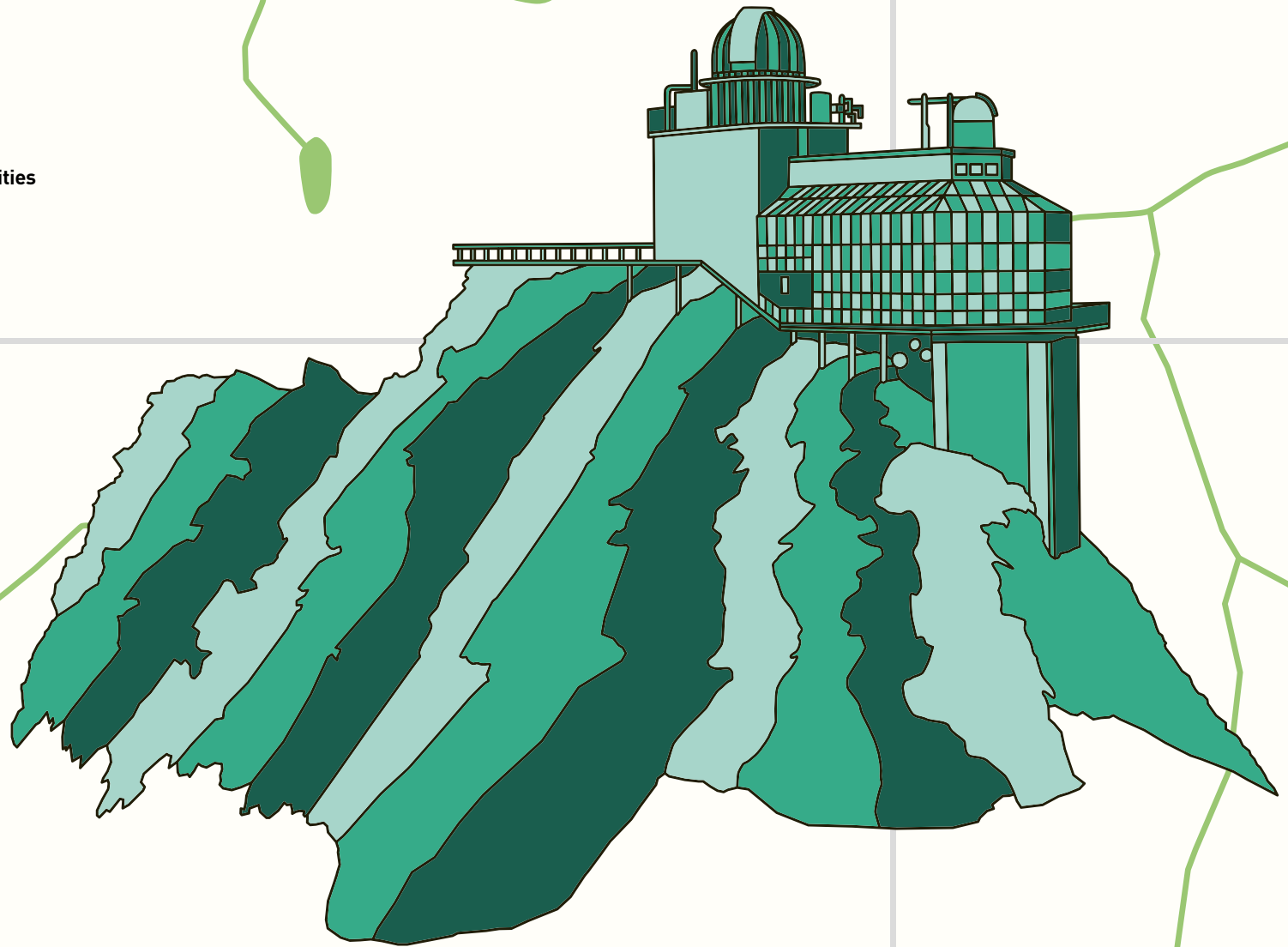
The Group is also a member of DIGITALEUROPE, the leading trade association representing digitally transforming industries in Europe. DIGITALEUROPE champions a regulatory environment that enables European businesses and citizens

to economically prosper from digital technologies. Together with its members, the association shapes the industry policy positions on all relevant legislative matters and contributes to the development and implementation of relevant EU policies. DIGITALEUROPE members actively contribute to harmonized European standards and support the strengthening of market surveillance in the internal market. They drive the adoption of best practices, technology neutrality and interoperability. DIGITALEUROPE's mission is, among other things, to promote voluntary industry initiatives in areas such as European and global standardization targets, the modernization of the European compliance regime, common billing solutions and the introduction of electronic ID in the EU. A key area within the European Green Deal involves the Waste Electrical and Electronic Equipment (WEEE) Directive and the requirements of RoHS and REACH, with the aim of contributing to sustainable production and sustainable consumer goods. As a member of DIGITALEUROPE, Swatch Group is joining efforts to support the European Green Deal.



CORPORATE AND GOVERNANCE

- 27 Governance, ethics & compliance
- 43 Climate-related risks and opportunities
- 49 Economic performance
- 52 Innovation





GOVERNANCE, ETHICS & COMPLIANCE

Swatch Group is committed to transparent and fair corporate governance. The Group’s actions are determined by ethical principles and the respectful use of resources. The Group observes a zero-tolerance policy both internally and with suppliers with regard to violations of human rights, such as child and forced labor, corruption and other criminal acts.

GRI disclosures 3-3-a, 3-3-b Positive and negative impacts (inside-out)	Risks and opportunities (outside-in)	GRI disclosures 3-3-c, 3-3-d, 3-3-e, 3-3-f Measures	Indicators	Metrics and targets
Swatch Group is upholding human rights by having a zero-tolerance policy on child labor and auditing suppliers in countries where there is greater risk. In the long term, this has a positive impact on the economic performance of these countries and reduces the risk of poverty.	<p>Business practices and standards may change over time, as case law and culture evolve. This gives rise to both legal and reputational risks.</p> <p>Sourcing of materials from particular countries/regions may be restricted for legal reasons.</p>	<p>Guidelines for business practices are set out in the Code of Conduct and Supplier Code of Conduct. With these directives, Swatch Group is committed to standards that go beyond the legal requirements. The Supplier Code of Conduct requires that human rights be upheld, and this is checked in supplier audits.</p> <p>Corporate Risk Management regularly identifies, analyzes and records crucial risks so that environmental, safety and health risks can be detected at an early stage and targeted prevention measures can be developed and implemented.</p> <p>By monitoring the legal developments in countries where Swatch Group operates, the company ensures that its activities and products comply with all applicable laws and regulations, including environmental, social and safety regulations and standards.</p>	<ul style="list-style-type: none">- Fines and sanctions for non-compliance with environmental protection laws or laws and/or regulations in the social and economic areas- Cases of corruption in the sense of accepting unlawful advantages (through bribery, fraud, extortion, collusion or money laundering)- Number of supplier audits- Number of suppliers with A or B rating	<ul style="list-style-type: none">- No material breaches of laws or regulations- No cases of corruption in the sense of accepting unlawful advantages (through bribery, fraud, extortion, collusion or money laundering)

**GRI DISCLOSURES 2-9, 2-12****Governance structure**

Effective and transparent governance is central to the success of the company.

Swatch Group implements lean and efficient governance structures at all levels. While the Board of Directors is responsible for executive management, the Executive Group Management Board is responsible for operational management tasks, in which it is supported by the Extended Executive Group Management Board. The Board of Directors is made up of six members and has an Audit Committee and a Compensation Committee.

 For further information about the governance structure, please see the Corporate Governance Report in the Swatch Group Annual Report 2023

GRI DISCLOSURES 2-9, 2-12, 2-13, 2-14, 2-16**Sustainability governance**

The Executive Group Management Board is responsible for ensuring compliance with the Group's high standards in the area of sustainability. It embeds the approach to corporate responsibility in the corporate strategy and defines specific targets and measures. Implementation is coordinated and managed by the Sustainability Steering Committee, which consists of representatives from the Executive Group Management Board. The Group's approach to corporate responsibility is approved by the Board of Directors, which has the ultimate responsibility.

Sustainability Steering Committee

The Sustainability Steering Committee is responsible for Swatch Group's strategy and performance in the area of sustainability. The members are in constant contact with the Sustainability Team and usually meet every two months.

In the year under review, three of the eight Executive Group Management Board members were on the Sustainability Steering Committee. The members of the Sustainability Steering Committee report directly to the Executive Group Management Board at the Board's monthly meetings. The CEO raises the issues that are important for the Board of Directors with the committee members. The Chair of the Board of Directors approves the sustainability report.

Sustainability Team

The Sustainability Team is responsible for the implementation of the company's sustainability strategy and policy.

The team supports the brands, production sites, in-country organizations and central functions in their projects and initiatives and serves as a communication platform for the individual Group companies. The Sustainability Team consolidates the sustainability data of the operating entities and Group functions and prepares the Group's sustainability report. It answers questions from internal and external stakeholders.



Sustainability officers at the subsidiaries

The sustainability officer ensures the advancement of the sustainability strategy for their brand, company or company entity, and defines and implements a specific roadmap.

The sustainability officer collects the data needed for the sustainability reports of the Group and its individual companies.

The larger company entities have had sustainability officers for a while. The corporate sustainability structure has grown further over the past two years, and all companies now have their own sustainability officer. An interdisciplinary team supports them in a number of brand, production and distribution companies. In addition, the Executive Group Management Board issued a new internal sustainability directive in 2022. It includes stipulations on ensuring that any decisions taken by Group company management boards are checked for their positive and negative ESG impacts. The sustainability officers for the various units are in close contact with each other and exchange information on best practices and different projects across the Group. These passionate experts ensure the Group's sustainability policy is applied in practice.

Corporate sustainability structure



Central functions
Energy Management

The Energy Management Team's ultimate goal is to achieve climate neutrality for Scope 1 emissions at all Swatch Group locations by 2050. Optimizing energy use and using renewable energy sources for generating heat are its primary focus. The Energy Management Team supports the Swatch Group sites in developing and implementing measures to optimize energy consumption.



In addition, measures are being introduced to minimize emissions through the loss of refrigerants and reduce emissions from processes.

Other targets are to achieve climate neutrality for Scope 2 emissions by 2050 and maximize energy autonomy by harnessing innovative technologies.

The Energy Management Team focuses on challenges including the energy transition, energy security, energy quality, minimizing energy consumption and new technologies. At the same time, the group works with the Agency of the Swiss Private Sector (EnAW) as an external expert partner, examining legal frameworks, the situation on the energy market and how set targets are being met in real time so that it can be extra agile and respond to changes as swiftly as possible.

Another common thread in the Energy Management Team's efforts to achieve its targets is the long-term agreement with the Swiss Federal Office for the Environment requiring a reduction in CO₂ emissions.

INFOBOX

Precautions in the event of an electricity shortage

Under Article 102 of the Swiss Federal Constitution, a power shortage is classed as a severe shortage, which is why the state has taken measures enabling it to intervene within the bounds of its authority in the event that one occurs. It has tasked the Association of Swiss Energy Companies (VSE) with taking the necessary precautions to be able to cope with an electricity crisis. With this aim in mind, VSE created the Organization for Power Supply in Extraordinary Situations (OSTRAL), which is responsible for the power supply in the event of a crisis. If there is a power shortage, the organization will be activated on the instruction of the Swiss Federal

Office for National Economic Supply, in accordance with laws enacted by the government in the event of a crisis.

OSTRAL makes a distinction between four levels of preparedness:

- Monitoring the supply situation / monitoring storage facilities and consumption.
- Alerting and increased preparedness / reminding consumers to save power, voluntary power-saving measures.
- Requesting the enactment of the electricity management ordinances (BVO), consultation procedure, decision, enactment.

- Implementing the BVO / banning the use of specific devices and appliances / rationing power use by end users / rolling blackouts / controlling Swiss power plants centrally.

Swatch Group companies are actively preparing for situations of electricity shortage, in particular by putting in place intervention programs to respond to possible quotas and load shedding situations, by implementing measures to reduce electricity consumption and preparing business continuity programs.

 www.ostral.ch



Quality management

Swatch Group Quality Management lays down the functional quality and safety criteria for products brought to market by Swatch Group companies. It also provides Group companies with the information and test methods required to apply these criteria.

Swatch Group Quality Management ensures that inspections are carried out in accordance with legislation and determines the applicable legal requirements for products in terms of safety, environmental regulations and consumer information. Drawing on the relevant standards, Swatch Group Quality Management creates approval procedures to ensure product conformity and functional reliability by simulating the conditions in which products are used. Swatch Group companies, suppliers and the testing and analysis laboratories are given set requirements as part of technical specifications and guidelines, which they have access to either on the intranet or the Swatch Group Quality Management extranet.

Swatch Group Quality Management standardizes particular processes, methods and products and makes recommendations in this regard. Swatch Group Quality Management aims to create an internal consensus in its standardization work and actively participates in developing standards (ISO, EN, SN, etc.). It also offers Swatch Group companies support with applying standards. Through its work, Swatch Group Quality Management plays a key role in continually improving production processes and products and in implementing the sustainability strategy.

HIGHLIGHT

Manufacture Ruedin – new building

In May 2023, the Ruedin management team and the finance, HR and IT departments moved into a new office building on the site of a former industrial facility dating from the 1950s.

Following demolition of the existing structure and soil remediation, a new wooden building was constructed. This has a high level of energy efficiency thanks to features including:

- Triple-glazed doors and windows.
- Integration of a heat recovery system, in which the building is heated and cooled using heat pumps.
- Installation of solar panels at the start of 2024, which will cover most of the electricity demand.
- Installation of numerous charging stations for electric cars and bikes in 2024.



After the relevant preliminary studies had been carried out, it was decided to make the building's energy supply independent from that of the rest of the site and to avoid the use of fossil fuels.

Most of the companies appointed to work on the project are located within a 30 km radius of Bassecourt, which enabled us to significantly improve the project's carbon footprint. The remaining exterior work will be completed in the spring, when the area around the building will be sown with grass and trees will be planted.



Product conformity

Swatch Group Quality Management implements strict approval procedures for products to ensure that customers can use them safely and that they conform to national and international regulations (including the REACH Regulation, the RoHS Directive and Swiss regulations). Swatch Group Quality Management helps Swatch Group companies to comply with the REACH regulation, which also contains provisions on using certain substances and the reporting requirements for substances of very high concern (SVHC). In 2023, another eleven substances were identified as SVHC but have not yet been banned under the REACH regulation. Swatch Group voluntarily bans the use of these substances in its products and seeks non-harmful alternatives, provided that there is a technically feasible alternative available.

Swatch Group Quality Management incorporates all the legal requirements governing the environmental characteristics of substances contained in materials into its own specifications for Group companies and their suppliers (the EU Regulation on persistent organic pollutants, the RoHS Directive on restricting certain hazardous substances in electric and electronic devices, and the EU Directive on packaging and packaging waste).

List of banned substances, managing laboratories and test reports

Swatch Group Quality Management provides Swatch Group companies and their suppliers with lists of regulated substances in products brought to market and has done so since 2007. These lists are based on the strictest international standards that apply to these particular materials. They apply to all products that Swatch Group brings to market (watches for adults and children, packaging and cases, jewelry and products

for children). For every substance (335 substances to date), there is a standardized and recognized analysis method that must be followed by the approved laboratories. There are also specific lists for complex materials (composite material, leather and / or textiles). They ensure that the relevant regulations are being adhered to and help prevent false positives in conformity reports. Swatch Group Quality Management has set up a process for auditing new analysis methods for regulated substances in line with regulations, and it actively participates in CEN and ISO technical committees to develop analysis methods that are perfectly suited to Swatch Group products. It has created 55 different analysis methods to date.

For over ten years, Swatch Group Quality Management has provided Swatch Group companies and their suppliers with a list of select laboratories to ensure they are complying with the relevant chemical regulations and guarantee product conformity. The external laboratories are ISO 17025 certified and are monitored. Swatch Group Quality Management regularly checks their analysis methods, sample management and how they issue conformity reports. Nine chemistry laboratories have been approved to date and can be used by Swatch Group companies.

The laboratories prepared 1 753 test reports in 2023 for Swatch Group.

Mechanical and physical approval tests

Swatch Group Quality Management has drawn up checklists and testing methods for individual components that the different Group companies and external suppliers can use to accurately simulate the conditions in which watches are worn.

REGULATED SUBSTANCES

335regulated
substances**1 753**external test
reports**55**methods
for chemical
analysis**9**ISO 17025
authorized
and certified
chemistry labs

The tests examine mechanical wear and exposure to environmental factors (e.g., moisture, heat, UV rays). These tests help guarantee the reliability and durability of the products.

Life cycle assessments (LCA)

Choosing a sustainable development strategy is an essential part of product development, which is why Swatch Group performs life cycle assessments using the openLCA software and ecoinvent database. The assessments are carried out in accordance with ISO 14040 and ISO 14044.

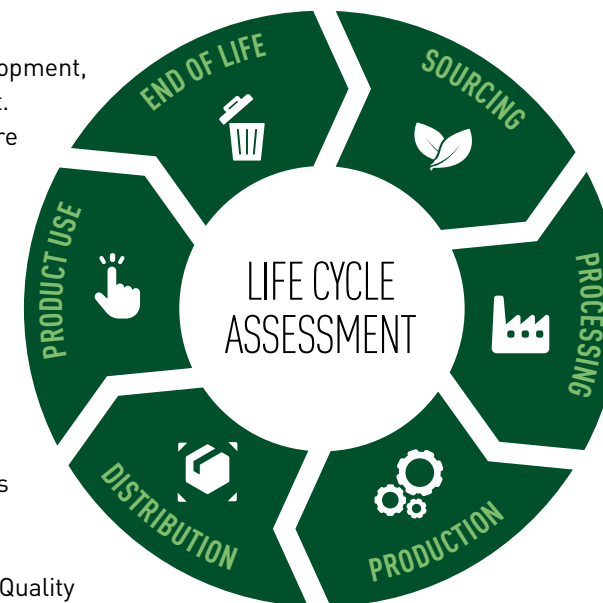
From the results of these analyses, a comparison can be made between the environmental impacts of different materials, products and processes that perform the same function. Those that have the lowest environmental impact throughout their life cycle can then be selected. The analyses are also used to identify opportunities for improving the environmental performance of the Group's products, including packaging, at different stages of their life cycle. This means that when there are new developments, informed decisions can be made with regard to sourcing raw materials, selecting processes and handling end-of-life treatment, for instance. Swatch Group has launched various LCA projects looking at different watch components, packaging and cases. Swatch Group seeks to further establish the use of LCAs for its future developments as a mean of meeting its environmental sustainability commitments.

Products and standardization

Standardization heavily influences a product's development, manufacture and service life in its particular context. Standards and standardization activities are therefore an essential part of Swatch Group's operations.

Standards are constantly evolving, and Swatch Group doesn't limit itself to what currently applies. Instead, it adds more test methods, standard processes or related restrictions to its internal directives, making them much stricter than the official standards in force.

Swatch Group Quality Management leads or supports the activities of Swiss and international committees and heads up or provides guidance to the relevant working groups within Swatch Group. Swatch Group Quality Management regularly organizes workshops in the company to share information about any new compulsory standards or where it foresees a new standard being needed. It works closely with the relevant bodies (SNV, FH, CEN, ISO, IEC) for this.





Below are three real-world examples of Swatch Group Quality Management's role in standardization:

- Swatch Group Quality Management currently presides over the ISO / TC114 / SC3 committee, which focuses on standards for waterproof watches (ISO 22810) and diving watches (ISO 6425). Its goal over the next few years is to achieve an international consensus on further improving the test methods for these types of products.
- Swatch Group Quality Management is participating in the activities of the ISO / TC 174 / WG4 working group focusing on responsible sourcing practices, particularly for precious metals. The working group is currently trying to establish a definition of recycled gold at ISO level.
- Good business practices (ISO 16359). Here too, Swatch Group Quality Management is contributing, via its participation in the working group, to the development of a standard based on harmonized practices that will help importers and exporters to prove that their watches comply with international regulations and business practices. This standard could become an effective tool for the regulatory authorities when they introduce new regulations.

Monitoring and provision of standards

As part of its standardization work, Swatch Group Quality Management monitors new international environmental standards and makes them available to Swatch Group companies. A number of topics are closely monitored, namely environmental management systems, eco labels and declarations, the evaluation of products' environmental characteristics and standards on packaging and packaging waste.

HIGHLIGHT

Workshops Sustainability Officers

In spring 2023, all Swatch Group sustainability officers took part in a joint workshop. Representatives from the Swiss companies met at ETA's headquarters in Grenchen, while an online workshop was held for representatives of companies based in other countries.

The workshop had four main focuses:

- Communication of the Group strategy, the organizational structure and the defined goals and measures by the CFO and Corporate Sustainability Team.
- Presentation of internal support options by experts at Group level. This included topics such as ecodesign, LCA, responsible sourcing and energy management.

- Sharing of best practice examples from individual companies, with presentations by Blancpain, Omega, ETA and Swatch Group Germany.
- Workshops on the topics of sustainability training and defining sustainability goals. In discussions, participants shared their experiences and devised solutions for tackling these issues effectively within Swatch Group.

As well as benefiting from the specialist information and best practice examples that were shared, attendees were also able to discuss their experiences with colleagues.

HIGHLIGHT

Examples for sustainable governance

Swatch Group Spain

In Spain, we are, of course, also committed to caring for the environment and reducing our ecological impact. For this reason, we have created the Sustainability Task Force, a team that involves people from different areas of the company: Customer Service, Retail, Logistics, Marketing and General Services. This team is led by a steering committee which is responsible for coordinating workflows and proposing actions.

Some of the implemented actions are:

- Disposal of materials in warehouses, shops and offices: we separate, recycle and control the weight of waste in order to produce reports and obtain environmental certificates.
- Ecological office supplies: we use recycled paper and recycled polymers for packaging, we reuse boxes and cases in logistics and Customer Service, we use rechargeable batteries and we have converted our paper magazine subscriptions to a digital format.

- Integration of sustainability area into local intranet: we regularly communicate to employees the actions we carry out and give them tips to increase their environmental awareness, such as not printing or tips for making business trips more sustainable.
- Landlord negotiation: we have integrated sustainability measures into the renewal of the rental contract, such as the installation of solar panels, air renewal (without opening windows, to improve energy efficiency) and chargers for electric cars.
- Paperless office: we have introduced new applications for digitizing invoices and business travel expenses, established digital signing procedures, reduced the number of printers in the main office, removed filing cabinets, replaced paper invoices (the customer service team now sends these to customers as a PDF) and introduced the option of issuing digital till receipts in shops.

- Energy efficiency in stores: we have implemented energy efficiency measures in all stores, such as limiting the temperature of air conditioning or installing sliding doors to avoid leaving them open, in accordance with local regulations. With these actions, Swatch Group Spain has reduced the electricity consumption by 25%.

Swatch Group Australia

Earlier in 2023, employees from various brands and departments within Swatch Group Australia joined forces to create a Sustainability Committee. The Swatch Group Australia Sustainability Committee's agreed initial areas of focus are:

- Sourcing more sustainable and eco-friendly office supplies.
- Reducing energy consumption.
- Assessing renewable energy options.
- Reducing paper usage.
- Improvements to recycling and waste management.

These initiatives extend to Swatch Group Australia's head office and corporate stores where the Swatch Group Australia Sustainability Committee members are actively raising Swatch Group Australia employee awareness on these topics.



Supply chain management

The Group's high standards of quality, safety and sustainability are also required of its partners and suppliers. This includes, in particular, responsible sourcing practices based on the Swatch Group Supplier Code of Conduct. The principles for business practices and the zero-tolerance policy on human rights violations must be complied with in full. As a company with a particular responsibility for the extraction and sourcing of raw materials and the procurement of biological raw materials from endangered species, Swatch Group applies international guidelines and standards (including the OECD Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas and its Supplement on Gold; Social Accountability International SA 8000 standard; CITES – Convention on International Trade in Endangered Species of Wild Fauna and Flora). Swatch Group FEPS (Far East Procurement Services) and Swatch Group Quality Management continually verify that suppliers are effectively fulfilling the conditions.

"Sourcing" chapter, p. 109

HIGHLIGHT

A Magical Milestone: 2 million visits for children



Since its beginnings in 1993, the Theodora Foundation has been pursuing its mission to bring laughter and joy to children in hospital. Today, the Foundation organises and funds the weekly visits of 69 professional artists – the Giggle Doctors – in 32 hospitals and 27 specialist care centers for children with disabilities across Switzerland. Each year, these funny and intriguing characters spread smiles and moments of happiness during more than 100 000 visits to children.

The Giggle Doctors are specially trained and work closely with care specialists.

The Foundation offers six programs: *Giggle Doctors*, *Operation Dreams* and *Emergency Giggles* for young patients in

hospital; *Mr. and Mrs. Dream* and *Little Orchestra for the Senses* for children with disabilities; and *The Lil' Champs* for children in obesity therapy.

On the 22nd of November 2023, thirty years after the Foundation was established, it has reached the milestone of two million visits for children in hospital.

Not only does this impressive figure represent countless giggles, bubbles and magic tricks, it also highlights the generous support provided by partners, donors, hospital staff, volunteers and everyone who has contributed to the Foundation's successes.

Swatch Group has supported the Theodora Foundation for many years.

www.theodora.ch

For more information about Swatch Group's philanthropic activities, please see the Annual Report 2023 on p. 11

GRI DISCLOSURES 2-23, 2-24, 2-26, 408-1, 409-1
Values, principles, standards and norms of behavior

Swatch Group respects all applicable national and international legal systems in its operations. It observes European standards, even where they go beyond local regulations. It observes a zero-tolerance policy on human rights violations, e.g., child labor, forced labor, corruption and other criminal acts. The principles for business practices are set out in the Swatch Group Code of Conduct. In relation to sustainable production methods and products, environmental protection and health and safety, Swatch Group complies with the applicable EU directives, such as the Restriction of Hazardous Substances Directive (RoHS), the Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), and the Waste Electrical and Electronic Equipment Directive (WEEE). It always bases its policies on the strictest regulations as the minimum benchmark. With internal directives, the Group commits itself to standards that go beyond the legal requirements.

Human rights

Swatch Group respects and promotes the United Nations Universal Declaration of Human Rights and abides by the principles of the United Nations Global Compact. Within its sphere of influence, Swatch Group supports the values, freedoms and basic rights that are enshrined in these texts.


HIGHLIGHT
Human rights-themed sculpture on Grenchen roundabout

Swatch watches are represented in UN blue. A prominent white number 19 symbolizes both the first session of the Human Rights Council on June 19, 2006 and number 19 of the 30 articles that make up the United Nations Universal Declaration of Human Rights: freedom of opinion and expression.

There is a stainless steel ring around the monument, featuring a quotation from Nicolas G. Hayek: “Without full respect for human rights, no freedom, no democracy, no liberty and no peace are possible on our planet Earth.”



Supplier Code of Conduct (SCoC)

The Supplier Code of Conduct applies to Swatch Group and its subsidiaries, as well as to suppliers and sub-suppliers of Swatch Group and its subsidiaries that supply products or services to Swatch Group companies.

The code is based on principles that are recognized in the industry and internationally, such as the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights (UNGPs), the international labor standards of the International Labor Organization (ILO), the ILO's code of practice for safety and health, the 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 Jewellery 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).

The SCoC is periodically updated to take account of changes in legislation, regulations and Swatch Group guidelines.

 For information about auditing suppliers, please see the "Supplier Audits" chapter, p. 117

If there are discrepancies between national legislation and international human rights standards, Swatch Group will follow whichever is more stringent as per the provisions of the UNGP.


In addition, it will follow the stricter standard whenever national legislation differs from the Group's high environmental and health and safety standards. Where there are inconsistencies between national legislation and Swatch Group's strict standards, the Group will respect the law while endeavoring to meet the more stringent standards.

With the aim of protecting particularly at-risk groups of people, the Code of Conduct includes sections on combating discrimination, safeguarding people against bullying and abuse, preventing forced and compulsory labor, and preventing child labor, as well as on the rights of indigenous people.

All employees can access the Code of Conduct online. Sustainability officers are responsible for training and providing information to employees in the individual Group companies. All procurement departments received training in 2022, and they are responsible for providing information and ensuring compliance with the SCoC in the supply chains.

Violations of the SCoC can be reported to the email address noted in the document. These are then be dealt with by the responsible internal departments.

The Swatch Group Executive Group Management Board approved the Code of Conduct.

 You can find more information in the Supplier Code of Conduct on the Swatch Group website: [Swatch Group Supplier Code of Conduct](#)



THE PRECAUTIONARY PRINCIPLE HAS BEEN EMBEDDED IN INTERNAL DIRECTIVES SINCE 1994.





Risk management and precautionary principle

The Swatch Group Corporate Risk Team coordinates risk management matters and reports directly to the CFO. The Corporate Risk Team is responsible for physical safety worldwide and for managing and implementing national and international insurance programs. Operational risks are assessed every year, and the insurance cover or other remedial measures are updated or redefined.

The Corporate Risk Management Team ensures that crucial risks relating to environmental protection, health and safety are identified, analyzed and recorded on an ongoing basis so that targeted prevention measures can be developed and implemented at an early stage. The precautionary principle has been embedded in internal directives since 1994.

A significant component of risk management is business continuity management. Experts determine the operating entities that are important for the Group and how they interconnect, identify the main risks (e.g., cyber risk, fire, water, chemical substances, interruption of operations), and draw up measures to ensure business continuity as much as possible. Prevention and emergency procedures are the focal point. A significant element of Swatch Group risk management is its policy of independence. Consequently, the company is reducing dependence on single suppliers, distribution partners and financial service providers where reasonable. This also includes storing enough stock, expanding and modernizing production capacities, considering alternative supply solutions, making strategically important acquisitions and having a high level of equity.

 For more information see the chapter "Climate-related risks and opportunities", p. 43

HIGHLIGHT

Company fire department

The subsidiary ETA, based in Grenchen, has had a works fire department since the 1950s, and today it has 48 volunteer members.

After joining the team, each firefighter receives training under the supervision of the Solothurn building insurance organization SGV, and they perform 15 to 20 exercises.

The firefighting team have at their disposal a command vehicle, a fire truck and three team transporters with breathing apparatus.

In 2023, a modular vehicle with six modules was acquired, which makes it easier for the company fire department to carry out its duties in the areas of water protection, oil protection and chemicals hazard defense.



Due to uncertainties around electricity shortages, the fire department was also equipped with a module carrying various emergency power generators and lighting material.



Information security and data protection

The Group's approach to data protection and information security ensures maximum data security and the best possible information technology systems throughout the Group's network. Its information security procedures are continuously adapted to be state of the art by regularly analyzing cyber threats, technological developments and implementing any necessary measures immediately. In addition to technological measures, a good information security culture is implemented at all levels within the Group through various means, including e-learning trainings, which are available in 13 different languages, and specific workshops. The combined approach of user training and technological information security measures increases the level of information security.

Data protection is a top priority, which is why the Group has several data centers protected by different levels of security and state-of-the-art information security measures. This enables the entities to have an operationally secure environment with confidentiality, integrity and data availability as well as security for the related information technology systems.

Swatch Group reviews its information security measures on a regular basis to ensure it fully complies with the applicable regulations and legal frameworks of the countries in which it operates.

Intellectual property protection and anti-counterfeiting policy

Swatch Group products have a very strong and unique identity. They are developed and manufactured with the greatest level of care and are the embodiment of the expertise of many different professions, from watchmakers to designers. With cutting-edge technology, precise artisanship and fast, professional customer service, the brands ensure lasting value for their products. However, due to their success, the brands are also exposed to counterfeiting. The watch and jewelry industry is particularly affected by counterfeiting. According to customs authorities, jewelry and watches rank top among the most frequently seized items in terms of value and fifth in terms of quantity.

According to a report published by the OECD¹ in 2021, this not only damages the reputation of Swiss companies, but it also inflicts economic damage, as these companies are defrauded of almost CHF 4.5 billion in sales annually. The watch and jewelry industries are the most affected, with losses of around CHF 2 billion per year. According to the OECD, Swiss companies would have been able to provide more than 10 000 additional jobs in 2018 without the impact of counterfeiting. Counterfeiting also affects the public purse, which, according to estimates by the study's authors, lost almost CHF 160 million in tax and customs revenue in 2018.

1. www.ige.ch/en/intellectual-property/counterfeiting-and-piracy/studies



GOVERNANCE, ETHICS & COMPLIANCE

The danger of counterfeiting also lies in the fact that these products may also contain materials or components that do not meet safety requirements and therefore pose a risk to consumer health and safety.

With the rapid development of e-commerce, it has become easier for consumers to shop online, and they are therefore exposed to the high risk of counterfeit products on the Internet, as it is very difficult to distinguish counterfeits from the original products. This criminal behavior also affects customer service.

It is usually possible for the perpetrators to infringe intellectual property or deceive consumers online without any great risk. The anonymity of the perpetrators, the easy international payment options, the low shipping costs, the variety of distribution channels and the lack of international sanction options make it difficult to report or prosecute. As a result, online sales of counterfeit products have now reached industrial proportions, and Swatch Group has been taking specific measures to combat counterfeiting on the Internet for many years. Given the scale of this phenomenon, it is necessary to employ new tools to address this specific problem and, in particular, to ensure a global approach to and understanding of counterfeiting. To prevent counterfeit products, the visibility of such offers must be reduced in order to diminish the demand for these products.

Counterfeiters have now moved to using omnichannel sales, meaning that surveillance must extend to social networks, sales apps and new technological developments such as virtual watch faces for download.

Swatch Group ensures the technical and intellectual protection of its products (finished watches, movements, semi-finished products and components) at all levels to safeguard their intrinsic value. It does so by protecting technical innovations with patents and valorizing its technological assets through the protection of trademarks, designs or copyright, and by defending each of these rights. Any infringement of the intellectual property or know-how of Swatch Group companies will be immediately subject to legal action, and the counterfeiting and piracy of products and services will be tackled firmly. To this end, Swatch Group works closely with the Federation of the Swiss Watch Industry (FH) and with the customs authorities, police and other criminal and administrative authorities of the various countries in which it operates, as well as at international level, in particular with Europol.

**GRI DISCLOSURES 205-2, 205-3****Anti-corruption**

Swatch Group adopts a zero-tolerance policy towards corruption and other criminal acts.

Clear guidelines on preventing corruption are set out in the employee handbook, the Code of Conduct and the Supplier Code of Conduct. These documents are available on internet, on the intranet, or in another format to all employees and, as may be required, to suppliers, business partners and other interested parties. Compliance with these specifications is checked in audits.

 For further information on supplier audits, please see the "Sourcing" chapter, p. 109

At the time of writing, the Group is not aware of any cases of corruption in the sense of accepting or granting unlawful advantages (through bribery, fraud, extortion, collusion, money laundering, etc.) that occurred during the reporting period.

GRI DISCLOSURE 2-27**Compliance**

At the time of writing, the Group is not aware of any material breaches of laws and regulations that occurred during the reporting period and that led to administrative or legal sanctions and fines.



GRI DISCLOSURE 201-2

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Climate-related risks refer to risks that Swatch Group faces as a result of climate change. Climate-related risks may either arise as a result of a change in climate conditions (physical risks) or as a result of efforts to mitigate climate change (transition risks). Climate-related opportunities refer to possible ways that a change in climate conditions could benefit Swatch Group.

GRI disclosures 3-3-a, 3-3-b Positive and negative impacts (inside-out)	Risks and opportunities (outside-in)	GRI disclosures 3-3-c, 3-3-d, 3-3-e, 3-3-f Measures	Indicators	Metrics and targets
By actively monitoring and managing these risks and opportunities, Swatch Group is helping to prevent and mitigate the risks and foster the opportunities.	<p>Climate-related risks and opportunities include:</p> <ul style="list-style-type: none">- Higher energy and raw material costs- Shifts in supply and demand toward sustainable products. <p>Greater physical risks, such as extreme weather conditions and their impact (damage to infrastructure, logistics disruption, etc.).</p>	Work is being done to identify the short, medium and long-term climate risks and opportunities relevant to Swatch Group, draw up suitable strategies and introduce measures. Physical risks are covered by various insurance policies, which are regularly checked and adjusted based on the latest insights. Transition risks and opportunities are included in strategic planning.	<ul style="list-style-type: none">- Costs of insuring against physical risks- Number of damage events- Sales of sustainable products- Emission intensity	Indicators only



CLIMATE-RELATED RISKS AND OPPORTUNITIES

Governance

The Sustainability Team and sustainability officers are responsible for assessing and managing climate-related risks and opportunities and for bringing these to the attention of the Sustainability Steering Committee.

Climate-related risks and opportunities are reviewed and approved by the Sustainability Steering Committee, which comprises representatives from the Executive Group Management Board. The Board of Directors approves the Group sustainability strategy and bears the overall responsibility.

The Sustainability Team and the Sustainability Steering Committee meet at least six times a year to discuss ESG-related topics, including climate-related risks and challenges.

Since 2023, an ESG evaluation is carried out for all investment applications over CHF 50 000. Investment requests will be denied if it goes against the strategy or substantially increases climate-related risks.

Strategy

Swatch Group needs to tackle transition risks in the short-to-medium term (0–5 years, 5–15 years). These risks may vary significantly depending on the implementation of the Paris Agreement by the countries. The transition may cause operational and procurement costs to rise. Physical risks could present a greater risk to the procurement of raw materials in the long term (longer than 15 years).

Swatch Group is extensively verticalized, it has a strong positioning in research and development, most of its supply chain is located in Switzerland, and it has a management approach for climate-related risks, making the company well placed to adapt to different climate scenarios, including the 1.5°C baseline scenario and the 2°C scenario.



CLIMATE-RELATED RISKS AND OPPORTUNITIES

Impact of changes and risk limitation strategies

Transition risks	Time frame	Impacts (without risk mitigation)	Mitigation strategies	Opportunities
Current and future regulations	Short-term	Market access, possible fines.	Cooperating with external experts to analyze and implement future legislative changes (e.g. TCFD).	
Law and policy Rising carbon taxes and measures to restrict carbon-intensive activities	Short-term	Increasing energy costs, increasing logistics costs.	Transition to renewable energies. Improving energy efficiency. Investments in own power generation. Maintain high level of production in Switzerland.	Greater independence; Swissness becomes more important.
	Short to medium-term	Supply chain disruptions, increasing material costs.	Continuing to have high warehousing levels to avoid stock disruptions.	Increasing recycling rate. Using recycled materials.
	Short to medium-term	Increasing cost of packaging material.	Switching to low-carbon materials.	Lower costs due to smaller packaging size and more affordable materials.
Technology Developing new technologies for a low-carbon economy	Medium-term	Depreciation of assets, investments in low-emission technologies to meet market regulations.	In-house experts to work on energy efficiencies (Energy Team). Transitioning to low-emission technologies.	Transitioning to low-emission and energy-efficient technologies.
Market and reputation Change in supply and demand as consumers opt for sustainable alternatives	Short to medium-term	Lost revenue or missed opportunities for growth.	Choosing low-carbon suppliers. Investing in low-carbon materials. Strengthening environmental commitment with climate targets. Publishing an annual sustainability report on all three scopes with a climate strategy.	Innovation through low-carbon materials. Reaching a younger, more eco-conscious target group by selling products with low-carbon and recycled materials. Being a leader in the ESG arena (reputation).
	Short to medium-term	Increasing decarbonization costs due to greater demand for carbon credits.	Prioritizing the emission reduction.	Investing in activities for which there are carbon credits (e.g., generating power from renewable energies, forests, carbon capture).



CLIMATE-RELATED RISKS AND OPPORTUNITIES

Impact of changes and risk limitation strategies

Acute risks	Time frame	Impacts (without risk mitigation)	Mitigation strategies	Opportunities
Floods, hail and extreme rainfall events	Long-term	Supply chain and production disruptions due to damaged infrastructure (roads, railroads, bridges). Local flooding of buildings and local power cuts.	Taking into account weather forecasts or severe weather warnings in risk management. Preparing for incidents depends on the local risk situation. Increasing autonomous power supply.	Increasing autonomous power supply creates competitive advantage.
Heat waves, droughts and forest fires	Long-term	Increasing strain on infrastructure (asphalt, environment, railroads). No or less transport on waterways (price increase due to more expensive transport alternatives).	Incorporating market monitoring and the global climate risk assessment into risk management.	Competitive edge through local production.
	Medium to long-term	Increasing strain on building infrastructure (cooling, service life of outdoor facilities, expansion, condensation, humidity, etc.). Groundwater depletion causes building damage.	Training technical employees and building managers.	Renovating buildings at a quicker pace will lead to lower costs.
	Medium to long-term	Examining power supplied by hydroelectric power plants. Safety risk posed by nuclear power plants (cooling, lack of water in watercourses, temperature of watercourses too high). Nuclear power plant outages result in power fluctuations in the grid and power cuts.	Increasing autonomous power supply.	Increasing the autonomous power supply creates a competitive edge.
	Medium to long-term	Restricting water use.	Using rainwater and water reuse.	Having a more autonomous external water supply creates a competitive edge.



CLIMATE-RELATED RISKS AND OPPORTUNITIES

Acute risks	Time frame	Impacts (without risk mitigation)	Mitigation strategies	Opportunities
Diseases, pandemics	Long-term	Increase in and vulnerability to communicable diseases due to weak immunity (nutritional problems, problems with the quality of drinking water, stress).	Developing ideas for increasing health protection for employees.	Employee health becomes more important. Fewer working hours lost.
Crop failure and drinking water shortages	Long-term	Consumers focusing on the essentials (what is needed to survive), increasing migratory flows, increasing global conflicts. Impact on raw materials. Pressure on agricultural raw materials for the industry.	Reviewing stock management and supplier agreements (guarantees, prices, substitution options).	

Risk management

A climate-related materiality assessment has been conducted. It measures how much stakeholders are worried about each issue and the potential impact of each issue on business. This materiality assessment is set to be carried out regularly.

At Group level, the Sustainability Team and Energy Management Team carry out a top-down assessment of climate risks to get a good overview of the biggest risks facing the Group.

At the same time, a bottom-up assessment is being conducted, which brings together the evaluation results from the watch, jewelry and electronic component production sites and the global sales and service center network.

They draw up risk mitigation strategies for each climate risk, and measures are being taken to mitigate the threat posed by the climate risks. As described in the chapter on sourcing, Swatch Group has already implemented various strategies to reduce the risks presented by supplier activities that have a bearing on sustainability.




CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Sustainability Team and Risk Management Team define, assess and manage climate-related risks. If increased risk is identified, the Sustainability Steering Committee informs the Executive Group Management Board. Insurance policies are updated where appropriate, taking into account the relevant risks, particularly where physical risks were identified.

Metrics and targets

Swatch Group has metrics for Scope 1, 2 and 3 emissions, energy and heat consumption, self-generated power, water consumption, volatile organic compounds (VOCs) and waste.

 Figures for these metrics are presented in the “Energy and emissions” chapter, p. 57

Swatch Group intends to be climate neutral on Scope 1 and Scope 2 by 2050 and has set intermediary targets on its Scope 1 and Scope 2 emissions with a reduction target of 50% by 2030 compared to 2021 and 90% by 2040. Swatch Group also intends to reduce its water consumption and to keep a low rate of withdrawing water, particularly from areas with water stress. (More information in the Environment chapter under the “Water” section).

“
SINCE 2023, EVERY
INVESTMENT REQUEST
ABOVE CHF 50 000
REQUIRES AN
ESG EVALUATION.
”

ECONOMIC PERFORMANCE

Economic performance, and therefore value generation for all stakeholders, is an important component of Swatch Group's business model. A country's fiscal policy is of key importance and guarantees macroeconomic stability.

GRI disclosures 3-3-a, 3-3-b Positive and negative impacts (inside-out)	Risks and opportunities (outside-in)	GRI disclosures 3-3-c, 3-3-d, 3-3-e, 3-3-f Measures	Indicators	Metrics and targets
Swatch Group's economic performance feeds back into society in the form of salaries and taxes. Tax revenues play a pivotal role in achieving the SDGs and are a key mechanism for Swatch Group to contribute to the economies of countries where it operates.	Due to its varied global activities, the Group is subject to a range of financial risks such as exchange rate, market, credit and liquidity risks. (See Financial risk management, p. 157 in the Annual Report).	Financial risk management is focused on identifying and analyzing exchange rate risks, in order to minimize their impact on Group earnings. (See Financial risk management, p. 157 in the Annual Report).	<ul style="list-style-type: none"> – Net sales – Operating costs – Employee wages and benefits – Payments to providers of capital (interest and dividends) – Taxes – Economic value retained – Exchange rate volatility 	For indicators, see p. 50.
In addition, Swatch Group revenues are reinvested in research and development, training, local suppliers and the Group's sponsoring and philanthropic activities. This shows that a business model focusing on long-term, sustainable success has a wide range of social, economic and environmental benefits.	In countries with stronger economic performance, there is more demand for Swatch Group products. Macroeconomic stability in countries where Swatch Group is active is a prerequisite for long-term investments.	Swatch Group avoids aggressive tax practices and structures and pays taxes according to the value added. It reports its tax expenses for each country to the Swiss Federal Tax Administration as part of country-by-country reporting practices.		Sales targets are defined at company level and are confidential.

ECONOMIC PERFORMANCE

Ensuring the long-term economic success of Swatch Group is essential for sustainable value creation for the benefit of society and the environment. Through its activities, however, the Group also generates a significant economic impact from which many of the stakeholders benefit.

GRI DISCLOSURE 201-1

Direct economic value generated and distributed

(in CHF million)	2023	Proportion
Net sales	7 888	100%
Operating costs	-4 147	53%
Employee wages and benefits	-2 550	32%
Payments to providers of capital (incl. interest and dividends)	-332	4%
Income taxes	-262	3%
Economic value retained	597	8%

GRI DISCLOSURES 207-1, 207-2, 207-3

Swatch Group tax strategy

Swatch Group is a multinational group of companies with its own subsidiaries in over 30 countries.

Swatch Group follows a responsible and lawful tax and customs strategy. It considers effective and efficient tax and customs compliance to be a key objective and commits significant resources to ensure that the Group's tax and customs affairs are properly regulated, transparent and sustainable.

Swatch Group complies with the OECD Guidelines for Multinational Enterprises within the following framework: "Tax compliance includes such measures as providing to the relevant authorities timely information that is relevant or required by law for purposes of the correct determination of taxes to be assessed in connection with their operations and conforming transfer pricing practices to the arm's length principle."¹

The Group's tax strategy ensures that the entire organization is committed to complying with tax and customs laws and regulations in the countries in which it operates, in line with the following strategic priorities:

- Compliance with tax and customs legislation, reporting and payment obligations, including the correct posting of taxes and duties.
- Application of good governance, due care and diligence with regard to tax and customs procedures and ongoing improvement of these procedures.
- Management of tax and customs costs and monitoring of the related risks by seeking advice from the global tax team and external advisors in particularly complex or uncertain areas.
- Provision of transparent and timely information to the relevant authorities.
- Maintaining an accountable team of qualified tax and customs professionals in all countries where the Group operates.

Tax strategy and tax-related issues are discussed, reviewed and approved at Executive Group Management Board level.

1. [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#)



ECONOMIC PERFORMANCE

Risk management in tax affairs

In order to ensure compliance and minimize the associated risks, the Group has robust tax- and customs-related processes and controls in place. Tax affairs in each country are very complex in many functional and technical areas, which is why, with the help of tax experts, Swatch Group's consolidated subsidiaries monitor, adapt and continuously improve their tax and customs compliance processes to avoid possible errors or omissions.

Swatch Group's subsidiaries have clearly defined responsibilities for their tax affairs, which ensure that tax risks are reported and that tax issues are escalated to the appropriate level. Swatch Group's consolidated subsidiaries have a low tolerance for tax risks and work proactively with tax experts to ascertain their tax position with certainty.

Tax planning

Tax planning is aimed at supporting the commercial needs of the company by ensuring that the business of each entity is conducted in full compliance with applicable laws and regulations. The tax function is therefore involved in the commercial decision-making processes and provides appropriate input in relation to business matters to ensure a clear understanding of the tax consequences of all decisions made. The Group does not engage in aggressive tax planning or tax structuring that has no business purpose or economic merit.

Relationship with tax authorities

Swatch Group is committed to maintaining a transparent relationship with the relevant authorities, fostering open dialogue on a timely basis and endeavoring to respond promptly to all inquiries and requests for information from the authorities. The Group may request pre-approval from the relevant tax and customs authorities for certain transactions if there are significant uncertainties and / or the transaction is of major significance. In the case of tax audits, the Group aims to reach a settlement whenever possible and considers litigation as a last resort.



GRI DISCLOSURE 203-2

INNOVATION

Swatch Group’s commitment to sustainability is not limited to its direct business activities – the Group also has an impact on the environmental, social and economic spheres through its own innovation and its support for initiatives and organizations.

GRI disclosures 3-3-a, 3-3-b Positive and negative impacts (inside-out)	Risks and opportunities (outside-in)	GRI disclosures 3-3-c, 3-3-d, 3-3-e, 3-3-f Measures	Indicators	Metrics and targets
<p>Innovations such as ultra-low-power ICs pave the way for ultra-energy-efficient applications. This improves the energy consumption of a vast array of products and helps create new business models.</p> <p>Swatch Group is also heavily involved in the battery technology sector for electromobility purposes, through its company Belenos.</p>	<p>Innovations in other industries/areas may affect Swatch Group’s business model, whether through new competitor products (risks) or new sales opportunities (prospects).</p>	<p>The Group supports innovation by investing in research and development. A large share of R&D costs are related to sustainability, such as switching to more sustainable materials or reducing the energy consumption of electronic products.</p> <p>Swatch Group also works with various research centers and universities.</p>	<p>– Number of patents – R&D expenditure</p>	<p>Indicators only</p>



INNOVATION

Patents

Swatch Group registered a total of 188 patents in 2023. Of these patents, 171 were related to watches and 17 were related to other areas, including electronics, energy sources and general chronometry. In total, Swatch Group owns approximately 20 000 active patents and patent applications, divided into almost 3 000 different patent families.

Age distribution of patent families

0–5 years	6–10 years	11–20 years
32%	34%	34%

The protection of Swatch Group’s innovations is ensured by its internal patent attorneys of ICB Ingénieurs Conseils en Brevets. ICB protects and defends the technological assets of the Group companies and of Swatch Group’s various research and development entities. ICB files new patent applications directly with the Swiss Federal Institute of Intellectual Property and the European Patent Office and works with a worldwide network of specialized law firms for applications in other countries. The work of the ICB enables efficient protection of Swatch Group’s developments thanks to effective synergies between the patent attorneys and the research teams within the Group.

Environment-related patents

- Swatch Group’s research and development areas include:
- Improving the performance of movements.
 - Improving quality to extend the service life of products.
 - Reducing the power consumption of quartz movements.
 - Increasing the operating time/power reserve.
 - Reducing power or energy loss for mechanical watches.
 - Replacing toxic materials by using alternatives that are less toxic or have no effect on people and the environment.

At least 30% of research and development expenditure and new patents can be described as environment related (innovations in renewable energy production, energy efficiency, environmental management and technologies to lower emissions).

- Examples from 2023 include:
- Equipment to dispense lubricant for watch components, which significantly reduces lubricant waste during servicing.
 - Substrate with an epilame-coated surface and procedure for epilamization of this kind of substrate.



INNOVATION

R&D

Each year, Swatch Group invests in research and development in order to remain innovative in the long term. The directly measurable R&D costs were CHF 275 million in 2023, which is 3.5% of turnover.

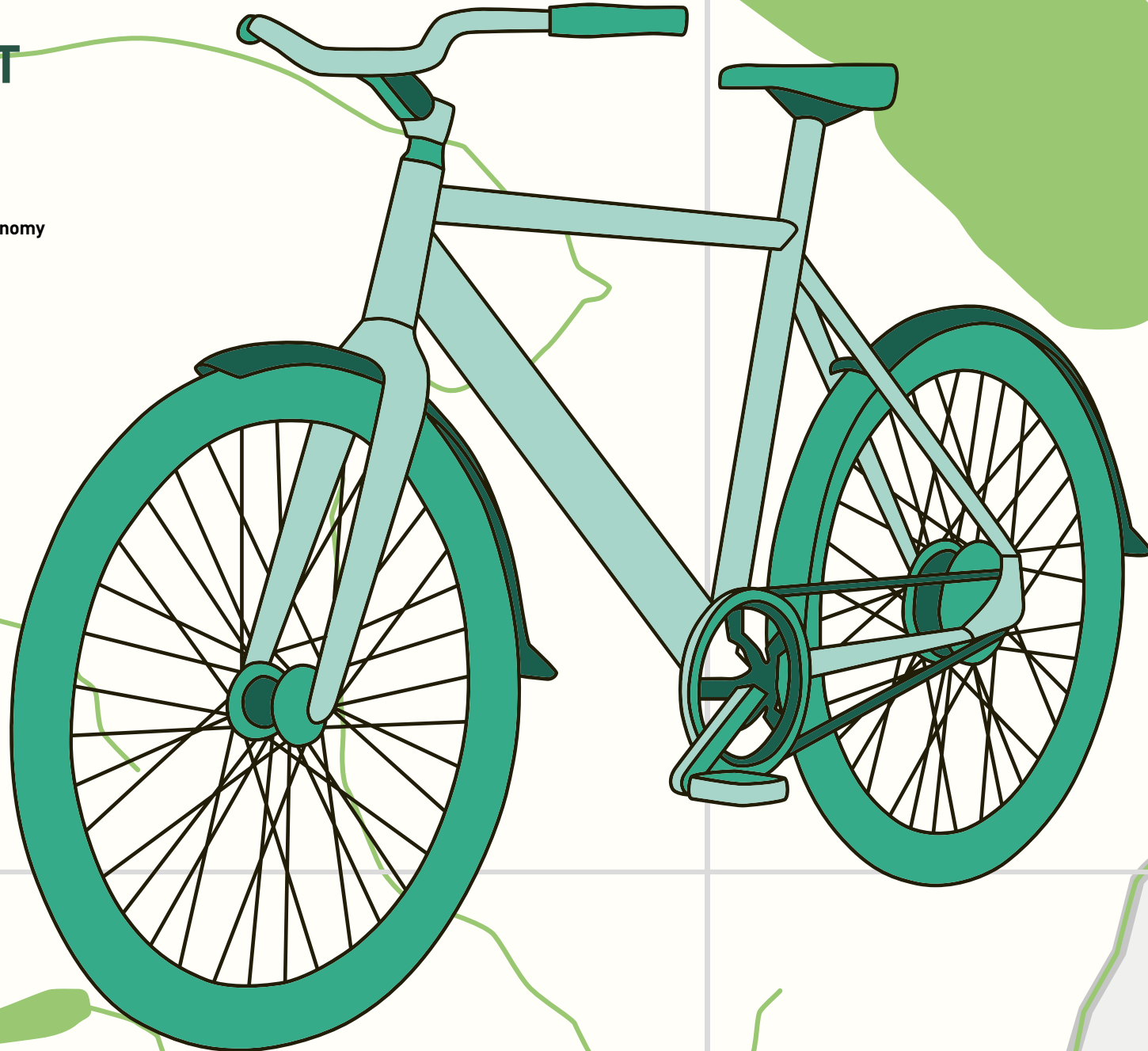
Environment-related research and development

A large share of R&D costs are directly or indirectly related to the Group's sustainability efforts, such as developing new materials (e.g., bio-based materials and substances), movements with a long service life and ultra-low-power microchips. It is not always possible to clearly separate out and record how much of the R&D expenditure was spent on environment-related developments in these areas compared to that spent on product development. Based on an analysis of the patents, at least 30% of the R&D costs can be specifically assigned to environment-related developments. This equates to CHF 83 million in the year under review.



ENVIRONMENT

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INTRODUCTION

Environmental protection is firmly anchored in all Swatch Group divisions and companies, and represents a core priority that is respected, promoted and implemented daily by every employee in the company. The Group applies this conviction along the entire value chain, from product design and production processes to the recycling of its products. The Group's brands develop new products using recycled or recyclable, organic and compostable materials wherever possible. In order to efficiently implement the Group's strategy for sustainable product design, it has started conducting Life Cycle Assessments (LCAs) to better identify and minimize environmental impacts.

 For further information about LCAs, please see p. 33

In addition, measures to reduce energy and resource consumption are being implemented, whether through manufacturing facilities with smart energy control systems or through energy-efficient, heat-insulated and eco-friendly infrastructures and production sites. To optimize ecological and energy performance, ultra-modern technologies and building materials are used for new production and other buildings and renovations; this practice also led to a further improvement in the year under review.

Data acquisition is being continuously improved in terms of both the quality of collection methods and new identifiers. However, it should be noted that due to their diversity, the business entities set their own targets and measures for many key figures, which are not presented in this report in a consolidated form.

 For further information about data collection, please see the chapter "About this report", p. 129



ENERGY AND EMISSIONS

Production, sourcing and

sales: Energy is needed to operate buildings and facilities.

In addition, there are indirect emissions (Scope 3) from sources such as suppliers, transport and raw materials.

Use of products: The use of Swatch Group products is associated with very low greenhouse gas emissions. Mechanical watches, for example, are powered by kinetic energy, while quartz watches are powered by solar cells or by batteries produced by the company's own battery production facility, which runs on renewable electricity.

GRI disclosures 3-3-a, 3-3-b Positive and negative impacts (inside-out)

Depending on the type of energy source, power use can have negative effects on the environment, particularly through greenhouse gas emissions and the detrimental effect these have on climate change.

One way in which Swatch Group is having a positive impact is through EM Microelectronic. The design and production of ultra-low-power ICs is helping make electronic products more energy efficient.

Risks and opportunities (outside-in)

Swatch Group needs to tackle transition risks in the short-to-medium term. These risks may vary significantly depending on the implementation of the Paris Agreement by the countries. The transition may cause operational and procurement costs to rise. Physical risks could present a greater risk to the procurement of raw materials in the long term.

Changes in supply and demand as consumers opt for sustainable alternatives can be viewed both as an opportunity and a risk.

GRI disclosures 3-3-c, 3-3-d, 3-3-e, 3-3-f Measures

Swatch Group is seeking to reduce its Scope 1 and 2 emissions to zero by 2050, and it has a roadmap containing the necessary measures to achieve this. It is also aiming to reduce Scope 3 emissions; a roadmap and specific objectives are still being developed.

Indicators

– Energy consumption
– Scope 1, 2 and 3 emissions

Metrics and targets

Detailed objectives and roadmap, see p. 61.



ENERGY AND EMISSIONS

As early as 1990, Swatch campaigned for a reduction of GHG emissions and lower energy consumption through its sponsorship of the solar mobile “The Spirit of Biel / Bienne”. The solar mobile won the World Solar Challenge in Australia at the time. The first solar-powered Swatch (1995) stems from this period, and it has lost none of its appeal. As a result, the Group’s early commitment to protecting the climate remains an important value, and Swatch Group remains motivated to play its part in sustainable climate action in the long term.

The Group aims to achieve the goal of climate neutrality for Scope 1 and Scope 2 by 2050. A strategy to reduce greenhouse gas emissions has been developed; the targets are reviewed regularly and, if possible, a faster reduction strategy is implemented.

In order to reduce Scope 1 emissions, targets for energy-efficiency gains and GHG reductions have been set for all production units in Switzerland since 2013, and they apply generally to the entire Group on a consolidated basis. Production sites and distribution companies located outside Switzerland, in particular the many boutiques and service centers, are also working to improve their energy performance. Although the boutiques and service centers consume far less energy than the production plants in Switzerland, they are nevertheless included in the range of measures to reduce emissions and energy consumption.

Strategy for achieving climate goals

In order to achieve its reduction targets, the Group will focus its efforts in the coming years on its most CO₂-intensive sites. The principles listed on the right will guide this work. Depending on the site, different innovative technologies are being considered in order to overcome the challenge presented by energy transition in industry. The renovation of old building structures presents a particular challenge in this respect. However, equal priority is being given to production processes, the integration of smart building management systems, the establishment of decentralized energy management systems and new buildings. The most important thing to consider is the source of the energy required. In this regard, the following energy sources are considered in terms of achieving the target:

- Electricity from renewable sources (hydropower, wind power, photovoltaics)
- Biogas
- District heating
- Local wood
- Geothermal energy, ambient heat and solar thermal energy
- Green / blue hydrogen (from renewable energy sources or natural gas with carbon capture and storage)
- Sustainably produced biogenic fuels

Fossil fuel energy sources are therefore being gradually replaced by renewable energy sources.

PRIORITIES

- 1 Avoid** the use of resources that have no associated benefit.
- 2 Reduce** energy consumption to the necessary and technically feasible minimum.
- 3 Efficient** and effective operation of installations, as well as heat recovery.
- 4 Alternative** to fossil-fuel energy sources, such as regenerative or zero-carbon energy sources.
- 5 Independent** generation or conversion of energy at the sites themselves.
- 6 Energy storage systems** and carbon offsetting projects.

ENERGY AND EMISSIONS

Swatch is also committed to reducing Scope 2 emissions. The following approaches will be used to reduce Scope 2 emissions over the next few years:

- Reducing electricity consumption; measures for higher energy efficiency.
- Expanding internal renewable electricity generation.
- Purchasing electricity from renewable sources.

In order to reduce Scope 1 and 2 greenhouse gas emissions to zero by 2050, each Group company defines its own specific targets and measures. Carbon offsetting is not the top priority, as Swatch Group is prioritizing the actual elimination of emissions and not offsetting projects with carbon certificates.

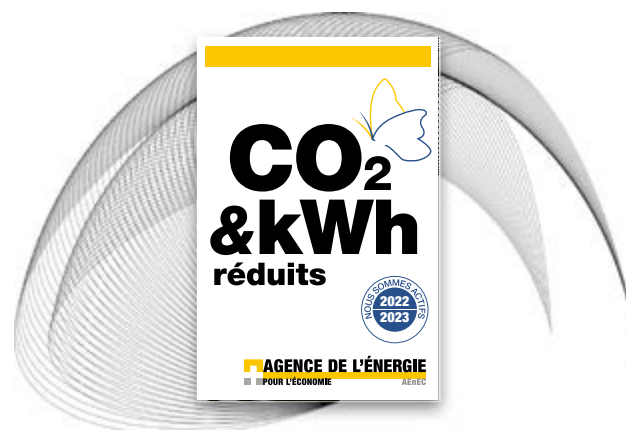
Experts from the Energy Management Team support the business entities with their climate efforts. In addition to carrying out more extensive assessments and projects aimed at achieving climate neutrality at specific sites, a guideline was developed containing practical tips for saving energy and a list of “Dos and Don’ts”. It suggests different ways that energy consumption can be further reduced in the short and medium term.

Swiss production plant environmental program

In 2013, Swatch Group, with the support of the Energy Agency of the Swiss Private Sector (EnAW), signed a binding target agreement regarding stationary greenhouse gas emissions (Scope 1) with the Swiss Federal Office for the Environment (FOEN). All of the Group’s Swiss production facilities are bound

by this agreement and implement measures to help achieve Swatch Group’s energy targets. The first agreement related to the period from 2013 to 2021. Before this period expired, contractual obligations with the EnAW were renewed for a further period from January 1, 2022 to December 31, 2031. The contract with the FOEN will expire in 2024. A new target agreement with the FOEN is being prepared with the support of the EnAW and is due to be ready by the end of 2024.

“
WE AIM TO BE
CLIMATE NEUTRAL
FOR SCOPE 1
AND 2 EMISSIONS
BY 2050.
”



Blancpain SA Le Sentier

One of our 32 EnAW-certificates.



ENERGY AND EMISSIONS

GHG emission reduction roadmap

Compared to other industries, the watchmaking industry has low direct greenhouse gas emissions (Scope 1) and indirect emissions related to energy purchase (Scope 2).

Nevertheless, Swatch Group is working hard to reduce not only its direct emissions, but also the emissions of its entire value chain, both upstream and downstream, beyond energy purchase (Scope 3).

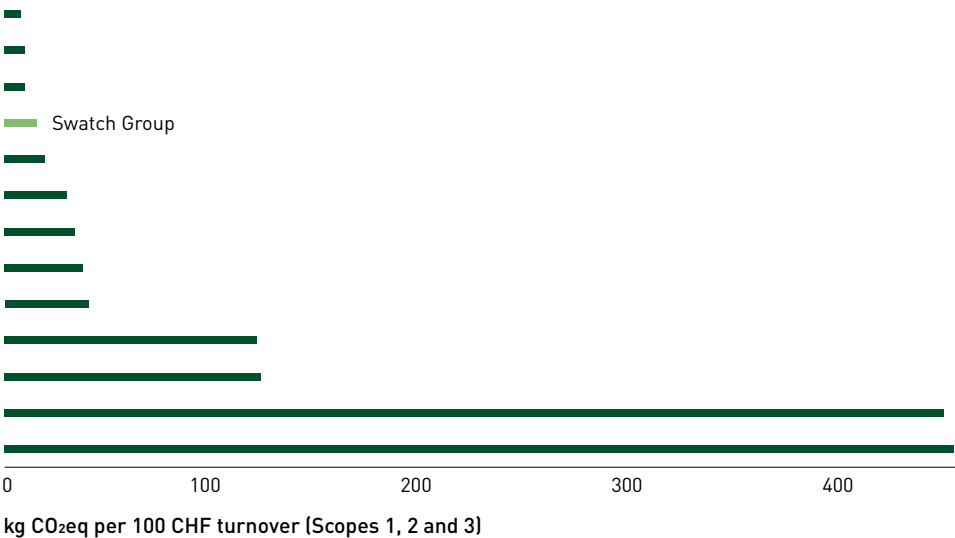
Within this reporting period, Swatch Group has estimated its entire Scope 3 emissions. These emissions stand at around 1.1 million tons of CO₂eq, with a uncertainty factor of +/-0.5 million tons of CO₂eq. The value is based on data from suppliers, emission factor databases, and published data from other industry players.

The ambition of Swatch Group is climate neutrality by 2050, with intermediary targets set on Scope 1 and Scope 2 for 2030 and 2040. A target for Scope 3 and intermediary targets for Scope 3 will be announced once a concrete action plan is ready to publish.

Emission intensity (Scopes 1, 2 and 3) of the largest industrial companies in Switzerland¹

At Swatch Group, CHF 100 of turnover correspond to an average of 15 kg CO₂eq (Scopes 1, 2 and 3). This is rather low compared to other companies producing physical products.

Please note: This is an average value per CHF 100 turnover. The figures are not suitable for calculating the CO₂ footprint of a specific watch, as the values can vary depending on the watch model.



1. Graph shows Swatch Group and 12 industrial companies included in the Swiss Market Index in 2022. (Swatch Group with 2023 data, other companies with 2022 data).



ENERGY AND EMISSIONS

Greenhouse gas reduction targets and measures

Scope 1	Target	Measures
Stationary combustion	– Reduce stationary emissions to 35% by 2030 and to 0 by 2040. [This category includes consumption of heating oil, gas and wood for heat production.]	– With the already planned projects for the next ten years, the stationary combustion emissions can be reduced by 90%. Ideas and concepts exist to reduce the remaining emissions as well.
Mobile combustion	– Reduce mobile emissions to 50% by 2030 and to 0 by 2040. [This category includes consumption of diesel and gasoline for Swatch Group vehicles.]	– New cars and trucks to be non-fossil fuel vehicles. Exceptions must be justified.
Processes & refrigerants	– Reduce emissions from refrigerants to 50% by 2030 and to 0 by 2040. – Reduce process emissions to 50% by 2030.	– Replace cooling systems with GHG free refrigerants. – Reduce process emissions by using alternative technologies or by recovering / transforming the emissions. – Reevaluate feasibility of further reductions on a yearly basis. – Carbon capture / neutralization of remaining emissions within Swatch Group.
Scope 2	Target	Measures
Electricity	– Reduce emissions from electricity to 50% by 2030, to 5% by 2040 and to 0 by 2050.	– Increase own renewable electricity production. – Procurement of renewable electricity through a mix of financing of projects, prioritizing bundled certificates, PPAs and as a last resort GoOs certificates. – Increase process and buildings energy efficiency.
Community heating	– No target. Community heating emissions considered doubling in the coming years due to more facilities switching to community heating.	– Carbon capture / neutralization of remaining emissions within Swatch Group. – Transparency on the emission factors of district heating; influence communities to take measures to use low-carbon energy sources.
Scope 3	Target	Measures (planned)
	Reduce Scope 3 emissions. Specific targets and interim targets are defined as soon as a clear roadmap with concrete measures has been drawn up.	– Requiring suppliers to commit to a near term target and for carbon intensive sectors to a long term net zero target. – Introduce carbon intensity criteria in supplier selection process. – Replacing carbon intensive material by low carbon alternatives. – Encourage employees to switch to electric vehicles and public transportation.

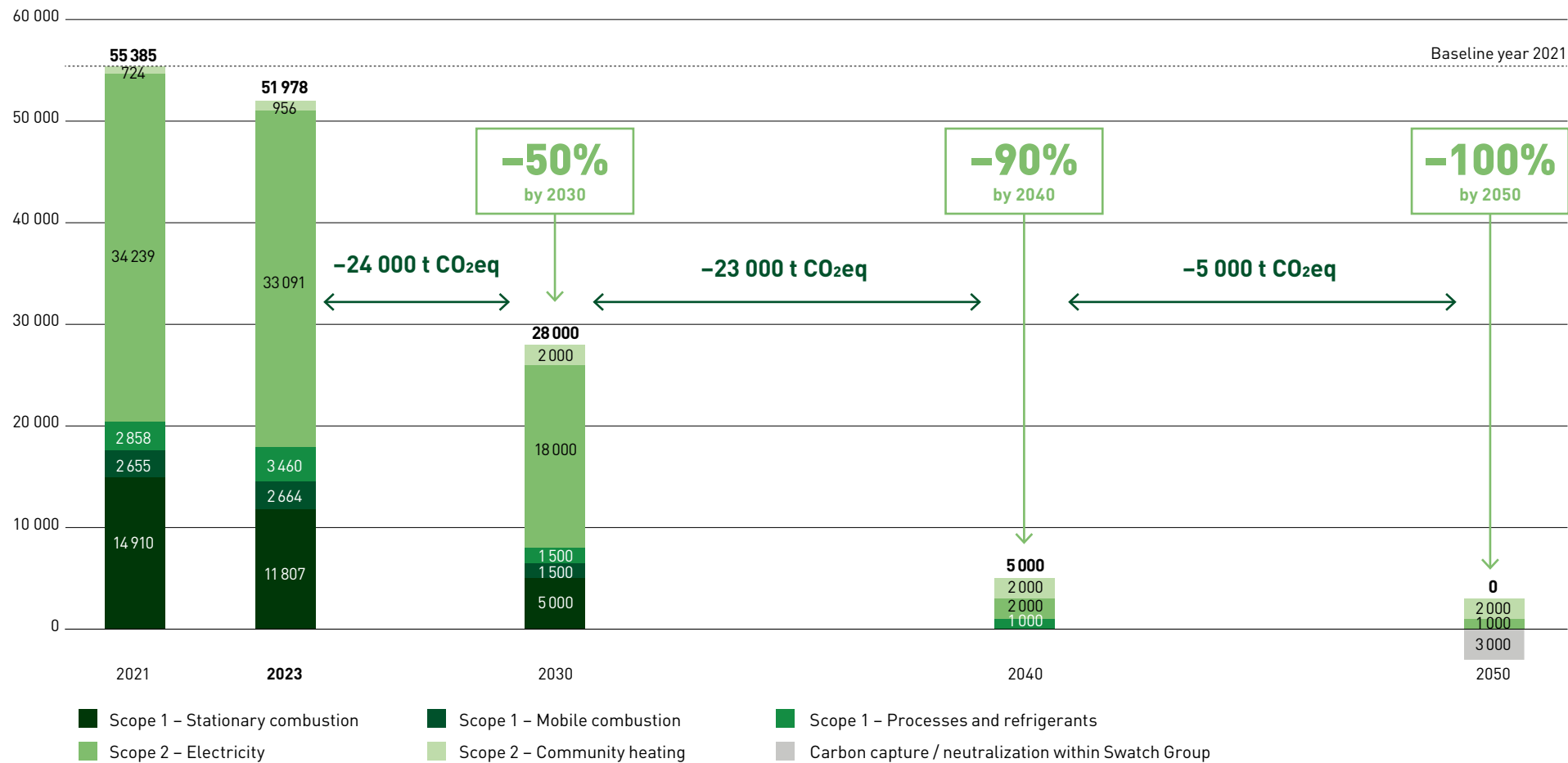
The base year for Scope 1 and Scope 2 emissions is 2021. The base year for Scope 3 is 2023. All values and targets are based on absolute figures.



ENERGY AND EMISSIONS

Reduction path for Scopes 1 and 2

(GHG Emissions in t CO₂eq, market based)



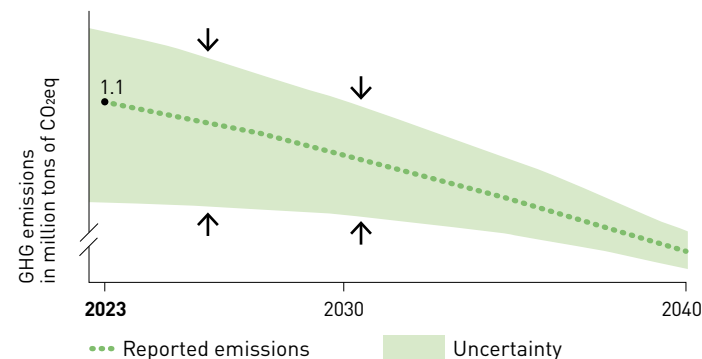
ENERGY AND EMISSIONS

Roadmap for reducing Scope 3 emissions

A roadmap for reducing Scope 3 emissions is currently in development. Work in connection with Scope 3 currently has two main focuses. First, data quality will be improved in order to better determine the priorities, and second, emissions will be continuously reduced through specific projects and measures. Swatch Group is also aiming for actual elimination of emissions in the case of Scope 3 emissions.

Reduce emissions and increase data quality

[Scope 3, schematic illustration]

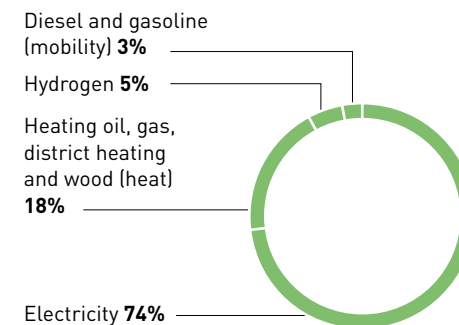


Energy consumption

A variety of sources are used to meet Swatch Group's energy requirements. A small part of the Group's energy is generated from its own solar and hydroelectric production. The Group's total energy consumption of 398 GWh in 2023 breaks down as follows:

Heat consumption

Compared to 2022, heat consumption per square meter of floor space was reduced by around 13% in 2023. Energy efficiency is constantly improving thanks to ongoing investment in production facilities and buildings. The measures include new buildings equipped with state-of-the-art heat pump technology, building insulation and renovation programs, the optimization or replacement of air-conditioning and water-cooling systems, renovation of heating installations and the commissioning of new heat recovery units. Due to investment to reduce heat consumption per unit of floor space, this consumption has been cut by more than half since 2001. A good example of this are the extensions to the Omega / Swatch site, where the renovation reduced heat consumption per m² of surface area by 48% and GHG emissions by 55%.



ENERGY AND EMISSIONS

Energy from self-generated renewable solar energy and hydropower production

Swatch Group has been investing in its own solar and hydroelectric power plants for decades. In the year under review, the company's various power generation facilities generated approximately 5 330 MWh in renewable electricity (around 2% of consumption), the majority of which was used by the Group's companies. When the Group's own electricity demand is low, such as during the weekend, the electricity is fed into the grid. This was 734 MWh in the year under review.



©www.istockphoto.com

HIGHLIGHT Swiss electricity mix

Renewables account for around 80% of the electricity consumed in Switzerland. With its commitment to locating its production sites in Switzerland, Swatch Group indirectly benefits from the low-carbon electricity mix of the Swiss grid.

In 2022, renewable energy accounted for 78.5% of final electricity consumption in Switzerland, with 64.9% coming from large hydropower plants and 13.6% from photovoltaic systems, wind power, small hydropower plants and biomass plants. Nuclear power plants contributed 19.6%, while fossil fuels accounted for 1.9%.

Through the purchase of guarantee of origin certificates and selecting power suppliers that only use renewables, the Swatch Group headquarters and some Group companies now use electricity from 100% renewable sources.

Swatch Group is committed to reducing emissions from electricity to zero by 2050 and is actively seeking opportunities to invest in new renewable electricity production capacity.

Source: [Swiss Federal Office of Energy](#)



ENERGY AND EMISSIONS

GRI DISCLOSURES 302-1, 302-3, 302-4

Energy consumption

(in GWh)	2023	2022	2013 (base year)	Change to base year
Power grid	289.4	278.7	–	–
Self-generated	5.3	2.7	–	–
Fed into the grid	–0.7	–0.1	–	–
Total electricity consumption	294.0	281.4	216.2	36.0%
of which renewable	33.1%	32.3%	–	–
Heating oil	12.8	10.1 ²	20.6	–37.9%
Natural gas	52.5	61.6	80.4	–34.7%
of which biogas (admixed)	11.9%	8.9%	–	–
District heating	6.6	7.0	–	–
Wood	1.8	1.6	–	–
Total heat consumption	73.7	80.3²	103.9	–29.1%
Electricity from external charging stations	0.0	0.0	–	–
Diesel	8.3	8.4	–	–
Gasoline	2.9	3.0	–	–
Total mobility	11.3	11.4	–	–
Hydrogen	18.8	20.9	–	–
Total energy consumption	397.8	394.1²	–	–
Key figures on energy intensity				
(in kWh per m ²)				
Floor space in m ²	1 025 363	977 354	859 589	19.3%
Electricity intensity	286.7	287.9	251.5	14.0%
Heat intensity ¹	71.9	82.2 ²	120.9	–40.6%
Total energy intensity	387.9	403.2²	–	–

1. Includes heat consumption of buildings and processes.

2. Restatement, see "About this report".



HIGHLIGHT

ETA electric vehicle fleet

ETA SA is committed to modern, forward-looking mobility solutions. Many of the company's own craftsmen have been switching to driving electric vehicles, and an electric van is used on suitable routes for transport between factories, carrying around 17 000 packages per year. Use of further electric delivery vans is planned for deployment in the coming years.

These steps are helping to achieve targets in the area of emissions from mobile combustion, which are to be reduced by 50% by 2030 compared with 2021. By 2040, Swatch Group is aiming to completely eliminate Scope 1 emissions from its vehicles.

ENERGY AND EMISSIONS

HIGHLIGHT

Doubling of own electricity production from photovoltaic parcs within two years

In 2023, several additional photovoltaic parcs were installed and put on stream. Plants were installed at Universo, Dress Your Body, ETA, Tissot, Swatch Group Services and Blancpain. The total installed capacity amounts to around 3.3 MWp. These installations, carried out during the year, have already contributed to an increase of the Group's own production of electricity from photovoltaic by around 2 GWh in 2023 and, depending on the amount of sunshine, should result in an annual increase of 3.3–3.5 GWh, meaning that own electricity production via photovoltaic parcs can be doubled by 2024 compared with 2022. Installation of additional photovoltaic parcs is planned for 2024.

Photovoltaic parc at ETA Thailand

ETA Thailand has successfully installed photovoltaic parcs on both

of its production buildings, creating a total capacity of 1.3 MWp. More than 2.2 GWh of electricity was generated between October 2022 and September 2023, which was directly used by the production facilities. Based on the calculation methods set out by the Thailand Greenhouse Gas Management Organization, this saved a total of approximately 970 metric tons of CO₂ emissions.

Diantus photovoltaic parc

The Diantus production site is located in one of the sunniest regions of Switzerland, making it an ideal location for installing a photovoltaic parc. Diantus specializes in assembly of Swatch Group quartz and mechanical watches. On March 8, 2023, the 1 600 m² plant comprising 721 photovoltaic modules was put on stream. It is set to produce 350 MWh annually, which represents around 20% of the site's consumption.





ENERGY AND EMISSIONS

GRI DISCLOSURES 305-1, 305-5

Scope 1 emissions

(in t CO ₂ eq)	2023	2021 (base year)	Change to base year
Heating oil	3 287	2 985	-
Gas	8 501	11 900	-
Wood	19	25	-
Emissions from stationary combustion	11 807	14 910	-20.8%
Diesel	1 996	2 092	-
Gasoline	668	562	-
Emissions from mobile combustion	2 664	2 655	0.3%
Emissions from processes	1 930	-	-
Emissions from refrigerants	1 530	-	-
Emissions from processes and refrigerants	3 460	2 858	21.1%
Total Scope 1¹	17 931	20 422	-12.2%

Details about process emissions:

Methane (CH ₄)	8.20 t
Nitrous oxide (N ₂ O)	0.04 t
Hydrofluorocarbons (HFCs)	2.19 t
Perfluorocarbons (PFCs)	0.21 t
Sulphur hexafluoride (SF ₆)	0.55 t
Nitrogen trifluoride (NF ₃)	0.00 t

GRI DISCLOSURES 305-2, 305-5

Scope 2 emissions

(in t CO ₂ eq)	2023		2021 (base year)	Change to base year
	Location based ²	Market based ³		
Power grid	30 325	33 091	34 239	
District heating	956	956	724	
Total Scope 2	31 281	34 047	34 963	-2.6%
Total Scopes 1 + 2	49 212	51 978	55 385	-6.2%

GRI DISCLOSURES 305-3, 305-5

Scope 3 emissions

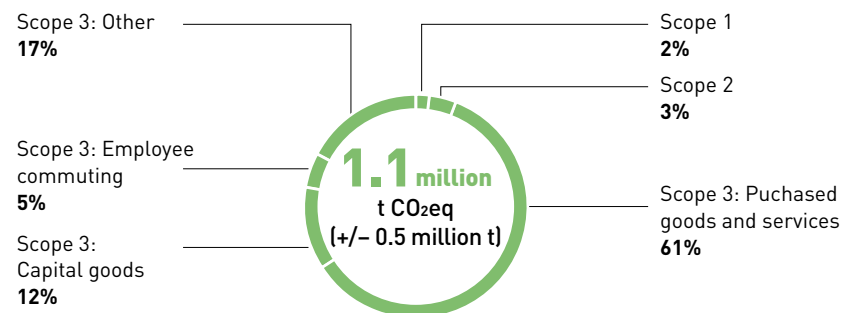
	2023	2021 (base year)	Change to base year
Total Scope 3	1 097 000	1 097 000	
Total Scopes 1 + 2 + 3	1 146 212	1 148 978	

1. Emissions from fossil fuels are cited. Biogenic emissions amount to 1 864 t CO₂eq.

2. Market based: based on emission factors for the purchased electricity mix (based on contracts).

3. Location based: based on average emission factors for a particular geographical region.

GHG Emissions (Scopes 1, 2 and 3)



ENERGY AND EMISSIONS

Emissions

GRI DISCLOSURE 305-1

Scope 1 emissions

CO₂ emissions and other greenhouse gases generated by the Group's companies consist of emissions from heat generation, loss of refrigerants, production processes and fuel consumption. These are all Scope 1 emissions.

Emissions from stationary combustion¹

(in t CO₂eq)

2023	11 807
2022	12 942
2021	14 910
2020	15 890
2019	18 991

1. Emissions from the combustion of heating oil, gas and wood.

In 2023, Scope 1 emissions totaled 17 931 t CO₂eq. Compared with the base year of 2021, Scope 1 emissions were reduced by 12.2%, which is attributable to factors including increased use of district heating, a switch to heat pumps and efficiency improvement measures.



HIGHLIGHT Use of biogas at Omega

As part of its sustainability strategy, Omega is implementing optimization projects to improve its Scope 1 carbon footprint by using local biogas for heating purposes. For heating purposes, Omega only uses biogas from a wastewater treatment plant located less than

3 km from its headquarters. Biogas is considered to be carbon-neutral in Switzerland thanks to its production process. Sewage sludge is broken down into various components, including biogas, by microorganisms. The remaining sludge is dried and used as a fuel for cement works in the region.

ENERGY AND EMISSIONS

GRI DISCLOSURE 305-4

Emission intensity for Scopes 1 and 2 (market based)

	2023	2022	2021
Net sales (in CHF million)	7 888	7 499	7 313
Change in inventories, excluding raw materials (in CHF million)	355	367	52
Production volume (in CHF million)	8 243	7 866	7 365
Emission intensity (t CO ₂ eq per CHF million production volume)	6.3	6.6	7.5

GRI DISCLOSURE 305-2

Scope 2 emissions

In 2023, Scope 2 emissions totaled 34 047 t CO₂eq (market based). For the most part, these emissions came from the production of the electricity purchased. The “About this report” chapter includes details about the methodology used.

Starting in 2022, market-based and location-based figures are also being calculated. They are comparable because the Swiss electricity mix has a very high level of renewable energies (around 80% – for more information, please see the infobox about the Swiss electricity mix on p. 64), and only a few of the Swatch Group companies have so far signed agreements to receive renewable electricity exclusively.

For information about the Group’s climate strategy, please see p. 58



HIGHLIGHT

Greenhouse gas emissions from primary gold

Swatch Group traces the origin of its primary gold all the way to from the certified industrial mines in the US, Canada and Australia to the Group’s own foundry in Switzerland. In practice, gold is separately processed and transported from the mine to the refinery in order to ensure that Swatch Group is in fact receiving gold exclusively from official and certified industrial mines from the predefined countries.

Based on public data on greenhouse gas emissions from certain mines, Swatch Group decided to switch from the most emitting mines from its portfolio to the less emitting mines. This reduced its indirect greenhouse gas emissions by more than 50 000 tons of CO₂eq in 2023.

The company is committed to continuing to work with the actors in its value chain to source its precious metals from some of the most socially and environmentally responsible mines in the world.



ENERGY AND EMISSIONS

GRI DISCLOSURE 305-3

Scope 3 emissions

For the first time, Swatch Group has estimated its total Scope 3 emissions: indirect GHG emissions not associated with the purchase of electricity, steam, heat or cooling. Scope 3 emissions encompass emissions that are not produced by the company itself and are not the result of activities from assets owned or controlled by Swatch Group, but by those for which it is indirectly responsible throughout its value chain. As with Scope 1 and Scope 2, Swatch Group follows calculation methodologies established by the GHG Protocol. However, since some supply chain-specific emission factors and / or actual emission data is missing, our data include a margin for error. Swatch Group is committed to continuously enhancing the reliability and precision of its emissions data and to reducing its emissions. In 2023, Scope 3 emissions of 1.1 million tons of CO₂eq were recorded, with an uncertainty range between 0.6 million tons CO₂eq and 1.6 million tons CO₂eq.

Category	Definition	2023 [in t CO ₂ eq]	2022 [in t CO ₂ eq]
1 Purchased goods and services	Emissions from the production of products purchased or acquired. Products include both goods (tangible products) and services (intangible products).	700 000	not recorded
2 Capital goods	Emissions from the production of capital goods purchased or acquired. Examples of capital goods include equipment, machinery, buildings, facilities and vehicles.	135 000	not recorded
3 Fuel- and energy-related activities	Emissions related to the production of fuels and energy purchased and consumed that are not included in Scope 1 or Scope 2. This category includes emissions from three activities: upstream emissions of purchased fuels, upstream emissions of purchased electricity, and transmission and distribution losses.	15 000	not recorded
4 Upstream transportation and distribution	Emissions from transportation and distribution of products purchased between Swatch Group's tier 1 suppliers and its own operations in vehicles not owned or operated by Swatch Group and other third-party transportation and distribution services purchased by Swatch Group.	30 000	30 000
5 Waste generated in operations	Emissions from third-party disposal and treatment of waste generated in Swatch Group's owned or controlled operations. This category includes emissions from disposal of both solid waste and wastewater.	5 000	not recorded
6 Business travel	Emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses and passenger cars.	35 000	15 000



ENERGY AND EMISSIONS

Category	Definition	2023 [in t CO ₂ eq]	2022 [in t CO ₂ eq]
7 Employee commuting	Emissions from the transportation of employees between their homes and their worksites.	60 000	60 000
8 Upstream leased assets	Emissions from the operation of assets that are leased by Swatch Group and not already included in the reporting Swatch Group's Scope 1 or Scope 2 inventories.	10 000	not recorded
9 Downstream transportation and distribution	Emissions that occur from transportation and distribution of sold products in vehicles and facilities not owned or controlled by Swatch Group.	45 000	40 000
10 Processing of sold products	Emissions from processing of intermediate products by third parties (e.g., manufacturers) subsequent to sale by Swatch Group. Intermediate products are products that require further processing, transformation or inclusion in another product before use.	20 000	not recorded
11 Use of sold products	Emissions from the use of goods and services.	1 000	not recorded
12 End-of-life treatment of sold products	Emissions from the waste disposal and treatment of products sold by Swatch Group at the end of their life.	5 000	not recorded
13 Downstream leased assets	Emissions from the operation of assets that are owned by Swatch Group (acting as lessor) and leased to third parties.	1 000	not recorded
14 Franchises	Emissions from the operation of franchises not included in Scope 1 or Scope 2.	not relevant	not relevant
15 Investments	Emissions associated with the Swatch Group's investments.	35 000	not recorded
Total Scope 3		1 097 000	not recorded

ENERGY AND EMISSIONS

GRI DISCLOSURE 305-7

VOC (volatile organic compound) emissions

At Swatch Group, VOCs arise primarily through the use of acetone, alcohol and gasoline as cleaning agents for the components produced. However, in the year under review, 55% of VOCs were recovered and recycled thanks to the recovery systems for gasoline and other volatile solvents. A reduction in VOC emissions is achieved by substituting volatile substances with a process that does not contain solvents or that contains fewer volatile substances.

VOC emissions

(in metric tons)	2023	2022	2021	2020
VOC generated	661.1	600.7	490.6	636.8
VOCs recovered	364.4	349.5	326.9	286.5
VOC emitted	296.7	251.2	163.7	350.3
Recovered	55%	58%	67%	45%



Ökolöwe – Umweltbund Leipzig e.V.

HIGHLIGHT Cycling to work

City Cycling Leipzig is an initiative in which participants must complete as many environmentally friendly journeys by bike as possible within 21 days.

A number of colleagues at ST Sportservice who cycle to work formed the Time Travelers Team in 2017. New records were set in the year 2023 thanks to official company support, with 28 registered cyclists and 6,843 kilometers cycled.

Various Swatch Group companies in Switzerland participated in the Bike to Work scheme in the year 2023. Similarly, participants in this program

try to cycle to work as often as possible during a particular period of time. Overall, the approximately 200 Swatch Group employees cycled over 50 000 km during May and June.

Swatch Group companies also encourage bicycle use with bicycle repair stations, free bicycle rental and free charging stations for electric bikes, among other incentives.

Measures like this may significantly reduce commuting-related emissions.

www.stadtradeln.de/en/leipzig
www.biketowork.ch/en



GRI DISCLOSURES 306-1, 306-2

PRODUCT DESIGN AND THE CIRCULAR ECONOMY

Swatch Group uses a few ten thousand of metric tons of raw materials and packaging materials every year. The materials can come from both sustainable and non-renewable raw materials. Both renewable and non-renewable materials can be made from new or recycled sources. The circular economy is an approach that aims to extend the lifespan of products and materials by maximizing their value, reducing waste and minimizing the use of new resources.

GRI disclosures 3-3-a, 3-3-b Positive and negative impacts (inside-out)	Risks and opportunities (outside-in)	GRI disclosures 3-3-c, 3-3-d, 3-3-e, 3-3-f Measures	Indicators	Metrics and targets
<p>The use of raw materials such as wood, leather, precious metals and diamonds, as well as the generation of waste, can have negative consequences for the environment (e.g., availability of raw materials and emissions from incinerating waste).</p> <p>A circular economy can help to reduce waste and environmental pollution. Resources are kept in the materials cycle for as long as possible, so fewer primary raw materials are needed.</p>	<p>The use of some materials is subject to legal restrictions.</p> <p>New materials provide new opportunities for product design and more sustainable products.</p> <p>By using materials and products for as long as possible, and then reusing and recycling them, greater independence from primary raw materials can be achieved (circular economy).</p>	<p>Negative consequences can be reduced by selecting sustainable, non-hazardous materials, ensuring products are durable and can be repaired, establishing a circular economy and recycling. LCAs can help to identify priorities and implement effective measures.</p> <p>Swatch Group promotes the use of recycled, recyclable and reusable materials. If this is not feasible, Swatch Group companies are encouraged to prioritize materials that are bio-based.</p>	<p>– Waste, including details of disposal (see p. 78–79)</p> <p>– Input materials (volume, % recycled, % with certification)</p>	Indicators only



PRODUCT DESIGN AND THE CIRCULAR ECONOMY

The availability of resources and raw materials, and the impact of their production on the environment, are fundamental issues for the Group because the related risks can be material. Swatch Group has therefore introduced a sourcing strategy that gives preference to renewable materials or materials that can be used in a circular economy. The aim is to minimize waste in order to upgrade the relevant materials and reintroduce them into the production process, therefore contributing to and boosting the circular economy. Swatch Group is also extending the life of its products with the help of the latest technologies, impeccable quality and the customer service offered in all sales countries.

Materials used

Each year, Swatch Group uses a few ten thousand of metric tons of raw materials, such as steel, brass, gold, leather, diamonds and the materials used for packaging. The individual companies are responsible for recording and optimizing the materials that are used. A detailed, group-wide data collection system for the materials used is either available or currently in development, depending on the substance and material. This system will mean that information on individual material categories can also be reported on a consolidated basis and used to further develop the sourcing strategy.

Swatch Group promotes the use of recycled, recyclable and reusable materials. If this is not possible, Swatch Group companies are encouraged to prioritize bio-based materials.

Swatch Group Quality Management supports brands and production units in the selection of materials and determines their relevance for the planned application. Swatch Group Quality Management also ensures that environmental designations (recycled, recyclable or bio-based) are evidenced by appropriate documentation or certification.

Swatch Group Quality Management also provides Swatch Group companies with guidance on implementing ecodesign and on the carbon footprint of the materials most frequently used in the industry. Finally, it offers the opportunity to measure the environmental impact of a product by means of a life cycle assessment in accordance with the ISO 14040 and ISO 14044 standards.

To ensure compliance with the legal requirements in relation to the actual composition of the relevant materials, the authorized laboratories, Swatch Group companies and their suppliers are provided with a Restricted Substances List (RSL) (e.g., list of mixed synthetic textiles for leather alternatives).

Vegan certification

Swatch Group brands that wish to offer their customers a vegan alternative for certain components, such as watch straps, must have them certified by the independent testing organization BLC Leather (Eurofins | Chem-MAP).

PRODUCT DESIGN AND THE CIRCULAR ECONOMY

This certification comprises an assessment of materials and raw materials by means of physical and chemical tests:

- A DNA test for chemicals (e.g., dyes, adhesives, paints) to ensure that no DNA of animal origin is present.
- A microscopic test (for textiles) to ensure that no animal fibers are present.
- An FTIR test for polymers, to ensure that no animal proteins are present.

GRI DISCLOSURE 301-2

Recycled input materials used

Production processes generate residues and waste, most of which can be recycled and reused.

Recyclable materials such as metals, cardboard and paper are collected and fed into an external recycling loop.

The proportion of recycled raw materials is around 75% for steel (official data from the steel supplier)¹ and around 64% for gold (production residues and scrap and redundant gold parts from own products, according to data from the company foundry and gold bookkeeping).

The Group aims to further increase the proportion of recycled materials.

1. This is the average figure for steel that Swatch Group sources as a raw material (stainless steel plates). The proportion of recycled materials may be lower or higher for externally sourced stainless steel components.



HIGHLIGHT

Biosourced material

In 2019, ETA began using bio-based material to manufacture watch cases, crystals, bezels, etc. for Swatch.

Since 2021, ETA has been producing Swatch watches from bioceramic. The material is patented by the brand and

made of two-thirds ceramic and one-third biosourced material derived from castor oil.

Conventional material now account for just 14% of total production, while the remainder is bioceramic (48%) and biosourced material (38%).



PRODUCT DESIGN AND THE CIRCULAR ECONOMY

GRI DISCLOSURE 301-3

Internal recycling loops**Battery recycling**

As Swatch Group's in-house battery producer, Renata operates its own button cell battery recycling facility (silver recycling). Used batteries are crushed in a crusher and their basic materials separated from each other. The silver oxide is then recovered in a special treatment process. The silver oxide is either used for the production of new batteries or handed over to certified specialist companies. The chemical solutions used are processed in a fully closed materials processing loop and returned to the reactors.

Sapphire recycling

Sapphire, with a value of nine on the Mohs scale, is surpassed only by diamond (10 on the Mohs scale) in terms of hardness and scratch resistance and has a melting point of over 2 000°C; despite these challenges, Comadur has been able to develop a sapphire recycling process.

Two processes are used in sapphire production in Bad Zurzach. In the Verneuil method, sapphire crystals are produced from aluminum oxide powder. During the production of sapphire as well as in the processing of sapphire crystals, production residues occur, for example due to air pockets during crystallization. The edge-defined film-fed growth (EFG) process also creates production residues – such as cutting residues during the laser process – which are then also collected. Almost all production residues are fed into the internal recycling process.

INFOBOX

EFG process for sapphire production

Compared with the Verneuil method, which uses hydrogen and oxygen as process energy, the EFG process uses mainly electricity, 30% of which is of photovoltaic origin, which significantly reduces emissions. Greenhouse gas emissions are over 13 times lower in the EFG process than in the conventional Verneuil process, which significantly reduces the carbon footprint of sapphire crystals.

In addition, the scrap from both the Verneuil and EFG methods can be recycled. First, collected scrap

material from manufacturing errors goes through a multi-step crushing and grinding process in order to achieve the required shape and stone size of around 1 mm.

In the EFG production process, molten alumina in a crucible is applied to the upper side of a mold via capillary forces. A seed crystal is immersed in the melt above this mold and then slowly pulled upwards. The molten alumina then solidifies into sapphire and takes on the shape of the mold.



PRODUCT DESIGN AND THE CIRCULAR ECONOMY

Depending on the process, it is possible to use up to 50% recycled material. The quality of the materials is not affected by the recycling process.

Polymer recycling

Sprues and injection molding residues are immediately recycled as long as this does not impact quality. The sprues and residues are crushed by an auxiliary mill and can be added to the new granules.

Gold recycling

Nivarox-FAR has its own gold processing facility, which enables Swatch Group to reuse gold residues generated internally. Environmental issues were a key consideration when constructing the foundry. Since flue gases can be generated by impurities during the remelting of precious metals, flue gas purification systems were installed. The foundry also has a heat exchanger to recover waste heat from the melting furnaces. This ensures compliance with strict Swiss regulations on environment and clean air while saving energy.

 For more information, see the chapter "Precious metal sourcing", p. 120

GRI DISCLOSURE 301-3**Environmental issues related to packaging**

Swatch Group brands and production units are continuously working to reduce the weight and emissions of packaging and packaging materials while ensuring functionality, as non-functional packaging provides inadequate protection for the products it contains and results in additional waste throughout the value chain. Packaging and packaging materials must therefore be as compact and lightweight as possible, while ensuring optimal functionality.

New packaging solutions that are developed in house improve recyclability, and not just in theory – the Group checks that recycling routes exist or are being developed in the countries in which the products are distributed.

In the event that packaging consists of several materials for technical reasons, these are selected to ensure that they do not affect the recyclability of the primary material. Whenever possible, Swatch Group also promotes the use of recycled materials in order to contribute to a circular economy. Swatch Group is working to remove non-recyclable polymers from its supply chain, in particular polyurethane foams and polyvinyl chloride (PVC) disposables.

PRODUCT DESIGN AND THE CIRCULAR ECONOMY

Waste

In 2023, a total of 9 231 metric tons of waste was generated. Overall, 59% of waste was recycled, either in the company's internal recycling processes or by specialist third-party companies. Waste levels were slightly higher than in the previous year, which is attributable to higher production figures. Falling waste figures continue to be expected over the long term. Around one third of the waste is hazardous waste, which is disposed of by specialist third-party companies. Swatch Group complies with strict safety and environmental regulations when handling hazardous materials and provides regular training on the topic for its employees.



HIGHLIGHT

Circular economy for stainless steel

Swatch Group receives weekly deliveries of watchmaking-quality stainless steel. The same truck collects the full recycling boxes. In the watchmaking industry, the preferred steel supplier appointed by Swatch Group has around 200 recycling boxes in circulation, of which approximately 50% are being used by Swatch Group companies.

The recycling boxes are coordinated digitally. The collected chips are returned to the European factories for stainless steel production, with the recycled content generally accounting for around 70%. A further proportion of the stainless steel chips goes directly to a German factory, which melts down and remelts the chips into stainless steel according to specifications. This process enables 95% recycled content to be achieved.



PRODUCT DESIGN AND THE CIRCULAR ECONOMY

GRI DISCLOSURES 306-3, 306-4, 306-5

Waste

(in metric tons)	Recycling	Incineration		Landfil	Other	Total 2023	2022	Change to previous year
		with energy generation	without energy generation					
Hazardous waste	1 863	675	54	90	739	3 421	2 881	18.8%
Non-hazardous waste	1 703	999	453	586	169	3 910	3 634	7.6%
Total of non-metallic waste	3 566	1 674	507	676	908	7 331	6 515	12.5%
Metals	1 900	0	0	0	0	1 900	1 714	10.8%
Total waste	5 465	1 674	507	676	908	9 231	8 229	12.2%
Proportion	59%	18%	6%	7%	10%	100%	–	–

Customer Service

Customer satisfaction is top priority at Swatch Group. Our service center specialists provide effective, custom solutions for both current models and historic watches. Swatch Group is close to customers thanks to its global customer service offering in around 40 locations, meaning most services can be performed on-site. As a result, customers receive their watches back more quickly, saving on transport. In addition, customers are kept updated about the progress of the work on their watches.

Swatch Group watches are designed to be an accessory for life. Regular watch maintenance is required to guarantee such a long service life. The recommended interval between services varies depending on the watch type or model, how much it is used and the environment in which it is worn.

Swatch Group's service centers perform maintenance on around one million watches every year.

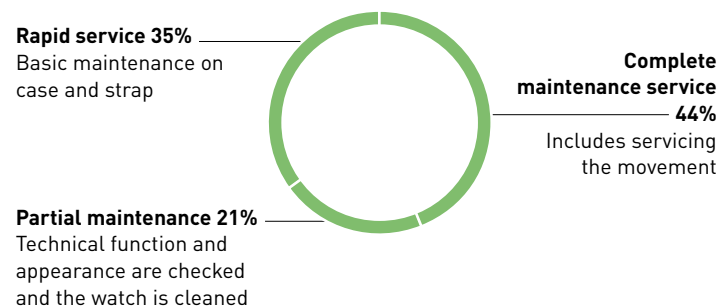
Around 2 000 people work at the Group's service centers worldwide, ensuring quick, flawless repairs and services. A phased in-house training program teaches employees about Swatch Group's different watch models.

Some Swatch Group brands guarantee that watches can be repaired and their parts replaced for the lifetime of the watch. However, if there are no replacement parts available for an older model, they can usually be reproduced by specialists.

PRODUCT DESIGN AND THE CIRCULAR ECONOMY

Service centers are a core component of Swatch Group's business model. They serve as a point of direct contact with customers throughout a watch's life cycle. In addition, insights from the service centers feed back into product development to continually improve watch durability and repairability.

The following services are carried out:



HIGHLIGHT Box Glashütte Original

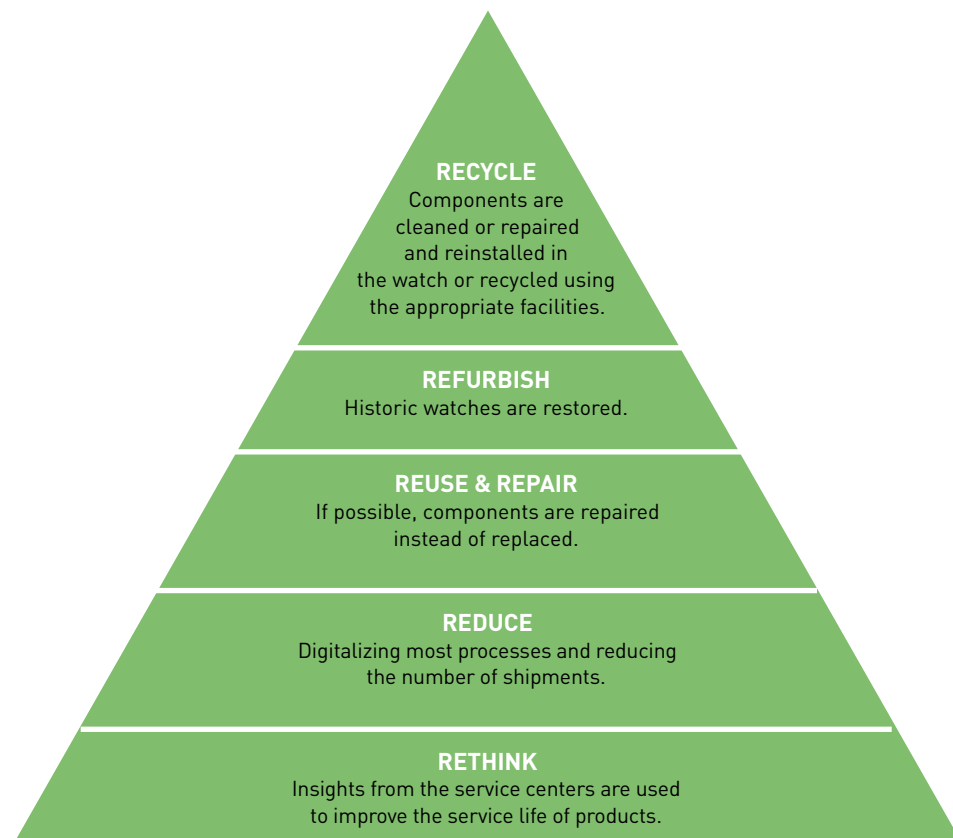
In March 2023, Glashütte Original introduced a new packaging concept featuring a travel case.

Shipping packaging now comprises this leather travel case, outer packaging with a printed band (sustainable forestry certified paper) and the user manual, which includes the warranty, user instructions, certificates, etc.

These documents are printed on 100% recycled paper and enclosed in a glassine envelope. The packaging can also be reused by the customer. The large watch case is still available on demand.

The new concept means that Glashütte Original's packaging is now only a quarter of its previous volume and weight.

Circular economy in customer service



HIGHLIGHT

Made in 1782 and still ticking

Our products have a long service life. Many watches manufactured by Breguet over 200 years ago still work perfectly.

The oldest exhibit in the Breguet Museum is the self-winding Breguet no. 1/8/82 watch, called the “Perpétuelle”, with an oscillating platinum weight. It features a 60-hour power reserve indicator and is on display at the Breguet Boutique and Museum in Place Vendôme in Paris.



As its name suggests, the piece was finished in August 1782, and it still works perfectly over 240 years later.



GRI DISCLOSURES 303-1, 303-2

WATER

Water plays its most essential role in Swatch Group’s production facilities. There are various water-related risks along the value chain. For example, the extraction of mineral resources is often associated with a risk of water pollution.

GRI disclosures 3-3-a, 3-3-b Positive and negative impacts (inside-out)	Risks and opportunities (outside-in)	GRI disclosures 3-3-c, 3-3-d, 3-3-e, 3-3-f Measures	Indicators	Metrics and targets
Water quality and the amount of water used may have an impact on people and the environment (e.g., water scarcity or water pollution). Reducing water withdrawals is essential, especially in countries affected by water scarcity.	Access to water may be restricted in certain regions or at particular times. Depending on the production process, this may result in operational disruption.	Swatch Group is analyzing and reducing water consumption at its sites. It reduces consumption by using more recycled water, having water treatment plants and making use of rainwater. Swatch Group also analyzes the impact on water as a resource in the supply chain.	- Water withdrawal - Water consumption - Water stress	Indicators only



WATER

Swatch Group’s production facilities contribute significantly to its water consumption. Each production site is controlled and optimized through its own water management system. Of particular note is the increased use of closed-loop water circulation systems, increased efficiency of water treatment plants and the use of rainwater recovery systems for cooling and sanitary installations.

In order to ensure watch components in the production process are perfectly cleaned, polished, galvanized and rinsed to a stain-free finish, the production facilities use ultrapure water. Ultrapure water is mainly produced using reverse osmosis, but also with the aid of ion exchangers. Ion exchangers can be regenerated in a specialist internal department.

Treating wastewater

One hundred percent of industrial wastewater goes through a treatment process. Each location with a department for surface treatment has a wastewater pre-treatment plant. In the wastewater treatment process, heavy metals are removed and then properly disposed of. In accordance with the Swiss Waters Protection Ordinance (WPO), Swatch Group ensures wastewater is monitored on a daily basis. In addition, it produces a report each year that includes the volume of treated water and the volume of collected heavy metals.

Water scarcity

AQUASTAT is the United Nations (FAO) global information system on water resources, and it plays a key role in monitoring SDG 6 “Clean Water and Sanitation.” This system tracks how much freshwater is withdrawn by all economic activities compared to the total available renewable freshwater resources.

Water stress¹

(in m³)	Water withdrawal ²	Proportion
No Stress	1 710 687	96.10%
Low	67 955	3.82%
Medium	1 242	0.07%
High	191	0.01%
Critical	0	0.00%

Reducing water withdrawals is essential, especially in countries with medium, high or critical water scarcity. Swatch Group has analyzed the global water footprint of its business entities using this categorization of countries to assess its impact on water scarcity. In the future, local analyses are planned to better reflect differences within individual countries. The water footprint in supply chains will also be included in the future analyses.

Over 99% of Swatch Group’s water withdrawals are made in countries with little or no water scarcity, due in particular to the concentration of production operations within Switzerland.

1. Note: categorization of countries according to AQUASTAT. Rented boutiques are generally not included in this table; however, they represent a very small part (estimated at less than 1%) of Swatch Group’s water withdrawal.
2. Without Rivoli (data collection under development).

WATER

GRI DISCLOSURES 303-3, 303-4, 303-5
Water withdrawal and discharge

(in m³)	2023	2022	2021	2020
Drinking water	838 321	765 658	540 999	459 231
Non-potable water	941 754	862 280 ¹	881 122 ¹	813 248 ¹
Total water withdrawal	1 780 075	1 627 938¹	1 422 121¹	1 272 479¹
Drinking water	768 901	694 839	–	–
Non-potable water	718 700	704 133 ¹	–	–
Total water discharge	1 487 601	1 398 972¹	–	–
Water consumption	292 474	228 966	–	–

Water withdrawal has increased compared with prior years.
The majority of this increase is attributable to production facilities.

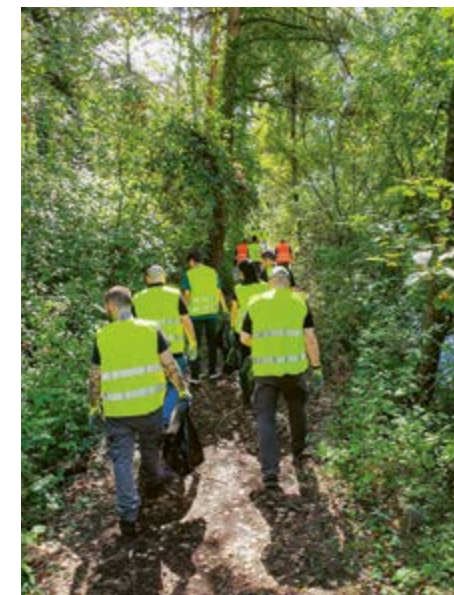
1. Water withdrawal from a company's own spring was not taken into account in previous years. This amounts to around 200 000 m³ per year. The values for 2022, 2021 and 2020 were corrected accordingly (see "About this report").

HIGHLIGHT

Voluntary Work

Around 500 employees volunteered for the second Clean-Up Day to help clean up the areas around ETA sites throughout Switzerland.

Every September, the Interessengemeinschaft Saubere Umwelt (Interest Group for a Clean Environment, IGSU) calls on both private individuals and businesses to join the fight against littering. ETA threw its weight behind the campaign for the second year running, offering employees the opportunity to participate in the clean-up campaign during working hours. In just one hour, 450 kg of all kinds of waste was collected around the company's 16 sites in German-speaking, French-speaking and Italian-speaking Switzerland.



All the collected waste was then sorted before being disposed of in line with the regulations in each local area.



GRI DISCLOSURE 304-2

BIODIVERSITY

Swatch Group uses bio-based raw materials for some products and packaging, including leather and wood. Protecting biodiversity is vital for genetic diversity, natural ecosystems and the survival of plants and animal species. Natural ecosystems provide clean air and water, support human health and play a key role in food security.

GRI disclosures 3-3-a, 3-3-b Positive and negative impacts (inside-out)	Risks and opportunities (outside-in)	GRI disclosures 3-3-c, 3-3-d, 3-3-e, 3-3-f Measures	Indicators	Metrics and targets
<p>Manufacturing usually involves generating emissions and pollutants (effluent, waste, greenhouse gases, noise, etc.), which can be detrimental to biodiversity, depending on where the company is located and how it uses materials.</p> <p>In addition, some production sites are located near or in areas with high biodiversity.</p>	<p>The use of some materials and substances may be subject to legal restrictions or questionable from a reputational standpoint.</p> <p>If regulations are extended or tightened for sites in close proximity to nature reserves, there is a production risk.</p>	<p>Swatch Group voluntarily avoids using materials that are classified as critical by its specialists and ensures that it only uses authorized wood from tree species that are not endangered and are sustainably grown with the corresponding certification.</p> <p>Swatch Group also assesses how its production sites affect biodiversity and develops stricter measures if it identifies a negative impact.</p> <p>The Code of Conduct commits Swatch Group companies and their suppliers to protecting biodiversity and fragile habitats.</p> <p>It also helps increase biodiversity by greening land belonging to Swatch Group.</p>	<p>– Sites in close proximity to areas with high levels of biodiversity or to nature reserves</p> <p>– % of certified bio-based input materials</p> <p>– Number of supplier audits</p> <p>– Number of suppliers with A or B rating</p>	<p>Indicators and qualitative analyses only</p>

BIODIVERSITY

GRI DISCLOSURE 304-3

HIGHLIGHT

Diverse measures in support of diversity

Longines: renaturalizing the Suze

In recent months, an extensive renaturalization project has been under way on the Suze river, which flows through the Longines site. Longines worked with the Wasserversorgungsverband Schüss (the Suze Water Supply Association) and the preservation organization Pro Natura to implement this scheme, which aimed to restore the riverbed to its natural course, thereby promoting biodiversity in the area. Some ponds above the river itself have been regenerated as well. The river's meandering turns have been restored, while hiding places made of wood and rock were built for its aquatic inhabitants. Work has also been done to create pools of stagnant water and to reproduce a range of levels that allow the water to flow at different speeds. Specialists were brought in to help devise a planting strategy to create an environment that would support the sustainable development of native wildlife. The area was repopulated almost as soon as the

project was completed. Various insect and dragonfly species have returned; wagtails have been spotted frolicking along the waterways, searching for food on the riverbed; and a pair of dippers has settled there, too. Further downstream there are plenty of trout, which do not seem to be having any difficulty finding enough to eat. And local farms have been involved, too: a mowing and grazing schedule has been drawn up to protect the vegetation at the site and allow the plants and flowers now growing there to thrive. Finally, further measures are planned to create a pleasant environment for Longines' staff to enjoy their breaks. A mutually beneficial project like this offers hope that other, similar schemes will prove successful and worthwhile for all involved.

Omega: cultivating biodiversity through parks

In early 2023, Omega launched a program to promote biodiversity at its Gurzelen site in Biel. One key aspect of this initiative involved creating a park

along the footpath on the banks of the Suze river, with expert biologists and a local landscaping company drafted in to help. The aim is to provide a habitat that suits the needs of various species (birds, insects, reptiles, small rodents, hedgehogs, bats, etc.) in an urban but undisturbed environment, with human interference kept to a minimum. An initial analysis is due to be carried out soon to determine what species are present in this area and to estimate their population size.

Manufacture Ruedin: riverbank development

Flood prevention measures were put in place at the Ruedin site over the course of 2023. This work, carried out on the initiative of the Swiss federal government and the cantonal authority, is designed to protect the area from severe flooding. Most of the felled old trees were left on site creating natural protective habitats for aquatic

The Suze river at the Longines site in Saint-Imier



organisms. Recesses were also built into the landscape to encourage various bird species to nest in the canton of Jura.

Tree varieties such as linden, alder, maple and oak were then planted to revitalize the riverbanks.



BIODIVERSITY

GRI DISCLOSURE 304-1

The Supplier Code of Conduct commits Swatch Group companies and their suppliers to protecting biodiversity and fragile habitats. The business activity of Swatch Group companies and their suppliers must not result in a decline in (no net loss of) threatened species or have a negative impact on their habitats.

In 2022, an analysis was carried out to determine whether Swatch Group sites are located in or near areas with high levels of biodiversity or nature reserves. In Switzerland, this analysis was carried out using tools including the Federal Geoportal (geo.admin.ch), which contains maps and details of different types of nature reserve. Some of the sites are located near forest reserves, dry grasslands and wildlife reserves. In addition, some sites are also located in regional nature parks:

- Chasseral Nature Park,
- Jura Vaudois Nature Park.

www.parcchasseral.ch
www.parcjuravaudois.ch

 For details on the sites, please see p. 88

The listed nature parks are populated, rural areas that are particularly rich in natural, scenic and cultural assets. They preserve the quality of nature and landscape and also promote sustainable growth in the regional economy.

Swatch Group minimizes and avoids any harmful impact and, if necessary, takes steps to reestablish biodiversity.

So far, no nature reserves in the direct vicinity of operating sites have been identified abroad. Nevertheless, the local environment is taken into account and efforts are made to promote biodiversity in the area.

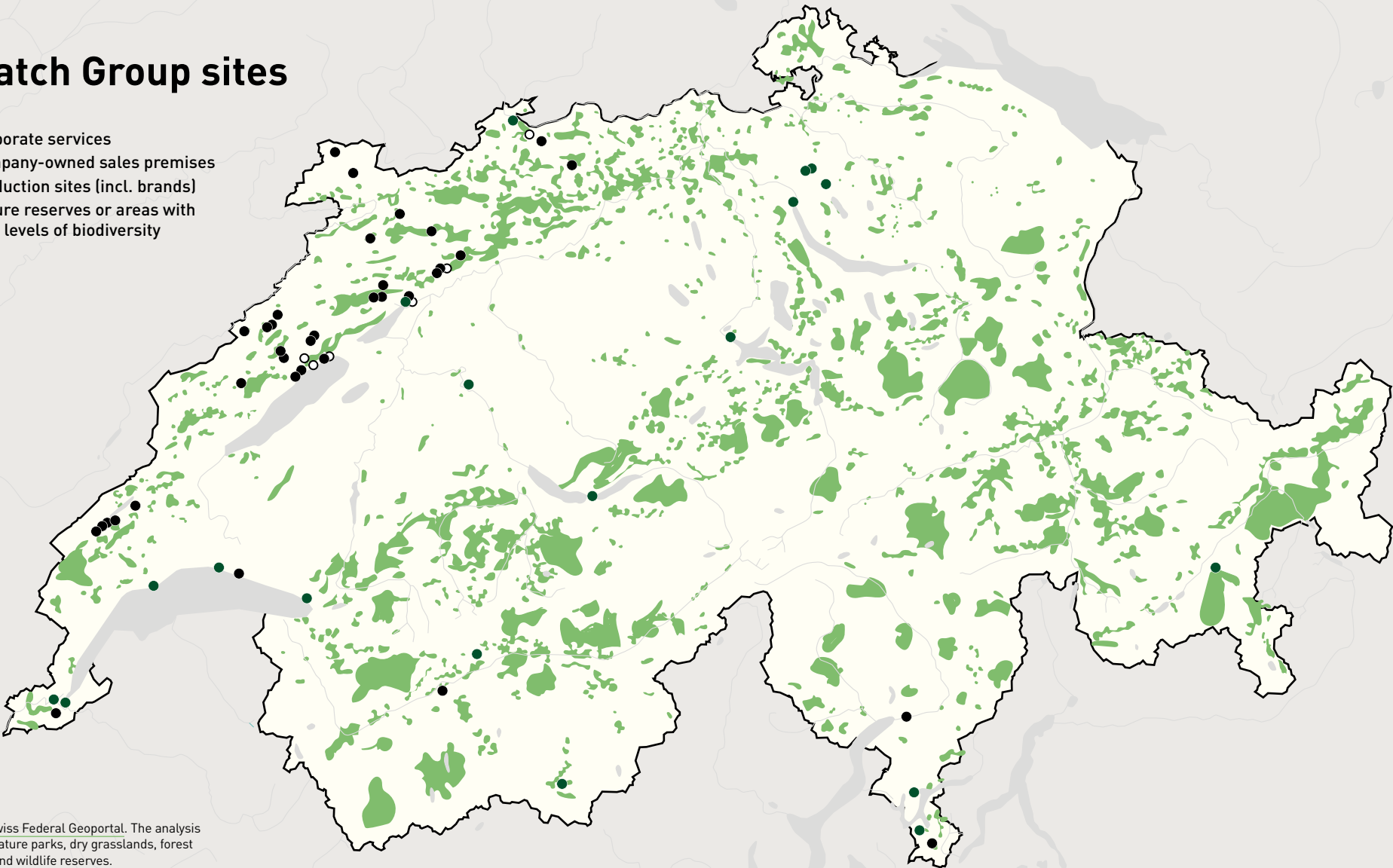
Swatch Group is not aware of any unplanned significant emissions of harmful substances in the period under review. In addition, no negative impact on biodiversity resulting from the introduction of invasive species, or changes to habitats or ecological processes has been observed.



BIODIVERSITY

Swatch Group sites

- Corporate services
- Company-owned sales premises
- Production sites (incl. brands)
- Nature reserves or areas with high levels of biodiversity



Source: Swiss Federal Geoportal. The analysis includes nature parks, dry grasslands, forest reserves and wildlife reserves.

BIODIVERSITY

HIGHLIGHT

Forest management in harmony with biodiversity and climate action

In the 1940s, the Fondation d'Ebauches SA, which is closely affiliated with Swatch Group, purchased several forests in the Neuchâtel Jura. Today, almost 216 hectares of dense forest is owned by this foundation. In addition, there are around nine hectares of pastured woodlands, which are areas that are only very lightly covered with trees. They are defined as forested areas according to Swiss law, but their main purpose is pasturing. Pastured woodland is a traditional form of land use that is continued as part of cultural heritage, particularly in the Jura. The majority of pastured woodland that was previously owned by the foundation has been sold to the former tenants, who are continuing the traditional form of cultivation.

The foundation's forests are situated between 820 and 1 280 meters above sea level in the so-called upper montane altitude. Silver firs and beeches are the most naturally prevalent species here,

along with spruces, oaks and other deciduous trees. Due to the applied forest management techniques, the proportion of spruces is higher in the foundation's forests compared to unmanaged, pristine forests. Despite this, the forests are growing in harmony with nature and are diverse, structurally rich aside offering shelter and habitats for rare animal and plant species.

The foundation safeguards and maintains the biodiversity of its forests by leaving old trees with holes and dead trees in place, upgrading connecting elements such as forest edges and repairing and maintaining dry walls. These measures benefit endangered species such as grouse, bats, cavity-nesting birds, reptiles and insects that live in dead wood.

Safeguarding biodiversity does not prevent the use of wood from the forests of the Fondation d'Ebauches SA. High-quality wood can be used for construction

and carpentry, while lower-quality logs can be used as wood fuel, replacing fossil fuels. No more trees are felled than grow back and trees are also felled from species that do not have the same market value as softwoods. This ensures that the economic and ecological value of the foundation's forests will be preserved over the long term.

Management of the forests is also important for another reason: the forests owned by the foundation absorb around 2 000 metric tons of CO₂eq from the atmosphere each year through their growth. However, since the volume of bound carbon is released again when old leaves, needles and dead wood rot, the forest would be CO₂-neutral over the long term without management and the use of wood. By using wood, the

carbon is bound in buildings and other long-lasting wooden products over the long term, and the forest therefore remains a carbon sink.

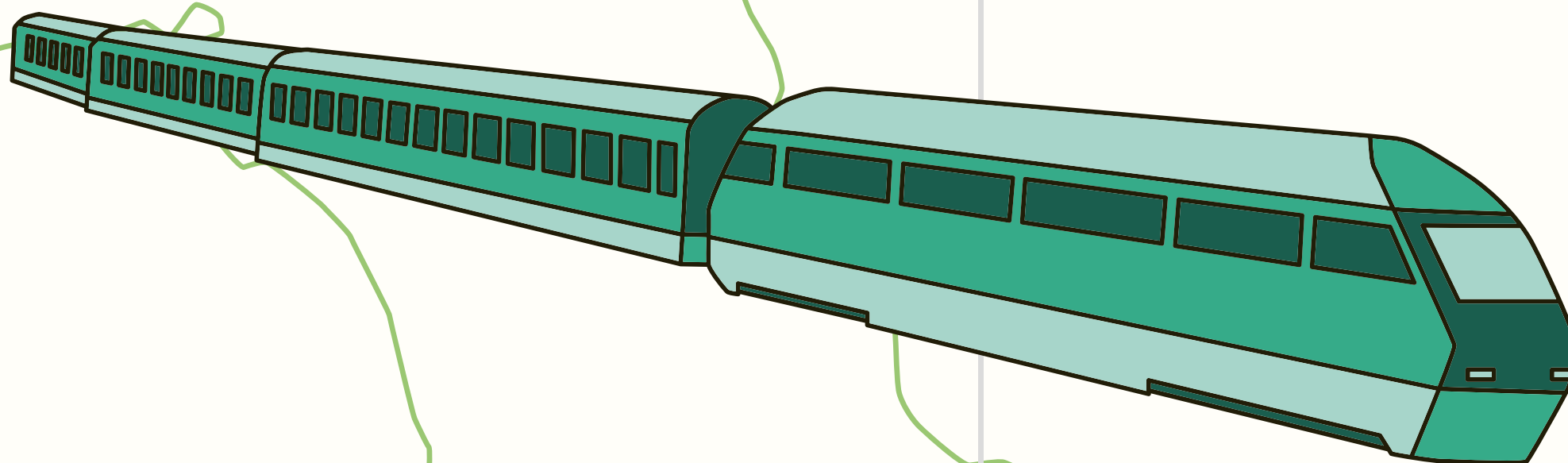
With its sustainable approach to forest management, striving to achieve natural development and biodiversity targets, the foundation is showing its strong commitment to SDG 15 and is also contributing to the achievement of SDG 13.





SOCIAL

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EMPLOYEES, DIVERSITY AND EQUAL OPPORTUNITIES

Swatch Group is a multi-national company with over 33 600 employees worldwide and its own subsidiaries in over 30 countries. It also has a global customer base, with its products sold in more than 160 countries.

GRI disclosures 3-3-a, 3-3-b Positive and negative impacts (inside-out)	Risks and opportunities (outside-in)	GRI disclosures 3-3-c, 3-3-d, 3-3-e, 3-3-f Measures	Indicators	Metrics and targets
As a major employer, Swatch Group is aware of its responsibility to promote diversity and equal opportunities. Swatch Group sees diversity as an asset and an opportunity, and its corporate culture reflects this, helping to increase diversity and equal opportunities.	<p>Legal requirements or society's expectations regarding diversity could have a bearing on the way the managing bodies are organized.</p> <p>Swatch Group could position itself as an attractive and responsible employer to help counteract the skills shortage.</p>	<p>The aim is to establish diversity of genders, age groups, levels of education and people from both Switzerland and abroad.</p> <p>In an effort to promote diversity, jobs postings in some countries explicitly include people with severe disabilities.</p> <p>The company records any discrimination incidents and introduces measures where there are issues.</p> <p>Efforts need to be made to increase the number of women in management roles.</p> <p>Equal pay analyses are performed regularly to ensure equal pay between men and women.</p> <p>Trade unions are important partners to the company and regulate issues such as working hours, minimum wages, compensation for absences, regulated retirement, protection against dismissal and employee benefits in collective labor agreements (CLAs).</p>	<p>– % of women in management</p> <p>– % of employees with disabilities</p>	Indicators only



EMPLOYEES, DIVERSITY AND EQUAL OPPORTUNITIES

Swatch Group's employees come from a broad range of countries, belong to different ethnic groups and religions and have different sexual orientations and social statuses. Each subsidiary contains an intercultural mix of people with a wide variety of backgrounds, education levels, skills and talents. Embracing this diversity and integrating it into the larger Swatch Group family as a whole is essential to the success of the company.

Respect, fairness and equal treatment are the fundamental principles within the workforce and are key factors in the success of Swatch Group's matrix organization. Openness and transparency of information are also encouraged throughout the Group. Employees and stakeholders know that the Group invests in job security and employee health and well-being, even in times of crisis.

Diversity

Swatch Group is committed to promoting diversity among its employees and, in particular, to increasing the proportion of women in management positions. At the end of 2023, the proportion of women in the total workforce was 49% and 37% in management positions, with a disproportionately high number in lower management. As management positions are primarily recruited internally, the conditions are set to sustainably increase the proportion of women in senior management positions in the long term.

GRI DISCLOSURE 405-2

Equal pay and pay reviews

In accordance with Art. 13A ff of the revised Federal Act on Gender Equality (GEA) and the Ordinance on the Evaluation of the Wage Equality Analysis as at July 1, 2020, Swatch Group is required to carry out a wage equality analysis every four years for all Swiss companies with 100 or more employees, and to have this independently evaluated. The wage equality analysis must be carried out using a scientific and legally compliant method.

Swatch Group uses the Logib standard analysis tool, which is methodologically based on a semi-logarithmic OLS regression analysis and has been approved for use by the Federal Office for Gender Equality. This analysis checks, via a direct comparison of all employees of different genders, whether a difference in wage cannot be explained by objective, wage-relevant, non-discriminatory factors (education and training, length of service, work experience, performance level and professional status), and if it cannot, what proportion of the wage difference this relates to.

To carry out the analysis, the total of monthly components is standardized for all employees so that this corresponds to a full-time role with weekly working hours that are standard for the company.

HIGHLIGHT

Etrive: a non-profit foundation

For decades, Omega ran an internal sheltered workshop for people with mental and physical disabilities to help them integrate into work and society. In 1983, this internal solution was replaced by the Fondation Atelier Protégé Omega, later renamed Fondation Etrive. This foundation offers a wide range of subcontracting solutions, including for several Swatch Group companies in particular. Even today, Omega is still proudly committed to supporting the foundation, entrusting it with production orders and integrating some employees directly into the company.

www.etrive.ch/de/unsere-stiftung



EMPLOYEES, DIVERSITY AND EQUAL OPPORTUNITIES

If the null hypothesis is not rejected with a statistical significance of 5% (or accepted at 95%), there can be no assumption of wage discrimination. Otherwise, a check is carried out to determine whether there is a wage difference of over 5%, which would exceed the tolerance threshold for wage discrimination.

In accordance with the legal requirements, Swatch Group has used the Logib analysis to review all 33 Swiss companies with over 100 employees for the reference month of December during the analysis and reporting period of July 1, 2020 to June 30, 2021. There were no indications that one of the 33 companies would exceed the tolerance threshold for wage discrimination. In addition, the analysis method and the results were verified by Blaser Treuhand AG in Bern. In its reports, the auditor confirms that all legal requirements that apply to wage equality analysis were complied with in full, and that there were no findings to suggest that the wage equality analysis for the reference month of December during the analysis and reporting period from July 1, 2020 to June 30, 2021 did not fully meet requirements for the evaluation of wage equality analysis.

Results of wage analysis

Segment	Wage difference ¹
Watches & Jewelry	3%
Production	4%
Electronic Systems	5%
General Services	4%

There is no wage discrimination in any segment. Swatch Group carried out the same analysis and used the same method for 13 Swiss companies with a workforce of under 100 employees, even though this is not required by law. For these Swiss entities, there were no indications that one of the 13 companies evaluated would exceed the tolerance threshold for wage discrimination.

As of 2024, this analysis will also be mandatory for companies with a workforce of under 100 employees in certain Swiss cantons. As far as Swatch Group is concerned, the relevant results are already available.

Despite these good results, the Swiss companies have been conducting regular and systematic reviews to confirm wage equality and make prompt adjustments in the event of any discrepancies.

For example, a new equal pay analysis is currently being carried out based on the figures as of 2023. The results of this will be published in the Sustainability Report 2024.

The three-party commission (made up of the Employers' Federation of the Swiss watch industry, the UNIA trade union and the Canton of Neuchâtel, via its Département de l'Emploi et de la Cohésion Sociale) tasked with monitoring the labor market has commissioned the Neuchâtel cantonal employment office to conduct an in-depth investigation of the watch industry. This wage survey, which began on July 5, 2022,

1. All figures are below the statistical significance level of 5%.



EMPLOYEES, DIVERSITY AND EQUAL OPPORTUNITIES

aimed to analyze the level of pay, and the level of compliance with pay conditions, for employees involved in production and logistics based on data from June and July 2022. This data was taken from a statistically representative sample of companies in the watch industry. Seven entities within Swatch Group were invited to take part in this wage survey.

A report produced by the Canton of Neuchâtel's Département de l'Emploi et de la Cohésion Sociale on the wage survey in the watch industry¹ was published on June 8, 2023 and each company involved was given an individual result. The overall outcome was very positive, as none of the 4 712 employees at 66 of the companies surveyed, which is most of them, were found to be receiving less than the minimum wage. A slight shortfall was recorded in eleven cases, however, which equates to 0.25%. These are cases where the wage received was lower than the standard wage defined by the State Secretariat for Economic Affairs (SECO), but this was due to minor deviations from average values, with no significant consequences. Nevertheless, adjustments were made in these cases in response to the results of the survey. Among the seven companies (with 2 594 employees) from Swatch Group that were included in the survey, there was only one case where the wage fell marginally below the recommended threshold (0.04%) and this was immediately rectified.

Wage equality analyses were also carried out for companies abroad, to the extent that this is provided for by the legislation in place locally. For the foreign entities that were analyzed, there were no indications that the tolerance threshold for wage discrimination had been exceeded. Overall, the wage analyses cover 70% of the workforce (Switzerland: 100%; international: 40%).

GRI DISCLOSURE 2-7**Information on the workforce by gender and employment type**

Headcounts	Woman	Men	Total
TOTAL 2023	16 560	17 042	33 602
	49%	51%	
Number of full-time	13 901	16 118	30 019
	46%	54%	
Number of part-time	2 659	924	3 583
	74%	26%	
Number of permanent	14 886	15 570	30 457
	49%	51%	
Number of fixed term	1 516	1 059	2 574
	59%	41%	
Number of trainees	158	413	571
	28%	72%	

1. www.ne.ch: Rapport_Enquete_Horlogerie – final.pdf



EMPLOYEES, DIVERSITY AND EQUAL OPPORTUNITIES

GRI DISCLOSURE 401-1

Information on the workforce by age and turnover rate

Headcounts	< 30 years	30–50 years	> 50 years	Total
TOTAL 2023	6 133	20 076	7 393	33 602
	18%	60%	22%	
New entrants	3 233	3 736	500	7 469
	43%	50%	7%	
Persons having left	2 050	3 098	763	5 911
	35%	52%	13%	
Turnover rate	33%	15%	10%	18%

GRI DISCLOSURE 2-7

Information on the workforce by region

Headcounts	Switzerland	Europe	RoW ¹	Greater China	The Americas	Total
TOTAL 2023	17 047	4 949	6 123	3 603	1 880	33 602
	51%	15%	18%	11%	5%	100%
Number of full-time	14 417	4 209	6 050	3 589	1 754	30 019
Number of part-time	2 630	740	73	14	126	3 583
Number of permanent	15 961	4 472	6 025	2 140	1 858	30 456
Number of fixed term	608	398	98	1 452	19	2 575
Number of trainees	478	79	0	11	3	571

1. Asia, rest of the world.

GRI DISCLOSURE 405-1

Diversity in controlling bodies and the workforce

Headcounts	< 30 years	30–50 years	> 50 years	Woman	Men	Total
Board of Directors	0	1	5	2	4	6
	0%	17%	83%	33%	67%	
Executive Group	0	0	8	1	7	8
	0%	0%	100%	13%	88%	
Senior management ²	0	316	239	155	400	555
	0%	57%	43%	28%	72%	
Middle management ³	51	1 206	471	632	1 096	1 728
	3%	70%	27%	37%	63%	
Lower management ⁴	125	2 291	845	1 273	1 988	3 261
	4%	70%	26%	39%	61%	
Total management	176	3 814	1 568	2 063	3 495	5 558
	3%	69%	28%	37%	63%	
Without management role	5 957	16 262	5 825	14 497	13 547	28 044
	21%	58%	21%	52%	48%	

GRI DISCLOSURE 406-1

Report incidents of discrimination and corrective measures taken

(values as at 12/31/2023)

	Total incidents	Status		Measures		
		Open	Closed	Warning	Dismissal	Mediation
TOTAL	18	1	17	5	7	6
of which in Switzerland	6	0	6	3	2	1
of which international	12	1	11	2	5	5

2. Country manager, executive management of the subsidiaries.

3. All management staff reporting directly to senior management.

4. All other management staff (with at least one reporting employee).



EMPLOYEES, DIVERSITY AND EQUAL OPPORTUNITIES

In the period under review, 18 incidents of suspected discrimination were reported in the Group companies. Such suspected incidents included discrimination based on race, gender or age and cases of bullying. These suspected incidents are taken very seriously by management, and the individual companies have taken the necessary measures. Swatch Group treats these issues with the utmost priority in order to respect and protect the integrity of its employees, now and in the future.

GRI DISCLOSURE 407-1

Freedom of association and collective bargaining

At most of its Swiss companies, Swatch Group applies the collective labor agreement for the Swiss watch and microtechnology industry, which was concluded with the Employers' Federation of the Swiss watch industry and the UNIA and SYNA trade unions. This collective labor agreement was first introduced in July 1937 and was concluded at the end of 2016 for the period from January 1, 2017, to December 31, 2021. However, due to the Covid-19 pandemic, it was extended in 2021 until June 30, 2024. The CLA regulates working hours, minimum wages, compensation for absences, modulated retirement and protection against dismissal and applies to approximately 15 000 employees who work in the production facilities.

Companies operating outside the CLA and abroad are encouraged to fully comply with the labor laws of the country and region concerned, and in particular to guarantee freedom of association, the right to collective bargaining and minimum wages. All subsidiaries have committed to such measures, and the risk of violation of freedom of association is considered to be low.

For information on the Employers' Association of the Swiss watch industry, see also p. 23

GRI DISCLOSURE 2-30

Collective bargaining

Headcounts	Total	Employees covered	Proportion
TOTAL	33 602	21 011	63%
of which in Switzerland	17 047	16 387	96%
of which international	16 555	4 624	28%

HIGHLIGHT

National Future Career Day

On National Future Career Day, girls and boys switch places and receive practical insights into careers and areas of work in which their gender has previously been underrepresented. The National Future Career Day encourages them to put their interests and talents at the forefront of their career choices and to question their prejudices.

As its name suggests, the National Future Career Day aims to shape the future. Girls and boys switch typical professions for each in order to learn about areas of work and life that are considered non-traditional for their gender, and gain life experience. This opens up new horizons. Young people gain the confidence to shape their future themselves, free from rigid ideas of gender.

The National Future Career Day promotes equality between men and women in career choice and life planning at an early



stage. Schools, employers and parents all come together to work on the project.

On November 9, 2023 girls and boys from classes from 5th to 7th grade were invited to accompany our employees during their working days. Employees had the opportunity to show their child

where they work and give them a better understanding of everyday working life.

Children learned how broad the spectrum of possible careers is and gain new ideas for their futures. The ordinary becomes extraordinary during National Future Career Day. Children usually spend

the day at the workplace of their mother, father or another caregiver. In 2023, over 500 children once again took part in the National Future Career Day at a Swatch Group company.

www.nationalerzukunftstag.ch



GRI DISCLOSURE 403-1

OCCUPATIONAL HEALTH AND SAFETY

Employees are at the heart of Swatch Group’s success. Creating a healthy and safe working environment is a central concern of the company. Safe and healthy working conditions are considered a human right and are one of the targets in the SDGs. Safe and healthy working conditions include promoting health and preventing physical and psychological harm.

GRI disclosures 3-3-a, 3-3-b Positive and negative impacts (inside-out)	Risks and opportunities (outside-in)	GRI disclosures 3-3-c, 3-3-d, 3-3-e, 3-3-f Measures	Indicators	Metrics and targets
<p>Occupational accidents, and their negative impacts on physical, mental and emotional health, can be largely prevented through measures and established processes that are clearly communicated.</p> <p>By taking preventive measures, Swatch Group supports the health of its employees, and therefore of the organization as a whole, in a positive way.</p>	<p>Mishandling materials and substances or not completing specific processes properly at the production sites may cause injuries or accidents. As one of the largest manufacturing companies in Switzerland, Swatch Group is aware of its responsibility to protect its employees.</p> <p>Implementing legal requirements relating to occupational safety could lead to increased costs or to alternative processes, materials and substances being considered.</p>	<p>The manufacture of the Group’s products involves a variety of different processes; each Group company therefore has its own occupational health and safety officer to ensure that hazards are managed and minimized to protect the health and safety of its employees. Furthermore, suppliers are also obliged to guarantee the occupational health and safety of their employees, which is checked with regular audits.</p> <p>The Group also issues internal directives and organizes training for occupational health and safety officers.</p>	<p>– Number of fatalities</p> <p>– Number of accidents</p>	<p>Indicator only</p>



OCCUPATIONAL HEALTH AND SAFETY

The health and safety of the Group's employees and customers worldwide receive the fullest attention. The Group's guidelines for both direct and indirect sourcing, production, distribution and use of its products comply not only with the strictest international laws and guidelines (including guidelines of the International Labor Organization, SA 8000, local labor laws, etc.), but also with the Group's own more stringent standards, which are continuously expanded and improved.

GRI DISCLOSURE 403-2**Hazard identification**
Software for managing safety data sheets

In 2022, a shared software for managing safety data sheets was introduced at most of the 26 affected production companies. This software allows service providers to record and update safety data sheets, digitize their contents and make them available via the software.

By digitizing the relevant information, documents can be produced automatically on the basis of the current safety data sheets. These documents might include labels to identify chemicals in factories, or summaries of safety data sheets for the workplace in question. The software can also be used to produce inventories of used products and a conformity assessment for these products.

This collaborative approach avoids duplication of work between companies that use the same products and standardizes operations.

Following its introduction, the database managers appointed for each company received training and were given access to the user documentation.

So far, around 4 000 chemicals containing more than 1 600 different chemical substances have been recorded.

GRI DISCLOSURE 403-4**Involvement of employees**

Employees are required to report all safety issues within the company that come to their attention. This conduct is supported by Swatch Group and is part of its safety culture. The Employers' Association of the Swiss watch industry (Convention patronale de l'industrie horlogère suisse, CP) provides guidance and support to companies in the area of health and safety in the workplace. The collective labor agreement of the Swiss watch and microtechnology industry also underpins health and safety in the workplace.

GRI DISCLOSURE 403-5**Employee training**

Regular training courses and seminars are organized and held on topics such as quality, workplace safety, handling critical substances, fire protection, protection against non-occupational accidents and protection against harassment. The safety officers in the individual Group companies and other relevant persons in the Group receive regular training, which also involves external private and governmental specialist



organizations. There is also an exchange of best practices between Swatch Group companies. Two to three additional safety days are held annually under the direction of the Group's OHS Manager and the safety officers in order to provide training and education for employees.

GRI DISCLOSURE 403-6

Promotion of worker health

Across the Group, Swatch Group engages in various activities designed to promote the health and well-being of its employees. One key element of this is ensuring that workplaces are designed ergonomically, especially for production staff. Swatch Group companies also offer incentives such as health and nutritional advice, free seasonal fruit snacks, discounts for sports club memberships and sports activities on site. For example, ETA has a tennis club with three outside courts, which Swatch Group employees can use at discounted prices.

www.tceta.ch

Mental health is also important and is promoted through various programs and initiatives. For example, one subsidiary employs mental health first aiders, i.e. employees who are trained to recognize signs and symptoms of mental illness at an early stage and promote access to appropriate professional support or self-help strategies.

HIGHLIGHT

Visual Engineering and Light Lab

In order to support the well-being of employees who perform demanding visual quality control tasks, Swatch Group has defined several best practices in partnership with the University of Applied Sciences of Northwestern Switzerland's Institute of Optometry. At the Swatch Group Light Lab, a unique laboratory in Switzerland, examiners can learn more about visual ergonomics and discover the latest findings in this field. As a result, employees' working conditions can be improved and they can perform more consistently and for longer periods at a time.

In addition, sight tests enable employees to determine whether they need professional glasses that are tailored to their visual needs and the requirements of the task at hand.

The Light Lab offers an opportunity to assess employees' vision using specific tests, such as color and contrast perception and to detect a range of

irregularities. We have created a testing environment with the optimal conditions for visual quality control. It is part of the lighting system developed according to Swatch Group specifications; this meets the highest requirements and safety standards (EN 62471) and has a light spectrum that corresponds as closely as possible to natural lighting conditions in order to improve working conditions. It is also a testing environment with clearly defined light reflections on the various surfaces, which improve the working environment for visual quality control.

With the Light Room and Light Cabin, the Light Lab concept is adapted to the conditions of different areas of activity within Swatch Group. It is referred to internally as Light Lab.

Standardizing working conditions according to the Light Lab specifications helps reduce the number of customer complaints and quality problems.



OCCUPATIONAL HEALTH AND SAFETY

GRI DISCLOSURE 403-7

Occupational safety of suppliers and craftspeople

The health and safety of all suppliers and craftspeople who provide services on-site at Swatch Group is also a top priority. In order to avoid risks, they are instructed to read the relevant safety regulations before starting their work and to provide written consent that they will comply with these regulations. Spot checks and audits are conducted in order to ensure compliance. Failure to comply with the regulations results in a termination of the cooperation.

GRI DISCLOSURE 403-9

Work-related injuries

Accidents primarily involved injuries to fingers, hands, legs and ankles, which were treated as outpatient cases. Of these accidents, most occurred on the way to or from the workplace and while operating machinery. There were no fatalities or serious occupational accidents in 2023.

Occupational accidents	World	RoW	Switzerland
Total hours lost to occupational accidents	36 171	7 397	28 774
Number of working hours lost per 1 000 hours worked	0.7	0.3	1.1
Lost Time Injury Frequency (LTIF) (Number of cases per 200 000 hours worked)	2.2	0.8	3.5



TRAINING, EDUCATION AND PRESERVATION OF ARTS AND ARTISANSHIP

The Group's employees are its driving force, which is why training and education are paramount.

**GRI disclosures
3-3-a, 3-3-b
Positive and negative
impacts (inside-out)**

High-quality foundational, vocational and advanced training is pivotal to maintaining and improving the living standards of individuals, communities and society as a whole.

Swatch Group plays a key role here by offering training and education for its employees worldwide.

**Risks and opportunities
(outside-in)**

New training and career opportunities could make traditional jobs in watchmaking seem less attractive and exacerbate the risk of a skills shortage.

**GRI disclosures
3-3-c, 3-3-d, 3-3-e, 3-3-f
Measures**

Swatch Group offers a wide range of training opportunities, from basic training as part of an apprenticeship to education, retraining and specialist courses.

Training is offered globally at the Nicolas G. Hayek Watchmaking School following the strict guidelines of the Watchmakers of Switzerland training and education program (WOSTEP). The company also actively promotes the recovery and preservation of artistic professions within the watch industry.

Swatch Group also supports external training and education. The time allowed and / or financial support provided for longer training programs are set out in a training agreement.

Efforts are made to counter the skills shortage by getting involved in schemes targeted at children, aimed at raising their awareness of careers in the watch industry at an early stage.

Indicators

- Average hours of training per year per employee
- Number of apprenticeship diplomas

Metrics and targets

Indicators only



TRAINING, EDUCATION AND PRESERVATION OF ARTS AND ARTISANSHIP

Swatch Group offers the opportunity to build a career from scratch. Staff are employed in a wide range of professions, at all skill levels. For example, a career at Swatch Group might develop from an apprenticeship with in-service training all the way up to management level. There are also exciting opportunities to progress within a professional field. For example, the role of a watchmaker alone offers various job profiles, from watchmakers with a Swiss Federal Vocational Education and Training (VET) Diploma to specialized watchmakers for intricate work (highly complicated movements) or highly specialized restoration work.

As a fully vertically integrated company, Swatch Group encompasses a wide range of skills and capabilities: from product design and development to the manufacture of individual parts and movements, the finished watch, and, finally, marketing, customer support and after-sales service. In the area of manufacturing alone, a wide range of specialists are employed, such as mechanics, precision engineers, goldsmiths, rolling mill experts, polishers, engravers, assemblers, miniature painters, gemologists, metallurgists, process engineers, chemists, physicists, laboratory experts, surface coating experts, numerical simulation experts, microelectricians, electricians, engineers of all kinds, and even more. On the marketing side, there are not only highly specialized sales and customer service staff, but also back-office staff, from marketing to logistics, finance, legal, controlling and IT specialists for all automated

processes across industrial integration and all brands. From watchmakers to chefs in the employee restaurant, there are well over 200 different professions within the Group.

Employees at all levels are the driving force of Swatch Group; employee development is therefore key to the Group's success. The Group offers a wide range of courses, including basic vocational training (apprenticeship) further training and retraining, and a variety of specialist courses depending on the employee's profession, level of qualification and expertise. The Group also operates the Nicolas G. Hayek Watchmaking School.

Basic vocational training at Swatch Group

With its production site in Switzerland, Swatch Group requires the abilities of many highly qualified specialists in a wide range of roles. The Swiss vocational training system and its apprenticeships offers over 245 different, government-recognized basic training courses. Swatch Group provides training to young people in around 40 professions and is the largest training institution in the Swiss watch industry. It offers around 500 apprenticeship positions in over 30 companies and enables young people to learn a trade from scratch. In Germany, which has a similar system to Switzerland, around 60 apprentices are being trained.

Across Swatch Group, the same number of training places were offered as in the previous year.

HIGHLIGHT

76% of apprentices stay within Swatch Group

In July, 140 apprentices at Swatch Group's Swiss companies successfully completed their training. Of these, 107 are still working for our companies. This marks a record-high recruitment rate for Swatch Group, at 76%. Usually around two thirds of graduating apprentices have been taken on as employees in previous years. The remaining graduates chose to pursue other personal projects (further training, travel, etc.). We firmly believe that these young, highly trained specialists will help develop our products further and we wish them every success in their future careers.



TRAINING, EDUCATION AND PRESERVATION OF ARTS AND ARTISANSHIP

Depending on the apprenticeship, training lasts between two and four years. The apprenticeship is a dual training program, during which apprentices work in a Swatch Group company in the specialist areas. They also attend one to two days of theory lessons at the government-run vocational schools. In order to offer optimal basic vocational training in the areas of watch technology and mechanics, Swatch Group operates seven of its own apprenticeship workshops in Switzerland.

In the period under review, in Switzerland 140 apprentices (previous year: 142) completed their training. Seventy-six percent of graduates were offered an employment contract within Swatch Group (previous year: 72%). The remainder chose to undertake further education courses or to pursue other personal projects.

Nicolas G. Hayek Watchmaking School

The Nicolas G. Hayek Watchmaking School is the leading institution for supporting specialist training for watchmakers worldwide. The school provides students with the training necessary for a successful career in customer service. The curriculum strictly adheres to the strict guidelines of the Watchmakers of Switzerland Training and Educational Program (WOSTEP, founded in 1966).

The training center was founded in 1999 by the former CEO of Swatch Group, Nicolas G. Hayek, and today it operates across five sites in Shanghai, Glashütte, Pforzheim, Miami and Grenchen. Nicolas G. Hayek was determined to create an institution that would not only honor a timeless profession, but also provide support to those who want to enter this field of work and help to expand their knowledge and skills.

The five training centers work with WOSTEP, which is recognized as the industry's leading training and certification program. In principle, the training costs at all five locations are covered by Swatch Group, making the school an affordable option for aspiring students who want to pursue a career in watchmaking.

Two different training programs are offered. The first is a one-year, 1 800-hour program that leads to a Customer Service Watchmaker degree. It is currently offered in Switzerland, China and the United States. The second is a 3 000-hour WOSTEP program offered in Germany and at Shanghai University, which leads to a Watchmaker degree. As the German course is also government-approved, it lasts for three years, while the Shanghai course lasts for two.

HIGHLIGHT

In 2023, 180 new apprentices were taken on



Swatch Group set a new record in early August 2023 when it welcomed 180 apprentices to over 30 of the Group's Swiss companies to start their training. This was 30 additional apprentices compared to previous cohorts. By expanding its apprenticeship program, Swatch Group is underlining the importance of vocational training and its role in securing young talent for the future.

The large number of new apprentices presents a particular challenge for the Group's training system, and the number of trainers as well as the size of the machine park have also had to be extended to accommodate this.



TRAINING, EDUCATION AND PRESERVATION OF ARTS AND ARTISANSHIP

Graduates work mainly in Swatch Group customer service centers around the globe. They undertake demanding work in the maintenance and repair of various brand watches. If graduates choose to undergo further education, positions in the revision of historical clocks or in management are then also open to them. Watchmaking remains a key role in production, but it is now also an essential role in watch maintenance – this promises young professionals a stable career.

Thanks to the network of Nicolas G. Hayek Watchmaking School, more than 1 000 watchmakers have joined the global talent pool. This achievement is the result of Swatch Group's considerable investment at various levels, and the graduates are sought-after professionals throughout the industry. Nevertheless, the aim is to integrate all newly graduated watchmakers into the Group structures.

At the Nicolas G. Hayek Watchmaking School, the focus is on the quality of the training rather than the quantity of people trained. The number of students is therefore limited to an average class size per year.

In 2023, 67 students were enrolled across the four schools, and 29 students graduated. Twenty-two of the graduates were offered a job within Swatch Group. The remaining graduates chose to pursue other personal projects (further training, travel, etc).

Further training concept

Employees also have the opportunity to complete specific training programs within the companies. The program for customer service watchmakers in different countries is one of the key training programs. The brands therefore invite participants to annual training sessions at their headquarter to expand their knowledge of the more complicated watches or new products being introduced to the markets. Sales staff are also trained in these areas to ensure that they have the highest level of product knowledge. The Group offers education not only in production, watchmaking and marketing but also in almost every sector-specific area, such as finance and controlling, HR, IT and logistics. There are also many e-learning modules available for employees who are not able to attend in-person programs. The courses cover both technical and personal skills.

In Switzerland, Swatch Group offers its employees of all management levels further training at the internal Leadership Campus. Training content includes self-management, employee appraisals and in-depth studies of team management.

Furthermore, the Group supports and promotes external education at all levels and in all professions, and so employees are given a special employment or training contract that allows them to attend certain programs at universities or other institutions alongside their work.

TRAINING, EDUCATION AND PRESERVATION OF ARTS AND ARTISANSHIP

GRI DISCLOSURE 404-1

Average hours of training per year per employee (2023)

Headcount	Women	Men	Total
Total employees	16 560	17 042	33 602
Total training hours	130 775	150 365	281 140
	47%	53%	100%
Average training hours per employee – internal	5.1	4.5	4.8
Average training hours per employee – external	2.8	4.3	3.6
Average training hours per employee – total	7.9	8.8	8.4

Recovery and preservation of arts and artisanship

There are many artistic professions in the watch and jewelry industry, such as micro-art painting of dials and hands, art engraving, ornamental ironwork and guillochage.

A guillochage machine is a linear or circular manually operated engraving machine powered by a foot pedal and is used, for example, for artistic engraving of steel or gold dials and flywheels. All kinds of geometric patterns can be engraved with these machines; there are no limits to the creativity of the guillocheur, the artist who creates these works of art. The machines and the art of guillochage almost died out in the 1990s.





TRAINING, EDUCATION AND PRESERVATION OF ARTS AND ARTISANSHIP

Therefore, in 2005, after long and difficult negotiations, the luxury brands of Swatch Group acquired twelve historic machines from a private maître guillocheur with the aim of saving the art of guillochage. Not only were the historic machines restored, but a team of specialists began to design and rebuild additional machines for the luxury brands. In addition, the luxury brands launched a special training program for guillocheurs and maîtres guillocheurs. The recovery and preservation of the art of guillochage were the result of efforts made over the course of a decade (continuous development of machinery, training of employees, investment in manufacturing) to achieve a sustainable level of guilloché and preserve it for the future. Without these efforts, this profession would have been lost to future generations.

The craftspeople of course include watchmaking specialists trained in the preservation and restoration of 18th-century clock artifacts. For example, they restore historic clocks that are on display in museums such as the Louvre in Paris or that are part of private collections.



HIGHLIGHT

New Nicolas G. Hayek Watchmaking School in Grenchen

In October 2023, Swatch Group opened a new Nicolas G. Hayek Watchmaking School in Grenchen. This new facility has taken over the training activities of the school in Malaysia, which closed in 2022.

The Nicolas G. Hayek Watchmaking School in Grenchen provides the one-year “Customer Service Watchmaker”

training program for our international markets that do not have access to a local watchmaking school. This training is reserved exclusively for Swatch Group employees sent to Switzerland by our international subsidiaries. No Switzerland-based employees are trained at the Grenchen site.



Training offered by Swatch Group Quality Management

Swatch Group Quality Management regularly offers training to Swatch Group brands and companies. This enables employees to expand their knowledge and skills on a range of topics.

Training on watch casing at Swatch Group

This training scheme ensures that knowledge of the latest technological developments relating to watch casing – including components such as cases, dials, hands and straps – is shared within Swatch Group. The course provides a better understanding of existing limitations in casings, interaction with customers and suppliers and mutual expectations, and enables acquired skills to be applied more effectively. This increases and steadily improves efficiency in the development, industrial manufacture and marketing of our products.

In 2023, Swatch Group Quality Management ran three further training sessions of this kind, which were attended by around 50 employees from various Swatch Group entities. During the 80 hours of training, a range of speakers – all specialists in their fields – explained the most important elements of watch casing. In the five modules covered by the course (basics, components, interfaces, processes and materials), all participants were able to expand their knowledge in order to produce even more reliable and high-performing products, while consuming as few resources as possible.

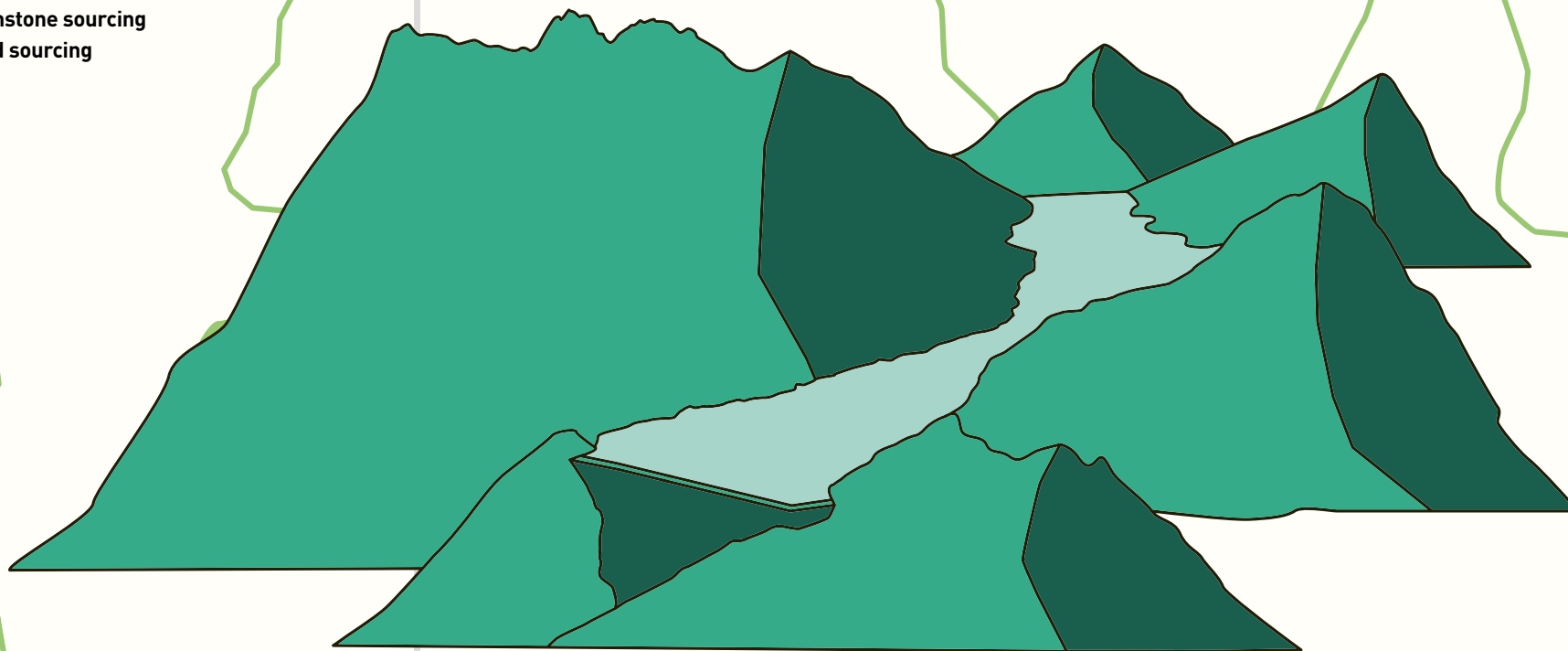
Aside from this general training, specialist courses were also offered on topics such as precious metals and their origins, stainless steel, and screw threads and fittings.

Equipped with this extensive knowledge, employees have the tools they need to tackle their work in the most effective way possible – after all, quality and sustainability require careful planning.



SOURCING

- 110 General raw material sourcing
- 120 Precious metal sourcing
- 124 Diamond and gemstone sourcing
- 126 Leather and wood sourcing





GENERAL RAW MATERIAL SOURCING

As a result of verticalized production and the Swissness requirements, most of the value creation takes place within the company and within Switzerland. However, raw materials, some components and services are obtained from third parties. Purchased materials that have a high ESG risk in the supply chain include precious metals, diamonds and gemstones, and certain bio-based material.

GRI disclosures 3-3-a, 3-3-b Positive and negative impacts (inside-out)	Risks and opportunities (outside-in)	GRI disclosures 3-3-c, 3-3-d, 3-3-e, 3-3-f Measures	Indicators	Metrics and targets
Depending on the material, the country of origin or the country of production, Swatch Group faces environmental and social challenges. The adverse impacts need to be avoided or minimized across the entire supply chain.	There may be restrictions on sourcing materials from certain countries for political reasons. Measures implemented to ensure complete traceability also incur costs. There are reputational risks involved in sourcing materials from certain countries, too.	Swatch Group works with carefully selected suppliers to source raw materials and some components. Using clear specifications (Supplier Code of Conduct) and extensive on-site supplier audits, regular checks are carried out to ensure that suppliers are actually complying with the strict requirements.	- Number of supplier audits - Number of suppliers with A or B rating	Indicators only



GENERAL RAW MATERIAL SOURCING

GRI DISCLOSURE 2-6**Supply chain**


Swatch Group works with carefully selected suppliers, mainly from Switzerland and Europe, to source raw materials and some components. It also sources certain materials and components from suppliers based in East Asia.

Depending on the material, the country of origin or the country of production, Swatch Group faces environmental and social challenges. Adverse impacts need to be avoided or minimized across the entire supply chain.

Using clear specifications (Supplier Code of Conduct) and extensive on-site supplier audits, regular checks are carried out to ensure that suppliers are actually complying with the strict requirements.

Audits of suppliers are carried out based on risk, and a separate organization has been set up in East Asia for this purpose. The supplier risk assessment is currently being revised. In the future, audits will also be carried out at selected Swiss and European suppliers, using the Supplier Code of Conduct as a basis.

The Code is based on internationally recognized human rights and on the United Nations Guiding Principles on Business and Human Rights (UNGPs).


 For more information about the Supplier Code of Conduct, see the "Corporate and governance" chapter on p. 38

A detailed review of the supply chain is being carried out for the first time for the 2023 financial year, based on the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor.¹

GRI DISCLOSURE 301-1**Minerals and metals from conflict-affected areas**

With regard to minerals and metals from conflict-affected and high-risk areas, the imported and 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. Swatch Group 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. However, a traceability and documentation process has been implemented to demonstrate that these materials do not come from conflict-affected or high-risk areas.

- Gold is sourced either in its raw state, as a semi-finished product or in powder form (tariff number 7108). We only ever source traceable gold, exclusively from official and certified industrial mines in the US, Canada or Australia. All of the gold sourced in 2023 under tariff number 7108 comes from Australian mines. Carbon footprint was also taken into account when selecting mines.

 For more information, see the highlight on "Greenhouse gas emissions from primary gold" on p. 69

1. DDTrO: www.fedlex.admin.ch



GENERAL RAW MATERIAL SOURCING

- The tungsten used is sourced in powder form (tariff number 8101 10 00) via European suppliers and is produced from fully recycled base material.

Alongside Swiss legislation (DDTrO¹ and Art. 964 CO²), the following international guidelines and standards were used as a basis:

- OECD Due Diligence Guidance for Responsible Business Conduct³
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas⁴
- Practical actions for companies to identify and address the worst forms of child labor in mineral supply chains⁵

1. DDTrO: www.fedlex.admin.ch/eli/cc/2021/847/en

2. Art. 964 CO: www.fedlex.admin.ch/eli/cc/27/317_321_377/en

3. www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm

4. mneguidelines.oecd.org/mining.htm

5. mneguidelines.oecd.org/child-labour-risks-in-the-minerals-supply-chain.htm

Supply chain review

Raw materials	Tariff number	Description	Checked / threshold	Checked / origin	Increased due diligence
Minerals	2609 00 00	Tin ores and concentrates	✓	–	No
	2611 00 00	Tungsten ores and concentrates	✓	–	No
	ex 2615 90 00	Tantalum or niobium ores and concentrates	✓	–	No
	ex 2615 90 00	Gold ores and concentrates	✓	–	No
Metals	Tin	ex 2615 90 00	✓	–	No
		ex 827 39 90	✓	–	No
		8001	✓	–	No
		8003	✓	–	No
	Tungsten	8007	✓	–	No
		ex 2825 90 00	✓	–	No
		2841 80 00	✓	–	No
		ex 2849 90 00	✓	–	No
		7202 80 00	✓	–	No
		8101 10 00	> 2 500 kg / year	Produced from 100% recycled material	No
		8101 94 00	✓	–	No
		8101 96 00	✓	–	No
		8101 99 00	✓	–	No
Tantalum	ex 2841 90 90	Tantalates	✓	–	No
	ex 2849 90 00	Tantalum carbides	✓	–	No
	8103 20 00	Tantalum unwrought, including only sintered bars and rods and in powder form	✓	–	No
	8103 90 00	Other semi-manufactures and articles of tantalum	✓	–	No
Gold	7108	Gold, in unwrought, semi-manufactured or powder form	>100 kg / year	Australia and recycled gold	No

GENERAL RAW MATERIAL SOURCING

GRI DISCLOSURE 408-1
Child labor

Swatch Group has a zero-tolerance policy when it comes to child labor.

Strategy and management system

Swatch Group adheres to the OECD Due Diligence Guidance for Responsible Business Conduct (published on May 30, 2018), ILO Conventions 138 and 182 on child labor and the ILO-IOE Child Labor Guidance Tool for Business (published on December 15, 2015), and applies the rules and guidelines mentioned.

Swatch Group has set out its policy commitment regarding child labor in its Supplier Code of Conduct (SCoC). The SCoC applies to Swatch Group, its companies, suppliers to Swatch Group companies and their subsidiaries. It also applies to affiliated companies and to subcontractors that supply goods or services to Swatch Group companies or for use in Swatch Group or in connection with its products. The SCoC is published on the Swatch Group website and issued to all direct suppliers.

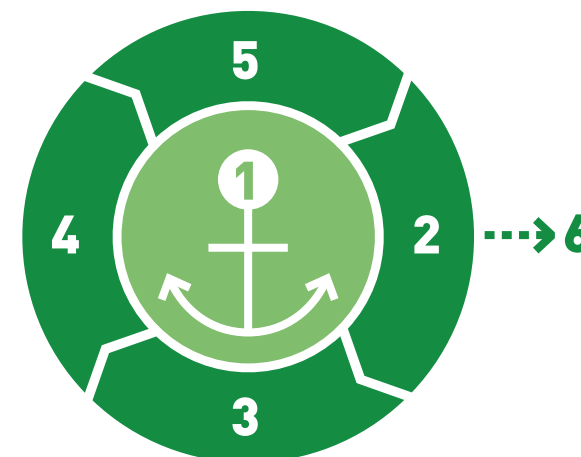
Suppliers are obliged to carry out periodic evaluations of their facilities and operating processes, as well as those of their subcontractors that supply goods or services ultimately intended for use in connection with Swatch Group company products, in order to ensure compliance with the SCoC and the applicable laws.

If there are discrepancies between national legislation and international human rights standards, Swatch Group will follow whichever is more stringent as per the provisions of the UN Guiding Principles. In addition, it will follow the stricter standard whenever national legislation differs from the Group's high environmental and health and safety standards. Where there are inconsistencies between national legislation and Swatch Group's strict standards, the Group will respect the law while endeavoring to meet the more stringent standards.

For more information about the Supplier Code of Conduct, see the "Corporate and governance" chapter on p. 38

Child labor due diligence process

- 1 Embed responsible business conduct** into policies and management systems
- 2 Identify and assess** adverse impacts in operations, supply chains and business relationships
- 3 Cease, prevent or mitigate** adverse impacts
- 4 Track** implementation and results
- 5 Communicate** how impacts are addressed
- 6 Provide for or cooperate** in remediation when appropriate



GENERAL RAW MATERIAL SOURCING

Identify and assess adverse impacts

The risk of child labor among Swatch Group companies and suppliers based in Switzerland and neighboring countries is classed as very low.

However, according to the “due diligence response” ratings by UNICEF in its Children’s Rights in the Workplace Index, there is a higher child labor risk in many Asian countries where some Swatch Group suppliers or sub-suppliers operate, for example.

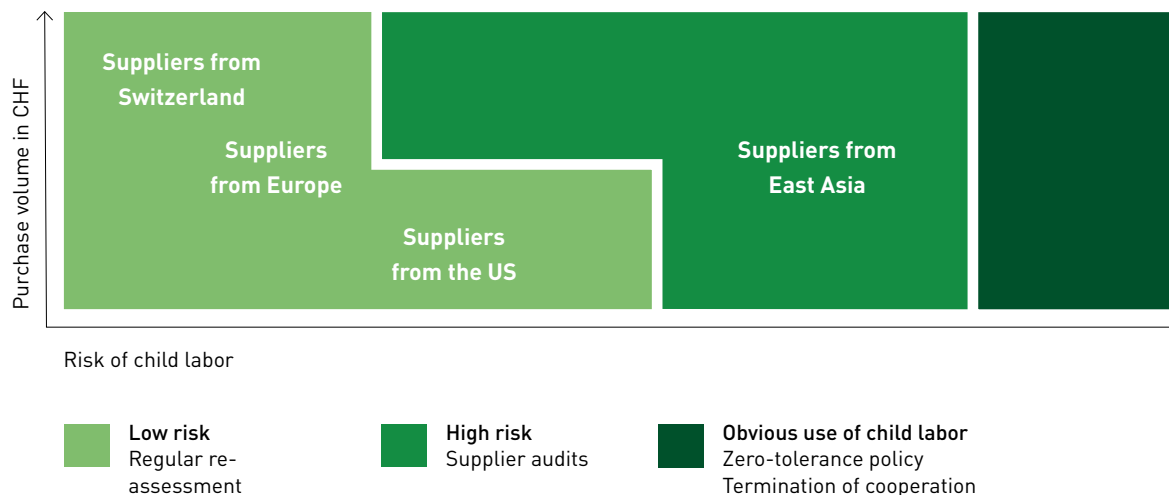
In addition to the risk of child labor, purchasing volume is taken into account, with a view to deploying resources for supplier audits in a targeted way. Audits are carried out based on a best effort approach.

Plans are in place to introduce a comprehensive supply chain mapping system, which can be used in the future to systematically carry out risk assessments relating to child labor and other relevant factors across the entire supply chain.

Cease, prevent or mitigate adverse impacts

Swatch Group does not tolerate any child labor or labor involving minors who are under the age of 15 or the applicable statutory minimum employment age (whichever is higher). Suppliers are obliged to comply with International Labour Organization (ILO) standards and the applicable legal regulations. However, they are allowed to employ young people who are under 18 but have reached the applicable statutory

Child labor risk assessment (simplified visual representation)



minimum age. Suppliers must ensure that young employees do not undertake work that could put their health, safety or moral integrity at risk. They are also not permitted to ask young employees to work overtime or undertake night work.




GENERAL RAW MATERIAL SOURCING

Suppliers must ensure that apprentices and student employees are managed properly by keeping proper their records of students, carrying out strict due diligence checks on training and education partners and protecting students' rights in accordance with the applicable laws and regulations. They must also provide apprentices and student employees with adequate training and support. In the absence of any relevant local legislation, the wage paid to apprentices and student employees, interns and apprentices must be at least equal to the wage offered to other beginners who perform the same or similar tasks.

The specifications referred to here are set out in the SCoC. Swatch Group demands that its suppliers comply with the SCoC. They must set up or maintain management systems that enable compliance with this Supplier Code of Conduct and the applicable laws in order to identify and minimize any associated operational risks and ensure continuous improvement. Swatch Group suppliers are obliged to follow the relevant regulations and issue guidelines documenting their commitment to responsible business practices. They must also ensure that all their employees and suppliers understand and adhere to the SCoC.

Any concerns regarding child labor can be raised by contacting the email address provided in the SCoC directly or by reporting them to the contact listed on the company website. Swatch Group takes all such information seriously and it is dealt with by the responsible internal bodies without delay.

Swatch Group applies a zero-tolerance policy and cooperation with the suppliers will be suspended immediately in case of any failure about child labor. On-site supplier audits are carried out in a proactive effort to eliminate the risk of child labor in the supply chain. These audits are repeated at regular intervals.

 For further details about the content and results of the supplier audits, see the "Supplier audits" chapter on p. 117

The audits include checking staff lists, contracts containing personal information and other relevant documents to verify employees' ages. The auditors also conduct interviews with employees, particularly those who look youthful, to ensure that no child labor is being used. These audits may be announced in advanced or carried out without advance notice.

The current zero-tolerance policy is being revised to cover the process of making amends (financial or non-financial compensation).

Track implementation and results

Tier 1 and, in the case of China, some tier 2 suppliers are monitored using the procedure described above. However, there are also risks relating to child labor among suppliers further upstream. Complete supply chain mapping, including traceability, is needed to identify, assess and minimize these risks. Projects have been launched to implement this and Swatch Group is confident that the approach it has adopted will enable it to maintain an ever better overview of the entire supply chain in future.



GENERAL RAW MATERIAL SOURCING

Communication

The analysis relating to child labor is updated every year. This topic is reported on as part of the sustainability report.

SR 221.433 – Swiss Ordinance of December 3, 2021 on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO): www.fedlex.admin.ch

OR Art. 964b, SR 220 – Swiss Federal Act of March 30, 1911 on the Amendment of the Swiss Civil Code (part five: Code of Obligations), www.fedlex.admin.ch

Children's Rights in the Workplace Index, www.unicef.ch

GRI DISCLOSURE 204-1

Local suppliers

Since being founded, Swatch Group has been committed to Swissness throughout the Swiss watch industry and has pursued the goal of being 100% Swiss made since the launch of the Swatch brand in 1983. This dedicated commitment to a production site in Switzerland and local sourcing contributes significantly to the preservation and further development of the Swiss watchmaking tradition and art.

See also in the chapter "Recovery and preservation of arts and artisanship" on p. 106

In addition, the short distances between the individual production sites mean that comparatively few GHG emissions are generated through transport in the supply chain. This is not only true of the classic watch components: also batteries and microchips are manufactured locally in Switzerland thanks to the company's own production sites. In most other industries they are imported by air freight from Asia. The many years of

investment in Swiss development and production facilities have also enabled Swatch Group to launch the Swiss smartwatch Tissot T-Touch Connect Solar, for which the SwAlps operating system was also developed entirely in-house in Switzerland.

For watches, the percentage of local value creation, based on the applicable regulation on Swissness, is between 60% and 100%.

In order to avoid unnecessary transport emissions and support local suppliers worldwide, and to enable an efficient sourcing process, the country subsidiaries and distribution companies source products from producers in the region wherever possible.

Thanks to the worldwide network of service centers, watches can be repaired by local employees in a customer-friendly manner and without long transport routes.

See information on "Customer service", p. 79

Basic supply chain management

Environmental, ethical and social criteria are an integral part of the Swatch Group sourcing policy, which is why only suppliers and sub-suppliers that fully comply with the Group's clearly defined and contractually documented criteria on safety, environmental and socio-political aspects can be considered. With regard to the ethical acceptability of materials used, the Group goes beyond the minimum legal requirements and avoids materials classified as threatened or ethically problematic.



GENERAL RAW MATERIAL SOURCING

In addition, suppliers must fulfill the internal guidelines of Swatch Group Quality Management, any ecological and legal regulations, and ensure legal compliance in terms of products, particularly REACH (Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals), RoHS (Restriction of Hazardous Substances) and WEEE (Waste Electrical and Electronic Equipment). To ensure this, every supplier receives direct and secure access to the Swatch Group Quality Management conformity specifications for raw materials and substances. These specifications are continuously updated in a comprehensive database.

Two types of audits are carried out to check compliance with these requirements: one type focuses on responsible sourcing, while the other looks at quality assurance.

GRI DISCLOSURES 308-1, 308-2, 414-1, 414-2**Supplier audits**

Swatch Group FEPS (Far East Procurement Services) continuously verifies that suppliers and their facilities adhere to the Swatch Group Supplier Code of Conduct and applicable laws and regulations. Our supplier audit tools have been updated in the year to align with the new Swatch Group Supplier Code of Conduct launched in 2022. All production facilities of direct suppliers and designated tier-2 suppliers are required to undergo two independent audits: responsible sourcing (RS audit) audit focus on assessing performance of labor and human rights, health and safety, environmental protection, and business ethics; quality assurance (QA audit) audit focus on verifying quality management system and facilities' quality assurance processes.

FEPS determines which supplier facilities are audited in the relevant financial year, appoints independent third-party auditing firms to conduct the audits in compliance with our requirements, subsequently analyses the audit reports, and support improvements in supplier facilities. All supplier facilities are audited regularly, at least once every two years. New supplier facilities cannot join the supply chain until they have been audited and qualified.



GENERAL RAW MATERIAL SOURCING

Swatch Group measures the performance of supplier facilities based on audit results through our internal rating system. Supplier facilities would be assigned one of the ratings listed in the below table. The rating system determines the supplier approval status and the period for which the approval is valid as well as the next coming up audit.

Audit rating

Rating	Definition	Course of actions
A	Excellent (overall Score ≥90%)	Periodical audit in 24 months ¹
B	Pass (overall score of between 75% and 90%)	Periodical audit in 12 months
C	On trial (overall score of between 60% and 75% or score in an individual area of < 75%)	– Follow-up audit in 6 months – If this is the result of the 2 nd follow-up audit, the supplier relationship is terminated
D	Conditional / disqualified (overall Score <60% or any zero-tolerance violation)	– Follow-up audit in 3 months – If this is the result of the 2 nd follow-up audit, the supplier relationship is terminated

1. Both RS and QA audit must be rated A in order to have a 24-month audit interval.
2. Individual section score <75% lead to rating C applies to RS audit only.

Supplier facilities must be rated as A or B to be considered qualified. Should a supplier facility be rated C, a six-month period is provided to implement the necessary corrective measures and qualify for a follow-up audit. For supplier facilities received a D rating, there will be no collaboration if they are new facilities. For existing facilities, a three-month period is granted to implement the necessary corrective measures and qualify for a follow-up audit. If a supplier facility demonstrates no intention to remediate after our engagement, we terminate our relationship and cease future orders.

For some audit checkpoints, such as harassment and abuse, involuntary labor and human trafficking, underage labor, breaches of business integrity, violation on protection of intellectual property, unauthorized subcontractor or denied audit access, a zero-tolerance policy applies.

After each audit, an action plan is drawn up together with the supplier so that any necessary improvements can be made. Ongoing dialogue with suppliers includes facility visits and meetings, training courses, and provision of tools and support measures that to help suppliers meet the requirements. In the period, 38 selected strategic supplier facilities received onsite visits and training, while two online training sessions were also provided with another 37 suppliers participating in total.



GENERAL RAW MATERIAL SOURCING

Audit results

By the end of 2023 (09/30/2023), a total of 138 Asian facilities from 123 suppliers had been qualified through audits or by sharing equivalent audit reports. In the reporting period (10/01/2022 to 09/30/2023), 110 supplier facilities were assessed by independent third-party auditing firms appointed by Swatch Group. Among them, 17 facilities were audited for the first time. A total of 128 audits were carried out in the period under review.

The non-compliance findings identified in the supplier audits mainly involved exceeding legal requirements for overtime working hours, improper use of personal protection equipment, mishandling of chemicals, inappropriate storage of hazardous waste and no GHG inventory setup, among other issues.

A total of 86 supplier facilities achieved an A or B rating in the period under review¹. Twenty-three facilities with a C or D rating are currently in the processes of improving their rating, as Swatch Group allows suppliers three or six months for corrective actions. Additionally, four facilities were phased out due to their unwillingness to make improvements.

Audit rating	Audit type	Number of audits 2023	Number of audits 2022	Number of audits 2021
A	First-time	2	0	0
	Periodic audit	9	2	2
	Follow-up	1	5	2
	Ad-hoc audit	1	0	0
	Total	13	7	4
B	First-time	3	9	5
	Periodic audit	37	34	20
	Follow-up	32	36	11
	Ad-hoc audit	1	1	0
	Total	73	80	36
C	First-time	9	20	5
	Periodic audit	22	24	23
	Follow-up	6	7	4
	Total	37	51	32
D	First-time	3	4	1
	Periodic audit	2	2	3
	Follow-up	0	2	0
	Total	5	8	4
Total		128	146	76

1. Period under review: 10/01/2022 to 09/30/2023.



GRI DISCLOSURE 301-2

PRECIOUS METAL SOURCING

Swatch Group uses different precious metals, primarily gold, silver, palladium and platinum, with gold accounting for the largest proportion by far. Primary gold is sourced exclusively from official and certified industrial mines in the US, Canada and Australia. In addition, the group has an in-house closed-loop gold processing system with a group-owned foundry to reuse production residues internally. A relatively small part of the gold used is recycled by certified Swiss gold foundries or purchased as components from suppliers.

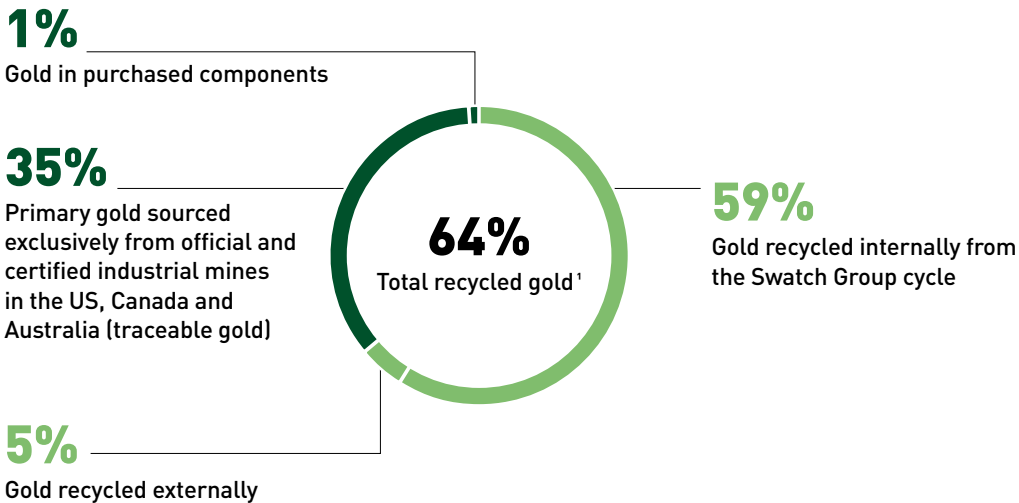
Recycled gold from external sources is avoided as traceability back to the mine is not achievable. Full traceability can be achieved with the Swatch Group sourcing strategy, which involves direct delivery from the mine to the refinery and on to the Group’s own gold processing facility, as well as the use of gold from internal processes.

A detailed review of the supply chain is being carried out for the first time for the 2023 financial year, based on the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor.

 For further details, see chapter “Minerals and metals from conflict-affected areas” on p. 111

Gold origin

10/01/2022 to 09/30/2023



1. Mainly pre-consumer

PRECIOUS METAL SOURCING



Primary gold

Traceable primary gold is sourced exclusively from official and certified industrial mines in the US, Canada and Australia, where the highest legal standards apply and where the mines are operated under extremely strict conditions set by the authorities and regularly monitored by them. The supply chain is kept as short as possible, through direct delivery from the mine to the refineries and then on to the in-house gold processing by Swatch Group. Sourcing gold from other regions and / or small-scale and artisanal mines where lower standards apply or where there are residual risks that non-traceable gold could enter the supply chain is not an option for Swatch Group. This clear and simple sourcing policy has proved to be very effective.

Countries of origin for primary gold in the year under review

	2023	2022	2021
Australia	100%	100%	88%
US	0%	0%	12%
Canada	0%	0%	0%

Sourcing period: October 1–September 30.

HIGHLIGHT Analyzing gold origins

Traceability of raw materials and precious metals and the possibility of detecting any manipulations are key to validating the origins of gold.

Since 2013, Swatch Group's most important primary gold supplier has been using a method that enables impurities in the obtained gold doré to be analyzed on the basis of 15 elements and their interactions. This method allows the concentrations of the individual elements to be recorded and over the years a database has been established. The refinery in Switzerland carries out an WD-XRF analysis before the material is melted. The analysis results are saved in a database and the levels of elements and their reciprocal interactions are checked.

This method enables the origins of gold to be tested, since some chemical elements are only present in certain regions while others are always present.



By this analysis, raw materials from various regions can be identified.

Each delivery of gold doré that will be used to produce primary fine gold for Swatch Group is analyzed to verify whether the country of origin is the US, Canada or Australia. No irregularities have been observed to date.



PRECIOUS METAL SOURCING

**Gold recycled internally**

The investments made in recent years in the Group's foundry and refining facilities have fully internalized gold processing.

After their manufacture, alloys are turned into semi-finished products or finished components, and production residues from these processes are recycled internally. Swatch Group therefore controls the complete gold processing chain internally according to a clearly defined process.

Nivarox-FAR plays a key role in this respect, as it processes Swatch Group's gold production stocks in a closed and controlled cycle. Production residues can therefore be reused in the Group's own foundry. Nivarox-FAR has the necessary federal authorization both as a foundry and as a commercial assayer (sworn assayer) and is certified according to the Responsible Jewellery Council Code of Practice and Chain of Custody (RJC CoP and CoC).

The proportion of recycled gold varies. When the production flow requires additional coverage with primary gold, the proportion of recycled gold tends to decrease.

**Gold recycled externally**

A small portion of gold chips and scrap is recycled by a few external processors, depending on internal capacity.

Swatch Group only works with selected established long-term foundries that can demonstrate not only legal compliance according to all the provisions of the financial market supervisory authority, but also certified membership in the Responsible Jewellery Council (RJC) and / or the London Bullion Market Association (LBMA), and can guarantee through recognized certification that the precious metals delivered originate from ethically sound sources and conflict-free regions.

**Gold in purchased components**

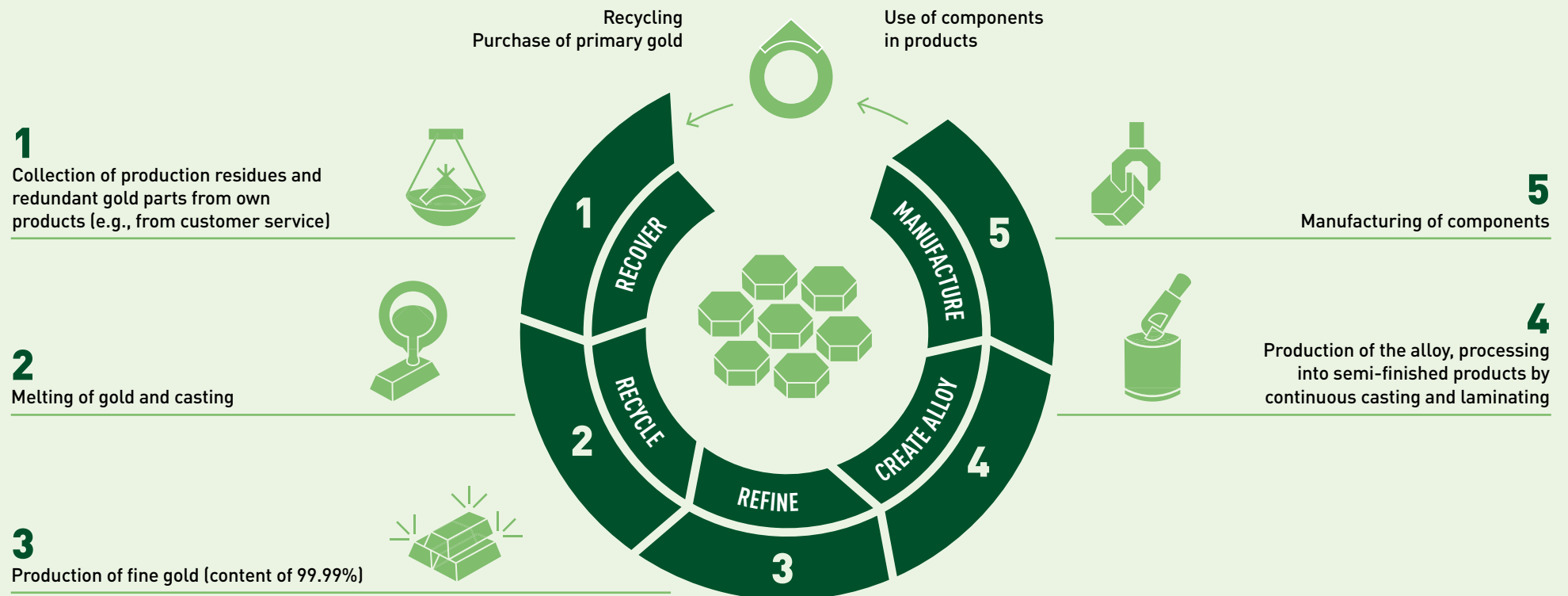
Wherever possible, suppliers of components use semi-finished products sourced from Swatch Group. If this is not possible, the supplier is required to be RJC-certified.

In the year under review, 99.8% of the gold used was sourced in accordance with Swatch Group's strict requirements. The remaining 0.2% was primarily sourced from Swiss and some European and Japanese suppliers that are not RJC-certified (with Japanese suppliers used for electronic systems only). The aim is to ensure that, in the future, this remaining proportion will also be sourced in accordance with Group's strict guidelines.

PRECIOUS METAL SOURCING

HIGHLIGHT

Nivarox processing cycle





DIAMOND AND GEMSTONE SOURCING

Diamonds and gemstones represent the universal values of commitment, love and trust – which are also the core values of the company brands – as well as emotional and financial security. They are also known for their rarity, high quality and uniqueness. Within Swatch Group, responsible sourcing of the diamonds and gemstones used in watches and jewelry is therefore taken very seriously.

Swatch Group takes great care to ensure that its suppliers are carefully selected before purchasing from them, and it requires a high level of ethical conduct, as well as strict compliance with applicable laws and the Swatch Group Supplier Code of Conduct. The Group's suppliers are strongly encouraged to join independent organizations that certify their good practices, such as the Responsible Jewellery Council, which several subsidiaries of Swatch Group joined between 2008 and 2022. In 2022, practically all Swatch Group suppliers of diamonds and gemstones were RJC CoP-certified.

Regular auditing of partners enables risks to be limited and appropriate improvement measures to be taken. If suppliers fail to comply with these guidelines or if there is any doubt about their compliance, they are immediately disqualified and no longer retained.

Full compliance with the Kimberley Process Certification Scheme (KPCS) applies to the suppliers of diamonds. Certification guarantees that diamonds originate from legal trade. Countries, companies and merchants that do not use this certification system in its entirety are excluded from trade with Swatch Group. In the case of rubies from Myanmar (formerly known as Burma), Swatch Group has always been able to ensure that they comply with the applicable regulations and sanctions. However, due to the change in the country's political situation, the Group has decided to no longer purchase rubies originating from Myanmar.

Despite the Group's achievements over many years, Swatch Group is highly confident that it can improve the situation even further by making its sourcing even more responsible and sustainable. This is because the Group wants to ensure that the procurement of gemstones benefits all those involved and affected by the supply chain and that it prevents negative social and environmental impacts.

Despite the emergence of some initiatives that deserve support, which the Group is following carefully, at present no market participant is yet in a position to guarantee full traceability of diamonds in the quantities and at the quality required by Swatch Group. Moreover, the few available studies on supply chain sustainability are contradictory to each other and open to question due to their lack of independence. The target level of transparency in the supply chain will enable the social and environmental impacts of diamond and gemstone sourcing to be quantified with reasonable certainty.



DIAMOND AND GEMSTONE SOURCING

To this end, Swatch Group is working with its suppliers, various key industry players and experts on this topic in order to gain sufficient knowledge of the entire supply chain and to establish the necessary metrics.

Based on this objective and structured approach, Swatch Group aims to ensure that in the future its purchases make the best possible impact and a positive contribution for the benefit of all stakeholders and customers.

LEATHER AND WOOD SOURCING

Swatch Group sourcing strategy for leather and wood products

When sourcing leather and wood, Swatch Group complies with international and national laws and agreements such as the Lacey Act, the EU Timber Regulation, the requirements of the US Fish and Wildlife Service and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). In addition, Swatch Group refuses to source leather and wood from endangered animal and plant species listed in Appendix I of the CITES and avoids sourcing from animal and plant species classified as threatened by the International Union for Conservation of Nature (IUCN). Threatened species include those classified as critically endangered, endangered and vulnerable.

For wood products and materials, Swatch Group is also supported by well-known certifications to ensure that wood products and materials come from sustainable forestry. Overall, Swatch Group's wood sourcing principles ensure that only wood from non-endangered species and responsible cultivation is used.



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HIGHLIGHT Exotic leather

In 2010, Swatch Group became the first luxury goods company to ban the use of exotic leather.

The only exception is made for leather from American alligators (alligator mississippiensis) from regulated and sustainable alligator breeders (e. g. Louisiana Alligator Management Program). There is a tightly regulated framework in place for breeding and using alligators from the Mississippi in the southeastern United States. Alligator management programs managed by the US federal authorities have proven beneficial

to both the environment and society, and in this respect they serve as an example of sound management of natural resources and protecting biodiversity.

The breeding farms also spend a proportion of their income on protecting and conserving this alligator species in particular and the biodiversity of the region as a whole.

The leather from the *Alligator mississippiensis* species can be traced back to these breeding farms using the CITES identification system.



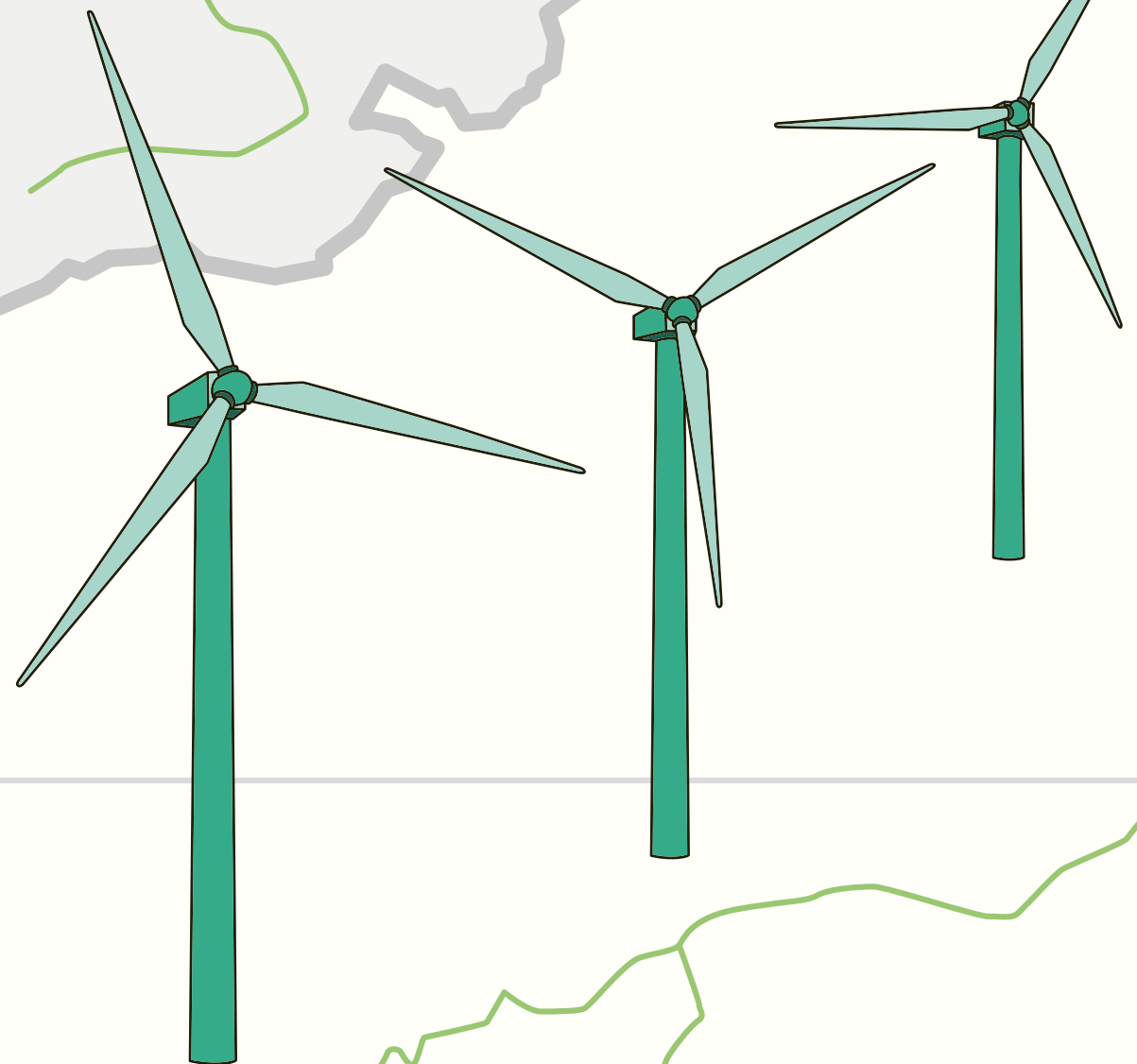
LEATHER AND WOOD SOURCING

For leather products, the use of leather from species listed in Appendices II and III of the CITES is restricted to the Alligator mississippiensis species. This leather must be sourced from clearly identified, inspected and sustainable breeding farms located in the southeastern states of the US that meet legal regulations and requirements for animal protection, welfare and sanitation standards. The mentioned breeding farms also spend a proportion of their income on protecting and conserving the species. Furthermore, removing animal species from their natural environment, such as through hunting and fishing, is prohibited.



APPENDICES

- 129 About this report
- 133 GRI content index
- 140 Transparency regarding non-financial matters in accordance with Art. 964 CO
- 141 Limited assurance report on selected sourcing disclosures
- 145 Glossary
- 147 Contacts





ABOUT THIS REPORT

GRI DISCLOSURE 2-2

Entities included in the consolidated financial statements

This report covers the entire Swatch Group with all its subsidiaries and includes the entire scope of Swatch Group entities included in the consolidated financial statements listed in the Annual Report 2023.

Direct environmental data is not available for some rented boutiques, especially shop-in-shop concepts, where Swatch Group rents small retail spaces in third-party sales outlets. Consumption figures from boutiques and shop-in-shops for which direct environmental data is available are factored into the data reported. The greenhouse gas emissions from boutiques and shop-in-shops for which we do not have any direct environmental data are accounted for under Scope 3, category 8. Other environmental data from boutiques and shop-in-shops with no direct consumption figures is minimal compared to the overall consumption data for Swatch Group. The reported data comprise at least 95% of the total values, unless stated otherwise.

GRI DISCLOSURE 2-3

Periods

Due to data availability, all environmental data and key figures on sourcing relate in each case to the twelve-month period from October 1 of the previous year to September 30 of the reporting year. In the period from November to December 2023, the data was compiled by the individual business entities in a

consistent and comparable manner. A validity check was used to check the database for incorrect entries. Employee key figures relate to the period from January 1, 2023 to December 31, 2023, with a reference date of December 31, 2023.

GRI DISCLOSURES 305-1, 305-2, 305-3, 305-7

Greenhouse gas emissions

Method for calculating greenhouse gas emissions

The method for recording greenhouse gas emissions (Scope 1, Scope 2 and Scope 3) is based on the GHG Protocol¹.

Scope 2 emissions are calculated using the location-based and market-based method.

Scope 1

In order to calculate Scope 1 emissions from stationary and mobile combustion, the official UK emission factors² are applied.

All data is based on the gross calorific value (CV). The following table shows the key conversion and emission factors

	Conversions factor l to kWh	g CO ₂ e /l	g CO ₂ e /kWh
Heating oil	10.63	2 758.57	256.79
Diesel	10.66	2 557.84	241.15
Gasoline	9.69	2 161.85	227.19
Gas (kWh)	–	–	183.97

For diesel and gasoline, the values for "average biofuel blend" were taken. For gas, the values for "100% mineral" were used, as the biogas share is shown separately.

1. ghgprotocol.org
2. www.gov.uk/government/collections/government-conversion-factors-for-company-reporting



ABOUT THIS REPORT

The recording of greenhouse gas emissions from refrigerants and processes includes carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorinated hydrocarbons (PFCs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃) emissions. The emission factors are based on the IPCC Sixth Assessment Report (AR₆).

Scope 2

The data used for electricity emission factors are based on the AIB-Database¹ production mix for 2021, for European countries including Switzerland. For other countries, we used the emission factors provided by the national authorities for the last available year. We used AIB residual mix emission factors to calculate market-based Scope 2 emissions for European companies that do not purchase certificates of origin for electricity from renewable sources.

For district heating, we use suppliers' emission factors. If these are not available, we calculate an average emission factor of 171 g CO_{2e} / kWh, based on official UK emission factors.

Scope 3

To account for measurement uncertainties, the calculated emissions for each category were increased by 25% (except category 15) and subsequently rounded up. To approximate the emissions, monetary and activity-based emission factors were taken from different databases including, but not limited to, Ecoinvent², BEIS, Exiobase, and EPA.

Category 1 – Purchased goods and services

Data taken into account

- Goods and services expenditures

Category 2 – Capital goods

Data taken into account

- Capitalized expenditures

Category 3 – Fuel- and energy-related activities

Data taken into account

- Electricity consumption

Assumption / extrapolation

- Emissions from other forms of energy
- We assumed that the unavailable data account for the same amount as the available data

Category 4 – Upstream transportation and distribution

Data taken into account

- Weight and mode of transport of imports to Swatch Group companies in Switzerland
- Distance between Switzerland and the country of origin

Assumption / extrapolation

- Emissions from transportation to destinations outside or within Switzerland
- Distances and mode of transport within the country of origin
- We assumed that the unavailable data account for the same amount of the available data

1. AIB 2021 European Residual Mix, Version 1.1, 2022-05, www.aib-net.org/facts/european-residual-mix/2021 [visited on: 01/20/2023].
2. Ecoinvent version 3.8: Wernet, G., Bauer, C., Steubing, B., Reinhard, J., Moreno-Ruiz, E., and Weidema, B., 2016. The ecoinvent database version 3 (part I): overview and methodology. The International Journal of Life Cycle Assessment, [online] 21(9), pages 1218–1230, link: springer.com/10.1007/s11367-016-1087-8 [visited on: 01/21/2022].



ABOUT THIS REPORT

Category 5 – Waste generated in operations**Data taken into account**

- Weight and type of waste, including non-hazardous waste, hazardous waste, metals and batteries
- Waste disposal methods: recycled, incinerated with or without energy recovery, landfilled and others
- Discharged wastewater

Category 6 – Business trips**Data taken into account**

- Flight data and associated emissions according to information provided by travel agencies managing most Swatch Group companies

Assumption / extrapolation

- Emissions for the rest were extrapolated from the available data based on the number of employees
- We assumed emissions for train and rental car travel are 5% of flight emissions

Category 7 – Commuting**Data taken into account**

- Data on employees' journeys to and from work were collected via a voluntary survey at some Swatch Group companies

Assumption / extrapolation

- Emissions for the rest were extrapolated based on the number of employees

Category 8 – Upstream leased assets**Data taken into account**

- Number of boutiques and shop-in-shops with no direct consumption data

Assumption / extrapolation

- Square meter measurements for boutiques and shop-in-shops
- Electricity consumption per square meter

Category 9 – Downstream transportation**Data taken into account**

- Weight and mode of transport of exports from Swatch Group companies located in Switzerland
- Distance between Switzerland and the country of destination

Assumption / extrapolation

- Emissions from transportation that originated outside of Switzerland, or remained within Switzerland
- Distances and mode of transport within the country of destination
- We assumed that the unavailable data account for the same amount of the data taken into account

Category 10 – Processing of sold products**Data taken into account**

- Energy consumed when assembling products of Renata and EM Microelectronics

Assumption / extrapolation

- We assumed emissions for processing of other sold products of the Swatch Group companies represent another 15%



ABOUT THIS REPORT

Category 11 – Use of sold products**Data taken into account**

- Number of quartz watches sold by Swatch Group companies

Assumption / extrapolation

- Number of battery replacements

Category 12 – End-of-life treatment of sold products**Data taken into account**

- Weight of products sold

Category 13 – Downstream leased assets**Data taken into account**

- Rent received from investment properties

Category 14 – Franchises

- Not applicable. Swatch Group does not operate franchises.

Category 15 – Investments**Data taken into account**

- Scope 1 and Scope 2 emissions of companies in which Swatch Group holds shares

Volatile organic compounds (VOCs)

The classification of volatile organic compounds is based on the Swiss Ordinance on the Incentive Tax on Volatile Organic Compounds SR 814.018¹.

Hazardous waste

The classification of hazardous waste is based on the Ordinance of the Swiss Federal Department of the Environment, Transport, Energy and Communications (DETEC) on lists for the movement of waste SR 814.610.1². The ordinance is consistent with Annex III of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal.

Floor space

The usable floor space according to the building cadastre in m² was taken as the basis for buildings owned by the Group and those rented from third parties. Rooms open on one or more sides are not taken into consideration for this figure.

GRI DISCLOSURE 2-4**Restatement of information**

Water withdrawal from a single source was not taken into account in previous years. This totals around 200 000 m³ per year. The values for 2022, 2021 and 2020 were adjusted accordingly.

The conversion of heating oil consumption from liters to GWh was not correctly carried out in 2022. The correct value is 10.1 GWh (12.5 GWh were reported). Accordingly, the values for total energy consumption, heat intensity and energy intensity for 2022 were marginally adjusted.

1. fedlex.admin.ch/eli/cc/1997/2972_2972_2972/en

2. fedlex.data.admin.ch/eli/cc/2005/714



GRI CONTENT INDEX

Swatch Group has reported in accordance with the GRI Standards for the period 01/01/2023 – 12/31/2023.

AR = Annual Report 2023

GRI Standard (year)	Disclosure	Answer / exclusion
GRI 1 (2021)	Foundation	
GRI 2 (2021)	General Disclosures	
Disclosure 2-1	Organizational details	P. 4, AR P. 118
Disclosure 2-2	Entities included in the organization's sustainability reporting	P. 129
Disclosure 2-3	Reporting period, frequency and contact point	P. 129, 147
Disclosure 2-4	Restatements of information	P. 132
Disclosure 2-5	External assurance	P. 141
Disclosure 2-6	Activities, value chain and other business relationships	P. 5-11, 111
Disclosure 2-7	Employees	P. 94-95
Disclosure 2-8	Workers who are not employees	Swatch Group has no workers who are not employees according to the definition of GRI 2-8.
Disclosure 2-9	Governance structure and composition	P. 28-29, AR P. 121-124, 195
Disclosure 2-10	Nomination and selection of the highest governance body	AR P. 122
Disclosure 2-11	Chair of the highest governance body	AR P. 121
Disclosure 2-12	Role of the highest governance body in overseeing the management of impacts	P. 12, 19, 28-29
Disclosure 2-13	Delegation of responsibility for managing impacts	P. 19, 28-29
Disclosure 2-14	Role of the highest governance body in sustainability reporting	P. 19, 28-29
Disclosure 2-15	Conflicts of interest	AR P. 118, 119, 122, 127, 199, 200
Disclosure 2-16	Communication of critical concerns	P. 28-29



GRI CONTENT INDEX

GRI Standard (year)	Disclosure	Answer / exclusion
Disclosure 2–17	Collective knowledge of the highest governance body	The Board of Directors is in contact with various stakeholders on economic, environmental, and social issues and is informed and involved in key decisions concerning sustainability. Accordingly, the Board of Directors is further developing its already solid and collective knowledge of the sustainability aspects relevant to Swatch Group.
Disclosure 2–18	Evaluation of the performance of the highest governance body	Information unavailable – the Board of Directors of Swatch Group does not yet carry out any self-evaluation regarding the sustainable development of the company.
Disclosure 2–19	Remuneration policies	AR P. 196–198
Disclosure 2–20	Process to determine remuneration	AR P. 195
Disclosure 2–21	Annual total compensation ratio	Confidentiality constraints – Swatch Group does not communicate disclosures on median compensation for confidentiality reasons.
Disclosure 2–22	Statement on sustainable development strategy	P. 3
Disclosure 2–23	Policy commitments	P. 37–38
Disclosure 2–24	Embedding policy commitments	P. 37–38
Disclosure 2–25	Processes to remediate negative impacts	P. 22
Disclosure 2–26	Mechanisms for seeking advice and raising concerns	P. 22, 37–38
Disclosure 2–27	Compliance with laws and regulations	P. 42
Disclosure 2–28	Membership associations	P. 23–25
Disclosure 2–29	Approach to stakeholder engagement	P. 21–22
Disclosure 2–30	Collective bargaining agreements	P. 96



GRI CONTENT INDEX

GRI Standard (year)	Disclosure	Answer / exclusion
GRI 3 (2021)	Material topics	
Disclosure 3–1	Process to determine material topics	P. 19
Disclosure 3–2	List of material topics	P. 19–20
CORPORATE AND GOVERNANCE		
Governance, ethics & compliance		
GRI 3 (2021)	Material Topics	
Disclosure 3–3	Management of material topics	P. 27
GRI 205: Anti-corruption (2016)		
Disclosure 205–2	Communication and training about anti-corruption policies and procedures	P. 42
Disclosure 205–3	Confirmed incidents of corruption and actions taken	P. 42
GRI 408: Child Labor (2016)		
Disclosure 408–1	Operations and suppliers at significant risk for incidents of child labor	P. 37–38, 113–116
GRI 409: Forced or Compulsory Labor (2016)		
Disclosure 409–1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	P. 37–38
Climate-related risks and opportunities		
GRI 3 (2021)	Material Topics	
Disclosure 3–3	Management of material topics	P. 43
GRI 201: Economic Performance (2016)		
Disclosure 201–2	Financial implications and other risks and opportunities due to climate change	P. 43–48
Economic performance		
GRI 3 (2021)	Material Topics	
Disclosure 3–3	Management of material topics	P. 49
GRI 201: Economic Performance (2016)		
Disclosure 201–1	Direct economic value generated and distributed	P. 50
GRI 207: Tax (2019)		
Disclosure 207–1	Approach to tax	P. 50–51
Disclosure 207–2	Tax governance, control, and risk management	P. 50–51
Disclosure 207–3	Stakeholder engagement and management of concerns related to tax	P. 50–51



GRI CONTENT INDEX

GRI Standard (year)	Disclosure	Answer / exclusion
Innovation		
GRI 3 (2021) Disclosure 3–3	Material Topics Management of material topics	P. 52
GRI 203: Indirect Economic Impacts (2016)		
Disclosure 203–2	Significant indirect economic impacts	P. 52–54
ENVIRONMENT		
Energy and emissions		
GRI 3 (2021) Disclosure 3–3	Material Topics Management of material topics	P. 57
GRI 302: Energy (2016)		
Disclosure 302–1	Energy consumption within the organization	P. 65
Disclosure 302–3	Energy intensity	P. 65
Disclosure 302–4	Reduction of energy consumption	P. 65
GRI 305: Emissions (2016)		
Disclosure 305–1	Direct (Scope 1) GHG emissions	P. 67–68, 129
Disclosure 305–2	Energy indirect (Scope 2) GHG emissions	P. 67, 69, 130
Disclosure 305–3	Other indirect (Scope 3) GHG emissions	P. 67, 70–71, 130–132
Disclosure 305–4	GHG emissions intensity	P. 69
Disclosure 305–5	Reduction of GHG emissions	P. 67
Disclosure 305–7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	P. 72, 132
Product design and the circular economy		
GRI 3 (2021) Disclosure 3–3	Material Topics Management of material topics	P. 73
GRI 301: Materials (2016)		
Disclosure 301–2	Recycled input materials used	P. 75
Disclosure 301–3	Reclaimed products and their packaging materials	P. 76–77



GRI CONTENT INDEX

GRI Standard (year)	Disclosure	Answer / exclusion
GRI 306: Waste (2020)		
Disclosure 306-1	Waste generation and significant waste-related impacts	P. 73
Disclosure 306-2	Management of significant waste-related impacts	P. 73
Disclosure 306-3	Waste generated	P. 79
Disclosure 306-4	Waste diverted from disposal	P. 79
Disclosure 306-5	Waste directed to disposal	P. 79
Water		
GRI 3 (2021)	Material Topics	
Disclosure 3-3	Management of material topics	P. 82
GRI 303: Water and Effluents (2018)		
Disclosure 303-1	Interactions with water as a shared resource	P. 82
Disclosure 303-2	Management of water discharge-related impacts	P. 82
Disclosure 303-3	Water withdrawal	P. 84
Disclosure 303-4	Water discharge	P. 84
Disclosure 303-5	Water consumption	P. 84
Biodiversity		
GRI 3 (2021)	Material Topics	
Disclosure 3-3	Management of material topics	P. 85
GRI 304: Biodiversity (2016)		
Disclosure 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	P. 87-88
Disclosure 304-2	Significant impacts of activities, products and services on biodiversity	P. 85
Disclosure 304-3	Habitats protected or restored	P. 86



GRI CONTENT INDEX

GRI Standard (year)	Disclosure	Answer / exclusion
SOCIAL		
Employees, diversity and equal opportunities		
GRI 3 (2021)	Material Topics	
Disclosure 3–3	Management of material topics	P. 91
GRI 401: Employment (2016)		
Disclosure 401–1	New employee hires and employee turnover	P. 95
GRI 405: Diversity and Equal Opportunity (2016)		
Disclosure 405–1	Diversity of governance bodies and employees	P. 95
Disclosure 405–2	Ratio of basic salary and remuneration of women to men	P. 92–94
GRI 406: Non-discrimination (2016)		
Disclosure 406–1	Incidents of discrimination and corrective actions taken	P. 95
GRI 407: Freedom of Association and Collective Bargaining (2016)		
Disclosure 407–1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P. 96
Occupational health and safety		
GRI 3 (2021)	Material Topics	
Disclosure 3–3	Management of material topics	P. 98
GRI 403: Occupational Health and Safety (2018)		
Disclosure 403–1	Occupational health and safety management system	P. 98
Disclosure 403–2	Hazard identification, risk assessment, and incident investigation	P. 99
Disclosure 403–4	Worker participation, consultation, and communication on occupational health and safety	P. 99
Disclosure 403–5	Worker training on occupational health and safety	P. 99–100
Disclosure 403–6	Promotion of worker health	P. 100
Disclosure 403–7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P. 101
Disclosure 403–9	Work-related injuries	P. 101



GRI CONTENT INDEX

GRI Standard (year)	Disclosure	Answer / exclusion
Training and education and preservation of arts and artisanship		
GRI 3 (2021)	Material Topics	
Disclosure 3–3	Management of material topics	P. 102
GRI 404: Training and Education (2016)		
Disclosure 404–1	Average hours of training per year per employee	P. 106
SOURCING		
GRI 3 (2021)	Material Topics	
Disclosure 3–3	Management of material topics	P. 110
GRI 204: Procurement Practices (2016)		
Disclosure 204–1	Proportion of spending on local suppliers	P. 116–117
GRI 301: Materials (2016)		
Disclosure 301–1	Materials used by weight or volume	P. 111–112
Disclosure 301–2	Recycled input materials used	P. 120–123
GRI 308: Supplier Environmental Assessment (2016)		
Disclosure 308–1	New suppliers that were screened using environmental criteria	P. 117–119
Disclosure 308–2	Negative environmental impacts in the supply chain and actions taken	P. 117–119
GRI 408: Child Labor (2016)		
Disclosure 408–1	Operations and suppliers at significant risk for incidents of child labor	P. 113–116
GRI 414: Supplier Social Assessment (2016)		
Disclosure 414–1	New suppliers that were screened using social criteria	P. 117–119
Disclosure 414–2	Negative social impacts in the supply chain and actions taken	P. 117–119



TRANSPARENCY REGARDING NON-FINANCIAL MATTERS IN ACCORDANCE WITH ART. 964 CO

This sustainability report was produced in accordance with Art. 946a et seq. of the Swiss Code of Obligations (CO). The sustainability report was approved by the Swatch Group Board of Directors on March 6, 2024 and will be submitted to the Ordinary General Meeting for approval on May 8, 2024.

Non-financial matters	Content	Response
Business model		P. 5–11
Environmental matters	Concepts and due diligence	P. 12–15, 58–59, 74, 83, 87
	Measures	P. 29–36, 57, 60–63, 73–77, 82–83, 85–86, 89, 116–119, 126–127
	Risks	P. 43–48, 57, 73, 82, 85
	Performance indicators	P. 57, 63–73, 78–79, 82–85, 87
Social matters	Concepts and due diligence	P. 12–15, 22–25, 31–32, 36–38, 111
	Measures	P. 21–25, 31–32, 110, 117–119
	Risks	P. 22
	Performance indicators	P. 21, 27, 110
Employee matters	Concepts and due diligence	P. 12–15, 92, 96–97, 100
	Measures	P. 91–94, 99–103
	Risks	P. 91, 99, 103
	Performance indicators	P. 94–97, 102
Respect for human rights	Concepts and due diligence	P. 12–15, 36–38, 111, 113
	Measures	P. 27, 110, 114–116, 117–119
	Risks	P. 27
	Performance indicators	P. 27, 110
Fighting corruption	Concepts and due diligence	P. 12–15, 37–38, 42
	Measures	P. 27, 42, 117–119
	Risks	P. 27
	Performance indicators	P. 27, 42
Due diligence and transparency with regard to minerals and metals from conflict-affected areas and child labor	Minerals and metals	P. 111–112, 120–123
	Child labor	P. 113–116

GRI DISCLOSURE 2-5

LIMITED ASSURANCE REPORT ON SELECTED SOURCING DISCLOSURES

Independent practitioner's limited assurance report on selected sourcing disclosures in the Sustainability Report 2023 to the Management of The Swatch Group AG

Neuchâtel

We have been engaged by Management to perform assurance procedures to provide limited assurance on selected sourcing disclosures as disclosed in the Sustainability Report 2023 of The Swatch Group AG for the period ended 31 December 2023. The respective sourcing disclosures (hereby called as "the selected sourcing disclosures") are the following ones:

- The table "Supply chain review" under the chapter "Minerals and metals from conflict affected Areas" on page 112;
- The pie-chart in the "Precious metal sourcing" chapter on page 120;
- The overview "the Countries of origin for primary gold in the year under review" under the "Precious metal sourcing" chapter on page 121.

The selected sourcing disclosures in the Sustainability Report 2023 was prepared by the Management of The Swatch Group AG (the 'Company') based on the Global Reporting Initiative Standards 301 Materials (the "reporting Criteria") as disclosed in the "Minerals and metals from conflict-affected areas" section and the "Sourcing" section in the Sustainability Report 2023.

Inherent limitations

The accuracy and completeness of the selected sourcing disclosures in the Sustainability Report 2023 are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. In addition, the quantification of the selected sourcing disclosures in the Sustainability Report 2023 is subject to inherent uncertainty because of incomplete scientific knowledge used to determine



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LIMITED ASSURANCE REPORT ON SELECTED SOURCING DISCLOSURES

factors related to the selected sourcing disclosures in the Sustainability Report 2023 and the values needed to combine e.g. emissions of different gases. Our assurance report will therefore have to be read in connection with the reporting Criteria used by The Swatch Group AG, its definitions and procedures as disclosed in the “Minerals and metals from conflict-affected areas” section and in the “Sourcing” section in the Sustainability Report 2023.

Management's responsibility

The Management of The Swatch Group AG is responsible for the selected sourcing disclosures in the Sustainability Report 2023 in accordance with the reporting Criteria as disclosed in the “about this report” section in the Sustainability Report 2023. This responsibility includes the design, implementation and maintenance of the internal control system related to the selected sourcing disclosures in the Sustainability Report 2023 that are free from material misstatement, whether due to fraud or error. Furthermore, the Management is responsible for the selection and application of the reporting Criteria and the related record keeping.

Independence and quality management

We are independent of The Swatch Group AG in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers AG applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to perform an assurance limited engagement and to express a conclusion on the selected sourcing disclosures in the Sustainability Report 2023. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised)



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LIMITED ASSURANCE REPORT ON SELECTED SOURCING DISCLOSURES

‘Assurance engagements other than audits or reviews of historical financial information’. Those standards require that we plan and perform our procedures to obtain limited assurance whether anything has come to our attention that causes us to believe that the selected sourcing disclosures in the Sustainability Report 2023 was not be prepared, in all material aspects, in accordance with the reporting Criteria.

Based on risk and materiality considerations, we performed our procedures to obtain sufficient and appropriate assurance evidence. The procedures selected sourcing depend on the assurance practitioner’s judgement. A limited assurance engagement under ISAE 3000 (Revised) is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

We performed the following procedures, among others:

- **Evaluation of the suitability and the application of The Swatch Group AG guidelines**
Reviewing the application of The Swatch Group AG internal ESG reporting guidelines together with the reporting Criteria;
- **Site visit and management inquiry**
Performing site visit procedures (the selection will be based on quantitative and qualitative criteria);
Interviewing personnel responsible for internal reporting and data collection at the selected sourcing sites and at Corporate level;
- **Assessment of the management and reporting processes**
Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected sourcing disclosures in the Report;



LIMITED ASSURANCE REPORT ON SELECTED SOURCING DISCLOSURES

- **Review of documentation and analysis of relevant policies and principles**
Reviewing relevant documentation on a sample basis, including The Swatch Group AG's ESG policies, management of reporting structures and documentation;
- **Assessment of the key figures and reading of other information**
Performing tests on a sample basis of evidence supporting the selected sourcing performance indicators concerning completeness, accuracy, adequacy and consistency.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the work we performed, nothing has come to our attention that causes us to believe that the selected sourcing disclosures as disclosed on the pages 112 and 120 to 121 in the Sustainability Report 2023 of The Swatch Group AG for the period ended 31 December 2023 are not prepared, in all material respects, in accordance with the reporting Criteria as disclosed in the "Minerals and metals from conflict-affected areas" section and in the "Sourcing" section in the Sustainability Report 2023.

Intended users and purpose of the report

This report is prepared for, and only for, the Management of The Swatch Group AG, and solely for the purpose of reporting to them on selected sourcing disclosures in the Sustainability Report 2023 and no other purpose. We do not, in giving our conclusion, accept or assume responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which our report including the conclusion may be used, or to any other person to whom our report is shown or into whose hands it may come, and no other persons shall be entitled to rely on our conclusion.

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PricewaterhouseCoopers AG

Thomas Brüderlin Petar Lesic

Basel, 06 March 2024

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GLOSSARY

AIMD Active implantable medical device AIMD	CSEM Centre suisse d'électronique et de microtechnique / Swiss Center for Electronics and Microtechnology Swiss research and development center working in the fields of microfabrication, digitalization and renewable energies	FAO Food and Agriculture Organization of the United Nations	IEC International Electrotechnical Commission
BVO Bewirtschaftungsverordnungen Elektrizität / Electricity Management Ordinances		FEPS Far East Procurement Services of Swatch Group	IGSU Interessengemeinschaft Saubere Umwelt / Swiss competence centre against littering
CEN European Committee for Standardization	DDTrO Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour	FH Fédération de l'industrie horlogère / Federation of the Swiss Watch Industry	ILO International Labour Organization
ChemMAP Chemical management and verification system	DNA Deoxyribonucleic acid	FHNW University of Applied Sciences Northwestern Switzerland	IoT Internet of things
CIBJO Confédération Internationale de Bijouterie, Joaillerie, Orfèvrerie, des Diamants, Perles et Pierres / International Association for Jewelry, Silverware, Diamonds, Pearls and Stones	EFG Edge-defined Filmfed Growth	FOEN Swiss Federal Office for the Environment	IPCC Intergovernmental Panel on Climate Change
CITES Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention)	EN European Standards	FTIR Fourier transform infrared spectrometer	ISO International Organization for Standardization
CLA Collective labor agreement.	EnAW Energy Agency of the Swiss Private Sector	GHG Greenhouse gases	KPCS Kimberley Process Certification Scheme
CMOS Complementary metal-oxide-semiconductor	EPFL Ecole Polytechnique Fédérale de Lausanne	GRI Global Reporting Initiative – an NGO that produces the most widely used sustainability reporting standards in the world (GRI Standards)	KWh Kilowatt hour
CO₂eq CO ₂ -equivalent	ESG Environmental, Social, Governance	IC Integrated Circuit	LBMA London Bullion Market Association
CP Convention patronale de l'industrie horlogère suisse / Employers' Association of the Swiss watch industry	ETA ETA Manufacture Horlogère SA, subsidiary of Swatch Group	ICB Ingénieurs Conseils en Brevets P.A.	LCA Life Cycle Assessment
	ETHZ Swiss Federal Institute of Technology Zurich	ICFA International Crocodilian Farmers Association	LTIF Lost Time Injury Frequency
			MWh Megawatt hour



GLOSSARY

OCXO

Oven Controlled Crystal Oscillator

OECD

Organisation for Economic Cooperation and Development

OHS

Occupational health and safety

Ostral

Organisation für Stromversorgung in Ausserordentlichen Lagen / Organization for Power Supply in Extraordinary Situations

PPA

Power Purchase Agreement

QA audit

Quality assurance audit

REACH

EU Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals

RJC CoC

Responsible Jewellery Council Chain of Custody

RJC CoP

Responsible Jewellery Council Code of Practices

RoHS

Restriction of Hazardous Substances – EU directive

RS audit

Responsible sourcing audit

RSL

Restricted Substances List

RTC

Real Time Clock

SA 8000

International standard from Social Accountability International (SAI) for the improvement of working conditions

SAV

Schweizerischer Arbeitgeberverband / Swiss Employers' Association

SCR

Social Corporate Responsibility

SDGs

Sustainable Development Goals of the United Nations

SG

Swatch Group

SGMS

Swatch Group Management Services

SIS

Shop in Shops

SMUV

Schweizerischer Metallarbeiter- und Uhrenarbeiterverband / Swiss Metalworkers' and Watchmakers' Union

SN

Abbreviations before standard numbers of the Swiss Standards Association (SNV)

SNV

Swiss Standards Association

STEP

Station d'épuration (water treatment plant)

SVHC

Substances of very high concern

TCFD

Task Force on Climate-Related Financial Disclosures

VOC

Volatile organic compounds

VSE

Verband Schweizerischer Elektrizitätsunternehmen / Association of Swiss Energy Companies

WDXRF analysis

Wavelength dispersive X-ray fluorescence spectrometer

WEEE

Waste from Electrical and Electronic Equipment (Directive 2012/19/EU)

WOSTEP

Watchmakers of Switzerland Training and Educational Program

WPO

Waters Protection Ordinance

WWTP

Wastewater treatment plant



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