

OVERVIEW INSIGHT VISION

SUSTAINABILITY REPORT



SWAROVSKI
OPTIK

SUSTAINABLE
MANAGEMENT
*FOR THE BENEFIT
OF ALL*



Sustainable management means: anyone who wants fruit from a tree should not cut it down, but only pick the fruit from it. This is because a sustainable economy is an economy geared up for the future. However, this can only be achieved if a company also enjoys financial success. One striking observation during the current financial crisis has been that companies operating on sustainable principles have performed significantly better. Expansion per se is not dangerous, but the rate at which it is carried out can lead to mistakes. The notion of maximizing profits in the short term was the approach in the past. Nowadays, it's about us leaving future generations a social and economic fabric that is also ecologically intact. This is ultimately for the benefit of us all.

*SEEING AND
PRESERVING*
PRECIOUS
MOMENTS



All life comes from nature. It provides us with what we need to exist. If we want to conserve nature, which is our source of life, we must use the natural resources of soil, air, and water in a sustainable manner and preserve the diversity of species. Even the loss of just a single species can have an impact on the entire ecosystem. If nature is destroyed, we lose part of our home, identity, beauty, and culture. On the other hand, an undamaged environment provides a source of new joy, inspiration, and energy every day. This is precisely why our aim is to help people to love nature and encourage them to treat it with care and respect as a guest.

IT IS PEOPLE
WHO ARE *AT*
THE HEART OF
OUR BUSINESS



We operate in an inclusive, holistic manner in our dealings with society just as we do with our employees, customers, owners, suppliers, and partner companies, as well as with anyone else who comes into contact with us. We foster a culture of trust, respect, support, and tolerance. We create positive, motivating, and healthy working and learning conditions, and offer a fair, living wage. After all, work should ideally provide a source of health and enjoyment of life. We establish sound partnerships and endeavor to be good neighbors.



*SWAROVSKI OPTIK
brings people closer to
the preciousness of the
moment and shares with
them the joy of observing
and the fascination for
the beautiful and hidden.*

*The world belongs to
those who can see beauty.
Experience the moment.*

SEE THE UNSEEN

















—INTRODUCTION

“Constantly improving what is good” – this was the principle that guided Daniel Swarovski, who founded the company Swarovski almost 120 years ago, brimming with courage and a pioneering spirit. Indeed, this core value of our corporate philosophy motivates us today as it did then. The term “sustainability” was used nowhere near as often in Daniel Swarovski’s time as it is now. He regarded sustainability as a natural progression and also a logical consequence of his objectives: anyone who wants to engage successfully in economic activity for the benefit of all must do their best and endeavor to include all the relevant factors in this process.

Wilhelm Swarovski, my great-grandfather and founder of SWAROVSKI OPTIK, saw nature as a refuge, a source of inspiration, as well as an experimenting ground for new products. The “Habicht,” which is not only the German word for “hawk,” but also a striking mountain peak in the Stubai Alps, was for him the perfect symbol of what the company was about and of the purpose of our products. He liked this double meaning so much that he chose the hawk as the company logo. In a lot of old advertising material you can still see the mountain peak along with this bird of prey. It was used to advertise the first range of binoculars, the “Habicht,” which are still being manufactured today.

What sustainability is really about is the imposing mountain peak, older than time immemorial, a silent witness of the Earth’s history. It is about the majestic bird of prey, an active link in the chain of give and take. And then there are the binoculars, manufactured more than 60 years ago, still available and functioning as well as ever today. They carry the patina formed from the signs of usage with dignity, and bring the mountain and bird completely to life for us humans in their every detail. Our products, made by and for human hands and standing the test of decades, thrive from and for the beauty of nature and enjoyment of precious moments. Manufacturing and working for these products gives us pleasure and has meaning. And this, in turn, is a foundation for our success.

We are intertwined in this link between meaning and responsibility; it affects every aspect of our lives. We create a working environment where everyone feels comfortable, and we are committed to ensuring long-term job security. We promote an atmosphere fostering appreciation for everyone, diversity, and equal opportunities. As a family company, we can only safeguard our financial independence and increase our value by pursuing continuous, steady growth.

This is the path we must follow to safeguard SWAROVSKI OPTIK for future generations. Our vision and logo convey the significance that sustainability has for SWAROVSKI OPTIK, as an integral feature itself: on the one hand, courage, appreciation of quality, and foresight and, on the other, treating each other and nature with consideration. This “spirit” of SWAROVSKI OPTIK – the very soul of our company – has made us strong and successful, and obliges us to act responsibly for the good of all, which involves harmonizing financial, environmental, and social aspects.

With our first sustainability report, which we have drafted in accordance with the G4 standard of the Global Reporting Initiative (GRI), we want to present to you – and also to ourselves – an extensive picture of what we have been doing. We have a deep connection with the tradition that the term “sustainability” represents in our company, and we continue to promote it actively, not only in a quite specific manner with this report, which you are holding, but also through our daily work and our products. We have already achieved a great deal in the process, while also continuing to remain true to Daniel Swarovski’s guiding principle “Constantly improving what is good.”

CARINA SCHIESTL-SWAROVSKI
Chairwoman of the Executive Board

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It goes without saying that gender equality is an absolute must. It is paramount for us to highlight its importance in the documents we produce as well. However, with the aim of making the text easier to read, we have decided in numerous cases to use expressions that are not gender-specific. But where gender-related terms are used, they will always apply to both genders. Furthermore, we would like to point out that the use of the term “customers” in the sustainability report refers primarily to end consumers.

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01 *A VISIONARY* COMPANY

— 1.1 *AT A GLANCE* *ORGANIZATIONAL STRUCTURE*

OUR COMPANY'S BUSINESS

Our aim is to help people to love nature and encourage them to treat it with care and respect as a guest. What we want is for people to discover the world's beauty with the eyes of the hawk and be able to enjoy those precious moments.

SWAROVSKI OPTIK manufactures products that encourage people to experience nature, to appreciate its value, to commune with it, and to ensure its continuity.

In other words, our company's business is about the long-term vision in every respect. This is because we operate with a sense of responsibility now and will continue to do so in the future, in every enterprising endeavor and area of activity we are involved in.

As a family firm, with strong roots in Tyrol, an area of exceptional beauty, we consider it our duty to care for the environment, protect nature, and preserve the diversity of species. Our definite commitment to the company's location in Absam means that we are making a major contribution to the region's strong development. There is also SWAROVSKI OPTIK's support for sustainable growth and continuity down the generations.

ORGANIZATIONAL STRUCTURE

As part of the Swarovski group of companies, SWAROVSKI OPTIK is primarily a manufacturer of brand-name articles for end consumers, but also operates in the industrial and public sectors.

Kahles GmbH is a subsidiary of SWAROVSKI OPTIK and an international pioneer in long-range optics. Kahles is run as an independent company, with its own management, development, and production site. Kahles has a clearly distinct range of products from SWAROVSKI OPTIK.

LOOKING BACK

Wilhelm Swarovski founded SWAROVSKI OPTIK 65 years ago.

As a keen amateur astronomer, he wanted "to be a bit closer to the stars." This stirred the ambition in him to build his own improved binoculars, thus laying the foundation for a company that operates globally nowadays.



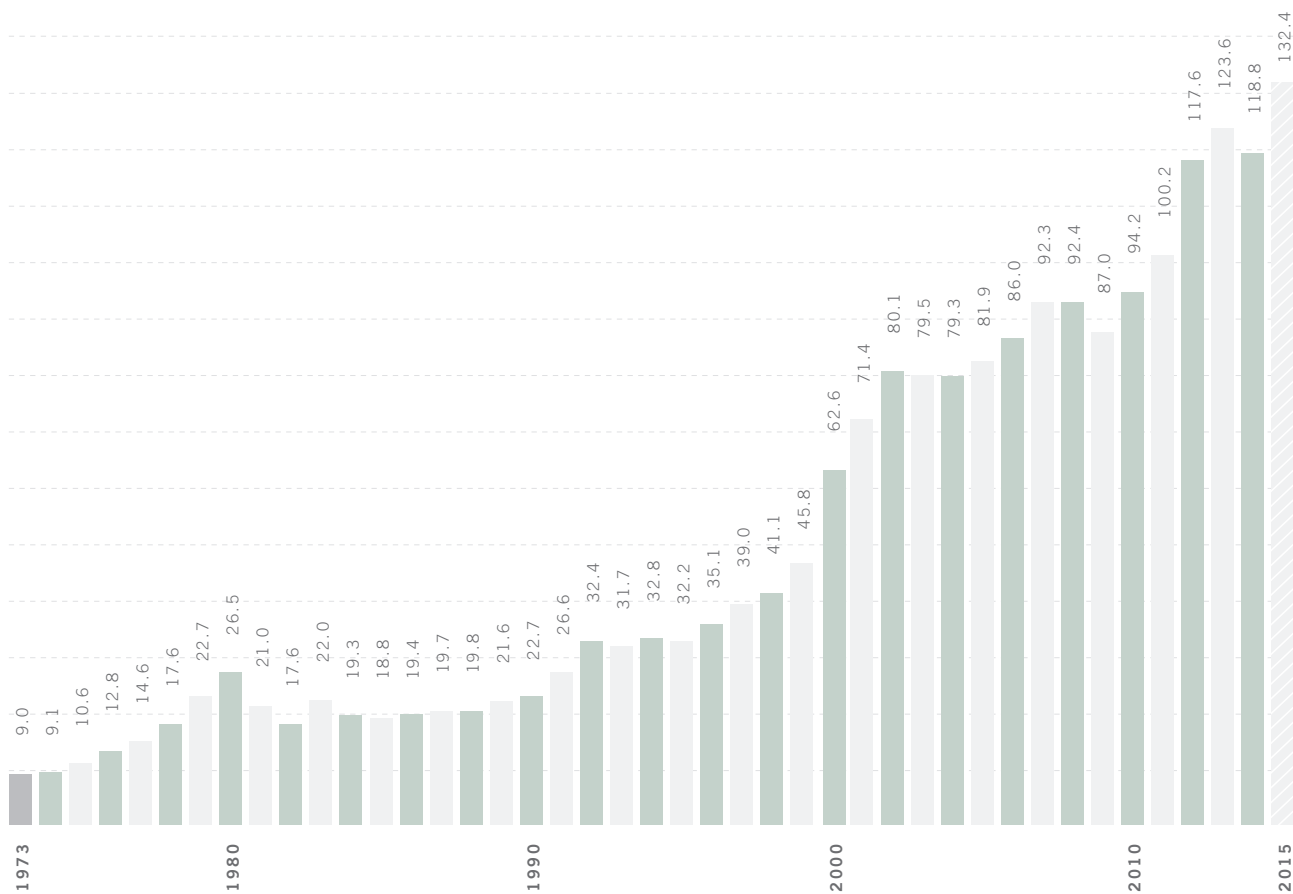
TURNOVER DEVELOPMENT

SWAROVSKI OPTIK runs its business in a sustainable manner, as is also reflected in its business performance in recent years. In 2011 the company successfully broke through, for the first time, the 100-million euro mark in terms of turnover.

In 2014 it posted an annual turnover of 118.8 million euro. In spite of a tough global economic climate, it has managed to impress its customers again. The crucial factors were the launch of numerous new products on the market, as well as the steady, high demand

for proven high-quality, long-range optical products from SWAROVSKI OPTIK.

This successful turnover growth highlights the long-term success of our strong focus on innovation and quality, and also indicates that our strategy of focusing on sustainable business growth is bearing fruit. We regard economic sustainability as a long-term matter because we are not thinking just about the next five or ten years, but about future generations.



Export share: 91%

MADE IN TYROL

Both the company's head office and main product site are located in Absam, in the midst of the Alps. The location where a high-quality product is manufactured is crucial. Tyrol is home to workers who are highly qualified and who also guarantee the quality of the

products and approach new developments with a spirit of innovation. SWAROVSKI OPTIK has always had a definite commitment to this site, a place where the company has strong roots.



KEEPING EXPERTISE IN-HOUSE

SWAROVSKI OPTIK is very clearly committed to production in Austria and to its company site in Absam. The development of all SWAROVSKI OPTIK products, including their design, optical calculation and construction plan, is carried out at SWAROVSKI OPTIK's site in Absam, if necessary, in collaboration with external partners involved in innovative technologies. We foster an "open innovation" culture to keep our products competitive and fit for the future. Based on production costs, the Austrian value-added contribution of our products is far more than 50%.

We only allow individual components to be manufactured externally, if the suppliers can fulfill our quality requirements. The suppliers are selected carefully and are constantly subject to checks. All components are subject to stringent inspection before they are then integrated into our equipment.

Our products are assembled here in Absam and inspected according to SWAROVSKI OPTIK's quality requirements. The only exception is in the case of rifle scope models for the US market, which have their own assembly site in Cranston, Rhode Island.

Our love for beautiful products, precise manufacture, attention to detail, and compliance with the highest standards in every company activity are all features of our culture. As a world-leading manufacturer, SWAROVSKI OPTIK combines future-oriented industrial technologies with the demand for the highest craftsmanship.

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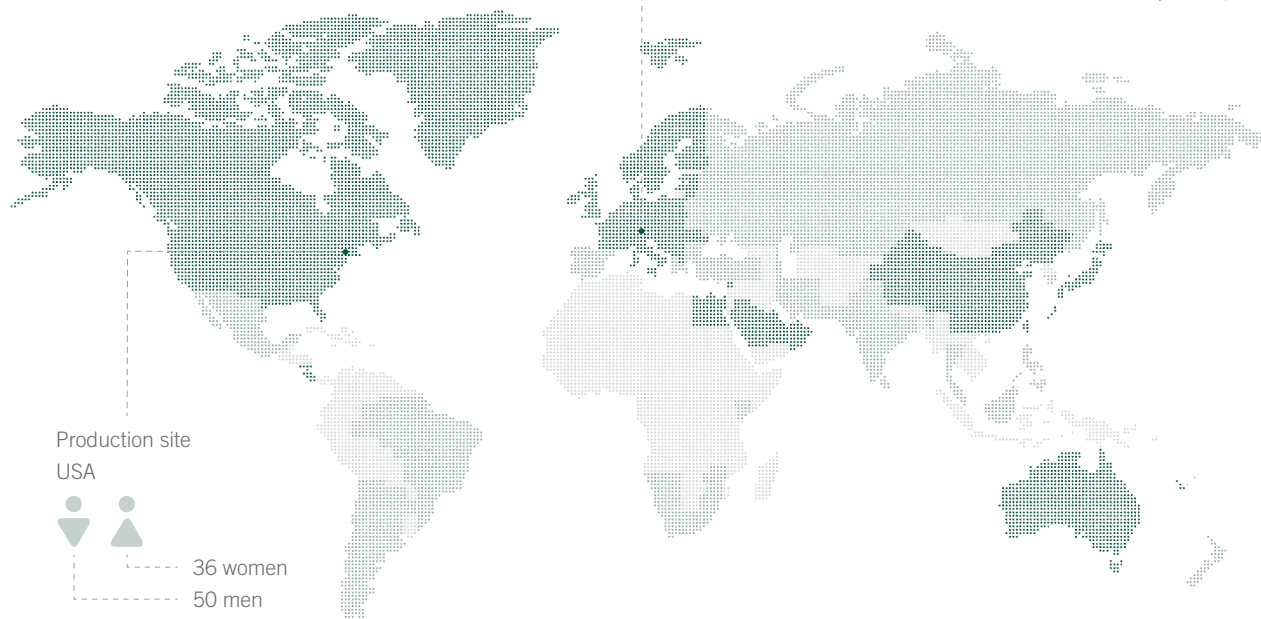
The site at Absam is part of the SWAROVSKI OPTIK brand's identity. The employees, their skills, and state-of-the-art technologies, as well as the unique surroundings have left a strong mark on the brand and its value system over several decades. This instills trust.

Gerd Schreiter
Member of the Executive Board
for Technical Operations

”

SWAROVSKI OPTIK WORLDWIDE

SWAROVSKI OPTIK is represented across the globe in 85 countries, with direct sales operations in 47 countries, including Austria, Germany, Switzerland, Belgium, France, the UK, Sweden, and the USA.



SWAROVSKI OPTIK and Kahles GmbH have a global presence of around 820 employees (as of Q4 2015).

STAFF / SITES

— 1.2 *EVER CLOSER* *MAIN BUSINESS AREAS*

SWAROVSKI OPTIK specializes in the development and manufacture of long-range optical instruments of the highest precision in the premium segment of the market. Our binoculars, spotting scopes, rifle scopes, and optronic instruments are products of choice for demanding users.

We operate in three main business areas: hunting, birding and wildlife observation, and travel and leisure. The relevant target groups are of equal value and independent alongside each other, and have evolved historically with the company. SWAROVSKI OPTIK also operates in the industrial and public sectors.

HUNTING

Given the diverse nature of our target groups, we see it as normal that there is some conflict in each of their attitudes to nature. Our own position on hunting is an important concern for us and part of our corporate identity. This attitude is also the prerequisite for us to maintain close, sincere contacts with our customers, which has been a mainstay for our success.

We regard hunting as a responsible task in harmony with nature – if it is carried out sustainably. The origin of our understanding of hunting lies in the hunting traditions of the Alpine countryside. We are committed

to our company philosophy and internationally stand by all kinds of hunting that promote and strengthen respectful contact between man and nature. The principles of hunting and its success are based on alert and active senses: respectful observation, concentrated listening, and a reliable appraisal of situations. This attitude to animals and nature reflects the essence of hunting, in our view.

Hunting is subject to separate laws in each country. We obviously regard hunting as only being legitimate if it is also carried out in a responsible manner. SWAROVSKI OPTIK opposes unnecessary animal suffering and illegal hunting practices. We believe that every creature should be appreciated and respected. We are of the opinion that meat produced by hunting (game) is an ethically correct, sustainable, regional, and high quality food that is superior to many other means of meat production, and it encourages mindful consumption of meat.

We are aware that there are differing, sometimes very emotional, opinions on the subject of “hunting,” a number of areas of conflict, and open opponents to hunting. We respect these different opinions on hunting. SWAROVSKI OPTIK supports hunting if it is carried out sustainably, responsibly, legally, and in harmony with nature.







BIRDING AND WILDLIFE OBSERVATION

Birders and wildlife observers want to explore and discover nature, see new animal species, investigate interesting behavior, and enjoy everything that nature has to offer.

Birders would like to see as many species of bird as possible, but preferably detect unusual or rare species. This involves many birders pursuing the aim of adding to their individual list that they use to record all the bird species they have seen thus far. These lists take different forms, such as a “garden list” featuring bird species that they have observed in their own garden or country lists for birds they have observed in their own country, even to the extent of a “life list” containing all the birds they have seen in their life.

Countless people all over the world have been fascinated by bird-watching over the last few decades. Birding has developed into a large movement since the 1960s and 1970s, especially in the UK and US. In the US alone there are around 17 million birders who go on birding trips every year with the aim of seeing new bird species and adding to their personal list.

One basic requirement for successful birding is high-quality optical equipment as tiny details, such as in a bird’s plumage, can be crucial in differentiating two similar bird species from each other. A good birder definitely makes sure they identify all the details. This stringent requirement is factored in to SWAROVSKI OPTIK products.

Significant product developments made by SWAROVSKI OPTIK, such as the EL family, allow birders across the globe to achieve the best observation results. The ideal binoculars for birding need to be light, compact, and equipped with brilliant optics. SWAROVSKI OPTIK is currently market leader in the sector for birding and wildlife observation. A new trend has also emerged in the last few years: digiscoping. This involves taking photos through spotting scopes or binoculars. This makes it possible to capture what is being observed on photo or film even from a long distance away. In order to preserve the diversity of bird species, we support projects in the fields of nature and species conservation. You can read more about this in Chapter 4.

TRAVEL & LEISURE

When traveling or during leisure time, many people are keen to experience special moments with greater intensity. Not only are animals, nature, and landscapes there to be discovered, but also details in buildings or at open-air events, for instance, with hidden and beautiful elements being brought into focus. Therefore, safaris, cruises, as well as city tours are excellent activities for using SWAROVSKI OPTIK binoculars.

Binoculars allow users to consciously savor the moment, become completely immersed in the present, and be amazed by hidden gems that others will miss out on. This may be an island on the horizon, the details of an old fresco, or the spire of a church tower. A pair of binoculars is a faithful companion whether you go on a holiday to a cabin in the mountains, on an expedition to the Antarctic or North Cape in Norway, or on an exciting safari in Africa. They allow the observer to share in the experience of amazing spectacles of nature, such as the sight of herds during the seasonal migration in the Serengeti, when more than a million gnus and hundreds of thousands of zebras move across the plains, and the big cats, elephants, and buffalo, as well as the vast expanse of the landscape and the starlit sky at night.

PUBLIC SECTOR

SWAROVSKI OPTIK also operates in the public sector, which is divided into civil, executive, and military areas, with only observation optics being sold to the military sector. Security forces and law enforcement agencies in many states rely on precision from SWAROVSKI OPTIK. Other users of this equipment include air traffic controllers, forest rangers, national park rangers, coastguards, mountain rescue teams, border guards, and similar institutions. All products originate from the existing product portfolio, without any custom development for the public sector. In the case of exports and sales, SWAROVSKI OPTIK naturally observes strict compliance with the law and international provisions. These transactions are checked on a regular basis, both internally and externally. The main business areas that SWAROVSKI OPTIK operates in have always been hunting, birding, and wildlife observation. The public sector accounts for 1 percent of turnover.

SWAROTEC

SWAROTEC, a division of SWAROVSKI OPTIK, specializes in the development and manufacture of custom system solutions for applications used by industrial customers. These include, for example, high-resolution imaging systems, laser-measuring modules or display integration in optical products, which are used in industrial image processing, medical and ophthalmological devices, long-range optical instruments, and automated production systems with optical process control.

— 1.3 THE PAST *AND THE PRESENT* *HISTORY AND FUTURE*

The son of the company's founder Daniel Swarovski, amateur astronomer Wilhelm Swarovski, wanted to build his own improved binoculars in 1935. To do this, he used the methods for producing and refining glass already applied in his father's business at the time for the production of gemstones. He developed a completely new production and grinding procedure for prisms that he used in the first 6x30 binoculars he made. In 1949 Wilhelm Swarovski founded SWAROVSKI OPTIK KG in Absam, Tyrol, thus laying the foundation for a long-range optics company that now operates globally. His first mass-production product, the Habicht 7x42, is still a benchmark today in hunting optics, and continues to be manufactured by SWAROVSKI OPTIK.

The Habicht range was followed by the first rifle scope in 1959, by the first extendable telescope in 1967, by the first binoculars available worldwide with rubber armoring in 1971, and, in 1976, by the first rifle scope using proprietary Nova telescope eyepiece technology to avoid eye injuries when shooting from awkward positions. In 1994 SWAROVSKI OPTIK presented the first spotting scope. The SWAROVSKI OPTIK EL were the first binoculars in the world with a wrap-around grip and were given in 1999, among other accolades, the Best of the Best Award by Field & Stream Magazine for being the development of the decade. The EL Range, featuring binoculars with an integrated laser rangefinder, has supplemented the EL family since 2011 and is nowadays part of the standard equipment of demanding hunters. Since 2007 the Z6 rifle scope line with its innovative 6x zoom has been enjoying great popularity among the international hunting community. 2012 saw with the launch of the ATX/STX, the first modular spotting scope on the market. The CL family, comprising the CL Pocket and CL Companion, offers all those interested in observing nature and enjoying other experiences a perfect combination of optical quality and

compact dimensions. More than 30 national and international awards pay tribute not only to the product's innovative strength, precision, and uncompromising quality, but also to the elegance and future-oriented design of the SWAROVSKI OPTIK brand.

SWAROVSKI ARCHIVE PROJECT

SWAROVSKI OPTIK is a company steeped in tradition, enjoying a close connection with the local area, with a history dating back more than 60 years. This historical heritage imposes a commitment to honesty and transparency.

In order to ensure this, the SWAROVSKI OPTIK Archive was set up early 2014. The Swarovski Group archive is intended to operate as an independent company archive, providing access to company-related content (in the form of documents, pictures, and exhibits) about the history of SWAROVSKI OPTIK in Absam.





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We are focusing on what has made us strong over many years: our vision, our corporate culture, our employees, and our brand. These are strengths that we will also use in the future to ensure that our company remains a pearl within the Swarovski Group. It goes without saying that we will continue to surprise and excite our customers with new products.

Carina Schiestl-Swarovski
Chairwoman of the Executive Board

”

FUTURE & CHALLENGES

SWAROVSKI OPTIK's success is based on its innovative strength, the quality and intrinsic value of its products, and their functional and esthetic design. The company has got itself in shape for the future, thanks to a comprehensive internal strategy project.



— 1.4 SUSTAINABLE NOW AND *IN THE FUTURE* *ETHICS AND INTEGRITY*

OUR UNDERSTANDING

At SWAROVSKI OPTIK we regard sustainable management as our natural approach to doing business, as well as an investment in our future. Our corporate objectives are aimed at a sustainable rise in company and brand value, global market leadership even in volatile times through greater “flexibility,” as well as profitable growth and secure jobs. We see it as our duty to improve what is good, constantly surprise our customers, and exceed their expectations.

But sustainability also means for us showing respectful behavior to people and nature, and assuming social responsibility. In the interests of value-added growth, our concern is to harmonize financial, ecological, and social aspects.

SUSTAINABLE BUSINESS STRATEGY

Our business strategy is sustainable per se. We operate sustainability across the whole value-added chain and the related strategic process. We use this strategy as a basis to set specific requirements and objectives for each single area, thus ensuring that sustainability is established throughout the company.

Our general principles are conveyed in the SWAROVSKI OPTIK model. This provides guidance for the organization as a whole and for employees individually. The core values that form the basis of our SWAROVSKI OPTIK spirit and the company's soul define how we want to implement commercial responsibility in everyday activities.

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It is important for me to know that we all have a duty of responsibility, in which everyone has their place. That's why I focus on ensuring that the cycle is complete in terms of what we give and take. This is part of the Swarovski spirit and was also our founder's philosophy of life.

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Carina Schiestl-Swarovski
Chairwoman of the Executive Board



VALUES WE LIVE BY

A VISIONARY COMPANY

Sustainable management
for the benefit of all

BUILT ON COURAGE

Giving innovation
time and space

QUALITY IS PRICELESS

Constantly improving
what is good

IT IS PEOPLE WHO ARE AT THE HEART OF OUR BUSINESS

Treating each other
with consideration

SEEING AND PRESERVING PRECIOUS MOMENTS

SEE THE UNSEEN

SWAROVSKI OPTIK MODEL

BUSINESS GUIDELINES (Corporate Governance)

Code of Conduct including international standards (e.g. according to UN, OECD),
code of behavior for employees, compliance with statutory regulations

STAKEHOLDER INVOLVEMENT

Owners, employees, sales offices, dealers, distributors, end customers, partner companies and
cooperation partners, Kahles, suppliers, media, opinion leaders, competitors, public sector and government
organizations, associations, NGOs, scientific institutions, special interest groups, society

CSR REPORTING & MONITORING

Sustainability report, environmental report, employee satisfaction analysis, codes

The “SWAROVSKI OPTIK spirit” is based on five core values that reflect
the economic, social, and environmental aspects of sustainability.

INSIGHT

Carina Schiestl-Swarovski explains what is meant by the SWAROVSKI OPTIK spirit and the soul of the company:

“The pioneering spirit has been a vital feature of our company from the outset. Desire for adventure, team spirit, and courage are values that constantly inspire us. Values such as a sense of family, the feeling of belonging, the principle that taking is always followed by giving, and social commitment are more relevant now than ever. Our social activities in particular are the mainstay of our corporate culture, from inner conviction. This is what the Swarovski spirit is about, and it is still tangible within the company even after a hundred years. It instills confidence and motivates us. It is a key element of the success of our optics.”

ACTING WITH INTEGRITY AS A BASIS FOR ALL OUR ACTIVITIES: BUSINESS GUIDELINES (Corporate Governance)

In our Code of Conduct, which we regard as our internal regulations, and the business code deriving from it, we are committed to a stable, long-term partnership with our employees, customers, owners, suppliers, partner companies, and society.

This includes us undertaking the obligation to act in an ethical manner, keep our word, and protect human rights. Our regulations set out a basic legal framework and requirements that we have voluntarily taken it upon ourselves to comply with. This Code of Conduct was updated in 2013, expanded, and adapted to international standards. A company-wide training program will reinforce the effectiveness of these instruments in 2016. The entire management team is responsible for complying with them. We are also currently working on a more in-depth Supplier Code of Conduct, which will be implemented among our core suppliers from spring 2016. Assessing whether individuals abide by these guidelines can sometimes be challenging. If employees observe any inappropriate behavior or have doubts and concerns about their own behavior, they should contact their line managers. Furthermore, we have appointed an ethics officer who can be contacted in case of doubt.

ORGANIZATIONAL INTEGRATION OF SUSTAINABILITY

SWAROVSKI OPTIK has an ongoing strategy process in which Corporate Social Responsibility (CSR) is firmly rooted. This ensures that CSR agendas are a binding feature in every area. Responsibility lies directly with the Executive Board, and it is passed down from there to every level. The CSR manager coordinates the integration of sustainability-related topics. He reports directly to the Executive Board.

This basically relates to the following activities:

- Coordination, assessment, and verification of the strategy process and of the CSR and sustainability topics relating to this with the relevant managers
- Constantly raising awareness in the company of sustainability topics
- Monitoring the measures stipulated as part of the strategy

LOOKING AHEAD

We have already achieved a great deal and carried out numerous actions in most areas of the company. By remaining true to our basic principle of constantly improving what is good, we are also continuing to set ourselves the task of reflecting on everything we do and of coming more strongly into line with the objectives of the sustainable economy. Therefore, all our financial, social, and environmental objectives are guided by our core values. All results are verified, thus ensuring transparency and providing us with ideas for further improvement.



— CULTIVATING *PARTNERSHIPS*

IN DIALOG WITH OUR STAKEHOLDERS

SWAROVSKI OPTIK has a broad stakeholder base. On the one hand, this is made up of employees, customers, owners, suppliers, shareholders, partners companies, and society. On the other hand, our stakeholders also include NGOs, political decision-makers, representatives from the scientific community and the economy, associations, and the media. We provide value-added communication as part of this.

The spirit of innovation and close relations with our customers, as well as our knowledge of their wishes and requirements ensure that we constantly update our product range. We live in a culture of openness and compliance. We owe our success to the skills of our employees and we constantly endeavor to improve them further. We foster a culture of trust, respect, support, and tolerance so that we can ensure the sustainable development and growth of our business for the benefit of all.

Our membership of and active involvement in numerous associations and networks allow us to have exchanges with other organizations and focus on sustainability. The members of the Executive Board, as well as our management and technical staff are involved in numerous associations and networks, such as: Tyrol industrialists' association, Tyrol economic association, CIC (International Council for Game and Wildlife

Conservation), Spectaris (German industrial association for optical, medical, and mechatronic technologies), and Photonics Austria.

The long-standing cooperation with numerous business partners enables us to have particularly open exchanges of ideas, which is extremely productive for both sides. We jointly come up with sustainable solutions in most cases. We cultivate an ongoing dialog with NGOs, associations, the media, scientific institutions, as well as with the Absam municipality and the population local to our site. They all give us valuable input in terms of sustainable ideas for the future, highlighting to us the constant opportunities for further development. One example mentioned of this is the collaboration with Professor Herbert Braun from the University of Natural Resources and Life Sciences in Vienna, which is described in more detail in Chapter 4. We also have regular exchanges with various hunting associations. We collaborate intensively with our partners in various nature conservation organizations on projects aimed at preserving biodiversity. The dialog with local stakeholders at our site in Absam is mainly conducted as part of personal visits to our premises, invitations to our midsummer party, plant inspections, and during meetings with the local population.

<i>STAKEHOLDER</i>	<i>INFORMATION SOURCES VIA SWAROVSKI OPTIK/DIALOG COME FROM</i>	<i>MAIN CONCERN OF STAKEHOLDERS WITH REGARD TO SWAROVSKI OPTIK</i>
End customers	<ul style="list-style-type: none"> • Trade shows (Hohe Jagd Salzburg, Birdfair, etc.) • Birding Council • Hunting Council • Contacts in Customer Service, Repairs department, etc. • End customer events (digiscoping workshops, etc.) • Viewpoint activities (Zugspitze, canopy pathway, etc.) • Corporate website (blog) and social media 	<ul style="list-style-type: none"> • Products of the highest quality and precision • Excellent service • Durability and intrinsic value of products • Maximum functionality and safe handling • Innovations • Expert contacts
Sales offices	<ul style="list-style-type: none"> • Country Manager Meeting (CMM) • Marketing and Sales Conference (MSC) • International sales calls • Monthly reports 	<ul style="list-style-type: none"> • Products of the highest quality and precision • Excellent service • Durability and intrinsic value of products • Innovations • Smooth collaboration with headquarters
Dealers, distributors	<ul style="list-style-type: none"> • Regular visits from SWAROVSKI OPTIK/sales office staff • Trade shows (Shot Show, IWA, Birdfair, etc.) • Visits to SWAROVSKI OPTIK 	<ul style="list-style-type: none"> • Products of the highest quality and precision • Excellent service • Durability and intrinsic value of products • Innovations • Partnership-based and long-term collaboration
Employees	<ul style="list-style-type: none"> • Meetings • Management talks • Staff talks • Absam Inside • Notice boards • Intranet (Lupe) • Staff events (Christmas party, midsummer party, anniversary events, etc.) • Employee satisfaction analysis • 360° feedback 	<ul style="list-style-type: none"> • Safe workplaces • Equal opportunity • Further training • Health protection • Safety in the workplace • Good working environment • Family/work balance • Sense of purpose • Happiness • Good relations • Performance-oriented and fair income
Owners	<ul style="list-style-type: none"> • Advisory board meeting • Shareholders' meeting • Supervisory board meeting • Company visits 	<ul style="list-style-type: none"> • Sustainable growth • Increase in brand and company value • Safeguarding the company for future generations • Preserving Absam as location • Family firm
Suppliers	<ul style="list-style-type: none"> • Reciprocal visits (regular or for a particular occasion) • Supplier audits • Supplier platform • Contracts 	<ul style="list-style-type: none"> • Long-term collaboration • Sustainable procurement
Partner companies and cooperation	<ul style="list-style-type: none"> • Joint projects • Contracts • Continuous exchange 	<ul style="list-style-type: none"> • Long-term collaboration



<i>STAKEHOLDER</i>	<i>INFORMATION SOURCES VIA SWAROVSKI OPTIK/DIALOG COME FROM</i>	<i>MAIN CONCERN OF STAKEHOLDERS WITH REGARD TO SWAROVSKI OPTIK</i>
Competitors	<ul style="list-style-type: none"> • Competitors • Monitoring market activities (e.g. via monthly reports, competitor benchmarking...) • Standards committees • Spectaris 	<ul style="list-style-type: none"> • Fair competition
Kahles	<ul style="list-style-type: none"> • Regular meetings (budget, projects, roadmap...) • Reciprocal company visits 	<ul style="list-style-type: none"> • Support and coordination in strategic and operational matters
Authorities and government organizations, such as Absam municipality, government of Tyrol, Ministries	<ul style="list-style-type: none"> • Company visits • Events 	<ul style="list-style-type: none"> • Payment of taxes and duties • Compliance with statutory regulations • Strengthening the region • Absolute minimum environmental impact • Energy efficiency
Associations	<ul style="list-style-type: none"> • Spectaris • CIC • Face... 	<ul style="list-style-type: none"> • Active involvement
NGOs	<ul style="list-style-type: none"> • BirdLife International 	<ul style="list-style-type: none"> • Conservation of diversity • Acting as a model, nature conservation
Media Opinion leaders	<ul style="list-style-type: none"> • Meeting at trade shows and own events (product launch events, press conferences...) • Press releases, press reports • Website (blog) • Birding Council • Hunting Council 	<ul style="list-style-type: none"> • Up-to-date, transparent information about current product launches and general company themes • Long-term collaboration • Products of the highest quality and precision • Durability and intrinsic value of products • Innovations • Expert contacts
Scientific institutions (universities, colleges of higher education, research institutions)	<ul style="list-style-type: none"> • Exchange of experience • Events • Seminars 	<ul style="list-style-type: none"> • Input from practice • Support with projects and theses
Lobbies	<ul style="list-style-type: none"> • Industrial associations • Austrian Federal Economic Chamber • Quality management, environmental management, and HR working groups 	<ul style="list-style-type: none"> • Active involvement
Society	<ul style="list-style-type: none"> • Kindergarten • Lange Nacht der Forschung ("Long night of research") event in Austria • Company managers • Events... 	<ul style="list-style-type: none"> • Apprenticeship training • Assuming social responsibility • Responsible hunting • Raising awareness of nature conservation • Absolute minimum environmental impact

— OUR KEY AREAS OF *CORPORATE RESPONSIBILITY*

MATERIALITY MATRIX

We want to use our materiality matrix to integrate topics that are significant to opportunities or risks for our business now and in the future. Using this matrix, various sustainability issues will be analyzed regularly in terms of their significance. This will be from the perspective of both external stakeholders and the company's internal stakeholders.

Therefore, the materiality matrix provides a starting point for carrying out regular checks on core topics and aligning our business strategy, and is part of the ongoing strategy process. A check has been made to see that all the key topics are reflected in the integrated management system.



A VISIONARY
COMPANY



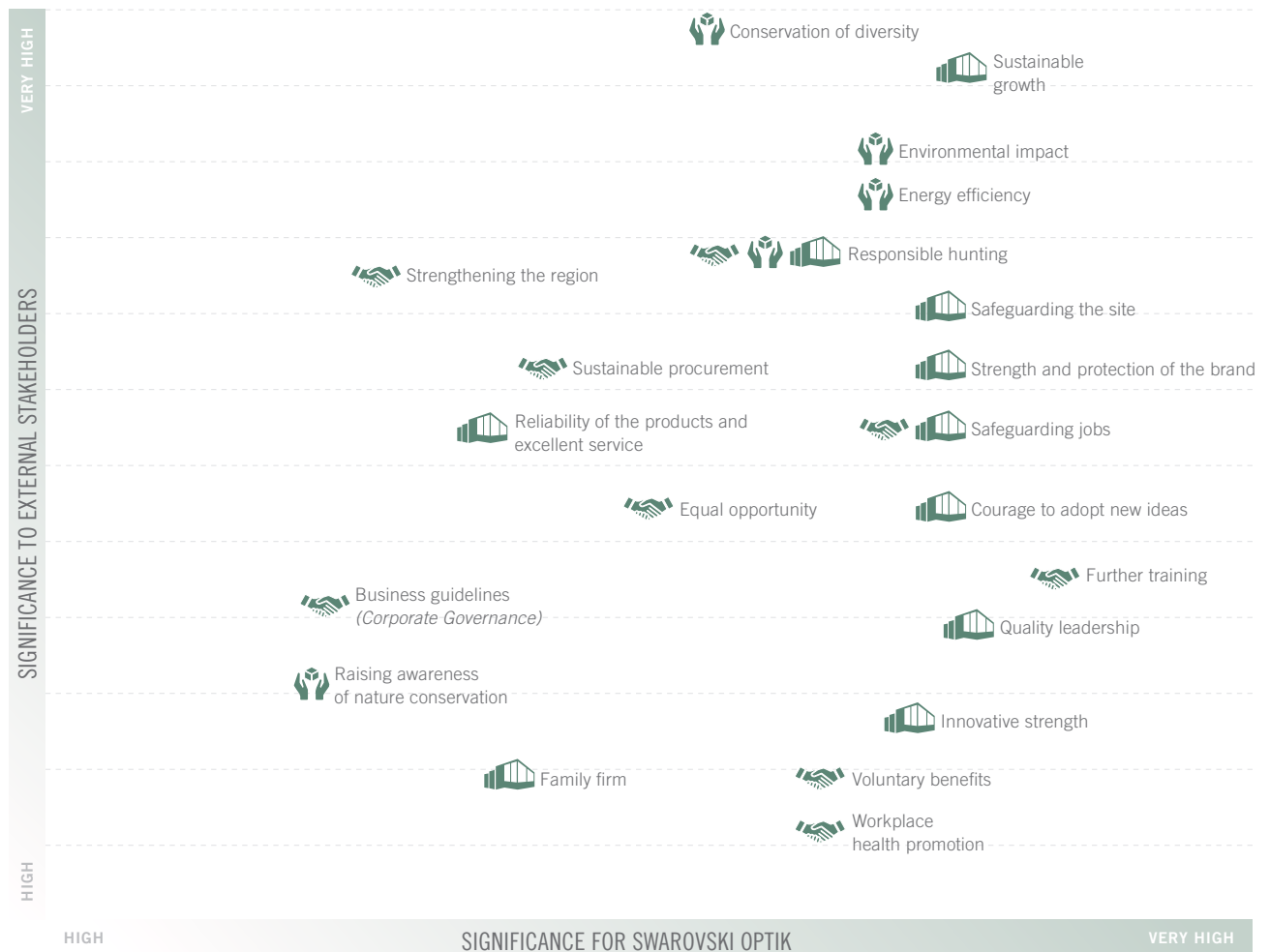
IT IS PEOPLE WHO ARE AT THE
HEART OF OUR BUSINESS



SEEING AND PRESERVING
PRECIOUS MOMENTS



MATERIALITY MATRIX



— DETERMINING THE
AREAS OF ACTIVITY
IDENTIFIED
AS ESSENTIAL



SUSTAINABLE MANAGEMENT FOR THE BENEFIT OF ALL

THINKING AHEAD – PRESERVING THE COMPANY

Our key areas of activity:

- Sustainable growth
- Safeguarding the site
- Strength and protection of the brand
- Safeguarding jobs
- Family firm

The following stakeholders are affected by this:

- Owners
- Employees
- Sales offices
- Dealers and distributors
- Suppliers
- Partner companies and cooperation partners

Current measures:

- Ongoing reflection on what we do
- Aligning activities with the objectives of sustainable management and with our core values
- Regular analysis of results
- Analysis of risks and opportunities for our business and regular analysis of sustainability issues
- Continuing expansion and modernization of production sites and infrastructure
- Preserving and expanding core skills through replacement and rationalization investment in the case of machinery

BUILT ON COURAGE

Our key areas of activity:

- Courage to adopt new ideas
- Innovative strength

The following stakeholders are affected by this:

- End customers
- Sales offices
- Dealers and distributors
- Media and opinion leaders

Current measures:

- Promoting diversity of ideas
- Innovation Board: examination of ideas submitted and update to strategic product portfolio
- Focus on durable products

QUALITY IS PRICELESS

Our key areas of activity:

- Quality leadership
- Reliability of the products and excellent service

The following stakeholders are affected by this:

- End customers
- Sales offices
- Dealers and distributors
- Media and opinion leaders

Current measures:

- Extensive understanding of quality, which includes not only optical quality but also functionality, ergonomics, design, and service.
- 100% product quality control
- Products' very high level of serviceability and reparability



IT IS PEOPLE WHO ARE AT THE HEART OF OUR BUSINESS

TOGETHER AT WORK

Our key areas of activity:

- Safeguarding jobs
- Further training
- Voluntary social benefits
- Workplace health promotion
- Equal opportunity
- Business guidelines

The following stakeholders are affected by this:

- Employees

Current measures:

- Continuous further development of our employees' skills
- Expansion/reinforcement of the workplace health promotion

Measures being devised:

- Company-wide training program on sustainability, Code of Conduct and CSR-related topics
- Specific CSR courses for the purchasing department

RELATIONS WITH OTHERS: RANGE OF SUPPLIERS

Our key areas of activity:

- Sustainable procurement
- Business guidelines

The following stakeholders are affected by this:

- Suppliers
- Partner companies and cooperation partners

Current measures:

- Framework agreements with subcontractors to reduce rising material prices

Measures being devised:

- Promoting transparency with regard to CSR-compliant behavior among suppliers and partners by:
 - Devising and implementing a Supplier Code of Conduct
 - Publishing the SCoC on the supplier platform
 - Linking to the general business terms and conditions
 - Verifying compliance during supplier audits
- Urging and encouraging partner companies that have not yet appreciated the importance of Corporate Social Responsibility to do business in a more sustainable manner (see section 3.2)

CARING FOR THE REGION

Our key areas of activity:

- Strengthening the region

The following stakeholders are affected by this:

- Public sector and government organizations
- Associations
- Scientific institutions
- Special interest groups

Current measures:

- Harmonious integration of renovated and new buildings into the overall appearance of the locality and natural landscape
- Continuous support for regional initiatives
- Dialog with local population, special interest groups, associations



SEEING AND PRESERVING PRECIOUS MOMENTS

IN THE COMPANY

Our key areas of activity:

- Environmental impact
- Energy efficiency

The following stakeholders are affected by this:

- End customers
- Sales offices
- Dealers and distributors
- Employees
- Public sector and government organizations
- Media and opinion leaders
- Society

Current measures:

- Green, cost-effective energy supply that is as independent as possible through:
 - Generating own green power using a solar power system
 - Use of LED lights outside and inside
 - Charging stations for electric bicycles and cars
- Careful, efficient handling of water through:
 - Keeping water courses closed off
 - Helping roof runoff water to seep off on own site
 - Greening of existing roof surfaces
- Reducing hazardous waste by purchasing a central cooling system for the round optics sector

IN NATURE

Our key areas of activity:

- Conservation of diversity
- Responsible hunting

The following stakeholders are affected by this:

- Society

Current measures:

- Ongoing support for nature and species conservation projects

IN OUR MINDS

Our key areas of activity:

- Raising awareness of nature conservation

The following stakeholders are affected by this:

- Society
- Media

Current measures:

- Stirring enthusiasm for nature in people and encouraging them to treat it with respect







02
SUSTAINABLE
MANAGEMENT
*FOR THE BENEFIT
OF ALL*

We do everything, in all conscience, to ensure that our company acts as a custodian of the family business and SWAROVSKI OPTIK community for our successors. We are not thinking just about the next five or ten years, but about future generations. We are doing everything, with foresight, to ensure that our company will continue to run as a family concern in the future. We must be versatile and flexible so that we remain what we are.

With this in mind, we also pursue our corporate objectives: the sustainable rise in company and brand value, global market leadership even in volatile times, profitable growth, and safeguarding jobs.

SWAROVSKI OPTIK Executive Board
(from left to right): Stefan Hämmerle,
Thomas Saller, Carina Schiestl-Swarovski,
and Gerd Schreiter





— 2.1 THINKING AHEAD

SAFEGUARDING THE COMPANY'S FUTURE

The following steps are being taken to secure our company's long-term future.

SWAROVSKI OPTIK IS A FAMILY FIRM. AND IT WILL REMAIN AS SUCH.

The benefit of a family-run business is that decisions are made for the benefit of safeguarding the company's long-term future, rather than for a short-term gain in profits. Chairwoman of the Executive Board Carina Schiestl-Swarovski explains it like this:

"I firmly believe that in a company run by the owners, you simply think and act more with the longer term in mind than is the case in a public company. For instance, I'm now thinking not just about the next five years, but mainly about our children's children. I also see myself as a custodian, because the whole company doesn't belong to me. I see my job rather as doing my best and ensuring that the company's value is increased for future generations."

ECONOMIC DEVELOPMENT: SUSTAINABLE GROWTH INSTEAD OF SHORT-TERM MAXIMUM PROFIT

SWAROVSKI OPTIK understands sustainable growth also to mean safeguarding financial independence. A strong equity base is the foundation for this. We are constantly aiming to achieve stable results and are part of a successful group. The main priority is to think long term when it comes to making key decisions.

Our company objectives are devised in such a way that the organization can keep pace with growth. At the same time, its position in the market can be expanded in a very targeted and sustainable way. In spite of the globally challenging basic economic conditions, SWAROVSKI OPTIK

is financially sound, with its turnover rising. Sustainable job security is linked to this.

JOB SECURITY

Gerd Schreiter, Member of the Executive Board for Technical Operations, regards sustainable job security as the key responsibility of the company's management:

"The extremely important rules we have about how to treat each other also means ensuring job security for us. We have established processes to achieve this, which are regularly used to adjust this long-term focus of the company to the ever-changing conditions. We understand that this involves permanently revising the production and sourcing concept, focusing and adapting core skills in development and manufacture, as well as devising a long-term product roadmap which, again, is constantly adapted to the actual conditions. These processes are supported and implemented by all of us so that we can maintain not only the company's long-term strategic focus, but also, above all, our flexibility."

STRENGTH AND PROTECTION OF THE BRAND

SWAROVSKI OPTIK is well aware that the company's success is closely linked to the brand's value and the company's reputation. Therefore, we jointly bear responsibility for protecting and maintaining our brand and our good reputation. However, acting with integrity means more than the company taking care of its image or avoiding legal problems. It means to us, above all, creating an environment where we can all enjoy doing our work every day.



“

I'd be happy if everything carries on going smoothly and we can continue to grow. In any case, I'm looking forward to the years ahead with confidence. Our history has shown that, even if things get tough, we have always found some ways and means to get to grips with all the challenges.

”

Carina Schiestl-Swarovski
Chairwoman of the Executive Board







CHALLENGES FACING SUSTAINABLE MANAGEMENT

The increasingly sensitive issue of pricing requires more efficient cost management at the Absam site, and this is the prerequisite for being able to keep as many value-added processes as possible in Tyrol.

In addition, SWAROVSKI OPTIK must maintain its technical superiority. Our aim is to continue, as in the past, to be a pioneer and set standards for the products. We should respond promptly to market developments that we are only able to have an indirect impact on (see the section “Built on courage,” page 46).

STRATEGIES FOR TACKLING THE CHALLENGES

Financial success means that we must be continually identifying potential for cutting costs, while still maintaining the high level of quality. This relates to both purchasing and our own production.

We use an integrational approach that places production and sourcing at the same level, thus resulting in the best result overall for the company. In-house manufacturing in Absam focuses on our core technological skills that guarantee competitive advantages in the long term and should also maintain a high level of added value and jobs in Absam in the future. Innovative, robust manufacturing processes provide the guarantee for our quality leadership. Stable manufacture means high quality.

An ongoing process of expanding production facilities and infrastructure on site also ensures that we will cope with further increases in volume in the future. We have also invested considerable resources in expanding the infrastructure (building services installations) and state-of-the-art production facilities, such as for surface treatment, with investments also being made in the future.

LOOKING AHEAD

Planned investments from 2015: the years ahead will bring further replacement and rationalization investments for machinery, with the aim of maintaining and expanding core skills. We frequently take new paths in production by investing in future-oriented technologies. One example of this is setting up surface processing technology (PCO system). The challenges posed by this include the increased energy consumption of the better-performing machines. To keep the environmental impact to the absolute minimum, the company will continue, for instance, to accelerate the generation of green power in-house using a solar power system. Read more about this in section 4.1.

MATERIAL PRICE TRENDS IN THE PROCUREMENT MARKET

The procurement market is often subject to strong cost movements, as was the case in 2011 and 2012, mainly in the manufacturing materials and consumables sectors. Numerous measures were taken at the time to ensure that the supply situation was acceptable in terms of costs. This also meant that the previous year's material cost level could be maintained under tough conditions. Again in 2013, there was no increase in the overall material costs for the current products. 2014 saw a continuing positive trend with procurement prices.

Material prices will presumably continue to rise in the future. SWAROVSKI OPTIK wants to counter this by adopting rationalization measures or framework agreements with subcontractors.

DEVELOPMENT OF SUPPLIER BASE

From a financial perspective, there are no exceptional risks on the procurement side. We are currently not aware of any non-compliance with environmental and social standards by suppliers. However, there is still no complete transparency either on this matter, especially among our Asian subcontractors. Clearly defined initiatives promoting CSR-compliant behavior should create this transparency in the coming years. You will find out more about this in section 3.2.

— 2.2 BUILT ON COURAGE

The spirit of innovation and close relations with our customers, as well as our knowledge of their wishes and requirements ensure that we constantly update our product range. We see it as our duty to constantly surprise our customers and exceed their expectations.

At SWAROVSKI OPTIK the courage the team shows in developing superior products matters. Anyone wishing to offer innovative products must constantly go to the furthest possible limits, take new paths, and allow time for developments.

We are driven by curiosity and the love of trying things out, in order to come up with new ideas, technologies, solutions to problems, and perspectives. Our minds are always active, and we have the courage and wealth of ideas to devise the seemingly impossible. We are very much aware that our innovations are the fruit of creative people who boldly use the freedom they have with a spirit of discovery. Examples of this are the EL binoculars' unique wrap-around grip, which makes them particularly comfortable to use, the powerful 6x zoom of the Z6 rifle scopes, or our modular ATX/STX spotting scope.

IT ALL STARTS WITH THE IDEA

Our employees have a high level of technical knowledge and are motivated to constantly improve and develop it further. We promote the diversity of ideas and encourage our employees also to come up with them. Gerd Schreiter, Member of the Executive Board for Technical Operations, is also a member of the in-house Innovation Board. In this capacity, he examines along with the entire Executive Board, the senior executives in Product Management and Technical Operations the ideas and suggestions for improvement that have been submitted.

It is not just about their technical feasibility, but also about whether the innovation is promising. Based on these considerations, a decision is then made about whether to continue with the idea or reject it. This Board will constantly update the strategic product portfolio.

“
In the case of innovations, it is important that the process from idea to implementation in the product is well structured.
”

Gerd Schreiter
Member of the Executive Board
for Technical Operations

SUSTAINABLE DEVELOPMENTS

Our products outlast generations. This saves resources and demonstrates sustainability in action. Bound by our stringent quality demands, we are constantly working on new technologies that save on production resources, ensuring the minimum possible environmental impact. One tool we have for this is a separate environmental checklist for production that everyone involved in the process must complete. In order for us to continue to improve, we will continue to provide our employees with training on CSR-related topics relevant to the job they do.



NEW IDEAS NEED TIME, PATIENCE, AND EXTENSIVE COLLABORATION

New developments require courage and rapid decisions, as well as reliability. Gerd Schreiter summarizes this as follows:

"We receive great backing from shareholders, who are constantly providing us with encouragement. It is also important that everyone, in fact, in the company is pulling together and growing with the tasks being carried out." He refers to the particular innovative spirit present in the company. *"We are happy to receive any new ideas, even if not all of them can be implemented. But what is important is that all the employees are, at the end of the day, totally passionate about the product."*

A standard pair of binoculars requires around two to two and a half years' development time. The team works on pioneering new developments, in some cases, for considerably longer as new technologies need to be analyzed in pre-development projects before they can be incorporated into product development. With a shared site in Absam, all the departments are under the same roof. This is hugely important to ensuring the seamless product development process and increases efficiency and solidarity.



—2.3 QUALITY IS PRICELESS

The hawk that appears on SWAROVSKI OPTIK products serves as a kind of quality mark for us, reminding us every day that only a masterpiece can bear this symbol.

The notion of quality is given meticulous consideration at SWAROVSKI OPTIK and goes beyond purely technical aspects. The whole package matters to us: outstanding optics, functionality, ergonomics, design, service – all of which must be perfectly harmonized.

“When, like myself, you’ve worked for a long time for a company, many think that nothing can surprise you any more. This may perhaps be true of other companies, but not of SWAROVSKI OPTIK. The people who work here are committed to quality and innovation every day and in all areas. For instance, the in-house Research and Development department is driven by the following key issues: what do people expect of a product which is supposed to be simply the best, and how can future-oriented industrial technologies and master craftsmanship be merged to form a complete whole? Our binoculars are synonymous with the highest possible quality. Customers opt for SWAROVSKI OPTIK because they value precision, workmanship, and durability. And these are features that we can guarantee to the highest test standards.”

Franz Erler
Quality assurance

The actual value of a product is revealed in its daily use. If you like a product, use it often, and have enjoyed it for many years, then it is of lasting value. For most people, these are precisely the reasons why they choose SWAROVSKI OPTIK: because they know that it is an investment for life.

QUALITY REQUIRES CONTROL: QUALITY ASSURANCE

Every SWAROVSKI OPTIK customer can bank on the fact that the product they have in their hands has been fully quality controlled. Every item has been checked against precisely defined parameters.

The hub for quality control is the laboratory where the products are tested and analyzed. The Quality Assurance department collaborates directly with the Development and numerous other departments.

DEVELOPMENT AND MANUFACTURING TECHNOLOGY: WHEN MICROMETERS ARE CRUCIAL

SWAROVSKI OPTIK's in-house Manufacturing Technology department, which is a core feature of the company, produces the tools and procedures required for production.

More than 650 special tools are required just to manufacture a pair of binoculars like the EL 42. Dieter Mangesius, Head of Manufacturing Technology, explains:

“We focus on two main areas in our work. Firstly, we create the foundations enabling us to manufacture new products. Secondly, we ensure that the manufacture of existing products is continually improved. Making production more efficient, precise, and rapid is the objective of those involved internally in the manufacturing process, who are regarded as the link between design and production. Whether existing manufacturing processes are being improved or new tools are being made, this work always involves the utmost precision where the smallest tolerances must be observed. A constant exchange of information between the departments guarantees the best result.”



PERFECT PRODUCTION PROCESSES: PRECISION APPLIED EVERY DAY

SWAROVSKI OPTIK's Production department is the place where our products are produced in series. To ensure that the production process runs as smoothly as possible, this department with its expertise is involved in the development process.

Reinhard Lemmerer is in charge of production at SWAROVSKI OPTIK. Many of his staff and managers were trained in-house in our own apprentice workshops. Assembling our products combines future-oriented industrial technologies with the demand for the highest craftsmanship.



GOOD SERVICE ENSURES RELIABILITY

The reliability of our products reduces their environmental impact and promotes sustainable consumption. As early as the product development phase, we incorporate serviceability and reparability features. Our products' service life is also extended because of our Customer Service department's high level of expertise.

Carrying out a service involves not only parts being replaced, but the whole product being examined, cleaned and, if necessary, being topped up with inert gas inside. We also perform these tasks on devices that are already 30 or 40 years old.

We also replace free of charge typical worn parts, such as eyecups, straps, rain and objective lens covers.

During this process we learn that a large number of customers look after our devices very carefully. Compared to the number of units delivered by SWAROVSKI OPTIK every year, the proportion of repairs is around one tenth of a percent. We foster a customer-friendly culture where the priority is fairness.

Customers will receive their serviced or repaired product back in their hands after just 10 days, no matter where they are.



“

The sharp vision of the hawk implies for me precision and the highest quality – which also means all the time. This is also the spirit which is applied throughout the whole company. I can remember once reading in an old company newspaper the transcript of a speech given by Daniel Swarovski, who founded our company. This speech was given in 1929, in the midst of the Great Depression, and he appealed to everyone in the company to continue to maintain their quality awareness consistently and undeterred. This was his main principle even in the most difficult years. And regardless of the crises that have shaken the world, this demand for quality has always remained sacrosanct.

”

Carina Schiestl-Swarovski
Chairwoman of the Executive Board







03

IT IS PEOPLE
WHO ARE *AT*
THE HEART OF
OUR BUSINESS



At SWAROVSKI OPTIK we treat each other with appreciation, tolerance, and respect. This is evident not only from our daily interactions with each other, but also from the way in which we take responsibility in our dealings with external partners and society. Our humane values are evident from the openness and respect we show to all people and cultures, and we recognize the dignity of every individual. We foster a culture of cooperation and trust.

TOGETHER AT WORK

We can achieve success in our work if we all see some meaning in it and go happily about it. Our aim is to safeguard jobs in the long term. On the one hand, this is our corporate responsibility, while, on the other, it is a vital factor contributing to everyone's happiness. We focus in particular on ensuring that everyone feels comfortable in their working environment. This is why we consider health to be a high priority. When working together, we are strong, diverse, and successful. We have a community spirit.



RELATIONS WITH OTHERS

Our partners make a major contribution to the company's success. We have established relations with numerous customers, suppliers, and business partners going back many years. The basis for successful cooperation is provided by attitudes and values that coincide, as well as by a shared perception of quality. We feel it is important that all our partners' thoughts and actions are governed by sustainability.

CARING FOR THE REGION

As a responsible neighbor, our aim is to live in harmony with the local population around us. We support regional activities and encourage our staff to make an active contribution. The definite commitment to the company and production site in Tyrol is a source of strength to us and the region, and instills mutual trust.

— 3.1 TOGETHER AT WORK

“

It is important for me to know that we all have a duty of responsibility, in which everyone has their place. That's why I focus on ensuring that the cycle is complete in terms of what we give and take. This is part of the Swarovski spirit and was also our founder's philosophy of life. And I attach a huge amount of importance to the fact that our employees can experience meaning and enjoyment from their job. If someone happily comes to work in the morning and leaves in the evening satisfied, you can keep all the latest motivation theories. Another consideration that is also important is that people feel comfortable at work in our company and that their jobs are guaranteed long term, which is something that I advocate in particular.

Carina Schiestl-Swarovski
Chairwoman of the Executive Board

”

SAFEGUARDING JOBS

Safeguarding jobs is, along with the sustainable rise in the company and brand value, one of our corporate objectives that our global market leadership guarantees even in volatile times.

One of our key concerns is to use our production and sourcing strategies (as described in more detail in Chapter 2, page 45) to offset fluctuations in demand in the market as far as possible and keep the headcount stable.



—INITIATIVES WITH RESPONSIBILITY

HEALTHCARE AT WORK

Our number one priority is obviously to ensure safety in the workplace. We very meticulously ensure the strictest compliance with the relevant statutory regulations and undertake to go beyond these. Experiencing meaning and enjoyment at work contributes to a person's healthy wellbeing. A balanced, healthy diet and exercise are also part of this.

WORKPLACE HEALTH PROMOTION

A comprehensive concept for promoting health in the workplace was implemented in 2015. The aim is to systematically improve working conditions and raise awareness about leading a healthy lifestyle. The initiatives offered relate to the areas of diet, exercise, recreation, and self-improvement.

CURRENT INITIATIVES

- Staff talks
- Employee satisfaction analysis and 360° feedback
- Management development
- Training courses and seminars
- Workplace assessment (ergonomics, monitor eyeglasses)
- Well-equipped workplaces, accessible in numerous respects
- Company kindergarten "OptikS Wichtelwald"
- Company shuttle service and company parking spaces
- Flextime and part-time patterns

WORKING ENVIRONMENT

WHAT ELSE CAN WE DO?

- Lean Management → Analysis of value stream and workplace

CURRENT INITIATIVES

- Diverse selection of dishes in the canteen
- Focus topic in the company kindergarten ("Health elf")
- Healthy snacks
- No-smoking company
- Non-smoker seminars

HEALTHY DIET

WHAT ELSE CAN WE DO?

- "Healthy weight loss" campaign
- Organic farmer stand
- Talk on healthy diet with a bread-baking course



CURRENT INITIATIVES

- Company sports association (e.g. soccer tournaments, skiing trip, rambling, tennis, badminton)
- Participating in sports events (e.g. company run)
- In-house sports courses (back fitness – Caprowell fitness program, yoga, Priotonic cardio)

CORRECTIVE EXERCISE

WHAT ELSE CAN WE DO?

- Employees show others the sports they do

CURRENT INITIATIVES

- “Increase your mental power” workshop
- Coaching
- Conflict management
- Management development
- Psychological evaluation in the workplace
- Occupational medical support for addicts
- Intervention by industrial psychologists in the event of a crisis

MENTAL HEALTH

WHAT ELSE CAN WE DO?

- Talks (coping with stress, relaxation)

CURRENT INITIATIVES

- Advice and treatment by the company physician
- Eye examinations
- Vaccinations
- Talk on substance abuse
- Company inspections to prevent work accidents and undesirable physical strain carried out by health and safety officers and occupational physicians

HEALTH CARE

WHAT ELSE CAN WE DO?

- Personal health check
- Back examinations (MediMouse)

COMPANY CANTEEN

Every day around 300 SWAROVSKI OPTIK employees and guests from companies in the region eat in the work canteen that we run ourselves. The kitchen team use seasonal and regional produce, e.g. vegetables grown by the farmers from the neighboring locality. A selection of three different dishes is offered every day, including a vegetarian option. They all have the exact nutritional information indicated, and the use of flavor enhancers in the dishes is banned. We also offer every day healthy snacks in the form of fresh fruit or different types of fresh salad. The company provides the work canteen with an annual subsidy of around EUR 275,000.

FEELING GOOD AT WORK

Factors such as an average service period of 13.8 years and a staff turnover of 10.7%, as well as the results from the employee satisfaction analysis highlight that people are happy at our company and enjoy it. In summer 2013 we carried out an employee satisfaction analysis, in addition to a 360° feedback exercise for managers. Roughly 60% of employees took part in it. It highlighted a considerable improvement in every area, in contrast to the previous survey carried out.

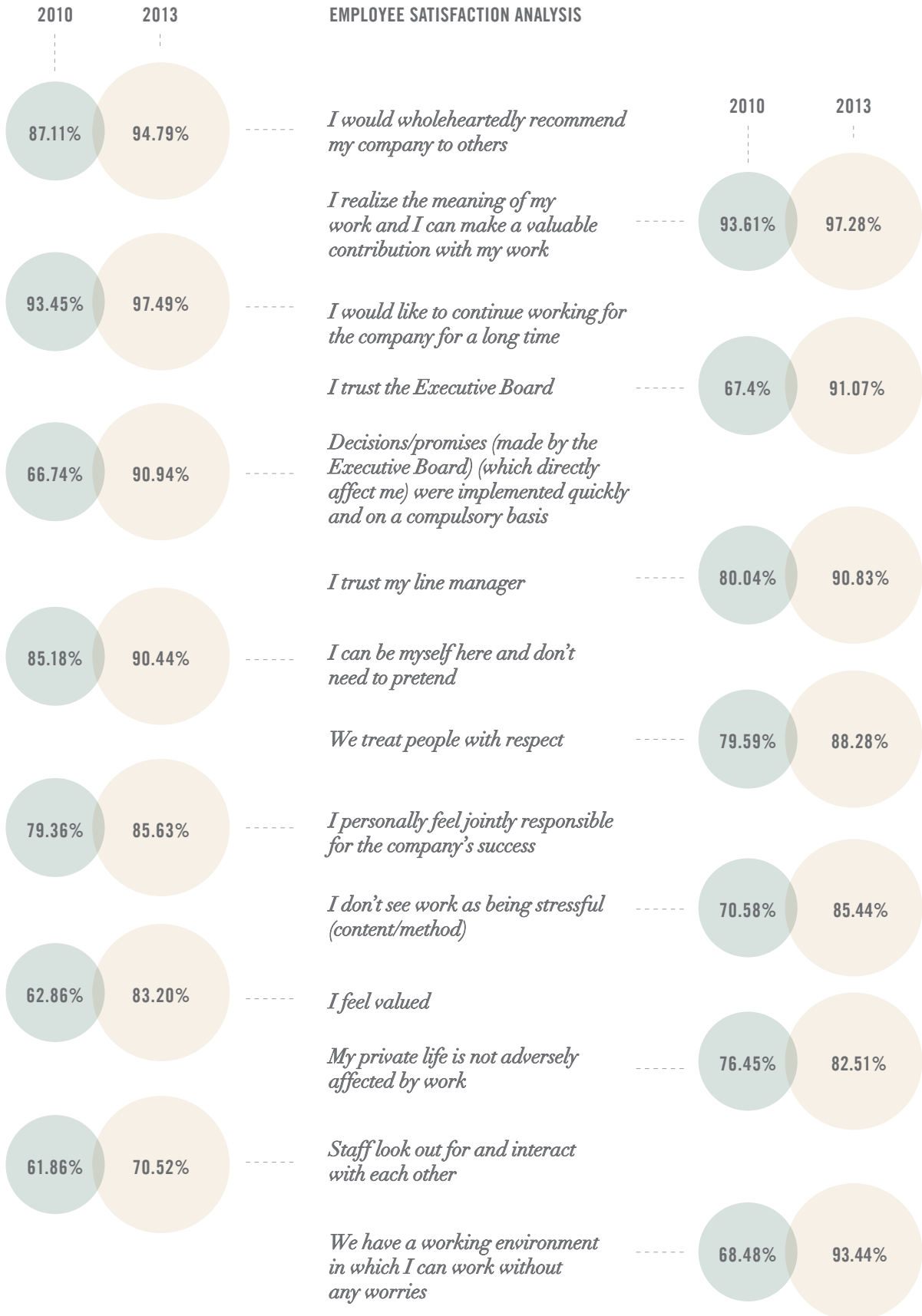
In fall 2013 an in-depth presentation of the results was given, and they were analyzed with management in personal feedback discussions. Where required, development objectives were set and agreed. All the departments arranged workshops to examine the results, which led to specific measures being taken. Many could already be implemented in the daily routine.

Here are some examples of the measures implemented to boost employee satisfaction:

- Seminars on expanding communication skills
- Introduction of regular meetings
- Mandatory staff appraisals with office staff, voluntary staff appraisals with workers
- “Taster sessions” to get to know other departments and the jobs they do
- “Workplace health promotion” project
- Measures to improve meeting culture
- Measures to promote cross-departmental collaboration, seminars to improve management skills



EMPLOYEE SATISFACTION ANALYSIS



EQUAL OPPORTUNITY

Equal opportunity is enshrined in our Code of Conduct and in the code of behavior derived from this, irrespective of gender, origin, religion, age, status, sexual orientation, or position. We have a total of 201 women and 409 men working in the company. The proportion of women is continuing to rise, including in the apprentice workshops.

Management positions are predominantly occupied by men: seven women and 66 men work at Executive Board, department and cost center management level. This is attributable to the fact that there is a very large number of management positions in the Production and Technical Operations departments. When filling positions, the crucial factor for us is qualifications and not gender.

Wages are not determined by us according to gender and are appropriate. Since 1993 employees have been receiving a voluntary, performance-related bonus. In particularly successful years, all employees received not only a gold coin but also an additional voluntary bonus as a token of our appreciation. We have only been able so far to fulfill the obligation to employ workers with physical disabilities on a conditional basis, but we make the statutory compensation payments. This is due to the fact that people with disabilities can only be employed to a limited extent in production, and there are also only a few applicants. People with physical disabilities are treated equally when submitting an application.

Many of our employees have already been working for us for a very long time, while others are just beginning. This bringing together of the generations generates impetus from new co-workers being combined with long years of experience of older workers. A smooth succession and extensive transfer of expertise at management level pose particular challenges that we are preparing ourselves for as well as we can.

VOLUNTARY BENEFITS

We offer voluntary social benefits, such as the support for the company's own kindergarten "OptikS Wichtelwald" with an amount of around EUR 284,000 a year, for the company's shuttle service with a payment of around EUR 72,000 a year, a voluntary benefit in the form of travel cost subsidies amounting to around EUR 77,000 a year, and the financial support for the work canteen of around EUR 275,000 a year. We also provide various subsidies (e.g. in the event of getting married, going on holiday) and support for vaccination campaigns, language courses, further training courses, and much more. We invite our employees every year to a lavish Christmas party,

and to October and midsummer parties, as well as to long service anniversary and apprentice outings.

We have also been supporting for many years the voluntary company sports association (WSG) with an annual contribution of around EUR 8,000, which arranges not only sports events, such as soccer, badminton, or tennis tournaments, but also rambling or skiing trips.

PENSION FUND

Daniel Swarovski introduced a company pension for his employees back in 1948. This was a visionary step in those days, and is more important than ever nowadays. It is essential to make provision for the period after employment ceases due to an increasingly uncertain state pension. In 2003 the "old pension plan" was replaced by a contribution-based pension fund model. The revised regulations, which have applied since January 1, 2014, meet all the requirements of a modern company old age pension and provide employees with a reasonable occupational pension to top up the state pension. It also offers them the chance to build up a further personal pension based on their own contributions.

WICHTELWALD

It is important to SWAROVSKI OPTIK to support families and children and to promote a family-work balance. Therefore, in 2008 the company kindergarten "OptikS Wichtelwald" opened its doors on the initiative of Carina Schiestl-Swarovski. In this company kindergarten the children are looked after by committed, highly qualified staff, allowing them to enjoy a carefree childhood in the expansive premises, while their parents go off to their work, right beside them, with peace of mind. This facility enables us to improve our employees' living conditions. Well-lit rooms located on the SWAROVSKI OPTIK site, movable furnishings, and a wide variety of play equipment encourage the children to experience the world with all their senses. The expansively designed premises have a garden area with a roof garden and rockery, as well as an area of forest on the company site. The children get actively involved with nature, the forest, and their surroundings. They gain an insight and knowledge, allowing them to develop an appreciation of and respect for nature.

The main aim of this childcare facility is to accompany children who are self-confident and have a strengthened basic trust on part of their journey through life. The pedagogical concept behind it is based on four pillars: supervision – care – development – education. These pillars form a unit and are dependent on each other. Love, appreciation, and respect for children are a feature of our work. We are meeting the wishes, needs, and interests of the children



the best we can within our facilities. We take care of the interests of individuals and endeavor to integrate them into the children's group. Every child feels part of a group and part of the community in "OptikS Wichtelwald."

What is particularly important are our annual projects along with the "grown-ups," i.e. the employees of SWAROVSKI OPTIK. The children get involved along with experts from the company in a main annual campaign, such as waste separation, efficient use of energy, safety in the workplace, or health. They then become "elves", such as the "energy elf" or "health elf", and go around the company to pass on what has been learnt to employees in a fun manner. This is an enriching and important experience for both sides. These "elves" check regularly in the period after this whether what has been learnt is also being applied correctly and consistently. The best department is then awarded a prize.

—DEVELOPING *TOGETHER*

APPRENTICE WORKSHOP: APPRENTICESHIPS IN PRECISION OPTICS AND METAL-WORKING/METAL-CUTTING

We have been training apprentices for more than 60 years in our own apprentice workshops in precision optics and metal-working/metal-cutting. Every year we take on 7 to 10 new apprentices. Many of them also remain with us and work for the company after their three-and-a-half-year training period is over and they have completed their apprenticeship. As part of their continuing professional development, they can, as required, also gain promotion as team leaders, shift supervisors or cost center managers, or make a career in other departments in the company.

STANDARD AND FURTHER TRAINING

We continually offer standard and further training, either in technical or general areas, such as personal development, management and conflict resolution skills, as well as communication skills. In 2016 we will be offering courses on the sustainability-related range of topics.







*IN CONVERSATION WITH
FRANZ ERLER
AND BENJAMIN PACHER*

Two people – two careers – one company. Although Benjamin Pacher started working for SWAROVSKI OPTIK almost 25 years after Franz Erler, there are, nevertheless, some interesting parallels between them. There are things in common that they also share with many other of the company's employees.



How long now have you been working at SWAROVSKI OPTIK?

E: Since January 1979.

P: Since September 2003.

How has your career progressed and what is your current job?

E: I began working in the technical office and then I moved to the measurement laboratory. Since 1989 I've been head of Quality Assurance.

P: I first of all completed an apprenticeship as a machine production technician, and I was the first apprentice to go on an apprentice exchange to Switzerland. Following my military service, I joined the Turning department (operating CNC machines) and during the Z3 Vertical Integration Project, I worked at SWAROVSKI OPTIK North America for six months. I then worked in the Mechanics quality assurance department and on the company stands at tradeshow. I have helped provide training to young hunters, and since January 1, 2013, I have been a cost center manager for spare parts management.

What does SWAROVSKI OPTIK stand for, in your view?

E: For top quality; premium products, and an intuitive understanding of what quality is.

P: A first-class producer of long-range optical equipment. On a personal note, I love working here because I'm a keen hunter myself.

Why did you decide to work at SWAROVSKI OPTIK?

E: Since, at the time when I finished my training in the high-voltage sector there were few jobs available, I started shift work in Wattens and then I switched to work in the technical office in Absam.

P: I originally wanted to be a watchmaker. The projects SWAROVSKI OPTIK offered apprentices appealed to my areas of interest, which is why I decided to work here.

What do you enjoy about your work?

E: I'm still thrilled that we can be creative and that my curiosity has been and still is stimulated. I also enjoy working in the team along with young people.

P: The good working environment in the company.

How does SWAROVSKI OPTIK differ from other companies?

E: Firstly, we focus on objectives in the longer term. Secondly, our products are manufactured at a location where they are typically used. We go into the forest on our back door, as it were, to test our products.

P: In terms of its social benefits and because of the fact that I feel the company really focuses on the people here.

Which values are important to you personally in your dealings with each other?

E: Trust and reliability; even in adverse circumstances.

P: Politeness, loyalty to the company, and fun.

Are these values put into practice in the company?

E: We try to!

P: Yes, absolutely!

Do you feel valued?

E: Yes. This is also to do with trust. I can contribute my technical knowledge.

P: Yes, very much so!

What does the phrase "It is people who are at the heart of our business" mean to you?

E: People are dealt with in a fair and trusting manner.

P: People get on well together, a great working environment, and a secure job.

Are you free to contribute your own ideas?

E: Yes. I've always done that, and I also greatly appreciate it.

P: Yes.

What are your next professional objectives?

E: Handing over the technical areas to the next generation in an orderly manner.

P: Making continuous improvement and further development in the work activities assigned to me.

What wishes do you have for the company?

E: That there continues to be an environment that promotes creativity and working together.

P: I'm perfectly happy. I think it would be good if the company continues to develop in a stable manner so that jobs are safeguarded in Absam.

What do you think of the canteen?

E: I sometimes go there to eat, and it's absolutely delicious.

P: Excellent. There are three menus to choose from.

What do you do in your spare time?

E: I ride my motorbike, I play the guitar, and I tinker with my car or motorbike.

P: Sport, for instance, cycling, climbing, hunting, and also photography.

What kind of music do you like listening to?

E: Rock, blues, and jazz.

P: Folk music, brass band music (I'm a musician myself), and I'm always open to new types of music.

What's life all about?

E: I could philosophize about this question for hours on end over a beer. Being tenacious in pursuing objectives, but not too dogged, and retaining a certain degree of humility. Constantly casting a glance at things that already run and operate well. Accepting this situation gratefully, and perhaps even being a little bit proud of it. And looking to the future with confidence.

P: Family and health.

CELEBRATING SUCCESS TOGETHER

Apart from numerous joint social activities, such as the ski day, company soccer tournament, apprentice or long service anniversary outings, our Christmas party or midsummer party, we also take the time to celebrate successes.





— 3.2 RELATIONS *WITH OTHERS* *RANGE OF SUPPLIERS*

Establishing a good partnership with our suppliers is an important prerequisite for our company's success. We have been collaborating with a large number of suppliers and business partners for years. In our view, the basis for a good partnership lies in a shared understanding of what quality is, in striving together to find new solutions, and in setting competitive prices. We feel it is important that our partners' thoughts and actions are governed by sustainability. Our global supplier network contains more than 500 suppliers in more than 35 countries. More than 100 of them supply parts and components that are incorporated directly into our products.

INSIGHT

View of the subcontractor Pließnig about the partnership with SWAROVSKI OPTIK:

SWAROVSKI OPTIK has already been collaborating with Pließnig, located in Fulpmes, Austria, since 1998. It is involved in the creative development of products and solutions using thermoplastic. Pließnig manufactures injection molding plastic parts for all optical devices. They join forces in the search for innovative solutions right at the time of developing products. For instance, Pließnig has special tools made for the production of injection-molded parts, which are also manufactured in the region. Over the years, a very close and particularly successful collaboration for both partners has developed. Anton Hörtnagl, sales director at Pließnig, also shares this view: "Our long-standing partnership with SWAROVSKI OPTIK has developed into mutual trust that has a very positive impact on our business relations. Our intensive, innovative collaboration has resulted in the successful implementation of extensive projects."



SUPPLIERS OF RAW MATERIALS FOR PRODUCTION

We purchase glass blanks from Germany and Asia, while metal and molded parts mainly come from Europe. Availability and prices of raw materials also have a bearing on our financial success. As market prices are occasionally subject to sharp fluctuations, we act as soon as we can in advance and purchase in several currency zones (see also Chapter 2). Our purchase volume is

reasonable, but based on our strong brand, most suppliers are interested in being able to give our company as a reference. This also provides us with opportunities to have a positive impact on our subcontractors with regard to sustainability. However, due to the relatively small volume involved, these changes cannot be forced upon them.

SUPPLIERS OF INSTALLATIONS AND INVESTMENT ASSETS

An upshot of the growth in recent years has been that we are constantly expanding our buildings and installations. We attach great importance to placing suitable orders with companies in the region. Our production installations originate completely from Europe or Japan, and meet the very highest environmental

standards. Crucial considerations for us when selecting suppliers are not only the purchase price, but also the energy efficiency and TCO (Total Cost of Ownership) of the installations.

SUPPLIERS OF SEMI-FINISHED PRODUCTS AND COMPONENTS

The semi-finished products and components that we purchase from suppliers include plastic parts, electronic components, gaskets, screws, accessories such as straps, bags, tripods or smartphone adapters, and many more.

We seek, where possible, regional partners that share our requirement for quality and allow us to embed and demand CSR standards more easily. There is a lesser degree of transparency with subcontractors from Asia, but we are not aware of any grievances. We purchase the majority of these components from high-end Asian suppliers that specialize in the photography and optical sector and comply with extremely high standards in terms of labor legislation. Since the production of our components requires, in most cases,

a huge degree of specialization and precision, human rights offences, such as the use of child labor, are generally not an issue in these companies.

For cost reasons, we also purchase in Asia parts that require a high degree of manual input. For instance, we purchase our binocular bags from a Vietnamese company that is run from Germany.

All the carrying straps and stay-on cases for our binoculars are made in Europe. We acquire products involving a large degree of automation, e.g. complex plastic, metal, and electronic parts mainly from European suppliers.

SUPPLIERS OF RESOURCES AND ENERGY

SWAROVSKI OPTIK is particularly committed to using clean sources of energy. See also Chapter 4 (page 88) for more details about this. As a manufacturing company, we are dependent on a competitive, sustainable energy supply. We therefore deal with this in our energy management system that has been certified under DIN EN ISO 50001:2011 since November 2014. Thirty of our main suppliers, which we define on the basis of turnover size,

expertise and relevance to controlled production processes, and quality of the end product, currently have access to our supplier platform. This was developed in 2003 with the aim of creating mutual transparency, optimizing collaboration, identifying current needs better, and adhering to quality and environmental standards.





CREATING TRANSPARENCY

We are in regular contact with our main suppliers. As part of this, we have not identified a single case involving breaches of human rights or labor and environmental standards. However, we would like to extend this transparency further to include the active implementation of sustainability, especially in the procurement chain.

This happens in different ways:

SUPPLIER ASSESSMENT

Every year we carry out in the team, comprising Purchasing and Quality Assurance, a quantitative and qualitative supplier assessment. This involves us assessing quality, on-time delivery, service expertise, environmental standards, and providing the suppliers with detailed feedback.

AUDITS

For two years, we have been systematically carrying out audits whenever we take on new suppliers, during critical projects or in the case of supply problems. This predominantly relates to quality, supply security, and environmental standards. In future, we want to expand it more in the area of sustainability.

Providing a checklist for green and social responsibility should make the work of internal auditors easier in the future. We are also launching courses on this topic.

RAISING QUALITY AND ENVIRONMENTAL STANDARDS: IMPLEMENTING A SUPPLIER CODE OF CONDUCT

Our main suppliers are currently sent self-assessment questionnaires on a regular basis, including questions about environmental factors. For 2016 we are also planning to continue to specify our Supplier Code of Conduct, which demonstrates a clear commitment to environmental protection, social responsibility, and business ethics, as part of supplier requirements, to implement it in relation to them, and publish it on the supplier platform. We will link it later on to our General Business Terms and Conditions.

PROCEDURE FOR DEALING WITH PERCEIVED INFRINGEMENTS

INTERNAL PROCESSES

The company's Purchasing Department, supported by our CSR manager, is responsible for the sustainable focus of the procurement chain.

If one of our suppliers is suspected of infringing our Supplier Code of Conduct, this will be reported immediately either to the ethics officer or the Technical Operations executive board. The latter decides along with the whole Executive Board on the appropriate course of action. Fortunately, this situation has never arisen yet.

FURTHER IN-HOUSE SUSTAINABILITY TRAINING

Special CSR training courses are being planned for the Purchasing Department, aimed at giving our employees a deeper understanding of this issue and enabling them to identify risks in good time. Our supply chain officer in Asia contributes to ensuring that these sustainability objectives are achieved. He also receives training regularly.

— 3.3 CARING FOR *THE REGION*

SWAROVSKI OPTIK has strong roots in the Tyrol. Absam has been home to our company since 1949. One of our particular concerns is to realize the responsibility that we also have in the region. The Swarovski, Weis, and Frey families involved in the company were the first who made a commitment to provide social housing for their workforce. In the 1950s, 24 company apartments were already built in Absam, in the immediate vicinity of the company's premises. At present, the company site is located in a densely populated residential area. It is important to us to have good neighborly relations with the local residents. Therefore, we have, for instance, no plans to build on the forested southern belt on the company's site. Providing a company shuttle service means, among other things, that we reduce the work traffic load considerably for local residents.





VERSAND
LOGISTIKZENTRUM

HARMONIZED INTEGRATION INTO THE LOCALITY

In the case of renovated and new buildings, SWAROVSKI OPTIK focuses in particular on the architecture and harmonious integration into the overall appearance of the locality and natural landscape.

The last few years have seen not only an expansion of the production areas, but also a redesigned administrative building, including extensions and additions, as well as the building of a new work canteen, company kindergarten, and logistics center. These renovations and new buildings provide the current striking appearance, and brought us the National Prize for Architecture in 2010. We will also be continuing to work on this appearance over the coming years. The main priority in this will be improving the thermal insulation of the facades of the older buildings.

LIVELY EXCHANGE

We maintain good contacts with our neighbors. Our neighbors especially enjoy coming to our “Long Night of Research” event and the midsummer party (see Chapter 1 Stakeholders, pages 30/31).

ECONOMIC IMPORTANCE

As a major employer, SWAROVSKI OPTIK is of paramount importance to the Absam municipality. 125 employees live in Absam, and the company makes the biggest contribution to the municipal tax. We provide continual support for regional initiatives, such as the Absam municipal museum or the Karwendel Alpine Park.

INSIGHT

NATIONAL PRIZE FOR ARCHITECTURE – JURY’S VERDICT:

“The transformation carried out by SWAROVSKI OPTIK is impressive in terms of its easy-going approach with the local population and the precise, unpretentious additions made: everyday architecture of the highest level. The aspect which the jury feels merits the prize is the concept that has been successfully applied where architecture is regarded as part of an extensive change management program. This is a model project for many companies that combine production, research, and administration on a single site.”

Source: Brochure entitled “Staatspreis Architektur 2010 – Industrie und Gewerbe” [National Architecture Prize 2010 – Industry and Commerce], published by the Federal Ministry of the Economy, Family, and Youth.



INTERVIEW WITH MAYOR ARNO GUGGENBICHLER ABOUT THE SIGNIFICANCE OF SWAROVSKI OPTIK TO THE MUNICIPALITY

Arno Guggenbichler has been mayor of Absam for 12 years. Absam became a National Park Municipality in 2005 and is committed to the Climate Alliance. Like so many people in the locality, Arno Guggenbichler also has a particularly close relationship with SWAROVSKI OPTIK: his uncle worked there, starting as an apprentice until he retired.

What kind of reputation do you think SWAROVSKI OPTIK enjoys among the population?

Its image is very good. What I personally appreciate, as do other Absam residents, is the good understanding. This is a globally operating company that looks after the local environment. Whether it's to do with jobs or the way it gets on with its neighbors, or even initiatives like the company kindergarten, I consider all these measures absolutely exceptional.

There are also other local projects supported by SWAROVSKI OPTIK, purely out of responsibility to the local population. We as a municipality enjoy our co-existence with the company: Whether we're talking about senior management or the workforce, everyone knows these people and has had relations with them for many years.

SWAROVSKI OPTIK is situated in a residential area. What kind of friction does this cause?

Nowadays, Eichat is the largest district in Absam and has grown with the company. I have already been involved in numerous rounds of construction negotiations with

SWAROVSKI OPTIK. The green belt on the south side of the company's premises in particular is extremely important, and this area has always been out of the question. This is important because the industrial area immediately borders the residential area. However, it is quite normal for conflicts of use to arise, meaning traffic noise, but I appreciate the way in which the company deals with this as it has made sure to reach a good understanding with its neighbors. And we simply have to live with work traffic because things won't work without any traffic coming at all. But bundling arrivals together ensures that the rush hour period is short, at least.

What economic importance does SWAROVSKI OPTIK have for the municipality?

I love every construction project from SWAROVSKI OPTIK because they show that the company wants to expand and invest here, which means more jobs. The more people that are employed in companies, the better it is for us. SWAROVSKI OPTIK also makes a substantial contribution to the municipality tax, providing almost half of the total amount of EUR 1.5 million. Therefore, its commitment to this location is important.

What do you think of initiatives like the company kindergarten or the architecture of the building that won the National Prize for Architecture?

The company kindergarten is great. Carina Schiestl-Swarovski gets things done. I once asked her whether she had worked out the costs for this, to which she replied: "I know what it costs, but it is important to us, especially to the women." As for the architecture, we are pleased that SWAROVSKI OPTIK received a prize for the design because it also reinforces the awareness among local residents. Lastly, it is quite something else if you live beside an attractive building.

What do you wish for the future?

(laughing) That I can issue even more building permits. And that people continue to take green initiatives like the Nature Watch Initiative as seriously as they do now. After all, with the Hall Valley right beside it, SWAROVSKI OPTIK benefits from being directly enveloped by nature. And this is actually the basis on which the company is founded.*

** www.nature-watch.at*







04
SEEING
AND PRESERVING
PRECIOUS MOMENTS

SWAROVSKI OPTIK is a family business with strong roots in Tyrol, an area of exceptional beauty, and considers it its duty to care for the environment, protect nature and preserve the diversity species.





— 4.1 IN THE COMPANY

OUR COMMITMENT

Preserving the beauty of nature is a core value of our company.

As a company engaged in production, which relies on nature's resources, we focus on ensuring that the cycle is complete in terms of what we give and take. Therefore, we comply with the most stringent requirements and apply the highest standards in caring for the environment. The reason for this is that we all have a duty of responsibility to nature.

Our staff are aware of their particular responsibility. They receive support in their task of complying with stringent regulations and environmental legislation from our environmental officer Bernhard Ölz and his network. Bernhard Ölz tells us about his work as environmental officer at SWAROVSKI OPTIK:

“The way that SWAROVSKI OPTIK has developed clearly shows that we have always operated in harmony with nature. We also see this as the root of our current success. Our demand for high quality and the durability of our products provide a common theme running through the company's history. Every year we invest considerable resources in reducing our environmental impact or in avoiding it completely. The implementation of the ISO 14001 environmental management system in 2000 has guaranteed that all processes are

subject to our environmental standards. This takes into account every aspect, such as the environment, and occupational health and safety, whether it involves the development of new products or the procurement of production facilities. We carry out risk analyses before we use new technologies or products. Thanks to our environmental management system, we can identify environmental implications early on and assess them accordingly. An experienced, cross-departmental team is constantly striving to counter possible effects using appropriate preventive, improvement, and corrective measures, and to incorporate them into an environmental program. We systematically implement them and verify their effectiveness.

We report to the Executive Board every year in the management review and environmental report about our compliance with voluntary and statutory indicators and metrics. What I'm most pleased about in the 22 years I've been head of the Environment and Building department is that we have successfully established high environmental standards throughout the company. Environmental protection has now become the norm in our everyday work in every area, and no longer needs to be demanded.”



SWAROVSKI OPTIK's financial success is the factor enabling us to look ahead and invest in environmental protection and energy management. Even though our manufacturing output has increased in the last few years, there has only been a slight rise in our energy and water consumption; in fact, it has even fallen in many areas.

In addition to our own efforts, in future, we will be increasingly involving suppliers in our green activities. In the case of those partner companies that have not yet appreciated the importance of Corporate Social Responsibility, we would like to urge and encourage them to do business in a more sustainable manner (see section 3.2).

FUTURE CHALLENGES

- The level of air emissions in Tyrol's Inn Valley is high, with the large volume of traffic being one of its causes. As a result, industrial companies in Tyrol are subject to tight restrictions on the release of air emissions and must, to some extent, adhere to levels that are significantly below the statutory specifications. This is particularly critical in the case of freight transport to and from our site, as well as of daily commuter traffic.
- Our storage capacity at the site in Absam is restricted. One huge challenge that this poses for us in the future is our supply strategy for the purchase of raw materials and consumables. We can expect an increase in the frequency of deliveries and, therefore, in the volume of traffic on site. This also means that Supply Chain Management must increasingly focus on tackling the environmental impact caused by this, and on developing appropriate measures.
- One key task is to ensure the company has a green, cost-effective energy supply that is as independent as possible.

PACKAGING

Top-quality and durable. Our products also stand out for their packaging. We give equal consideration to the customer's experience of unpacking products and our responsibility to the environment. For environmental reasons we mainly use cardboard as a packaging material.

FRESH WATER

We obtain the fresh water we need exclusively from the municipal water supply network in Absam. We required 23,567 m³ of fresh water in 2014, which marked a saving of 12.9% on the previous year. We mostly use fresh water for surface treatment and processing of mechanical and optical components.



STATUS QUO

In spite of the region's abundant water resources, we have invested considerable amounts in saving water. Throughout the manufacturing process we require a huge amount of compressed air, which is produced using air compressors. We used to use, until now, drinking water to cool the compressors, which was then channeled into the wastewater system.

Integrating a heat recovery system (HRS) into the air compressors' cooling system allowed us to reduce our consumption of cooling water to zero. Nowadays, the hot water generated through the cooling process is used via a heat exchanger to produce hot water, and provides, in addition, heating for the buildings.

In 2004 we commissioned one of the most state-of-the-art plants in Europe for anodizing aluminum components. Our team in the Manufacturing Technology department designed it in collaboration with the plant manufacturer. We have also successfully switched, in the process, from continuous wastewater treatment to batch treatment. Consequently, we consume nowadays in one day the same volume of water as we used to in one hour.

As part of a joint undertaking with Absam municipality, the water supply network to and within the plant was expanded to cope with possible emergencies. It was tested during a major fire services drill in fall 2013.

OTHER PLANS FOR THE FUTURE

Another key concern for us in the coming years will be how to handle water carefully, use it efficiently, and keep water circuits closed.

WASTEWATER

After preliminary purification, our wastewater flows via a separate channel network into Absam's public sewage system. The following installations are available in our plant for the preliminary purification process carried out on wastewater:

- Active carbon filters for the wastewater from the air compressors
- Centrifuges for the wastewater from the manufacturing of optical components
- Retention and separation basins for all production wastewater
- Neutralization unit for the anodized aluminum and EDP (electrophoretic dip painting) system
- Filter systems for the grinding units used in mechanical surface treatment
- Grease traps for the canteen
- Oil and petrol separators for the garages and courtyard

The final purification process is carried out at the Fritzens purification plant, which is operated by the Hall-Fritzens wastewater association.

Rainwater running off sealed surfaces is swept away via dry wells and filtration channels. The rainwater accumulating on roofs is channeled via the Weißenbach outlet channel back to the natural water circuit.

The separation units mentioned above are properly operated according to the statutory requirements. The active carbon filter unit is used for oil separation from air compressors. The centrifuges, retention and separation basins purify the wastewater, getting rid of total suspended solids, such as heavy metals. The batch neutralization unit processes and monitors the pH value of the contaminated wastewaters from the anodized aluminum and EDP plant. Based on the statutory requirements of the Austrian Water Act (WRG), a decision is required under the Water Act for using the units. We have also signed an indirect discharge agreement with the wastewater association. An external accredited environmental laboratory analyzes every year the concentrations discharged. In addition, the wastewater load is controlled using a separate monitoring process. The results obtained are, as a rule, significantly below the statutory threshold values.



STATUS QUO

The heavy metal concentrations in the wastewater have improved considerably thanks to switching to lead-free glass already some years ago. We have been filtering the wastewater generated from cleaning the optical components since 2009 using a centrifuge. This allows us to remove at an early stage from the wastewater a large proportion of the glass powder produced. If possible, greenery has been planted on the roofs of new buildings, which eases the load in the event of heavy rainfall.

OTHER PLANS FOR THE FUTURE

With the aim of easing the load further in the future on the Weißenbach outlet channel, wastewater from the roof should, if possible, be channeled to run off on the actual premises. We are also planning, in the medium term, to plant greenery retrospectively on existing roof surfaces.

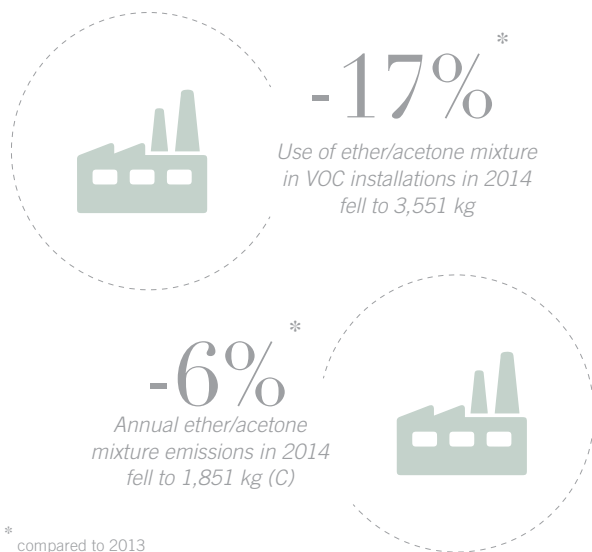


SINCE
2009
CENTRIFUGE USED
*for pre-cleaning wastewater
from polishing agents*

AIR

Environmentally relevant emissions in the atmosphere primarily occur in the company due to:

- gas firing of central heating systems
- chemical surface treatment of components and devices, e.g. during painting, cleaning, and anodizing aluminum
- cleaning processes involved in metal and glass processing



The main source of our CO₂ emissions is the heating in our buildings. Since 2014 we have only been using natural gas for heating, which has enabled us to cut our sulfur dioxide and nitrogen oxide emissions sharply. We require around 4.8 GWh of natural gas as a primary energy source. The emissions generated in the heating systems are analyzed every year by an authorized company, and are significantly below the legally required threshold values. However, the building expansions in recent years have led to a rise in CO₂ emissions.

STATUS QUO

Glass and metal processing produce coolant vapors. They are captured in all the units at the production facilities, and filtered via filter units before they enter the atmosphere. Emissions of volatile organic compounds (VOCs) are predominantly generated by cleaning optical components using glycol ether and acetone. But solvents are also required when painting metal components. In spite of the increased quality requirements imposed on the surfaces to be treated, the emission rate has remained more or less constant. According to the

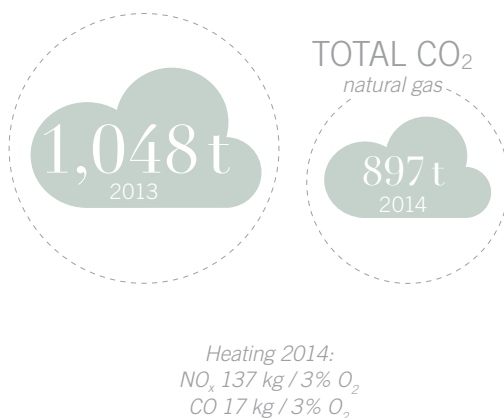
statutory VOC Directive, air impurities must be regularly monitored. Regular measurements are taken by an accredited environmental laboratory. These results are also significantly below the statutory threshold values.

By switching to an aqueous base solution for cleaning the optical components, we managed to cut massively our use of solvents in the installations. In the mechanical production department, all the CNC-controlled installations that require a wide variety of coolants are connected to suitable filter units that eliminate 99% of emissions. The vacuum systems, paint installations, and exhaust air units are also fitted with appropriate active carbon filter units.

As we already described in detail in Chapter 3, work transport is a decades-long tradition at SWAROVSKI OPTIK. Many of our staff who live in the nearby company apartments and in Absam come to work on foot or by bike. Our staff who live further away can use the company shuttlebus service, which halves the volume of commuter traffic every day.

OTHER PLANS FOR THE FUTURE

In view of the ever-growing number of e-bikes and hopefully, in the future, of e-cars too, we are planning to install charging stations on the company site.





WASTE

We produce different types of waste:

- aluminum from mechanical production
- scrap and offcuts from old systems and installations
- wood waste from packaging
- glass waste from the manufacturing of optical components
- old paper from the offices and cardboard packaging
- plastic packaging
- domestic garbage-type commercial waste
- various types of waste such as sludge and kitchen garbage
- hazardous waste, such as solvent and acid mixtures, coolants, etc.

75% of the waste can be assigned through waste sorting to material or energy recycling.



The Environmental Protection department collects all the accumulating waste in-house and is responsible for its temporary storage. Disposal is carried out by specialist regional companies. All waste is properly stored temporarily, transported, and finally recycled or disposed of according to the provisions of the Austrian Waste Management Act, including the dangerous goods regulations. There has been and there is currently no hazardous waste either, as defined in Annex I, II, III, VIII of the Basel Convention, transported, imported, exported, or processed at any of SWAROVSKI OPTIK's sites.

Using a computer-based environmental information system, we also keep precise records of collection points and disposal. We present the information obtained from it in the annual environmental report and introduce, if possible, appropriate improvement measures.

STATUS QUO

The tasks of cleaning and surface treatment of optical and mechanical components have posed and still pose major challenges for us. In addition, the statutory regulations for using solvents have been tightened in recent years. This has made us gradually switch to using an aqueous base solution to clean the components and using solvents only for the preliminary cleaning and drying of optical components. These agents are purified using a distillation system and reassigned to the process. This has enabled us to reduce solvent waste considerably in recent years.

We are using thin walls for the housings of our products as their weight is a purchase-critical factor. In keeping with our quality requirements, we mainly use aluminum and magnesium for them. These materials produce a huge volume of shavings during processing.

In the past they were cleaned and put into a container and assigned to the recycling process. Since 2003 all shavings have been pressed, and the coolant resulting from this is returned to the processing operation. Pressing the shavings enabled us to reduce their volume considerably, which also reduced collection to once a week.

Due to the high requirements in terms of cleanliness, our components are also packaged when transported internally. In order to reduce the volume of packaging waste, a synthetic material returnable system was installed.

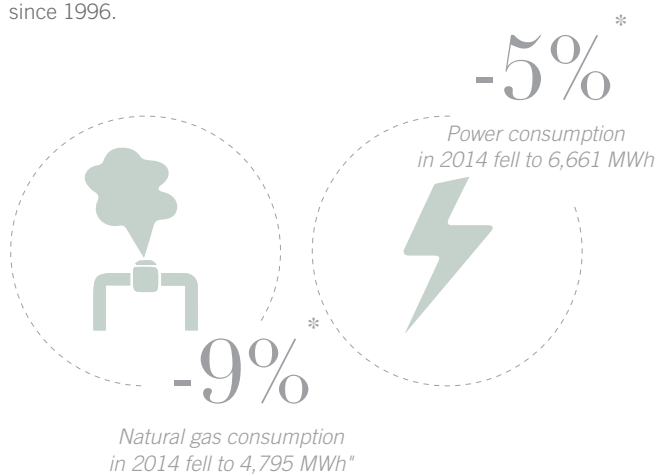
OTHER PLANS FOR THE FUTURE

In 2015 a central coolant supply system was purchased for the Round Optics department. This will help reduce the quantities of synthetic coolant that are disposed of. During the annual in-house environmental audit, each department will have their potential verified for improving waste avoidance.

ENERGY

We regard the efficient use of energy as an important factor in safeguarding the site. We mainly use electricity for production machines, lighting, producing compressed air, and chillers, as well as natural gas for heating the buildings.

Typical developments in recent years have included additional and new buildings, an expansion of the machine and installation park, and a greater demand imposed on the indoor climate in production, in order to achieve the high quality standards. However, energy consumption has not risen to the same extent. The reasons for this are the high level of recycling, the use of state-of-the-art, highly innovative building services installations, and their integration into a high-level energy management system that we have been continually expanding since 1996.



* compared with 2013

In 1985–86 we changed from “heavy heating oil” to “light heating oil” for providing our heating, which helped us hugely to reduce the environment load. We then adapted all the controllers that were fitted as individual controllers throughout the company precisely to these requirements. This cut heating oil consumption by around 50,000 liters a year. Since mid-2014 we have only been using natural gas for heating at the site in Absam.

Purchasing a central management system in 1996 that controls all the energy consumption installations, e.g. the gas heating unit, all ventilation systems, and the provision of hot water resulted in a double-digit reduction in gas consumption. The consumption units fitted in the plant buildings require the energy they need via the management system when providing heating, which then only has to achieve the required volume and temperature level.

STATUS QUO

Since 1987, all ventilation systems have been equipped with highly efficient heat recovery systems. The heat or cold in the building's ventilation system is channeled hygienically via crossflow exchangers to the supply air. There is a high energy consumption rate due to the huge demands imposed on the air inside the rooms in the Optical Production department and in installations because temperature and air humidity must be constant. During the dry, cold season, the air must be humidified. On the other hand, dehumidification is required during the humid summer months. The electrical steam humidifiers previously used were replaced by a high-pressure vaporizer system that is extremely energy efficient and hygienically channels purified water at a high pressure via turbulators to the supply air. As a result of switching systems, we were able, for instance, to save every year in the Flat Optics department 136,950 KWh or 27.3 tonnes CO₂.

The humidity is removed from the room through condensation of the humidity on a ventilation system's supply air exchanger. Cold water needs to be produced for dehumidification using a chiller. Thanks to a highly innovative Turbocor 2-MW chiller and a free cooling unit, we managed to save every year through cooling using external air 495,000 KWh or 22.4 tonnes CO₂.

The new systems installed in the Mechanical Production department have a higher performance, major installed services, and they are increasingly more compact. The machine halls are kept cool by using suspended ceiling cooling panels – the first of their kind anywhere in the world. In order to obtain objective data about the operation and energy efficiency of these cooling methods, Professor Herbert Braun from the University of Natural Resources and Life Sciences (BOKU) in Vienna was tasked with taking the relevant measurements. In the course of 113 weeks of tests, we supplied him with 82 million readings. He identified that the set-up with a cooling performance of 128 W/m² and a performance measured at 166.9 W/m² has been exceeded by far. Our innovative cooling system enabled us to save 28% of electricity compared with a room cooling system with air supply installations.

OTHER PLANS FOR THE FUTURE

In spring 2014 we commissioned the operation of a 131-KWp solar panel that only supplies our own company electricity grid. With a reduction of around 100,000 KWh per year, we have saved 4.6 tonnes CO₂ and therefore decided to expand the installation in 2015 on the south-facing façade of our production building no. 12. Using external LEDs uses up less electricity and, therefore also reduces the light emission reaching neighbors and streets due to the edge-to-edge sharpness definition. These lights also clearly attract significantly fewer insects. We can expect large energy savings with the increased use of LED lighting indoors as well. Our energy management system has had ISO 50001 certification since November 17, 2014.



INSIGHT: *PROFESSOR HERBERT BRAUN'S VIEW OF SWAROVSKI OPTIK'S HALL COOLING SYSTEM*

Is this kind of hall cooling innovative?

Ceiling cooling systems have been around for some time. What has basically happened is that new cooling elements from Harreither have been used with this design. Based on the analysis results, they not only meet the desired temperature requirements – with the elements' performance exceeding the limit value for high-performance ceiling cooling systems – but they also achieve the optimum energy consumption for controlling the temperature in the halls, thus increasing the hall cooling system's energy efficiency.

Has this type of hall cooling system served as a model for other companies?

Yes, follow-up projects have been implemented. Some of them have already had measurements monitored for long periods of time, while others are currently in the process of having their energy management performance analyzed.

What is your view of SWAROVSKI OPTIK's energy and environment management activities?

SWAROVSKI OPTIK is rated very highly in my opinion, as it has very committed people striving to achieve the best possible level of energy and environment management for the company. Not to mention that the monitoring carried out by SWAROVSKI OPTIK staff was also extremely satisfactory during the entire measurement period. They saved me personally numerous trips from Vienna to Absam to maintain the data capture system, PC, or router.

Do you have any other improvements to suggest?

Based on the many years of professional experience I have, I would think that there are always improvements to make. In particular, problems or wishes ought to be discussed and debated with staff occupying responsible positions, in order to achieve any further efficiency increases in terms of energy consumption and environmental impact.

OPTICAL MANUFACTURING

RAW MATERIALS STOCK



ROUND OPTICS

Manufacture and processing
of lenses



FLAT OPTICS

Manufacture and processing
of prisms



ULTRASOUND CLEANING

Automated cleaning performed in 3 cleaning lines
(preliminary, main, and ultra-fine cleaning)



COATINGS

Vacuum deposition of metal oxides



QUALITY ASSURANCE

100% quality control of lenses and prisms

MECHANICAL MANUFACTURING

RAW MATERIALS STOCK



TURNING DEPARTMENT

Processing
of light alloys



CONSTRUCTION OF HOUSING

Processing of housings from
cast aluminum and magnesium



SURFACE TREATMENT

Application of functional and decorative layers:
Degreasing of aluminum and magnesium parts
Anodizing of aluminum parts
Painting of aluminum and magnesium parts



QUALITY ASSURANCE

Sample checks on purchased parts and
parts manufactured in-house



FRESH WATER



WASTE



WASTEWATER



ENERGY

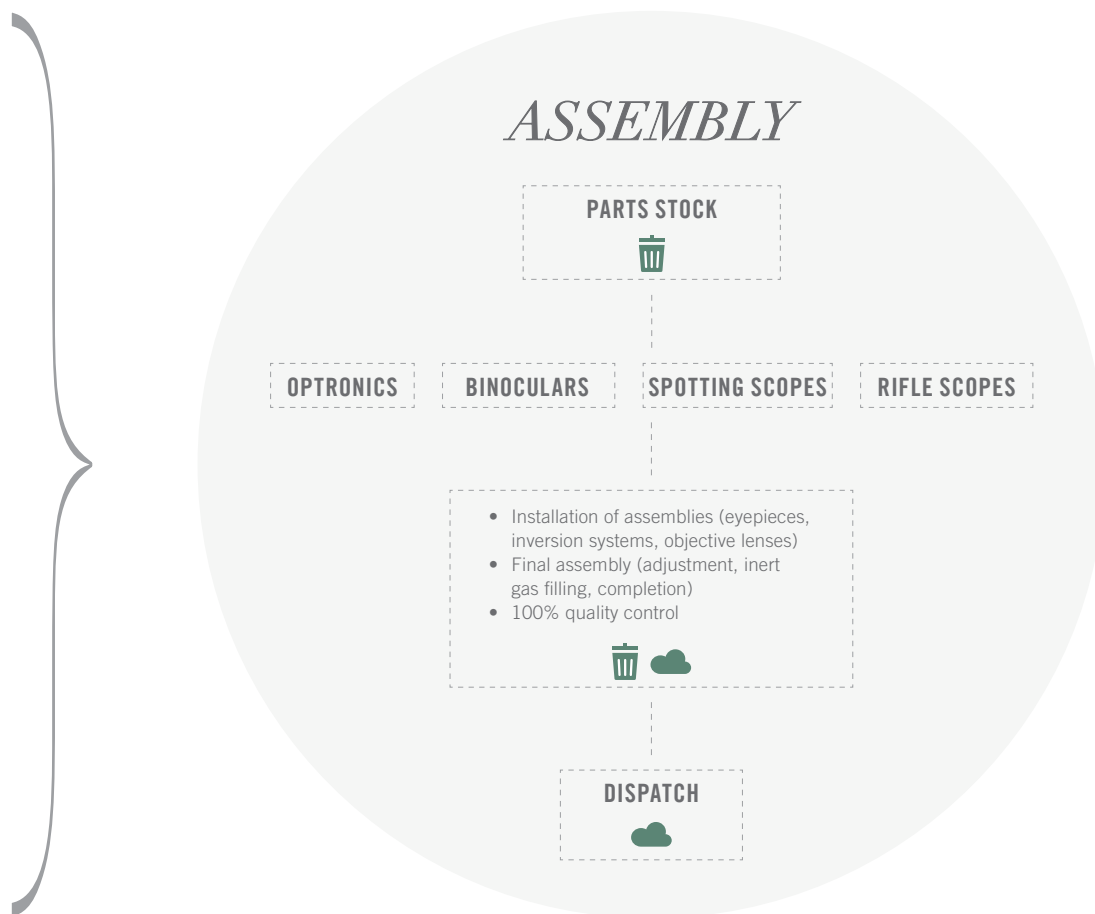


AIR



—*MANUFACTURING PROCESSES* ON SITE

COMPLEX PROCESSES ARE CARRIED OUT ON SITE,
FROM THE PRODUCTION OF PARTS TO FINAL PRODUCTION.



— OUR PRODUCTS



QUALITY OF THE HIGHEST ORDER

PUTTING SUSTAINABILITY INTO PRACTICE – SAVING RESOURCES

The notion of quality is given meticulous consideration at SWAROVSKI OPTIK and goes beyond purely technical aspects. The whole package matters to us: outstanding optics, functionality, ergonomics, design, service – all of which must be perfectly harmonized. This also includes for us a long product service life and warranty periods of at least ten years (for non-electronic devices). This is sustainability in the best sense of the word. After all, products with a long life cycle save resources and help us care for the environment. A pair of binoculars from SWAROVSKI OPTIK is an investment for life and will frequently be passed down to the next generation.

Already during the development phase, we strictly monitor to ensure that only sustainable materials are used. From the very outset, we think about making our products easy to dismantle so that they can be easily repaired and recycled. Our products are also sustainable in

terms of their use. Most of them operate “unplugged,” which means without requiring power or batteries, apart from a small number of products containing electronic components. Therefore, when used on a daily basis, our long-range optical products have no environmental impact and consume near enough no resources. This only happens while they are being manufactured and disposed of.

INTEGRATION OF ELECTRONIC COMPONENTS

As already mentioned, most of our products operate “unplugged,” which means without requiring power or batteries. This makes them sustainable and almost timeless. It also extends their service life considerably as electronic components, in particular, have a shorter life cycle. However, electronic components support valuable add-on features that can expand our products’ performance range significantly. SWAROVSKI OPTIK advocates the approach of integrating as much electronics and optics into its products as required in order to factor in competitiveness and add-on functions,



on the one hand, and sustainability and product service life, on the other. We currently offer the EL Range, binoculars featuring an integrated laser rangefinder.

The first approaches and trends toward integrating electronics into long-range optical devices were already established in the mid-1990s, in the top-end segment of the market, particularly for range measurement.

Electronic components are purchased and integrated into our products. In our development, manufacturing, and repair activities, we find it a challenge keeping pace with the short life cycles that electronic components have.

“

Having a sustainable lifestyle means one that is good and healthy, based on partnership and tolerance, where things preserve their value, are consciously enjoyed, and also used with appreciation. It also means being mindful of quality and not chasing after every fad, but not disparaging every one of them either. This is what a good quality of life is about. Sustainable consumption means remembering that better should be the enemy of good, not cheaper, and that also community spirit and individualism go hand in hand like partnership and independence.

”

Joachim H. Spangenberg, Sylvia Lorek
(from: Joachim H. Spangenberg/Sylvia Lorek, "Sozio-ökonomische Aspekte nachhaltigkeitsorientierten Konsumwandels" [Socio-economic aspects of sustainability-oriented transformation of consumption]; in: "Aus Politik und Zeitgeschichte" 24/2001, p. 23)

—*PROPORTIONS OF MATERIALS USED IN OUR PRODUCTS*

EL RANGE 8x42

31%
GLASS

23.2%
SYNTHETIC MATERIAL

19.6%
ALUMINUM

16%
MAGNESIUM

1.5%
ELECTRONICS

1.7%
COPPER-ZINC
ALLOY

7%
STEEL



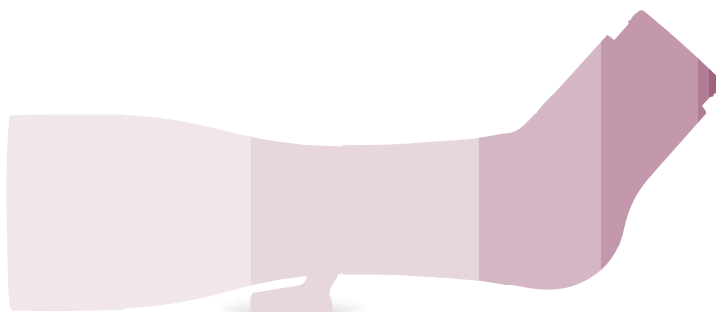


EL 8.5x42



GLASS	36%
MAGNESIUM	22%
ALUMINUM	21%
SYNTHETIC MATERIAL	17%
STEEL	5.7%
COPPER-ZINC ALLOY	0.3%

ATX 25-60x85



ALUMINUM	34%	MAGNESIUM	15%
GLASS	32%	STEEL	2%
SYNTHETIC MATERIAL	16.9%	COPPER-ZINC ALLOY	0.5%

Z6i 5-30x50



ALUMINUM	60%	SYNTHETIC MATERIAL	3.1%
GLASS	26%	COPPER-ZINC ALLOY	1.6%
STEEL	7.7%	ELECTRONICS	1.6%

—4.2 *IN NATURE*

OUR COMMITMENT

Our company's foundation is based on the beauty of nature as it creates the need for our products. It is also rooted in our core values:

“Our aim is to help people to love nature and encourage them to treat it with care and respect as a guest. This is because an intense experience of the beauty of nature is only enjoyed in the diversity of species and undamaged landscapes. This is where it is possible to make unforgettable discoveries using our products.”

We carefully select species and nature conservation projects throughout the world and provide them with long-term support, not only financially but also in terms of content material. We are currently collaborating with more than 50 wildlife parks and organizations that have made a commitment to species conservation.

We engage our efforts in particular to protect endangered bird species. This includes primarily the financial support to make projects possible, as most conservation projects are almost inconceivable without sponsors.



THE IMPORTANCE OF BIODIVERSITY

Nature is infinitely complex – a closely woven web of strands connected to and dependent on each other. This “web” is the pattern for our world where everything belongs together as diversity and relations are the foundations of life on our planet. One leads to the other; one facilitates the other. This also means, unfortunately, that the destruction of even a small species has an impact on the large whole. The more components disappear, the less resilience the whole ecosystem will have. If individual components of an ecosystem disappear, e.g. an animal or plant species, some functions of the ecosystem will be lost. The web has fewer strands and is susceptible to additional “holes.”

This is aggravated by the fact that nature is subject to its own laws, which people can only predict with great difficulty, especially if the system’s performance is starting to falter. Many effects occur indirectly and are barely measurable. Often the consequences of intervention in an ecosystem will only be visible years later.

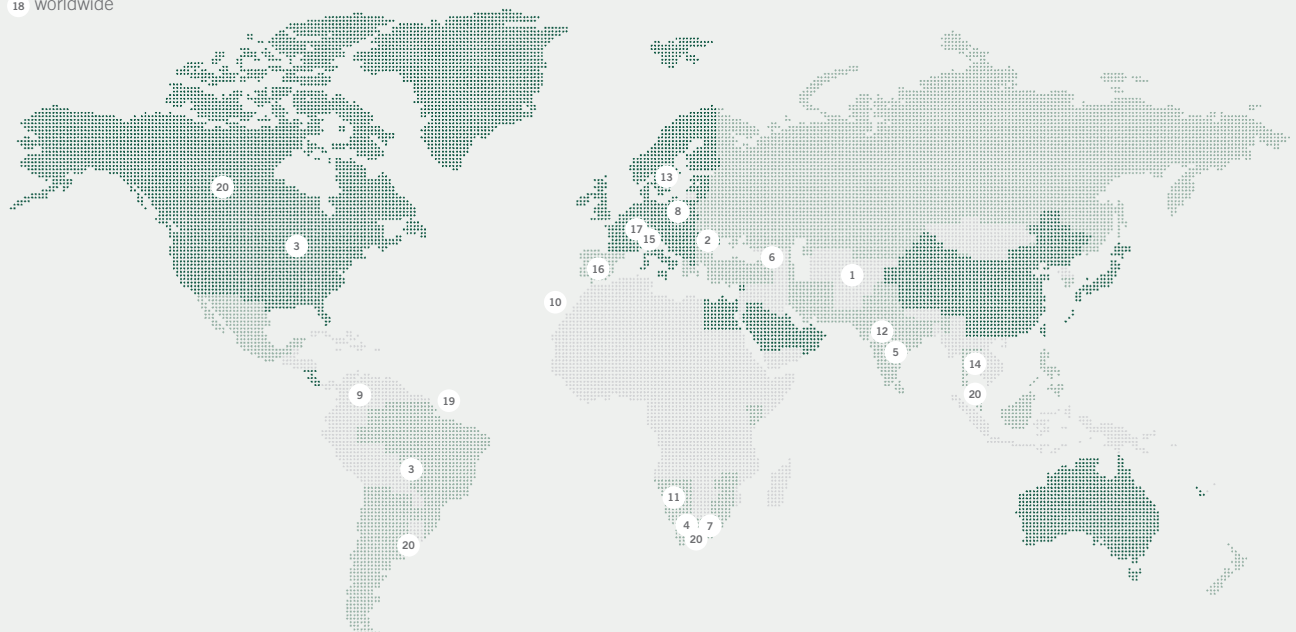
If, in addition to this, the fertility of the soil, the water, or the pollination of plants are affected, this also will definitely have an impact on human economic systems. Examples of this include soil surface

sealing, single-crop farming, e.g. with the soya crop, logging of rainforests and primeval forests, genetic “standardization” of seeds, and a type of overconsumption that requires not quality and intrinsic value but only quantity, affordable prices, and short-term availability. This often ends up producing waste, especially in the case of foodstuffs.

Companies in particular have an important responsibility to recognize their own interaction with the web of life and to act appropriately in a considerate and sustainable manner. SWAROVSKI OPTIK regards itself as a link in the chain of give and take. We made the commitment already a long time ago not only to have as little and the least harmful impact possible on the planet, but also to actively seek opportunities where our products, skills, contacts, and financial support can really change the situation and make an improvement, no matter how big or small. Continuing the earlier metaphor, we would like not just to avoid creating new “holes” in the global “web of life” or plug existing ones. SWAROVSKI OPTIK’s aim is rather to continue weaving the web of life with imagination, courage, and a great deal of personal effort in all its diversity of patterns, colors, and forms.

NATURE CONSERVATION PROJECTS

18 worldwide





1 SOCIABLE LAPWING (*Vanellus gregarius*)

Area: Kazakhstan/Near and Middle East

Project partners: BirdLife International,
Royal Society for the Protection of Birds (RSPB)



Brief description: When BirdLife International launched the “BirdLife Preventing Extinctions Programme” to save globally endangered bird species, SWAROVSKI OPTIK decided together with the RSPB, as one of the first “Species Champions,” to support the efforts to save the Sociable Lapwing. Our commitment ranges from promoting the work of our partners in the breeding grounds in Kazakhstan and of regional meetings in the countries where it has its habitat, and fitting some birds with satellite transmitters to observe their flight paths to creating the Amazing Journey website www.birdlife.org/sociable-lapwing. In addition, partner organizations were provided with devices for observing breeding grounds and migration routes.

Objectives: to safeguard the breeding grounds with the focus on Kazakhstan; cross-border cooperation to protect the birds’ key resting places on their migration routes and their wintering grounds from India to North Africa.

Start: 2008

Project status: active

2 DALMATIAN PELICAN (*Pelecanus crispus*)

Area: Bulgaria

Project partners: Branta Tours (Le Balkan Bulgaria)

Brief description: With a wingspan of up to 3.5 m (11.5 ft), the Dalmatian Pelican is one of the largest bird species of all. Since 1998 SWAROVSKI OPTIK has been actively involved with the project partner Branta Tours (formerly known as Le Balkan Bulgaria) in preserving the last breeding colonies of this endangered species in Europe. The protection measures we have adopted on Lake Srebarna in the Srebarna Nature Reserve, close to the border between Bulgaria and Romania, include funding for extensive renovation and maintenance work carried out every fall to preserve the colony, and providing long-range optical equipment for monitoring the breeding pairs. As one-off contributions, funding was provided for setting up a number of breeding platforms as protection against nest predators and flooding.

Objectives: to improve breeding conditions and, therefore, safeguard the Dalmatian Pelican breeding colony in the Srebarna Nature Reserve.

Start: 1998

Project status: active

3 CANADA WARBLER (*Wilsonia canadensis*)

Area: North and South America

Project partners: BirdLife International



Brief description: In 2013, as a BirdLife Species Champion for the second time, SWAROVSKI OPTIK took over sponsoring an endangered bird species: the Canada Warbler, a small, under-researched species, with its breeding grounds in the wet mixed forests of North America. Using the resources that have been provided, research is going to be carried out into the species’ breeding biology, migration routes, and wintering grounds, with the help of various relevant national BirdLife partner organizations. Only this information collected regionally makes it possible to produce a comprehensive cross-border list of measures aimed at safeguarding the habitat and, therefore, this species’ population.

Objectives: to carry out coordinated research on the Canada Warbler across its entire habitat (North and South America, the Caribbean); to acquire important knowledge and safeguard its long-term survival.

Start: 2013

Project status: active



4 COMMUNITY BIRD GUIDES

Area: South Africa

Project partners: BirdLife South Africa

Brief description: Interested local inhabitants from towns in the vicinity of birding areas are initially trained as Community Bird Guides by BirdLife South Africa. After they have expanded their knowledge through practical experience, they can take over as “mentors” the job of mentoring subsequent nature guides until they, in turn, have acquired sufficient expert knowledge and experience to earn their livelihood as qualified Birdlife Community Bird Guides. Every experienced Community Bird Guide who has taken on two mentees will be provided with SWAROVSKI OPTIK equipment, which will assist them in their everyday work as a guide, as well as in their nature conservation efforts, mapping work, and other tasks.

Objectives: to set up a network of professional Community Bird Guides throughout the whole country; to provide an additional source of income for the local population; to generate added value for the population by preserving important natural habitats.

Start: 2013

Project status: active

5 SNOW LEOPARD (*Panthera uncia*)

Area: India

Project partners: Youth Association for Conservation and Development in the Hemis National Park

Brief description: In an attempt to improve the livelihood of the population living within the Hemis National Park, without compromising their traditional way of life in the process, dedicated local inhabitants are making efforts to open up additional sources of income by getting involved in sustainable tourism – e.g. by offering guided walks and by training local people to become nature guides who are experts on snow leopards – and to facilitate peaceful co-existence between livestock and snow leopards. SWAROVSKI OPTIK supports this project by providing optical devices, various items of equipment, and assistance of a general nature.

Objectives: to preserve the population's traditional means of existence in a harsh, dry landscape; to protect the last snow leopards by means of ecotourism.

Start: 2013

Project status: active

6

BATUMI RAPTOR COUNT (BRC)

Area: Georgia

Project partners: Batumi Raptor Count (BRC)

Brief description: Every spring and fall around one million raptors pass through the Batumi bottleneck on the east coast of the Black Sea. A group of dedicated young students, who already suspected the major significance of this flight path for the birds on their way to Africa, began organized counts in 2008 with help from volunteers. What started off as simply recording the birds has now evolved into an internationally renowned nature conservation project, which has won over many birders and nature conservationists. SWAROVSKI OPTIK has been supporting the BRC since 2011 with binoculars and spotting scopes. It also supplies every year newly designed BRC T-shirts for the numerous volunteers, and carries out PR activities.

Objectives: to record the numbers of raptors migrating; to step up the PR and educational activities with the aim of curbing the illegal hunting of raptors.

Start: 2011

Project status: active





7 RHINOS WITHOUT BORDERS

Area: South Africa and Botswana

Project partners: Great Plains Conservation, &Beyond

Brief description: The poaching of the black rhino (*Diceros bicornis*) and the white rhino (*Ceratotherium simum*) in South Africa has increased dramatically in recent years. A rhinoceros is killed roughly every nine hours. The reason for this is their horn, which is much sought after in east Asia. Both organizations Great Plains Conservation and &Beyond have joined forces in the “Rhinos Without Borders” project to raise together the funds for resettling via plane 100 specimens of these pachyderms, increasingly under threat in their homeland. For instance, in early 2015, 10 rhinos were already transferred from their risky settlement area in South Africa to a nature reserve in Botswana. In their new, safe habitat the tightest security measures, supervised by the government, ensure that poachers have hardly any chance at all of getting to the rhinos. SWAROVSKI OPTIK supports this project by lending equipment for the gamekeepers deployed in the region.

Objectives: to resettle 100 rhinos from South Africa in Botswana to protect them from poaching and, therefore, support the survival of both African species in the wild.

Start: 2015

Project status: active

8 AQUATIC WARBLER (*Acrocephalus paludicola*)

Area: Poland

Project partners: RSPB, OTOP / BirdLife Poland

Brief description: As a result of the loss of a large part of its habitat, the Aquatic Warbler is the only globally endangered songbird species in mainland Europe. Through acquiring larger areas of land, SWAROVSKI OPTIK has made over the years, in collaboration with the Polish BirdLife partner OTOP, an important contribution to preserving this species.

Objectives: to safeguard its habitat long term; to increase the occurrence of the Aquatic Warbler; to promote land management for conservation and optimize breeding grounds; to inform surrounding farmers about how to support optimum land management.

Start: 1992

Project status: complete

9 COLORFUL PUFFLEG (*Eriocnemis mirabilis*)

Area: Colombia

Project partners: American Bird Conservancy, Fundación ProAves

Brief description: The habitat of the Colorful Puffleg, which is seriously endangered due to deforestation, is restricted to a small, extremely wet rainforest area in western Colombia. In 2004, when estimates indicated that there were no more than 50 to 250 birds worldwide, SWAROVSKI OPTIK financed the purchase of land with an area of 2,000 ha (4,942 acres), with the aim of preserving the species and its habitat, and set up feeding grounds there. This current nature reserve is home to 16 other endangered species of bird and two endangered species of frog, as well as to numerous other species of birds, amphibians, butterflies, and plants that exclusively occur in this area.

Objectives: to save the Colorful Puffleg and its habitat by purchasing land.

Start: 2004

Project status: complete



10 CANARIAN HOUBARA (*Chlamydotis undulata fuertaventurae*)

Area: Fuerteventura

Project partners: RSPB, SEO / BirdLife Spain

Brief description: SWAROVSKI OPTIK financed the purchase of 12.5 ha (31 acres) of land at Los Alares on Fuerteventura, to facilitate the implementation there of protection measures essential to the survival of the Canary Houbara.

Objectives: to protect the Canary Houbara and other endangered species, such as the Cream-colored Courser and the Black-bellied Sandgrouse.

Start: 2004

Project status: complete



11 BLACK RHINOCEROS (*Diceros bicornis*)

Area: Namibia

Project partners: Save the Rhino Trust (SRT)

Brief description: At the end of the last century, the last specimens of the black rhino outside national parks lived in Namibia. As they were competing there with farmers and their herds of cattle for water and were being hunted for their horn, the Save the Rhino Trust set as its objective to monitor and carry out research on these animals. SWAROVSKI OPTIK equipped the local gamekeepers with two-way radios, binoculars, and night vision equipment, and actively provided support in setting up three watering holes.

Objectives: to protect the largest free herd of black rhinos outside national parks.

Start: 1999

Project status: complete

12 KEOLADEO NATIONAL PARK

Area: India

Project partners: WWF India, Daniel Swarovski Wattens (DSW), Keoladeo National Park (KNP)

Brief description: Establishing a Wetlands Interpretation Center financed by sponsor funds from Daniel Swarovski & Co and creating a nature trail in collaboration with SWAROVSKI OPTIK is intended to make staying in the Keoladeo National Park as interesting and educational as possible for visitors. The local population is also involved in this nature conservation project supported by SWAROVSKI, the WWF, and the government of Rajasthan. Quite a number can earn a livelihood working as guides, rickshaw drivers and in the various areas of the nature conservation center.

Objectives: the key objective of the Salim Ali Visitor Interpretation Program is to make people realize, both local inhabitants and tourists, the importance of preserving wetlands, and especially the water, in order to ensure the continued existence of this nature reserve and its huge biodiversity.

Start: 1999

Project status: complete

13 GOLDEN EAGLE (*Aquila chrysaetos*)

Area: Sweden

Project partners: Eagle72

Brief description: With the aim of preserving the Golden Eagle population, SWAROVSKI OPTIK supported Eagle72 (ÖRN-72), a non-commercial organization set up in Sweden in 1971. The organization's main activity of protecting the Golden Eagle focuses on feeding activities during the winter months. This measure was also intended to prevent Golden Eagles from seizing reindeer as prey, resulting in them being shot. In 1998 a trailer was purchased to be used for the six feeding areas.

Objectives: to preserve a viable Golden Eagle population in Scandinavia by providing support during winter feeding.

Start: 1998

Project status: complete



14 HORNBILL (*Bucerotidae*)

Area: Thailand

Project partners: Hornbill Foundation

Brief description: Deforestation in the tropical rainforests has increasingly deprived Hornbills of the chance to care for their broods in the wild. As a result, these striking creatures with their horn-shaped bill, whose habitats include south-east Asia, have suffered sharp losses in terms of their population. SWAROVSKI OPTIK collaborated with the Hornbill Foundation in an effort to create artificial nesting aids for these birds that nest in cavities.

Objectives: to stabilize in the medium term the wild populations in Thailand; to contribute to preserving the tropical forest.

Start: 2004

Project status: complete



15 NORTHERN BALD IBIS (*Geronticus eremita*)

Area: Austria, Italy

Project partners: Konrad Lorenz Research Station

Brief description: The Almtal Northern Bald Ibis project was launched in 2002, with the methods deployed in this project relating back to the Grünaue project initiated in 1997. The resettlement of the Northern Bald Ibis requires controlled fall migration. This involves guiding the birds to suitable wintering grounds using microlight aircraft. Hand-rearing is a key method used as a basis for this. In 2003, the financial contribution made by SWAROVSKI OPTIK allowed, for instance, two microlight aircraft to be purchased. It also supplied the project team with the optical equipment required to observe the birds.

Objectives: to protect and resettle the Northern Bald Ibis.

Start: 2002

Project status: complete

16 PRESTIGE OIL SPILL

Area: Spain

Project partners: SEO / BirdLife Spain

Brief description: The Prestige oil tanker accident off the Galician coast in November 2002 resulted in a huge environmental disaster causing irreparable damage to the ecosystem. Apart from the coast being polluted by toxic oily sludge, widespread deaths were also observed among the wildlife that had their habitat there. SEO/BirdLife Spain reckons that a total of around 100,000 to 200,000 birds were affected by the oil disaster, mainly Puffins, Razorbills, Guillemots, European Shags, and Gannets. Although relatively few of the animals affected survived the disaster, numerous SEO employees from the whole country desperately battled against the oil spill to save the seabirds contaminated by oil from a distressful end. SWAROVSKI OPTIK supported the organization with financial resources and provided SEO employees with binoculars on loan to facilitate their task.

Objectives: to rescue and clean as many seabirds as possible, and to preserve the breeding grounds vital to some species on the north-west Spanish coast.

Start: 2002

Project status: complete

17 WHITE STORK PROJECT (*Ciconia ciconia*)

Area: Austria

Project partners: WWF Austria

Brief description: There is a well-known tree-breeding White Stork colony in the southern part of the Marchauen Nature Reserve. Due to the general destruction of the basic living conditions – with growing climate change also being a contributory factor – bird experts feared that the White Stork population would endure difficult times in the medium term. As part of the WWF's White Stork program, artificial eyries were to be created to encourage the White Storks to remain within the colony.

Objectives: to provide financial support for the WWF in creating artificial eyries in the White Stork colony with the aim of ensuring the protection of fledglings against predators and poisoning.

Start: 2003

Project status: complete





18 BIOSPHERE EXPEDITIONS

Area: globally

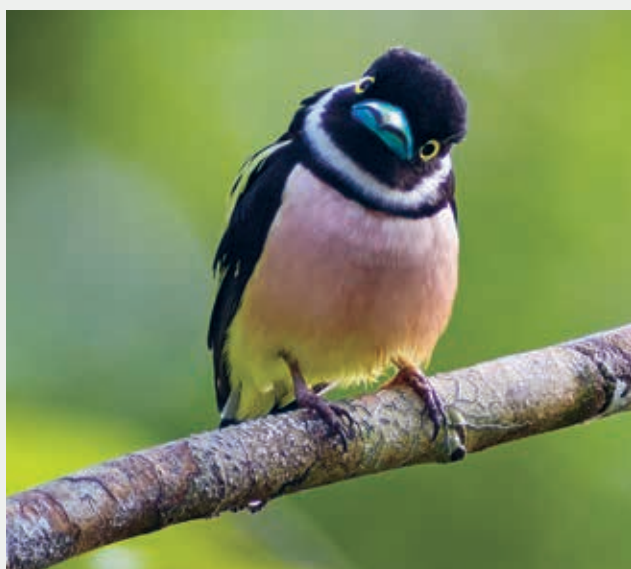
Project partners: Biosphere Expeditions

Brief description: This multiple award-winning non-commercial nature and species protection organization enables nature lovers who would like to be actively involved in protecting our biosphere to participate in professional research expeditions at an international level. For instance, support is given to studies on the protection of lions and cheetahs in Namibia, of snow leopards in the Altai, as well as on climate change in the Spanish Pyrenees. SWAROVSKI OPTIK supported the organization for five years by providing financial contributions and optical equipment for the field work carried out worldwide in most project areas.

Objectives: to carry out field studies and collect data on the protection of nature with the help of volunteers and non-experts.

Start: 2009

Project status: complete



19 5000 MILE PROJECT

Area: South America

Project partners: Private individuals (Katharine and Dave Lowrie)

Brief description: Katharine and Dave Lowrie walked almost 10,500 km (6,500 miles) across South America in 15 months, making them the first people to conquer the continent by traveling its whole length without any assistance. They walked almost the distance of a marathon every day to cover the route. They regularly published their impressions in a blog. SWAROVSKI OPTIK supported them both by providing binoculars.

Objectives: to provide environmental education to schools; to collect bird data and carry out mapping; to raise public awareness of South America's endangered ecosystems; to obtain sponsors to fund sustainable nature conservation measures.

Start: 2013

Project status: complete

20 BIRDLIFE INTERNATIONAL WORLD CONFERENCES

Area: Malaysia, South Africa, Argentina, Canada

Project partners: BirdLife International

Brief description: Main sponsor of all four events held in 1999, 2004, 2008, and 2013

Objectives: national BirdLife partner organizations meet at regular intervals at this globally important international conference, along with their cross-regional representatives, the most eminent bird protection experts, and high-profile representatives of the industry to exchange views on the most current topics relating to nature conservation, to enhance scientific knowledge, and support consolidated approaches to tackling urgent issues relating to the preservation of endangered bird species and their habitats.

Start: 1999

Project status: active



INTERVIEW WITH JIM LAWRENCE

Jim Lawrence from BirdLife International explains in an interview why biodiversity is absolutely essential for humanity to continue to exist. He also reports on general projects involving SWAROVSKI OPTIK.



What is the current status in terms of biodiversity, and how do things look for the future?

In no uncertain terms, the situation is critical, and it's getting worse. All the environmental factors indicate that there is a dramatic decline in biodiversity; while the external pressure it is subject to is continuing to grow. One factor that I find particularly alarming is that the extinction rate is around 1,000 times as high as the rate at which nature could replenish the losses. If we just look at birdlife as an example, an eighth of the 10,000 or so bird species around the world are facing extinction. The signs are clear: our planet is shortly facing collapse. This will take the form, in the near future, not only of a general decline, but also of sudden, catastrophic changes. There is the future prospect of wars breaking out around the world over food and water supplies. Faced with these facts, we can change this gloomy vision of the future if people act now with consideration and purpose. Governments have already launched initiatives at national and global level in different areas in order to preserve biodiversity. An ever-growing number of nature reserves are springing up on land and at sea. More action is being taken against pests from the biosphere that are alien to local species, with funding being made available.

Nevertheless, I believe that the solution is not only in the hands of governments, but every one of us can make our contribution. Organizations like the one I work for are showing the way; offering concrete solutions, and going about their actions with hope and courage.

What does your organization stand for?

At BirdLife International we believe in a world where biodiversity is present and where Man and nature can live in harmony. Our 120 partners worldwide with more than 10 million supporters across the globe are successfully campaigning for this vision. A key success factor in our work is definitely its sound scientific basis. We are experts on the birds featuring on the IUCN Red List of Threatened Species. We are constantly monitoring the population of every single bird species in the world. We have also described the key "bird places" in the world, numbering more than 12,000. Each of them is constantly monitored, using sound, stringent methods. This knowledge about birds provides exciting indicators. Governments around the world are using our research as the basis for acquiring knowledge about the current state of the environment.

Our work is also given further support in the form of commitment at local level. We provide our support where necessary; whether it be initiating activities, providing clarification and advice, and establishing effective protection mechanisms from scratch. This means that more than half of the BirdLife partners are public environmental protection organizations. Anywhere we're involved in preserving bird species, we monitor their habitat as a whole, with the aim of benefiting the ecosystem and the whole natural environment that people are living in.

How did your collaboration begin with SWAROVSKI OPTIK?

Our partnership with SWAROVSKI OPTIK has been going for more than 20 years. In that time, the company has supported numerous BirdLife projects and helped finance the last four BirdLife World Congresses. When we set up the BirdLife Preventing Extinctions Programme in 2008, as a BirdLife Species Champion, SWAROVSKI OPTIK very quickly announced its willingness to sponsor the Critically Endangered Sociable Lapwing. This commitment has, since then, helped BirdLife partners to monitor this interesting migratory bird on its complicated routes through Asia, Europe, the Middle East, and Africa. Thanks to this support, we were able, after the decline in this species, to tackle this issue, introduce protection measures, thus ensuring that the population could gradually recover.

We were particularly delighted that SWAROVSKI OPTIK committed last year to sponsor a second migratory bird, this time on the American continent. During the 2013 World Congress in Ottawa, we were able to announce the support from SWAROVSKI OPTIK for the Canada Warbler, a typical inhabitant of the boreal forest area, which flies the whole length of the continent in winter down to the Andes in South America. Once again, BirdLife partners will cooperate in the study of this species along the whole length of its journey.

How is this cooperation progressing and how committed is SWAROVSKI OPTIK?

In a nutshell, it is far-reaching. It is particularly pleasing that SWAROVSKI OPTIK's support goes far beyond the financial aspect. The company's entire workforce constantly shows their complete personal commitment and considerable readiness to help us in many different ways. This includes, not least, sponsoring high-quality precision optics for our partners. If you're trying to decipher the tiny marking ring on the leg of a shorebird in the middle of a storm, having good optical equipment is more than a luxury. It's absolutely essential and, quite honestly, it's often our most valuable asset of all.

We have also launched yet another initiative this year. With the overall aim of attracting attention and resources for combating the illegal shooting of birds in southern and eastern Europe, we launched in the spring an innovative "bird race" called "Champions of the Flyway." In collaboration with our partners SPNI in Israel and, of course, SWAROVSKI OPTIK, which has again announced immediately its support for BirdLife in this initiative, the project will monitor tens of thousands of birds of prey and storks on their journeys. These observations are shared via tweets and blogs, thrilling birders the world over with the wonder of bird migration. There is even a joint BirdLife SWAROVSKI OPTIK team in the race, which also includes Dale Forbes, SWAROVSKI OPTIK Head of Strategic Business Development as a valued team member.

What are the overall and key achievements so far?

The most difficult aspect of nature conservation is often getting a project up and running. It can be tough finding investors prepared to take a risk. However, SWAROVSKI OPTIK has already provided us with help in getting several projects started that we wouldn't have been able to launch successfully otherwise. This brings us back to the Canada Warbler. The original commitment made by SWAROVSKI OPTIK has triggered a whole series of initiatives. The upshot of this is that this species has now become a kind of symbol both for species protection issues relating to migratory birds in the US and Canada and for endangered species in the boreal forest area. Thanks to its support during the early stages, SWAROVSKI OPTIK has helped us establish a natural legacy for posterity.

What would you like to see from SWAROVSKI OPTIK?

Just one thing: for our partnership to continue for the next 20 years based, as it is at the moment, on mutual respect and a willingness to help.

SWAROVSKI OPTIK products are often used in hunting. How do you view the relationship between hunters and birders?

My answer to this is in two parts. Firstly, we don't condemn hunting in itself. We respect the right of all communities to hunt, provided that it is both legal and sustainable. If this isn't the case, we are opposed to this kind of hunting.



—INSIGHT: PROTECTING THE *CANADA WARBLER* AND *SOCIABLE LAPWING*

The Canada Warbler (*Wilsonia canadensis*) breeds in the boreal forests of North America and winters in South America, mainly in the countries of the tropical Andes, such as Venezuela, Colombia, Ecuador, Peru, as well as in isolated areas in Bolivia. The USFWS (United States Fish and Wildlife Service) classifies its population as endangered. Specific reasons for its endangered existence have not yet been identified as little research has been done on this songbird. However, observations suggest that the dwindling population is closely linked to the loss or changed use of its habitat.

The international Canada Warbler project wants to safeguard the existence of this bird species. The main objective is to increase knowledge about the Canada Warbler so that sustainable solutions can be developed to save it from extinction. This attaches paramount importance not only to the breeding grounds in Canada's boreal forests and to the transit areas, but most of all, in this respect, to studying the winter hibernation areas in South America.

SWAROVSKI OPTIK was named the first "BirdLife Species Champion" for the Canada Warbler in June 2013, and is responsible for funding the project for three years. This support is enabling the project to progress quickly, which is at a strategically, extremely important phase. SWAROVSKI OPTIK also provides scientists in the field with binoculars and spotting scopes for observing the Canada Warbler.

Another important project that the company has been involved in since 2008 is the protection of the Sociable Lapwing (*Vanellus gregarius*). This is a wading bird that breeds in Kazakhstan and migrates in the winter months south, especially to Sudan and northern India. It is classified

by the IUCN (International Union for Conservation of Nature) as a bird species under threat of extinction as its population has declined by more than 90% in the last few years. In this case too, the reasons for this are not yet completely clear. Current studies mainly indicate a low survival rate among adult Sociable Lapwings. There is presumably a link to illegal hunting along the migration route south.

The Sociable Lapwing project is a multinational nature conservation project that, on the one hand, studies the bird's migration routes using satellite tracking and, on the other, identifies the risks to migratory birds and tackles the issue locally. The primary focus in this case is on reducing illegal hunting activities along the bird's migration route and safeguarding breeding grounds. This project is being run by the RSPB (Royal Society for the Protection of Birds), the UK division of the international bird protection organization BirdLife. The RSPB has been involved in the research since 2005 and has the backing of numerous NGOs for this.

We have also supported this project as a "Co-BirdLife Species Champion" since August 2008. In addition to the financial support, the company also provides project partners with binoculars and spotting scopes. This makes it possible to observe the bird in difficult conditions. We also support the popular BirdLife website "Amazing Journey" (www.birdlife.org/sociable-lapwing), which presents the current locations of the Sociable Lapwing, along with the latest research findings.



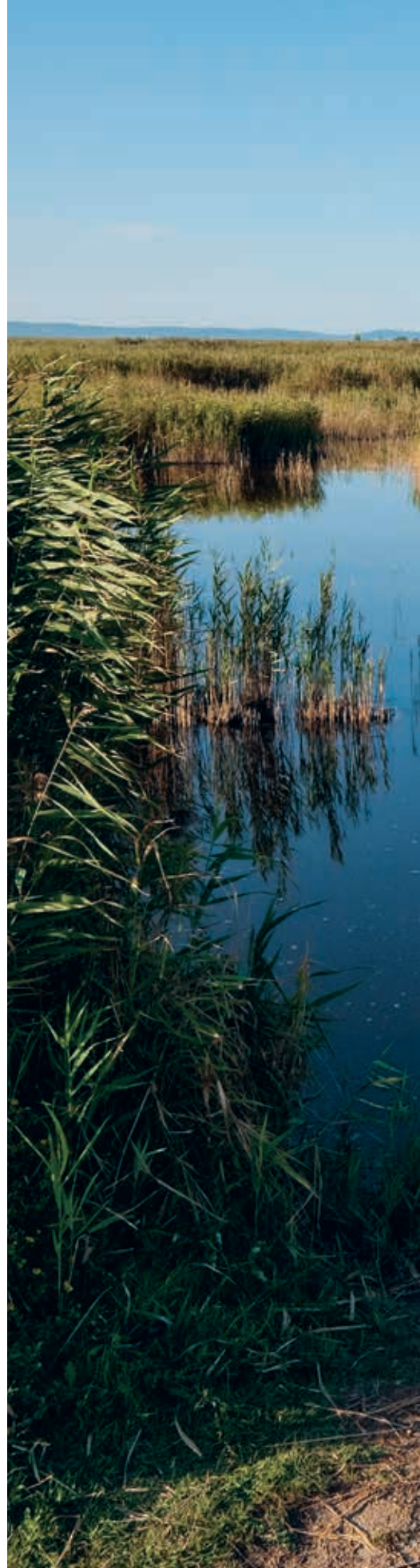
CANADA WARBLER (*Wilsonia canadensis*)

—4.3 *IN OUR MINDS*

OUR VISION

“Our aim is to help people to love nature and encourage them to treat it with care and respect as a guest. What we want is for people to discover the world’s beauty with the eyes of the hawk and be able to enjoy those precious moments. The pleasure of observing nature enriches our life and allows us to draw strength and inspiration from these ever so fleeting, yet unforgettable moments. We make every effort in our daily work and as a company as a whole to live and operate according to this vision. Our aim is to get even more people to love nature and its beauty, thus helping them put nature conservation into practice in their everyday lives. After all, we believe that people are particularly committed to protecting and preserving what they love.”

“We have already been using for a long time and with success our own communication platforms to constantly bring nature closer to our customers and allow them to enjoy unforgettable experiences. The reason for this is that we can only bring about a change in attitude and behavior if, as a company, rather than lecturing or moralizing at people, we convey to them the joy of an undamaged environment and a unique experience of nature. Or to quote Confucius: ‘I hear and I forget. I see and I remember. I do and I understand.’”











05 FACTS & FIGURES



ABOUT THIS REPORT

This is the first sustainability report from SWAROVSKI OPTIK. We have compiled it according to the G4 standard of the Global Reporting Initiative¹ (GRI) and have complied with the specifications based on the G4 “Core” option. The content of the report is also inspired by SWAROVSKI OPTIK’s core values and our understanding of the meaning of sustainability.

The report provides an overview of all the activities we have carried out and objectives we have achieved thus far in terms of sustainability. Our indicators relate primarily to the SWAROVSKI OPTIK site at Absam, which includes SWAROVSKI OPTIK KG and SWAROVSKI OPTIK Vertriebs GmbH. The data gathered covers the period from January 1 to December 31, 2014. In future, we will compile a report every three years about the progress of our services in terms of sustainability.

HOW THE REPORT CAME ABOUT AND THE TEAM INVOLVED

This report has been compiled by an in-house project team in collaboration with an external sustainability expert. Both internal and external stakeholders were actively involved in the process of planning the report’s content. As this is our first report, we have given priority to internal stakeholders, with external stakeholders being involved in the project in relation to specific topics. The Executive Board and all department heads attended sustainability workshops from June to December 2013, and more substance was added to the content during one-to-one discussions. The members of the Executive Board were also actively involved in the creation and design process and approved the entire content.

PARTICIPANTS IN CSR WORKSHOPS ON DEVISING MATERIALITY MATRIX

<i>Waltraud Dietrich:</i>	Strategy and Business Excellence
<i>Franz Erler:</i>	Quality assurance
<i>Dale Forbes:</i>	Strategic Business Development
<i>Julia Glantschnig:</i>	HR management
<i>Martin Gundolf:</i>	Communication
<i>Stefan Hämmerle:</i>	Member of the Executive Board for Sales and Marketing
<i>Erich Hofer:</i>	Sales Austria
<i>Ferdinand Kofler:</i>	Procurement
<i>Florian Kreissl:</i>	Product Management
<i>Matthias Lieb:</i>	Management accounting
<i>Claudia Mitterecker:</i>	International sales coordination & Trade marketing
<i>Gerhard Moser:</i>	Energy management
<i>Christian Neff:</i>	Supply chain management
<i>Bernhard Ölz:</i>	Environment and building
<i>Thomas Saller:</i>	Finance and administration
<i>Katja Triendl-Wechselberger:</i>	Legal department
<i>Carina Schiestl-Swarovski:</i>	Chairwoman of the Executive Board
<i>Gerd Schreiter:</i>	Member of the Executive Board for Technical Operations
<i>Sandra Wettling:</i>	Systematic personnel development

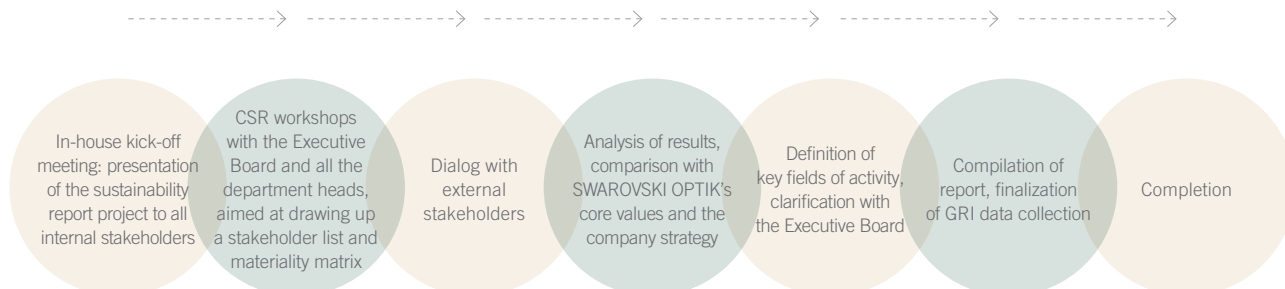


THE PROCESS OF COMPILING THE REPORT WAS DIVIDED INTO THE FOLLOWING PHASES:

ANALYSIS

DESIGN

DOCUMENTATION



THE REPORT WAS CREATED WITH THE INVOLVEMENT OF THE FOLLOWING EXTERNAL STAKEHOLDERS

Arno Guggenbichler, Mayor of Absam, Professor Herbert Braun, University of Natural Resources and Life Sciences (BOKU) Vienna, Jim Lawrence, BirdLife International Anton Hörtnagl, Pließnig

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OUR CODES OF CONDUCT

- Supplier Code of Conduct (2016)
- Code of behavior for employees
- Public sector code

All the codes are based on international standards

The codes can be accessed by

- clicking on the document link in the QUM manual
- obtaining a hard-copy version from the ethics officer

The SWAROVSKI OPTIK *code of conduct* is based on the following international standards:

- United Nations Declaration of Human Rights
- ILO Conventions: Convention 29 – Forced labor, Convention 87 – Freedom of Association and Protection of the Right to Organize, Convention 98 – Right to Organize and Collective Bargaining, Convention 100 – Equal Remuneration, Convention 105 – Abolition of Forced Labor, Convention 111 – Discrimination (Employment and Occupation), Convention 138 – Minimum Age, Convention 182 – Worst Forms of Child Labor
- OECD Guidelines for Multinational Enterprises
- The United Nations Conventions on the Rights of the Child
- UN Global Compact (based on the following principles: Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption)
- ISO 26000:2010 (guidance on social responsibility)

¹ The application of the GRI G4 guidelines requires general standard disclosures about the company and detailed information about the key fields of activity in the areas of core business, environment, and society.

SUSTAINABILITY OVERVIEW GRI Overview – G4

<i>GENERAL STANDARD DISCLOSURES “IN ACCORDANCE” – CORE</i>		
<i>G4 PROFILE/ INDICATOR</i>	<i>DESCRIPTION OF INDICATOR</i>	<i>INFORMATION</i>
1. STRATEGY AND ANALYSIS		
G4-1	Statement from the most senior decision-maker in the organization	Report page 11
G4-2	Description of key impacts, risks, and opportunities	Report page 25
2. ORGANIZATIONAL PROFILE		
G4-3	Name of the organization	Report page 125
G4-4	Primary brands , products, and services	Report pages 20, 23
G4-5	Location of the organization's headquarters	Report page 16, 125
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Report page 19
G4-7	Nature of ownership and legal form	Family business, is not disclosed
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers)	Report page 19
G4-9	Scale of the reporting organization	Report page 19
G4-10 & UNGC principle 3	Employment profile /total workforce by employment type, employment contract, and region	Report page 19 63 female employees, 201 male employees, 141 female workers, 211 male workers, 144 full-time, female, 395 full-time, male, 60 part-time, female, 17 part-time, male
G4-11 & UNGC principle 3	Percentage/number of employees covered by collective bargaining agreements	100% as it comes under Austrian legislation



<i>G4 PROFILE/ INDICATOR</i>	<i>DESCRIPTION OF INDICATOR</i>	<i>INFORMATION</i>
G4-12	Description of the supply chain	Report pages 70, 71
G4-13	Significant changes during the reporting period in terms of size, structure, or ownership	None – first report
G4-14 & UNGC principle 7	Precautionary principle	Report page 26
G4-15	Own pledge to voluntary initiatives	Report pages 26, 42
G4-16	Active memberships	Report page 29
MATERIALITY AND BOUNDARIES		
G4-17	Organizational structure , including main departments, different production sites, subsidiaries, and joint ventures	Report pages 16, 19
G4-18	Procedure for defining the report content	Report pages 28, 32
G4-19	Material aspects	Report page 33
G4-20	Boundary of the material aspects within the organization, limits of report	Report page 116
G4-20	Limitations on the scope of the report	Report page 116
G4-21	Boundary of the material aspects outside the organization	Report page 16
G4-22	Restatement of information from previous reports	First report, therefore not applicable
G4-23	Changes in the scope and aspect boundaries , as well as in the scope, report limits, or measurement methods	First report, therefore not applicable
STAKEHOLDER ENGAGEMENT		
G4-24	List of stakeholder groups engaged by the organization	Report pages 30, 31
G4-25	Basis for selecting stakeholders with whom to engage	Report page 116

<i>G4 PROFILE/ INDICATOR</i>	<i>DESCRIPTION OF INDICATOR</i>	<i>INFORMATION</i>
G4-26	Stakeholder engagement Approaches to stakeholder engagement, including frequency of engagement by type and stakeholder group	Report pages 30, 31
G4-27	Results from engagement Key issues and concerns that have been raised through stakeholder engagement, and how the organization has responded to these issues and concerns, including through its reporting	Report pages 20, 23, 60, 62, 70, 73
3. REPORT PARAMETERS		
G4-28	Reporting period (such as fiscal or calendar year) for information provided in report	2014
G4-29	Publication of last report, if any	Not applicable
G4-30	Reporting cycle (annual, biannual, etc.)	Every 3 years
G4-31	Contact point for questions regarding the report and its content	See legal notice
G4-32	GRI Content Index	Report page 118
G4-33	Validation by means of external assessment	None
4. GOVERNANCE, OBLIGATIONS, AND COMMITMENT		
G4-34	Governance structure and governance bodies, sustainability committees	Report pages 28, 40
ETHICS AND INTEGRITY		
G4-56 & UNGC principle 10	Code of Conduct Models developed in-house, internal code of behavior and principles that are relevant to the organization's economic, environmental, and social performance, as well the way in which they are implemented	Report page 28
G4-57 & UNGC principle 10	Internal and external mechanisms for compliance and integrity	Report page 28



INDICATORS BASED ON MATERIALITY ANALYSIS AND PRESENTATION OF MANAGEMENT APPROACHES

G4 PROFILE/ INDICATOR	DESCRIPTION OF INDICATOR	INFORMATION
ECONOMIC PERFORMANCE INDICATORS		
Economic performance		
G4-EC3	Scope of company social contributions	Report pages 60, 62
Market presence		
G4-EC6	Mechanism for recruiting local staff and the proportion of local staff in management executive positions at key business locations	93.75%
Indirect economic impacts		
G4-EC8	Understanding and describing the nature and scope of significant indirect economic impacts	Report pages 56, 76
ENVIRONMENTAL PERFORMANCE INDICATORS UNGC PRINCIPLES 7, 8		
Materials		
G4-EN1	Materials used by weight or volume	Report pages 92-95
G4-EN3	Energy consumption within the organization Indirect energy consumption broken down by primary energy sources	Report page 88 Electricity: 6,610,795 kWh Heat energy consumption: 4,795,034 kWh
G4-EN5	Energy intensity (<i>Energy intensity expresses the energy consumption per activity or production unit or other organization-specific parameter</i>)	Report pages 83, 88
G4-EN6	Reduction of energy consumption Energy saved, based on environmentally conscious use and increased efficiency	Report page 88

<i>G4 PROFILE/ INDICATOR</i>	<i>DESCRIPTION OF INDICATOR</i>	<i>INFORMATION</i>
G4-EN7	Initiatives aimed at designing products and services offering higher energy efficiency , those based on renewable energy, as well as the reduction in energy requirements achieved through this	Report page 92
Water		
G4-EN8	Total water withdrawal by source	Report page 84
G4-EN9	Water sources significantly affected by withdrawal of water	Report page 84
G4-EN10	Percentage and total volume of water recycled and reused	Report page 84
Biodiversity		
G4-EN12	Description of significant impacts of activities , products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Report page 98
Emissions, wastewater, and waste		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1) <i>All direct and indirect greenhouse gas emissions by weight</i>	Report page 86 Heating system: 897 t CO ₂ , no CO ₂ emissions and radioactive waste occur because of electricity labeling
G4-EN21	NO _x , SO ₂ and other significant air emissions by type and weight	Heating system – NO _x 137 kg/3% O ₂ , CO 17 kg/3% O ₂ production VOC installations: Hydrocarbon emissions in exhaust gas 3621 kg (C)
G4-EN22	Total water discharge by type and destination	Report page 84
G4-EN23	Total weight of waste by type and disposal method	Report page 87 Total volume of waste 550 t; 415 t are supplied for recycling and energy recovery



<i>G4 PROFILE/ INDICATOR</i>	<i>DESCRIPTION OF INDICATOR</i>	<i>INFORMATION</i>
G4-EN24	number and volume of significant spills	Report pages 84, 86, 87, 88
Products and services		
G4-EN27	Initiatives aimed at minimizing the environmental impacts of products and services, and the scope of their impacts	Report page 46
Transport		
G4-EN30	Significant environmental impacts caused by transporting products and other goods and materials for the organization's operations, and by transporting employees	Report pages 62, 83, 86
SOCIAL PERFORMANCE INDICATORS: LABOR PRACTICES & DECENT WORK		
Employment		
G4-LA1	Employee turnover in total and as a percentage by age group, gender, and region	1.14% – women 25 and under 0.81% – women 26 – 40 0.00% – women 41 – 55 0.49% – women 56 – 65 0.65% – men 25 and under 0.32% – men 26 – 40 1.30% – men 41 – 55 1.46% – men 56 – 65
G4-LA3	Return to work and retention rates after parental leave by gender	4.26% women, 0% men
Labor/management relations		
G4-LA5	Percentage of total workforce represented in health and safety committees that monitor and advise on occupational health and safety programs	Executive Board for Technical Operations, production managers, company doctor, cost center managers, employees 2.59%
G4-LA6	Injuries , occupational diseases, lost days and absenteeism, and total number of work-related fatalities by region	Rate of injury: 0.6% Rate of occupational diseases: 0% Total number of lost hours: 355 Work-related fatalities: 0

<i>G4 PROFILE/ INDICATOR</i>	<i>DESCRIPTION OF INDICATOR</i>	<i>INFORMATION</i>
G4-LA7	Instruction, training courses, consultancy, prevention and risk control programs that support employees, their families, or members of the community with regard to serious illnesses	Report page 58
G4-LA8	Health and safety topics covered in formal agreements with trade unions	The Austrian Worker Protection Act (ASchG) covers all the relevant areas
Diversity and Equal opportunity		
G4-LA13	Ratio of basic salary of men to women by employee category	Report page 62
SOCIAL PERFORMANCE INDICATORS: PRODUCT RESPONSIBILITY		
Customer health and safety		
G4-PR1	Stages during the service life of a product or the duration of a service that assess whether the impact of products and services on customers' health and safety can be improved, and the percentage of products and service categories that are assessed accordingly	Report pages 24, 50
Compliance with laws and regulations		
G4-PR9	Amount of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None



—*LEGAL NOTICE*

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PRINTING

Samson Druck, St. Margarethen

PHOTO CREDITS

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