



# VENDOR CODE OF CONDUCT: WATCHES OF SWITZERLAND GROUP PLC

The Watches of Switzerland Company Limited (defined as The Watches of Switzerland Group) are committed to operating in accordance with ethical trading standards as set out in this document. The Watches of Switzerland Group will make every effort to work with its vendors in order to reach the standards set out in this code.

There are 14 key principles to The Watches of Switzerland Group's Vendor Code of Conduct and definitions of each are provided in this document;

1. Employment is freely chosen
2. Freedom of association and the right to collective bargaining are respected
3. Working conditions are safe and hygienic
4. Child labour shall not be used
5. Living wages are paid
6. Working hours are not excessive
7. No discrimination is practised
8. Regular employment is provided
9. No harsh or inhumane treatment is allowed
10. Responsible environmental practices
11. Zero tolerance of conflict products
12. Bribery and Facilitation Payments
13. Anti-Money Laundering and/or financing of terrorism
14. Compliance to the code

## **1. EMPLOYMENT IS FREELY CHOSEN**

- 1.1 There is no forced, bonded or prison labour. Workers are not subject to any deception during recruitment and hiring.
- 1.2 Workers are not required to lodge 'deposits' or their identity papers with their employer and are free to leave their employer after reasonable notice.
- 1.3 Workers are not in debt due to recruitment or employment. Workers shall not pay any fees, travel expenses, administrative costs or other payments for the purpose of recruitment or employment or as a condition of employment.
- 1.4 There is no illegal mandatory overtime or mandatory overtime beyond local legal overtime limits. Employees shall voluntarily agree to overtime and provide written consent for mandatory overtime prior to employment or overtime shift. Any applicable production quotas shall not result in mandatory overtime or violations against working hour guidelines. Overtime hours shall not exceed the limits set by this Code. Workers freedom of movement shall be guaranteed.
- 1.5 Workers shall not be subject to any threats of termination or repatriation (applicable with employment of foreign migrant workers).

## **2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED**

- 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- 2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- 2.3 Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 2.4 Where the right to freedom of association and collective bargaining is restricted under local law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

### 3. WORKING CONDITIONS ARE SAFE AND HYGIENIC

- 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment. Valid health and safety permits, licenses and/or certifications, as required by local law shall be maintained, as well as any legally required equipment permits, licenses and/ or certifications.
- 3.2 Firefighting and emergency equipment shall be maintained as required by local law. Unless local law states otherwise, fire extinguishers shall be mounted and maintained in areas of flammable or combustible materials storage and along emergency exit pathways. Extinguishers shall remain accessible, be indicated, and have operating instructions and monthly inspection tags.
- 3.3 Emergency alarms shall be maintained as required by local law. At a minimum, manual or automatic emergency alarms shall be maintained in production and distribution areas. Alarms shall be indicated, accessible, and audible or visible in high-noise areas.
- 3.4 Emergency exits (including doors and windows) shall be accessible, indicated and unlocked, provided with luminescent signage in a language understood by the majority of workers, single release operable, side-hinged, self-closing, and open in the direction of travel. Emergency exits must have a landing level with the exit on the exit side. Secondary emergency exits shall be present on each floor and located at opposite ends. Emergency exit pathways shall be accessible, indicated with directional signs and path markings, lead to a public way or assembly point and shall be continuously lit. Emergency lighting shall be provided along all emergency exit paths.
- 3.5 The emergency evacuation plan shall be posted as required by local law, and at minimum in high-concentration areas and along emergency exit pathways. Emergency evacuation plans shall be accessible, shall reflect the facility's plot plan accurately in a language understood by the majority of workers, and shall contain the accurate location of the assembly point as well as a "You Are Here" mark.
- 3.6 The emergency assembly point shall be accessible by the emergency exit pathway, unobstructed, and separated from hazardous, combustible or flammable materials or objects.
- 3.7 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers. Evacuation drills shall be conducted as required by local law, and at minimum every 12 months for all shifts and floors of the facility and building.
- 3.8 Fully equipped, accessible and clearly identified first aid kits and facilities shall be maintained. As applicable, functional and appropriately located eye wash stations and/or chemical shower facilities shall be provided. There shall be trained first aid employees, as required by local law, and at minimum one employee responsible for first aid on every shift. As legally required, vendors shall maintain medical staff and/or a medical clinic and records and segregate hazardous medical waste. Medical tests, as required by local law, shall be administered to all applicable workers. Accidents shall be recorded, investigated and corrective action measures shall be put in place.
- 3.9 Personal protective equipment shall be provided to workers. There shall be systems in place to manage personal protective equipment identification, use, maintenance and training.
- 3.10 Equipment safety mechanisms shall be provided and maintained. Special equipment, such as forklifts, boilers, generators, elevators (lifts), compressors, and industrial refrigerators shall be maintained. There shall be systems in place to manage equipment safety identification, maintenance and training.
- 3.11 Safe handling, storage and disposal of chemicals and hazardous materials shall be practiced. Chemicals and hazardous materials shall be clearly labelled. There shall be systems in place to manage chemicals and hazardous materials identification, use, maintenance and training. An inventory of chemicals and hazardous materials shall be in place, as well as all applicable safety data sheets.

- 3.12 Electrical panels shall be accessible. Measures shall be in place to maintain wiring and outlets and prevent damaged or exposed wiring, possible trip hazards and overloading through use of adapters, extension cords and/or surge protectors.
- 3.13 Unlimited and free access to clean toilet facilities and to potable water shall be provided. Toilets shall be sufficient in number, sanitary, well lit and ventilated, separated by gender, and contain privacy stalls, running water and toilet supplies. Where food preparation and canteen areas are available, applicable licenses, permits and certifications shall be maintained as required by local law. Sanitary facilities for food storage shall be provided.
- 3.14 Workplaces shall be maintained sufficiently lit, ventilated and temperature controlled. Noise levels shall be monitored, as required by local law.
- 3.15 Accommodation, where provided, shall be maintained in accordance with local legal requirements, be clean, safe, and meet the basic needs of the workers. Dormitories shall be separate from the production and distribution areas. Workers shall be free to choose between vendor-provided housing and other accommodation alternatives and shall not be subject to curfews or abuse by security personnel.
- 3.16 Workplaces shall be maintained sufficiently lit, ventilated and temperature controlled. Noise levels shall be monitored, as required by local law.
- 3.17 Child-care facilities shall be provided, as required by local law. Vendors shall ensure any child-care facility is sanitary, separate from the production area, on the ground floor, equipped with an emergency alarm system, secondary emergency exit, fire extinguisher(s) and a first aid kit. Individuals under the age of 18 who are not working at the facility should not have access to production areas.
- 3.18 The company observing the Code shall assign responsibility for health and safety to a senior management representative. A health and safety committee shall be in place to monitor and document health and safety concerns and remediation efforts.

#### 4. CHILD LABOUR SHALL NOT BE USED

- 4.1 There shall be no new recruitment of child labour, as defined by local law, but shall not be less than the age of completion of compulsory schooling locally and, in any case, shall not be less than 15 years.
- 4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child (below the age of 15 or the legal minimum age, if higher).
- 4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions. Working conditions of employees under the age of 18 shall be in compliance with local law.
- 4.4 Employment of trainees, apprentices and individuals under the age of 18 shall be conducted in compliance with local law, including medical testing, applicable documentation maintenance, such as licenses and permits, and terms of employment, such as hours and pay.
- 4.5 These policies and procedures shall conform at a minimum to the provisions of the relevant ILO standards.
- 4.6 Prior to hire, vendors shall verify age documentation, and where legally permitted, maintain a copy of such legal documentation.

#### 5. LIVING WAGES ARE PAID

- 5.1 Wages and benefits paid for a standard working week meet, at a minimum, local legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income. Wages, including overtime, shall be paid in accordance with local law. Wages shall be paid directly into a worker-controlled account, on time, and at least once per month.
- 5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages and benefits before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.

- 5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by local law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.
- 5.4 All legal benefits, in particular social security, parental leave, annual leave and statutory holidays shall be furnished.
- 5.5 Accurate payroll records and production records shall be maintained, as required by local law.

#### **6. WORKING HOURS ARE NOT EXCESSIVE**

- 6.1 Working hours comply with local laws and benchmark industry standards, whichever affords greater protection.
- 6.2 In any event, workers shall not on a regular basis be required to work in excess of 48 regular hours and 12 overtime hours per week. Total work hours shall not exceed 60 hours per week. Overtime shall be voluntary, shall not be demanded on a regular basis and shall always be compensated at a premium rate. Workers shall be informed about overtime obligations and permitted to reject the overtime request without punishment or retaliation.
- 6.3 Workers shall be provided with at least one day off for every 7 day period on average.
- 6.4 Rest breaks and daily rest shall be provided as required by local law.
- 6.5 Accurate time records shall be maintained, as required by local law. Off-clock work shall not be allowed. Work shall not be taken home (unless official homework practices are in place).

#### **7. NO DISCRIMINATION IS PRACTISED**

- 7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation. Procedures on anti-discrimination shall be maintained and the religious beliefs of workers accommodated as far as practicable.
- 7.2 There shall be no illegal recruitment or hiring tests, any pregnancy or HIV testing, and birth control, for the purpose of employment.

#### **8. REGULAR EMPLOYMENT IS PROVIDED**

- 8.1 To every extent possible work performed must be on the basis of a recognised employment relationship established through local law and practice. Each employee shall receive a copy of a written employment contract outlining, in an official language and the language understood by the applicable employee, the terms of employment. Each employee shall fully understand its employment terms prior to commencing work and shall not be required to sign an incomplete contract.
- 8.2 There shall not be illegal terminations and termination records shall be maintained for at least the past 12 months.
- 8.3 Obligations to employees under local labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, subcontracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.
- 8.4 Where homework is conducted, it shall be documented and monitored. A valid business license shall be maintained, as required by local law, for any applicable homework engagements. Vendors shall inform The Watches of Switzerland Group of all homework and subcontracting activities, regardless of whether these activities are related to the production or service for The Watches of Switzerland Group.

#### **9. NO HARSH OR INHUMANE TREATMENT IS ALLOWED**

- 9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment, verbal abuse, mental abuse, coercion or other forms of intimidation during employment or recruitment shall be prohibited.
- 9.2 A written disciplinary procedure shall be maintained. Illegal or excessive disciplinary action and monetary fines shall not be permitted.
- 9.3 There shall be no abusive security practices, including opposite sex frisking or removal of clothing.

## **10. RESPONSIBLE ENVIRONMENTAL PRACTICES.**

The Watches of Switzerland Group believes that a business should protect, and where possible, improve the environment, promote sustainable development and prevent the wasteful use of natural resources. We expect our business associates to comply with all current local environmental laws and regulations and we encourage our vendors to promote responsible environmental practices.

- 10.1 Vendors shall maintain a policy to identify and maintain applicable environmental permits, licenses and/or certifications. Valid permits and/or licenses shall be maintained, as required by law.
- 10.2 Vendors shall complete a risk assessment to identify environmental risks to employees and the community and implement measures to manage identified risks.
- 10.3 Waste shall be handled in a controlled manner. Vendors shall separate hazardous waste from regular waste and prevent the direct discharge of hazardous waste into the environment. A hazardous waste inventory shall be maintained. As applicable and legally required, vendors shall only use licensed contractors to deliver hazardous waste for offsite treatment and/or disposal.
- 10.4 With regards to hazardous waste, air emissions, and waste water respectively, vendors shall establish a policy for identification, inventory, control and training, shall communicate and train all employees on the vendor's policies, and maintain control devices. Industrial wastewater quality testing and/or monitoring shall be conducted, as required by local law.

## **11. ZERO TOLERANCE OF CONFLICT PRODUCTS.**

The Watches of Switzerland Group neither supports nor condones the purchase of conflict minerals. The Watches of Switzerland Group will not knowingly purchase or sell any products that originate from a group or a country which supports or engages in illegal, inhumane or terrorist activities.

- 11.1 All vendors involved in the purchase or sale of diamonds must comply with the Kimberley Process Certification Scheme and / or the World Diamond Council System of Warranties, as applicable. Suppliers of diamonds and colour gemstones are expected to proactively gather information regarding the sources of stones.

11.2 All vendors must ensure that all gold and silver is sourced from accredited refiners on the LBMA Good Delivery List. All PGM shall be sourced from accredited refiners on the LPM (London Platinum & Palladium Market) Good Delivery List.

- 11.3 Vendors are expected to exercise due diligence over their supply chains in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the 'OECD Guidance'). Vendors shall encourage their supply chain to apply similar due diligence efforts.

## **12. BRIBERY AND FACILITATION PAYMENTS**

- 12.1 Vendors shall not engage in bribery or falsification of records and undue influencing of workers.
- 12.2 A policy governing bribery and facilitation payments shall be in place. Whistleblower protections shall be implemented, as required by local law. Employees shall feel free to refuse to participate in bribery or facilitation payments supported by the vendor and shall be aware that they will not suffer demotion, penalty or other adverse consequences for voicing a concern, or for refusing to pay a bribe or facilitation payment even if this action may result in the vendor losing business.

## **13. ANTI-MONEY LAUNDERING AND/OR FINANCING OF TERRORISM**

- 13.1 An anti-money laundering policy shall be in place.
- 13.2 A know your counterparty (KYC) procedures shall be in place and shall include, at minimum:
  - 1) verification of counterparties (customer and/or suppliers, including but not limited to information such as name, address, business license number, contact person, personal identification, name of parent company and subsidiaries, etc.);
  - 2) identification of high-risk counterparties including "Specially Designated Nationals And Blocked Persons" (e.g. via consultation of US Department of the Treasury OFAC or other relevant lists );
  - 3) Procedure to monitor transactions;
  - 4) Procedure to monitor and report suspicious activity;
  - 5) Procedure to discontinue business relationship with listed counterparties as required by UK and US law.

#### 14. COMPLIANCE TO THE CODE

Compliance to The Watches of Switzerland Group's Vendor Code of Conduct is mandatory if you are going to do business with us. Vendors shall abide by applicable local laws and regulations of the country and locality in which they are doing business, including local laws related to business ethics, responsible sourcing, human rights and social responsibilities, health and safety, and environmental responsibilities. Where The Watches of Switzerland Group's Vendor Code of Conduct goes beyond local legislation and references internationally accepted best practice or conventions, vendors shall abide by the stricter standard.

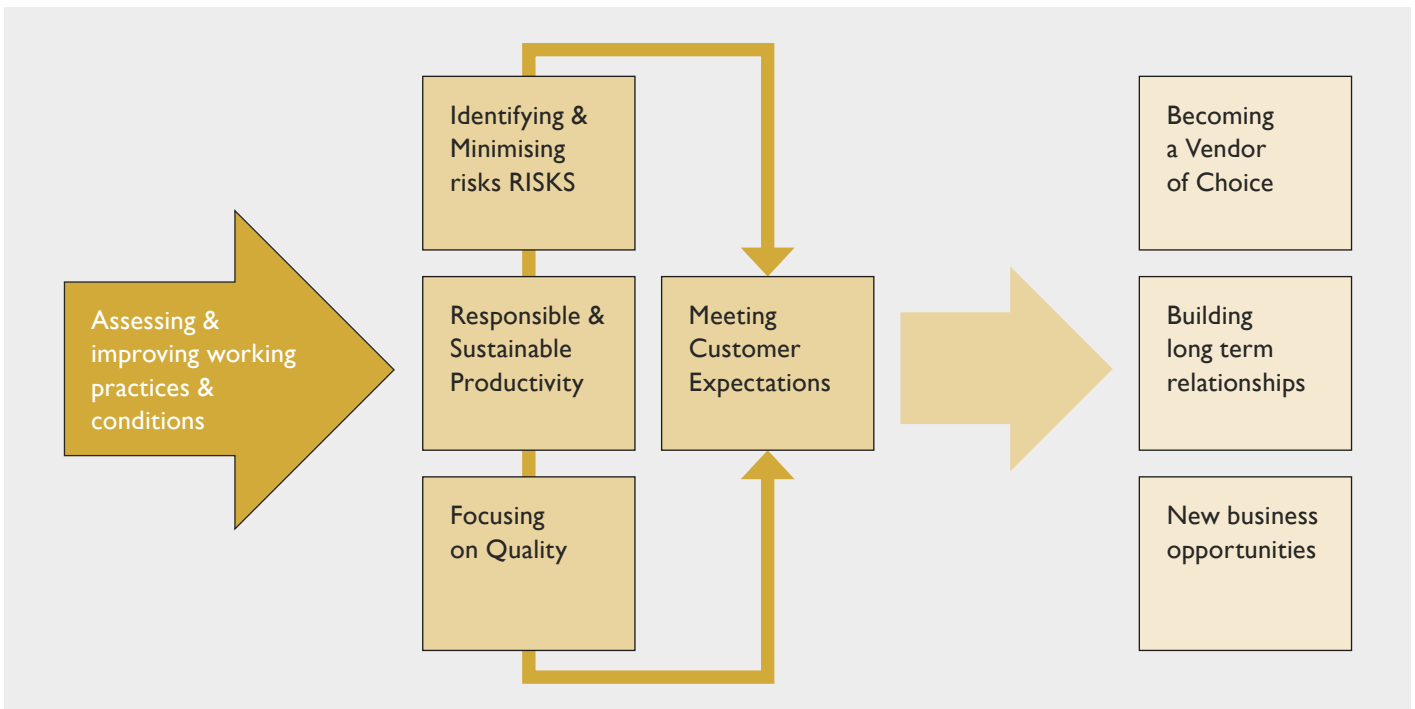
Vendors are encouraged to demonstrate awareness of risk within their supply chains (suppliers, subcontractors, and contractors to the facility, and customers and partners of the facility) through a supply chain risk assessment and supply chain monitoring. Any vendor standards, including legal standards and customer requirements, shall be communicated to its suppliers, subcontractors, contractors, customers and partners.

To manage compliance with social responsibility standards set by this Code, vendors shall, at minimum, establish policies governing labour, grievances, health and safety, environmental responsibility and ethics and business integrity. These policies shall be endorsed by executive management, kept up to date as requirements and legislation change, communicated to all employees, and reviewed on an annual basis. Vendors shall appoint responsibility to personnel for implementing the policies. Vendors shall implement a grievance procedure by which employees can confidentially raise issues of concern to management without fear of reprisal or negative repercussions. The grievance procedure shall record and track grievances and employees shall be made aware of the progress or resolution of any raised grievances.

The Watches of Switzerland Group intends to monitor compliance by means of factory audits conducted by trained Watches of Switzerland Group employees and/or third party auditing bodies. Vendors are requested to provide The Watches of Switzerland Group with full access to their production facilities and to any documents pertinent to legal employment or environmental practices. Any vendor found to be in violation of this Code will be notified of corrective action required to avoid termination of our business relationship.

The Watches of Switzerland Group values transparency and open communication. Should this Code conflict with applicable local laws and regulations where compliance with the Code would result in legal violations on the part of the vendor, vendor is expected to promptly communicate such conflicts to the Watches of Switzerland Group. Please direct all communication, including any questions about the requirements of this Code to Jim Crichton, Group Merchandising Director.

## BENEFITS OF COMPLIANCE TO THE CODE OF CONDUCT FOR VENDORS



- ✓ Helps identify risks & contributes to finding solutions
- ✓ Brings your workplace into line with The Watches of Switzerland Group Group's standards.
- ✓ Reduced risk of harm to workers
- ✓ Reduced risk of accidents
- ✓ More efficient workforce
- ✓ Able to attract & keep skilled workers
- ✓ The customers of the Watches of Switzerland Group trust us to supply products that are made in good conditions, by people whose health, labour and human rights are protected
- ✓ Global purchasers want to buy from vendors who can demonstrate good working conditions, labour standards and environmental stewardship
- ✓ Create new opportunities for your business in the global market