

Introduction

This statement is made pursuant to the Australian Modern Slavery Act 2018 (the “Act”) by The Swatch Group (Australia) Pty. Ltd., ABN 20 004 287 110 (“SGA”) for the financial year ending 31 December 2023. It identifies the risks of modern slavery and outlines the strategies implemented with a view to control them in connection with SGA’s operations and supply chains.

The reporting entity’s structure, operations and supply chains

SGA’s structure remains unchanged compared to the previous reporting period. It is a wholly-owned subsidiary of The Swatch Group Ltd, Seevorstadt 6, 2501 Biel / Bienne, Switzerland, and is part of the Swatch Group. SGA does not own or control any other entities. SGA employs 266 people in Australia as of 31 December 2023. SGA’s operations cover the purchase, import, marketing, wholesale and retail of finished watches, jewellery and accessories throughout Australia, New Zealand and Fiji. Additionally, SGA sells spare parts and components of watches to its authorised partners and repairs watches at its Head Office in Richmond.

All finished goods, spare parts and components are sourced from companies of the Swatch Group, imported into Australia and subsequently distributed and sold in Australia, New Zealand and Fiji. As a result of verticalised production and the “Swissness” requirements, most of the value creation takes place within Switzerland. Where suppliers of raw materials and parts are involved, they are selected by companies of the Swatch Group according to its strict quality criteria.

SGA uses a limited number of suppliers located outside of Australia for the supply of furniture and stationery as well as select marketing services. Apart from this, SGA’s suppliers are entirely local and concern the following sectors: event organisation, marketing services, property services (including facilities management, cleaning and security), construction services (such as corporate boutique construction and fitout works), freight and logistic services, office supplies and services, corporate accounting and consulting services.

The risks of modern slavery practices in the operations and supply chains of the reporting entity

The largest part of the value creation of the finished goods, spare parts and components that SGA sources takes place within Switzerland. This is in particular true for watches, which constitute the bulk of SGA’s sales and are subject to stringent statutory requirements imposed by Swiss law concerning the place of value creation. As demonstrated by international studies, Switzerland has a very low prevalence of

modern slavery. Thus, the fact that most of the innovation, design, manufacturing and assembling process takes place in Switzerland within companies of Swatch Group means that there are only minor risks of modern slavery regarding the finished goods, spare parts and components sourced by SGA.

Accordingly, any risks of modern slavery with regard to these goods are limited to the raw materials necessary for their production as well as ancillary products such as packaging materials. Any such indirect risks are however held in check by the close monitoring and control of the related suppliers by the Swatch Group, which are explained below.

With regard to suppliers related to local operations, SGA considers that there is a very low risk that it will contribute to modern slavery practices or use a local supplier that is engaging in modern slavery practices. SGA has taken the necessary measures described below to reduce any risks.

During the past financial year, Swatch Group and SGA were not made aware of any incidents related to modern slavery or human trafficking in its supply chains, nor were any such incidents reported. SGA recognises the importance of forced labour, bonded labour, child labour and human trafficking being prevented at all levels and in the entire supply chain.

The actions taken by the reporting entity to address these risks

Swatch Group condemns modern slavery and human trafficking as violations of fundamental human rights. Swatch Group is committed to both ethical and responsible conduct in all business operations and across its supply chains, which includes the observation of national and multinational provisions of law that have a bearing on its activities.

Swatch Group's efforts against slavery and human trafficking complement and build upon its existing Code of Conducts, other policies and guidelines; which comply with applicable laws and regulations regarding slavery and human trafficking, such as the United Nations' International Bill of Human Rights and the ILO's Declaration on Fundamental Principles and Rights at Work, and which include provisions on the prevention of involuntary labour and human trafficking. Swatch Group requires any supplier within its supply chain to adhere to such Code of Conducts and other policies and guidelines. Swatch Group only considers suppliers who fully comply with its criteria regarding safety as well as environmental and socio-political aspects.

Swatch Group continues to deliver, on a case-by-case basis, training modules and/or information material regarding its Code of Conducts, policies and guidelines to relevant staff and/or suppliers.

All these measures are equally implemented by SGA to ensure all local aspects of its operations within wholesale sales, retail, Ecommerce, marketing and promotion as well as the servicing of timepieces comply with The Swatch Group's strict governance requirements. Accordingly, SGA has issued the Swatch Group Supplier Code of Conduct to key suppliers

To educate employees and build greater awareness locally, all SGA employees have undertaken an eLearning training course dedicated to Modern Slavery. This program has become an ongoing part of any new SGA employee's company induction program.

How the reporting entity assesses the effectiveness of such actions

Swatch Group continues to undertake audits within its supply chain to ensure that the required conditions are fulfilled. If a supplier does not meet the criteria, it will be requested to take corrective measures or, if necessary, the supply relationship will be terminated. Regular checks are also carried out by SGA to ensure strict requirements are effectively met by suppliers.

This statement was approved by the board of The Swatch Group (Australia) Pty. Ltd. on 24 June 2024 and signed by Megan Parker in her role as the managing director on 24 June 2024.

A handwritten signature in blue ink, appearing to be "Megan Parker", written over a horizontal line.

Megan Parker
Managing Director of The Swatch Group (Australia) Pty. Ltd.
24 June 2024