



SUSTAINABILITY REPORT 2018

IWC
SCHAFFHAUSEN

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A VISIONARY HERITAGE

It was 150 years ago when the founder of IWC, Florentine Ariosto Jones, journeyed from Boston to Schaffhausen on the banks of the River Rhine. His mission was to combine American manufacturing technology with Swiss craftsmanship to make the best pocket watches money could buy. Right from the very beginning, the company's focus on economic growth, its use of renewable energy as well as its commitment to social responsibility formed the foundation of its mission.

IWC continually renews its commitment to sustainability across each of the five pillars identified by our parent company Richemont: Governance and Ethics, Sourcing, IWC as an Employer, Environment and Community Investment. We strive to create long-term value for both our business and society while preserving our heritage in quality, craftsmanship and innovation. By looking back at our founding values and forward to a resilient future, we aim to be growth-oriented while remaining socially and environmentally responsible.

IWC's leadership today is inspired by our founder F. A. Jones, who established the organization's principles of sustainability, thus helping the business thrive. Our company's senior leadership drive initiatives that



articulate our sustainability goals and ensure their implementation. These contributions are essential to the success of our sustainability mission at IWC.

While responsible business practices are deeply rooted in the history of IWC, our commitment was first formally recognized in the last decade. IWC became a Member of the Responsible Jewellery Council (RJC) in 2012 and has been certified in accordance with

the RJC Code of Practices since January 2014. Since 2013, we have been a Positive Luxury Brand to Trust. In 2015, we published our first Corporate Social Responsibility report. This second report marks our commitment to a biennial sustainability reporting process that utilizes the best-practice standards as designated by the Global Reporting Initiative (GRI).

Today, we continue the mission F. A. Jones embarked upon 150 years ago to responsibly produce the best timepieces money can buy. Of course, the successful implementation of sustainable practices relies on the engagement of our stakeholders. By working together with our customers, colleagues, business partners and the wider community, we ensure greater value to the economy, environment, and society.

A handwritten signature in black ink, appearing to read 'Ch. Herr', written in a fluid, cursive style.

CHRISTOPH GRAINGER-HERR
CEO IWC Schaffhausen



A watchmaker performs a final adjustment on a timepiece

SUSTAINABILITY AT IWC

In 2018, IWC Schaffhausen celebrates 150 years of creating masterpieces of Haute Horlogerie that combine precision engineering with exclusive design. The Swiss luxury goods Group, Richemont, acquired IWC in 2000. Richemont remains committed to preserving the heritage and identity of the company while also designing new products that align with the values of all its Maisons. IWC's headquarters as well as production operations are located in the canton of Schaffhausen in Switzerland.

Responsible corporate citizenship is central to the values of IWC and its parent company Richemont. Thus, mutual respect, honesty and integrity in our relations across all stakeholder groups guide our everyday decisions.

As a responsible luxury goods company, our vision is to preserve our heritage in quality, craftsmanship and innovation while creating long-term value for our business and society. This vision is backed by our mission: to lead the way in the luxury watch segment by producing timepieces of the highest quality sustainably and profitably. In order to realize our vision and to live our mission, we adopt a systematic approach to corporate sustainability in order to measure and manage the impact of our business on society.

Our efforts to implement responsible business practices are internationally recognized. IWC received the Walpole Award for Excellence in Corporate Social Responsibility in 2012, has been the recipient of the Positive Luxury Butterfly Mark since 2013, has been certified in accordance with the Responsible Jewellery Council Code of Practices since 2014, was awarded the best CSR in Switzerland by Capital Finance International in 2014 – and, most recently, received the

bronze award in sustainability in the 2017 International CSR Excellence Awards.

Our approach to sustainability is outlined in the present section, including the identification of material topics, stakeholder engagement, governance and ethics, our commitment to the UN Sustainable Development Goals, and the five pillars of sustainability established by Richemont across which we measure and manage progress in sustainability. We then explore our performance with respect to innovating products, our people who make the difference, the protection of our environment as well as our responsibility in the supply chain and within our communities.



"At IWC, sustainability means caring for our people, customers and the world we live in. We commit ourselves to transparency and respectful handling of natural resources with the understanding that doing so helps us prosper over the long term."

FRANZISKA GSELL
Chief Marketing Officer
Sustainability Committee Chair

IWC Schaffhausen uses Richemont’s sustainability pillars to structure its initiatives. Within each of these five pillars — Governance and Ethics, Sourcing, IWC as an Employer, Environment and Community Investment — we focus on key aspects to implement and monitor our sustainability objectives.

Governance and Ethics prioritizes the active participation and regular convening of the IWC Sustainability Committee and the biennial publication of a sustainability report to enhance transparency. The IWC Sustainability Committee exemplifies our systematic approach to sustainability and responsible business practices. It ensures a whole-of-business perspective and supports the nuanced conception and effective implementation of the IWC sustainability strategy.

Prioritizing retention, recruitment, ongoing development and growing craftsmanship, we provide

our employees with development opportunities; foster an employee-centric, safe, inclusive and respectful working environment; encourage fitness and a healthy lifestyle, and support low-emissions transportation.

To reduce IWC's carbon intensity and resource consumption, **our environment** pillar prioritizes the measurement, management, and reporting of our environmental impacts.

Our **sourcing** pillar revolves around applying industry best practices in our supply chain as well as seeking continuous innovation.

Within **our community investment** pillar, we collaborate with a range of organizations locally and globally, providing programmatic funding and developing corporate volunteering programmes that deepen our engagement with local and international partners.

This report provides information devoted to each material topic. The section on “Sustainability at IWC” includes governance, ethics, transparency, data protection and information security. The chapter on “Our product” addresses economic performance, product design, creativity, quality, growing craftsmanship, client satisfaction and service. The section on “Our people” is devoted to diversity and inclusion, employee recruitment, development, retention as well as health, safety

and well-being. The chapter “Our environment” covers climate change and energy use, logistics, water, packaging and waste. The section entitled “Our supply chain” contains information on the material topics of product integrity and sourcing, human rights and labour standards in the supply chain, trade in protected species and animal welfare. Finally, “Our community” covers community investment initiatives.

MATERIAL TOPICS

In 2017, we conducted a materiality assessment to prioritize our sustainability activities. As a first step, we aligned with the sustainability and operational priorities set forth by our parent company, Richemont.

We then evaluated the relevance of the identified sustainability issues for IWC in an internal online survey among the IWC Sustainability Committee.

This evaluation process incorporated the interests of key stakeholders and an assessment of various impacts on the business. The materiality assessment was finalized by an internal review and validation step (GRI 102-46). As a result, our materiality matrix and respective material topics reflect the issues deemed most relevant to our business and our stakeholders.

"IWC has established targets to guide our sustainability efforts in the coming years. These targets are aligned to our materiality matrix, our five pillars of sustainability and the UN Sustainable Development Goals. We will measure our progress towards these goals across the business."

AURELIA FIGUEROA
Corporate Sustainability Manager,
Sustainability Committee Member



A movement plate is crafted

MATERIALITY MATRIX

<p>IMPORTANCE TO STAKEHOLDERS</p> <p>HIGHER</p>	<ul style="list-style-type: none"> • Human rights and labour standards in the supply chain • Product integrity and sourcing
	<ul style="list-style-type: none"> • Employee recruitment, development and retention • Climate change and energy use • Health, safety and well-being • Economic performance • Water, packaging and waste • Trade in protected species and animal welfare • Transparency
<p>LOWER</p>	<ul style="list-style-type: none"> • Client satisfaction and service • Governance • Ethics • Product design, creativity, quality, and growing craftsmanship

IMPORTANCE TO IWC

- 8 -

IWC's key stakeholder groups align with those that Richemont prioritizes: clients and customers, employees, suppliers and business partners, local communities and civil society (GRI 102-40).

When engaging with these stakeholders, we focus on specific areas of interest that reflect our material topics (GRI 102-44).

IWC addresses stakeholder topics and concerns by bringing them to the relevant governing committee: the IWC Sustainability Committee. This is the first step for each sustainability initiative at IWC, thus fostering a transparent and inclusive approach to sustainability governance at IWC. Once the Committee has approved an initiative, responsibility is delegated among responsible Committee members holding the mandate(s) relevant to a given initiative.

Recipients of our high-quality goods and services

Client satisfaction and service; product design, creativity, quality and growing craftsmanship; trade in protected species and animal welfare; transparency; climate change and energy use; human rights and labour standards in the supply chain; packaging and waste; product integrity and sourcing; data protection and information security

Health, safety and well-being; employee recruitment, development and retention; corporate volunteering; opportunities to engage in sustainability; diversity and inclusion; governance and ethics.

Surveys, newsletters, intranet articles, structured performance management processes, training systems and the distribution of codes of conduct.

The companies that help us deliver our high-quality products to our customers

Product integrity; sourcing; human rights and labour standards in the supply chain

The drivers of our business success

STRATEGIES TO ADDRESS THESE TOPICS

Regular and ongoing communication and cooperation on these topics, distribution of codes of conduct and audits to ensure appropriate business practices

LOCAL COMMUNITIES

The location of our operations and the wider cultural community that we engage through our activities

KEY TOPICS AND AREAS OF INTEREST

Positive economic contribution and community investments

STRATEGIES TO ADDRESS THESE TOPICS

Contributions to IWC’s local and international communities in the form of financial and in-kind contributions as well as corporate volunteering

CIVIL SOCIETY

The organizations we engage through our involve-

ment in industry associations and activities (including NGOs) as well as industry organizations and media where we share our best practices

KEY TOPICS AND AREAS OF INTEREST

Trade in protected species and animal welfare; transparency; climate change and energy use; human rights and labour standards in the supply chain; packaging and waste; product integrity and sourcing; governance and ethics; community investments

STRATEGIES TO ADDRESS THESE TOPICS

Direct and ongoing engagement with: industry organizations to align with, implement and share best practices; NGOs to inform about arising topics, improve business practices and communicate progress; media to share information about these areas, IWC’s business practices and commitment to maintaining high standards and improving processes where possible

GOVERNANCE AND ETHICS

Ethical behaviour and responsible business conduct are fundamental to our success. To guide our decisions and actions, we adhere to Richemont Codes of Conduct. This framework encompasses our Code of Business Ethics, Corporate Social Responsibility Guidelines and Codes of Conduct for Employees and Suppliers. Both the Richemont Standards of Business Conduct and the Richemont Employee Code of Conduct set out respective legal, governance and ethics requirements for employees. These Codes of Conduct encompass cases in which due diligence actions must be taken and also outline processes that must be followed when registering instances of non-compliance.

The Richemont Supplier Code of Conduct governs employee conduct vis-à-vis suppliers. It encompasses practices related to anti-corruption, antitrust, labour and environmental standards, the provenance of precious materials and related sourcing practices. During the reporting period, a dedicated effort in supply chain management resulted in 99 to 100 per cent compliance with the Code of Conduct.

Human Resources is the main corporate function responsible for governance and ethics, particularly when the topic concerns individual conduct in the workplace. Each IWC department is responsible for developing complementary governance structures

and ensuring adherence to relevant laws, regulations and principles. In the reporting period from April 2015 to March 2017, there were no instances of non-compliance with laws or regulations.

Transparency was defined in the course of the Richemont materiality assessment to encompass non-financial reporting. In the release of biennial sustainability reports, IWC provides ongoing and detailed transparency regarding its business, its commitment to sustainability and its progress on established targets.

We also safeguard our stakeholders’ privacy and ensure the protection of their data. Although IWC does not own customer data (this is the purview of Richemont), our employees – particularly those in customer relations management (CRM), IT and information security, customer services and management processes – must guarantee that all customer information is handled with utmost privacy and respect.

To engage our employees with this important topic, we regularly provide training, send newsletters to raise awareness of information and security topics and provide guidance on the processes that govern how data must be handled. In the reporting period, there were no negative findings related to privacy breaches.

“In a fast-moving and fully transparent world, it is fundamental to have a highly responsible business approach. Being responsible for us means caring and thinking sustainably about the impact of our decisions.”

MARC MICHEL-AMADRY

International Sales Director, Sustainability Committee Member



Participants in a Antoine de Saint-Exupéry Foundation school opening ceremony in Cambodia

IWC'S COMMITMENT TO
THE SUSTAINABLE DEVELOPMENT GOALS



As a member of the international community, IWC Schaffhausen is committed to the Sustainable Development Goals (SDGs). Among the 17 goals, IWC contributes to the following at the core of its responsible business practices, setting targets and measuring progress: gender equality (5), decent work and economic growth (8) and responsible consumption and production (12). Through dedicated activities,

IWC furthermore supports the following SDGs: good health and well-being (3), quality education (4), affordable and clean energy (7), industry, innovation and infrastructure (9), climate action (13) and peace, justice and strong institutions (16). Together with its partners, IWC promotes the following SDGs: quality education (4), life below water (14), life on land (15) and partnerships for the goals (17).

AT THE CORE OF BUSINESS PRACTICE

5: Gender equality

IWC contributes to SDG 5 by fostering a diverse and inclusive work environment where everybody can thrive without regard to gender, race, colour, religion, age, sexual orientation, ethnic/national origin or disability.

MATERIAL TOPICS

Employee recruitment, development and retention; diversity and inclusion

IWC 2020 TARGETS

Double the share of women in management positions.
Achieve gender equality in training participation.

8: Decent work and economic growth

IWC contributes to SDG 8 by creating jobs, providing attractive workplaces, working with suppliers on labour practices, implementing energy efficiency measures and using low-carbon energy sources to decouple growth from emissions. Through its apprenticeship programme, IWC contributes to youth and local employment by supporting vocational education and job-oriented training programmes.

MATERIAL TOPICS

Climate change and energy use; human rights and labour standards in the supply chain; economic performance

IWC 2020 TARGETS

IWC aims to reduce greenhouse gas emissions by 10 per cent by 2020 compared to a 2017 baseline.

12: Responsible consumption and production

IWC integrates sustainable practices across the entire life cycle of our products – from the sustainable and efficient use of materials to providing repair services for customers to ensure a resilient product with enduring value. We adhere to local regulations and industry best practices to ensure the

environmentally sound management of chemicals.

MATERIAL TOPICS

Client satisfaction and service; product integrity and sourcing; product design, creativity, quality and growing craftsmanship; packaging, waste and water; logistics; governance and ethics; transparency

IWC 2020 TARGETS

Reduce the volume and weight of primary packaging by 30 per cent by 2020 compared to a 2017 baseline.
Publish a biennial Sustainability Report.
Achieve RJC Code of Practices recertification.

COMPLEMENTARY ACTIVITIES

3: Good health and well-being

IWC promotes health and well-being at the workplace by providing subsidies for health insurance, fitness memberships and immunizations. Furthermore, IWC supports active mobility to the workplace and fitness in the workplace. Employees may also make use of a dedicated and confidential mental health hotline. In cooperation with the Laureus Sport for Good Foundation, IWC further supports sports and well-being initiatives worldwide.

MATERIAL TOPICS

Health, safety and well-being

IWC 2020 TARGETS

Reduce the absence rate by 10 per cent compared to 2017 by promoting health and well-being among IWC employees.

13: Climate action

IWC uses 100 per cent renewable electricity in Schaffhausen. Through the purchase of carbon credits, IWC supports capacity building for climate-change-related planning and management in developing and least-developed countries. Educational programmes and campaigns raise awareness about climate

change among IWC employees and other stakeholders.

MATERIAL TOPICS

Climate change and energy use

IWC 2020 TARGETS

IWC aims to reduce greenhouse gas emissions by 10 per cent by 2020 compared to a 2017 baseline.

PROMOTION THROUGH PARTNERSHIPS:

ALL COMPLEMENT THE MATERIAL
TOPIC “COMMUNITY INVESTMENT”

4: Quality education, 17: Partnerships for the goals

Through its partnership with the Antoine de Saint-Exupéry Foundation, IWC promotes inclusive educational programmes and the construction and upgrading of facilities for underserved communities. In cooperation with the Laureus Sport for Good Foundation, IWC supports inclusive educational initiatives that combine learning, job skills building and peace promotion with sport.

14: Life below water, 17: Partnerships for the goals

In cooperation with the Cousteau Society and the Charles Darwin Foundation, IWC supports initiatives to sustainably manage, protect and conserve marine and coastal ecosystems.

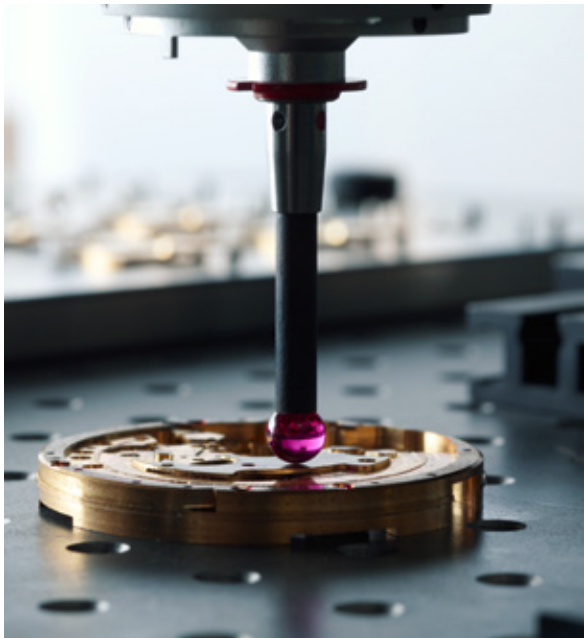
15: Life on land, 17: Partnerships for the goals

IWC uses only paper products certified by the Forest Stewardship Council (FSC) for internal and external communications while actively working to reduce overall consumption in packaging and marketing materials. Furthermore, IWC is also engaged in corporate volunteering with FSC in the Schaffhausen region.

“As I care about sustainability in my personal decision making it is important for me to work for a company that does the same.

IWC sustainability initiatives including the training offerings and incentives for environmentally friendly actions demonstrate to me as an employee the IWC commitment to sustainability.”

SARAH SCHRANZ
Product Manager



The movement base plate is measured



The watch bridge is mounted onto the movement

OUR PRODUCT

CRAFTED IN SCHAFFHAUSEN

Each IWC timepiece is built upon meticulous craftsmanship, technical perfection and innovation, top-quality materials, masterful design and functionality to exceed customer expectations.

As one of the world's leading brands in the luxury watch segment, IWC creates masterpieces of Haute Horlogerie that combine precision engineering with exclusive design.

IWC's headquarters as well as production operations are located in the canton of Schaffhausen in Switzerland. More than 90 per cent of IWC's watch components are manufactured or assembled in Switzerland, with over half of them in IWC's own Schaffhausen workshops.

We continuously invest in our design capabilities, technical capacity and production know-how. In 2017, we



inaugurated the IWC Manufakturzentrum which is imbued with innovation from its energy to its technical performance capacities. Since 2005, IWC more than doubled the number of employees working in research and innovation. Thus, an increasing number of movements are now designed and produced in-house such as the minute repeater, the tourbillon and the perpetual calendar. Within the reporting scope, IWC has launched approx-

imately 70 new references, or specific watch models, every year.

Before leaving Schaffhausen, each timepiece is carefully tested for functionality. On top of this, models are tested for impact, wear and tear, climate, corrosion and the effects of UV exposure along with everyday activities to ensure a durable, wearable product for our customers – no matter their passions or professions.

"IWC is a strong brand with beautiful products and a rich tradition in design and innovation.

The challenge of the future is to exceed customer expectations and to take responsibility for sustainability across the entire product life cycle."

CHRISTIAN KNOOP

Director Creative Centre,
Sustainability Committee Member



Portugieser Perpetual Calendar Edition "150 Years" (Ref.: IW503405)

THE IWC WATCH FAMILIES

IWC'S RANGE OF PRODUCTS EXTENDS FROM RUGGED TIMEPIECES AND SPORTS WATCHES TO HAUTE HORLOGERIE COMPLICATIONS:



INGENIEUR AQUATIMER PILOT'S WATCHES PORTUGIESER PORTOFINO DA VINCI

INGENIEUR

The Ingenieur watch family developed in the 1950s. Rugged and functional on the outside, these watches contain impressively sophisticated technology and stand for precision, reliability and resilience.

AQUATIMER

In 1967, IWC Schaffhausen unveiled the Aquatimer, the company's first diver's watch, thus founding a watch family whose success has continued unabated to this day. This watch family comprises masculine, dynamic sports watches that are puristic in design and feature a sophisticated rotating bezel system. Our partnerships with the Cousteau Society and the Charles Darwin Foundation deepen the heritage of this watch family.

PILOT'S WATCHES

IWC Schaffhausen has over 80 years of experience in the manufacture of Pilot's Watches. The current collection features classic Pilot's Watches, TOP GUN Pilot's Watches, the TOP GUN Miramar line and the Spitfire collection. Our partnership with the Antoine de Saint-Exupéry Foundation comes to life in this collection.

PORTUGIESER

The Portugieser is one of the most prestigious and best-known watches of the IWC brand. No other IWC watch family brings together so many technical Haute Horlogerie achievements.

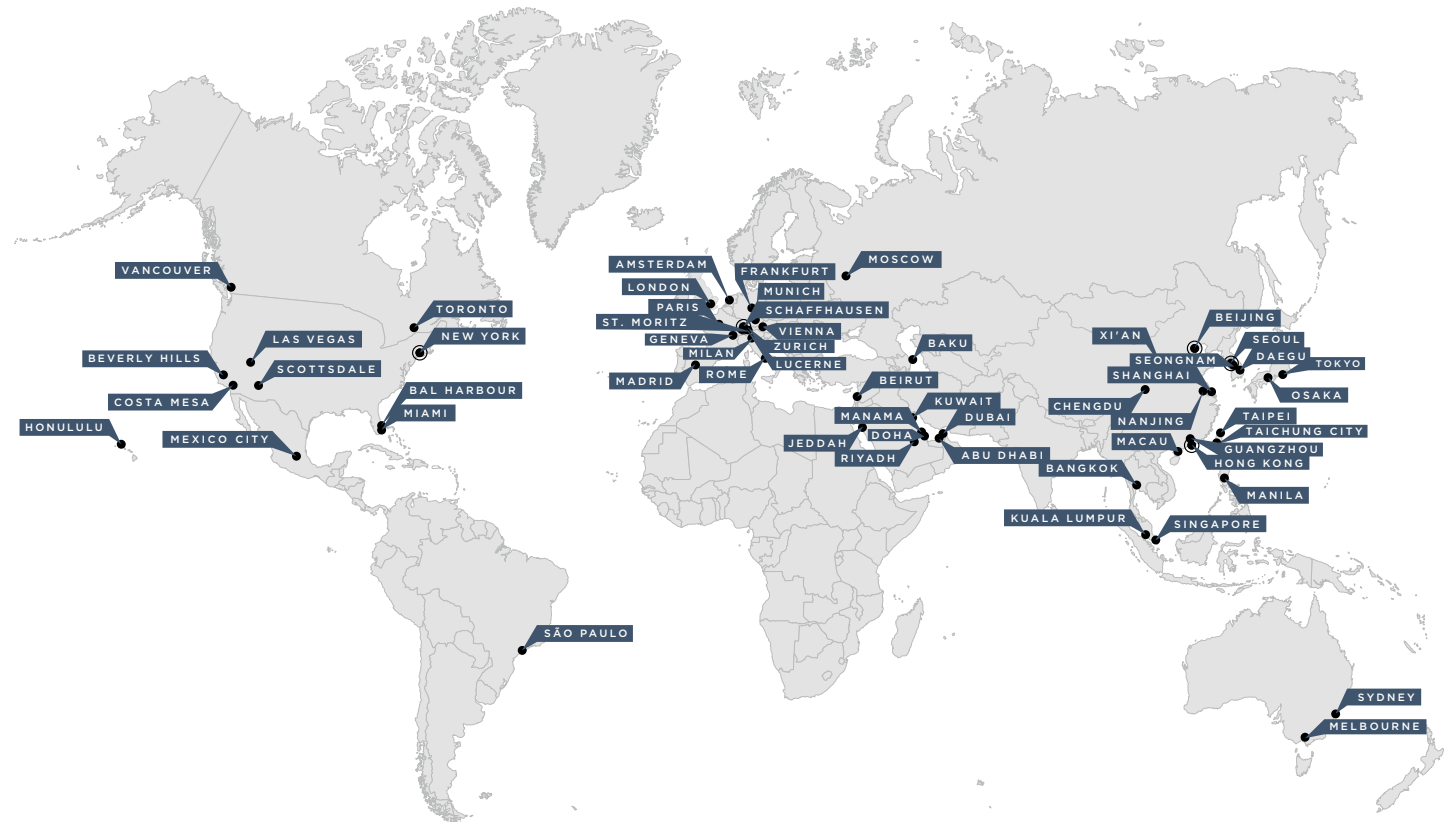
PORTOFINO

For more than 30 years, the Portofino collection has been an expression of understatement and good taste thanks to its puristic, timeless design.

DA VINCI

In 1969, IWC produced the Da Vinci watch which was equipped with the first Swiss-made quartz movement, a joint effort of several renowned Swiss watch manufacturers. This watch family was also equipped with the first perpetual calendar designed by Kurt Klaus. Today, the collection embodies harmonious forms, round cases and crowns with a clear link to the heritage of the iconic Da Vinci from the 1980s.

THE GLOBAL NETWORK OF IWC RETAIL OUTLETS



Our products are sold at nearly 1,000 retail outlets across the globe – either in IWC's own boutiques or at external sales points on almost every continent.



The IWC Munich boutique

POSITIVE ECONOMIC CONTRIBUTION

Our efforts to sustain the quality of our timepieces and the satisfaction of our customers directly translate to our business success. Ultimately, our goal is to create long-term value for our business and the wider society. While all our departments have a responsibility to generate sustainable growth for the

company and its stakeholders, we also prioritize and pursue positive economic performance through ethical business practices vis-à-vis our suppliers and business partners. To manage sustainable growth, we review profitability together with our parent company Richemont and regularly conduct audits.

CUSTOMER SATISFACTION

Our customers are the inspiration and motivation behind our passion and pursuit of technical perfection. Thus, client satisfaction is of the highest priority to IWC. Customers are ensured a direct link to the brand via our network of Client Relations Centres around the world. Furthermore, a dedicated team of customer relationship and customer care experts work in close collaboration with all departments across IWC to measure and drive continuous improvements in customer experience with the brand. IWC has recently piloted innovative research into client satisfaction at its

Zurich boutique. In addition, a number of initiatives were implemented in the reporting period to allow our customers to track product availability and the repair status of an IWC timepiece more easily. IWC's product labelling clearly outlines important watch features, their materials, their safe use and the stories that inspire their design. Our Marketing, Sales and Customer Service teams ensure that customers are able to contact IWC directly at any time for information on their timepiece. The company ensures adherence to product labelling and safety requirements across jurisdictions.



IWC AS AN EMPLOYER

Our success is fuelled by a global workforce of approximately 1,200 passionate employees, combining cosmopolitanism with local roots, artistry with state-of the-art technology and passion with meticulous attention to detail.

The executive board of IWC Schaffhausen consists of eight members. Besides the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Marketing Officer, the directors of the Creative Centre, Production, International Sales and Human Resources also belong to the company's management.

Collaborative relationships with our employees enable us to achieve the highest consistency and quality in our products and services. We nurture our employees by creating an environment that honours individual abilities and, at the same time, offers meaningful opportunities to contribute to the company's success.



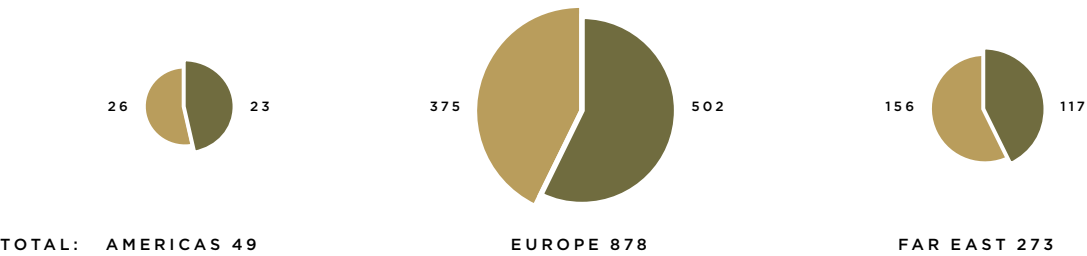
“Our talent development strategy focuses on how to attract, develop and retain talented employees from all over the world, in order to ensure that IWC has the talent and skills needed for the future.”

RENÉ BEHR

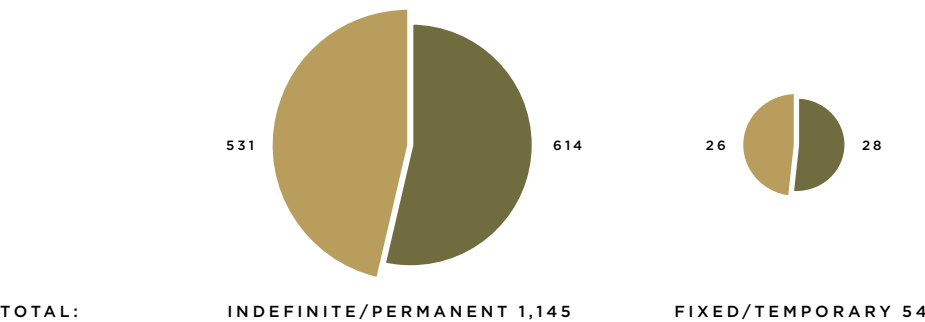
Director of Human Resources,
Sustainability Committee Member

WORKFORCE COMPOSITION AT IWC (FTE)*

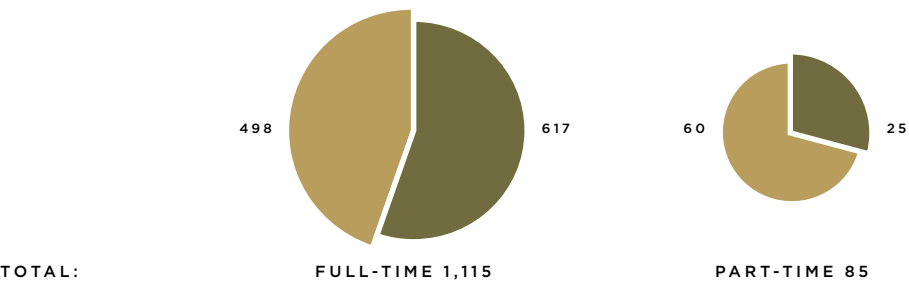
EMPLOYEES BY REGION** TOTAL 1,200 FEMALE MALE



EMPLOYEES BY EMPLOYMENT CONTRACT



EMPLOYEES BY EMPLOYMENT TYPE



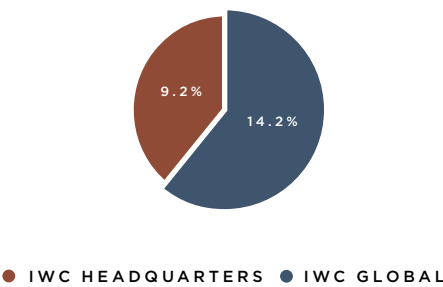
* Including apprentices and interns. In addition, 77 contract workers were employed during the reporting period. ** All employees in Switzerland are part of the collective labour agreement of the Swiss-German association of watchmaking and the micro-technology industry (GRI 102-41).

AVERAGE EMPLOYEE RETENTION AT IWC



* Without transfers within the Richemont Group.

EMPLOYEE TURNOVER AT IWC



EMPLOYEE TRAINING AND DEVELOPMENT

Our goal is to attract and retain the best talent. To achieve our goal, we maintain optimal employment practices and comfortable working conditions. IWC’s policy “We at IWC: guidelines for working together” guides employees in cultivating collaborative, successful working relationships; the Richemont Standards of Business Conduct outline effective business and employment practices.

To evaluate the attractiveness of our workplace, we conduct employee surveys and measure satisfaction with special initiatives related to employee engagement and benefits.

Our success is inextricably linked to the training and development our colleagues receive. We offer a broad spectrum of training, covering everything from leadership to technical know-how and creative development. The employee training programme is based on a 70/20/10 structure, with 70 per cent of the training taking place during normal work hours and on the job, 20 per cent completed through self-study ses-

sions and 10 per cent achieved in specific training courses. Our goal is to ensure that employees are properly equipped for the constantly changing demands at work. Training programme options include digital skills, leadership, soft skills, project management, language courses, IT expertise, labour law training and retirement preparation. During 2017, our employees engaged in an average of 11.3 hours per head count in training – or 14.3 hours for male employees and 7 hours for female employees. Middle management spent 14.9 hours per head count in training, and our senior management accrued 27.3 hours per head count.

Overall, this training strengthens our employees’ capabilities and nurtures a corporate culture that is centred on growth and opportunity. We have set a goal to achieve gender equality in training by 2020. This goal is complementary to our goal to increase the number of women in management positions, as senior management on average complete more training hours annually.

To expand our employees' skills, we offer apprenticeships, internships, corporate training and extra-occupational training, among other opportunities. We want our employees to understand that IWC values their lifelong learning while also helping them stay agile within the field as new challenges impact our business.

To foster this commitment and encourage their growth as they work toward professional goals, all employees receive regular performance reviews. Human Resources, Infrastructure and Risk Management, Health and Safety, Line Managers and Customer Service Training

as well as Retail all play a key role in our training and development and employment processes overall.

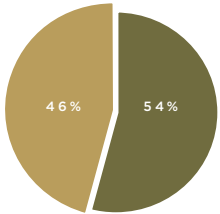
In the event of a grievance, employees are encouraged to assess whether the matter can be resolved informally. If not, they may report the matter formally for investigation to the HR Director or the CEO, as defined in our whistle-blowing policy.

Concerns may also be brought to the Head of Internal Audit and the Partner Organization, which represents IWC employees in the course of negotiations with management and IWC's Executive Committee.

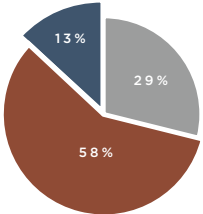


Apprentices learn about the balance

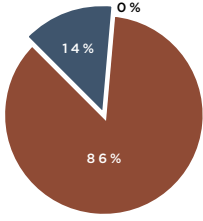
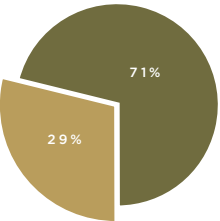
TOTAL GLOBAL EMPLOYEES
BY GENDER



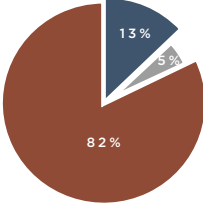
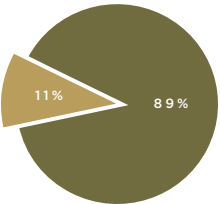
TOTAL GLOBAL EMPLOYEES
BY AGE GROUP



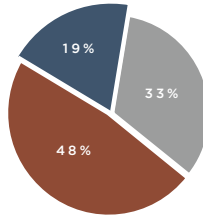
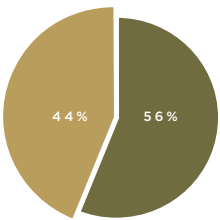
EXECUTIVE COMMITTEE



MANAGEMENT



HEADQUARTERS



● FEMALE ● MALE

● <30 YEARS ● 30-50 YEARS ● >50 YEARS

DIVERSITY AND INCLUSION

We are a global organization that embraces and prioritizes diversity and inclusivity in the workplace. All aspects of the employment relationship – including recruitment, hiring, training, promotion, compensation and benefits – are carried out by all managers without regard to gender, race, colour, religion, age, sexual orientation, ethnic/national origin or disability.

Our Human Resources team, Sustainability Committee, Executive Committee and partner organizations all play a role in managing diversity, equality and inclusivity. All employees are held accountable for maintaining these values. IWC’s Standards of Business Conduct also describe our policy for equality. This policy outlines our approach to a balanced workforce, our commitment to the principles of equal opportunity and equal treatment as well as creating a dynamic environment in which diversity is seen as a source of enrichment.

Our goal is to ensure equal opportunity and equal pay for all employees while promoting tolerance and respectful interactions. Accordingly, our annual salary reviews consider industry benchmarks for roles to ensure that all employees are paid fairly,

regardless of gender, race, colour, religion, age, sexual orientation, ethnic/national origin or disability.

To evaluate the success of our initiatives, we assess our gender percentage and measure resulting adaptations in salaries. We also promote the professional life of mothers by offering a monetary contribution toward childcare until children reach school age.



IWC watches enter the final assembly phase

2020 TARGETS

- > Double the share of women in management positions compared to a 2017 baseline
- > Achieve gender equality in training as measured by average hours per year
- > Reduce the absence rate by 10 per cent compared to a 2017 baseline by promoting health and well-being

HEALTH, SAFETY AND WELL-BEING

Health and safety are promoted in house at every level – and the Employee Code of Conduct alongside Richemont’s Standards of Business Conduct set our health and safety guidelines. We audit these practices regularly and raise awareness about health and safety through several channels, including newsletters and training programmes as well as our popular “Lunch and Learn” format, which provides demand-driven and innovative short training sessions along with a complimentary lunch. Externally, regular audits monitor our suppliers for health and safety concerns while our Supplier Code of Conduct sets our expectations for their practices.

Occupational health and safety policies are determined at Group level and are implemented and audit-

ed on a regular basis. Our Health and Safety Committee meets twice annually to discuss emerging topics and inform senior management of current and proposed health and safety activities. If any issues arise, the Richemont Health and Safety Committee is involved.

Furthermore, IWC adheres to Swiss National Accident Insurance Fund (SUVA) guidelines, Swiss law and the EU REACH regulation for safe business practices. Employees may make use of compliance-grievance mechanisms. IWC also evaluates the number of work time and private accidents to develop special initiatives addressing the nature of accidents. Overall, these efforts have led to an ongoing decrease in work-related accidents.

RECORDABLE INCIDENT RATES

	FY2016	FY2017
Work-related accidents	17	9
Work-related accidents per 100 FTE	2.5	1.3

For areas of our business that require the handling of toxic materials – specifically, production processes and customer repairs as well as refurbishments – we take additional measures to guarantee the safety of our employees. All employees involved in handling chemicals receive clear guidance and are trained in the safe use of toxic materials. For example, a chemical concept document is made available on our intranet that details our chemicals protocol, and we enforce the use of a data sheet outlining all the points of control for ordering chemicals. Our TopSecure newsletter further addresses topics related to

chemical management to foster ongoing awareness and top-of-mind approaches to this issue.

Furthermore, to develop a stronger sense of well-being at IWC, we offer a variety of engagement programmes for our employees. For example, to maintain employee interest in health and wellness topics, we regularly involve our employees in a variety of health promotion campaigns. In addition, our Sports Club organizes regular athletic events, and we offer a 50 per cent subsidy for local gym membership facilities to promote physical activity amongst our employees.

ENGAGING EMPLOYEES WITH SUSTAINABILITY



IWC employees participate in a forest stewardship corporate volunteering event in the heart of Schaffhausen

Employees are vital to realizing sustainability at IWC. We engage each of our stakeholders in our sustainability programmes, involve them in a range of activities and seek their expertise and input when we design new initiatives.

For example, in 2017 we assessed employee awareness and interest in corporate social responsibility (CSR) and sustainability. Altogether 50 per cent of employees reported that they had heard of CSR and could describe it to another person and 53 per cent indicated interest in participating in sustainability and CSR activities, but were unsure how to become involved – a clear challenge for us to improve our communication efforts. Most indicated an interest in learning more through “Lunch and Learn” sessions, the IWC intranet, a dedicated CSR newsletter and full-day corporate volunteering events. This input influenced

the design of our programme, which now includes several “Lunch and Learn” sessions on sustainability topics, a dedicated newsletter and full-day as well as micro-volunteering opportunities.

At our headquarters, staff are engaged in our sustainability journey from the moment they start work at IWC. New colleagues receive vouchers for energy-efficient lighting that they can redeem at a local household goods store. At the same time, they are encouraged to submit their own “bright ideas” for sustainability at IWC, enabling us to capture fresh perspectives and new expertise to drive sustainability forward in a concerted and team-focused manner. This is complemented by a dedicated idea-management initiative to engage employees across the business and implement their ideas for improvement.

INTRAPRENEURSHIP AT IWC

Intrapreneurship refers to entrepreneurial activity within an organization. At IWC, we seek out and implement the first-hand expertise of our employees by applying their ideas and entrepreneurial insights across all business areas.

This employee-focused initiative has been ongoing for ten years and is currently managed by Pascal Laera, an IWC Watchmaker for Complications and Specialties. Around 150 to 200 ideas are submitted each year to our idea management programme.

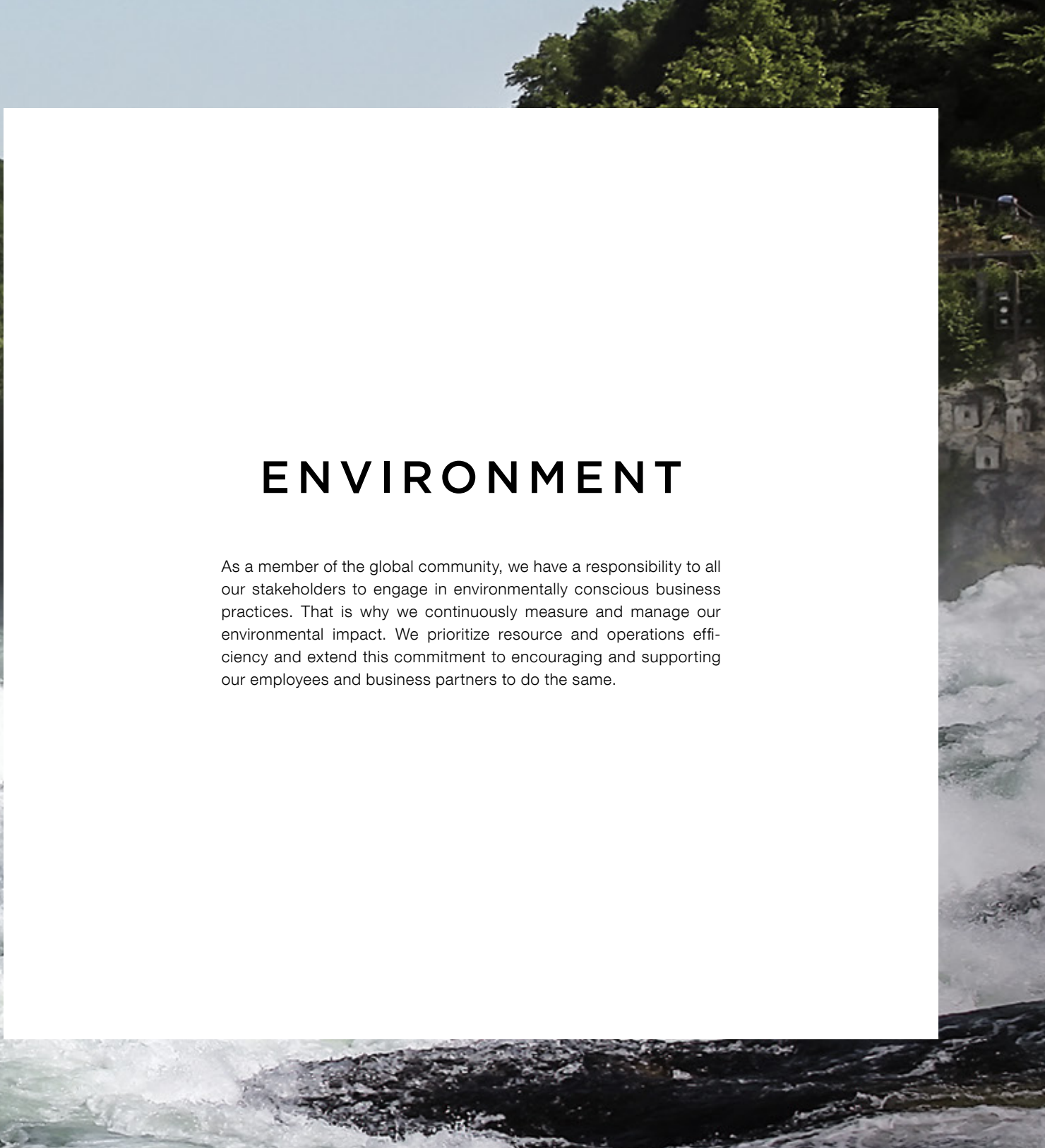
Each idea is evaluated and those that come to fruition are rewarded with monetary and company product incentives. These ideas harness employee expertise and support an entrepreneurial spirit in the workplace.





ENVIRONMENT

As a member of the global community, we have a responsibility to all our stakeholders to engage in environmentally conscious business practices. That is why we continuously measure and manage our environmental impact. We prioritize resource and operations efficiency and extend this commitment to encouraging and supporting our employees and business partners to do the same.



CLIMATE CHANGE AND ENERGY USE

We actively manage our energy demand and procurement with the aim of decoupling economic growth from emissions, developing energy efficiency targets at our Swiss headquarters in collaboration with the Swiss Private Sector Energy Agency (EnAW).

IWC manufacturing sites use 100 per cent renewable electricity from the grid and rooftop solar panels, which generated an average of 20 MWh annually within the reporting period. From 2018, this will increase to nearly 300 MWh as rooftop solar panels installed on the IWC Manufakturzentrum will greatly increase capacity. Overall, IWC seeks to reduce energy demand and greenhouse gas emissions by 10 per cent by 2020 compared

to a 2018 baseline. Moving forward, IWC will set new goals, aiming to establish science-based targets.

IWC buildings feature shades that reflect sunlight to maintain building temperature, replacement of halogen lighting with LEDs in our boutiques and headquarter offices, the optimized use of external temperatures to provide internal heat, and heat recovery from Schaffhausen waste water channels. IWC strives to follow Richemont’s Green Handbook guidelines, which provide guidance on eco-friendly building design, construction, operations and monitoring, when developing new boutiques and offices around the world.

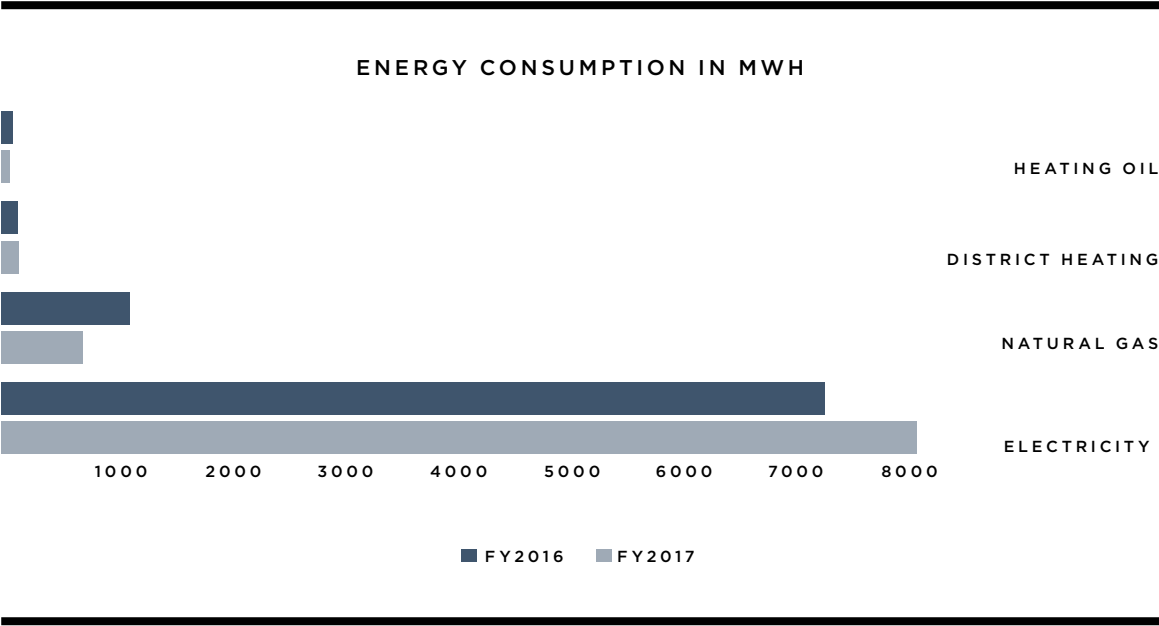


Solar panels on IWC headquarter buildings in Schaffhausen provide approximately 20 MWh annually of a total headquarter generation of 300 MWh

2020 TARGET
REDUCE GREENHOUSE GAS EMISSIONS
BY 10 PER CENT COMPARED TO A 2017 BASELINE



IWC's riverside headquarters in Schaffhausen



ENVIRONMENTAL PERFORMANCE

	FY2017	FY2016
ENERGY CONSUMPTION (MWH)	7'726	7'402
ELECTRICITY	6'912	6'218
of which green electricity	4'483	4'320
HEAT	814	1'184
Heating oil	64	88
Natural gas	619	968
District heating	130	128
TOTAL CO ₂ EMISSIONS (TCO ₂ E) ^{1,2}	6'689	6'515
SCOPE 1	131	201
Fuels	16	22
Natural gas	115	179
Own vehicles ³	77	77
SCOPE 2	1'516	1'349
Electricity ⁴	1'427	1'261
District heating	89	88
SCOPE 3	5'043	4'965
Business travel (air, road, rail)	3'022	2'944
Logistics ³	2'021	2'021
WATER USE (CUBIC METRES) ⁵	140'270	147'465
Municipal water	6'104	9'146
Groundwater (cooling purposes)	134'166	138'319
WASTE (METRIC TONS) ⁵	494	499
GENERAL WASTE	140	135
Incineration	110	92
Recycling	30	43
SPECIAL WASTE	354	365

We seek to reduce energy consumption and emissions both within and beyond the workplace. For example, our CO₂ programme incentivizes employees to contribute to climate protection on a personal basis by subsidizing public transportation by 40 to 60 per cent. At the workplace, we offer low-carbon electric transport vehicles powered by renewable energy sources.

1. Metric tons of CO₂ equivalents. Calculated in accordance with the WRI/WBCSD Greenhouse Gas Protocol.

2. Emission factor sources: UK Defra (2012), IEA (2012) and US EPA eGRID (2012).

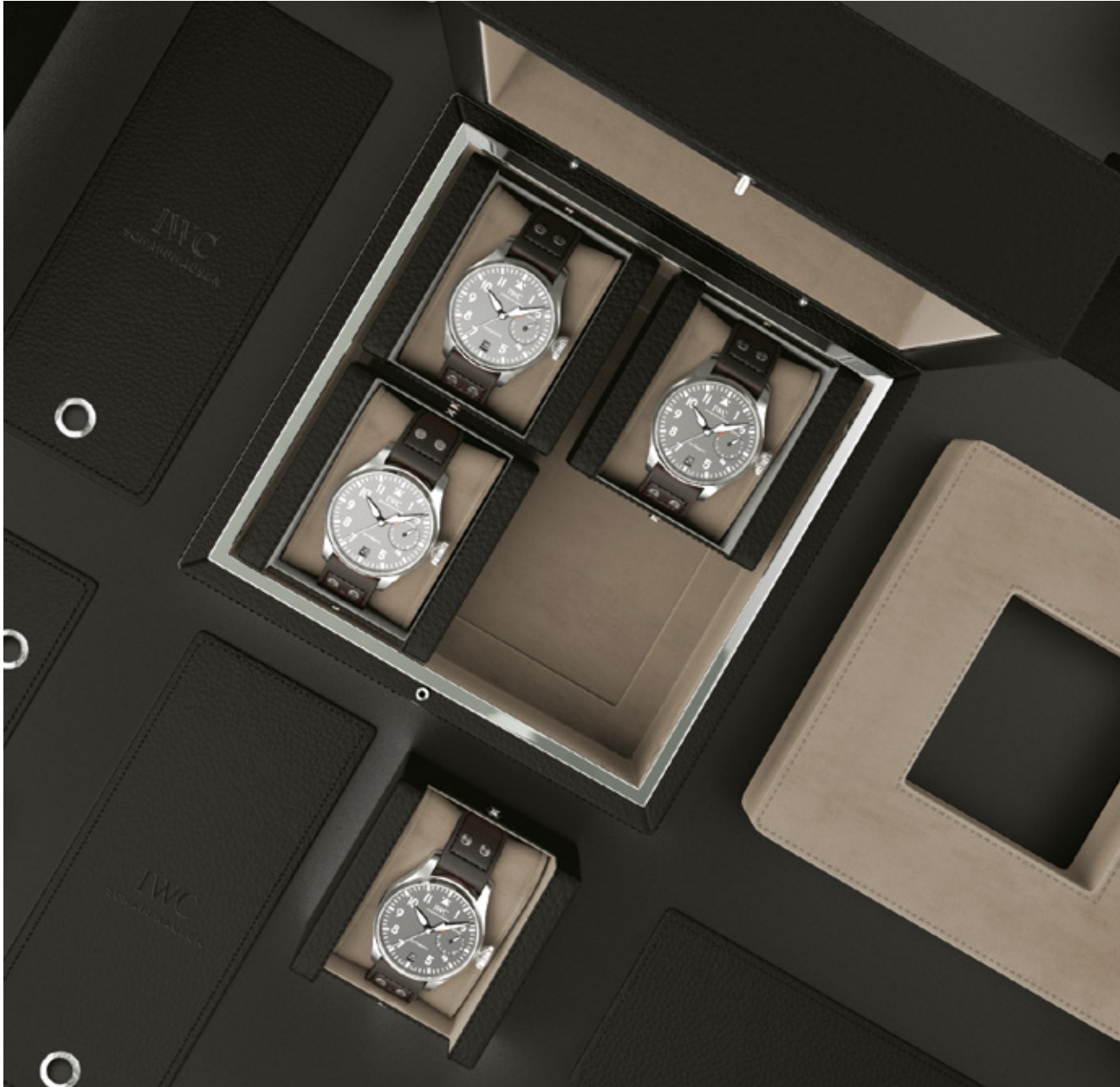
3. FY2016 emissions estimated based on FY2017 data.

4. Emissions calculated using the "location-based" approach in accordance with the Greenhouse Gas Protocol Scope 2 Guidance. Value used as an approximation for the "market-based" emissions.

5. Water consumption and waste data only available for IWC Schaffhausen/Neuhausen, where main impact occurs.



In 2014, we first made available an electric car for regional journeys – a smart fortwo electric drive. It was so well received that, in 2015, IWC bought a second fortwo electric vehicle. The charging stations for these vehicles are fed by renewable energy sources. At the new IWC Manufakturzentrum in Schaffhausen, charging facilities will be made available for electric bicycles and vehicles.



New packaging concepts will be customer-centric while reducing material consumption

PACKAGING, WASTE AND WATER

We measure and manage emissions incurred in the transport of our products. To reduce our waste and emissions footprint in this area, we established a sustainable packaging committee, which has the responsibility to redesign packaging in order to reduce overall volume and weight.

2020 TARGET REDUCE THE AVERAGE VOLUME AND WEIGHT OF PRIMARY PACKAGING BY 30 PER CENT COMPARED TO 2017

IWC Schaffhausen does everything possible to minimize paper consumption. When paper is used, we rely exclusively on Forest Stewardship Council® (FSC-certified) paper products for packaging, internal and external communications. We ease recycling by providing on-site receptacles for a range of goods and materials, including batteries, PVC folios, toner cartridges, PET and cardboard.



We also innovate the disposal process and, over the past year, have reduced the number of trips required for the disposal of cardboard by developing more efficient waste management mechanisms. Employees can help us continuously improve by submitting their ideas for improving waste management through the IWC Idea Box.

The Richemont Green Handbook guides our efforts to identify waste, determine management options, plan safe disposal of hazardous waste, provide appropriate information, update waste plans and provide feedback to waste-related processes.

IWC also ensures that all applicable Swiss environmental laws are adhered to – along with local regulations where relevant. In the reporting period from April 2015 to March 2017, there were no instances of non-compliance with environmental laws or regulations.

IWC strives to use water resources as efficiently as possible. Our infrastructure and risk management teams are responsible for managing our water usage, and we follow Richemont's Green Handbook for water efficiency in building construction. As part of our initiatives to conserve water, we capture rainwater in retention reservoirs and use it in sanitary applications. This saves 255,000 litres of valuable drinking water every year. In the reporting period, we installed water-saving devices in all restrooms and changing/locker rooms. We also optimized the reuse of waste water and installed water efficiency mechanisms in water faucets, reducing the flow of water from 12 litres per minute to 7 litres per minute.

“Sustainability influences all value-adding processes – starting from design and sourcing to production, distribution and customer service.”

LORENZ BÄRLOCHER
Chief Financial Officer,
Sustainability Committee Member



SOURCING

IWC's supplier portfolio is diverse, with approximately 450 active suppliers. In addition to raw materials like diamonds, gold and leather or watch components such as straps, glasses, crowns, dials, hands, cases and bracelets, we also purchase packaging, shopping bags, boutique and trade fair displays, interior design elements and marketing materials.

Watch components are predominantly produced in-house or sourced from suppliers based in Switzerland while raw materials originate from suppliers across the globe.

90 per cent of our watch components are manufactured or assembled in Switzerland. Of the remaining 10 per cent, a significant portion is sourced in the EU and the rest overseas.

Our Supply Chain, Marketing, Design and Product Management teams work together to manage our sourcing in an efficient and conscious way. All suppliers are subject to an advanced selection process whereas diamond, gold and leather suppliers must pass a yet more advanced selection process before a business relationship is established, since a traceable supply chain is highly important for IWC Schaffhausen.

PRODUCT INTEGRITY AND SOURCING

Although the social and environmental impacts of the resources we buy and use in the production of our watches are often outside our direct control, deliberate and responsible sourcing of raw materials is of highest importance to IWC.

IWC's Supplier Code of Conduct highlights our needs regarding both supplier and environmental management while also providing guidelines for our business relationships. We are committed to safeguarding the integrity of our products by respecting ethical business practices, the environment and human as well as labour rights. This includes working with business partners and suppliers to promote best practices throughout our supply chain.

Precious materials like diamonds and gold are important for products in the luxury industry, and we use these materials with caution. Our sophisticated vendor selection process, risk assessment and compliance checks ensure that our diamonds and gold originate from conflict-free territories and organizations. We apply "know-your-supplier" principles, active n-tier management and also check suppliers' commitment to international standards, including the Kimberley Process Certification Scheme (KPCS), the

System of Warranties (SoW) and the Responsible Jewellery Council (RJC).

All of our diamond suppliers are well-accredited Sightholders of De Beers's underlying Best Practice Principles (BPP) and are certified RJC members in accordance with its underlying Code of Practices (CoP). The quality and natural origin of stones are analyzed through sophisticated verification processes that take place in accredited laboratories for 100 per cent of IWC Schaffhausen's diamonds used in watch production.

Our gold-sourcing process is transparent and closely aligned with that of Richemont's. Besides the listing at the London Bullion Market Association (LBMA), our gold supplier is certified in accordance with both the RJC Code of Practices and the Chain of Custody (CoC). Our suppliers are encouraged to join accreditation and/or certification programmes such as the Responsible Jewellery Council (RJC).

In 2016 and 2017, four suppliers were already certified by the RJC or joined the latter with active support from IWC.

KIMBERLEY PROCESS CERTIFICATION SCHEME (KPCS)

The Kimberley Process Certification Scheme (KPCS) was mandated by the UN to control the trade in conflict diamonds. It is complemented by the System of Warranties (SoW), which was created in 2002 under the auspices of the World Diamond Council (WDC) and extends the boundary of the Kimberley Process beyond the export and import of rough diamonds to

include polished diamonds and jewellery. The KPCS and the SoW accompany diamonds from the mine to processing and manufacturing, ensuring that diamonds used in jewellery that is sold over the counter are "conflict-free".

The WDC also represents the diamond and jewellery

industry in the KPCS and further aids the development and implementation of regulatory and voluntary systems to control the trade in conflict diamonds. IWC is

furthermore committed to the principles of the WDC Resolution on Industry Self-Regulation, which confirms that suppliers only use conflict-free diamonds.

RESPONSIBLE JEWELLERY COUNCIL (RJC)

The Responsible Jewellery Council (RJC) is a standards initiative for the entire jewellery supply chain, unique in its participation of organizations at every step in the value chain, each committed to responsible supply chains and business practices.

Its members commit to and are independently audited against the RJC Code of Practices, an international standard on responsible business practices for diamonds, gold and platinum group metals; it also addresses human and labour rights, environmental impacts, mining practices, product disclosure and

other important matters in the jewellery supply chain.

In addition, the RJC works with multi-stakeholder initiatives on responsible sourcing and due diligence. Its Chain-of-Custody certification for precious metals supports these initiatives and acts as a tool to deliver broader member and stakeholder benefits. IWC has achieved RJC Code of Practices certification since 2014. 100 per cent of diamond and gold suppliers, and 75 per cent of cases and bracelets suppliers are RJC-certified.

2020 TARGET

ACHIEVE RJC CODE OF PRACTICES RECERTIFICATION, WHICH HAS BEEN HELD SINCE 2014

Careful vendor selection, risk assessment and compliance processes also apply to leather. To ensure that the leather we use is sourced from reliable business partners, we include animal welfare criteria in our mandatory Supplier Code of Conduct. All alligator and calf leather suppliers were included in the last three-year audit programme. Our suppliers must also follow the Responsible Luxury Initiative's Animal Sourcing Principles, which cover the catching, maintaining, breeding, raising, transportation, handling and slaughter of live animals.

IWC also fully complies with regulatory requirements, including the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). CITES is an international agreement to protect endangered and wild animal and plant species. Swiss authorities, including customs and excise services, strive to apply it effectively. IWC requires its suppliers to provide assurance documents that prove they obtained their alligator and calf leather for IWC products from responsible and verified sources. Alligator leather is solely sourced from the United States and calf leather is solely sourced from EU countries.

MATERIALS USED BY WEIGHT		
	UNIT	FY2017
Steel	Kg	10,368
Gold	Kg	413
Bronze	Kg	383
Titanium	Kg	148
Diamonds		2,416 carats
TOTAL	KG	11,312

AUDIT PROGRAMME AND COMPLIANCE

We measure the performance of suppliers with a Soft Facts Social Responsibility evaluation and actively support their improvement to reach best practices. This assessment helps define IWC and Richemont audit programmes while joint efforts to improve supplier performance develop a competitive advantage for suppliers. In 2016 and 2017, altogether 22 suppliers were audited against the Sedex Members Ethical Trade Audit (SMETA) 4 Pillars and Richemont’s Supplier Code of Conduct sustainability standards, including aspects such as health and safety, labour standards, environment and business ethics. Using the current tools at IWC’s disposal, no risks have been flagged regarding child, forced or compulsory labour.

IWC, seeking continuous innovation in the area of sustainability, will continue to develop its risk assessment tools and approaches in areas of material impact.

Suppliers that do not comply with our standards are phased out or must upgrade their practices to meet our standards. As a result of our audits, five suppliers voluntarily developed their own code of conduct, started environmental impact assessments or formalized policies to contribute beyond the required level to a more sustainable supply chain. This evidences the effectiveness of our supplier assessments in impacting the business practices of our suppliers.

ASPECTS OF IWC’S SUPPLIER CODE OF CONDUCT

LABOUR RELATIONSHIPS AND PRACTICES

- Healthy and safe working conditions
 - Wages and working hours
 - Freedom of association
 - No discrimination
- No child labour
 - No forced employment
 - No disciplinary treatment
 - Responsible environmental management

ETHICAL BUSINESS PRINCIPLES

- Gifts and gratuities
- Special regulations

APPLICATION AND COMPLIANCE

- Operating principles
- Evaluation
- Non-compliance and penalties

INDUSTRY-SPECIFIC ISSUES

- Endangered or protected species
- Leather finished products and manufacturing
- Animal testing
- Product information and labelling
- Country of origin of product components
- Conflict-free diamonds procurement
- No “dirty gold” procurement

STRENGTHENING COLLABORATION WITH SUPPLIERS

IWC strives to develop long-term business relationships with suppliers. Our collaboration is characterized by a regular exchange of best practices, strategy and vision as well as face-to-face communication on all relevant topics to improve the entirety of value creation processes on both sides.

In addition to mutual visits with business partners on a regular basis, our annual IWC Supply Chain Day is an ideal opportunity to meet and exchange on a bigger scale – not only with IWC but also to foster cooperation and learning among suppliers. A total of 65 suppliers joined this event in 2017 and their participation in workshops and presentations strengthened collaboration and gave them insights into IWC’s supply chain strategy. IWC also actively supports suppliers to achieve operational excellence within IWC’s

Supplier Operational Excellence Programme (SOEP). This programme consists of four tools that help suppliers optimize their logistics, improve process flows and stock management as well as drive IWC’s company culture and vision towards a lean-thinking approach with enhanced value creation for customers through resource efficiency. LEAN management principles, which seek to maximize customer value while minimizing waste, are implemented with suppliers to enhance efficiency and continuously improve value creation processes.

With the aim of transferring knowledge to our suppliers to help them identify and implement process improvements, we have extended our application of LEAN principles to five strategic suppliers.

"IWC provides valuable training and insights to its operational processes to deepen the relationship with business partners and interactively work towards a more efficient supply chain."

DANIEL STREIT
CEO, CAPSA



COMMUNITY INVESTMENT

IWC's identity is closely connected to our hometown of Schaffhausen. As part of our efforts ensuring a social licence to operate, we engage with the local community in multiple ways. This is complemented by our support of global initiatives related to environmental and social sustainability.

"Sustainability must be an ongoing journey towards clear goals, adapting to external requirements while maintaining a long-term vision. Agility is necessary to ensure efficient and dynamic campaigns. Along the way, sustainability has to be passionately shared with all stakeholders – and it must be part of the company's storytelling."

YAN LEFORT

Department Manager PR, Partnerships & CSR
Sustainability Committee Member

CORPORATE VOLUNTEERING

All employees are encouraged to become involved in our corporate volunteering programme. The programme offers environmental, sports and micro-volunteering options with the Forest Stewardship Council, Laureus Sports for Good Foundation and Be My Eyes, respectively. Volunteering with Be My Eyes provides our employees with an opportunity to share the gift of sight by bringing the strong vision that creates our masterful timepieces to assist the visually impaired.



IWC'S LOCAL SPONSORSHIP ACTIVITIES

- > Support for disadvantaged groups and health support activities
- > Support for youth activities
- > Support for local sporting events
- > Support for cultural activities

2020 TARGET

DOUBLE IWC'S ANNUAL CORPORATE VOLUNTEERING HOURS COMPARED TO A 2017 BASELINE

IWC'S INTERNATIONAL COMMITMENTS AND ENGAGEMENTS

- Beijing International Film Festival
- Be My Eyes
- BFI London Film Festival
- Dubai International Film Festival
- Fondation de la Haute Horlogerie
- Toronto Film Festival
- Tribeca Film Festival
- Zurich International Film Festival

COMMITMENTS

- Forest Stewardship Council (see page 37 for more information)
- Responsible Jewellery Council (see page 41 for more information)
- Kimberley Process Certification Scheme (see page 40 for more information)
- System of Warranties (see page 40 for more information)
- World Diamond Council (see pages 40–41 for more information)
- UN Sustainable Development Goals (see pages 12–14 for more information)

PARTNERSHIPS

IWC is committed to several long-term, collaborative partnerships around the world. We support select non-profit organizations through cash donations, including through the sale or auction of special-edition watch models, which generate sales revenue for project funding. Our partnerships have been assessed with a framework informed by the Corporate Citizenship LBG framework and the Social Return on Investment (SROI) framework in 2017. With this initial assessment, we have developed a better understanding of how IWC partnerships yield societal benefits.

The Laureus Sport for Good Foundation, an IWC partner organization since 2005, harnesses the power of sport to promote social change and celebrate sporting excellence. In the reporting period, IWC supported the development of Laureus National Foundations and nationwide Sport for Good charitable activities. Specific projects include the Instituto Reação in Brazil, which

promotes human development and social inclusion through sports and education. Altogether 1,200 children benefited from IWC funding for this programme. In China, IWC funding supported Special Olympics coach development programmes; 20 senior head coaches participated in this training, with benefits extending to 710 young athletes and 400 coaches under their supervision. In the Fight for Peace programme in Rio de Janeiro, nearly 2,000 participants benefited from this programme, with 60 per cent stating they were less likely to carry a gun as a result of the programme, 75 per cent reporting improved familial relationships and 80 per cent experiencing improved self-esteem.

This is only a snapshot of the impact Laureus projects have realized. Each year, IWC raises funds and awareness for the Laureus Foundation by sponsoring an annual children's drawing competition. Entries are re-

ceived from Laureus projects around the world and the selected drawing is then engraved on the back of an IWC special-edition watch, with a portion of the proceeds supporting future Laureus projects.

“Our partnership with IWC enabled us to grow the capacity of Laureus Foundations globally while IWC additionally provided direct funding grants to innovative projects in Europe, Latin America and Asia. In the reporting period, IWC funding helped to support around 5,300 young people with positive impacts on inclusive education and employability.”

ANDY GRIFFITHS

Global Director, Laureus Sport for Good

Many of our watch collections are inspired by our partner organizations. The Antoine de Saint-Exupéry Youth Foundation promotes education for children who have grown up in difficult environments. Since 2008, IWC Schaffhausen has used its special edition Pilot’s Watches to support the Antoine de Saint-Exupéry Youth Foundation and honour the unforgettable French author and pilot. The revenue has supported foundation projects for the benefit of disadvantaged children with a special focus on education and literacy in developing countries, including Cambodia, as is illustrated on page 10.

Just a few examples of the work conducted by the foundation include a mobile library in Thailand, which benefited just over 1,000 students. In Brazil, the Biblioteca O Pequeno Príncipe project benefited over 10,000 patients and their family members while supporting the ongoing learning of students during a time of illness and reducing the average length of hospital stay.

Our relationship with the Charles Darwin Foundation and the Cousteau Society reflects our dedication to

the ecosystems in which our global communities reside. The Charles Darwin Foundation (CDF) is a non-profit organization conducting scientific research and providing technical assistance to ensure the conservation of the Galapagos Islands. Founded under the auspices of UNESCO, the CDF has studied the fragile Galapagos biotope since 1959 and is the leading scientific adviser to the Ecuadorian government on the preservation of this stunning archipelago and first natural World Heritage Site.



*The Pilot's Watch Mark
XVIII Edition "Laureus Sport
for Good Foundation" (Ref. IW324703)*

IWC has supported the extraordinary work of the CDF since 2009, the bicentenary year of Darwin’s birth. Since then, the company has sold special editions of the Aquatimer watch to make a significant financial contribution every year to safeguard the future of the Charles Darwin Research Station. From 2014–2017, the partnership has been further strengthened by the introduction of a membership donation programme on our website. Donations go straight to the CDF to help the unique flora and fauna of the Galapagos continue to flourish over the long term.

In the past year, IWC funding has contributed to overall support for the CDF and to specific research programmes related to shark, penguin, albatross and cormorant species. Research, training and educational programmes have been a particular focus area for IWC funded projects. This has included species monitoring to inform conservation best practices, training of almost 200 specialists, and educational programming and community outreach activities for over 4,500 beneficiaries.

Our Aquatimer watches have embraced the adventurous spirit of Jacques Cousteau, who dedicated his life to the fascinating world of the deep sea. Cousteau’s main motivation for his research expeditions was to protect and preserve the fragile equilibrium of marine ecosystems. In 1973, he founded the Cousteau Society, a non-profit organization dedicated to protecting marine life. Our partnership with the Cousteau Society connects the French conservationist’s dedication to ocean research and conservation with IWC watch collections. Proceeds from every sale of our Aquatimer Chronograph Edition “Expedition Jacques-Yves Cousteau” go directly to the Cousteau Society’s work to set up marine conservation zones. This is widely accepted as one of the most effective methods of protecting the fragile underwater world from overfishing, poaching and environmental destruction.

In the reporting period, the Cousteau Society has conducted scientific research, educational and awareness-raising activities related to marine conservation and also conducts research in the area of infrastructure maintenance. Among others, an extensive research project has been carried out in the Red Sea. Building upon the pioneer heritage of Jacques Cousteau in the region where he established an underworld village in the 1960s, the Cousteau Society is investing in the region to survey coastal and marine habitats and develop protected marine areas, guidelines for responsible diving, education and advocacy events as



Jacques Cousteau

well as enhancing the potential of ecotourism to contribute to biodiversity and poverty alleviation. Over 90 individuals have benefited from Cousteau training programmes to increase the capacity for stewarding marine resources while also developing economically, environmentally and socially sustainable revenue streams.

OUTLOOK

2020 ACTION	MATERIAL TOPIC(S)	SDG
<ul style="list-style-type: none">Biennial sustainability reporting process	<ul style="list-style-type: none">GovernanceEthicsTransparencyClient satisfaction and service	12
<ul style="list-style-type: none">RJC Code of Practices recertification	<ul style="list-style-type: none">Human rights and labour standards in the supply chainProduct integrity and sourcing	12
<ul style="list-style-type: none">Double the share of women in management positions compared to a 2017 baselineGender equality in training as measured by average hours per year	<ul style="list-style-type: none">Diversity and inclusionEmployee recruitment, development and retentionEconomic performance	5
<ul style="list-style-type: none">Reduce the absence rate by 10 per cent compared to 2017 by promoting health and well-being among employees	<ul style="list-style-type: none">Health, safety and well-beingEconomic performance	3
<ul style="list-style-type: none">Reduce greenhouse gas emissions by 10 per cent compared to 2017	<ul style="list-style-type: none">Climate change and energy use	8, 13
<ul style="list-style-type: none">Reduce the average volume and weight of primary packaging by 30 per cent compared to 2017	<ul style="list-style-type: none">LogisticsWater, packaging and waste	12
<ul style="list-style-type: none">Double IWC's annual corporate volunteering hours compared to a 2017 baseline	<ul style="list-style-type: none">Community investment	17

REPORTING PRINCIPLES



The Global Reporting Initiative (GRI) provides the world's most widely used framework for sustainability reporting.

The GRI Standards offer a structured format to coherently and comprehensively share information about material issues, performance metrics and the management of sustainability-related issues within the organization.

For the first time, IWC Schaffhausen utilized the GRI Standards to transparently report IWC's sustainability efforts and key performance indicators (GRI 102-48, GRI 102-49).

This report has been prepared in accordance with the GRI Standards: Core option. The reporting principles for defining report content and quality have been applied throughout the information collection and report development process. The contents of the sustainability report have not been externally assured.

After publishing the last report in 2015, this second report – covering the period from April 2015 to March 2017 – marks the commitment to a biennial reporting process (GRI 102-50, GRI 102-51, GRI 102-52).

This report involves headquarters and operations of IWC Schaffhausen in Switzerland and boutiques worldwide (GRI 102-45). There were no significant changes to the structure of the company or the supply chain during the reporting period. The contact point for questions regarding the report is Aurelia Rochelle Figueroa, Corporate Sustainability Manager, IWC Schaffhausen. E-mail: aurelia.figueroa@iwc.com

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