

CSR REPORT 2015

CORPORATE SOCIAL RESPONSIBILITY

IWC

SCHAFFHAUSEN

“YOU SEE THINGS; AND YOU SAY, ‘WHY?’
BUT I DREAM THINGS THAT NEVER WERE;
AND I SAY, ‘WHY NOT?’”

George Bernard Shaw, “Back to Methuselah”

SUSTAINABLE ACTIVITY IS PART OF OUR CORPORATE PHILOSOPHY

IWC Schaffhausen is famous for sophisticated watch complications that are easy to operate. Our perpetual calendar, for example, is mechanically programmed until 2499 – and it requires correction by a watchmaker only once every 100 years. I sometimes wish our planet could evolve just as reliably and predictably in the next 500 years.



Instead, we are faced with enormous social and environmental challenges. We don't have a 100 years for corrections: we must act now to ensure our ecological footprint is kept to a minimum, for example by reducing CO₂ emissions.

To us, sustainability and corporate responsibility are not simply catchphrases or a short-lived fad: they are part and parcel of our company philosophy – not to mention an economic opportunity! At IWC, our active interest in environmental protection and ethical values goes back a long way. As early as 1897, the company recognized its social responsibility towards its employees by setting up an

"Invalid Support Association". This scheme was later joined by a sickness and invalidity fund and a programme of social housing construction.

Today, our corporate philosophy includes climate-neutral operational management, the sparing use of resources, and collaborations with partners who are committed

to supporting disadvantaged children, tackling climate change and protecting the environment. We want Corporate Social Responsibility (CSR) to make a difference: to our company, to our customers and to everyone who is in need of our help.

Someone buying an IWC watch with a perpetual calendar today may enjoy the thought that one day it will bring equal pleasure to a great-great-great grandchild – in a world free from pollution, war and strife.

We will continue to uphold our commitment to this ideal – together with our partners.

A handwritten signature in black ink that reads "Georges Kern". The signature is fluid and cursive.

GEORGES KERN
CEO IWC Schaffhausen



SWISS QUALITY — GLOBAL SUCCESS

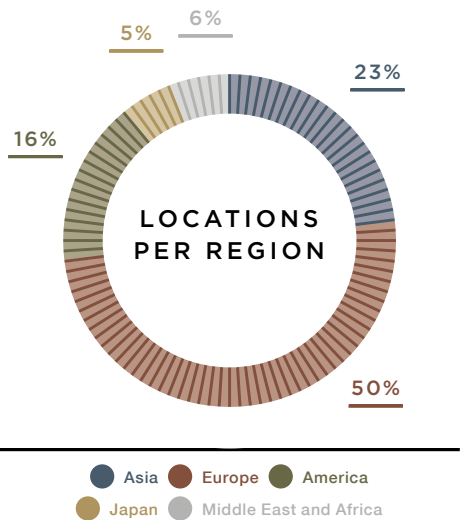
The International Watch Co. (IWC) is a Swiss watch manufacturer. The company is based in Schaffhausen and since 2000 has been owned by the Swiss luxury goods group Richemont, with a workforce of approximately 1,200 employees around the globe. With a clear focus on technology and development, IWC Schaffhausen has been producing timepieces of lasting value since 1868. 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. Cosmopolitanism

and local roots; traditional craftsmanship and state-of-the-art technology; passion with meticulous attention to detail: these are the parameters within which IWC has been creating milestones in the art of watchmaking for generations.

More than 90 per cent of the watch components are manufactured or assembled in Switzerland, over half of them in the company's own workshops in Schaffhausen. Only a few materials which cannot be made or sourced in Switzerland (such as alligator leather, gold and some special

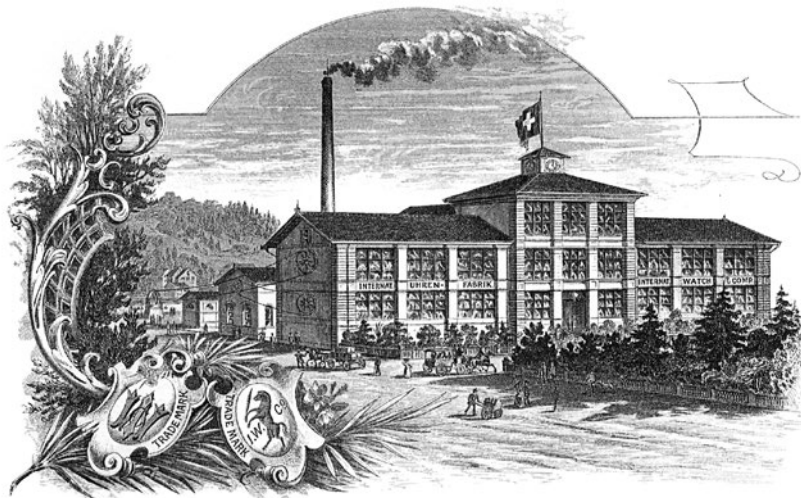
ceramic materials) are purchased from partners around the world. IWC's products are sold at almost one thousand outlets across the globe – either the company's own boutiques or external sales points. IWC boutiques can be found in Zurich, Dubai, Singapore, New York, Hong Kong, Paris, Moscow and elsewhere.

**IWC SCHAFFHAUSEN
SELLS LUXURY WATCHES AROUND
THE WORLD; THEIR VALUE IS
ADDED IN SWITZERLAND**



THE GLOBAL NETWORK OF IWC OUTLETS





AMERICAN PIONEERING SPIRIT AND SWISS TRADITION

The American engineer and watchmaker Florentine Ariosto Jones founded the International Watch Co. (IWC) in Schaffhausen in 1868. In America he had learnt the watchmaker's trade from the bottom up. At the tender age of 27, he was appointed deputy director and production manager of the E. Howard Watch & Clock Company in Boston, then a leading American watchmaker. At that time, the American market appeared to have a virtually insatiable hunger for quality watches and its watch production methods were among the most modern in the world: what it lacked was skilled, qualified local labour, and this led to rising wages. By contrast, conditions in Switzerland were little short of paradise to American watchmakers: wages were low, there was a large skilled workforce, and production capacity was extensive. Jones crossed the Atlantic, planning to

combine the excellence of Switzerland's craftsmen with modern engineering techniques and a generous helping of pioneering spirit to make top-quality watches for the American market. He made use of green energy even back then, as the production building on the banks of the Rhine drew its power from what was then the most advanced hydropower plant in Switzerland. Even at this time, Schaffhausen, in the north-eastern tip of the country, could look back on a long clockmaking tradition – there are official records of a clockmakers' guild in the town since 1583. The town was also home to the famed Habrecht family of clockmakers. Nevertheless, it was Jones's plan to manufacture relatively large numbers of high-quality watches in-house to the same precise tolerances which enabled these watches made in Schaffhausen to become famous all over the world.

THE IWC WATCH FAMILIES



PORTUGIESER



PORTOFINO



PILOT'S WATCHES



INGENIEUR



AQUATIMER

The range of products extends from rugged timepieces and sports watches to haute horlogerie complications:

Portugieser: The Portugieser is one of the most prestigious watches of the IWC brand, as well as being one of the oldest and best known. No other IWC watch family brings together so many of the technical achievements of haute horlogerie.

Portofino: For 30 years, the Portofino collection has been an expression of understatement and good taste. Thanks to its puristic, timeless design, the watch family has established itself as IWC Schaffhausen's guarantee for success.

Pilot's Watches: IWC Schaffhausen has over 70 years' experience in the manufacture of Pilot's Watches. The current collection is divided into classic Pilot's Watches, TOP GUN Pilot's Watches, the TOP GUN Miramar line and the Spitfire collection.

Ingenieur: The Ingenieur watch family grew up in the 1950s. Cool and functional-looking on the outside, the 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, and founded a watch family whose success has continued unabated to this day. The Aquatimers are masculine, dynamic sports watches, which are puristic in their design and feature an innovative rotating bezel.

“SUSTAINABILITY IS OF HUGE IMPORTANCE AT IWC.”

Joëlle Zwicky, how has corporate responsibility evolved at IWC in recent years? *Sustainability has always been of huge importance at IWC. Even before my time as head of CSR, IWC looked after its employees, supported local causes, made sure there was a good working atmosphere in the company and was careful in its use of resources. Since the CSR department was set up in 2013, the subject of social responsibility has certainly grown in importance and we can now apply a more structured and long-term approach to the issues involved.*

What is IWC's interpretation of sustainable activity? *We want to work in harmony with nature and society to the greatest extent we can, and that covers everything from sourcing and using materials for our everyday business to the well-being of our employees, suppliers and business partners and our involvement in social issues.*

Where does the subject of sustainability fit in the company structure? *The person responsible for this area is Christian-Matthias Klever, CFO of IWC Schaffhausen. In my capacity as CSR Manager, I report directly to the Management Board. We have support from the CSR Committee, which is made up of members of the Management Board and employees from various departments,*

such as Human Resources, Infrastructure, Design and Marketing. We meet regularly to discuss issues relating to CSR and develop new projects together. This way we can guarantee employee awareness across all departments and at all levels. But support for these projects also comes from the very top, especially from our CEO, Georges Kern. He has been actively committed to environmental protection and social partnerships for years and he pushes the whole company forwards with his fresh ideas and his drive.

IWC exists for the purpose of achieving commercial success. Is it possible to reconcile the pursuit of profit with sustainability?

Making a profit is a suitable way of realizing idealistic goals for the benefit of the common good. For us at IWC, sustainable action is actually a part of our corporate culture. It's the reason I enjoy my work so much. Although I am the person responsible for CSR, I wouldn't be able to move things forward at all without the employees at IWC. So it's fantastic to see each and every one of them breathing life into the topic of sustainability on a daily basis and as a matter of course.



JOËLLE ZWICKY
CSR Project Manager

What is the extent of Richemont's commitment to sustainability? *As head of CSR I am pleased that the issue of sustainability is taken very seriously at Richemont as*

ENVIRONMENTAL ISSUES
 SUSTAINABLE DEVELOPMENT
 CORPORATE CITIZENSHIP SOCIAL COMMITMENT
 CORPORATE SOCIAL RESPONSIBILITY
 PROTECTION AT WORK DIVERSITY MANAGEMENT
 COMPANY DONATIONS RESPONSIBILITY
 SUSTAINABILITY CLIMATE PROTECTION
 ENVIRONMENT
 GLOBAL ENVIRONMENTAL PROTECTION
 HEALTH
 HUMAN RIGHTS LONGEVITY GREEN
 CODE CSR CORPORATE SUSTAINABILITY
 ORGANIC RESOURCES
 CORPORATE SUSTAINABILITY ETHICS
 SOCIAL ISSUES ECOLOGICAL
 CORPORATE COMMITMENT

well as by us. This means we can discuss and implement ideas that go beyond the individual brands. Examples would include joining the UN Global Compact, our membership of the Responsible Jewellery Council (RJC) and our joint pledge to reduce CO₂ emissions.

How much does the subject mean to your customers? *Most people who buy an IWC watch value aspects like design, technology and quality, and perhaps also the company's excellent reputation. And these things do indeed represent important added value for the customer. However, IWC is well known for pioneering social and environmen-*

tal issues within the luxury watch industry, so in view of the wide amount of choice available, it can be an additional sales point for the customer if their purchase supports a long-term partner of IWC that funds education programmes for disadvantaged young people or is involved in protecting marine ecology.

"IF EVERYONE PRACTISES CSR ON AN INDIVIDUAL LEVEL, IT WILL SUCCEED ON A HIGHER, COLLECTIVE LEVEL."

Joëlle Zwicky, CSR Project Manager



THINK GLOBALLY, ACT LOCALLY

The principle of sustainability is one of IWC's top priorities. Our goal is the sustainable, long-term manufacture of high-quality products that makes optimum use of resources while respecting social concerns. Economic efficiency does not exclude responsibility to and solidarity

with society, or the practice of exemplary ecological policies. At the same time, we want to acquire more customers who share our values. At IWC, acting responsibly means caring, looking ahead and preserving. This applies to employees, community, the environment and the sourcing of materials.

OUR EMPLOYEES

Employee satisfaction and a good work-life balance are prerequisites for motivation and performance. IWC promotes equality of opportunity and the reconciliation of career and family, and offers a wide variety of opportunities for obtaining professional qualifications and training.

OUR COMMUNITY

IWC has its roots in the local area and recognizes its responsibility to contribute to society in the Schaffhausen region, and encourages its employees to do likewise. The company also supports a number of institutions worldwide working for children and young people and the protection of the marine ecology.



OUR SUPPLY CHAIN

Our Code of Conduct forms the basis for our responsible approach to suppliers and business partners. We are committed to greater transparency in the value chain, to fair working conditions and environmental protection.

OUR ENVIRONMENT

IWC is committed to continually reducing its own impact on the environment. To this end, the company's environmental balance is systematically recorded. We also make every effort to keep the air, water and earth as clean as possible. In addition, IWC decided as long ago as 2007 to offset any unavoidable CO₂ emissions by supporting promising environment projects.

OUR EMPLOYEES

Working at IWC means being part of the IWC family, helping to forge the dynamic expansion of watch manufacturing and benefiting from the advantages of working for a sustainable and employee-centred company. This means that employees develop shared values together and respect the employees' Code of Conduct. At the same time, IWC ensures that decisions concerning employees are based solely on individual ability and contributions to the success of the company. This offers employees the opportunity to develop in many directions. IWC nurtures in-house careers and is committed to creating pleasant working conditions in order to secure the professional and personal well-being of its employees.

PROFESSIONAL TRAINING AND DEVELOPMENT · NEW TALENTS · DIVERSITY AND
EQUALITY OF OPPORTUNITY · SAFETY AND WELL-BEING



“WE HAVE TO MOVE WITH THE TIMES.”

Jenny Dinich-Seitner, the continuing professional development of employees is a major aspect of your job. What are your personal focal points? *Equal opportunities and employability are subjects that are very close to my heart. I consider it my personal responsibility to see that our employees develop professionally on an ongoing and, above all, long-term basis. Trends and technologies are constantly changing, as are the demands placed on managers, so we have to be willing to move with the times. Across all generations, our employees expect attractive opportunities for their personal development. The same applies to management personnel: management is a muscle that needs regular exercise.*

What is your experience as far as the trainees' level of knowledge and motivation to learn are concerned? *Our trainees come with a good level of previous experience and their motivation is excellent. This is evident from the fact that every year IWC trainees come top of the class, achieving outstanding results. 2013 and 2014 were exceptionally good years. Naturally, we also look at the personality of the applicants and they are assessed by more than one person. Attitude and personality count for at least as much as intellectual ability and learning potential. All trainees also take part in assessment days before they are taken on –*

they have to manage small projects in various departments.

How do the different generations interact with each other at IWC? *A cooperative and communicative management style is essential these days. A hierarchical structure with a traditional management model based on giving orders from the top down is no longer a working option. For younger generations of employees, trust, responsibility and motivation are very important. They expect to be set agreed targets and to receive feedback on their performance. But it works the other way round too: older employees can also learn from the younger ones. The text and Facebook generation is used to a style of communication that is concise and to the point: I often find that quite refreshing.*



JENNY DINICH-SEITNER
Director Human Resources

IWC has employees from over 30 different countries in Schaffhausen alone. What impact does this ethnic and cultural mix have on the working day at IWC? *IWC has always been multicultural; many of our employees at all levels in the company hierarchy come from ethnic backgrounds. At my last company, which was a global group, we constantly had to provide intercultural skills training, but here at IWC we don't need that, as things work well as they are.*

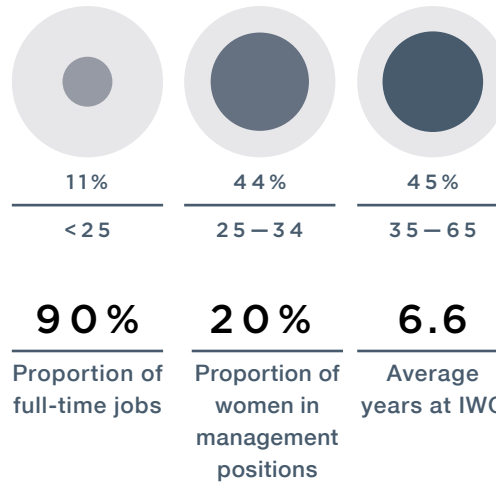
People work hard at IWC, sometimes putting in long hours. In view of that fact, how is it possible to fit in all those staff development courses outside normal working hours? Of course, there are periods when the volume of work can be very large, at IWC as anywhere else. Then we try to fit our provision in with the cycle of work in a way that keeps the extra time within a reasonable limit. It's also a question of personal priorities. Many employees make use of the training provision because it helps them progress in their job and makes their work easier. If they feel good at work they won't have a problem with their work-life balance.

Who can employees turn to if they have problems of a professional or personal nature? Any professional grievances can be reported to the line manager, or their manager. But they can also talk to me in confidence or to anyone in my team. If the problem can't be solved that way, IWC employees can contact the whistle-blowing service at Richemont. Since January 2004 there has also been an external hotline which employees can use in confidence and free of charge to talk to a psychotherapist, lawyer or other professional about problems at work or in their personal lives. Issues range from stress in the workplace to burnout and conflicts with managers. The hotline can also be used to get help with private problems such as illness or debt. The content of the conversations is obviously never disclosed to IWC, but we do know that the service has been well received. Some employees have actually expressed their gratitude to me that this neutral point of contact exists.

OUR EMPLOYEES



AGE DISTRIBUTION IN YEARS



"I CONSIDER IT MY PERSONAL RESPONSIBILITY TO SEE THAT OUR EMPLOYEES DEVELOP PROFESSIONALLY ON AN ONGOING AND, ABOVE ALL, LONG-TERM BASIS."

Jenny Dinich-Seitner,
Director Human Resources



QUALIFICATIONS ARE THE KEY TO SUCCESS

Training is a key component in the success of IWC Schaffhausen. The quality of IWC watches relies on highly skilled watchmakers – and customer satisfaction on passionate employees. Ongoing learning and continuing professional development have an important place in the company to ensure that employees are properly equipped for the constantly changing demands placed on them at work. IWC offers a broad spectrum of training, covering everything from leadership qualities and technical know-how to personal development and creative ideas. The employee training programme is based on a 70/20/10 structure, with 70 per cent of the training taking place during normal work, 20 per cent being completed through self-study sessions and 10% in specific training courses.

Managers meet up regularly with the Director of HR to discuss developments affecting staffing. And training for management personnel is equally important in order to establish a management culture based on the appreciation of and respect for its employees.

IWC OFFERS A BROAD SPECTRUM OF TRAINING, COVERING EVERYTHING FROM LEADERSHIP QUALITIES AND TECHNICAL KNOW-HOW TO PERSONAL DEVELOPMENT AND CREATIVE IDEAS.

Professional training and development

We use a variety of training methods to enhance the development of our people: on-the-job support from managers or specialists in the team;

participation in cross-departmental team projects; classes through the IWC Online Academy; and in-house or external training sessions led by experts. Training courses are consolidated through in-house coaching, regular assessment meetings and constructive feedback.

IWC Schaffhausen also encourages its employees to learn from each other. Initiatives like Lunch and Learn and the CEO Breakfast are held on a regular basis to explore IWC's history and craftsmanship or deal with issues such as health, a good work-life balance and pension funds. There's also an annual

employee event, where we provide information about the company's strategic positioning and current performance and present a review of the year.

Joining IWC

Anyone wishing to join the IWC family will undergo an assessment procedure which is as quick and straightforward as it possibly can be. This is then followed by an induction process. IWC provides different induction programmes for recruits who have prior experience, for first-time employees and for trainees:

DIRECT ENTRY FOR PEOPLE WITH EXPERIENCE:

IWC offers a wide variety of direct-entry opportunities for new recruits who have previous professional experience in areas such as watchmaking, sales and administration. These employees can look forward to a structured induction programme combined with regular assessment meetings with managers to help their career development.

CORPORATE TRAINEE PROGRAMME FOR GRADUATE ENTRANTS:

This is ideally suited to students graduating with a master's degree in economics. The programme lasts for 18 months plus a three-month deployment abroad and is an excellent start to a successful career at IWC. Trainees are integrated directly into the workplace alongside experienced employees and get a first-hand insight into day-to-day business. One important aspect of the programme is the job rotation system that gives each trainee an insight into the various departments and a deeper understanding of the company as a whole. Regular feedback and coaching sessions, plus meetings with the CEO and management team complete the programme.

INTERNSHIPS FOR UNIVERSITY STUDENTS:

This is suitable for students and university graduates wishing to gain an insight into the departments and processes at IWC and acquire their first experience of the world of work over a limited period of six to nine months. For students, there is also the option of combining the internship with their thesis work. Interns can look forward to being involved in exciting projects and becoming fully integrated into the working life of the company.

APPRENTICESHIPS:

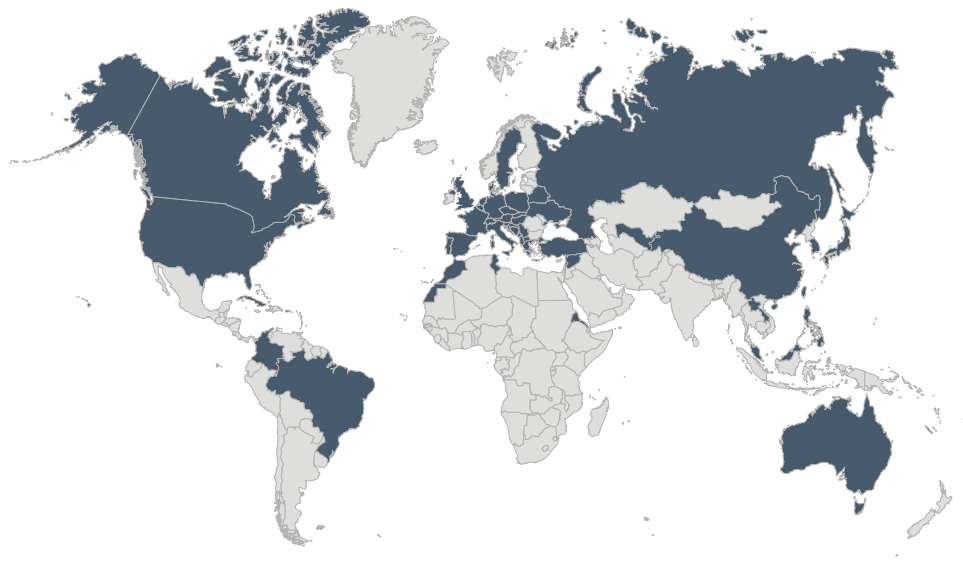
Apprentices at IWC will spend three to four years gaining an insight into diverse aspects of the world of watchmaking. We offer seven different training courses that all deliver practical specialist knowledge and promote the development of the trainee's self-reliance, aptitude for learning, flexibility and creativity. Our trainees spend 80 per cent of their apprenticeship in the apprentice workshop and the remaining 20 per cent on the shop floor. On completion of their training our apprentices are all presented with a special commemorative watch.

50 NATIONS — ONE TEAM, ONE SPIRIT

Employees from many different countries and cultural backgrounds come together at IWC. As an international employer, the company places great value on cultural diversity and an attractive working environment. The appreciation of other cultures and an awareness of different types of behaviour are essential elements to the company's success in this increasingly globalized world. IWC's employs a workforce around the world drawn from over 50 different countries. In Schaffhausen alone we have colleagues representing 33 nations, with the majority coming from Switzerland, Germany, China and France.

IWC employs 1,250 people worldwide – 602 women and 648 men, all under the terms of collective agreements. IWC is currently training 42 young apprentices in 7 different trades. Of these, 22 are training as watchmakers in Grenchen, and the other 20 are enrolled at the vocational colleges in Schaffhausen, Bülach and Zurich. The exciting environment and the work at this Swiss watch manufacturer ensures that every working day is an educational experience. College and university graduates can also gain an insight into the world of IWC. Twenty-five graduates are currently being trained in internships and through the corporate trainee programme.

COUNTRIES OF ORIGIN OF IWC EMPLOYEES



COMMITMENT TO RESPONSIBLE ACTION

The Code of Conduct for IWC employees sets out guidelines for ethical behaviour. The guidelines listed in the Code are binding for all employees in all countries and cover commercial activities, relationships with colleagues, contact with the public and relationships with business partners and suppliers. It is necessary to define fair decision-making processes and responsible actions in order to nurture the commitment of our employees and their identification with the company and achieve the commercial success we want. By signing the Code, all of our employees, regardless of professional status or department, have undertaken to conduct themselves according to ethical and responsible principles.

There are a number of other instruments available to improve equal opportunities at IWC besides the Code of Conduct and the associated whistle-blowing office, which is a neutral point of contact for all employees. Flexible working hours for both parents and grants for mothers towards external childcare help parents combine family and career commitments. IWC has some family-friendly rules specifically for fathers, too: acknowledging that “dad time” is special, IWC gives all fathers two weeks’ paid leave on the birth of their child, even though there is no statutory paternity leave in Switzerland and the norm is just one day of paid leave. If they wish, fathers and mothers can also take up to twelve months’ unpaid leave after the birth of their child, or if they adopt one.



**IWC DOES NOT TOLERATE ANY
FORM OF DISCRIMINATION OR
HARASSMENT ON THE GROUNDS OF
GENDER, ETHNICITY, RELIGION,
AGE, NATIONALITY, SEXUAL
ORIENTATION, ETC.**

HEALTHY, MOTIVATED EMPLOYEES ARE MORE PRODUCTIVE

Pleasant working conditions are essential to the satisfaction and motivation of staff. IWC therefore takes an active interest in its employees' health and well-being. The in-house cafeteria offers a balanced menu, and lunch vouchers for neighbouring restaurants add to the variety. The company provides fitness and healthy lifestyle programmes such as the IWC sports club, subsidizes gym memberships and participation in walking competitions and offers other additional benefits. IWC is also committed to the safety of its employees. Health and safety representatives meet on a

regular basis, ensuring that intensive discussion of safety-related issues takes place. The ongoing improvement of levels of safety in the workplace is monitored regularly through external auditing.

Part of our commitment to sustainability involves encouraging employees to use the most environmentally friendly means of getting to work. All staff can therefore now purchase season tickets for the public transport network at subsidized prices. Alternatively, they can receive a contribution towards the use of an ecological vehicle.

BALANCING FAMILY AND CAREER

- > Maternity leave
- > Paternity leave
- > Contribution to cost of childcare
- > Christmas with Santa for children
- > Bonus for marriage or birth of child
- > Child and trainee allowances

PROMOTING HEALTH AND FITNESS

- > Allowance for spectacles
- > Gym/IWC sports club
- > Triathlon and Tortour bike race
- > Health insurance subsidy
- > Food vouchers for off-site restaurants
- > IWC cafeteria

BENEFITS

- > Staff sales
- > Commemorative watches (anniversary, apprenticeship graduation)
- > Public transport season tickets
- > Purchase of ecological vehicles
- > Car park
- > Tickets for FC Schaffhausen
- > Alpamare water park

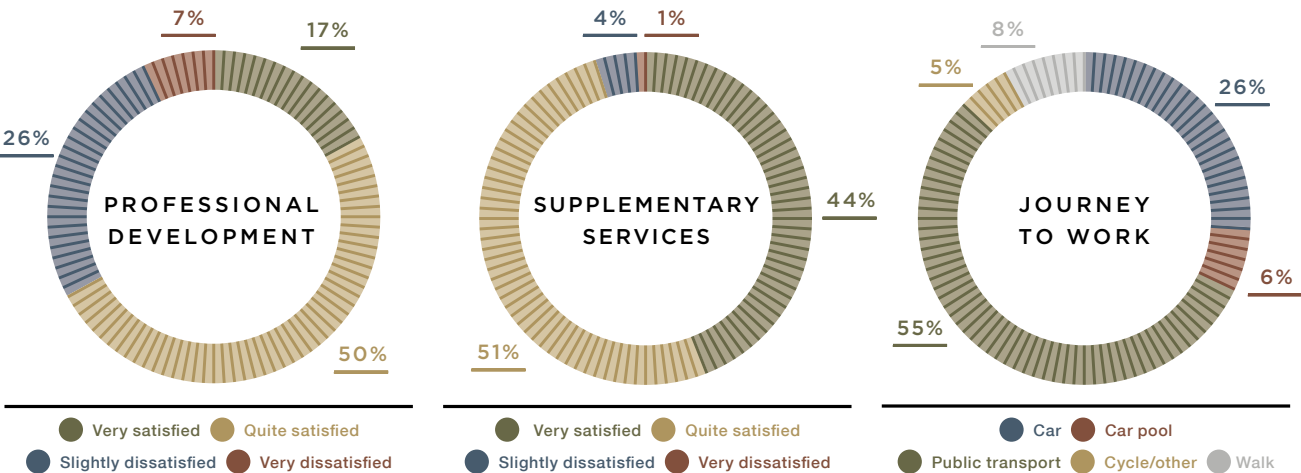
MISCELLANEOUS

- > Office party
- > Anniversary bonuses and trips
- > Pre-retirement preparation
- > Phased retirement
- > City tour for newcomers
- > Watchmaking course
- > Rooms for interns

IWC IS LISTENING TO YOU – RESULTS OF STAFF SURVEY

In-company surveys are conducted on a regular basis to help identify areas for improvement. Topics covered include safety at work, employee satisfaction and the menu choices on offer in the company cafeteria. The survey results are evaluated by the relevant manager and used to inform decisions on improving the company's performance where the interests of sustainability and its

employees are concerned. At the end of 2014, all of IWC's employees in Schaffhausen and Neuhausen were asked to take part in a survey. In a bid to improve the company's performance in staff training and its supplementary services, questions were asked about employees' habits and interests. The survey was completed by 65% of employees.



The training provision for staff was seen as positive by the majority of employees. Provision ranges from self-management, personality development and mental training, to communication, rhetoric and presentation techniques, and organizational competence, social skills and conflict and stress management.

The vast majority of employees expressed satisfaction with the supplementary services offered by the company. The list of supplementary services can be found on page 20. Fringe benefits are neither performance-related nor depend on the company's financial results.

More than half of employees use public transport to get to work, around 60% of them at the suggestion of IWC. Almost a third need a car, as their journeys would be much longer otherwise. 45% of them travel over 30 minutes each way, either alone or as part of a car pool.

OUR COMMUNITY

IWC Schaffhausen is part of a strong community, both on a global level and regionally speaking. The corporate philosophy embraces environmental responsibility and social commitment. As an internationally successful company, the watch manufacturer has been committed to several long-term partnerships around the world since 2005. These focus on active, targeted collaboration with the partner organizations. In addition, the company also sponsors non-profit-making projects by producing special edition watch models. These watches are not merely symbolic of the good causes they

promote: a proportion of the sales revenue goes directly to the respective organization to help fund the project.

IWC has deep roots in the town of Schaffhausen, the location of the company's foundation and its headquarters to this day. The company therefore promotes numerous social, cultural and sporting activities in the region and encourages employees to contribute to the region's long-term development by taking part in the corporate volunteering programme.

LAUREUS SPORT FOR GOOD FOUNDATION · LAUREUS FOUNDATION SWITZERLAND ·
ANTOINE DE SAINT-EXUPÉRY YOUTH FOUNDATION · CHARLES DARWIN FOUNDATION ·
COUSTEAU SOCIETY · LOCAL COMMITMENT IN SCHAFFHAUSEN





BLUE IS THE COLOUR OF HOPE

Sport is a universal language. It is understood the world over and brings people together. Sport is a kind of school for life. It can help socially, physically or economically disadvantaged children and young people to improve their lives. The Laureus Sport for Good Foundation uses the power of sport in its campaign for social change. IWC has been one of the main sponsors of the Foundation since 2005.

The Laureus Sport for Good Foundation currently supports over 150 projects worldwide. These address some of the greatest social challenges of

our time, especially those affecting young people and children, such as poverty, homelessness, war, violence, discrimination, drug addiction, racism and HIV/AIDS. Around the world, the Laureus Sport for Good Foundation organizes sporting events that attract young people and instil positive values into them. Over 60 million euros has been raised through donations in recent years.

The Foundation is actively supported in its work by no fewer than 50 sporting legends – the members of the Laureus World Sports Academy. They share a belief in the power of sport to bring people

together and improve the lives of young people around the world. They pay regular visits to the projects supported by the Laureus Sport for Good Foundation. Having these role models present is an uplifting experience for the children. Since the Foundation's inception, millions of children and young people have taken part in projects worldwide.

**THROUGH THE LAUREUS FOUNDATION
SWITZERLAND, IWC SCHAFFHAUSEN
SUPPORTS PROJECTS FOR
DISADVANTAGED CHILDREN AND
YOUNG PEOPLE IN SWITZERLAND**

National Foundations in Argentina, Germany, Italy, the Netherlands, South Africa, Spain, Switzerland and the USA provide the projects with on-the-spot support. IWC Schaffhausen is a Founding Partner of the Laureus Foundation Switzerland and helped to establish the guiding principles of the Laureus Sport for Good Foundation in Switzerland. Through the Foundation, IWC supports children and young people who are socially disadvantaged, for example as a result of physical or intellectual disabilities, difficult social or financial circumstances at home, or other constraints. Initiatives in Switzerland include Girls in Sport, Blindspot, Street Soccer and Cavallo. The emphasis is on sustainability, involvement in local structures and charity work.

In keeping with a revered tradition, IWC Schaffhausen organizes a children's drawing competition within all the Laureus Sport for Good Foundation projects worldwide. Every year, the exciting topics encourage many children and young people from all over the world to submit entries. A jury picks the winning entry which is then engraved on the back of an IWC special edition watch. The engrav-

ing is a reminder that some of the sales proceeds are destined to help Laureus Sport for Good Foundation projects in some of the world's problem regions. IWC has already launched its ninth "Laureus Sport for Good Foundation" special edition watch, featuring design elements in characteristic Laureus blue.

**"SPORT HAS THE POWER TO
CHANGE THE WORLD."**

Nelson Mandela



*Ingenieur Automatic Edition
"Laureus Sport for Good Foundation"*

HELP FOR THE ENDANGERED “LABORATORY OF EVOLUTION”

The Charles Darwin Foundation (CDF) is an international non-profit organization that provides scientific knowledge and 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 Ecuadorean Government on the preservation of this stunning archipelago and first natural World Heritage Site. IWC Schaffhausen has been supporting the extraordinary work of the CDF since 2009.

Over a hundred scientists, students, teachers and volunteers from all over the world work tirelessly at the CDF to research the flora and fauna of Galapagos and maintain the World Heritage Site – because the “laboratory of evolution” is seriously threatened. Preserving the biodiversity of the indigenous fauna and flora on the Galapagos Islands for future generations is a major challenge.

As a manufacturer of diver's watches, IWC Schaffhausen believes it has a special obligation to preserve this unique world, both above and under water. It was no coincidence that the collaboration between IWC and the CDF began during the bicentenary year of Darwin's birth. Since that time, the company has sold special editions of the Aquatimer watch and makes a significant financial contribution every year to safeguard the future of the Charles Darwin Research Station. Since 2014, the partnership has been further strengthened by the introduction of a membership scheme on the website at www.iwc.com. Members who donate 20, 200 or 2,000 US dollars are eligible to receive

exclusive benefits never before made available in this form. All donations go straight to the CDF. IWC's sponsorship of the CDF is a long-term commitment, as the sustainable protection of this region and its unique natural phenomena is a subject the company holds very close to its heart.

**“THE RISK THAT THE UNIQUE ECOLOGY
OF THE GALAPAGOS ISLANDS
COULD BE IRRETRIEVABLY LOST IS
SOMETHING THAT SHOULD CONCERN
ALL OF US, AND WE ARE PROUD TO
BE ABLE TO SUPPORT THE
OUTSTANDING WORK OF THE
CHARLES DARWIN FOUNDATION.”**

Georges Kern, CEO IWC Schaffhausen



“IWC IS ONE OF OUR BIGGEST BACKERS.”

Swen Lorenz, the Galapagos Islands are one of the last remaining natural havens on earth. What is the current situation regarding the flora and fauna of the islands? *The Galapagos Islands are still the best-preserved tropical archipelagos in the world, despite the many serious problems they face. Both the government there and the population are becoming increasingly aware that more must be done to preserve the islands' fragile ecosystem. The biggest problem comes from species that have been introduced to the islands from elsewhere and are driving out indigenous flora and fauna. One of the main activities of the Charles Darwin Foundation (CDF) concerns the use of scientific means to combat invasive species.*

What are the top priority projects for the CDF? *We are very concerned about the land bird population, of which many species are under threat owing to the introduction of rats, cats and invasive insects. Another key field for the CDF is the marine protected area. Two-thirds of the Galapagos are under water, and we urgently need to step up our basic research so that we can provide the government and fisheries authority with proper scientifically based advice. The primary concerns here are sustainable fishing quotas and quarantine regulations.*

You have been director of the CDF since 2011. How has the foundation developed over this

period? When I assumed the position in 2011 we had 69 projects under way. It was barely possible to manage them all. At present we are concentrating on 14 projects, but working on them with far greater rigour. A combination of management errors and the general financial crisis resulted in our budget shrinking from 8 million to 3.5 million US dollars within ten years. We urgently need to generate more income, but happily we are already starting to see the first signs of success.

IWC has been sponsoring the CDF since 2009. What funding do you get from Schaffhausen? *IWC is one of the five biggest donors to the CDF. The company also provides funds for a scientific research programme in which we are working out the migratory routes of sharks by means of tracking devices. We want to use the findings from this research to advise the government on setting up protection zones for the young sharks. Another element of the partnership is PR. We need to raise awareness of our work but can't afford an expensive PR agency. The media department at IWC helps us to achieve a wide reach through the Aquatimer line, because three models are associated with the Galapagos. And we have just set up a three-tier membership structure for the CDF. IWC contributed know-how and staff time, for example for publishing brochures and advertising material.*



SWEN LORENZ
CEO CDF



A SUCCESSFUL PARTNERSHIP WITH THE HEIRS OF ANTOINE DE SAINT-EXUPÉRY

The French Antoine de Saint-Exupéry Youth Foundation upholds the humanist and spiritual legacy of the great French writer and aviation pioneer. This Foundation promotes education for children who, for various reasons, grow up in difficult environments. Since the start of its co-operation with Antoine de Saint-Exupéry's heirs in 2005, IWC has used its special edition Pilot's Watches to remind people of the unforgettable French author and pilot. Since then, several unique pieces in platinum have fetched fantastic sums in the auction room, and IWC has used the revenue to support a wide variety of projects run by the French Foundation for the benefit of disadvantaged children.

IWC Schaffhausen supports the Antoine de Saint-Exupéry Youth Foundation, a charity established in 2008 under the aegis of the Fondation de France whose work includes extending and improving the provision of education in Cambodia. In 2013, a watch was sold at auction to help fund a campaign to improve literacy levels in the country. Even today, almost two-thirds of the Cambodian population cannot read – a consequence of the four-year regime of terror imposed by the Khmer Rouge. Thanks to the commitment of IWC Schaffhausen it has been possible to build a new school with its own library in Roluos and to renovate another. To provide even more people with reading materials, a new book bus has been commissioned to serve a large number of isolated villages, very much in keeping with the spirit of Antoine de Saint-Exupéry, who once wrote: "Our job is not to predict the future but to make it possible."

In 2014, another watch auction raised funds for the Pequeno Príncipe Hospital in the Brazilian city of Curitiba, in the state of Paraná. Thanks to this donation a library and mobile lending service will be opened and computers and digital books purchased in spring 2015.

**"WE TAKE OUR SOCIAL
RESPONSIBILITY VERY SERIOUSLY
AND BELIEVE THAT ALL PEOPLE
HAVE A RIGHT TO A SCHOOL
EDUCATION."**

Georges Kern, CEO IWC Schaffhausen



Big Pilot's Watch Edition "Le Petit Prince"



THE LEGACY OF “LE COMMANDANT” COUSTEAU

Jacques Cousteau was a passionate engineer, inventor, researcher and film-maker. He devoted his entire life to the fascinating world of the deep sea. As the leader of major diving expeditions and a tireless campaigner at a political level, his 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 maritime life. Now headed by Francine Cousteau, the late Jacques Cousteau's widow, the Society today has more than 50,000 members worldwide. It continues the unique explorations and observations of ecosystems all over the world that have helped millions of people appreciate the fragility of life on a planet that is more than 70 per cent covered by water.

IWC has been a partner of the Cousteau Society since 2004 and has supported the organization in its 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 over-fishing, poaching and environmental destruction.

The Aquatimer Chronograph Edition “Expedition Jacques-Yves Cousteau” is already the sixth special edition to bear the name of the famous Frenchman. The engraving on the back of the cover shows “le Commandant” with his trademark red woollen beanie. Part of the proceeds from every sale goes directly to the Cousteau Society and helps fulfil the legacy of the committed environmentalist.



Aquatimer Chronograph Edition “Expedition Jacques-Yves Cousteau”



LOCAL COMMITMENT IN SCHAFFHAUSEN

IWC feels a special affiliation with the local communities in north-eastern Switzerland, as Schaffhausen is the location of the company's foundation and its headquarters to this day. IWC has therefore supported social, cultural and sporting activities in Schaffhausen from the very beginnings of the company. For example, all employees are encouraged to take social responsibility in the region by becoming involved in the corporate volunteering programme. They can choose their own environmental, social, cultural or sports projects or take part in initiatives organized by IWC.

The company also supports a wide range of sports in the region, including football, hockey and handball. Another example of IWC's local involvement is the IWC Arena in Schaffhausen. The Hockeybeiz pub and Puckbar provide a warm welcome for match-day guests, and sponsors enjoy the use of the IWC Lounge. In order to offset a possible shortage of technical specialists, IWC has supported the "go tec!" project since 2014. It promotes an interest in technology among children and young people and shows them career opportunities and promotion prospects in the field.

For 50 years, IWC Schaffhausen has been dedicated to helping people with disabilities become integrated in the world of work and in society – IWC supports this charity by commissioning cleaning and packaging jobs.

Looking after yourself – and the environment

Schaffhausen Nature Park features dry meadowland, forests, farmland, carefully tended vineyards and the Rhine, with its unique river landscape. It is the main task of the Regionaler Naturpark Schaffhausen (Schaffhausen Regional Nature Park) association to preserve this extraordinary diversity of habitats. Supporting the nature park is a high priority for IWC in order to contribute to the sustainable development of the region. In one example of this support for the organization, employees and their families took part in two days of activities in the autumn of 2014 as part of the corporate volunteering programme.

Integration through joint sports activities

Laureus Metro Sports by Blindspot is a unique scheme to promote integration of children and young people with various physical disabilities. The initiative brings able-bodied and disabled children together through sport, helping to break down barriers and playing an important role in integrating disadvantaged children into society. IWC employees are invited to help at these special events on a regular basis, an offer which meets with a good response and is much appreciated.

IWC SUPPORTS INSTITUTIONS AND EVENTS WHICH INCLUDE THE FOLLOWING:

SOCIAL WELFARE

- > Various organizations and institutions, e.g. Krebsliga (cancer patient support), Frauenzentrale (organization of women's centres), insieme (support for people with disabilities), Rheumaliga (support for patients with rheumatic conditions), Zweidihei (daytime in-family childcare), procap (support for people with disabilities), daycare centres, children's homes, etc.
- > Organized holidays for children
- > Lunches for schoolchildren
- > Fun and games for children (jups festival, Creative Kids association)
- > Various sports clubs
- > Summer school activity programmes for children
- > IWC Schaffhausen
- > Christmas party for people living alone and people in need

SPORTS

- > Triathlons and city runs
- > Various sports clubs and societies (football, volleyball, handball, equestrianism, rowing, table tennis and swimming)
- > Leisure facilities
- > Various sports teams

CULTURE

- > Various open-air concerts, theatre productions, musical events and large-scale events
- > Schaffhausen City Theatre
- > Schaffhausen Art Association
- > Promotion of young artists
- > Museum night and various museums



OUR ENVIRONMENT

Every company has a responsibility both to society and to the environment. IWC therefore ensures the company operates as efficiently and uses as few resources as possible, and makes a financial contribution to employees who use public transport.

The modern, ecologically sound construction of the IWC's Baumgartenstrasse premises in Schaff-

hausen have enabled the company to keep the energy consumed per square metre by in-house utilities constant since 2002. It has been possible to reduce the combined CO₂ emissions of the Schaffhausen headquarters and the production site in Neuhausen by over 10 per cent in the last four years. The company has covered all its energy needs with ecological hydroelectric power since 2007 and is CO₂-neutral.

ENERGY NEEDS · CO₂-NEUTRAL · INTELLIGENT USE OF ALTERNATIVE ENERGY AND
WATER RESOURCES · PAPER AND PACKAGING · PLASTIC



SUSTAINABILITY DOES NOT STOP AT THE FACTORY GATE

Christian-Matthias Klever, IWC is a pioneer in the field of sustainability. How did this come about? *We began to tackle the subject of environmental protection at a very early stage, and were encouraged to do so by our CEO, Georges Kern. At first there was no real strategic approach. In 2004 we began our partnership with the Cousteau Society in France as part of a relaunch of the Aquatimer. Jacques Cousteau had campaigned throughout his lifetime for the preservation of the coral reefs in the Red Sea. This project was an opportunity for IWC to gain important experience in the subject of sustainability. As time went on, the issues of environmentally friendly production methods and the reduction of CO₂ emissions became increasingly important at IWC.*

How did things move on from there? *In the construction of the East Annexe, which was opened in 2005, we used optimally insulated glass facades and became the first company in Switzerland to use wastewater from the city's sewers to heat the building in the winter and cool it in the summer. At the heart of the system is a combination of cooling and heat pumps that are able to generate heat or cold alternately, or even simultaneously. These serve to cover one-fifth of our heating needs. In the same year, Georges Kern took part in the World Economic Forum in Davos as a "Young Global Leader".*

The Young Global Leaders forum is an association for young managers with the aim of devising solutions for the world's pressing issues. He returned full of enthusiasm and coined the motto: "Sustainability does not stop at the factory gate". He then pressed ahead with the CO₂-neutrality project. In 2007, IWC became the world's first CO₂-neutral watch manufacturer.

What exactly does CO₂-neutral mean? *Processes that do not generate any greenhouse gases, e.g. CO₂, are referred to as being climate-neutral or CO₂-neutral. If emissions cannot be eliminated altogether, there is the possibility of offsetting them by supporting potentially beneficial environmental projects.*

Is the potential for cutting CO₂ emissions at IWC now exhausted, or are there more projects on the go? *We are now focussing on the new production and technology centre in the Merishausertal, where the ground-breaking ceremony took place in September 2014. We call it "Green Field", and not just because construction is taking place on a green-field site – with the agreement of 80 per cent of the Schaffhausen electorate, by the way. The new production plant will also be green in the sense of ecologically sustainable and CO₂-neutral. Instead of air conditioning, there*



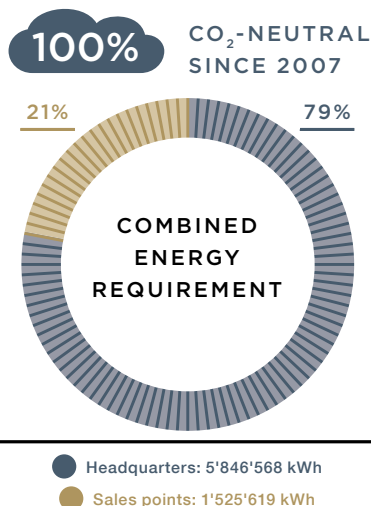
**CHRISTIAN-MATTHIAS
KLEVER**
Chief Financial Officer

will be a system of water flowing through concrete sections, and overhanging roofs will provide natural shade from the sun. The facades will have triple-insulated glazing to ensure that rooms are filled with natural light and create a pleasant working environment. A photovoltaic system on the roof will cover a significant proportion of the electricity requirement. The building's lighting will exclusively use LED technology. And an intelligent waste and recycling management system will make sure that most of the production waste is reprocessed.

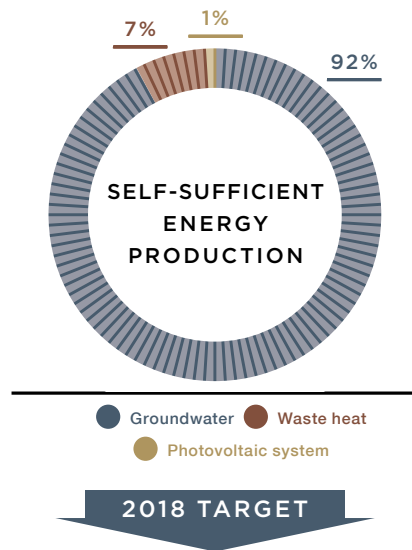
With a motto of “100 per cent tradition, 0 per cent emissions” you put the company's first electric car into service in April 2014. What has the response been like? *It's been so good that since January 2015 we have been using another smart fortwo electric drive car. Our employees use them to commute between our production sites. Both vehicles use power produced by our own photovoltaic systems.*

How is this commitment perceived by the luxury goods industry? *Our involvement has met with considerable recognition. In 2012 we received the prestigious Walpole Award for Excellence in the Corporate Social Responsibility category, and in 2013 we were awarded the Butterfly Mark, and we won Best CSR Switzerland in 2014. We are proud to have incorporated CSR as an integral part of the IWC business ethos at a very early stage. A company in the luxury goods industry is expected to manufacture sustainably, be socially committed and provide good working conditions for its employees: buying a luxury item should make you feel good. Since appointing a CSR manager to focus full-time on CSR, we have adopted a strategic approach to the subject of sustainability and are now communicating more about our projects outside the company.*

OUR ENERGY REQUIREMENT



15% OF OUR ENERGY REQUIREMENT IS COVERED BY SELF-SUFFICIENT ENERGY PRODUCTION



10% REDUCTION OF COMBINED CO₂ EMISSIONS FROM BUILDINGS



LONG-TERM REDUCTION OF CO₂ EMISSIONS

All the energy used by IWC at its headquarters is green electricity produced in Switzerland by hydroelectric power. A photovoltaic system on the roof at IWC together with the cooling and heat pumps in the heating centre provide the company with additional self-generated energy. Figures for energy and water consumption, CO₂ emissions, etc. are recorded annually, and a statistical evaluation is produced. The resulting carbon footprint for the company is analysed on a regular basis.

The subject of sustainability also includes raising awareness of environmental issues among em-

ployees, suppliers and business partners. IWC employees therefore receive a subsidized season ticket for the local public transport network or a contribution towards the purchase of an ecological vehicle. In addition, our Code of Conduct on the protection of the environment contains the requirement to reduce the CO₂ emissions produced by employees, external suppliers and business partners as well as through business trips and events. Energy-saving measures are also put in place at IWC boutiques and sales outlets, for example by switching to low-energy lighting systems.



ENVIRONMENTAL BALANCE SINCE APRIL 2010

Energy requirement per square metre has been reduced by 5% at company headquarters and by 4% at the sales points. CO₂ emissions have been reduced by 10% at headquarters.

ENERGY REQUIREMENT PER AREA (KWH/M²)

	FY11	FY14	Δ
Total	306	304	-1%
Headquarters	290	277	-5%
Sales points	390	375	-4%

CO₂ EMISSIONS (T)

	FY11	FY14	Δ
Total	880	1559	+77%
Headquarters	269	242	-10%
Sales points	611	1'317	+116%

The increase in CO₂ emissions at the sales points is attributable to the increases in sales area (+81%) and employee numbers (+161).

FLOOR SPACE (M²)

	FY11	FY14	Δ
Total	24'056	26'202	+9%
Headquarters	20'146	19'139	-5%
Sales points	3'910	7'063	+81%

EMPLOYEES (FTE*)

	FY11	FY14	Δ
Total	829	1'250	+51%
Headquarters	630	729	+16%
Sales points	199	521	+161%

* Full-time equivalent



IWC'S ELECTRIC-DRIVE CAR

In 2014 IWC put its first electric car into operation – a smart fortwo electric drive. This climate-friendly solution produces zero grams of CO₂ emissions and is available to IWC employees for journeys between headquarters in Schaffhausen and the production site in Neuhausen. The charging station, which is fed by sources that include the solar panels on the roof of the IWC building, was installed in front of the main IWC building. In 2014, the photovoltaic system produced around

1,800 kilowatt-hours of solar energy per month. This was enough to cover the entire requirement of the smart fortwo electric drive, which amounted to only 60 kilowatt-hours a month. The IWC electric-drive car was so well received by employees that in January 2015 a second smart fortwo electric drive was put into operation. In the future it will be used for trips to the production and technology centre in the Merishausertal on the outskirts of Schaffhausen, which is currently still under construction.



INTELLIGENT USE OF WATER RESOURCES

For many years now, company-owned buildings have used environment-friendly water resources for production. Rainwater, groundwater and wastewater serve as alternative sources of water and energy: rainwater is used for flushing toilets, groundwater is used in cooling systems and heat pumps, and wastewater is reused in the heating systems.

Rainwater: Rainwater is captured in retention reservoirs (drums buried in the ground on the IWC compound) and used in sanitary installations. This saves 255,000 litres of valuable drinking water every year.

Groundwater: This is used as an alternative energy source, for example to supply the chilled ceiling system and heat pumps. Through the use of groundwater the company generated around 1,077,600 kilowatt-hours of energy during the 2014 fiscal year (April 2013 to April 2014). This equates to

20.3 per cent of IWC's annual energy consumption at Schaffhausen and Neuhausen.

Wastewater: The company uses heat recovered from wastewater in one of Schaffhausen's sewage channels as a source of energy. A 60-metre-long heat exchanger installed in the channel draws heat from the wastewater for heating and conducts waste heat from the production process and chilled ceiling system into the dirty water. Through the use of wastewater the company generated around 85,396 kilowatt-hours of energy during the 2014 fiscal year (April 2013 to March 2014). This equates to 1.6 per cent of IWC's annual energy consumption at Schaffhausen and Neuhausen.

THE USE OF RAINWATER
IN TOILETS SAVES 255,000 LITRES
OF VALUABLE DRINKING WATER
EVERY YEAR



IWC: CO₂-NEUTRAL SINCE 2007

Since 2007, IWC has compensated for emissions that cannot be eliminated entirely by making voluntary payments into potentially beneficial environmental projects. Two examples:

Rainforest project in Borneo, Malaysia: One of the last unspoiled regions on the island of Borneo is to be found in Sabah, a state belonging to eastern Malaysia. In a region laid waste to by deforestation, this jungle provides a habitat and refuge for numerous species, some of which are threatened with extinction. The rainforest project plants indigenous trees, prevents the clearing of vegetation and strengthens the biodiversity of the region. In this way, the project succeeds in creating an attractive habitat for many indigenous animals. Furthermore, rain forests absorb a large proportion of the world's CO₂ emissions.

Small hydropower plants in Babilonia, Honduras:

Though one of the poorest countries in Central America, Honduras possesses a wealth of natural resources. Their use minimizes the need to import fossil fuels and contributes to the country's financial independence. The run-of-the-river power plant funded by this project guarantees the electricity supply to this largely agricultural region. Under the project, surrounding villages will be connected to the power supply and permanent jobs created for the local population. Additionally, several hundred hectares of land are being replanted with indigenous tree species.



IWC IS A MEMBER OF THE CLIMATE GROUP

The Climate Group is an independent non-profit organization that works closely with governments and business leaders to generate intelligent strategies and technologies for reducing CO₂ emissions and accelerating progress towards the “Clean Revolution” in industry. According to Mark Kenber, CEO of The Climate Group: “The development of low-carbon technologies is not only a necessity, but also an immense opportunity.” The network includes hundreds of members and partners from politics, business and society.

IWC has been a member of this international organization since 2008 and is committed to reducing its own energy consumption and using renewable energy sources whenever possible. The aim

of all the measures taken is to reduce global CO₂ emissions. This involves promoting the use of renewable energy, especially green electricity, and also reducing the energy consumption that goes into purchased products and services insofar as the company can influence this. At the same time, indirect CO₂ emissions must also be reduced, for example by optimizing product life cycles.

**“THE DEVELOPMENT OF
LOW-CARBON TECHNOLOGIES IS
NOT ONLY A NECESSITY, BUT ALSO
AN IMMENSE OPPORTUNITY.”**

Mark Kenber, CEO The Climate Group



RESPONSIBLE USE OF PAPER AND PACKAGING

IWC Schaffhausen is committed to keeping its consumption of paper as low and as sustainable as possible. IWC therefore only uses paper products certified by the Forest Stewardship Council (FSC) for internal and external communications. Examples include the IWC watch catalogue, carrier bags, operating instructions and printer paper for in-house use. The company also respects the FSC label in its choice of packaging for watch boxes. The FSC is a global non-profit organization that promotes responsible forest management.

Reducing the use of paper is just as important as choosing the correct type of paper. Employees are therefore required to refrain from printing unless absolutely necessary and to avoid using uneco-

nomical print settings. The “follow me” printer setting used at IWC is helpful here. It sends the employee’s print job to the output system of their choice, where it then requires confirmation. This solution guarantees a high level of security for confidential documents and ensures that the need for the print job is rechecked. Outdated or incorrectly entered print runs can simply be deleted, saving valuable paper.

**IWC SCHAFFHAUSEN WANTS TO
KEEP ITS CONSUMPTION OF PAPER
AS LOW AS POSSIBLE**



LESS PLASTIC – MORE SUSTAINABILITY

IWC has set itself the target of dispensing with the use of plastic wherever possible in order to protect the environment. For years, the company has repeatedly queried strategies for plastic waste and searched for possible alternatives. This has resulted in the replacement of plastic containers used for storing parts with receptacles made of other materials and a reduction in the use of packaging film to a minimum. Where the use of plastic film is unavoidable, it is later subjected to an environmentally sustainable recycling process to be turned into reusable oil. In this way, IWC ensures that no plastic production waste can end up in landfill sites or find its way into the sea.

Support from employees is required in order to achieve this objective, so at the beginning of 2015

IWC launched a wide-ranging campaign to raise staff awareness and cut down the use of non-recyclable containers. To get the initiative under way, each employee was presented with a beverage set consisting of a glass drinks bottle and a china cup, both of which items are 100% recyclable. Using the set will not only save the wood, energy and water required to manufacture paper cups and plastic bottles, it will also be a health benefit, as PET bottles can allow harmful substances to enter the liquid. The cup and bottle set also has the advantage of sparing the wallet. Just by dispensing with paper cups, IWC is able to save up to over CHF 10,000 a year and cut waste by 1,000 kilograms.



HIGHEST ENVIRONMENTAL STANDARDS FOR IWC'S NEW BUILDING

The new production and technology centre currently under construction in the Merishausertal on the outskirts of Schaffhausen takes up where the company left off in 2005 with its new East Annexe and in 2008 with the new West Annexe at its headquarters: by selecting the best and most environmentally appropriate building technology to meet all prescribed standards.

The facades will feature triple-insulated glazing to ensure that rooms are filled with natural light. The building will exploit heat recovery from air and water, use groundwater for cooling and heating and benefit from heat insulation that meets the Minergie (passive building) standard. A photovoltaic system

covering large areas of the roof will meet a significant proportion of the building's energy requirement. The building and its surroundings will be lit entirely by LEDs controlled via sensors. The new infrastructure will include an intelligent waste and recycling management system to ensure that the majority of production waste can be reprocessed.

To commute to and from the new site, employees will be able to use IWC's smart fortwo electric drive car. Charging stations for this vehicle and for e-bikes will round off the environmentally friendly overall package.

In addition, the expansive green areas and the elegant architecture of the two-storey flat-roofed building will ensure that the complex merges harmoniously into the topography of the Merishausertal. The design of the new production site met with the approval of the local electorate, who voted in favour of the plans proposed by the luxury watch manufacturer by a majority of over 80 per cent.

When the new premises are occupied, the Schaffhausen-based company will transfer its entire production of cases and components for movements as well as all aspects of the movement assembly process to the Merishausertal site. A total of 250 employees will enjoy the use of the 13,000-square-metre floor space with its attractive workplaces. The building has the capacity for expansion to accommodate up to 400 workers.



Ground-breaking ceremony for IWC's new centre in the Merishausertal.



The background of the page is a collage of high-quality materials and watch components. On the left, there's a dark, textured leather surface. In the top right, a close-up of an IWC watch dial is visible, showing the 'IWC SCHAFFHAUSEN' logo and a moon phase sub-dial. At the bottom, there's a close-up of a watch case and strap, with the IWC Schaffhausen logo and 'PT950' visible on the metal. The overall aesthetic is one of luxury and craftsmanship.

OUR SUPPLY CHAIN

The social and environmental impact of the resources we buy and use in the production of our watches is often outside our direct control. Nevertheless, the responsible sourcing of raw materials such as gold and leather is of considerable importance to IWC. We seek to promote and influence responsible behaviour wherever possible. This is largely achieved through our Environmental

and Supplier Codes of Conduct. Both focus on our needs with regard to supplier and environmental management and serve as guidelines for all of our business relationships. The relationship between the company and its business partners is based on fair, honest and mutually beneficial trade practices, which ultimately help to ensure high-quality products and services.

RESPONSIBLE SOURCING · PRECIOUS MATERIALS · LEATHER · SWISS MADE ·
ORGANISATIONS AND MEMBERSHIPS



“SUSTAINABLE SOURCING IS A HIGH PRIORITY FOR IWC.”

Karlheinz Baumann, how important is the subject of sourcing at IWC? *In the luxury watch segment generally, and at IWC specifically, sustainable sourcing is extremely important. Despite our high levels of in-house production, we also buy in important watch parts from specialist suppliers: dials and hands, for example. These parts are integral to the quality of our watches. Guaranteeing the highest quality of our luxury watches is the most important task we have at IWC, and so we collaborate very closely with our external partners. In view of this, it is important that arrangements with suppliers are set up to last on a long-term basis.*

It is also in keeping with our commitment to being a socially responsible company to ensure that our products are created through processes that are socially and environmentally sustainable. These issues are therefore key criteria in the selection of suppliers, and are checked continually.

On the dial of every IWC watch are the words SWISS MADE. How Swiss can a product actually be in these times of globalization? *The Swiss Made seal demands that more than 60 per cent of the value added must be in Switzerland. At IWC, more than 90 per cent of the watch components are manufactured or assembled in Switzerland, over half of them in the company's own work-*

shops. Only a few materials are not available in Switzerland in the desired quality (such as alligator leather, gold and special ceramic materials) and are therefore purchased from partners abroad. First of all, our quality criteria and controls guarantee that only the best materials find their way into our watches. And on top of that we can also ensure that principles of social and environmental responsibility prevail across the full value chain. This applies to our suppliers and partners as well.

How do you ensure that suppliers adhere to national and international standards and guidelines? *First, all suppliers, including those in Switzerland, must agree to sign the IWC Code of Conduct. The code covers subjects such as equality of opportunity and ethical business practices, as well as health and safety, the prevention of conflicts of interests and the integrity of working relationships. No one has a chance of working with us unless they sign the Code of Conduct. We visit our suppliers regularly to check that they are adhering to our environmental and social guidelines – only recently we inspected a gold mine and a diamond cutter, for example. Auditors, both internal and external, chase down possible areas of conflict and work out approaches for resolving them. In addition, we send our suppliers a newsletter to keep them up to speed on current issues relating*



KARLHEINZ BAUMANN
Chief Operating Officer

to sustainability, and we lay on special workshops during our Supplier Days.

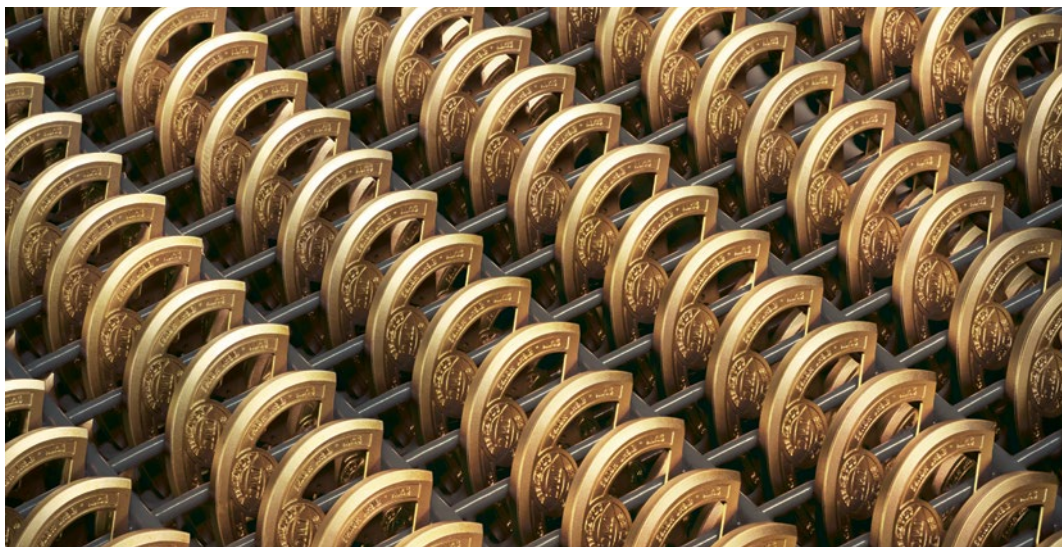
Anyone buying an expensive luxury watch would surely want to do so in the knowledge that the raw materials were obtained under acceptable conditions . . . Correct. That's why it's important for us to ensure that where we source gold and diamonds, for example, employment and human rights legislation is respected, with as little strain as possible on the environment. Production sites have to agree to be bound by local legislation as well. IWC is a member of or works with many international organizations that have produced strict guidelines for ethical, social and environmentally sustainable practices and guarantee that human rights are protected. For example, the Responsible Jewellery Council (RJC) and the World Diamond Council (WDC) check to ensure that our diamonds, our gold and other precious metals do not originate from regions of conflict. And we can guarantee that to our customers.

“IT IS IN KEEPING WITH OUR COMMITMENT TO BEING A SOCIALLY RESPONSIBLE COMPANY TO ENSURE THAT OUR PRODUCTS ARE CREATED THROUGH PROCESSES THAT ARE SOCIALLY AND ENVIRONMENTALLY SUSTAINABLE. OUR CUSTOMERS ALSO EXPECT THIS OF US.”

Karlheinz Baumann, Chief Operating Officer



Portofino Midsized Automatic Moon Phase



A COMMITMENT TO RESPONSIBLE PURCHASING

The Code of Conduct for suppliers and business partners also ensures that our associates respect employment and human rights legislation. The code reinforces IWC's commitment to acting with the highest possible degree of social and environmental responsibility throughout the value chain. The principles contained in the Code of Conduct are communicated to all suppliers. In order to ensure that the principles of sustainability are respected and practised in all business activities, IWC requires all business partners to sign an affirmation that they are complying with the rules. In doing so, they accept and support the ethical values of the company, especially the social and environ-

mental commitment to sustainable thinking and action. We check compliance with our standards using audits conducted by an independent agent. In order to keep suppliers as up to date as possible on sustainability-related matters, IWC sends out a regular newsletter and arranges special workshops to provide information at Supplier Days. One post within the purchasing department has responsibility for sustainable purchasing and communicates directly with senior management. Sustainable purchasing includes upholding the environmental and social standards among suppliers, inspecting them and conducting risk assessments.



IWC IS COMMITTED TO THE SUSTAINABLE USE OF PRECIOUS MATERIALS

When sourcing raw materials such as precious metals and gemstones, IWC attaches particular importance to national and international standards – including ensuring that suppliers also comply with them. All precious materials used at IWC Schaffhausen must comply with local legal requirements. We also require our suppliers of precious metals and gemstones to produce their materials using methods that respect employment and human rights legislation. The environment must be protected, directly and in the long term. The company guarantees that only conflict-free diamonds and gold are used.

The handling of precious metals is subject to industry best practices to ensure that their purchasing and use is as sustainable as possible. Reducing the materials used and recycling contribute to the sustainable use of resources. For example, residuals of precious metals are sorted and melted down.

**IWC IS COMMITTED TO THE
SUSTAINABLE SOURCING OF
PRECIOUS MATERIALS**



IWC CONTRIBUTES TO THE PRESERVATION OF SPECIES

IWC does not use leather from any endangered animals in the wild, only from alligators reared on farms. One hundred per cent of the alligator leather used for the watch company's exclusive wristbands comes from American farms. Every summer, the farmers collect the alligator eggs, place them in incubators and raise the hatchlings.

The leather from the adult reptiles covers more than three-quarters of current global demand. Seventeen per cent of the young are released back into the swamps after one or two years, equivalent to the ratio of eggs expected to produce thriving specimens in the wild. In this way, the survival of the alligator species is guaranteed.



SWISS MADE — A GUARANTEE OF QUALITY AND SUSTAINABILITY

The process of adding value to IWC Schaffhausen watches takes place almost entirely in Switzerland; more than 90 per cent of the watch components are manufactured or assembled in Switzerland. Currently, a ratio of only 60 per cent of the added value is required for the award of the Swiss Made seal of approval. IWC quality criteria and controls guarantee that only the best materials find their way into the watches. All components in the movements are manufactured in Switzerland, and all the cases and watches are

assembled in Switzerland too. Final inspection is also carried out in Schaffhausen before delivery to the customer. All suppliers, including those in Switzerland, agree to sign the Code of Conduct (see page 52) and so support the efforts of the Schaffhausen-based company in the area of CSR. IWC is also a member of the Responsible Jewellery Council (RJC – see page 56), whose members are committed to complying with strict guidelines on ethical, social and environmentally sustainable practices along the full value chain.

WELL-KNOWN ORGANIZATIONS GUARANTEE HIGH STANDARDS

IWC Schaffhausen is a member of or works with many organizations committed to the responsible use of raw materials.

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 a responsible supply chain 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, addressing human and labour rights, environmental impact, mining practices, product disclosure and other important topics in the jewellery supply chain. RJC also 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 benefit. IWC has achieved RJC Code of Practices Certification.

The **World Diamond Council (WDC)** is an organization comprising representatives of the diamond-processing industry. IWC is committed to the principles of the WDC Resolution on Industry Self-Regulation, which confirms suppliers only use conflict-free diamonds.

To help ensure a conflict-free diamond value chain, the WDC, created by the World Federation of Diamond Bourses (WFDB) and the International Diamond Manufacturers Association (IDMA), represents the diamond and jewellery industry at the United Nations-mandated Kimberly Process. The WDC aids development and implementation of regulatory and voluntary systems to control the trade in conflict diamonds, defined by the UN, through the **Kimberley Process Certification Scheme (KPCS)** and the industry's **System of Warranties (SoW)**. The KPCS and the SoW accompany diamonds from mine to processing and manufacture, ensuring diamonds used in jewellery are “conflict-free”, eventually to be sold over the counter.

REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) is the chemicals regulation in force in the EU and EEA, based on the concept of self-responsibility within the industry. All chemicals and articles used by IWC Schaffhausen are conform with Swiss legislation (ChemO, ORRChem), largely harmonized with REACH.



RECOGNITION FOR COMMITMENT TO CSR

IWC's work in the field of sustainability has earned it the Walpole Award, the Butterfly Mark and the Best CSR Switzerland award.

In 2012, the Swiss luxury watch manufacturer was presented with the prestigious **Walpole Award for Excellence** in recognition of its commitment to CSR. Walpole is a non-profit organization that sets out to promote the exchange of ideas, experience and resources within the luxury goods branch in Great Britain. This prestigious award is presented annually to companies and individuals for exemplary promotion of sustainability in Britain and on the international stage.

In 2013, IWC was awarded the **Butterfly Mark** by the company Positive Luxury for its outstanding commitment to sustainability. In its justification for the award, Positive Luxury said IWC was creating a diverse, secure and responsible corporate environment. Investment in staff development was as much a part of this as the use of modern building technology for reducing CO₂ emissions, it said. With its commitment to and vision of sustainability, IWC was able to supply a special luxury item that was simultaneously integrative, innovative and lasting.

The trade journal "Capital Finance International" (CFI) presented IWC with its Best CSR Switzerland award in 2014. This prize recognizes companies that have a positive influence on their employees, their social surroundings and the environment.



**"Best CSR Switzerland 2014"
Award for IWC**

"WE ARE DELIGHTED WITH EACH OF THESE AWARDS, AS WE FIRMLY BELIEVE THAT, PARTICULARLY IN THE LUXURY GOODS BRANCH, ACTING SUSTAINABLY NOT ONLY CONSOLIDATES THE REPUTATION OF THE BRAND BUT ALSO IMPROVES COMPETITIVENESS."

Georges Kern, CEO IWC Schaffhausen

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TAKING PRIDE IN PROTECTING THE ENVIRONMENT.

IWC
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