



**TAGHeuer**

**RJC ANNUAL REVIEW  
2023**



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## **1. COMPANY DESCRIPTION**

Since 1860, TAG Heuer has been combining technological innovation with precise chronometry. We are dedicated to the world of sport, particularly motor racing. That's why we've created the most accurate timekeeping instruments in the world. Every model in every TAG Heuer collection bears witness to this expertise. All of our watches are the result of cutting-edge research at the forefront of the watchmaking industry.

TAG Heuer Branch of LVMH Swiss Manufactures SA is affiliated with the LVMH Group Moët Hennessy Louis Vuitton SE (« LVMH »). In addition to its headquarters and factories in Switzerland, TAG Heuer Branch of LVMH Swiss Manufactures SA has some twenty subsidiaries located around the world.

By the end of 2023, TAG Heuer should have a network of 109 boutiques around the world.

## **2. OUR COMMITMENTS**

### **A. HUMANRIGHTS**

TAG Heuer guarantees that its operations fully respect human rights and contribute to the improvement of public and social health conditions, which are essential for development and the preservation of fundamental rights. La Maison pledges to remain vigilant in identifying any potential direct or indirect impacts of its activities on society, in order to prevent or correct any possible negative consequences.

TAG Heuer respects and promotes the Universal Declaration of Human Rights and adheres to the principles of the UN Global Compact, as well as the guidelines on female empowerment. Within its sphere of influence, TAG Heuer supports the values, freedoms and fundamental rights promoted in these texts.

Respect for human rights is considered a fundamental expectation for all employees, partners, suppliers, contractors and other parties directly involved in the company's operations, products or services.

All our commitments are described in our human rights policy, which is available on our website.

Each year, the LVMH Group provides a detailed CSR report, verified by the Group's external auditors, analyzing its commitments and achievements in terms of developing talent and skills (preserving strategic expertise, passing on traditional craft skills); preventing discrimination and respecting individuality, diversity and inclusion; continuously improving the quality of life in the workplace (improving working conditions, supporting flexibility and work-life balance); guaranteeing fair wages; supporting local communities. For the preparation of this report, TAG Heuer submits an annual CSR report to the LVMH Group on these topics.

In accordance with the requirements of the RJC, we have carried out a risk analysis of our human rights, taking into account in particular the subjects of harassment and

discrimination. No risks requiring the implementation of an action plan were identified. Nevertheless, all these risks are reviewed annually, and the plan is updated if necessary.

## **B. SOURCING**

TAG Heuer is aware of the potential social impact of its activities, particularly with regard to the supply of raw materials, especially precious metals and diamonds. For this reason, the company has defined a responsible sourcing policy (available on our website) to carry out its activities in an ethical and responsible manner that respects human rights.

All TAG Heuer suppliers must comply with the ethical principles set out in the LVMH Supplier Code of Conduct (available on our website) and ensure that their own suppliers and subcontractors comply with these same principles. The obligation to accept and comply with the Supplier Code of Conduct forms part of the contractual conditions. This Code of Conduct ensures respect for fundamental human rights: prohibition of child labor, prohibition of forced and illegal labor, prohibition of discrimination and harassment. It specifies pay conditions, working hours, freedom to unionize and the protection of local communities. It also details the environmental compliance and performance of our operations. Finally, it specifies the requirements in terms of business ethics and integrity (combating corruption, the financing of terrorism and money laundering; ; gifts and invitations policy; ; respect for the competition ; conflicts of interest ; ...).

TAG Heuer has been a member of the RJC (Responsible Jewelry Council) since 2005 and has been certified since 2011. The RJC promotes responsible practices in the jewelry sector, from mining to distribution. This certification verifies and monitors our ethical, social and environmental practices and ensures that we respect human rights throughout our supply chain. We pay particular attention to the production of all our models. As such, we are committed to acting responsibly and working with trusted suppliers based in countries that are signatories to the Kimberley Process, an initiative that brings together governments, industry and civil society with the aim of neutralizing the circulation of conflict diamonds through an international certification system.

TAG Heuer complies with the OECD's five stages of risk-based due diligence for responsible mineral supply chains from conflict-affected and high-risk areas. In this way, we use our influence to prevent harm from being done by others.

As part of our duty of care, we have set up a risk assessment management system and have access to the LVMH Group's grievance management mechanism, which aims to prevent or mitigate any negative consequences linked to our sourcing policy.

### Risk evaluation

In conjunction with LVMH and the principles of the Responsible Jewelry Council, TAG Heuer monitors the social and human rights risks of all its suppliers in its supply chain. In order to carry out our risk assessment, we ask each of them to complete a self-assessment questionnaire covering, among other things, the following subjects: certifications obtained, existence of a CSR policy, due diligence management, risk

assessment in line with the OECD, respect for human rights in line with the UN guiding principles. An appropriate action plan based on the level of risk is drawn up and reviewed annually. As a reminder, all our suppliers are obliged to sign our Supplier Code of Conduct.

Potential risks have been assessed by our in-house teams by analyzing the answers provided by suppliers to questionnaires, as well as through knowledge of the activities and level of certification (e.g. RJC) of these suppliers. In 2023, no specific major risks were identified.

The Supplier Code of Conduct includes a monitoring clause, giving TAG Heuer the right to audit its suppliers on all the principles set out in the Code. Our suppliers must commit to improving or resolving any non-conformities they identify. Each supplier is encouraged to strengthen its internal procedures and processes, paying particular attention to the sourcing of precious metals and diamonds by implementing a due diligence process throughout its supply chain, in line with the OECD guide.

### **C. ETHIC**

The Internal Control Department draws up an annual risk map, implementing corrective measures aimed at reducing the occurrence of potential impacts. This analysis forms the basis for the operations of the Internal Control Department, which, in its quest for continuous improvement, is committed to ensuring that these action plans are reasonably implemented. This approach aims to effectively manage the protection of the entity's assets, both tangible and intangible, while guaranteeing the reliability of accounting, financial and social information in compliance with applicable laws and regulations.

In 2023, the Executive Committee, on the advice of the Internal Control Department, has validated the risk map, which includes the following main risks : Major on-site accidents ; Environmental impacts ; Data loss and technical failure.

To mitigate the occurrence and impact of these risks, specific policies and procedures have been established within the company. To date, risks are considered to be under control. Nevertheless, a continuous action plan monitored by the Internal Control Department is in place.

On the other hand, TAG Heuer has put in place the Know Your Counterpart (KYC) policy, in order to prevent money laundering and the financing of terrorism in these commercial practices and transactions. This is why we introduced counterpart knowledge procedures (KYC).

Finally, TAG Heuer promotes a culture of openness and transparency, and has adopted an internal alert system via the LVMH Alert Line, an online interface dedicated to all stakeholders. The system enables any employee or external third party with knowledge of a violation of the Code of Conduct, internal guidelines, principles and policies and/or applicable laws and regulations, to report in a secure, anonymous and totally confidential manner any existing or potential violation of internal procedures, ethical principles and applicable laws and regulations. In addition, company employees can contact their manager, their human resources manager, their

company's Ethics and Compliance correspondent or the Group's Ethics and Compliance Director.

The LVMH Group ensures that no disciplinary action is taken against persons who have used these channels in good faith to raise awareness of an issue, even if the facts subsequently proven to be inaccurate or unfounded and/or do not give rise to any prosecution or sanction.

External stakeholders can communicate their concerns to their contact(s) at LVMH.

This platform is accessible via the following link: <https://alertline.lvmh.com>.

## **D. KEY FACTORS**

### *a) Diversity and inclusion*

In 2023, TAG Heuer put the challenges of Diversity and Inclusion at the heart of its strategy, in line with the ambitions and objectives of the LVMH group.

To achieve this, the company has drawn up a global plan based on 3 pillars: 1. People 2. Culture and 3. Brand - based on a shared commitment to ensuring that every employee is respected, valued and included.

TAG Heuer's D&I strategy is supported by the entire top management team and is accompanied by a solid training plan, including 2 mandatory training courses for all employees worldwide:

- An online training course on unconscious bias, deployed since May 2023
- A hands-on workshop to continue educating and equipping our employees with tools to deal with bias and its impacts, as well as the importance of being an ally - rollout planned for 2024

Lastly, a community of D&I champions was launched in November 2023 to support the actions, amplify them and make them everyone's business!

### *b) Viva Technology*

In June 2023, TAG Heuer, a partner of Viva Technology, was one of the highlights of the 7th edition of this trade show dedicated to innovation and startups. In the Dream Box and LVMH Court, 18 of the LVMH Group's brands presented 25 innovations. The Dream Box showcased an immersive 600 m<sup>2</sup> eco-friendly experience, showcasing the latest innovations contributing to LVMH's mission "Know, Do, Dream". Meanwhile, LVMH took part in the LVMH Court event, showcasing innovations in the sports industry.

TAG Heuer and the LVMH group were able to announce two strategic partnerships with Epic Games and Apple, aimed at transforming the group's creative pipeline and offering immersive experiences to customers, notably via the Tap to Pay functionality on iPhone. Among the innovations showcased, was one from TAG Heuer, a smartwatch featuring dedicated functions for golfers, offering a unique experience on the LVMH Court putting green. The show also highlights sustainability initiatives such

as the LVMH Innovation Award, which recognizes innovative start-ups.

In addition to technological innovation, VivaTech highlights the LVMH group's commitment to female entrepreneurship, with initiatives such as the Bold Woman Award from Maison Veuve Clicquot.

### 3. SUSTAINABLE DEVELOPMENT OBJECTIVES

A continuation of the LIFE 2020 program (LVMH Initiatives for the Environment), LIFE 360 becomes the Group's new environmental compass for the next 3, 6 and 10 years.

For 27 years, LVMH's environmental policy has been a pillar of its growth strategy. In 2012, this policy was accelerated with the creation of the LIFE (LVMH Initiatives For the Environment) program, which anchors sustainable development in the business strategy of each of the Group's brands.

In 2016, LVMH consolidated LIFE by setting four objectives shared by all the brands in order to move towards environmental perfection by 2020: improving the environmental performance of all products, deploying the best standards in supply chains and, finally, improving key environmental efficiency indicators for all sites and reducing CO2 emissions.

In particular, LVMH has made a commitment to the SBTi (Science Based Target Initiative) to reduce its greenhouse gas (GHG) emissions from energy consumption by 50% in total by 2026 (Scope 1 and 2), and by 55% by 2030 (Scope 3). LVMH is therefore on a carbon trajectory that is compatible with the Paris Agreement, which came into force in November 2016, and contributes to the European objective of carbon neutrality by 2050. In this respect, we are taking precise stock of all our natural resources and implementing a process designed to optimize their use and improve their efficiency.

Now that these objectives have been achieved and even exceeded, LVMH has decided to pursue and increase the ambitions of LIFE 2020 tenfold with a new plan: LIFE 360. This new strategy is based on three key deadlines - 2023, 2026 and 2030 - and revolves around four product-related pillars:

**Biodiversity** protection, with the emphasis on two initiatives in particular: support, in partnership with UNESCO, for the "Man and Biosphere" program, and pilot experiments, for example with regenerative agriculture in the Wines & Spirits sector. LVMH is also committed to forest conservation in partnership with the Canopy initiative.

**LVMH is committed to continuing its efforts in the fight against climate change** in terms of energy performance for its sites and stores, with a focus on CO2 emissions not directly linked to the manufacture of the product but to other stages in its life cycle, such as transport, supply, use, etc.

**The circular economy**, which involves recycling unsold merchandise, manufacturing garments from existing stocks, finding alternative materials...

**Transparency** to meet the demands of a society increasingly in need of information

on product traceability.

As part of the LVMH Group, TAG Heuer has taken steps to meet the requirements of the LIFE 360 program and has applied the Group's energy-saving guidelines, both at their Manufacture and worldwide.

And finally, since August 14, 2022, TAG Heuer has been ISO 14001 certified.

ISO 14001 is a voluntary international standard for implementing an Environmental Management System. It defines precise requirements for environmental management systems (EMS) that have enabled us to:

- Determine our significant environmental impacts.
- Develop an environmental policy.
- Establish our goals.
- Take into consideration regulatory compliance.
- Establish new processes that allow us to respect the commitments made in the environmental policy.
- Take the necessary steps to improve our environmental performance.

#### 4. **GLOSSARY**

KYC = Know Your Counterparty

LVMH = Louis Vuitton Moët Hennessy

LIFE 360 = LVMH Initiatives For the Environment

OECD = Organization for Economic Co-operation and Development

UN = The United Nations

RJC = Responsible Jewelry Council

Presented on: 12/07/2023 – E&C committee

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