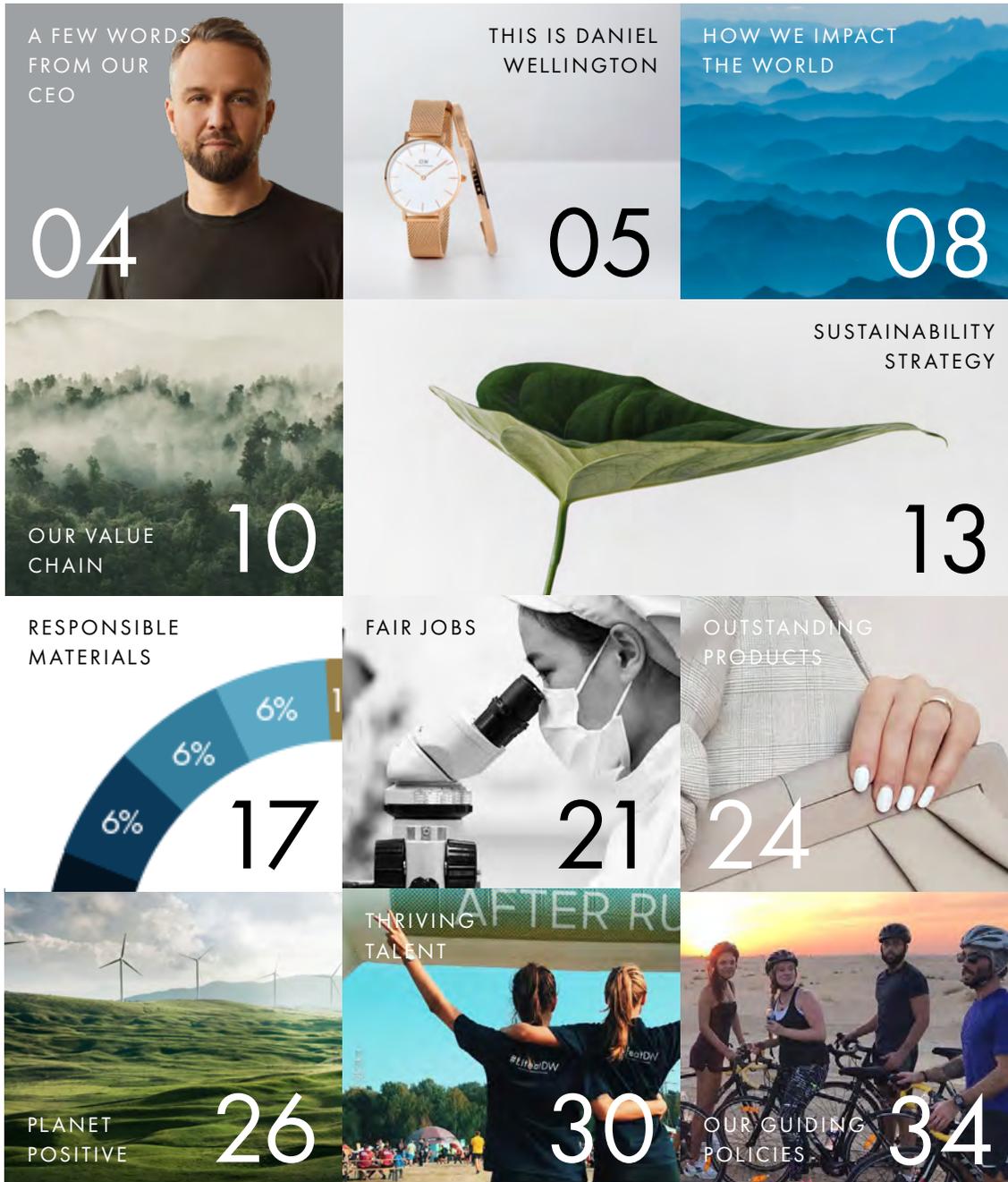




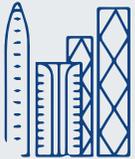
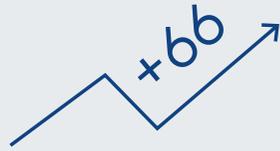
**DANIEL WELLINGTON**  
SUSTAINABILITY REPORT 2019

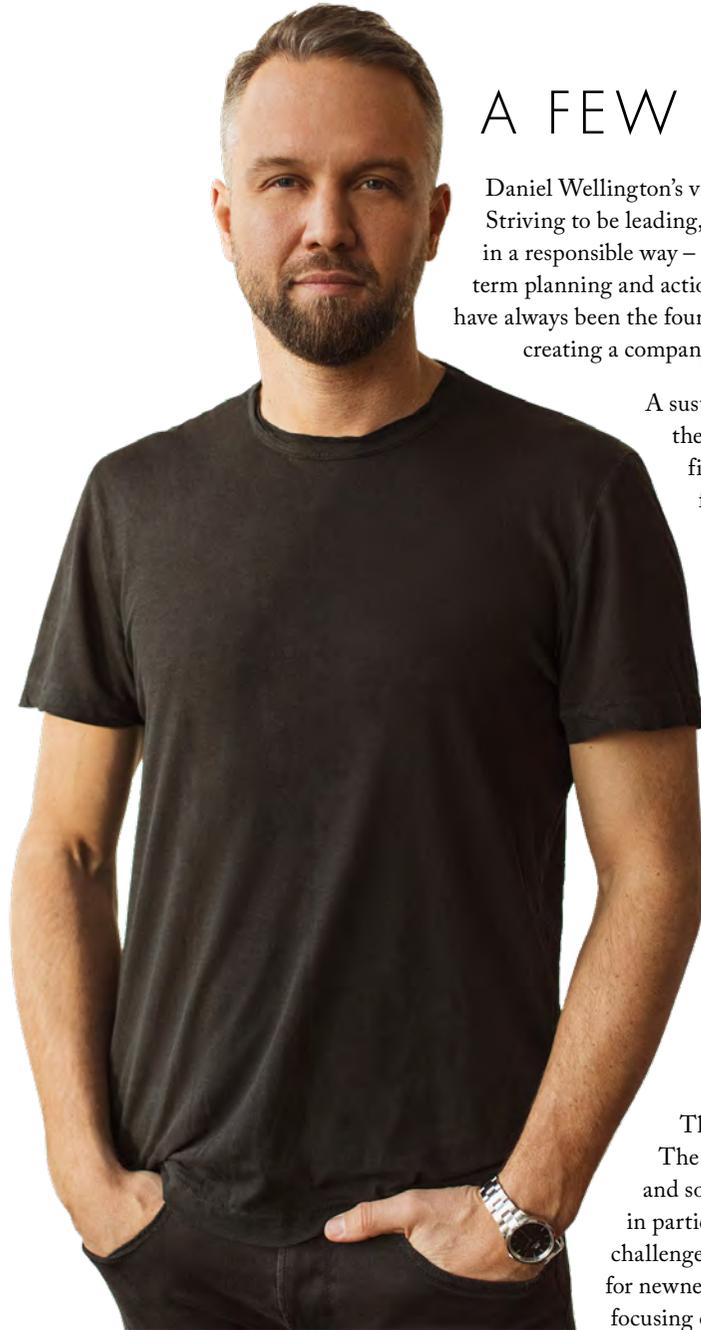


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# KEY ACHIEVEMENTS 2019

 <p>WE SCORED 75.1 ON OUR PRODUCT QUALITY NPS +70 IS CONSIDERED "EXCEPTIONAL"</p>	 <p>73% OF EMPLOYEES ARE WOMEN, 42% OF GLOBAL EXECUTIVES ARE WOMEN</p>	 <p>2,500 WORKERS IN OUR SUPPLY CHAIN TRAINED IN BASIC RIGHTS &amp; RESPONSIBILITIES</p>	 <p>100% RENEWABLE ELECTRICITY USED IN OUR OPERATIONS</p>	 <p>94% LANDFILL-FREE WASTE FROM OUR WAREHOUSES</p>	 <p>100% LEATHER FROM ITALIAN LWG CERTIFIED TANNERIES BY THE END OF 2019</p>
 <p>RESTRICTED SUBSTANCE LISTS LAUNCHED TO OUR SUPPLIERS</p>	 <p>100% FSC-CERTIFIED PAPER &amp; BOARD IN ALL GIFT BOXES BY THE END OF 2019</p>	 <p>6% CARBON FOOTPRINT REDUCTION</p>	 <p>12 FACTORIES HAVE IMPLEMENTED DIGITAL TRAINING PROGRAM QUIZRR</p>	 <p>SECOND SUPPLIER SUMMIT IN SHENZHEN WITH 90 PARTICIPANTS FROM OUR SUPPLIERS TIER 1, 2 AND 3</p>	 <p>WE SCORED 66 ON OUR GLOBAL EMPLOYEE NPS +50 IS CONSIDERED "EXCELLENT"</p>
 <p>SUCCESSFUL TRIALS USING RECYCLED POLYESTER IN NATO STRAPS WILL BE IMPLEMENTED IN ALL NATO STRAPS IN 2020</p>	<p>100% OF PRODUCT SUPPLIERS AUDITED</p>	 <p>WE ROLLED OUT OUR NEW CODE OF CONDUCT</p>	 <p>50 ONBOARDING TRAINING MODULES AVAILABLE FOR NEW EMPLOYEES</p>		



## A FEW WORDS FROM OUR CEO

Daniel Wellington's vision is to build the world's leading accessory brand. Striving to be leading, you also need to strive towards doing business in a responsible way – respecting people and the environment. Long-term planning and actions are the best way to operate responsibly and have always been the foundation of our business. We are working towards creating a company that stands the test of time.

A sustainable business is key for our future – and therefore sustainability was identified as one of our five focus areas in the company's business strategy for 2019 and will continue to be for 2020. Building a sustainable business is a continuous work and there are always areas to improve. Therefore, we believe that we need to keep the eye on the target all the time and not be satisfied but instead see the opportunity to be even better tomorrow than we were yesterday.

During the past year we have seen increasingly concerned messages from climate scientists that the window to act on climate change is closing. At the same time, we are experiencing an alarming acceleration of impacts such as heat waves, wildfires and droughts. Now it is up to us. Businesses are an essential part of the solution together with governments and other parts of the society. The world needs bold and transformational action to change the course of the current path.

The accessory industry needs to be part of this action. The industry contributes to negative environmental and social impacts throughout its global value chains, in particular the sourcing of raw materials. A major challenge in fashion is also the consumers continued search for newness. I am confident that our product philosophy, focusing on providing products with a timeless design and

therefore can be used for a long time and for many different occasions, is the right way forward.

Equally so is our focus on quality, only launching products that meet our strict quality requirements, giving the consumer the opportunity to use them longer. Another important step is helping consumers prolong the product-life by offering them easy access to repairs, something that we are working hard to implement.

Our commitment is to build a company that is sustainable, driving the transition from a linear to a circular business. Key to achieving this is truly embedding sustainability into our business. Making sure it is integrated in our values and strategies and that our approach is long-term. We are continuously working to integrate the principles of the UN Global Compact and making sure that our targets in line with the UN Sustainable Development Goals.

The company has taken many positive steps in the past year. Our global carbon emissions continue to decrease. We have rolled out FSC certified material in all our product boxes and contributed to educating workers in our supply chain about their rights and responsibilities. These may be small actions in the bigger picture, but every step is an important one. No one can do everything, but everyone can do something.

We want to be transparent about where we are on our sustainability journey, sharing positive steps but also highlighting where there is still work left to do. We know the future will be challenging, there are many complex problems to solve. I am however confident that our approach together with a genuine commitment will help us push change not only for Daniel Wellington, but also for our wider community and, in the end, the whole industry. Together we can make a difference, one step at a time.

JOHAN JOHANSSON  
GROUP CEO

# THIS IS DANIEL WELLINGTON

Daniel Wellington is a young company at the beginning of our sustainability journey. This is our third sustainability report and in it you can read about our sustainability strategy and ambitions going forward, as well as the past years' most important actions.

Our overall commitment towards running a long-term sustainable business is clear. Sustainability is now a core part of our business strategy and we are continuously working to deepen our understanding of the company's impacts. Conducting a materiality assessment was one important first step. Launching our new sustainability strategy in 2018 was also essential in order to ensure the organization is aligned and knows what needs to be done.

There is a lot of work to do and the questions to answer are numerous, including how to move from a linear set-up to a circular approach and how to adapt our business set-up in order to implement sustainable solutions, making sure the way forward is supported by science. We do not have all the answers and we know it will be challenging, but we intend to do our best to get there. With hard work, determination and passion, our ambition is to make a positive impact on the world.

## OUR BUSINESS MODEL

Daniel Wellington is a global watch and accessories brand; our products are sold in almost every country in the world. The brand represents aspirational, yet affordable luxury. The elegant minimalist design, in combination with stylish straps, make the watches timeless. Many of the straps are interchangeable giving consumers the flexibility to adjust their style to every occasion.

From an operational standpoint, the Daniel Wellington group is divided into regional Strongholds. This structure creates opportunities for greater efficiency in our quest for full vertical integration, enabling markets to easily adapt to local conditions while keeping global alignment.

The company was founded in 2011 in Sweden with its headquarters located in Stockholm. In the past five years close to 30 subsidiaries have been established worldwide, mainly in Asia and Europe.

The brand is marketed primarily through digital channels and social networks. In total, we have over 4.9 million followers on Instagram, with a large community of active followers that engage in featuring their Daniel Wellington products.

Products are sold through numerous sales channels both online and offline: on our own website and other online marketplaces, as well as through Daniel Wellington branded retail shops and other independent distributors.

The products are assembled by our suppliers in China and the watch movement is produced in Japan. We have a team located in Hong Kong and China working full-time with our suppliers to ensure that our high quality standards are being consistently fulfilled.



## KEY FIGURES 2019



**2.6 BILLION**  
SEK TURNOVER



**2,375**  
EMPLOYEES



PRODUCTS SHIPPED  
TO MORE THAN  
**200**  
COUNTRIES



**3.1 MILLION**  
PRODUCTS SOLD



**500**  
RETAIL STORES IN  
29 MARKETS

LARGEST SALES  
REGIONS INCLUDE  
ASIA AND EUROPE

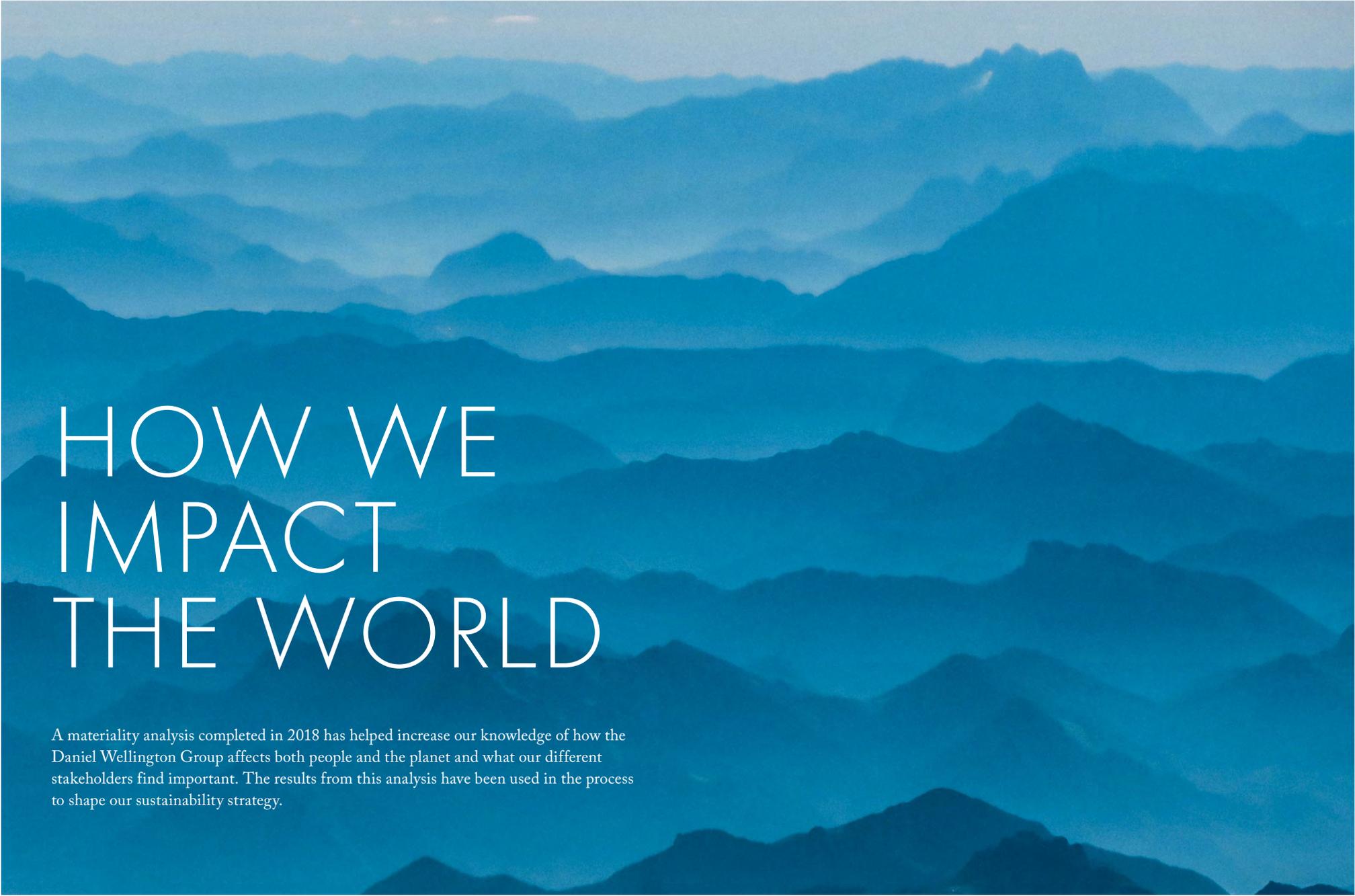
# COMPANY VISION

Daniel Wellington has a long-term view on business. Our aim is for the company to have a sustainable and successful future by respecting people and operating within the planetary boundaries.

The same thinking goes into the products we create. The timeless design allows them to be used and loved for a long time.

## BUILDING THE WORLD'S LEADING ACCESSORY BRAND

Our mission is to build a sustainable company that can stand the test of time and be around for centuries. Our entrepreneurial spirit is what fuels our drive to become the world's most recognized and beloved brand in our category. Leading the way through timeless style and affordable luxury, we are creating an accessory brand that inspires people to take an idea and make it a reality.



# HOW WE IMPACT THE WORLD

A materiality analysis completed in 2018 has helped increase our knowledge of how the Daniel Wellington Group affects both people and the planet and what our different stakeholders find important. The results from this analysis have been used in the process to shape our sustainability strategy.

## THE PROCESS

### IDENTIFICATION

The first step of the materiality analysis was to review all our existing knowledge about the company's impacts. This information was collected through interviews with employees, internal workshops and surveys. We then conducted a comprehensive review of external standards, competitors, NGOs, media and different industry organizations to see what topics were raised. The outcome was a long list of social, environmental and economic impacts relevant to Daniel Wellington and the watch industry in general.

### PRIORITIZATION

Our long list was prioritized based on feedback from important stakeholders, including key employees, management and the company owner. The result is a prioritized list of material areas that have been used as input to our strategy.

### REGULAR REVIEW

In addition to this materiality assessment, we are monitoring and evaluating relevant topics on an ongoing basis, to ensure we keep up to date with any new information or developments within science.

## MATERIAL AREAS

The following material areas are the outcome of our materiality assessment (in no particular order):

- Raw materials
- Sustainable supply chain
- Product safety
- Animal welfare
- Environmental responsibility and climate change
- Human rights and ethics
- Jobs and value creation
- Customer engagement and satisfaction
- Talent management, development and benefits
- Charity and donations

# OUR VALUE CHAIN

The main risks identified throughout our value chain are described on the next page.



# MATERIAL IMPACTS AND RISKS

## DESIGN



A significant part of our impact is a result of decisions taken at the design table. Therefore, it is essential to address sustainability from the very beginning. For example, staying informed on any issues linked to specific raw materials, knowing where they are sourced from and the recyclability at product end-of-life, are key for greatly reducing negative consequences.

## MATERIALS



Raw materials, a key topic raised in our materiality assessment and one of our most important areas to address. Our main raw materials include steel, leather, polyester, gold, paperboard and plastic. The past year we have worked on traceability and sourcing requirements of materials such as leather and paperboard, due to their high environmental and social impact if not controlled. Traceability of gold is another critical area due to the associated supply chain risks. We will continue deepening our understanding of all materials' impacts throughout the sourcing and production processes so that we create efficient strategies going forward. [More information can be found in section Responsible Materials.](#)

## PRODUCTION & ASSEMBLY



A sustainable supply chain is another major topic. Today our products are sourced from China mainly. Our tanneries are located in Italy and the watch movement is produced in Japan.

From a product life-cycle perspective, the environmental impact of the watch assembly factories is relatively low. The main risks concern labour rights and health and safety issues. The sustainability impacts associated with tier 2 factories where the watch-parts are produced or tier 3 factories where raw materials are processed are higher than among first tier suppliers. Our supplier sustainability program is being implemented at both tier 1 and key tier 2 factories and we are gradually increasing traceability and our understanding of the situation even further back in the supply chain. One of our biggest challenges going forward will lie in trying to implement demands on the suppliers furthest away from us. [More information can be found in the section Fair Jobs.](#)

## TRANSPORTATION



Our products are sold worldwide in more than 200 countries, so transportation is a significant part of the company's climate change impact. The boxes are shipped by sea; however, our watches are shipped by air due to their sensitivity to fluctuations in temperature and humidity.

Alternative transportation modes and efficiency measures are being evaluated with the objective to reduce both environmental impact and costs. [More information can be found in the section Planet Positive.](#)

## OUR OPERATIONS



Engaged and healthy employees are crucial for the company's success. As our business is quickly expanding, we need to make sure that we have processes in place for successful onboarding of new employees, at the same time as we are developing and engaging our full workforce. Our priority is making sure people are treated fairly, and that health and safety standards are being met. The environmental impact from our operations includes business travel, electricity use and recycling in our warehouses, offices and stores. [More information can be found in the sections Thriving Talent and Planet Positive.](#)

## CONSUMERS



Our customers' satisfaction is vital. If the consumer has any problems with our products, we want to support them in resolving these. The customer should be sure that the products they purchase are genuine Daniel Wellington items, and that they are safe to use. [More information can be found in the section Outstanding Products.](#)

## END OF LIFE / RECYCLING



We want our products to be disposed of responsibly at the end of the product life. Consumers are encouraged to recycle packaging and the watch components, including the batteries once they are used, so that they do not end up in nature where they can cause harm. Our operations, as well as activities at our suppliers, produce waste that should be handled properly. Unfortunately, recycling infrastructure in some of our markets has not been fully developed yet. We are currently focusing on ways to promote and drive the change needed. [More information can be found in the section Planet Positive.](#)

# STAKEHOLDER INVOLVEMENT

Our ambition is to regularly consult both internal and external stakeholders, enabling us to take their opinions and perspectives into consideration to help guide us in the choices we make.

Important stakeholder groups include customers, influencers, employees and management, suppliers, NGOs, our owner and society.

An employee engagement survey pilot was carried out in 2018 and then rolled out in 2019, helping us get regular and structured input from our employees. Both management and employees were given a survey in 2017 where they were asked to rank the most relevant sustainability areas for themselves and Daniel Wellington. The results included being a fair employer, focusing on health & wellbeing, working with responsible suppliers and reducing climate change impacts.

Research is showing that corporate responsibility is increasing in importance for consumers all around the world. In 2017, a survey was conducted among a small group of customers in five main markets. The customers highlighted a wide range of areas including the importance of responsible production and the choice of materials used. In ongoing market research, we include sustainability aspects whenever relevant.

Daniel Wellington's owner and board have stated the importance of sustainability going forward. It is both our responsibility to do the right thing and also help the company be better prepared to achieve long-term profitability.

We plan to deepen our engagement with different stakeholder groups going forward to ensure we take their perspectives into account.

# SUSTAINABILITY STRATEGY

During 2018 a new sustainability strategy was developed and launched. Overarching ambitions for 2030 have been established and these now guide our work towards running a long-term sustainable business within the limits of our planet. In addition, we are breaking down these goals into clear short- and medium-term commitments to make sure we cover our material impacts and help drive actions.



# OUR APPROACH

Our strategies need to have a scientific base, meaning that our targets must be ambitious enough to fulfill the goals for example set out by the Paris Agreement. In many areas, we are at the start of our journey and further research is necessary before we know how to get to where we want to be. There will be numerous challenges ahead of us, and we will have to collaborate with others to succeed. We will continue to push ourselves and involve new and existing partners in always looking for better, more sustainable solutions, making sure that we continue to take steps in the right direction.

Numerous actions have been initiated to address the areas identified as material to Daniel Wellington. Our approach is impact-based, meaning that our first focus is on areas with the most significant impacts and where we have the biggest opportunity to make a difference. Below are the descriptions of strategic areas and actions underway.

# SUSTAINABILITY AMBITION

Our sustainability strategy consists of five areas and long-term goals describing where we want to be in the year 2030. These are our attempts at formulating what a fully sustainable Daniel Wellington potentially could look like. Under each area we describe in more detail what this would mean for our business. We know that the targets are ambitious, but we believe this is the only way to achieve the change needed.

## STRATEGIC AREAS

RESPONSIBLE MATERIALS	FAIR JOBS	OUTSTANDING PRODUCTS	PLANET POSITIVE	THRIVING TALENT
AMBITIONS 2030				
All our materials should be renewable or circular	Fair working conditions throughout our full value chain	Offer the best quality to price ratio in the industry	Net positive environmental impact	An empowered & engaged workforce

## WHAT WOULD THIS LOOK LIKE

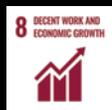
Responsibly sourced materials, full transparency  100% renewable where applicable  Move towards circularity – use recycled materials & our products fully recyclable	Be a responsible partner  Respecting human rights and promoting change all along the full value chain  Create positive social impact	With innovation drive change towards sustainable product solutions  Exceed consumer quality expectations  Prolong product life by enabling and offering repair services  Follow the strictest safety standards	Clean air – be carbon neutral  Clean water – sustainable process effluents  No waste impact from product end-of-life  Efficient use of resources	Value driven organisation with a strong winning culture  All employees offered the opportunity to grow & develop  Highly engaged employees  The best leaders acting as role models
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# SUPPORTING SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015. The goals are a call to action on governments, businesses and civil society to end poverty, fight inequalities and address the urgency of climate change.

When developing our sustainability strategy, we spent time understanding and connecting to the UN Sustainable Development Goals, making sure that our strategies and actions were in line with their ambitions. Specifically, we identified goals 8 (Decent work and economic growth), 12 (Responsible consumption and production) and 13 (Climate action) as the most relevant in terms of our impact. At the same time, our full list of actions also supports targets under the other goals.

For more details see the sections:



**GOAL 8**  
See sections; [Fair Jobs](#), [Thriving Talent](#)



**GOAL 12**  
See sections; [Responsible Materials](#), [Outstanding Products](#)



**GOAL 13**  
See section; [Planet Positive](#)

# ORGANISING FOR SUSTAINABILITY

Sustainability was identified as one of five focus areas for the company business strategy during 2019 and will continue to be so during 2020. This means that all parts of the business set sustainability-related targets and actions for the coming year. We are continuously working to integrate sustainability as part of our normal work.

The board has approved the Sustainability strategy and receives regular updates on how we are achieving our targets. Sustainability is also a regular topic during meetings with the Global Executive team.

# COMMITMENTS AND PROGRESS

We are making progress and have started setting external commitments under each of the five strategic areas.



# RESPONSIBLE MATERIALS

## AMBITIONS 2030

All our materials should be renewable or circular

## WHAT WOULD THIS LOOK LIKE

Responsibly sourced materials, full transparency

100% renewable where applicable

Move towards circularity – use recycled materials & our products fully recyclable

## KEY ACHIEVEMENTS 2019

100% FSC certified paper & board by end 2019

100% of leather from Italian LWG certified tanneries by end 2019

Successful trials using recycled polyester in NATO straps

## COMING FOCUS

Introducing gold from recycled sources

Initiating a shift to chrome-free leather

Creating a 100% recyclable gift box



In our materiality assessment we concluded that the choice of materials has a significant impact on our footprint. Our ambition is that all our materials should be either renewable (like paper and board) or part of a circular system (re-using recycled plastics that can be recycled again). To achieve this, we need to take full responsibility for our purchases, including complete transparency on the materials we are using and where they come from. Reducing resource consumption from improved product design, production processes and transportation solutions is important.

During 2019 the work continued with both improving our sourcing demands and traceability of a range of materials used, including leather, metals, packaging materials and other components.

### GOLD

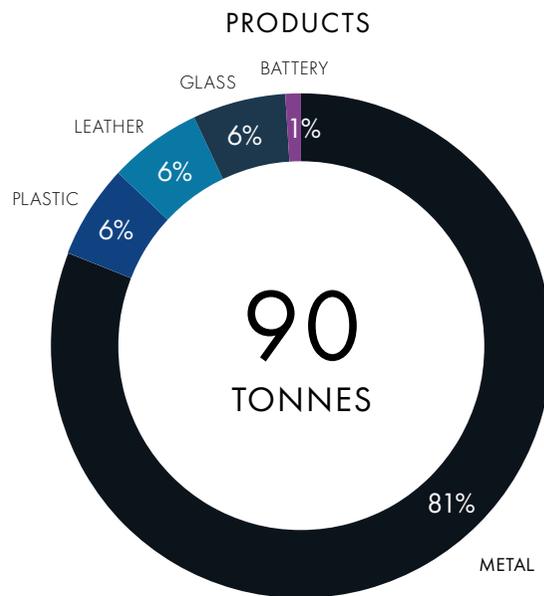
Many of Daniel Wellington's watches and jewelry are plated with gold, and we conduct an annual due diligence to validate that the gold used is conflict-free. In 2019, we again received assurance from our plating factories that the gold used in our products had not been mined in the Democratic Republic of the Congo (DRC) or any adjoining countries. Our research traced the gold back to a conflict-free mine.

Eventually, our ambition is to use gold originating from recycled sources as an alternative with lower environmental impact than virgin gold. In 2019, we started a project looking into different options of sourcing recycled gold, and we hope to see some positive results in 2020.

### LEATHER

The leather supply chain is another major impact. All leather used in our watch straps is sourced from Italy and the tanneries are visited on a regular basis. Our commitment is that all our tanneries should be certified by the Leather Working Group, and during the year we worked to implement this. By the end of 2019, all purchased leather came from tanneries certified against the Leather Working Group standard, an increase compared to around a quarter of all leather in 2018. Going forward, this is a requirement for any new tanneries coming onboard. We are now working to trace the source of the leather even further back in the supply chain.

## MATERIAL USE



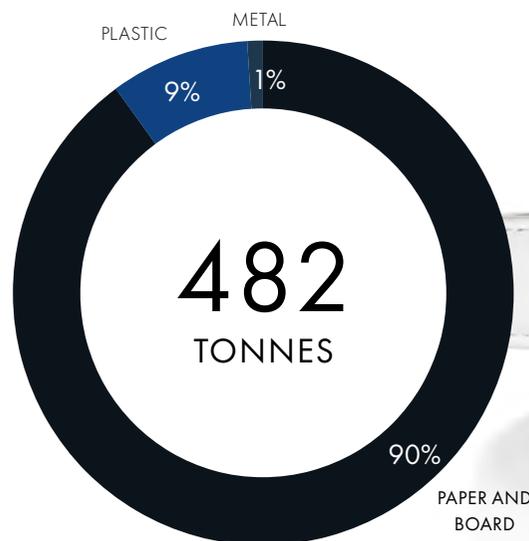
### PAPER AND BOARD

Daniel Wellington does not want to contribute to deforestation. As a result, we have set a target that all our paper and board should be sourced from credibly certified or recycled sources. As part of this commitment, we conducted an initial mapping of our gift box supply chain in 2018. During 2019, we worked closely with our suppliers to achieve FSC certification of their facilities as well as for the raw materials purchased. For the full year 27% of material in our gift boxes came from FSC certified sources. From October onwards, 100% of the raw materials purchased have been and will continue to be FSC certified.

### OTHER METALS

The production of metals in general, is relatively energy intensive. We want to better understand the impact from the stainless steel we use - through the choice of materials, production method as well as requirements on our suppliers. This work is related to material traceability but also other actions that we can take to reduce our total impact going forward.

### PACKAGING



# RESPONSIBLE PACKAGING

The products are delivered to our customers in Daniel Wellington branded gift boxes that also protect the products against damage. Moreover, the gift boxes serve as storage space for the products when not used.

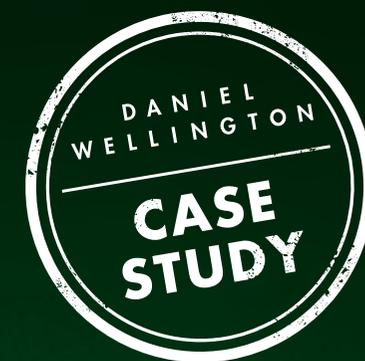
Over the past couple of years, we reinvented the gift box to make it more sustainable. In 2017, we redesigned the box to reduce the total material weight and overall plastic use, resulting in a significantly lower environmental impact. The next step was to source the paper from sustainably managed forests. We decided to implement 100% FSC certified paper and board.

**“BY CHOOSING FSC CERTIFIED PRODUCTS, DANIEL WELLINGTON CONTRIBUTES TO THE RESPONSIBLE MANAGEMENT OF THE WORLD’S FORESTS.”**

*Lena Dahl, Executive Director FSC Sweden.*

FSC is a non-profit organization that sets high standards to ensure the practice of environmentally responsible and socially beneficial forestry. It is recognized by WWF as the “hallmark of responsible forest management”. When a product is FSC Certified, it means the wood used in the product and the manufacturer that made it, complied with the requirements of the Forest Stewardship Council.

Rather than changing suppliers, which might have been faster, we supported our current suppliers in reaching FSC certification. This process was completed during summer 2019. Since October 2019, all our paper and board products; including the paper bag, owner’s guide and gift boxes are FSC certified.



# NATO ♡ RECYCLED MATERIALS

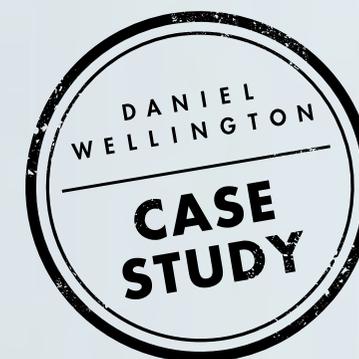
The original Daniel Wellington watch was developed with a NATO strap made from polyester. In 2019 we initiated a project to look at producing the strap with recycled polyester instead of virgin fibers. By doing this the material’s environmental footprint is reduced since the production of recycled fibers needs less energy than virgin fibers. It is a little more expensive to buy, however, using recycled material also helps stimulate demand and hopefully contributes to keeping plastic waste out of landfills.

“WE ARE LOOKING INTO ALL PARTS OF OUR PRODUCTS AND DO OUR UTMOST TO MAKE THE MATERIAL AS WELL AS PRODUCTION PROCESSES MORE SUSTAINABLE, SO SHIFTING MATERIAL TO RECYCLED POLYESTER WAS AN EASY DECISION DESPITE THE SLIGHTLY HIGHER COST.”

Frank Vejlbåge, Production and Sourcing Director, Hong Kong.

The final product meets the same strict quality standards, meaning consumers will not be able to tell the old and new straps apart. The performance of recycled polyester is the same as for virgin polyester, high strength and durability remain key benefits of the material.

We completed trial runs using recycled polyester in 2019 and during 2020 we aim to shift all our NATO strap production to 100% recycled material.



# FAIR JOBS

## AMBITIONS 2030

Fair working conditions throughout our full value chain

## WHAT WOULD THIS LOOK LIKE

Be a responsible partner

Respecting human rights and promoting change all along the full value chain

Create positive social impact

## KEY ACHIEVEMENTS 2019

100% of product suppliers audited

12 factories implemented digital training program

2500 workers trained in basic rights & responsibilities, representing 70% of workers

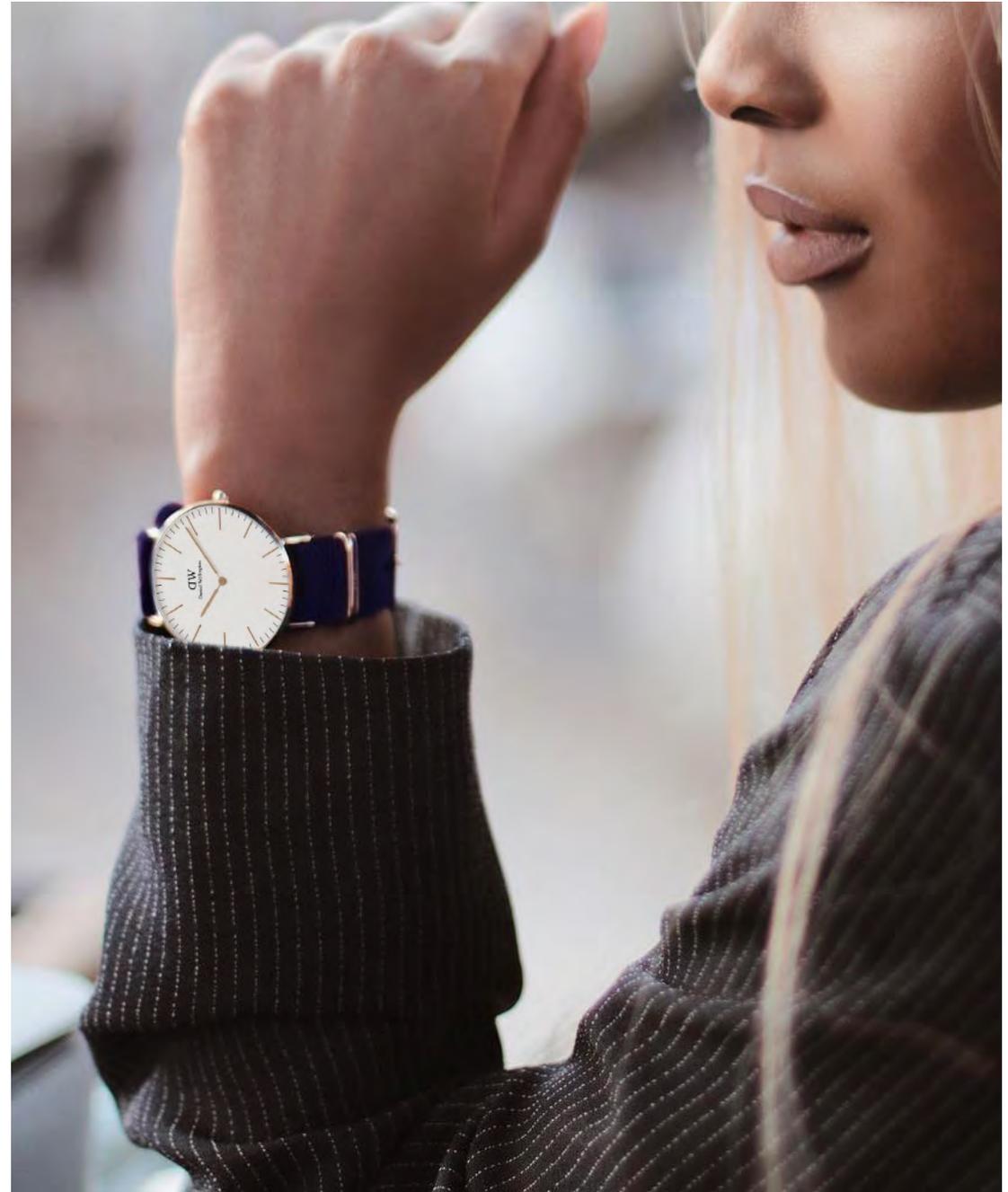
Second supplier summit in Shenzhen with 90 participants from our suppliers (tier 1, 2 and 3)

## COMING FOCUS

Audit all suppliers on a regular basis

Contribute to educating 80% of factory workers through Quizrr on ongoing basis

Continue to deepen our knowledge, and use our leverage to promote change, further down the supply chain



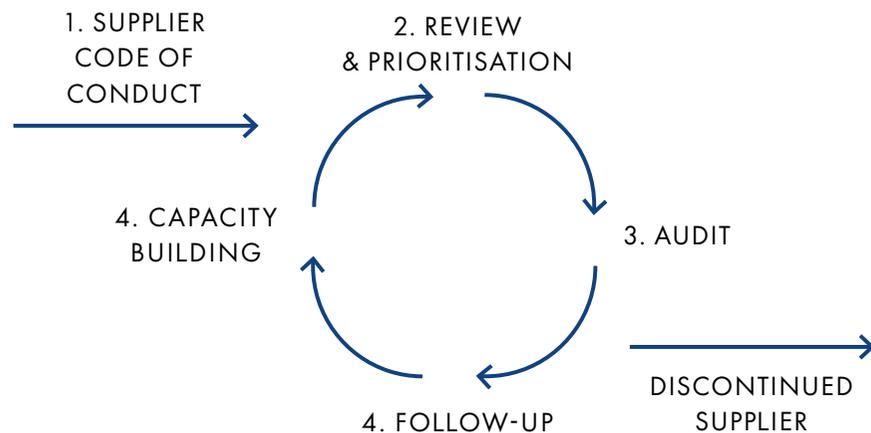
We have a responsibility towards all the people touched by our operations. Our ambition is that all the jobs created in our supply chain should contribute positively to society. The working environment should be safe, and people need to be able to live and support their family on a normal worker’s wage.

### OUR SUPPLIERS

Daniel Wellington’s supplier base is mainly located in China. To manage the sustainability impacts and risks associated with our supply chain, we have set up a five-step process to help us prioritize and focus our actions.

As a minimum, our suppliers should follow local laws in the country where the business is conducted. In addition, our Supplier Code of Conduct sets the minimum requirements for how we expect our suppliers to act. All our direct product suppliers have signed the code. See section *Our Guiding Policies* for more details on the Supplier Code on Conduct.

Once the supplier has signed the Supplier Code of Conduct, they are part of our audit program. We plan and prioritize our work based on input such as the supplier spend, the product type and previous history with the supplier. During 2019, 100% of our direct product suppliers were audited, including all watch assembly factories, using qualified third-party audit firms. The work with improving issues found during audits is ongoing and we are continuing to see progress in terms of social insurance coverage and controls of working hours. Following each audit, dedicated Daniel Wellington staff work together with the suppliers on improving the areas identified. We follow-up on working hours and social insurance coverage monthly, enabling us to track and support the suppliers in achieving the agreed improvement targets. Sustainability is an important part of the suppliers’ performance reviews.



We continued to increase our knowledge of tier 2 and 3 suppliers during the year. All our suppliers need to report on their tier 2 factories on a regular basis and for some vital components and materials we are also following up on tier 3 factories. Formal audits were completed at a selection of key tier 2 suppliers. In addition to the audits, factory visits are carried out regularly by Daniel Wellington employees.

During 2019 our second annual Supplier Summit took place in Shenzhen, China, with close to 100 participants. Assembly, component and raw material suppliers were invited to a one-day training with the purpose of giving the suppliers the knowledge and tools to live up to Daniel Wellington’s standards. The event included updates on our strategies, production and quality control as well as in-depth sessions on chemical management and HSE (health, safety and environment management). The first-ever supplier awards were presented to two key suppliers that had shown significant commitment and progress during the year.

As part of our commitment to support long-term improvements in our supply chain, we rolled out the e-learning tool Quizrr to all our direct suppliers during the year. The tool enables our suppliers to proactively educate factory workers and management on workers’ rights & responsibilities, health & safety, and workplace dialogue. By the end of December, more than 70% of employees at the factories had participated in at least one training module. See case study “Beyond audit” for more information.

Focus going forward includes strengthening our own processes and controls as well as continuing to support our suppliers on our common sustainability journey.

# BEYOND AUDIT

As part of our commitment to support long-term improvements in our supply chain, we have rolled out a digital training tool to all our key suppliers. The tool Quizrr was launched in July 2019 and all invited suppliers decided to participate in the program, in total 12 factories.

**“BOTH I AND MY STAFF ENJOY THE TRAINING, WE HAD LOTS OF DISCUSSIONS DURING THE TRAINING AND EVEN AFTERWARDS. IT HAS BECOME EASIER TO COMMUNICATE SOME ISSUES TO THE STAFF, IT HELPS BUILD TRUST AND OPEN COMMUNICATION.”**

*Production supervisor, Watch assembly factory.*

By the end of the year more than 2 500 employees had been trained in 8 000 sessions. This represents more than 70% of employees at the factories. The tool helps our suppliers to proactively educate both workers and management on workers' rights & responsibilities, health & safety, and workplace dialogue.

Six months following the launch we asked for feedback and the overall results were very positive. The vast majority of workers thought that the training was easy to understand (85%) and helped increase their knowledge (91%). Most would also recommend this training to others (93%).

**“THE TRAINING HELPS US TO BETTER UNDERSTAND OUR RIGHTS IN A COLORFUL WAY AND HELPS IMPROVE OUR COMMUNICATION.”**

*Worker, Packaging materials factory.*

## WHY DOES THIS MAKE A DIFFERENCE?

Factory workers are often not aware of all their basic rights. Educating both the workers and management about their rights & responsibilities helps achieve real long-term improvements. It leads to improved communication between workers and managers. As a result of this, worker engagement will go up, leading to lower turnover of employees and in the end, higher productivity and product quality. Creating a good foundation for decent working conditions – and in the end – empowering workers to improve their lives.

## HOW DOES IT WORK?

Quizrr is a digital training tool based on short films covering real-life situations in the factories. The films are then followed by quiz questions, making the training interactive and engaging. The training is taken individually or in smaller groups.

**“QUIZRR’S TRAINING HAS NOTABLY LIFTED OUR STAFF MORALE. IT HAS ALSO MADE IT EASIER FOR US TO STEER OUR FACTORIES INTO A MORE SUSTAINABLE FUTURE, WHILE FULFILLING OUR RESPONSIBILITY IN PROVIDING A BETTER WORKPLACE.”**

*Lab officer, Gold plating factory.*



# OUTSTANDING PRODUCTS

With innovation as a driving force, we want to push change towards more sustainable product solutions and business models. This includes continuing our work to exceed consumer quality expectations by offering affordable products with the highest possible quality.

## QUALITY AND REPAIRS

Our goal is to create products that not only have a timeless design, but that function for many years. The quality requirements on our suppliers and materials are high, and we are continuously improving the products. All the parts of our watches can be replaced if damaged, and in many markets, we offer repair services directly to our customers to help prolong the product life. Our goal is to roll this out in all our markets. At present, more than 90% of our stores also offer battery changes to our customers. By exceeding our customer’s quality expectations, we hope to build a stronger brand and, in the end, create more loyal customers.

## SAFE PRODUCTS

It is essential that all our products are safe to use for our consumers. To ensure that the products do not contain any dangerous chemicals that may be harmful to human health or the environment, we follow the strictest legalization in our markets and apply the precautionary principle. Regular tests of our products are conducted by independent testing houses to verify compliance.

The stainless steel used in our products, including the watch case, watch strap, bracelets and rings, is 316L. The leather comes from cattle and the NATO watch straps are polyester. The materials should under normal use not cause any allergic reactions.

Daniel Wellington is a member of the Swedish Chemicals Group (Kemikaliegruppen at Swerea IVF), a forum for keeping up to date on current chemical legislation and discussions. During 2019 Daniel Wellington implemented the AFIRM Restricted Substance List (AFIRM RSL) to further clarify the requirements set on the leather and textile products in the portfolio.

## HIGH-QUALITY LEATHER

To ensure that our leather is of high-quality, we use a few selected tanneries in northern Italy. We also conduct regular tests to guarantee that our products meet a high standard. In 2019, the Swedish Chemical Agency, KEMI, tested various leather consumer products for chemical content. Three Daniel Wellington leather straps were selected and passed the test with good results.

## AMBITIONS 2030

Offer the best quality to price ratio in the industry

## WHAT WOULD THIS LOOK LIKE

With innovation drive change towards sustainable product solutions

Exceed consumer quality expectations

Prolong product life by enabling and offering repair services

Follow the strictest safety standards

## KEY ACHIEVEMENTS 2019

We scored 75.1 on our Product Quality NPS

Restricted Substance List launched to our suppliers

More than 90% of Daniel Wellington stores offering battery changes to our customers

## COMING FOCUS

Make repair services available to consumers in all markets where we have own operations

Strengthen our product testing routines in close collaboration with our suppliers



## IP AND ANTI-COUNTERFEITING

Daniel Wellington has designated a part of its legal team to focus solely on intellectual property (“IP”) and anti-counterfeiting. This includes the work to oversee, manage and defend the company’s worldwide IP rights and specifically to protect and control the use of the company’s trademarks and designs, which are of great value and importance to the company.

In recent years, it has become apparent that Daniel Wellington products are attractive to copy. This implies several problems, e.g. counterfeits being of poor product quality which may result in potential health and safety issues for the consumers buying and using such counterfeits, not to mention forced labor, terrorism and human trafficking – which are only a few of the bigger concerns linked with the business of counterfeits. In order to manage these problems, and to ensure that the company’s rights are duly respected, Daniel Wellington works actively to counteract counterfeiting. This work comprises both preventive and corrective measures and we work in close collaboration with e.g. digital marketplaces, customs, police departments, prosecutors and other law enforcement agencies worldwide. Further, Daniel Wellington is active within several organizations, including the Swedish Anti-Counterfeit Group, the Together Against Counterfeit Alliance (TAC) and the International Trademark Association (INTA), to mention a few.

Over the past five years, Daniel Wellington’s anti-counterfeiting measures have led to the seizure of over 500,000 fake products globally and the take-down of more than 700,000 contested e-commerce ads. The preventive and corrective measures, as well as the collaborations with inter alia the mentioned organizations and relevant authorities, has enabled Daniel Wellington to contribute to the process of combating the global and encompassed problems which the counterfeit market gives rise to.

# PLANET POSITIVE

## AMBITIONS 2030

Net positive environmental impact

## WHAT WOULD THIS LOOK LIKE

Clean air – be carbon neutral

Clean water – sustainable process effluents

No waste impact from product end-of-life

Efficient use of resources

## KEY ACHIEVEMENTS 2019

Absolute carbon footprint reduction 6%

100% renewable electricity used in our operations

94% landfill-free waste from our warehouses

## COMING FOCUS

Develop a roadmap for carbon neutrality 2030

Roll-out no waste to landfill target for all DW operations (warehouses, retail and offices)





The world is facing a multitude of challenges: climate change, loss of biodiversity and plastic pollution to mention a few. Newspaper headlines are daily stating the urgency of the issues we face. Our ambition is to be a role model by using resources efficiently and working to long-term reduce all our negative impacts.

### CLIMATE CHANGE

Climate change and its consequences such as changing weather patterns is a serious threat to the world. We recognize that Daniel Wellington impacts the climate in a multitude of ways throughout the whole product value chain: from the raw materials we choose, at the factories producing our products, and at the product end-of-life.

Our approach to managing our climate change impact is based on three steps;

- 1) Measure our full life cycle impact.
- 2) Reduce emissions with a focus on the largest measured emissions first.
- 3) Compensate for unavoidable emissions.

The first assessment of Daniel Wellington’s climate change footprint was conducted for the year 2016. Our ambition is to cover the full life-cycle emissions of our products, including the impact from raw materials used, emissions from our factories, our warehouses, offices, retail operations, all product transportation and business travel. Since 2016 we have worked to improve data accuracy and to add previously missed data sources. Changes due to this make year-on-year comparisons not fully representative. For 2019, emissions from purchases of retail equipment have been added to the calculation, as retail has become an increasing part of Daniel Wellington’s operations. These emissions have also been retroactively added for 2018, as it was then that our own retail business got going.

*For a more detailed methodology, please see section [About This Report](#).*

Results from the 2019 carbon inventory show that Daniel Wellington's primary impact comes from the transportation of products around the world ("Freight" in the graph above) and producing our products, components and materials ("Products"). During 2019, Daniel Wellington's location-based climate impact (shown in the table above) was reduced by 6% compared to 2018. Our carbon intensity per revenue is also reduced, while our emissions per product have increased. The increase in emissions per product can be directly traced to the strategy to reduce the number of independent distributors and instead sell through our own channels, which means that we carry more sales related emissions.

We continued to implement initiatives to reduce both carbon emissions and costs. To reduce freight emissions, an increasing share of markets are supplied to from our Hong Kong warehouse instead of through the Uppsala warehouse. Moreover, we have added local warehouses to better service main markets while reducing the need for long-haul shipments. This resulted in a reduction of freight emissions with 18% for 2019 compared to 2018. Transportation by air remains the most significant contribution to Freight emissions, accounting for 81% during 2019. We are working to avoid unnecessary air shipments, but we also realize that this is one of our most challenging areas to address going forward.

Business travel is another driver of both emissions and costs. In 2019, several measures such as a global travel agency, were implemented to better control travel and enable an easier follow-up of both costs and emissions. In addition, we have invested in a new video conferencing system covering all our strongholds and main offices. During 2019, our business travel-related emissions were reduced by 12% compared to 2018.

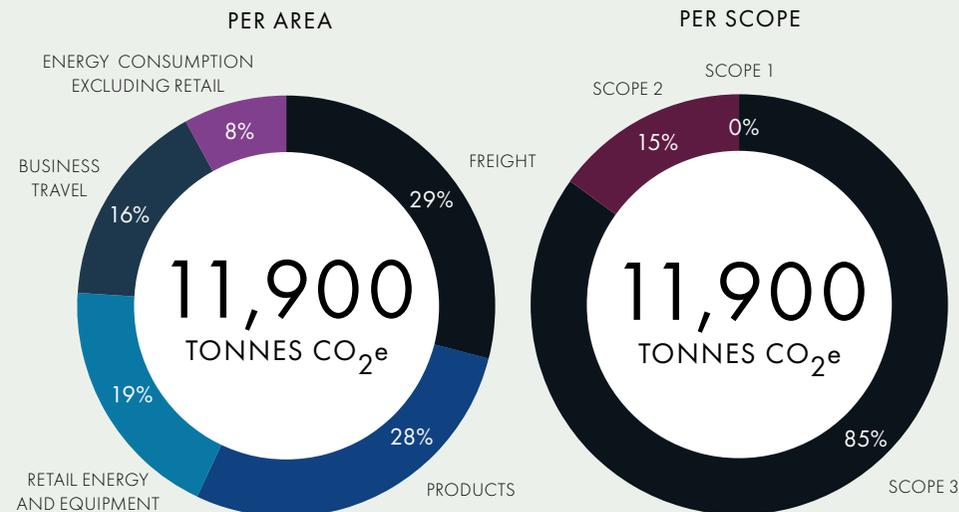
Increases in emissions are mainly related to increased energy consumption from offices, warehouses and retail as Daniel Wellington has expanded in these areas during 2019. We aim to purchase traceable renewable electricity to match the consumption for all our offices, warehouses and retail stores. For 2019 we matched 99% of electricity consumptions with renewable energy purchases from the same market that the energy was consumed. The remaining 1% without local certificates were matched with wind power in Sweden. Guarantees of Origin (GOs) were used for Europe and International Renewable Electricity Certificates (RECs) for other parts of the world. Solar or wind power was sourced when possible, making up 90% of the certificates while the remaining 10% consisted of hydropower. The net carbon emissions from Daniel Wellington's building energy consumption in offices, warehouses and retail are therefore much lower if calculated with market-based emissions.

### WASTE

As a first step towards a circular business, we have set a target that our own operations should be 100% landfill-free. During the year we worked to introduce recycling in warehouses and offices around the world. In total, 94% of waste from our own and third-party warehouses was landfill-free. Going forward we will also focus on rolling out recycling in our own retail stores.

At the product end of life, we want our products and packaging to be disposed of responsibly. We believe we have a role to play when it comes to educating our consumers and supporting them to recycle. Customers are today encouraged to recycle the watch components, including the batteries. The new unit box launched in 2017 is easier to recycle compared to the old version.

## CARBON EMISSION



Emissions have been categorized into three scopes as defined by the Greenhouse Gas Protocol.

Scope 2 includes energy consumption from Daniel Wellington's offices, retail stores and own warehouses. Emissions are shown according to location-based approach (using grid average emissions factors).

Scope 3 emissions include purchased goods, upstream transportation from our suppliers,

waste generated in operations, business travel, energy consumption from outsourced warehouses, downstream transportation and distribution, product end-of-life.

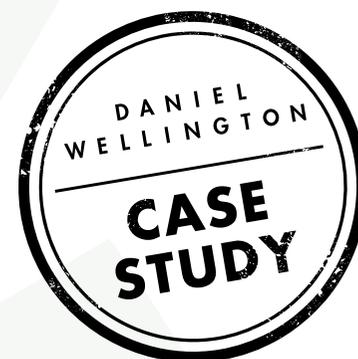
If energy emissions are calculated with a market-based approach, Scope 2 and Building energy are almost zero while Retail energy and equipment are reduced by about 25%, as Daniel Wellington purchases renewable energy when possible.

### EMISSIONS

	2017	2018	2019	Unit
Total emissions	13,650	12,600	11,900	ton CO <sub>2</sub> e
Emissions per revenue	5.2	4.9	4.6	ton CO <sub>2</sub> e / M SEK
Emissions per product	3.7	3.4	3.8	kg CO <sub>2</sub> e / product

# IMPROVING RECYCLABILITY

Products are shipped to our warehouses and retail stores in boxes of 10 or more. During the past year we have rolled out a new box with improved recyclability and lower weight. The weight of the new box was reduced by more than 40%, resulting in a lower climate impact from shipments as well as from using less material. By selecting a different type of board, the box can now also easily be put into most cardboard recycling streams.



OLD BOX



NEW IMPROVED BOX



# THRIVING TALENT

## AMBITIONS 2030

An empowered & engaged workforce

## WHAT WOULD THIS LOOK LIKE

Value driven organisation with a strong winning culture

All employees offered the opportunity to grow & develop

Highly engaged employees

The best leaders acting as role models

## KEY ACHIEVEMENTS 2019

We scored 66 on our Global Employee NPS

85% of employees agree with statement "I believe everyone in my team has the same opportunity to grow and develop irrespective of gender and background"

50 onboarding training modules available for new employees

73% of employees are women, 42% of Global executives are women

## COMING FOCUS

Implement new engagement survey

Roll-out new goal setting platform for all leaders

All employees receive regular performance reviews





Our employees are our most valuable asset. Attracting, developing and retaining the greatest talents with the right expertise is, quite simply, crucial for our survival.

### TALENT DEVELOPMENT

*"We believe that learning occurs anywhere, anytime, as an everyday journey integrated into people's daily activities"*. Everything at Learning & Development is based around this principle. We want to understand how we can reach all individuals at their choice of method, time and place. Our focus is digital and done in a way that is inspiring, supporting employees to perform their best within their role.

Our learning platform, launched in 2018, helps us reach out with digital communication solutions to our expanding business, especially to our growing retail community. We support global, department, regional and country specific learning communities. To optimize the impact of our initiatives, insights on progress and implementation are collected regularly, making us better equipped to measure development and training initiatives going forward.

Throughout 2019, we continued to roll-out digital training modules, focusing on increasing company and product knowledge, specific sales skills for retail staff and leadership and coaching for managers. Another key area was implementing onboarding programs for all new employees, which have now been successfully introduced within all strongholds.

Planned global initiatives in 2020 include expanding training for our retail staff and leadership. Giving employees the tools for self-learning. Focus will also be on the Daniel Wellington culture and on implementing a new goalsetting program in the organization.

As part of our employees' continuous skills development, it is important that they keep

updated within their areas of expertise. A great way to achieve this is to learn from each other when working on assignments. Therefore, we will continue to develop opportunities for peer-to-peer development, including support from our learning platform.

### EMPLOYEE SATISFACTION

Satisfied employees are a prerequisite for satisfied customers. To measure our employee engagement, we launched an extensive engagement survey to all employees globally. The survey helped us measure employee satisfaction and gave us guidance about our most relevant engagement drivers.

The 2019 results were very positive with an overall global NPS score of 66 and a participation rate of 82%. The highest score received was for the statement "I believe everyone in my team has the same opportunity to grow and develop irrespective of gender and background", 85% of our employees agree with this statement. Areas for improvement included, communication around the company's direction and individuals' careers.

## DEVELOPMENT

### NUMBER OF LEARNING INITIATIVES IMPLEMENTED



CONTINUE ▶

To improve real-time measurements of employee satisfaction, a new engagement platform will be launched in 2020, allowing us to make continuous and swift assessments. This will enable us to make changes based on results at a much faster rate.

## DIVERSITY

	MEN	WOMEN
RETAIL EMPLOYEES	17%	83%
CORPORATE EMPLOYEES	44%	56%
SENIOR MANAGERS	58%	42%
GLOBAL EXECUTIVES	58%	42%

## DIVERSITY & EQUALITY

Gender equality is a priority for Daniel Wellington and something that we will increase our focus on. Our ambition is to have an even gender distribution (at least 40:60 of either gender) in our all management teams.

Through our work, we aim to address both structural and unconscious inequalities. Working proactively to improve diversity is a long journey that we have only just embarked on. In 2019, we implemented a data visualizing software that has helped us get insights, represent and analyze data in a more structured way.

## EMPLOYEE TURNOVER



Our global average turnover rate is 29% for corporate employees and 65% for retail employees. The turnover of corporate employees increased by 9 percentage points while the turnover of retail staff increased marginally. The high turnover is partially explained by a younger workforce with natural departures due to studies or relocation, but also due to our employees being highly sought after by other companies. We are however confident that we are an attractive employer that meets our talents' expectations.

## A HEALTHY AND SAFE WORKPLACE

Health and Safety are promoted at every level and we raise awareness of our guidelines through different channels, including training programs as well as on our communication platform. Our global guidelines and compliance procedures aim to proactively prevent accidents and health-related incidents. Depending on local legislations, additional and more detailed occupational health and safety guidelines are determined and implemented at a local level.

In many of our locations, we operate a Safety, Health and Environment committee comprised of both management and employee representatives. The committee meets twice annually

to discuss emerging topics and current/coming health and safety activities. If any issues arise, the committee informs the senior management with proposed actions. Employees can raise any related issues, risks or suggestions through the defined channels.

To drive a stronger sense of well-being, Daniel Wellington offers a variety of engagement programs for all our employees, both from a physical and psychosocial perspective. In most of our locations, we offer internal athletic events to promote physical activity.

Our numbers on sick leaves and accidents are low for all employee groups. We believe our proactive activities and high employee satisfaction rates, in combination with an overall young workforce, contribute to this. In 2019 we have implemented global absence tracking process which helped us get an overview of leaves.

In 2020, we plan to focus our efforts on making our physical and digital work environment more sustainable. In addition, we will educate our employees on helpful techniques that can be applied for balanced wellbeing in the present day.

# LIFE AT DANIEL WELLINGTON

Antonia Eriksson started her journey as a Legal intern at Daniel Wellington during her last year of law studies at Stockholm University. Her short three months tenure sparked an interest in the business side of things and not only law. This made her apply for, and landed her, a role as CEO Trainee and Executive Assistant to the previous Group CEO. The year as trainee was built for her to learn from the business, work closely with the CEO and top management, and to prepare her to make a career in the organization after completion.

**“I FEEL THAT ANYTHING IS POSSIBLE AT DW AS LONG AS YOU WORK HARD AND SHOW INITIATIVE. DW GIVES YOU ALL THE TOOLS AND SUPPORT NEEDED TO DEVELOP AND EXCEED IN WHAT YOU LOVE, YOU CAN ACHIEVE EVERYTHING YOU WANT”**

*Antonia Eriksson, Business Developer*

After 12 successful months Antonia got the opportunity to make an international move to Hong Kong and a role as Junior Business Developer. She got to be a critical part of the team working with the online and offline growth and expansion of Daniel Wellington into 10+ new markets in the region. After almost two years in Hong Kong, Antonia got her next opportunity to start working with the global retail team as a Business Developer focusing on optimizing and developing our offline retail business. Today she is back in Stockholm where she is a key player in Daniel Wellington’s retail team.

Antonia is one of many examples how personal drive, ambition and a growth mindset combined with our global operations can provide opportunities for an exponential learning curve and a great career.



## #LIFEATDW

#lifeatDW is Daniel Wellington’s employees own Instagram account where we communicate what it is like working at Daniel Wellington. Showing the Daniel Wellington culture, sharing experiences among employees and at the same time providing a glimpse of employee life for potential future employees.

# OUR WINNING CULTURE & GUIDING POLICIES

Together we work towards the company's vision with a winning culture that honors innovation, ownership, individual abilities, growth as well as meaningful opportunities to contribute to the company's success.



At the core of our business strategy is a focus on how to attract, retain and develop talented people from across the globe, in order to push boundaries and inspire people to become a part of our ever-growing global movement.

Daniel Wellington's success is fueled by a global workforce of approximately 2,375 employees (31 December 2019).

The Global Executive team consists of representatives from seven functions as well as the Directors of all the Strongholds.

## GUIDING PRINCIPLES

Our guiding principles are the foundation of our culture. They help define the actions needed to execute our vision and business strategy, in order to build a long-term successful company. The guiding principles define why people should choose and commit the best of themselves to the organization, what the employee 'deal' consists of, and provide a common point of direction for employee management.

### THREE PRINCIPLES GUIDING OUR EMPLOYEES' BEHAVIORS:

#### CHALLENGE IT

Learning and growth

#### OWN IT

Execution and accountability

#### WIN IT

Collaboration and emotional intelligence.

## KEY POLICIES

Daniel Wellington is committed to conducting a long-term sustainable business within the limits of our planet. We continuously work to reduce our negative environmental impact and increase the positive social benefits from our activities throughout the whole value chain.

Our work is guided by the 10 principles of the UN Global Compact relating to Human Rights, Labor, Environment and Anti-Corruption. These principles form the basis of our approach to conducting business responsibly and we have integrated them into relevant internal, external policies and processes. We also want to ensure that our work supports the UN Sustainable Development Goals (SDGs).

Policies are published on our Intranet and are available to all employees. Our Code of Conduct contains guiding policies around employee-related matters such as gender equality, harassment, anti-corruption, bribery as well as environmental principles. The Code of Conduct furthermore explains how to report potential violations. All employees must sign-off that they have taken part of the content and a training video was developed to support education around the topics. During the onboarding of new employees, training on culture and policies are included.

### DIVERSITY AND INCLUSION

Being a global organization, we embrace diversity and inclusion, it has been an essential part of our success. All aspects of the employee lifecycle should be carried out without regard to gender, race, color, religion, sexual orientation or ethnicity. Employment, promotions, training and compensation should always be based on merit and/or individual abilities. We are working against any form of discrimination or harassment and remain committed to ensuring diversity in all areas of the business.

Our management plays a vital role in managing diversity and inclusion. We want to achieve a common accountability where all employees work for maintaining these values. Our Global Diversity and Gender Equality Policy outlines our approach and the goal is to ensure equal opportunities and equal pay for

all employees while promoting inclusion, health, respectful interactions and suitable working conditions.

### ENVIRONMENT

Our environmental commitment outlines our ambition to continuously reduce Daniel Wellington's impact on the planet's natural systems, using resources efficiently and responsibly. To do this we need to continuously explore and deepen our knowledge internally, and make sure sustainability considerations are factored into major business decisions. Decisions should be taken with a lifecycle perspective and precautionary approach in mind.

### SUPPLIER CODE OF CONDUCT

Through the supplier sustainability program, we work in close cooperation with our suppliers to reduce risks and impacts in our supply chain. The Supplier Code of Conduct is the first step and specifies the basic requirements and guidelines that we expect all our suppliers to follow. The document covers the respect and support for human rights as covered by the International Bill of Human Rights and the International Labor Organizations Declaration on Fundamental Principles and Rights at work, addressing freedom of association, forced labor, child labor and non-discrimination. It also specifies zero-tolerance against corruption.

For more information about our Supplier sustainability program, please see the section *Fair Jobs*.

### REPORTING CONCERNS

A new whistleblowing procedure was just launched which offers our employees a possibility to report potential breaches to our policies confidentially. It is an important tool for reducing risks and maintaining trust in our operations by enabling us to detect and act on possible misconduct at an early stage. Whistleblowing can be done openly or anonymously. The purpose of the guidelines is to encourage employees (and possibly external stakeholders) to blow the whistle on suspected misconduct without any risk of retaliation, as well as to ensure an appropriate investigation process.

# ABOUT THIS REPORT

This is Daniel Wellington's third sustainability report and it covers material sustainability activities for Daniel Wellington AB with subsidiaries during the period January 1 to December 31, 2019. For full details about included subsidiaries please refer to Daniel Wellington AB's Annual Report 2019.

## CALCULATION METHOD FOR CLIMATE EMISSIONS

Daniel Wellington's climate emissions are calculated according to Greenhouse Gas Protocol's guidelines and the methodology has been reviewed by an external party.

As Daniel Wellington does not own any production facilities, no scope 1 emissions exist. Scope 2 emissions are energy purchases done by Daniel Wellington for our own offices, retail stores as well as warehouses. All energy consumption related emissions are calculated with IEA Emission factors<sup>1</sup>. For scope 3 there has been an ongoing process to identify relevant climate impact areas, which is described below.

As an accessory company, cradle-to-grave impacts from our products are deemed relevant. DEFRA emission factors are used to calculate the emissions from extraction, processing and waste handling of used materials<sup>2</sup>. Other factors have been used for leather and gold, as these do not exist in

DEFRA<sup>3,4</sup>. Energy consumption from production is gathered from all tier 1 and selected tier 2 and tier 3 suppliers. Freight is another identified impact, where specific data from our freight partners are used, all air freight is calculated with an RFI-factor of 1.9. The use phase is not calculated as it is deemed negligible.

In addition to direct-product related impacts, in third-party warehouses energy use is also included. This to keep consistency independent on operating mode of warehouses, as own warehouses are already included in scope 2.

As an international company, business travel by air and hotel visits contribute to a sizeable share of the emissions and have been deemed relevant. For business travel, DEFRA-factors with an RFI-factor of 1.9 for flights has been used.

Since 2018, retail stores have become a more significant part of Daniel Wellington's operations. Therefore, purchase of furniture, fixtures and equipment to our retail stores have been calculated for this report. The calculation is done using the DEFRA emission factor for furniture based on corporate spend<sup>5</sup>. These emissions have also been calculated and retroactively added to the 2018 results to give a fair comparison, which is when our retail operations started expanding.

<sup>1</sup> IEA (2019). Emission Factors

<sup>2</sup> Defra (2019). UK Government GHG Conversion Factors for Company Reporting

<sup>3</sup> Kirchain, R., Olivetti, E., Miller, T. R., & Greene, S. (2015). Sustainable apparel materials. Materials Systems Laboratory, Massachusetts Institute of Technology, Cambridge.

<sup>4</sup> Hitch, M., Tost, M., Bayer, B., Lutter, F. S., Moser, P & Feiel, S. (2018). Metal Mining's Environmental Pressures: A Review and Updated Estimates on CO2 Emissions, Water Use, and Land Requirements. Sustainability. 10. 10.3390/su10082881.

<sup>5</sup> Defra (2014). Indirect emissions from the supply chain



## THANK YOU!

If you have any questions or comments about the report, please contact our Global Head of Sustainability:

Alice Devine  
[alice.devine@danielwellington.com](mailto:alice.devine@danielwellington.com)

We appreciate your feedback.