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Message from Breitling CEO, Georges Kern

Dear Breitling Squad,

At Breitling we strive to craft responsible products while optimizing our social and environmental impact and acting with principles of inclusion and transparency. We know that sustainability benefits our bottom line and results in higher quality products with greater relevance to all our stakeholders.

Breitling is committed to conducting its business in a sustainable manner and is pleased to release its first Environmental, Social, and Corporate Governance (ESG) Policy in order to guide our conduct in this regard. This policy applies to all managers and employees of the Breitling Group, irrespective of what they do or where they are.

I am personally asking for your commitment to bringing the principles in this policy to life in each of your business actions. Thank you in advance for your contributions to a more sustainable future for Breitling and its stakeholders.

Best regards,

Georges Kern

CEO



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1. Purpose and Scope

Breitling SA and its subsidiaries are committed to responsible principles of business conduct that ensure the resilience of its business activities in a manner that respects the needs of all its stakeholders while driving sustainable innovations for our product, our planet, and our people.

This ESG Policy articulates our commitments in this area and practical implications for business conduct based upon these commitments. It is applicable to Breitling SA, each of its subsidiaries, and each employee thereof. At Breitling retail locations worldwide, including but not limited to its own boutiques, external boutiques, shop-in-shops, corners, build-outs in new boutiques and refurbishments, each element of this ESG Policy applies.

In the formulation of this policy, Breitling has referenced leading international benchmarks in each of the topical areas addressed herein, the commitments it has established for itself in order to align with international standards and best practices and the foreseen mechanism to achieve these commitments, along with guiding principles and objectives outlined by, for example, the United Nations Global Compact (UNGC), the United Nations Sustainable Development Goals, and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

This ESG Policy is effective as of October 2022.

2. Product

2.1 Supply chain and sustainable procurement policy

Ensuring consistent supply chain management principles and sustainable procurement practices is at the heart of Breitling's commitment to optimizing its social and environmental impacts along the value chain. Key components of our supply chain and sustainable procurement policy are outlined below. This policy applies to all supply chain activities of Breitling. All Breitling employees must ensure handling of business conduct in line with the Breitling Employee Code of Conduct and apply the principles therein when making business arrangements in order to ensure the application of the principles of the Breitling supply chain and sustainable procurement policy to all our business activities. To this effect, this document should be consulted before starting any work, or procuring goods or services, along with ensuring adherence to the Breitling Supplier Code of Conduct.

2.1.1 Supply chain management system

Our expectations of our suppliers are clearly established in the Breitling Supplier Code of Conduct to which suppliers are expected to adhere. Breitling representatives responsible for supplier contracting are duly expected to make their suppliers aware of this tool and ensure its uptake in contracting processes and throughout the business relationship, as further outlined in the Employee Code of Conduct. Supplier sustainability performance and a due diligence risk identification will be further informed and documented through an annual independent EcoVadis assessment, particularly for suppliers representing a high portion of our spend.

2.1.2 Sourcing of conflict minerals

In the sourcing of minerals from conflict-affected and high-risk areas, Breitling references in its entirety the Model Supply Chain Policy for Responsible Global Supply Chains of Minerals from Conflict-Affected and High-Risk Areas as published by the OECD in Annex 2 of the third edition of the OECD [Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#) which is noted in the appendix of this policy. Breitling expects and will track adherence to the letter and spirit of this guidance by its direct suppliers and in turn their own suppliers and, in cases of non-adherence, will impose penalties up to and including suspension or termination of the business relationship. Material segregation methods are to be established in consultation with Breitling in order to facilitate traceability. Additionally, suppliers of conflict minerals are to complete a Conflict Minerals Reporting Template (CMRT) based on that of the Responsible Minerals Initiative (RMI) on an annual basis in order for Breitling to assess practices in place and determine their alignment with the standards outlined in this policy and the Supplier Code of Conduct. Audits are conducted along the supply chain, by Breitling or by authorized counterparts, in order to verify key aspects of operations and ensure these are in line with relevant guiding principles.

2.1.3 Gold sourcing policy

As a member of the Swiss Better Gold Association (SBGA), Breitling is committed to developing traceable and responsible supply chains for eligible artisanal and small-scale gold mining producers. For this reason, all suppliers of gold-containing products to Breitling should, in alignment with Breitling, ensure the use of SBGA material, including with relevant segregation steps taken along the supply chain in order to ensure traceability. Exceptions are to be confirmed with Breitling prior to product delivery while this transition completes in the run up to 2025 and covered exclusively by a responsible source agreed upon by both parties. For its purchases of SBGA step II material, Breitling pays a mandatory



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premium of USD 1 per gram of fine gold and for step I material, Breitling issues a voluntary contribution amounting to CHF 0.50 per gram of fine gold.

2.1.4 Diamond sourcing policy

Breitling is committed to developing traceable and responsible supply chains for diamonds. All lab-grown diamonds must be purchased from producers accredited to the SCS-007 Jewelry Sustainability Standard – Sustainability Rated Diamonds. For this reason, all suppliers of diamond-containing products to Breitling should, in alignment with Breitling, ensure the use of such material or guarantee exceptions where relevant while the transition completes in the run up to 2024. Any mined diamonds must be procured in conformance with the Kimberley Process Certification Scheme for rough diamonds and the World Diamond Council System of Warranties for polished diamonds. Traceability mechanisms are to be enabled in a manner defined by all value chain participants. Audits will be conducted regularly along the supply chain to assess chain of custody protocols and further relevant topics. In order to make meaningful contributions to the diamond value chain, including its own lab-grown diamond value chain and local communities, Breitling will establish a fund to provide support for social and environmental activities.

2.1.5 Animal welfare policy

As outlined in the Supplier Code of Conduct, all suppliers responsible for handling animals must observe applicable laws and industry standards regarding raw materials sourced from endangered or protected species, as well as ethical animal sourcing principles regarding animal welfare, in particular with regards to the capture, raising, and slaughter of animals, particularly the Five Freedoms of Animal Welfare as defined by the Farm Animal Welfare Council. Breitling will implement auditing procedures carried out by itself or designated counterparts in order to assess adherence to this policy.

3. Planet

The existential crises posed to humanity by climate change, extinction, and freshwater depletion, to name only a few examples, necessitate urgent action on the part of all parties to respect our environment. Pursuant to UNGC principles 7, 8, and 9, Breitling is committed to adopting a precautionary approach to environmental challenges, undertaking initiatives to promote enhanced environmental responsibility and encouraging the development and diffusion of environmentally friendly technologies and behaviors. In the conduct of its business activities, including materials sourcing and product design, Breitling will seek to minimize its impact on the environment by implementing an environmental management system that reviews and evaluates its impacts while seeking to constantly improve its performance and conserve environmental resources.

3.1 Environmental policy and code of conduct

In order to be a responsible steward of resources, Breitling is committed to managing and mitigating its environmental impact in all its activities. Specific guidance regarding business conduct is elaborated below.

3.1.1 Energy consumption, greenhouse gases, and air pollution

In the purchase of all energy-consuming devices, including but not limited to machines, sanitary and washing installations, food and drink installations, or lighting equipment, the energy and water efficiency performance of the equipment is to be taken into consideration in the selection process and is to be prioritized, with appropriate budgeting steps taken in due course in order to account for any potential near-term price increase. Furthermore, all efforts should be taken to ensure the responsible use of energy, such as turning off computers when not being used or turning off lights or heating and cooling when leaving a room [provided system compatibility measures are in place].

When contracting the purchase of energy, 100% renewable energy is to be chosen. Given the potential higher cost of renewable energy sourcing, appropriate budgeting steps should be taken in due time in order to facilitate the switch to, or maintain the sourcing of, renewable energy. Where this is not feasible, the Breitling sustainability department is to be notified so other measures may be taken to ensure adherence to our target of 100% global renewable energy consumption by 2025.

All entities of Breitling are furthermore expected to maintain records of their energy consumption and provide this information for greenhouse gas accounting purposes and report on this, at a minimum, on an annual basis, according to the template provided by the Breitling Sustainability Department. When entering a leasing agreement, entities should agree with their building services provider that renewable energy consumption is prioritized and that energy consumption metering mechanisms are established. Should a Breitling entity not have direct influence over their energy sourcing or metering [e.g. in certain leasing arrangements], they should inform their Contract Manager of their preference for renewable energy and track energy consumption to the extent feasible.

In order to ensure the optimal use of energy, each Breitling premise should conduct a comprehensive energy audit at least every three years [or more often if required by local regulations] and based on its findings prepare a plan of action with requisite resources to be sought in due course. In managing environmental comfort while seeking to mitigate environmental impact, internal climate control systems should be set to at a reasonable level and in line with local regulations.



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3.1.2 Carbon management

Breitling applies a reiterative hierarchy of measuring, mitigating, and neutralizing greenhouse gas emissions and key international frameworks in its approach to carbon management. Chief among these are the United Nations Framework Convention on Climate Change (UNFCCC) and the 2015 Paris Agreement which aims to limit global warming. In measuring emissions, we apply the Greenhouse Gas Protocol (GHG) corporate standard. To validate our methodology and accounting, we employ assurance across scopes 1 to 3 by an independent assurance practitioner. Public-facing emissions reporting is issued on an annual basis based on our most recently ended fiscal year to the Carbon Disclosure Project (CDP), and within the annual Breitling Sustainability Mission Report.

Carbon emission calculation is subject to uncertainty as some of the activities data are based on estimates and secondary data. We aim to continuously improve the methodology and establish primary data over time by involving key stakeholders across our value chain. We always assume a conservative approach in estimating our impact and applying average emissions factors. In the conduct of our carbon accounting, we collaborate with employees across departments, external suppliers, and third-party experts to develop and validate our carbon footprint in line with the guidance of the GHG.

3.1.2.1 Organizational structure and boundaries

The operational control approach is used to set the organizational boundaries for Breitling SA and its subsidiaries. We produce Swiss luxury watches at two of our sites in Switzerland (Grenchen and La Chaux-de-Fonds). Our products are sold worldwide by boutiques managed by Breitling (internal boutiques) and partners (external boutiques).

3.1.2.2 Scope 1 and 2 emissions

To measure internal boutiques' heating and electricity consumption, we consider boutique surface area and apply the building energy intensity for mercantile to calculate annual electricity and heating consumption. In the absence of primary data, we conservatively assume that all the boutiques are heated by natural gas with an emission factor from [Stationary Fuel Conversion Factors – DEFRA EPA 2021](#). We apply the electricity emissions factors from the country where the boutiques are located. Emissions measurement and management is being continually expanded to cover the whole of operations of Breitling SA and its subsidiaries.

3.1.2.3 Scope 3 emissions

Scope 3 emissions consist of the following categories: 1 (Purchased goods and services), 5 (Waste generated in operations), 6 (Business travel), 7 (Employee commuting), 9 (Downstream transportation and distribution), and 14 (Franchises). Purchased goods and services comprises all goods and services procured. Emissions for watch components are conducted on a spend-based method as the weight of logistics is marginal in our industry.

Gold accounts for the bulk of our emissions and the carbon footprint is calculated based on primary data from the mines and a spend-based method. The carbon footprint of watch components is calculated with the spend-based method. For furniture, visual merchandising displays, packaging, and gifts, the carbon footprint is calculated with an average-data method as we have volume data available for this calculation. Waste generated in operations is calculated considering the type, the volume, and the waste disposal type. Carbon emission factors are from Waste Disposal Factors – EPA 2020.

Business travel from headquarters is based on carbon accounting provided directly by our travel partner. It covers business air travel from our headquarters and we are currently working to account for global business travel emissions.



The employee commuting emissions factor is based on a 2022 survey conducted among randomly selected employees globally. Main transportation mode, number of working days, and average distance travelled have been the key factors measured to estimate the Breitling employee commuting carbon coefficient. Downstream transportation and logistics emissions are provided directly by our downstream logistics service providers. Downstream transportation and logistics from our headquarters and selected subsidiaries (presently United States and Canada) are covered. We are currently working to account for further global downstream logistics emissions.

External boutiques are accounted for under scope 3 given our comparatively limited purview in this area. For all boutiques, we consider their surface, and the building energy intensity for mercantile has been applied to calculate electricity and heating consumption over the year. We have considered that all boutiques are heated by natural gas with an emission factor from [Stationary Fuel Conversion Factors – DEFRA EPA 2021](#). We have applied the electricity emissions factors from the country where all the boutiques are located.

3.1.2.4 Carbon fund

In order to mitigate its environmental impacts, Breitling is committed to reducing its greenhouse gas emissions and offsetting the impact of all measured emissions which are assigned a shadow carbon price of CHF 40 per ton of carbon dioxide equivalent. Methods to distribute this to the cost centers in which they are accrued is currently under review.

3.1.3 Facilities

To support our sustainability objectives we need to collect, analyze, visualize, and act on data to optimize sustainability, productivity, resilience, and risk. Whenever a space is about to be rented or remodeled, we need to evaluate the implementation of smart building solutions and Internet of Things (IoT) to receive comparable and reliable data to be able to decide how and when to use the assets, monitor and report emissions, plan maintenance, and further optimize costs.

Our aim is to be at the forefront of facility management and usage of our premises to support our sustainability efforts and therefore be open to use modern technologies. In order to guide our practices accordingly, this section of the ESG Policy outlines key measures related to facilities.

3.1.4 Boutiques

This documentation applies to internal and external boutiques alike and is to be applied from the outset of procurement activities to ensure that any materials or related services for the build-out and maintenance of boutiques adhere to the guidelines established herein.

In managing environmental comfort while seeking to mitigate environmental impact, internal climate control systems should be set at a reasonable level of balance between the two.

The sales area must be air-conditioned and heated. For an optimal boutique experience, the following temperature ranges are recommended: 18 to 20 degrees Celsius for heating and 24 to 26 degrees Celsius for cooling. Whenever possible and when building standards allow, a difference of six degrees Celsius compared to the external reference temperature should not be exceeded but overall local regulations must be respected at all times. All rooms (e.g. offices, social premises, changing rooms, and washrooms) should be ventilated according to local regulations. To maintain a stable temperature, access to climate control devices should be limited (e.g. to the Boutique Manager). In order to reduce energy consumption

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during boutique closure, the alarm should ideally be linked to the climate control system in order to easily place it in standby mode.

3.1.5 Office materials

In addition to the policies outlined above, in office management, resource stewardship is to be prioritized. When purchasing paper-based materials (e.g. printing paper, promotional materials, point of sale materials, sanitary paper, cardboard boxes), Forest Stewardship Council™ (FSC) materials are to be selected. Paper use should be reduced and waste paper reused and/or recycled.

3.1.6 Architecture

In the construction and refurbishment of Breitling premises, appropriate steps should be taken in the course of project planning and budgeting in order to implement best environmental practices, particularly as green building may require an additional investment. In preparing a project proposal, potentially higher upfront costs in addition to the long-term potential cost savings, health and environmental benefits, should be factored into an appropriate business case.

In implementing a construction or refurbishment project, the use of local teams and resources should be given preference in order to reduce the environmental impact of long-distance shipping, transportation, and travel. When shipping is necessary, train or sea freight should be prioritized and duly scheduled into project planning, as well as electrical vans or lorries.

In conceptualizing a project, end goals concerning building certification systems should be taken into account from the outset. Where relevant, projects should align their efforts with the achievement of a rigorous rating system including global and regional building certification such as Leadership in Energy and Environmental Design (LEED), Building Research Establishment Environmental Assessment Model (BREEAM), WELL, Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB), Minergie, or other relevant and similarly ambitious schemes. The structure of these certification systems, and the determinants of achieving these, should be considered when determining which measures should be taken in the construction process (e.g. installing heat recovery systems, lighting controls, low water devices, or showers to facilitate commute by bicycle).

In choosing materials, the impact of materials over the course of their lifespan is to be considered. Eco-friendly materials with low toxicity that are recyclable and locally sourced should be prioritized. Low volatile organic compound (VOC) content should be ensured for all types of sealants, sealant primers, adhesives, composite wood components, AgriFiber products, floor finishings, and coverings. When selecting plywood, reclaimed wood or FSC™-certified products should be used. When choosing plants for external or internal landscape, local native species are to be selected.

Whenever possible, alternative leathers should be prioritized, provided the specific materials selected present a lower environmental impact over their life cycle. When purchasing textile-based materials, the use of materials which have been sustainably produced from a social and environmental perspective should be prioritized.

Recycled materials shall be considered and, whenever feasible, the approach towards circular construction should be considered as well in order to adopt the practices with the greatest life cycle impact, from procurement to disposal and reuse.

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3.1.7 Logistics

In the use of all logistics services and products (e.g. packaging) worldwide, Breitling commits to the use of providers who take steps to reduce their environmental impact, duly providing reports of their impact in order to enable the sustainability reporting of Breitling and to track the impact of its logistics footprint. Where possible, sustainable transport options should be sought and prioritized (e.g. the use of electric vans for last mile delivery, sea and air freight using advanced and more efficient technology or alternative fuels). In packaging its goods, Breitling applies a mitigation hierarchy of avoiding, reducing, and recycling packaging materials.

3.1.8 Waste

Every effort should be taken from the outset to reduce waste and for all resulting waste, appropriate measures should be taken to ensure it is treated to the highest possible environmental standard. In particular, plastic consumption should be avoided whenever possible, and where used, appropriate recycling measures be implemented to adhere to our goal of being plastic-waste-free by 2025. Recycling should be ensured to treat waste streams at high volumes (e.g. paper products and plastics) and for harder to recycle materials, including e-waste and chemical waste, proper disposal and other means of treatment including recycling, shall be ensured.

3.1.9 Chemical management

The management of chemicals at any Breitling premises and for any purpose must occur in a manner in strict adherence with the policies of the local jurisdictions in which the operations occur, including, but not limited to, the provision of a chemical storage facility including limited access thereto, along with the provision of proper protective equipment to all with responsibility for handling the chemical substances. All activities in this regard must align with the European Union Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation, or other relevant local guidelines.

3.1.10 Plastics

The consumption of plastic-based materials is to be avoided whenever possible. This includes, but is not limited to, single-use plastics such as components for packaging or food and drink containers, operations and productions materials, and other implements. Employees should seek to identify plastic-free alternatives and to independently take steps in order to reduce their consumption of plastic on-site and more broadly if they so choose. In cooperation with suppliers, plastic-free alternatives should be sought and implemented. The use of polyvinyl chloride (PVC) is to be avoided at all costs given its toxicity and difficulty to recycle.

3.1.11 Travel

In planning business travel, it should be carefully considered whether the trip must occur, e.g., that the meetings contained in an itinerary do in fact require physical presence. Further reference in trip planning should be made to the Breitling Travel Policy. In order to aid greenhouse gas accounting and adhere to corporate regulations, all trips across entities must be purchased using official Breitling travel booking platforms.

When leasing or purchasing a car for official use, the purchase of electric vehicles is to be prioritized. Exceptions to the purchase of electric vehicles must be made in writing to the Chief Administration Officer and the Global Head of Facilities and HSE of Breitling and a compelling reason must be stated for an exception to be granted, which should seek at a minimum to use hybrid technology.

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3.1.12 Oceans policy

Breitling supports the stewardship of our oceans and will seek to minimize its impact on ocean ecosystems by reviewing practices across its value chain in order to assess key areas of impact and identify means of improvement. This includes, but is not limited to, raw material sourcing, waste management practices, and climate change impacts.

3.1.13 Water

When designing building infrastructure, efficient water use should be prioritized along with the implementation of relevant aspects to building design, including water-saving devices placed on water taps, or the use of grey water (e.g. gently used water from bathroom sinks or washing machines) and rainwater in sanitation installations. In addition to ensuring the sourcing of energy-efficient devices, water-efficient devices should also be prioritized in the purchase of all washing machines for production, food and drink, or any other installations. Where relevant, water-recycling measures should be in place. All steps will also be taken in order to ensure no water pollution occurs as a result of Breitling operations.

3.1.14 Biodiversity

Breitling supports the retention, restoration, and replacement of biodiversity. Breitling will seek to minimize its impact on biodiversity while using biological resources sustainably and continually strengthening its related management systems. In order to support its efforts in this regard, Breitling will also review the impact of its activities, particularly its sourcing activities, on related factors such as deforestation. Breitling supports the Convention on Biological Diversity (CBD) and the international agreements outlining its implementation including the Cartagena Protocol on Biosafety and the Nagoya Protocol.

3.1.15 Nature leave

Each Breitling employee is entitled to one day of leave per year to be spent in nature in a location of their choice. This day of leave is intended to facilitate the employee's connection to nature and the many benefits this entails, along with a greater connection to the planet and consideration of the conservation of its resources. In planning their day of nature leave, employees can consider local options to be in nature, or if travelling, doing so by bicycle or public transport. Employees are encouraged to use this day of leave to also provide a service to nature, for example, by collecting and properly recycling/disposing of trash using proper sanitary protection in the course of the day.



4. People

The values with which we conduct ourselves as individuals at Breitling are laid out in the Breitling Employee Code of Conduct, which this ESG Policy references in its entirety concerning all topics raised therein. In addition to these and references made to the treatment of human rights in the Breitling Supplier Code of Conduct, Breitling explicitly states herein its approach to the treatment of all its people and stakeholders, be they customers, employees, business partners, civil society, and participants along its value chain, including the communities in which Breitling operates.

Breitling adheres to all relevant employment, labor and human rights laws, industry standards, and international norms across its business activities and operations. Breitling employees are encouraged to report any suspected or potential misconduct to the Speak Up line, information regarding which is available to every employee at each Breitling entity.

4.1 Supporting sustainability success

In order to support our overall efforts incorporated in this document, ESG performance is also used in determining the performance award pool across Breitling, measured against key sustainability focus areas outlined herein.

4.2 Human rights policy

Breitling is committed to upholding the United Nations Universal Declaration of Human Rights. Pursuant to the UNGC principles 1 and 2, Breitling is committed to supporting and respecting the protection of internationally proclaimed human rights and ensuring that neither Breitling SA and its subsidiaries, nor its business partners, are complicit in human rights abuses. Breitling is resolutely opposed to any and all forms of abuse or physical punishment, human trafficking, or forced labor, including child labor.

4.2.1 Freedom of association

Pursuant to UNGC principles 3, 4, and 5, Breitling upholds freedom of association and recognizes the right to collective bargaining.

4.2.2 Zero tolerance for forced labor

Breitling is strictly opposed to all forms of forced and compulsory labor, including child labor, in its direct operations and along its value chain. It will regularly assess its own operations, and those of its key suppliers, concerning the risk of forced labor.

4.2.3 No discrimination

As an inclusive brand, Breitling stands resolutely to eliminate discrimination in respect of employment and occupation, pursuant to UNGC principle 6. It is strictly opposed to any form of discrimination in the selection of employees or business partners, in addition to any type of discrimination with regards to recruitment, retention, training, promotion, appraisal, compensation, or termination of employees. This includes discrimination on the basis of gender, race, national origin, sexual orientation, religion, disability, or any other illegal basis. Breitling does not condone any form of discrimination, harassment, or bullying.



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4.2.4 Indigenous peoples

In the conduct of all its business activities, Breitling will respect the rights of indigenous peoples. Breitling recognizes, promotes, and respects the rights of indigenous people to own, use, develop, and control all lands, territories, and resources in their possession along with their cultural and spiritual heritages and values. When indigenous peoples are impacted by its activities, Breitling commits to apply the principle of free, prior, and informed consent and to continuously engage and inform them throughout the activities impacting them.

4.3 Grievance mechanism

In order to support a culture of speaking up, Breitling has established a grievance mechanism using the Speak Up platform, where all employees irrespective of their place of work can report any suspected breach of laws or internal policies. Through this platform, employees can report anonymously or choose to disclose their identity in their own language by phone or via the website. Reports are handled fully confidentially and good faith reports can be submitted without fear of retribution.

4.4 Community engagement policy

Breitling will support the communities in which it operates globally, with a focus on initiatives that seek to address socioeconomic inequalities, environmental protection, and economic development. Breitling employees are furthermore encouraged to contribute to their communities and each staff member is entitled to one day of paid leave per year in order to participate in officially organized or management-approved, individually arranged volunteer events.

4.5 Health and safety and security policy

Breitling is committed to protecting and guaranteeing the health and safety of all its employees. The Health, Safety, and Environment Manager is responsible for overseeing the implementation of the Breitling Health Management Program. Safety and security risks in the workplace as well as physical security are managed by the Facility Manager. In order to achieve a robust management of health and safety, employees are provided with relevant health and safety information along with training and guidance; proper design and maintenance of operating equipment is ensured; fire protection, first aid, and evacuation procedures are in place; physical security and surveillance measures are taken; and corrective actions are continually reviewed and implemented.



5. Governance

In all its business activities across countries and regions, Breitling complies with local, national, and international laws and regulations in letter and spirit and conducts all its business operations with integrity, respect and responsibility. Breitling works against corruption in all its forms, including extortion and bribery, in line with the UNGC principle 10 and as further outlined in a complementary manner in the Breitling Employee Code of Conduct and the Breitling Supplier Code of Conduct.

Our double materiality assessment forms the basis for identifying and prioritizing material topics, which are duly managed to assess progress. Our sustainability strategy and targets are defined by the CEO and the executive management and reviewed by the ESG Committee of the Board of Directors. Our sustainability performance against targets is measured with key performance indicators which are reviewed together with the progress on key initiatives and ESG topics at least quarterly by management and the ESG Committee, which in turn reports to the Board of Directors after each meeting – these happen on a quarterly basis or more often as needed.

The chairman of the ESG Committee has responsibility for ESG, including climate change, at the board level, whereas the Chief Administrative Officer manages ESG at executive management level. The Global Head of Sustainability is a dedicated senior management position and responsible for formulating and implementing our sustainability roadmap and initiatives. The role is further supported in the department by a Sustainability Specialist and a Sustainability Graduate, along with numerous horizontal collaboration partners across the organization.

The organization as well as the duties and competences of the executive bodies of Breitling are set out in the Organizational Regulations of the Breitling Group. Breitling operates a compliance management framework based on regular compliance risk assessments and deploys Employee and Supplier Codes of Conduct, relevant policies and procedures, as well as corresponding training and audits. These are conducted by Breitling itself or by authorized counterparts with specialization in the topic concerned.

Breitling is committed to conducting all its business activities in a manner that respects all applicable laws along with best practices of good corporate governance. In addition, the application of this ESG Policy is intended to guide actions in cases where applicable regulations may be less strict.



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6. Effective Date and Review

This policy became effective in June 2021 upon its approval by the Board of Directors on May 26, 2021. Breitling will continuously evaluate the overall performance of this policy based upon the objectives established herein. The annual Breitling Sustainability Mission Report and the Breitling Strategic Plan underpin the ESG Policy which is subject to the Board of Directors' approval. If necessary, appropriate incremental amendments to the policy will be considered and approved by the CEO of Breitling. This version of the policy was approved by the CEO of Breitling on October 19, 2022.

1. Appendix

Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas, Annex 2 of the third edition of the OECD [Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#).

1. ANNEX II

Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas¹

Recognizing that risks of significant adverse impacts which may be associated with extracting, trading, handling, and exporting minerals from conflict-affected and high-risk areas, and recognizing that we have a responsibility to respect human rights and not contribute to conflict, we commit to adopt, widely disseminate, and incorporate in contracts and/or agreements with suppliers the following policy on responsible sourcing of minerals from conflict-affected and high-risk areas, as representing a common reference for conflict-sensitive sourcing practices and suppliers' risk awareness from the point of extraction until end user. We commit to refraining from any action which contributes to the financing of conflict and we commit to comply with relevant United Nations sanctions resolutions or, where applicable, domestic laws implementing such resolutions.

Regarding serious abuses associated with the extraction, transport, or trade of minerals:

1. While sourcing from, or operating in, conflict-affected and high-risk areas, we will neither tolerate nor by any means profit from, contribute to, assist with, or facilitate the commission by any party of:
 - i. any forms of torture, cruel, inhuman, and degrading treatment;
 - ii. any forms of forced or compulsory labor, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
 - iii. the worst forms of child labor;²
 - iv. other gross human rights violations and abuses such as widespread sexual violence;
 - v. war crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide

Regarding risk management of serious abuses:

2. We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses as defined in paragraph 1.

Regarding direct or indirect support to non-state armed groups³

3. We will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling, or export of minerals. "Direct or indirect support" to non-state armed groups through the extraction, transport, trade, handling, or export of minerals includes, but is not limited to, procuring minerals from, making

¹ This Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas is intended to provide a common reference for all actors throughout the entire mineral supply chain. Companies are encouraged to incorporate the model policy into their existing policies on corporate social responsibility, sustainability, or an alternative equivalent.

² See ILO Convention No. 182 on the Worst Forms of Child Labour [1999].

³ To identify non-state armed groups, companies should refer to relevant United Nations Security Council resolutions.

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payments to, or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who:⁴

- i. illegally control mine sites or otherwise control transportation routes, points where minerals are traded, and upstream actors in the supply chain,⁵ and/or
- ii. illegally tax or extort⁶ money or minerals at points of access to mine sites, along transportation routes, or at points where minerals are traded; and/or
- iii. illegally tax or extort intermediaries, export companies, or international traders.
- iv. See ILO Convention No. 182 on the Worst Forms of Child Labour [1999].
- v. To identify non-state armed groups, companies should refer to relevant United Nations Security Council resolutions.

Regarding risk management of direct or indirect support to non-state armed groups:

4. We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups as defined in paragraph 3.

Regarding public or private security forces:

5. We agree to eliminate, in accordance with paragraph 10, direct or indirect support to public or private security forces who illegally control mine sites, transportation routes, and upstream actors in the supply chain; illegally tax or extort money or minerals at point of access to mine sites, along transportation routes, or at points where minerals are traded; or illegally tax or extort intermediaries, export companies, or international traders.⁷
6. We recognize that the role of public or private security forces at the mine sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment, and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.
7. Where we or any company in our supply chain contract public or private security forces, we commit to or will require that such security forces will be engaged in accordance with the Voluntary Principles on Security and Human Rights. In particular, we will support or take steps, to adopt screening policies to ensure that individuals or units of security forces that are known to have been responsible for gross human rights abuses will not be hired.
8. We will support efforts, or take steps, to engage with central or local authorities, international organizations, and civil society organizations to contribute to workable solutions on how transparency, proportionality, and accountability in payments made to public security forces for the provision of security could be improved.

⁴“Affiliates” includes negotiants, consolidators, intermediaries, and others in the supply chain that work directly with armed groups to facilitate the extraction, trade, or handling of minerals.

⁵“Control” of mines, transportation routes, points where minerals are traded, and upstream actors in the supply chain means *i)* overseeing extraction, including by granting access to mine sites and/or coordinating downstream sales to intermediaries, export companies, or international traders; *ii)* making recourse to any forms of forced or compulsory labor to mine, transport, trade, or sell minerals; or *iii)* acting as a director or officer of, or holding beneficial or other ownership interests in, upstream companies or mines.

⁶“Extort” from mines, transportation routes, points where minerals are traded, or upstream companies means the demanding, under the threat of violence or any other penalty, and for which the person has not voluntarily offered, sums of money or minerals, often in return for granting access to exploit the mine site, access transportation routes, or to transport, purchase, or sell minerals.

⁷“Direct or indirect support” does not refer to legally required forms of support, including legal taxes, fees, and/or royalties that companies pay to the government of a country in which they operate [see paragraph 13 below on disclosure of such payments].

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9. We will support efforts, or take steps, to engage with local authorities, international organizations, and civil society organizations to avoid or minimize the exposure of vulnerable groups, in particular, artisanal miners where minerals in the supply chain are extracted through artisanal or small-scale mining, to adverse impacts associated with the presence of security forces, public or private, on mine sites.

Regarding risk management of public or private security forces:

10. In accordance with the specific position of the company in the supply chain, we will immediately devise, adopt, and implement a risk management plan with upstream suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces, as identified in paragraph 5, where we identify that such a reasonable risk exists. In such cases, we will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation within six months from the adoption of the risk management plan.⁸ Where we identify a reasonable risk of activities inconsistent with paragraphs 8 and 9, we will respond in the same vein.

Regarding bribery and fraudulent misrepresentation of the origin of minerals:

11. We will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export.⁹

Regarding money laundering:

12. We will support efforts, or take steps, to contribute to the effective elimination of money laundering where we identify a reasonable risk of money-laundering resulting from, or connected to, the extraction, trade, handling, transport, or export of minerals derived from the illegal taxation or extortion of minerals at points of access to mine sites, along transportation routes, or at points where minerals are traded by upstream suppliers.

Regarding the payment of taxes, fees, and royalties to governments:

13. We will ensure that all taxes, fees, and royalties related to mineral extraction, trade, and export from conflict-affected and high-risk areas are paid to governments and, in accordance with the company's position in the supply chain, we commit to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI).

Regarding risk management of bribery and fraudulent misrepresentation of the origin of minerals, money-laundering, and payment of taxes, fees, and royalties to governments:

14. In accordance with the specific position of the company in the supply chain, we commit to engage with suppliers, central or local governmental authorities, international organizations, civil society, and affected third parties, as

⁸As detailed in Step 3[D] of Annex I, companies should conduct an additional risk assessment on those risks requiring mitigation after the adoption of the risk management plan. If within six months from the adoption of the risk management plan there is no significant measurable improvement to prevent or mitigate the risk of direct or indirect support to public or private security forces, as identified in paragraph 5, companies should suspend or discontinue engagement with the supplier for a minimum of three months. Suspension may be accompanied by a revised risk management plan, stating the performance objectives for progressive improvement that should be met before resuming the trade relationship.

⁹See the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions [1997]; and the United Nations Convention against Corruption [2004].



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appropriate, to improve and track performance with a view to preventing or mitigating risks of adverse impacts through measurable steps taken in reasonable timescales. We will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation.¹⁰

¹⁰ As detailed in Step 3[D] of Annex I, companies should conduct an additional risk assessment on those risks requiring mitigation after the adoption of the risk management plan. If within six months from the adoption of the risk management plan there is no significant measurable improvement to prevent or mitigate the risks of bribery and fraudulent misrepresentation of the origin of minerals, money-laundering and payment of taxes, fees, and royalties to governments, companies should suspend or discontinue engagement with the supplier for a minimum of three months. Suspension may be accompanied by a revised risk management plan, stating the performance objectives for progressive improvement that should be met before resuming the trade relationship.