

AURELIA FIGUEROA, CSO OF BREITLING



FOREWORD

Transparency is a vital input for sustainable transformation. It is a powerful signal of accepting and acknowledging, without shame, the status quo. In my opinion, this deeply matters because only once we have done this, can we move forward. Furthermore, this process establishes both a baseline and a key enabling condition for urgently realizing progress for sustainability. It allows for exchanges to develop pathways towards progress, thereby establishing the essential aspects of accountability and trust. Transparency's partner in progress is traceability, a powerful, fact-based means of consumer and broader community engagement that builds value across sectors, particularly in the luxury sector. Together, transparency and traceability are powerful elements to build trust, credibility, authenticity and ultimately, brand value.



KEYSTONES FOR SUSTAINABILITY

At Breitling, our decision to transition to a traceability-based business model was founded on our values and guided by the inclusive input of our global community from our inaugural double materiality assessment in 2020. We find it to be futureproofed in several ways. It anticipates societal and consumer demands, which research continually points to be increasing with regards to transparency and traceability. The second is the introduction of numerous regulations, for which traceability is a key enabling factor for compliance.

Traceability is an essential foundation for our engagement across our pillars of progress, prosperity, planet, people and governance. We have experienced clear near-term and ongoing returns on the proactive investments we have made in terms of consumer and market relevance and regulatory adherence and recognize this as a validation of our industry-leading shift towards the traceability-based business model. It enables us to engage with the communities across our value chain and understand our role as a member of these systems, working together to craft opportunities for shared resilience.

It allows us to establish high-quality, primary data of our environmental and social impact and establishes the baseline upon which we report. And it enables us to transparently share our efforts with our customers and global stakeholders, building trust and brand value along the way.

Many materials we source are commodities, and commonly processed in a manner that does not allow for traceability. This has required us, and our value chain partners, to fundamentally redesign operating methods. It is thanks to this pioneering collaboration that we have been able to transform supply chain systems and work towards integrating traceable artisanal gold and lab-grown diamonds across our collection, an important starting point on our broader traceability journey. Most importantly, it has strengthened our relationships along these supply chains, with our efforts made based on shared values.



TRANSPARENCY AND TRACEABILITY FOR VALUE CREATION

A keystone of our efforts as a Squad on a Mission to do Better is enabling traceability to attest to the social and environmental impacts across our sphere of influence. In 2022, we launched this important mission to the public with the release of Super Chronomat 38 Origins, our first watch to contain traceable artisanal and small-scale gold and traceable lab-grown diamonds, the materials within our overall supply chain with the greatest potential to have meaningful social and environmental impact. With this, we released our first enhanced traceability non-fungible token (NFT), complementing that already provided to Breitling owners in an industry-leading move in 2020. Complementing this NFT was our publicly available supply chain transparency through our independent verification conducted by Sourcemap, a leader in supply chain traceability.

Among other factors, it allows us to benefit from a first mover advantage amidst growing sustainability consciousness in luxury demand.

Our early efforts in this space, based on competitiveness rather than compliance, were values-based, enabling an authentic approach to this key topic, that in turn allows us to communicate our brand values in a powerful and tangible manner. Transparency and the trust it fosters drives brand loyalty. Meanwhile, the ease of traceability we offer our customers through our digital product passports facilitates resale and boosts our certified preowned program.

In addition to this, the proactive investments we have made since 2020 place Breitling in an advanced position to facilitate timely uptake of key guidelines, including the Corporate Sustainability Reporting Directive and the Corporate Sustainability Due Diligence Directive, to name just two examples. Finally, traceability underpins the ongoing improvement of full-scope risk mitigation across the supply chain, through the greater understanding we have developed through these efforts.



THIS IS JUST THE BEGINNING

We have made meaningful strides towards achieving supply chain transformation – in concert with our highly valued partners. This will enable us to navigate towards our ambitious and industry-leading targets of achieving traceable gold and diamonds across our main collection products by March 2026. Given the benefits listed above, we are continuing to expand our approach to the traceability-based business model across our business activities and informed from a risk-based perspective in order to prioritize our efforts to trace and engage with our value chain.

We are incredibly grateful for the opportunity these efforts have afforded us to engage with the communities along our global value chains. We have, for example, been able to support education in a remote community in Colombia in collaboration with the Swiss Better Gold Association that has enabled access to education across ages.

This has been one of our key accomplishments, among other objectives related to environmental and social impact. Together with my colleagues I have the opportunity to regularly visit mining communities in South America and with each visit, it underlines the importance of our engagement and the value we can create together in this vital industry.

Along our lab-grown diamond value chain, we have been able to support inspiring social impact leaders through a tailored leadership education program developed in concert with Amani Institute. These social impact leaders in turn impact their communities, through their diverse and meaningful activities related to childhood education, women's economic empowerment, environmental protection, and others. It is just the beginning of our efforts, and we look forward to continuing to refine our approach in close collaboration with our fellow community members.

TRANSPARENCY AND TRACEABILITY FOR TRANSFORMATION

Our experience has clearly demonstrated the transformative capacity of transparency and traceability for sustainability. They have been catalysts for growth, driving momentum across the full range of our sustainability objectives. They have created value for our brand by building trust, credibility and authenticity while proactively responding to consumer demands. And they anticipated key regulations, allowing us to act from a position of competitiveness rather than compliance. If you are interested in learning more about our efforts, please read our latest Sustainability Mission Report, available at [Breitling.com](https://www.breitling.com).