

HSBC PRIVATE BANKING

Host: Jackie Mau
Moderator: Cynthia Lee
Speaker: NADJA SWAROVSKI
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OPERATOR: This is Conference # 4632976

Jackie Mau: Hello everybody. My name is Jackie Mau and I am the Regional Head of the Ultra-High Net-Worth Business for HSBC Private Banking. Hello and welcome to this very special HSBC event.

We're here today for the first of the three exclusive Virtual Masterclasses. Today the Introductory Series is with our very inspirational business woman, and committed philanthropist Nadja Swarovski. So Nadja is going to give us and explain to us how her passion and purpose to reshape Flapper with a long-term commitment to giving.

So over the next hour we will have our colleague Cynthia Lee, Cynthia is our Managing Director, Regional Head of Wealth Planning and Advisory for Asia-Pacific HSBC Private Banking. She will be having a conversation with Nadja and share with you on how Nadja will be able to do this in a very passionate way.

So you have a chance to ask Nadja some questions as well so a kind reminder there is a little green Q&A box on the screen, feel free to post any questions as you may have for Nadja.

And so after the session we hope to be able to gain insights and ideas that can help you inspire to find a personal values and passion on how these can align with your family values, wealth, and vice versa.

So without further ado I'll pass the time to Cynthia and Nadja.

Cynthia?

Cynthia Lee: Thank you very much Jackie, yes.

Well it is of such a great honor today you know, for us to be able to host you know, you Ms. Nadja Swarovski to be you know, the first you know, guest speaker for series of our Next Generation Masterclass.

Now I'm sure you know, Nadja probably needs no introduction and I am mindful of the fact that I probably wouldn't do her justice you know, in terms of trying to you know, introduce her but I do want if I may therefore you know, we start the conversation a little bit of a fireside chat you know, with Nadja just to highlight you know, maybe a few facts about Nadja for the – for the – for the benefit of the audience which you might not know.

So Nadja in fact represents you know, the Fifth Generation of the you know, Swarovski family and a very, very coincidentally I think she joined the family business and the family company in the year 1995 which is exactly you know, at that time, a hundred years you know, after the business was founded by her great, great, great – great-great-grandfather, you know, Mr. Daniel Swarovski.

You know, in addition you know, you know, obviously Nadja is this you know, in the – she's a member of the Executive Board of the Company and she helps lead the Global Branch Strategy and Communications of the business.

Now we'll be also as we carry along the conversation talk a little bit about Nadja chair – chairwomanship, you know, in the Swarovski Foundation and a lot of the great things that she has done you know, you know, on the Company but also you know, alongside you know, with the Foundation.

So Nadja, good morning to you. You have a very lovely background, nicely set you know, which is very refreshing you know, for all of us.

May I start by asking a question that I usually ask you know, for family members or for fifth generation of family members that I met for the first time. You think your intention or did it you know, ever is you know, for you until started you know, in your family business or at a time you know, what are your thoughts along those things, yes?

Nadja Swarovski: Well Cynthia, first of all can I just say, it's such a pleasure to be here with you. Thank you so much for asking me. It's such an honor. I really appreciate and respect your Bank and I love the building you're in. From my days living in Hong Kong it was always a very, very impressive building to walk past.

But and yes now I don't know if you can hear it ...

Cynthia Lee: Yes.

Nadja Swarovski: ... but it's very fresh outside and starting to rain, cats and dogs. I might have to close a window in a minute.

But in any case yes it's interesting that you asked that question, did I ever wanted to join the family business. So you know, I am the fifth generation and I come from the side of the family which you know, the business was started by my great-great-grandfather, Daniel Swarovski, who came from Bohemia which is now the Czech Republic but back then it was part of Germany and Bohemia was indigenous to crystal cutting so everyone was cutting crystal including Daniel Swarovski.

But he actually invented a machine that could cut crystals faster, and less amount of – with greater quality in greater quantity and he thought he needed to take this machine and take it away from his competition and that is why he moved to Austria.

You know, he was actually in immigrant so to speak coming as a German to Austria so that was already a big issue for him and he was the employer of all the people in the town that he settled in.

And I think that fact is so important you know, because it really kind of shaped his attitude towards giving, towards inclusion; diversity was already a big topic, him being that immigrant. But most importantly everything was based on hard work so everyone was involved in building this business, Daniel Swarovski, his three sons, his wife; his wife would cook for everyone and that (kind of) support evolved into eventually creating an entire canteen for all the factory workers.

Within five years he employed 100 people and then that evolved into creating housing for the employees, encouraging them to have their gardens; he developed a cycling club just to make sure that there was tremendous unity; he developed a band, so you know, he was very, very closely knit with his colleagues and coworkers as he called them. He didn't call them employees, he called them coworkers.

And he really ...

Cynthia Lee: Yes, yes.

Nadja Swarovski: ... (inaudible) that actually you can only achieve lasting success if you don't just think of yourself but think of others, and that means your colleagues, your coworkers but also most importantly the customer in the case of business.

And in the case of the customer you know, at that time in 1895 we saw diamonds but those diamonds were predominantly worn by royalty and he felt that he wants every woman to know what it feels like to wear a diamond by giving her an affordable diamond, and that's that crystal.

And I have to say, what he developed clearly – truly created a trend in the industry. We you know, see the Flapper era, we see all the beading and embroidery, you see the Art Deco era, suddenly became the stars of the silver screen you know, where you really saw a lot of crystal use, anything that – in the films that was meant to be a diamond was nothing but a crystal from – for us to (inaudible).

And then eventually the style icons happened in Paris in the '40s, you know, "Coco" Chanel, Christian Dior, and these are all people that my great-great-grandfather worked with, but what I really latched onto and what really motivated me was his very kind of humane attitude to empower women, to empower women to feel great and to feel glamorous and to adorn themselves you know.

So to grow up in that kind of environment with those values always instill an incredible sense of pride within myself.

So the son that Daniel Swarovski had, my great-grandfather he was ...

Cynthia Lee: Grandfather, yes?

Nadja Swarovski: ... I come from the engineering side of the family and lastly was my father who was really running our plant in Austria for 45 years, before that was my grandfather, and our houses literally next to the factory. I mean I would look out my window and saw the factory and the big Swarovski sign so I feel like I grew up with Swarovski in my forehead. It was all about Swarovski.

So to answer your question, secretly, yes. I had tremendous motivation from my forefathers, yet and as a token I felt, well, maybe there's something else besides this town and Swarovski family and business.

And I also would like to mention that I was – I am a woman so quite frankly there was no expectation of a woman and I'm the fifth generation to work in the business.

So I felt it was really important for me to leave home to study abroad, to really find my own identity and find my true calling and find my passion so having grown up in Austria in this town where my father employed the parents of my friends which was a big challenge you know, because I just wanted to be not the child of my parents – of my children's – of my friends parent's employer, I wanted to be the friend. I wanted to be equal. I wanted to be one of them ...

Cynthia Lee: (Right).

Nadja Swarovski: ... and sometimes that didn't happen. They didn't treat me like one of them.

And I just felt a weight, just I am who I am, by putting something on my shoulders so it was really important for me to get away.

So I went to Germany, went to boarding school, and then eventually went to boarding school in Massachusetts; eventually I studied in the United States and my name was Nadja S., because people could not pronounce the name Swarovski. And you know, why? I loved it because suddenly people saw me for Nadja, not the Swarovski fifth generation you know, family member and it was wonderful.

And then I found my passion in art history and foreign languages and that's what I studied. And then after university I went to New York and continued their at Sotheby's and at Gagosian Gallery. And you know, it was such a – and this is certainly something that I encourage my children to do or any young – the young generation, find your passion, find what you're really good at you know, and find that self-confidence, then also in getting good grades.

And – but I think the most important thing is to combine that intellect with your heart so your passion because that gives you unlimited energy and motivation. And then fuel that will education, and become very good at it.

So then eventually in New York I worked for other different firms. I worked – I was exposed to the fashion industry via Eleanor Lambert who is considered the doyenne of American ...

Cynthia Lee: Right.

Nadja Swarovski: ... creations and ...

Cynthia Lee: Yes.

Nadja Swarovski: ... you know, we had come – client such as Tiffany's so it was the one of – who exposed me to you know, to this wonderful company Tiffany's that I admire and adore. And again talking about history and heritage, Tiffany's is

incredible and it's incredible to see how Tiffany's has evolved you know, from originally being a lamp manufacturer, not a jewelry ...

Cynthia Lee: Yes.

Nadja Swarovski: ... manufacturer or you know,.

And then also I found myself working and representing family businesses in fashion such as the Mussolini family, the (Trussardi) family, and Valentino and I thought what am I doing in New York City representing European family businesses with their roots in fashion. And that was my aha moment. I thought, well wait a minute, I have a family business, it's roots are in fashion, we're European, let's look at that.

And this was at a time – this was 1993-'94 –'92, '93, '94 when Swarovski was really known for its crystal figurines, and that nobody was talking about our heritage in fashion you know, and this is where I thought about the collaboration that my grandfather used to tell me about, "Coco" Chanel herself, and Christian Dior, and I thought well where are the Chaneles and the Christian Diors of the world.

So that was my motivation. I thought no, our heritage and I have to bring Swarovski back to that and I really – I started to look around in the fashion industry and you know, I was looking for my grandfather's equivalent of Dior and I found that in being – within the man Alexander McQueen.

Alexander McQueen was an unknown, young designer. He didn't have money. He needed financial support and you know, what we needed, we needed creativity. We needed somebody who could demonstrate how beautiful you could use that crystal within fashion. So we supported him. That support was nothing.

But it just shows you how far a little bit of financial support can go you know, and this really kind of – what Alexander McQueen did was the crystal on the catwalk, certainly unleashed a trend and all these other designers wanted to be like him and that man used Swarovski crystals.

So you know, and it had a financial impact and it repositioned the company back into fashion. And it had a brand impact but what was very interesting for me is you know, I finally felt that I could contribute to the family business because I went away, I got my credibility, I got my education, and I came back with talent that I had, that I was passionate about, and then I could bring into the company in order to have the company evolve.

So this is really – I think it's really important you know, to have the education and to have the experience.

And then you know, what happened with fashion, we also did the same thing with jewelry. We found young emerging jewelry designers, supported them, made it about them not about Swarovski because as I ...

Cynthia Lee: Right.

Nadja Swarovski: ... (inaudible) them, it reflect back on us anyway you know, and these – I have to say my art history background really allowed me to evaluate and find talent. You know, and I have to say, I have a fantastic team. I had a fantastic team around me.

We – it's been amazing to watch how a lot of these young designers that we have supported, who were totally unknown have become success stories. You know, we gave them a little nudge. We gave them financial support. We gave them the crystal to work with because crystals really – was really associated with Haute Couture, so as an emerging designer that suddenly had the material to work with that seems expensive, just elevated them.

But sometimes you know, that extra funding for a better photographer for the fashion show or funding to even be – able to participate during Fashion Week make such a difference in terms of the exposure for these designers.

And then we moved on to the chandelier business. You know, we did the same thing with ...

Cynthia Lee: Yes.

Nadja Swarovski: ... (designers) people like Gigi Hadeed or Ron Arad, and I'll – a lot of these designers I have to say, said to me, "No. Why would I want to work with you? You do that swan. You make that duck. That has nothing to do with architecture." And I said, "No, no, no. it's crystal that we do." And crystal could be very important to you and your creations because it's nothing but a lens that captures the light and refracts it.

And this was when again where I've actually – I didn't know how much I knew about crystal but I realize how much I actually was learning from my father and my grandfather you know, they would take me to the factory, every day, every weekend – every week and I had to go to the museum with my father. And no, it wasn't an art museum, it was really the technical museum where we looked at steam engines.

But I felt you know, the technical knowledge about the crystal made the selling proposition very neutral to the designers. You know, and the designers are the imperatives. They don't want anyone to interfere with their ethos and their creative vision. So this is where we were then able to shape the conversation and say, well here is a technical material that will help your overall creation.

And ...

Cynthia Lee: Well, that is – yes, sorry, yes?

Nadja Swarovski: ... No. I just wanted to say ...

Cynthia Lee: Go on.

Nadja Swarovski: ... all these ...

Cynthia Lee: Yes.

Nadja Swarovski: ... initiatives ...

Cynthia Lee: Yes.

Nadja Swarovski: ... exercises also helped propel the brand into different areas, you know, into (inaudible), into design but then the designers became the ambassadors of Swarovski, the storytellers and it made the entire brand repositioning very authentic.

And you know, I think what the designers (inaudible) about Swarovski, that we are such an old business. We are a family business. We're from Austria and we have a tremendous care and consideration for quality.

So you know, the values here. The values of the Swarovski from day one have been very important to work with the right designers and you know, because you – they take your values and embed them in their work. And when the values match you know, when your values are the same values of the designers, inevitably the product is successful.

Cynthia Lee: Absolutely.

Well thank you so much you know, for sharing you know, the fascinating story.

I suppose you know, a lot of this is going to be very – relevant to the audience. As you know, we are opening this you know, for not just you know, our European so if like you know, clients but also at the same time Asian clients and I think there will have you know, a lot of you know, what they can relate to you know, to your story in terms of growing up you know, in the family business, especially for those who are you know, in traditional manufacturing you know, seeing how you know, the father you know, the grandfather you know, do it all and at the end you know.

I mean I suppose a lucky thing is not many of you know, the – at least you know, the (succeeding) generations in Asia that I talked to would've had you know, this spirit of you know, I will say autonomy and independence you know, to go and you know, explore what they did want to do.

And then you know, hopefully through their experience professionally or in the business or just personal life to be able to enlighten them you know, to the aha moment you know, whether or not as you call it, whether or not they

wanted to be you know, part of the family business or you know, maybe you know, they have other better things that they wanted to achieve.

Unfortunately, maybe because of culture you know, many you know, in Asia might not be given the opportunity, they will almost feel a little bit mandated you know, you know, very you know, indirect way you know, as sometimes you know, the inherent culture for them you know, to have to come back and to help you know, with the family business.

So one of the things that we – Nadja, that we explore a lot you know, in sessions like this is – and obviously a lot of the audience here also are coming from family businesses irrespective whether you know, they are the second, third, fourth, you know, many of them would have been you know, from the (succeeding) you know, our next generation as we call them.

So this pursuit of you know, personal identity to your point about you know, we need to find the purpose in your life you know, which is obviously about the passion that we have and that drive us you know, to do greater things, whether or not that you know, intervened or you know, incorporate that back into the family business or whether or not it could be you know, starting a new business or just you know, taking on a different profession or be an expert in something else is critically important.

So I'm not sure you know, when it comes to purpose in life or self-identity whether you have you know, any thoughts you might want to share with the audience, yes?

Nadja Swarovski: Absolutely.

And I can totally understand that kind of cultural stigma. Actually and to be honest with you, I would've had that same restriction but as you can tell I'm half American. My mother's American and my father's Austrian, and if it hadn't been for my American mother, I probably would not have felt the liberation or taken the liberation actually to go abroad and studying America and do my thing and you know,.

But I think you know, that's just what I can just recommend to anyone. Go away. Distance yourself from the family and the yourself because what I'm still – seeing today in board meetings you know, and some of my (aunts) on the board, we need – I'm still the 4-year-old child that they knew back then.

And I think (inaudible) ...

Nadja Swarovski: ... (inaudible) ...

Cynthia Lee: Yes. You can't change ...

Cynthia Lee: ... that, (do they?).

Cynthia Lee: ... (inaudible) situations, I think it's really important to go away, find yourself, be equal with your peers but get to study and actually what's really important also is to get external working experience and have a successful (inaudible).

And then you can ...

Cynthia Lee: Yes.

Nadja Swarovski: ... come back (to the family) business with – on a different level with already the credibility that you might have received from the other company or from the industry that you're in you know.

And I think at least education is something that can't be prohibited, at least that you know, and what that will do is certainly gave that self-confidence.

And then also certainly to understand you know, obviously if you – if you're dealing about family business or businesses it has – you know, wealth is an issue and I think it's important to travel the world and see what's going on in order to almost understand how fortunate one is, how lucky one is and (in particular) that one has the ability of impact, of being in a position to have impact perhaps through one's finances or through the vehicle of the company.

Cynthia Lee: Yes.

Nadja Swarovski: And I think nowadays you know, in terms of values which you were talking about, I think you know, the young generation has the fortune to be so exposed to the values that have become more important internationally.

You know, you have institutions like the U.N. which have formulated the U.N. Global Compact which are the 10 principles that have to do with you know, labor laws, anti-corruption, equality, anti-slavery. You know, it is on paper. It is something that's out there. You know, one needs to have tremendous awareness about that.

Oh the U.N. also has principles for the U.N. Woman Empowerment Program. Those are seven principles where you know, equality is tremendously addressed. And you know, what we've done certainly what I've tried to do at Swarovski is use those principles and implement them in the Company and we've been able to launch these kinds of programs through our HR Department.

So you know, I think in family business, is a wonderful vehicle to implement values, even if the values are not so familiar to the previous generations you know, that (inaudible) not necessarily the norm but today it is and guess what? The law has changed, and certainly employment law has changed and I think the young generation needs to be absolutely aware of that.

And I think also that's a wonderful thing for a business that the young generation have. They can bring things in in order to make sure the company stays relevant. And that is really – you know, in my case it was really important to understand what are the fashion trends, what am I bringing back to the company, you know, how is a Zaha Hadid making Swarovski more relevant? Well by creating things that are in trend you know.

But then how can our HR Department be more relevant? Well, we see what – what's happening out there in the world, first of all, what are the HR rules and regulations but what's the U.N.'s saying and various other institutions.

Cynthia Lee: Well you reminded me about you know, usually you know, as family you know, the advice is you know, when we you know, were invited you know, to the first session to help you know, (inaudible) or you know, a facility, a family

meeting, there you see a game that we used to play, so we distribute out you know, little tiny cards you know, a little bit like you know, play cards but then there is a vocabulary on it which represents you know, a value.

But then what we didn't show is the color on the other side, and we ought to know whether it is three generations in the room you know, you know, the – collectively you know, 10 or 30 of them, to each pick 10 out of a deck of may be about 60 which they think these are firm values you know, they represent their family or their family business at the same time themselves.

And then what we do next is, a facilitator, we will ask them to turn to the other side of their card which shows the color. And then you know, immediately they can see you know, in the 10 cards that we do, and we try to tie it into a pyramid. You immediately see that usually a lot of the values that the patriarch, the matriarch you know, or the founding generation of the family pick is all to do with virtues like hard working, you know, diligence, honesty, and whereas you know, to your point, about you know, values also (show if) society has developed as and when you know, this progression happens.

The younger generation usually tend to pick more creativity themes are more innovative themes, so it was a very interesting exercise you know, that we usually do at the first meeting to try to get the family's aligned, and these new generations on their values.

But Nadja, if I can pick on you know, one point you know, that you mentioned which I think is very important. We talk a lot about you know, empowerment of women and obviously these days you know, the international institutions or banks or in most major corporate organizations or even broadly in professional context whether these are Big Fours you know, accountancy firms or law firms, or just generally speaking in businesses.

I think you know, this theme about you know, inclusion and diversity and the fact that you know, we need to look at you know, representation of women especially when they move higher up in the business, you know, is a very important theme.

And I recognize the fact that you are the lucky one. You were the first female representative to the executive for you know, of the family company. And just wondering you know, from your personal experience you know, whether you had any you know, (so if like any) wisdom you want to share you know, in this particular aspect about you know, gender equality and female representation, yes?

Nadja Swarovski: (Let's) – so interesting, it was an interesting journey I have to say. And as I mentioned earlier it wasn't expected that I would even be interested in the business but actually I just realized I have something to give and to contribute.

And when it came to you know, when the question arose about being on the Executive Board, my mission was really – it was never about power. It was about being in a position of impact. And so therefore I embrace that – I personally embrace that idea because I had ideas, I had you know, certain thoughts and initiatives that I wanted to implement in order to make Swarovski better, our impact better so you know, that's why I embraced being on the Executive Board.

But yes, what was very helpful was to have had a track record you know, and to really have the experience and have the knowledge of the business, and to truly make everyone understand that here's something that I can contribute to the business which will be very helpful.

So again ...

Cynthia Lee: Was it challenging at the beginning or do you (inaudible) so well with these, yes, (inaudible)?

Nadja Swarovski: Absolutely. And I think that the example that you just mentioned of you know, of how you work with the different family businesses you know, just to be very clear about what are the values, how are they prioritized, how do they differ, you know, just to have this conscious dialogue is so important, and we never have that. We never had that.

And I think – that's something that I think the fifth generation was really trying to work on and evolve. And actually we did work with – a spinoff of

the Cambridge Group which was started by John Davis from the Harvard Business School, and the German version ...

Cynthia Lee: Yes.

Nadja Swarovski: ... of (Companion) so that was ...

Cynthia Lee: Yes.

Nadja Swarovski: ... exercise of soul-searching and also you know, doing these personality profiles, how are we all interacting with each other and to be really be very clear about what's the strength of our executive board members and how can we (improve) together, stronger, and with the best contribution for the environment – for the Company.

But there were ...

Cynthia Lee: Now ...

Nadja Swarovski: ... challenges ...

Cynthia Lee: ... (inaudible) ...

Nadja Swarovski: ... there were always challenges you know, about then you just it's a matter of how do you – what you focus on. Yes, you focus on the challenges, you acknowledge it, you try to overcome it and then you really focus on what kind of positive impact you're trying to have.

Cynthia Lee: ... Yes. And it never hurts to communicate, communicate, and communicate, I suppose, yes?

Nadja Swarovski: Yes. For sure.

Cynthia Lee: Yes.

I also recognize that you founded the Swarovski Foundation, and you're also the Chairperson for the Foundation today. Can you share little bit with us you know, the work that the Foundation has undertaken? I know you talked a little

bit about you know, stuff like supporting young designers, introducing creativity and combining you know, what they do we know with obviously you know, the use of Swarovski's crystal et cetera but maybe a little bit more details in terms of you know, how you come up with this idea, and then eventually you know, how you take it forward and then – and where it is you know, where we are you know, with the Foundation today, yes?

Nadja Swarovski: And you know, so yes, we have in Swarovski the Younger Minds Community, so we thought you know, what, let's just create a Foundation and make it really official. And so ...

Cynthia Lee: Yes.

Nadja Swarovski: ... we created the Foundation in 2013 and with its charter but it can act internationally and you know, foundations are very – I appreciate the fact that they are very strict, stringent, you know, you have to have that annual audit, you have a (inaudible) protocol of how you hold the meetings and it is really about transparency of the work which I totally appreciate and then that links into the values also of the Company or the practices of the Company.

But – so we have within the Foundation developed focus areas, three. The first one is ...

Cynthia Lee: Yes.

Nadja Swarovski: ... we call it culture and creativity, that's where we really support the design schools and the designers but also education, we consider that education.

And then the middle pillar is environment, so we do a lot of initiatives that are supporting the environment. And then the third pillar is, we call it human empowerment but it's really focused on human empowerment. And we feel as women, as females are empowered, so humans are empowered you know.

And there are different initiatives but totally global, so the initiatives span from being – from doing fieldwork in Africa, in India but also in London you know, North America, so we're tapping into the various different societies and programs.

So for female empowerment for example, we are working with an organization called Women for Women which is an organization in Africa and its giving grants to women who have been widowed you know, there's so many war-torn (inaudible) ...

Cynthia Lee: Yes.

Nadja Swarovski: ... enabling them to build their own businesses or their own independence. And it's just amazing to see the growth and the self-confidence of these women. But how we then tie this into the organization is we have open up all the charities that we're supporting to our employees to become either volunteers, if it's something that's local, in London or New York, or be involved for example with women or – Women for Women, there is a ...

Cynthia Lee: Yes.

Nadja Swarovski: ... wonderful sister program which involves writing letters to each other.

So for a system Africa who is a widow, to get a letter of encouragement from (Jackia), who sits in London, you know, it's so powerful and impactful.

And that's another motto we have within the Foundation is that, "Money is not the only currency. Kindness is an incredibly powerful currency." And you know, we've noticed through the Foundation that actually our employees are so excited that Swarovski has a Foundation, that Swarovski has a very clear mission within the Foundation, and therefore that – the Volunteering Program has also been strong you know, and it's wonderful to see how people want to give.

We also have a Crisis Appeal which we ...

Cynthia Lee: Yes.

Nadja Swarovski: ... for which we collect money for the British Red Cross, the very different Red Cross' around the world, wherever there might be a crisis, for example a wildfire in Australia, or the earthquakes in Nepal, and we also open that up for

our employees. And you know, even if it's one euro or one dollar, that adds up and that can have an impact.

And I think it's been great to have the Foundation because the employees are also too busy often to think about giving ...

Cynthia Lee: Yes.

Nadja Swarovski: ... themselves so it's wonderful for the Company to be able to offer the various different organizations that we're supporting, and offer that up to the colleagues to support.

So that's – the Foundation also ties into a water – to our Waterschool, which we started 20 years ago and that ...

Cynthia Lee: Yes.

Nadja Swarovski: ... Waterschool is in – we have one in Shanghai, in Africa, in South America, North America, and in Austria, India Thailand. And the Waterschool really teaches the teachers how to educate the children about the various different water issues, whether the issue is scarcity, whether it's pollution, whether it's flooding.

Cynthia Lee: Yes.

Nadja Swarovski: What's been very interesting for us to see is, as we are teaching the children about water, it has an incredible impact on their own self-confidence because they're realizing that they as a human being, they as a (inaudible), through their behavior can have a positive impact.

It has nothing to do with money, so that I guess in certain cases takes away the sense of helplessness. And it increases their own worth and value. It's been amazing. We did not expect that that would be a side effect but it's been truly amazing.

And we have – in the mean time worked very closely with UCLA and their School of Theater, Film, and Television and they have ...

Cynthia Lee: Yes, yes.

Nadja Swarovski: ... created a movie called "Waterschool," which you can find on Netflix. And we've sent the students from UCLA through the world to document these Waterschools but really put the lens on girls and how these (inaudible) is about water (inaudible) and we call those students "Water Ambassadors."

And you will see if you have the chance to watch this movie, there's a wonderful – the chapter of the Waterschool in Shanghai is fantastic, and the little girl in Shanghai who is a water ambassador is amazing. I wouldn't be surprised if in the future she will be the president of China because she's very determined and she's very kind you know, and very smart.

So you know, it feels good for Swarovski to do these programs and to see that values obviously are driving it all and it feels so wonderful to see how people are empowered by doing work that are very strongly linked to the values.

Cynthia Lee: Well I'm not usually you know, a TV person but because of COVID you know, this year I just spend a lot of time and I believe you know, "Waterschool" is available on Netflix so you know, it is a very good documentary, so yes you know, it gives you all about the whole idea you know, and these little ambassadors, and what they're doing in terms of the environmental you know, preservation so yes. It (inaudible) me.

So we do have a lot of questions coming in but before you know, we'd wish to – another thing you know, for the audience you know, there is a little but you know, in your Zoom call so feel free to also send your questions and then we'll be able to you know, to get that to Nadja as well you know, shortly.

But before that you know, a little bit about stuff like – and I understand you're also a mother you know, of three children so maybe a little bit about your aspiration you know, or your expectations are your hopes for them pertaining obviously you know, involvement if any you know, for the family business or – and obviously they're all these great values you know, I think you know, everything you know, your great-grandfather say you know, to your grandfather, to your father, that you know, that is you know, still very much so you know, in the family.

And I think you know, these are all amazing (inaudible) you know, your including you know, I think you just quoted you know, your father's motto about that one has to strive to balance it oneself but only when you benefit others that you'll find success so there are a lot of these you know, values and minds with them so I'm just curious to know for how your role as a mother you know, how do you want these you know, to pass on to the younger generation, yes?

Nadja Swarovski: Absolutely. It's amazing I have to say, it's such an honor to be a mother first of all. You know, when I was pregnant with my first child, I met this Indian spiritualist who told me you know, you have no say in the matter of how your child will be because your child is a soul that has chosen you as the parent.

And I thought wow, that's so interesting. So actually I let my children be. And you know, what? They are amazing. I'm so honored I have them as my children and I learned so much from them on a daily basis so I'm just trying to guide them. And you know, I love the interaction of my children and my parents and I love it when my father tell stories you know, and of course he can only talk about Swarovski, I mean it is his life.

He's worked – I mean he's born and bred and raised Swarovski and you know, sometimes we're trying to like make him change the topic but no, so much wisdom you know, and certainly what I'm trying to make them realize you know, hard work. Hard work is what will bring success.

But again just as I was saying to you Cynthia, it (won't work if it) end up gets (inaudible) passion. I really was never encouraged to find my passion. You know, I'm really ...

Cynthia Lee: Yes. T

Nadja Swarovski: ... trying to encourage my children to find their passion and therefore I'm not surprised that the younger generation that you're dealing with as you were mentioning earlier, it's more about creativity and innovation; that's so important. That is so important for human development.

And then you can do the business and accounting and the math on top of that but I think creativity is a really strong self-expression, it's so important so ...

Cynthia Lee: Yes.

Nadja Swarovski: ... that's definitely what I'm trying to tell them.

And then I also just emphasized education. Education is so important. It gives you the self-confidence. You know, you – obviously it's a learning. And then also just you know, I tell them, they have to find their passion, study their passion, implement it, wherever in the world. That is what's going to give them their freedom. That is what going to make them independent of the family business, and also then feel, if they have something to contribute, fantastic, go and contribute.

If you want to do something else, that's it, you have – I feel very strongly about people being connected to their core, and doing what they are good at and love doing. That's the only way to be successful.

And I also believe, that's the only way not to be corrupt. I have a personal theory. I think corruption comes from not being good at your job and therefore having to cheat.

And then the question is, why are you in a job that you're not good at? Did somebody make you do that? Because we have the resources. We've got education. You have ...

Cynthia Lee: Yes.

Nadja Swarovski: ... your passion and your strength, so theoretically you should be able to be good. But in any case that's a whole other philosophical conversation but it comes back down to values. I mean that's just a logic – to me a given value, you know, ethics, integrity, honesty, consideration for other people. And there is no difference between personal values and corporate values.

Cynthia Lee: Yes.

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Nadja Swarovski: So you know, and I'm you know, being here – having my children in the U.K., I can see there's – the educational system in the U.K.'s very different than often the educational system. I really appreciate the values that the Brits have and I appreciate their ultimate role model, which is my hero and that's the Queen. I love it.

You know, I – really as a people to have the Queen as your role model, that's an inspiration. You know, and she's been amazing, and what she's gone through and how she has really kind of shaped the country, super.

So you know, I try to make my children aware of all these different leaders in the world, you know, listen to the news, what do you think about that person, what's your opinion, and try to listen to them. And they have very strong opinions.

And again, where saying well at home, you know, we are – we have television. There is so much information at peoples' fingertips so I also try to channel them because I know you know, the entire digital era is a big dilemma for us. I don't know if you've seen the movie, "Social Dilemma." It's frightening ...

Cynthia Lee: Absolutely. Yes.

Nadja Swarovski: ... I think every ...

Cynthia Lee: Yes.

Nadja Swarovski: ... parents (inaudible) ...

Cynthia Lee: I mean like all teenagers should watch that, yes, yes.

Nadja Swarovski: ... absolutely you know,. So ...

Cynthia Lee: Yes.

Nadja Swarovski: ... what ...

Cynthia Lee: Yes.

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Nadja Swarovski: ... and you can (inaudible) good things to see and educate yourself on so you know, ...

Cynthia Lee: Yes. Yes.

Nadja Swarovski: ... kind of let them do it.

Cynthia Lee: Thank you so much.

You reminded me you know, of a lunch that I had with a 80-year-old man you know, who is a great-grandfather you know, with a clan of you know, family members may be of you know, almost you know, 80 of them now you know, because he has many children.

And we are talking about you know, similar topics you know, from the 80-year-old Chinese entrepreneur, that was nothing from his perspective. He said he would say you know, my question to him at lunch really was you know, how do you equip you know, the younger generation in the family?

He said the first is health, so everyone should be very blessed you know, because you know, their parents give them a very healthy you know, body. The second thing exactly to your point is about values, is always you know, about the values and the beliefs you know, I think they will shape you know, their way of life and (inaudible).

He did put -- and maybe because he's Chinese, so he did put education as the third -- and you know, Chinese parents are you know, the (tiger) moms, you know, there were there like all over in terms of education.

And I think the fourth thing that he put is actually creativity, exactly to your point about you know, navigating the future world, you know, having their own thoughts you know, (debate to disagree) et cetera.

And the fifth one and the last one that he put is resource. He said you know, the family comes with resource you know, financial powers and all that but he said that he would put that at the very end.

And he said you know, you can give your children, all five of those in those priorities that he think a parent would've done you know, his or her job.

Nadja Swarovski: Yes.

Cynthia Lee: So ...

Nadja Swarovski: (That's very good. Yes.).

Cynthia Lee: ... (inaudible) because I think the audience are very fascinated you know, by your sharing and we do have you know, quite a number of questions coming in.

Maybe let me start a little bit you know, of a question in terms of the positioning of the business. So the question here was, what was your initial USP as a brand, and after moving from crystal cutting into jewelry, how did you market it you know, to reach a very wide you know, customer base and audience, yes?

Nadja Swarovski: Yes. No. So again I think that really linked into what Daniel Swarovski wanted to do is we give women the diamond so you know, so we certainly (inaudible) as you know, a product from Austria, very good quality but attainable for everyone.

And we've also coined the terminology, "affordable luxury." You know, it's supposed to be precious but it is also supposed to be attainable and affordable.

Cynthia Lee: Right.

There's a second bit of question that is slightly (relating to) – is also on the business model. So the audience – you mentioned about having the business to stay relevance, and a business model that might have worked in the past decade you know, may not be relevant today knowing that you know, we're in a pretty much you know, fast rapidly-changing world.

So the question then is you know, how do you make sure that the core business of Swarovski lives through the different ages, either that or would you become a conglomerate and use the capital that you have amassed you

know, in the previous decades to have more relevant growth companies you know, to join the group in the future, so what kind of thinking are you in that, yes?

Nadja Swarovski: Super question. And I would say yes to all. You know, I think that's a really great ...

Cynthia Lee: Yes.

Nadja Swarovski: ... the second part of the question, super great, growth strategy but in order to stay relevant I think is – innovation plays an important role, so innovation is worth what took Daniel Swarovski to even creating the company that he created because he went to the first Electricity Fair in Vienna in 1862, where he saw machines by Edison and by Siemens.

And so he implemented that learning into the machine that he built and everything was now automatic versus before, it was a lot of hand cutting. So he was taking the relevant, the new innovations, implemented that and modernized and that's also the challenge to us.

You know, certainly I know from my father, he kept on innovating the machines. You know, he made them sustainable. He implemented the filtration system on the chimneys, on the water you know, just really made sure that the manufacturing plant was clean. We are in a very clean environment so that was a very relevant topic. We were already there. Now sustainability is a major topic for all organizations.

And then of course, relevance – oh yes, so I think the next step for Swarovski is really hard-core Artificial Intelligence. You know, but I believe that teamed up with the human hand and the human heart and mind is really important. That's how you're going to create more products more efficiently and more environmentally friendly.

And then in terms of trends you know, you just have to understand the trends in order to be relevant. And so I started a little band called "(Appeal) Swarovski" and the latest collection of "(Appeal) Swarovski" is actually selling better this year than last year. And why is that?

We have been totally environmentally friendly and we're connected to one of our Foundation partners, so we have a beautiful collection by Susan Rockefeller who is from New York but she's a big nature preserver and she created a collection of bamboo, you know, connected to the (Blue Thunder) and ...

Cynthia Lee: Yes.

Nadja Swarovski: ... and you know, she's – so proceeds of that collection goes to the Nature Conservation – Nature Conservancy in China to their ...

Cynthia Lee: Yes.

Nadja Swarovski: ... (Nature Conservancy) Program.

Cynthia Lee: Yes.

Nadja Swarovski: But (inaudible) sustainable so the crystal is sustainable but also the way we manufacture the jewelry, and we are certified by the responsible Jewelry Council. And I think this is what our customers really appreciate, you know, the fact that we are certified and the fact that we're actually giving back to the environment.

So you have jewelry that's beautiful but actually that also still fulfills a cause. And I think – I mean to me – and I think to us now during this COVID time, environment, health, giving back ...

Cynthia Lee: Yes.

Nadja Swarovski: ... more than ever is totally relevant.

So you know, I think it's really important to be sensitive to what's happening in the world and in the environment and see how you can implement that into your business. And if it just a hard-core business-to-business you know, or if it's more machine tooling then it will be the sustainable manufacturing that's relevant.

And you know, to create that sustainability report and share that with the young generation that really cares about that, and will only buy from you if you have a sustainability report.

Cynthia Lee: Yes. Yes. Very articulated.

Nadja Swarovski: (Inaudible).

Cynthia Lee: Thank you. Yes.

No. So the next one is, Nadja thank you so much. This is fantastically insightful.

The audience would like to know as you mentioned you know, you have gone to great lengths to implement you know, the U.N. Sustainable Development goals within your organization together with the help of your HR teams.

So the question is at what point did you realize that you wanted to go even further you know, in terms of the impact and establish your Foundation, so a little bit of you know, understanding your thought process and how you arrive you know, and that decisive decision, yes?

Nadja Swarovski: You know, because we were just sitting – we were just realizing you know, what we're giving so much. And we're giving so much just from a corporate basis but it really qualified as giving from a foundation basis.

And then the Foundation also allowed us to give with like the product involved, those are the crystal involved but with our values implemented.

And we also realized you know, we have such a huge footprint, we're in a hundred and twenty different countries so we really kind of focused our efforts through those hundred and 20 different countries are to the offices that we have, we just realize Swarovski is in such an amazing position to have impact simply because of our international and global footprint. So you know, and it really went back to Daniel Swarovski's motto to think of other people.

And another element was you know, the theme on empowerment was really important because about 90 percent of our customers are women. We wanted

to show our customers that we care about them by supporting organizations that relate to them.

So the first three organizations we supported also were breast-cancer related you know, health-related and I just think that's so important for the customer to know that you're going beyond providing product to them, actually also supporting causes that matter to them.

And then also in the Foundation, we support countries where we have manufacturing plants. So for example we have manufacturing plants in Thailand and in Vietnam, so the Waterschool have active programs in those countries.

Also in India, you know, we have the manufacturing plant in India where we do all our pearls so ...

Cynthia Lee: Yes, yes.

Nadja Swarovski: ... that kind of already was a guiding light, how do we – where do we focus because you have the whole world to deal with you know, and so naturally it was these emerging countries. But then we thought, well wait a minute, look at North America. They're dealing with such (inaudible) so there's a little Waterschool program by the Mississippi River.

So you know, it's really – it was developed with the customer in mind. And you know, there is a really – there's a thread connecting the Foundation with the business. Of course you have to always make sure the Foundation – or the business doesn't take advantage of the Foundation and vice versa so that you have the separation. but from a philosophical and value-base point of view, they are connected.

So it was – the Foundation was a vehicle of Swarovski's values, if you know ...

Cynthia Lee: Yes. Yes.

In connecting back to the business, yes.

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Nadja Swarovski: Exactly.

Cynthia Lee: Absolutely. Yes.

So we have a couple of questions, I had Nadja about you know, working in a family business, so my suggestion is let me combine you know, because I think they are a lot in the line, so I'll just combine them you know, for the benefit of the audience as well.

So people are you know, very excited about presentations but they also wanted to understand you know, from your perspective or from your personal experience, whether you feel there is any difference in terms of working for a family business and obviously you know, working for you know, a non-family you know, employer so that's the first part of the question?

In the second part is, someone is usually you know, curious about the – about the fact that you know, what your career might be like you know, and you – and you decided not to go back and join the you know, the family business so along the lines of you know, tips that you can share in terms of you know, differences working for a family ...

Nadja Swarovski: Yes.

Cynthia Lee: ... you know, versus working outside and what things might transpire into, yes?

Nadja Swarovski: Yes, yes. Absolutely. No. A huge difference you know, because – I mean on one hand if you are that professional and you work in a non-family business, you are that professional.

What I was amazed about is when I started to work in the family business, I was as I mentioned earlier that little girl, that's the (uncle's girl). I'm still the cousin, you know, and actually I am an employee of the Company so we need to treat each other like employees so ...

Cynthia Lee: Yes.

Nadja Swarovski: ... that is the one thing that you know, again back – I'm sure that's – simply how we might help your clients also just to be totally professional.

That's sometimes what comes in the way a family business, you know, the lack of professional approach towards each other because it's too familial. And I think it's really important in family business to almost – to really address that topic and have some rules of engagement.

And you know, for me it was very interesting because I wanted to always study Gemmology and I didn't study Gemmology but then my father said, "No, no. You have to," you know, "can you please consider looking at the crystal business," so you know, let's see what we can do here because this looks great.

And again I found my passion within it. You know, I made it relevant to me or brought what I could contribute to the business.

But no, and I think also if you're in a multi-generational business, obviously the business will of grown. You also working with non-family members so I think it's super important to really take that role of an employee and be exactly like the employer, so have the same rights – enjoy the same rights but also be treated the same way.

Cynthia Lee: Yes. Yes.

Well we all know it is always hard you know, when you're dad is also you know, your boss, we have that saying, and you don't know you know, what we should be doing in terms of discussing you know, business matters at dinner table, you know, we should be discussing family matters you know, at boardroom tables so you know, it is always not easy I think you know, for anyone in the family business ...

Nadja Swarovski: Absolutely.

Cynthia Lee: ...to draw the line.

Nadja Swarovski: No. I ...

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Cynthia Lee: Yes.

Nadja Swarovski: ... think those rules and regulations are really important. Sometimes as family you don't do that, like you would do it as an employee or you know, with your team but actually families need to have kind of rules and regulations.

And my husband's very good at giving me the rules and regulations, no talk about business at dinner, OK.

You know, it's horrible when ...

Cynthia Lee: (Inaudible) ...

Nadja Swarovski: ... (inaudible) together with my parents and my husband, my father now starts talking about business and my you know, mother and my husband have to talk about other things, it's horrible (and not right).

(Inaudible).

Cynthia Lee: (Inaudible) (helpful).

Well, in the interest of time because you know, I think we're running out of time but I – for all those audience you know, any follow-up questions that you want us to pass on you know, just send it to us and we'll ensure that will be able to get that to Nadja and if you know, if appropriate you know, we'll get back to you, you know, with a feedback.

So with that, may pass it back to Jacky, yes.

And ...

Jackie Mau: Thank ...

Cynthia Lee: ... thank you so much.

Jackie Mau: ... you, Cynthia.

Cynthia Lee: Yes.

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Jackie Mau: Well first of all thank you very much Nadja for your insightful sharing and stories right.

I certainly have a take – a lot of takeaways right, how your generations worked very hard to build your family business, and with your passion that you're able to build it so successfully and become you know, a trendsetter.

But you did it with impact right, as you said, "kindness is a powerful currency," I'm sure we'll all remember that.

So thank you very much for your sharing.

I thank you Cynthia, for moderating the event today.

Just a kind reminder to all the audience online. We have a (LinkedIn) Group, the HSBC Private Banking where you can join our Global Network of inspiring and (like-minded) clients and philanthropists like what we have today.

And stay tuned, we're having our MasterClasses Series 2 in a few weeks time, in early December.

So thank you very much for joining and I look forward to having you again in the next series.

Thank you.

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