

Corporate responsibility

Richemont has a long-standing commitment to doing business responsibly. Building trust in our Maisons, our operating companies and brands, lies at the heart of the way we work.

We are operating in a difficult economic climate and we must take steps to manage the impact of the economic slowdown on the Group. This must not be to the detriment of our long-term goals and strategy. It is these that will determine our future success. Corporate responsibility remains a priority for Richemont.

A COMMON FRAMEWORK

The Group's activities are guided by a common framework that reflects our values. The framework helps Richemont managers, employees, suppliers and associates to understand our expectations. It informs how we treat our stakeholders as well as the natural environment.

The framework includes our Code of Business Ethics and Corporate Social Responsibility Guidelines, as well as codes of conduct for employees, suppliers and for environmental management.

These guidelines may be adopted fully by subsidiary companies or, in agreement with the Group's Corporate Social Responsibility ('CSR') Committee, amended to reflect the operations of individual Maisons.

In 2008/09, we have focused on ensuring that employees and suppliers are aware of and understand our CSR principles and codes of conduct.

GOVERNANCE

The Group's CSR Committee is chaired by the Director of Corporate Affairs. It guides the corporate responsibility activities of the Group, considers external developments, CSR risks and opportunities and shares good practice within the Group.

Compliance with our guidelines is monitored through the internal audit function. External consultants may also be used to evaluate performance and to provide an independent point of view.

EXTERNAL CONTEXT

Richemont's CSR strategy must evolve to meet new challenges and the growing expectations of society and investors. We have methodologies in place to track these expectations, and engage in ongoing dialogue with investors, our peers and Non-Governmental Organisations.

RICHEMONT PEOPLE

Richemont directly employs over 19 500 people. Two-thirds of the employees are based in Europe where most of the manufacturing takes place. A quarter of employees are based in the Far East, in retail, distribution, after sales service and administrative functions. The Americas region is the third significant area of employment.

Training

Training is a key component of our Maisons' success. The quality and longevity of our goods relies on highly skilled craftspeople, and our customer satisfaction on passionate retail staff.

Training is fully integrated in the performance and development appraisal process for all staff.

Many of our Maisons have established dedicated training academies and/or operate training schemes – either independently or together – with industry or government sponsored programmes to train apprentices to be the next generation of craftspeople.

We continue to support The Creative Academy, which offers students a Masters programme in Arts in Design. In 2009, the school welcomed 21 students as its sixth cohort. Further information on The Creative Academy can be obtained at www.creative-academy.com

In 2008/09, our new training facility in Dallas, Texas was launched in collaboration with the Watchmakers of Switzerland Training and Education Programme ('WOSTEP'), was officially accredited by the state. We are working to develop a similar facility in Hong Kong which will teach watch repairing skills.

Health and safety

The Group recognises its responsibility for the health, safety and well-being of employees. The law provides us with the minimum standards to follow, and each Maison takes responsibility for putting these standards into practice. The Health and Safety Committee is chaired by the Group's Manufacturing Director, who reports regularly to the Audit Committee and Board of Directors. All employees are encouraged to contribute towards developing safer working practices.

SUPPLY CHAIN

Responsible practice within the supply chain is a key issue for Richemont. The full supply chain often lies beyond our direct control, so we seek to influence the ethical, social and environmental behaviour of suppliers both as challenging partners and by collaborating with peers.



Our model Supplier Code of Conduct formalises our expectations of suppliers and partners. The code includes elements of international labour standards and asks suppliers to comply with Richemont's Environmental Code of Conduct. The code also addresses issues including animal testing, preservation of endangered species, conflict-free diamonds and responsible gold procurement.

The code is a Group document which Maisons can customise to increase its relevance and effectiveness. The code should ensure high standards and generate actions for improvement. Compliance with the code is a part of normal commercial practice and Richemont may terminate supplier contracts where the code is violated.

Some Maisons engage third parties to audit suppliers' compliance with the code. Over 40 such audits were conducted in 2008/09. As always, some areas for improvement were identified. These are followed up as part of the ongoing supplier relationship.

Responsible Jewellery Council

The Responsible Jewellery Council ('RJC') was established in 2005 to promote responsible ethical, human rights, social and environmental practices in the gold and diamond supply chains. The RJC was built on the belief that these issues can be best addressed as a collaborative effort.

Cartier was one of the 15 founding members and today the RJC has grown to include over 80 members from mining houses to retail, including Van Cleef & Arpels, Piaget, Montblanc, Jaeger-LeCoultre and Baume & Mercier.

In 2008, the RJC developed the RJC certification system which will apply to all of its members' businesses that contribute to the diamond and gold jewellery supply chain. Under the RJC system, all commercial members of the RJC must be audited by accredited, third-party auditors to verify compliance with the RJC's Code of Practices. The RJC will begin operating its system during 2009.

Further information on the RJC can be obtained at www.responsiblejewellery.com

ENVIRONMENT

Our business does not have major, direct environmental impacts but we must seek to reduce those impacts that we do have. Our Environmental Code of Conduct is built on internationally recognised standards for environmental management. It covers universal issues such as energy and water use and industry-specific issues such as the environmental impacts of leather product production.

Climate change

Climate change is one of the biggest single environmental issues for our planet. We are committed to playing our part in tackling it. We continued to improve the measurement of our carbon emissions, estimated at 65 500 tonnes for 2008/09 a decrease of 3 per cent from the prior year. This has been achieved to some extent by sourcing electricity from 'green' suppliers.

This year, we have challenged our companies to reduce their emissions, and have particularly encouraged initiatives which also reduce cost.

The Group committed to be carbon neutral by 2009. For the first year we purchased carbon offsets equivalent to our 2007/08 emissions. These offsets have been and will continue to be delivered during 2009. We have invoiced the cost of the offsets to the main emitters to increase awareness and to encourage efforts to decrease emissions.

Biodiversity

Our direct impact upon biodiversity is low; and we decrease it further by reducing our impact on climate change and careful disposal of waste products.

As users of leather and other animal products, we adhere to the Convention on International Trade in Endangered Species ('CITES') to minimise any adverse effects on biodiversity through our product sourcing.

COMMUNITY

Richemont is committed to the communities within which it operates. Our Maisons regularly support art and cultural programmes that reflect their historical background and the nature of their products, together with global and local community programmes.

Globally, Richemont supports Laureus Sport for Good. Art and cultural programmes include Cartier Fondation pour l'Art Contemporain and Montblanc de la Culture Arts Patronage Award.

In 2008/09, our community expenditure was € 20 million, an increase of over 40 per cent compared to last year.

2009 Corporate Responsibility Report

For further details on each of the topics mentioned here, please access Richemont's full annual corporate responsibility report on the Group's website at www.richemont.com/csr