



BASIS OF PREPARATION

ESG REPORT 2023

RICHEMONT

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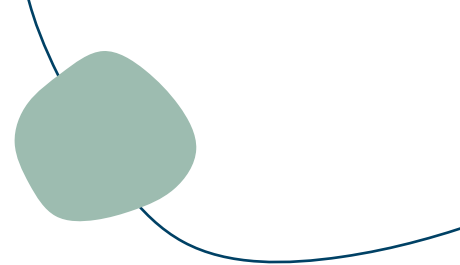


1. ABOUT THIS DOCUMENT

Compagnie Financière Richemont SA (“Richemont”) is committed to providing stakeholders with accurate and timely updates on its Environmental, Social and Governance (ESG) performance.

The Basis of Preparation (also referenced as ‘this document’) outlines principles and methodologies that guide the ESG data collection, analysis and reporting at Richemont and that set the Basis of Preparation of the 2023 Richemont ESG

Report (also referenced as ‘the Report’); in particular, this document highlights reporting principles and boundaries, alongside with the methodology to restate historical data and calculate indicators.



2. REPORTING PRINCIPLES AND STANDARDS

Richemont has been reporting its CSR activities through its CSR / Sustainability reports since 2012. In FY23, Richemont publishes for the first time an ESG Report.

The Richemont ESG Report is published annually and is prepared in accordance with the Global Reporting Initiative (GRI) Standards. Specifically, Richemont has adopted the most recent versions of the Standards available as of 2 June 2022, unless otherwise specified in Section 4. The GRI Content Index is available in the Appendix of the ESG Report 2023, to facilitate the identification of reported indicators.

Where GRI Standards do not provide a calculation methodology for reported indicators, or where their methodology does not apply to Richemont's specificity, the applied methodology is detailed in section 4 of this document.

For carbon emission-related indicators, Richemont follows the Greenhouse Gas Protocol (GHG Protocol) Corporate Standard (financial control approach, defined as a shareholding of at least 50%). Methodological adaptations from the GHG Protocol are detailed in section 4 of this document. Emission factors' sources can be found in the Annex of this report.

In order to continuously improve its ESG Reporting practices, Richemont continues to report against the Sustainability Accounting Standards Board (SASB) Apparel, Accessories & Footwear industry guidelines. A SASB Content Index is available in Appendix of the ESG Report 2023 to facilitate the identification of each disclosure.

In addition, Richemont has considered the recommendations set by the Task Force on Climate-related Financial Disclosures (TCFD) for the voluntary reporting on climate change risks and opportunities. A table presenting the TCFD recommendations and Richemont's corresponding disclosures is available in the Appendix of the ESG Report.

Where financial figures are reported (financial year ended 31 March 2023), these are compiled pursuant to the International Financial Reporting Standards (IFRS). For intensity ratios based on GRI Standard requirements, we consider the total sales including discontinued operations aligned with the Richemont 2023 Annual Report and Accounts.

Richemont has implemented an ESG Reporting Framework to support the 2023 reporting process, based on the following principles:

- **Materiality and stakeholder inclusiveness:** this year's materiality assessment followed a rigorous methodology. It applies the double materiality principle and is therefore in full compliance with the widely accepted Global Reporting Initiative (GRI) Standards. It was also aligned with Richemont's Enterprise Risk Management methodology. Additional details about the updated materiality assessment conducted in 2023 are provided in the dedicated section below and in the 2023 ESG Report;

- **Accuracy:** the ESG Report has been prepared based on actual data collected through direct measurement and surveys, limiting the use of estimates as much as possible; estimates alongside with measurements and basis of calculations, if any, are indicated in this document under each relevant indicator and are based on the most updated data. Internal reviews and quality controls of reported data are performed to ensure that the margin of error for data measurements does not inappropriately influence the conclusions or assessments of information users. Richemont is continuously working to improve data accuracy by advancing its internal procedures and controls as part of a wider digitalisation program that will be gradually implemented in the near future;

- **Balance:** the ESG Report describes performance in the areas of Environment, Social and Governance, reporting on positive results and trends, as well as on the areas requiring further improvement;

- **Clarity:** data is reported, for example, using tables and where possible information and processes are represented through maps and graphics, so as to present information in a way that is accessible and understandable. A glossary of acronyms is also included in the Report to clarify terms;

- **Comparability:** data referring to previous reporting periods is included in the Report to enable analysis of changes of Richemont's impacts over time, except for data reported for the first time in the 2023 ESG Report.

Specifically for Human Resources and Health and Safety data, as the calculation period has been changed from calendar to financial year, we do not provide any comparative data in this year report;

- **Completeness:** topics reported in the Report are based on the most updated materiality assessment conducted in 2023, as to allow stakeholders to get a complete overview of Richemont's most material ESG impacts;

- **Sustainability context:** the materiality assessment allowed to identify most material ESG topics, adopting a broader sustainability perspective that considers the point of view of a variety of internal and external stakeholders and capturing the evolving contexts around ESG topics at industry level and beyond;

- **Timeliness:** the ESG report is published annually in the same period as the Annual Report and Accounts;

- **Verifiability:** internal controls on reported data is in place as part of the annual data collection for the ESG Reporting and/or other internal processes.



3. REPORTING SCOPE

3.1 REPORTING BOUNDARIES

Richemont is the owner of a portfolio of 26 Maisons, recognised for their excellence in jewellery, watches, fashion, and accessories. Richemont has support functions around the world, which bring to our Maisons the expertise, competences, and tools they need to grow their brand equity and focus on their strengths in design creation, sales, and marketing. Richemont regional and central functions provide a business operations system to the Maisons to develop their activities.

The 2023 ESG Report covers the entire Compagnie Financière Richemont SA, which consists of all its Maisons, subsidiaries and Regional Offices accounted for by the financial control method. Unless the context suggests otherwise, the terms 'we', 'us', 'our', 'Group', 'Company' and 'Richemont' refer to Compagnie Financière Richemont SA.

Limitations in reporting boundaries, if any, are noted in section 4 of this document.

The 2023 ESG Report focuses on activities undertaken during the financial year 2023 (1 April 2022 - 31 March 2023), except for Environment data, which relates to calendar year 2022.

Financial data used to calculate environmental intensity ratios are based on financial year (1 April 2022 - 31 March 2023).

Starting this year, reporting of HSE and HR data is based on financial year data (1 April 2022 - 31 March 2023), which differs from the Sustainability Report 2022.

Compagnie Financière Richemont SA is registered at 50 chemin de la Chênaie CP 30, 1293 Bellevue Geneva, Switzerland.

3.2 RESTATEMENTS

3.2.1 Materiality considerations

We have set a materiality threshold of 5% at Group level that will trigger recalculations of historical environmental data induced by any of the situations detailed in this section. In addition, materiality is assessed based on judgment of what we believe would impact our readers. This materiality threshold does not apply to figures reported in 'Amplifying our Social impact', 'Influencing our Supply Chain' sections, as no historical data is reported in the 2023 ESG Report.

3.2.2 Changes in methodology or improved data accuracy

Historical data may differ from previous reports due to the availability of more accurate data, improvements in data reporting or changes in methodology. Restatements of historical

data, including base year adjustments, might be required in order to obtain meaningful comparisons and evaluate target achievements. All these variations will be evaluated on an individual basis. As a reference, when these changes induce variations larger than 5%, data will be restated for all previous years until the 2019 base year.

3.2.3 Treatment of acquisitions and divestments

Acquired entities must be incorporated into the ESG reporting scope within 12 months of acquisition. Divested entities are excluded from further reporting of performance data from the time when the divestment took place.

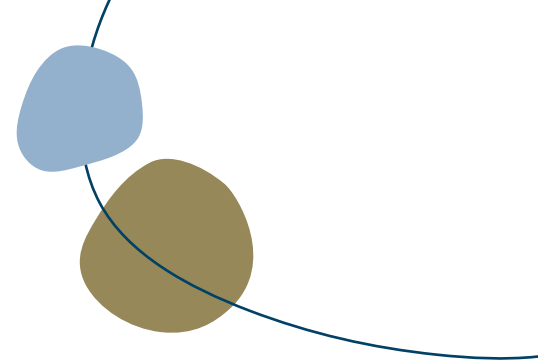
3.2.4 Restatement of data during data collection phase

There is a possibility to restate past data due to eventual reporting inaccuracies (human error, data unavailability, system development, etc.). In such cases, appropriate evidence is reviewed internally.

Restated data is clearly identified in the ESG Report. Specifically for environmental data, water withdrawal, Scope 2, Scope 3.1, Scope 3.5 and Scope 3.12 have been restated due to data collection improvement.

3.3 EXTERNAL ASSURANCE

External assurance of ESG indicators is an important part of our approach. In 2023, PricewaterhouseCoopers SA was appointed to provide independent limited assurance over the non-financial indicators reporting. The limited assurance report is issued in accordance with International Standards of Assurance Engagements ISAE 3000 and ISAE 3410 and published as part of the 2023 Richemont ESG Report.



4. INDICATORS

As previously explained, our methodologies follow the principles of the GRI Standards, the SASB Standards and the GHG Protocol.

Wherever these standards do not provide a methodology for a sustainability performance indicator, or their methodology does not apply to Richemont specificity, the applied methodology is detailed below for the relevant indicator.

4.1 UNAVAILABLE DATA

In situations where environmental data is unavailable, figures should be estimated in the reporting period. For such estimations,

all assumptions and calculations are clearly documented and explained where relevant in this document. Data will be excluded from the reporting in the following cases:

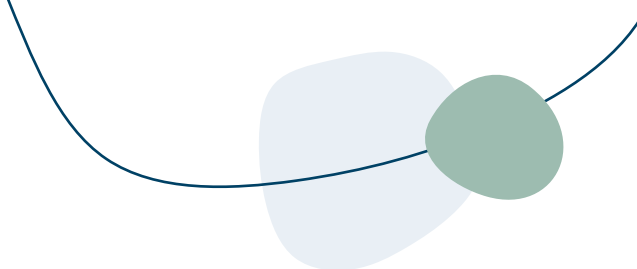
- When information is not available at the global level or not accurate enough, internal follow-ups are carried out to ensure these cases remain limited;
- When no reliable methodology is available.

Estimations are not used for data reported in 'Amplifying our Social impact', 'Influencing our Supply Chain' sections, and unavailable data is specified where applicable.

4.2 ACTING ON OUR ENVIRONMENTAL IMPACT

Emissions

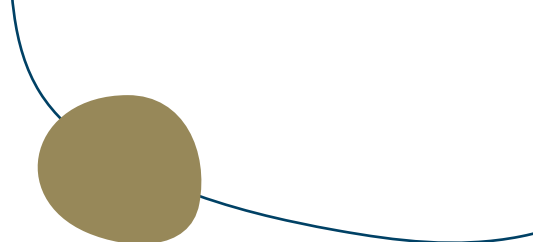
Indicator	Standard	Methodology
Scope 1 – company facilities	GHG Protocol	<p>The activity data considers the type of fuel and the quantity consumed during the reporting period.</p> <p>For company owned buildings, mainly manufactures and offices, actual activity data is available.</p> <p>For leased buildings for which the lessor cannot provide actual data, consumptions are estimated based on the building type and surface. The majority of leased buildings are boutiques with a marginal impact.</p> <p>The basis for estimations comes from the International Energy Agency (IEA) website. It considers the following types of buildings: offices; boutiques; warehouses; Customer service.</p>
Scope 1 – fugitive emissions	GHG Protocol	<p>The emissions for fugitive emissions are based on the amount (kg) of refrigerant purchased.</p> <p>We include this data for buildings owned by Richemont. Data for leased buildings are not included due to unavailability.</p>
Scope 1 – company vehicles	GHG Protocol	<p>The activity data considers the type of fuel and the quantity consumed during the reporting period.</p> <p>For company cars, when fuel consumption is not available it is calculated based on distance travelled.</p> <p>Forklifts and non-road equipment are not included in the scope as they are not material for Richemont.</p>



Indicator	Standard	Methodology
Scope 2 – electricity and calorific network	GHG Protocol	<p>The activity data considers the kWh of electricity and calorific network (heat, steam, and cooling) purchased during the reporting period.</p> <p>For company owned buildings, mainly manufactures and offices, actual activity data is available.</p> <p>For leased buildings for which the lessor cannot provide actual data, consumptions are estimated based on the building type and surface.</p> <p>The majority of leased buildings are boutiques with a marginal impact.</p> <p>The basis for estimations comes from the International Energy Agency (IEA) website. It considers the following types of buildings: offices; boutiques; warehouses; Customer service.</p> <p>We calculate both Market-based and Location-based emissions. Market-based emissions consider the purchase of EACs aligned with RE100 criteria and GHG Protocol.</p>
Scope 3.1 – purchased goods & services	GHG Protocol GRI 301-1 GRI 301-2	<p>The emissions for purchased goods are modelled based on the average-data and spend-based method according to the GHG Protocol. The activity data considers the type, the volume and the sourcing country information for purchased good (301-1 Materials used by weight or volume, 301-2 Recycled input materials used).</p> <p>For services the spend-based method is used. Event services are omitted, however travel expenses emissions are included in the 'Business Travel' category.</p> <p>Most of the data is collected by central functions (e.g. Finance, Procurement, Responsible Sourcing), however, some data is collected at Maison-level.</p> <p>Most emission factors are derived from public sources, such as Ecolinvent. However, a growing number of resources go into the development of Richemont-internal LCA which calculates specific Richemont emission factors for the goods purchased. Those LCAs are peer-reviewed and hence checked by external expert parties before being used in external publications.</p> <p>The emission factor for fine organic stones has until now been set to zero as no emission factor or internal LCA is available. These emissions related to fine organic stones will be restated once an appropriate emission factor is available.</p> <p>This category is mostly based on actual data, some minor assumptions are taken when the data is not available, such as the exact size of animal skins.</p>
Scope 3.2 – capital goods	GHG Protocol	<p>The emissions for capital goods are modelled based on the spend data method for furniture and machinery, and based on the average data method for:</p> <ul style="list-style-type: none"> - Units purchased for IT equipment; - Square meters for buildings and boutiques newly acquired/leased; - Average mass for vehicles.
Scope 3.3 – fuel & energy related activities	GHG Protocol	<p>Average data method is used to calculate Fuel and Energy upstream emissions associated with its extraction, refining, and transportation.</p> <p>This category includes emissions for activities not included in Scope 1 and 2, as indicated by the GHG Protocol.</p>



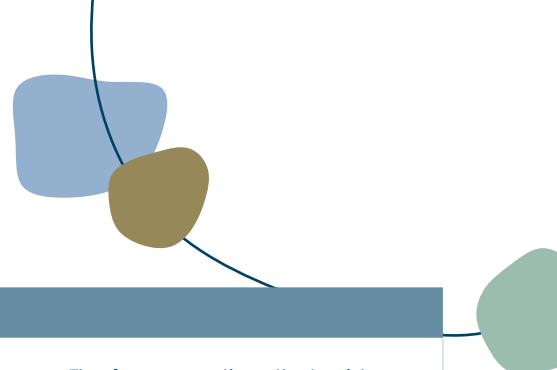
Indicator	Standard	Methodology
Scope 3.4 – upstream transportation and distribution	GHG Protocol	<p>We use a mix of supplier specific data (tCO₂e), t.km and distance-based method.</p> <p>We include all transportation and distribution operations which are organized and paid by Richemont, also considering shipments to customers.</p> <p>We consider Tank-To-Wheel (TTW) emission factors without radiative forcing.</p>
Scope 3.5 – waste generated in our operations	GHG Protocol	<p>The activity data considers the amount of waste by type and by disposal method, generated, during the reporting period.</p> <p>We use a waste-type-specific method to calculate waste emissions, as specified in the GHG Protocol.</p> <p>As of 2021 we assessed that most buildings which didn't have actual data available were leased boutiques.</p> <p>Waste related to leased buildings for which the lessor cannot provide actual data, is not included.</p>
Scope 3.6 – business travel	GHG Protocol	<p>The activity data considers the distance travelled by Group employees and by transportation mode, as well as the number of hotel nights booked. Emissions are calculated based on the average-data method.</p> <p>We consider Tank-To-Wheel (TTW) emission factors without radiative forcing.</p>
Scope 3.7 – employee commuting	GHG Protocol	<p>The activity data considers the distance and transportation mode to commute to work. Additionally, Richemont decided to include the emission of energy usage and equipment used during home office periods of employees also in this category.</p> <p>The emissions for employees' commuting account for emissions on employee commuting and home office habits and are modelled using the average-data method.</p>
Scope 3.8 - upstream leased assets	GHG Protocol	Emissions related to our leased buildings and leased vehicles are included under our Scope 1, 2, 3.2, and 3.3.
Scope 3.9 - downstream transportation and distribution	GHG Protocol	Excluded. Customers transportation to stores is not included in the inventory when it is not paid nor organised by Richemont as the data is not available.
Scope 3.10 - processing of sold products	GHG Protocol	Excluded. Richemont sells a few components to other watchmakers (largely component polishing and watch assembly), but the energy impact is insignificant relative to our own emissions.
Scope 3.11 - use of sold products	GHG Protocol	Excluded. 80 %+ of goods sold are jewellery and watches, which either require no climate-impacting after sales servicing, or some technical handcraft servicing once every five years. The remaining 20 % of goods sold are either leather goods, which require simple hand-polishing from time to time, or clothing (washing regularly). As clothing represents less than 10% of Richemont's sales, it is not the focus of its environmental efforts.



Indicator	Standard	Methodology
Scope 3.12 – end-of-life treatment of sold products	GHG Protocol	<p>We consider the impact linked to the end-of-life of all sold goods, except for diamonds and coloured gemstones for which we do not foresee an end-of-life.</p> <p>We base our calculations on the amount of purchased products as we assume they are all sold.</p> <p>In an internal assessment we have made sure to exclude all purchased goods from this category which do not go into the final sold products, such as office supplies.</p>
Scope 3.13 - downstream leased assets	GHG Protocol	Excluded. Richemont does not own assets leased downstream its value chain, and no change is forecast for the next five years. The business model remains asset light for capital allocation purposes.
Scope 3.14 - franchise	GHG Protocol	<p>The activity data considers energy consumption of our franchises boutiques during the reporting period.</p> <p>Franchises energy consumption is estimated based on our internal boutiques' average consumption in 2021.</p>
Scope 3.15 - investments	GHG Protocol	Excluded. Richemont's investments into companies where Richemont has not financial control represent less than 1% of Richemont's total investments. The emissions that would need to be reported in this category are therefore insignificant relative to our own emissions.
Biogenic emissions	GRI 305 1c, 3c	<p>We consider Scope 1 Biogenic emissions related to biogas consumed in our buildings.</p> <p>Scope 3 biogenic emissions are excluded due to unavailability of data.</p>
Emissions of ozone-depleting substances (ODS)	GRI 305-6	We include emissions related to refrigerants' leaks. See Scope 1 fugitive emissions for further details.

Energy

Indicator	Standard	Methodology
Total fuel consumption	GRI 302-1	Fuel consumption from company owned vehicles is not included due to data unavailability.
Indirect energy consumption	GRI 302-1	We collect the total calorific network. The split between heating, cooling and steam consumption is not available.
Energy intensity	GRI 302-3	<p>Energy intensity ratio is calculated including direct (fuel; natural gas; LPG; Biogas; self-generated solar; biomass; geothermal; ground water; heat recovery from compressor; heat pump) and indirect (renewable electricity; non-renewable electricity; calorific network) energy consumptions, within the organization.</p> <p>The denominator chosen to calculate the ratio is the Group total sales, aligned with the 2023 Annual Report and Accounts.</p>



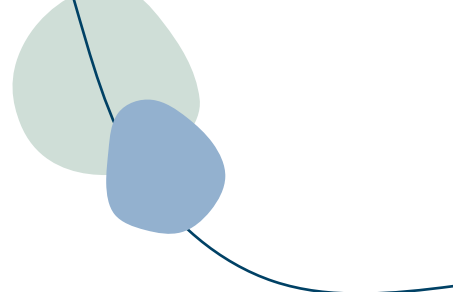
Indicator	Standard	Methodology
Energy requirement of products	GRI 302-5	Our products do not require any energy. The few exceptions that exist are not material.

Water

Indicator	Standard	Methodology
Water Withdrawal	GRI 303-3	<p>For company owned buildings, mainly manufactures and offices, actual activity data is available.</p> <p>For leased buildings for which the lessor cannot provide actual data, consumptions are estimated based on the building type and FTE.</p> <p>The basis for estimations comes from the International Energy Agency (IEA) website. It considers the following types of buildings: offices; boutiques; warehouses; Customer service.</p> <p>The information related to the water withdrawal in water stressed area is not available.</p> <p>The geographical mapping of our production sites clearly shows that all the water withdrawn comes from freshwater.</p>

Waste

Indicator	Standard	Methodology
Waste generated	306-3	<p>The waste generated off-site is currently not available.</p> <p>Waste related to leased buildings for which the lessor cannot provide actual data, is not included.</p>
Waste diverted from disposal	306-4	<p>The waste diverted from disposal off-site is currently not available.</p> <p>Waste related to leased buildings for which the lessor cannot provide actual data, is not included.</p> <p>Waste recovery from the preparation for reuse operation is not available.</p>
Waste directed to disposal	306-5	<p>The waste directed to disposal off-site is currently not available.</p> <p>Waste related to lease buildings for which the lessor cannot provide actual data, is not included.</p>



4.3 AMPLIFYING OUR SOCIAL IMPACT

Similar to the figures reported in the 2022 Sustainability Report, Human Resources data reported in the 2023 ESG Report are not including Maison Delvaux and YNAP, except for the Global Headcount figure 'over 40000' in the beginning of the chapter.

HR figures reported in the Amplifying our Social Impact chapter are based on head count at the end of March 2023.

Indicator	Standard	Methodology
HR – parental leave	GRI 401-3	Richemont's indicator (%): the percentage of employees who are covered by a RIC parental leave policy that provides longer paid leave than what is required by local laws, described by category of leave (maternity, paternity, adoption/surrogacy) = the number of parental employees covered by RIC parental leave policy that is better coverage than local legal requirement in their country(region) / the total number of parental employees covered by RIC parental leave policy
Training data – the number of participants who have completed the training module – Human rights and HSE training modules	GRI 404, GRI 403-5	In addition to meeting the GRI requirement, we disclose the number of participants who have completed the training modules specifically designed to cover topics in the social chapter. HSE training: Please note that the data presented in this example exclude YNAP and External employees.

5. ANNEX - EMISSION AND CONVERSION FACTORS

$$\text{Carbon Footprint (tCO}_2\text{e)} = \text{Activity Data (unit)} \times \text{Emissions Factor (tCO}_2\text{e/unit)}$$

We use 100-year GWPs emission factors, otherwise please refer to the below emission factors link. The below emissions factors include the following type of gases: CO₂, CH₄, N₂O, SF₆, HFC₅, PFC₅, and other refrigerants in line with the IPCC Fifth Assessment Report (AR5).

Scope 1	DEFRA 2022 Greenhouse Gas Reporting Conversion Factors Greenhouse gas reporting: conversion factors 2022 - GOV.UK (www.gov.uk)
Scope 2 – Heat & Steam	DEFRA 2022 Greenhouse Gas Reporting Conversion Factors Greenhouse gas reporting: conversion factors 2022 - GOV.UK (www.gov.uk)
Scope 2 - Location Based	IEA Standard International Emission Factors 2022
Scope 2 - Market Based	Green-e, Center for Resource Solutions, https://www.green-e.org/2022-residual-mix Association of Issuing Bodies (2021) https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2021/AIB_2021_Residual_Mix_Results.pdf



Scope 3.1 – Purchased Goods & Services	Ecoinvent , WALDB, ADEME Base Carbone, Internal LCA Raw materials for which no open source or relevant emission factors are available are excluded from the analysis until appropriate emission factors are available. DEFRA 2022 Greenhouse Gas Reporting Conversion Factors <u>Greenhouse gas reporting: conversion factors 2022 - GOV.UK (www.gov.uk)</u>
Scope 3.2 – Capital Goods	ADEME Base Carbone
Scope 3.3 – Fuel & Energy related activities	DEFRA 2022 Greenhouse Gas Reporting Conversion Factors <u>Greenhouse gas reporting: conversion factors 2022 - GOV.UK (www.gov.uk)</u> IEA Standard International Emission Factors 2022
Scope 3.4 – Transportation and Distribution	DEFRA 2022 Greenhouse Gas Reporting Conversion Factors <u>Greenhouse gas reporting: conversion factors 2022 - GOV.UK (www.gov.uk)</u>
Scope 3.5 - Waste	DEFRA 2022 Greenhouse Gas Reporting Conversion Factors <u>Greenhouse gas reporting: conversion factors 2022 - GOV.UK (www.gov.uk)</u>
Scope 3.6 – Business Travel	DEFRA 2022 Greenhouse Gas Reporting Conversion Factors <u>Greenhouse gas reporting: conversion factors 2022 - GOV.UK (www.gov.uk)</u>
Scope 3.7 – Employee Commuting	DEFRA 2022 Greenhouse Gas Reporting Conversion Factors <u>Greenhouse gas reporting: conversion factors 2022 - GOV.UK (www.gov.uk)</u>
Scope 3.12 – End of Life Treatment of Sold Products	DEFRA 2022 Greenhouse Gas Reporting Conversion Factors <u>Greenhouse gas reporting: conversion factors 2022 - GOV.UK (www.gov.uk)</u>
Scope 3.14 - Franchises	DEFRA 2022 Greenhouse Gas Reporting Conversion Factors <u>Greenhouse gas reporting: conversion factors 2022 - GOV.UK (www.gov.uk)</u> IEA Standard International Emission Factors 2022

