

# Corporate social responsibility

Richemont has a long-standing commitment to doing business responsibly. Building trust in Our Maisons™ and our operating companies lies at the heart of the way we work. Since 2006, Richemont has reported its Corporate Social Responsibility ('CSR') progress each year. Richemont's 2020 report, including our relationship with the United Nations Sustainable Development Goals ('SDGs'), will be available from July 2020 at [www.richemont.com/csr-report](http://www.richemont.com/csr-report)

## Transformational CSR Strategy

To meet our stakeholders' evolving expectations, the Group developed and launched its Transformational CSR Strategy ('Strategy'). The Strategy was elaborated by the Group's CSR Committee in collaboration with Our Maisons™ and support functions. The Strategy includes our commitments over the short, medium and long term.

Together the Strategy represents Richemont's movement for better luxury. The Strategy's four focus areas – people, sourcing, environment and communities – work together towards better luxury. The Strategy's three transversal issues – governance, engagement and innovation – bind the focus areas together. All of the transversal issues and focus areas are described below.

## Governance

The Group's activities are guided by a framework that helps Richemont managers, employees and suppliers to understand our expectations and commitments. The framework includes our Corporate Responsibility Policies, as well as codes of conduct for employees, suppliers and environmental management.

Internally, the Group monitors performance by focus area and by Maison, providing additional guidance and support when appropriate. This monitoring includes oversight of Our Maisons™' own CSR governance, planning and communications.

## Engagement

Richemont and its Maisons engage with stakeholder groups on a regular basis. These groups range from customers and employees to investors and suppliers. Regarding investors, we consult with our largest shareholders to determine their concerns and priorities regarding CSR issues and disclosures. We also engage with selected rating agencies on Environment, Social and Governance ('ESG') matters.

Richemont's annual CSR Report reflects the expectations of those stakeholder groups regarding transparency. To ensure continued alignment between stakeholder interests and our Strategy, two materiality analyses were conducted in 2019. The second analyses focused on stakeholders aged 25 or younger to better understand their expectations.

At a local level, each Maison and platform has its own CSR structure, driving engagement with employees and customers in particular. An annual conference brings together our local, international and corporate efforts and strengthens our internal network. A continuous programme of training for CSR representatives ensures that momentum is maintained between conferences. In turn, that programme supports our employee communication and engagement efforts.

## Innovation

Our innovative practices range from new materials to new distribution models and from new ways to collaborate internally to new ways to improve customer service.

While we hope that every innovation adds to Richemont's prospects, only certain innovations contribute to our movement for better luxury. Those innovations include experimentation with circular business models, including pre-owned watches. Other long-term innovative commitments include traceability for certain materials and employee-centred career development.

## People

Richemont directly employs some 35 000 people in design, manufacturing, distribution, retail and support functions. Reflecting the location of Our Maisons™' manufacturing bases and international distribution centres, the majority of employees are based in Europe.

Training is a key component of Our Maisons™' success and is fully integrated in the performance and development appraisal process for every employee. The quality and longevity of our goods rely on highly skilled craftspeople, while our customers' satisfaction relies both on that quality and the passion of retail associates.

To preserve the skills of master craftsmen from one generation to the next, Our Maisons™ engage a number of apprentices each year. The Group collaborates with the Watchmakers of Switzerland Training and Educational Programme ('WOSTEP') and the Fondation de la Haute Horlogerie. Richemont supports the Creative Academy in Milan, which promotes the integration of design talents within the Group.

Our Retail Academies provide platforms for recruiting and training personnel for Our Maisons™' boutiques across the People's Republic of China and the United States of America.

## Sourcing

Richemont's full supply chain often lies beyond our direct control. We therefore work with our suppliers to ensure their social and environmental impacts meet our standards: individually through our Supplier Code of Conduct; and collectively through the Responsible Jewellery Council ('RJC').

Our Maisons™ are making good progress towards 100% RJC-certified gold. To minimise their environmental impact, they give preference to gold from recycled sources rather than large-scale mines. For both environmental and social reasons, certain Maisons also source gold from artisanal and small-scale mines through the Swiss Better Gold Initiative.

In addition to their responsible gold and diamond sourcing activities, Our Maisons™ have mapped their supply chains for certified leather and packaging from sustainable sources. Each year, between 100 and 200 suppliers are audited as part of the regular relationship with Our Maisons™.

## Environment

Our revised Environmental Code of Conduct is built on internationally recognised standards for environmental management and includes industry-specific issues.

The Group seeks to minimise its carbon emissions through energy-efficient building design and energy-saving measures in our activities. Building upon its current levels of renewable electricity sourcing worldwide, during the year under review Richemont committed to 100% renewable energy by 2025. In parallel, Richemont has a long-standing programme of carbon offset purchases. The main beneficiary of those purchases is the Lower Zambezi REDD+ Project, protecting forests close to that river. The costs of offset purchases are re-invoiced to the Maisons to increase awareness and to encourage energy efficiency.

Richemont is establishing long-term, science-based targets to reduce its overall carbon intensity and absolute carbon emissions, as well as the environmental impact of its packaging, logistics and business travel.

As described above, innovation and experimentation in circular economy business models and gold sourcing also reduce our wider environmental impacts.

## Communities

Our Maisons™ support programmes that reflect their historical and cultural background and the nature of their products, together with global and local community programmes. Individually, our employees contribute to the local communities in which they live and work in many ways, including volunteering.

Programmes include Cartier Philanthropy, Fondation Cartier pour l'art contemporain, Michelangelo Foundation for Creativity and Craftsmanship, Fondation de la Haute Horlogerie, Peace Parks Foundation and Laureus Sport for Good Foundation. The Group donates some € 20 million per year to these and other programmes.

## Responsible Jewellery Council

The RJC promotes responsible, ethical, human rights, social and environmental practices in the gold, platinum and diamond supply chains. In 2019, the scope was enlarged to include silver, sapphires, emeralds and rubies. It is the leading standard for the watchmaking and jewellery industry and is a member of the ISEAL Alliance. Further information may be obtained at [www.responsiblejewellery.com](http://www.responsiblejewellery.com)

The RJC's 1 200 corporate members span from mining houses to jewellery and watch retailers, and employ more than 300 000 people. All of Our Maisons™ using gold, platinum and diamonds as well as YOOX NET-A-PORTER are members and independently certified against its mandatory Code of Practices Standard.

The RJC's voluntary Chain-of-Custody ('CoC') Standard supports claims for responsibly sourced gold and platinum. A growing number of Our Maisons™ and their suppliers have already elected to become CoC certified and that Standard is the basis of our longer-term ambition to source 100% certified gold.



*Peace Parks Foundation is reconnecting Africa's wild spaces to create a future for mankind in harmony with nature.*

Peace Parks believes that life as we know it will not survive the consequences of unsustainable and irresponsible use of natural resources. Every decision, every action that the organisation takes is motivated by a singular goal: to create a harmonious future in which humans co-exist with nature. If we do not do this, our planet, and especially our beloved Africa, will not stand.

The Foundation therefore continues to safeguard and develop critical ecosystems that transcend man made boundaries, protecting and regenerating, as well as empowering people to sustainably use, those resources vital to sustaining all manner of life.

We work in close partnership with governments in southern Africa to co-manage and co-fund key protected areas within transfrontier conservation areas ('TFCAs'). Through a focus on increasing capacity, implementing conservation best-practices, developing infrastructure, rewilding, disrupting wildlife crimes, facilitating community beneficiation, and growing tourism potential, Peace Parks journeys with these parks through various stages of development.

Some of these, like Banhine National Park within the Mozambique component of the Great Limpopo TFCA, are only now coming back to life, whilst others already stand on the brink of welcoming tourists to well-functioning and protected wildernesses.

Also in Mozambique, Maputo Special Reserve within the Lubombo TFCA and Zinave National Park, a part of the Great Limpopo TFCA, are both flourishing, stocked with founder populations of wildlife that are growing year on year. This year, we translocated twelve different species totalling 1 047 animals to these two protected areas.



*The large-scale transfrontier conservation efforts of Peace Parks Foundation aim to renew and preserve a natural world that can sustain and enable a tomorrow for humans and nature*



*In 2019, Peace Parks reintroduced 20 eland and 46 oribi to Maputo Special Reserve and 48 sable to Zinave. These three species had been locally extinct for decades and by returning them they will once again play their part in restoring biodiversity to the region*

Wildlife crime remains a challenge Peace Parks cannot but stand against. In this, we have partnered with training institutions and anti-poaching experts who are dedicated to putting in place additional skilled capacity and operational strategies to secure conservation areas. These initiatives, combined with a specific focus on providing aerial support to ground forces, have significantly reduced criminal activities in the region's TFCAs. In Maputo Special Reserve ranger patrols increased by 40% resulting in the removal of 1 270 snares, confiscation of 21 firearms, and a 90% increase in arrests. In addition, charcoaling was brought under control and effectively stopped. In the Malawi Zambia TFCA's Nyika National Park, ranger deployments, arrests and weapon confiscations increased by more than 60%.

In the Zambian component of the largest terrestrial transfrontier conservation area on the planet, Kavango Zambezi, the Simalaha Community Conservancy, entered the wildlife economy arena with the sale of 200 live buffalo. This is a critical step in Simalaha's sustainable development, a flagship of our ongoing efforts to empower communities as custodians of the landscape and improve their social, economic and environmental circumstances.

We draw inspiration and motivation from nature's capacity to restore and rejuvenate itself in response to conservation efforts, and we thank each partner, donor and supporter for their role in helping us restore tomorrow.

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*2020 is a special year, marking the 20th anniversary of Richemont's support for Laureus Sport for Good and its mission to use the power of sport to end violence, discrimination and disadvantage around the world.*

Originally conceived by Richemont Chairman Johann Rupert, these two decades have seen Sport for Good grow from an inspired idea to a global entity, which now supports more than 200 sports-based community programmes in over 40 countries.

Laureus Sport for Good was co-founded by Richemont in response to the famous challenge set by Nelson Mandela, at the inaugural Laureus World Sports Awards. Richemont and its partners accepted the challenge and have worked tirelessly ever since.

Laureus has helped change the lives of more than 5.9 million young people in 20 years. In 2019 alone:

- 319 000 children and young people had access to safe inclusive spaces through the programmes supported by Laureus. For at least half of these, this has meant taking them away from violent and abusive environments and helping to create a stronger sense of belonging for many who felt excluded and discriminated against;
- 135 000 gained valuable life, social and vocational skills through their participation in programmes. This helped them on a trajectory to a range of positive outcomes, such as increased confidence and resilience, and strengthened their ability to cope with difficulties, allowing them to make informed decisions about future employment and careers; and



*Spanish football legend Raul tries a new sport, learning martial arts with youth from an underserved community in the Bronx, New York City*

- more than 60 000 young people engaged with programmes explicitly aimed at ending violence against girls and young women, empowering many to step up as leaders in their communities.

Sometimes people ask “why sport?” The answer is a simple one. Richemont believes in President Mandela’s famous words: “Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else does. It speaks to youth in a language they understand. It is more powerful than governments in breaking down racial barriers.”

When considered alongside Richemont and Our Maisons™’ various sponsorships and involvement in sports events and properties around the world, Laureus provides an opportunity to showcase the power of sport not just for building brands or raising awareness, but for changing lives.

Its work is aligned to the objectives of the United Nations Sustainable Development Goals, and has been proven by extensive research to help change young people’s lives for the better.

Richemont is supporting Laureus in a variety of ways. Sponsorship of the Laureus World Sports Awards by IWC Schaffhausen and Montblanc; donations from Richemont to support Laureus’ programmes in Switzerland, India, North America, Germany and many other countries; and license agreements with Maisons to allow the creation of Laureus-themed products.

For example, IWC Schaffhausen’s annual, limited edition Laureus watch features a design drawn by one of the hundreds of thousands of children supported by Laureus each year. This creates a connection all the way from the kids benefiting from the programmes, through Laureus, the Maison and the legendary sportsmen and sportswomen who support Laureus’ work all the way to IWC’s customers who buy these beautiful watches each year.

Richemont employees have even been involved in a wide range of fundraising activities themselves, from running marathons to trekking 100km through the Drakensberg mountains in South Africa, to personally raise funds to support Laureus’ work.

Laureus and Richemont continue to champion the concept that the power of sport can change the world, something now recognised by brands, governments, the United Nations and more. Sport for Good has truly become a global movement, but it is still deeply rooted in individual people in local communities.

That development, and the millions of lives changed as a result, underlines why Richemont is proud to support Laureus Sport for Good.

For more information, go to [www.laureus.com](http://www.laureus.com)

*The Michelangelo Foundation for Creativity and Craftsmanship is a private, not for profit, international foundation based in Geneva, Switzerland, founded in 2016 by Johann Rupert, Chairman, and Franco Cologni, Executive Vice Chairman. Its guiding principles are the promotion of craftsmanship and artisans and the transmission of skills and knowledge to bridge them into the future.*

In 2019 the Foundation moved its premises to the heart of Geneva, to a historical building shared with the Fondation de la Haute Horlogerie, re named Arcades des Arts. This emblematic 1843 building also encompasses a space to host exhibitions, events and



Inside Arcades des Arts, Geneva

presentations to promote the culture of fine craftsmanship, fine watchmaking and design. The first exhibition, developed in partnership with the Fondation de la Haute Horlogerie, was unveiled in January 2020: entitled Singular Talents, it showcased 15 unique artisanal skills in Switzerland and Europe, narrated through an immersive video installation. A calendar of exhibitions and events is already being developed.

The Foundation also undertook a digital project, the Homo Faber Guide, which debuts in 2020. Created in collaboration with its European network of like minded institutions, the Guide is a dynamic, inspiring platform to discover the best craftsmen and craftswomen in Europe, highlighting interactive experiences and presenting ateliers, museums and galleries under the scope of exceptional craftsmanship. The Guide's ambition is to have all the European countries fully covered by 2021.

Transmission of skills and knowledge has been implemented in 2019/20 with a new summer school programme that allows selected young artisans and designers to take part in intensive short courses staged by the Foundation's network around Europe, and was a major success.

2020 should have been the year of the second edition of 'Homo Faber: Crafting a more human future', the ground breaking cultural exhibition dedicated to the best of European craftsmanship. The worldwide pandemic has led the foundation to postpone the event to September 2021, for the safety and well-being of its community. Likewise, the fifth edition of the exhibition 'Doppia Firma', the dialogue between design and artisanal excellence staged in Milan during the Salone del Mobile, will now take place in 2021.

Our mission is one that is lived out every day through encouraging, enabling and valuing the humans, the hands, the hearts and the minds behind each creative process and new creation. Craftspeople are the driving force behind our cultural movement, and it is in them we continue to place our faith. We look forward to celebrating with them and all our community, a newfound respect for the human spirit and resilience.

For more information, go to [www.michelangelofoundation.org](http://www.michelangelofoundation.org) or [www.homofaberevent.com](http://www.homofaberevent.com) or [www.homofaberguide.com](http://www.homofaberguide.com)