

RICHMONT



SUSTAINABILITY
REPORT
2021

Movement for Better Luxury

Organisation covered

This 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 otherwise requires, the terms “we”, “us”, “our”, “Group”, “Company” and “Richemont” as used in this Sustainability Report each refer to the Richemont International SA.

Period covered

This report focuses on our activities undertaken during FY2021, ie between 1st April 2020 and 31 March 2021, with the only exception for our environmental data, which have been collected for the calendar year 2020, i.e. between 1 January 2020 and 31 December 2020.

This report also includes past background information.

Standards

This report has been prepared in accordance with the GRI. Richemont has also produced its first Sustainability Accounting Standards Board (SASB) index to illustrate how this report aligns with the Apparel, Accessories & Footwear Industry guidelines.

Assurance

This report has been verified by Ernst & Young Associates LLP.

Accounting Standards

Figures are compiled pursuant to International Financial Reporting Standards (IFRS).

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Richemont CSR Department

Acronyms

ADD	Annotated Disclosure Dashboard
ASM	Artisanal, Small and Medium-scale Mines
BREAM	Building Research Establishment Environmental Assessment Methodology
CDP	Formerly Carbon Disclosure Project
CGWG	Coloured Gemstones Working Group
CIRAIG	International Reference Centre for the Life Cycle of Products, Processes and Services
CISL	University of Cambridge Institute for Sustainability Leadership
CITES	Convention on International Trade of Endangered Species
CNAM	Conseil National des Arts et Métiers
CSR	Corporate Social Responsibility
CWI	Cartier Women's Initiative
DEI	Diversity, Equity & Inclusion
EP&L	Environmental Profit & Loss
ESG	Environment Social and Governance
FSC	Forest Stewardship Council
GEVA	Greenhouse gas emissions per unit of Economic Value Added
GHG	Greenhouse Gases
GRI	Global Reporting Initiative
ICFA	International Crocodilian Farmers Association
IFM	Institut Français de la Mode
KPCS	Kimberley Process Certification Scheme
KPI	Key Performance Indicator
LEED	Leadership in Energy and Environmental Design
LGBTIA+	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, and Asexual
LMS	Learning Management System
LWG	Leather Working Group
mHREDD	EU Mandatory Human Rights Due Diligence Draft Directive
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
RJC	Responsible Jewellery Council
RJC COC	Responsible Jewellery Council Chain of Custody
RJC COP	Responsible Jewellery Council Code of Practices
SASB	Sustainability Accounting Standards Board
SBGA	Swiss Better Gold Association
SBT	Science-Based Targets
SBTi	Science-based Target Initiative
SMETA	Sedex Members Ethical Trade Audit
UNGC	United Nations Global Compact
UNGP	United Nations' Guiding Principles on Business and Human Rights
WALDB	World Apparel and Footwear Life Cycle Assessment Database
WFTO	World Fair Trade Organization
YAC	Young Advisory Committee

Glossary

A Glossary of terms used in this Sustainability Report may be found on the [Richemont website](#)

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INTRODUCTION



Burkhardt Grund
Chief Finance Officer
Board Member
CSR Committee
Chairman
Permanent invitee to the
Governance and
Sustainability Committee

14 July 2021

Our Transformational Strategy reflects our ambition to see luxury create benefits for all. It represents Richemont's Movement for Better Luxury.

I am delighted to share the good progress we have made in the past twelve months regarding that strategy. Despite the unprecedented difficulties stemming from the Covid-19 pandemic, we have delivered and will continue to deliver our short-, medium- and long-term sustainability targets.

During the year, we have strengthened our governance through the creation of a Governance and Sustainability Committee of the Board, which is made up of non-executive Directors. Also attending Committee meetings are senior executives and specialists in Environment, Social and Governance matters (ESG). Its purpose is to assist the Board in reviewing and approving management proposals regarding strategy, policies, and guidelines on ESG. It will also provide direction on best practices and ensure compliance with all relevant regulatory requirements. This represents active engagement from the highest levels of Richemont's organisation and shows how seriously we take these responsibilities.

For the first time, we engaged EY to assure our entire Sustainability Report. We have studied their recommendations and will improve our ESG systems and disclosures each year. EY's opinion may be found at the end of this report. Other experts were engaged to critically review our Standards of Business Conduct and our preparedness for reporting on due diligence regarding Business and Human Rights.

Richemont is co-chairing a new Sustainable Development Goals (SDGs) Taskforce, launched by the Responsible Jewellery Council (RJC) to track and aid members' progress in implementing the United Nations' SDGs.

Looking at the social dimension of ESG, the past year has seen Richemont evolve its Human Resources Vision and Mission to become a truly people-centric organisation, offering our colleagues greater levels of listening and support across their entire employee journey. This is reflected in our immediate response to Covid-19, where we acted to prioritise our people's wellbeing and the preservation of jobs. At the same time, we introduced comprehensive health and safety procedures, new flexible ways of working and enhanced physical and mental support for our teams. Going beyond this, our evolved people strategy is empowering everyone in our organisation to learn, grow and develop their talents, helping them thrive in a changing digitalised world and create an inclusive culture. To this end, we are providing digital learning opportunities to support our New Retail journey, offering a revamped mobility strategy, and placing a greater focus on Diversity, Equity & Inclusion (DEI) education and community building. The People chapter contains further details.

Our Sustainability Report 2020 detailed the measures Richemont took in response to the Covid-19 pandemic, which swept the world in early 2020. Those measures were broadly divided into four categories: health and safety; business continuity;

remediation; and restart measures. Together, those measures targeted the protection of all employees and their families. In certain markets, furlough arrangements were put in place and government assistance was received in others. The overall impact on long-term employment has been limited and we are very grateful for the spirit in which our colleagues coped with the crisis. Whilst many parts of the world continue to suffer the immediate consequences of the pandemic, and the costs of restarting the world's economies will be felt for years to come, Richemont has emerged relatively well from this dark period. Our rapid corporate-level measures, combined with national vaccination programmes, suggest that our efforts to preserve cash and employment have been rewarded.

Richemont is committed to transparency and traceability in raw material sourcing and continues to work collaboratively with industry organisations and business partners to promote best practices across our full supply chain. We are committed to respecting responsible business practices, human and labour rights, and the environment. Today, over 90% of the gold we purchase is RJC Chain of Custody certified and comes from recycled origins. As part of our long-term goal, IWC achieved certification against the RJC's stringent Chain of Custody standard: the first Swiss luxury watchmaker to be certified. Other Maisons are on their way to obtaining this certification. After several years of collaboration with peers through the Coloured Gemstones Working Group, we participated in the recent launch of the Gemstones and Jewellery Community Platform to promote responsible business practices across the gemstone industry. The Sourcing chapter contains further details.

Richemont has committed to sourcing 100% renewable electricity across Group operations by 2025, in line with RE100 initiative objectives, and recently submitted its Science Based Targets to reduce greenhouse gas emissions in line with the Paris Agreement. Our target encompasses a variety of measures including absolute reductions intensity and supplier engagement. We are reporting our water and waste metrics for the first time this year in response to both request from stakeholders and to prepare for target-setting in the future. The Environment chapter contains further details.

This report includes a chapter dedicated to our Maisons and regions' individual progress. This is the first time we have disclosed such detail, reflecting the maturity of their individual action plans, their willingness to communicate progress and to directly engage on sustainability matters with their own stakeholders, particularly their employees, suppliers and customers.

Our Group has a long-standing commitment to doing business responsibly. We know that there is always more to do regarding corporate and industry-wide sustainability efforts and strive to improve each year. Next year's Sustainability Report will reflect the recommendations of EY, additional ESG disclosures and will be published one month earlier. Through these and many other innovative measures, at Richemont we craft the future.

In the meantime, we welcome your feedback on our enhanced sustainability performance and reporting efforts.

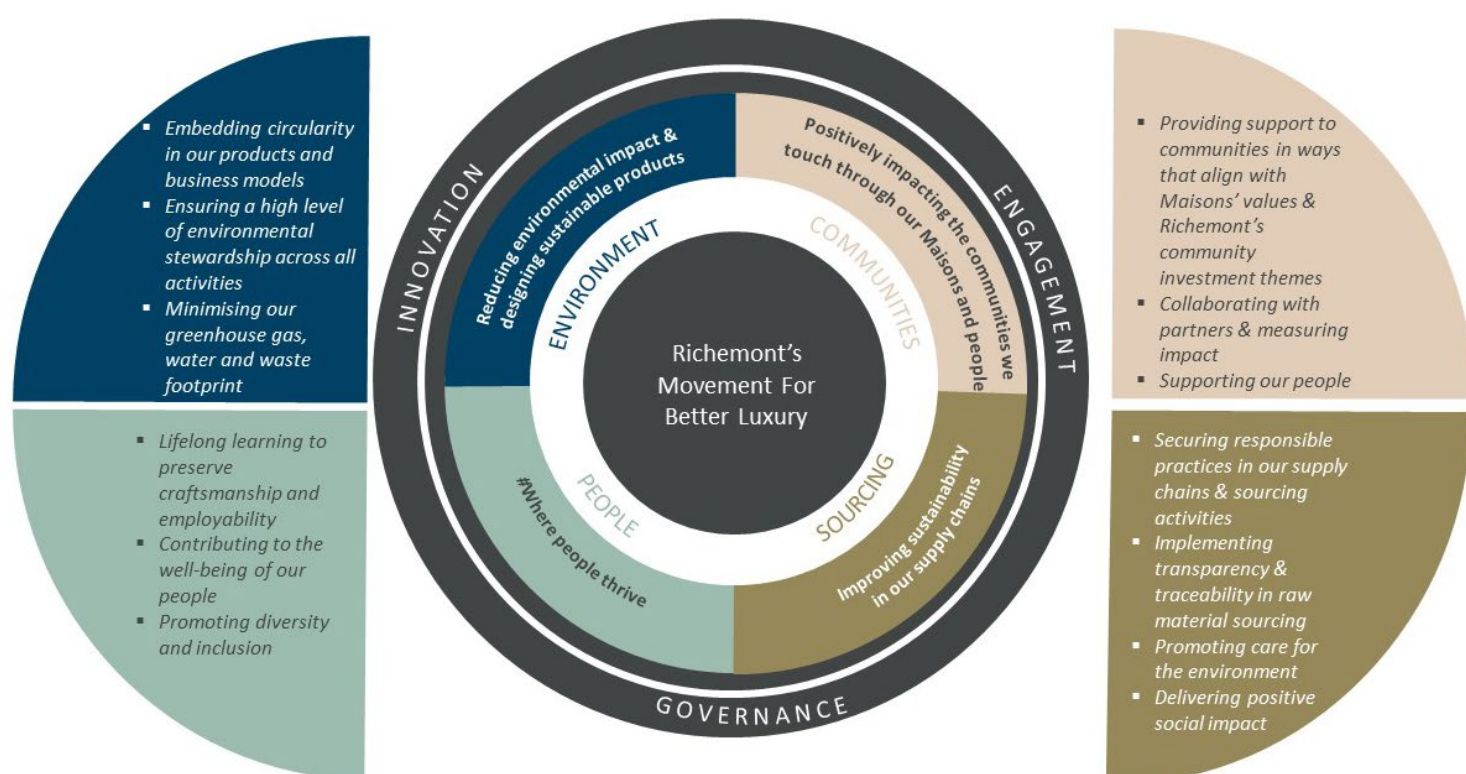


OUR APPROACH TO
SUSTAINABILITY

In 2019, we launched our Transformational Strategy ('Strategy'), which reflects our aspiration for Better Luxury – improving the way luxury is created, in a way that is more sustainable and responsible, and creating a positive impact for the many different stakeholders involved in our value chain. The Strategy builds upon our previous CSR Plans and almost two decades of continuous improvement.

Our Strategy is graphically outlined below. Our 'Movement for Better Luxury' is supported by four focus areas: People, Communities, Sourcing and Environment, each of which has an owner at Group level and a series of commitments. These four areas are encompassed by strong governance, active stakeholder engagement and continuous innovation in materials and processes. Our Strategy combines three levels of ambition over the short-, medium- and long-term, providing our Maisons with greater flexibility.

The Strategy was validated by two materiality assessment exercises in 2019. The second exercise involved only stakeholders aged 25 or younger, being a critical future stakeholder group.



An enlarged version of this graphic may be found on our [Sustainability Reporting Centre](#).

REPORTING ON OUR TRANSFORMATIONAL STRATEGY

Building on progressive disclosures regarding our Strategy, this Report includes the specific targets linked to our short-term Foundational and mid-term Aspirational commitments. It also includes our progress against those targets. We are also disclosing some of our long-term, Transformational commitments. The details of those disclosures may be found in the respective focus area chapters of the report: People, Communities, Sourcing and Environment.

MATERIALITY

Richemont's second materiality assessment was conducted in 2019. That comprehensive review identified the key ESG issues (Environment, Social, Governance) that matter most to our business and our stakeholders. The materiality assessment confirmed that our Strategy is focused on the right areas and that we continue to report on the sustainability topics that are important to our stakeholders.

Corporate Citizenship, an independent consultancy specialising in sustainability, conducted that process in four stages: (i) Issue identification; (ii) Internal review and engagement; (iii) External engagement; and (iv) Validation. Details of those stages may be found on page 8 of our Sustainability Report 2020.

Our next materiality update will be conducted in the 2021/22 year and be published in the next Sustainability Report. That update will include comments from investors regarding their concerns and disclosure expectations in respect to ESG investing criteria. Those topics are regularly reviewed, but recently received much greater importance in light of the Covid-19 pandemic and foreseeable environmental crises.

The results of our 2019 assessment are presented in the materiality matrix below.

MATERIALITY MATRIX



An enlarged version of this graphic may be found on our [Sustainability Reporting Centre](#).

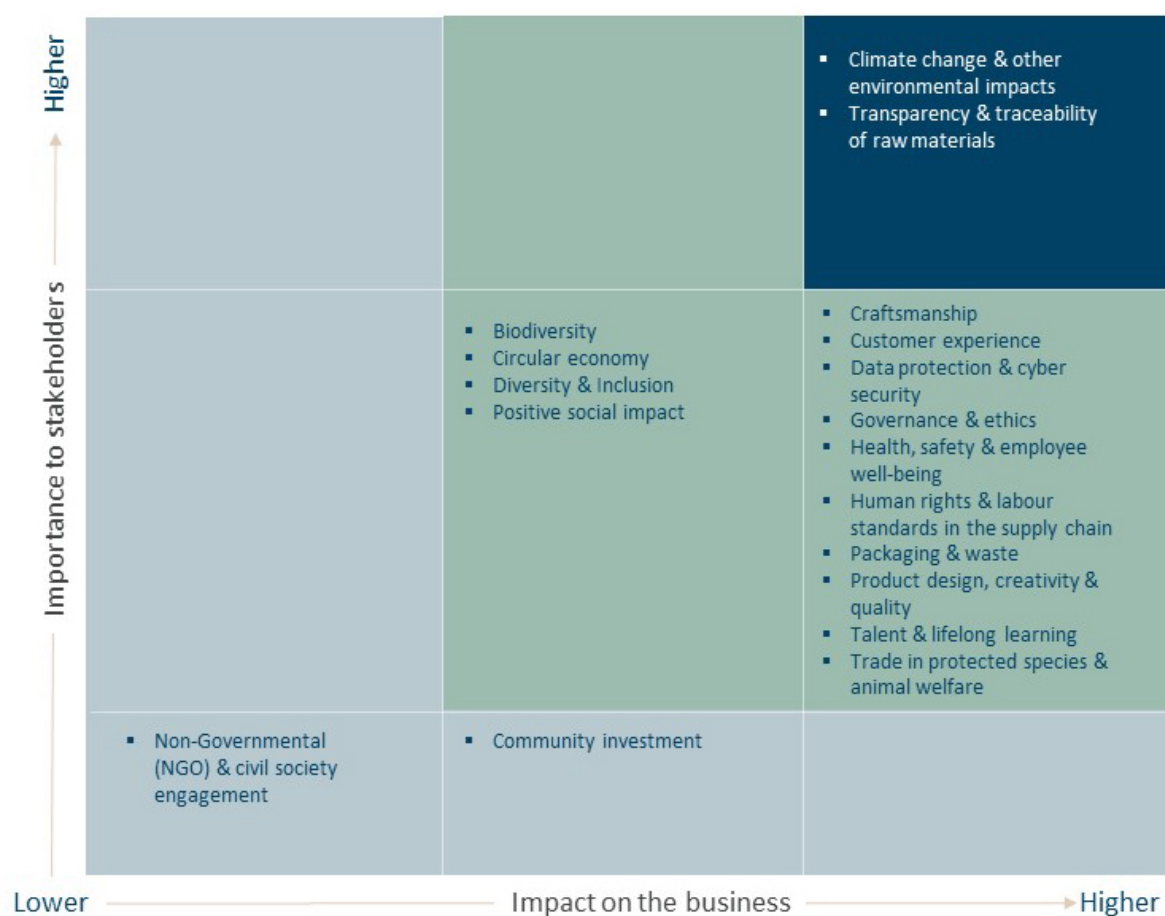
Note: Our 18 issue areas are listed alphabetically within each relevant quadrant

Issues in the top right darker blue quadrant are our highest priority issues. They are (i) Human rights and labour standards in the supply chain and (ii) Transparency and traceability of raw materials. In

addition, we have identified other material issues for our business and stakeholders, which appear within the green and lighter blue quadrants.

During its validation review of the 2019 assessment, the Group CSR Committee remarked that climate change had not been rated highly by stakeholders: it was in the green zone, not the dark blue zone. Following discussion, a second materiality assessment was conducted. To capture the concerns and views of the next generation, only stakeholders aged 25 and under were invited to participate in stages (ii) and (iii) above. The other parts of the process were unchanged to ensure a like-for-like comparison. The tailored assessment was called the ‘Gen Z Edition’.

The results of the Gen-Z Edition are presented in the materiality matrix below.



An enlarged version of this graphic may be found on our [Sustainability Reporting Centre](#).

Note: The 18 issue areas are listed alphabetically within each relevant quadrant

Our Sustainability Report 2020 (page 10) included a comparative discussion of the two matrices. In summary, Gen-Z prioritised climate change as the most significant issue for Richemont. This perception confirmed the importance of our Science-Based Target project, which was duly prioritised and completed during the year under review. Other areas, including diversity and inclusion, circular economy and positive social impacts were highlighted in the Gen-Z Edition. The comparative study enables Richemont to better understand the concerns of our stakeholders of today and of tomorrow. It is also driving our internal communications and engagement plans.

REPORTING ON OUR MATERIAL ISSUES

The materiality assessments have steered our disclosures, including the mapping of the issues to the Sustainable Development Goals. It has also accelerated our project to set Science-Based Targets for decarbonising our business operations in the decade ahead.

The following list is for navigation purposes. It identifies, in alphabetical order, the 18 issues arising from our materiality assessment and the chapter of the present report where detailed commentary may be found.

<u>Issue</u>	<u>Chapter</u>
Biodiversity	Environment
Circular Economy	Environment
Climate change & other environmental impacts	Environment
Community investment	Communities
Craftsmanship	Maisons
Customer experience	Maisons
Data protection & cyber security	Governance
Diversity & Inclusion	People
Governance & ethics	Governance
Health, safety & employee well-being	People
Human rights and labour standards in the supply chain	Sourcing
Non-Governmental (NGO) & civil society engagement	Engagement
Packaging & waste	Environment
Positive social impact	Communities and Sourcing
Product design, creativity & quality	Maisons
Talent & lifelong learning	People
Trade in protected species & animal welfare	Sourcing
Transparency & traceability of raw materials	Sourcing

These issues are also systematically addressed in our internal Enterprise Risk Management (ERM) report. The ERM reporting process is described in the Corporate Governance chapter of Richemont's Annual Report and Accounts 2021.

In parallel, we continue to report against GRI Standards (see our GRI Index at the end of this report) as well as other issues that form part of our Strategy and are priorities for our stakeholders. For the first time, we have produced a Sustainability Accounting Standards Board (SASB) index to illustrate how our reporting aligns with the Apparel, Accessories & Footwear Industry guidelines. This initiative is largely in response to requests from investors and other stakeholders who are more familiar with SASB than GRI. We will continue to strengthen disclosures and align our reporting to SASB in future reports.



SUSTAINABLE
DEVELOPMENT GOALS

The 2030 Sustainable Development Goals ('SDGs' or 'Global Goals' or 'Agenda 2030') were set by the United Nations in 2015. The 17 Global Goals range from ending poverty to working in partnerships, with each Goal having agreed targets. Delivering the Global Goals is not reserved for governments, they are goals for individuals, organisations and companies of all sizes. The period starting in 2020 has been named the Decade of Delivery.

Richemont's Strategy includes a commitment to identify and align its operations with selected Global Goals. During the prior year, a detailed mapping was conducted using our materiality assessment. This chapter focuses on the outcome of that mapping and the implications for our business. The chapter also draws attention to the SDG mapping conducted by partner organisations, including the Responsible Jewellery Council, TRACIT and United Nation Global Compact.

MAPPING OUR MATERIAL ISSUES TO THE SDGS

Richemont's materiality assessment is described above in the Our Approach chapter. The assessment identified and ranked the 18 issues of most importance to our stakeholders. Those 18 issues and their sub-categories were then mapped against the 17 Global Goals, and their sub-categories, to see which are most relevant. The SDG Compass was used to guide this mapping process. Further details of that process may be found on page 13 of our Sustainability Report 2020. The combined results of the mapping process are summarised in the following table.

Material issue	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Biodiversity						●									●		
Circular economy												●	●				
Climate change & other environmental impacts						●	●						●				●
Community investment																	●
Craftsmanship				●													
Customer experience																	
Data protection & cyber security																●	
Diversity & inclusion					●			●		●							
Governance & ethics																●	
Health, safety & employee well-being			●					●									
Human rights & labour standards in the supply chain								●									
Non-Governmental Organisation (NGO) & civil society engagement																	●
Packaging and waste												●		●			
Positive social impact	●							●									
Product design, creativity & quality									●			●					
Talent & lifelong learning				●				●									
Trade in protected species & animal welfare															●		
Transparency & traceability of raw materials								●							●		

An enlarged version of this graphic may be found on our [Sustainability Reporting Centre](#).

Note: Material issues are listed alphabetically

By seeking relevance, Richemont's contribution to achieving the Global Goals will be more focused: opportunities to leverage its capacities are being identified to become part of Richemont's future growth, for example, our strategic approaches to mitigating climate change and creating positive social impact.

RESULTS AND IMPLICATIONS

The five SDGs with the highest relevance for Richemont are SDG 5, 8, 12, 13 and 17. Each is summarised and Richemont's current contribution is discussed below.

5 GENDER EQUALITY



SDG 5: Achieve gender equality and empower all women and girls.

In particular, SDG 5.5 "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life."

Our targets to promote Diversity, Equity and Inclusion and our progress to date are described in the People chapter. As an example, Richemont has expanded its benefits programme for childcare services, including parental leave. Several of our businesses have committed to the United Nations Women's Empowerment Principles, while others have achieved or are seeking Equal Pay certification across their operations. In our supply chain, we promote equal remuneration for women and men, equal opportunities and diversity through certification schemes such as the Responsible Jewellery Council.

8 DECENT WORK AND ECONOMIC GROWTH



SDG 8: Promote inclusive and sustainable economic growth, full and productive employment and decent work for all.

In particular, SDG 8.2 “Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors” and SDG 8.4 “Improve progressively global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation.”

Our targets regarding occupational health, safety and well-being are described in the People chapter. That chapter also describes the importance of talent and lifelong learning to preserve craftsmanship and employability in the luxury goods sector. As an example, Richemont has established luxury retail academies in Asia and North America.

Our policies to safeguard human rights and labour standards in the supply chain and the positive social impact we make are described in the Sourcing chapter. Implementing transparency and traceability in raw material sourcing, particularly materials which have positive biodiversity and environmental impacts such as American alligator leather, is included in the Environment chapter.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



SDG 12: Ensure sustainable consumption and production patterns.

In particular: SDG 12.2 “Achieve the sustainable management and efficient use of natural resources”; 12.5 “Substantially reduce waste generation through prevention, reduction, recycling and reuse”; and 12.6 “Encourage transnational companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle”.

Our long-term goals include the crafting of fully sustainable business models based in circular economy principles. We have taken first steps with the international expansion of a specialist pre-owned watch business, Watchfinder, and the launch of Infinity by YOOX NET-A-PORTER. In the meantime, we are primarily using recycled gold in our new watches and jewellery pieces to minimise our negative environmental impacts and are reviewing all aspects of product packaging to minimise waste in the production and consumption phases. An example is IWC Schaffhausen’s alternative packaging project, which offers customers smaller, lighter ways to travel with their new watches.

13 CLIMATE ACTION



SDG13: Take urgent action to combat climate change and its impacts.

We have committed to Science-Based Targets in line with the Paris Agreement. Our targets, which were submitted for independent evaluation by SBTi in May 2021, relate to Scopes 1, 2 and 3. In parallel, we have also committed to lower our carbon emissions from business travel and to source 100% renewable electricity by 2025. Details of those commitments and our current emissions data may be found in the Environment chapter.

17 PARTNERSHIPS FOR THE GOALS



SDG 17: Partnerships for the Goals.

Through partnerships, Richemont is able to contribute to the SDGs beyond our own operations. Our partnerships can be through commercial relationships with suppliers and distributors, and through philanthropic relationships. Of particular importance is the RJC SDG Taskforce, which was established during the year under review and is detailed below.

The Communities chapter of this report describes many of our philanthropic relations and how they contribute to society on a thematic basis. An example is the Laureus Sports for Good Foundation and the benefits it brings to hundreds of thousands of disadvantaged children around the world each year.

Our partnership with standard-setting organisations enables us to build capacity beyond our operations as they promote dialogue and multi-lateral partnerships to achieve progress on the Global Goals.

PARTNER ORGANISATIONS

RESPONSIBLE JEWELRY COUNCIL (RJC)

The Responsible Jewellery Council (RJC) was established in 2005 to promote responsible ethical, human rights, social and environmental practices throughout the gold and diamond supply chains. It was built on the belief that these issues can be best addressed as a collaborative effort. To improve our watch and jewellery supply chain, Richemont works closely with the RJC and its two Standards: Code of Practices and Chain of Custody.

Membership of the RJC promotes a robust approach to supply chain issues for our Maisons and other businesses in the jewellery industry, from mines to retail. A number of our Maisons' representatives occupy seats in the RJC's governing bodies, including its Board of Directors and its Committees.

The wider importance of the RJC and similar Voluntary Standard Systems to sustainability was recently underscored by a 2018 report prepared for ISEAL Alliance and WWF. It concluded that sustainability standards have impacts that go beyond individual certified operations to influence whole production and consumption systems.

During the year under review, the RJC established an SDG Taskforce to address both its 1'400 members' wish to contribute to the SDGs and to respond to critical comments received from certain civil society representatives. The Taskforce is advised by Georg Kell, who served as Executive Director of the United Nations Global Compact from its foundation in 2000 until 2015. The Taskforce held its first meeting in April 2021, with members from across the industry, as well as representatives from academia and civil society. Civil society representatives include Human Rights Watch and a representative from a leading environmental organisation is being sought. The Taskforce is co-chaired by representatives from DeBeers and Richemont.

OTHER ORGANISATIONS

In addition to our SDG work with the RJC, Richemont and its Maisons are also involved with the following organisations, which help us improve our social, economic and environmental performance:

- Jewelers of America (JA), the trade association for retail jewellers in the USA. Through its Ethical Initiatives Committee, JA is a leader in promoting debate on sustainability within the industry. Cartier is a Board member of JA and a member of its Ethical Initiatives Committee.
- The French Union of Jewellery, Silverware, Stones and Pearls (UFBJOP), which is closely involved in various ethical issues and which promotes the highly skilled know-how of jewellery manufacturing in France. Van Cleef & Arpels serves as a Board member.

- The Federation of the Swiss Watch Industry (FHS) is a private, professional and non-profit association. It brings together more than 500 members and represents more than 90 % of all Swiss watch manufacturers. Richemont serves as a Board Member.
- WWF Switzerland, the national association of the World Wildlife Fund for Nature. In 2018, WWF Switzerland conducted an assessment of leading Swiss watch and jewellery companies' environmental reporting. Richemont and five of its Maisons participated in the assessment and continue to engage with WWF.

TRACIT

Richemont is a member of the Transnational Alliance to Combat Illicit Trade (TRACIT). TRACIT is an independent, private sector initiative to drive change to mitigate the economic and social damages of illicit trade by strengthening government enforcement mechanisms and mobilising businesses across industry sectors most impacted by illicit trade. TRACIT provides a strong partner for Richemont's commitment to sustainability, human rights and fair labour conditions, giving us a platform to stand against illicit trade in all forms relevant to our company. As illicit trade weakens the viability and sustainability of industries, it simultaneously dilutes private sector contributions to achieving the SDGs.

In 2019, TRACIT published an extensive report entitled "Mapping the Impact of Illicit Trade on the UN Sustainable Development Goals". TRACIT provides a platform for business and governments to collaborate holistically to mitigate the encumbrance of illicit trade and the associated human rights and labour abuses on the SDGs, and represents one of the ways Richemont contributes to the partnership approach embodied in SDG 17.

UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact (UNGC) is the world's largest responsible business organisation. Richemont has been a UNGC Participant since 2013 and serves on the Board of the UNGC's Swiss Network. The Swiss Network promotes the SDG Action Manager tool to guide companies' efforts in achieving the Global Goals.

SDG ACTION MANAGER

During the year under review, Richemont conducted its first internal assessment using the SDG Action Manager. The findings, in terms of system improvements and disclosures, will be implemented over the coming three years as part of our Transformational Strategy. Those improvements relate to both our own operations and to our supply chain partners. Using the SDG Action Managers' points-based system, our first self-assessment score was 64% overall. According to the SDG Action Manager database, our overall score was well above the Swiss average (38%), the sector average (36%) and the average for similar-sized companies (55%).

Within our overall score, our lowest scores related to human rights due diligence measures, whilst our highest scores related to anti-corruption measures. Our short-term opportunities for improvement include employee training on the social and environmental issues material to Richemont; and devolving meaningful measures to track our contributions to the SDGs, particularly SDG 8 (decent work and economic growth) and SDG 12 (responsible production and consumption). Opportunities for improvement in the long term relate to governance and disclosures, including country-by-country reporting.

Certain recommendations identified in the November 2020 exercise have already been implemented. These include (i) the Board's establishment in March 2021 of its Governance and Sustainability

Committee, which oversees environmental, social and governance matters; and (ii) the Group CSR Committee's establishment of dedicated steering committees for environmental and social impact, in March 2021 and June 2021, respectively.

The advantages to Richemont of using the SDG Action Manager include easy-to-use benchmarking data and reference documents, clearly identified actions for improvement; and tools to track actionable progress. Accordingly, the self-assessment exercise will be conducted on a periodic basis and may be used to inform our third Materiality Assessment, to be conducted during the year ahead.



GOVERNANCE

Governance is one of three transversal areas encompassing our Transformational Strategy. The other two are Engagement and Innovation, which may be found below. The following chapter details our governance approach to sustainability.

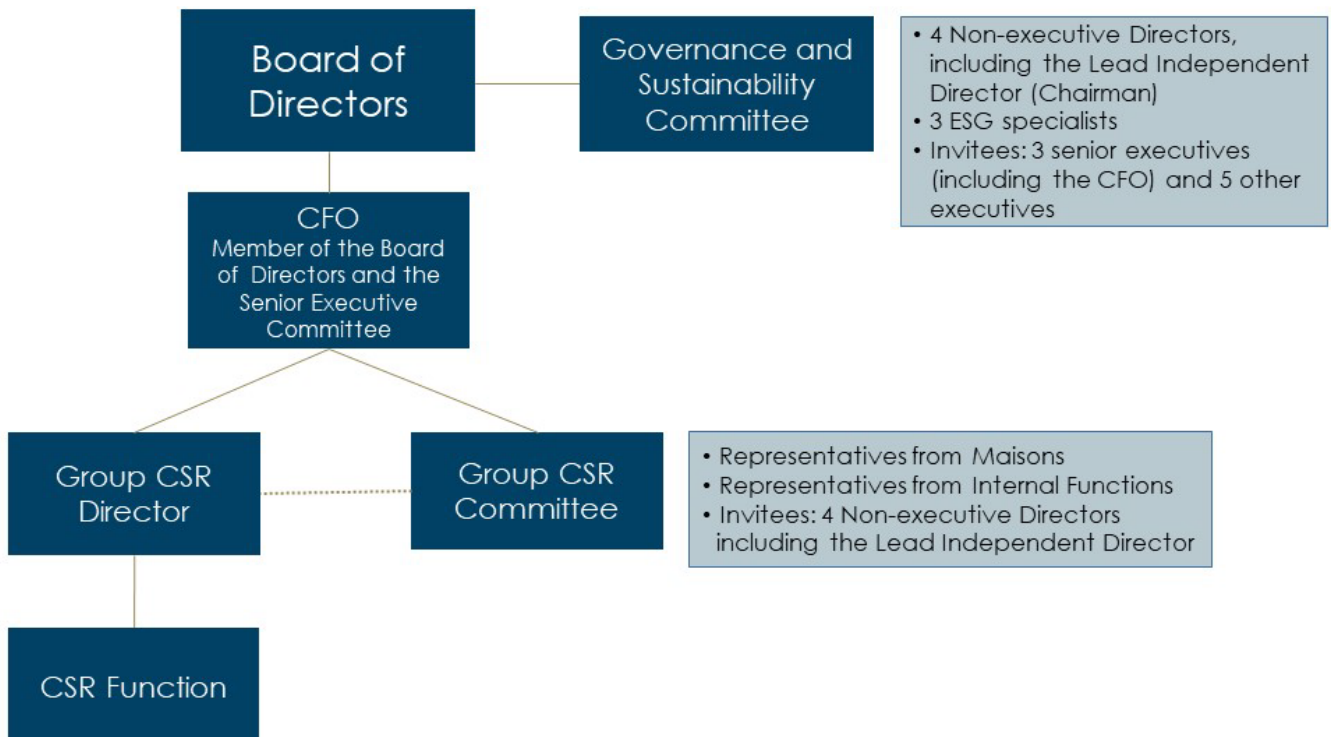
This chapter includes a description of how sustainability is governed within Richemont and key developments during the year under review. Those developments include: the establishment of a Board-level oversight body, the Governance and Sustainability Committee; an independent analysis of our ESG disclosures; an independent review of our Standards of Business Conduct; an independent review of our preparedness for monitoring Business and Human Rights; our first index according to SASB; and our first independent assurance of the entire Sustainability Report.

HOW SUSTAINABILITY IS MANAGED

Responsibility for sustainability lies with the Group Chief Finance Officer (CFO), who is a member of the Board of Directors and the Senior Executive Committee. He regularly liaises with Maison Chief Executive Officers (CEOs), function and regional heads and reports directly on CSR matters to the Board of Directors.

The CFO is supported by the Director of CSR (Corporate Social Responsibility), the Group's CSR function and the Group's CSR Committee, comprising representatives from other Group functions and our Maisons. Committee membership is detailed below. The Committee has established terms of reference and meets at least four times per year to review progress of the Group's Strategic CSR Plans, and to agree activities to support relevant programmes.

Each of the four strategic focus areas of the strategy – People, Communities, Sourcing and Environment - is led by a director within the business.



CSR COMMITTEE MEMBERSHIP

At 17 June 2021, the CSR Committee comprised:

- Group CFO (Chairman);
- Cartier Corporate Responsibility Director;
- Fashion & Accessories Strategy and Transformation Director;
- Group Deputy Director, Public Relations;
- Group Deputy Director, Strategic Planning;
- Group Director, Corporate Communications;
- Group Director, Corporate Social Responsibility;
- Group Director, Diversity & Inclusion;
- Group Director, Infrastructure & Cloud Services;
- Group Director, Physical Security, Health and Safety;
- Group Director, Responsible Sourcing;
- Group Procurement Manager;
- Group Regions, Senior Project Manager;
- Group Senior Compliance Officer;
- Chief Marketing Officer, IWC (for all Specialist Watchmakers);
- R&I Breakthrough Innovation Manager;
- Senior Sustainability Manager (Secretary);
- Van Cleef & Arpels Director, Compliance & Risk Management.
- YOOX NET-A-PORTER (YNAP) Senior Sustainability Manager.

The Chairman of the Governance and Sustainability Committee (formerly the Ethics Sub-Committee) is invited to attend all CSR Committee meetings.

Internal and external specialists are invited to attend the Committee on an ad hoc basis. During the year under review, the average attendance rate for the CSR Committees was 79%.

GOVERNANCE AND SUSTAINABILITY COMMITTEE

During the year the Board established a Governance and Sustainability Committee. The purpose of the Committee is to support the Board in establishing and reviewing strategy, policies and guidelines with regard to environmental, social and governance (ESG) matters. It acts in an advisory capacity to the Board, except for the following areas:

- regarding environmental matters it shall review and approve management proposals regarding CO₂ targets, climate change and biodiversity;
- regarding social matters it shall review and approve management proposals regarding diversity, equity and inclusion as well as matters regarding human and workplace rights and positive social impacts within the Group's operations, its supply chain and the communities in which it operates;
- it shall further review and approve any material amendment to existing strategic plans relating to ESG, sustainability and any of their components; and
- it shall approve disclosures in the audited annual Sustainability Report and the Group's separate disclosures regarding Science-Based Targets and Diversity, Equity and Inclusion.

The Committee members comprises four non-executive directors: Mr Clay Brendish (Committee Chairman and Lead Independent Board Director), Ms Wendy Luhabe and Mr Guillaume Pictet are

Committee members; Mr Gary Saage also attends. Mr Brendish, Ms Luhabe and Mr Pictet are independent non-executive directors.

To facilitate its review of particular matters, three consultants regularly attend its meetings: Mr Benjamin Firmenich, an impact finance specialist, Ms Sandra Macleod, an Expert Witness on reputation and an international leader in communication research, and Ms Jasmine Whitbread, who also serves as a non-executive director of public companies including Travis Perkins, Standard Chartered and WPP.

The new Committee replaces the Audit Committee's Ethics Sub-Committee, which was established in the prior year. That Committee met five times during its second and final year.

EMBEDDING CSR

The Group requires each Maison and regional function to designate a CSR Representative to take responsibility for CSR matters. That includes the implementation of Group standards and local initiatives. Together, Richemont counts more than 40 Full-Time Equivalent people in CSR roles.

CSR Representatives of each Maison and region participate in an annual CSR Conference to share progress and best practices, discuss activities and agree goals and priorities for the coming year. The Conference held in January 2021 focused on our Transformational Strategy. The virtual conference was held in a series of two-hour events over five days, with some 150 colleagues attending each event. Being a virtual event, not only were CSR Representatives able to attend, but also the members of their own local CSR organising committees and other colleagues interested in each day's theme.

The conference provided an opportunity for CSR Representatives to understand the progress being made against our Foundational and Aspirational targets, as well as meet the owners of the respective projects to achieve such targets. The event helped to energise Maisons and Regional actions in support of the targets.

Other tools are in place to facilitate information sharing among CSR Representatives on a continuous basis, including a CSR intranet and social media. As at March 2021, the internal social network had 574 active users. In addition, Richemont, our Maisons and YOOX NET-A-PORTER use corporate intranets to reach much wider internal audiences and increase employee engagement.

In addition to these Group-directed efforts, each Maison manages its own CSR agenda independently of the Group and one another. Each Maison and regional function has its own CSR Committee or equivalent. For the Maisons, the annual strategic planning process includes CSR objectives linked to its unique characteristics or 'DNA'. The Maisons have also established cross-functional teams, intranets and CSR-dedicated social media groups.

There are expert working groups across Richemont on specific topics such as diversity, equity & inclusion, community investment, precious materials and the environment. Those working groups review and determine the best approach to such topics, generating innovative initiatives. Examples are given in the respective chapters of this report. The chapter on each Maison's progress is itself an innovation in this year's Sustainability Report and reflects the growing confidence to communicate our sustainability efforts.

Details of an employee engagement plan, to be launched in summer 2021, may be found in the Engagement chapter of this report.

CSR FACULTY

To further embed expertise across the group, the Group CSR Function established a CSR Faculty. The aim is to strengthen knowledge and skills around a wide range of sustainability topics among the Maison CSR Representatives and their respective Committee members.

The content of the Faculty is currently provided by the University of Cambridge Institute for Sustainability Leadership ('CISL'). CISL provides a range of online courses, ranging from four hours to more than one hundred hours of individual or supervised study. Richemont has purchased 200 licences of the Sustainability Essential for Business courses, but the Covid-19 has delayed the completion of all this training. The knowledge gained by our CSR Representatives will help to embed CSR across Richemont's businesses.

In addition to the CISL content, the Group CSR Function is developing content to engage all of our colleagues in sustainability topics relating to the Transformational Strategy. Access to that content will be via the Group's Learning Management System, which is used for both voluntary and compliance training.

TRANSPARENCY IN REPORTING

We believe that transparent reporting and communications with external stakeholders is an important element for enforcing our processes and building trust. There are a number of ways in which Richemont aims to do this.

We regularly review our CSR reporting to ensure that it meets the changing expectations of our stakeholders. In recent years, we have reported our approach to Data Protection and Information Security, our Tax Strategy, our Standards of Business Conduct and performance against our previous CSR Plans. This year, in addition to disclosing the short-, medium and long-term commitments of our Transformational Strategy, we are disclosing the Strategy's medium-term qualitative and quantitative targets and our performance to date across the four focus areas: People, Communities, Sourcing and Environment. In future years, we will also disclose our long-term targets across those four focus areas.

Enhancing product transparency and the traceability of precious materials used in luxury goods, such as jewellery, watches and leather goods, is an important focus area for Richemont and the wider industry. Our work in this area is described in the Sourcing chapter.

This report covers the financial year ended 31 March 2021. It encompasses all activities under the direct control of Compagnie Financière Richemont SA but does not include the activities of any businesses in which the company does not have financial control. As well as the information provided in this report, we include a two-page summary in our 2021 Annual Report and Accounts.

GLOBAL REPORTING INITIATIVE ('GRI')

Our 2021 Sustainability Report has been prepared in accordance with the Core option of the Global Reporting Initiative's (GRI) Standards. See our full GRI Index, which provides an overview of our reporting against the GRI Standards.

SUSTAINABLE ACCOUNTING STANDARDS BOARD ('SASB')

During the year, we undertook a detailed analysis of our reporting against SASB's Apparel, Accessories & Footwear industry guidelines, being the classification most relevant for our business. We have produced our first SASB Index, which indicates how our 2021 Report aligns with SASB guidelines. We will continue to strengthen disclosures and alignment with SASB in future reports.

The priority areas identified in the Materiality Matrix are reported against the Sustainability Disclosure Topics and Accounting Metrics.

OTHER REPORTING FRAMEWORKS

Richemont is following developments in the corporate, non-financial reporting space. Those developments include: the merger between SASB and the IIRC (International Integrated Reporting Council) to create the Value Reporting Foundation; the working groups of the IFRS Foundation and the World Economic Forum; and the European Union's Non-Financial Reporting Disclosure framework. These various developments are seen positively as they represent a convergence, rather than a proliferation, of corporate reporting frameworks and standards and thus a potential simplification of future reporting requirements.

ENVIRONMENT, SOCIAL AND GOVERNANCE ('ESG') DISCLOSURES

During the year under review, Richemont's CSR Committee commissioned an independent study regarding ESG reporting. The Committee was seeking a better understanding of the disclosures required by our investors, based upon their most frequently used ESG rating reports. Those reports included CDP Climate, ISS ESG, MSCI ESG and Sustainalytics. The DJSI criteria were also considered, but the reports using those criteria are less used by our investing constituency.

The resulting report identified the disclosure gaps which Richemont may decide to close in the short-, medium- and long-term. Whilst some disclosure gaps have been closed in the current report, in most cases Richemont will need to develop systems and processes to capture robust, auditable consolidated data. And that may take years to complete.

To ensure a methodical approach and appropriate governance to future ESG disclosure enhancements, an Annotated Disclosure Dashboard (ADD) has been developed. The ADD identifies the disclosure gap, the section of the Sustainability Report where the gap exists, the owner of the gap and the expected year when the gap will be closed. Accordingly, the ADD will guide our continuous improvement efforts and provides the Board's Governance and Sustainability Committee with a tool with which to hold management to account.

INDEPENDENT ASSURANCE

The Group's consolidated carbon emissions data were independently assured from 2010/11 to 2019/20. The baseline emissions for Science-Based Targets, including a full assessment of Scope 3 greenhouse gas emissions, were also independently assured.

For the first time, our entire 2021 Sustainability Report has been independently assured. Our motivation for such an undertaking, particularly during the pandemic, were two-fold: to improve the quality of our internal processes linked to non-financial disclosures; and to enhance trust among the users of our Sustainability Report. To cite François Constantin of Vacheron Constantin, "Do better if possible, and that is always possible."

GOVERNANCE AND RISK MANAGEMENT

The Board of Directors (the 'Board') is responsible for the overall strategic direction of the Group, capital allocation and the appointment of senior management. The 2021 Annual Report contains an

extensive description of the mechanisms used by the Board to exercise its governance duties: for more information, refer to the Corporate Governance Report.

During the year under review, the Board established a new standing Committee: the Governance and Sustainability Committee, as detailed above.

Richemont has a longstanding risk management process, which gives consideration to strategic and operational risks across all Group functions, including specific ESG risks such as sourcing and more general reputational and perception risks associated with sustainability. These risks are annually reviewed by the Board of Directors and are reflected in our materiality assessment. We seek to eliminate or mitigate risks where identified, in partnership with our colleagues and other stakeholders through the application of good practices.

POLICIES, CODES AND STANDARDS

Our activities are guided by a common framework that reflects our values. The framework includes our Corporate Responsibility Policy, as well as codes of conduct for employees, suppliers and the environment, together ‘the Codes’. Our Transformational Strategy provides an overarching framework, together with detailed commitments and targets, which helps Richemont’s managers, employees and suppliers to understand our expectations.

Training to embed these policies is ongoing and detailed in the commentary below and in the applicable chapters: People, Communities, Sourcing and Environment.



During the year under review, the Supplier Code of Conduct and the Standards of Business Conduct both underwent a substantial review. The changes reflect evolving best practice with regard to *inter alia* Business and Human Rights, whistleblowing and related matters. Both revised documents will be published during the year ahead on our website within the Sustainability / Reporting Centre area. Employee and supplier training will accompany the revised Codes.

The Standards of Business Conduct address risks associated with bribery and other forms of corruption. All employees follow the mandatory eLearning modules linked to our Standards of Business Conduct. Further details regarding anti-bribery, advertising and data protection may be found below in this chapter.

The Corporate Responsibility Policies and Environmental Code of Conduct were updated in 2019 and are reviewed periodically to ensure they reflect industry and regulatory best practices.

Policies linked to Community Investment policies have also been established and are described in the Communities chapter of this report.

At the end of this Governance chapter, are specific statements regarding our policies and efforts regarding: Anti-bribery and corruption, Anti-counterfeiting, and the Protection of data. Those

sections include some details of how training is organised and the effectiveness of the policies are monitored. However, as these statements have changed very little since the prior year, they are not included in the main body of this chapter, which focuses on progress during the year.

UNITED NATIONS GLOBAL COMPACT

Richemont has been a Participant in the United Nations Global Compact (UNGC) since 2013 and has provided an annual Communication on Progress in line with UNGC's requirements. Our current Communication on Progress may be found on the UNGC website and alongside this report on our website.

Global Compact Network Switzerland and Liechtenstein ('GCNSL') is the local chapter of the UNGC. It promotes the UNGC's Ten Principles within the Swiss economic sphere and provides local support to UNGC participants. Participants include companies, business associations, academic institutions and non-governmental organisations. Richemont's Director of CSR has served as Vice-Chair of the GCNSL Board since 2014.



A GCNSL documentary entitled "A Journey through Sustainable Swiss Business" may be viewed [here](#).

SUSTAINABLE DEVELOPMENT GOALS

The 2030 Sustainable Development Goals ('SDGs' or 'Global Goals' or 'Agenda 2030') were set by the United Nations in 2015. Richemont's Strategy includes a commitment to identify and align its operations with selected Global Goals. Details may be found in a dedicated chapter of this report.

BUSINESS AND HUMAN RIGHTS

The United Nations' Guiding Principles on Business and Human Rights (UNGPs) form an overarching governing standard for nations, companies and civil society. The UNGPs have been adopted by Switzerland, which has established a National Action Plan for Business and Human Rights (B&HR) and has been applied to policies and standards such as those of the OECD and the Responsible Jewellery Council's Code of Practices.

To determine Richemont's preparedness for the UNGP, an independent expert study was commissioned during the year under review: a Business and Human Rights Gap Analysis. The analysis reviewed Richemont's current B&HR initiatives, policies, processes and commitments, compared to actual and emerging B&HR expectations, standards and regulatory schemes. The assessment criteria included a mix of internationally accepted standards, namely the UNGPs, the OECD Guidance for Responsible Business Conduct, and two regulatory proposals at the regional and national level: the EU Mandatory Human Rights Due Diligence Draft Directive (mHREDD) and the Swiss Responsible Business Initiative counterproposal. This analysis aimed at supporting Richemont in strategically advancing human rights through a clear understanding of its gaps against these requirements.

The findings highlighted strengths, weaknesses and ways to improve. Prior to the implementation of those improvement measures, Richemont does not have a strategic approach to human rights and has not fully implemented the requirements of the UNGPs and the OECD Guidelines, with the exception of pockets of excellence such as raw materials sourcing at Group level and Cartier and its active engagement with the Responsible Jewellery Council.

From a disclosure perspective, Richemont is unable to prove that its commitment to human rights is implemented across the value chain and equally in all Maisons. Current sustainability disclosures, from the annual report to the Modern Slavery statement, do not have sufficient details on how the company aligns with the UNGPs outside of direct sourcing of raw materials. We note that a bespoke human rights policy is lacking, as well as a minimum standard for the Maisons on how to implement the company's human rights commitment in practice: through due diligence programmes, appropriate remedy and grievance processes, and monitoring systems.

In light of this, management will develop appropriate action plans for the Group as a whole and certain areas of higher risk. The implementation of those action plans will be overseen by the Group CSR Committee and the Board's Governance and Sustainability Committee. An independent follow-up review and analysis may be conducted within the next three years. Until then, we will convey Richemont's position in each year's Sustainability Report.

Swiss law is evolving in response to the Responsible Business Initiative counterproposal, voted by the Swiss people in November 2020. Richemont is monitoring the technical aspects of such developments, including due diligence processes, documentation, and disclosures for environmental and human rights in the supply chain. The first Richemont shareholder vote at the annual general meeting regarding due diligence reporting matters is expected to take place in 2023.

ANTI-BRIBERY AND CORRUPTION

The Codes referenced earlier in this chapter include Richemont's clear opposition to all forms of bribery and corruption. The Group has communicated its position on this topic to every employee. Whistleblowing procedures are in place to ensure that any suspicions of inappropriate conduct can be voiced. All employees are systematically made aware of the Codes and the related Standards of Business Conduct (Standards) and are reminded of the whistleblowing procedures annually through our Learning Management System (LMS). Our Standards of Business Conduct describe the measures we take in cases of breach, misconduct or non-compliant behaviour.

All concerns raised during the year were addressed in line with the Group's Whistleblowing Policy and Procedure, including concerns raised by employees in partner organisations such as suppliers. Richemont measures compliance with its Codes through two channels: for suppliers, the Maisons organise audits on a risk-weighted basis and the Group assists the Maisons; for employees, each Maison conducts comprehensive training of new employees and annually reconfirms that all employees are familiar with Richemont's whistleblowing policy. During the 2020 calendar year, 144 whistleblowing cases were notified. (2019: 117 cases. 2018: 124 cases.).

The 144 cases originated from 18 different countries, indicating that the reporting tools are widely understood and perceived as being effective. The types of issues reported primarily related to employment and compliance matters. Many of the employee incidents related to discrimination, bullying and harassment. Many of the compliance incidence related to Covid-19 measures. Other reported issues included fraud and information security. Each incident was followed-up, with around half of the reported incidents being confirmed by subsequent investigation. We continuously learn from each event's findings and adapt our business practices when appropriate.

There are currently no formal audits of ethical standards. Rather, the internal audit function considers conflicts of interest and related control matters as part of its reporting cycle. In addition, Richemont's Standards of Business Conduct are being revised. The revised edition places greater

emphasis on ethical standards, training, and speaking up about concerns, rather than formal legal compliance or whistleblowing after incidents have occurred. The next edition will be complemented by a review of existing reporting systems, including anonymity arrangements in certain jurisdictions. For the avoidance of doubt, the current reporting system is overseen by the Head of Internal Audit, who is independent from management and personally reports to the Chairman of the Audit Committee, a standing Board Committee of independent non-executive directors.

As noted above, the current version of the document is published on our website and a revised version, with greater emphasis on speaking up, will be published during the year ahead. The revisions reflect an independent study of our Standards and how they may be made more engaging and effective. A more complete description of the independent study's findings, recommendations and changes to the way we work will be included in next year's Sustainability Report.

ANTI-COUNTERFEITING

We seek to protect our clients from the sale of counterfeit goods. Clients may be deceived by unscrupulous traders, who pass off fakes as genuine items.

Richemont is also determined to protect the intellectual property assets of its Maisons and businesses as creativity, innovation and craftsmanship are core values that we share with our clients. Working with customs, police and administrative authorities around the world, Richemont organises raids and seizures to contain the spread of counterfeit products and send a strong message to pirates and counterfeiters. In addition to this, Richemont is committed to a programme of civil enforcement using strategic litigations to highlight the issue and hopefully deter others from infringing our key assets.

Collaboration with the Maisons and their local platforms is a key factor to ensuring such anti-counterfeiting actions are targeted and efficient. As the problem of online distribution of counterfeits has grown rapidly in the last few years, digital protection and enforcement have been essential elements in maintaining the exclusivity of our Maisons' products in the Internet environment. A large number of fake products and infringements are removed every year by Richemont, both off and online. If you think you have seen counterfeit products which infringe the creative rights of our Maisons, then please use our reporting tool for online infringements or use our [general anti-counterfeiting email address](#).

Many of Richemont's Maisons are members of the Federation of the Swiss Watch Industry and of the Fondation de la Haute Horlogerie. Both of these Swiss organisations are active in the field of anti-counterfeiting via public campaigns to raise awareness of the criminal networks frequently found behind such products and the risks of prosecution, which face the buyers of fakes in general.

Counterfeiting and piracy are highly pervasive across countries and sectors, representing a multi-billion-dollar industry that continues to grow globally. The estimated global value of counterfeiting and piracy is some USD 1.9 trillion. According to Interpol, criminal organisations are frequently behind counterfeits and pirate products. Those organisations are complicit in child labour, modern slavery, illicit distribution, fraud and tax evasion. Further information may be found on Interpol's [website](#).

Richemont is a member of the Transnational Alliance to Combat Illicit Trade (TRACIT), an independent, private sector initiative to drive change to mitigate the economic and social damages of illicit trade. Further details may be found in the chapter on the Sustainable Development Goals.

PRODUCT ADVERTISING AND LABELLING

The Group's Maisons advertise their products through a variety of media channels. Compliance with local advertising and product labelling laws is monitored. No material instance of non-compliance was brought to the Group's attention during the year under review.

DATA PROTECTION AND CYBER SECURITY

Recognising growing public concern around data protection, the Group has implemented a comprehensive strategy to achieve compliance with global data protection and privacy laws; provide a secure environment; and protect Group assets and operations against cyberattack, cybercrime, data breaches and other threats.

This strategy is overseen by Richemont's Strategic Security Committee, which aims to protect the Company's assets, including confidential business information and intellectual property, and its operations against intrusive actions. It also oversees the protection of Richemont's employees and physical assets.

GLOBAL DATA PRIVACY POLICY AND COMPLIANCE PROGRAMMES

Richemont's Global Data Privacy Policy incorporates the requirements of the General Data Protection Regulation (GDPR) and other global laws and regulations. The GDPR is designed to harmonise data protection and privacy laws across Europe, to protect and empower all EU citizens with respect to their personal data and to reshape the way organisations approach data protection and privacy. The Policy exists in twelve languages. It defines how the Group must process personal data, including employee personal data, client personal data, business partner personal data and other stakeholder personal data. A related global eLearning programme is mandatory for all Group employees. 92% of Richemont employees have completed the main eLearning programme. In addition, there are two specialist modules aimed at employees who regularly process employee and/or client data in their roles. The completion rate for Richemont employees for these specialist modules is 99%. In addition to the eLearning programme, a network of Privacy Representatives has been established across the Group's Maisons, markets and functions.

In addition, YOOX NET-A-PORTER launched its global eLearning programme in June 2021.

USER CONSENTS, DISCLOSURES AND DATA SHARING

The Group ensures that individuals are always told in a concise, clear and intelligible way (usually through a privacy policy or notice) about how, and for what purposes, their personal data is processed. The point at which the Group needs to communicate this information to individuals depends upon whether it has collected personal data directly from them or obtained it indirectly from third parties.

The Group commits to obtain user data through lawful and transparent means, with explicit consent of the data subject where required. The relevant mechanism for obtaining consent is embedded at the time of data collection. The Group ensures that robust contract terms are entered into with third parties with whom the data is shared. These standards are in line with the Group's policy. The Group only processes personal data for the purposes for which it was collected and there is no use of personal data for processes for secondary purposes.

DATA SUBJECT RIGHTS AND BREACH NOTIFICATIONS

The Group has implemented clear and accessible mechanisms for allowing individuals to raise concerns about data privacy. Data subjects are able to access, amend or erase their data. Information about how individuals can raise concerns are explained in the relevant privacy policy or notice.

In the event of an actual or suspected breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data, the Group has effective processes in place, if required under law, to notify data subjects and/or privacy regulators as necessary.

INFORMATION MANAGEMENT SYSTEMS

The Group's data and information systems security approach spans the full scope of an information security management system, from risk management, compliance management, training and awareness to information security incident management and security testing, all overseen and operated by specialist teams. The Group uses international standards as references for the design and operation of the system, including the attainment and maintenance of any certifications required.

COMPLIANCE

The Group ensures that its business partners are the subject of security assessments and, where necessary, compliance audits. All suppliers are given notice of such standards and the requirement to submit to audits in the relevant contractual frameworks. The Group carries out regular privacy risk assessments or audits on technology and practices affecting user data.

Board members responsible for cyber security strategy have appropriate skills and experience to carry out their roles effectively. Relevant experience is also a pre-requisite for membership in the committee that oversees cyber security.

FACTS AND FIGURES ABOUT RICHEMONT

At Richemont, we craft the future. Our unique portfolio includes prestigious Maisons distinguished by their craftsmanship and creativity, alongside Online Distributors that cultivate expert curation and technological innovation to deliver the highest standards of service. Richemont operates in four business areas: Jewellery Maisons with Buccellati, Cartier and Van Cleef & Arpels; Specialist Watchmakers with A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin; Online Distributors with Watchfinder & Co., NET-A-PORTER, MR PORTER, YOOX, THE OUTNET and the OFS division; and Other, primarily Fashion & Accessories Maisons with Alaïa, AZ Factory, Chloé, dunhill, Montblanc, Peter Millar, Purdey and Serapian.

Richemont's 2021 Annual Report and Accounts describes each of the Group's Maisons and their respective operations.

SIGNIFICANT CHANGES IN 2020/21

Other than the issuance of a € 2.0 million Euro-denominated bond in May 2020 and a financial investment into Farfetch in November 2020, there were no significant business combinations, acquisitions or disposals during the year under review.

Richemont's responses to the Covid-19 pandemic, which began in early 2020 and continues to overshadow all nations and businesses, were detailed in a dedicated chapter of our Sustainability Report 2020. This report contains a number of references to our continuing responses, in particular preserving the safety of our colleagues and their families.

WHERE WE OPERATE

Richemont's headquarters are in Bellevue, Canton Geneva, Switzerland. The Group has five regional offices providing support services to our Maisons:

- in Geneva for Europe;
- in Dubai for the Middle East, Africa and India;
- in Hong Kong SAR, China for Asia Pacific, excluding Japan;
- in Tokyo for Japan; and
- in New York for the Americas.

Richemont directly employed 35 588 people at the end of March 2021, primarily in Europe. Further analyses may be found in the People chapter.

Each Maison has its own headquarters in Switzerland or elsewhere in Western Europe, except Peter Millar, which is headquartered in Raleigh, North Carolina, USA.

As a Group, Richemont has staffed operations in more than 30 countries around the world. Elsewhere, the Group has local business partners. In all countries where the Group operates, either

directly or through distribution partners, the supply of high quality goods generates income and employment.

KEY FIGURES

	Financial Year to March 2021	Financial Year to March 2020	Percentage difference
Sales (€ millions)	13 144	14 238	- 8%
Operating profit (€ millions)	1 478	1 518	- 3%
Net profit (€ millions)	1 289	931	+ 38%
Average number of employees (FTE)	34 760	34 728	-

Richemont's economic impact is described in our 2021 Annual Report and Accounts. Richemont's tax strategy may be found on our website at the following [link](#). Richemont does not report taxation on a country-by-country basis.



STAKEHOLDER ENGAGEMENT

Engagement is one of the transversal issues encompassing our Transformational Strategy. It is cross-cutting for each focus area: People, Communities, Sourcing and Environment. For those focus areas to achieve their commitments, a high degree of stakeholder engagement is required.

Our approach to stakeholder engagement is summarised in the following table, which presents key stakeholder groups, their interests and how we regularly engage with them. They were identified through stakeholder prioritisation exercises, most recently in 2019. The results guide our strategy and annual reporting. The next exercise will be conducted during the year ahead and published in our next Sustainability Report.

Stakeholder group	Key issues of interest	How we engage and frequency (#)
<i>CLIENTS/CUSTOMERS to whom we provide high quality goods and services</i>	- Quality, design and craftsmanship of our products - Customer service - Origin / traceability of product and precious materials - Data protection	- Customer surveys, meetings, briefings and events (>20) - Customer feedback through after-sales service (> 000s) - Fair pricing of products around the world, subject to exchange rate movements
<i>EMPLOYEES who drive the success of the business</i>	- Health, safety and well-being - Employee welfare (including remuneration, benefits, consultation) - Training and development - Diversity, equity and inclusion - Engagement	- Employee engagement surveys and barometers - Management briefings (dozens) - Intranet sites (1 Group and more than 10 Maison sites. Most are refreshed daily) - Structured performance management (over 34'000) - Learning Management Systems to support training and development, Employee Works Councils in some countries
<i>SUPPLIERS AND BUSINESS PARTNERS who we rely on to deliver our quality products to our clients</i>	- Responsible sourcing of materials - Ethical, social and environmental standards - Quality - Fair payment terms	- One-to-one meetings - Supplier Code of Conduct (see Sourcing chapter) - Supplier audits (between 100 and 200) - Through industry organisations (> 3)

Stakeholder group	Key issues of interest	How we engage and frequency (#)
<i>REGULATORS AND POLICY LEADERS</i> <i>who provide the framework within which we operate</i>	- Compliance with laws and regulations - Transparency - Responsible sourcing of materials	- Corporate affairs representatives - Via industry organisations such as the RJC (>15) and the Federation of the Swiss Watch Industry (>2) - TRACIT (>3) - Participation in United Nations Global Compact and its Swiss Network (>9)
<i>SHAREHOLDERS, INVESTORS, ANALYSTS AND NON-FINANCIAL RATING ORGANISATIONS</i> <i>with whom we seek to develop long-term relationships based on trust and value creation</i>	- Strategy and capital allocation - Financial performance - Governance & business ethics - Embedding sustainability in operations - Responsible sourcing - Diversity, equity and inclusion - Biodiversity	- AGM and roadshows - Interim/annual results presentations and their webcasts - Carbon-free and in-person roadshows and meetings - Sustainability investor conferences - Responding to investor surveys and to rating agency questionnaires on sustainability matters
<i>COMMUNITIES</i> <i>local communities where our operations are based; the wider cultural community we engage through our activities</i>	- Economic impact - Ethical, social and environmental practices - Employment opportunities - Community partnerships	- Through our citizenship activities (not collected) - Meetings with NGO partners (>2)
<i>INDUSTRY ORGANISATIONS</i> <i>with whom we share best practices</i>	- Ethical, social and environmental practices - Industry issues, including anti-counterfeiting	- Through the RJC and other industry bodies - Participation in Swiss Better Gold Association (>6) - Participation in the Coloured Gemstones Working Group (>6) - BSR's Responsible Luxury Initiative and related working groups (>3)

Stakeholder group	Key issues of interest	How we engage and frequency (#)
<i>NON-GOVERNMENTAL ORGANISATIONS ('NGOS')</i> <i>with whom we engage through our involvement in industry associations and activities</i>	▪ Ethical, social and environmental practices ▪ Community partnerships ▪ Biodiversity	▪ Meetings and progress reports, primarily via industry organisations such as the RJC and United Nations Global Compact ▪ Carbon Disclosure Project surveys (2) ▪ WWF or the World Wide Fund for Nature (2)
<i>MEDIA</i> <i>Specialist and mainstream media who are interested in our business</i>	▪ Strategy and financial performance ▪ Consumer attitudes to luxury and sustainability ▪ Advertising ▪ Responsible sourcing & ethical standards ▪ Diversity, equity and inclusion ▪ Biodiversity	▪ Refer to the row above regarding 'Shareholders, investors, analysts and non-financial rating organisations'

MATERIALITY OF 'EXCLUSION CRITERIA'

In addition to widespread investor-demand for environmental, social and governance disclosures, a number of investors apply 'exclusion criteria' to their portfolio decisions. To assist them, Richemont provides the following information regarding gun-, alcohol- and tobacco-related products.

Together, the sales of guns by James Purdey & Sons, the sales of alcoholic beverages in dunhill's private restaurants, and the sales of tobacco accessories such as Cartier lighters and dunhill pipes, account for significantly less than 1% of Group sales. Accordingly, the sale of such products are not a material element of Richemont's business.

PUBLIC POLICY ENGAGEMENT

Richemont engages with organisations on key issues affecting the industry. Those engagements include:

- Legislation related to the "Swiss made" label specific to watches and "Swissness" standards through the Fédération Horlogère (FH);
- Standards relating to the sourcing, processing and description of precious metals, diamonds and coloured gemstones through the Responsible Jewellery Council (RJC);

- Animal welfare for alligators through the International Crocodilian Farmers Association (ICFA).

With regard to Covid-19 and financial assistance received from governments, details may be found in the Richemont Annual Report and Accounts 2021.

EXTERNAL RECOGNITION

RATING AGENCIES

We review the CSR ratings landscape to determine the adoption of rating agencies' reports. From those reviews, we have established a short-list of institutions with which we engage, including responding to questionnaires and similar information requests. The following institutions are currently included: CDP, Ethos, Glass Lewis, ISS ESG, MSCI ESG Indices, S&P Global (SAM), Sustainalytics and Vigeo Eiris.

Other institutions which approach Richemont, but which are not on this list, are invited to refer to the contents of Richemont's Annual Report and Accounts and its annual Sustainability Report.

MAISON AWARDS

Many of our Maisons receive external recognition for the quality and innovative nature of their high quality products, their employment practices, their communications campaigns and their certification efforts. Some of those awards are mentioned by our Maisons elsewhere in this report. More details may be found on our Maisons' respective websites.

UNESCO WORLD HERITAGE

In 2020, UNESCO (the United Nations Educational, Scientific and Cultural Organization) added 'the craftsmanship of mechanical watchmaking to its Representative List of the Intangible Cultural Heritage of Humanity. The inscription concerns mechanical watchmaking and art mechanics, as practised along the Arc Jurassien, a region which extends from Geneva to Schaffhausen, as well as the production of automata and music boxes.

The application was supported by the Swiss Federal Office for Culture in collaboration with its French counterparts and a binational steering committee of watchmakers, teachers and museum experts. The application noted how the craftsmanship, in addition to its economic importance, had shaped the society and daily lives of the region since the sixteenth century. Now as in the past, new techniques, innovation and research continue to shape the mindsets, encouraging punctuality, perseverance, dexterity, and inventiveness. Innovation continues to attract young people interested in these professions, keeping the tradition alive.

A photographic exhibition, held jointly by museums in La Chaux-de-Fonds and Besançon, is planned later this year.

COMMUNICATION AND ENGAGEMENT PLAN 2021/22

As the constraints imposed by Covid-19 began to ease at the end of the year under review, a planned internal communication and engagement project was re-started. The plan seeks to engage all of Richemont's employees in the Transformational Strategy through awareness raising, discovering opportunities to get involved and fostering a sense of pride in our collective success. To coincide with the publication of this report, the twelve-month plan will be launched in summer 2021. The plan's leitmotif is to be: Twelve Movements for Better Luxury.

LOOKING AHEAD

In terms of deepening engagement, the Transformational Strategy recognises the importance of transparency and public disclosure. This is reflected in the current Sustainability Report and will be further enhanced in future editions, in line with the Annotated Disclosure Dashboard outlined in the Governance chapter.

With our new corporate website, which was launched in January 2021, we can provide interim information about developments between each year-end. These updates appear in: '[Our Stories](#)' within the Sustainability area; and '[Press releases and news](#)' within the Investors and Media areas.

We will also engage more actively with stakeholders and take leading roles in relevant industry associations, including the Responsible Jewellery Council and United Nations Global Compact Network Switzerland and Liechtenstein.

As described above, an internal communication and engagement plan will be launched in summer 2021. That plan builds on our 'Movement for Better Luxury' theme and remains relevant to the specialist working environment of our craftsmen and craftswomen, our sales associates and the other skilled colleagues who enable them to serve our customers.



INNOVATION FOR
SUSTAINABILITY

OUR VISION

Our Maisons rely on a long heritage of quality, craftsmanship and virtuous supply chains to make long-lasting creations. It is our responsibility to spread these values and contribute to building a better society by inventing more sustainable visions of beauty and luxury.

Sustainability is therefore at the core of the Group's Innovation strategy, as a fantastic opportunity to continue to develop our Maisons' unique creative universes by inventing new products, new experiences and new ways to operate our activities while constantly improving their environmental and social impacts.

Richemont Research & Innovation supports our Maisons in this journey by leveraging and delivering the necessary expertise, methodology and open innovation networks. The mission of the team is to better assess the environmental and social performances of our Maisons' activities and develop with our partners new solutions, such as new materials or new processes, to positively contribute to the environment and the communities.

Taking seriously our responsibilities towards our clients, our colleagues, our external partners and society in general, we anchor our sustainability-driven innovation strategy based on scientific facts, high-quality data and cutting-edge scientific methodologies in order to develop new sustainable solutions balancing environmental, social and economic objectives.

OUR STRATEGY

Research & Innovation teams support our Maisons in switching towards eco-design by accounting for environmental and social considerations from the very beginning of the product development process. In partnership with leading academic institutions and other external partners, we aim at creating databases and at developing decision-aid modelling tools to be able to accurately measure and to compare the environmental performances of materials, products and industrial processes, mostly based on life cycle analysis (LCA) approaches.

To provide our Maisons with the most up to date environmental performance assessment methodologies, in 2021, Richemont joined several consortia initiatives, including the International Reference Center for Life Cycle of Products, Services and Systems (CIRAIG). The CIRAIG is a research group and center of expertise on sustainability and life cycle thinking, bringing together the expertise of two universities in Montreal, Canada, Polytechnique Montreal and UQAM, as well as two university faculties of HES-SO and EPFL in Sion, Switzerland.

Through these partnerships, Richemont Research & Innovation is supporting our Maisons in deploying life cycle thinking across their teams. Several in depth analyses are being performed to increase the level of understanding of the environmental impacts of key products together with Watchmaking, Jewellery and Fashion & Accessories Maisons. The results and the data collected through these initiatives will notably serve to inform and update the Group's and Maisons' action plan towards reaching greenhouse gas emission reduction objectives aligned with the Science Based Target Initiative.

By putting an emphasis on building a more accurate picture of the environmental impacts of our Maisons' creations throughout their life cycle, Richemont Research & Innovation wants to contribute to a vision of sustainability driven by scientific data and methodologies. This demanding approach will help the Group and Maisons' functions accelerate and focus their action on actual environmental

priorities, as well as helping to increase the level of transparency and public awareness of which challenges our Maisons are prioritising.

RECENT INITIATIVES

ILLUSTRATIVE PROJECTS – PRODUCT LAUNCHES

Our Maisons recently made several major launches to reduce their environmental footprint. Animal-free alternatives to leather were integrated in three recent announcements made by our Maisons. Chloé launched the ‘pot de confiture mini bag’ made using apple waste and Serapien launched the Grape Eco Craft capsule collection made using grape leftovers. Our Specialist Watchmakers Maisons are also pioneering these new materials, as with the modern, paper-like material TimberTex, made using natural plant fibers.

Calling for more environmentally friendly products is an opportunity both to strengthen existing expertise in fields, like precious metals and watch movements, and to explore emerging materials and processes. The recent launches of Cartier Tank Must, with a solar powered movement and a strap made of upcycled apple waste, and the Panerai E-Lab ID with 98.6% of its weight made of recycled material perfectly illustrate this trend: nothing changes in our iconic designs yet everything changes.

ILLUSTRATIVE PROJECTS – VISIONNAIRE SPRINT

In June 2020, as a direct and concrete answer to the crisis brought by the Covid-19 pandemic, Richemont launched the Visionnaire Sprint, a dedicated innovation programme open to all colleagues from Richemont and the Maisons across all regions, hierarchies, and functions from June 2020 to January 2021.

Sustainability was one of the six strategic areas of focus in the framework of this initiative as we believe that expectations from all stakeholders regarding sustainability will be strongly reinforced by the pandemic.

Out of the 523 ideas collected during the initiative, 55 were submitted in the Sustainability category. Fifteen of these ideas received a sponsorship from a member of Group and Maisons leadership to develop a first proof of concept. The proof of concepts developed and delivered in a few weeks covered topics like water consumption reduction, second life of office and boutique furniture or circular economy for leather leftovers.



PEOPLE

The year 2020/21 marked significant shifts in our approach to managing and enhancing the employee experience at Richemont. In response to the important individual and societal impacts on our people due to the Covid-19 pandemic, Richemont immediately acted to prioritise colleague wellbeing through financial discipline for the preservation of jobs.

Ensuring the wellbeing of our colleagues was further complemented by a wide range of initiatives such as introducing new flexible ways of working, strengthening internal mobility and digital learning opportunities, introducing comprehensive health and safety procedures and ensuring the availability of physical and mental support for our teams.

The summer of 2020 also signified an important step change in our approach to people experience and marked the start of our people journey towards a listening organisation, placing colleagues at the centre of our ecosystem and people strategy.

This people centric mindset has been collegially championed by our Human Resources (HR) leaders across the Group: Corporate functions, Regions and Maisons. Together, our HR leaders defined the purpose of our people function as an enabler of colleague experience, resulting in the co-creation of our evolved HR Vision and Mission to deliver:

- A Sense of Belonging
- A World of Opportunities
- A Journey of Becoming

“We wish to excite in our colleagues a sense of belonging within a Group that crafts the future, by creating for all our people a stimulating and meaningful world of opportunities, and where everyone experiences a rich journey of becoming a fulfilled and passionate professional within the luxury world.”

Patricia Gandji, Chief People Officer and CEO Regions

The creation of Richemont’s HR Vision and Mission was supported by a cross-company listening programme - ENRICHHR, which delivered 24 concrete solutions to colleague-identified pain points. ENRICHHR brought together a geographically and functionally diverse representation of colleagues to co-design the future of our employee experience to empower and engage our people.

With this people-centric mindset, we are now better positioned to support colleagues across their employee journey. We encourage each person to take ownership of their careers and be curious to grow and thrive as Richemont enters a new, digitally enhanced era within a world being shaped by transformation.

PEOPLE PILLAR: STRATEGIC FOCUS AREAS

Aligning to our new HR Vision, we have incorporated the PEOPLE pillar focus areas, previously communicated in this report, seamlessly across the three evolved focus areas listed above:

- Offering lifelong learning to preserve craftsmanship, is incorporated into ‘A Journey of Becoming’,
- Enhance the employability of our people, becomes part of the wider ‘A World of Opportunities’,
- Contributing to the overall well-being of our employees and Promoting diversity and inclusion within our workforce and beyond, integrate into ‘A Sense of Belonging’ with an additional health and safety focus.

Anchoring our vision and mission within the wider societal context, this People Chapter aligns with achieving the UN Sustainable Development Goals - SDG 3 (Good Health & Wellbeing), SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth). This also reflects each milestone of our Movement For Better Luxury strategy from Foundational in 2020, Aspirational by 2023 and Transformative by 2025.

KEY AREAS OF PROGRESS IN 2020/21

Pillar	Aspirational	Progress	Targets
A sense of Belonging	Develop our Group listening mindset, and monitor our organization health (well-being, sentiment, communication, organization change etc.)	Employee survey platform deployed globally, allowing for different kinds of surveys to happen along the entire employee journey.	30% total population in FY22
A sense of Belonging	Implementation of core benefits minimum standard across the Group to support our People	Core benefits have been harmonized across the world incl. life / long-term disability, major medical and maternity / paternity leave.	100% by FY23

Pillar	Aspirational	Progress	Targets
A sense of Belonging	Protecting our people through the worldwide roll-out of the chemical management and incident reporting tools.	Chemical management tool: in the pilot phase between September 2020 and March 2021, delays occurred due to the pandemic situation. Full rollout is on track to start from June 2021. Incident reporting tool (including investigation functionality enhancement and reporting): The tool has been in place since the end January 2021. Enhancements to investigation and reporting functionality to be delivered in phases through to December 2021.	100%
A world of Opportunities	Ensuring equity within our organisation, starting by Equal Pay Certifications.	Equal pay certifications obtained by Vacheron Constantin & Cartier in Switzerland.	40% of global population
A world of Opportunities	Increase gender diversity in key roles group wide (i.e. Brand Managers, Digital know-how)	DEI initiative to support 35 high potential women career with sponsorship from the top 35 executives.	First cohort of 35 sponsored women by mid FY23
A journey of Becoming	Expand awareness & training offering around New Retail, New ways of working and Digital to our workforce	New programme started in collaboration with IMD with a final certification delivered, to empower and qualify our employees. Introduction of new immersive learning experiences.	100% IMD partnership (full curriculum included 8 Live webinars delivered)
A journey of Becoming	Accompany industrial transformation with appropriate skills trainings and reskilling	Defined & activated data training strategy to enhance our Data capabilities (leaderships and critical roles).	10% of our Top 600

Progress against Aspirational Commitments by Focus Areas

FOSTERING A SENSE OF BELONGING

- Our actions are guided by the ambition of acting as client- and people-centric organisations as part of a Group rooted in shared values, that promotes collegiality, freedom, solidarity and loyalty in our way of working. In particular:
 - We believe in the power of collective knowledge and action, helping our colleagues feel welcome and recognised inside the organisation,

- We encourage the spirit of entrepreneurship and individuals' sense of accountability and feeling empowered to take control of their development,
- We care for and support our colleagues and communities.

Driving a sense of belonging through caring leadership

Throughout the current unprecedented situation, we have developed strengths that we can consciously carry forward into the new working context. These include increased internal communication via live townhalls and internal social media updates to strengthen the proximity between the Group's senior management and all colleagues, to acknowledge the difficulties arising from this situation and our choices to navigate through it, while strengthening engagement and demonstrating our human touch.

Offering an inclusive work environment

Global Diversity, Equity & Inclusion education & intelligence

The FY20/21 has seen a rise in the importance and awareness of Diversity, Equity & Inclusion (DEI) throughout the organisation, supporting alignment with SDG 5.

All employees have access to an internal DEI intranet page that links to the main education resources available in multiple languages, including virtual courses, eLearnings and glossaries. These self-education options on DEI topics support our employees on their own growth journey.

Real-time dashboards are available to the entire HR Community worldwide, monitoring diversity datasets available within the GDPR framework. They include gender, nationality (where possible) and generations. These dashboards help HR teams gain a real insight into steps in the employee journey such as hiring, mobility, turnover and attrition rates.

Building our global DEI communities

A second cohort of participants joined the Group Diversity, Equity & Inclusion Council (50% senior leaders and 50% employees). The Council's mission is to ensure that DEI initiatives are in line with business needs, validate the strategic DEI roadmap and foster dialogue between leaders and employees. It is supported by over 40 DEI Champions from Maisons and regional markets.

DEI Employee-led communities have grown organically and offer an online platform for open conversations around equality. For example, ConnectHER, a female focused empowerment group, provides our colleagues with access to inspirational senior leaders and role models and openly tackles the topic of women advancement within our Group. 2020 highlights included a global webinar with Richemont's Female Board Members.

Supporting our people

Global Employee Assistance Programme

Most of our employees worldwide have access to an Employee Assistance Programme (WeCare) provided by different partners. Overall, the past fiscal year has seen a slight increase of usage from 2.15% in 2019/20 to 2.72% in 2020/21, with the majority of cases linked to medical topics. Peaks in calls were registered in September 2020 and March 2021.

Global Business Travel Insurance

Although business travel has clearly been reduced in 2020, the insurance services provided to our employees by International SOS have seen a spike in consultation. They offer relevant information about travel restrictions, quarantine and many more topics.

Both of these employee offerings align with our efforts to support SDG 3 (Good Health & Wellbeing).

Protecting our people

Health & Safety update

The main priority for Richemont's Health & Safety department during 2020 and 2021 has been supporting our people through the pandemic, ensuring legal compliance to locally imposed measures, and assessing our operations to ensure a safe and healthy workplace. In addition to this support, we have also kept the delivery momentum of critical Health & Safety projects to enhance our arrangements for risk management. In line with the rollout of the new interactive online Security Policy Library tool, Richemont continues to develop guidelines and best practices for key high-risk activities and topics, to further mitigate these risks. This has included several guidelines with specific advice concerning the pandemic and site reopening and to ensure a safe, healthy and legally compliant workplace.

The partnership with a Health & Safety legal specialist continues, as the Group's operations develop and diversify. Due to the pandemic, on-site external assessments were paused, but they will recommence, depending on the continued impact of the pandemic, in the second half of the year ahead, focusing on new and high-risk sites.

Although our incident reporting tool has been replaced with a new bespoke tool, a temporary system was put in place with no disruption to incident reporting. The Reportable Incident Rate (RIR) reported was 0.407 and the Lost Work Days (LWD) of 1'133. These figures are slightly lower than the previous year due to the local lockdowns and pandemic effect. (RIR is a mathematical calculation that describes the number of employees per 100 full-time employees that have been involved in an recordable injury or illness. The LWR formula is defined as the total number of workdays lost multiplied by 200,000, divided by the total number of hours worked by all employees within a given period.)

To ensure communication and cooperation across the organisation, Richemont will continue to discuss health and safety at all levels and across entities regularly.

For more information on this, please refer to the Communities chapter for impact on the society and the organisation.

Worldwide roll-out of a tool to manage hazardous chemicals safety data sheets

After some delays during the earlier phases of the pandemic, the project was resumed in September 2020. The chosen online chemical management tool was implemented at several pilot sites to test its features and ensure that relevant information could be easily accessible. Approximately 2,000 chemicals safety data sheets are now available in local languages and the pilot objectives were successfully met. The tool will now be deployed at the remainder of the Group's sites that use hazardous chemicals in the coming months, with a target of 100% of sites by the end of 2022. This tool enables Richemont to understand which chemicals are used and provide relevant safety and environmental information to users. It is also to aid legal compliance for hazardous chemical control, including updates to worldwide chemical legislation.

The tool has already proved useful in identifying all the chemicals where a specific compound had changed hazard category under the REACH legislation. All the chemicals containing this compound were swiftly identified and sites were contacted to take the appropriate control measures.

Worldwide roll-out of a new incident reporting tool, including Reportable Incident Rates (RIR) and Lost Work Days (LWD)

To better respond to Richemont's needs for incident reporting and investigation, the Group has developed a bespoke tool. A temporary version of the new tool was launched at the end of January 2021 with key features to enable proper incident reporting, allowing the previous tool to be decommissioned. Every month, new features are released by the development team with an expectation to have all features in place by December 2021. All Physical Security, Health, Safety and Environmental incidents are now reported, and the new tool supports the local team in each phase of the incident investigation process. The next key phase of the tool's development is automatic calculation of the RIR and LWD, which is planned to be in place before the end of 2021.

Giving back to our communities

Volunteering activities worldwide

Given the restrictions arising from Covid-19, employees had fewer opportunities to engage in on-site volunteering activities. Nevertheless, they contributed a combined 2 940 hours of their time, allowing us to foster a wider sense of belonging with the communities in which we operate. More information can be found in the Communities Chapter.

A WORLD OF OPPORTUNITIES

An important part of our People strategy is to offer a 'world of opportunities' to internal and external talents.

We commit to offering our people equal opportunities in a diverse Group environment, and make the most of our talented communities across our business and geographies. Thus, enabling and empowering mobility and development and allowing our people to meet their career goals in a digitally transforming world, while being part of creating the heritage of tomorrow. Our efforts in this respect reflect SDG 8 (Decent Work and Economic Growth).

Increased transparency and offering equal opportunity

In 2020/21, the Group has taken a stand on promoting mobility and increasing the transparency of job opportunities by implementing a number of actions. Firstly, there is a commitment by HR teams to post all non-confidential roles and advertise these roles internally and, depending on the situation, externally. In spring 2021, we also refreshed the Group's guiding principles for mobility as well as the intranet page, outlining all tools and resources available to our people managers, employees and HR teams.

To promote a sense of curiosity and exploration among internal talents, we committed to posting contact details of hiring teams so that potential internal candidates could find out more before officially applying. On a monthly basis, 'Top Internal Jobs' are posted on our intranet, bringing greater opportunities to our employees.

Over the last year, 51% of our open positions have been filled by internal talent and 2,214 of our colleagues have either been promoted or moved within their role, country, function, Maison or entity. This is an 8% increase compared to the previous year. These specific efforts to offer equal job visibility to our entire workforce are further strengthened by the internal mobility rate.

Equal pay certifications and pay gap disclosures

The Group has committed to certify over 40% of its population by the end of December 2022. Two successful pilots have been run with Vacheron Constantin and Cartier in their Swiss markets, which have given us the opportunity to test the process for certification and inform a comprehensive worldwide roadmap. A global master agreement is in progress to support the roll out of this roadmap.

At the same time, pay gap disclosures have been made in line with the regulatory situation. France has publicly disclosed its Equality Index (“Index égalité hommes/femmes”); our French entities published positive figures reaching between 80 and 99 points versus the industry average of 87 points.

Feedback and development

We have continued to embed the culture of asking for and receiving feedback across the Group this year. ENRICH, our cross-company listening programme, has accelerated our work and increased the use of assets to reach a wider population.

We commit to consistently providing feedback to our internal applicants offering insights for their own development.

We have continued our regular talent reviews and Career Committees to assess individual development plans and succession planning. For 2020/21, we revitalised our annual People Reviews, focusing on the Top 35 people in the organisation, their direct reports and other key talents and positions across our Group.

We have also completed our annual global Performance Management Process, through which all employees have an annual individual Performance & Development meeting with their line manager. This allows the employee and manager to discuss achievements, share feedback and aspirations for the next career step and set appropriate objectives for the coming year.

Becoming future ready and inclusive

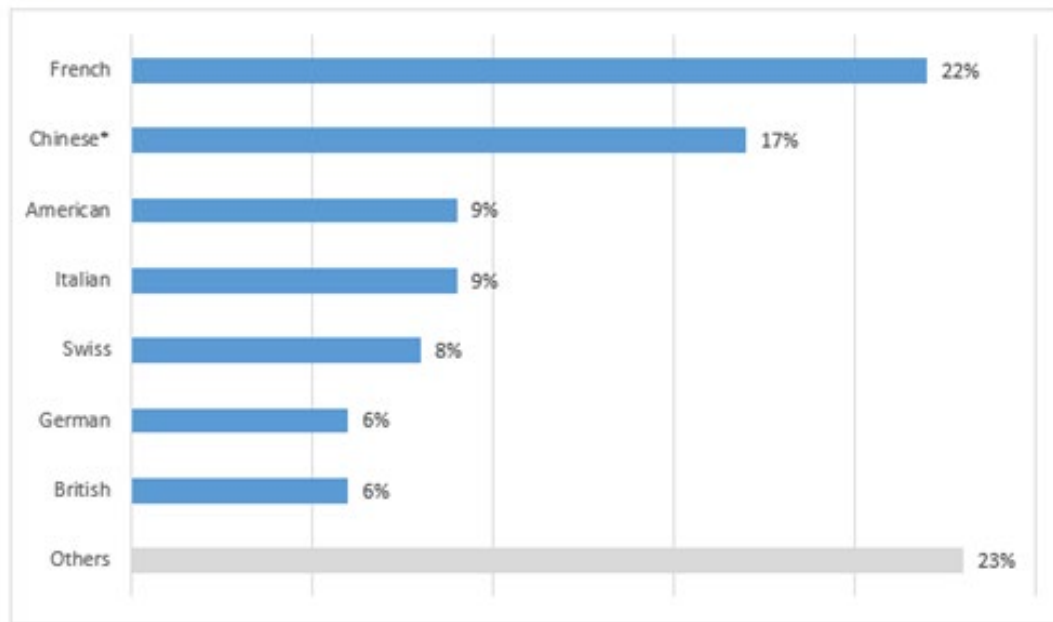
In addition to targeted trainings for our recruiters and talent acquisition teams this year, the Group actively optimised the tools and systems that support our population in hiring diverse external talent that will help transform our organisation and industry. Our main global application tracking system has been optimised, with more inclusive language being used across our job ads. Dedicated talent pools have also been created to further support the visibility for exceptional talent within all our HR teams. In terms of a balanced and unbiased assessment, our teams have also continued the implementation and use of two tools, Predictive Index and EasyRecrue. The first is a behavioural questionnaire and the latter is a video screening tool, both intended to give a deeper view into the potential of our internal people and external talents, going beyond the curriculum vitae.

Attracting and retaining diverse talents

The truly diverse nature of our Group is also illustrated by 135 nationalities working together. In Switzerland alone, we employ people from over 76 different national backgrounds.

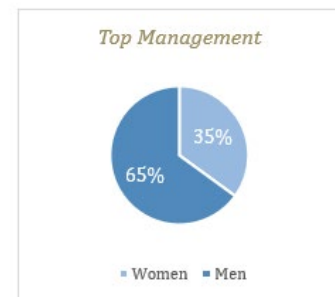
In 2020/21, we have constantly undertaken steps to increase diversity within our workforce. As a result, the percentage of non-European employees, such as those from China and the US, has seen a progression since last year. We will continue to foster local talent and offer all employees visibility on open positions worldwide through dedicated internal channels and transparent publication of our internal opportunities.

NATIONALITIES



* includes all China locations not only Chinese from Mainland China (CN, HK, MO, TW)

With regard to gender equality, 52% of our people manager population (with at least one direct report) are women, as indicated in the Data section of this chapter. Furthermore, an increase in female representation can be seen across the Group's 600 Top Management positions, which includes our Senior Executive Committee, Executive Committees of our Maisons and Regions as well as Head of Corporate Functions. 35% of these positions are held by women.



A JOURNEY OF BECOMING

The last key pillar of our People strategy focuses on developing a rich 'journey of becoming' in order to promote employee retention, empower our colleagues to experiment, grow and thrive in an age of transformation, and to push our organisation forward. We are crafting the future by nurturing the distinctive craftsmanship, innovative spirit and creative inspiration of our people.

Adapting our learning offer to the new global context

Supporting our people growth through the pandemic

The past year has been instrumental in the acceleration of our Learning and Development strategy. We had to quickly pivot from a blended learning approach to fast-track digital learning, supporting our colleagues as they transitioned to working from home and creating a sense of connection during challenging times. We launched our 'WeGrow' learning campaign (April-November 2020) to offer curated learning opportunities via virtual masterclasses, speakers and topic conferences, which were free and open to all.

Satellite activities were also activated across many of our regions. For example, a centrally led ‘Closer at distance’ campaign sought to connect colleagues across the new realities of distanced work and individual markets launched their own groups such as ‘Keep Connected UK’, which offered a range of talks with internal and external speakers, including mental health focused sessions.

Activating our learning culture

Supporting our business transformation – New Retail

Our business model is changing fast and this has been further driven by the pandemic. A stronger focus on and integration of digitalisation and data is enabling us to strengthen our client centricity and serve them in new and extended ways. To support and empower our colleagues through this transition, we created a new communication and learning strategy with dedicated resources, such as a New Retail lexicon, webinars and learning modules.

Building future skills – data culture

Building for the future also means supporting our employees in developing new skills to ensure their employability; this is especially critical when it comes to data. Working in collaboration with our Chief Data Officer, we established our first data culture strategy, leading to the creation of a dedicated landing page on our intranet, as well as our first data webinar and setting the foundations for our Data Community.

Transmitting our heritage and culture – Roots of Luxury

2020 saw the introduction of a new learning experience – offered internally and open to all Group employees – with the aim of transmitting our heritage and explaining what makes ‘luxury’ so unique. In collaboration with the Michelangelo Foundation, this programme consisted of a lecture series, with supporting curriculum and gamification, to create a sense of belonging, global citizenship and shared values.

Learning by experimenting – Visionnaire Sprint

Our Visionnaire Sprint edition offered a unique opportunity to experience inclusive collaboration and continuous learning from a diverse range of perspectives. Our colleagues addressed challenges via ideation and development of a project, giving them the opportunity to bring their ideas to life. For this year:

- 523 ideas were registered on the digital platform,
- 8 500 colleagues accessed the platform.

Of the submitted projects, some of the key areas addressed were remote Customer Relationship Management (CRM), internal expertise sharing, environmental footprint, new ownership models, as well as brand and product content.

Overall learning performance

Over the past year, our continuous education-focused efforts have resulted in 110 639 completed training records, which represents an almost 40% increase versus the previous period. A total of 15 799 learners, representing 52% of the global headcount, have completed at least one training, online or instructor-led. The average number of training hours per learner was 6.77 hours. Details of measurement scope are included in the Data section at the end of this chapter.

Digitalising our HR employee-targeted platforms

In line with the accelerated pace of digitalisation across sectors and industries, we have enhanced our HR platforms, pursuing a digitally focused approach.

This year, we implemented our MySpot platform to give our colleagues ‘anytime, anywhere, any device’ access to their information and our HR services through a personalised touch point. The programme was rolled out to all employees except those at YOOX NET-A-PORTER. The Oxygen programme was also put in place to simplify and professionalise our HR journey and optimise our HR resources to focus on our people. The use of chatbots in the HR space has also been explored via pilots and is set to be expanded.

LOOKING AHEAD

As can be seen throughout this chapter, our evolved people-centric mindset is enabling us to offer our colleagues greater levels of support across their employee journey, improving their people experience with us.

Our people-focused mission and vision not only reflect the aspirational and transformative nature of Richemont’s overall Movement For Better Luxury strategy, but also connect with the United Nations’ SDGs that cover health, wellbeing, equality, education and decent work. Further aligning our HR approach with wider societal shifts, the activities outlined above highlight the ways in which we are empowering our people to learn, grow and develop their talents, helping them thrive in a digitalised world as well as meet the challenges and grasp the opportunities offered by the future of work.

Looking ahead, we aim to continue this momentum, focusing on bringing the goals of our mission and vision to life. Furthermore, we are set to deliver a comprehensive set of initiatives across each of our three focus areas, with the following highlights:

A SENSE OF BELONGING

- Diversity, Equity and Inclusion: Building empathy, acceptance and understanding through our new educational programme;
- Wellbeing: Continuing to increase the support to colleagues, monitoring physical and mental health and offering a safe working environment;
- Volunteering: Rolling out the global employee volunteering framework, enabling all colleagues to contribute one day each year to the cause of their choice.

A WORLD OF OPPORTUNITIES

- Performance: Upgrading our performance strategy and internal methodologies to better support sustainable growth for individuals and the organisation;
- Talent management: Encouraging talent exchange and fostering a culture of internal mobility;
- Talent strategy: Increasing our organisation’s awareness and capacity to attract key talents to key positions.

A JOURNEY OF BECOMING

- Engagement: Enhancing our listening capabilities with our people experience strategy;

- Learning and Development: Inspiring all our people to thrive in a changing work environment (EVOLVE);
- Employability: Enhancing our people experience through technology, digitalising the key touch points and innovation in the workspace.

We look forward to continuing our journey to a future which is more inclusive, supportive of health and wellbeing, nurturing growth, and talent, inspired by digitalisation and innovation, and enabling all our people to succeed in Richemont's evolving working environment.

Patricia Gandji

Chief People Officer and CEO Regions

DATA

As of 31 March 2021, Richemont employed 35 588 people across 38 countries, of which 8 184 in Switzerland. Through our suppliers and business partners, we provide employment opportunities for many more people.

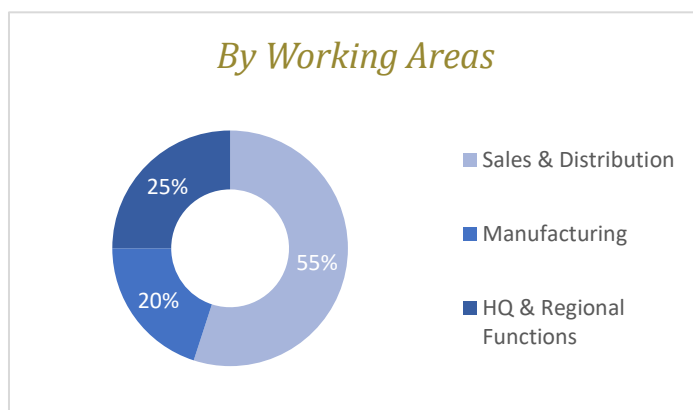
The number of employees covered by collective bargaining agreements can vary from country to country. In Switzerland, where 23% of our people are employed, 75% are covered by the “*Convention Collectives de travail des Industries Horlogère et Microtechnique suisses*”.

The Group’s employee turnover rate for 2020/21 was 9.6%. This figure excludes our YOOX NET-A-PORTER brands as well as WatchFinder and Buccellati.

OVERALL WORKFORCE

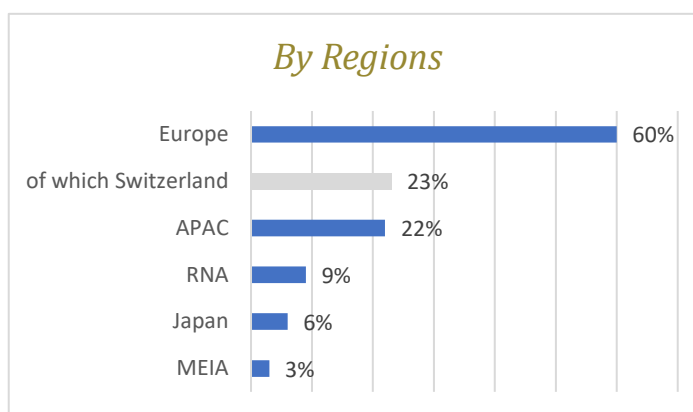
Richemont employs the majority of its workforce in Europe, which further strengthens the commitment of the Group to the traditional craftsmanship and know-how associated with luxury goods.

The average length of service in the Group is 7.7 years and within a position is 4.5 years. The average age of our people is 39.



Our people work mainly in three distinct areas, as shown in the chart. Our Manufacturing operations, employing 20% of the workforce, are majorly located in Switzerland, France, Germany and Italy.

Similarly, our Maisons’ and Group headquarters are concentrated in those countries.



Those concentrations explain why 60% of our workforce is employed in Europe. This evidences our commitment to delivering high quality products and services and our investment in developing the local know-how and expertise of our people.

By Employee Categories

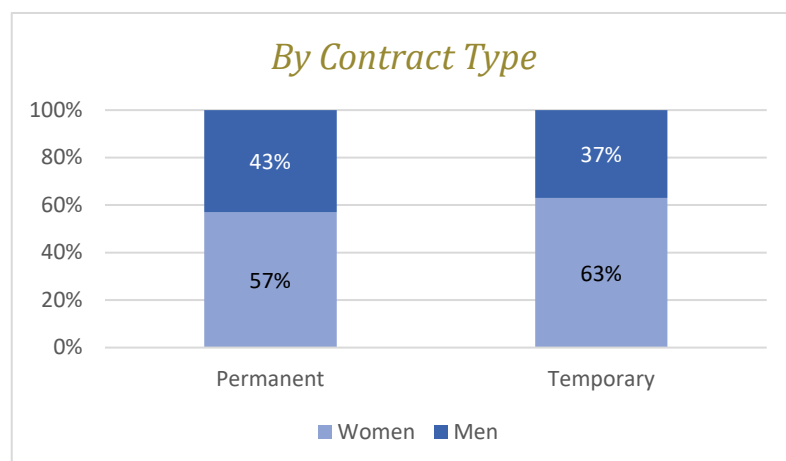
	Permanent	Temporary	Total HC
Europe	56%	5%	60%
APAC	21%	0.4%	22%
North America	9%	0.3%	9%
Japan	5%	0.5%	6%
MEIA	3%	0.1%	3%
	94%	6%	35 588

The following figures are excluding YOOX NET-A-PORTER, Watchfinder and Buccellati, i.e. total of 30 124 employees, unless indicated otherwise.

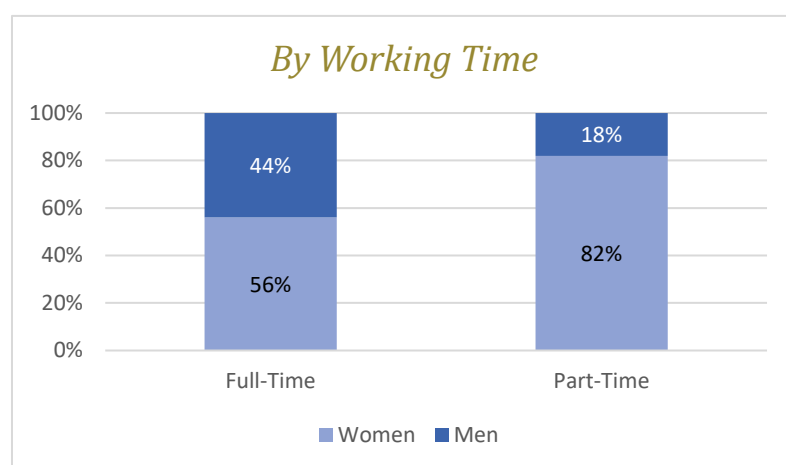
GENDER

Overall Workforce

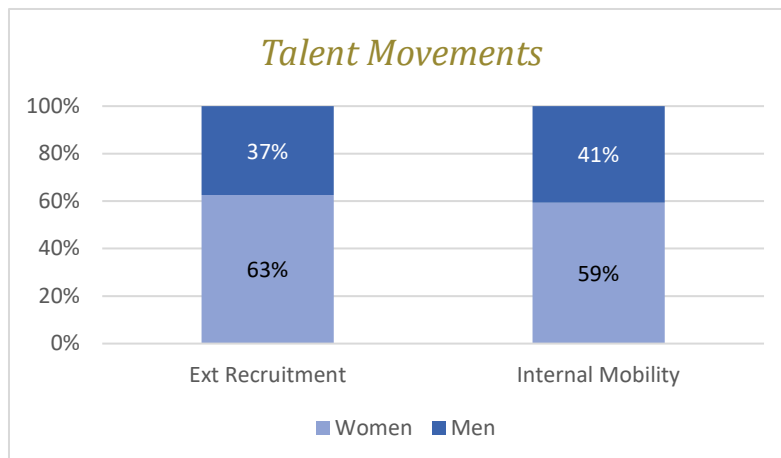
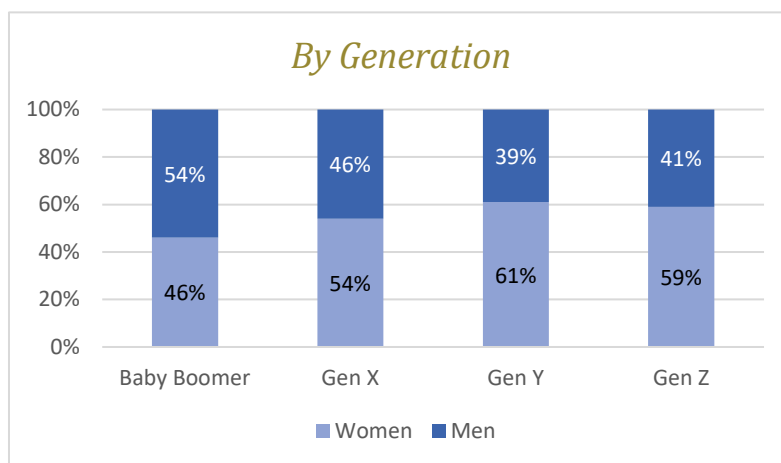
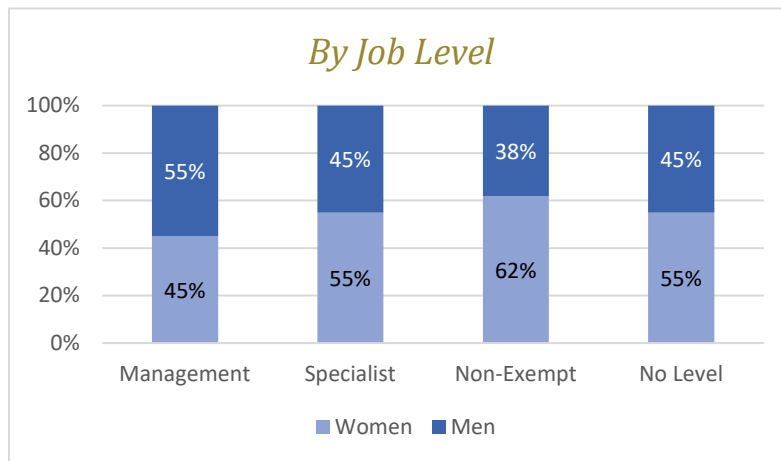
Overall, women represent 57% of our total workforce which is in line with the previous year's figures. The gender split is at 58% if YOOX NET-A-PORTER is included.



Temporary workers include trainees as well as fixed-term contracts. 6% of our global headcount works on a temporary contract.

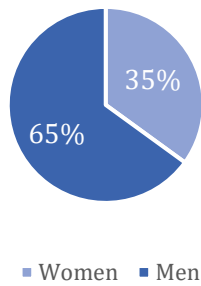


Compared to the total headcount, 5% of women work in part-time roles and 1% of men.



In total numbers, 2'127 appointments were from outside of the Group and 2'214 were internal mobilities, which represents an increase for internally filled roles of 8% compared to previous year.

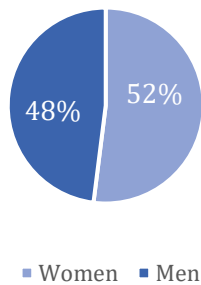
Top Management



With a slight increase, women represent 35% of the Group's 600 Top Management positions, these include the Senior Executive Committee (SEC), Executive Committees of our Maisons and Regions as well as Head of Corporate Functions among others.

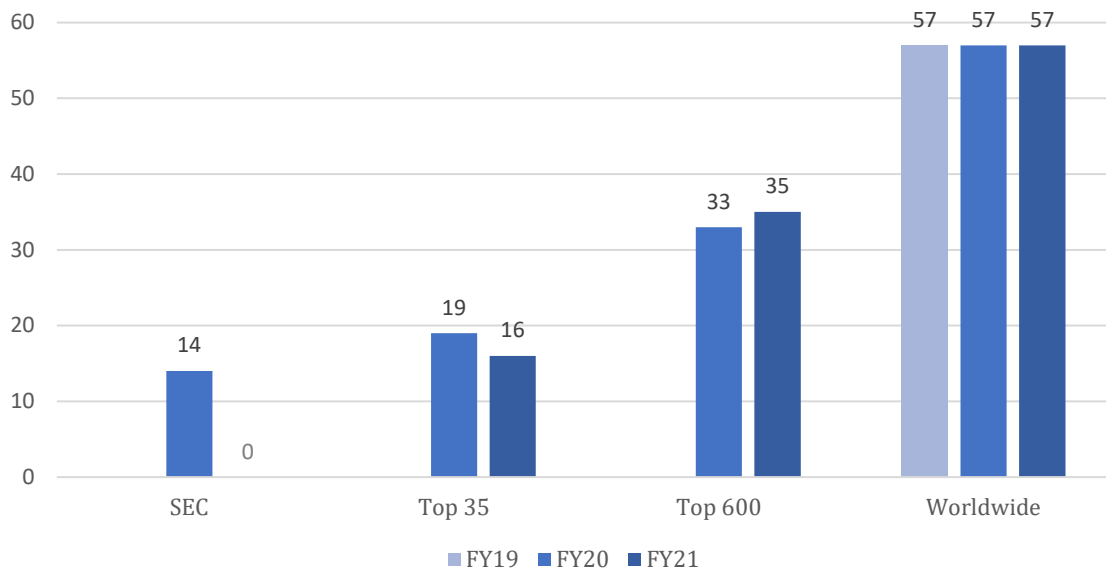
Within the Top 35 that include our CEOs in Regional & Maisons functions as well as the Senior Executive Committee, 16% are women which represents a slight decrease and can be explained by the decrease of women representatives in the SEC.

People Managers



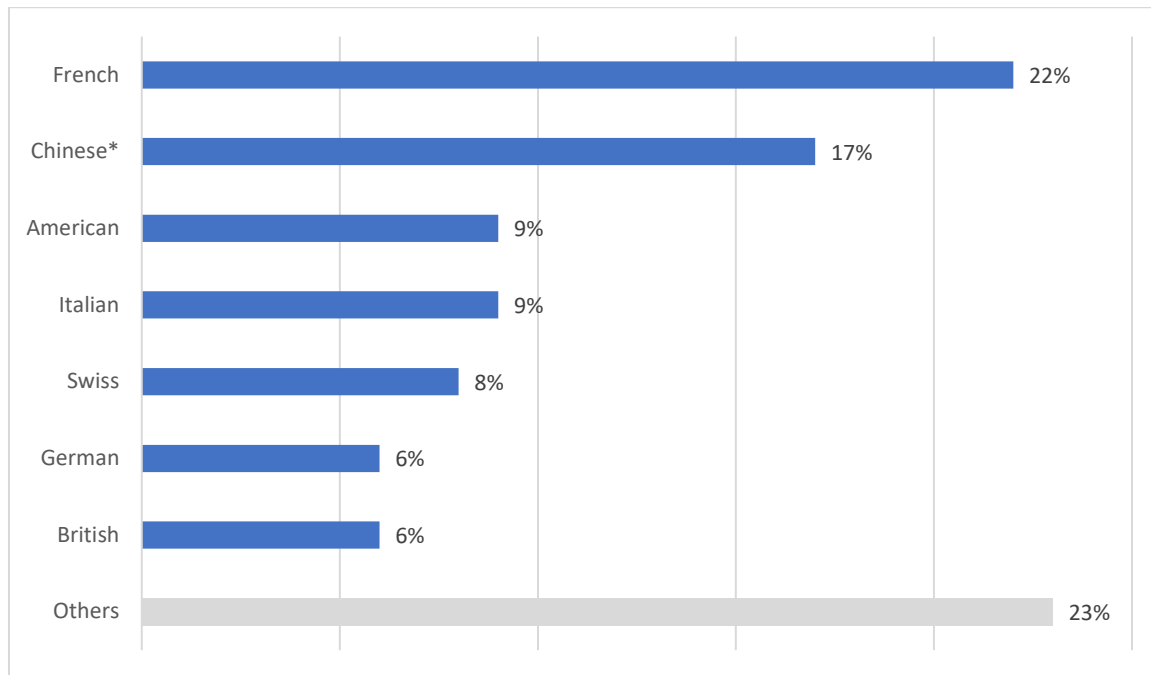
Since last year, there has been a clear progression in People Managers with at least 1 direct report (who is not an intern) as illustrated by the graph. Today, 52% of women are represented in these functions.

% of Women - Progression over 3 years



The figures in the above graph do not include YOOX NET-A-PORTER: For FY19, no data sets are available as the current Senior Executive Committee (SEC) was not existing, thus also no comparable data for Top35 and Top600.

NATIONALITIES



* includes all China locations not only Chinese from Mainland China (CN, HK, MO, TW).

Being a truly diverse Group is illustrated also by some 135 nationalities working together. In Switzerland alone, we employ people from over 76 different national backgrounds.

In 2020/21, we have constantly looked for opportunities to increase diversity within our workforce. These efforts are recognised by the fact that although European nationalities have remained stable, other percentages such as China and US have seen a progression since last year. We will continue to foster local talent and provide all our employees continued visibility on all open positions worldwide through dedicated internal channels and the transparent publication of our internal opportunities.

These specific efforts to offer equal job visibility to our entire workforce is further strengthened by the internal mobility rate, which allowed us to fill over 51% of open positions internally.

GENERATIONS / AGE GROUPINGS

By Contract Type

	<30	30-50	>50
Permanent	13%	68%	18%
Temporary	70%	24%	6%
	17%	66%	18%

By Working Time

	<30	30-50	>50
Full Time	17%	66%	17%
Part Time	8%	62%	31%

By Job Level

	<30	30-50	>50
Management	-	73%	26%
Specialists	12%	72%	16%
Non-Exempts	19%	63%	18%
No Level	74%	18%	8%

By Gender

	<30	30-50	>50
Female	61%	59%	49%
Male	39%	41%	51%

	<30	30-50	>50
Top Management	-	64%	36%
People Manager	3%	77%	20%

Talent Movements

	<30	30-50	>50
External Recruitment	38%	59%	3%
Internal Mobility	22%	71%	7%

LEARNING & DEVELOPMENT

The following figures were captured in the Learning Management System and exclude mandatory modules such as Compliance Training. Other training sessions may have taken place but were not captured in that system. Overall, the figures confirm Richemont's commitment to provide our colleagues with learning and development opportunities.

In the past year, the continuous efforts to provide our employees with educational moments have resulted in 110 639 completed training records, which represents an almost 40% increase versus the previous period.

The following figures exclude YOOX NET-A-PORTER, Watchfinder and Buccellati, i.e. total of 30 124 employees, unless indicated otherwise.

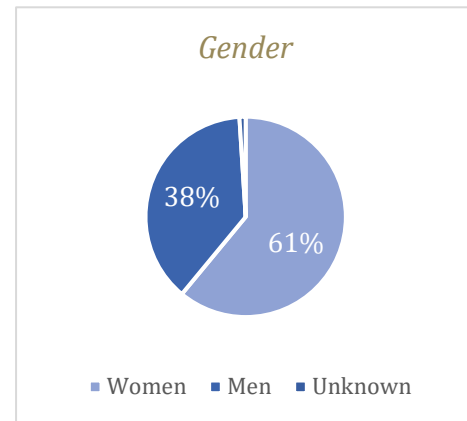
Split by type of learning:

- 82 229 (74,3%) online learning;
- 28 410 (25,7%) instructor-led training records split into:
 - 22'332 virtual sessions followed;
 - 6'078 classroom sessions followed;
- 1 711 Sessions organised (incl. 1 050 virtual).

Training records by Employee Group:

Active (Fixed-Term)	2 845
Active (Permanent)	103 602
Active (Trainee/Apprentice)	1 159
Assignee	444
Externals	1 295
Long term absence*	1'294
Total Training records	110 639

Learner by Gender:



*Training activities for this group happened before the long-term absence.

A total of 15'799 learners, which represents 52% of the global headcount, have completed at least one training, online or instructor-led. This represents an increase of 8% compared to the previous year. These learners have spent on average 1.14 hours in online learnings and around 5.62 hours in classroom trainings.

The average number of training hours per learner was 6.77 hours. Not included in these statistics are mandatory Compliance trainings as well as Maison-specific platforms and any other external, unregistered content.

The Group average number of training hours per learner based on overall headcount of 30'124 amounted to 3.55 hours.



Laureus Sport for Good

COMMUNITIES

Richemont's Transformational Strategy was launched in 2019. It reflects our aspiration for 'Better Luxury': improving the way luxury is created in a more sustainable and responsible way and helping to create a positive impact for the many different stakeholders involved in our value chain.

The commitments in the Strategy were divided into three sections:

- Foundational – to be achieved within 12 months
- Aspirational – to be achieved within 3 years
- Transformational – Maisons will select the most relevant long-term targets to be achieved within 5 years.

The focus of this chapter is to update on progress against the Strategy during 2020/2021. This will be predominantly focusing on our Foundational Commitments (December 2020) and touching on our Aspirational ones (by December 2022) which are due to be, together with any significant progress on other commitments within the Strategy.

All focus areas also have a set of targets, of varying timescales, agreed by the CSR Committee in October 2019. Progress against these targets is included in this chapter.

The end of 2020 concluded our Foundational targets and we have begun to report progress against the longer-term Aspirational and Transformational commitments. More detail can be found in the *Looking Ahead* section.

PROGRESS: FOUNDATIONAL TARGETS

Foundational	Target	Measurement	Progress to 31 December 2020
Communities Toolkit	Update and share the <i>Communities Toolkit</i> with all relevant stakeholders.	Completed/ Work in Progress	Completed
Communities Policy	Update and share the <i>Communities Policy</i> with all relevant stakeholders.	Completed/ Work in Progress	Completed

Foundational	Target	Measurement	Progress to 31 December 2020
Communities Themes	Review existing community investment-related Maison initiatives and advise on the strategic alignment of themes with objectives.	Completed/ Work in Progress	Work in progress
	Work to develop Communities themes.	Completed/ Work in Progress	Completed
Group Volunteering	Validation of the <i>Volunteering Framework</i> .	Completed/ Work in Progress	Work in progress
	Support in raising awareness of the <i>Volunteering Framework</i> .	Completed/ Work in Progress	Work in progress
	Research and propose a way forward for the improvement of volunteering reporting.	Completed/ Work in Progress	Completed
Communities Forum	Reconvene the Communities Forum, a platform for the sharing of information, ideas and CSR updates.	Completed/ Work in Progress	Completed

COMMUNITIES TOOLKIT

Share and communicate the Communities Toolkit with all relevant stakeholders.

Completed

Our target was to revise the Toolkit, validate it with the CSR Committee, share it with relevant stakeholders to cascade the guidance to their teams and use it to lead future endeavours. The document was validated and subsequently circulated to over 400 colleagues across the Group, Maisons, regions and functions. It was launched following the 2019 CSR Conference and presented during our Communities Forums. It was referenced on our internal platforms: REACH, our Richemont intranet and Yammer, our internal CSR social networking platform.

COMMUNITIES POLICY

Share and communicate the Communities Policy with all relevant stakeholders

Completed

Our target was to create the Policy, validate it with the CSR Committee, share it with relevant stakeholders to cascade the guidance to their teams and use it to lead future endeavours. The document was validated and subsequently circulated to over 400 colleagues across the Group, Maisons, regions and functions. It was launched following the 2019 CSR Conference and presented during our Communities Forums. It was referenced on our internal platforms: REACH, our Richemont intranet and Yammer, our internal CSR social networking platform.

COMMUNITIES THEMES

Review existing community investment-related Maison initiatives and advise on the strategic alignment of themes with objectives

Work in Progress

Marked as a work in progress which is indeed, on track. Complete alignment with our Communities themes is not obligatory by any means, our themes exist to guide activities, endeavours and initiatives, should Maisons need support or direction.

Work to develop Communities themes

Completed

In 2020, our Communities themes were developed based on existing data, Group research, Maison feedback, Forums, the Materiality Matrix and strategic input from senior stakeholders with the purpose of being more structured, focused and purpose-driven for the focus area. This has been noted as '100%' complete as the final themes agreed upon and finalised for the Group (as of the 31 March 2020) were as follows:

- Education,
- The climate emergency,
- Diversity, inclusion and representation,
- Other.

GROUP VOLUNTEERING

Validation of the Volunteering Framework.

Work in Progress

Since December 2020, the SEC has validated the guiding principles of the Framework. An extended Framework is currently underway and will be used as a worldwide guide for local implementation. This extended Framework will be distributed to all relevant stakeholders in the first half of 2021.

Support in raising awareness of the Volunteering Framework.

Work in Progress

Over the year 2020, awareness was raised of the Volunteering Framework throughout the CSR community, through a consultative process with the Group, Maisons, regions and functions whereby the guiding principles of the Framework were developed and subsequently approved by the Committee. Once the extended Framework is distributed, further sessions will take place, noting that the implementation will take local legislation into account.

Research and propose a way forward for the improvement of volunteering reporting

Completed

The Communities focus area worked extensively and transversally to research and propose a way forward for the improvement of volunteering reporting, including putting stronger reporting processes in place to manage data input and proposing a global Group partnership to encourage local impact. By engaging a corporate skills-based volunteering platform, the Group wishes to further facilitate employee volunteering through an eased system to identify partners and opportunities to give back to society in line with their own values in a fair and flexible manner.

COMMUNITIES FORUM

Reconvene the Communities Forum, a platform for the sharing of information, ideas and CSR updates.

Completed

Hosted two Communities Forums, in January and June 2020 respectively, for a curated Group of CSR colleagues from across the Group and Maisons.

PROGRESS: ASPIRATIONAL TARGETS

Aspirational	Target by December 2022	Measurement
Communities Themes	Identifying CSR themes and priorities for the Maisons and working closely with them to fill in gaps and provide support where required.	Completed / Work in Progress
Communities Volunteering	Support in raising awareness of the Volunteering Framework globally, increase internal engagement around volunteering across all entities, work to achieve an increase in the number of employee volunteering hours year on year.	Completed / Work in Progress
Communities Forums	Continue to build the 'community' within the Communities focus area through the Forums. Designed as an internal platform to celebrate progress, share ideas, exchange information, share stronger processes on impact reporting, and provide support and guidance across all Communities-related programmes and partnerships. The Forums will seek to invite thought-leaders across sustainability to impart best-in-class practices with the greater CSR community.	Completed / Work in Progress

Aspirational	Target by December 2022	Measurement
Awareness and Accountability	Elevate the role of the Communities focus area to support Maisons in the design and delivery of their strategic plans and vision, to help realise their objectives and communicate on these both internally and externally.	Completed / Work in Progress

OUR APPROACH

We firmly believe in promoting cross-cultural dialogue and deepening our understanding towards a smarter, safer and happier planet.

Our overarching goal is to positively impact the communities we touch through our Maisons and people. Communities are those in our supply chains and those we support through our initiatives.

Our mission is to ensure that Richemont's global activities benefit those communities within the Group's orbit. Guiding our Maisons and businesses, the Group continuously strives to contribute to health, wellbeing and sustainable economic development.

To do this, we will focus our efforts on:

- Providing support to our communities in ways that align with our Maisons' values and support Richemont's key investment themes;
- Collaborating with partners and measuring the impact of our programmes;
- Encouraging our people to volunteer in local communities.

COMMUNITIES POLICY & COMMUNITIES TOOLKIT

Our global stakeholders increasingly expect companies to support social and environmental causes in sustainable and impactful ways throughout the supply chain. Locally, we depend on the communities hosting our operations. Some communities depend on us as an important source of employment and tax revenue.

We recognise our Maisons, business functions and regions have a long tradition of actively supporting the communities in which they operate. Accordingly, we have revised both the *Communities Policy* and *Communities Toolkit*.

Our revised *Toolkit* and *Policy* are valuable strategic tools for our Maisons and businesses, which set out a common framework to guide our community investment.

Policy - As a Group, Richemont is understated, we are discreet, we put the Maisons at the heart of what we do, and the Maison is always the hero – this is the philosophy which was reflected in our inaugural 2020 Policy. However, one of the key points which has been edited for the 2021 edition is to somewhat fine-tune our approach and transform our way of thinking, making the NGOs the hero. Our Policy has been amended to reflect our evolved thinking – that our work with NGOs should be done for the greater purpose of doing good for the benefactors of the NGO, rather than for any other motive.

Toolkit - For the 2021 edition of the Toolkit, our ambitions were two-fold:

- Themes

The themes upon which we will predominantly communicate. The intention was to strengthen the approach, in terms of structure, direction and purpose in order to communicate on critical causes internally and externally.

- Doing good for good sake

The revision of the Toolkit for 2021, has removed any reference that implied business or marketing objectives could be a driver of communities initiatives. The Toolkit has been amended to explicitly state that community donations and charitable giving should be done solely for the greater purpose of doing good.

COMMUNITIES THEMES

Last year, the Group directed part of its community investment into the following focus areas:

- Education,
- The Climate Emergency,
- Diversity, Inclusion & Representation.

These themes address societal and environmental issues that are aligned with our DNA, heritage and values as well as our business, supply chain and communities. Our communities themes, commitments and targets are outlined in our Transformational Strategy.

Given the historically unprecedented year, our efforts were readjusted to target Social & Economic Development and Health & Welfare initiatives first. Whilst the above themes are still high on our agenda, tackling and supporting local and global efforts related to the pandemic was our utmost priority.

Our community investment support is primarily delivered in four ways:

Strategic Philanthropy	Richemont's financial support to registered charities, foundations and community partners to create longer-term change on key societal issues.
Charitable Donations	One-off financial donations to specific charitable causes and organisations.
Charitable (non-commercial) Sponsorship	Support of an event, activity, person, or organisation financially or through the provision of products or services. For example, Richemont frequently supports arts and cultural events.
Employee Volunteering	Richemont employees can dedicate their time in working hours to support local communities through our employee volunteering programme.

In addition, we also sometimes contribute through the following:

Advocacy	Working with others to support a specific public campaign or social cause.
Cause-related Marketing	Marketing initiatives which involve a connection to a societal cause and cooperative efforts of a non-profit organisation for mutual benefit.
Gifts in-kind	Donations of Richemont's products, services and facilities to charitable organisations.

COMMUNITY DONATIONS

2020 was a year like no other. In the wake of the crisis, the Group focused on discipline and agility in execution to guide us in supporting the most vulnerable communities.

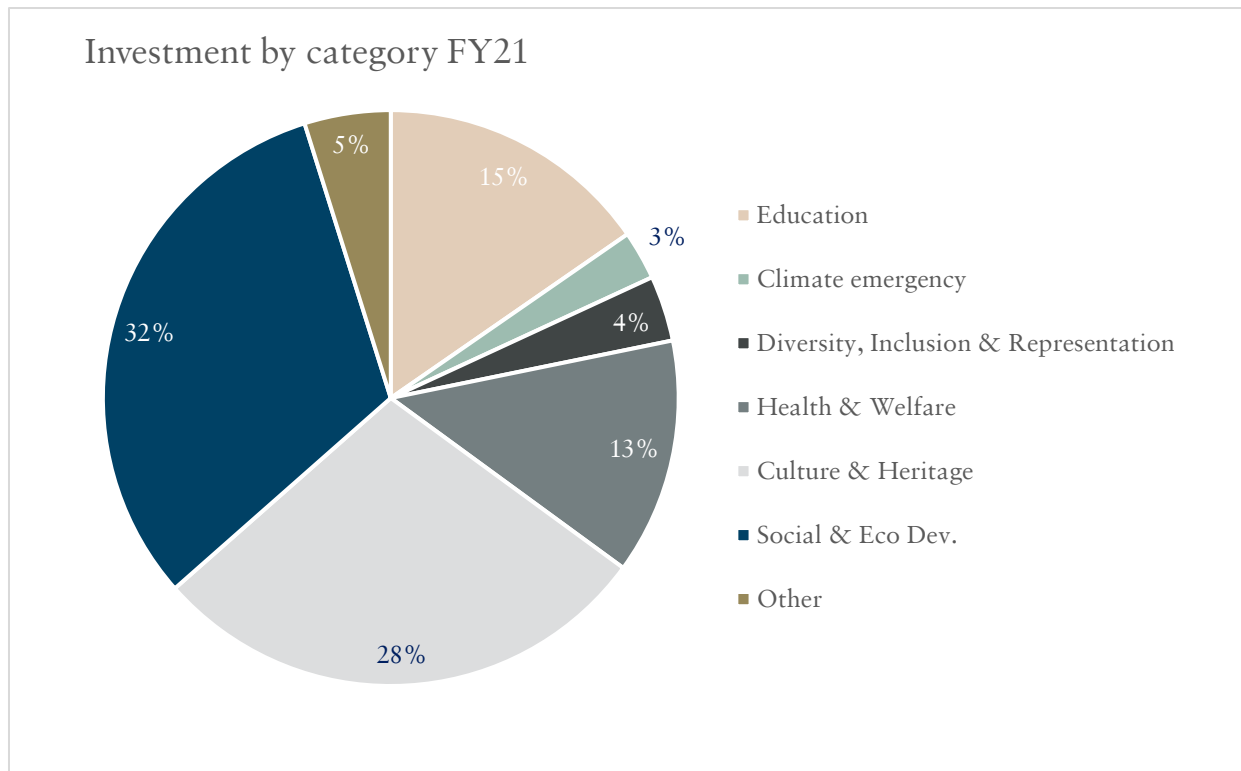
We sought to ensure that we honoured the safety and livelihoods of our employees globally, our charitable donations reaffirmed our commitment to giving to those communities who needed it most, we developed more robust initiatives to support colleagues around wellbeing, education and diversity, equity & inclusion and we continued our COVID-19 related community initiatives including volunteering work. Against a difficult and uncertain backdrop, the Group and every one of our employees showed remarkable resilience, doing what we could in our own way to fight the virus together.

For 2020/21, our total donations to community investment-related initiatives amounted to over € 36 million, against € 34 million for FY20 and € 43 million for FY19 (including € 12 million donated to Homo Faber) and € 30 million in FY18. Over 90% of community spend takes the form of cash donations. The remainder is in the form of in-kind donations.

€ 36 million equates to 2.4% of our profit before tax (excluding an accounting gain linked to Richemont's acquisition of YNAP).

Our beneficiaries include charities concerned with healthcare, social and economic development, education, women's welfare and children. Richemont does not seek to influence public policy through its charitable donations.

The € 36 million in FY21 vs. € 34 million in FY20 is a noteworthy moment for the Group and our Maisons. Despite the efforts the Group has taken to reduce costs, by maintaining our charitable donations, we have reaffirmed our commitment to giving back to society, especially when most in need.



In FY21, of the € 36 million, the most significant donations were made towards Social & Economic Development (32% of our donations), Culture & Heritage (28%) and Health & Welfare initiatives (13%).

Given the historically unprecedented year, the focus on the Social & Economic Development and Health & Welfare themes can be attributed to the health crisis and all the unparalleled challenges that came with the pandemic which have impacted communities and economies throughout global supply chains.

We donate € 12.7 million towards Richemont Foundations, a full list of which can be found on our corporate website: <https://www.richemont.com/en/home/about-us/main-foundations-supported/>

We are a significant employer, directly employing and developing the skills of tens of thousands of employees globally and helping to support more jobs and activity through our value chain.

These are delivered through the salaries we pay our employees, payments to our suppliers and business partners, dividends to shareholders as well as the taxes and community contributions we pay from the profits we earn.

The global network of directly-operated boutiques was 1 190 in 2021. The skills developed to meet customer expectations in those boutiques are complemented by professional employees in logistics, IT, finance, after-sales services and other support functions.

EMPLOYEE VOLUNTEERING

For our Maisons and employees, building strong relationships with our communities and volunteering for charitable causes is integral to the way in which we operate and thrive.

Volunteering is a significant part of Richemont's Group culture. In doing so we chose to encourage a greater focus on giving back to the community and supporting those who need it most both locally as well as engaging in virtual volunteering globally.

As an integral part of the Communities focus area, our employee volunteering framework enables our employees to volunteer up to one day per year during work hours (with certain Maisons and markets offering more) with the aim to encourage even more local volunteering initiatives, while allowing for more collaboration between employees from different Maisons and functions. Our belief is that volunteering significantly contributes to creating more awareness around topics affecting communities and, at the same time, increases purpose-driven activities and engagement levels of our colleagues.

Richemont employees contributed a combined 2 940 hours of their time to volunteering initiatives in FY21, supporting causes which meant the most to them, in comparison to 5'203 in FY20 and 2 567 in FY19.

The decrease in hours for FY21 is due to the various restrictions due to the pandemic which recommended that people stay indoors, socially isolate, quarantine, maintain their distance, and so forth. Many volunteering opportunities were therefore not available or, more importantly, safe to engage in both for our employees and for vulnerable people around us. When and where we could, our employees sought to virtually volunteer to support those who needed it most. Much of our volunteering in FY21 was related to Covid-19 relief efforts, intended to tackle the pandemic and support organisations and communities locally and globally.

FOUNDATIONS

At Group level, Richemont continues to support a number of charitable foundations.

The following section includes details of foundations, some of which Richemont or our Maisons have founded or co-founded (*).

Fondation Cartier pour l'art contemporain*: Founded in 1984, the Fondation Cartier pour l'art contemporain is a unique example of corporate philanthropy in France. The Foundation is committed to bring contemporary art to the largest audience possible, stimulating curiosity by promoting the discovery of young artists or the unveiling of works by world-renowned artists and commissioning work from artists to enrich its expansive collection.

Cologni Foundation for Artistic Craft Professions*: Founded in 1995 to protect and promote the heritage of master craftsmanship throughout Italy, the Cologni Foundation supports and carries out a number of cultural, scientific and educational programmes to promote, encourage and bridge outstanding crafts safely into the future.

Montblanc Cultural Foundation*: Founded in 1992, the Montblanc Cultural Foundation sponsors art, contemporary art, young theatre and classical music worldwide. Core initiatives include: Montblanc de la Culture Arts Patronage Award, which has honoured close to 300 patrons in 17 countries in the past 26 years; the Montblanc Art Collection, which has supported over 170 artists with more than 200 artworks, by commissioning them to create new works.

Peace Parks Foundation: The Peace Parks Foundation’s dream is to reconnect Africa’s wild spaces to create a future for man in harmony with nature. In order to achieve its vision of “Restoring Tomorrow” for life on earth, the Foundation works to renew and preserve large, functional ecosystems that stretch across international boundaries through the establishment of transfrontier conservation areas. In so doing, Peace Parks safeguards the integrity of biological diversity, whilst protecting and regenerating vital natural resources and cultural heritage. At the same time the Foundation contributes to the development of shared economic benefits and poverty alleviation by harnessing the potential for ecotourism development to provide sustainable economic growth, as well as fosters community engagement and beneficiation initiatives for those living in and around these conservation areas.

The Fondation de la Haute Horlogerie*: A not-for-profit foundation set up under private law in 2005 by Audemars Piguet, Girard-Perregaux and Richemont, the objective of the FHH is to promote and spread the reputation of watchmaking excellence around the world. It provides information on the latest news, history and skills within the watchmaking professions. It trains, assesses and certifies horological knowledge. It organises large-scale events and encounters intended for both the general public and professionals. A creator of content, competencies, connections and experiences, the FHH is supported by 41 partner brands. Leading names in the watch industry and independent creators, they actively contribute to its activities.

Cartier Philanthropy*: Cartier Philanthropy is a grant-making foundation that works to improve the lives on the most excluded and marginalised in the world’s lowest income regions. It supports impact-driven initiatives that provide children and their families access to basic services, promote women’s social and economic development, enhance vulnerable people’s ability to make a living and deliver humanitarian assistance.

The Michelangelo Foundation for Creativity and Craftsmanship*: Created in 2016, this international non-profit organisation celebrates and preserves master craftsmanship while strengthening the connection between craftsmanship and the world of design. It aims to help people rediscover the ability of the human hand to create, and supports those doing it best.

Fondation Azzedine Alaïa *: The Association Azzedine Alaïa, which later became the Fondation Azzedine Alaïa, was founded in 2007 to preserve and showcase the work of Azzedine Alaïa, and the many works from the disciplines of art, fashion and design that he collected over the course of his lifetime, to organise exhibitions and to support cultural and educational activities. The Foundation also fulfills an educational mandate via collaborations with fashion schools and institutions. It will host conferences and research programs on the Alaïa collection, rich in over 35,000 pieces. As of the 28 February 2020, the Fondation Azzedine Alaïa has been recognised as an establishment of public utility.

Laureus*: Laureus harnesses the power of sport to promote social change and celebrates sporting excellence. Laureus comprises three elements: the Laureus World Sports Academy, the Laureus Sport for Good Foundation and the Laureus World Sports Awards. In 2020, thanks in large part to the incredible ongoing support provided by Richemont, Laureus Sport for Good supported more than 270 000 children and young people (52% who identify as male, 47.8% who identify as female, and 0.2% who defined their gender differently, outside of male/female gender categories). That work included helping more than 97,000 children and young people feel less socially isolated despite

lockdown. 58,000 had an increased sense of belonging in their communities despite being shut away. With schools around the world closed, Laureus still helped 98,000 children and young people to attend, positively engage with, and/or complete education. 53,000 young people were provided with the relevant soft and technical skills required to access employment opportunities, and despite the challenges the economy faced, dedicated Employability programmes helped over 39,000 children and young people to access work experience and internships.

COMMUNITY INITIATIVES

Richemont, its Maisons and online distributors contribute to meaningful initiatives and causes around the globe. These initiatives are a way to express their social commitment as responsible stakeholders. Maisons community investment-related initiatives carried out in 2020/21 included:

Cartier The Cartier Women's Initiative is an annual international entrepreneurship programme that aims to drive change by empowering women impact entrepreneurs. Founded in 2006, the programme is open to women-run and women-owned businesses from any country and sector that aim to have a strong and sustainable social and/or environmental impact. In addition to the 7 existing Regional Awards, the initiative has launched the Science & Technology Pioneer Award, a new thematic category for the 2021 edition that aims to support women impact entrepreneurs at the forefront of scientific and technological innovation.

Its vision is to have a world in which every woman impact entrepreneur driving social change can achieve her full potential. Its mission is to shine a light on women impact entrepreneurs and provide them with the necessary financial, social and human capital support to grow their business and build their leadership skills. Since 2006, Cartier has accompanied 262 promising female entrepreneurs hailing from over 60 different countries and has awarded over US\$ 4 million to support these businesses.

This year, 24 CWI fellows were selected amongst 876 applicants hailing from 142 countries. For the first time, the Cartier Women's Initiative has recognised women impact entrepreneurs from Mali, Iraq and Myanmar. These fellows represent the top 3 businesses for each of the 7 Regional Awards and for the Science & Technology Pioneer Award. To celebrate their achievements, the Cartier Women's Initiative organised a virtual gathering on 24 and 25 May 2021. These two days of digital conferences explored the ways we can collectively uplift these changemakers. An Awards ceremony was also organised on 26 May during which Cartier revealed the names of the laureates' for the 2021 edition.

North America: [Rebecca Hui](#) - Roots and Studio, USA

Latin America and Caribbean: [Valentina Rogacheva](#) - Verqor, Mexico

Europe: [Andrea Barber](#) - RatedPower, Spain

Sub Saharan Africa: [Seynabou Dieng](#) - Maya, Mali

North Africa and Middle East: [Bassima Abdulrahman](#) - Kersk, Iraq

South Asia and Oceania: [Rebecca Percasky](#) - The Better Packaging Co, New Zealand

East Asia: [Corina Huang](#) - Boncha and Boncha, Taiwan

Science and Technology Pioneer Award: [Orianna Bretschger](#) - Aquacyl, USA



Cartier Philanthropy is dedicated to improving the lives of the most vulnerable in the world's poorest regions. The foundation partners with non-profit organisations committed to tackling the multiple challenges of poverty in low-income countries, embracing an impact-driven and evidence-based approach which fosters long-term positive change. Since its creation Cartier Philanthropy has donated CHF 75.5 million to secure access to essential services, improve poor people's livelihoods, promote the economic and social development of women and respond to humanitarian emergencies. Last year, to

contribute to the global coronavirus relief effort and assist those most in need, the foundation supported 13 organisations in 12 countries mainly in the areas of healthcare and access to education, food and other basic needs, such as water and sanitation. In Indonesia, it supported CBM that has worked throughout the crisis to ensure that people with disabilities can access vital support and suitable information on the prevention and treatment of Covid-19.

Van Cleef & Arpels



Supporting creation and creativity. In Spring 2020, Van Cleef & Arpels created a fund for cultural institutions and dance companies to contribute to the creation of projects and to compensate for cancellations and postponements due to the pandemic. Among the

French beneficiary institutions were Le Festival d'Automne à Paris, the Théâtre de la Ville in Paris, La Villette in Paris, The Centre National de la Danse, the French National Conservatory of Dance and Music, and artists such as Katerina Andreou, Alessandro Sciarroni and Gisèle Vienne.



A. Lange & Söhne is committed to preserving the social and cultural heritage of its homeland Saxony. For many years, the company has been a dedicated sponsor of the Dresden State Art Collections, one

of the world's leading museum complexes, and the Semperoper, Dresden's world-famous opera house. In 2020, A. Lange & Söhne supported the redesign of a central public space in the Maison's hometown Glashütte by providing the means for a memorial in honour of the company's founder, Walter Lange. The watchmaking pioneer who died in 1917 played a key role in rebuilding Saxony's precision watchmaking industry following the reunification of Germany. The memorial designed by the artist Thomas Jastram depicts him as a life-sized bronze figure that meets the onlooker at eye level. It was unveiled in the redesigned square on 18 September 2020 as part of celebrations to mark the 175th anniversary of Glashütte's watchmaking industry.



IWC invests in communities locally and globally. Key partner organisations are the Antoine de St. Exupéry Foundation, and Laureus Sports for Good, which holds an annual drawing

competition for the children participating in Laureus programmes: the winning drawing is etched onto a special edition IWC watch, and proceeds fund Laureus' sports programmes worldwide. In 2020, IWC responded to the Covid-19 pandemic with volunteering support and with 'Time Well Shared', a series of short videos that offered viewers the chance to donate to Save the Children as they adapted their vital programmes to the new situation.



Creating positive impact. Deeply rooted in the Vallée de Joux, Jaeger-LeCoultre helps developing awareness of the creativity and craftsmanship behind fine watchmaking and its history in cooperation with the watchmaking museum the Espace Horloger. Jaeger-LeCoultre also contributes to the transmission of our unique savoir-faire by funding the Ecole Technique de la Vallée de Joux.

In collaboration with Polyval, the Maison promotes the inclusion of all, including people with disabilities, in the regional economic life of the Vallée. Proud contributor of the local sports life, Jaeger-LeCoultre enhance the spirit of collective effort in partnership with many sports clubs, and supported the 2020 Winter Youth Olympics that took place in our region.

In order to push further our commitment to create positive impact, Jaeger-LeCoultre decided to partner with the Swiss organisation 'Alaya' to create a corporate volunteering platform for all our collaborators. This is a meaningful way for us to give back to the communities around us while promoting care and openness but also the value of work that has been driven by our Maison across the years. By either volunteering virtually or in person, employees will be able to put their competences and passion in aid of those in need, hoping to *Make our Time Better* for generations to come.

PANERAI

In FY21, Panerai pursued its commitment to projects supporting children. Working with The Imibala Trust, the Maison provides provision for underprivileged children in Cape Town, South Africa.

The Trust works with children of school-age whose lives are affected by impoverished circumstances, providing programmes that make a substantial and measurable difference as they prepare for their lives after school. All children, regardless of race or creed, are assisted through these programmes.

PIAGET

Piaget has committed to positively benefitting society and the environment through its work on solar projects. By choosing the sun as a gateway to create sustainable impact, the Maison's long-term focus supports communities and the planet.

Piaget's collaboration with Barefoot College nurtures and supports empowerment, one village at a time, one woman at a time, using technology to put new tools in the hands of the rural poor with a single objective of spreading self-sufficiency and sustainability.

With a geographic focus on the least developed countries, Piaget is working with the NGO to train women as solar engineers, innovators and educators. These women then return to their villages to bring light and learning to their communities.

To provide immediate aid, the Maison also donates to the NGO Solar Aid, who help light lives in communities-in-need using solar energy in Africa. In cooperation with the NGO Arc-en-Ciel in Beirut, Piaget also supported families hit by the August 2020 blast.

Furthermore, Piaget is supporting solar energy grass-roots research through its scientific prize in collaboration with the internationally recognised engineering school EPFL (Ecole Polytechnique de Lausanne). This year's laureate research focuses on multiplying solar cell efficiency, thus generating impact for the coming decades to successfully operate transition to renewable energies.

ROGER DUBUIS

Striving towards a more responsible & sustainable approach. Roger Dubuis' commitments focus on three key areas – people, craftsmanship, and impact – with multiple initiatives and day-to-day actions to achieve its goals.

Grow our People: At Roger Dubuis, we strongly value the culture of excellence, attracting new talents as well as nurturing current ones is a daily mission.

Preserve our Craftmanship: To preserve the heritage and knowledge required to craft our unique products, we've been partnering since 2008 with the Institute of Swiss Watchmaking, an entity founded by Richemont with the objective of supporting our employee's continuous learning and preserving a cross-generational sharing of metiers and know-how.

Make an Impact: At Roger Dubuis, we encourage our employees to support local communities, including volunteering initiatives, donations to various causes and other activities organised within the Geneva Canton and in the markets where we operate.



VACHERON CONSTANTIN GENÈVE

True to its longstanding tradition of preserving and passing-on unique skills across generations and its passion for craftsmanship, Vacheron Constantin is committed to enhancing the employability of our people and to supporting the professional integration in the wider community. The apprentices' training programme of Vacheron Constantin provides a highly qualitative and specialised development journey to several young watchmakers each year, building a solid technical background and first work experience. The Maison is also collaborating closely with the Ecole des Métiers et Artisans de Haute Horlogerie in Geneva to support the training of young professionals. Beyond watchmaking skills, Vacheron Constantin is focused on ensuring lifelong learning opportunities to our people as the digitisation of the workplace and fast changing trends require constant upskilling. In that respect, several initiatives were conducted and aimed at, for example, providing all our employees with an access to our digital training platform, enabling work from home or promoting online collaboration through social enterprise networks. In 2020, the Maison extended its engagement into this thematic by launching a long-term philanthropic partnership with an NGO based in Switzerland promoting the professional integration of vulnerable groups. The contribution of Vacheron Constantin will allow out-of-school teenagers or adults with special needs, to re-integrate the workplace by developing a specific coaching programme and creating a network of businesses offering internships and apprenticeships. The Maison itself promotes employment integration by offering jobs or traineeships to differently-abled colleagues, including in our IT department and our company restaurant. Outside Switzerland, a mentorship programme was launched in Dubai, offering local students mentoring from inspiring women leaders and entrepreneurs, in partnership with the Zayed University.

YOOX NET-A-PORTER GROUP

Community impact work has resonated deeply at YOOX NET-A-PORTER over the past year. In the spring/summer of 2020 the Group ran a donation and volunteering programme to support communities around the world. As part of this work, the Group created its Volunteered Vehicles initiative which saw NET-A-PORTER and MR PORTER delivery fleets donated to deliver supplies to people facing isolation as a result of Covid-19. In total, the Volunteered Vehicles made over 3,300 deliveries of food, essentials and medicine through charity partners, God's Love We Deliver in New York, the Italian Red Cross in Milan, ImpactHK in Hong Kong SAR, China, local Age UK charities in London, as well as delivering over 3 000 items of PPE to UK hospital workers for the Emergency

Designer Network, a collective that galvanised manufacturers and designers to produce key PPE garments. In addition, the Group collected 2 200 donated items from brand partners which were compiled into wellbeing care packages for The Intensive Care Society and donated to front-line NHS staff across four London hospitals: St George's Hospital, King's College Hospital, Royal Free Hospital, and The Royal London Hospital.

YOOX NET-A-PORTER also donated hundreds of used laptops across Italy, in response to the Italian Ministry of Education's call to support digital home learning for children. Further expanding on the Group's dedication to bridge Italy's digital divide, YOOX collaborated with editorial group Gruppo GEDI, YOOX NET-A-PORTER's digital education partner Fondazione Golinelli and the Specchio d'Italia Foundation to present #DigitaliEUguali – "Digital and Equal" – in April 2021. The online initiative raised funds to buy and donate computers for families and students in need, raising over €350K as of May 2021, with efforts continuing thereafter.



Emerging Professionals Programme. In January 2021, dunhill partnered with The Fashion Minority Report (FMR), an inclusive industry programme that exists to enact change in the British fashion industry, by supporting the development of a more diverse workplace. Having recognised the barriers to access, FMR was developed as a multi-brand initiative which offers mentoring, delivered in partnership with the Creative Mentoring Network, and a paid internship programme managed by FMR and executed at brand-level. The programme pairs self-elected and FMR-vetted

industry professionals from dunhill and other luxury brand peers, trains them across two sessions in coaching and creating inclusive cultures. This learning is then applied during the 16-week mentoring period, as they support the young person develop key fashion industry skills and capabilities. The collective efforts will allow us to make the sector accessible to everyone, no matter the cultural, societal, or educational background.



Positive impact on Communities. In 2019, Chloé initiated GIRLS FORWARD, a three-year partnership with UNICEF to provide girls with education, entrepreneurship and digital skills to advance in the workplace. To date, this programme has impacted 10 000

girls. In FY21, Chloé donated a total of € 1.1 million to UNICEF. Amidst a year of unprecedented crisis, Chloé also provided pandemic-related support during 2020 to UNICEF, with a donation of € 68 517 of additional funds directed towards UNICEF's international emergency response to Covid-19, on top of our 2021 contribution of € 1.1 million. More locally, Chloé donated sunglasses with a total value of € 135 670 to the French organisation, Protège ton soignant (Protect your caregiver), as a gesture of thanks to students nurses. In addition, more than 400 medical gowns were produced by our Parisian atelier and distributed to healthcare workers.



Montblanc Cultural Foundation underwent a transformation in the last year shifting its activities from contemporary arts to promoting and enabling writing. The set-up of the foundation has been entirely changed in order to fulfill the requirements of its new role moving forward. The first big step into that direction will come with the opening of Montblanc Haus, with a dedicated writing programme for children.



Peter Millar is excited to continue our existing philanthropic partnership with Pros Fore Clothes. Our donations to Pros Fore Clothes have been able to provide men and women both in the United States and across the world with gently worn clothing items. The most recent donations were provided to a resource centre that is committed toward the ultimate goal of transitioning clients out of homelessness. Peter Millar is also continuing its support of the Triangle chapter of First Tee, an organisation which aims to empower kids to build character through the game of golf.



This year, Purdey focused on leading the transition towards a circular economy both internally but more importantly with the products that we manufacture or have made along with the services that we offer. Craftsmanship is at the very heart of Purdey and traditional skills of our craftsmen allow for beautiful, timeless products to be made that will last the test of time and can be handed down from one generation to the next. Purdey is committed to working with suppliers who place sustainability and conservation at the heart of their business.



Serapian has continued its efforts towards sustainability and social awareness through an ever-increasing number of initiatives both locally and globally. In terms of corporate responsibility, the Maison decided to make its production abilities available to produce protective masks during the Covid-19 Pandemic. 2 million masks were donated to the most affected regions of Italy and made available to medical staff and all those who fought against the pandemic in Italy. The Maison also donated personal protection equipment to young children in collaboration with two NGOs: Dynamo Camp and Fondazione Laureus.

REGIONAL INITIATIVES

Initiatives in Richemont Europe and Richemont Japan may be found in the Regions chapter of this report. Additional details from three regions – Americas, Asia Pacific and Europe are given below.

AMERICAS

United under the banner of One Planet, One Community, One Richemont, Richemont Americas maintains a commitment to giving back to the communities where they work and live. Richemont Americas invests in programmes focused on community action and employee empowerment.

Richemont Americas continues its support of Laureus Sport for Good, which works to use the power of sport to change the world. Laureus Sport for Good supports more than 200 sports-based community programmes in over 40 countries, helping to address the many social challenges facing children and young people worldwide. North America was the first to partner with Laureus Sport for Good in the Laureus #JustChallenge (also known as #MovetheWorldChallenge), which called on the global sporting community to help raise urgent funds for millions of vulnerable children impacted by Covid-19. Employees across the United States and Canada tracked their miles in an application and raised money to support this vital cause. As employees tracked their miles, the team took a virtual tour across the Region and made virtual pit stops to learn how sport is being used to change lives and create opportunities for kids who need it most.

Richemont Americas also partnered together to launch a “Season of Action” campaign to help our neighbours and community partners by providing essential and basic needs during the holiday season. Initiatives included volunteers serving meals to those in need, participating in World Hunger Day, providing Thanksgiving baskets to local food banks, holiday gifts for children in need.

The CSR Committee launched the regional *Together Volunteer Framework*, which focuses on expanding in-person volunteering across the region and the launch of virtual skill-based volunteering with local partners. The year ended with the announcement of a new employee recognition programme – The CSR Acts of Goodness Donation. This programme honours our employees who make significant contributions to their communities through their time, actions, talents and dedication. The recipients of this award received a donation for the organisations in which they volunteer.

ASIA PACIFIC

In FY21, Richemont Asia Pacific’s commitment to community investment gained momentum across a broad range of topics across all its markets to support one another and lend a helping hand. Richemont Asia Pacific organised many activities for Covid-19 relief, including donations of around 900 bottles of hand sanitisers, 5 000 surgical masks, and other essentials. Richemont Asia Pacific also continued its partnership with Laureus Sport for Good by participating in the global #MovetheWorldChallenge. Collectively, the APAC teams raised funds to support vulnerable children around the world at the height of the Covid-19 global crisis.

In Hong Kong, SAR, China and Taiwan, China, over 200 individuals including employees and their friends and families, participated in beach clean-up drives, collecting approximately 1 400 kg of waste including PET bottles, polyfoam debris, and microplastics. In Korea, donations were made towards Dream Tree Village, a childcare centre offering protection, education, and support for children’s welfare. In Malaysia, funds were donated towards homes for underprivileged and handicapped children, and essential groceries for underprivileged families. Richemont Australia contributed funds

towards WIRES, an Australian Wildlife Rescue Organisation, and the McGrath Foundation, supporting breast cancer awareness.

FY21 has been a significant year for Richemont Asia Pacific with over 800 volunteering hours contributed by our colleagues. The objective is to increase this number in the year ahead. The total donations toward various community investment-related initiatives amounted to approximately € 23 500.

EUROPE

While face to face volunteering presented a major challenge for many markets this year during the pandemic, diverse activities still took place across the Region to support those who are vulnerable where we operate. Physical donations included furniture, digital equipment, food, hygiene products or clothing in the respective markets. In addition, targeted financial donations of over € 75 000 were also made to help local charities specific actions: activation areas included school poverty funds and equipment, autism awareness, homeless shelters, children with cancer, disability awareness, gender equality and sport for good. Our teams also participated in fundraising activities such as Move the World Challenge, raising over € 4 000.

LOOKING AHEAD

Looking ahead, our focus is on strengthening the communities in which Richemont invests and operates. Now, more than ever before, we must seek to add greater value through the work we do. Investing in communities encourages cooperation which, in turn, cultivates a sense of support and empathy through nurturing lasting partnerships. The Communities focus area revives the human-to-human connection, giving back to those who benefit most. Our goal is to go beyond profit, to turn our attention to people and the planet in order to drive positive impact.

In 2020, we focused on the Foundational commitments and targets contained in the Strategy. While we worked to achieve all the Foundational targets by December 2020, we were mindful, that during the COVID-19 pandemic, our responsibilities to protect and nurture our employees, suppliers, customers, partners and the communities in which we operate remained a priority.

Therefore, as we plan for a more stable future than this unprecedented past year, we have made some minor readjustments to our sustainability priorities and targets. Below, we have highlighted what we intend to achieve in the short, mid- and long-term:

COMMITMENTS IN THE COMING YEAR:

- Regular monitoring of progress and measuring impact of key programmes, including input-, output- impact metrics.

SHORT TO MEDIUM-TERM COMMITMENTS (IN THE COMING TWO YEARS):

- Engage proactively with internal and external audiences, including communities around sites and offices, using Communities-related communications;
- Identifying CSR themes and priorities for the Maisons and working closely with them to work to fill in gaps and provide support where required;
- Support in raising awareness of the Volunteering Framework globally, increase internal engagement around volunteering across all entities, work to achieve an increase in the

number of employee volunteering hours year on year;

- Continue to build the 'community' within the Communities focus area through the Forums. Designed as an internal platform to celebrate progress, share ideas, exchange information, share stronger processes on impact reporting, and provide support and guidance across all Communities-related programmes and partnerships. The Forums will seek to invite thought-leaders across sustainability to impart best-in-class practices with the greater CSR community;
- Elevate the role of the Communities focus area to support Maisons in the design and delivery of their strategic plans and vision, to help realise their objectives and communicate on these both internally and externally;
- Encourage the monitoring of progress and measuring impact of key programmes, including input-, output- impact metrics.

LONG-TERM COMMITMENTS (IN THE COMING FIVE YEARS):

- Support the Maisons, businesses and regions to develop and deliver high-impact programmes, working alongside long-term partners to demonstrate measurable, transformative positive change on specific societal or environmental issues;
- Create a visible leadership platform on specific societal or environmental issues, convening opinion formers and external stakeholders to drive best practices;
- Engage customers and wider society through innovative communications and campaigns.

Hortense de Geoffroy du Rouret

Group PR Director



SOURCING

Richemont's Transformational Strategy was launched in 2019. It reflects our aspiration for 'Better Luxury': improving the way luxury is created, in a more sustainable and responsible way and helping to create a positive impact for the many different stakeholders involved in our value chain.

Within the Strategy, we will focus our Sourcing efforts on:

- Securing responsible practices in our supply chains and sourcing activities;
- Implementing transparency and traceability in raw material sourcing;
- Promoting care for the environment;
- Delivering positive social impact.

Our Strategic commitments are divided into three phases:

- Foundational – to be achieved within first 12 months;
- Aspirational – to be achieved within 3 years;
- Transformational – The Group and Maisons will select the most relevant long-term targets to be achieved within 5 years.

The focus of this chapter is our progress against the Strategy during the year. This will be predominantly focusing on Foundational and certain Aspirational commitments, which were due to be completed by December 2020.

Many actions continued from the previous year. The Covid-19 pandemic forced us to suspend many actions because of lockdown constraints, mainly impacting the audit and onsite visits. Some constraints will also impact our plans for 2021/22, with several programmes postponed by 18 months.

KEY AREAS OF PROGRESS IN 2020/21

Foundational	Metric	Target	Progress at 31 March 2021
Supplier Code of Conduct			
Supplier Code of Conduct signed	% of purchased value from suppliers that signed the Code or provided equivalent commitment.	80%	69%
Supplier Code of Conduct signed - Watch & Jewellery	% of purchased value from suppliers that signed the Code or are RJC certified.	95%	97%
Supplier Code of Conduct signed - Leather	% of purchased value from suppliers that signed the Code.	95%	99% for Manufacturers 81% for Suppliers 74% for Tanneries
Supplier Code of Conduct signed - Marketing material	% of purchased value from suppliers that signed the Code or provided equivalent commitment.	90%	85%
SCoC Compliance verification			
We monitor that our suppliers comply with the requirements of our Supplier Code of Conduct (Code) through third-party audits and also through suppliers' certification against relevant standards, in particular the RJC Code of Practices.			
Watch & Jewellery	% of purchases (value) verified for compliance with the Code.	95%	91% of the purchase amounts are covered: • 83% RJC certified • 8% audited
RJC COP certification Jewellery	% of 'façon'* turnover (value) covered by RJC COP certified suppliers.	95%	97%
RJC COP certification Watches	% of components purchases covered by RJC COP certified suppliers (in weight of gold).	95%	98%
Leather	% of suppliers covered by CSR audits.	90%	89% for Manufacturers 73% for Tanneries 46% for Suppliers
CSR audits	Number of audits.	-	120

Aspirational	Metric	Target	Progress at 31 March 2021
Fine gold purchases	% of weight.	99%	90%
Gold purchased by Varinor is RJC CoC eligible	% of weight.	100%	100%
Leather - New Manufacturers agreement signed	Signatures of 'façon' manufacturers.	100%	100%
SMETA as audit referential	Completed.	100%	In progress

**'façon' is a craft expression, which represents the valued added to the production without the cost of the materials.*

OUR COMMITMENTS

We commit to source responsibly, ensuring the integrity of our products, and respecting ethical business practices, human and labour rights and the environment. We will continue to work collaboratively with industry organisations and our business partners to promote best practices across the full supply chain.

During our Stakeholder Engagement and materiality assessment exercise, sourcing issues were identified as being the most material to our business, both in 2016 and in 2019.

Across the Group, our procurement broadly falls into two main categories:

- Sourcing of the raw materials required to make our products, such as gold, diamonds, other precious stones, and leather.
- Procurement of other types of goods and services to support the day-to-day running of our operations, such as energy, manufacturing, office equipment and marketing material.

We focus our efforts on improving responsible practices in those raw material supply chains as well as the procurement of other goods and services.

THE CONTEXT

The responsible procurement of industry-specific raw materials such as gold, diamonds, leather, exotic skins, and precious stones is a priority for the Group. Historically, for the luxury goods industry, there have been issues surrounding the sourcing of gold and diamonds and coloured gemstones, which include social and human rights as well as environmental issues, as these are often mined in regions affected by conflict or instability.

OUR APPROACH

Richemont seeks to promote and influence responsible behaviour wherever possible. This is largely achieved through active involvement and promotion of the Responsible Jewellery Council and the dissemination of the Group's Supplier Code of Conduct (the 'Code'). The Code includes our expectations of suppliers regarding ethical business practices, labour conditions, employment practices, human rights and the environment. Compliance with the Richemont Code is incorporated into our procurement decisions and all regular or significant suppliers are expected to acknowledge the Code.

The Maisons have developed their sourcing strategies to take into account the risks of suppliers, or their supplier's suppliers, failing to meet the Group's expectations. This is particularly the case for child labour and forced labour risks, which are assessed as part of the supplier qualification process and during any subsequent inspections and audits. Supplier-screening data are not disclosed.

To fulfil our commitments and to increase sustainability, we will deploy our resources to improve transparency at all steps in our supply chains. We define transparency as the capacity to identify all actors in our supply chains. This is the starting point for our risk analysis, which aims to determine whether all actors comply with the Code. These efforts will be based on a strengthened due diligence process, starting with Tier 1 suppliers. Our goal is to support them as they deploy the same approach for their Tier 1 (our Tier 2) and so on.

Our long-term goal is the traceability of all raw materials used in our products. We understand many of the challenges associated with achieving traceability and are working closely with our suppliers and industry partners towards that goal.

In addition, Richemont has been a Participant in the United Nations Global Compact since 2013 and supports its Ten Principles.

THE SUPPORT WE RELY ON

SUPPLIER CODE OF CONDUCT

Our Supplier Code of Conduct forms part of the Group's Corporate Responsibility Policies. The Code covers labour relationships, employment practices, human rights and ethical business and environmental principles. The Code includes an Acknowledgment of Terms that require suppliers to accept and agree to the Code's principles. We also recognise certain similar policies or frameworks such as the Responsible Jewellery Council certifications used by a supplier as equivalent to the Code.

In accordance with good practices, the Code includes an endorsement of International Labour Organization Conventions, the Universal Declaration of Human Rights and other internationally recognised labour and practice standards. It is also aligned with the UK Modern Slavery Act.

We work with suppliers to strengthen the inclusion of ethical criteria at all levels of our sourcing supply chains. Richemont expects suppliers to encourage their own contractors and vendors to incorporate the principles of the Code into their business policies and practices. The Code may be found on the [Richemont website](#).

Each Maison and operating company is responsible for working with its own suppliers and to formally share the Code with them. Using a risk-based approach, our Maisons are responsible for defining an appropriate due diligence process, including encouraging suppliers to be certified under

the relevant scheme, conducting third-party audits of suppliers, or conducting verifications as part of supplier visits or regular reviews.

RESPONSIBLE JEWELLERY COUNCIL (RJC)

To improve our watch and jewellery supply chain, we work closely with the Responsible Jewellery Council ('RJC') to improve its two Standards - the Code of Practices and the Chain of Custody - and implement them.

THE RJC CODE OF PRACTICES SYSTEM

The Council has developed the RJC Code of Practices System ('CoP'), a certification system applicable to all members' businesses that contribute to the precious metals, diamonds and coloured gemstones supply chain. The scope of the Code of Practices captures:

- General Requirements;
- Responsible Supply Chains, Human Rights and Due Diligence;
- Labour Rights & Working Conditions;
- Health, Safety & Environment;
- Diamonds, Gold, Silver, Coloured Gemstones & Platinum Group Metal Products and
- Responsible Mining Sector.

Certification helps to strengthen responsible business practices and the reputation of members as well as that of their suppliers, customers, and business partners. Under the RJC System, all commercial members of the RJC must be audited by accredited, third-party auditors to verify compliance with the Code of Practices.

Given the strength of the RJC's independent certification process and that re-certification is required at least once every three years, certified members are not audited by Richemont. Our suppliers, which are members of the RJC but not yet COP certified, are not audited either because they have to undergo the RJC certification audit within two years.

The due diligence requirements, fully consistent with OECD guidance, are included in the COP 2019 edition and therefore mandatory for all RJC members. It increases the responsibility of members to improve their own due diligence processes. Moreover, the scope of the COP 2019 standard has been extended to include coloured gemstones (rubies, sapphires, emeralds) and silver. The OECD recognises the due diligence mechanism integrated in the RJC COP 2019 as a valid mechanism. Because of the increasing importance and the complexity of the due diligence process, specific information and training sessions have been implemented to support our Maisons.

A list of COP-certified members is available on the [RJC website](#).

THE RJC CHAIN OF CUSTODY

The source of certain raw materials can be controversial, for example gold and diamonds. Accordingly, several projects were initiated by industry groups to improve transparency in general and the sourcing decisions of manufacturers in particular. Among those projects was the RJC's Gold Chain of Custody ('COC') standard applicable to gold and platinum group metals. The first standard was published in 2012 and was revised in 2017 as part of the periodic review process required by all ISEAL Alliance standard-setters.

A list of COC-certified members is available on the [RJC website](#).

OECD GUIDANCE FOR RESPONSIBLE SUPPLY CHAINS OF MINERALS FROM CONFLICT-AFFECTED AND HIGH-RISK AREAS

The OECD Due Diligence Guidance ('Guidance') provides a framework for responsible supply chain management of minerals. The purpose of the Guidance is to help companies respect human rights and avoid contributing to conflict through their sourcing decisions, including the choice of their suppliers. The recommendations of the Guidance are part of the UE regulation 2017/821. The Guidance is also recognised by the SEC Final Rule on Section 1502 of the Dodd Frank Act as an international framework available to companies to perform due diligence for responsible mineral sourcing and thereby help them meet their reporting obligations under the Act.

The Guidance presents specific recommendations through a [five-step framework](#) which is global in scope and can be applied to all mineral types.

- Step 1: Establish management systems;
- Step 2: Identify and assess risks;
- Step 3: Manage risks;
- Step 4: Verify due diligence;
- Step 5: Report annually.

THE SWISS BETTER GOLD ASSOCIATION (SBGA)

SBGA facilitates Artisanal and Small-scale Mining ('ASM') access to the international market and encourages progress toward better social and environmental conditions. The SBGA brings ASM within reach of RJC certification, thus improving local livelihoods and the environment around the mine.

Through Cartier's and Richemont's SBGA membership, we support ASM development towards responsible mining practices.

KIMBERLEY PROCESS CERTIFICATION SCHEME

Since 2003, the international trade in rough diamonds has been governed by the Kimberley Process Certification Scheme (KPCS), which requires all rough diamond exports and imports of participating countries to be documented, uniquely certified and approved via a government bureau, in order to put an end to the trade in conflict diamonds.

THE COLOURED GEMSTONES WORKING GROUP

The Coloured Gemstones Working Group (CGWG) is an industry-led body seeking to improve working conditions across the supply chain of coloured gemstones. The CGWG offers free resources and tools to enable individuals and companies, from small-scale mining operators to retailers, to learn more about and implement responsible business practices in a continuous improvement approach. The CGWG enabling tools and platform were formally launched in April 2021.

The RJC Code of Practices 2019 includes rubies, sapphires and emeralds within its scope. The CGWG tool enables relevant suppliers to prepare for RJC COP certification.

OTHER CERTIFICATIONS

For other responsible sourcing activities, such as leather, we favour suppliers who are ISO14001 or LWG certified. When we trade with companies in countries designated as being higher risk, we also encourage ISO45001 and SA8000 certifications.

SUPPLIER AUDITS

With respect to suppliers, which are not RJC members, Richemont monitors on-going compliance to our Supplier Code of Conduct. In particular, the Maisons regularly conduct third-party audits of their suppliers.

To facilitate the Maisons individual efforts, the Group has implemented several tools, including risk analysis for some common supply chains, pre-selected auditors, an Audit Referential and the organisation of audits for common suppliers. During the year under review, Richemont stopped using its own Audit Referential and started to use SMETA, an international referential.

In our Specialist Watchmakers segment, many suppliers are common to several Maisons. The Group therefore manages the audit coordination and follow-up to focus on priorities. The annual audit program is shared by the Group with the Specialist Watchmaker Maisons, which can adapt and prioritise it prior to validation.

The audits may be announced or unannounced. Richemont does not record the percentage of ‘surprise’ audits or disclose the specific results of its audits. Where audits identify areas for improvement, Maisons follow up with remedial action plans as part of the on-going supplier relationship.

OTHER

ICFA

Richemont is following the progress of the International Crocodilian Farmers Association (‘ICFA’), a standard-setter for crocodilian animal welfare for some years. In April 2021, Richemont joined the ICFA.

LWG

The Leather Working Group is a not-for-profit organisation responsible for the world's leading environmental certification for the leather manufacturing industry. As a multi-stakeholder group, LWG boasts over 1 000 members from across the leather supply chain, including:

- Brands and retailers that sell leather products to consumers;
- Manufacturers of leather (tanneries);
- Traders of part-processed and finished leather;
- Manufacturers of leather garments, footwear and furniture;
- Suppliers of chemicals, machinery and testing for the leather industry;
- Associations within and related to the leather industry.

Since 2005, the LWG has identified environmental best practices in the industry and provided guidelines for continual improvement. It offers auditing tools to assess the environmental performance of leather manufacturing facilities. In April 2021, Richemont joined LWG.

RESPONSIBLE GOLD SUPPLY CHAIN

FINE GOLD

Richemont has established a Gold Sourcing Committee to set and monitor the implementation of our gold sourcing strategy. This includes risk assessment, the elaboration of sourcing rules and the monitoring of their application.

The gold sourcing strategy is based on industrial scraps and old jewellery recycling. Our ambition is to source 100% RJC COC-eligible gold, only from recycling and mines. The RJC's Chain of Custody certification standards is favoured as it builds trust in the supply chain. Currently, 90% of fine gold sourced by the Group is RJC COC-eligible gold, all coming from industrial scraps and old jewellery.

The Group defined a KPI to measure the transparency of the supply chain, with the ambition to reach a transparency level of 95% by 2022. Because of the evolution of the market and the availability of the required material, we need to redefine this KPI calculation with stronger criteria. The KPI revision is in progress and the target will be amended.

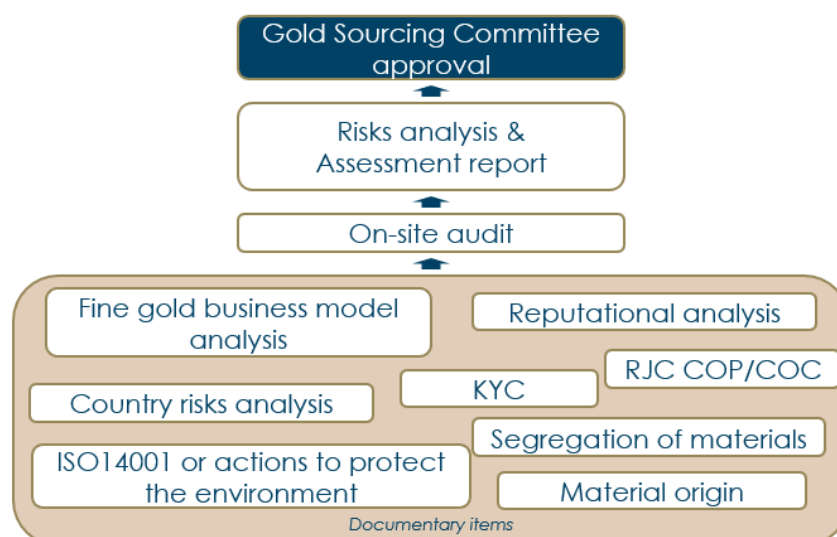
Benefiting from expertise at Varinor, a wholly-owned precious metal refinery, the Group can implement a robust due diligence process to select new sources and monitor existing business relations. Varinor applies the principles of the “OECD Due Diligence Guidance for responsible supply chains of minerals from conflict-affected and high-risk areas: Supplement on gold”.

1. Management system

The Managing Director of Varinor is responsible for Varinor's due diligence management system. This system includes a process for validating a new business relationship for the purchase of fine gold and a risk monitoring system for existing relationships.

All new business relationships are subject to a strict evaluation and approval process. The assessment is based on a risk analysis using documentary evidence and an on-site audit. As the quality of the information gathered during this process is linked to the level of transparency of the supplier, this criterion is essential in the approval process.

After examination of all the elements collected, the final validation is pronounced by the Gold Sourcing Committee of Richemont, which is composed of main Maisons and Entities Representatives and Richemont Operations and CSR Directors.



2. Risk identification and assessment

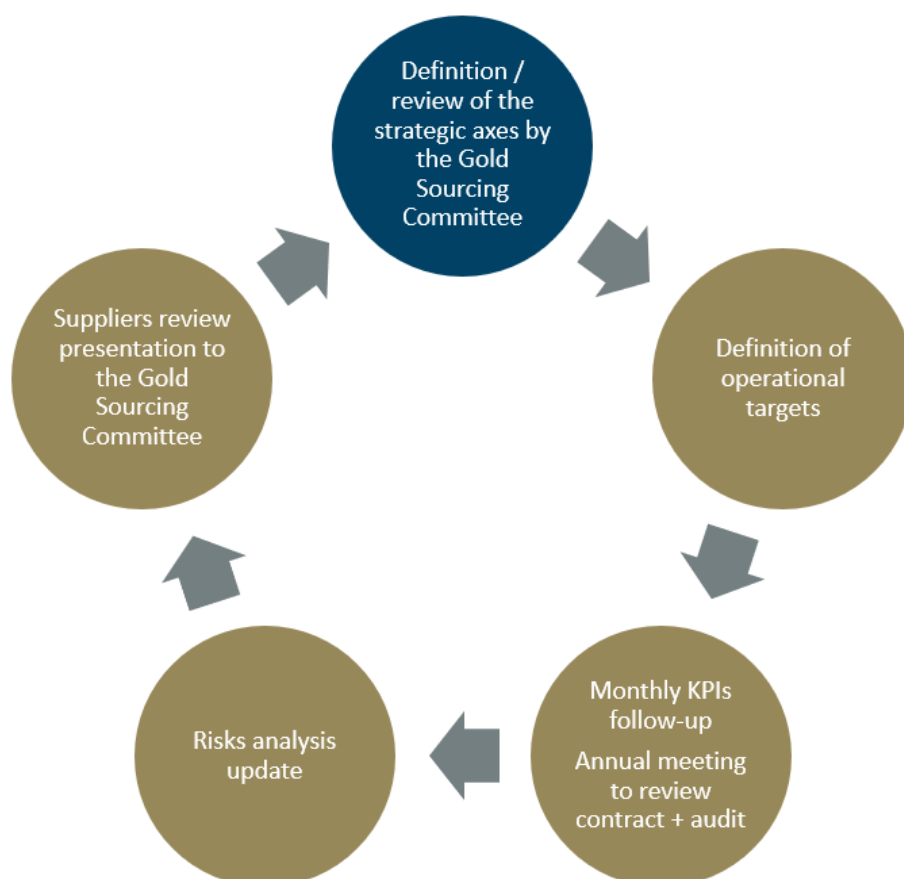
To date and based on the recommendations of the Richemont Gold Sourcing Committee, Varinor favours as much as possible the supply chains of RJC COC-certified recycled gold of industrial origin (jewellery, watch and electronics industries) and old jewellery.

Among the major risks relating to conflict-affected and high-risk areas for these supply chains are corruption, money laundering and the introduction of illegitimate gold, for example through jewellery. The choice of countries of origin, the review of documentary evidence, and the various audits and field visits make it possible to judge that the measures taken upstream by Varinor's suppliers significantly limit the emergence of these risks.

All suppliers in the approved supply chains were visited between September 2019 and January 2020 and should be visited again every 18 months. The pandemic has slowed this pace, but it is planned to visit suppliers as soon as the situation allows it again.

3. Risk management

The risk assessment for approved channels does not require a risk reduction plan from Varinor's suppliers beyond continuous improvement. However, Varinor does monitor and support its suppliers to ensure their compliance with the Group's procurement policy at regular intervals and to detect the emergence of potential risks.



4. Due diligence verification

The Varinor due diligence system has been verified by a third party during the RJC-COC certification and re-certification audits that take place every 3 years.

Varinor has been a member of the Responsible Jewellery Council and is certified according to the Code of Practices (COP) since 24 December 2011 and according to the Chain of Custody (COC) since 2 December 2014.

5. Annual reporting

A report is reviewed annually and made available to the Maisons and external customers. It is now part of our annual Sustainability Report.

MINED GOLD

Mined gold is also part of our strategy. Whilst we do not use mined gold currently, we are investigating artisanal and small-scale mines through the Swiss Better Gold Association (SBGA). In parallel, we are also monitoring the progress of the mining industry in reducing its carbon footprint.

COMPONENTS

Alloyed gold (e.g. 18 carat) is used to produce components internally and by external suppliers.

Many Tier 1 suppliers to the Group's Maisons, including internal manufacturers and metal refiners, Tier 2 and beyond, are certified members of the RJC.

At Tier 1:

- Jewellery: 97% of the 'façon' value is provided by RJC-COP certified suppliers;
- Watches: 98% of the gold components (in weight of gold) is provided by RJC-COP certified suppliers.

Tier 2 and other indirect suppliers in the precious metals and diamonds industry are encouraged to join the RJC and have their own responsible business practices independently certified.

Some suppliers are already RJC COC certified, but it may take more than 3 years to reach our goal of 100% RJC COC certified gold components delivered to the Group.

RESPONSIBLE DIAMOND SUPPLY CHAIN

Our Maisons are responsible for managing the sourcing of their diamonds. They ensure the governance of their own sourcing strategy.

Our ambition is to source our diamonds from RJC COP-certified suppliers. Currently, 98% of purchases in value are from RJC COP certified suppliers. Investigations are in progress to identify and analyse upstream supply chains for diamonds in the same way as we have done for gold. Investigations are also in progress to implement traceability in those supply chains.

CONFLICT-FREE DIAMONDS

Richemont is committed to ensuring that the diamonds we use in our products have not been used to fund conflict or terrorism.

All diamonds purchased by Group companies are Kimberley Process compliant. We require our suppliers to comply with the 'System of Warranties', a continuation of the KPCS that also applies to polished diamonds. This is a voluntary system, created by the World Diamond Council, which relies on the creation of a chain of written warranties - from original Kimberley Process certificates through to invoice - of all transactions involving the purchase and sale of diamonds, their cutting and polishing. Compliance is closely monitored. RJC members need to comply with the KPCS and System of Warranty requirements, as do our suppliers.

The Natural Diamond Council (formerly the Diamond Producers Association, DPA) enlarged its own public reporting. Its website now includes the latest sustainability reports of its members, together representing most worldwide diamond mining operations. In addition, in 2019, a report on the socioeconomic and environmental impact of large-scale diamond mining was prepared by Trucost. That report may be found on the Council's website.

UNDISCLOSED SYNTHETIC DIAMONDS

Our policy is to neither buy nor sell any synthetic diamonds, also known as laboratory-grown diamonds. In line with that policy, the Group has taken technical steps to ensure that all diamonds sold to the customers are natural, including procedures, specifications, testing and audits. These technical steps are aligned with the RJC Code of Practices 2019, which includes requirements regarding the avoidance of undisclosed synthetic diamonds.

RESPONSIBLE COLOURED GEMSTONES SUPPLY CHAIN

Our Maisons are responsible for managing the sourcing of their coloured gemstones. They ensure the governance of their own sourcing strategy.

Our ambition is to source our rubies, sapphires, and emeralds from RJC COP certified suppliers. The supplier on-boarding process is in its earliest stage, as those stones were incorporated into the RJC Code of Practices in 2019 for the first time. We expect that the process will take some years.

We also rely on the tools developed by the Coloured Gemstones Working Group (CGWG), in which the Group, Cartier and Van Cleef & Arpels participate. They actively contributed to the first coloured gemstones supply chain responsible practices tool set. We encourage our suppliers to use those tools whenever it is possible. That process is also in its earliest stage as the CGWG tools – the Gemstones and Jewellery Community Platform - were made available in April 2021 for the first time.

RESPONSIBLE LEATHER GOODS SUPPLY CHAIN

The growing importance of leather goods, both for the Group's Maisons and for the luxury industry in general, has focused attention on responsible leather sourcing initiatives. Richemont's sales of leather goods in the year amounted to € 1 129 million or 9% of turnover. Replacement watch straps are not included in that figure, but do not have a material impact on the percentage of sales.

We require suppliers to comply with international and local legislation, for example the Convention on International Trade of Endangered Species ('CITES'). That convention protects biodiversity around the world. We also comply with other international and local fish and wildlife regulations.

Richemont has undertaken a mapping of its leather goods supply chain to better understand the strengths and weaknesses it represents, and to take action to mitigate risks where they have been identified.

All our manufacturers and their network (Tiers 1 and 2) are known and audited. The majority are based in Italy. All our tanneries and their networks are known and are planned to be audited. Due to Covid-19, most of the scheduled audits have been postponed for several months. Some 65% of our bovine skins are from LWG certified tanneries.

To manage the sourcing strategy, Richemont's Leather CSR Committee measures risks, defines rules and monitors their implementation.

As mentioned above, Richemont also follows the developments of ICFA regarding reptilian and crocodilian animal welfare standards, respectively.

The Group is also increasing its sourcing of skins tanned by LWG-certified tanneries. The goal is to reach 80% by 2023.

The Group is also deeply analysing the supply chains of bovine and alligator in order to identify actions to reduce the environmental footprint. Life cycle assessments are being planned with international organisations and universities to study in-depth the carbon dioxide emission factors calculation. This will enable our Maisons to integrate new data in their sourcing and environmental strategies.

ANIMAL TESTING

Neither Richemont nor its Maisons conduct any testing of its products on animals. Our Maisons have policies for fragrances and cosmetic products, animal testing and product information and labelling.

Cartier Parfums does not perform any tests on animals for its fragrances. The European Regulation regarding Perfumes and Cosmetic Products prohibits such practices and enforces the same for the ingredients, insofar as valid alternative methods exist. Cartier Parfums relies on and strictly follows the European Regulation.

Van Cleef & Arpels, Montblanc, Alfred Dunhill, Chloé and Maison Alaïa have license agreements with third parties for fragrances and other cosmetics. Those Maisons have received assurances from their suppliers that no licensed products are tested on animals.

PROCUREMENT OF OTHER TYPES OF GOODS AND SERVICES

Our policy and ambition is to integrate sustainability in all our sourcing and procurement activities in order to support our sustainability ambitions, minimise our environmental, social and economic adverse impact, and seek to deliver positive impact.

As part of our global procurement activities, we organise a number of category-specific procurement forums with buyers, and sustainability is a systematic topic on the agenda, helping to educate, share best practices, drive progress, and collectively find new, more sustainable solutions.

Multiple sourcing projects conducted this year contributed to improve sustainability, most notably to:

- decrease the environmental impact of product, e-commerce and logistics packaging, either by decreasing its plastic content or by using sustainably sourced paper, recycled plastics or other alternatives;
- increase the proportion of renewable energy;
- secure sustainable practices in our packaging supply chain.

PROGRESS AGAINST FOUNDATIONAL AND ASPIRATIONAL COMMITMENTS

SUPPLIER CODE OF CONDUCT

The signature of the Supplier Code of Conduct (Code) remains a pillar of our responsible sourcing strategy. For the Specialist Watchmakers and Jewellery Maisons' supply chains, we achieved our objectives several years ago, recognising that RJC-certified suppliers are not required to sign. For our leather goods activities, we have almost reached our target.

Since the last revision of the Code, the regulatory framework has evolved (e.g. RJC COP 2019, OECD Due Diligence Guidance for responsible business conduct, Sustainable Development Goals (SDGs), Modern Slavery Act (UK), Devoir de Vigilance (FR), EU Human Rights Due Diligence (EU), Responsible Business Initiative (CH)) and Richemont has developed its Transformational CSR Strategy with new ambitions in terms of responsible sourcing, such as increased transparency, promoting care for the environment through setting science-based targets, and deliver positive social impact to contribute to SDGs. Therefore, to set the foundations for responsible sourcing journey, the Code is currently under revision with the aim to establish a Code, which makes the long-term ambition of Richemont clear to our suppliers.

GOVERNANCE

To improve coordination and monitoring and that our responsible sourcing requirements are implemented, two Richemont management committees are implemented to oversee our gold and leather supply chains. The same governance process is being analysed for implementation for diamonds and gemstones, but more time will be needed to implement equivalent Richemont committees.

GOLD SOURCING

We have fully integrated the transparency criteria in the supplier selection. Introducing a new source only if its supply chain is fully mapped becomes the rule, continuously improving the overall visibility of our gold supply chain.

LEATHER SOURCING

Despite the lockdown, we have improved our understanding of the supply chains and we are gathering more and more data to better identify the levers to reduce our carbon footprint.

MATERIALITY ASSESSMENT

As indicated in our Materiality Assessment, our stakeholders are increasingly concerned by human rights and climate change issues. Adopting fair and ethical labour practices and promoting human rights is vital for society as well as for Richemont's long-term success. Therefore, we have increased our efforts on the following topics:

- Modern Slavery: The California Transparency in Supply Chains Act of 2010 and the United Kingdom Modern Slavery Act 2015 require certain businesses to provide information regarding their efforts to address the issue of slavery and human trafficking, thereby allowing consumers to make better, more informed choices regarding the products they buy and the companies they choose to support. Our related Statement may be found on [our website](#).
- Due Diligence in strategic supply chains, in particular the "OECD due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas".
- Environment: reducing our footprint is key to preserving resources for future generations.

RESPONSIBLE SOURCING OF RAW MATERIALS

We are building appropriate due diligence processes to assess and mitigate risks in our gold, diamonds, coloured gemstones and leather supply chains, based on the OECD 5-Step framework for responsible supply chains of minerals from conflict-affected and high-risk areas.

Suppliers of gold, diamond-related products and now coloured gemstones are systematically encouraged to become certified members of the Responsible Jewellery Council (RJC).

Transparency is the first step to understand, analyse the risks and define the rules to improve a supply chain and make it more sustainable.

Suppliers out of RJC scope, such as leather related suppliers are regularly followed up and audited by third parties. We use SMETA audits in most cases. We aim to source our raw materials from supply chains where each step can be controlled for alignment with our Supplier Code.

The Richemont Raw Materials Policy is available on the [website](#).

PERFORMANCE DATA

Since 2015, the Group has been tracking the progress of Codes signed by Suppliers. The following consolidated data represents some 70% of Group operations, excluding businesses acquired in the past three years: YOOX NET-A-PORTER, Watchfinder and Buccellati. Those acquisitions are also tracking progress, albeit on unconsolidated systems. All figures relate either to our Supplier Code, or to equivalent principles such as RJC-certification.

In value terms, overall implementation is at 69% of suppliers (2020: 71%, 2019: 66%, 2018: 55%, 2017: 45%). Progress is tracked on a category-by-category basis. For example, suppliers of direct materials to Watch and Jewellery Maisons were at 96% in March 2021 (2020: 96%, 2019: 92%). For other suppliers, the overall figure is much lower, as it is weighed down by very low rates for some categories such as leased real estate, an important category in value terms.

120 supplier audits, including some Tier 2 suppliers, were performed across the Group during the year (prior years: between 100 and 200). The decision to audit a given supplier is based on a risk-based assessment. Moreover, certain of the Group's businesses have strengthened their procedures with regard to the Supplier Code validation in general, through training of procurement employees and incorporating the Code in their terms and conditions. The increased coordination of supplier audits within the Group has benefited all stakeholders by building confidence and eliminating duplicated effort.

CASE STUDY

TOWARDS 100% CERTIFIED GOLD

Our path towards 100% RJC-certified gold began during Richemont's first CSR three-year Plan to 2017. We wanted to use the RJC's Chain of Custody (COC) Standard for each of our Jewellery Maisons, our Specialist Watchmakers and Montblanc. Our gold supply chain is relatively complex: it uses not only multiple sources of gold, including recycled gold, it also has many subcontractors making components, from watch crowns to chain clasps. Nevertheless, our sense of direction was clear and IWC Schaffhausen was CoC certified during the year under review, being the first Swiss fine watchmaker to fulfil the RJC's audit requirements.

As we have travelled along this path, we have disclosed more and more details about the proportion of our suppliers who are already Code of Practices certified and the percentage of their gold that is COC certified. Currently, 90% of the gold purchased by our Maisons is COC certified and comes from recycled origins. 97% of gold by façon for jewellery and 98% of gold by weight (kg) for watches entering our manufacturing processes are from RJC COP certified members, some of them already RJC COC certified or on the way to becoming certified. We have made important efforts to increase the transparency of our sources of recycled gold. We have also described our efforts to bring small-scale mining operations up to the RJC-level. We have done this through intermediary organisations such as the Swiss Better Gold Association. In parallel, we integrate the data collection to assess the environmental impact of ASM.

Looking ahead, we believe that we are on track for 100% COC-certified gold, be it recycled or from mines. This will not be achieved within a few months, but within a few years. When we reach the end of that path, most likely in 2025, our Maisons will have the opportunity to engage with their customers about the gold used in their jewellery, watches and writing instruments.

LOOKING AHEAD

In the year ahead, we will continue to focus on our commitments and targets.

Implementing transparency in all key supply chains as well as due diligence and risk mitigation measures remains a priority. We will pursue our audit process of the Tier 2 suppliers and continue to deploy the RJC's COC certification along the gold supply chain, targeting more than 95% of our purchases. We will also revise our Supplier Code of Conduct to ensure it is integrating our stakeholders' expectations.

We will continue to work on the longer-term targets contained in the Strategy. Working closely with Richemont's Research & Innovation Department (R&I), we will continue to analyse and test potential solutions to implement traceability in our strategic supply chains. In parallel, we will also use the tools proposed by R&I, such as Life-Cycle Assessment, to integrate criteria aligned with our Science-Based Targets and commitments for the selection of new materials and new sources. Recognising that a significant part of our greenhouse gas emissions are related to our 'Scope 3', we plan to increase our supplier engagement to better measure, understand and decrease our indirect emissions.

On this basis, we aim to progressively integrate new environmental Key Performance Indicators to measure the evolution of our procurement and supply chain's footprint. We will also analyse the most appropriate tools to assess the social aspects of our supply chains and measure the impact of our improvement efforts. In the longer term, our Transformational commitments include the fostering of circular economy principles and delivering positive social impacts in our supply chains.

Karlheinz Baumann

Group Industry and Services Director



ENVIRONMENT

Richemont's Transformational Strategy was launched in 2019. It reflects our aspiration for 'Better Luxury': improving the way luxury is created in a more sustainable and responsible way and helping to create a positive impact for the many different stakeholders involved in our value chain.

The commitments in the Strategy were divided into three sections:

- Foundational – to be achieved within first 1 year
- Aspirational – to be achieved within 3 years
- Transformational – Maisons will select the most relevant long-term targets to be achieved within 5 years.

The focus of this chapter is to update on progress against the Strategy during 2020/21. This will predominantly be on Foundational commitments, which were due to be completed by December 2020, together with any significant progress on other commitments within the Strategy.

All focus areas also have a set of targets, of varying timescales, first agreed by the CSR Committee in October 2019 and refreshed in June 2021. Progress against these targets are included in this chapter.

Within the Strategy our environmental focus areas are:

- Minimising our greenhouse gas, water and waste footprints;
- Ensuring a high level of environmental stewardship across all activities;
- Embedding circularity in our products and business models.

The end of 2020 concluded our Foundational targets and we have begun to report progress against the longer-term Aspirational and Transformational commitments. More detail can be found in the *Looking Ahead* section.

PROGRESS VERSUS FOUNDATIONAL TARGETS

Foundational	Target	Measure	Progress to 31st December 2020
Establish a waste taxonomy, including plastic	All industrial sites	done/not done	100% completed
Inventory of systems in place for waste recycling	All industrial sites	done/not done	Ongoing
Implement Energy Management checklist	Group HS&E audits (20 p.a.)	done/not done	Postponed due to Covid-19
Reduce plastic in branded packaging	Monitoring of branded packaging & Action plan	Yearly consumption by category & documented plan	100% completed

ESTABLISH A WASTE TAXONOMY, INCLUDING PLASTIC

A waste taxonomy has been prepared not only for manufacturing sites and warehouses, as originally planned, but also for boutiques and offices. It was applied for the first time in the prior year-end environmental reporting process. The preliminary findings indicate that the taxonomy needed very few amendments during the year under review. That initiative has encouraged our businesses to further engage with their landlords on waste management. It has also prompted them to engage with landlords on Richemont's drive towards 100% renewable electricity.

The waste taxonomy was a Foundational goal on which to build future waste management targets in the Aspirational and Transformational periods and to effectively monitor such targets.

INVENTORY OF SYSTEMS IN PLACE FOR WASTE RECYCLING

The inventory of existing local infrastructure and systems in place for waste recycling was scheduled to start in all our industrial sites during autumn 2020. The sanitary measures imposed by the pandemic have postponed such initiatives. Nevertheless, we have been able to progress some data gathering and now have two years of data at certain sites. Moreover, an internal reorganisation across the Group means that Building Operations and Services (BOS) are now under a single function. The BOS teams around the world are motivated to develop this project as soon as the sanitary situation allows. We therefore anticipate an acceleration of waste-related projects and disclosure during the year ahead.

IMPLEMENT ENERGY MANAGEMENT CHECKLIST

The Energy Management checklist was first published in April 2019 and was initially adopted by manufacturing and other larger operations on a voluntary basis. Moreover, the checklist has been integrated into the audit referential used to externally assure our sites regarding EHS (Environment, Health and Safety).

An implementation plan, linked to the annual on-site audits for health, safety and environmental matters at some 20 sites was scheduled to begin in January 2020. The subsequent public health emergency shifted operational focus to safe working practices during and after confinements around the world. Accordingly, the implementation of EHS and energy management audits have been postponed until operations can be run at near-normal capacity. In the meantime, energy consumption levels are lower due to temporary closures and safe working practices, such as working from home.

REDUCE PLASTIC IN BRANDED PACKAGING

Many of our Maisons' presentation boxes use plastic components. Whilst some presentation boxes are kept for a lifetime and are passed on with the watch or jewellery piece, not all boxes are kept safely. Indeed, some customers prefer to have only a small travelling pouch with their purchase. Such preference can generate unwanted boxes in warehouses, in boutique storerooms and in homes. Richemont was therefore interested to both reduce the amount of plastic used in its packaging and to broaden the choice available to its Maisons' customers.

Branded packaging was one of the focus areas in a wide-ranging review of plastics used in our operations, our Plastic Shift Initiative. Other areas in that Initiative included catering and logistics services. During the prior year, the types and volumes of plastics used by all Maisons were analysed by material type, by carbon emissions and by Maison. A pilot study by one specialist watchmaker was started, focusing on alternative materials. Whilst that pilot study has been slowed down by the pandemic, other Maisons are learning from the preliminary findings and expect to apply them in the years ahead, applying common decision-making tools. The result will be a reduction in the volume of plastic components used in branded packaging and a broader choice for customers.

The findings from that work and the recommendations were compiled into an internal, 50-page handbook, the Branded Packaging Material Handbook. The handbook was widely distributed and promoted via our Intranet during January 2021. Monitoring arrangements will be put in place during the 2021/22 year to ensure the guidelines are understood by packaging designers and procurement specialists in the years to come.

PROGRESS VERSUS ASPIRATIONAL TARGETS

Aspirational	Target	Measure	Progress to 31st December 2020
Report waste based on taxonomy	All industrial sites	done/not done	73%
Report water use	All industrial sites	done/not done	83%
Increase Scope 3 GHG measurement	SBTi submission	done/not done	100% (audited)
ISO14001-aligned Environmental Management System at pilot site	Implement a pilot and if possible start the deployment	done/not done	To be initiated
Categorise Real Estate projects	Amend commitment approval and create certifications list	Survey of validated capital commitments	100%
Measure product-to-packaging weight ratios	All products	Weight ratios	To be initiated
Remove single-use plastics from catering	All catering facilities	Weight of single-use plastics	On hold due to Covid-19
Remove single-use plastics from logistics	Exploratory phase on circular economy – targets to be set	Documented plans	Ongoing
Remove single-use PVC items	Phase-out of single-use (SUP) PVC items	Zero single-use plastic items	To be initiated

REPORT WASTE BASED ON TAXONOMY

As indicated above, despite the sanitary challenges of the past year, 35 of the 48 relevant, industrial sites have applied our new waste taxonomy. The related data may be found in the second half of this chapter.

REPORT WATER USE

40 of the 48 relevant, industrial sites have reported their water usage. The related data may be found in the second half of this chapter. The remaining 8 sites are expected to report next year.

We have encouraged all sites to report their water usage, providing us with a more comprehensive picture than the minimum 48 sites mentioned above.

Our approach to water use is disclosed in our first response to CDP Water, which will be public in the coming months.

INCREASE SCOPE 3 GHG MEASUREMENT

Richemont began a science-based target-setting (SBT) project in November 2019. The SBT project sought to identify the Scope 3 greenhouse gas (GHG) emission categories which are relevant to the Group and not already captured in previous reporting cycles. The project concluded in early 2021 with the audit of our SBT 2019 baseline year and proposed SBTs for 2030. Further details are reported below.

IMPLEMENT ISO14001-ALIGNED ENVIRONMENTAL MANAGEMENT SYSTEMS

As discussed above, the new, extended EHS audit referential has not been deployed due to the sanitary measures. When the referential has been deployed, it may highlight the need for a more systematic approach to Environmental Management Systems at certain of our industrial sites. If that is the case, then Richemont BOS will develop ISO-aligned solutions for those sites. The current view is that a full ISO-14001 certification may be too onerous, given the relatively low level of energy consumption in our industrial manufacturing processes, where small amounts of metal are processed to create fine watches, jewellery and writing instruments.

CATEGORISE REAL ESTATE PROJECTS

Following a revision of the Group's internal approval procedure of commitments, a new criteria has been integrated which identifies projects that follow an environmental agenda. Initiatives such as environmental certification or other action in favour of sustainable development can therefore be identified.

Accordingly, the target is shown as 100% achieved: documentation and implementation plans are being deployed and a follow-up process, including surveys regarding adoption rates and challenges, is being planned for the year ahead.

MEASURE PRODUCT-TO- PACKAGING WEIGHT RATIOS

The project envisages the measurement of the weight of best-selling products by Maison, e.g. a Cartier Trinity ring or Montblanc Meisterstück writing instrument, and their related packaging. The objective is to compare product-to-packaging ratios within and between our Maisons, identify outliers and learn from the findings. Customer views and marketing surveys will be used to understand the likely effects of changing such ratios.

REMOVE SINGLE-USE PLASTICS FROM CATERING

The Group's Plastic Shift Initiative led to the internal publication of a 'Zero Single-use Plastics in Catering Activities' handbook for Richemont's Facility Managers. The short handbook provides guidance for staff restaurants, offices and external events, as well as recycling systems.

REMOVE SINGLE-USE PLASTICS FROM LOGISTICS

Building on analyses of logistics consumables, the Group has been progressively eliminating single-use plastics such as tape and significantly reducing the use of PU foam. In parallel, Circular Logistics (CL) concepts are being developed with the objective of transporting goods with reusable packaging. Pilots in early 2021 included our Paris-based Fashion Maisons and for Specialist Watchmakers in Dubai. Care is being taken to ensure that these transportation runs are being leveraged to ensure that CL methods do not generate additional CO₂ emissions.

REMOVE SINGLE-USE PVC ITEMS

The Group's Plastic Shift Initiative led to internal recommendations of plastics to be preferred or be phased out. As PVC (Polyvinylchloride) is the most environmentally damaging plastic, all single-use PVC items shall be phased-out by the end of 2021.

OUR APPROACH TO ENVIRONMENTAL MANAGEMENT

During the year under review, our approach was strengthened in two notable ways:

- Setting our first Science-Based Targets for emission reductions, in line with the 2015 Paris Agreement; and
- Enhanced TCFD disclosures, in line with the recommendations of leading investment managers and the Financial Stability Board.

Details of both topics are detailed in this chapter.

Our Environmental Code of Conduct (the 'Code') may be found on our [website](#). It is built on national and international norms and standards for environmental management. As well as universal environmental issues such as climate and the use of energy, water and other natural resources, the Code addresses the negative environmental impacts of key raw materials including precious metals, gemstones and leather. The Code sets a minimum operating standard for all of the Group's businesses. Each business is expected to implement its own Environmental Management System, tailored to suit its size and type of activity.

The Group CSR Committee reviews environmental performance, determines new initiatives and reports progress to the Board.

Richemont's Internal Audit function includes environmental considerations within its systematic risk analysis and monitors compliance with the Code. With a view to improving the overall management of risks, Richemont has established an Environment, Health and Safety audit programme for significant manufacturing, operational and administrative sites: we planned 20 site-audits are conducted each year by a specialised independent auditor, but the Covid-19 has forced us to postpone audits in 2020/21. The results from those audits are used to drive continuous improvement plans over and above compliance with local laws and regulations.

The process to achieve certification with the RJC's Code of Practices also includes a review of environment matters.

Environmental data are consolidated annually, including the energy we use in our buildings, the fuel consumed as we travel for business, the impact of major logistics streams, and other elements necessary to calculate our carbon footprint. The results are disclosed in this report and are communicated internally to employees. The environmental data for 2019 was independently audited in January 2021. The data for 2020 was independently audited in June 2021 and the limited assurance opinion (ISO 14064-3:2006) has been published alongside this report.

MINIMISE OUR GREENHOUSE GAS, WATER AND WASTE FOOTPRINTS

CLIMATE CHANGE

Context

Richemont's carbon footprint is relatively small compared to that of energy-intensive industries. Whilst we do not see climate change as a significant area of direct risk for the Group, we recognise that managing the issues arising from climate change helps us to reduce our impact and thus contributes to one of the greatest challenges facing the planet. Accordingly, setting carbon emission-reduction targets was a core element of our 2019 Transformational Strategy.

During the year, Richemont calculated and analysed its overall carbon footprint, including Scopes 1, 2 and 3. This enabled the setting of Science-Based emission reduction Targets (SBTs) in line with the 2015 Paris Agreement. The analysis encompassed not only its buildings, travel and logistics, but also its purchased goods and services and other relevant Scope 3 categories. Our overall carbon footprint for the 2019 baseline was 1 380 858 tCO_{2e}. Scope 3 emissions accounted for some 96% of the overall emissions. The methods and final figures were independently assured by EY in January 2021. The following diagram summarises our footprint.

Following validation by the Board of Directors in mid-May 2021, the targets were submitted to the Science-Based Target initiative for independent evaluation. At the date of this report's publication in mid-July, the SBTi has not concluded its evaluation. Accordingly, the following targets are subject to revision:

“Richemont commits to reduce absolute Scopes 1 and 2 GHG emissions 46% by 2030 from a 2019 base year. Richemont commits to reduce Scope 3 GHG emissions from ‘purchased goods and services and business travel’ 55% per dollar EVA by 2030 from a 2019 base year. Richemont also commits that 20% of its suppliers by emissions covering purchased goods and services and upstream transportation and distribution will have science-based targets by 2025. Richemont commits to increase annual sourcing of renewable electricity from 64% in 2019 to 100% by 2025.

The targets covering greenhouse gas emissions from company operations (Scopes 1 and 2) are consistent with reductions required to keep warming to 1.5°C.

The renewable energy procurement target covering Scope 2 emissions is consistent with reductions required to keep warming to 1.5°C.”

The overwhelming majority of our emissions are related to our supply chain: raw materials, logistics and so on. Extensive preparatory work has been completed regarding Scope 3 emission identification

and reduction plan identification. In the year ahead, these preparations will be converted into action plans at the Maison level, ensuring ownership of both the emissions problem and ways to resolve such problems. Action plans will be established over two-time horizons: to 2030, as indicated in the SBTi submission, and to 2023. The three-year horizon is to enable realistic steps and suitable monitoring to be put in place. The Group will continue to report its total, annual emissions to CDP.

In terms of reporting segment, the 2019 baseline footprint in intensity terms is presented in the following table. Intensity is expressed as GEVA, or Greenhouse gas emissions (G) per unit of Economic Value Added (EVA). The formulation of EVA is set by the SBTi and reflects EBITDA plus personnel costs (wages, social security costs, employee benefits and pension costs). SBTi requires GEVA to be expressed in US Dollar terms. Note that not all Scope 3 emissions are included in the GEVA intensity calculation, only those stemming from two categories: purchased goods and services, and business travel. Deducted from those two categories are the emissions which are targeted for supplier engagement. Accordingly, Richemont's baseline 2019 intensity emissions were 822 824 tCO_{2e} and GEVA was 138 tCO_{2e}/€m or 128 tCO_{2e}/\$m.

Intensity baseline, 2019	Emissions (G), 000 tCO _{2e}	EVA, €m	Intensity, GEVA (€)	Intensity, GEVA (\$)
Jewellery Maisons	258 466	3 483	74	
Specialist Watchmakers	133 939	1 177	114	
Online Distributors	149 825	188	797	
Fashion & Accessories	223 546	455	491	
Corporate	57 048	640	89	
Total	822 824	5 943	138	128

The exchange rate applied was the average €:US\$ rate for the twelve months ended 31 March 2020, being € 1.1112 / US\$.

Prior to setting these SBTs, our long-standing policy has been to focus on reducing our own Scopes 1 and 2 carbon emissions and those of our logistics service providers only. In addition, since 2009, we have purchased carbon offsets to neutralise our measured footprint for buildings, business travel and more recently logistics. That logistics-related development reflected the quality of data and the acquisition of YOOX NET-A-PORTER (YNAP) in 2018. As a leading e-commerce business delivering goods to individual customers around the world, YNAP's logistic footprint is significant.

The cost of carbon offsets varies depending on the volume of carbon credits and the average price per offset. The cost of offsetting our prior year footprint (Scopes 1, 2 and selected Scope 3 only) was some € 1.2 million. We raise awareness of the cost by re-invoicing each Maison. This approach allows a real financial cost to be placed on carbon, which helps drive performance improvements, as does the motivation of employees in general.

We continue to carry out robust energy audits across our businesses and seek to respect the most demanding environmental standards when building new manufacturing facilities or refurbishing our Maisons' retail network of some 1 200 internal boutiques. In this way, we play our part in minimising our energy consumption, provide agreeable working spaces for our employees, and thus contribute to the long-term sustainability of our business.

CARBON OFFSETTING

We aim to reduce our Scopes 1, 2 and 3 emissions as much as possible and neutralise the rest by participating in certified offsetting projects. Part of our CO₂ emissions (Scope 1, 2 and 3 – Business travel and Distribution) were offset by one major project and a variety of other projects:

- The major project relates to forest preservation in support of transfrontier conservation areas ('TFCAs') facilitated by Peace Parks Foundation. Specifically, the 'Lower Zambezi REDD+ Project' and 'Luangwa Community Forests Projects'. This tranche of carbon credits represents part of a seven-year agreement with BioCarbon Partners, a leading African developer. By buying directly from the developer, the communities protecting these forests and Peace Parks Foundation will derive greater long-term security and financial benefits, thus enabling sustainable conservation efforts at scale. For more information about Peace Parks Foundation, which Richemont has supported for two decades, please follow [this link](#).
- Other projects include forest conservation in Peru and methane emissions capture for clean power generation in China.

To raise awareness, the centrally-purchased carbon offsets are re-invoiced to Richemont's individual Maisons, based on their own emissions. The CSR Committee selects the offset projects and deepens engagement on climate change matters through internal and external communication.

As described in this chapter, the carbon footprint for the year under review will be offset using the REDD+ project above and other projects.

CDP

Richemont has reported to CDP (formerly Carbon Disclosure Project) for many years. Our most recent CDP rating for Climate/Carbon, received in December 2020, was 'A-', implying Richemont is placed in the CDP's Leadership band.

WATER

Water data was consolidated for the first time in the prior year, reflecting our commitment to identify and measure material water-using activities. In the first year, our focus was on our largest facilities, recognising that the great majority of sites are small boutiques with washrooms for employees and customers. The largest facilities are concentrated in Western Europe, with distribution centres and after-sales service centres in other regions of the world.

Building on the quantity and quality of that data, this year we are reporting through CDP Water for the first time. 2020 calendar year data will be reported via the CDP Water portal by July 2021. We have conducted a study which confirmed that Richemont's water consumption in our own operations has low, direct environmental impact. The majority of our water consumption and related environmental impacts are indirect: they lie in our upstream supply chain, where raw materials extraction occurs. We have also confirmed that, through the LWG certification mechanism, we have a good overview of leather tanneries and their water usage. For the other supply chains related to our own raw materials, Richemont is assessing tools to make basin-level risk assessments within the next three years.

As our water-related tools and targets are developed, further data will be made available in the coming years. In the meantime, individual projects across the Group are being managed to reduce water usage whenever possible.

ENSURE A HIGH LEVEL OF ENVIRONMENTAL STEWARDSHIP ACROSS ALL ACTIVITIES

ENVIRONMENTAL MANAGEMENT SYSTEMS

Environmental Management Systems ('EMS') refer to the management of environmental programmes in a comprehensive, systematic, planned and documented manner. We have committed to implement such systems at a manufacturing site as a pilot over the next three years. ISO 14001 is the most widely used EMS standard and we will align our own efforts with that standard. Actual certification against the standard will be a choice at the discretion of each site manager and work has already started at a number of sites.

RJC Code of Practices re-certifications require a planned approach to environmental risk management. In order to meet or exceed the expectations of their independent auditors, a number of our Maisons are accelerating their EMS implementation plans.

Similarly, while no manufacturing sites are currently registered to ISO 50001, energy efficiency is a guiding principle in the construction of new buildings and the refurbishment of existing buildings and interiors.

Twenty-six boutiques have been certified using BREEAM and LEED (Leadership in Energy and Environmental Design). Examples may be found at the end of this chapter. As the Group has committed to 10% of all new buildings and refurbishments being certified each year by 2025, many more boutiques will be added.

ENGAGING STAKEHOLDERS

Our Maisons engage their employees directly on environment themes in a variety of ways. These range from communications on environmental good practices at work to financially incentivising employees to use public transport instead of private transport. Such incentives are common within the Group. Where private transport is used, the Group has implemented a variety of car-sharing schemes, both with its own employees and with adjacent companies. In addition, the gradual introduction of flexi-work practices, where employees may work away from their regular workplace one day per week, can reduce commuting-related emissions by up to 20%.

The Group's CSR Committee has noted the ever-growing number of environmental initiatives reported by local CSR representatives in markets such as Japan, the USA, China and Switzerland. The initiatives range from reducing the consumption of electricity in offices and boutiques to improving the thermal insulation of buildings. Initiatives and best practices are communicated through the Richemont intranet.

Responding to a growing number of internal requests, Richemont prepared Sustainable Event Guidelines during the year. The guidelines are based on a related International Standard (ISO 20121:2012) and help event organisers to design events with a holistic view of environmental impact, ranging from how far the event guests need to travel to the type of hospitality offered.

Through its Supplier Code, the Group's operations encourage environmentally friendly practices among its direct suppliers and their suppliers.

Through the RJC, the Maisons participate in industry-wide efforts to reduce the long-term environmental impact of large-scale and artisanal mining.

Our Maisons also engage with Non-Governmental Organisations and civil society on environmental matters. Please refer to the Engagement chapter regarding WWF Switzerland.

PLASTIC USED IN CATERING, PACKAGING AND LOGISTICS

During 2019, we began a process to measure and evaluate the types and weight of plastics used throughout our operations and whether better solutions exist, or whether volumes and weight can be reduced. The study encompasses not only product packaging and logistics, but also single-use plastic used in our catering facilities and during customer events. The scope extends from incoming plastics to end of life. The goal of our Plastic Shift Initiative is to phase out single-use plastics as soon as possible and have evaluated alternatives, including reusable and recyclable materials. These processes connect to our circular economy projects and to our logistics carbon footprint.

Our progress on product packaging, specifically presentation boxes, is described above. Our progress on logistics followed pilot studies in Switzerland, with best practices shared with our e-commerce hubs in Italy, UK, the Netherlands and USA. This has already reduced the weight of plastics used for logistics packaging by one third. In catering, the shift from single-use plastic cups in manufacturing spaces and washable materials in restaurants was welcomed by employees. All single-use plastics in catering are being phased out in 2020 and 2021, with Switzerland our priority due to the number of employees and staff restaurants.

EMBED CIRCULARITY IN OUR PRODUCTS AND BUSINESS MODELS

CIRCULAR ECONOMY

We are assessing the implications of the circular economy in a number of areas, including new product, service developments and precious metals. Together, these efforts seek to minimise our overall impact on the environment.

Richemont's acquisition of Watchfinder in 2018 represented a step into the market of pre-owned luxury goods, specifically watches. In addition to learning more about our customers' motivations, this acquisition provides our customers with a professional, trustworthy and transparent platform for bringing 'idle assets' back into circulation. The depth of understanding about when and why a current customer wishes to sell a watch and why a new customer wishes to acquire a pre-owned watch strengthens our customer relationships. Moreover, Richemont's acquisition of a circular economy company like Watchfinder represents a business model innovation. Watchfinder was an independent, UK-only company. Since joining Richemont, it has developed operations in France, Germany, Switzerland, Hong Kong SAR, China and the USA. It has also partnered with certain Maisons, enabling the trade-in of pre-owned watches for new watches.

Trust is key to the development of pre-owned watches and other luxury goods: trust in the authenticity of the object, its vendor, and so on. To further develop trust, Cartier recently partnered with LVMH and Prada to establish the Aura Blockchain Consortium. The technology offered will provide access to product history and proof of authenticity, addressing the challenges of traceability, responsible sourcing and sustainability. Richemont supported Cartier's partnership in the

Consortium. In a separate but related development, Richemont is working with international law enforcement agencies to develop a platform to simplify the identification of lost, stolen and found watches.

In a separate development to enable the circular economy, YNAP launched its Infinity programme. The programme encompasses not only product sourcing, but also re-commerce through its global platforms and steps to promote eco-awareness among its millions of customers. Further details may be found in the YNAP section of this report.

Our gold sourcing strategy focuses on recycled gold over newly mined gold. This choice reflects the estimated impact on the environment of alternative sourcing strategies: recycled gold has a significantly lower impact. Further details may be found in the Sourcing chapter.

Bloomify is a pilot programme to sell boutique fixtures and fittings as well as spare promotional materials. In the past, such materials may have been destroyed. The initiative, which stemmed from Richemont's 'Visionnaire' challenge to its own employees, is being developed across the Group.

RESOURCE USE AND RECYCLING

Our principal consideration in product design and development is to create high quality articles that will be treasured for generations. This significantly reduces our product disposal impact. Watches, jewellery and writing instruments account for 73 % of Group sales. Such items, together with the original presentation box, are typically passed from one generation to the next. Alternatively, they may be sold through Watchfinder or at auction to collectors. The great majority of the Group's products and presentation boxes therefore have no 'end of life' in the normal sense of product life cycles. Other products, accounting for 27 % of Group sales, are primarily ready-to-wear clothing and leather goods.

As noted below, the Group has implemented the first steps in a comprehensive waste-management strategy, with the ultimate goal of zero waste to landfill from any major manufacturing and warehousing site. Our commitments to monitoring the consumption of resources and to reducing waste are set out in our Environmental Code of Conduct. Hazardous and toxic materials are treated in accordance with local and international regulations. We strongly encourage management and employees responsible for packing and transporting goods to adopt an energy-efficient strategy through the planning and organisation of shipments.

Workshops are being arranged to train Richemont's BOS and CSR managers to strengthen waste management practices and data. Our current data may be found in the second part of this chapter.

A Group-wide water measurement and management project also started during the year as part of our Aspirational commitment. Details may be found below.

PRODUCT STEWARDSHIP

Richemont's Maisons consider the environmental impacts at the design stage for new products, reflecting the sensibilities of the Maisons' designers and their customers.

In order to ensure the sustainability of their products, Richemont's Maisons are further developing their traceability tools while fostering the environmental and social responsibility of their suppliers. The Maisons are particularly committed to ensure the compliance of their products towards all international chemical regulations, such as the European REACH regulations and California Proposition 65. As experience in this area grows, our Maisons are progressively taking a proactive approach to identifying and phasing out certain toxic chemicals in order to ensure the security of its employees, customers and the environment.

PAPER AND PACKAGING

For paper and packaging materials, Maisons and Group operations have chosen, whenever possible, to use 100% responsibly-sourced wood-based materials. Recognised certification schemes include the Forestry Stewardship Council standards linked to recycled content.

The quantity and weight of commercial printed materials, including catalogues, brochures and ‘house magazines’ is also under constant review. The global shift towards digital media means less printing and less printed materials, especially paper. We note that many customers are familiar with our Maisons’ products before entering the boutique and do not wish to carry away printed materials when they leave. This is also the case for travelling customers, who do not wish to transport additional weight in their luggage.

Within our offices, we are methodically reducing the frequency and volume of printing. This reflects a general tendency to ‘go paperless’ and the reconfiguration of many office spaces, placing those machines which print, scan or copy in a central area away from quieter desk and workbench areas.

OTHER ENVIRONMENTAL IMPACT

BIODIVERSITY

Context

Richemont’s direct operations are not considered to have a high impact upon biodiversity. However, the Group’s Maisons make use of renewable and non-renewable raw materials, such as gold, gemstones, leather and wood which have biodiversity impact. Through our value chain, we seek to source these materials in a manner that is consistent with the protection of the environment and the sustainable utilisation of natural resources. Examples include the very high level of recycled gold in our Maisons’ products and the certified wood-based material in the packaging around them. We are also reviewing our use of plastics with the intention to eliminate single-use wherever possible.

Our approach

Our Environmental Code of Conduct and Supplier Code of Conduct set out our policies for sourcing responsible gold and conflict-free diamonds and gemstones, manufacturing leather products and protecting endangered species. We fully comply with specific international and local regulations such as the Convention on International Trade in Endangered Species (CITES) related to the procurement, import, usage and export of raw materials from protected species. More information about how we deal with suppliers’ impacts may be found in the Sourcing chapter. Moreover, our Supplier Code of Conduct is being revised to reflect greater specificity regarding biodiversity and certification schemes such as ‘organic’.

Other actions taken by Richemont have a positive impact on biodiversity, as the following examples illustrate:

- We seek to reduce environmental impacts in our supply chain and sourcing recycled, RJC-certified gold is our preferred option. Recycled gold has the lowest impact on biodiversity as neither land disturbance nor heavy trucks and plant are associated with re-processing. Currently, we primarily source recycled gold derived from old jewellery, industrial plating processes and manufacturing scraps. Whereas gold recovered from post-consumer electronic goods is a potential source, the transparency and traceability of that supply chain is currently

unsatisfactory. Nevertheless, we are monitoring developments in that area and hope that obsolete electronics, such as mobile phones, can become a reputable source of recycled gold for our Maisons in the future.

- Richemont's carbon offsets are primarily purchased in support of a REDD+ scheme along the Zambezi River. The scheme preserves the wild forests by bringing a steady flow of cash to the communities who live there. By publicising our long-term agreement with the agents of the forest and its links to Peace Parks Foundation, Richemont has motivated other companies to follow, including a twenty-year agreement covering one million hectares of Zambezi Forest.
- Many of our Maisons use American alligator leather for making watch straps. The alligator farming methods, including animal welfare certification, has helped to return the species' population to safe levels in recent decades. In parallel, the farmers conserve the biotopes on which 8 000 species depend, including the alligators. Moreover, the Louisiana wetland biotopes are critical for climate change mitigation as they sequester a significant amount of carbon. Even more than many forests. These observations regarding biodiversity preservation and carbon sequestration have encouraged our Maisons' efforts to source American alligator leather. Early in 2021/22, Richemont formally joined the International Alligator Farmers Association. In parallel, to raise awareness of these regenerative agricultural systems, Richemont representatives have spoken about them at the United Nations (World Wildlife Day 2020) and at a number of specialist leather industry events.

Richemont is monitoring the development of voluntary corporate reporting standards linked to biodiversity. In particular, (i) the Science-Based Targets of Nature (SBTN) and (ii) the Taskforce on Nature-related Financial Disclosures (TNFD). In addition, in the year ahead, Richemont will explore the development of biodiversity targets relevant to its own operations. We have not addressed the CDP Forests reporting system at this stage as so few of Richemont's operations are linked to forest-related activities, such as farming. The overwhelming majority of leather goods are sourced from European farming practices.

Land use adjacent to protected areas

A number of our Maisons have factories that are located near rivers and lakes. We are committed to preserving the natural environment around all of our operations. The majority of the Group's manufacturing facilities are located in Switzerland, France and Germany. Those countries set high environmental standards and enforce them through national and local environmental legislation. The Group's Maisons comply with all such legislation.

LOOKING AHEAD

As we plan for a more stable future than this unprecedented past year, we have made some minor changes to our long-term targets. Below, we have highlighted what we intend to achieve in the short, mid- and long-term:

SHORT-TERM COMMITMENTS, IN THE COMING YEAR:

- Finalise interim action plans for each Maison, linked to the Group's 2030 science-based targets; and
- Regularly monitor progress against our other Covid19-delayed 2020 Foundational targets and our 2022 Aspirational targets.

MEDIUM-TERM COMMITMENTS, IN THE COMING TWO YEARS:

- Reporting waste and water usage, particularly at our larger, industrial sites;
- Implement an Environmental Management System aligned with ISO 14001 at a pilot site;
- Develop our building certification strategy for all buildings;
- Develop lighter packaging for our products, in line with customer requirements; and
- Reduce plastic in general, in particular single-use plastic, throughout our operations.

LONG-TERM COMMITMENTS, IN THE COMING FIVE YEARS:

- Developing new approaches to circularity, such as closing the loop on waste materials towards our goal of 'zero waste to landfill';
- Enlarging the proportion of revenues from 'non-linear' business models, for example the sale of pre-owned certified watches, fashion and accessories (re-commerce) and experimentation with non-ownership business models (renting, subscription);
- Measuring the lifecycle impacts of our products and minimising their impact through innovative eco-design;
- Reaching 100% renewable energy;
- Certifying at least 10% of all construction and renovation projects to green building standards;
- Deploying Environmental Management Systems across all industrial sites and having the effectiveness assured independently; and
- Embedding sustainable logistics and travel policies.

Matthew Kilgarriff

Group Director, Corporate Social Responsibility

DATA RELATING TO OUR ENVIRONMENTAL COMMITMENTS AND TCFD

Overall, the Group's activities have a very low direct exposure to the impact of climate change. The production of high-quality goods is concentrated in Switzerland and their distribution is spread around the world. Similarly, the supply of precious materials, which is largely controlled by international diamond mining enterprises, precious metal recyclers and refiners, and gemstone cutters and polishers, is not expected to be disrupted by gradual changes in the natural environment. Nevertheless, the Group CSR Committee regularly considers those risks.

During the year, Richemont aligned its climate-related strategic governance, management and reporting practices with the TCFD recommendations. TCFD, the Task Force on Climate-related Financial Disclosures, was established in 2017 and is driving transparent and consistent reporting on business risks and opportunities from climate change. The alignment exercise identified gaps in our current disclosures and highlighted specific actions to address those gaps. Richemont has neither quantified the financial risks associated with climate change nor identified weaknesses in our business model which would be worsened by gradual temperature changes, cases of extreme weather conditions or growing water scarcity. Compared to previous disclosure, Richemont has improved its alignment with the TCFD recommendations by joining RE100, submitting to the SBTi with reduction targets aligned with climate science, and by disclosing for the first time its audited emissions related to full Scope 3. During the year of publication, Richemont has also created an Environmental Steering Committee to oversee Richemont's environmental strategy and to assess and manage climate related risks and opportunities. Strategic alignment discussions will take place during the year ahead, including risks and opportunities for our Maisons and their customers. Those discussions are expected to include raw material availability and the eco-design of products and packaging.

In the meantime, our strategy is to align our business model with the transition to a net zero carbon economy by being forward-looking, proactive and creative in meeting the need of our customers; by showing leadership whilst remaining collaborative; and in doing so, ensure that we maximise the long-term, sustainable value of our company.

The following table presents the TCFD recommendations and Richemont's corresponding disclosures.

TABLE KEY:

- 'Annual Report 2021' refers to Richemont's Annual Report and Accounts 2021;
- 'CDP 2020' refers to Richemont's CDP Climate Change Response 2020;
- 'Sust. Rep. 2021' refers to Richemont's Sustainability Report 2021;

TCFD Recommendations		Richemont's corresponding Disclosures
Theme area	Recommended Disclosures	
Governance	a) Description of boards' oversight of climate-related risks and opportunities.	→ CDP 2020: C1.1, C1.1a, C1.1b → Sust. Rep. 2021: Mapping our material issues to the SDG; Our approach to environmental management
	b) Description of management's role in assessing and managing climate-related risks and opportunities.	→ CDP 2020: C1.2, C1.2a, C1.3, C1.3a, C2.2 → Sust. Rep. 2021: How Sustainability is managed
Strategy	a) Description of the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	→ CDP 2020: C2 → Sust. Rep. 2021: Materiality matrix; Mapping our material issues to the SDG; Minimise our greenhouse gas, water and waste footprints
	b) Description of the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	→ CDP 2020: C2.3, C2.3a, C2.4, C2.4a, C3.1d, C3.1e
	c) Description of the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	→ CDP 2020: C3.1a, C3.1b, C3.1d
Risk Management	a) Description of the organisation's processes for identifying and assessing climate-related risks.	→ CDP 2020: C2.2, C2.2a, C2.3, C2.4 → Annual Report 2021: CSR Chapter → Sust. Rep. 2021: Materiality matrix
	b) Description of the organisation's processes for managing climate-related risks.	→ CDP 2020: C2.2, C2.3a
	c) Description of how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	→ CDP 2020: C1.2a, C2.2, C2.3a → Sust. Rep. 2021: Mapping our material issues to the SDG

TCFD Recommendations		Richemont's corresponding Disclosures
Theme area	Recommended Disclosures	
Metrics and Targets	a) Disclosure of the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	→ CDP 2020: C1.3, C2.3a, C3.1d, C4, C5, C6, C7, C8, C9, C11 → Sust. Rep. 2021: Minimise our greenhouse gas, water and waste footprints
	b) Disclosure of Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	→ CDP 2020: C5, C6, C7 → Sust. Rep. 2021: Our approach to environmental management; Carbon footprint 2020
	c) Description of the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	→ CDP 2020: C4 → Sust. Rep. 2021: Materiality matrix; Progress versus foundational targets; Embed circularity in our products and business models; Minimise our greenhouse gas, water and waste footprints → Annual Report 2021: CSR Chapter

The following sections provides further details about our carbon footprint and energy consumption.

CARBON FOOTPRINT REPORTING

2020

Our 2020 environmental data was independently verified by EY. The comparative data also was verified by EY, but after the publication of last year's Sustainability Report. At that time, which represented the first wave of the Covid-19 pandemic, Richemont was prioritising the preservation of employment.

We calculate our carbon footprint based on the internationally recognised Greenhouse Gas (GHG) Protocol of the World Business Council for Sustainable Development (WBCSD). Specifically, we used the 2020 DEFRA conversion factors to convert our Scope 1, and part of our Scope 3 (Business Travel, Fuel and energy related emissions, waste, employee commuting and transportation & distribution) activity data to emission numbers. For Scope 2 market-based emissions, we use: AIB conversion factors for Europe, Green-e conversion factors for North America and IEA conversion factors for the rest of the world. For other Scope 3 categories, we mainly use Ecoinvent 3.7.1 and ADEME Base Carbone 2.27.2.

The data covers our subsidiary companies where the Group has financial control, defined as a shareholding of at least 50%. Data has been collected as an integral part of our approach to business reporting. The Buccellati acquisition took place shortly before the reporting period-end and was therefore not included in the 2019 data. AZ Factory is not included in 2020 data as the launch took place shortly before the reporting period end. Data is not always available for some smaller retail outlets, in particular where we operate from shared sites. Richemont uses energy estimations (per m2) to estimate the impact of these locations. The scope of our measurement is estimated at covering operations representing more than 90% of full-time equivalent employees (FTE) and includes retail outlets, offices, research and manufacturing sites, and distribution centres.

Our overall carbon footprint for the year amounted to 1 113 934 tCO₂e. The latest year covered the twelve months from January to December 2020. The overall footprint decreased by some 19%. The following table identifies the Group footprint by reporting segments and by source.

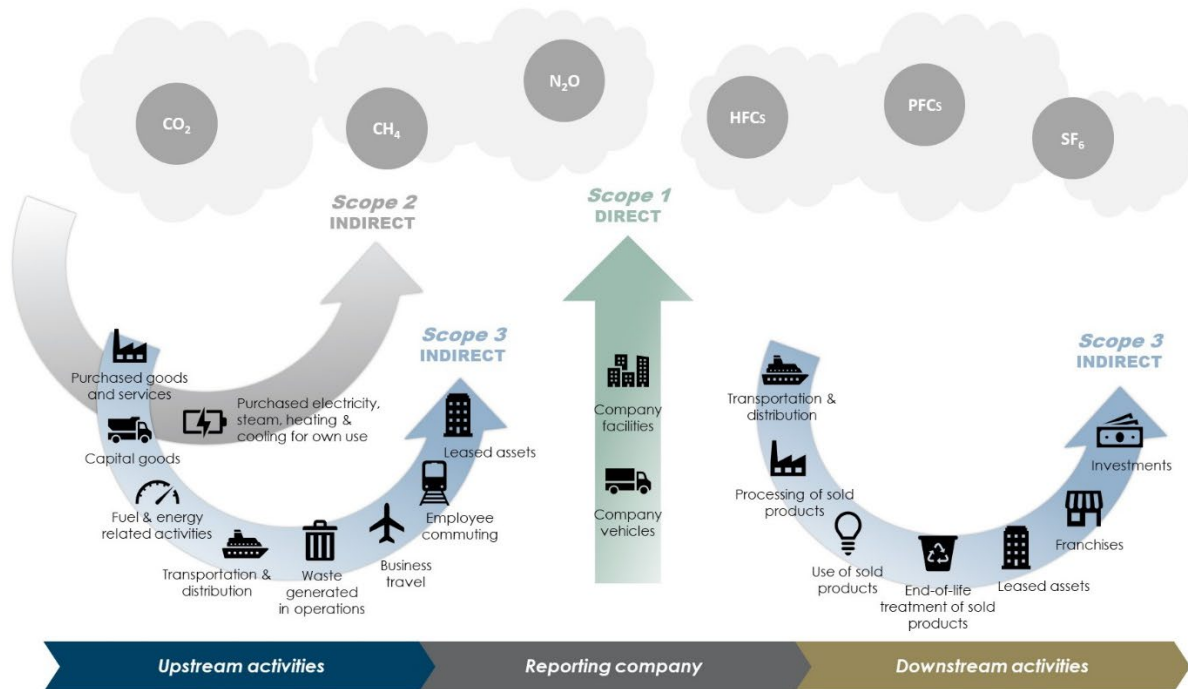
ktCO ₂ e	Scope 1	Scope 2	Scope 3	Total 2020	Total 2019
Jewellery Maisons	2	1	328	331	367
Specialist Watchmakers	2	1	135	138	197
Online Distributors	1	0	325	326	374
Fashion & Accessories	2	2	213	217	333
Corporate	5	2	96	102	110
Total	11	6	1 097	1 114	1 381

KEY DEFINITIONS

Scope 1: Direct GHG emissions from sources that are owned or controlled by the company. It includes energy use from buildings and emissions associated with the vehicles we operate.

Scope 2: Indirect emissions associated with purchased electricity, heat and steam.

Scope 3: All other indirect emissions that are a consequence of the activities of the reporting company but occur from sources owned or controlled by another company.



Overview of GHG Protocol scopes and emissions across the value chain

EXPANSION OF SCOPE 3 MEASUREMENT

The Science-Based Target project sought to identify the Scope 3 greenhouse gas (GHG) emission categories which are relevant to the Group and not already captured in previous reporting cycles. The table on the next page shows the details of our Scopes 1, 2 and 3 measurements.

RICHEMONT

CO ₂ e emissions, (kt CO ₂ e)	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
Total	179.4	179.0	280.7	1 380.9	1 113.9
Scope 1	15.4	13.4	19.5	15.9	11.3
Scope 2	62.8	55.3	58.5	44.3	5.7
Scope 3, detailed below	101.2	110.3	202.7	1 320.7	1 096.9
Scope 3 per calculated category					
Business travel	55.6	50.6	49.1	53.8	9.1
Upstream Transportation & Distribution	45.6	59.7	153.6	159.7	122.3
Purchased goods & services	N/A	N/A	N/A	958.1	795.3
Capital Goods	N/A	N/A	N/A	72.2	122.1
Fuel and energy related activities	N/A	N/A	N/A	12.9	10.7
Waste generated in operations	N/A	N/A	N/A	5.1	2.1
Employee Commuting	N/A	N/A	N/A	32.5	8.6
End-of-life	N/A	N/A	N/A	4.2	3.4
Franchises	N/A	N/A	N/A	22.1	23.2

Scope 1

Scope 1 encompasses Richemont facilities' direct energy emissions and its vehicles' emissions. Direct fugitive emissions due to leaks of refrigerant from air conditioning installations were not taken into our Scope 1 emissions' calculation.

In 2020, Scope 1 emissions decreased by 29% compared to 2019, mostly due to the Covid-19 pandemic and partially due to a reduction of standard cars.

Scope 2

Our carbon footprint from buildings decreased by 87% during the year. The percentage of renewable electricity used increased to 94% for the year (prior year 64%). This progressive increase, from a base of just 23% in 2012, reflects two initiatives: local actions to invest in on-site generation or to switch to renewable energy options provided by local utilities; and (ii) a global project to fill the gaps where

local utilities cannot provide that option through the purchase of Energy Attributes Certificates (EACs), which include Renewable Energy Certificates (RECs).

Based upon our success in this area, Richemont has joined the Renewable Energy 100% initiative ('RE100') in February 2021 and previously committed to reach 100% renewable electricity no later than 2025. In the meantime, we will offset our remaining building-related carbon footprint.

We recognise that buying renewable energy and offsetting are partial solutions to mitigate climate change. The better solution is to reduce our buildings' energy consumption in absolute terms. This understanding has led to our Real Estate Department's decision to research and issue a series of booklets on lower energy solutions for better workspaces. These booklets include 'The Green Handbook' for construction projects, 'The Lighting Guide' for LED illumination in workspaces and display cases, and 'The Energy Monitoring & CO₂ Reduction Guide'.

Scope 3

During 2020, Scope 3 CO₂ emissions decrease by 17% against 2019 baseline. The rationale behind this variation is due to the Covid-19 pandemic: less raw material was purchased, fewer products were manufactured and distributed, and employee travel was heavily restricted.

A detailed explanation of each Scope 3 category follows. Note that certain Scope 3 categories are not applicable to our footprint, based on the Science-Based Target methodology. Those excluded categories are listed below.

Business travel

The pandemic and associated travel restrictions contributed to a drop of 83% in business travel in 2020 and the total distance travelled by air decreased by 82%.

Hotel stay emissions are considered from 2020 onwards and were not in our 2019 baseline footprint.

Upstream – Transportation and distribution

Our logistics business models fall broadly into two types: business to business (B2B) and business to consumer (B2C). The B2B model relates to our Maisons, which primarily distribute their products from the place of manufacture to their own boutiques and wholesale partners. The B2C model relates to e-commerce activities, being YNAP, Watchfinder and some e-commerce activities of our Maisons. YNAP arranges doorstep delivery of fashion, accessories, watches and jewellery in more than 150 countries. Our Maisons' e-commerce activities increased significantly during the pandemic.

To manage the growth in carbon emissions stemming from logistics, whether internally managed freight or with business partners, Richemont's logistic function constantly evaluates the balance between speed of delivery, total cost and environmental impact. In general, small precious goods such as watches and jewellery are shipped by air. The absolute size and weight of all packaging is periodically reviewed.

The transportation and distribution emissions have decreased 23%, with a notable reduction of air transport. However, the road emissions have slightly increased. Emissions related to FEDEX/TNT were estimated based on spend-based method for some Richemont entities which didn't have access to FEDEX/TNT reporting.

Purchased goods and services

Purchased goods and services represent the largest category of our footprint. Emissions decreased by 17% during the year, mainly due to fewer raw materials being purchased for watchmaking

components and for fashion items. In parallel, visibility of the raw materials purchased by our Maisons for their finished products increased.

This category comprises the raw materials used in our products, such as leather, coloured gemstones, gold and other jewellery raw materials. Until relevant emission factors are available, hardstones, organic and semi-precious stones are excluded from Richemont's carbon footprint, except for Cartier. We have implemented a higher granularity on origin for bovine leather, allowing us to evaluate the quantity sourced in Europe rather than the rest of the world and thus reduce our carbon emissions.

We included in our calculations of this category the emissions linked to branded packaging, point of sales material, logistics-related consumables, printed material, office supplies and vegetarian and standard meals consumed in company restaurants.

We also considered the services whose emissions have increased by 28% compared to last year, due mainly to an improvement in our data collection process.

Our Maisons' branded finished products are included in this category, considering raw materials and related manufacturing processes. As YNAP is mainly purchasing third-party branded products, to calculate emissions we consider the finished goods by type.

To accelerate practical know-how and LCA-based decision-making, Richemont has established a knowledge hub to better assess environmental performance and to support the setting of product-level reduction targets, mostly based on Life Cycle Analysis (LCA). The hub has already completed some studies and is prioritising those which are most relevant for achieving our SBTs. The work will be done in partnership with leading academic institutions and other external partners, as detailed in the Innovation chapter of this report. The knowledge hub will enable the Group to understand the lifetime emissions associated with specific finished products, packaging and other objects.

Richemont decided to drive action through supply chain engagement by joining the CDP Supply Chain programme in 2021. We aim to encourage transparency and collaborate with our key suppliers to measure our Scope 3 emissions with a finer level of detail, to better drive emissions reductions, and better reflect the impact of supplier-specific emissions in our global emissions calculation. Our initial engagement is with more than 100 suppliers.

Capital Goods

Capital goods figure represents 11% of total Scope 3 emissions and increased by 69% compared to the previous year, due mainly to an improvement in data collection processes.

A spend-based method has been used to calculate the emissions linked to furniture and machinery. Building and facilities, vehicles and IT equipment have been calculated based respectively on the surface, weight and quantity purchased during the reporting year.

Fuel and Energy related activities

This category encompasses the emissions related to the production of fuels and energy purchased and consumed by Richemont during calendar year 2020.

Waste generated in operations

Since last year's reporting, we are monitoring our waste with more granularity, as well as looking at the end-of-life treatment associated with waste.

The majority of boutiques and some offices have their contracts held by landlords, which makes it difficult to collect accurate waste data. Therefore, we extrapolated missing data for paper, cardboard and domestic waste based on building surface and building type.

There was a decrease of 58% of the emissions, mainly due to the change of conversion factors, extracted from DEFRA database and the slowdown in operations during the pandemic in many cities.

Employee commuting

For the first time last year, we developed an anonymous survey, available in 6 languages, to understand our Group-wide commuting habits before the pandemic. This has been used for our 2019 baseline.

This year, we have conducted a second survey to assess our new teleworking habits. We have calculated the CO₂ emissions associated with calendar year 2020 practices and adapted the results of the previous year's survey to reflect new commuting habits.

Both represent 8 624 CO₂e emissions, namely a decrease of 73% compared to previous year.

End-of-life

In this category, we have considered the impact linked to the end-of-life of sold goods, except diamonds and coloured gemstones.

Franchises

This category encompasses the Scopes 1 and 2 emissions of our external boutiques. Their energy is estimated based on our internal boutiques' own consumption.

Calorific Network and refrigerant leaks are not included.

Scope 3 categories excluded from Richemont's carbon footprint:

- **Upstream leased assets:** Properties leased to companies within the tertiary sector represent less than 0.005% of Richemont total revenues, and no change is forecast for the next five years. The business model remains asset light for capital allocation purposes.
- **Downstream transportation & distribution:** Customers transportation to and from stores is not included in the inventory when it is neither paid for nor organised by Richemont and is negligible compared to the rest of the freight.
- **Processing of sold products:** Richemont sells a few components to other watchmakers, but the energy impact is insignificant. No additional manufacturing infrastructure relating to this is forecast in the next five years.
- **Use of sold products:** More than 80% of goods sold are fine jewellery and watches, which either require no climate-impacting after sales servicing, or some technical handcraft servicing once every five years. For fashion and textiles either sold by our Maisons or through online distributors (YNAP), the emissions linked to the energy of apparel, for example washing machines, remains a reporting option, according to GHG protocol methodology.
- **Downstream leased assets:** Richemont does not own assets leased downstream in its value chain, and no change is forecast for the next five years. The business model remains asset light for capital allocation purposes.
- **Investments:** Richemont's investments into companies where Richemont does not have financial control represent less than 1% of Group total investments.

OTHER EMISSIONS AND DISCHARGES

The Group's own manufacturing facilities are located in Switzerland and elsewhere in Western Europe, where environmental controls are rigorously enforced.

No significant spills have been brought to the Group's attention in the context of either the environmental or health and safety reporting processes. Similarly, the Group has not been subject to any material fines or non-monetary sanctions for non-compliance with environmental laws and regulations.

BUILDING ENERGY USE

Our key energy usage relates to fuels, natural gas, electricity and heat that the Group consumes for the buildings it operates. Electricity continues to be the most significant energy source. Our energy use in the year decreased by 10%.

In the context of the Group's wider energy policy, the Maisons and distribution platforms are encouraged to switch to renewable electricity whenever possible, i.e. electricity generated from renewable sources such as hydro, solar or wind. In the year under review, 94% of the Group's purchased electricity was renewable (Prior year: 64%; 2012: 23%). In absolute terms, the Group's renewable electricity and alternative energy consumption increased to 198 GWh. We continue to prioritise renewable energy procurement in all of our operations. Richemont became a member of RE100 in February 2021 and had previously committed to sourcing 100% renewable electricity by 2025.

ENERGY

GWh	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
Total energy consumption	245	236	270	281	252
Direct energy consumption	32	32	33	34	32
Indirect energy consumption	212	203	236	245	216
Alternative energy	1	1	1	2	4
Energy intensity (energy use per sales)	0.023	0.021	0.019	0.020	0.019

'Direct energy' and 'indirect energy' emissions refer to the GHG Protocol: direct is defined as 'emissions from sources that are owned or controlled by the organisation'; and indirect energy is defined as 'emissions from the consumption of purchased electricity, steam, or other sources of energy generated upstream from the organisation'.

Our Maisons have taken measures to limit their energy consumption. The reported consumption levels above reflect both the level of trading, business acquisitions and the construction of new manufacturing facilities in Switzerland, partly offset by energy-saving initiatives.

The Group has published an internal guide on LED lighting for its worldwide operations, in particular its boutiques. The aim of the guide is to enhance product display and employees' working conditions. Richemont does not seek to consolidate the proportion of LED lighting as this will follow the pace of local refurbishments, which typically occur on a seven-year cycle. Nevertheless, surveys have indicated that progress in most cases is either 'good' or 'complete', suggesting that two thirds of facilities now use LED or fluorescent lighting. The main exceptions were Group operations in rented office space where 'the owner decides'.

ALTERNATIVE ENERGY USE BY SOURCE

MWh	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
Solar	807	826	1 311	1 640	1 336
Wind	0	0	0	0	0
Biomass	0	0	0	0	0
Other (Geothermal...)	81	0	0	248	2 201

WASTE

We have reflected waste in two ways in this report:

- Waste in terms of CO₂ emissions, presented in a previous table;
- Waste by type and by end-of-life treatment in the tables belows.

Waste quantity by type

Weight (Tonnes)	CY 2020
Battery	1
Cardboard	6 037
Domestic waste	4 915
Food waste	124
Glass (Mineral waste)	27
Green waste	91
Metal incl. precious	198
Other plastic	208
Paper	1 295
PET	6
SIW (Special industrial waste)	2 480
WEEE (Waste Electrical and Electronic)	28
Total	15 411

Waste quantity by end-of-life treatment

Weight (Tonnes)	CY 2020
Recovery/Recycling	4 792
Landfill disposal	1 947
Incineration	847
Composting	122
Undefined	806
Not assigned (extrapolated)	6 896
Total	15 411

WATER USE

For the first time this year, we are disclosing our water data, with CY2020 data being audited. This first disclosure cycle is aligned with our first response to the full CDP Water questionnaire.

m ³	CY 2019	CY 2020
Total water consumption	985 705	660 035
Municipal water	621 049	537 565
Ground water	364 656	122 470
Water intensity (water use per sales)	69	50

BUILDINGS DESIGNED TO THE HIGHEST ENVIRONMENTAL STANDARDS

The following buildings in Switzerland have been designed to the highest environmental standards. The respective energy used for heating or cooling purposes is indicated. Certain buildings still need a variable portion of fossil fuel such as gas for heating, depending on the availability of renewable sources.

- Campus Richemont, Villars sur Glâne - no fossil fuel, connected to urban heating,
- Cartier Components Manufacture, Couvet – no fossil fuel,
- Cartier Stamping, Glovelier – no fossil fuel,
- IWC Manufacture, Schaffhausen – gas, but converting to bio-gas,
- Panerai Manufacture, Neuchâtel – no fossil fuel,
- Vacheron Constantin Manufacture, Le Brassus – no fossil fuel,
- Valflourier Components Manufacture, Buttes – no fossil fuel,
- Donze-Baume, Le Breuleux - no fossil fuel.

The following buildings in Switzerland and Germany do use natural gas for heating, but have other sustainability features.

- Campus Genevois de Haute Horlogerie, Meyrin, Switzerland - Minergie-Eco certified,
- Cartier Jewellery Manufacture, Le Locle, Switzerland – under certification with LEED (O+M),
- A. Lange & Söhne Manufacture, Glasshütte, Germany,
- Buccellati Headquarters, Milano, Italy - LEED certified.

Since its inception, Campus Genevois de Haute Horlogerie has acted as a role model for our environment and sustainable development. In addition to meeting stringent certification standards, the Campus site runs on 100% renewable electricity. An adiabatic-free cooling system that uses 40 geothermal sensors meets some 80% of annual cooling requirements. Other eco-friendly credentials include 2'600 m² of photovoltaic solar panels and the use of more than 50% recycled concrete during construction. More than 30% of the site is laid with natural surfaces that cater to local flora and fauna.

From a Retail perspective, and as of today, 26 boutiques have received an official LEED certification.

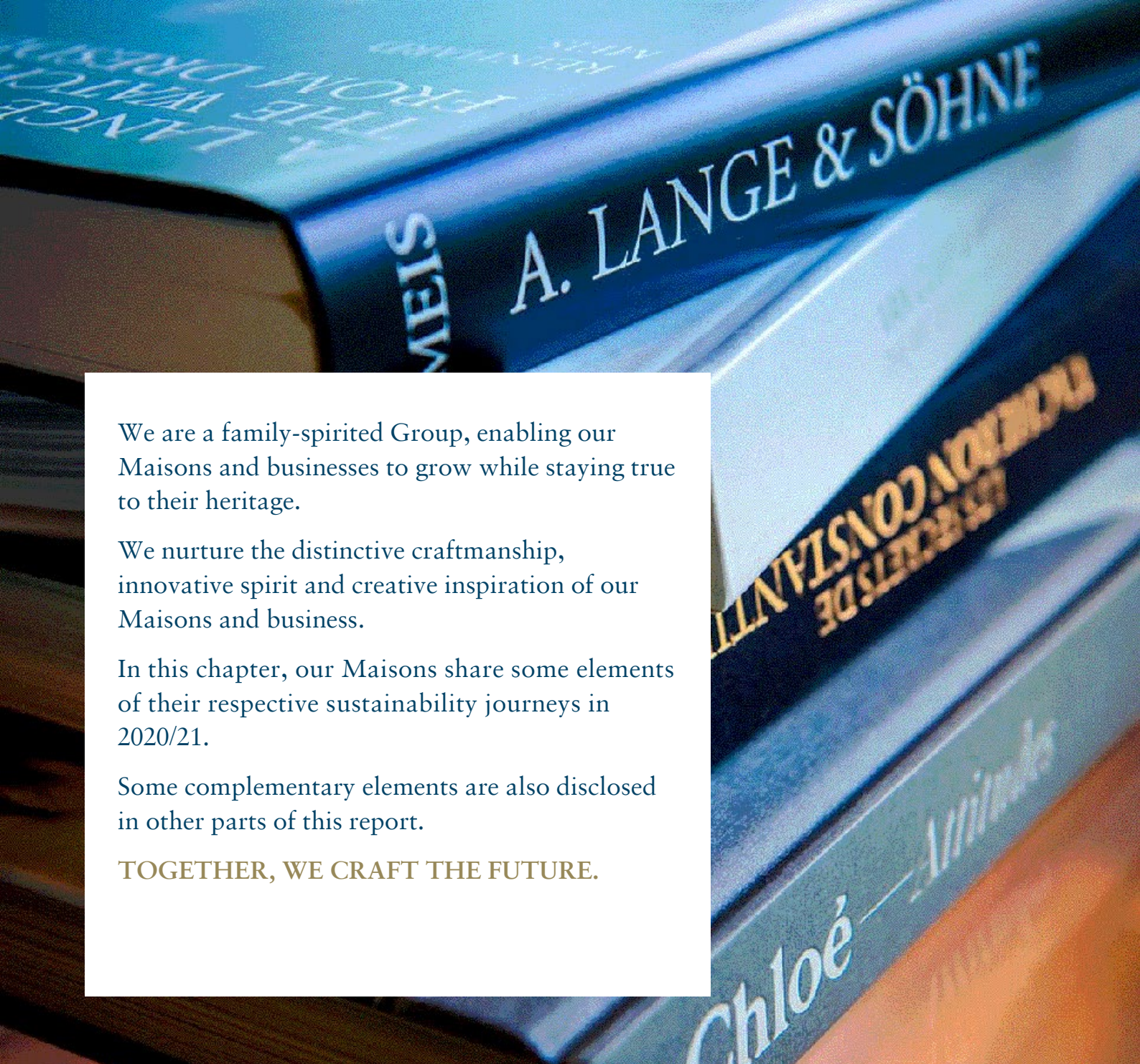
Boutiques	
Cartier	17
Piaget	6
Van Cleef & Arpels	2
Panerai	1
Total	26

GREEN BUILDING SCORE CARD

During the year under review, Richemont's Building and Office Services (BOS) teams developed an internal environmental scoring tool: the Green Building Score Card. The Score Card covers a wide spectrum of topics such as urban integration, energy, waste, water and employee well-being. Its criteria were derived from HQE, LEED, BREEAM, Minergi-Eco, SméO and WELL.

The Score Card contains more than 50 self-evaluation points that simultaneously question, challenge and show the way towards more sustainable operation of the buildings. 15 of our major sites have already conducted the exercise with scores ranging from 50 up to 150 (out of 200).

In the years ahead, the wider use of the Score Card will engage and empower all BOS teams in charge of the operation and maintenance of Richemont building portfolio and help them achieve our transformational targets.



We are a family-spirited Group, enabling our Maisons and businesses to grow while staying true to their heritage.

We nurture the distinctive craftsmanship, innovative spirit and creative inspiration of our Maisons and business.

In this chapter, our Maisons share some elements of their respective sustainability journeys in 2020/21.

Some complementary elements are also disclosed in other parts of this report.

TOGETHER, WE CRAFT THE FUTURE.

MAISONS



BUCCELLATI

MILANO DAL 1919

During the year under review, Buccellati had several CSR projects under way, as part of continuous improvement, among which a major one is the new Headquarters, described in detail here below.

Some of our CSR projects in 2020/21 include:

- the conversion of all jewellery and watches production using certified and recycled gold purchased at Varinor, the group company that is part of Responsible Jewellery Council;
- the use of James Cropper paper for all our shopping bag and cardboard packaging, made with pure cellulose pulp certified by the Forest Stewardship Council (FSC - TT-COC-002177);
- the conversion of all our shopping bags handles and packaging ribbons of Lyocell (or Tencel), a material derived from cellulose, obtained with non-polluting solvents and fully biodegradable; and,
- the use of Quinel Nubuk Ivory - cruelty free fake leather - for silver gift boxes.

In September 2020, Buccellati inaugurated its new headquarters in Milan. The headquarters are in a building designed by architect Piero Portaluppi in 1919, the same year Buccellati was founded.

The building was built to host the “Linificio e Canipificio Nazionale”, the third company listed at the Italian Stock Exchange. The building has been the subject of a refurbishment aiming at obtaining the Gold level of LEED certification (Leadership in Energy and Environmental Design). The restoration, the materials used and the whole plant engineering were inspired by the rules set to obtain the Green Certificate: eco-friendly materials, construction and transport systems, structures and safety systems, respect of the fire prevention and emergency regulations, liquid and solid waste disposal, separate collection of rubbish.

Particular attention has been given to the goldsmithing Atelier, that spreads over the whole first floor. On the roof of the building, there are several suction plants dedicated to specific technical areas (electroplating and melting for scraps recovery) and overall, to an integral air replacement in the working environment. As to the air emissions, the plants have been projected and realised according to the parameters previewed for the emissions by the Art. 269 of Italian Law 152/06.

Offices are open space, to allow a comfortable, well-lit environment. The lighting of the whole building is made with LED luminaires by Artemide, all with high energy efficiency and managed by domotics for the automatic control of presence detection and brightness.

Each floor is equipped with columns filtering main water and providing still, sparkling or hot, and eliminating the use of plastic bottles (in the first 8 months we saved 6 154 plastic bottles). The pantries are all fitted out with several biodegradable and compostable accessories.

Cartier

Cartier designs timeless pieces and celebrates beauty and individuality. Since the beginning in 1847, Cartier has embodied a tradition of excellence that extends to our ethical, environmental, and social practices and commitments. As a founding member of the Responsible Jewellery Council (RJC) in 2005, we have continuously worked to integrate responsible business practices throughout our own operations and in the industry. More than ever, it has become a necessity to collaborate with our entire ecosystem to drive durable change. Our approach to sustainability has been anchored in several principles: acting as a responsible leader; considering our long-term impact across the value chain; avoiding disengagement when we meet difficulties; and working in a spirit of continuous improvement. Sustainability represents a strategic priority for the Maison and we have been accelerating our actions in many areas – working on our environmental impact, especially to fight climate change, to launching initiatives and joining forces on Diversity, Equity & Inclusion matters.

SUSTAINABLE SOURCING

Over the last 15 years, we have actively taken steps to develop better practices in the industry and raise standards. Cartier is a Board member of the RJC and sits at the Standards Committee. In 2013, we joined the Swiss Better Gold Association to improve standards at mines and support the creation of a responsible gold value chain from mine to market from Artisanal, Small and Medium-scale Mines (ASM), employing over 20 million people worldwide today. Starting in 2009, we have continually supported ASM to fund best practices implementation.

Today, more than 97% of the gold we purchase is responsible and traceable, with 90% recycled and RJC-certified and 7% from artisanal mines also RJC-certified. Concerning diamonds, 100% of Cartier diamonds come from long term relationship suppliers who operate responsibly and commit to comply with social and environmental standards and, overall, 95% of our diamonds in value come from RJC Code of Practices certified suppliers. Our actions also encompass traceability and origin of stones with pilots on our diamond sourcing and initiatives on coloured gemstones. Cartier co-founded the Coloured Gemstones Working Group in 2015 to improve the supply chain through tools, research and training for the industry. Our objective is to improve transparency linked to origin, path and practices within a complex supply chain. We already engage in long-term relationships with suppliers who share our values and respect our commitments, and we conduct gemmological analysis on each stone.

CLIMATE & NATURE

As a responsible leader, we are actively supporting the transition towards a low carbon and thriving economy by taking ambitious science-based climate action towards net-zero emissions. In 2020, we increased our ambition on climate by setting ambitious science-based emission reduction targets consistent with a 1.5°C pathway across our internal activities and our entire supply chain.

Our science-based targets build on a long-standing commitment to protect the natural world, whose beauty is embodied in many of our creations since 1847. From 2008, we have measured and offset CO2 emissions related to our direct operations and part of indirect emissions. In 2019, we measured

and offset our full footprint (scopes 1-2-3), achieving climate neutrality using diversified, high-impact offsetting projects worldwide oriented towards biodiversity conservation, clean energy and carbon removal.

To significantly reduce emissions and work towards net zero, we recognise the need for innovation and transformation of our business practices. We have begun partnership programmes with our suppliers and other industry actors to provide the required support. We plan to increase our use of recycled gold while maintaining support to vulnerable mining communities. Further, we are innovating in our approach to our creations, including promoting multiple lives of our pieces and designing creations with lower environmental impact such as our newly launched and durable SolarBeat™ movement-equipped Tank Must with a non-animal strap made from European apple scraps. Lastly, we are employing LEED, BREEAM or other environmental certification of Cartier boutiques, manufacturing sites and headquarters and plan to achieve 100% certification by 2025. We are also working to achieve purchase of 100% renewable energy for our owned operations from 2022.

Finally, we have launched Cartier for Nature, an independent fund created in 2020 to financially contribute to the preservation of biodiversity and healthy ecosystems. It builds on our existing initiatives to protect wildlife and natural habitats, such as our work with Panthera on the protection of leopards as part of our partnership with The Peace Parks Foundation and our more recent partnership with the Lion's Share fund supporting wildlife conservation and animal welfare.

PEOPLE & HUMAN RIGHTS

Our Maison culture finds its richness in openness and diversity, whether through the diversity of our teams, the diverse influences on our style or the inclusivity of our corporate initiatives. Given our values and DNA, we are accelerating our efforts related to Diversity, Equity & Inclusion with the launch of a 360° approach across the Maison, covering Workplace & Workforce, Marketing & Communications and Supply Chain. We believe that every individual has unique skills and talents. Our role is to provide equitable opportunities and to foster an environment and resources for every individual to thrive, develop and perform at their best while recognising that some persons or groups face barriers that need to be acknowledged and taken into account.

As such, Cartier leadership has taken a dedicated focus to DEI, building on our signing of the Women's Empowerment Principles in 2019. We recently hired a DEI Head in North America and are commencing awareness training for leadership teams. Further, we have equal pay certifications underway in our operations (our Headquarters in Switzerland is already certified with additional sites planned for 2021) and we recently joined Unstereotype Alliance to do away with harmful gender-based stereotypes in all media and advertising content.

Additionally, in line with our commitment to the RJC Code of Practices in the area of human rights and as part of our due diligence efforts, we are currently launching a human rights risk assessment in our operations and value chain. This effort builds on our existing supplier assurance and remediation programme, which covers 30-50 suppliers a year since 2007. Our goal is to develop impact-oriented programmes which address systemic risks and reinforce opportunities for positive impact across our value chain.

WORLD CITIZEN

As a responsible leader, we strive to contribute to cultural, artistic and social changes through our own initiatives.

The Maison has a longstanding history and commitment towards women empowerment through their dedicated programmes: the Cartier Women's Initiative and Cartier Philanthropy. Both

initiatives aim at supporting women change makers, who have an impact on their community and beyond. Indeed, in 2006, we founded the Cartier Women's Initiative, supporting women entrepreneurs starting impact-driven businesses all over the world.

Since its creation, CWI has accompanied 262 promising female entrepreneurs hailing from 62 different countries and has awarded over US\$ 6 million to support these businesses.

In 2012, we founded Cartier Philanthropy whose mission is to help improve the life of the most vulnerable, in particular women and children living in the world's least developed regions. Since its creation, € 75 million have been granted to 73 organisations in 29 countries. In 2020, Cartier Philanthropy took action to help the fight against Covid-19. Over CHF 4 million was donated to non-profit organisations, supporting relief operations in the areas of healthcare and access to education, food, water and sanitation in more than a dozen countries across the globe.

Both initiatives share common ground for responsibility towards society, willingness to make an impact and empower people, especially women. Arts and culture are, intimately linked to the history of the Maison. Initiated by Cartier in 1984, the Fondation Cartier pour l'art contemporain is an original approach and a pioneer in the field of corporate philanthropy.

Over a 36-year engagement with artists, the Fondation Cartier has hosted 169 exhibitions in Paris and 80 abroad. Its collection includes more than 2'000 works by 500 artists of 50 different nationalities. The inauguration of the partnership with Triennale Milano marked an important milestone in the Maison's 2020 cultural agenda. For a duration of 8 years, Triennale will host two to three exhibitions per year, inspired by the Fondation Cartier's Parisian programme.

The Maison has also continued giving voice to the musical young talent as well, through different initiatives including Resonance, a programme dedicated to classical music.

Van Cleef & Arpels



Inheriting from the Maison's history and identity, we are offering enchanting stories through the transformation of precious stones and metals into jewels and watches that last for life.

Our Corporate social responsibility (CSR) refers to our voluntary ambition as a company to respond to environmental, social and ethical challenges in our activities. Our CSR is deeply rooted in our core values and expresses our authenticity and the jeweller we are.

To implement our CSR actions, all teams are involved, and we created CSR Labz to give the opportunity to share ideas and be involved in CSR initiatives.

Our employees engage in CSR topics all along the supply chain. In responsible sourcing, we promote responsible and sustainable practices in our supply chains, with accuracy and humility, and based on the most recognised standards of the industry. Our teams include the due diligence based on OECD guidelines over our precious gemstones and metals supply chains, including the Responsible Jewellery Council and the Kimberley Process.

Our actions to measure and reduce our environmental footprint echo our willingness to protect nature, our prime source of inspiration. Since 2018, most of our buildings worldwide (offices, boutiques, workshops) have been powered by 100% local renewable energy. Our teams are also involved in continuous search for eco-designing our sales and promotional materials, events, and workplace materials to give them a second life.

We imagine our CSR initiatives as an opportunity to give back, to give access to art, culture and education. Notably, 'l'École, School of Jewelry Arts' offers free exhibitions and online conferences around the jewelry arts every year, supports museums, and organises workshops for young people to make them discover this universe and its know-how.

A partnership with MyJobGlasses in France and Switzerland was established and since October 2019, more than 50 employee ambassadors are sharing their professional experience and expertise with students who are looking for keys to choose their own professional path.

We supported creation and creativity at the time of the pandemic. In spring 2020, Van Cleef & Arpels created a fund for cultural institutions and dance companies to contribute to the creation of projects, and to compensate for cancellations and postponements. Among the French beneficiary institutions are: Le Festival d'Automne à Paris, the Théâtre de la Ville in Paris, La Villette in Paris, The Centre National de la Danse, the French National Conservatory of Dance and Music, and artists such as Katerina Andreou, Alessandro Sciarroni and Gisèle Vienne.

Worldwide, our teams also support local craftsmanship institutions such as TASK in Japan, the Middle East Emergent Designer Prizeto in Dubai, and the Van Cleef & Arpels x Middle East Calligraphy Art Commission.

Corporate and social commitment is an important concern at A. Lange & Söhne and extends to all areas of the Maison's business activities. The company has established a set of CSR principles to faithfully perform its role as a regionally rooted manufacturer and a globally active brand.

A. Lange & Söhne attaches great importance to create jobs in the local watch industry, which has shaped the region ever since Ferdinand Adolph Lange laid its foundations 175 years ago. A. Lange & Söhne invests continuously in the education and training of its employees. The Maison's commitment to upholding traditional craftsmanship and fostering young talent is exemplified by the annual apprenticeship programmes for watch- and toolmakers and in the sponsorship of master craftsman trainings.

Being the biggest employer in Glashütte, Saxony, A. Lange & Söhne feels a sense of obligation towards the community and its people and therefore contributes regularly to local associations, initiatives and facilities. In 2020, A. Lange & Söhne supported the redesign of a central public space in the Maison's hometown by providing the means for a memorial in honour of the company re-founder Walter Lange, who played a key role in rebuilding Saxony's precision watchmaking industry following the reunification of Germany. In addition, A. Lange & Söhne annually supports local organisations with a focus on youth and social deprivation.

Every A. Lange & Söhne timepiece consists of several hundred inhouse produced parts, which are finished and assembled by hand with loving attention to detail. The Maison is making every effort to warrant that the raw materials used comply with internationally applicable guidelines. As a member of the Responsible Jewellery Council since 2012, A. Lange & Söhne ensures the observance of human rights as well as social and environmental standards along the entire supply chain and production process.

As a traditional Saxon watchmaker, A. Lange & Söhne is committed to preserving the cultural heritage of its homeland. Since 2006, the company has been a dedicated sponsor of the Dresden State Art Collections, one of the world's leading associations comprising of 15 museums and four institutions. Since 2005, A. Lange & Söhne has a long-standing supporting partnership with the Semperoper, Dresden's world-famous opera house, which has a special importance for the Maison. The digital display of its legendary five-minute clock inspired the design of the distinctive Lange outsize date.

The Maison's commitment to the preservation of traditional craftsmanship is reflected in its support of the Fondazione Cologni Metieri d'Arte, a private non-profit organisation, which aims at promoting artistic crafts and rescuing the Métiers d'Art from the threat of extinction.



BAUME & MERCIER
MAISON D'HORLOGERIE GENEVE 1830

Baume & Mercier corporate identity is deeply connected with the practice of high ethical standards, and the development of a clear sustainability strategy. As part of the Richemont family, we take active role in the “Movement for Better luxury” in all its fundamental four pillars.

From the very beginning of the journey, Baume & Mercier followed the higher standards in terms of resources. Sustainability of the raw material and components is still one obsession for the Maison; which accelerated in the transformational path with the Baume Brand; a dedicated collection celebrating its distinct aesthetic and eco-responsible philosophy. During this effort, the sustainability started from the very beginning, with a central role in the design phase. We are a certified member of the Responsible Jewellery Council; and we set high standards for our business partners. All our precious stone suppliers follow the Kimberley Process and we comply with the associated World Diamond Council System of Warranties.

We support the communities in which we operate: donating funds to various causes and provide our employees the opportunity of participating in various sustainable activities, for example cleaning up the shore of Lake Lemman and giving time to our community partnership. We cooperate with different schools and institutions; to create a positive impact on local communities.

Regarding the environment, we want to leave a positive legacy for future generations, so that they will be able to enjoy the planet. To do so we are committed to the Science-Based Targets: to decrease our emissions. Our headquarters in Geneva is fully equipped to minimise our consumption and emissions, and yearly we off-set our CO₂ emissions. We are a proud partner of Waste Free Ocean, and we offer our contribution to preserve the oceans and upcycle the collected waste material.

We support the Central Saint Martins University of London to identify the future of new sustainable material and implement them in the new collections. All our packaging is engineered and developed to minimise the resources used and the emissions generated by transportation. Recycled materials are the main components of our BAUME collection boxes. We propose only eco-friendly straps or more ethical leather in most of our collections.

We are proud of our motivated and enthusiastic people, and we fully support them in different aspects of their life. We provide several occasions of aggregation; we offer opportunity for personal development thanks to dedicated masterclasses, and we encourage their participation in regular sport events.

IWC

SCHAFFHAUSEN

In 1868, the American watchmaker and entrepreneur Florentine Ariosto Jones travelled from Boston to Switzerland and founded the 'International Watch Company' in Schaffhausen. Drawing power from the river Rhine, F.A. Jones combined advanced American manufacturing methods with the craftsmanship of Swiss watchmakers and laid the foundation for IWC's unique engineering approach. Adventure, risk-taking and innovation are part of IWC's brand identity and, in this spirit IWC, has led the luxury watch sector in sustainability. From sketchbook to wrist, IWC aims to offer the most responsibly made luxury mechanical watches.

Regarding People, a range of benefits are provided to optimise the experience of working at IWC. Recognising that choices made as an employer also provide the chance to have a positive impact on the environment and local communities, IWC subsidises public transport and employee canteens offering meals made with local, seasonal ingredients, as well as encouraging corporate volunteering. In 2020, IWC created an employee-led Diversity, Equity and Inclusion Council, recognising that even the luxury watch sectors first Great Place to Work™ can find opportunities for improvement.

Regarding Communities, IWC invests locally and globally. Key partner organisations are the Antoine de St. Exupéry Foundation and the Laureus Sports for Good Awards, which holds an annual drawing competition for the children participating in Laureus programmes. The winning drawing is etched onto a special edition IWC watch and proceeds fund Laureus' sports programmes worldwide. In 2020, IWC responded to the Covid-19 pandemic with volunteering support and with 'Time Well Shared', a series of short videos that offered viewers the chance to donate to Save the Children as they adapted their vital programmes to the new situation.

Regarding Sourcing, IWC's Manufacturing Center is in Schaffhausen, Switzerland. IWC has close, long-standing relationships with suppliers and meets with them regularly in Schaffhausen and at their premises. In 2020, IWC worked closely with suppliers of gold to move closer to achieving IWC's 2022 sustainability target of being able to offer Responsible Jewellery Council Chain of Custody certified gold watch components. As part of this journey, IWC received RJC COC certification in February 2021, becoming the *first* luxury watch brand to achieve this.

Regarding the Environment, in 2020, IWC's Manufacturing Center and Headquarters were powered by 100% renewable energy, and IWC purchased 100% electricity from renewable sources globally. Increasingly, IWC is working to also demonstrate commitment to environmental management through product development. In 2021, IWC launched TimberTex™ watch straps. These are made in Italy of 80% plant fiber from European FSC-certified sources and crafted by a supplier that also runs on renewable energy.

IWC is committed to biennial sustainability reporting and, in the 2020 Sustainability Report, sets out eight targets to be met by 2022, as well as describing other longer-term sustainability initiatives.



Jaeger-LeCoultre is accelerating its sustainability plan in 2021, reinforced by a dedicated sustainability department and driven by our unique purpose: 'Make our Time Better'.

Since its creation in 1833, our Maison has made it its mission to be the custodian of our unique savoir-faire and heritage. Rooted in the Vallée de Joux, we have always been committed to supporting local communities and protecting the nature around us as an expression of our gratitude for the exceptional setting we are privileged to work in every day.

We are exceptionally proud of our know-how and innovative spirit, for which we are recognised worldwide. Under one roof, more than 180 crafts come together to breathe life into the heart of our watches, putting intricate details into motion. As a truly integrated community of makers, our depth of skills is unique, and we want to go even further in celebrating the beauty and value of this honest work done by our people.

We apply our value of authenticity to our business ethics, we focus our sustainability efforts on three main pillars: Sourcing, People and Nature.

Sourcing aims to increase transparency and traceability. As an RJC member since 2008, we successfully recertified in March 2021 against the new RJC COP 2019, which is aligned with the OECD Due Diligence guidelines.

Our People pillar encompasses the wellbeing of our people, access to opportunities to reveal and develop their talents as well as our initiatives to give back to our communities. Promoting a diverse and inclusive work environment is accelerated through our 3G programme: Gender, Geography and Generation. The programme seeks to achieve Equal Pay Certification globally by 2022/23 and includes a Women Leadership Mentoring Programme to enhance our gender balance across all levels. Moreover, it fosters generational and cultural diversity among employees as a business imperative for our future success. With the value of honest work at the very core of our Maison, we are granting one day per year to each employee to volunteer physically or digitally during working hours. Additionally, Jaeger-LeCoultre joins forces with its friend of the Maison, Benedict Cumberbatch to raise awareness for the need for education and literacy in partnership with the Letters Live organisation.

Our 5-year Nature protection plan resulted in a 40% reduction of our Manufacture's emissions. Investments in solar panels, free-cooling and LED-lighting systems significantly reduced our carbon footprint and we embraced a 'Green IT' approach at the Manufacture, including the extension of electronic device lifecycles and the digitalisation of most documents, including product catalogues.

Sustainability is a journey but one thing is certain: Jaeger-LeCoultre is on the right path to make our time better!

PANERAI

Panerai is strongly committed to promoting sustainable practices in every aspect of its operations, an ethos that is closely linked to the brand's DNA.

The Panerai manufacturing complex in Neuchâtel is widely recognised for its environmental sustainability efforts using the most modern technologies. Out of unwavering respect for the environment, waste has been reduced to a bare minimum. And in compliance with the most stringent international standards, the new structure has been designed to reduce carbon dioxide emissions to zero. Additionally, the building is equipped with the most advanced energy saving equipment and devices for the recovery and reuse of waste materials allowing Panerai to obtain the recognition for energy efficiency & climate protection and the green current certificate.

For generations, Panerai has pioneered advancements in contemporary watchmaking.

With the introduction of Submersible eLAB-ID™, the watch with the highest percentage of recycled based material *ever* made, Panerai is poised to lead a movement toward more environmentally responsible watch manufacturing.

Submersible eLAB-ID™ is an unprecedented achievement in the history of the watch industry. A total of 98.4% of its weight comes from materials integrating a high rate of recycled elements.

Submersible eLAB-ID™ is a major accomplishment for Panerai and a tribute to the creativity and tenacity of the Laboratorio di Idee, the research and development incubator that drives the brand's technical advancements. Submersible eLAB-ID™ is an opportunity for the watch industry to understand that making a watch using predominantly recycled-based material is possible, thus reducing the need for virgin material extraction and its associated high environmental impact.

Sourcing the recycled materials needed to build a watch from scratch required Panerai to establish a new supply chain. Panerai challenged partners and suppliers from the watch industry and categories as aerospace and automobiles, to embark on a journey of experimentation and exploration creating a model that will serve as a blueprint for others to follow.

From the very beginning, Panerai's destiny was inseparable from the marine environment. With its history of inventing instruments for the Italian Navy, the brand's watchmaking heritage is derived from its profound respect for the ocean.

As demonstration Panerai and the Intergovernmental Oceanographic Commission of UNESCO (IOC-UNESCO) are partnering to develop ocean literacy activities as part of the UN Decade of Ocean Science for Sustainable Development (2021-2030).

Panerai has also tackled materials sourcing, implementing a raw materials policy, and asking its suppliers to apply a Code of Conduct to comply with guidelines set out by the firm.

The quality of Panerai's commitment to the environment has been confirmed by the international certifications obtained, including its admission to the Responsible Jewellery Council, the organisation which promotes ethical behaviour and sustainability in the context of the production and sale of watches and jewellery.

PIAGET

True to our Sunny Side of Life platform, our environmental strategy is focused on promoting renewable energies: the roof of our manufacture will be covered by 2'500 m² of solar panels by the end of 2021, and we are proud to partner with Solar Aid to offset our emissions while supporting education and combatting climate change through solar lights.

Moreover, we have reduced by 50% our non-recycled waste in Switzerland thanks to new waste management systems in all our Swiss facilities, which will be rolled out in the markets. We also started our transition to green Retail, counting six LEED-certified boutiques so far.

Regarding communities, our actions are also linked to the sun. Our main partner is Barefoot College whose mission it is to educate and empower illiterate women to become solar engineers. To date, Piaget has supported the training of 10 female solar engineers in the Pacific Islands who will contribute to the economic prosperity of their communities while increasing gender equality now and for future generations.

We are further committed to fostering the next generation of talent in partnership with the Haute Ecole de Joaillerie in Paris, Swiss-based Prix Romand schools and HEAD Genève around a circular economy design competition.

Piaget's responsible sourcing actions were focused on the Responsible Jewellery Council recertification against the new Code of Practices. Our Maison has always been an active member of the RJC with a seat on its Board of Directors. Piaget has further deepened its engagement over the last two years by co-chairing the Communication Committee.

Our people are 60% women, and we are proud to report gender *parity* at managerial level. We promote a diverse and inclusive workplace through various measures, such as internal mentoring programs and cross-generational events. Our "Strategic Day", for example, brought together employees from all functions to generate ideas for strategic issues usually discussed in the Executive Committee.

We have further defined a "DiversiDays" programme relating to all facets of DEI, from events on gender equality to sign language training.

A new project named after our value "Share Joy Together" granted four colleagues financial support for the charities in which they are involved. From supporting people with disabilities and providing activities and enjoyable experiences for children who are unwell, to teaching kids how to make honey and supporting traditional craftsmanship in India. We are proud our people could discover their colleagues' volunteering activities.

ROGER DUBUIS

Representing a disruptive blend of distinctive character and Hyper Horology expertise, Roger Dubuis has been at the forefront of the contemporary watchmaking scene since 1995 with its expressive and contemporary approach.

Roger Dubuis is delighted to embrace and adhere to the “Movement for Better Luxury”, along its four pillars: Sourcing, Communities, People and Environment.

Since 2012 Roger Dubuis is a member of Responsible Jewellery Council and following our “Supplier Code of Conduct”, we require all our business partners to align to important ethical values and to ensure the compliance of their own operations with key principles and practices. All precious stones used within our products are only sourced from partners who respect the Kimberley Process.

We are in the process of setting new ambitious and sustainable targets for our sourcing policies, with a clear objective of boosting the use of up-cycled materials in all our products.

Making a positive impact on the communities in which we operate is a clear mission for Roger Dubuis. A strong support to the development and the protection of the skills and the “métiers” linked to the Art of Watchmaking will throw light on new dedicated initiatives within the Geneva Canton and beyond.

Roger Dubuis encourages its employees’ commitment to supporting local communities, including volunteering initiatives, donations to various causes and other activities organised within the Geneva Canton and in the markets where we operate. At Roger Dubuis, we are fully aware of the centrality of our people, and we constantly promote caring initiatives within our Company and beyond.

To preserve the heritage and the knowledge required to craft our products, we partner with the Institute of Swiss Watchmaking, an entity founded in 2008 by Richemont with the scope of sustaining the training and instruction needs of our employees.

We care about our tribe, we support and encourage them to participate to sport events and we constantly promote aggregative moments and opportunities through dedicated “Masterclasses” featuring cultural and recreational themes.

Believing in the future generations is not only a nice statement, but a firm reality at Roger Dubuis. Starting from 2020, our Executive Committee is supported by the Young Advisory Committee (YAC); a *shadow Board* composed by young people directly elected from all Roger Dubuis Tribe. The YAC’s mission is to provide the perspective of new generations to the Executive Committee, while challenging and influencing its decisions.

Our responsibility to protect and preserve the environment must translate in a key commitment towards future generations. Starting this year, Roger Dubuis is actively promoting new sustainable initiatives based on Science-Based Targets, with clear objectives in value and intensity for all the three scopes of the project. In line with our sustainable sourcing strategy, our aim is to continue manufacturing timepieces with a growingly sustainable approach, starting from the choice of raw materials, down to the processes involved and our production methods.



VACHERON CONSTANTIN

Manufacture Horlogère. Genève, depuis 1755.

True to its longstanding tradition of preserving and passing on unique skills across generations and its passion for craftsmanship, Vacheron Constantin is committed to enhancing the employability of our people and to supporting the professional integration in the wider community.

The apprentice training programme of Vacheron Constantin provides a highly qualitative and specialised development journey to several young watchmakers each year, building a solid technical background and first work experience. The Maison is also collaborating closely with the “Ecole des Métiers et Artisans de Haute Horlogerie” in Geneva to support the training of young professionals. Beyond watchmaking skills, Vacheron Constantin is focused on ensuring lifelong learning opportunities to our people as the digitisation of the workplace and fast changing trends require constant upskilling.

In 2020, the Maison extended its engagement into this theme by launching a long-term philanthropic partnership with a Swiss NGO promoting the professional integration of vulnerable groups. The contribution of Vacheron Constantin will allow out-of-school teenagers or adults with special needs to re-integrate into the workplace by developing a specific coaching programme and creating a network of businesses offering internships and apprenticeships. The Maison itself promotes employment integration by offering jobs or traineeships to differently-abled colleagues, including in our IT department and our company restaurant. Outside Switzerland, a mentorship programme was launched in Dubai, offering local students mentoring from inspiring women leaders and entrepreneurs, in partnership with the Zayed University.

Our commitment to equality, diversity and an inclusive organisation is an integral part of our values and was materialised in 2020 by Vacheron Constantin becoming the first Maison within the Group to earn the *EQUAL-SALARY* certification. A fair working environment, based on sharing and trust, is essential to ensuring innovation, creativity and hence our success and sustainability.

The Maison applies the most stringent standards of procurement regarding precious materials. Vacheron Constantin is a member of the Responsible Jewellery Council since 2010 and will be re-certified in 2021 based on the new Code of Practices 2019. All our diamonds are sourced from suppliers who apply the Kimberley Process System of Warranties. Furthermore, the procurement policy of Vacheron Constantin involves strict sustainability criteria in the tendering process of new suppliers. In that respect, the Maison pays special attention to the responsible environmental stewardship of its partners.

Managing resources responsibly is also consistently applied in our own internal processes. As such, our Manufactures and Headquarters in Switzerland are powered by 100% renewable energy. The rooftop of our main building in Geneva is equipped with 2 000 m² of solar panels which produced over 200 MWh electricity in 2020 and over 1 500 MWh since 2015. The installation was awarded the Swiss Solar Prize in 2018. Located within the exceptional natural reserve of Mount Jura in the north-west of Switzerland, our facility in Vallée de Joux was certified in 2019 by the “Fondation Nature & Economie” for promoting and protecting biodiversity thanks to a carefully designed landscaping of its surrounding.

Watchfinder's deep knowledge of pre-owned luxury watches provides a professional, trustworthy and transparent platform for keeping such beautiful products in circulation. The depth of understanding about when and why a current customer wishes to sell a watch, and why a new customer wishes to acquire a pre-owned watch, strengthens our customer relationships. Partnering with certain Richemont Maisons also enables the trade-in of pre-owned watches for new watches. The circular economy is at the core of Watchfinder's business model, creating a market for reliable and sustainable consumption.

Regarding the environment, Watchfinder has signed up to Richemont's plastic reduction initiative. Our new bags are made from 100% recycled material: they are FSC-certified and 100% recyclable, while our new watch boxes are made from 100% recycled material which is also 100% recyclable. We are working to replace the polystyrene in our warranty box with a paper-based equivalent.

We have taken steps to reduce our carbon emissions. For example, our electricity meters are being progressively moved over to the Group's green energy plan. Approximately half of our meters have already moved over, including our new West Malling, Kent HQ. We have already reduced our vehicle fleet by two thirds and, from summer 2021, we will promote public transport usage and incentives to encourage car sharing.

To support our passion for giving back to the local community, as well as closing the gap in skills required to meet the future of work, Watchfinder has led an industry-wide initiative to develop and roll out the first UK Government-backed Watchmaking Apprenticeship Scheme. We have also set ourselves ambitious targets to increase the number of apprenticeships we secure.

Creating a Learning Culture within Watchfinder is one of the key themes of our people strategy. Our focus is to leverage Richemont learning and development programmes to build capability and nurture talent which closes the gap on specified training needs, coupled with supporting Watchfinder people in creating an individual playlist of learning opportunities. We are trialling in-house coaching as a way of giving our people access to one-to-one independent coaching.

Watchfinder recently launched its employee values to emphasise the culture and behaviours that are critically important to the way the organisation operates. 'Inclusive' was included in the core set of values, which for Watchfinder means respecting one another, operating as one team, and actively supporting DEI principals. Having started as an enterprise that has organically grown from a UK base, the business has recently expanded internationally. The expansion has been a great opportunity to increase workforce diversity. Over the coming year, Watchfinder will promote greater gender equality.

Looking ahead, Watchfinder has joined forces with Richemont CSR to develop a volunteering programme that engages employees and helps to build stronger, more inclusive communities. Throughout the year we are planning volunteering events to get Watchfinder employees involved in our CSR initiatives, which include employability careers day with local schools. Also aligning our plastic package reduction programme, we will be organising plastic clean up days on our South Eastern beaches.

YOOX NET-A-PORTER GROUP

In 2020, YOOX NET-A-PORTER launched *Infinity*, its strategy to contribute to a more sustainable and circular fashion system by 2030. *Infinity* is underpinned by 12 measurable commitments that connect to UN Sustainable Development Goals to guide a transformative 10 years at YOOX NET-A-PORTER, connecting people with the joy of luxury and fashion that lasts a lifetime and beyond.

Infinity spans four focus areas: learning to become a Circular Business, building a Circular Culture, and becoming Planet Positive and People Positive. It will see the Group lead circular design and care and repair programmes; enhance the availability and desirability of sustainable luxury and fashion through content and product assortments; run carbon emissions reduction programmes and become climate positive; and nurture young talent, among other commitments. Through its approach, the Group is harnessing its expertise in data, technology and innovation, and its scale and reach across 180 countries, over 4 million customers, and thousands of brand partners, to collaborate and find solutions in the pursuit of a more sustainable future.

Under *Infinity*, YOOX NET-A-PORTER achieved 100% renewable energy across owned operations globally in 2020, launched The Modern Artisan collection with The Prince's Foundation - through a charitable training initiative that guided students to design, craft and bring to market a sustainable luxury collection - and expanded sustainable platforms, NET SUSTAIN and YOOXYGEN to feature over 175 consciously crafted brands.

The Group also launched its *Digital ID* pilot programme, designed to unlock long-term circularity potential in line with *Infinity*. In a first move to roll out EON's CircularID™ Protocol technology across the Group's private label collections throughout 2021 onwards, the pilot started across selected items from Mr P., MR PORTER's own-label brand. The selected items feature sewn-in QR codes that can be scanned to access unique Digital IDs which facilitate insight into provenance, design, styling tips, care and repair recommendations and services, equipping customers with meaningful information to enhance an item's versatility, longevity and value. Over time, the *Digital ID* pilot can provide access to future post-purchase services from care and repair to re-commerce, and tell each garment's story from manufacture through use, resale, reuse and recycling as part of a circular fashion system.

By building customer understanding of where a product has come from and where it will go next, YOOX NET-A-PORTER seeks to drive a Circular Culture as part of *Infinity*. Following the *Digital ID* technology rollout across all its private labels, the Group aims to share learnings with its partners and industry, to empower collaboration and support customers to make informed choices and extend the lives of their garments.

These diverse initiatives are integrated with Richemont's Movement for Better Luxury and all its elements.

ALAÏA

Our Maison can rely on solid values instilled by the pioneering vision of our founder, Azzedine Alaïa and enhanced by the new executive team and its new creative direction. It is based on the conviction that sustainability lies in the Maison's capacity to create products that stand the test of time. A timeless model respectful of the individuality of each person and each element involved.

This year, Alaïa committed to furthering its sustainability goals. The Maison has defined its inaugural Sustainability Plan articulated around four pillars, each comprising specific actions.

Our strategy is based on the attraction of new talent, the promotion of work-life balance and compliance with occupational health and safety standards. This year, we envisage to start working on an Inclusion and Equal Opportunity policy. The Policy will support multiculturalism and promote equality and equal opportunities while enhancing meritocracy and fair treatment, facilitating the development of individual potential.

Social sustainability and the commitment to make a positive impact on the communities touched by our operations will be a key pillar of our plan. We plan to join forces with '*Renaissance*', a Paris based social enterprise, for the upcycling of our past season items. Their atelier supports the socio-economic reintegration of disadvantaged people who are trained and hired as couturiers. Moreover, through the 'Azzedine Alaïa Foundation' we undertake since 2007, the patronage of diverse cultural and educational programmes, fulfilling public utility tasks for our reference communities.

Maison Alaïa relies on a network of carefully selected manufacturers known for their outstanding craftsmanship, the value at the core of our creations. Our suppliers are exclusively based in France and Italy and many have been working with the Maison for years now. In order to better monitor quality throughout the supply chain and the compliance with social and environmental standards, we limit subcontracting to only one-tier. We shall accompany all our manufacturers, suppliers and sub-supplier with a specific audit strategy.

Our most recent action to minimise environmental impact has been the decision to move to only two collections a year. While our timeless attitude translated into the launch of the *Editions*, a permanent wardrobe curated from the archives between 1981 and 2017, hence eliminating all environmental costs connected to product development, industrialisation and design. Our upcycling programme includes the 'Petite Boutique', where we plan to offer past collection items to selected clients. The latter have the possibility to bring their old Alaïa pieces whose value we shall evaluate and transform into vouchers to be spent back in the boutique. All profits from the sales of pre-loved items shall be donated to the 'Imagine' Institute for children afflicted by genetic diseases.

The upcoming sustainability plan shall include a strategy and monitoring system encompassing limitation of Green House Gases (GHG), energy and water consumption as well as higher share of eco-friendly materials used. We aim at utilising exclusively green packaging by 2023 and introduce circular economy principles in our product development.



dunhill's commitment to sustainability is grounded in our heritage and long-standing value of developing products with integrity. We want to actively address the challenges facing our society by reducing our environmental footprint and enabling social progress, while helping transform our industry through meaningful collaborations.

Our people are at the heart of our business, so we strive to create an open and inclusive culture, where all perspectives are valued. In 2020, dunhill ran several awareness raising campaigns and engagements, in direct support of the growing consciousness around diversity, equity and inclusion within our industry and beyond. Seven dunhill colleagues contribute to Richemont UK's DE&I Board, ensuring cross-pollination of ideas and views within our national network of colleagues and sister-Maisons. In 2021, we will also be creating a dunhill DE&I Working Group for concrete initiatives within the House.

Externally, dunhill has created partnerships with several collaborators whose own sustainability ambitions are congruent with ours. Collaborations include: The Minority Fashion Report, a mentorship programme that exists to enact change in the British fashion industry, by supporting the development of a more diverse workplace; Walpole's Sustainability Working Group, the official sector body for UK luxury which published a pivotal Sustainability Manifesto, which dunhill was quick to undersign; and Barnardo's Children's Charity, by gifting-in-kind a large quantity of products to be sold at their retail outlets, generating much-needed funds which will go to protect, support and nurture the UK's most vulnerable children.

dunhill's sourcing strategy looks to not only minimise the negative environmental and societal impacts within our supply chain, but to also add value back into the process, ensuring that people, planet and product are enriched across all touch points of our product journey to customer. In respect of this approach, we have become members of the Leather Working Group (LWG), a global certification and membership body, which support dunhill in minimising environmental impact of our leather supply chain, while building transparency and traceability of this key product category. We have committed to no longer using fur in future Ready-to-Wear collections and replacing other historic and now 'challenged' materials with innovative new eco-materials. We are also set to unveil our new innovative branded packaging, which will be 100% recyclable, plastic-free, with a minimum of 40% post-consumer waste in the Autumn collection.

Although we have not spent much time in our offices over the last year, we are still very proud to have converted over 50% of our solely operated UK premises to 100% renewable energy. We strive to increase this to 100% by no later than 2023.

Chloé

In June 2020, Chloé launched a new Company Purpose - Women Forward. For a fairer future and an ambitious sustainability strategy and plans. The vision is to shift the company to a purpose-driven business model with the objective to become B-Corp certified in 2021. This commitment furthers the legacy of Chloé's founder, Gaby Aghion, and her forward-looking vision of femininity. In December 2020, the transition took on greater momentum with the arrival of Gabriela Hearst, whose vision entails responsible fashion and actionable change.

This ongoing strategy draws on research and feedback including Chloé's first materials analysis completed between June and October 2020 with an online sustainability survey, individual interviews and three focus groups for collecting the opinions of all stakeholders. The plan sets objectives and a precise action plan until 2025 and is based on four pillars: People, Sourcing, Communities and Planet.

Furthermore, new sustainability governance has been established and consists of a Sustainability Director appointed to Chloé's leadership team; four monthly operational committees with teams from all departments; and a new bi-annual Sustainability Board with two external advisors: Amanda Nguyen and Elisabeth Laville.

FAIR OPPORTUNITIES FOR OUR PEOPLE

In January 2021, Chloé signed the Women Empowerment Principles. Currently, 70% of top management positions within the company worldwide are held by women.

Chloé has included measurable indicators related to sustainability in performance plans for all employees worldwide starting in April 2021. To support teams during the transition, a sustainability training programme for all collaborators worldwide debuted on 21 March. This May marked the start of a volunteering programme in partnership with Alaya Good with the objective to reach 2 000 volunteering hours by 2022.

FAIR SOURCING

This commitment takes two key directions:

Lower-impact materials

The list of lower-impact materials was approved externally and published on Chloé.com for more transparency. The objective is to reach at least 55% for Chloé ready-to-wear within FY22.

Gabriela Hearst's arrival accelerates this transition. Already for the Autumn-Winter 21 collection, more than 80% of the cashmere yarn is of recycled origin, and more than 50% of silk comes from organic agriculture.

Responsible sourcing & Fair Trade

Following a partnership with the World Fair Trade Organization (WFTO) in September 2020, Chloé launched its first fair-trade luxury collections in March 2021, which are both ethically produced and environmentally responsible. Chloé also contributed to introducing a long-time ready-to-wear supplier, Akanjo, to WFTO certification – furthering positive change through its network.

POSITIVE IMPACT ON COMMUNITIES

In 2019, Chloé initiated GIRLS FORWARD, a three-year partnership with UNICEF to provide girls with education, entrepreneurship and digital skills to advance in the workplace. To date, this programme has impacted 10 000 girls. In FY21, Chloé donated a total of € 1.1 million to UNICEF.

Amidst a year of unprecedented crisis, Chloé also provided pandemic-related support during 2020 to UNICEF, with a donation of € 68 517 of additional funds directed towards UNICEF's international emergency response to Covid-19, on top of our 2021 contribution of € 1.1 million. More locally, Chloé donated sunglasses with a total value of € 135 670 to the French organisation, *Protège ton soignant* (Protect your caregiver), as a gesture of appreciation to student nurses. In addition, more than 400 medical gowns were produced by our Parisian atelier and distributed to healthcare workers.

IMPACT ON THE PLANET

In December 2020, Chloé joined the Fashion Pact.

Chloé's objective is to reduce the global greenhouse gas (GHG) footprint of 25% by 2025, starting with a reduction of 15% by 2022. In April 2021, Chloé published the 3rd edition of its Environmental Profit & Loss (E P&L). In 2020, our value chain has generated 48.5 ktCO_{2e}, of which 51% come from raw materials, 24% from manufacturing and assembly, 17% from distribution and 8% from buildings and travels.

Chloé offsets 100% of direct GHG emissions and 28% of global emissions across the supply chain. Headquarters and boutiques in Paris operate on 100% renewable energy, offsetting any emissions. Chloé also offset 100% of emissions from Gabriela Hearst's first show (Autumn/Winter21) by supporting a mangrove reforestation project in Myanmar.

As social impact is a key pillar of the strategy, Chloé is also working in partnership with the Institut Français de la Mode (IFM) and the Conseil National des Arts et Métiers (CNAM) to develop a methodology for a Social Profit & Loss account that will be shared in open-source when completed.



We believe that everyone can leave a mark, and so can we as a company. As a brand rooted in nature by name and in culture by purpose, it's time to write Montblanc's own chapter of sustainability. By leaving a mark through "Inspire Writing": Educating those who can't write, and inspiring those who can, by inspiring each other. Preserving traditional craftsmanship, encouraging innovation, creating a positive work environment for all, maximising our footprint on people, minimising our footprint on planet and by acting beyond words.

Can you imagine Montblanc in a world without snow-capped mountains?

We can, that's why we are committed to go new ways.

Reducing emissions and waste. Rethinking the ways we produce.

Here is what we have been focusing on in the past year.

2020 was the kick off of our sustainability roadmap for our leather category. Some of our leather purchased were with zero impact in terms of CO₂ emission during the tanning process. Our goal is to add two innovative suppliers in order to increase this number significantly. In January 2021, we launched our first fully recycled collection with nylon made from plastics from the ocean. Finally, we will introduce in spring 2021 a capsule with leather coming from a tannery using 30% less water.

Moving forward, our ambitions are to be neutral by 2025 in terms of CO₂ emission on 100% of our raw material purchase, to have no leftover material by 2023 and to recycle or reuse all Montblanc leather products by 2025.

Since 2012, Montblanc is a certified member of the Responsible Jewellery Council (RJC) and therefore commits to and is independently audited against the RJC Code of Practices. In line with the RJC scope, Montblanc has implemented a Due Diligence concept to align with all involved parties the responsibilities and tasks, following the 5-step framework of the OECD.

Our packaging will see a full redesign across all categories to be rolled out in May 2022. Only taking into consideration the Writing Instruments category, it has been estimated to transform 136T of plastic into 6T of cotton and 80T of paper.

Moving forward, writing education will be at the heart of our sustainability strategy. In the past year, our Cultural Foundation underwent a transformation from contemporary arts to writing, shifting its purpose towards promoting the importance of handwriting and supporting education within this field. Starting with opening of Montblanc Haus in March 2022, we will be launching a charitable programme for children to enjoy free visits and classes.

Sustainability is a journey that our founding fathers started more than 100 years ago. We will continue to explore better solutions together. To leave a positive mark.



Though the last year presented challenges for all, Peter Millar found ways to make meaningful progress in each pillar of Richemont's CSR framework.

We established regular town-hall style meetings to provide an opportunity for company-wide engagement and discussion on current events and happenings at Peter Millar. These meetings provided a great forum for our employees to connect. The past year also saw the creation of committees which enable more of our personnel to act as stakeholders in meaningful initiatives. These cross-functional committees include one devoted to Diversity, Equity & Inclusion, and another focused on Sustainability.

Peter Millar made positive impact in our community by donating post-consumer goods to trusted third parties who help those in need. This also allowed us to divert post-consumer material from landfill, which supports our overall sustainability efforts. We work closely with non-profit Pros Fore Clothes Foundation, whose mission is to provide gently used clothing to people in need within the United States and around the world. To date, Pros Fore Clothes has donated over 250,000 lb of clothing to those in need. Peter Millar also supports local charities including First Tee and Note in the Pocket. The mission of First Tee is to positively impact the lives of young people by providing education programs that build character, instill life-enhancing values, and promote healthy choices through the game of golf. Note in the Pocket provides clothing to impoverished and homeless school children in the Raleigh, NC area, to ensure children are not limited in their educational and social development simply because they do not have appropriate clothes for school.

We have refreshed our outlook on sustainability in our supply chain and sourcing strategy by working in tandem with Richemont's CSR and Responsible Sourcing teams. We are working to increase our awareness around materials selection and product lifecycle so we can make smart decisions as we plan for the future. Going into the Spring/Summer 2022 season, we will transition to fully recycled polybags and hangtags; with additional packaging improvements in progress. We will also be introducing more recycled fibers into our product assortment in first-layer knitwear, second layer pieces, outerwear and socks.

The importance of traceability in the supply chain will only continue to become more central in the textile and apparel industry; and in the case of recycled materials, we require complete documentation from the supply chain; GRS certification documents from the fiber supplier along with GRS certification and Transaction Certification (TC) documents from the fabric supplier. We are introducing a 2-pack of performance socks for FA21 that are produced locally and use the equivalent of three post-consumer polyethylene terephthalate bottles per pack. The entire manufacturing process from bottles to socks in our distribution center covers less than 320 miles. We are working to reduce the negative impact of plastics on our environment and reducing the carbon footprint of this supply chain by producing locally. In the realm of supply chain transparency and human rights, Peter Millar works with Bureau Veritas and other trusted third parties to conduct regular social audits that ensure all of our vendors are compliant with Peter Millar and Richemont standards, as well as that of the Fair Labor Association.

PURDEY

Purdey is proud of its long-term relationship with numerous charitable organisations, ensuring we continue our passion and support of the countryside and biodiversity. We have celebrated this since 1999 through The Purdey Awards, which gives recognition to those in the world of field sports and conservation. We use the awards to celebrate the creation of the heather moorland restoration, new hedge or woodland plantings and the effectiveness of new scrapes and ponds in attracting wild duck and other waterfowl and habitat species biodiversity.

The environment continues to play a fundamental part of our core brand strategy and decision making, especially within the supplier selection process and sourcing of raw materials for product development. This careful consideration, which we manage internally, results in Purdey working with outstanding and recognised local artisans, and their own sustainable practices can be seen within our beautifully crafted products and the telling of the stories behind their production. This deliberate selection process ensures our products are timeless and are designed to be passed on to future generations. This is the opposite of 'fast fashion' and ensures an extended lifecycle for our products. Our strategy for the environment extends through to our daily practice and operation, from building management services to green energy, recycling and circular economy initiatives - right through to our packaging raw materials used both internally and externally.

Purdey continues to promote its craft apprenticeship programme, where young talent can join Purdey and gain sufficient skills and experience in all seven areas of the gun making trade over a five-year period. This apprenticeship programme sees ambitious future crafts people achieve certification and promotion at the end of the five-year programme.



REGIONS

Richemont has five Regional Functions, which aim to provide the right business environment for our Maisons to grow brand equity and develop sustainable activities with their clients. As Regional Functions teams, we facilitate business development journey towards New Retail with our Maisons, run efficient and seamless local operations for their clients, attract and develop a talented and diverse workforce, all while maintaining business integrity and enhancing our reputation.

These Regional Function teams play the pivotal role of translating and implementing our Group CSR Transformational strategy for our legal entities on behalf of Richemont and Maisons locally. Together with local management, our local CSR committees provide ability to measure and drive sustainability related actions in a coordinated manner. Key focus areas include aligning local stakeholder expectations, providing localised action plans to achieve our targets as well as providing awareness and training depending on local cultural context.

As a collective, we are on the same journey but take different paths to getting there. Due to local complexity in size and in culture, we are driven by our local internal and external stakeholders, local context as well as ensuring we stay true to our Maisons DNA.

Based on this diversity and varying levels of maturity on topics, in this chapter we are pleased to share with you our respective sustainability journeys in 2020/21. All of our Regions responded to the Covid-19 pandemic, and some of them have detailed their related actions.

RICHEMONT AMERICAS

Richemont Americas commitment to sustainability is focused on robust, genuine and meaningful projects that make a difference for our stakeholders, particularly our clients, communities and colleagues.

In 2019, a CSR Committee was established consisting of Maisons and Richemont Function employees in the United States and Canada, focusing on scalable social and environmental impact initiatives. The CSR Committee partners directly with the President and CEO and its Senior Management Committee. Their mission stems from the belief of One Planet, One Community, One Richemont.

In the Region, the mission is to reduce our environmental footprint, positively impact our communities in ways that align with our Company's values, and empower our people to act and innovate. The CSR Committee is responsible for impactful carbon offsetting and energy-saving actions stemming from Richemont's global Transformational Strategy. The Region targets locations powered with non-renewable energy and converts them to renewable energy or Renewable Energy Certificate (RECs) contracts. In 2020, the Region donated and planted trees connected to carbon and waste reduction initiatives led by employees. At the same time, Richemont Americas is working on reducing its emissions and energy demand and collaborating with Maisons and platform employees to introduce employee-driven sustainable solutions and educational content for its employees.

Regarding community investment, the CSR Committee is committed to philanthropic actions, giving back to local communities and strengthening long-term partnerships, including Laureus Sports for Good Foundation amongst various regional and local organisations. Further, a commitment has been made to team engagement projects that solidify volunteering opportunities and create an inclusive working environment.

The CSR Committee launched the regional Together Volunteer Framework, which focuses on expanding in-person volunteering across the Region and launching virtual skill-based volunteering with local partners. The Region has seen an increase in volunteering and enthusiasm and solidified our partnerships with long-term solutions. The year ended with announcing a new employee recognition programme: The CSR Acts of Goodness Donation. This programme honors our employees who make significant contributions to their communities for their time, actions, talents and dedication. The recipients of this award received a donation to the organisations in which they volunteer. The CSR Committee is looking to expand volunteering in years to come with the expanded Richemont Americas region, including Miami, Brazil, Mexico, and the Volunteer Time Off (VTO) Policy launch. This year, the Region launched the CSR Center Site, a one-stop-shop for news and consistent employee volunteering opportunities. The CSR Committee also joined forces with global colleagues to present an LGBTQ+ Pride panel discussion, participate in international presentations, volunteer and environmental working groups, and Laureus global campaigns.

Cartier North America hired a dedicated Head of Diversity & Inclusion and Richemont North America, Inc. hired a VP of Inclusion & Diversity to further develop the DEI strategy.

Looking ahead, Richemont Americas will continue to leverage a collaborative environment to leverage sustainability practices to drive value to its stakeholders.

RICHEMONT ASIA PACIFIC

In 2020-2021, Richemont Asia Pacific gained significant momentum in translating the global CSR strategy into regional and local actions, focusing on the philosophy of One Planet, One Community, One Richemont. We launched our Regional APAC CSR strategy, including the short-term and long-term roadmap for Asia Pacific, to meet the Group's 2025 transformational goals. Combined with the Regional APAC strategy, we also established communication goals to raise awareness, inspire and engage our colleagues. Additionally, we launched a monthly newsletter to give a more distinct voice to Richemont's CSR activities. And finally, we also established a CSR Committee to provide employees with a platform to collaborate and create sustainable changes.

To contribute to our people and communities, the APAC Diversity, Equity, and Inclusion (DE&I) Committee was also established with many empowering campaigns throughout the year on topics around culture and ethnicity, generations and mindsets, disability, gender, and LGBTQIA+.

Driven by our commitment to giving back to local communities, Richemont Asia Pacific partnered with Time Auction, a charity that advocates volunteerism, to engage our colleagues in both physical and virtual volunteering activities. We also continued to partner closely with Laureus Sport for Good, where our teams participated in the global #MovetheWorldChallenge. Collectively, we raised US\$ 1 021 to support vulnerable children around the world at the height of the Covid-19 global crisis.

Looking back at the year, there were difficult times for everyone with the spread of the Covid-19 pandemic. In these crucial times, communities play an important role in supporting one another and lending a helping hand. Richemont Asia Pacific organised many activities for donating Covid-19 relief materials, including hand sanitisers and face masks.

Employees were also actively engaged in improving the local coastal environment and marine life. In Hong Kong SAR, China and Taiwan, China, over 200 employees participated in beach clean-up activities, collecting approximately 1 400 kg of waste, including PET bottles, polyfoam debris, and microplastics. Through several other initiatives in 2020-2021, Richemont Asia Pacific's commitment to community investment gained a lot of momentum on a broad range of topics across its markets, accounting for more than 800 volunteering hours contributed by employees and their families.

As the next step, Richemont Asia Pacific will strengthen its commitment to volunteering even more by establishing volunteering day leave for all employees. We are also committed to drive more awareness on our CSR actions through communication campaigns and training to empower local entities and drive tangible results.

RICHEMONT EUROPE

While challenging to summarise a region and all entities in this short section, we aim to provide an overview of key elements. In this foundation year, 55 colleagues were trained via the University of Cambridge Institute for Sustainable Leadership's Sustainability Essentials for Business short programme, targeting Regional Exco members, country leads & operational management. In each entity, a CSR committee or board exists to engage on the local level and to empower employees to be directly involved in deciding what activities are most appropriate for their local situation. A DEI Council or local equivalent is being created to ensure a safe forum for employee voices to understand each unique site situation. Also, many actions this year focused on employee well-being, support and training in the context of Covid-19. This was also the first year of our European Sustainable Development Week, held in September to build further awareness of what we need to do on our transformation journey.

In terms of Environmental activities, task forces were created with representatives from each country to identify opportunities to reduce our energy, waste, water and consumables, and remove single-use consumables where possible. Action so far included: recycling of 1 500 m³ of office furniture and recycling 76% of construction waste from a building renovation. Logistics teams are reviewing each consumable used in operations and assessing alternatives wherever possible, for example shredding and reusing cartons for filler materials, removing all outer plastic straps, re-designing three shipping box-type, thus reducing materials by 30% with the same dimensions. All printing on our operational sites is being reviewed to remove unnecessary printing and documentation. We also made progress on our shift to 100% certified Renewable Energy. For example, more than 90% of Richemont UK sites are using green energy, with plans to rapidly close the remaining gaps.

This year, a full review of adherence to the Supplier Code of Conduct processes was conducted for our local markets with new reporting in place to ensure we measure our progress in terms of compliance and defined critical actions to be taken. This review covered more than 1 000 suppliers.

While face to face volunteering presented a major challenge for many markets this year during the pandemic, diverse activities still took place across the Region to support the vulnerable where we operate. Physical donations included furniture, digital equipment, food, hygiene products or clothing in the respective markets. In addition, targeted financial donations of € 65 000 were also made to help local charities specific actions. Activation areas included school poverty funds and equipment, autism awareness, homeless shelters, children with cancer, disability awareness, gender equality and sport for good. Our teams also participated in fund raising activities such as #MovetheWorldChallenge (over € 8 000 and 12 000km)

RICHEMONT JAPAN

Richemont Japan continued to roll out elements of the Group Transformational CSR Strategy during a challenging time. Over the past year, a large focus was placed on the People pillar and particularly on DEI, Gender and Generations.

ConnectHER, the Group's women's network, has a local node active in Japan where several virtual events were hosted over the year. Topics included invitations to female entrepreneurs and experienced facilitators from other companies, who shared their thoughts and experiences with our women colleagues.

Richemont Japan is seeing the success of its 5th version of the Shadow Regional Management Committee. A committee aimed to empower the younger generation to advise on a business theme or project aimed to challenge the management committee and support diversity in thinking. The participants are selected from a group of high performers chosen from across functions or Maisons. Each version runs for approximately six months and aims to build a project proposal with concrete action plans. Over the years, the topics have included: Evolution of Mindset, Future of Retail and Future of Work. This year's theme was on CSR. The team identified the need for working on an action plan for the Region to support the Sustainable Development Goals. As part of their outputs, an action plan was devised which includes four key elements: Education – training all colleagues on the subject matter of the SDGs; Act – through internal news and articles, communicate and share progress and activities; Share – actively spread the word around achievements into the market; and Go Beyond – identify future business opportunities, targeting Gen Z. The belief is that the focus for this includes stronger internal cohesion, provides increased business opportunity, enhances corporate image, and will have a strong social impact.

The region has a comprehensive volunteering policy where up to three paid leave days are offered to each colleague to take as volunteering time. Over the year, many colleagues exercise this benefit and took part in various volunteering activities. Currently Richemont Japan has a key partnership with NPO Special Olympics Nippon, where we assist in the management of sporting events for people with disabilities. Van Cleef & Arpels Japan works closely with Hibiya Park, Tokyo, to plant and grow flowers of many types, linking back to the ethos of the Maison.

From an environmental perspective, 2020 was the first time Japan targeted their locations powered with non-renewable energy and converted them to Renewable Energy Certificate contracts (RECs). A great feat for the Region.

RICHEMONT MEIA

2020/21 has been a turning point for Richemont MEIA (Middle East, India and Africa), embarking on a journey to deliver on our Group sustainability agenda. This included a focus to reduce our environmental footprint through sustainable initiatives, integrate eco-actions at work, positively impact our communities through community support, volunteering and charity work, collaboration with partners, and empower our people to act and innovate in the areas of employee engagement, inclusion and well-being activities.

Our Logistics Team has taken initiatives to reduce our Carbon Footprint with Initiatives by vertical:

- Plastic: Re-use of same box for boutique deliveries. Pilot with IWC. Elimination of plastic straps.
- Parcel: Consolidation of orders in one parcel instead of one order per parcel.
- Paper: reduction of paper at all levels, including our packaging material.

Our Country management teams have identified workplace solutions and new offices throughout the past year across all our offices. Richemont's India and Kingdom of Saudi Arabia teams have moved to new offices, considering sustainable workplaces, and the United Arab Emirates team will be moving to LEED-certified new offices with the highest standards of sustainability in the coming months. Richemont's South Africa teams are also expected to move to new offices with eco standards.

The new, cross-regional Wellness Committee addresses wellbeing and engagement in the workplace. Cultural awareness to enable inclusiveness has been high on our agenda, with our people taking the lead to introduce different country celebrations, explaining Diwali, Emirati Culture and introducing local Art.

The commitment to giving back to our community has been very impactful, considering the impact of Covid-19 on the different countries of the MEIA region. For example, donations to Dubai Cares for Uninterrupted Education campaign, donations to Al Nahda Foundation to support the preservation of local crafts and heritage, as well as the relief donations provided by Richemont and many of our Maisons after the August 4th explosion in Beirut. Other initiatives covered donations to MedAir, UNFPA, Arcenciel, Nusaned to support the rebuilding Lebanon.

Our people have committed themselves through volunteering activities and participated in different initiatives, starting with Ramadan in the United Arab Emirates and Kingdom of Saudi Arabia, through a Blue Collar Hygiene kit packing initiative, and a Red Crescent donation for Eid gifts. A partnership with Laureus Sports for Good Foundation in India supported girls, and in South Africa supported underprivileged young women through dignity kit donations.



GROUP INDUSTRY &
SERVICES

Our Maisons rely on a long heritage of quality, craftsmanship and virtuous supply chains to make long-lasting creations. It is our responsibility to spread these values and contribute to building a better society by inventing more sustainable visions of beauty and luxury. Through the support functions gathered under the Group Industry and Services function, Research and Innovation is combined with other specialist teams to maintain a culture of Innovation. Alongside Governance and Engagement, Innovation is one of the three transversal issues encompassing our Transformational Strategy.

RESEARCH AND INNOVATION

Sustainability is at the core of the Group's Innovation strategy, as an opportunity to continue to develop our Maisons' unique creative universes by inventing new products, new experiences and new ways to operate our activities while constantly improving their environmental and social impacts.

Richemont Research & Innovation (R&I) supports our Maisons in this journey by leveraging and delivering the necessary expertise, methodology and open innovation networks. The mission of the R&I team is to better assess the environmental and social performances of our Maisons' activities and develop with our partners new solutions, including new materials and processes, to positively contribute to the environment and the communities.

Further details of the vision, strategy and recent initiatives may be found in the Innovation chapter of this report.

RESPONSIBLE SOURCING

To face the new challenges and to meet stakeholder expectations in terms of environmental and social aspects in its supply chains, the Group has implemented a Responsible Sourcing organisation. Its mission is to dive deeply in the knowledge and the understanding of the strategic supply chains, in order to identify the risks, to assess impact and to work closely with internal and external teams to develop mitigation and improvement tools.

Transparency is a priority and Due Diligence is a strong tool to manage the alignment with Richemont values. Efforts are in progress to improve traceability and to reduce the environmental footprint from the raw material to the final product. All team members are part of international working groups linked to their scope and animate Group communities to strengthen relationships and to share best practices with the operational people.

GROUP SUPPLY CHAIN

Group Supply Chain teams are committed to support the Group transformation journey towards more sustainable operations. Several initiatives have been launched to support the Group and its Maisons in their environmental performance.

The Logistics communities across the globe are mobilized to rethink the different consumables used to transport our Maisons' products. Each year, a global report is prepared mapping all single-use items. By doing so, priorities can be defined to coordinate purpose-driven reduction actions. In addition, the Group and its Maisons have launched several trials of Circular Logistics concepts within the distribution network.

Transportation experts are closely monitoring the market to identify emerging alternative solutions to reduce CO₂ transport related emissions. In the meantime, the teams are mobilized to improve the filling rate of our parcel and optimize the volume shipped across the world.

RESPONSIBLE AND SUSTAINABLE PROCUREMENT

Responsible and Sustainable Procurement is a key pillar of Richemont Procurement strategy and values. It is embedded in the Group Procurement Policy that sets the rules and principles applicable to procurement activities, and influences how we buy, what we buy and from whom we buy globally. Across the Group, Responsible and Sustainable Procurement is an increasingly important component of Maisons' and operational companies' procurement strategies. Procurement teams worldwide are working hand in hand with our Sustainability teams and businesses to integrate sustainability in sourcing decisions and deliver positive environmental and social impacts, and more generally to support our sustainability agenda and reporting across all spend categories.

The Richemont Supplier Code of Conduct has been revised during the year and will be published in the coming months. Further details may be found in the Sourcing chapter.

PRODUCT & TRADE COMPLIANCE

Thanks to the diligence of our Product and Trade Compliance team, we conduct our business and operations in full compliance with all applicable international trade rules and related standards, including, customs regulations, non-tariff barriers, international agreements, transportation conventions, trade and economic sanctions. Recent training encompassed credible product claims regarding environmental performance.

GLOBAL REPORTING INITIATIVE ('GRI') INDEX

GLOBAL REPORTING INITIATIVE ('GRI') INDEX

Richemont's Sustainability Report 2021 has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. This GRI content index provides references to the relevant GRI Standards disclosures included in this report and our Annual Report and Accounts 2021.

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Stakeholder Engagement	
Reporting Practice	

GRI Standard	Disclosure Number	Disclosure Title	Reference/Response
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GRI Standard	Disclosure Number	Disclosure Title	Reference/Response
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	102-19	Delegating authority	Governance – How Sustainability is Managed
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GRI Standard	Disclosure Number	Disclosure Title	Reference/Response
	102-21	Consulting stakeholders on economic, environmental, and social topics	Our Approach to Sustainability – Materiality Governance – Embedding CSR Stakeholder Engagement
	102-22	Composition of the highest governance body and its committees	Corporate Governance – Board of Directors (Annual Report and Accounts 2021) Board of Directors Senior Executive Committee
	102-23	Chair of the highest governance body	Corporate Governance – Group structure and shareholders (Annual Report and Accounts 2021) Corporate Governance – Board of Directors (Annual Report and Accounts 2021) Board of Directors
	102-24	Nominating and selecting the highest governance body	Corporate Governance (Annual Report and Accounts 2021)
	102-26	Role of highest governance body in setting purpose, values, and strategy	Governance – How sustainability is managed
	102-29	Identifying and managing economic, environmental, and social impacts	Our Approach to Sustainability – Materiality Governance – How Sustainability is Managed Governance – Embedding CSR
	102-30	Effectiveness of risk management processes	Governance – Governance and risk management Governance – Embedding CSR

GRI Standard	Disclosure Number	Disclosure Title	Reference/Response
	102-31	Review of economic, environmental, and social topics	Governance – How Sustainability is Managed
	102-32	Highest governance body's role in sustainability reporting	Our Approach to Sustainability – Materiality
	102-33	Communicating critical concerns	Governance – How Sustainability is managed
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GRI 102: General Disclosures 2016	102-40	List of stakeholder groups engaged	Stakeholder Engagement
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GRI Standard	Disclosure Number	Disclosure Title	Reference/Response
	102-50	Reporting period	Financial year ended 31 March 2021
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	102-52	Reporting cycle	Annual
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			Sourcing
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GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	Sourcing – The Supports We Rely On
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability – Materiality
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GRI Standard	Disclosure Number	Disclosure Title	Reference/Response
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	305-2	Energy indirect (Scope 2) GHG emissions	Environment – Carbon footprint reporting 2020
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GRI Standard	Disclosure Number	Disclosure Title	Reference/Response
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	103-2	The management approach and its components	People – Health & Safety update
	103-3	Evaluation of the management approach	Governance – Embedding CSR People – Health & Safety update
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	403-2	Hazard identification, risk assessment and incident investigation	People – Health & Safety update
	403-3	Occupational health services	People – Health & Safety update
	403-4	Worker participation, consultation, and communication on occupational health and safety	People – Health & Safety update

GRI Standard	Disclosure Number	Disclosure Title	Reference/Response
	403-5	Worker training on occupational health and safety	People – Health & Safety update
	403-6	Promotion of worker health	People – Health & Safety update
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			Environment – Embed Circularity in Our Products and Business Models

GRI Standard	Disclosure Number	Disclosure Title	Reference/Response
	103-2	The management approach and its components	Environment – Ensure a High Level of Environmental Stewardship Across All Activities Environment – Embed Circularity in Our Products and Business Models
	103-3	Evaluation of the management approach	Governance – How sustainability is managed Environment – Ensure a High Level of Environmental Stewardship Across All Activities Environment – Embed Circularity in Our Products and Business Models
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Environment – Waste generated in operations Environment – Waste consumption Environment – Embed Circularity in Our Products and Business Models
	306-2	Management of significant waste-related impacts	Environment – Embed circularity in our products and business models
	306-3	Waste Generated	Environment – Waste generated in operations Environment – Waste consumption
Biodiversity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability – Materiality Environment – Other environmental impacts

GRI Standard	Disclosure Number	Disclosure Title	Reference/Response
	103-2	The management approach and its components	Environment – Other environmental impacts
	103-3	Evaluation of the management approach	Governance – How sustainability is managed
			Environment – Other environmental impacts
GRI 304: Biodiversity 2016	304-2	Significant impacts of activities, products, and services on biodiversity	Environment – Other environmental impacts
Circular Economy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability – Materiality
	103-2	The management approach and its components	Environment - Embed circularity in our products and business models
	103-3	Evaluation of the management approach	Environment - Embed circularity in our products and business models
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Richemont will collect the relevant data which will be made available in subsequent reports.
Diversity and Inclusion			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability – Materiality
	103-2	The management approach and its components	People – Offering an inclusive work environment
	103-3	Evaluation of the management approach	Governance – How sustainability is managed
			People – Key areas of progress in 2020/21
			People – Offering an inclusive work environment

GRI Standard	Disclosure Number	Disclosure Title	Reference/Response
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	People – Data
Positive Social Impact			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability – Materiality
	103-2	The management approach and its components	Communities
	103-3	Evaluation of the management approach	Governance - How sustainability is managed Communities – Progress: Foundational Targets Communities – Progress: Aspirational Targets
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Governance – Where we operate Consolidated financial statements (Annual Report and Accounts 2021)
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	Communities
Non-Material Topics			
GRI 201: Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	Consolidated financial statements (Annual Report and Accounts 2021)
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People – Fostering a Sense of Belonging
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	People – Data (Learning & development)

GRI Standard	Disclosure Number	Disclosure Title	Reference/Response
	404-2	Programs for upgrading employee skills and transition assistance programs	People – Data (Learning & development)
GRI 417: Marketing and Labelling 2016	417-2	Incidents of non-compliance concerning product and service information and labelling	Governance - Product advertising and labelling

SUSTAINABILITY
ACCOUNTING STANDARDS
BOARD ('SASB')

SASB CONTENT INDEX

Richemont has produced its first Sustainability Accounting Standards Board (SASB) index to illustrate how our reporting aligns with the Apparel, Accessories & Footwear Industry guidelines. We will continue to strengthen disclosures and align our reporting to SASB in future reports. Our SASB Content Index specifies where each disclosure can be found in this Report.

Apparel, Accessories & Footwear:

Sustainability Disclosure Topics & Accounting Metrics

Code	Accounting Metric	Unit of Measure	Data/Information Source
Management of Chemicals in Products			
CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	n/a	People – Worldwide rollout of a tool to manage hazardous chemicals safety data sheets. Richemont maintains a Restricted Substance list which is regularly reviewed and updated.
CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	n/a	People – Worldwide rollout of a tool to manage hazardous chemicals safety data sheets.
Environmental Impacts in the Supply Chain			
CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements	%	Sourcing Further disclosure to be provided in future reports
CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	%	Sourcing Further disclosure to be provided in future reports

Code	Accounting Metric	Unit of Measure	Data/Information Source
Labour Conditions in the Supply Chain			
CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	%	Sourcing – Key Areas of Progress.
CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits	n/a	Not reported
CG-AA-430b.3	Description of the greatest (1) labour and (2) environmental, health, and safety risks in the supply chain	n/a	Sourcing - Supplier Code of Conduct Sourcing
Raw Materials Sourcing			
CG-AA-440a.1	Description of environmental and social risks associated with sourcing priority raw materials	n/a	Sourcing - Progress Against Foundational and Aspirational Commitments
CG-AA-440a.2	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	%	Sourcing – Key Areas of Progress in 2020/21

ACTIVITY METRICS

Activity Metric	Code	Unit of Measure	Data/Information Source
Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	CG-AA-000.A	Number	Sourcing Further disclosure to be provided in future reports

ASSURANCE LETTER

Independent Assurance Statement

The Management and Board of Directors

Richemont International SA
Chemin de la Chênaie 50,
1293 Bellevue, Switzerland

Ernst & Young Associates LLP (EY) has been engaged by Richemont International S. A. (the 'Company') to provide independent assurance to its Sustainability Report 2021 (the 'Report') covering the Company's sustainability performance during the period 1st January 2020 to 31st March 2021.

The development of the Report, based on GRI Sustainability Reporting Standards (GRI Standards) of the Global Reporting Initiative, its content and presentation is sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Assurance standard

Our assurance is in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), and our conclusions are for 'limited' assurance as set out in ISAE 3000.

Scope of assurance and methodology

The scope of our work for this engagement was limited to review of information pertaining to environmental performance for the period 1st January 2020 to 31st December 2020 and social performance for the period 1st April 2020 to 31st March 2021. We conducted review and verification of data collection/ estimation methodology and general review of the logic of inclusion/ omission of necessary relevant information / data and this was limited to:

- Review of the standard disclosures regarding the company's material sustainability aspects contained in the report;
- Review of consistency of data / information within the report;
- Carry out assurance review remotely including verification of the sample data and information reported at the following buildings and corporate headquarter at Bellevue, Switzerland.

S.No.	Entity		Building No.	Building type	Geography
1.	589	The Net-a-Porter Group Asia Pacific	301	Warehouse	China
2.	130	Vacheron Constantin	101/103	Manufacture	Switzerland
3.	574	Yoox Net-A-Porter Group S.p.A.	301	Warehouse	Italy
4.	574	Yoox Net-A-Porter Group S.p.A.	202	Office	Italy
5.	22	M. Cartier Horlogerie	101	Manufacture	Switzerland
6.	19	Richemont Brazil	203/204/205	Office	Brazil
7.	53	IWC Schaffhausen	105	Manufacture	Switzerland
8.	Z110	Richemont North America	301	Warehouse	North America

- Review and execution of audit trail of selected claims and data streams to determine the level of accuracy in collection, transcription and aggregation processes followed;

- Interview of select representatives of Company's management to understand the current processes in place for capturing sustainability performance data as per GRI Standards, the Company's sustainability vision and the progress made during the reporting period;
- Review of Company's plans, policies and practices, so as to be able to make comments on the completeness of the reporting and degree to which EY believes the report provides a fair and honest representation of the Company's activities.

Limitations of our engagement

The assurance scope excludes:

- Data and information outside the defined reporting period (environmental performance for the period 1st January 2020 to 31st December 2020 and social performance for the period 1st April 2020 to 31st March 2021), safety performance, intentional or unintentional fugitive emissions and the defined reporting standard;
- Review of the 'economic performance indicators' included in the Report which, we have been informed by the Company, are derived from the Company's audited financial records;
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention;
- Data, statements and claims already available in the public domain through Annual Report or other sources available in the public domain;
- Review of the Company's compliance with regulations, acts, guidelines with respect to various regulatory agencies and other legal matters.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our Climate Change and Sustainability network, and undertakes similar engagements with various multi-national companies. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

Observations and opportunities for improvement

During the review process, we observed that:

- The Company continues to demonstrate its commitment on improving sustainability performance by publishing its Sustainability Report in accordance with the GRI Standards. The Company has mapped its material issues with relevant UN's Sustainable Development Goal (SDG).
- The Company has been working on enhancing robustness of data management for sustainability performance reporting. The Company may further strengthen its system for improving the accuracy of the data pertaining to water withdrawn and waste disposal.

Conclusion

On the basis of our procedures for this limited assurance, nothing has come to our attention that causes us to believe that the Company has not reported on material sustainability disclosures significant to its business and its stakeholders.

Ernst & Young Associates LLP



Chaitanya Kalia,
Partner

Dated: 9th July 2021

Place: Mumbai, India

RICHEMONT

We Craft the Future

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