

Corporate social responsibility

Richemont has a long-standing commitment to doing business responsibly. Building trust in our Maisons and our operating companies lies at the heart of the way we work. Richemont has reported its Corporate Social Responsibility ('CSR') progress every year since 2006. Richemont's 2021 Sustainability Report, including our latest developments and relationship with the United Nations Sustainable Development Goals ('SDGs'), will be available from July 2021 at www.richemont.com/en/home/sustainability/reporting-centre/

Transformational CSR Strategy

To meet our stakeholders' evolving expectations, the Group's Transformational CSR Strategy ('Strategy') was elaborated by the CSR Committee in collaboration with our Maisons and support functions. The Strategy includes our commitments over the short, medium and long term. We have named these distinct commitment groupings Foundational, Aspirational and Transformational. Altogether, the Strategy represents Richemont's Movement for Better Luxury.

The Strategy's four focus areas – people, sourcing, environment and communities – work together towards better luxury. The Strategy's three transversal issues – governance, engagement and innovation – bind those focus areas together. Each is summarised below. Their respective commitments, targets and performance indicators may be found in the full Sustainability Report.

Governance

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

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

The Board oversees the Strategy and management's performance via its Ethics Sub-Committee (to February 2021) and its Governance and Sustainability Committee (from March 2021).

The entire Sustainability Report will be independently assured in 2021. This initiative will ensure continuous improvement in the quality of our report and reporting systems, as well as greater confidence for the users of our report, including investors, employees and candidates. In prior years, only the Group's carbon-emissions disclosures were independently assured.

Engagement

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

Richemont's annual Sustainability Report reflects the evolving expectations of those stakeholder groups regarding transparency.

We continuously review the reporting environment in areas such as Task Force on Climate-related Financial Disclosures ('TCFD') for climate-sensitive scenarios, and the outcome of proposals from the Global Reporting Initiative ('GRI'), International Integrated Reporting Council ('IIRC'), Sustainability Accounting Standards Board ('SASB') and other value reporting standard setters.

To ensure continued alignment between stakeholder interests and our Strategy, two materiality analyses were conducted in 2019. The second analysis focused on stakeholders aged 25 or younger to better understand their expectations: the Gen-Z Edition.

At a local level, each Maison and platform has its own CSR structure, driving strong engagement and communications with employees and customers. This was boosted by the new corporate website, which provides a platform for more dynamic reporting, and the annual CSR Conferences, which bring together our local, international and corporate experts, further strengthening our networks.

A continuous programme of training for CSR representatives – Richemont's CSR Faculty, powered by the University of Cambridge Institute for Sustainability Leadership – ensures that momentum is maintained between annual conferences. In turn, that programme continuously supports our employee communication and engagement efforts.

Linked to our Strategy, a Group Identity project has identified values and behaviours which characterise Richemont. These appear on the new website and throughout new corporate materials such as the next edition of our Standards of Business Conduct.

Innovation

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

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

The Environmental Performance Hub analyses the Life Cycle ('LCA') of the current and potential raw materials used in our Maisons' products. Such LCAs address carbon, biodiversity and certain social impacts and will guide our future sourcing decisions.

People

Richemont directly employs over 34 000 people in design, manufacturing, distribution, retail and support functions. Reflecting the location of our Maisons' manufacturing bases and international distribution centres, the majority of employees are based in Europe.

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

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

Our Retail Academies provide platforms for recruiting and training personnel for our Maisons' boutiques across China and the US.

Growing attention to Diversity, Equity and Inclusion ('DEI') matters has prompted training about unconscious bias, senior appointments and many other measures across the Group, particularly during the year under review. The gathering of meaningful statistics has also progressed, enabling the identification of gaps to be filled and guiding our employment decisions. It is also guiding our decisions on supplier engagement for positive social impact, although that is at an earlier stage and will be developed as part of our Aspirational commitments.

Sourcing

Richemont's full supply chain often lies beyond our direct control. We therefore work with our suppliers to ensure their social and environmental impacts meet our standards: individually through our Supplier Code of Conduct, which is being updated to reflect our Strategy as well as the United Nations Guiding Principles for Business and Human Rights; and collectively through the Responsible Jewellery Council ('RJC').

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

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

Environment

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

The Group seeks to minimise its carbon emissions through energy-efficient building design and energy-saving measures in our activities. Building upon its current levels of renewable electricity sourcing worldwide, during the year under review Richemont committed to 100% renewable energy by 2025. In parallel, Richemont has a long-standing programme of carbon offset purchases to neutralise its measured emissions (Scope 1, Scope 2 and Scope 3 logistics and business travel). The main beneficiary of those offset purchases is the Lower Zambezi REDD+ Project, protecting forests close to that river. The costs of offset purchases are reinvoiced to the Maisons to increase awareness and to encourage energy efficiency.

Richemont has set long-term, science-based targets ('SBTs') to reduce its overall carbon intensity and absolute carbon emissions, as well as the environmental impact of its packaging, logistics and business travel. Our SBTs to 2025 and 2030 were submitted for independent assessment in May 2021. These reduction efforts build upon existing practices, which were rated 'A-' by CDP in 2020.

Communities

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

Programmes include Cartier Philanthropy, Fondation Cartier pour l'art contemporain, Michelangelo Foundation for Creativity and Craftsmanship, Fondation de la Haute Horlogerie, Peace Parks Foundation and Laureus Sport for Good Foundation. The Group donates some € 30 million per year to these and other programmes.

Responsible Jewellery Council

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

The RJC's 1 400 corporate members span from mining houses to jewellery and watch retailers, and employ more than 300 000 people. All of our Maisons using gold, platinum and diamonds as well as YOOX NET-A-PORTER are members and independently certified against its mandatory Code of Practices Standard.

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

In December 2020, the RJC launched its 2030 Roadmap, aligning the principles embedded in its Code of Practices with the United Nations Sustainable Development Goals ('SDGs'). Richemont is co-Chairing the RJC's SDG Taskforce, which will determine the metrics and levers most appropriate to its broad membership, from mines to retail enterprises. Richemont's long-term partnership with the RJC will enable both to meaningfully contribute towards the SDGs.



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

For over 20 years, Peace Parks Foundation has challenged the traditional thinking of ring-fenced conservation areas and focused on building functional ecosystems that stretch beyond man-made borders. Through partnerships with governments and like-minded organisations, with the support of its dedicated donors, Peace Parks works with local communities to put systems and processes in place that strengthen the development, governance and protection of conservation areas.

In 2020, global lockdowns caused revenue streams to protected areas to dry up overnight. Peace Parks Foundation immediately reached out to its donors for support that could mitigate the severe impact travel restrictions would have on migrant workers and vulnerable communities. The German Government, through KfW Development Bank, responded in a massive way and through a Covid-19 emergency relief fund donated € 6 million for health and employment programmes that are meeting the most urgent needs of thousands of families who suffered a loss of livelihood.

Although border closures hampered rewilding efforts, Peace Parks Foundation managed to translocate more than 700 wild animals to Zambia's Simalaha Community Conservancy and reintroduce the first large resident predators, a clan of four hyena, to Zinave National Park in Mozambique.

More than ever before, there is a global awareness of the dangers that surround the illegal trafficking of wildlife and their products. During 2020, Peace Parks Foundation had many successes in reducing wildlife trafficking in southern Africa. The counter-trafficking canine unit operating in Maputo International



A clan of four spotted hyena en route to Zinave National Park where they will be the first resident large predators in four decades

Airport, jointly founded by Mozambique's National Administration for Conservation Areas, African Wildlife Foundation and Peace Parks Foundation, apprehended a suspect attempting to smuggle products derived from the poaching of at least ten lions and four rhinos.

With support from the US Department of State's Bureau for International Narcotics and Law Enforcement Affairs, the five partner states of the Kavango Zambezi Transfrontier Conservation Area embarked on a collaborative initiative to improve capacity, synergy and effectiveness of customs and law enforcement agencies responsible for controlling the movement of goods through all 33 of Kavango Zambezi's ports of entry and exit. In Malawi, twelve intelligence and investigation officers were trained to bolster anti-poaching efforts in Nyika National Park and Vwaza Marsh Wildlife Reserve, whilst in South Africa, the Wildlife Zones Initiative was launched by the Department of Environment, Forestry and Fisheries in partnership with Peace Parks Foundation – an initiative that will see the country's rhinos being protected as a single national herd.

Peace Parks Foundation is deeply grateful for its donors' unwavering support and especially thanks Richemont for donating funds raised during its Finance Conference in 2020. Without this support, Peace Parks Foundation would not have been able to do its part in restoring tomorrow. With the effects of Covid 19 sure to linger for the foreseeable future, Peace Parks Foundation will heavily rely on its donor community and businesses to help overcome these intensified challenges

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

It is more than two decades since Richemont's support brought Laureus Sport for Good to life, and its mission to end violence, discrimination and disadvantage has never been more important.

Originally conceived by Richemont Chairman Johann Rupert, Laureus Sport for Good was launched in response to Nelson Mandela's famous words at the inaugural Laureus World Sports Awards: "Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else does. It speaks to youth in a language they understand. It is more powerful than governments in breaking down racial barriers."

Sport's power to cross boundaries, unite communities and raise awareness of societal issues has become increasingly important and even more impactful in the 21 years since President Mandela said those words. In that time, Laureus has changed the lives of more than six million young people – each and every one of whom has benefited from the support that Richemont has provided

In 2020, like everyone, Laureus' work was made even harder by the impact of Covid-19. The young people supported by Laureus, more than 300 000 each year, were already those most at risk, already isolated, facing violence, poverty and lack of access to safe spaces, technology and opportunity. Their plight was exacerbated by the pandemic.



Ahead of the 2020 Laureus World Sports Awards, Laureus Academy Member Cafu visits the Laureus-supported Kicking Girls programme in Berlin

Thanks to the backing of Richemont, Laureus was able to adapt and keep supporting them. It brought together partners from around the world to launch the Sport for Good Response Fund, providing new grants to more than 80 organisations in 24 countries. It adapted existing grants to best serve the changing needs of the Laureus partners. As so many of those partners turned to digital delivery for the first time, Laureus worked with UNICEF to develop new online child safeguarding tools. It created new virtual spaces across multiple time zones for programme leaders to come together, sharing problems and solutions. And the Laureus Academy Members and Ambassadors, some of the greatest athletes of all time, stepped up, from fundraising for local health services to working to share the latest public health advice to as wide an audience as possible.

When considered alongside Richemont and our Maisons' sponsorships and involvement in sports events and properties around the world, Laureus provides an opportunity to showcase the power of sport not just for building brands or raising awareness, but for changing lives. Its work is aligned to the objectives of the United Nations Sustainable Development Goals, and has been proven by extensive research, also pioneered by Laureus, to help change young people's lives for the better.

Richemont is supporting Laureus in a variety of ways: sponsorship of the Laureus World Sports Awards by IWC Schaffhausen and Montblanc; donations from Richemont to support Laureus' programmes in Switzerland, India, North America, Germany and many other countries; and licence agreements with Maisons to allow the creation of Laureus-themed products. Richemont employees have been involved in a wide range of fundraising activities themselves, to personally raise funds to support Laureus' work.

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

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

For more information, go to www.laureus.com

The Michelangelo Foundation for Creativity and Craftsmanship is a private, not-for-profit, international foundation based in Geneva, Switzerland, founded in 2016 by Johann Rupert, its Chairman, and Franco Cologni, its Executive Vice Chairman. Its purpose is to champion craftsmanship, endorse and enable its artisans to sell their work, and to sustain and grow their business in the long term.

The highlight of 2020 for the Foundation was the launch in September of the Homo Faber Guide, a digital platform dedicated to fine craftsmanship. To date, it maps 28 European countries, 900 craftspeople and over 600 ateliers, museums, galleries, shops and experiences; connecting designers, collectors and craft enthusiasts with European excellence, and giving vital visibility to the Foundation's community of talented artisans. With weekly content updates and new countries added every three months, the Guide continues to grow.



*Julien Feller, woodcarver, Belgium
One of the 900 artisans on the Homo Faber Guide*

The constant evolution of this dynamic platform is made possible by a wide network of 'artisan hunters' on the ground in each country, and a privileged array of partner institutions, who source local craftspeople, enabling the Foundation to have a far reach. To facilitate the sourcing process, in 2020, the Foundation launched The Evaluation Tool, a digital assessment based on its signature eleven criteria of excellence, which permits a more conscious selection.

The Foundation collaborated with Richemont to create an insightful digital cultural programme entitled Homo Faber: The Roots of Luxury for the Group's global community. Masterminded by the Foundation's Executive Director, Alberto Cavalli, this engaging series of educational online talks and demonstrations revealed the expertise and characteristics that lie behind luxury through its criteria of excellence.

During the year under review, the Foundation has been active in its work linked to preserving and revitalising endangered crafts, notably forming an important partnership with the UK's Heritage Crafts Association, to extend their Red List of Endangered Crafts to a European level.

The Foundation looks forward to the second edition of the Homo Faber event in April 2022, dedicated to the Living Treasures of Europe and Japan. The event welcomes Japan as a guest of honour, with a rare exhibition of objects crafted by twelve National Living Treasures. Imagined by a line-up of world-renowned curators, the 16 exhibition spaces promise an exceptional showcase in Venice. Sustainability will be a key focus in the coming year, with the launch of a Green List that classifies craft by its eco-credentials, as well as the founding of a Refugee Programme, which will provide opportunity to skilled craftspeople who have migrated to Europe.

For more information on the Michelangelo Foundation, please visit: www.homofaberevent.com or www.homofaberguide.com

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