

Executive Summary

Our approach to sustainability is inspired by our history and ambition to nurture our Maisons and businesses and enable them to grow and prosper in a responsible manner. Sustainability is integral to the Group's long-term vision and guides how it operates as a responsible business.

Environment, Social and Governance Management System

During the year under review, Richemont took the next step on its journey of continuous improvement, having completed the development of a Group-wide ESG Management System. This provides the overarching framework integrating policies, processes and actions, to execute the Group's ESG priorities.

The system is informed by the Materiality Assessment conducted at the beginning of 2023 and the Group's ESG Risk and Opportunity Assessment (ROA) conducted during the year. Built on the insights of the materiality assessment, the ROA helped to identify, prioritise, and contextualise ESG-related risks and opportunities.

The development of the system was also supported by the Richemont Sustainability Online Academy, bringing expertise in-house and moving away from project-based interventions to one consistent approach across Maisons, functions and regions. The Group's Chief Sustainability Officer oversees the operationalisation of the management system, sustainability performance and reporting, and leads the Group Sustainability team, which interacts with more than 100 sustainability leaders across Richemont's Maisons, regions and functions.

Acting on our Environmental Impact

Richemont continually strives to manage and reduce the environmental impact from its operations and supply chains.

In 2023, Richemont was recognised by the Carbon Disclosure Project for its environmental performance, receiving an A- score for climate change. This score is a testament to Richemont's environmental leadership and puts the Group amongst the top 22% of all global respondents. The Group continues to work towards its Science Based Targets set in 2021.

Richemont's key environmental challenges include understanding and mitigating the impacts of climate change, responsible resource use, biodiversity conservation and freshwater stewardship.

As part of Richemont's ongoing commitment to material innovation, the Group has been engaged in research and testing of new materials as potential alternatives to Polyvinyl chloride, a synthetic polymer. The PVC phase-out initiative culminated in the cessation of PVC containing product sales in its stores and to wholesalers, including packaging and gifts, as of December 2022. PVC has been added in Richemont Product Restrictive Substance List (PRSL) to ensure its permanent phase out.

The Group works to improve energy efficiency and reducing Greenhouse gas (GHG) emissions through energy management and buildings efficiency gains across its global real estate portfolio. Richemont is a member of the RE100 and has formally committed to sourcing 100% renewable electricity by no later than 2025. In 2023, 97% of Richemont's electricity consumption comes from renewables sources.

Dedicated Health, Safety and Environment team and Chemical Competence Center ensure chemicals are managed responsibly.

Acting on our Social Impact

Richemont supports its people throughout the employment journey, from talent attraction to employee engagement and management, and has been recognised as an attractive place to work, receiving various awards during the year.

The Group is focused on creating an inclusive environment through various initiatives. This year, Richemont achieved a major milestone gaining EQUAL-SALARY certification at a global level, verifying that its employees are paid equitably across genders in every market where it operates (excluding YNAP and sites in Russia).

The Group takes a long-term approach to talent attraction, recruiting people not just for their first role, but also for their potential and ability to learn and develop towards their aspirations in the Group. Ongoing performance management and development are recorded in the 'My Performance Journey'. This connects employees' annual performance reviews with their growth and development needs and is supported by a comprehensive learning and development programme. Richemont also supports apprenticeships and internships and builds partnerships with schools and universities to preserve craftsmanship to sustain the luxury industry.

Introduction

Executive Summary continued

Influencing our Supply Chain

Richemont aims to ensure that responsible sourcing standards are respected across its supply chains.

During the year under review, the Responsible Sourcing Handbook, available internally, was developed to establish a common framework around risk management and due diligence methodologies.

The Supplier Code of Conduct, the Raw Materials Sourcing Policy and the Group Procurement Policy lay the foundations for the Group's responsible sourcing approach. These policies are supplemented by membership of industry organisations that set and monitor standards for specific supply chains.

Governance of the Group's fine gold purchases is provided by the Gold Sourcing Committee, which oversees the definition of purchasing standards, the validation of Varinor's sourcing decisions, the control of the panel of existing suppliers, and the monitoring of purchases and due diligence reports. The Stones Supply Chain Committee governs the supply of diamonds and gemstones. An important pillar in the Group's strategy is to promote the Responsible Jewellery Council's Code of Practices and Chain of Custody certifications across the relevant supply chains.

Richemont is a member of the Leather Working Group, as well as of the International Crocodilian Farmers Association, which sets crocodilian farming practices with respect to animal welfare.

The watch components supply chain is overseen by the Group's Sourcing Intelligence and Responsible Sourcing teams, and Richemont's privileged panel of suppliers is predominantly composed of small-to-medium sized enterprises, with whom the Maisons have established long-term relationships through close collaboration and partnerships.

Sustainability Governance

Sustainability is firmly embedded at the highest governance level of the Group through the Governance and Sustainability Committee, which regularly updates and reports its actions to the Board of Directors. The Governance and Sustainability Committee supports the Board in establishing and reviewing strategy, policies and guidelines that address all aspects of Richemont's ESG framework.

The Chief Sustainability Officer is a permanent attendee of this Committee and a member of the Senior Executive Committee, the executive management body of Richemont responsible for overseeing the management of ESG performance and reporting. Group Sustainability is integrated within the Finance division, with the Chief Sustainability Officer, reporting to the Chief Finance Officer.

Sustainable and ethical principles are the foundations of Richemont's Standards of Business Conduct that define the behaviours expected of all employees. These are underpinned by the Richemont Speak Up platform, where suspected violations can be reported.

This year the Group progressed in the roll-out of the Speak Up Platform, which was initially launched in June 2022. It forms an essential part of the Group's ethical standards. The platform allows employees and any third party to report any concerns via telephone or an online form, with an option for anonymity. This year it was extended to include the possibility for third parties, such as suppliers, to report concerns about unethical and illegal behaviour.

In FY24, Richemont launched a Human Rights Statement, reflecting the Group's commitment to respect the human rights of its stakeholders, including employees, clients, investors, partners, suppliers and other people impacted by its value chain. The launch was supported by a dedicated human rights training module to help raise awareness of this material topic.