

RICHMONT

Corporate Social Responsibility 2016

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Welcome to Richemont's 2016 Corporate Social Responsibility Report

Richemont has a long-standing commitment to doing business responsibly. This report demonstrates how we are meeting our commitments and describes how we manage our social, ethical and environmental impacts. Our governance disclosures form part of our [2016 Annual Report](#).

We welcome your feedback on our CSR performance and reporting. Please [contact us](#) with your comments and questions.

Vision

Introduction

As a responsible luxury goods company, our vision is to create long-term value for our business and wider society, while preserving our heritage in quality, craftsmanship and innovation.

During the year under review, our Maisons and Platforms continued to implement the Group's first CSR three-year plan, launched in the summer of 2014. This report follows the structure of that plan. It also seeks to address the non-financial reporting expectations of our investors, employees and other stakeholders.

To deepen our understanding of those expectations, we undertook our first formal materiality review during the year. Through independently conducted interviews, we engaged with a wide range of stakeholders to identify the CSR priorities for our business. The results include: our first [Materiality Matrix](#); a clearer strategy; and, we hope, a more relevant CSR report.

Our Maisons have chosen the Responsible Jewellery Council ('RJC') certification standards, which we adhere to, in conjunction with our own standards and policies. The standards cover a wide range of sustainability issues, including: human rights and labour standards; environmental management; and business ethics. The overwhelming majority of the Group's sales were made by certified RJC members. Not only do we encourage our upstream suppliers and our downstream distribution partners to make the same choice, we also directly support the RJC's efforts with regard to gold and diamond supply chains.

We know that there is always more to do regarding such corporate and industry-wide CSR efforts and we strive to improve each year.

Gary Saage
Chief Financial Officer
Geneva, 15 July 2016

About Richemont

Richemont owns some of the world's leading luxury goods Maisons, with particular strengths in jewellery, fine watches and premium accessories.

Each Maison represents a proud tradition of style, quality and craftsmanship and we seek to preserve the heritage and identity of each of our Maisons. At the same time, we are committed to innovation and designing new products which are in keeping with our Maisons' values, through a process of continuous creativity.

Our Maisons, products and services

The Group's Maisons and their respective operations are fully described from page 4 in the [2016 Annual Report](#).

Significant changes in 2015/16

The announced merger of the Net-A-Porter Group with YOOX Group has been completed in the 2015/16 year. Net-A-Porter is out of the scope of this report for the 2015/16 year and was reported as a discontinued operation in the 2014/15 year.

Where we operate

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

- in Geneva for Europe, the Middle East, India, Africa, and Latin America;
- in Hong Kong for Asia-Pacific, excluding Japan;
- in Tokyo for Japan;
- in New York for North America.



Richemont directly employed some 29 000 people at the end of March 2016. 64% of this headcount is based in Europe, 30% in Asia, and 6% in the Americas. The majority of our employees in Europe work in Switzerland, France and Germany, where the manufacture of high quality goods is concentrated. We have no employees working in manufacturing in Asia. In all regions, employees are engaged in retail, distribution, after sales service and administrative functions.

Each Maison has its own headquarters in Switzerland or elsewhere in Western Europe, with two exceptions; Shanghai Tang, which is headquartered in Hong Kong, and Peter Millar, which is headquartered in Raleigh, North Carolina.

As a Group, Richemont has staffed operations in 35 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 European goods generates income and employment.

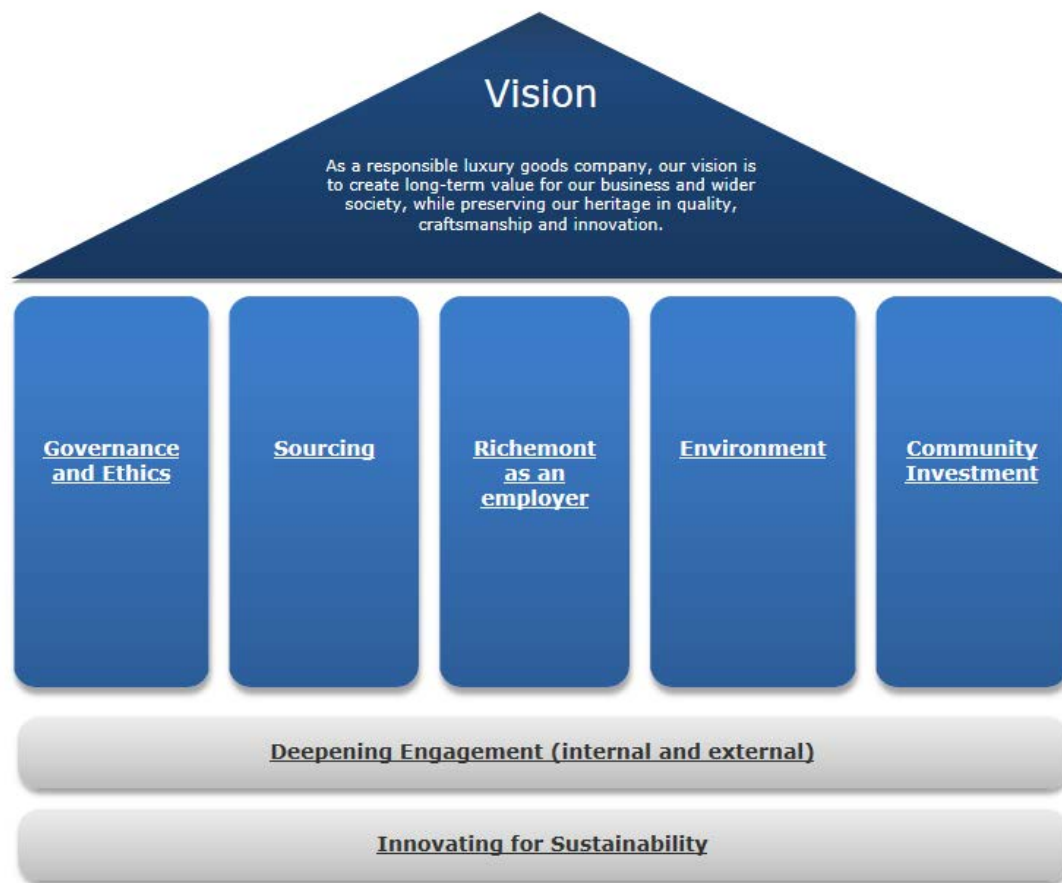
Key Figures

	Financial Year to March 2016	Financial Year to March 2015	Percentage difference
Sales (€ millions)	11 076	10 410	+6 %
Operating profit (€ millions)	2 061	2 670	-23 %
Net profit (€ millions)	2 227	1 337	+67 %
Number of employees (Headcount)	28 810	28 324	+2 %

Richemont's reported sales increased by 6 % during the year, or decreased by 1 % at constant exchange rates.

More information on the Group's economic impact is available in our [2016 Annual Report](#) on pages 30 to 35.

Our approach to corporate social responsibility



Our overarching CSR strategy supports our vision to create long-term value for our business and wider society, while preserving our heritage in quality, craftsmanship and innovation. Our strategy has five key 'pillars', which provide focus to our efforts, and two cross-functional considerations - deepening engagement and innovating for sustainability - which apply to all aspects of our business.

For every company, CSR has a particular meaning which relates to that company's operations and impacts. During 2014/15 we started a process to identify our material issues - the issues that matter most to our business and our stakeholders. This involved prioritising areas of CSR risk and opportunity through a process of consultation with key internal and external stakeholders as well as reviewing the external landscape. Based on this assessment, we identified the following five areas or 'pillars' on which to focus our efforts.

- **Governance and Ethics** - to ensure a robust governance process and high ethical standards across our business;
- **Sourcing** - to source responsibly and ensure the integrity of our products, respecting ethical business practices, human and labour rights and the environment. To work collaboratively with our business partners to promote best practices across the full spectrum of the supply chain, both upstream and downstream;

- **Richemont as an employer** - to recruit, develop and retain our people, to maintain their employability in a constantly changing environment and to grow craftsmanship;
- **Environment** – to reduce Richemont’s environmental impact in three key areas: carbon intensity, packaging and logistics; and
- **Community investment** - to ensure that Richemont’s community investment activity provides optimum benefit for Richemont and wider society.

Two cross-functional considerations underpin our strategy:

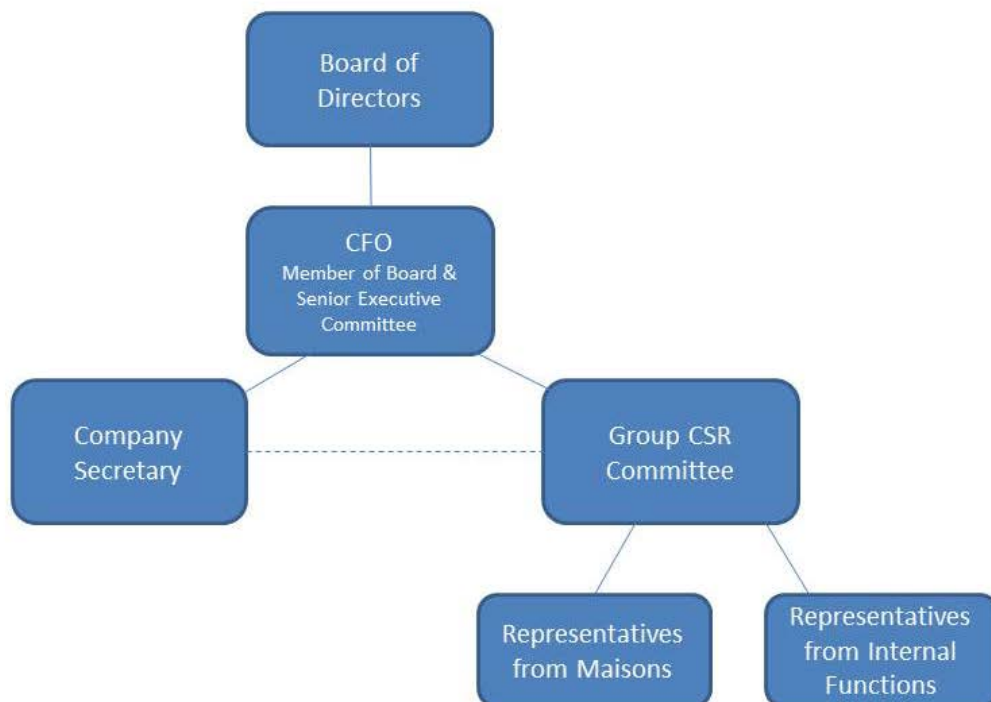
- **Deepening engagement** – we will engage with our employees, business partners and others to achieve our CSR goals; and
- **Innovating for sustainability** – we will continue to look for new opportunities to innovate our product design, materials and processes to become more sustainable.

In 2015/16 we deepened our materiality review to engage more extensively with internal and external stakeholders, the results of which can be found [here](#) this has further informed our strategy and reporting.

How CSR is managed

Responsibility for CSR lies with the Chief Financial Officer (CFO), 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 Company Secretary and the Group’s CSR Committee, comprising representatives from Group functions and Maisons. The Committee has established terms of reference and meets regularly to review progress of the Group’s three-year CSR plan, and to agree activities to support relevant programmes.



Embedding CSR

The Group requires each Maison and shared service platform to designate a named person to take responsibility for CSR matters, which includes the implementation of Group standards and local initiatives.

Annually, the CSR Committee gathers data from each Maison and market. These data are reviewed, analysed, shared among peers and acted upon. The data gathered largely form the basis of this report.

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. Tools are in place to facilitate information sharing on a continuous basis, including a CSR intranet developed to facilitate knowledge-sharing between representatives. The CSR intranet had over 200 registered users at March 2016. New users are expected in the year ahead.

In addition to these Group-directed efforts, our Maisons manage their own CSR agenda independently of the Group and one another. This generates innovative approaches to specific and general issues. For example, as members of the Responsible Jewellery Council (RJC), the Maisons have successfully coordinated their own RJC Code of Practices certification projects, initiated sourcing and philanthropic projects, and established cross-functional teams and internal newsletters.

Further information on the RJC and the requirements for certification to the RJC Code of Practices can be found [here](#).

Our approach to reporting

This CSR report covers the financial year ended 31 March 2016. 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 a majority shareholding. As well as the information provided in this web-report, we include a CSR summary on page 36 of our [2016 Annual Report](#).

This report is structured to reflect the priorities in Richemont's CSR strategy.

Global Reporting Initiative ('GRI')

Our 2016 CSR Report has been prepared 'in accordance' with the core option of the Global Reporting Initiative's (GRI) G4 guidelines. See our full [GRI Index](#), which provides an overview of our reporting against the GRI G4 guidelines.

Assurance

The Group's consolidated carbon emission data has been independently assured since 2011. The most recent PwC assurance statement may be found on the [Climate Change](#) page of this report.

UN Global Compact Communication on Progress

The Company became a participant in the United Nations Global Compact (UNGC) in 2014. Richemont's has produced a Communication on Progress in line with the UNGC's requirements, which can be found [here](#).

Materiality

During 2015/16, we undertook a comprehensive review to identify our material issues – the key issues that matter most to our business and our stakeholders. This report is structured to reflect the priorities for our business and in particular our CSR strategy as well as the key interests of our stakeholders.

Our material issues

During 2015/16, we undertook a comprehensive review to identify our material issues – the key environmental, social and governance issues that matter most to our business and our stakeholders. This multi-stage process built from previous work carried out in 2014/15 and was conducted in partnership with Corporate Citizenship, an independent specialist organisation.

The materiality process has enabled us to focus our reporting and our CSR strategy on the areas that are of most relevance to our business and the interests of our stakeholders.

Corporate Citizenship carried out a four- stage process, as outlined below:

Identification - conducted a review of multiple sources of internal and external information to produce an initial mapping of relevant issues. This included reviewing existing analysis from previous stakeholder engagements as well as looking at wider industry trends. This was consolidated into a long-list of 23 issues.

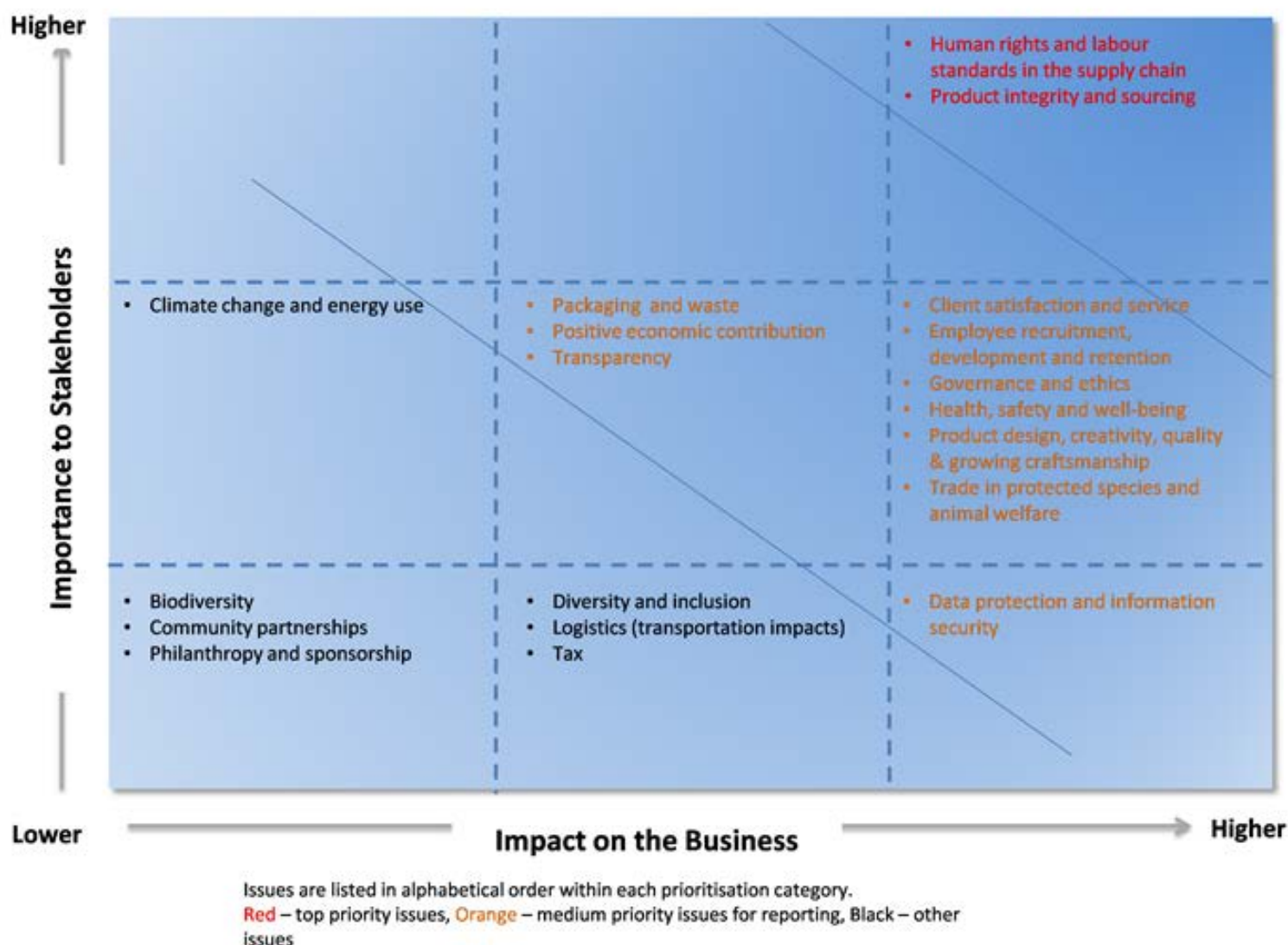
External engagement - conducted a stakeholder mapping exercise to provide a comprehensive picture of Richemont's stakeholder groups, ensuring an appropriate balance of different stakeholders were engaged. Conducted interviews with a cross-section of external stakeholders to determine the relative priority of different issues. The issues list was refined further to reflect stakeholder feedback.

Internal review – engaged with key internal functions such as Human Resources, Consumer Insights and Employee Branding to gain further insights. Held a working session with representatives from key functions across the business to determine business impact prioritisation.

Validation – reviewed and finalised the materiality matrix based on feedback from key internal stakeholders including the CSR Committee. Analysed implications for the 2015/16 CSR report, and wider CSR strategy and future performance metrics.

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

Materiality Matrix



Reporting our material issues

Our most important issues are positioned in the upper right hand corner of our materiality matrix. These are “Human rights and labour standards in the supply chain” and “Product integrity and sourcing”. We report on GRI G4 indicators that are relevant to these issues. We also continue to report on other issues that form part of our three-year CSR Plan, and are priorities for the business and our stakeholders.

Stakeholder engagement

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. During 2015/16 we undertook a comprehensive stakeholder mapping and engagement exercise as part of our materiality review. We conducted a series of interviews with organisations and key opinion formers representing Richemont’s main stakeholder groups. The interviews gathered and prioritised perspectives on the key CSR issues, opportunities and challenges for Richemont. The

results have informed the stakeholder axis of our materiality matrix and provided valuable insights that we are considering for our future strategy and reporting See [Our Material Issues](#).

Stakeholder group	Key issues of interest	How we engage
Clients/customers <i>to whom we provide high quality goods and services</i>	<ul style="list-style-type: none"> - Quality, design and craftsmanship of our products - Customer service - Origin / traceability of product and raw materials - Data protection 	<ul style="list-style-type: none"> - Customer surveys, meetings, briefings and events - Customer feedback through after-sales service
Employees <i>who drive the success of the business</i>	<ul style="list-style-type: none"> - Health, safety and well-being - Employee welfare (including remuneration, benefits, consultation) - Training and development - Diversity and inclusion - Engagement 	<ul style="list-style-type: none"> - Employee engagement surveys - Newsletters, management briefings and intranet sites - Structured performance management - E-Learning Management Systems to support training, development and our Standards of Business Conduct - Employee Works Councils in some countries
Suppliers and business partners <i>who we rely on to deliver our quality products to our clients</i>	<ul style="list-style-type: none"> - Responsible sourcing of raw materials - Ethical, social and environmental standards - Quality - Fair payment terms 	<ul style="list-style-type: none"> - One-to-one meetings - Supplier Code of Conduct - Supplier audits - Through industry organisations
Regulators and policy leaders <i>who provide the framework within which we operate</i>	<ul style="list-style-type: none"> - Compliance with laws and regulations - Transparency - Responsible sourcing of raw materials 	<ul style="list-style-type: none"> - Corporate affairs representatives - Via industry organisations such as RJC and the Federation of the Swiss Watch Industry ('FH') - Participation in United Nations Global Compact and its Swiss Network
Shareholders and investors <i>who underpin our business and to whom we seek to deliver value</i>	<ul style="list-style-type: none"> - Financial performance - Governance & business ethics - Responsible sourcing in general - Data protection - Tax 	<ul style="list-style-type: none"> - AGM and annual/interim results - Investor presentations, broadcast and in person - One-to-one meetings - Investor surveys

Communities <i>local communities where our operations are based; the wider cultural community we engage through our activities</i>	<ul style="list-style-type: none"> - Economic impact - Ethical, social and environmental practices - Employment opportunities - Community partnerships and philanthropy 	<ul style="list-style-type: none"> - Through our citizenship activities - Meetings with NGO partners
Industry organisations <i>with whom we share best practices</i>	<ul style="list-style-type: none"> - Ethical, social and environmental practices - Industry issues, including anti-counterfeiting 	<ul style="list-style-type: none"> - Through the RJC and other industry bodies such as Swiss Better Gold Initiative, Sustainable Luxury Working Group - Meetings and briefings
Non-governmental organisations ('NGOs') <i>with whom we engage through our involvement in industry associations and activities</i>	<ul style="list-style-type: none"> - Ethical, social and environmental practices - Community partnerships and philanthropy 	<ul style="list-style-type: none"> - Meetings and progress reports - Carbon Disclosure Project ('CDP') survey - Via industry organisations such as the RJC and United Nations Global Compact and its Swiss Network
Media <i>Specialist and mainstream media who are interested in our business</i>	<ul style="list-style-type: none"> - Consumer attitudes to CSR and luxury - Advertising - Responsible sourcing & ethical standards 	<ul style="list-style-type: none"> - Press releases - Contributing to publications - Briefings

Materiality of 'exclusion criteria'

A number of investors apply 'exclusion criteria' to their portfolio decisions. To assist them, Richemont provides the following information regarding guns-, alcohol- and tobacco-related products.

Together, the sales of guns by James Purdey & Sons, the sales of alcoholic beverages in Alfred Dunhill's restaurants, and the sales of tobacco accessories such as Cartier lighters and Alfred 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.

External Recognition

Indices

Since March 2010, Richemont has been included in FTSE4Good, a global responsible investment index.

Rating agencies

Following a review of the CSR ratings landscape and the use to which agencies' reports are put, in 2014 Richemont established a short-list of preferred institutions. It will continue to engage with those institutions and answer their questionnaires. The following institutions are currently included: CDP; DJSI/RobecoSAM; EIRIS (Ethical Research Services); InRate; MSCI ESG Indices; and Sustainalytics.



Institutions which approach Richemont but which are not on this short-list will be invited to refer to the contents of Richemont's annual report and accounts and its annual CSR report, both of which are available on the website.

Governance & Ethics

Governance and risk management

The Board of Directors (the 'Board') is responsible for the overall strategic direction of the Group and the appointment of senior management. The 2016 Annual Report contains an extensive description of the mechanisms used by the Board to exercise its governance duties: for more information, refer to pages 45-52 of the [Corporate Governance Report](#).

Richemont has a risk management process which gives consideration to strategic and operational risks across all Group functions, including CSR risks such as sourcing and supply chain risks. These are regularly reviewed, most recently as part of the materiality assessment undertaken in 2015/16. We seek to eliminate or mitigate CSR risks where identified, in partnership with our employees and other stakeholders through the application of good practices.

Policies

Our activities are guided by a common framework that reflects our values. The framework includes our Code of Business Ethics and Corporate Social Responsibility Guidelines, as well as codes of conduct for employees, suppliers and the environment, together 'the Codes'. The framework helps Richemont's managers, employees and suppliers to understand our expectations. Our CSR strategy is the overarching framework.



These Codes may be adopted fully by our operations or, in agreement with the Group's CSR Committee, may be amended to reflect the operations of individual Maisons. The Codes have been made available to all employees and are available in at least eight languages. The Codes are regularly reviewed and amended to ensure they remain as relevant as possible. A comprehensive review of these policies is being conducted with relevant revisions to strengthen the Codes in the year ahead. The revised Supplier Code of Conduct has been published in December 2015; the Standard of Business Conduct was also revised in 2015/16 and all employees followed the related, mandatory eLearning module.

Related documents

- [Code of Business Ethics](#)
- [Corporate Social Responsibility Guidelines](#)
- [Environmental Code of Conduct](#)
- [Supplier Code of Conduct](#)
- [Standards of Business Conduct](#)

Anti Bribery and Corruption

The Codes 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 any suspicions of inappropriate conduct can be voiced. All employees are systematically made aware of the Codes and the related Standards of Business Conduct and are reminded of the whistleblowing procedures annually. The internal guidance sets out examples of the types of wrongdoing which should be raised by employees, including non-compliance with legal obligations or a breach of human rights, as well as identifying who to contact, namely the Head of Internal Audit. 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, including suppliers.

Richemont measures compliance with its Codes of Conduct 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.

Transparency

We believe transparent reporting and communications with external stakeholders is an important element in 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. Following our materiality review and in response to feedback from stakeholders, we are reporting on new issues within our report. For example, this year for the first time we report on our approach to Data Protection and Information Security as well as Tax.

Enhancing product transparency and the traceability of raw materials used in luxury goods, such as jewellery and watches, is an important focus area for Richemont and the wider industry. Our work in this area is described in detail [here](#)

Public policy engagement

In 2013, Switzerland's Council of States and National Council adopted the draft bill of the revised "Swissness" legislation, the purpose of which was to preserve the added value of the "Swiss" designation by clarifying its conditions of use and by strengthening its protection. For industrial products such as watches, 60% of the manufacturing costs must take place in Switzerland. The implementation of the "Swissness" legislation requires four Ordinances to be either revised or drafted. With regard to the watch industry, in 2014, the Federation of the Swiss Watch Industry ('FH') adopted a draft revision of the Ordinance for the "Swiss made" label specific to watches. This text was submitted by the FH to the Swiss Federal Institute of Intellectual Property, with the full support of Richemont. This final draft of the Ordinance is undergoing review with the competent Swiss authorities. The new "Swissness" standards come into effect in 2017, followed by a two-year transitional period.

Many of Richemont's Maisons are members of the Federation of Swiss Watch Industry and of the Fondation de la Haute Horlogerie. Both of these Swiss-based 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.

Richemont is an active supporter of the [RIC](#) and all of its Maisons manufacturing or selling products containing diamonds, platinum group metals or gold are now members. Richemont and its Maisons contributed to the discussions which led to the [RIC's Chain of Custody standard](#) for gold and other precious metals, published in 2012.

Tax

The economic impact of the Group's activities is wide and varied. The revenues and profits we earn from the development, manufacturing and sale of our products benefit a range of stakeholders. These are delivered through the salaries we pay our employees, payments to our suppliers and business partners, dividends to shareholders and the taxes and community contributions we pay from the profits we earn.

Regarding taxes, our operations span across some 35 countries, in which we fully and transparently comply with our statutory obligations in both the spirit and the letter of the law. Besides corporate income taxes on profits, our Group companies pay: social contributions and social security taxes on wages; applicable withholding taxes on dividends, interest, services as applicable; import duties and luxury consumption taxes upon the importation of our luxury products into the markets; environmental taxes; and a variety of other miscellaneous taxes on assets, revenues, transactions and expenditures. In addition to those taxes borne by the Group, we fulfil our legal duty to collect: value added taxes; sales taxes; other consumption taxes; and payroll taxes on behalf of Governments. Switzerland is our largest operating base and a significant proportion of our total tax bill is paid in Switzerland, with other major jurisdictions including France, Hong Kong, Korea, Germany, China, Japan and the United States. Import duties and luxury consumption taxes on our products are particularly significant in several markets, including China and India.

Taxes affect two key measures of our financial performance: net income and cash flow. We believe that the way in which we manage our tax obligations must actively and compliantly contribute to the Group's strategic aim of growing value for shareholders over the long-term, safeguarding our critical assets, our reputation and the distinct identity of our Maisons. To achieve this we pursue full compliance with tax legislations, actively mitigate the Group's tax risks and reflect sincerely the tax position in the Group's consolidated financial statements and notes. We proactively pursue cooperative and transparent relations with Revenue Authorities and other government bodies responsible for fiscal matters.

Data protection and information security

Recognising growing public concern around this topic, in 2013 the Board of Directors created a sub-committee to address Richemont's security awareness and preparedness. Since its formation, the Strategic Security Committee has focused on this wide-reaching and complex matter.

The Strategic Security Committee aims to provide a secure environment and to protect Group assets and operations against attack and other forms of breach. In particular, the Committee seeks to protect confidential business information, including customer data, against hacking and other intrusive actions. It also oversees the physical protection of employees.

Following extensive analyses and consultations, Richemont launched its first Group Security Policy in November 2015. Further details regarding the Policy's tailor-made, holistic approach may be found in the Case Study below.

Case Study: Launching a Group Security Policy

In November 2015, Richemont's Chief Security Officer launched the Group's first comprehensive Group Security Policy. The Policy built upon a number of individual policies, which had existed for many years and for different, specific purposes. The singular Policy strengthened those which went before it.



Being dependent upon all employees adopting good habits, the launch was the first time every Richemont employee had seen a singular security statement.

The Policy represented both an opportunity and a challenge. Richemont's culture is a trusting and creative one, with relatively few policies compared with other work environments. Richemont was eager to preserve that spirit, while still making sure that everything was safe.

The Policy recognised the different daily concerns of employees around the Group and its Maisons, from headquarter desks to jewellery boutiques, from Switzerland to some 35 other countries. The tailor-made Policy reached across that spectrum and was supported by Security Coordinators, the face of Security in each of the Maisons.

The Group Security Policy booklet for all employees is available in eleven languages, in both desktop and mobile versions. Training around the '7 attitudes to first-class security', which had been a precursor to the Policy's launch, contributed to a rapid acceptance.

The success of the Policy and its related documents will depend, above all, on how each employee thinks about the information and material with which he or she works. Everyday behaviour has a multiplying effect, so Richemont's goal is to influence ordinary, everyday actions. These are more important than any information technology or surveillance camera for building a secure environment.

The most valuable asset of our Maisons is the bond of trust they have made with their customers. Ultimately, that bond is what the Policy seeks to protect. That bond reflects trust in the quality of our products, including the information and thinking behind them, and trust in the customer relationship.

Given the complexity of security, the Policy has taken a collaborative approach, putting physical, electronic and information security under the same roof. Success depends upon these three disciplines working together as one continuous and whole sphere. For example, the security of a jewellery boutique involves guards, alarms and video surveillance: the Group brings experts together to create and deliver an integrated, unobtrusive security solution. Equally, the customer information held by the boutique requires expert and integrated handling to ensure the bond of trust is protected.

Since November 2015, the Group has continued to train new and current employees via eLearning tools and to invest in other systems to enhance its security.

Looking ahead

Richemont's annual CSR Conference will be held in the autumn of 2016. The overarching aims of the Conference will be to (i) address the priority areas identified by the [Stakeholder Engagement process](#) ; and (ii) to assess the progress being made against each of the three-year targets set by the Pillar Owners in 2014.

Recognising the growing interest among internal stakeholders, the 2016 Conference will be held at the recently inaugurated Campus Genevois de Haute Horlogerie. Compared to the headquarter offices, the additional space at that venue will enable more participants to attend, to listen and to contribute to CSR governance. The Conference is supplemented by additional internal communications, including quarterly conference calls on topics specific to each of the Pillars.

In the year ahead, the Pillar Owners will also review the governance arrangements for their respective Pillars. For example, the Sourcing Pillar will develop a dedicated Committee to combine Group expertise for the sourcing of 'direct' inputs, such as raw materials, and 'indirect' inputs, such as services and packaging materials.

Sourcing and product integrity

Our commitment

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 exercise, Sourcing issues were identified as being most material to our business.

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 and office equipment.

The social and environmental impact of the goods and services we buy often lies outside our direct control. Nevertheless, Richemont seeks to promote and influence responsible behaviour wherever possible. This is largely achieved through promoting the RJC and the dissemination of the Group's Supplier Code of Conduct (the 'Code'). The Code sets out our approach in this area and provides guidance to Maisons, our suppliers and business partners regarding ethical labour, employment practices and human rights and the Group's approach to the responsible sourcing of raw materials.

Responsible sourcing of raw materials

Context

The responsible procurement of industry-specific raw materials such as gold and diamonds is a priority for the Group. Historically, for the luxury goods industry, there have been issues surrounding the sourcing of gold and diamonds, as these are often mined in regions affected by conflict or instability. Therefore, our long-term goal is the traceability of all raw materials used in our products. We understand many of the challenges associated with achieving full traceability and will work closely with our suppliers and industry partners towards that goal.

Our approach

Our Supplier Code of Conduct sets out our position on the following issues.

Responsible gold sourcing

As far as possible, Richemont requests its suppliers to provide assurance that the gold being supplied has been mined in a way which respects human and labour rights and the environment. We continue to work with suppliers and refiners in this respect to seek to improve controls over the supply chain, where possible.

We continue to work closely with the Responsible Jewellery Council ('RJC') to help improve the gold supply chain. In addition to this industry-wide approach, we work with our gold suppliers to strengthen the inclusion of ethical criteria at all levels of our gold sourcing supply chain. Membership of the RJC promotes



a robust approach to these supply chain issues for our Maisons and other businesses in the jewellery industry, from mines to retail.

Chain-of-Custody

The source of certain raw materials can be controversial, for example gold and diamonds. Accordingly, a number of projects were initiated by industry groups each year to improve consumer transparency in general and the sourcing decisions of manufacturers in particular. Among those projects was the RJC's 2012 Chain-of-Custody standard applicable to gold and platinum group metals. The RJC standard is aligned with the OECD Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas and its Supplement on Gold.

As a long-term supporter of the RJC, Richemont is actively encouraging the further development of the RJC's 2012 standard during 2016/17.

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. We adhere to responsible diamond procurement practices. Since 2003, the international trade in rough diamonds has been governed by the Kimberley Process Certification Scheme 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.

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 Kimberley Process Certification Scheme which also applies to polished diamonds. This is a voluntary system, created by The World Diamond Council, and 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.

Coloured gemstones

Richemont is actively supporting the recently created RJC Task Force on coloured gemstones.

Trade in Protected Species and Animal Welfare

We require suppliers to comply with international and local legislation, e.g. the Convention on International Trade of Endangered Species ('CITES').

Animal testing

Neither Richemont nor its Maisons conduct any testing of its products on animals.

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 Perfumes and Cosmetic 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.

The Maisons have policies for fragrances and cosmetic products, animal testing and product information and labelling.

Supply chain management

Our approach

We seek to influence our suppliers and sub-contractors by sharing our own standards and expectations of them. These are set out in our Supplier Code of Conduct and, to a large degree, in the RJC's Code of Practices. Maisons collaborate internally and make use of tools to share information and identify common suppliers who have been advised of those Codes.

Compliance with the Richemont Code is incorporated into our procurement decisions and all regular or significant suppliers are expected to acknowledge the Code. Suppliers of gold and diamond-related products are encouraged to become certified members of the RJC.

Business partners are treated fairly and in line with our code of business ethics; see Working in Partnership section.

Supplier Code of Conduct

Richemont's Supplier Code of Conduct forms part of the Group's CSR Guidelines. The Code covers labour relationships, employment practices, human rights and ethical business principles. The Code is based on internationally-recognised principles such as the International Labour Organisation Conventions and the Universal Declaration of Human Rights. It also addresses specific industry-related issues such as the responsible sourcing of gold and diamonds, animal testing, and the preservation of endangered and protected species.

The Code of Conduct includes an Acknowledgment of Terms that requires suppliers to: accept and agree to the Code's principles; to report on the individual responsible for the supplier's compliance; the procedures in place to fulfil the Code's requirements; discrepancies between the supplier's operations and the Code; and any similar policy used by the supplier.

Compliance

Each Maison and operating company is responsible for working with its own suppliers and to formally share the Code content with them. Using a risk-based approach, some of our Maisons conduct third-party external audits of key suppliers' compliance with the Code as part of their internal risk management processes. The results of the audits are directly linked to the Maisons' purchasing strategies. Where audits identify areas for improvement, Maisons follow up with remedial action as part of the on-going supplier relationship. Maisons share their supplier auditing efforts; at least 100 audited sites have been identified and duplicated effort for new audits is prevented. Neither supplier audit findings nor the remedial actions arising from them are publicly disclosed. The Group has unified its supplier audits under a single, independent, globally-respected firm.

Many suppliers to the Group's businesses are also members of the RJC and other suppliers in the precious metals and diamonds industry are being encouraged to join the RJC and have their own responsible business practices independently certified. Given the strength of the RJC's certification process, members of the RJC which supply to Richemont, e.g. diamonds and small gold parts, are not audited. RJC members are independently recertified at least once every three years.

Performance data

More than 100 external supplier audits were performed across the Group in 2015/16 (prior year: more than 100). Moreover, the Group's businesses have strengthened their procedures with regard to the Supplier Code validation in general, through training of procurement employees and, in certain cases, incorporating the Code in their terms and conditions of business. The increased coordination of supplier audits within the Group has benefited all stakeholders by building confidence and eliminating duplicated effort. Moreover, the RJC certification of certain suppliers every three years has reduced the need to arrange a Richemont audit.

The decision to audit a given supplier is based on a risk-based assessment. As a consequence of audit findings, certain of the Group's businesses have changed supplier or worked with suppliers on remediation plans.

Human rights and labour standards in the supply chain

Context

Adopting fair and ethical labour practices and promoting human rights is central to our reputation and on-going success. We require our business partners to adhere to the high standards we set ourselves.

Our approach

In common with accepted good practice, Richemont's Supplier Code of Conduct includes an endorsement of International Labour Organisation Conventions, the Universal Declaration of Human Rights and other internationally recognised labour practice standards.

The Code covers the following areas:

- Healthy and safe working conditions – providing a healthy and safe working environment in accordance with applicable laws and regulations;
- Wages and working hours – complying with local legislation on minimum wages, working hours and employee benefits;
- Freedom of association – allowing workers to associate with lawful and peaceful workers' associations;
- No discrimination – not subjecting people to discrimination based on factors including ethnicity, age, religion and sexual orientation, amongst others;
- No child labour – not employing people under the age of 15 or younger than the age for completing compulsory education;
- No forced employment – not using forced labour and not using employment where terms are not voluntary;
- No disciplinary treatment – not subjecting people to harassment, violence or intimidation;
- Responsible environmental management – fully complying with local legislation, industry regulations and endeavouring to comply with the Richemont Environmental Code of Conduct.

The Maisons have developed their sourcing strategies to take into account the risks of suppliers, or their supplier's supplier, 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. Supplier-screening data are not disclosed. The audit of suppliers is described elsewhere in this report.

In 2013, Richemont became a participant in the [UN Global Compact and supports its Ten Principles](#).

Slavery & human trafficking - Corporate Disclosure

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.

Richemont is opposed to slavery and human trafficking and desires its supply chain to be free of these scourges.

Richemont and its Maisons have developed and disseminated the Group [Supplier Code of Conduct](#), which sets out our approach in this area and provides guidance to our suppliers and business partners regarding responsible sourcing. The Code of Conduct includes an endorsement of the International Labour Organisation Conventions and the Universal Declaration of Human Rights. Among other issues, the Code of Conduct specifically forbids the use of forced or involuntary labour of any kind, including employment of people under the age of 15 or before they have completed compulsory education. The Code of Conduct includes an Acknowledgment of Terms that requires suppliers to: accept and agree to the Code's principles; to report on the individual responsible for the supplier's compliance; the procedures in place to fulfil the Code's requirements; discrepancies between the supplier's operations and the Code; and any similar policy used by the supplier.

Richemont also monitors on-going compliance and adherence of suppliers to its standards related to slavery and human trafficking. In particular, the Maisons regularly conduct third-party audits of their suppliers. During 2015/16, more than 100 external supplier audits were carried out on behalf of Richemont's Maisons. Richemont does not record the percentage of 'surprise' audits or disclose the specific results of its audits. The audits may be announced or unannounced. Where concerns related to the Supplier Code of Conduct have been identified, Richemont has held its suppliers accountable through dialogue and follow-up audits. Richemont, through its involvement in the Responsible Jewellery Council (RJC), also seeks to ensure compliance with the RJC's standards relating to slavery and human trafficking.

The RJC's certification process is rigorous, including independent, third-party audits regarding the member's compliance with human rights standards. The RJC has grown to include 732 members at 31 March 2016, from miners to retailers. The Richemont Maisons which are certified members of the RJC have been audited by an accredited third-party to verify compliance with the RJC's Code of Practices, thereby obtaining RJC certification. Many of Richemont's suppliers are also members of the RJC and complete their own RJC certification. Additional information on the RJC may be obtained [here](#).

Richemont and its Maisons have taken specific steps to increase employee awareness and compliance regarding slavery and human trafficking issues. Richemont's [Corporate Social Responsibility Guidelines](#), which articulate the standards Richemont expects its managers, employees and suppliers to uphold, specifically articulate Richemont's zero-tolerance policy regarding forced labour. Richemont's Maisons have undertaken specific training programmes regarding supply chain issues.

For more information on Richemont's commitment to eradicate and prevent slavery and trafficking in its supply chains, visit the [Supply Chain Management](#) page.

Responsible Jewellery Council

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.

Richemont plays an active role in the RJC. Cartier was one of the 14 founding members and today the RJC has grown to include 732 members, including all of Richemont's Maisons which produce or distribute products containing diamonds and gold, and a growing number of their suppliers. Representatives from certain Maisons serve as unpaid officers of the RJC.



The RJC Code of Practices System

The Council has developed the RJC Code of Practices System, a certification system applicable to all members' businesses that contribute to the gold and diamond jewellery supply chain. The scope of the Code of Practices captures:

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

Certification will help to strengthen the reputation of members as well as the reputations of members' 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.

In 2010, Cartier was the first retailer to receive certification under the RJC system. The certifications of all other relevant Maisons have been confirmed. As a percentage of Group sales, the proportion of Richemont's businesses which have been audited regarding these non-financial criteria has therefore increased from zero in 2009/10, to more than 90 % in 2015/16.

Maison or Independent Manufacturing Entity	Financial year of first RJC certification	Cumulative percentage of Group sales represented by certified entities
Cartier, Baume & Mercier, Montblanc, Jaeger-LeCoultre, Piaget, Vacheron Constantin, Van Cleef & Arpels, Varinor	2010/11, 2011/12	More than 75 %
IWC Schaffhausen, Manufacture Horlogère ValFleurier, Officine Panerai, Ralph Lauren Watches and Jewelry	2012/13, 2013/2014	More than 85 %
A. Lange & Söhne, Donzé-Baume, Roger Dubuis, Giampiero Bodino	2014/2015, 2015/16	More than 90 %
ProCadrans	During 2016/17	More than 90 %

Some of our Maisons, notably the fashion and accessories businesses, are disqualified from joining the RJC as they do not manufacture or distribute products containing gold or diamonds. These businesses include Alfred Dunhill, Chloé, Lancel and Peter Millar.

In 2013, in collaboration with the Graduate Institute of Geneva, Richemont sponsored the RJC's study of the supply chain for coloured gemstones, specifically emeralds, rubies and sapphires. A copy of that study may be found on the [RJC's website](#).

In 2014, again in collaboration with the Graduate Institute of Geneva, Richemont sponsored a RJC study of the obstacles to certification faced by small and mid-sized enterprises. A copy of that study may also be found on the [RJC's website](#).

The RJC's year

During the year under review, the RJC has recruited more than 130 new members. Now, 418 members are certified against the Code of Practices. Those members directly employ some 349

000 people across 7 400 facilities, from the USA to China and from Switzerland to India. Other RJC's achievements included:

- The translation of the Code of Practices into French, Italian, Spanish, Portuguese, Gujarati and Simplified Chinese;
- A Director of Standards and Impact was appointed;
- Enhanced new member training, including the launch of E-Coffee morning webinars;
- The 2015 and 2016 AGMs were held in Mumbai and Las Vegas, respectively.

More detailed information can be found in the [RJC 2016 Annual Progress Report](#).

Working in partnership

We work with a number of partner organisations to help us improve our social, economic and environmental performance. In addition to our work with the Responsible Jewellery Council ('RJC'), we are also involved with the following organisations:

- [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 corporate social responsibility 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](#) 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.

Case Study: Revising the Supplier Code of Conduct

In December 2015, Richemont released its revised Supplier Code of Conduct ('Code'). The release followed more than one year of consultation and preparation. The following case study outlines that process and the expected benefits from the revision.

At the Group's CSR Conference in July 2014, representatives from the Maisons and regions agreed to revise the 2007 edition of Supplier Code of Conduct. The agreement followed the evolution of: the Group and its Maisons; their suppliers; and CSR standards and good practices.

The preparation phase included the drafting of new content, bringing it into line with those good practices and taking account the Responsible Jewellery Council's 2013 standards.

The revised Code replaced what had been a 'Model' for the Group's businesses to use and extend, according to their needs. In its place, the revised Code is common to all operations across the Group. Therefore suppliers only need to agree to its terms once, significantly reducing duplication and facilitating internal and external collaboration. The Code is available in eleven languages.

To support the implementation of this new Code and to further improve our processes, Richemont supported the launch with information sessions, a harmonised tracking tool and detailed guidelines for the transition period to March 2017.

Looking ahead

Three-year sourcing targets were set during the prior year under review. They sought to develop a responsible sourcing framework based on risk analyses. The monitoring of those targets is well now developed and remains the focus of the coming year.

The revised Supplier Code of Conduct will be further communicated to suppliers by the independent Maisons. Tools for managing signed supplier codes will also be enhanced to simplify internal record keeping and to minimise the risk of duplicate requests being sent to common suppliers. Those and other efforts will reflect the findings of our first Materiality Matrix.

Richemont as an employer

Our Commitment

Our goal is to recruit, develop and retain our people and to maintain their employability in a constantly changing environment. We are also committed to growing craftsmanship and future talent.



Key performance data

Workforce

Richemont employs some 29 000 people around the world and, through our suppliers and business partners, we provide employment opportunities for many more.

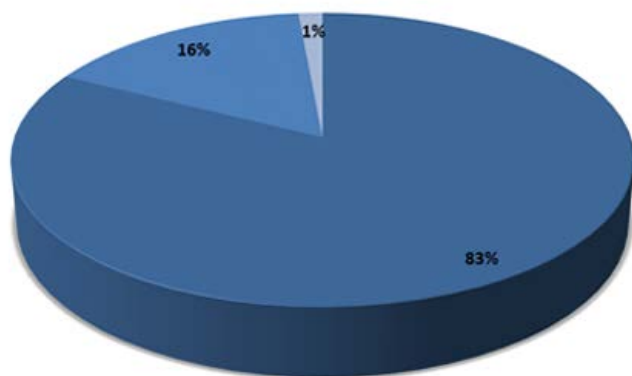
Our average number of Full Time Equivalents (FTE) over the five-year period has increased by 17%. Our employees work in three main areas:

- Maisons – from creation, marketing and communications to product development, Maison-related manufacturing, retail and distribution;
- Component manufacturing and regional shared services – business services provided to the Maisons both in terms of Group component manufacturing services and services provided in the regions including logistics, IT, customer service, finance and human resources;
- Central functions – head office functions including finance, legal, human resources, IT, real estate and marketing services.

Manufacturing operations are concentrated in Switzerland, France and Germany whereas our retail activities are spread worldwide.

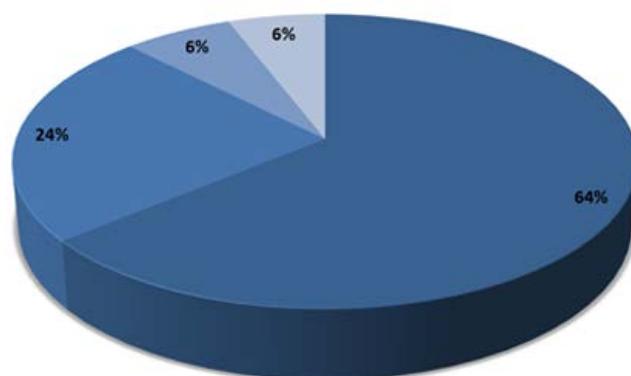
Detailed below is a split of our total workforce by employee type, by geographical region and by employment contract. Europe includes the Middle East and Africa.

Total workforce by employer



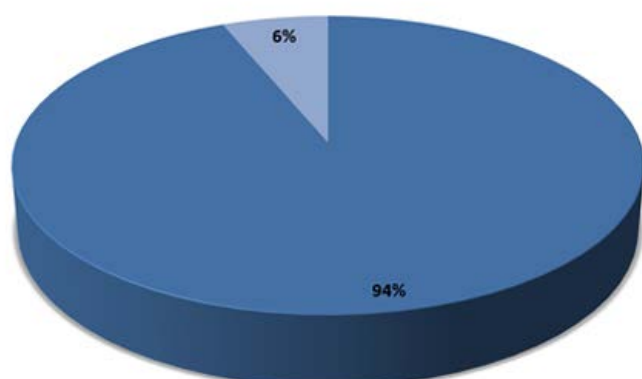
■ Maisons
■ Component Manufacturing & Regional Shared Services
■ Central Functions

Total workforce by region



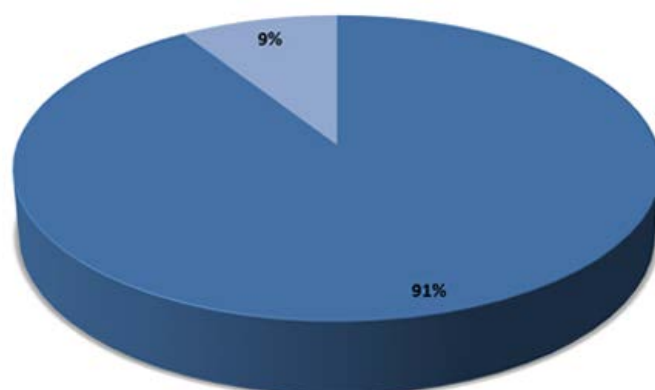
■ Europe ■ Asia Pacific ■ Americas ■ Japan

Total workforce by employment contract



■ Permanent ■ Temporary

Total workforce by employment type



■ Full time ■ Flexible time

The numbers of apprentices going through the various programmes supported by Richemont increases each year. Some 657 employees are defined as trainees or apprentices, representing some 2 % of all employees.

Employee turnover

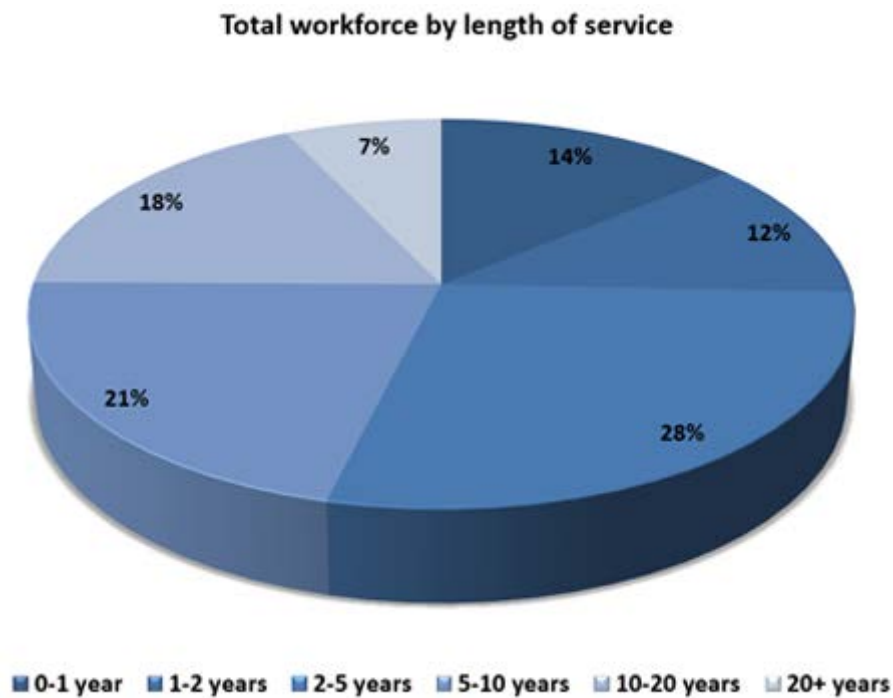
Employee turnover and retention data is closely monitored by country, Maison, functional area and type of employee contract. In Switzerland where one third of the Group's permanent employees are based, the turnover rate remains below 10 %. This is in line with market averages. The turnover rate is higher in countries where retail activities predominate, such as mainland China, Hong Kong and the USA. The turnover rate for the Group as a whole was 13 % in the year, excluding transfers and employees on temporary contracts.

To improve retention levels and employee engagement in general, the Group uses an ‘employee engagement barometer’. To reduce employees turnover rates, the barometer results are used by the respective Maison and Richemont management to set priorities and action plans.

Richemont recognises the importance of enabling employees to balance the needs of work and life outside work. Part-time working is an option that many of our Maisons offer to employees.

Length of service

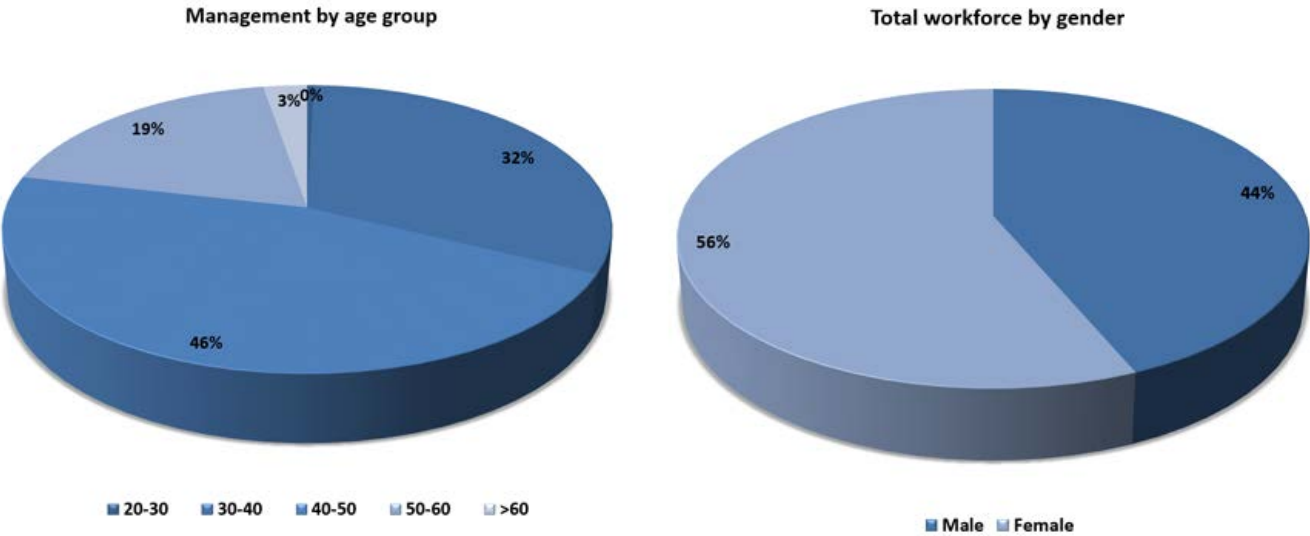
The following chart shows a breakdown of the workforce by length of service. 46% of employees have worked in the Group at least five years and the average length of service for all employees is 7.1 years.



Age and gender diversity

It is important to monitor the age profile of our workforce to understand industry-specific and professional working experience, which is likely to vary with age. It also helps us with future planning, helping us understand our potential exposure to retirement costs and ‘knowledge drain’ from employees nearing retirement age.

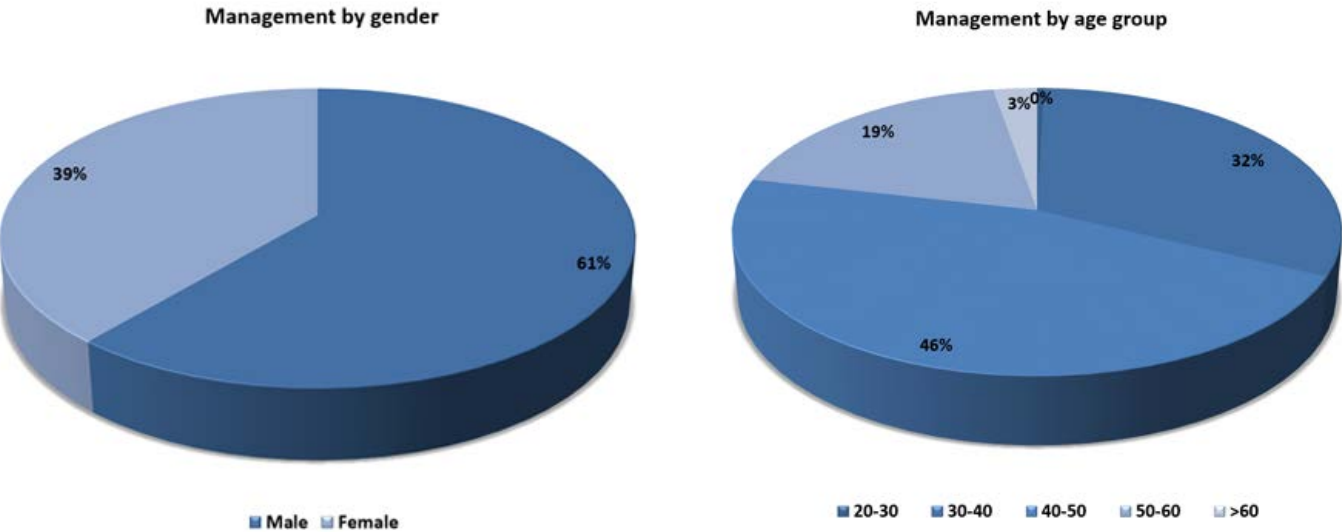
To promote diversity amongst staff, we also monitor the gender balance in the workforce.



Diversity and equal opportunities means creating a work environment which allows all our employees to fulfil their potential. We seek to foster a culture in which our employee-related decisions, whether it be hiring, training or promotion, are taken based solely on an individual’s ability and contribution to Richemont’s success, irrespective of gender, age, ethnicity, disability, sexual orientation or any other aspect of their identity. We do not tolerate harassment or any behaviour which creates a hostile, offensive or intimidating environment for our employees. The Standards of Business Conduct makes clear our approach to breaches of policy, which will lead to a process of investigation and, when appropriate, dismissal.

Management analysis

We analyse our management population by age, gender and length of service to better manage our talent and help with succession planning. ‘Management’ includes those positions which are ranked, according to a Group wide job ranking methodology, depending on scope of job responsibilities, recognised experts with a high level of specific expertise, responsibility for leading a functional team or a market, and so on. As shown in the chart below, 39% percent of managers are female.



“Your journey with us”



“After a careful sourcing and selection process (Recruitment), we engage in identifying your strength, uniqueness and performance (Performance Management), commit to a providing you with fair and equitable return for your contribution (Reward), help you to develop your natural assets and potential (Learning & Development), and choose the right setting for your well-built career (Career & Succession Planning).”

The foregoing text and image are taken from the Richemont Intranet. It describes how each employee's journey develops within the Group. The following sections provide further detail of each step on 'Your journey with us'.

Recruitment

We seek to recruit, both from external candidates or from an internal move, for a career, not just to fill a position. Therefore we put a great deal of emphasis in the selection process, allowing both the business and the candidate to make sure this is the right person for the right job at the right time. We seek to recruit people who not only fit into our organisation, but also have the required skills to succeed in their new role.

Performance Management

The Performance Management Process is key to the successful alignment of employees' individual expertise and competencies with the Group's objectives. Our managers are trained to provide employees with on-going qualitative feedback, to support them in their daily tasks, and to foster their longer-term development, including professional aspirations. At least once per year, a formal Performance Management Meeting is used to discuss each individual's performance and contribution. That meeting is also used to define the employee's Individual Development Plan for the year to come.

Nine core competencies form a central part of each employee's Individual Development Plan. These competencies are Group-wide and are based on the Group's five values, which set out the common behavioural standards and skills that will help optimise the success of the individual in the Group.



Reward

Richemont's reward strategy is based on the Management By Objectives concept. This allows the Group to align employees' performance with its strategic goals, to attract and retain the right talent and ensure that employees have a stake in the Group's success.

Fair and equitable reward is based on thorough grading and a 'pay-for-performance model'. It rewards not only individuals' contribution and their team's success, but also provides the opportunity to participate in the Group's performance. A base salary is the foundation of all compensation packages. It reflects the scope of responsibilities, is benchmarked with external market data, and seeks to ensure team equity beyond specific departments. The base salary is complemented with different incentive schemes, which aim to reward performance and encourage each employee to contribute to the Group's success.

In emerging markets Richemont seeks to compensate its employees at or above the market average to ensure the lowest possible levels of employee turnover.

Disclosures concerning senior executives' compensation may be found in the Compensation Report within the [2016 Annual Report](#).

Learning and Development

As performance is directly linked with continuous, permanent learning, a strong 'Learning and Development culture' is fostered throughout the Group. Employees are expected to take the lead in their professional growth and to follow Richemont's '70-20-10' concept: 70% of learning takes place on-the-job; 20% from self-directed learning opportunities provided within the professional environment; and 10% of learning from classroom training. Richemont's Learning Management System supports this concept.

Further details are provided in the [Training and development](#) section below.

Career and Succession Planning

Alongside our continued investment in learning and development, the Human Resources departments across the Group work with managers to facilitate opportunities for employees to transfer between Maisons. This internal mobility has mutual benefits, providing greater career development opportunities for employees and helping to retain skills and talent within the Group. Richemont aims to recruit 70 % of management-level employees internally. This also applies to senior management positions at significant operations.

Through identifying and developing our own employees today, we can fill key positions in the future. Our Succession Planning helps us to have an overview of available internal talent, which is ready-to-move when positions become vacant. Succession Planning is supported by 'Career Committees' and a permanent 'Talent Mindset' among our top management.

Training, development and fostering new talent

Context

Training is a key component of our Maisons' success; therefore the Group aims to train and develop for long-term employability.



Our approach

The Group encourages individual development through on-the-job experience which accounts for 70% of training. Each Maison and Richemont shared service platform develops the formal training structure that most closely fits its culture, strategy and process.

Employability is a shared duty. Therefore managers discuss each employee's development path and look at the training offered in the Local Training Catalogue. The Learning Management System (LMS) is Richemont's tool to support each employee in the management of their on-going training.

In addition to the LMS, Richemont has dedicated training academies to foster design, development and customer service skills. The Maisons – either independently or together – also operate schemes with industry or government sponsored programmes to train the next generation of craftsmen and women.

Training and development in the watchmaking industry



Richemont is very active in building education and

training capability for the global watchmaking industry, thus securing the long-term sustainability of many of our Maisons' core businesses. Mindful of the growing number of mechanical watches which will need regular servicing in the years to come, the Group opened the China Institute of Swiss Watchmaking in 2011.

In addition to the watchmaking training schools in Dallas, Hong Kong, Manchester and Shanghai, Richemont currently employs more than 600 apprentices and trainees. This includes watchmakers, technicians and polishers working in Richemont's after-sales service centres around the world.

The Campus Genevois de Haute Horlogerie was inaugurated in 2016 and hosts watchmaking apprentices in Geneva. The Vacheron Constantin Institute was inaugurated in 2013 and also hosts watchmaking and Métiers d'Art apprentices.

Training and development in retail

The Richemont Retail Academy in Shanghai was inaugurated in 2011. A second Academy was opened in Macau in June 2015. Together they provide a platform for recruiting and training employees for our Maisons' boutiques across mainland China.



Training and development in design

The Creative Academy in Milan provides Masters-level programmes. Each year, the programme gives 20 talented young designers the opportunity to transition directly from the classroom into Richemont. With both theory and professional training, the Academy helps students apply their creativity to the creation of luxury items.



Training and development in digital

The Digital Institute comprises a series of professional development programmes, in-house bespoke training, including on-the-job initiatives and events. It enables Richemont and Maison employees to enhance their knowledge about digital and thereby raise the level of digital excellence in our organisation.

One of the lead training courses, The Advanced Business Certification in Digital ('ABCD'), trains each year around 20 e-Business and Digital Managers over a 12-month period.

Fostering new talent

In addition to the Group's dedicated training academies, the Maisons also operate schemes with industry or government sponsored programmes to train the next generation of craftsmen and women.

The following examples describe three Maison's partnerships to foster new talent:

Piaget sponsors "Les Ecoles de la rue du Louvre" in Paris which is managed by the French Jewellery Association. The traditional know-how and skills required for high jewellery work has become scarce. Piaget's policy is to foster new talent that will meet the Maison's future requirements through supporting the school and providing the best students with training opportunities.

A. Lange & Söhne's apprenticeship programme addresses the scarce supply of specialists in the German watchmaking industry. Each year the Maison engages around a dozen young men and women for three-year apprenticeships as watchmakers or toolmakers at its own watchmaking school.

Vacheron Constantin has sponsored the European Artistic Crafts Days since 2011. Through its sponsorship it supports the activities of the Arts and Crafts French National Institute and its efforts to safeguard, promote and transmit the culture of the 217 sometimes centuries-old trades listed by the Institute.

Maison Chloé has offered the Chloé Prize for design during the Hyères Festival since 2011. The Festival promotes young artists in the fields of fashion and photography.

Health, safety and well-being

Context

Good practice in health and safety is a responsibility that Richemont shares with all of its employees.

Our approach

The Group's Health, Safety and Physical Security Committee meets regularly to review performance and agree priorities. Members include representatives from human resources functions and manufacturing sites.

Ultimate responsibility for health and safety issues resides with the managing director of each business and region. The applicable law and a risk-based approach provide us with the minimum standard to follow. It is the responsibility of each business to set policies and procedures based on guidance from both the relevant regulatory body and the Group's directives. These policies are supported by codes of conduct and specific training programmes. Each business has individuals responsible for health and safety issues, either as a dedicated role or, for smaller businesses, as part of a wider remit.

The Group holds a bi-annual health, safety and physical security forum where all health and safety managers have an opportunity to share best practice, present progress at their respective site and consider audit findings.

In January 2016, a set of Health & Safety Policies and Directives were launched. They are supported by a worldwide structure and employee training.

Health and safety audits

We use an external consultancy to conduct regular audits of our manufacturing sites and service centres. Independent audits were conducted during the year to assess compliance with health and safety regulations together with the effectiveness of translating policy into operating procedure and practice. The internal auditor also examines health and safety during site visits. The results of all such audits and employee suggestions are used to drive continuous improvement plans at each location.

The audit of sites was extended to include Physical Security testing, to bring greater well-being to our employees who may otherwise be exposed to distressing events as a consequence of handling precious metals and other high value goods.

Health and safety systems

We have developed systems to comprehensively measure, monitor and report accident data across the entire organisation. Maisons are required to record any accidents via the global HR system (until March 2016) and provide an action plan for improvement. The systems are based on OHSAS 18001. Health and safety data are monitored across the Group and prompt action is taken whenever improvements are identified. There were no fatal accidents either during the year under review or in the preceding years.

As a consequence of the sincere commitment of its employees to health and safety, Manufacture Pelletteria Montblanc in Florence, Italy and Manufacture Horlogère ValFleurier in Switzerland have each obtained the OHSAS 18001 certification.

Regarding serious diseases which may afflict employees and their wider community, Richemont does not organise any Group-wide education and risk control programmes. This reflects the geographic spread of its employees around the world. Nevertheless, contingency plans exist for events which may cause business interruption, including public health-related events.

Targets

The Group has established a five-year target to reduce the Recordable Incident Rate (Occupational Injury and Illness) by 20 % by March 2018 and monitors performance against that target. The related data is not publicly disclosed at present. Following the integration of new systems from April 2016, during the year ahead those targets will be reviewed and rebased.

Case Study – Launching a Learning Management System

The growth of Richemont and its Maisons highlighted the need for common tools to facilitate common tasks and to leverage the development of its employees.

From a Group perspective, those common tasks included Human Resource services such as leave and payroll management. From each employee's perspective, training and development opportunities need to be easily accessible and to be complementary to the Individual Development Plan agreed with their manager, as described in '[Your journey with us](#)'. Other common needs for the Group and the employee include compliance training in evolving areas, including data protection.

Richemont addressed these various needs through the development of a Learning Management System (LMS), which was launched in 2013. Since then, the suite of LMS tools have been rolled out in 35 countries and the LMS is now available to every one of the 29 000 employees in the Group. It includes features such as browsing and registering for future training, the status of their training in progress or requested, as well as a direct access to eLearning modules.

Every employee has an individual access to the LMS, providing them with personalised and up-to-date information on their own Individual Development Plan.

Looking ahead

We will continue to encourage self-learning and development, and emphasise on-the-job training where appropriate. We will continue to recruit 70 % of management-level employees internally.

The Campus Genevois de Haute Horlogerie ('Campus') was inaugurated on 24 May 2016. This teaching and manufacturing facility of some 1 000 people is dedicated to the arts and crafts of fine watchmaking.

We will continue to assess the quality of our health and safety data and improve our performance, particularly in our manufacturing facilities, in the Maisons' boutiques and for travellers. The targets will be rebased using a recently installed system.

Richemont will also deepen the engagement of the Maisons and their employees on the Group's three-year CSR plan.

Environment

Environmental management

Our Commitment

To reduce Richemont's environmental impact in three key areas:

- Climate change
- Packaging and waste
- Logistics



Context

We are committed to minimising our impact on the natural environment and to reducing our carbon footprint. Richemont established specific, measurable targets for the five years ending March 2018 in respect of carbon intensity for all buildings worldwide and business travel. These targets are among our strategic objectives: achieving them will require the participation of almost every employee. The base line is the average of two years' data (2011/12 and 2012/13), excluding scope changes. The five-year targets are:

- To reduce our buildings' carbon intensity by 10 % (based on emissions per surface area and employee)
- To reduce business travel intensity by 20 % (based on emissions per employee)

We recognise national and international standards of environmental performance and provide relevant guidance both to our Maisons and to our suppliers in this regard.

Our approach

Our Environmental Code of Conduct is built on national and international norms and standards for environmental management. The Code addresses industry-specific issues, such as the environmental impacts of using gold, gemstones and leather, as well as universal environmental issues.

The Code sets a minimum applicable 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. Improving the quality and scope of our environmental data remains an area of focus.

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: some 30 site audits are conducted each year by an independent auditor specialised in Environment, Health and Safety matters. The results from those audits are used to drive continuous improvement plans.

The process to achieve certification with the RJC's Code of Practices, which includes a review of environment matters, has also helped our Maisons improve their international environmental management practices. Examples include Cartier's sourcing of packaging materials and Piaget's efforts to recycle a wide range of its manufacturing waste products.

Environmental data are consolidated annually, including the energy we use in our buildings, the fuel consumed as we travel, the impact of major logistics streams, and other elements necessary to calculate our carbon footprint. The results are disclosed in this CSR report and are communicated internally to employees via the CSR representatives. The PwC assurance report may be found on the Climate Change section herebelow.

Whereas no manufacturing sites are currently registered to ISO 14001, Richemont's EMS (Environmental Management System) is based on the principles of ISO 14001.

Engaging stakeholders

Our Maisons engage their employees directly on environment themes in a variety of ways. These range from communications on environmental good practice at work to financially incentivising employees to use public transport. The latter is commonplace within the Group.

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, Hong Kong and Switzerland. The initiatives range from reducing the consumption of electricity in offices and boutiques to improving the thermal insulation of buildings.

Through its Supplier Code, the Group's operations encourage environmentally friendly practices among its direct suppliers and their suppliers. Separately, through the RIC, the Maisons participate in industry-wide efforts to reduce the long-term environmental impact of both large-scale and artisanal mining.

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 at present, we recognise that managing the issues arising from climate change helps us to reduce our energy and travel costs. Accordingly, our policy is to focus on reducing our own carbon emissions.

We measure our emissions each year and aim to reduce them. As the business continues to grow in absolute terms, we purchase carbon offsets. This has been our practice since 2008. We raise awareness of the cost of these offsets by re-invoicing the cost of carbon credits to each Maison. This approach allows a financial cost to be placed on carbon, which helps drive performance improvements, as does the motivation of employees in general.

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. Nevertheless, the Group CSR Committee has considered this matter and has not identified weaknesses in our business model which would be worsened by gradual temperature changes, cases of extreme weather conditions or growing water scarcity. Similarly, the supply of precious raw materials, which is largely controlled by international mining enterprises, metal refiners and gemstone cutters and polishers, is not expected to be disrupted by gradual changes



in the natural environment. Richemont has not quantified the financial risks associated with climate change.

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. 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.

Our approach

Carbon footprint

We calculate our carbon footprint based on the internationally recognised Greenhouse Gas (GHG) Protocol of the World Business Council for Sustainable Development (WBCSD).

The data covers our subsidiary companies where the Group has management control (defined as a shareholding of at least 50 %). Data has been collected as an integral part of our approach to business reporting. 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) in 2015/16 and includes retail outlets, offices, research and manufacturing sites, and distribution centres.

In the year to March 2016, our global CO₂ emissions on a comparable basis did not change in absolute terms: 128 Ktons excluding logistics. The calculation methodology, first established in the 2011/12 financial year, was unchanged. In addition, our emissions in respect of third-party freight logistics were in line at 44 Ktons.

This stable situation is comprised of a 6 % decrease in buildings-related emissions and a 2 % increase in employee travel-related emissions. The decrease in buildings-related emissions reflects the increasing number of green electricity contracts.

This situation has been achieved against a backdrop of a 1 % decrease in sales in local currency terms and a 2 % increase in employees over the same period. A growing proportion of the Group's supply chain in fine jewellery and watchmaking has been internalised. Such manufacturing processes consume more energy per person than assembly processes. The progressive expansion of our boutique networks in both floor area and count, and the energy consumed in lighting, heating and cooling such premises, has contributed to overall emissions. As a result of our work to promote good environmental practices, the average CO₂ emissions per employee (average FTE) on a comparative basis was reduced by 3 % in the year: from 4.5 CO₂t/FTE to 4.4 CO₂t/FTE.

We aim to reduce our emissions as much as possible and neutralise the rest by participating in certified offsetting projects. The Scope 3 Logistics emissions indicated below are not offset. Our other CO₂ emissions were offset by wind farm project in Northern China, a forest conservation project in Democratic Republic of Congo and a hydropower project in Uganda. To raise awareness, the centrally-purchased carbon offsets are re-invoiced to Richemont's individual Maisons based on their reported GHG emissions. A Committee with both Maisons and Regions representatives selected the three offset projects, deepening our engagement and promoting both internal and external communication.



Since 2011: an independent assurance report has been provided on the Group's consolidated CO₂ emissions. The 2016 report from PwC was issued on 5 July 2016, and included the logistics developments described above.

The Group participates in the CDP annual data collection process. Richemont's 2015 submission received the following ratings by the CDP's assessors: 93% for disclosure (2014: 75 %) and level D for performance (2014: level C).

CO ₂ emissions	Units	2012/13	2013/14	2014/15	2014/15* Re-presented	2015/16	✓ PwC
Total	1 000 tCO ₂	98.2	179.3	202.4	171.8	171.5	
Scope 1	1 000 tCO ₂	18.6	18.3	20.0	18.0	13.6	
Scope 2	1 000 tCO ₂	45.2	56.8	65.5	60.1	57.3	
Scope 3	1 000 tCO ₂	34.4	42.9	51.2	50.2	56.9	
Scope 3 Logistics (since 2014/15)	1 000 tCO ₂	-	61.3	65.6	43.4	43.7	

2014/15* Re-presented excludes The Net-A-Porter Group, a discontinued operation.

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. We have measured emissions resulting from the usage of private cars for professional purposes and the mileage from the use of commercial airlines for business travel.

Since 2013/14, our Scope 3 emissions data for freight logistics has been measured. Whilst being far from comprehensive, it encompassed: (i) for watches and jewellery, from the European manufactures to the boutiques (retailers and wholesalers) located around the world; and (ii) Alfred Dunhill, Chloé, Lancel, Peter Millar, Purdey and Shanghai Tang.

Other emissions and discharges

The Group does not collect data regarding ozone depleting substances, NO, SO or other significant air emissions. These are not material to the Group's businesses. The Group's 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.

Following the findings from a Screening Life Cycle Analysis of certain watch and jewellery products, Richemont has a better understanding of our overall carbon footprint, i.e. the emissions generated by the so-called upstream and downstream activities of our business partners, including the mining of raw materials. The screening analysis findings will be used in other projects linked to product development and environmental efforts beyond our own operations.

Energy use

Our key energy usage relates to fuels, natural gas, electricity and heat that the Group consumes for the buildings and vehicles it operates. Electricity continues to be the most significant energy source. Our energy use decreased by 1% in the year to March 2016 on a comparable basis. To provide context, in the same period, the overall surface area of our buildings increased by 7 %.

In the context of the Group's wider energy policy, the Maisons and distribution platforms are encouraged to switch to so-called 'green electricity' whenever possible, i.e. electricity generated from renewable sources such as hydro, solar or wind. In 2016, 45 % of the Group's purchased electricity was 'green electricity' (2015: 36%; 2012: 23 %). In absolute terms, the Group's green electricity consumption increased to 86 GWh.

Energy (buildings only)	Units	2012/13	2013/14	2014/15	2014/15* Re- presented	2015/16
Total energy consumption	GWh	215	225	238	229	227
Direct energy consumption	GWh	37	37	31	30	28
Indirect energy consumption	GWh	178	188	207	198	196
Alternative energy	GWh	-	-	-	-	3

2014/15* Re-presented excludes The Net-A-Porter Group, a discontinued operation.

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 building of new manufacturing facilities in Switzerland, partly offset by energy-saving initiatives.

Packaging and waste

Packaging

As one of its CSR three-year plan's environmental priorities, Richemont is reviewing its current approach to packaging. In summary, we have committed to a reduction in packaging overall, with a wider focus on 'Reduce, Reuse and Recycle'. Our key packaging categories are freight for wholesale distribution, and for retail there are disposable bags and non-disposable presentation boxes. Experience shows that customers keep the presentation boxes for watches and jewellery forever, passing them from one generation to the next alongside the watch or jewellery piece.

Richemont and its Maisons are in the process of defining appropriate measures and targets in this area following a study of Shopping Bags regulations around the world.

Resource use and recycling

Context

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 impacts. Watches, jewellery pieces and writing instruments account for some 85 % of Group's sales. Such items, together with the original presentation box, are typically passed from one generation to the

next. Alternatively, they may be sold at auction to collectors. The great majority of the Group's products therefore have no 'end of life' in the normal sense of product life cycles. Other sales, accounting for some 15 % of Group sales, are primarily leather goods and clothing. The Group does not collect data regarding the percentage of other packaging materials that are recycled.

We seek to minimise our environmental impact through the responsible sourcing of raw materials, limiting our contribution to climate change, and through the responsible disposal of all waste materials. We encourage our Maisons to take individual responsibility for their own resource use and waste management. The Group does not yet collect data regarding the weight or volume of materials used in its production or other operating processes.

Maisons and Group operations have chosen to use Forestry Stewardship Council-certified paper and packaging materials wherever possible. PEFC-certified paper is sometimes used as an alternative (Programme for the Endorsement of Forest Certification schemes).

Our approach

Our commitments to monitoring the consumption of resources and to reducing waste are set out in the Environmental Code of Conduct. Hazardous materials are treated in accordance with local and international regulations. We encourage management and employees responsible for packing and transporting goods to adopt an energy efficient strategy through the planning and organisation of shipments.

The Group does not collect data regarding the weight of waste by type and disposal method. Following a review of CSR-related priorities, the Group stopped consolidating waste data in 2009. Nevertheless, the Group's approach to waste reduction and recycling is unchanged.

Product Stewardship

Richemont's Maisons are considering the environmental impacts at the design stage for new products. Those considerations are informed by various factors, including: (i) the screening life cycle analyses performed in 2013/14; and (ii) the sensibilities of the Maisons' designers and their customers.

As product stewardship is at an early stage, no information has been gathered on either the number or type of products which have been assessed. Nevertheless, the Maisons are well aware of their obligations regarding product safety and expect their suppliers to provide pertinent information regarding REACH (European regulations linked to chemical hazards) and its international equivalents. As experience in this area grows, our Maisons are taking a proactive approach to identify and phase out any chemicals that may be regulated in the future.

Logistics

The majority of the Group's products are transported from the place of manufacture – mainly in Switzerland, France and Germany – to the retail network outside these countries by air. This reflects the very low weight, high value nature of fine watches, jewellery and premium accessories such as writing instruments. Product catalogues and similar high-weight, low-value materials are either purchased locally or are transported by land and sea, whenever possible.

Logistics are outsourced to specialist companies and their energy use was captured by Richemont for the first time in 2013/14. In collaboration with Richemont's main business partners, this capture will first measure principal emissions, then seek to reduce the impact of freight on the Group's overall energy use and related carbon emissions. This is of growing importance as the proportion of Group sales outside Western Europe is increasing year-on-year. Accordingly, Richemont has developed logistics-related targets to reflect its CSR three-year plan.

Other environmental impacts

Biodiversity

Context

Richemont's direct operations are not considered to have a high impact upon biodiversity. The Group's Maisons make use of renewable and non-renewable raw materials, such as gold, gemstones, leather and woods. 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.

Our approach

Our [Environmental Code of Conduct](#) and [Supplier Code of Conduct](#) set out our policies for sourcing responsible gold and conflict-free diamonds, 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 issued from endangered or protected species. More information about how we deal with suppliers' impacts may be found in the section on [supply chain](#).

We consider how the environment is affected through the supply chain. Our suppliers also use resources such as water and generate waste. As users of leather and other animal products and through purchasing raw materials such as gold and diamonds, we have an indirect impact on biodiversity.

A number of our Maisons have factories that are located near rivers and lakes and we are committed to preserving the natural environment around all of our operations.

Sustainable construction

Our new building plans place a strong emphasis on environmental considerations. Richemont's Green Handbook was developed by Richemont's Real Estate Department and assists all project managers, architects and construction partners to this end. The Handbook considers on-going energy requirements, as well as the production and transport of construction materials and any building waste produced.

Specific recent examples of how the Green Handbook has been used include Jaeger-LeCoultre in Le Sentier, Manufacture Horlogère ValFleurier in Buttes, and the Campus Genevois de Haute Horlogerie in Meyrin. Those buildings incorporate, amongst other things, low-energy heating and lighting systems. The new building of A. Lange & Söhne in Germany incorporates leading technologies, representing the first of its kind in Saxony.

The construction of the Campus Genevois de Haute Horlogerie ('Campus'), a teaching and manufacturing facility in Geneva dedicated to the arts and crafts of fine watchmaking was completed in 2015. The Campus incorporates a number of environmental innovations linked to energy saving in the building. Low-emission public transportation for students and employees was also been factored into this project.

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. In the longer term, Richemont aims to be 100 % LED.

Land use adjacent to protected areas

The Group does not collect data regarding land use adjacent to protected areas. The majority of the Group's manufacturing facilities are located in Switzerland, which sets high environmental standards and enforces them through national and local environmental legislation. The Group's Maisons seek to comply with all such legislation, whether in Switzerland or in other jurisdictions.

Water data

Further to our stakeholder engagement exercise in 2015/16, and reflecting the relative priorities in our materiality matrix, the decision has been taken to stop reporting on water data.

Case Study: Climate change and logistics

When establishing Richemont's first three-year CSR Plan in 2014, representatives from the Maisons and Group functions considered a wide range of environmental objectives. Through a prioritisation process, a short-list was agreed. Amongst our priorities, we set specific objectives relating to the impact on climate change from our logistics (Scope 3 CO₂ emissions, defined elsewhere in this report). Our goal was to have a better understanding of where and how our CO₂ emissions, which stem from logistics, are generated. Our aim was to measure 100% of the supply chain by March 2017.

Pursuing this goal, since 2014 Richemont has developed both a custom-made template for logistics-related emissions reporting and has provided training to our logistics colleagues in the Maisons.

The first phase of the multi-year project concerned the movement of goods including components, finished goods, spare parts, point of sale material and advertising material for many of our Maisons. The second phase expanded the range of businesses included in the scope to reach all of our Maisons. The model was also adapted to include market returns, inter-boutiques flows and direct customer deliveries through eCommerce. These transportation movements were primarily 'downstream', being from the Manufactures, primarily in Europe, to the Group's network of some 1 100 boutiques and our local distribution partners (wholesalers) around the world.

The final phase will see the measurement of 'upstream' CO₂ emissions stemming from our transportation needs. These are from our direct suppliers to our Manufactures. This final phase has been piloted with the support of certain Maisons; the reporting template will be rolled out to all Maisons during the 2016/17 financial year.

With regard to logistics partners (Logistics Service Providers), this measurement exercise will enable Richemont's specialists and the Maisons to minimise their combined impact on climate change.

Looking ahead

As part of its efforts to minimise its corporate impact on climate change, Richemont committed to specific carbon intensity reduction targets over the five-year period ending March 2018. Each Maison and Richemont platform has compiled its own plan to contribute to the achievement of those targets. Those plans include improvements to building energy efficiency and further steps to reduce non-essential business travel through the greater use of information and communication technologies. In the meantime, carbon emissions will continue to be offset through the purchase of certified carbon credits. The 2018 targets and actual performance will be disclosed in due course.

Innovative policies to bring ever-greater amounts of renewable energy to our buildings, FSC-certified pulp to our packaging and efficiency to our worldwide logistics are further extensions to the wider efforts outlined above. Such policies may be developed independently by our Maisons, or by specialist functions such as the Group's Environment Committee, or by the Group's CSR Committee.

One example in the year ahead will be the revision of the Group Environment Policy to ensure that it is in line with current best practice. This policy will build upon the Group's 2013 Environment Vision, which, alongside the 2014 CSR three-year plan, has already driven the majority of the

Group's operational initiatives. The Group Environment Policy will be supported by guidance and worldwide training.

Community Investment

Our commitment

To ensure that Richemont's community investment activity provides optimum benefit for Richemont and wider society.

Richemont and its Maisons seek to contribute to the health, well-being and sustainable economic development of the wider community.

Globally, our customers increasingly expect companies to support social and environmental causes in imaginative ways.

Locally, we depend on the communities around many of our manufacturing plants. Some communities depend on us as a source of employment and tax revenue.

The Group's approach to community activities is set out in our Community Investment Toolkit. The Toolkit was revised during the year under review, reflecting users' suggestions. It provides a framework within which Maisons can select appropriate activities to support. Our Maisons and employees have a long history of supporting a wide range of charitable causes.

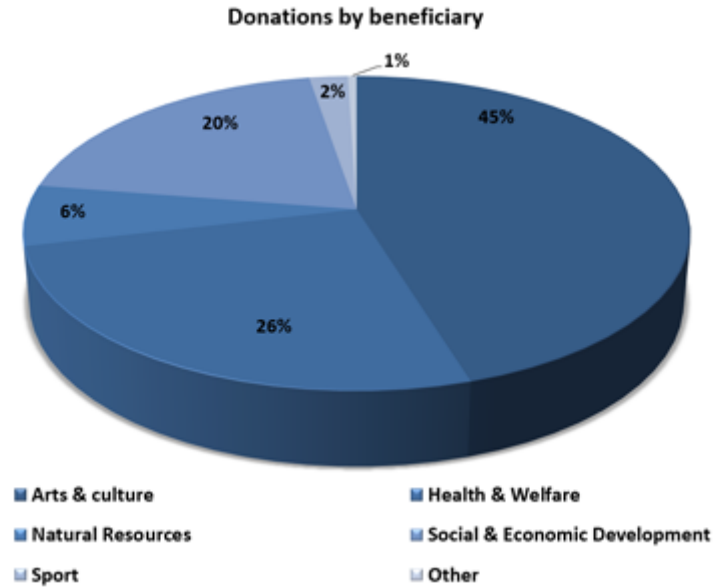
The four broad areas in which we contribute are:

- Charitable involvement;
- Sponsorship activities;
- Fostering new talent by way of training programmes, including apprenticeships;
- Responsible citizenship – having a positive economic impact, e.g. through the payment of local and national taxes.

Community spend

This year our total community spend was € 30 million (prior year: € 26 million). This equates to 1.5 % of our profit before tax (prior year: 1.5 %). Over 95 % of community spend takes the form of cash donations. The remainder is in the form of donated products and charitable events. The deployment of additional reporting tools has enabled the Maisons to have a consolidated view of their worldwide donations.

The largest single beneficiary of community investments is Fondation Cartier pour l'art contemporain, with arts and museums being among the most important beneficiaries (see section). Other beneficiaries include charities concerned with healthcare, sanitation, women's welfare and children's sports. Richemont does not seek to influence public policy through the charitable donations it makes.



Charitable Involvement

For our Maisons, building strong relationships with their local communities is integral to the way in which they operate and many organise local fundraising activities. A multitude of local employee initiatives take place each year, for example in sports events and education. Employees are also supported in fundraising and volunteering for charitable causes. For example, Richemont North America has organised many of its charitable activities in collaboration with Laureus.

Certain of our Maisons have established long-term links to UNICEF and UNESCO. More information is given in each Maison's review of the year, included in our [2016 Annual Report](#), and in the [Sponsorship](#) section.

At the Group level, Richemont continues to support a number of charitable foundations. Below are some details of seven of these. Richemont or one of its Maisons either founded or co-founded those indicated with an asterisk (*).

Fondation Cartier pour l'art contemporain* promotes discovery, by revealing young artists to the public or by unveiling the secret side of world-renowned artists, and also creation through the commissioning and production of works. By opening up to the most diverse realms of creation and knowledge, it stimulates curiosity and discovery through its exhibitions.



Cologni Foundation for Artistic Craft Professions (*Fondazione Cologni dei Mestieri*) is geared towards generating a 'new Renaissance' of the *Métiers d'Art* (or Artistic Craft Professions). Its activities are mainly aimed at training new generations of artisans and saving outstanding crafts from the risk of oblivion. The foundation also identifies the new craft professions of our times, highlighting their defining characteristics and new features.



Peace Parks Foundation facilitates the establishment of trans-frontier conservation areas (Peace Parks) and develops human resources, thereby supporting sustainable economic development, the conservation of biodiversity and regional peace and stability.



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. IWC Schaffhausen is Richemont's nominated business which partners with Laureus and supports Laureus events.



Teacher of Ten Thousand Generations Foundation assists underprivileged children and their families in China, by providing children with educational opportunities and therefore offering them a greater choice in determining their future. The foundation has an association with a number of schools in Southern China.



The Fondation de la Haute Horlogerie fosters and promotes fine watchmaking's values of creativity, culture and tradition at an international level. It has three goals: (i) to provide information about fine watchmaking; (ii) to train fine watch professionals; and (iii) to affirm its role as a Think Tank for the fine watch industry.



Cartier Charitable Foundation strives to improve the livelihoods of the most vulnerable communities through partnerships with non-profit organizations active in four priority areas: humanitarian assistance towards the plight of children; promotion of women empowerment; support to responsible management of natural resources; and access to basic services. Please refer to the [Case Study](#) for more details.

Sponsorship

Richemont and its Maisons sponsor initiatives and causes around the globe. Such sponsorship helps to support the Maison's strategic objectives, including raising brand awareness. Examples include:



Cartier Women's Initiative Awards launched in 2006 in partnership with the Women's Forum, McKinsey & Company and INSEAD Business School. The Awards promote entrepreneurship and focuses on the most vulnerable category of entrepreneurs in their most vulnerable phase: women entrepreneurs with start-up businesses.



development of technological solutions.

Piaget has supported Action Innocence since its creation over 10 years ago. Action Innocence works to combat the global problem of child pornography on the internet through raising awareness of the issue via school visits and supporting the

IWC Schaffhausen has supported the Charles Darwin Foundation since 2009, making it one of the major patrons and guardians of the Galapagos Islands, a UNESCO World Heritage Site.

Jaeger-LeCoultre partnered with the UNESCO World Heritage Centre in 2008. It continues to support the preservation of outstanding threatened marine sites and to raise international awareness of this environmental cause.

A number of Maisons actively support music and musicians. These include:

- **Vacheron Constantin's** support of the Orchestre de la Suisse Romande
- **A. Lange & Söhne's** support of the Salzburg Whitsun Festival;

Some Maisons also work to support and encourage new talents in the arts, though not for employment purposes.

- **Montblanc** has a long history of supporting arts and culture. Each year, the 'Montblanc de la Culture Arts Patronage Award' is conferred on outstanding art patrons whose personal commitment and achievements deserve wider recognition.
- **Vacheron Constantin** fosters educational partnerships with various schools in specialized art, crafts and technical institutions. These include Ecole Boulle in Paris and the Ecole Cantonale d'Art de Lausanne "ECAL".

Our economic impact

The economic impact of the Group's activities is wide and varied. The revenues and profits we earn from the production and sale of our high quality products benefit a range of stakeholders. These are delivered through the salaries we pay our employees, payments to our suppliers and business partners, dividends to shareholders and the taxes and community contributions we pay from the profits we earn. Richemont continues to make significant investments in its manufacturing base. In the year under review, we invested € 185 million in our manufacturing base (2015: € 170 million). Our Community Investment spend amounted to € 30 million.

We are a significant employer, directly employing and developing the skills of thousands of employees globally and helping to support more jobs and activity through our supply chain. Richemont therefore contributes to economic development in Europe, particularly where we have

our manufacturing bases. In the rest of the world, Richemont's employee-base is concentrated in boutiques. The global network of directly-operated boutiques reached 1 155 at March 2016. 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.

Case Study: Cartier Charitable Foundation

The Cartier Charitable Foundation was established in Geneva in 2012. Guided by the Maison's principles of excellence, pioneering and generosity, it strives to foster positive change and enable people to live a meaningful and fulfilling life.

Charitable Foundation
Cartier

The Foundation's needs-based and result-oriented philanthropic strategy aims to build the capacities and strengthen the resilience of the most vulnerable groups, women in particular. It supports innovative, impactful and lasting initiatives in low-income countries that promote women's economic and social development, that provide access to basic services, that engage with communities to encourage the responsible management of natural resources and that deliver humanitarian assistance to children and their families when natural disasters strike.

The Foundation awards grants to non-profit international organisations and partners that excel in their fields of expertise, whose mandates and programmes are aligned with the Foundation's values and core funding areas. The Foundation actively reaches out to partners at its own initiative. An on-going dialogue with eminent operators in the field, high-level researchers and academics, policymakers and recognised civil society leaders guides the identification of innovative approaches. The selection of programmes is evidence-based to ensure that resources are used in the most effective way to achieve maximum impact.

A monitoring and evaluation process ensures that funds are used efficiently. Beyond the measurement of specific outputs and outcomes, this process is the basis upon which the Foundation shapes its action and increases future impact.

Partners and programmes supported by the Foundation include:

- Barefoot College and GRET are joining forces to train illiterate grandmothers from impoverished rural communities in Cambodia, Myanmar and Vietnam to become solar engineers and bring light to their off-grid villages; and
- AMREF is working with Water.org in Ethiopia to ensure that some 30 000 people living in the Amhara region gain access to safe water and sanitation.

Since its inception the Foundation has invested CHF 29 million. It currently works with 20 partners in 27 low-income countries, implementing 37 programmes for lasting change. Further information may be found [here](#).

Looking ahead

The year ahead will see the deeper implementation of metrics and reporting tools better suited to the Group's level of donations. Those tools continue to follow the recommendations of LBG (the London Benchmarking Group) and will be organised by a Community Investment Committee.

The year ahead will also see further investments in the trades of craftsmanship and design.

Product innovation, design and quality

Innovation runs through our business, from the design of our products and the application of new materials such as ceramics and alloys, through to the processes we use. This innovation is fundamental to the sustainability of our business. Critical appreciation is marked by the awards received by our Maisons each year, particularly in the watchmaking domain.

The registering of patents and similar intellectual property is further testimony to the innovative culture within the Group's European manufactures. Most of our Maisons' product innovations are showcased at the annual Salon International de la Haute Horlogerie (SIHH) held in Geneva and the Watches & Wonders exhibition held in Hong Kong.

Recruiting and developing talented designers and craftsmen is integral to maintaining our pipeline of innovative products. We therefore invest significantly in training academies, partnerships and apprenticeship programmes to build the capabilities of our current and future workforce. See [Fostering New Talent](#) for more details.

Each Maison has dedicated quality control teams responsible for ensuring that products meet the high standards we set ourselves. The teams conduct regular assessments of product ranges, which include visits to suppliers and manufacturers across the world. New materials are tested to ensure conformity with applicable regulations. New manufacturing techniques are being explored, including additive manufacturing. The Group supports a Chair at the EPFL, Switzerland in pursuit of such innovations. The production process from initial design to the finished product involves various parties. Our design, manufacturing and quality control teams work in close collaboration throughout the process.

Counterfeiting is the unauthorised identical copying of a genuine product. The counterfeiting phenomenon is not new and Richemont is taking appropriate measures to diminish the impact where we consider it necessary.

The great majority of the Group's products have no 'end of life'. As treasured heirlooms, jewellery, watches and writing instruments are passed from generation to generation. However, we will continue to look for new opportunities to innovate our product design, materials and processes to become more sustainable.

Watches, items of jewellery, writing instruments and leather goods do not represent any significant health and safety risk. Therefore the Group does not collect data on the number of products that go through an assessment for health and safety impacts: safety and ease of use are integral design considerations for all of our products. The Group has not been subject to any fines or non-monetary sanctions for non-compliance with laws and regulations concerning the use of its products.

Product advertising and labelling

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

The Group's Maisons label their products in compliance with local laws. No material instance of non-compliance was brought to the Group's attention during the year under review.

UN Global Compact Communication on Progress

H. E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017
USA

10 July 2016

Dear Mr Secretary-General,

This communication covers the period from 1 April 2015 to 31 March 2016.

We are pleased to confirm Richemont's continuing support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

This is our third Communication on Progress in which we describe our actions integrating the Global Compact and its principles into our business strategy, culture and daily operations. Our most significant progress this year was the publication of our revised Supplier Code, incorporating human rights, labour, environment and anti-corruption considerations.

We continue to commit to share this information with our stakeholders as part of our annual CSR report.

Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.

Assessment, Policy and Goals

Richemont has an internal Standards of Business Conduct and an external Supplier Code which both include Human Rights considerations. These Codes were first adopted by the Board of Directors in 2005. The Standards of Business Conduct has been made available to all employees and is available in their working languages. The Codes are regularly reviewed and amended to ensure they remain as relevant as possible.

In addition to Richemont's own Standards and Codes, Maisons and Manufactures representing over 90 % of Group sales have been certified for compliance with the RJC's Code of Practices. The certification process has helped those Maisons define and formalise their respective approach to CSR issues, including human rights and supplier risk assessments.

Implementation

A comprehensive review of these policies has been conducted, incorporating relevant revisions to strengthen the Standards & Codes. A fully revised Supplier Code was published in December 2015 and a revised Standards of Business Conduct was circulated internally in February 2016.

Whistleblowing procedures are in place to ensure any suspicions of inappropriate conduct can be voiced. All employees are systematically made aware of the Standards of Business Conduct and are reminded of the whistleblowing procedures annually. The internal guidance sets out examples

of the types of wrongdoing which should be raised by employees, including non-compliance with legal obligations or a breach of human rights, as well as identifying who to contact, namely the Head of Internal Audit.

Measurement of outcomes

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, including suppliers.

Richemont measures compliance with its Codes and Standards 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. Each employee within the Group received Compliance training via our eLearning platform.

Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.

Assessment, Policy and Goals

Suppliers and partners: Richemont's Supplier Code of Conduct includes an endorsement of International Labour Organisation Conventions, the Universal Declaration of Human Rights and other internationally recognised labour practice standards. The Code covers labour relationships, employment practices, human rights and ethical business principles.

Employees: At Richemont, diversity and equal opportunities means creating a working environment which allows all our employees to fulfil their potential. We seek to foster a culture in which our employee-related decisions, whether it be hiring, training or promotion, are taken based solely on an individual's ability and contribution to Richemont's success, irrespective of gender, age, ethnicity, disability, sexual orientation or any other aspect of their identity.

Implementation

Suppliers and partners: We have extensively revised the Supplier Code this year to ensure that it continues to encompass recognised practice in this area. This revised Code was published in December 2015 and is being progressively communicated to our suppliers. Tools for managing signed Supplier Codes have been developed in order to simplify internal record keeping and to minimise the risk of duplicate requests being sent to common suppliers.

Employees: As detailed in the Standards of Business Conduct, Richemont does not tolerate harassment or any behaviour which creates a hostile, offensive or intimidating environment for its employees. The Code has been made available to all employees and is available in their working languages. It makes clear our approach to breaches of policy, which will lead to a process of investigation and, when appropriate, dismissal.

Measurement of outcomes

Suppliers and partners:

More than 100 external supplier audits were performed across the Group in 2015/16 (prior year: more than 100). The Group's businesses have also strengthened procedures with regard to the Supplier Code validation, through the training of procurement employees and, in certain cases, incorporating the Code into their terms and conditions of business.

The Group does not disclose the percentage of suppliers that have been screened in respect of human rights, nor does it disclose incidents of Supplier Code non-compliance or the remedial action taken. The decision to audit a given supplier is based on a risk-based assessment.

Employees: Data on age diversity and gender diversity are published annually in our CSR Report.

Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Assessment, Policy and Goals

Overall, the Group's activities have a very low environmental impact. The production of high quality goods is concentrated in Switzerland and their distribution is spread around the world. 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.

Our environmental impact can be classified into three key areas: climate change; packaging; and logistics.

Our Environmental Code of Conduct is built on national and international norms and standards for environmental management. The Code addresses industry-specific issues, such as the environmental impacts of using gold, gemstones and leather, as well as universal environmental issues.

Richemont seeks to promote greater environmental responsibility within the supply chain, and environmental considerations are contained within the Supplier Code of Conduct.

Implementation

The Environmental Code of Conduct sets a minimum applicable 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. Improving the quality and scope of our environmental data remains an area of focus.

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. In addition, an independent auditor specialised in Environment, Health and Safety matters undertakes a scheduled programme each year. Procedures are in place to ensure that non-compliance with the Code is followed up with a remedial action programme.

As part of the revision of the Supplier Code, the environmental requirements were enhanced to reflect current scope and practices in environmental management.

Measurement of outcomes

We calculate our carbon footprint based on the internationally recognised Greenhouse Gas ('GHG') Protocol of the World Business Council for Sustainable Development ('WBCSD'). This protocol is the internationally accepted template for accounting and reporting on GHG emissions.

Environmental data are consolidated annually, including the energy we use in our buildings, the fuel consumed as we travel, the impact of major logistics streams, and other elements necessary to calculate our carbon footprint. The data include our subsidiary companies where the Group has management control (defined as equity share approach). The results are disclosed in the annual CSR report, disclosed in further detail to CDP and are communicated internally to employees via

the CSR representatives. Since 2011, Richemont's environmental data has been assured by PwC. The assurance report may be found in the Climate Change section of our CSR report.

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, Policy and Goals

Richemont has an internal Standards of Business Conduct. The Standard is distributed to all employees and is available in their respective working languages. The Standards include Richemont's clear opposition to all forms of bribery and corruption.

Implementation

Whistleblowing procedures are in place to ensure any suspicions of inappropriate conduct can be voiced. All employees are systematically made aware of the Standards of Business Conduct and are reminded of the whistleblowing procedures annually. The internal guidance sets out examples of the types of wrongdoing which should be raised by employees, including non-compliance with legal obligations or a breach of human rights, as well as identifying who to contact, namely the Head of Internal Audit.

As part of the revised Supplier Code, any individual who is concerned about actual or suspected misconduct with regard to the terms of the Supplier Code of Conduct may report their concerns directly to Richemont's Head of Internal Audit.

Measurement of outcomes

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 of Conduct 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.

We encourage you to read our CSR Report for more detailed information.

Yours sincerely,

Richard Lepeu
Chief Executive Officer

Global Reporting Initiative ('GRI') Index

In putting together this Corporate Social Responsibility report, Richemont has referenced G4 Sustainability Reporting Guidelines prepared by the Global Reporting Initiative. The Group's 2016 CSR report has not been verified by an independent body. The Group self-declares this report to GRI G4 'in accordance core'. Our goal is to continue to report our progress against these Reporting Guidelines which are used worldwide by companies to benchmark their performance.

In this report, we have concentrated on those GRI indicators which we have identified as material to our business. This table provides a guide on our reporting against the G4 Sustainability Reporting Guidelines.

Menu

General Standard Disclosures

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Ethics and Integrity

Specific Standard Disclosures

Economic Indicators

Environmental Indicators

Social Indicators

GRI Index		Description	Location
General Standard Disclosures			
Strategy and Analysis			
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization’s strategy for addressing sustainability	Introduction	
G4-2	Provide a description of key impacts, risks, and opportunities	Our Approach to Corporate Social Responsibility Materiality Stakeholder Engagement	

Organisational Profile

G4- 3	Report the name of the organization	About Richemont
G4- 4	Report the primary brands, products, and services	About Richemont
G4- 5	Report the location of the organization's headquarters	About Richemont
		Where We Operate
G4- 6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Where we operate
G4- 7	Report the nature of ownership and legal form	Group Structure
G4- 8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Where we operate
G4- 9	Report the scale of the organization	Where we operate
G4- 10	Employee breakdown	Richemont as an Employer
G4- 11	Report the percentage of total employees covered by collective bargaining agreements	Richemont as an Employer
G4- 12	Describe the organization's supply chain	Supply Chain Management
G4- 13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	About Richemont

G4- 14	Report whether and how the precautionary approach or principle is addressed by the organization	Governance and Risk Management Product innovation, design and quality
G4- 15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	UN Global Compact Communication on Progress Responsible Sourcing of Raw Materials Responsible Jewellery Council
G4- 16	List memberships of associations (such as industry associations) and national or international advocacy organizations	Working in Partnership Responsible Jewellery Council

Identified Material Aspects and Boundaries

G4- 17	Entities included in the organization's consolidated financial statements or equivalent documents	About Richemont
G4- 18	Process for defining report content	Our Approach to Corporate Social Responsibility Our Approach to Reporting Materiality Stakeholder Engagement
G4- 19	List all the material Aspects identified in the process for defining report content	Materiality Stakeholder Engagement
G4- 20	Aspect boundary within the organisation	Materiality
G4- 21	Aspect boundary outside the organisation	Materiality

G4- 22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	N/A
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G4- 23	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	About Richemont
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Stakeholder Engagement

G4- 24	List of stakeholder groups engaged	Stakeholder Engagement
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G4- 25	Basis for identification and selection of stakeholders to engage	Stakeholder Engagement
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G4- 26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholder Engagement
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G4-27	Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded to those key issues and concerns, including through its reporting	Stakeholder Engagement Materiality
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Report Content

G4-28	Reporting period for information provided	Our Approach to Reporting
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G4-29	Date of most recent previous report	2014/15
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G4-30	Reporting cycle	Annual
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		Our Approach to Reporting
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G4-31	Contact point for questions regarding the report or its contents	Welcome to Richemont's 2016
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		Corporate Social Responsibility Report
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G4-32	GRI Content Index	Global Reporting Initiative ('GRI') Index
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G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	Our Approach to Reporting
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Governance

G4-34	Report the governance structure of the organization, including committees of the highest governance body	How CSR is Managed Governance and Risk Management Board of Directors, Annual Report
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	How CSR is Managed Our Approach to Reporting
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	How CSR is Managed Our Approach to Reporting
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	Stakeholder Engagement
G4-38	Report the composition of the highest governance body and its committees	Governance and Risk Management Board of Directors, Annual Report Corporate Governance, Annual Report
G4-39	Report whether the Chair of the highest governance body is also an executive officer	Corporate Governance, Annual Report
G4-40	Report the nomination and selection processes for the highest governance body and its committee	Corporate Governance, Annual Report
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	Corporate Governance, Annual Report

G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	How CSR is Managed Governance and Ethics
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	Governance and Risk Management Corporate Governance, Annual Report
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	How CSR is Managed Governance and Ethics
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	How CSR is Managed Governance and Ethics
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	How CSR is Managed Governance and Ethics
G4-49	Report the process for communicating critical concerns to the highest governance body	Policies
G4-51	Report the remuneration policies for the highest governance body and senior executives	Corporate Governance, Annual Report
G4-52	Report the process for determining remuneration	Corporate Governance, Annual Report
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration	Corporate Governance, Annual Report
Ethics and Integrity		
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Policies

G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	Governance and Ethics Policies
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Governance and Ethics Policies
Specific Standard Disclosures		
Economic Indicators		
Economic Performance		
G4-EC1	Direct Economic value generated and distributed	Our Economic Impact Tax
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Climate Change
G4-EC3	Coverage of organisation's defined benefit plan obligations	Consolidated financial statements Annual Report
Indirect Economic Impacts		
G4-EC7	Development and impact of infrastructure investments and services provided	Community Investment
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Our Economic Impact
Environmental Indicators		
Energy		
G4-EN2	Percentage of materials used that are recycled input materials	Climate Change
G4-EN3	Energy consumption within the organisation	Climate Change
G4-EN6	Reductions in energy consumption	Climate Change

Biodiversity		
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Other Environmental Impacts
G4-EN12	Description of significant impact of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Other Environmental Impacts
Emissions		
G4-EN15	Direct Greenhouse Gas (GHG) emission (scope 1)	Climate Change
G4-EN16	Direct Greenhouse Gas (GHG) emission (scope 2)	Climate Change
G4-EN17	Direct Greenhouse Gas (GHG) emission (scope 3)	Climate Change
G4-EN19	Reduction of Greenhouse Gas (GHG) Emissions	Climate Change
G4-EN20	Emissions of ozone depleting substances (ODS)	Climate Change
Effluents and Waste		
G4-EN23	Total weight of waste by type and disposal method	Climate change - Packaging and waste
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Climate change - Packaging and waste
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Climate change - Packaging and waste
Compliance		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for, non-compliance with environmental laws and regulations	Product innovation, design and quality Climate Change

Transport

G4-EN30	Significant environmental impacts of transporting goods and materials used for organisation's operations, and transporting members of the workforce	Climate Change - Logistics
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Supplier Environmental Assessment

G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Responsible sourcing of raw materials
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Social Indicators

Labour Practices and Decent Work

G4-LA1	Total number and rates of new employment hires and employee turnover by age group, gender and region	Richemont as an Employer
G4-LA6	Types of injury, rates of injury, occupational diseases, lost days and absenteeism and total number of work related fatalities by region and by gender	Health, Safety and Well-being
G4-LA9	Average hours of training per year per employee by gender and by employee category	Training, development and fostering new talent
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Richemont as an Employer Training, development and fostering new talent
G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and by employee category	Richemont as an Employer
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Richemont as an Employer
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Human Rights and Labour Standards in the Supply Chain

Human Rights

G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour and measures taken to contribute to the effective abolition of child labour	Human Rights and Labour Standards in the Supply Chain
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G4- HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour	Human Rights and Labour Standards in the Supply Chain
G4- HR10	Percentage of new suppliers that were screened using human rights impacts criteria	Human Rights and Labour Standards in the Supply Chain
G4- HR11	Significant actual and potential negative human right impacts in the supply chain and actions taken	Human Rights and Labour Standards in the Supply Chain

Society

G4- SO1	Percentage of operations with implemented local community engagement, impact assessment, and development programmes	Community Investment
G4- SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Policies
G4- SO4	Communication and training on anti-corruption policies and procedures	Policies
G4- SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Product innovation, design and quality Climate Change

Produce responsibility

G4- PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by types of outcome	Policies Product innovation, design and quality
G4- PR3	Type of product and service information required by the organisations procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	Product innovation, design and quality
G4- PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling	Product innovation, design and quality
G4- PR6	Sale of banned or disputed products	Materiality of 'exclusion criteria'
G4- PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Product innovation, design and quality

