

The background of the cover is a photograph of a modern glass-walled building. The glass reflects the surrounding lush green trees and foliage. The scene is brightly lit, suggesting a sunny day. The overall aesthetic is clean, modern, and environmentally conscious.

# CORPORATE SOCIAL RESPONSIBILITY REPORT

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2015

RICHEMONT

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# Welcome to Richemont's 2015 Corporate Social Responsibility Report

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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 [2015 Annual Report](#).

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

## Vision

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### 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.

The year under review has seen the gradual implementation by our Maisons and Platforms of the Group's CSR three-year plan. This report follows that plan and seeks to address the non-financial reporting expectations of our investors, employees and other stakeholders. Further details about our business developments may be found in the 2015 Annual Report and Accounts.

With regard to a certification standard, our Maisons have chosen the Responsible Jewellery Council ('RJC'). Consequently, the overwhelming majority of the Group's sales were made by RJC members. The RJC's standard covers a wide range of sustainability issues, including: human rights and labour standards; environmental management; and business ethics. Encouraged by our Maisons' experience, a growing number of our upstream suppliers and our downstream distribution partners are making the same choice.

In terms of preserving our heritage in quality, craftsmanship and innovation, we know there is always more to do.

Gary Saage  
Chief Financial Officer  
Geneva, 3 July 2015

### 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.

### Significant changes in 2014/15

The announced merger of the Net-A-Porter Group with YOOX Group is expected to be completed in the 2015/16 year. Net-A-Porter remains within the scope of this report for the 2014/15 year. Note that in the consolidated financial statements of the Group, the Net-A-Porter Group is reported as a “discontinued operation” as at 31 March 2015.

### Our Maisons, products and services

The Group’s Maisons and their respective operations are fully described from page 4 in the [2015 Annual Report](#).

### 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 31 599 people at the end of March 2015. 19 918 or 63 % of this headcount were based in Europe. 27.5 % in Asia, and 9.5 % 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 37 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.

## Our economic impact



### Key Figures

	Financial Year to March 2015	Financial Year to March 2014	Percentage difference
Sales (€ millions)	10 410	10 023	+4 %
Operating profit (€ millions)	2 670	2 427	+10 %
Net profit (€ millions)	1 334	2 067	-35 %
Number of employees (Headcount)	31 599	29 980	+5 %

Richemont's reported sales increased by 4 % during the year, or by 1 % at constant exchange rates.

More information on the Group's economic impact is available in our [2015 Annual Report](#) on pages 31 to 36. No re-statements were reported by the Group in either the current or the prior year.

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. For example, Richemont's employment costs were € 2 051 million in the year and a cash dividend of CHF 919 million (€ 878 million) has been proposed for approval by shareholders at the annual general meeting, to be held on 16 September 2015. Richemont continues to make significant investments in its manufacturing base. In the year under review, we invested € 170 million in our manufacturing base (2014: € 203 million) and our Community Investment spend amounted to € 26 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 1 133 at March 2015. 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. Moreover, we pay all duties, sales, income and other taxes in countries where we do business.

In other emerging markets, including Brazil, Russia, India and China, Richemont's distribution and after sales businesses created wealth for our employees.

In South Africa, Richemont currently employs some 72 people. This figure represents 0.2 % of the Group's total headcount. Accordingly, the Group neither compiles data on nor reports on 'Black Economic Empowerment' matters. Nevertheless, the Group's operations in that country comply with all local regulatory requirements.

### **Defined benefit plan obligations**

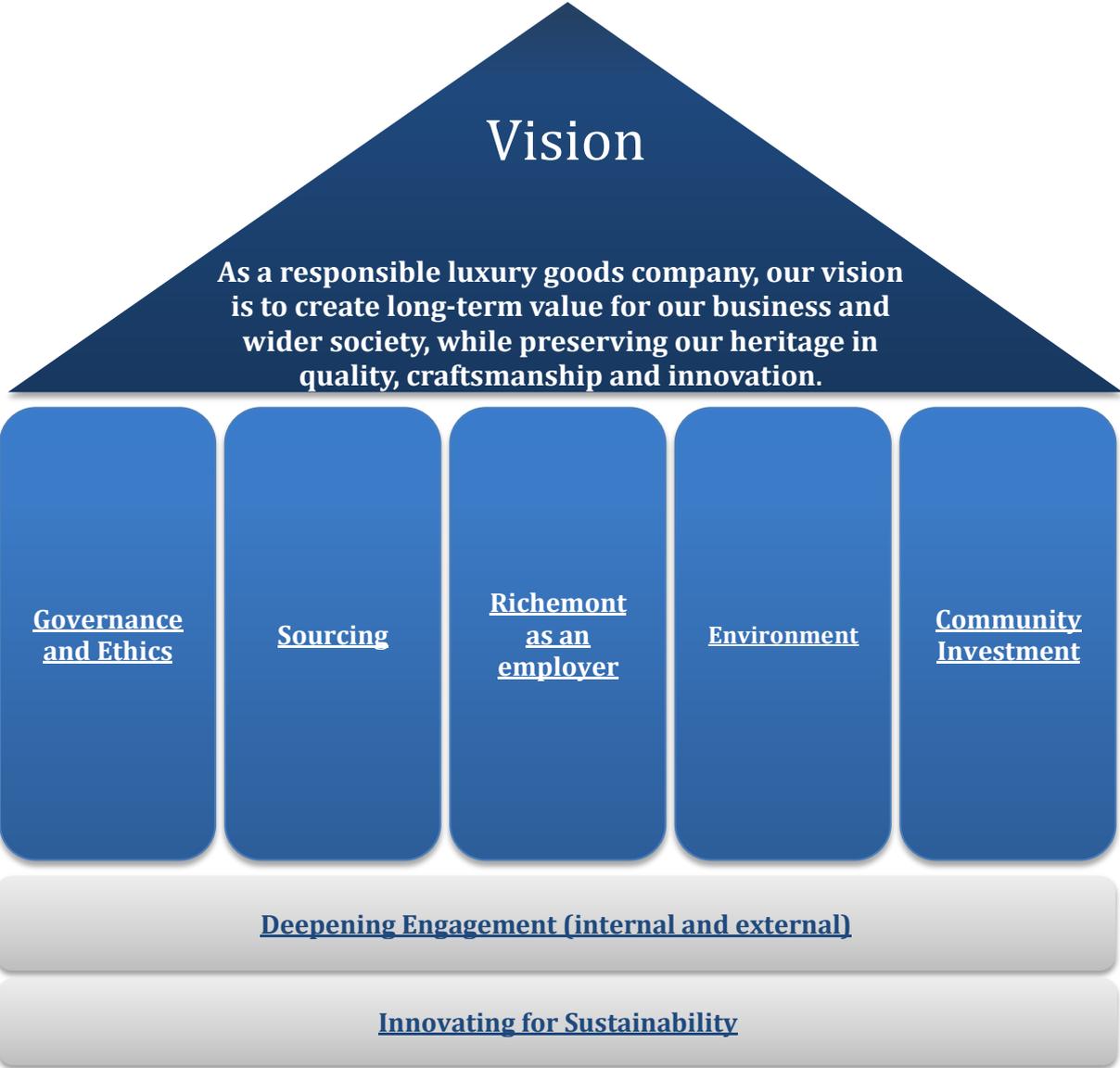
The Group's defined benefit plan obligations primarily arise in Switzerland, the UK and Germany. To meet those obligations, assets amounting to € 1 777 million at 31 March 2015 are held in equities, bonds, property and other assets. Further details are disclosed in note 20 of the 2015 consolidated financial statements.

### **Government assistance**

The Group does not disclose the financial assistance received from governments in the form of grants for employee development or building construction as these amounts are immaterial.

# Our approach to corporate social responsibility

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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 we undertook a process to identify our 'material' issues - the issues

that matter most to our business and our relevant stakeholder audiences. 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, 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 develop and engage our people, to keep their employability in a constantly changing environment and to pay them fairly in line with performance;
- **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.

Our 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.

Throughout this report, the term CSR is predominantly used. There are other terms used for reporting by issuers, including ‘ESG’ (Environment, Social and Governance) and ‘SEE’ (Social, Economic and Environmental). Richemont considers these three terms to be broadly interchangeable.

Richemont has a risk management process which gives consideration to strategic and operational risks across all Group functions, including CSR risks. We seek to eliminate or mitigate CSR risks where identified, in partnership with our employees and other stakeholders through the application of good practices. Further information can be found in the Governance and Ethics section.

## Stakeholder engagement

The strategic approach to stakeholder engagement is summarised in the following table, which presents key stakeholder groups, their interests and how we have engaged with them. These groups were identified through a process involving external consultants, Internal Audit and discussions at the Group CSR Committee, together with feedback already collected from customers and other stakeholders. By working with our stakeholders we seek to understand external expectations and work to improve our CSR performance. In 2015/16 we will carry a stakeholder engagement exercise.

Stakeholder group	Key issues of interest	How we engage	Examples
<b>Clients/customers</b> <i>to whom we provide high quality goods and services</i>	<ul style="list-style-type: none"> <li>- Quality and design of our products</li> <li>- Customer service and satisfaction</li> <li>- Origin / traceability of product and raw materials</li> </ul>	<ul style="list-style-type: none"> <li>- Customer surveys, meetings, briefings and events</li> <li>- Customer feedback through comprehensive after-sales service</li> </ul>	<ul style="list-style-type: none"> <li>- Surveys are managed by each of our Maisons</li> <li>- After sales service data in respect of watches are closely monitored</li> </ul>
<b>Employees</b> <i>who drive the success of the business</i>	<ul style="list-style-type: none"> <li>- Health, safety and well-being</li> <li>- Employee welfare (including remuneration, benefits, consultation)</li> <li>- Training and development</li> <li>- Diversity</li> <li>- Engagement</li> </ul>	<ul style="list-style-type: none"> <li>- Interactive employee training</li> <li>- Employee newsletters, management briefings and intranet sites</li> <li>- Structured performance management</li> <li>- Employee Works Councils in some countries</li> </ul>	<ul style="list-style-type: none"> <li>- An 'employee engagement barometer' is being progressively rolled out to all employees</li> <li>- Newsletters are managed by each Maison. The Group has a variety of specialist intranets, e.g. manufacturing, human resources, finance</li> <li>- All employees receive a personal annual performance review ('PMP')</li> </ul>
<b>Suppliers and business partners</b> <i>who we rely on to deliver our quality products to our clients</i>	<ul style="list-style-type: none"> <li>- Responsible sourcing of raw materials</li> <li>- Ethical, social and environmental standards</li> <li>- Quality</li> <li>- Fair payment terms</li> </ul>	<ul style="list-style-type: none"> <li>- One-to-one meetings</li> <li>- Supplier audits</li> <li>- Through industry organisations</li> </ul>	<ul style="list-style-type: none"> <li>- More than 300 independently conducted audits at our suppliers' premises</li> <li>- We encourage our suppliers of gold, diamond and platinum group metals to become members of the RJC</li> <li>- For diamonds, the Kimberley Process Certification Scheme; for gold, the London Bullion Market Association and the Swiss Better Gold Association</li> </ul>

Stakeholder group	Key issues of interest	How we engage	Examples
<b>Regulators and policy leaders</b> <i>who provide the framework within which we operate</i>	<ul style="list-style-type: none"> <li>- Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>- Corporate affairs representatives</li> <li>- Via industry organisations such as RJC and the Federation of the Swiss Watch Industry ('FH')</li> </ul>	<ul style="list-style-type: none"> <li>- The development of 'Swissness' legislation via the FH</li> <li>- Participation in United Nations Global Compact and its Swiss Network</li> <li>- Regular contact with SIX Swiss Exchange</li> </ul>
<b>Shareholders</b> <i>who underpin our business and to whom we seek to deliver value</i>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- Governance</li> <li>- Business risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>- General meetings</li> <li>- Investor presentations</li> <li>- One-to-one meetings</li> <li>- Investor surveys</li> <li>- CSR Report and comments thereon from specialist agencies and individuals</li> </ul>	<ul style="list-style-type: none"> <li>- AGM 2014</li> <li>- Annual and interim results</li> <li>- Investor roads shows in over 15 countries</li> <li>- 5 CSR rating agency surveys</li> <li>- Registered shares from September 2013, enabling direct communications</li> <li>- Ad hoc announcements</li> </ul>
<b>Communities</b> <i>local communities where our operations are based; the wider cultural community we engage through our activities</i>	<ul style="list-style-type: none"> <li>- Economic impact</li> <li>- Ethical, social and environmental practices</li> <li>- Employment opportunities</li> <li>- Financial and in-kind community investment</li> </ul>	<ul style="list-style-type: none"> <li>- Through our citizenship activities</li> <li>- Meetings with our key NGO partners</li> </ul>	<ul style="list-style-type: none"> <li>- Cartier Charitable Foundation</li> <li>- Cartier Fondation pour l'art contemporain</li> <li>- Cologni Foundation for Artistic Craft Professions</li> </ul>
<b>Industry organisations</b> <i>with whom we share best practices</i>	<ul style="list-style-type: none"> <li>- Ethical, social and environmental practices</li> <li>- Industry issues</li> </ul>	<ul style="list-style-type: none"> <li>- Through the Responsible Jewellery Council ('RJC') and other industry bodies</li> <li>- Meetings and briefings</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible Jewellery Council, Swiss Better Gold Initiative, Sustainable Luxury Working Group, Sustainable Luxury Forum</li> </ul>
<b>Non-governmental organisations ('NGOs')</b> <i>with whom we engage through our involvement in industry associations and activities</i>	<ul style="list-style-type: none"> <li>- Ethical, social and environmental practices</li> </ul>	<ul style="list-style-type: none"> <li>- Meetings and progress reports</li> <li>- Carbon Disclosure Project ('CDP') survey</li> <li>- Via industry organisations such as the RJC</li> </ul>	<ul style="list-style-type: none"> <li>- CDP reporting for many years</li> <li>- Participation in the United Nations Global Compact Swiss Network.</li> </ul>

We continuously review issues raised by stakeholders and, where appropriate, integrate these into our CSR strategy and disclosures.

Most of our Maisons now have their own CSR Committees and use them to engage with their own stakeholders as well as acting as a conduit for recommendations made by the Group CSR Committee.

## **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. 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. To name just two examples from recent SIHH events: the ID Two watch from Cartier; and the Quatuor from Roger Dubuis.

Maisons have 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, and 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 as and where we consider it necessary.

## **Product stewardship**

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.

In terms of sustainability, 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. Further information on our approach to [Product Stewardship](#) can be found here.

## **Product advertising and labelling**

In terms of external communications, 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.

## **Our approach to reporting**

This CSR report covers the financial year ended 31 March 2015. 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 37 of our [2015 Annual Report](#).

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

We focus our efforts on collating 'material' information to shape our decisions, in line with our pillars. During the year, we continued to refine our internal CSR reporting systems. Where possible we compare year-on-year performance and benchmark our operations to identify inconsistencies and scope for continuous improvement.

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

## **Global Reporting Initiative ('GRI')**

Our long term goal is to report comprehensively against GRI's G4 Sustainability Reporting Guidelines and its successors. We have therefore structured this report to reflect those GRI indicators which we have identified as material to our business. This year's report is under G3. We include a [GRI Index](#) to provide readers of the report with signposts to where relevant information may be found.

In producing this report, we have also taken into consideration the GRI Reporting Principles for Defining Report Content.

## **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. In the year under review, we enlarged our Scope 3 reporting to include the most significant logistics-related emissions.

## UN Global Compact Communication on Progress

Richemont signed the UN Global Compact in December 2013

This communication covers the period from 1 April 2014 to 31 March 2015.

### Statement of continued support by the Co-Chief Executive Officers

To our stakeholders:

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 second Communication on Progress in which we describe our actions in our first year of integrating of the Global Compact and its principles into our business strategy, culture and daily operations. Our most significant progress this year was an extensive review of our Supplier Code, incorporating human rights, labour, environment and anti-corruption considerations. The revised code will be released in July 2015.

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

Yours faithfully

Bernard Fornas and Richard Lepeu

Co-Chief Executive Officers

3 July 2015

The image shows two handwritten signatures in black ink. The signature on the left is a stylized, cursive 'B' followed by a horizontal line. The signature on the right is a cursive 'R. Lepeu' followed by a horizontal line.

### 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 Code of Business Ethics and a Supplier Code which both include Human Rights considerations. These Codes were first adopted in their current form by the Board of Directors in 2005. The Code of Business Ethics has been made available to all employees and is available in English, French, German, Chinese and Japanese. The Codes are regularly reviewed and amended to ensure they remain as relevant as possible.

In addition to Richemont's own Codes, 17 of our 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 Codes. An updated Supplier Code is being released in July 2015

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.

### **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 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.

### **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: In Richemont, 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.

### **Implementation**

Suppliers and partners: We have extensively reviewed the Supplier Code this year to ensure that it continues to encompass recognised practice in this area. This new Code will be released in July 2015 and communicated to our suppliers. Tools for managing signed supplier codes are also being 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 Employee Code 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 English, French, German, Chinese and Japanese. 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:

Some 140 external supplier audits were performed across the Group in 2014/15 (prior year: over 100 audits). 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 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. Notwithstanding these considerations, 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 in three key areas: carbon intensity; 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 their 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 review of the Supplier Code conducted during 2014/15, 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 (calculated for the first time in 2013/14), 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 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 the 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 Code of Business Ethics. The Code has been made available to all employees and is available in English, French, German, Chinese and Japanese.

The Code includes Richemont's clear opposition to all forms of bribery and corruption. The Group has communicated its position on this topic to every employee through a booklet produced in eight languages: the Standards of Business Conduct.

## **Implementation**

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.

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.

## External Recognition

### Indices

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

In partnership with Corporate Knights Capital and leading sustainability minds from non-governmental organisations and the academic and accounting communities, Newsweek has ranked the world's largest companies on corporate sustainability and environmental impact. In this Green Rankings 2014, Richemont ranked 33rd out of 500 of the world's largest companies by market capitalisation.

### 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 / Robeco Sam; 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.

### Looking ahead

Richemont is monitoring the Global Reporting Initiative's developments, including 'G4', and the focus those developments are bringing to materiality.

In addition, Richemont may report on progress against its CSR three-year plan and the targets which it is in the process of setting for itself.



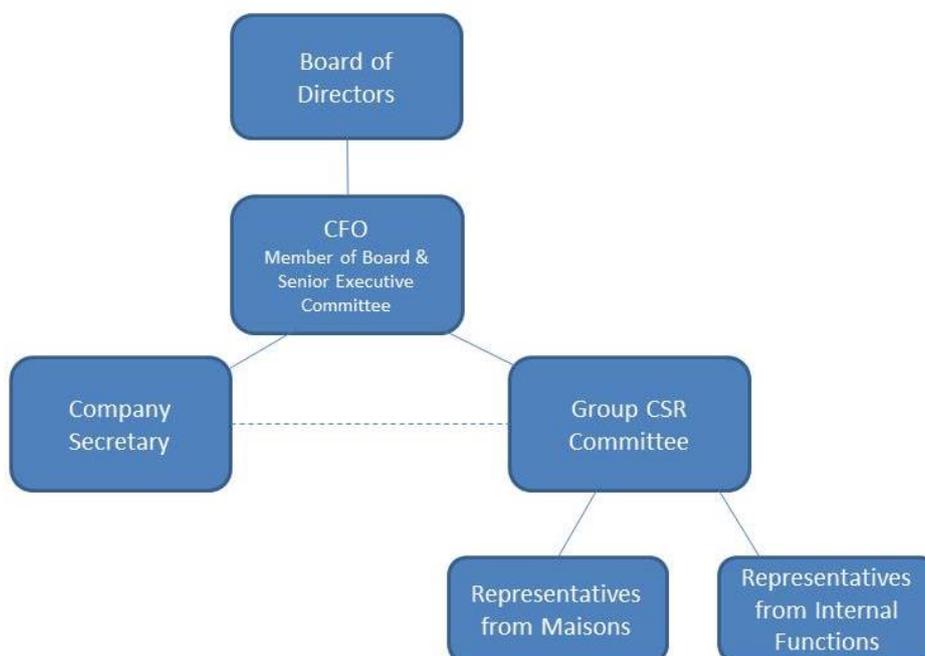
# Governance & Ethics

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## How CSR is managed

Responsibility for CSR lies with the Chief Financial Officer ('CFO'), a member of the Board of Directors and 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. There are both 'push' and 'pull' functions in the intranet, which had over 100 registered users at March 2015. 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](#).



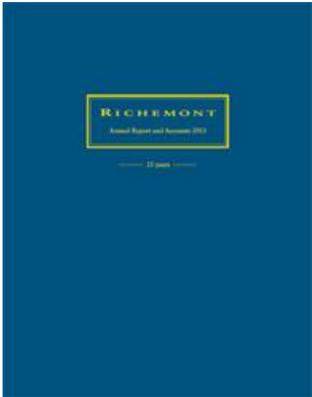
**Governance and risk management**

The Board of Directors (the 'Board') is responsible for the overall strategic direction of the Group and the appointment of senior management. In addition, it is responsible for establishing financial controls and appropriate procedures for the management of risk within the Group as well as the overall supervision of the business. The 2015 Annual Report contains an extensive description of the mechanisms used by the Board to exercise its duties, including Committees. It may be found in the [Corporate Governance Report](#) (Pages 46-53). That report follows the principles laid down in the Swiss Code of Best Practices for Corporate Governance as well as the requirements of the Directive on information relating to Corporate Governance issued by SIX Swiss Exchange. For reporting in detail on CSR topics, this website report is a more flexible and efficient way of communicating Richemont's progress each year.

The full Corporate Governance Report contains comprehensive disclosure on the Group: capital structure and significant shareholders; membership of the Board and its Committees; compensation arrangements and amounts; the Group's auditor; and its Information Policy.

The Group's auditor, PricewaterhouseCoopers, has access to all Board minutes, including the results of the Board's annual self-assessment and each of its Committees. The independence of the non-executive members of the Board and its Audit, Compensation, Nominations and Strategic Security Committees is addressed in the 2015 Corporate Governance Report.

The Board oversees the company's management in terms of its economic, social and environmental performance. The Chief Financial Officer attends all Board and Audit Committee meetings. Both the Board and its Audit Committee regularly receive risk reports relating to non-



financial risks, for example economic, environmental, employee retention and other CSR issues as part of a regular review process. All identified risks are quantified according to their probability of occurrence and potential impact and are subsequently prioritised by Group management.

In the context of Enterprise Risk Management, the Group does not disclose the key risks which it has identified and which it closely monitors, or the steps being taken by the responsible executive to mitigate those risks. Richemont considers such information to be commercially sensitive. Richemont has recognised supply chain and other sourcing risks and has therefore invested significantly in this area, for example, through RJC certifications of its own businesses and, increasingly, its first and second tier suppliers.

In addition to Richemont's own Codes, 13 of our Maisons – representing over 90 % of Group sales - have been certified for compliance with the RJC's Code of Practice. That certification process has helped our Maisons define and formalise their respective approach to CSR issues, including employee welfare and supplier risk assessments.

Regarding governance, the Board of Directors elected to give shareholders the opportunity to vote on the Richemont compensation report each year on a voluntary basis some years ago. Such practices became mandatory in 2015, for all Swiss, listed companies. In response to the 'share blocking' practices linked to bearer shares, the Company's Articles of Incorporation were amended in September 2013, thus ending 'share blocking'.

## **Public policy engagement**

On 21 June 2013, the Council of States (Conseil des Etats) together with the National Council (Conseil National), adopted, upon final vote, the draft bill of the revised "Swissness" legislation, the purpose of which is 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 (instead of the current 50%; within the watch industry this applies solely for watch movements) must take place in Switzerland.

The implementation of the "Swissness" legislation requires four Ordinances to be either revised or drafted, including the revision of the Trademark Protection Ordinance which sets out the criteria for establishing the origin of industrial products. With regard to the watch industry, in December 2014, the Federation of the Swiss Watch Industry (Fédération de l'industrie horlogère Suisse, the "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 (Institut Fédéral de la Propriété Intellectuelle), with the full support of Richemont as regards its implementation. This final draft of the Ordinance is currently undergoing review with the competent Swiss authorities and shall also be submitted to other interested parties for consultation.

The new "Swissness" standards may come into effect as of 1st January 2017 followed by a transitional period of possibly two years running until 31st December 2018 in order to enable companies to adapt to the new rules.

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.

As described elsewhere in this report, Richemont is an active supporter of the RJC and all of its Maisons manufacturing or selling products containing diamonds or gold are now members.

Richemont and its Maisons contributed to the discussions which led to the [RJC's Chain of Custody standard](#) for gold and other precious metals, published in March 2012. An RJC Chain of Custody standard for diamonds is under development but no publication date has been scheduled.

**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, first adopted in their current form by the Board of Directors in 2005, 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 English, French, German, Chinese and Japanese. 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 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 through a booklet produced in eight languages. 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. The new Supplier Code of Conduct will be released in July 2015.

**Related documents**

- [Code of Business Ethics](#)
- [CSR Guidelines](#)
- [Environmental Code of Conduct](#)
- [Supplier Code of Conduct](#)
- [Employees Code of Conduct](#)

The Group seeks to make continuous improvements to its whistleblowing policies and practices and, to alert management to potential problem areas, regularly communicates to all employees the available whistleblowing tools. Whistleblowing may also relate to suspicions of irregular practices by suppliers, prompting further investigation by external agencies. Richemont's whistleblowing services are open to its 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.

## Case Study: Richemont Europe

Since 2006, CSR knowledge and practice within Richemont has evolved considerably, but not in a uniform manner; certain Maisons are leaders, both within the Group and in the luxury goods industry, while others have shown limited progress. Following approval by the Board in May 2014, a CSR 3-year Plan which has five pillars namely Governance & Ethics, Sourcing, Richemont as an Employer, Environment and Community Investment, has been disseminated to the CEO of each Maison and distribution platform.

Using Group guidelines, "Richemont Europe" has defined a 3-year CSR plan as a roadmap to help the 20 Europe countries which it oversees achieve the Group CSR strategy. This plan sets the commitments, scopes, targets and KPIs as well as governance for Richemont Europe. A CSR space has been created to enable each of the 20 platforms to exchange best practices.

Whilst country's priorities, current performance and level of ambition need to be taken into consideration, each country has been asked to:

- define the governance
- deploy a CSR 3-year implementation plan
- communicate the CSR Strategy within their teams
- engage its teams to achieve our common goals
- regularly report on the target achievements according to the Richemont Europe process
- participate on Richemont Europe CSR Committee as a member (on a rotational basis)

The cascade of Group CSR to Richemont Europe and its 20 countries has been successful. CSR strategy is on the way to be well developed as regional level as per examples below.

*A well working CSR culture can increase employee engagement as it gives purpose.* Many Dubai employees have actively asked what Richemont does locally in terms of CSR and how they can get involved. Richemont Dubai has formed a cross functional local CSR committee, led by the CEO to drive the local definition and implementation of the Richemont 3-year Plan. As a part of this plan, Richemont Dubai employees are encouraged to volunteer their time to support charitable causes. A local team of Richemont employees has come up with their own innovative idea around community investment where each employee could potentially participate and contribute to a charitable cause if they wish. The team believes it is time to give: one day per year for each employee.

The platform has established the RICHeros program in 2015 for charitable activities which is a CSR-related initiative. For that they have engaged with NGOs and will continue to work with them.

In South America – Miami, a CSR committee has been formed including Richemont employees from various functions as well as brand representatives. To fully implement the CSR committee for the market as well as to align the local strategy to the Regional one. In this frame, it has been planned to make formal supplier risk assessment, to launch an intensive communication campaign and to train employees on CSR. Each employee, who has an initiative related to charities or community support is allowed to take time off.

## Looking ahead

In response to developments in Switzerland's legislation, the Articles of Incorporation for Compagnie Financière Richemont SA have been modified. They will be proposed for shareholder approval on 16 September 2015. At the same shareholder meeting, a number of binding resolutions relating to compensation will also be proposed. Together, these changes give Richemont's shareholders a greater 'say on pay' and on the governance of the Group's parent company.

The annual CSR Conference will be supplemented by additional internal communications, including quarterly conference calls on specific topics.

# Sourcing

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## Our commitment

To source responsibly, 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.

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, precious stones and leather. We also work closely with industry organisations such as the [Responsible Jewellery Council](#) ('RJC');
- 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.



The Group maintains a dialogue with metal refiners and suppliers and, through the RJC, with mining houses and other supply chain participants.

## Supply chain management

### Context

Our supply chain is characterised by high quality and specialised products and long-term relationships with our suppliers. This puts us in a position to be able to promote good practice among suppliers.

The responsible sourcing of certain raw materials, such as gold and diamonds, involves a long and complex supply chain and requires a partnership approach. Working collaboratively with industry partners means we are better able to effect long-term change in those supply chains.

### 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 Richemont's and the RJC's respective 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 (the 'Code') 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 animal testing, preservation of endangered and protected species and responsible sourcing of gold and diamonds.

Over 80 % of the Maisons' regular or significant suppliers have signed the Supplier Code. That figure is expected to rise each year.

The Code is being updated in light of recent developments and will be communicated to suppliers in due course.

## Compliance

Each Maison 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; over 200 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. The selection process, which included proposals for system management as well as the development of a Richemont-tailored 'referential', was concluded the year under review.

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.

## 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 the recently completed projects was the RJC's Chain-of-Custody standard applicable to gold and platinum group metals. The RJC Chain-of-Custody standard aims to assist businesses' compliance with the requirements of the US Dodd-Frank Act regarding eligible, conflict-free material. The RJC Initiative is also aligned with the OECD Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas and its Supplement on Gold.

The RJC's Chain-of-Custody standard is voluntary for RJC members. Certified compliance with the standard will enable businesses to claim conflict-free supply chains. It is based on the principle of segregation for eligible material.

As a long-term supporter of the RJC, Richemont has encouraged the development of the RJC's Chain of Custody standard and participated in the consultation phases. The Chain-of-Custody Standard for gold and platinum group metals was issued in March 2012 and the first

certifications against the Standard were confirmed in May 2012. Since then, a further 25 certifications have been announced and more are in the pipeline.

Due to the specificities of diamond mining, sorting, polishing and trading, a separate RJC Chain-of-Custody standard for the diamond supply chain is currently under development. No publication date has been communicated.

### **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.

These Maisons' practices accord with Richemont's Supplier Code of Conduct, which states that 'Suppliers should adhere to the principles of Corporate Standards of Compassion for Animals ensuring that no animal testing is conducted or commissioned during any stage of product development or manufacture'.

More generally, Richemont's Supplier Code of Conduct makes specific reference to full compliance with special international and local regulations, for example the Convention on International Trade of Endangered Species ('CITES'), related to the procurement, import, usage and export of raw materials sourced from endangered or protected species. This extends to the sourcing of exotic skins and our Maisons are supporting research and development initiatives to improve animal welfare standards in that area.

### **Local procurement**

Many of our Maisons have a tradition of supporting a particular region through purchasing materials and employing people from the area. This is particularly true of the Maisons that are involved in the art of watchmaking in Switzerland and Germany.

### **Performance data**

Some 140 external supplier audits were performed across the Group in 2014/15 (prior year: over 100 audits). 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 Group does not record the percentage of 'surprise' audits carried out. As a consequence of audit findings, certain of the Group's businesses have changed supplier or worked with suppliers on remediation plans. 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.

## Human rights, ethical labour and employment practices

### 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 (the 'Code') includes an endorsement of International Labour Organisation Conventions, the Universal Declaration of Human Rights and other internationally recognised labour practice standards. In December 2013, Richemont became a participant in the [UN Global Compact and supports its Ten Principles](#).

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.

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 %
Ralph Lauren Watches and Jewelry	2012/13	More than 75 %
IWC Schaffhausen, Manufacture Horlogère ValFleurier, Officine Panerai	2013/2014	More than 85 %
A. Lange & Söhne, Donzé-Baume, Roger Dubuis, Stern 1898, The Net-A-Porter Group	2014/2015	More than 90 %
Giampiero Bodino, ProCadrans	pending	More than 90 %

Certain 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 business include Alfred Dunhill, Chloé, Lancel and Peter Millar.

### Slavery & human trafficking - Corporate Disclosure

On 1 January 2012, the California Transparency in Supply Chains Act of 2010 (SB 657) went into effect in the State of California. This law was designed to increase the amount of information made available by manufacturers and retailers 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 that its supply chain to be free of these scourges. Richemont's Corporate Social Responsibility Committee (the 'CSR Committee') has the internal responsibility for evaluating this area and, with the full support of the Maisons, has evaluated the Group's supply chain activities.

The CSR Committee has developed and disseminated its Group Supplier Code of Conduct, which sets out Richemont's 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, among other things, identification of the individual responsible for the supplier's compliance, procedures in place to meet the Code of Conduct, any discrepancies between the supplier's operations and the Code of Conduct, 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 have initiated third-party audits of their suppliers in recent years. During 2014/15, a significant number of 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

was established in 2005 to promote responsible ethical sourcing, human rights, social and environmental practices in the gold and diamond supply chains.

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 some 611 members, from miners to retailers. The Richemont Maisons which are certified members of the RJC (Cartier, Van Cleef & Arpels, Baume & Mercier, Jaeger-LeCoultre, Piaget, Vacheron Constantin, Ralph Lauren Watches and Jewelry, Montblanc, IWC Schaffhausen and Officine Panerai) have been audited by an accredited third-party to verify compliance with the RJC's Code of Practices, thereby obtaining RJC certification. Many Richemont 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 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 as a whole, 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 Model 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.

#### **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. Moreover, 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.

Recognising the concerns raised by certain observers of the Kimberley Process Certification Scheme in respect of mining activities in the Marange region of Zimbabwe, Richemont's Maisons have instructed their suppliers not to supply diamonds to them from that region.

### **Endangered or protected species**

We require suppliers to comply with international and local legislation, e.g. the Convention on International Trade of Endangered Species ('CITES'). Maisons are also working to achieve a better understanding of their supply chain in this area.

### **Other areas**

Cartier, Van Cleef & Arpels and Piaget stopped purchasing precious stones which may have been mined in Myanmar.

In addition, we have policies for fragrances and cosmetic products, animal testing and product information and labelling.

### **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 over 600 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.



### **Code of Practices**

The RJC has developed a Code of Practices, based on established international principles, which sets out requirements against which members must be certified. 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.

## 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. 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 over 90 % in 2014/15.

In the prior year, 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 the year under review, 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 RJC's website.

The RJC has not published guidance on coloured gemstones to date. Subject to members' interest, this topic may be included in the RJC's scope in the future.

## The RJC's year

During the year under review, in addition to recruiting a further 141 new members and certifying a further 73 existing member's compliance with its Code or Practices, the RJC's achievements included:

- Restructuring of its management team. The restructure will introduce the role of Executive Director (ED) in place of a CEO. This is in line with the practice elsewhere in many non-profit organisations.
- The appointment of an RJC Indian Manager to further demonstrates RJC's 2013 commitment to this market.
- The AGM of the RJC was held in Mumbai on 13 April 2015.

These various achievements underscore the RJC's leadership position across the jewellery industry.

## Working in partnership

### Context

The supply chain for jewellery products is often long and complex. For example, the supply chain for a diamond ring can include gold mining houses, refiners and banks as well as diamond trading houses, cutters and polishers. Given the complexity of the supply chain, we are working with industry partners to bring about improvements which will mitigate risks and enhance the industry's reputation.

### Our approach

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, 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: Responsible Jewellery Council

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During the year under review a further 142 new members joined the RJC and a further 79 existing members were certified against the RJC Code of Practices. An impressive development has been seen in the RJC Chain-of-Custody (CoC) certification scheme with a 225% increase in the number of CoC certified members.

In collaboration with the Graduate Institute of Geneva, Richemont sponsored the RJC's study of the obstacles facing small and medium sized enterprises in achieving RJC certification. A copy of that study is available on the RJC's website since January 2015.

Early April 2015, the RJC has announced the creation of a new structure in India with the appointment of an RJC Indian Manager.

The Indian market is a major player in the jewellery industry and the cutting and polishing of diamonds is concentrated in India. The RJC therefore sees membership expansion in India as a strategic priority.

### **Looking ahead**

Detailed three-year targets were set during the year under review. They seek to develop a responsible sourcing framework based on risk analyses. The monitoring of those targets has already started. There will be further coordination of supplier audits across the Group. Between 50 and 100 supplier audits are anticipated in the coming year.

Linked to the CSR three-year plan, the review of the Model Supplier Code will be completed and communicated to suppliers by the independent Maisons. Tools for managing signed supplier codes will also be developed in order to simplify internal record keeping and to minimise the risk of duplicate requests being sent to common suppliers.

# Richemont as an employer

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## Our Commitment

As we consider employment as a long-term commitment, our goal is to develop and engage our people to keep their employability in a constantly changing environment and to pay them fairly in line with performance.

Richemont's 31 599 people (headcount) around the world at the year-end are instrumental to the success of the business. Through our suppliers and business partners, we also provide employment opportunities for many more.



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.

Our long-standing strategic priorities are:

- Performance management;
- Health, safety and well-being;
- Training and development;
- Consulting and communicating with employees;
- Diversity and equal opportunities.

Richemont has reported sales growth in most markets and an increase in the number of people employed. Globally, the average number of Full Time Equivalent ('FTE') over the five-year period has risen from 21 387 to 28 324, an increase of 32 %. The growth has been in the Maisons' manufacturing positions, in their growing boutique networks, and in Richemont's international support services.

Local hiring forms part of the Group's strategic approach and is acted upon whenever feasible. Our manufacturing operations are concentrated in Switzerland, France and Germany whereas our retail activities are spread worldwide. Accordingly, the great majority of the Group's employees were hired locally.

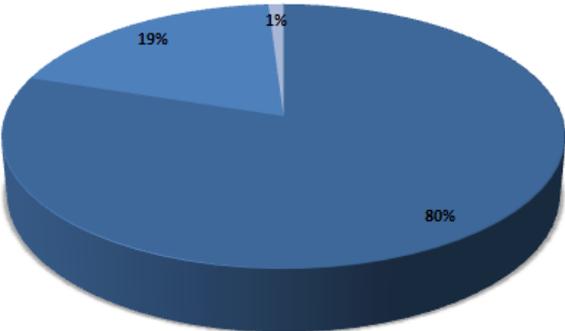
The Group's size, diversity and geographic spread allow employees to develop careers across a variety of positions and international locations: internal promotion is favoured over external recruitment in most cases. Richemont aims to recruit 70 % of management-level employees internally. This also applies to senior management positions at significant operations.

As a participant in the [UN Global Compact](#), Richemont abides by the Compact's Ten Principles as they relate to employees.

**Key performance data**

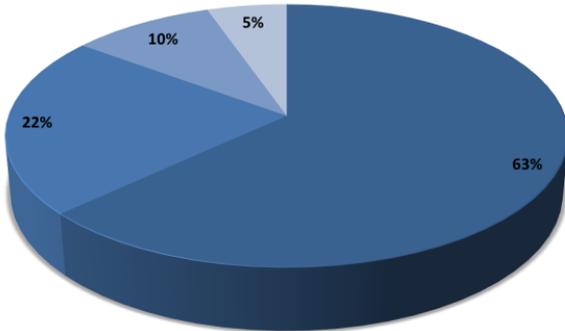
Detailed below is a split of our total workforce by employee type, by geographical region and by employment contract.

Total workforce by employer



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

Total workforce by region

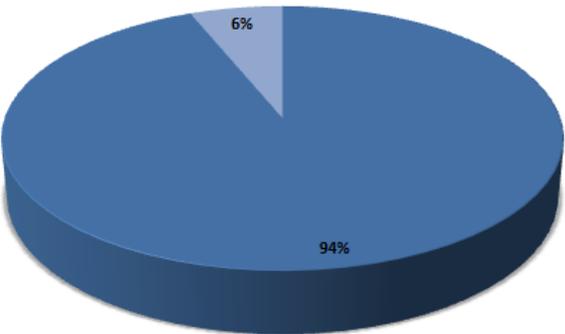


- Europe
- Asia Pacific
- Americas
- Japan

Europe includes the Middle East and Africa.

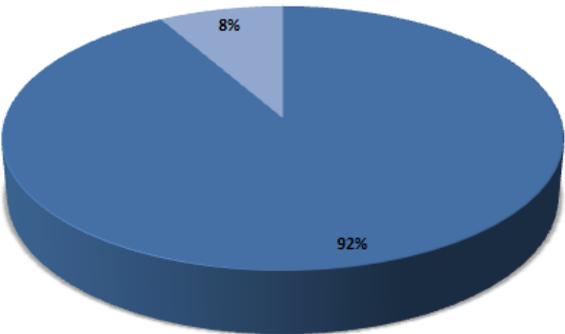
In Switzerland, average employment figures ('FTE') increased by 2 % during the year under review and by 28 % over the past five years. The strong growth largely reflected global demand for Swiss watches with mechanical movements, prompting our Maisons to expand their in-house manufactures.

Total workforce by employee contract



- Permanent
- Temporary

Total workforce by employee type



- Full time
- Flexible time

**Performance management process**

**Context**

Regular performance management reviews and annual individual development plans are a critical element of our strategy to retain, motivate and develop our staff. Our emphasis in this

area provides our employees with opportunities for continuous personal and professional development as well as helping us to recognise and reward talent.

**Our approach**

Managers in Maisons, regions and functions are responsible for managing the performance of individual employees. They are guided by the Group’s Performance Management Process which supports transparent compensation and rewards decision-making using clear job responsibilities, annual strategic individual objectives and the development of personal competencies. All managers and employees undergo formal performance management reviews leading to individual development plans.

**Values and competencies**

Our nine core competencies, which are shared Group-wide and are based on the Group’s five values, set out the common behavioural standards and skills that will help optimise the success of the individual in the Group.



These core competencies form a central part of the individual development plans for our employees.

The Group has also developed a specific Performance Management learning and development programme specifically for managers, aiming to support them in implementing the process within their teams. The programme is designed to be an on-going and incremental learning path.

In addition, support toolkits are provided and distributed to Group employees electronically. These toolkits include manager and employee handbooks and a database of key learning solutions. The database provides a source of inspiration and concrete ideas for employees when building their individual development plans, such as tips for on-the-job actions, self-directed learning and external training.

**Retaining talent**

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.

In addition, to ensure equitable treatment across markets, the Group’s corporate Human Resources function performs a number of internal and external benchmark studies comparing reward and compensation practices. This information is used in an annual salary review to

ensure that employees are treated equitably, and that salaries and benefits remain competitive relative to our peers. Equally, in emerging markets where Richemont operates, to ensure the lowest possible levels of turnover, Richemont seeks to compensate its employees at or above the market average.

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 talents, ensures that employees have a stake in the Group's success, and enables Richemont to control costs.

Disclosures concerning senior executives' compensation, including fixed and variable components as well as short-term and long-term benefits, may be found in the Compensation Report within the [2015 Annual Report](#).

## Key performance data

### Employee turnover

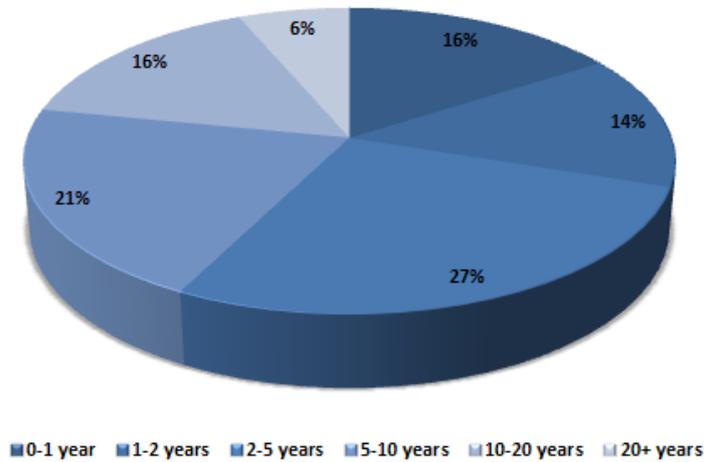
Employee turnover and retention data is closely monitored by country, Maison, functional area and type of employee contract. Naturally, the turnover rates vary by Maison, by country, and by function. For example, in Switzerland where one third of the Group's permanent employees are based, the turnover rate remains below 10 %. This is in line with market averages. The turnover rates in Germany and Italy were even lower, but in France the rate was around 10 %. The turnover rate is higher in countries where retail activities predominate, such as mainland China, Hong Kong and the USA. However, through Group-wide efforts with respect to new employee induction programmes, on-going performance management and retention strategies, employee turnover rates in those countries are expected to stay below market averages. 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 satisfaction in general, the Group sponsored an 'employee engagement barometer' pilot study at Van Cleef & Arpels in 2013/14. The results of that study were used by the Maison and by the Group Human Resources specialist to help to lower employee turnover rates in the longer term. Following the success of the pilot, a number of barometer studies have since been conducted by Maison and by market.

### Length of service

The following chart shows a breakdown of the workforce by length of service. 40 % of employees have worked in the Group at least five years and the average length of service for all employees is 6.5 years. These relatively low figures reflect the expansion in the underlying businesses over the last decade, particularly in terms of growth as a retailer, new manufacturing facilities and business combinations. Moreover, the relatively recent acquisition of the fast-growing Net-A-Porter and Peter Millar businesses has reduced the average length of service reported by the Group.

Total workforce by length of service



## Training and development

### 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 has no single prescription for training, but encourages individual development through on-the-job experience. In addition, each Maison and Richemont platform develops the formal training structure that most closely fits its culture, strategy and process.

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



Training and development is not limited to any particular channel. In some instances there is no substitute for on-the-job training or for learning from experienced, skilled colleagues. In other cases employees benefit significantly from external training opportunities. Formal training forms just a small element of overall training: 70 % of total training is 'on the job'.

The number of hours of training received by employees in each financial year is not currently consolidated. However, a Learning Management System ('LMS') was deployed for the first time in 2013/14 at certain Group operations. The LMS has so far reached a growing number of Group employees. A comprehensive roll-out is expected to take a number of years and reporting will be improved during that time. The deployment of such a system reflects the formalisation of the Group's approach to training and development and is an extension of Richemont's Performance Management Process. Further consolidated data may therefore be made available in future CSR reports, including the total spend on training and the number of training hours per employee.

## 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, which are detailed in the WOSTEP case study below, Richemont currently employs 639 apprentices and trainees. This includes watchmakers, technicians and polishers working in Richemont's after-sales service centres around the world.

The Vacheron Constantin Institute opened its doors in 2013. It trains watchmaking and Métiers d'Art apprentices and offers personalised and targeted learning programmes for Vacheron Constantin's employees. The Maison also sponsors the European Artistic Crafts Days (JEMA).

## Training and development in retail

The Richemont Retail Academy in Shanghai was inaugurated in 2011. It provides a platform for recruiting and training employees for our Maisons' boutiques across mainland China.



## Advanced Business Certificate in Digital

The Digital Institute comprises a series of professional development programmes, in-house bespoke training, including on-the-job initiatives and events. The Digital Institute was set up with a mandate to enable Richemont and Maisons employees to enhance their knowledge about digital and thereby raise the level of digital excellence in our organisation.

The catalogue of training currently proposes five different programmes, all tailor-made to suit the specificities of the industry and the Group. Since the initiative began four years ago, the Institute has welcomed managers and staff from across multiple functions and has initiated an international deployment of its offer.

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 course designed specifically for them. This training ensures that our e-Business and Digital Managers are ready to help the Group define and face the challenges of this ever-changing environment.

## Careers Microsite

A dedicated [Careers Microsite](#) was launched in 2013/14 to ensure that Richemont keeps pace with industry best practice.

The Microsite provides a place for talented and future candidates to experience a clear, simple and effective communication about Richemont's unique qualities in a multilingual approach. The main objectives are: (i) recruitment and candidate relationship management to support market-specific growth needs and to better match supply and demand on an international basis; (ii) communication: to create a space in which we can clearly communicate and further develop the attributes that differentiate Richemont. The effectiveness of these objectives is being monitored by Richemont's Human Resources team.

## 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 and 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.

### 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.

### 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 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 H&S, Manufacture Pelletteria Montblanc in Florence, Italy, Manufacture Horlogère ValFleurier ('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 % per 200,000 hours worked by March 2018 and monitors performance against that target. The related data is not publicly disclosed at present.

Nevertheless, data for the 2014/15 year indicated that the Group is on track to achieve its overall target, and certain sites have exceeded the Group target.

## Engaging employees

### Context

We take great pride in the people who contribute to the success of the Group and remain committed to resolving issues which could affect employees' work or personal welfare.

### Our approach

The Richemont Standards of Business Conduct (the 'SoBC') provides guidance on ethical standards of behaviour that all employees should adopt at work. The contents are not published. It sets out universal guiding principles that all staff in the Maisons and shared services should follow in the business workplace. It is complementary to local 'Codes of Conduct' and Employee Handbooks.



The SoBC sets out the Group's procedures for whistleblowing and reporting grievances. To the extent practicable and permissible by local law, Richemont will respect the privacy and confidentiality of employee reports. Employees will not be discriminated against because they have reported suspected breaches in good faith. Whistleblowing reports are followed up by the Group's Head of Internal Audit, independent of the whistleblower's line management. To make it accessible to all, the SoBC has been distributed to employees in at least 8 languages (English, French, German, Spanish, Italian, Japanese, Chinese and Russian) and is available as an interactive booklet on the Group's HR Intranet, our main channel for communicating human resources information within the Group. In addition, each Maison undertakes its own engagement activities with its employees.

Compliance with the SoBC is not measured. Rather, all employees receive regular reminders about their duties regarding the SoBC and in particular the Group's whistleblowing policy and procedure. New employees are trained on SoBC as part of their induction programme.

### Employee participation

Maisons comply with local legislation in recognising union membership amongst employees. We have a European Works Council for our European employees, with appointed staff representatives. Richemont respects legislation regarding collective bargaining.

To provide European examples, where Richemont has its greatest concentration of employees and therefore pays particular attention to employees' direct feedback and the proposals of nominated representatives, a permanent dialogue is in place to promote the best possible working environment. Richemont believes that the best working environment creates the best conditions for business development.

Some 10 % of Group employees are currently employed in mainland China in service functions, primarily in boutiques and back-office functions. In mainland China there is a mandatory requirement for labour unions, but not for collective agreement. Accordingly, a preparatory committee for the establishment of union was formed in 2012 but, as a consequence of subsequent legal developments, did not conclude. In the meantime, Richemont has: (i) organised a local CSR Committee and proximity program organized by HR team to all brands and functions to collect employee's opinion before a labour union is formally established; (ii) organised

different task forces which serve the same purpose as a CSR Committee, namely to collect employees' opinions before a labour union is formally established.

Elsewhere in the Asia Pacific region, where legislative requirements rarely exist, Richemont is voluntarily encouraging participation as follows:

- In Hong Kong, through regular communication between management and staff at the Maison and functional level;
- In Taiwan, in addition to the welfare committee, HR organise CSR activities and communicate and promote the volunteer participation CSR initiatives through regular communication to top management and employee level.;
- In Korea, through a management committee to establish fair and impartial labour-management relations. The Committee comprises equal numbers of employee and company representatives.

In addition to these country-specific examples, the Group's Performance Management Process, may be used to address issues between all managers and all of their direct reports. There were no significant industrial action incidents during the last four years.

## **Diversity and equal opportunities**

### **Context**

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.

### **Our approach**

As detailed in the Standards of Business Conduct (the 'SoBC'), we do not tolerate harassment or any behaviour which creates a hostile, offensive or intimidating environment for our employees. The SoBC makes clear our approach to breaches of policy, which will lead to a process of investigation and, when appropriate, dismissal.

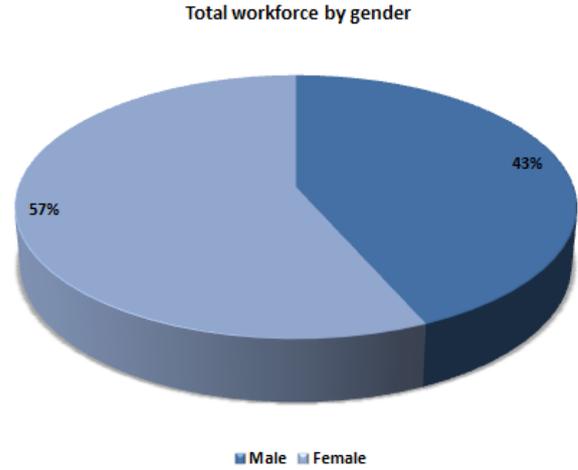
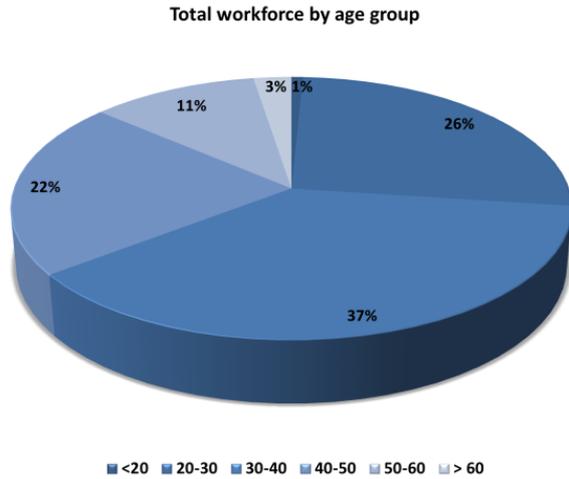
### **Flexible working practices**

Richemont recognises the importance of enabling employees to balance the needs of work and life outside work. Flexible working is an option that many of our Maisons offer to employees. 8 % of Group employees are currently making use of such offers.

### **Key performance data**

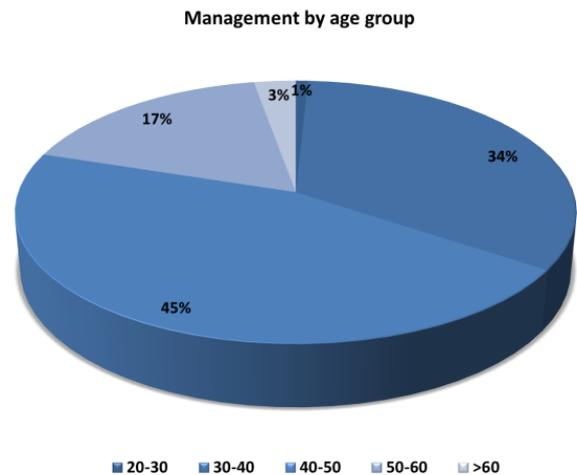
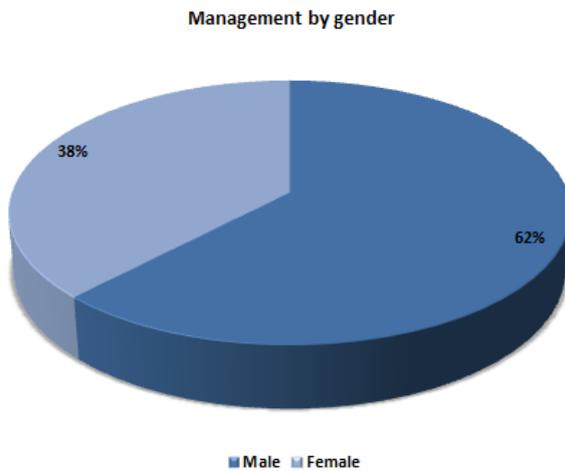
It is important to monitor the age profile of our workforce to understand industry-specific and professional working experience, which is likely to vary with age. It also helps us with future planning, helping us understand our potential exposure to retirement costs and 'knowledge drain' from employees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

We also monitor the gender balance in the workforce to promote diversity amongst staff.



### 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.



At the level of Richemont's Board of Directors, 6 % are female as at 31 March 2015.

The Board's 18 directors comprise seven nationalities, including Swiss and South African, and a range of industry experience including luxury goods, law, banking, engineering and international relations.

### Fostering new talent

The long-term success of Richemont depends on recruiting and retaining talented people. Accordingly, Richemont and its Maisons have established academies, institutes, partnerships and apprenticeship programmes which are closely aligned with its strategic goals and medium-term business needs.

For example, the *Campus Genevois de Haute Horlogerie* now hosts some 45 new watchmaking apprentice positions in Geneva. The Group has partnered with the WOSTEP programme to establish watchmaking apprenticeship programmes around the world. The Richemont Retail Academy in Shanghai addresses specific skill shortages in China. Following graduation, trainees and apprentices typically continue to work for one of the Maisons, bringing long-term benefits to the Group. The Creative Academy in Milan is another example, providing Masters-level programmes to young designers.

The following are other examples of our partnerships:

**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 by high level jewellery work is becoming more 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 has been running since 1997. It 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. In addition, the 'F. A. Lange Scholarship & Watchmaking Excellence Award' promotes talented young watchmakers. In a combination of summer academy and competition, eight talented young watchmakers from all over the world were able to gain inspiration from the world of chronometry and put their skills to the test.

The numbers of apprentices going through the various programmes supported by Richemont increases each year. Some 639 employees are defined as trainees or apprentices, representing some 2 % of all employees.

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

**Cartier's** 'Fondation Cartier pour l'art contemporain' has promoted the work of contemporary artists since 1984. Over the years, it has placed a particular focus on supporting the work of young artists at the start of their careers. Taking advantage of the Fondation's well-established international network, many exhibitions tour the world taking up residency in prestigious art venues.

**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. In 2014 Vacheron Constantin has signed an agreement with Ecole Boulle in Paris - which features among the world's top schools fully dedicated and specialized in craftsmanship - for the creation of a Master program ("MAD"). This year the Maison's partnership with the Ecole Cantonale d'Art de Lausanne "ECAL" - led to presenting the exhibition of "Arts & Crafts & Design: Time according to ECAL and Swiss Craftsmen" produced in partnership with ECAL and the Fondazione Cologni dei Mestieri d'Arte at the Swiss Pavilion at Expo Milan 2015.

## Cases Studies

### Watchmakers of Switzerland Training and Education Programme ('WOSTEP')

Richemont works closely with the Watchmakers of Switzerland Training and Education Programme Foundation ('WOSTEP'), a neutral and independent Swiss institution, which offers

an internationally recognised training methodology and quality standard in the field of watchmaking.



In 2008/09 Richemont, partnering with WOSTEP, opened its first training schools in Dallas, Texas (the North American Institute of Swiss Watchmaking) and Hong Kong (the Hong Kong Institute of Swiss Watchmaking). Both of these facilities are fully funded by Richemont and offer the well-known WOSTEP 3 000 hour training programme. In 2011, the China Institute of Swiss Watchmaking was opened in Shanghai.

The local training of watchmakers ensures a local pool of talent for the Group's after-sales service centres. The following is an update on developments:

- USA/Hong-Kong: Both schools are now working at full speed. Two classes of the 3 000-hour programme. (six students/class, two years duration) and one class of Encasing Technician (four to six students/class, four months duration).
- Shanghai: The Institute has a capacity of two classes of 16 students each for the 3 000 hour programme and a class of six students for the Encasing Technician Course.
- Japan: The Richemont Award was established to support the training of future watchmakers attending the Watch Course at the Hiko Mizuno College of Jewelry.
- UK: The British School of Watchmaking has eight places available. Richemont UK currently sponsors two of its students.

**Hong-Kong:** School open in 2009 Two classes of the 3 000-hour program. (six to eight students per class, two years duration) provide graduate watchmaker able to do complete service on simple mechanical or automatic and chronograph movement. One class of Encasing Technician is also available (four to six students/class, four months duration). HKIOSW open its doors to all Asia Pacific students.

**Shanghai:** The China Institute of Swiss Watchmaking opened its doors in October 2011 located in the building of Richemont repair center. The Institute has a capacity of two classes 12 students each for the 3 000 hour program and a class of 8 students for the Encasing Technician Course. CNIOSW is mostly for people from the Republic of China.

**UK:** The British School of Watchmaking has eight places available each year. Richemont UK currently sponsors two of its students.

**USA:** The North American Institute of Swiss Watchmaking school is working at full speed, with two classes of the 3 000-hour program. (Six to eight students per class, two years duration) and one class of Encasing Technician (four to six students/class, four months duration).

### **NAIOSW Graduates (IOSW in Dallas)**

#### **Encasing Technician Course (ETC), 2011 Graduates – examples**

1. Kevin K. came into the Encasing Technician Course (ETC) as an employee previously working in our shipping and receiving department at Dallas Fort Worth, Texas. Kevin has been working for Richemont since April 2000. Kevin is now working in Baume & Mercier as an encasing technician since his graduation in 2011.
2. Pablo O. came into the Encasing Technician Course (ETC) as an employee of Richemont working in our distribution center in Grand Prairie, Texas since February 2008. Pablo worked as an encasing technician for Baume & Mercier soon after graduation in 2011. Pablo is now a full-time student in the full training Certified Watchmaking Course (CWC) as of January 2015.

3. Ray C. came into the Encasing Technician Course (ETC) as an employee of Richemont working at Montblanc as a writing instrument technician. Ray is currently working for Cartier as an Encasing Technician as of 2012.

#### **Certified Watchmaking Course (CWC), 2011 graduates – examples**

1. Robert L. has a degree in mathematics and has previous experience working in jewellery retail. Upon graduation from NAIOSW in 2011, Rob began his professional journey working in Jaeger-LeCoultre at the Richemont Technical Center workshop in Dallas Fort Worth, Texas. Rob has now taken on the role of technical supervisor for Cartier, Baume & Mercier and Montblanc.
2. Dave M. has been working for Panerai at the Richemont Technical Center workshop in Dallas Fort Worth, Texas. Dave's previous career was in retail and manufacturing.

#### **Certified Watchmaking Course (CWC) 2013 graduates –examples**

1. Yen V: upon her graduation in 2013, Yen has worked in Cartier and is currently working in Panerai at the RTC workshop in Dallas Fort Worth, Texas. Yen's family is in the watch repair business in Texas.
2. Bennie H.: during his time as a student, Bennie entered and tied for 1st place for the F.A. Lange Watchmaking Excellence Award which was sponsored by A. LANGE & SÖHNE. Bennie was also awarded as outstanding student of the class of 2013 and was able to attend Vacheron Constantin in Switzerland for 2 weeks. Bennie began working in the RTC workshop in Dallas Fort Worth, Texas in 2011. Bennie has worked in Cartier and is now working in Piaget.
3. Steve T. is a former student of our very first Richemont Watch Operator class (Encasing Technician Course) in 2007. Steve began working as an encasing technician for Cartier upon his graduation in 2007. Steve took it upon himself to learn full repair on some basic watch calibers from some of our experienced watchmakers during afterhours. Steve began to work in Panerai in addition to working in Cartier. Steve is currently working in Panerai at the RTC workshop in Dallas Fort Worth, Texas since his graduation.
4. Eric Harding: Eric is a graduate of the Certified Watchmaking Course of 2013. Eric is currently working at the Boston Cartier BTQ. Eric has been working at the Cartier boutique since 2013.

#### **Certified Watchmaking Course (CWC) 2014 graduates- examples**

1. Curtis M. holds a degree from Washington University in St. Louis Missouri. Upon graduation from the CWC in August 2014, he began his career as a new watchmaker at the RTC workshop in Dallas Fort Worth Texas, going through the initial 6-month onboarding program. Curtis was also awarded as the outstanding student of 2014 and was able to attend a 2-week training/apprenticeship at Vacheron Constantin in Switzerland. Curtis has now settled into the IWC Maison following his 6 months of training.
2. Sean B came into the Encasing Technician Course (ETC) from California. His father is Cartier watchmaker who works in the Beverly Hills Cartier boutique. Sean returned home upon graduation from the ETC in 2011 and came back to NAIOSW for the Certified Watchmaking Course CWC. Sean is currently working at the RTC for Panerai following his 6 month onboarding training program at the RTC.

3. Christian B. came to the Certified Watchmaking Course from the Chicago area. Christian is a graduate of the CWC class of 2014 and upon his graduation has joined the Richemont technical team at the RTC in DFW Texas.
4. Tyler P. came to the Certified Watchmaking Course from Maryland with his wife and children. Tyler also has previous experience in customer service and holds a degree in business management. Tyler graduated from the Certified Watchmaking Course (CWC) at NAIOSW in August 2014 and began his onboarding with Richemont soon after his graduation. Tyler has now settled into his role as a watchmaker in IWC at the RTC in Dallas Fort Worth, Texas.
5. Frank K. came into the Certified Watchmaking Course as an internal employee, working as an encasing technician at Montblanc. Frank also worked as an encasing technician for Richemont in New York before making the move to Texas. Frank went back to Montblanc immediately after his graduation from the CWC in August 2014.

### **A success story from Hong Kong**

Ken started with us in 2007 for one year internal training and then as technician working for the Cartier team.

He started the HKIOSW school in 2009 and graduated in 2011.

Since his graduation, he is working for Vacheron Constantin. He is on level 3 to 4, ultra-thin movement and small complications.

### **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.

As outlined in this section, Richemont's Learning Management System will be further deployed across the Group until 100 % coverage has been achieved. Data from this global system will be progressively disclosed in future CSR reports.

The Campus Genevois de Haute Horlogerie ('Campus'), a teaching and manufacturing facility in Geneva dedicated to the arts and crafts of fine watchmaking, is under construction and will be operational by the end of 2015. The Campus is planned to employ more than 900 people by 2020.

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.

Progress against the target set in 2012/13 will be closely monitored at a consolidated and Maison-level, best practices will be shared within the Group.

The audit of sites will be 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.

Maisons and Regional units will continue to communicate the SoBC and relevant policies to all employees and newcomers through a variety of channels, including induction programmes, ad hoc training sessions, of which some online, emails and the intranet.

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

# Environment

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## Environmental management

### Our Commitment

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

- Carbon intensity
- Packaging
- Logistics

### Context

We are committed to minimising our impact on the natural environment and to reducing our carbon footprint. In this regard, 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. 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.

With a view to improving the overall management of risks, Richemont has established an Environment, Health and Safety audit programme applicable to significant manufacturing,



operational and administrative sites. The results from those audits are used to drive continuous improvement plans. Some 30 site audits are conducted each year.

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. Since 2011, Richemont's environmental data has been reviewed by PwC. The assurance report may be found on the [Climate Change](#) page of this report.

Whereas no manufacturing sites are currently registered to ISO 14000, Richemont's EMS (Environmental Management System) is based on the principles of ISO 14000.

Separately, the 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).

### 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.

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

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.

## Climate change

### Context

Richemont's carbon footprint is relatively small compared to that of energy-intensive industries. As discussed elsewhere in this report, 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 is growing 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 within the Group. 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.

Notwithstanding these considerations, 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'). This protocol is the internationally accepted template for accounting and reporting on GHG emissions.

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 m<sup>2</sup>) 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 2014/15 and includes retail outlets, offices, research and manufacturing sites, and distribution centres.

In the year to March 2015, our global CO<sub>2</sub> emissions on a comparative basis increased by 16 % in absolute terms to 137 Ktons compared to 118 Ktons one year earlier. The calculation methodology established, in the 2011/12 financial year, was unchanged. In addition, the Scope 3 was increased, leading to an additional 66 Ktons being reported in respect of third-party freight logistics (2014: 61 Ktons).

The 16 % increase is comprised of a 12 % increase in buildings-related emissions and an 21 % increase in employee travel-related emissions. The significant increase in buildings-related emissions reflects constructions in manufacturing and distribution, partly offset by the voluntary purchase of renewable electricity in most of our European manufacturing sites and North American distribution operations.

This increase has been achieved against a backdrop of a 1 % increase in sales in local currency terms and a 6 % 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. At the same time, the 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. Despite our work to promote good environmental practices, the average CO<sub>2</sub> emissions per employee ('average FTE') on a comparative basis increased by 10 % in the year: from 3.9 CO<sub>2</sub>t/FTE to 4.3 CO<sub>2</sub>t/FTE. The Group's five-year intensity target for buildings related to surface and FTE, whereas the business travel target relate to FTE only. Our targets are for long-term reductions in carbon intensity, therefore the increase in the year was undesirable.

We aim to reduce our emissions as much as possible and neutralise the rest by participating in offsetting projects. The Scope 3 logistics emissions indicated below are not offset. Our other CO<sub>2</sub> emissions were offset by a gold mine-related project in South Africa, the support of fuel efficient stoves in Ghana, reforestation in Colombia and other projects linked to zero-carbon energy in Indonesia, India and China. To raise awareness, the centrally-purchased carbon offsets are re-invoiced to Richemont's individual Maisons based on their reported GHG emissions. Our Maisons may choose the offset projects most suited to them from a menu, thus deepening their engagement and promoting both internal and external communication.

Since 2011: an independent assurance report has been provided on the Group's consolidated CO<sub>2</sub> emissions. The 2015 report from PwC was issued on 16 June 2015, and included the logistics developments described above.



The Group participates in the Carbon Disclosure Project's ('CDP') annual data collection process. Richemont's 2014 submission received the following ratings by the CDP's assessors: 75 % for disclosure (2013: 79 %) and level C for performance (2013: level B).

GRI indicator reference	CO2 emissions	Units	2010/11	2011/12	2012/13	2013/14	2014/15
	Total	1 000 tCO <sub>2</sub>	79.3	99.8	98.2	179.3	202.4
EN16	Scope 1	1 000 tCO <sub>2</sub>	20.8	19.3	18.6	18.3	20.0
EN16	Scope 2	1 000 tCO <sub>2</sub>	40.2	49.6	45.2	56.8	65.5
EN17	Scope 3	1 000 tCO <sub>2</sub>	18.3	30.9	34.4	42.9	51.2
EN17	Scope 3 Logistics (since 2013/14)	1 000 tCO <sub>2</sub>	-	-	-	61.3	65.6

**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 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; (ii) Net-A-Porter's distribution centres to final customers; and (iii) 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 preliminary 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 increased by 6 % in the year to March 2015. To provide context, in the same period, Group sales increased by 1 % in local currency terms and the overall surface area of our buildings also increased.

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 2015, 36 % of the Group's purchased electricity was 'green electricity' (2014: 35 %; 2013: 35 %; 2012: 23 %). In absolute terms, the Group's green electricity consumption increased to 62 GWh.

GRI indicator reference	Energy (buildings only)	Units	2010/11	2011/12	2012/13	2013/14	2014/15
	Total energy consumption	GWh	202	212	215	225	238
EN3	Direct energy consumption	GWh	44	37	37	37	31
EN4	Indirect energy consumption	GWh	158	175	178	188	207

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 the initiatives taken by our Maisons and the Group's distribution platforms.

## Other environmental impacts

### 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 for ever, 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.

### Transportation and 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 is developing logistics-related targets to reflect its CSR three-year plan.

### 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 limit 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. 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. The Group does not yet collect data regarding the weight or volume of materials used in its production or other operating processes.

#### 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 by careful 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 the prior year; (ii) presentations made at the Group’s 2013 management conference; and (iii) the sensibilities of the Maisons’ designers and their customers.

As product stewardship is at a very 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.

**Water data**

Our environmental data collection includes municipal water usage. Data is not always available for some smaller retail outlets, in particular where we operate from shared sites and estimations of water usage per full time equivalent employees (‘FTE’) are applied in these locations. The scope of our measurement is now estimated at covering operations representing some 60 % of FTE. It includes retail outlets, offices, manufacturing sites and distribution centres.

The reporting systems behind the figures disclosed below have undergone changes during the last two years, leading to an estimation of some 40 % for the Group’s overall water withdrawal figures. Accordingly, the reporting process will be reviewed in the year ahead to determine the impact from: (i) like-for-like increases or decreases at major sites; (ii) the net growth in the number of Group operating sites; and (iii) changes in Group-level estimation.

GRI Indicator reference	Water	Units	2010/11	2011/12	2012/13	2013/14	2014/15
EN8	Total water withdrawal	1 000 m <sup>3</sup>	684	713	933	820	810

Specific projects have succeeded in reducing water usage at some of our sites. For example, an air conditioning system used in a Lancel boutique in Paris was replaced largely because it used a very large amount of water.

The Group does not currently report on waste water or on the proportions of reused or recycled water. None of the Group’s manufacturing facilities are in water-stressed areas of the planet. Nevertheless, new buildings in Switzerland typically incorporate rainwater capture systems.

CDP is developing its water reporting tools and scoring methodology and Richemont was asked to be a pilot reporter in 2014.

**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 guidelines set out our policies for protecting endangered species, leather products manufacturing, conflict-free diamonds and responsible gold sourcing. 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.

### 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.

### 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 the completed new buildings in Switzerland of Jaeger-LeCoultre in Le Sentier and Manufacture Horlogère ValFleurier in Buttes. The new buildings in Switzerland for Cartier and Officine Panerai in Neuchâtel, for Vacheron Constantin in Geneva and the *Campus Genevois de Haute Horlogerie* are further examples. 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 began in 2012 and is due to be completed by 2015. The Campus, which is planned to employ more than 900 people by 2020, incorporates a number of environmental innovations linked to energy saving in the building. Low-emission public transportation for students and employees has also been factored into this project. The Group's overall investment in this project amounts to some CHF 100 million (€ 80 million).

During the year, the Group 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. This strategy should reduce our carbon intensity.

### Case Study: Meyrin Campus

Inspired by its unique watchmaking heritage in Geneva, willing to ensure the sustainability of the profession, and motivated by the increasing demand for exceptional timekeepers, Richemont has launched a large and innovative project: the « Campus Genevois de Haute Horlogerie ».

The Group reinforces its roots in Geneva and its involvement in the local economy. The project will result in the creation of a 30,000 m<sup>2</sup> integrated



work site in Meyrin, built in accordance with ambitious environmental and socially responsible standards.

The new buildings, which will be opened in 2015, have been built in accordance with the Nature & Economie and the Minergie-ECO standards.

During the construction work, the implementation of these standards materialised in:

- Soil, water and air protection
- Waste management
- Anti-noise protection.

Moreover, more than 50 % of the concrete has been produced with recycled concrete. The level of embodied energy has been lower thanks to the wood frame. All the wood and wood products used both for structural work and finishing work come from sustainable forests and bear the FSC or PEFC label.

The electricity consumption is also a focus area: 26 000m<sup>2</sup> of photovoltaic roofing has been installed, which will meet 100 % of the building's technical needs.

The new production site will also supply energy for the Roger Dubuis existing building, which will enable us substitute about 80 % of fossil fuels.

## Looking ahead

Richemont has committed to specific carbon intensity targets over a five-year period. Richemont is also in the process of setting focused targets in areas of packaging and logistics – the two other priority environmental impact areas that have been identified during the development of a wider CSR three-year plan.

In parallel, we continue to work on improving our infrastructure, energy management and travel policies to limit our emissions. Specifically, we will undertake further site studies to improve energy efficiency and identify opportunities for improvements in personal travel and logistics. We will also reduce non-essential business travel through the greater use of communication technologies, such as video conferencing.

The Group's five-year targets to reduce the carbon intensity (kilo/FTE) of buildings and business travel were first communicated to all Maisons and shared service platforms on 29 April 2013. Each reporting unit is elaborating its own plan to contribute to the achievement of those targets. In the meantime, carbon emissions will continue to be offset through the purchase of certified carbon credits.

Improving energy efficiency forms a key part of our strategy to reduce carbon emissions. We will continue to evaluate the use of 'green electricity' contracts where they are available.

The Group is also measuring a growing scope of carbon emissions generated by the Maisons' freight logistics carried out by third parties.

Richemont will develop packaging priorities with its Maisons and report on progress in future years.

Initiatives to recycle materials, to reduce printing and packaging where possible and to use sustainable sources of raw materials, such as FSC-certified paper, will remain a priority for us. The life cycle of all materials, including packaging, will be an area of growing focus in the years ahead.

We will continue to source materials in a manner that is consistent with the protection of the environment.

# Community Investment

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## 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. 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. Similarly, our Maisons embody the essence of arts and crafts and benefit from operating in societies that are culturally rich.

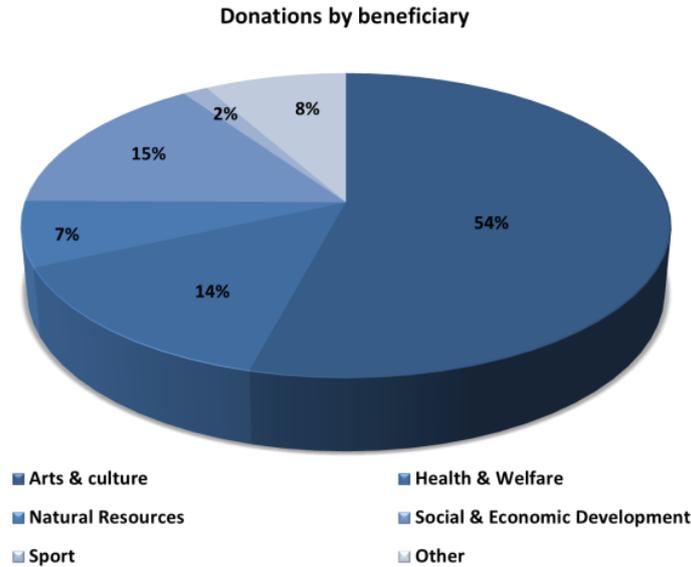
The four broad areas in which we contribute are:

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

## Community spend

This year our total community spend was € 26 million (prior year: € 22 million). This equates to 1.5 % of our profit before tax (prior year: 0.9 %). 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 [Charitable involvement](#) section). Other beneficiaries include charities concerned with healthcare, sanitation, women's welfare and children's sports.



The Group has not invested in infrastructure projects nor provided services which help the wider community in the areas in which it operates: such projects are financed through the tax contributions by our operating companies. Richemont does not seek to influence public policy through the charitable donations it makes. Due to the relatively small scale of operations associated with the manufacture of high quality goods in Western Europe, no assessments of the impact on communities of entering and operating are carried out.

Examples of our commitment to local employment are addressed in the Employees section of this report.

### 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, Alfred Dunhill employees have organised annual volunteer days to build children’s playgrounds in underprivileged areas. Richemont North America has organised certain 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 [2015 Annual Report](#), and in the following [Sponsorship](#) section.

At the Group level, Richemont continues to support a number of charitable foundations. Below are some details of seven of these:

**Fondation Cartier pour l’art contemporain**, established in 1984. [The Fondation](#) 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.

**Cartier Charitable Foundation**, established in 2012. The 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.

**Peace Parks Foundation**, established in 1997. This 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. Further details about Peace Parks may be found on page 39 of our 2015 Annual Report.

**Laureus**, established in 1999. This organisation 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. Further details about Laureus may be found on page 40 of our 2015 Annual Report.

**Cologni Foundation for Artistic Craft Professions** (*Fondazione Cologni dei Mestieri*) established in 1995. This foundation 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. To this end, it promotes, supports and finances a series of cultural, scientific and informative initiatives such as publishing books, organising conferences and exhibitions and financing scientific research through the *Arti e Mestieri* Research Centre, in partnership with the Cattolica University of Milan.

**The Fondation de la Haute Horlogerie** ('FHH'), established in 2005. The Geneva-based Foundation 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; (iii) to affirm its role as a Think Tank for the fine watch industry. The foundation's worldwide activities are supported by its partner-brands, the Federation of the Swiss Watch Industry and a number of renowned Swiss museums. Richemont's support of the FHH is through its Maisons.

**Teacher of Ten Thousand Generations Foundation**, established in 2003. This 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.

## Sponsorship

Richemont and its Maisons sponsor certain initiatives and causes around the globe. Such sponsorship helps to support the Maison's strategic objectives, including raising brand awareness. The following are examples.

**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.

**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 development of technological solutions. Since 2011, Piaget has supported a telemedicine project in the Altiplano region of South America.

**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.

Music Festivals: a number of Maisons actively support music and musicians. These include:

- **Montblanc's de la Culture Arts Patronage Awards;**
- **A. Lange & Söhne's** support of the Salzburg Whitsun Festival;
- **Vacheron Constantin's** fosters educational partnerships with various schools in specialized art, crafts and technical institutions. In 2014 Vacheron Constantin has signed an agreement with Ecole Boule in Paris - which features among the world's top schools fully dedicated and specialized in craftsmanship - for the creation of a Master program ("MAD"). This year the Maison's partnership with the Ecole Cantonale d'Art de Lausanne "ECAL" - let to presenting the exhibition of "Arts & Crafts & Design: Time according to ECAL and Swiss Craftsmen" produced in partnership with ECAL and the Fondazione Cologni dei Mestieri d'Arte at the Swiss Pavilion at Expo Milan 2015.
- **Vacheron Constantin's** support of the Orchestre de la Suisse Romande

## **Case Study: The Fondation Cartier pour l'art contemporain**

On 20 October 1984, in Jouy-en-Josas, near Versailles, Cartier inaugurated the [Fondation Cartier pour l'art contemporain](#), a pioneering gesture in support of living art. Ten years later, in May 1994, the Fondation Cartier moved to Paris, into the architecture of glass and steel that had been created for it by Jean Nouvel.

Thirty years later, the Fondation Cartier pour l'art contemporain remains true to the values on which it has based its action and which affirm its identity. It promotes discovery, by revealing young artists to the public or by unveiling the secret side of world-renowned artists. It promotes 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.

During one year, from May 2014 to March 2015, the Fondation Cartier celebrated thirty years of free and generous patronage, based on a unique commitment, lived experiences, and continuous dialogue with artists from around the world. The exhibition Vivid Memories, accompanied by concerts and events, presented some of the most emblematic works of the Fondation Cartier collection, all related to its history. During five months, the exhibition Vivid Memories has been constantly transformed, making it possible to see a significant part of the Fondation Cartier collection: thirty years of creation and freedom.

Since its opening, the Fondation Cartier pour l'art contemporain has hosted more than 150 exhibitions featuring major living artists, amongst them Ron Mueck, Moebius, Raymond Depardon, Agnès Varda, César, David Lynch, Patti Smith, Jean-Paul Gaultier.

The latter surprised the visitors with his Pain Couture exhibition in 2004. With wit and fantasy, the famous designer transformed the Fondation Cartier, creating a collection of ephemeral dresses using bread in the place of taffeta and muslin as his fabric.

Most recently, the Fondation presented a major solo exhibition of American artist Bruce Nauman's artwork, the first in France in over 15 years. For the occasion, the artist made a careful selection of recent works never before shown in France, along with some earlier installations, created from a wide array of media that he has explored throughout his career.

### **Looking ahead**

As a Group, we continue to review the systems we use to gather information about charitable activities and other community investments. The year ahead will see the implementation of metrics and reporting tools better suited to the Group's level of donations. We expect those tools to follow the recommendations of LBG (formerly the London Benchmarking Group).

# Global Reporting Initiative ('GRI') Index

In putting together this Corporate Social Responsibility report, Richemont was guided by the G3 Sustainability Reporting Guidelines prepared by the Global Reporting Initiative. The Group's 2015 CSR report has not been verified by an independent body. The Group self-declares this report to GRI application level C. Our goal is to continue to report our progress against these Reporting Guidelines which are used worldwide by companies to benchmark their performance. We are in the process of reviewing the implications of the new GRI G4 Guidelines for our reporting.

In this report, we have concentrated on those GRI indicators which we have identified as material to our business. We have provided information in narrative format where it is available. This table provides a guide on the extent of our reporting against the G3 Sustainability Reporting Guidelines.

## Richemont CSR Roadmap - GRI Index

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[Labour Practices Performance Indicators](#)

[Human Rights Performance Indicators](#)

[Society Performance Indicators](#)

[Product Responsibility Indicators](#)

GRI Index	Description	Location
<b>0</b>	<b>Profile</b>	
<b>1</b>	<b>Strategy and Analysis</b>	
1.1	Statement from the most senior decision-maker of the organisation (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy	Chief Financial Officer's introduction  Our approach to Corporate Social Responsibility
1.2	Description of key impacts, risks, and opportunities	Our approach to CSR  Stakeholder engagement
<b>2</b>	<b>Organisational Profile</b>	
2.1	Name of the organisation	About Richemont
2.2	Primary brands, products, and/or services	About Richemont

GRI Index	Description	Location
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	About Richemont Where we operate
2.4	Location of organisation's headquarters	Where we operate
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Where we operate
2.6	Nature of ownership and legal form	About Richemont  Group structure (About Richemont) - Main company website
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Where we operate  Our economic impact
2.8	Scale of the reporting organisation	Our economic impact
2.9	Significant changes during the reporting period regarding size, structure, or ownership	About Richemont
2.10	Awards received in the reporting period	External recognition
<b>3</b>	<b>Report Parameters</b>	
3.1	Reporting period	Our approach to reporting
3.2	Date of most recent previous report (if any)	2013/2014
3.3	Reporting cycle (annual, biennial, etc.)	Annual  Our approach to reporting
3.4	Contact point for questions regarding the report or its contents	Corporate Social Responsibility Report 2015
3.5	Process for defining report content	Our approach to reporting  Our approach to CSR  Stakeholder engagement
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	Our approach to reporting
3.7	State any specific limitations on the scope or boundary of the report	Our approach to reporting

GRI Index	Description	Location
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	Our approach to reporting
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information	Our economic impact Environmental management
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Our approach to reporting Climate change
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Our approach to reporting Climate change
3.12	Table identifying the location of the Standard Disclosures in the report	GRI index
3.13	Policy and current practice with regard to seeking independent assurance for the report	Our approach to reporting Environmental management
<b>4</b>	<b>Governance, Commitments, and Engagements</b>	
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Governance and risk management How CSR is managed
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Corporate Governance - Board of Directors CFR SA How CSR is managed
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	Corporate Governance - Board of Directors CFR SA
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Stakeholder engagement Engaging employees Investor relations

GRI Index	Description	Location
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives and the organisation's performance (including social and environmental performance)	How CSR is managed Compensation and share ownership
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Corporate governance
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics	How CSR is managed Corporate governance
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Our approach to CSR Policies
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles	How CSR is managed Governance and risk management
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	How CSR is managed
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation Article 15 of the Rio Principles introduced the precautionary approach. A response to 4.11 could address the organisation's approach to risk management in operational planning or the development and introduction of new products	Governance and risk management Product innovation, design and quality
4.12	Externally developed, economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses	UN Global Compact Communication on Progress  Responsible sourcing of raw materials  Responsible Jewellery Council
4.13	Memberships in associations	Working in partnership  Responsible Jewellery Council

GRI Index	Description	Location
4.14	List of stakeholder groups engaged by the organisation	Stakeholder engagement  Public policy engagement  Working in partnership
4.15	Basis for identification and selection of stakeholders with whom to engage	Stakeholder engagement
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholder engagement  Public policy engagement
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Stakeholder engagement
<b>PI</b>	<b>Performance Indicators</b>	
<b>EC</b>	<b>Economic Performance Indicators</b>	
EC1	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments (Core)	Our economic impact  Annual Report and Accounts 2015  Community investment
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change (Core)	Climate change
EC3	Coverage of the organization's defined benefit plan obligations (Core)	Our economic impact
EC4	Significant financial assistance received from government (Core)	Our economic impact
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation (Core)	Supply chain management - Local procurement
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation (Core)	Richemont as an employer
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro-bono engagement (Core)	Community investment
<b>EN</b>	<b>Environmental Performance Indicators</b>	

GRI Index	Description	Location
EN1	Materials used by weight or volume (Core)	Other environmental impacts – resource use and recycling
EN2	Percentage of materials used that are recycled input materials (Core)	Other environmental impacts – resource use and recycling
EN3	Direct energy consumption by primary energy source (Core)	Climate change - Energy use
EN4	Indirect energy consumption by primary source (Core)	Climate change - Energy use
EN5	Energy saved due to conservation and efficiency improvements (Additional)	Climate change - Energy use
EN7	Initiatives to reduce indirect energy consumption and reductions achieved (Additional)	Climate change - Energy use
EN8	Total water withdrawn by source (Core)	Other environmental impacts - Water data
EN11	Location and size of land owned, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas (Core)	Other environmental impacts - Biodiversity
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas (Core)	Other environmental impacts - Biodiversity
EN16	Total direct and indirect greenhouse gas emissions by weight (Core)	Climate change
EN17	Other relevant indirect greenhouse gas emissions by weight (Core)	Climate change
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved (Additional)	Climate change
EN19	Emissions of ozone depleting substances by weight (Core)	Climate change
EN20	NO SO and other significant air emissions by type and weight (Core)	Climate change
EN21	Total water discharge by quality and destination (Core)	Other environmental impacts - Water data
EN22	Total weight of waste by type and disposal method (Core)	Resource use and recycling
EN23	Total number and volume of significant spills (Core)	Climate change
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation (Core)	Other environmental impacts - Product stewardship
EN27	Percentage of products sold and their packaging materials that are reclaimed by category (Core)	Resource use and recycling

GRI Index	Description	Location
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations (Core)	None this reporting year
EN29	Significant environmental impacts of transporting goods and materials used for organisation's operations, and transporting members of the workforce (Additional)	Other environmental impacts - Transportation and logistics
<b>LA</b>	<b>Labour Practices Performance Indicators</b>	
LA1	Total workforce by employment type, employment contract, and region (Core)	Richemont as an employer
LA2	Total number and rate of employee turnover by age group, gender, and region (Core)	Performance management process
LA4	Percentage of employees covered by collective bargaining agreements (Core)	Engaging employees
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region (Core)	Health, safety and well-being
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases (Core)	Health, safety and well-being
LA10	Average hours of training per year per employee by employee category (Core)	Training and development
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings (Additional)	Training and development  Fostering new talent
LA12	Percentage of employees receiving regular performance and career development reviews (Additional)	Performance management process
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity (Core)	Diversity and equal opportunities
<b>HR</b>	<b>Human Rights Performance Indicators</b>	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and action taken (Core)	Human rights, ethical labour and employment practices
HR4	Total number of incidents of discrimination and actions taken (Core)	Diversity and equal opportunities
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour (Core)	Human rights, ethical labour and employment practices

GRI Index	Description	Location
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour (Core)	Supply chain management  Human rights, ethical labour and employment practices
<b>S0</b>	<b>Society Performance Indicators</b>	
S01	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting (Core)	Communities investment
S02	Percentage and total number of business units analysed for risks related to corruption (Core)	Policies
S05	Public policy positions and participation in public policy development and lobbying (Core)	Public policy engagement
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations (Core)	None this reporting year  Product innovation, design and quality
<b>PR</b>	<b>Product Responsibility Indicators</b>	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures (Core)	Health, safety and well-being  Resource use and recycling – product stewardship  Climate change
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes (Additional)	Product innovation, design and quality
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction (Additional)	Product innovation, design and quality
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship (Core)	Product innovation, design and quality
PR7	Total number and type of incidents of non-compliance with regulations and voluntary codes, concerning marketing communications including advertising, promotion and sponsorship (Additional)	Product innovation, design and quality
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services (Core)	Product innovation, design and quality