

# Richemont's approach to ESG

Richemont's approach to sustainability is inspired by its purpose: 'We craft the Future'. During the year under review, Richemont continued building on its responsible business values and heritage. Richemont initiated comprehensive change across the Group functions and regions, as well as Maisons with the goal to integrate Environment, Social and Governance ('ESG') principles right across the business.

## ESG framework

Richemont's ESG framework incorporates the insights from its latest materiality assessment conducted at the beginning of 2023. This comprehensive assessment identified 21 material ESG topics, with eleven regarded as highly material. A double materiality perspective was applied, considering the Group's impact on the environment and people, as well as the influence of ESG issues on its business.

Richemont approaches ESG as a broad risk management and reporting framework, enabling performance management and enhanced regulatory compliance. The Group's sustainability approach encompasses not only ESG, but also voluntary impact projects and a longstanding tradition of philanthropy. By supporting seven schools and nine Foundations, Richemont's donations foster social impact and environmental protection.

During the year under review, Richemont transitioned to a more structured and compliance-driven approach to ESG. Building upon its heritage of responsible business practices and a decade-long commitment to sustainability, the Group designed a robust reporting and disclosure framework that reflects dedication to caring for people and the environment.

The Group's Chief Sustainability Officer guides a responsible business strategy. The ESG governance model positions Group Sustainability as a central hub, connecting more than 80 sustainability leaders from various functions, regions and Maisons. These leaders meet biannually and communicate regularly online, playing a strategic role in disseminating new standards and requirements throughout their respective business units. Richemont has also established specialised committees to address specific ESG topics, including gold sourcing, gemstones, human rights, research and innovation, and safety. These committees complement the efforts of the Group's Senior Executive Committee and the Governance and Sustainability Committee.

## Acting on the environmental impact

Richemont has an influential role to play in addressing climate change. The materiality assessment revealed potential financial impacts of increasing carbon offsetting costs, emissions reduction quotas, and the reputational costs of non-compliance with regulations. The Group introduced carbon reduction targets validated by the Science Based Targets initiative ('SBTi') in July 2021 and is working progressively to reduce its carbon footprint.

Richemont has been recognised for its environmental leadership by CDP (previously the Carbon Disclosure Project), receiving high scores for tackling climate change and securing water resources. The Group has been acknowledged for its work in reducing greenhouse gas emissions, mitigating climate risks and developing a low-carbon economy. Richemont phased-out polyvinyl chloride ('PVC') from all its products and packaging in December 2022.

Managing energy consumption is essential, as it is directly linked to emissions performance. Richemont has a significant global real estate presence, and is committed to managing its energy footprint for both environmental and financial benefits. The Group is focusing on improving its energy efficiency and attaining 100% renewable electricity by 2025.

Circularity and more efficient use of materials present opportunities for further reducing greenhouse gas emissions and Richemont's customers expect engagement on circularity. The Group is committed to reducing the natural resource impacts of its operations, including waste footprint. It adopts a progressive approach that starts with a focus on packaging.

The Group's aim is to enhance transparency in its approach to water management including through assessments of basin-level water risks in its operations.

## Amplifying the Group's social impact

The Group prioritises a range of social topics, including human rights, diversity, equity and inclusion, talent and skills development, health and safety, social impact and community wellbeing.

The Group is dedicated to fostering a diverse and inclusive workplace, where it can provide growth opportunities, and retain talent. It continues to support its people in areas marked by unrest and conflict, ensuring their safety and wellbeing.

Championing diversity, equity and equal opportunity is an essential for employees' wellbeing and success. Richemont has a zero-tolerance policy for discrimination and is committed to fostering a fair and respectful work environment. Ongoing efforts include equal pay certification across the entire Group by the end of 2023, identifying context-specific diversity challenges, and promoting gender balance in the workforce. This year, Richemont achieved certification for its Swiss and French-based employees for gender-equal pay; it also continued the roll-out of the ConnectHER Talent Accelerator to increase the number of women lined up for senior-level positions, and, Group-wide, Richemont has achieved a healthy gender balance.

# Richemont's approach to ESG continued

In a competitive industry, nurturing talent and skills is crucial. Richemont strives to create a positive working environment where employees can develop, reach their full potential and stay engaged. To foster human capital development, various programmes and initiatives to promote individual growth and career development for its workforce are offered. To preserve special craftsmanship techniques and invest in young professionals, Richemont also offers an award-winning apprenticeship programme in collaboration with universities around the world.

The health and safety of employees are of utmost importance, and Richemont continuously assesses risks and improves its safety management systems to prevent injury and promote wellbeing. Ongoing initiatives include the roll-out of ChemGuard across manufacturing sites and repair centres, revising key performance indicators for Health, Safety and Environment, and establishing a Health, Safety and Environment data dashboard.

## Influencing the Group's supply chain

Richemont recognises the complexity of its Maisons' supply chains and the importance of managing a wide range of social and environmental impacts. It continuously strives to improve the sustainability and transparency of its supply chains.

The Group's commitment to responsible gold sourcing is reflected in the establishment of a Gold Sourcing Committee, which oversees the management of all gold-related supply chain issues. The Group maintains strong partnerships with organisations such as the Responsible Jewellery Council.

In the sphere of diamonds and gemstones, Richemont has established the Stones Supply Chain Committee to govern sourcing issues and strengthen its engagement with suppliers across the entire value chain. The Group aims to increase the transparency for these valuable resources by mapping its supply chains. The deployment of the ESG risk assessment and the Social Impact Assessment methodology helps it to better understand human rights risks and opportunities.

Leather holds a special place in Richemont's heritage. Richemont is working to expand its supply chain mapping of leather, including traceability assessments and identification of salient human rights issues, as well as biodiversity-related impacts. By focusing on these critical supply chain areas, Richemont aims to continue advancing its sustainability efforts and creating a positive impact on the communities and environment connected to its business. For more information about Richemont's efforts to ensure its Maisons operate with a sustainable and responsible supply chain, please refer to the 'Influencing Our Supply Chain' section of the Group's ESG Report.

## Refining the Group's governance

Richemont's approach to governance creates an essential foundation for implementing sustainability plans across the organisation. The Group's Standards of Business Conduct anchor its culture and values, and its Enterprise Risk Management equips it to identify, assess and respond to relevant sustainability developments and risks. Sustainability is firmly embedded at the highest level through the Governance and Sustainability Committee, which advises the Board. The Chief Sustainability Officer, part of the Senior Executive Committee, is responsible for the sustainability transformation and reporting.

Business ethics are foundational to Richemont's culture, operations and business model. They are deeply ingrained in its ways of working, codes and systems across the Group. The Group recently updated its Standards of Business Conduct to place greater emphasis on ethical and sustainability principles, and this is supported by Richemont's internal Speak Up platform for reporting suspected violations. During the year under review, Richemont offered e-learning training on the platform, along with courses on anti-bribery and corruption, anti-money laundering, conflicts of interest, and insider trading. Richemont also implements an Intellectual Property ('IP') strategy, which includes programmes aimed at addressing counterfeiting issues both online and offline.

Richemont is committed to complying with regulations related to product health and safety, consumer protection and product claims. Richemont aims to be truthful, accurate and balanced in the marketing, advertising, and labelling of its products, ensuring that its customers have the information they need to make informed decisions.

Richemont is especially mindful of the risks associated with misleading environmental claims. The Group's internal Directive on Environmental Product Claims, adopted in May 2022, ensures compliance and prevents greenwashing while disclosing products' environmental performance. Richemont prioritises due diligence in assessing environmental claims, labels, standards and performance.

By refining the Group's governance and embedding ethical practices throughout its operations, Richemont continues to strengthen its position as a responsible and sustainable luxury goods group. For more information about the Group's governance initiatives, please refer to the 'Refining Our Governance' section of the Group's ESG Report.

Finally, Richemont would like to thank all its employees from around the world, across different business functions and within its Maisons. They have shown their commitment to building a more sustainable future for the next generation. Sustainability is a complex topic that cannot be managed by a single team. It takes all of the Group to move in the right direction to achieve impact. ESG is everybody's business at Richemont.

*Peace Parks Foundation believes that conservation at scale creates healthy landscapes and resilient communities that are able to adapt to change.*

We are in an era of unprecedented change resulting in spiralling levels of nature degradation. With Africa being home to a quarter of the world's biodiversity, it has a vital role to play in countering this global devastation.

In a year of renewed global environmental goal setting, Peace Parks made a considerable impact within the southern African landscape, reaffirming the relevant role we have to play in contributing to developing transboundary landscapes through our unique focus on conservation at scale.

Our rewilding efforts saw seven species of game animals translocated to the Simalaha Community Conservancy in Zambia, and sufficient numbers for founder populations of the majestic eland moved to Maputo and Zinave national parks in Mozambique. The biggest highlight of the year was undoubtedly the successful reintroduction of both black and white rhino to Zinave. Not only are both keystone species now able to re-establish healthy, restorative populations in their former native range, but their return after more than four decades of absence has seen Zinave become Mozambique's first Big Five national park. The ultimate cause for celebration was the birth of a perfect little calf within two weeks of their arrival. Named Princesa by President Filipe Nyusi of Mozambique, she is a beacon of rewilding hope and a testament to the successful conservation efforts invested here.

In Malawi, with the generous support of the German Ministry of Economic Co-operation and Development through the German Development Bank ('KfW'), great strides were made to rehabilitate the infrastructure in Nyika National Park and Vwaza Marsh Wildlife Reserve, both key components within the Malawi-Zambia transboundary landscape. Staff houses and administration offices were renovated, dramatically improving the working conditions of all the park staff. At the request of the community, a 70 kilometre solar powered electric fence along the eastern boundary of Vwaza Marsh was also successfully completed to bring an end to the extensive human elephant conflict. Almost 14 000 community



*Since 1997, Peace Parks has been instrumental in the establishment of ten transfrontier conservation areas across southern Africa. The combined size of these 'peace parks' is more than 1 000 000 km<sup>2</sup>, making it the largest terrestrial conservation movement on earth*



*The first rhino calf born in Zinave National Park, Mozambique in more than four decades is a testimony to the dedication of Peace Parks' rewilding efforts here. To date, more than 2 300 mammals from 16 species were introduced into the park's well-secured sanctuary, with wildlife now flourishing at around 5 000 animals*

members here also directly benefitted from activities such as climate-smart agriculture, the production of high-value crops, the selling of produce through collective marketing and livestock production.

In Zambia, more than 10 000 cookstoves were distributed that deliver both climate and sustainable development impacts. Added to the reduction in firewood demands and emissions, the pilot project is well on its way towards uplifting people through a new stream of income opportunity: turning any reductions in greenhouse gas emissions into carbon credits, which can, in turn, be sold for a monetary return to the communities. This year, Gold Standard registered the programme, enabling the first cookstove carbon sales. In 2022, 74 000 Voluntary Emission Reduction ('VER') carbon credits were estimated to have been issued. With additional donor support, this project can be significantly scaled to broaden impact in other areas as well.

The connection between successful conservation at scale, true partnerships and donor support is one for which we were abundantly grateful this year as our aims and ambitions as an organisation grew. We express special thanks to Richemont for supporting the Limpopo National Park community development programme, which directly impacts extremely vulnerable people, making them more resilient to the impacts of climate change.

Underpinning each of our wins, on all levels, has been the combined efforts and commitment to conservation of Peace Parks Foundation and its partners. The future of nature, and ourselves, rests in co-existence with all living creatures on this planet we call home, and we can only achieve this by working together.

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*It is more than two decades since Richemont's support and belief founded the Laureus organisation comprising the Laureus Sport for Good Foundation, and the Laureus World Sports Awards, and its mission to end violence, discrimination and inequality has never been more important.*

The purpose of Laureus is to improve the lives of young people around the world through the inspirational power of athletes and sport as a force for good. From day one, the Laureus Sport for Good Foundation has been pursuing its mission to fund, support, develop and implement programmes and initiatives that use sport to create equality, access and opportunity in society. The Laureus World Sports Awards are a platform to celebrate that work as well as the inspirational achievements of the greatest athletes in sport to create a powerful, purpose-driven combination. For over more than two decades, Laureus has helped change the lives of more than 6.5 million young people, each and every one of whom has benefitted from the unwavering support that Richemont has provided to Laureus.

Originally conceived by Richemont Chairman Johann Rupert, with the support of many of the world's highest profile and most successful athletes, Laureus Sport for Good's mission is to help bridge the gaps in society. It was launched in response to Nelson Mandela's famous words at the inaugural Laureus World Sports Awards in 2000: "Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else does. It speaks to youth in a language they understand. It is more powerful than governments in breaking down racial barriers. It laughs in the face of all types of discrimination."

Laureus' founding mission and belief in the power of athletes and sport have since been reflected by others in the field, including becoming a multi-lateral policy position of the United Nations ('UN'). In December 2022, the latest iteration of that progress saw



*Laureus Ambassador Andriy Shevchenko speaks to young people engaged with one of the humanitarian programmes that the Laureus Sport for Good Foundation supported for the first time in 2022*

the UN General Assembly formally recognise the power of sport to expand sustainable development and inspire young people around the planet via a new resolution. Laureus' engagement with the UN, via the organisation's Department of Economic and Social Affairs as well as individual agencies such as UNESCO, continues to strengthen year on year as a result of this increased recognition of the power of sport. Likewise, the objective of contributing to and achieving the UN Sustainable Development Goals ('SDGs') has not only provided a focus for Laureus' impact since the SDGs were adopted in 2016, but has allowed the Foundation to build out thematic programming across key social focus areas. In 2022, for example, Laureus launched and supported a series of new humanitarian programmes to support people displaced by conflict and natural disasters. Efforts have focused on both short-term humanitarian relief as well as recovery, rehabilitation and longer term support, including by the provision of trauma-sensitive sports activities for young people in conflict-affected communities and by increasing community cohesion and peaceful dialogue in locations where there are large intakes of refugees.

Complementing that engagement with the UN, the World Health Organization ('WHO') and other global, multi lateral bodies, the work of Laureus nonetheless remains deeply rooted in local communities around the world. Over the last year, Laureus made grants to more than 275 community-based organisations in 50 countries and territories, each using their own local expertise to change the lives of young people for the better.

Whether it be via basketball in Brooklyn to help young people escape gang violence, boxing in Nairobi to empower girls and create leadership opportunities for young women, or football in Cambodia to help young people stay in education in a country where only 5% of youth graduate high school, the work of Laureus and its community partners are living proof that sport continues to help people achieve in education and find pathways to their future careers and livelihoods. That includes within Richemont, an internship programme launched in the US in 2022 for young people who have graduated Laureus' programmes and are seeking to progress into employment.

Other elements of Richemont's ongoing support include donations to support Laureus' programmes around the world, sponsorship of the Laureus World Sports Awards by IWC Schaffhausen, and initiatives with individual Maisons to facilitate the creation of products to raise funds to benefit Laureus Sport for Good. Richemont employees are also involved in a wide range of fundraising activities to support Laureus' work.

Together, Laureus and Richemont continue to prove the concept that athletes can change the world, and champion the power of sport not just for raising awareness, but for changing lives.

For more information, go to [www.laureus.com/foundation](http://www.laureus.com/foundation)

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

Guided by a belief that human talent and its creative expressions are fundamental to our existence, the Foundation aims to drive diversity within artisanship and demonstrate the value that craft plays in enriching our lives.

The Foundation's main expression of this mission is the Homo Faber event – a celebration of human talent, creativity, design and craftsmanship, held biannually at the Fondazione Giorgio Cini, Venice. The 2022 edition, under the patronage of UNESCO, welcomed 55 000 visitors from 10 April to 1 May. It marked the beginning of a more international outlook for the Foundation as it hosted Japan as guest of honour with the masterpieces of twelve National Living Treasures on display. The event spotlighted more than 400 artisans from 43 countries, showcasing over 650 objects across 15 exhibitions.



Sophie Beale, Milliner, UK

Visitors had the chance to explore broader forms of contemporary craft, from elevated hospitality experiences with artisanal food and drinks to discovering the role of craft in theatre, fashion and design. Functional craft was showcased throughout the exhibitions – from a surfboard handcrafted from *Cryptomeria japonica* wood to a chess set inspired by pre-Islamic mythical figures. This edition saw the launch of Homo Faber In Città, an immersive addition to the main event. It included over 100 wide-ranging experiences from mosaic and gold leaf making, to gastronomy and wine making, and behind the scenes tours of performance and visual art productions in Venice.

The Foundation's signature digital platform Homo Faber Guide extended its global reach by welcoming artisans from Colombia, Japan, South Korea and Singapore. By March 2023, it will feature over 2 200 artisans from 43 countries, practising nearly 200 different crafts. With more than one million users, the Homo Faber Guide is regarded more and more as a travel guide and a destination for gift inspiration.

The Foundation seeks to inspire and enable a new generation to enter craft with specific education initiatives. Seven summer schools took place across Europe from June, culminating in the first course further afield focusing on Zellige tile making in Morocco. This year's pilot Trainee to Professional programme enabled seven aspiring artisans to train in the workshops of master artisans. Based on the success of these programmes and an awareness of the issues facing young talents and master artisans, the Foundation will keep investing in the future of craft by developing the employability of its young community of makers.

Looking forward, the Foundation will continue to celebrate human creativity and excellence, making craftsmanship more relevant, socially, culturally and economically for its community and to a wider audience of experts, aficionados and enthusiasts, with a specific focus on new generations.

For more information on Homo Faber, please visit: [www.homofaber.com](http://www.homofaber.com)

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