Richemont – Environmental Code of Conduct 2019

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Purpose of the Code

As a member of the global community, we are committed to carrying out our business activities in a manner that is consistent with the protection of the environment.

This Environmental Code of Conduct confirms the Group's commitment to environmental stewardship and elaborates the principles and practices that we follow in order to promote responsible environmental management. We require all our employees and business partners to contribute to our environmental performance by adopting those principles in their day-to-day activities.

General principles for all aspects of our business activities

1. Recognise the environmental responsibilities associated with all aspects of our activities

Both in our direct operations and in our supply chains, we strive to understand and minimise our environmental impact as a luxury goods company, and to contribute to the preservation of our planet's natural capital. We have a duty to continually improve our environmental performance, mitigate environmental impacts and risks, and accelerate environmental innovation with the support and involvement of our internal and external stakeholders.

Our Supplier Code of Conduct, which is communicated to our suppliers sets out our detailed policies relating to environmental responsibility in our supply chains. The Code covers the areas of responsible supply chains, labour practices and human rights, environmental management, sustainable product development and compliance. It also addresses the environmental impacts resulting from specific industry-related activities such as the responsible sourcing of gold, diamonds, coloured gemstones and leather.

As such, we integrate environmental concerns in our core decision-making and management processes, and we are determined to keep developing innovative best practices and environmental management tools. Our objectives are to assess, avoid, reduce and mitigate environmental risks and impacts associated with our activities and to continuously improve the environmental performance of the Group.

2. Cut down the energy consumption and overall carbon footprint of our business activities

Apart from our buildings, our energy consumption mainly comes from (i) manufacturing fine jewellery and watchmaking, (ii) lighting, heating and cooling our boutique premises, (iii) goods transportation and logistics, and (iv) business travel and offsite events. Our key energy sources are primarily electricity, followed by natural gas and fuel. As such, the Maisons and distribution platforms source electricity generated from renewable sources such as hydro, solar or wind whenever possible. We are also committed to installing low-energy lighting for our worldwide operations, in particular our boutiques.

We are aware that business travel is a significant source of carbon emissions across the Group. Using information technology solutions, such as sophisticated videoconferencing systems, we aim to minimise the amount of business travel undertaken across the Group.

For remaining emissions, we use carbon-offset mechanisms to raise awareness and bring our carbon footprint closer to zero.

Reduce the environmental impacts from our operations

3. Minimise the ecological footprint of our buildings through responsible construction

We recognise that the ecological footprint associated with our buildings and facilities is significant due to the number of boutiques and manufacturing facilities operated by our Maisons.

We ensure that construction, conversion, modernisation and other building work at each facility is performed in compliance with local environmental legislation, norms and regulations and executed in harmony with the environmental surroundings.

During construction and renovation of our buildings, we seek to encourage the use of sustainable raw material sourced from responsible suppliers and to limit building waste resulting from these activities.

4. Ensure energy and water efficiency at our facilities

We are committed to building and maintaining energy- and water-efficient buildings. We continuously work on reducing the carbon and water intensity of our buildings and on increasing our use of renewable energy whenever possible.

We regularly carry out robust energy audits across our businesses and seek to adhere to the most demanding environmental standards when building new facilities and renovating existing facilities. In this way, we play our part in minimising our energy consumption, while providing agreeable working spaces for our employees.

5. Reduce the impact of our manufacturing activities on local natural resources

We are committed to preserving the natural environment around all of our operations. As a number of our Maisons have facilities that are located near rivers and lakes, we measure the consumption of water and effluents associated with our manufacturing processes in accordance with local regulation and industry best practice. We take into account these impacts with the aim of optimising manufacturing efficiency, minimising effluents and waste disposal in order to reduce our footprint on local natural resources and biodiversity.

6. Increase efficiency in goods transportation and logistics

As the manufacturing of our products is concentrated in Switzerland, Germany and France, and their distribution is spread around the world, we recognise that the distribution of goods across our value chain contributes to our carbon footprint. In line with our ambition to reduce the footprint of our business activities, we seek to increase the efficiency of our transportation and logistics to minimise related carbon emissions.

Considering the high proportion of products sold outside Western Europe, we seek to reduce the impact of airfreight on the Group's overall energy use and related carbon emissions. For example, product catalogues and similar high-weight, low-value materials are either purchased locally or transported by land and sea, whenever possible.

Ensure stewardship during product sourcing, development, manufacturing and use

7. Minimise the life-cycle impacts of our products through eco-design

We recognise that using eco-design principles, such as the use of natural and upcycled materials, can improve the environmental performance of our products. Also, the nature of our business leads us to strive to create high quality articles that will be treasured for generations, contributing to lower product disposal impacts.

For any new product, we consider the environmental impacts at the design stage. Those considerations are informed by various factors, including: (i) life-cycle analyses; and (ii) the sensibilities of the Maisons' designers and their customers. Following design, our Maisons set high standards to reach sustainability and compliance excellence within their internal production processes.

We strive to keep innovating, by constantly exploring new materials and manufacturing techniques, including additive manufacturing. Our design, manufacturing and quality control teams work in close collaboration towards this end. The Maisons are committed to ensure the compliance of their products towards all international chemical regulations. As experience in this area grows, we are committed to take a proactive approach to identify and phase out potentially hazardous chemicals.

8. Minimise our environmental impact when sourcing our products

We consider how the environment is affected through our supply chain, in particular through our suppliers' direct use of natural resources, waste generation, and sourcing of precious materials such as gold, diamonds and leather. 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 Supplier Code of Conduct specifies our social, environmental and ethical requirements and includes obligations to comply with applicable local and international laws.

Concerning trade regulations, 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 precious materials issued from endangered or protected species.

As for the sourcing of precious materials, we continuously seek to increase the volumes of materials coming from certified sources. For our diamonds, gold, silver, coloured gemstones and platinum supply chains, Richemont recognises the Responsible Jewellery Council (RJC) Code of Practices Certification and RJC Chain of Custody Certification as international best practices, which covers the responsible management of natural resources in operations. Other standards will be considered if their equivalence in terms of environmental stewardship can be clearly demonstrated.

The Responsible Jewellery Council Code of Practices Certification requires policies that are consistent with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the "OECD Guidance").

9. Optimise packaging for an efficient use of resources

We recognise that our products require packaging that meets high quality standards. We are committed to a reduction in packaging overall, with a focus on 'Reduce, Reuse and Recycle'. We regularly review our approach as regulation and best practice in this area develop.

Our key packaging categories are freight for wholesale distribution, retail shopping bags and presentation boxes for jewellery, watches and other products. Concerning paper and packaging materials, we work to ensure that our packaging can be recycled and that we use renewable precious materials in our packaging. In particular, we seek to use, whenever possible, sustainable sources of materials through recognised certification schemes, such as the Forestry Stewardship Council (FSC). With regard to presentation boxes, in order to minimise any end-of-life environmental impact we encourage our customers to keep them and pass them from one generation to another.

Maintain a high level of environmental management and monitoring across the Group

10. Ensure strict international and local environmental compliance and strive to eliminate environmental hazards and risks

The Group adheres to local and international standards for environmental regulation. The Maisons seek to make all necessary adjustments to design, manufacturing or use of products or services, consistent with the latest scientific and technical knowledge, to prevent any adverse impact on health, safety or the environment arising from the production process or from the products themselves.

Whilst the Group strives to limit its use of chemicals, where they are required in our production processes we ensure that our products are thoroughly tested against safety standards to meet legal thresholds. We develop and maintain, where significant hazard-related risks exist, emergency preparedness plans in conjunction with the relevant services and authorities. We also use chemicals responsibly in closed-loops systems, which prevents risks of polluting the surrounding environments.

11. Enforce responsible environmental management at all sites and increase global environmental performance

Each business site is expected to implement its own Environmental Management System, tailored to suit its size and type of activity. However, we strive to ensure general alignment with applicable international standards across all our operating facilities and boutiques, in particular the ISO 14001 Standard and the Responsible Jewellery Council's Code of Practices, which includes a review of environmental matters.

We actively monitor compliance with this Environmental Code of Conduct and any environmental risks through our Internal Audit function. With a view to improving the overall management of risks, we have an Environment, Health and Safety audit programme for significant manufacturing, operational and administrative facilities. A specialised independent auditor regularly conducts audits at those facilities, and we use the results from those audits to drive continuous improvement plans.

We also measure the environmental performance of our manufacturing facilities using a range of environmental indicators. The Group CSR Committee reviews environmental performance, determines new initiatives and reports progress to the Board and Senior Executive Committee. Our objective is to keep improving the quality and scope of our environmental data over time.

12. Engage internal and external stakeholders to achieve our environmental goals

Our Maisons engage their employees directly on environmental issues and efforts in a variety of ways. These range from communications on environmental good practices at work to

financially incentivising employees to use public transport. We also engage with a range of other external stakeholders on environmental issues.

Through the Supplier Code of Conduct, we encourage environmentally friendly practices among our direct suppliers and their suppliers. Separately, through the Responsible Jewellery Council, the Maisons participate in industry-wide efforts to reduce the long-term environmental impact of both large-scale and artisanal mining.

Application and compliance

13. Communicate the principles of the Environmental Code of Conduct to all employees, subsidiaries and relevant third parties

We ensure that this Environmental Code of Conduct is communicated across all the Maisons, Platforms and Functions of the Group. We ensure that employees are aware of the Code and are motivated to apply its principles by providing the necessary training and support. We require all relevant third parties to adhere to the policies within this Code.

14. Cooperate to ensure implementation across the Group

We work across the Group to ensure that the Environmental Code of Conduct is implemented within each Maison. Recognising that each of our Maisons are different, we acknowledge that the Code may be amended to reflect their own operations.

15. Report concerns directly to Richemont's Head of Internal Audit

We make sure that employees and relevant third parties are aware that any concerns surrounding compliance with the Environmental Code of Conduct can be reported to Richemont's Head of Internal Audit. We want reporters to feel confident about raising any concerns. We therefore guarantee protection and confidentiality to all those that raise a concern through Richemont's Internal Audit function at: whistle.blowing@richemont.com. After an issue has been reported, we work quickly to address the matter.

Approved by the Board of Directors on 16 May 2019.

Earlier versions of this Code were first adopted by the Board of Compagnie Financière Richemont SA on 23 March 2005.