

RICHMONT

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

10 July 2016

Dear Mr Secretary-General,

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

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

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

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

Human Rights Principles

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

Assessment, Policy and Goals

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

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

Implementation

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

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

Measurement of outcomes

All concerns raised during the year were addressed in line with the Group's Whistleblowing Policy and Procedure, including concerns raised by employees in partner organisations, including suppliers.

Richemont measures compliance with its Codes and Standards through two channels: for suppliers, the Maisons organise audits on a risk-weighted basis and the Group assists the Maisons; for employees, each Maison conducts comprehensive training of new employees and annually reconfirms that all employees are familiar with Richemont's whistleblowing policy. Each employee within the Group received Compliance training via our eLearning platform.

Labour Principles

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

Assessment, Policy and Goals

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

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

Implementation

Suppliers and partners: We have extensively revised the Supplier Code this year to ensure that it continues to encompass recognised practice in this area. This revised Code was published in

December 2015 and is being progressively communicated to our suppliers. Tools for managing signed Supplier Codes have been developed in order to simplify internal record keeping and to minimise the risk of duplicate requests being sent to common suppliers.

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

Measurement of outcomes

Suppliers and partners:

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

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

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

Environmental Principles

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

Assessment, Policy and Goals

Overall, the Group's activities have a very low environmental impact. The production of high quality goods is concentrated in Switzerland and their distribution is spread around the world. We continue to carry out robust energy audits across our businesses and seek to respect the most demanding environmental standards when building new manufacturing facilities.

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

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

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

Implementation

The Environmental Code of Conduct sets a minimum applicable operating standard for all of the Group's businesses. Each business is expected to implement its own Environmental Management System, tailored to suit its size and type of activity. Improving the quality and scope of our environmental data remains an area of focus.

The Group CSR Committee reviews environmental performance, determines new initiatives and reports progress to the Board.

Richemont's Internal Audit function includes environmental considerations within its systematic risk analysis and monitors compliance with the Code. In addition, an independent auditor specialised in Environment, Health and Safety matters undertakes a scheduled programme each year. Procedures are in place to ensure that non-compliance with the Code is followed up with a remedial action programme.

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

Measurement of outcomes

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

Environmental data are consolidated annually, including the energy we use in our buildings, the fuel consumed as we travel, the impact of major logistics streams, and other elements necessary to calculate our carbon footprint. The data include our subsidiary companies where the Group has management control (defined as equity share approach). The results are disclosed in the annual CSR report, disclosed in further detail to CDP and are communicated internally to employees via the CSR representatives. Since 2011, Richemont's environmental data has been assured by PwC. The assurance report may be found in the Climate Change section of our CSR report.

Anti-Corruption Principles

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

Assessment, Policy and Goals

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

Implementation

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

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

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

Measurement of outcomes

All concerns raised during the year were addressed in line with the Group's Whistleblowing Policy and Procedure, including concerns raised by employees in partner organisations, such as suppliers.

Richemont measures compliance with its Codes of Conduct through two channels: for suppliers, the Maisons organise audits on a risk-weighted basis and the Group assists the Maisons; for employees, each Maison conducts comprehensive training of new employees and annually reconfirms that all employees are familiar with Richemont's whistleblowing policy.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Lepeu', with a horizontal line underneath.

Richard Lepeu
Chief Executive Officer