

COMMERCE

Sourcing, circularity are Richemont's core sustainability goals

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Richemont recently published its 2021 sustainability report, emphasizing its short-, medium- and long-term goals. Image credit: Richemont

By NORA HOWE

Swiss luxury goods conglomerate Richemont has shown strong progress across the main focus areas of its corporate social responsibility strategy, in alignment with the UN's Sustainable Development goals, as it pushes for renewable energy and circularity.

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Despite the challenges presented by the COVID-19 pandemic throughout 2020, Richemont successfully implemented a governance and sustainability committee to assist the board in reviewing and approving management proposals regarding strategy, policies and guidelines on ESG. According to Richemont's [2021 Sustainability Report](#), the group also submitted new science-based targets to reduce greenhouse gas emissions in line with the Paris Agreement, while its brands have engaged proactively with the World Wildlife Fund in its review of leading Swiss watch and jewelry companies.

"Our group has a long-standing commitment to doing business responsibly," said Burkhard Grund, chief finance officer of [Richemont](#), in the report. "We know that there is always more to do regarding corporate and industry-wide sustainability efforts and strive to improve each year."

The report covers the entire Compagnie Financière Richemont SA, which consists of all its houses, subsidiaries and regional offices accounted for by the financial control method. Verified by global accounting firm Ernst & Young (EY), the report focuses on Richemont's activities between April 1, 2020 and March 31, 2021, with the exception of environmental data, which were collected between Jan. 1, 2020 and Dec. 31, 2020.

Focus on people, transparency

Internally, Richemont has evolved its human resources mission to become a people-centric organization, offering its employees greater levels of listening and support across their career journeys.

This is reflected in the group's response to COVID-19, where it prioritized its employees' wellbeing and the preservation of jobs.

At the same time, Richemont introduced comprehensive health and safety procedures, new flexible ways of working

and enhanced physical and mental support for its teams.

The group's people strategy aims to empower everyone in the organization to learn, grow and develop their talents, helping them to thrive in a digitalized world and create an inclusive culture.



For Richemont brands and employees, building strong relationships with its communities and volunteering for charitable causes is integral. Image credit: Richemont

Richemont is providing digital learning opportunities to support its new retail experience, offering a revamped mobility strategy and placing a greater focus on diversity, equity and inclusion education and community building.

The group believes in promoting cross-cultural dialogue and deepening its understanding towards a smart, safe and healthier planet. Its goal is to positively impact the communities it touches through its various brands and people.

To contribute to the health, wellbeing and sustainable economic development of communities, Richemont has provided support to communities in ways that align with its brands' values, collaborating with partners and measuring the impact of its programs and encouraging its employees to volunteer in local communities.

In the last year, Richemont donated more than \$42 million toward community investment-related initiatives surrounding healthcare, social and economic development, education, women's welfare and children.

More recently, Richemont's Cartier collaborated with one of its internal networks, the Red Club, to introduce a new prize for young entrepreneurs.

The Young Leaders Award is a result of two years of discussion and reflection after the Red Club initiative, a community that connects global young entrepreneurs who have strong ties with Asia, was formed in 2019. The prize awards two laureates who are implementing a positive impact on society through their businesses ([see story](#)).

In terms of sourcing materials, the group is committed to transparency and traceability in raw material sourcing and continues to work collaboratively with industry organizations and business partners to promote best practices across its full supply chain.



Richemont was involved in the launch of the Gemstones and Jewelry Community Platform. Image credit: Cartier

More than 90 percent of the gold Richemont purchases is certified by the Responsible Jewelry Council (RJC) and comes from recycled origins.

Richemont's IWC Schaffhausen became the first Swiss luxury watchmaker to achieve certification against the RJC's strict chain of custody standard. Other houses within the group are currently working towards obtaining this certification.

After several years of collaboration with peers through the Colored Gemstones Working Group, Richemont participated in the recent launch of the Gemstones and Jewelry Community Platform to promote responsible business practices across the gemstone industry.

Environmental impact

Environmentally, Richemont has committed to sourcing 100 percent renewable electricity across its operations by 2025, in line with RE100 Initiative objectives.

It also submitted its science-based targets to reduce greenhouse gas emissions in line with the Paris Agreement.

For the first time, water data was consolidated in 2020, reflecting the commitment to identify and measure material water-using activities. Richemont focused on its largest facilities, recognizing that the great majority of its sites are small boutiques with washrooms for employees and customers.

The company found that water consumption in its own operations has low, direct environmental impact. The majority of Richemont's water consumption and related environmental impacts lie in its upstream supply chain, where raw materials extraction occurs.



Yoox Net-A-Porter is taking more steps towards circularity. Image credit: Yoox Net-A-Porter

For the other supply chains related to its own raw materials, Richemont is assessing tools to make basin-level risk assessments within the next three years.

Richemont is assessing the implications of the circular economy in a number of areas, including new products, service developments and precious metals. Together, these efforts seek to minimize the overall impact on the environment.

Over the next five years, Richemont is committed to developing new approaches to circularity, such as closing the loop on waste materials, enlarging the proportion of revenues from non-linear business models, such as pre-owned certified watches, fashion and accessories and experimentation with rental or subscription business models.

The group also plans to measure the life cycle impacts of its products and minimize their impact through innovative eco-design, while simultaneously reaching 100 percent renewable energy.

Luxury conglomerates have been responding to growing consumer demand for transparency when it comes to environmental and social corporate governance.

French luxury goods group LVMH Mot Hennessy Louis Vuitton offered a transparent overview of its progress regarding social and environmental initiatives in a thorough report published in May. LVMH's 2020 Social and Environmental Report provides an overview of the group's recent CSR activities, from its COVID-19 pandemic response and inclusivity efforts to biodiversity and employee initiatives ([see story](#)).

Similarly, French luxury group Kering outlined its ambition for a holistic approach to circularity in its "Coming Full

Circle" report, highlighting concrete actions its brands have implemented around circularity, and aims at rethinking the way the company produces, uses and extends the life of resources and products ([see story](#)).

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