

# Account of Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act

Financial Year 2025 (FY25: 1 April 2024 - 31 March 2025)

## About the Entity

Richemont Canada, Inc. (the "**Entity**") is subject to the reporting obligation under the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "**Act**"). The Entity is located in Mississauga, Ontario, Canada. The Entity is an indirect subsidiary of Compagnie Financière Richemont SA, a corporation incorporated in Switzerland (together with its subsidiaries "**Richemont**" or the "**Group**"). Richemont owns a number of luxury brands (the "**Maisons**") that operate across the following three main areas: Jewellery, Specialist Watchmakers, and Fashion and Accessories/Others sectors.

The Entity has operated as a distributing entity for some Maisons since 1994. It purchases luxury goods (including watches, jewellery, fashion and accessories) from other subsidiaries of the Group, either based in the USA or in Europe, for the purpose of selling such products to customers in Canada.

The Entity adheres to and upholds the policies and procedures of the Group, including the Supplier Code of Conduct, the Standards of Business Conduct, the Raw Materials Sourcing Policy, the Human Rights Statement, the Environmental Code of Conduct, and the Group Procurement Policy. The Group establishes processes and risk assessment procedures related to the Act for the Entity.

## Policies, Procedures & Processes (General)

### Steps Taken in the Financial Year

As part of its ongoing commitment to combatting forced and child labour, the Group undertook certain concrete measures in FY25, including:

- Updating the Group's Standards of Business Conduct (initially introduced in September 2021);
- Updating the Supplier Code of Conduct;
- Publishing the Group's Human Rights Statement (as noted in the report for FY24);
- Launching mandatory online training entitled "Business and Human Rights" for all employees of the Entity; and
- Deploying an in-person training workshop for the Entity's senior management, focusing specifically on forced labour and child labour.

Each of these are further discussed in the relevant sections of this report below.

## Policies and Codes of Conduct

The Group's revised Standards of Business Conduct were introduced in September 2021 and updated in FY25, with a focus on ethical and sustainable principles. Richemont's Standards of Business Conduct are available in the Sustainability section of the Group's website under 'Reports & Policies' and internally on the Group's Intranet.

The Standards of Business Conduct apply across the Group, encompassing its employees, directors, temporary staff, contractors, agents, consultants and business partners. The Standards of Business Conduct have been developed with consideration of emerging regulations and are reviewed regularly.

Building on the Standards of Business Conduct, the Supplier Code of Conduct and the Human Rights Statement provide the overarching framework for the implementation of the Group's actions by integrating governance, policies and processes.

- The Supplier Code of Conduct focuses on environmental and social standards throughout the Group's supply chains.
- The Human Rights Statement aims to strengthen the Group's current human rights standards and reinforce its focus on addressing human rights risks. For further details, see the section below entitled "Governance". Where required by local law, Richemont local entities publish modern slavery and human trafficking statements. Dedicated human rights training modules have been provided to employees to raise awareness on the focus areas in the Human Rights Statement, as further detailed in the section below entitled "Training".

## Governance

Sustainability is firmly embedded at the highest governance level of the Group, with the Board of Directors overseeing strategy and implementation, supported by its standing committee the Governance and Sustainability Committee ("**G&SC**" or the "**Committee**"). The G&SC regularly updates and reports to the Board of Directors. The G&SC supports the Board in establishing and reviewing strategy, policies and guidelines that address all aspects of Richemont's sustainability framework. The G&SC advises the Board of Directors on matters discussed and approved at its Committee meetings, such as management proposals regarding respect of human and labour rights and social impact on supply chains and communities.

Furthermore, the Group addresses sustainability topics through specialised committees and task forces, focusing on areas including supply chain, sourcing, health, safety and environment, as well as human rights.

At the Entity level, the North American Head of Sustainability and its team act to embed governance and management actions in alignment with the Standards of Business Conduct and the sustainability priorities set by the Group, providing regular updates to the Group's Chief Sustainability Officer.

## Supply Chain

The Supplier Code of Conduct, the Raw Materials Sourcing Policy, the Group Procurement Policy and the Human Rights Statement are the foundation of the Group's responsible sourcing approach.

A Responsible Sourcing Handbook, available internally, establishes a common

framework around risk management and due diligence methodologies implemented in its raw material supply chains, in line with the Group's values and applicable legal requirements.

## Risk Management and Due Diligence

The Group undertakes risk management and due diligence on its supply chain following a risk-based approach and has developed a framework based on the Organization for Economic Co-operation and Development (OECD) Guidelines to ensure that its standards and due diligence requirements are applied operationally. The risk assessment weighs considerations such as the country risk, sector risk, and the supplier's strategic importance, and incorporates the requirements of the appropriate standard setting organizations.

Richemont also follows the OECD Guidelines on identifying 'red flag' situations, which serve as preliminary alerts, warnings or indicators of potential supply chain risks, typically related to Conflict Affected and High-Risk Areas (CAHRAs), characterised by institutional weakness, political instability, insecurity, armed conflict, widespread violence, or other risks of harm to people. Where red flags are identified, Richemont follows OECD practice and implements enhanced due diligence procedures, conducts a more in-depth risk assessment to determine level of concern, and considers strategies for mitigating those risks. Serious cases may require imposing a moratorium and, as a last step, the termination of a business relationship.

In addition, when appropriate and depending on the results of risk assessments, supplier audits based on the Sedex Members Ethical Trade Audit (SMETA) methodology are conducted, specifically focusing on manufacturing suppliers. SMETA is the most widely used standard for social audits in the world, enabling businesses to assess social and environmental conditions at the site level and allowing suppliers to understand working conditions in their supply chain.

To manage ESG risks associated with indirect procurement, the Group builds on ESG risk mapping by indirect procurement categories and leverages both country and industry-specific risks identified by international standards and risk indices. It also focuses on critical Group strategic procurement categories and suppliers as well as takes into account risk mitigation measures.

## KYC Procedure

Mapping the supply chain is part of the due diligence process and includes the identification and validation of suppliers through the Know Your Counterparty (KYC) procedure. The latter has been established to combat money laundering and finance of terrorism, requiring businesses to identify every organisation that they deal with, to understand the legitimacy of their business relationships and, within reason, to identify and react to unusual or suspicious transaction patterns.

A tailored KYC procedure is applied to the mineral and precious stones supply chains and involves sending suppliers a bespoke form, requesting information on the following: sector of activity; nature of legal entity; ownership and management; trade references; assessment and due diligence questionnaire; anti-money laundering and legal sanctions; anti-bribery and corruption; and public official assessment and facilitation payments. The form is completed and signed by the supplier, who must provide all necessary evidence and assurance in support of their responses.

## Speak Up Platform

The Richemont Speak Up Platform is a fundamental part of the Group's compliance framework. The platform allows employees and affected third parties to report any concerns via phone or online, with an option for anonymity. These reports are then escalated to the Richemont Speak Up Taskforce, a team of coordinators from relevant functions within the Group, responsible for assessing concerns and forwarding them to an appropriate impartial party for further investigation and resolution. All reports and follow-ups are recorded and documented on the Speak Up platform provided by NAVEX, an independent external provider and global leader in compliance software, using their Ethics Point Hotline and Incident Management platform, which ensures an audit trail that meets regulatory requirements.

The platform is available in 13 languages to all global operating entities, including all Maisons. Individuals are encouraged to report concerns. All information collected as part of a report is treated with the utmost confidentiality, unless legal or investigatory obligations necessitate otherwise. The handling of personal data during this process, including the exchange or transmission of personal data to any competent authorities, is conducted in line with the Group Data Privacy Policy and the Privacy Statement found on the platform. Richemont maintains a zero-tolerance policy regarding retaliation against anyone who reports in good faith or participates in an investigation.

The Group is constantly learning from the reporting of concerns and adapting its business practices accordingly. To ensure impartiality, the Speak Up Platform reporting system is overseen by the Head of Internal Audit, who is independent from management and reports to the Chair of the Audit Committee, who is updated immediately on all matters of significance that are raised.

Richemont offers Group-wide training to promote the Speak Up Platform which focuses on reporting concerns and handling of those concerns. To date, at the Entity specifically, the employees currently required to complete the training have done so.

For the Entity, in FY25, no cases of child labour or forced labour were reported through the Speak Up Platform.

## Training

In alignment with the commitments of the Group set forth above, an online training program was launched in August 2024 entitled "Business and Human Rights". This training is mandatory for all employees of the Entity and training status is monitored and enforced by the respective managers; all employees currently required to complete the training have done so. The training aims to provide insights into human rights concepts, including Richemont's approach to human rights.

In FY25, an in-person training workshop was deployed for all of the Entity's senior management, building on the online Business and Human Rights training and focusing specifically on topics of forced labour and child labour. This training has been designed around the principles of the Standards of Business Conduct and Human Rights Statement, including a focus on the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act. At the Entity level specifically, senior management required to complete the training have done so.

# Forced and Child Labour Risk Identification (Specific)

Richemont is committed to upholding the principles outlined in its Standards of Business Conduct and in the Human Rights Statement. The Group prohibits the use of forced labour and child labour across its operations and wants its value chain to be free from such practices, in accordance with the International Labour Organization (ILO)'s Fundamental Conventions.

Richemont has established a management system designed to identify potential risks related to forced labour and child labour. This system takes into consideration the scope of the Group's operations and the extent of its value chain. In this context, it is specifically the gemstone sector that is most exposed to child labour risk due to the localisation of gemstone deposits in certain regions of the world and the prevalence of artisanal and small-scale mining. Within the upstream value chain, the agricultural sector is susceptible to the risk of child labour.

To support its commitments to responsible business practices, Richemont has developed a set of policies and standards, as well as implemented a Responsible Sourcing program that focuses on identifying and managing risks and impacts, with a particular emphasis on raw materials supply chains. By taking these steps, the Group is diligently working to ensure that its value chain is free from forced labour and child labour.

## **Policies & Standards**

As highlighted in the introduction, prohibition of forced labour and child labour is rooted in the Richemont Human Rights Statement and in its Standards of Business Conduct. Furthermore, the Raw Material Sourcing Policy also mirrors the Group's commitment to prohibiting forced labour and child labour.

Richemont is working towards responsible practices throughout its value chain, including its own workforce, internal activities, and privileged partners and suppliers. This commitment is reflected in the Supplier Code of Conduct, which applies to all suppliers of Richemont, regardless of their fields of operation, in both the direct and indirect procurement categories. The Supplier Code of Conduct requires that suppliers adhere to Richemont's requirements and any of its subsequent amendments or updates and ensure its implementation upstream to their own suppliers at all stages or levels of the supply chain. The Supplier Code of Conduct mandates that no individual should be employed below the age of 15, or other age lower than the local minimum age for employment and completion of mandatory education, whichever is the highest.

## **Risk Assessment & Due Diligence**

Richemont's Responsible Sourcing and Due Diligence programs have been developed in alignment with the OECD Due Diligence Guidance for Responsible Business Conduct. Richemont applies a risk-based approach to due diligence based on the UNICEF child labour country risk, as defined in the Children's Rights in the Workplace Index. The risk assessment process is aided by ESG screening tools that are connected to international sources and standards in the fields of human and labour rights. These tools assist Richemont in identifying potential risk areas and prioritising actions.

The level of scrutiny is commensurate with the risks, especially considering the potential exposure to the risk of child labour in the gemstone sector. As Richemont operates on a global scale, its Responsible Sourcing program takes into account regional specificities as appropriate. In relation to Richemont's indirect procurement categories, the Group consistently applies the risk-based approach described above. The Group requires regular third-party audits and certifications that cover child labour and forced labour for its direct suppliers (Tier 1) as a pre-requisite.

With regards to audit and certifications, Richemont mainly leverages the below.

- **Responsible Jewellery Council ("RJC"):** In the space of precious materials, Richemont leverages on the RJC Code of Practices (or "**CoP**"), a certification system that applies to all members' businesses involved in the supply chain of precious metals, diamonds, and colored gemstones. The RJC CoP stipulates that members shall not engage in or support child labour. Furthermore, the RJC's Due Diligence requirements, which are fully consistent with OECD Guidance, are an integral part of the RJC CoP and are mandatory for all RJC certified members.
- **SMETA audits:** Richemont is an active member of SEDEX (Supplier Ethical Data Exchange) and deploys SMETA (SEDEX Members Ethical Trade Audit) audits in its core supply chains. SMETA is an internationally recognized audit standard and evaluates all sustainability dimensions of a company's operations, including labour rights and child labour, health and safety, environmental impact, and business ethics.
- **ISO Certifications:** ISO 14001, ISO 45001 and SA8000 are required depending on supplier risk profile.

All of the above is supported by a supply chain traceability system. The Group defines traceability and transparency as follows:

- Traceability: A process by which Richemont tracks materials and products through the supply chain. Traceability criteria and scope depend on the supply chain and/or the product to be traced.
- Transparency: Capacity to identify the name and location of all actors in the upstream supply chains up to the origin of the raw material. Transparency is one of the traceability criteria.

## Grievance and Reporting Mechanisms

Richemont holds several mechanisms to identify a potential alert along its value chain. Richemont's Speak Up Platform, as described in this report, is a fundamental tool that allows employees and third parties to report concerns.

The Group also complements its responsible sourcing program with a red flag management process that forms part of its early-warning risk-awareness system. Richemont identifies red flags as preliminary alerts, warnings, or indicators of potential risks. These are typically based on factors such as the geographic origin and transit route of the material, as well as the location and sourcing practices of suppliers.

## Remediation Measures

There have been no identified instances of forced labour or child labour in the Entity's activities, nor any identified/reported instances of loss of income to vulnerable families. Therefore, the Entity has not taken any measures to remediate during the reporting year.

## Assessment of Effectiveness

Richemont's compliance team, in collaboration with the other relevant internal stakeholders, engages in regular and ongoing reviews of the policies and procedures described above to improve their effectiveness in addressing risks of forced labour and child labour.

## Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of Richemont Canada, Inc.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the Entity. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects regarding the Entity for the purposes of the Act, for the reporting year listed above.

Signed by:

*Philippe Caron*

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**Full name:** Philippe Caron

**Title:** AVP Operations, Richemont Canada, Inc.

**Date:** May 29, 2025

I have the authority to bind Richemont Canada, Inc.