

FOLIO 2

SOCIAL, ENVIRONMENTAL AND ETHICAL POLICY

VERSION EFFECTIVE AS OF 1 MARCH 2020

This document presents the “ethical, social and environmental” policy of the Hermès Group (hereinafter referred to as the “Policy”) and formalises its wish to comply with and enforce the fundamental principles applicable in the matter.

This Policy, which is part of a continuous growth strategy for the Hermès Group’s practices, is considered an essential prerequisite to any business relationship that the Hermès Group may initiate with a supplier or a service provider (hereinafter referred to as the “**Company**”).

Due to its general scope, this Policy does not have to be adapted to each supplier or service provider. Because of this, the Hermès Group considers that any provision that would not be applicable in view of the business activity of one of its partners or with regard to the purpose of the planned business relationship, could in no case bind the Hermès Group and the said partner.

In order to participate in this strategy, the Hermès Group’s suppliers and service providers undertake to ensure the proper application of this Policy by their own suppliers and service providers, their possible subcontractors and more generally by any person having to participate, directly or indirectly, in the execution of the business relationship with the Hermès Group (hereinafter referred to as the “**Associated Person(s)**”).

This Policy is essential to the Hermès Group. This Policy would not, however, be considered exhaustive and it may, if applicable, be adjusted according to the local legislation or regulations. In the event of contradiction with local regulations, the latter must prevail.

I GOOD SOCIAL CONDUCT

✓ Human rights – Fundamental freedoms

The Company undertakes to respect human dignity and human rights and comply with the main national and international texts relating to the protection of human rights, in particular such as:

- The Universal Human Rights Declaration;
- The Global Compact signed in New York on 26 July 2000;
- The declaration of the International Labour Organisation (ILO) relating to the principles and rights fundamental to work and its monitoring dated 18 June 1998, revised on 15 June 2010; and
- The guiding principles of the Organisation for Economic Cooperation and Development (*OECD*)

The Company must be particularly vigilant in the fight against modern slavery, particularly in its supply chain. It must implement concrete and effective measures to measure and assess the risk of slavery or human trafficking. It must at any time be able to justify the measures undertaken to evaluate and manage such risk.

✓ Prohibition of child labour

The Company must not take employees under the age of 16 into service.

If an employee of the Company has not completed their compulsory educational pathway, the Company must provide them with the necessary education and/or give them the means to continue their education at the relevant institutions.

✓ Prohibition of forced labour

No work must be obtained against the wish of people and under the threat of any penalty whatsoever, particularly by resorting to physical or financial threats. Only voluntary work is authorised. In particular, the Company must not, in any case, retain the papers or financial means of any of its employees to force him to work.

✓ Compliance with health and safety

The Company must ensure a working environment that respects the health and safety of its employees. It must have organised access to drinkable water and utilities. When the staff are required to live in places dependent on the Company, the latter must have organised living spaces (in particular dormitories) meeting the minimum sanitary and privacy requirements, and respecting at least the recommendations of the International Labor Organization (ILO) on workers' housing.

A fire detection system and an employee evacuation procedure must be installed and checked regularly. The Company must put in place regular and documented training, for its employees, in matters of health and safety.

✓ Respect for the freedom of association and the right to collective bargaining

The Company must respect the right to meet, to gather and/or negotiate with the employer as part of collective actions.

✓ Prohibition of any kind of discrimination

The Company is prohibited from any discrimination and/or harassment based on race, caste, origin, skin colour, ascendance, marital status, religion, beliefs, disability, gender, sexual orientation, health, pregnancy, maternity, trade union membership, political affiliation, age or any other status protected by law.

✓ Compliance with adapted disciplinary measures

The employees of the Company must not be subjected to any corporal disciplinary measures, any mental or physical coercion, insults or psychological harassment.

✓ Compliance with regulated work hours

The Company must comply with the provisions applicable to it regarding work hours, overtime, leave and weekly time off.

Beyond normal work hours, the employees may lawfully work overtime in accordance with the local legal or regulatory provisions.

✓ Compliance with the mandatory provisions of labour law

The Company must comply with the mandatory provisions of labour law that are applicable to it, in particular with regard to the ban on illegal employment.

✓ Compliance with adequate pay

The Company must respect the local law and industry practices in its activity sector. Furthermore, the Company must provide its employees with sufficient remuneration to enable them to meet the essential needs of their families. The Company must thus offer its employees reasonable remuneration for access to a standard of living that enables them to ensure their health, well-being and that of their family, particularly in terms of food, clothing, housing, medical care and the necessary social services.

✓ Compliance with the sworn declaration on the fight against illegal labour

The Company undertakes to sign and comply with the sworn declaration attached to this Policy ([Appendix 1](#)).

II GOOD ENVIRONMENTAL CONDUCT

✓ Compliance with environmental regulations

The Company must comply with the mandatory provisions of the environmental regulations which are applicable to it, in particular with regard to health, safety and sustainable development (in particular for industrial sites).

The Company undertakes to implement an adequate policy for sustainable development and environmental responsibility. It undertakes to encourage any Associated Person to adopt a similar policy.

✓ Compliance with the controlled use of raw materials, energy and natural resources

The Company must implement concrete measures aimed at controlling its consumption of water, energy, natural resources and any raw materials required for its activity in order to ration its consumption, reduce the volume of materials consumed while increasing its economic efficiency and developing its rate of reuse and/or recycling.

This strategy must necessarily follow, as far as possible, the choices made in logistical matters (packaging methods and means of transportation).

✓ Proper management of emissions, effluent and waste

The Company must implement concrete measures aimed at reducing and/or processing its emissions into the air, its effluent into the ground and the water and waste of any kind generated by its activity.

✓ Compliance with the protection of protected species and biodiversity

The Company must strictly comply with all the regulations applicable regarding the protection of protected species and biodiversity. It must in particular apply the CITES (Convention on International Trade in Endangered Species) regulations.

The Company that provides plant and/or animal matter and/or products containing these matters undertakes to communicate all the information and supporting documents in connection with the origin of these matters, whether or not they are mentioned by the CITES regulations.

III GOOD ETHICAL CONDUCT

✓ Fight against corruption

The Company condemns corruption in all its forms, such as: bribes, commissions, kickbacks, facilitation payments, gifts and invitations, conflicts of interest, sponsorships, donations, interest representations, etc.. For this purpose, it must have an internal procedure aimed at ensuring the compliance of its business activity with regard to anti-corruption laws and regulations.

At all times, the Company undertakes to comply with all the laws, decrees, regulations, regulatory codes or directives applicable in the fight against corruption – including the French law 2016-1691 dated 9 December 2016 “Sapin II”, the Bribery Act 2010 of the United Kingdom and the Foreign Corrupt Practices Act of the USA (FCPA) (all the applicable texts being hereinafter referred to as “Applicable Provisions”) – and not perform any act that is likely to lead any entity of the Hermès Group to violate the Applicable Provisions.

The Company should also ensure that all the Associated Persons comply with the Applicable Provisions and do not perform any act that is likely to lead any entity of the Hermès Group to violate these.

The Company declares and guarantees that neither it, nor any Associated Person:

(1) has violated or infringed the Applicable Provisions or acted in a manner as to lead any entity of the Hermès Group to violate the Applicable Provisions; and

(2) is, or has been subject to an investigation or proceeding initiated by any regulatory, prosecution body, or public authority concerning an alleged violation of the Applicable Provisions.

✓ **Fight against money laundering**

The Company must comply with the applicable accounting and banking standards and procedures as well as international treaties, local and national legislations in particular on money-laundering, the financing of terrorism and fraud.

No action that could directly or indirectly lead to supporting money laundering and financing of terrorism, is permitted.

The Company undertakes to punish all forms of money laundering. The Company undertakes to strictly comply with the national and international legislation in the matter and make sure it gets enough and appropriate information on the sources of funds made available for the transactions, for which it could be the intermediary.

To this effect, it must have an internal procedure intended to ensure compliance of its activity in respect of the laws and regulations on anti-money laundering, such as a know your client procedure, a procedure for filtering transactions (thresholds, means of payment, origin of the payment).

✓ **Vigilance concerning the international sanction programmes and embargos**

The Company undertakes to respect the international sanction programmes imposed by the United Nations, the European Union, the USA and the national legislation that it is subject to. To this effect, the Company must exercise caution to prevent, as far as possible, any transaction involving a country under embargo/ restrictive measures, a person or entity registered on a list of sanctions that would involve the violation of these international sanction programmes and embargos/ restrictive measures.

✓ **Compliance with international conventions signed by the French government**

The Company undertakes to comply with any international convention applicable in the event of total or partial execution abroad of the assignments entrusted by the Hermès Group (in particular with regard to international conventions signed by the French government regarding human rights and children's rights).

✓ **Compliance with regulations applicable to the gold and diamond industry**

The Company whose activity is affected by the Kimberley Process must be able to certify to the Hermès Group that it complies with the principles set out by the "World Diamond Council Resolution on Industry self-regulation". The Company must also be able to provide the documentary guarantees in connection with this.

The Company concerned must meet the standards defined by the CRPJ (Council for Responsible Jewellery Practices) and applicable to the gold and diamond jewellery industry.

✓ Compliance with the regulations applicable to perfumes and cosmetic products

The Company whose activity is affected by the French and/or EU regulation on perfumes and/or cosmetics must be able to certify to the Hermès Group that it complies with the principles set out by this regulation.

✓ Compliance with the certificate of origin and the provision of compliant products and services

1/ The Company should give proof of the origin of products (i) by means of documents and/or certificates provided by the Hermès Group as well as (ii) by attestations and/or information on the origins of the materials used and/or the manufacturing processes and/or the product manufacture workshops.

The Company must inform the Hermès Group, within a maximum period of 48 hours, in the event of amendments to the declared items (change of materials, manufacturing processes, manufacturing workshop, etc.). The Company should also send the Hermès Group, as soon as possible, the above-mentioned documents and certifications reporting the amendments.

Any project to delocalise all or part of the product manufacturing by the Company should immediately be notified to the Hermès Group by the Company and must be accepted beforehand by the Hermès Group in writing.

The Company's places of manufacture and/or carrying out of the services authorised by the Hermès Group on the day Folio 2 is signed (in particular including those of its subcontractor) are attached in [Appendix 2](#). In the event of customs request and/or upon written request of the Hermès Group, the Company should communicate to the Hermès Group the updated list of its suppliers/ sub-contractors (specifying their names, addresses and any information requested relating to the Products/services entrusted by the Hermès Group).

2/ The Company undertakes to deliver to the Hermès Group:

- products in compliance with French, European and international regulations applicable in the countries in which these products are sold (the list of countries will be provided upon first request), including the regulations on the protection and health of the consumer;
- products accompanied by the documents and/or certificates required by any authority in view of sale and/or import in the territory of the said authority, in accordance with French, European and international regulations.

✓ Proper conduct regarding subcontracting

The Company shall refrain from subcontracting all or part of the Hermès Group's orders without its prior written agreement. Due to this, no subcontractor that is not authorised by the Hermès Group may be handed tools and/or materials and/or finished or semi-finished products, documents or information belonging to the Hermès Group. **The sub-contractors approved by the Hermès Group on the date of signing this Policy should be included as Appendix 2.**

The Company undertakes formally to carry out its own duty of vigilance vis-a-vis all of its suppliers and where applicable, its sub-contractors, and this by implementing clear reasonable vigilance measures to identify and prevent serious breaches of human rights, health and security of people and the environment.

If the Hermès Group would accept a sub-contractor:

- The approved sub-contractor may not sub-contract the entrusted services itself, the Company having to contractually impose such prohibition on its approved sub-contractors;
- The Company undertakes to ensure compliance with the provisions of the present Policy by any sub-contractor approved by the Hermès Group; and
- The Company undertakes to ensure that the approved sub-contractor is in compliance with its tax and social obligations and that it is current with all of its social security contributions and other mandatory taxes, duties and contributions.

The Company shall remain solely responsible for the proper execution of the Hermès Group's order. Due to this, the Hermès Group would not be liable for any obligation whatsoever towards the third party that the Company would have approached.

✓ **Compliance with legal and economic independence**

Regarding its capacity as independent trader, the Company must take all the necessary measures in order not to create any confusion with the Hermès Group.

Apart from the case where the Hermès Group and the Company agree that the latter would exclusively collaborate with the Hermès Group, the Company acknowledges that it is fully responsible and free to look to expand its clientele. Due to this, the Hermès Group may in no event be accused of wanting to establish a situation of economic dependence.

IV PERSONAL DATA

The Company undertakes to comply with the laws and regulations applicable to the processing of the personal data of the Hermès Group, which it carries out with respect to the provision of products and services.

While it acts as sub-contractor within the meaning of the laws and regulations relating to personal data, the Company processes the personal data of the Hermès Group exclusively on the documented instruction of the Hermès Group subject to the processing imposed on it by the legal or regulatory provisions, in which case, the Company shall inform the Hermès Group about it before said processing to the extent permitted by law. The Company informs the Hermès Group immediately if, according to it, one of its instructions constitutes a violation of the applicable regulation.

The Company undertakes to implement appropriate technical and organisational measures to ensure the integrity, security and confidentiality of the personal data of the Hermès Group that it processes. In this respect, the Company ensures to make the personal data of the Hermès Group accessible only to the persons duly authorised due to their duties, within the strict limit of what is necessary for them to fulfil their tasks and in that these are subject to the confidentiality obligations at least equivalent to those stipulated in Requirement 1 of the Hermès Group.

The Company shall notify the Hermès Group, as soon as possible, of any security incident leading, accidentally or illegally, to the destruction, loss, alteration, disclosure or unauthorised access to the personal data of the Hermès Group.

By taking available information into account, the Company undertakes to reasonably cooperate with the Hermès Group to enable it to respond to the requests of the persons concerned by the processing to exercise their rights (right of access, correction, objection, etc.) or where it carries out impact analyses relating to data protection, where applicable. The Company undertakes to inform, as soon as possible, the Hermès Group of any request relating to personal data transmitted to it.

Certain international transfers of personal data can be restricted by legal or regulatory provisions and may require the conclusion of specific agreements between the Hermès Group and the Company prior to the transfer. Consequently, the Company undertakes to inform the Hermès Group of any transfer that it intends to carry out in order to be able to implement the mechanisms required by the laws and regulations applicable to the Hermès Group.

Without prejudice to the imperative laws and regulations applicable, after the services have been performed or the acquired products have been supplied, the Company undertakes to return or delete, at the choice of the Hermès Group, the personal data of the Hermès Group, including all the existing copies.

V CHECKS

The Company must agree to any inspection conducted by the Hermès Group or by any external agent on behalf of the Hermès Group. These checks could be carried out by the Hermès Group or by any third party mandated by it at any time. These checks could be organised on the site of the Company subject to having informed the latter about it at least five (5) working days in advance and this, during normal working hours, in all the premises

or on parts. This being said, this notice period may be reduced, or even eliminated, in the event of concrete and justified suspicion of the Hermès Group of grave violation of the commitments made by the Company to the Hermès Group.

The purpose of these checks will be particularly to check the activity as well as the compliance of the Company and its possible sub-contractors, with the provisions of the Present Policy and the applicable regulations especially in terms of finance, taxation and governance, fight against corruption, protection of personal data, safety, hygiene, security, right to employment, human rights, environment and supply chain.

The Company undertakes, within a reasonable time, to respond to the Hermès Group's requests for documentation and information concerning the performance of its activities and compliance with the applicable regulations.

Any questionnaire that would be submitted to it in this context should be completed in all good faith. The Company should, as soon as possible, apply any comments which would be pointed out during the said inspection.

VI GENERAL PROVISIONS

✓ Report

In the event of a breach or situation contrary to the ethical, social and environmental principles set out in Folio 2, a report may be sent to the following address: ethics@hermes.com

The personal data collected in the context of this device are processed under the responsibility of Hermès, so as to ensure the management of your report. Security measures are taken in order to guarantee the confidentiality of your identity towards third parties in the device, with the exception of the judicial authorities, as the case may be. The data that you provide will be stored for the time necessary for the processing of your report, if it is admitted and, as the case may be, for the duration of subsequent disciplinary or legal proceedings. When an international transfer of your data is required for the processing of your report, we ensure that the Hermès entity has implemented a device so as to ensure adequate protection for the processing of the personal data. You have a right of access to the personal data concerning you that is processed in the context of said device and, under certain conditions, a right to rectify or erase it, or to limit the processing of your data. To learn more about the processing of your data and your rights, please contact our Data Protection Officer at: privacy@hermes.com (this address must not be used to make a report under any circumstances).

✓ Compliance with the provisions by the partners of the Company

The Company guarantees that all Associated Persons, including sub-contractors, partners, agents, shall comply with these provisions.

✓ Termination

The Company and the Hermès Group acknowledge that any violation of any one of the obligations in this Policy (particularly those relating to the applicable regulations) may lead to the termination of the negotiations and/or the business relationship binding them. Considering the gravity and possible damage that this violation could cause the Hermès Group, this termination will be automatic, without judicial intervention, without any prior formal notice and with immediate from the date of its notification.

✓ Applicable law

This Policy is governed by the French law.

Any dispute regarding this Policy will fall under the jurisdiction of the courts appointed by the formal agreements possibly existing between the Company and the entity concerned in the Hermès Group and failing which, the exclusive jurisdiction of the courts of Paris.

✓ Miscellaneous

This Policy cannot in any event be interpreted as a commitment to enter into an agreement weighing on the Hermès Group. The end or failure of negotiations does not give rise to any right to compensation whatsoever in favour of the Company.

This version of the Policy supersedes any previous version signed by the Parties.

This Policy must be signed by a duly authorised representative of each of the Parties.

* * * * *

Signed in two (2) original copies,

The SUPPLIER/SERVICE PROVIDER:
Stamp/Identification:

The Hermès Group:
Stamp/Identification:

Company name:
Address:

Company:
Address:

Represented by:
Acting in the capacity of:

Represented by:
Acting in the capacity of:

Signed in _____ on _____

Signed in _____ on _____

Signature

Signature

APPENDIX 1
FOR WORK CARRIED OUT IN FRANCE

Certificate as part of the provisions on the fight against clandestine work in France - Sworn Declaration

<p>The company:</p> <p>Company name:</p> <p>Address of the head office:</p> <p>SIREN or other identification number:</p> <p>Represented by:</p> <p>Acting in the capacity of:</p> <p>Signed in _____, on _____</p> <p>Signature (*)</p> <p><i>*Handwritten note "Good for acceptance of the commitment to comply with this Sworn Declaration"</i></p>

The Company identified above guarantees the Hermès Group that it does not conceal any activity or salaried employment and that it lawfully performs its obligations with regard to Articles L. 1221-10 et seq. and Articles R. 3243-2 and R. 3243-1 of the Labour Code, in other words:

1. That it falls within one of the following cases (*tick and complete the relevant box or boxes*)

Affiliated entity	Identification number
Registered in the Trade Directory (RM)	
Registered in the Trade and Companies Register (RCS)	
Registered with the URSSAF in the capacity of freelancer	
Registered with the Social Security as employee or journalist	
Registered with the Maison des Artistes	
Registered with the AGESEA (Association pour la Gestion de la Sécurité Sociale des Auteurs)	
Other (specify)	

2. That in the event of employing employees, it performs the formalities such as the notice of hiring, submission of payslips to employees mentioning the hours actually worked, keeping a pay log and keeping a staff register;
3. That it does not employ foreigners who do not have a permit authorising them to carry out a salaried activity in France or in a professional category/profession/geographical area other than that mentioned on the said permit;
4. That it undertakes to comply with the current and future prescriptions of the Labour Code.

The Company undertakes to spontaneously provide, and to every 6 months again send to the Hermès Group the documents required in application of D. 8222-5 and D. 8254-2 of the Labour Code on the fight against illegal labour, in particular such as:

1. A photocopy of the URSAFF payment certificate (up-to-date contributions) and a copy of each renewal;
2. A sworn statement of filing with the tax authorities, the date of the statement, all of the compulsory tax returns;
3. A k-bis extract;
4. A list of the names of the foreign employees employed and subject to a work permit (specifying, for each employee, their date of hire, nationality, type and order number of the title serving as work permit).

APPENDIX 2

Exhaustive list of the places of manufacture and/or carrying out of the services (and subcontracting) authorised by the Hermès Group