



2021

# UNIVERSAL REGISTRATION DOCUMENT

CSR EXTRACT  
NON-FINANCIAL PERFORMANCE STATEMENT  
(NFPS)

Page numbers have been retained from the original version.

## 2.8 ETHICS – COMPLIANCE

### Introduction

*“Hermès is a mosaic of women and men who work hard every day for its development throughout the world. Beyond their uniqueness, the people who bring the Group to life have a common desire to share certain unifying and founding values of the spirit that has characterised Hermès since 1837.*

*Even though these values are experienced and transmitted above all through personal adherence, the Group's ethics*

*culture reaffirms our common desire to respect certain fundamental principles that facilitate relations both internally and with customers, suppliers and, more generally, with the environment in which Hermès operates.”*

Henri-Louis Bauer – Chairman of the Executive Management Board of Émile Hermès SAS; Axel Dumas – Executive Chairman

In 2021, the Group made progress on the main issues relating to ethics and compliance, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected element below is particularly illustrative of 2021 for this section:

- ◆ Rollout of e-learning course on ethics (9,000 people).

### 2.8.1 PROMOTING ETHICS

The Hermès Group's ethics policy aligns with the universal framework set down by the major principles, standards and international agreements. The Group has a two-fold requirement: zero tolerance for breaches of probity on the one hand, and a determined commitment to a culture of ethics, on the other.

#### POLICY

The Group's policy is to maintain, wherever it operates, healthy and lasting relationships with its employees, customers, suppliers, partners and communities. This approach is organised with a specific governance, demonstrated at the highest level of the organisation, a policy, efforts to promote and raise awareness of ethics and integrity issues, and using tools that formalise its commitments.

The promotion of ethical values is supported through actions to raise awareness and provide training in the Group's policies for the Group's employees. The Group has also put in place prevention and detection systems to prevent any infringement of its principles.

#### 2.8.1.1 FRAMEWORK AND TOOLS

##### 2.8.1.1.1 Promotion and compliance of fundamental conventions on human rights and fundamental freedoms

Hermès is committed to promoting respect for human rights and fundamental freedoms. The Group is committed to respect the major principles, standards and international agreements:

- ◆ the Universal Declaration of Human Rights;
- ◆ the charter of fundamental rights of the European Union;
- ◆ the International Labour Organization's declaration on fundamental rights, whose principles are grouped under the following themes: freedom of association, forced labour, child labour, discrimination;
- ◆ the OECD Guidelines for Multinational Enterprises;
- ◆ the OECD convention on combating bribery of foreign public officials;
- ◆ the Global Compact under the aegis of the United Nations.

The Hermès Group and its employees strive to comply with the laws and regulations applicable in all countries where they operate.

These principles have been clearly set forth in the Group's ethics charter since 2009 and in its code of business conduct since 2012, given to all employees and available on the Group intranet, as well as on the website: <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>.

### 2.8.1.1.2 Ethics charter

*“The ethics charter serves to enrich the corporate project around the genuineness of the Group’s purpose and ethics. It guarantees respect for the debt of gratitude that we owe to our employees and partners.*

*This charter does not replace the laws and regulations applicable in the countries where the Group operates, but rather aims to promote compliance with them and ensure their proper application. It is of course in line with fundamental principles such as the Universal Declaration of Human Rights, and the rules of the ILO, the OECD and the Global Compact governing sustainable development.*

*It is an instrument of progress and dialogue: any employee of the Group who encounters difficulties in understanding or applying it must inform his or her manager.”*

Henri-Louis Bauer – Chairman of the Executive Management Board of Émile Hermès SAS; Axel Dumas – Executive Chairman

The House’s ethics have been enshrined, since 2009, in a 40-page ethics charter, available in 13 languages and updated in 2016, distributed to all employees worldwide. It is also available on the *HermèsSphère* intranet, under “Our ethics”. It aims to enrich the corporate purpose and to reaffirm the Group’s determination to uphold certain **fundamental principles** in relations with its stakeholders and society. Signed by the Executive Management, it is sent to all new employees as soon as they enter the House and is available on the website: <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>.

The ethics charter aims to promote compliance and to ensure the proper application of laws, regulations and key principles. It is designed to be an instrument of progress and dialogue, and encourages employees to seek guidance from their line managers in cases where the principles seem difficult to apply or are open to misunderstanding. It is structured around the following points:

- ◆ relations between Hermès and its employees;
- ◆ relations between Hermès and its suppliers;
- ◆ relations between Hermès and its customers;
- ◆ relations between Hermès and its shareholders;
- ◆ uncompromising principles of Hermès objects;
- ◆ relations between Hermès and society;
- ◆ in terms of the environment, the House ensures that it respects the environment and works harmoniously with it. It complies with regulatory requirements and aims to anticipate their development whenever possible. It seeks to enhance its production processes by choosing the cleanest possible technologies and the most environmentally friendly products, respecting natural resources and minimising the use of energy resources. It keeps waste to a minimum,

recycling it whenever possible. Hermès designs its manufacturing sites so as to blend into the landscape, to prevent accidental pollution and to limit noise and other nuisances;

- ◆ regarding its stakeholders, Hermès aims to ensure dialogue and consultation with all stakeholders in order to contribute to the economic and social development of the regions and employment areas where its manufacturing and commercial sites are located. Hermès invests in each of the Company’s manufacturing and commercial sites, using local resources as much as possible, so as to contribute to local economic life as well as conduct itself as a socially responsible company, in a spirit of responsibility throughout the region.

### 2.8.1.1.3 Code of business conduct

*“To help make sure that everyone is on the same page, we have formalised this “code of business conduct”. Its role is to raise awareness of certain risks and to instil Group employees with behavioural reflexes in response to frequently raised issues.*

*The sheets below, each of which must be responsible for the proper application of the code, are instruments of progress and dialogue.”*

Axel Dumas – Executive Chairman

A 32-page code of business conduct, available in 13 languages and updated in 2018, is distributed to all employees worldwide along with a verbal explanation. It lays down the House’s guiding principles on **business ethics**. The code is signed by the Executive Management, and is given to all employees as soon as they join the House. The Group’s code of business conduct is available on the website: <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>. It was updated in 2018 and redistributed with an explanation of its contents to all Group employees.

The purpose of the code of business conduct is to raise employees’ awareness about ethics risks and to instil behavioural and alert reflexes. It consists of factsheets, dealing with key issues.

The code sets out whistleblowing protocols as part of a Group system called *H-Alert!*. Employees confronted with situations that raise ethics issues, or who believe, in good faith, that a serious and obvious violation of a code, charter, procedure, law or regulation, of which they are personally aware, has been committed, are encouraged to report the irregularities or breaches, as soon as possible, using the following reporting channels:

- ◆ via the line management or via the Human Resources or the Ethics Committee; or
- ◆ via an online solution specially designed for this purpose and which protects the person reporting, operated by an external provider chosen by the Hermès Group, and for which the link is available on the Group’s intranet site (“Our ethics” section).

These reports are treated confidentially and in line with the applicable legal framework, protecting the whistle-blower.

The opportunity to revise the ethics charter and code of business conduct is reviewed each year by the Compliance and Vigilance Committee described in section 2.8.1.2.3. Any amendment to these documents must be validated by the relevant member of the Executive Committee.

## 2.8.1.2 GOVERNANCE

### 2.8.1.2.1 Ethics Committee

The Executive Committee oversees all ethics issues. It is supported by an Ethics Committee which was set up in 2018. It comprises the Executive Vice-President of Corporate Development and Social Affairs, who is a member of the Executive Committee and chairs the meetings, the Group General Counsel, the Director of Human Resources and the General Counsel Compliance.

The committee oversees ethics actions with three main duties:

- (i) advise on the Group's ethics culture and make recommendations;
- (ii) receive alerts (through various reporting channels);
- (iii) direct and monitor the treatment of these alerts.

The Ethics Committee met formally twice in 2021 and its members interact with each other as often as necessary.

### 2.8.1.2.2 Legal compliance department

The main task of the legal compliance department is to design, develop, implement and lead compliance programmes and ethics policies worldwide. It identifies, evaluates and controls the compliance risks to which the Hermès Group is exposed, verifies compliance with the various laws and regulations, and ensures the coordination, implementation and updating of compliance programmes, in close cooperation with the Group's various departments. The Compliance Chief Officer reports to the Group General Counsel, who reports to the Executive Vice-President of Corporate Development and Social Affairs, member of the Executive Committee, who in turn reports to the Group's Executive Chairman.

The independence of the Compliance Chief Officer is ensured by direct reporting, on a regular basis, to the Executive Vice-President of Corporate Development and Social Affairs. Meetings are accordingly held on a regular basis.

The Compliance Chief Officer chairs and oversees the Compliance and Vigilance Committee. He is also a member of the Ethics Committee, chaired by the Executive Vice-President of Corporate Development and Social Affairs.

The Compliance Chief Officer reports to the Audit and Risk Committee of the Hermès International Supervisory Board.

The legal compliance department relies on the in-house counsels in the Hermès International legal department, based in Paris, on subsidiaries' legal departments (in Lyon, New York, Shanghai, Singapore, Seoul and Tokyo) and on the Group's network of internal control officers, to deploy compliance programmes and ethics policies within the Group.

These employees take part in the implementation and management of compliance programmes, including the corruption prevention and combatting plan, as well as the deployment of ethics policies in all of the Group's *métiers* and entities. They verify in particular that operational and *métiers* staff apply the policies and procedures put in place.

### 2.8.1.2.3 Compliance and Vigilance Committee

The Compliance and Vigilance Committee is composed of the following people:

- ◆ Compliance Chief Officer;
- ◆ Group General Counsel;
- ◆ Director of Audit and Risk management;
- ◆ Director of Sustainable Development;
- ◆ Director of Consolidation, Taxation and Management Control;
- ◆ Group Director of Labour Relations;
- ◆ Group Direct Purchasing Manager;
- ◆ Group Indirect Purchasing Director;
- ◆ Group Director of Retail Activities.

The Compliance and Vigilance Committee meets regularly (four times in 2021).

Its duties specifically include:

- ◆ the definition of compliance guidelines;
- ◆ advice and recommendations on prevention and monitoring actions in terms of duty of care and the fight against corruption for all Group entities;
- ◆ the management of the deployment of awareness-raising and training campaigns for employees most at risk.

For example, in 2021, the Compliance and Vigilance Committee monitored the creation and rollout of an anti-corruption e-learning module, the strengthening of the first, second and third-level control systems, as well as accounting controls dedicated to the fight against corruption.

Generally speaking, the actions of the Compliance and Vigilance Committee contribute to:

- ◆ the provision of expertise;
- ◆ the dissemination of a culture of compliance by relaying the programmes to the entities' governing bodies and employees;
- ◆ ensuring programme coordination and consistency;
- ◆ developing the Group's policies in this area.

#### 2.8.1.2.4 Network of compliance ambassadors within the Group

Legal teams located in France (Paris and Lyon) and abroad, particularly in the United States, China, Japan, Singapore and South Korea, are part of network of compliance ambassadors. They act with the Group legal compliance department and with the Group Data Protection Officer in order to develop, facilitate, coordinate and monitor compliance programmes and ethics policies within the Group. Legal teams have access to a compliance review framework developed in collaboration with the legal compliance department.

Internal control officers and auditors also play a role in the implementation and monitoring of the application of compliance programmes (see § 4.3 “risk management, internal control and internal audit”). Internal Group controllers have access to a compliance review framework and second-level control plan developed in collaboration with the legal compliance department and the audit and risk management department.

### 2.8.1.3 PREVENTION AND DETECTION MEASURES

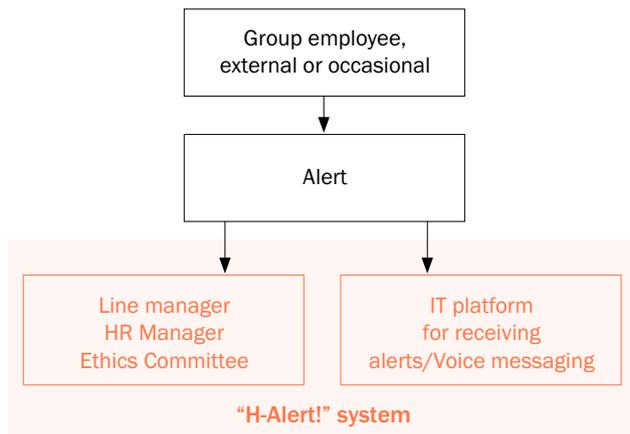
#### 2.8.1.3.1 Professional whistleblowing line

In order to ensure compliance with laws and regulations and to step up the fight against breaches of ethics and integrity, in 2019 the Group introduced its global whistleblowing system, *H-Alert!*, intended to enable its employees worldwide, as well as its external and occasional employees, to report breaches and violations of which they are personally aware. It is supplemented by an e-mail whistleblowing system for its suppliers and commercial partners.

The *H-Alert!* system is used to report serious cases that could constitute a breach of a legal standard as defined in Article 6 of law No. 2016-1691 of 9 December 2016, known as the Sapin II law, or a breach of the Group’s codes, procedures and ethics standards, as well as to signal the existence of risks or serious infringements of human rights and fundamental freedoms, health and safety of people, or the environment, resulting from the Group’s activities and/or those of its subcontractors or suppliers.

The information notice regarding the whistleblowing system reminds employees that they are protected from any type of retaliation if the alert is made in accordance with the legislation in force. Employees are encouraged to report the aforementioned irregularities or breaches, as soon as possible, using the following reporting channels:

- ♦ to their direct or indirect line manager or above, to Human Resources, or to the Ethics Committee;
- ♦ using an intranet platform, a secure, independent technical system, or by voice messaging, systems available 24/7 and operated by an external service provider. These alerts are forwarded to the Ethics Committee.



Within 15 days following receipt of the alert through any means, the whistle-blower will receive a written and dated acknowledgement of receipt. The acknowledgement of receipt specifies a reasonable and foreseeable expected deadline (about one month) for examining the alert. The alert processing time varies depending on the complexity of the alert, in strict compliance with legal and regulatory provisions.

This technical system is available in 18 languages. It was validated by the Group’s governing bodies and communicated to all Group entities and structures. An information notice has been forwarded and explained to all Group employees.

In 2021, 53 alerts were received through the *H-Alert!* system. All alerts were followed up and some cases are still being examined.

The Group has introduced effective measures guaranteeing the confidentiality of information and processing of reports at all times. The whistleblowing system also allows Group employees to report an incident anonymously. Where appropriate, following an investigation, disciplinary sanctions may be decided upon and implemented against employees who violate the Group’s ethics rules.

Furthermore, the Hermès Group has provided its suppliers and subcontractors, concessionaires, distributors and sales intermediaries with an external whistleblowing mechanism in the form of a generic email address, in the event of a breach or situation contrary to the ethics, social and environmental principles. These alerts are analysed by the legal department and the operating departments concerned.

The Company undertakes not to impede access to legal or other available mechanisms, including mediation processes, for any persons reporting negative impacts, especially on human rights, and undertakes to protect the whistle-blower.

### 2.8.1.3.2 Sanctions system set up

The sanctions system in place for compliance programmes corresponds to the system of sanctions described in the internal rules of procedure, any breach of ethics and integrity being contrary to the Group's intrinsic values and internal rules laid down in this area.

In accordance with existing law, internal rules of procedure, for example, devote a chapter to disciplinary law and the right of defence.

On an international level, depending on the local applicable law, either the internal rules of procedure set out rules on disciplinary matters, or an employee handbook contains rules on disciplinary law; both include anti-corruption measures.

### 2.8.1.3.3 Audit of the application of ethics values

Internal control evaluations, and internal and external audits on the application of Group procedures are carried out regularly at the Group's companies and *métiers*, as well as at its significant suppliers and partners. Among other areas, these audits cover compliance with ethics procedures, the fight against corruption, combatting money laundering, the protection of personal data, respect for the environment, respect for human rights and fundamental freedoms, hygiene, health and employee safety. The methodology of these controls and audits is described in section 4.3 "risk management, internal control and internal audit".

### 2.8.1.3.4 Training programmes on ethics issues

Several Group internal departments offer employee training, particularly, the legal department, the human resources department, the purchasing department, the industrial affairs department and the audit and risk management department.

#### Training provided by the legal department

Specific face-to-face or distance training modules on the Group's ethics and anti-corruption policy, the contents of which are adapted to the teams, subsidiaries and *métiers* in question, are delivered by the legal compliance department to those employees who are most exposed to the risks of corruption, as identified and prioritised in the Group risk mapping. They aim to provide employees with the knowledge and tools needed to prevent and detect at-risk situations and to determine the behaviour to adopt in such cases.

During financial year 2021, the training programme continued despite the context of the health crisis, and face-to-face or remote training was provided in many Group entities: 17 training sessions were held and 405 employees were trained.

The roll-out of these training sessions is closely monitored by the legal compliance department, in collaboration with Internal Control and Human Resources.

In addition, an online Group training programme (e-learning) dedicated to ethics and the fight against corruption has been rolled out to all employees worldwide, as well as to external and occasional employees. It uses practical scenarios to give them the keys to preventing risks of corruption and breaches of ethics. This e-learning system includes a

comprehension and simulation exercise, for which a minimum score must be achieved, to ensure that employees have fully understood the risks of corruption and how to manage them. This e-learning is mandatory for all people considered to be exposed to the risk of corruption in accordance with the Group's corruption risk mapping. In 2021, more than 9,000 people followed this programme.

#### Other training aimed at preventing the risks of corruption and breaches of ethics

An *Ethics, integrity and anti-corruption* module, introduced by the human resources department, is designed for all in-store sales staff in Group entities. In 2021, 628 people attended this training. The aim of this module is to present the risks of corruption to sales staff. They learn about different forms of corruption and how to effectively combat these risks in their daily tasks. Lastly, they learn about the tools and procedures that sales staff can use in case of doubt. Attendance at these training sessions is monitored. This module is regularly delivered in all subsidiaries worldwide. Since the creation of the module in 2017, 7,570 people have been trained. The objective is to train all distribution subsidiary employees, whether their contract is fixed-term, permanent, temporary or as an intern, etc. and whatever their role (members of the Management Committees, support, sales staff, stockists, cashiers, managers, etc.).

The content of this training module was updated in 2021.

The purchasing department provides training for purchasers and, makes them aware, in particular, of the risks of corruption in their daily tasks. At its own level, it ensures the implementation of these ethical ambitions thanks to the CSR brief, distributed to the House's suppliers and partners. This document may be consulted at: <https://finance.hermès.com/en/sustainable-procurement>.

The audit and risk management department trains its internal control officers and participates in the Group training sessions in order to promote an awareness of risk management and internal control best practices amongst the management. Activities focusing on ethics and compliance issues continued this year with the organisation of three seminars by the audit and risk management department for internal control officers in all Group entities throughout the world.

## 2.8.2 THE FIGHT AGAINST CORRUPTION

*"Combatting corruption is a clear priority for the Hermès Group.*

*The culture of probity, integrity and transparency is intrinsic to the values of Maison Hermès. Since its creation, the House has endeavoured to promote it to its employees, business partners and stakeholders".*

Axel Dumas – Executive Chairman and Olivier Fournier – Executive Vice-President of Corporate Development and Social Affairs

## POLICY

Corruption is in contradiction with the values of the Hermès Group. The Group has a two-fold requirement: zero tolerance for breaches of probity on the one hand, and a determined commitment to a culture of ethics, on the other.

The Group's policies in terms of ethics and the fight against corruption are clearly set out in the code of business conduct, available on the Group intranet as well on the website <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>.

The Hermès Group continues to improve its corruption prevention plan, in accordance with the requirements of French law No. 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernisation of economic life.

Furthermore, the Group conducts global legal monitoring of legislative changes on the fight against corruption and complies with current legislative and regulatory requirements both in France and in countries abroad in which it operates, such as the Foreign Corrupt Practices Act in the United States, the United Kingdom Bribery Act and Legislative Decree 231 in Italy. This monitoring is carried out in-house and by external firms.

### 2.8.2.1 COMMITMENT OF THE GOVERNING BODY

The governing body's commitment can be seen at the Group's highest level. Alongside other members of the Executive Committee, Axel Dumas, Executive Chairman, drives compliance with ethics rules, applying a firm policy of zero tolerance of any act of corruption.

Corruption risk mapping, initiated by the governing body and driven by the legal compliance department, was validated by all the members of the Executive Committee, thus clearly demonstrating the importance put on analysing and identifying Group-specific risks.

The fight against corruption in all its forms permeates all the Group's policies and procedures.

### 2.8.2.2 GOVERNANCE

#### 2.8.2.2.1 Legal compliance department

The governance of the legal compliance department is detailed in section 2.8.1.2.2 above.

#### 2.8.2.2.2 Compliance and Vigilance Committee

The governance of the Compliance and Vigilance Committee is detailed in section 2.8.1.2.3 above.

#### 2.8.2.2.3 Ethics Committee

The governance of the Ethics Committee is explained in §2.8.1.2.1 above.

#### 2.8.2.2.4 Network of compliance liaison officers within the Group

The governance of the network of compliance liaison officers within the Group is detailed in section 2.8.1.2.4 above.

### 2.8.2.3 ACTIONS IMPLEMENTED AND RESULT

#### 2.8.2.3.1 Risk mapping

*“The update in 2020 of the Group's anti-corruption risk mapping, as well as all the recommendations resulting from the action plans aimed at controlling these risks, demonstrate the Group's unwavering commitment to combating all forms of corruption and influence-peddling.*

*This exercise is part of the Group's approach to continually improve its anti-corruption and influence-peddling plan to make it increasingly robust and effective.”*

Axel Dumas – Executive Chairman and Olivier Fournier – Executive Vice-President of Corporate Development and Social Affairs

A Group corruption risk mapping was produced jointly by the legal compliance department and the audit and risk management department and was approved by the Group's Executive Committee.

A first Group corruption risk mapping exercise was prepared in 2018 and updated in 2020. This update has been communicated to all Group entities and departments, and action plans have been put in place.

The risk mapping, carried out according to a rigorous methodology, covers all the Group's activities in all the geographical areas in which it operates.

Each risk scenario identified corresponds to a potentially risky behaviour or situation in terms of corruption or influence-peddling and specifies the geographical areas and *métiers* that are most affected so as to determine the priority measures to be taken as part of the corruption prevention plan. For each risk scenario, a focus is put on the activities and geographical areas concerned and the third parties involved.

The participation of many stakeholders across the Group has also ensured a good representation of the Group's activities and processes at different levels of responsibility (management and operational) as well as full coverage of the geographical areas in which the Group operates.

Following the update of the mapping in 2020, action plans corresponding to each risk scenario were put in place in order to respond in a proportionate and effective manner to the challenges facing the Group.

### 2.8.2.3.2 Anti-corruption code of conduct

An anti-corruption code of conduct, drafted in 2018 from the results of the Group's corruption risk mapping, is available in 18 languages. This code of conduct was validated by the Group's governing bodies and communicated to all Group entities and structures. It has also been provided to each Group employee.

This anti-corruption code of conduct has a global reach and applies to all Group employees.

*"This anti-corruption code of conduct (the "Code of Conduct") is in line with the commitments taken by the Hermès Group in the area of ethics and integrity. It sets forth the personal commitment of the Hermès Group's Senior Executives and forms an integral part of the values and principles that unite all Hermès Group employees."*

Axel Dumas – Executive Chairman

The anti-corruption code of conduct is available on the website: <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>.

This code describes rules on gifts and invitations, relations with third parties and public officials, the ban on facilitation payments, management of conflicts of interest, patronage and sponsorship, representation of interests, etc.

The opportunity to update the anti-corruption code of conduct is reassessed each year by the Compliance and Vigilance Committee.

### 2.8.2.3.3 Whistleblowing system

The *H-Alert!* internal Group whistleblowing system is described in paragraph 2.8.1.3.1 above. It is supplemented by an external e-mail whistleblowing system managed by the Group legal department.

### 2.8.2.3.4 Procedures for assessing the situation of customers, tier 1 suppliers and intermediaries

The Group's business model primarily consists of purchasing raw materials from suppliers and manufacturing most of its products in-house, which are then mainly sold through stores, the majority of which are owned by the Company (branches), to customers who visit said stores. Upstream, i.e. relationships with goods suppliers and service providers, accounts for most of the Group's relationships with third parties.

To a lesser extent, the Group also has downstream relationships, with concessionaires, distributors and business intermediaries in some *métiers*.

The Group develops long-term relationships with its partners, thereby protecting its sources of supply and business relationships. The average length of relationships with suppliers in the industrial sector is 20 years and a large majority of these partnerships are European.

The commitments made by the Group and its partners focus on the following points:

- 1) good labour practices: prohibition of child labour, prohibition of forced labour, compliance with health and safety rules, respect for freedom of association, non-discrimination, respect of working time, appropriate compensation, prohibition of illegal work;
- 2) best environmental practices: compliance with environmental regulations, management of natural resources and consumption, effluent and waste, respect for biodiversity;
- 3) good ethical conduct: the fight against corruption and money laundering and recommendations on best practices in relation to subcontracting.

On an operational level, each *métier* or entity is responsible for managing its relations with third parties, monitoring the challenges identified and the implementation of corrective actions with third parties. Experience has shown that adopting a *métier* or entity approach guarantees third party proximity, awareness of the challenges ahead and realistic systems that comply with the Group's rules. Nevertheless, to ensure that the Group's anti-corruption system is well implemented in the *métiers*, entities and subsidiaries, coordination of procedures, tools, training and controls is carried out at Group level by the legal compliance department.

To ensure their partners' integrity and compliance with anti-corruption regulations, the *métiers* and entities have the following tools at their disposal:

- ◆ risk mapping;
- ◆ procedures for entering into business relationships with third parties;
- ◆ procedures for selecting suppliers and subcontractors, business intermediaries, agents, distributors and concessionaires;
- ◆ an IT tool for assessing the integrity and reputation of third parties, set up with the help of an external service provider and accessible to all Group entities;
- ◆ analysis grids and questionnaires to assess third party risk levels;
- ◆ a list of "sensitive countries";
- ◆ a procedure to prevent money laundering and corruption;
- ◆ a suppliers' charter, a business ethics charter for the selling of products and compliance clauses to ensure third parties' commitment to complying with social, environmental and ethics policies, including anti-corruption regulations;
- ◆ external evaluations on third-party compliance and integrity risks;
- ◆ rights of access and right to request documentation;
- ◆ the right to conduct internal and external on-site audits and, if necessary, to implement corrective measures.

The *métiers* and entities manage their relationships with third parties and update their assessments and engagement policies on a regular basis. The distribution in 2021 of the CSR briefs is a step forward in the formalisation and dissemination of our high standards. The Group ensures that *métiers* and entities comply with these third party assessment policies by means of internal control and internal audits conducted by the audit and risk management department, as well as through controls carried out by the legal department.

#### 2.8.2.3.5 Accounting control procedures

Internal control and risk management procedures relating to the preparation and processing of accounting and financial information, as described in section 4.3, form an integral part of the Group's anti-corruption system and, in particular, are aimed at preventing and detecting any act of corruption. Controls on accounts deemed "more sensitive" in terms of the fight against corruption are regularly strengthened. An accounting control procedure dedicated to the prevention and detection of corruption and influence-peddling was put in place in 2020 and controls were carried out in 2021.

Furthermore, annual self-assessment campaigns (see § 4.3.4.1) are an important tool when it comes to the process of applying accounting control procedures across all the Group's entities.

The audit and risk management department monitors the proper application of these procedures during its internal audits.

#### 2.8.2.3.6 Training system for executives and employees most at risk

The training system is described in section 2.8.1.3.4 above.

#### 2.8.2.3.7 Disciplinary regime for sanctioning violations of the anti-corruption code of conduct

The sanctions system is described in section 2.8.1.3.2 above.

#### 2.8.2.3.8 Internal control and evaluation system

In order to verify the proper application of its anti-corruption system, the Hermès Group has deployed a control plan based on three levels:

- ◆ the first level of control is implemented directly by operational staff. It involves applying, on a daily basis, the principles and steps relating to ethics and integrity as described in Group procedures and, in particular, those relating to the fight against corruption and influence-peddling;
- ◆ the second level of control involves internal control officers in each entity/*métier*, working in close collaboration with the legal department, in particular, on the proper application of procedures relating to the fight against corruption. To this end, the legal compliance department and the audit and risk management department have drawn up a dedicated anti-corruption work programme for all of the Group's internal control officers;

- ◆ the third level of control is operated by the audit and risk management department when it audits the *métiers* and entities. This control assesses the implementation of the anti-corruption and influence-peddling policy of the *métier* or entity in question. The audit and risk management department also conducts audits of the various Group anti-corruption programmes.

## 2.8.3 PERSONAL DATA PROTECTION

Respect for privacy is more than a legal obligation, it is a Hermès value and an essential commitment to maintaining a relationship of trust with our employees, customers and partners.

### POLICY

Since 2015, the Hermès Group has adopted a set of rules to protect the personal data of its customers in the form of Binding Corporate Rules (BCR). These BCRs, approved by the European Data Protection Authorities, apply to all Group entities with a distribution activity. These BCRs, still in full force, foreshadowed the Group's more general data protection system. Since then, the Hermès Group has implemented a more extensive data protection system covering all the personal data it collects (customers, employees, third parties, etc.) and all of its subsidiaries and *métiers*, regardless of their location. This Group system complies with the European Data Protection Regulation (GDPR) which is one of the highest levels of data protection in the world and also takes into account local regulatory requirements. This system also includes the code of business conduct, which contains a "Personal Data" sheet (see § 2.8.1.1.3).

#### 2.8.3.1 DATA PROTECTION OFFICER

The Group Data Protection Officer is responsible for informing and advising the Company on its legal and regulatory obligations with regard to personal data, and steering and monitoring data processing and ensuring its compliance with these obligations. The Group Data Protection Officer is the point of contact for data subjects and for data protection authorities.

This position reports to the Compliance Chief Officer, who reports to the Group General Counsel, reporting to the Executive Vice-President of Corporate Development and Social Affairs, member of the Executive Committee, who in turn reports to the Group's Executive Chairman.

### 2.8.3.2 “PERSONAL DATA PROTECTION” GOVERNANCE

The Data Protection Officer relies on a network of people throughout the Group – mainly consisting of the Head of Information Systems Security (CISO), members of the legal department, and internal control officers. This network enables him or her to be regularly informed of issues related to the processing of personal data, to ensure that they are dealt with consistently by the subsidiaries and to be alerted to local legal and regulatory changes where applicable.

Data protection guidelines have been rolled out to the network of internal control officers since 2020 to support them in their second-level control duties. These guidelines provide in particular a reminder of the elements of governance, the control themes and the tools available for this purpose. A matrix of precise and concrete annual controls to be carried out by internal control officers has been added to the rollout of the guidelines.

In 2021, a Regional Data Protection Officer was appointed for China, enabling the Group to strengthen its support and expertise in a constantly changing local legislative context (in particular the new law on the protection of personal data that entered into force on 1 November 2021). The Regional Data Protection Officer acts in coordination with the Group Data Protection Officer and the local legal department in order to maintain consistency in the management of personal data across the entire Hermès Group.

### 2.8.3.3 MAIN ACTIONS IMPLEMENTED

The awareness-raising and training programme was enhanced with new employee training sessions. In particular, the French human resources teams continued to be trained, across all *métiers*, as part of the rollout of a new human resources management information system. This awareness raising and training programme is complemented by the international release of an online training module (e-learning) for all Group employees and translated into 11 languages. To date, nearly 9,000 people in the most sensitive functions and *métiers* have taken this module.

The principles of protection of privacy by design and by default are ensured by the use of tools for managing privacy impact assessments (PIA) and managing the register of processing activities. These tools are part of the procedure for integrating security and privacy into projects (ISP), which involves the Group's CISO and Data Protection Officer teams. In 2021, 269 projects were processed through the ISP procedure.

The management of the rights exercised by the people concerned has been made more efficient, in particular thanks to the use of a tool following the dissemination of a new procedure for managing customer rights that allows for prompt handling and harmonisation of requests

regardless of their geographical origin and the contact channel used. In 2021 (figures from November 2020 to November 2021), 457 requests were processed, of which 10% were requests for modifications, 15% requests for information, 10% requests for access and 60% requests for deletion of data.

The security of personal data is an essential component of the protection of privacy. In this context, the issues were highlighted through awareness-raising operations (“cybersecurity month”) and addressed as part of regular work with the CISO teams. The data breach procedure has been included in the broader cyber crisis management process (see § 4.1.1.3 “Information systems and cyberattacks”).

Lastly, checks are carried out in cooperation with the teams of the audit and risk management department and the internal controllers of Group entities to assess compliance with the Group's rules and applicable regulations.

## 2.8.4 DUTY OF CARE

Hermès is committed to respect for human rights and fundamental freedoms, the health and safety of employees and the protection of the environment. It ensures control through a policy and concerted actions.

### POLICY

In accordance with French law No. 2017-399 of 27 March 2017 relating to the duty of care of parent companies and contractors, the Hermès Group has drawn up a reasonable vigilance plan to identify risks and prevent serious violations of human rights and fundamental freedoms, and the health and safety of people and the environment, resulting from its activities as well as the activities of its subcontractors and suppliers.

### GOVERNANCE

The legal compliance department contributes to the identification of risks in terms of the duty of care (human rights, fundamental freedoms, health and safety and environmental protection) and to the development of measures to prevent breaches, in particular within its supply chains.

To do this, it works with the Group's main support departments and relies on the Compliance and Vigilance Committee (see § 2.8.1.2.3).

### 2.8.4.1 ACTIONS IMPLEMENTED AND RESULT

Each year, the legal compliance department reviews the actions taken within the Group as part of the vigilance plan. This is set out in the table below and refers to Group policies, measures implemented in 2021, as well as key performance indicators.

CROSS-REFERENCE TABLE

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

	Group activities	Suppliers and subcontractors
Risk mapping	<ul style="list-style-type: none"> <li>◆ Non-financial risk analysis (2.1.4)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Analysis by supply chain (2.4.2)</li> <li>◆ Risk mapping (2.6.1.2)</li> </ul> <p><b>Indicators:</b> 108 purchasing categories identified 93% of risk mappings by purchase category completed At end-2021, 74 raw material supply chains analysed</p>
Regular assessment procedures	<ul style="list-style-type: none"> <li>◆ Industrial affairs department network: internal diagnostics, audits conducted by external specialists and operational improvement plans (2.2.1.1.1)</li> <li>◆ Internal control and risk management systems established by the Company (4.3)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Audit and Direct Purchasing Committee – managing audit results and action plans (2.6.1.1.3)</li> <li>◆ Coordination of Group policies for direct and indirect purchasing (2.6.1)</li> <li>◆ Tools for analysing supplier and subcontractor risks provided to and applied by purchasers (2.6.1.3)</li> <li>◆ Audits conducted by specialist service providers in certain channels (alligator, cashmere, wood) WWF (2.4.2)</li> <li>◆ Supplier audits by a third-party organisation (2.6.1.3.2)</li> </ul> <p><b>Indicators:</b> 66 audits of tier one suppliers and 47 audits of tier two suppliers in 2021 (direct purchases) 322 suppliers on EcoVadis</p>
Mitigation and prevention measures	<ul style="list-style-type: none"> <li>◆ Dissemination of Group values: code of business conduct (2.8.1.1) and three specific SD training modules included in the My Campus internal integration training programmes</li> <li>◆ Training on ethics issues (2.8.1.3.4)</li> <li>◆ Training and development of employee expertise (2.3.2.3)</li> <li>◆ Responsible management and Social diversity (2.2.2.1) <i>Alterego</i> training programme</li> <li>◆ Health and well-being at work initiative (2.2.1.1) (73% participation rate over the last three years)</li> <li>◆ Maintaining the quality of social dialogue (2.2.1.3)</li> <li>◆ Second Disability Agreement (2.2.2.1.4)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Training for direct and indirect purchasers (2.6.1.3)</li> <li>◆ Social, environmental and ethics policy (Handbook 2) (2.6.1.3)</li> <li>◆ CSR brief communicated to suppliers and partners (social and environmental issues) (2.6.1.4)</li> <li>◆ Launch of a certification or label award process for 32 supply chains (2.4.2.1)</li> <li>◆ Monitoring audits (2.6.1.3)</li> </ul> <p><b>Indicators:</b> Signature rate for Handbook 2: 89%</p>
Alert mechanisms	<ul style="list-style-type: none"> <li>◆ Professional whistleblowing system (2.8.1.3.1)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Professional whistleblowing email alert address for suppliers and subcontractors (2.6.1.5)</li> </ul>
Measuring and monitoring system	<ul style="list-style-type: none"> <li>◆ Audit and risk management department (4.3.2)</li> <li>◆ Audit of the application of ethical values (2.8.1.3.3)</li> </ul> <p><b>Indicators:</b></p> <ul style="list-style-type: none"> <li>◆ Employer award received by Hermès (2.1.1)</li> <li>◆ Number of hours devoted to training: over 423,317 hours (2.3.2)</li> <li>◆ Gender pay equality index: 90/100 (2.2.2.1.3)</li> </ul>	<ul style="list-style-type: none"> <li>◆ System of monitoring by audit and risk management department (2.6.1.3)</li> </ul>

## HEALTH &amp; SAFETY

	Group activities	Suppliers and subcontractors
Risk mapping	<ul style="list-style-type: none"> <li>◆ CSR risk analysis (2.1.3 and 2.1.4)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Analysis by supply chain (2.4.2)</li> <li>◆ Risk mapping by purchase category (2.6.1.2)</li> </ul> <p><b>Indicators:</b> 108 purchasing categories identified 93% of risk mappings by purchase category completed</p>
Regular assessment procedures	<ul style="list-style-type: none"> <li>◆ EHS audits conducted by an external specialist (2.2.1.1)</li> <li>◆ Information system rolled out on sites for Group health and safety reporting (2.2.1.1)</li> <li>◆ Internal safety audits (2.2.1.1)</li> <li>◆ Internal control and risk management systems established by the Company (4.3)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Audit and Direct Purchasing Committee – managing audit results and action plans (2.6.1.3)</li> <li>◆ Coordination of Group policies for direct and indirect purchasing (2.6.1)</li> <li>◆ Tools for analysing supplier and subcontractor risks provided to and applied by purchasers (2.6.1)</li> <li>◆ Audits conducted by specialist service providers in certain channels (alligator, cashmere, wood) WWF (2.4.2)</li> <li>◆ Supplier audits by a third-party organisation (2.6.1)</li> </ul> <p><b>Indicators:</b> 66 audits of tier one suppliers and 47 audits of tier two suppliers in 2021 322 suppliers on EcoVadis</p>
Mitigation and prevention measures	<ul style="list-style-type: none"> <li>◆ Dissemination of Group values: code of business conduct (2.8.1.1) and three specific SD training modules included in the My Campus internal integration training programmes</li> <li>◆ Training on ethics issues (2.8.1.3.4)</li> <li>◆ EHS regulatory monitoring conducted by an external specialist and distributed to each industrial <i>métier</i> (2.2.1.1.2)</li> <li>◆ Coordination of the Environmental, Health and Safety network by the industrial affairs department, training and sharing best practices (2.2.1.1.2)</li> <li>◆ Health and well-being at work initiative (2.2.1.1.1) (73% participation rate over the last three years)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Training for direct and indirect purchasers (2.6.1)</li> <li>◆ Social, environmental and ethics policy (Handbook 2) (2.6.1.4)</li> <li>◆ CSR brief communicated to suppliers and partners (social and environmental issues) (2.6.1.4)</li> <li>◆ Launch of a certification or label award process for 32 supply chains (2.4.2.1)</li> <li>◆ Monitoring audits (2.6.1)</li> </ul> <p><b>Indicators:</b> Signature rate for Handbook 2: 89%</p>
Alert mechanisms	<ul style="list-style-type: none"> <li>◆ Professional whistleblowing system (2.8.1.3.1)</li> <li>◆ Email alerts when reporting work accidents in the dedicated information system (2.2.1.1.3)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Professional whistleblowing email alert address for suppliers and subcontractors (2.6.1.5)</li> </ul>
Measuring and monitoring system	<ul style="list-style-type: none"> <li>◆ Audit and risk management department (4.3.2)</li> <li>◆ Audit of the application of ethical values (2.8.1.3.3)</li> <li>◆ External firm specialising in conducting EHS compliance audits in our various units (2.2.1.1.2)</li> </ul> <p><b>Indicators:</b> Work accident rate: 9.07 with a severity rate of 0.34 (2.2.1.1.3) Turn-over: 1.38% (2.3.1)</p>	<ul style="list-style-type: none"> <li>◆ System of monitoring by audit and risk management department (2.6.1.3)</li> </ul>

ENVIRONMENT

	Group activities	Suppliers and subcontractors
Risk mapping	<ul style="list-style-type: none"> <li>◆ CSR risk analysis (2.1.3 and 2.1.4)</li> <li>◆ Climate risk mapping (2.5.4)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Analysis by supply chain (2.4.2)</li> <li>◆ Risk mapping by purchase category (2.6.1.2)</li> <li>◆ Study of the physical risks related to climate change (2.5.4)</li> </ul> <p><b>Indicators:</b> 108 purchasing categories identified 93% of risk mappings by purchase category completed Climate change: two value chains studied, using six direct supply chains impact scenarios and two systemic scenarios with direct and indirect impacts on Hermès' global activity (2.5.4).</p>
Regular assessment procedures	<ul style="list-style-type: none"> <li>◆ EHS audits conducted by an external specialist (2.2.1.1.2)</li> <li>◆ Water risk assessment with WWF (2.5.4.1)</li> <li>◆ Tools for updating the overall assessment of greenhouse gas emissions from Group production and distribution sites (2.5.4.2)</li> <li>◆ Audits of the supply chains for exotic skins by external parties (WWF, veterinarians, associations, etc.) (2.4.2)</li> <li>◆ Internal control and risk management systems established by the Company (4.3)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Audit and Direct Purchasing Committee – managing audit results and action plans (2.6.1)</li> <li>◆ Coordination of Group policies for direct and indirect purchasing (2.6.1)</li> <li>◆ Tools for analysing supplier and subcontractor risks provided to and applied by purchasers (2.6.1)</li> <li>◆ Audits conducted by specialist service providers in certain channels (alligator, cashmere, wood) WWF (2.4.2)</li> <li>◆ Supplier audits by a third-party organisation (2.6.1.3)</li> </ul> <p><b>Indicators:</b> 66 audits of tier one suppliers and 47 audits of tier two suppliers in 2021 322 suppliers on EcoVadis</p>
Mitigation and prevention measures	<ul style="list-style-type: none"> <li>◆ Group environmental policy (2.5.1.1)</li> <li>◆ Membership of the Fashion Pact (2.5)</li> <li>◆ EHS regulatory monitoring conducted by an external specialist and distributed to each industrial <i>métier</i> (2.2.1.1.2)</li> <li>◆ Coordination of the Environmental, Health and Safety network by the industrial affairs department, training and sharing best practices (2.2.1.1.2)</li> <li>◆ Sustainable development ambassadors: over 350 employees worldwide (2.3.2.3)</li> <li>◆ Limiting the consumption of natural resources (2.5.2)</li> </ul> <p><i>Improving production processes (2.5)</i></p> <ul style="list-style-type: none"> <li>◆ Combating climate change (2.5.4)</li> <li>◆ Limiting the carbon impact in scopes 1, 2 &amp; 3 and carbon offset (2.5.4)</li> <li>◆ Waste management (2.5.3)</li> <li>◆ Respect and protect biodiversity (2.5.5)</li> </ul> <p><i>High-quality supplies, and work on animal welfare (2.4.2), Global biodiversity score (2.5.5.3)</i></p> <ul style="list-style-type: none"> <li>◆ Circular economy (2.4.1)</li> <li>◆ Three specific SD training modules included in the My Campus internal integration training programmes</li> </ul>	<ul style="list-style-type: none"> <li>◆ Training for direct and indirect purchasers (2.6.1)</li> <li>◆ Social, environmental and ethics policy (Handbook 2) (2.6.1.3)</li> <li>◆ CSR brief communicated to suppliers and partners (social and environmental issues) (2.6.1.4)</li> <li>◆ Launch of a certification or label award process for 32 supply chains (2.4.2.1)</li> <li>◆ Monitoring audits (2.6.1.3)</li> </ul> <p><b>Indicators:</b> Signature rate for Handbook 2: 89%</p>
Alert mechanisms	<ul style="list-style-type: none"> <li>◆ Professional whistleblowing system (2.8.1.3.1)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Professional whistleblowing email alert address for suppliers and subcontractors (2.6.1.5)</li> </ul>

	<b>Group activities</b>	<b>Suppliers and subcontractors</b>
Measuring and monitoring system	<ul style="list-style-type: none"> <li>◆ Audit and risk management department (4.3.2)</li> <li>◆ Audit of the application of ethical values (2.8.1.3.3)</li> <li>◆ External firm specialising in conducting EHS compliance audits in our various units (2.2.1.1.2)</li> </ul> <p><b>Indicators:</b> CDP Climate Change score: A- (2.5.2) Water consumption at industrial sites (2.5.2) Energy consumption at industrial sites (2.5.2)</p>	<ul style="list-style-type: none"> <li>◆ System of monitoring by audit and risk management department (2.6.1.3)</li> </ul>