



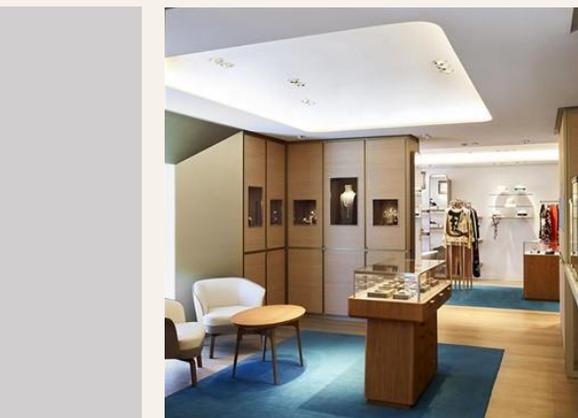
CSR BRIEF

July 2022

PURPOSE

This document is intended for all suppliers and manufacturers involved in procurement processes for Hermès Métiers.

This document will evolve to encompass other areas and take account of new requirements.



CONTENTS



SOCIAL AND HUMAN RIGHTS



BIODIVERSITY



CARBON AND ENERGY



WATER



TRACEABILITY



CIRCULARITY, MATERIALS AND PROCESS INNOVATION



PLASTICS



Social and human rights

Short-term prerequisites

Target 2022

Continue the inventory of all actors, right down to the collection of raw materials, with information about working and employment conditions in each of the relevant sectors. In particular, ensure the existence of an active alert and monitoring system for the human rights component.

Recommendations and roadmaps

Target 2024

Opt for raw materials production processes that incorporate social aspects, through certifications and social accounting systems (**SA 8000, OHSAS 18001/ ISO 45001, UNIC Social Accountability**). For optimal alignment with Hermès' renewed commitments, particular attention must be paid to:

- **The approach to inclusion and diversity** in the workforce, by communicating objective indicators to Hermès annually (% gender parity, % of contracts from social reintegration programmes or subsidised contracts, etc.)
- **The working environment**, conducive to employee well-being, through internal satisfaction surveys communicated to Hermès.

Choose **sources of supply certified by labels that take social aspects into consideration** when producing and harvesting materials, according to a level of requirements and coverage to be communicated to Hermès. These certifications, in addition to those defined by sector (see "Sectors Brief" document), may be suggested to Hermès.

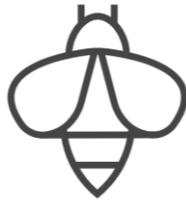
Especially, fair trade certifications or labels (**Fair for Life, Fair Trade**) may be used for supply chains where these standards are available.

If current sources are not certified, define a continuous improvement plan based on the above labels. Communicate with Hermès in the event of difficulties in obtaining certification and the implementation schedule.

Prohibitive Points

Ban suppliers in the event of serious breaches of human rights and fundamental freedoms, in particular those who do not respect:

- the Universal Declaration of Human Rights;
- the European Union Charter of Fundamental Rights;
- the principles of the United Nations International Labour Organization;
- the guiding principles of the OECD (Organisation for Economic Cooperation and Development).



Biodiversity

Short-term prerequisites Target 2022

Continue the inventory of all actors, right down to the collection of raw materials, with information on origin (country and region).

Source natural resources judiciously, with a rationale of legitimate necessity with regards to Hermès' requirements.

Opt for raw material processing methods that respect flora and fauna through material-specific environmental certifications (for example, **LWG¹** or **GOTS²** certifications).

Spearhead initiatives to protect biodiversity, in partnership with the relevant local or international NGOs.

Choose **sources of supply certified by labels that take social aspects into consideration** when producing and harvesting materials:

- For forest-based sectors, prioritise suppliers that work exclusively with **FSC³**- or **PEFC⁴**-certified sources.
- For agricultural sectors, **prioritise certified organic sources** in line with **IFOAM⁵** specifications.
- Promote all regenerative agricultural processes according to the principles of **Regenerative Organic Certification**.

If current sources are not certified, define a continuous improvement plan based on the above labels. Communicate with Hermès in the event of difficulties in obtaining certification and the implementation schedule.

In the event of past disputes or damages linked to harvesting forest, mineral or agricultural resources, undertake to remedy, restore and/or compensate.

Ban suppliers that do not comply with regulations for protecting species for which trade is illegal, such as species on the **CITES⁶** or the **IUCN⁷ Red List**.

Ban suppliers whose forest, mineral or agricultural resources contribute to deforestation, conversion of natural ecosystems, destruction of natural habitats or depletion of soil. In particular:

- whose forest resources contribute to net deforestation or are harvested by clear-cutting.
- whose resources from extraction, agriculture or livestock farming contribute to gross or imported deforestation.
- who are involved in slash-and-burn clearing practices.

¹ Leather Working Group
² Global Organic Textile Standard

Recommendations and roadmaps Target 2024

³ Forest Stewardship Council
⁴ Programme for the Endorsement of Forest Certification
⁵ International Federation of Organic Agriculture Movements

⁶ Convention on International Trade in Endangered Species of Wild Fauna and Flora

⁷ International Union for Conservation of Nature

Prohibitive Points

Carbon and energy



Short-term prerequisites

Target 2022

Measure energy consumption (electricity, oil, gas, coal, etc.), greenhouse gas emissions (GHGs), and in particular carbon emissions related to scopes² 1, 2 and 3, and share the results with Hermès.

Based on the results obtained, embark on a **process to reduce and eliminate emissions**, in line with Hermès' targets for moving away from fossil fuels¹ at its production sites, and reducing carbon emissions by 50.4% in absolute value for scopes² 1 and 2 and 58.1% in intensity (tCO₂e/€m in sales) for scope² 3 between 2018 and 2030.

Some of the following levers can be activated:

- Increase the share of renewables in the sites' energy mix. *For information purposes, Hermès intends to install 100% renewable electricity in its direct operations by 2025 and supply all its sites in France with French-generated green electricity.*
- Improve the energy performance of production sites (less energy-intensive equipment, thermal insulation, renovation, etc.), and potentially move towards positive energy infrastructures (solar panels, biogas plants, etc.). Certification via international (**LEED**³, **BREEAM**⁴) or European (**HQE**⁵, **BEPOS**⁶) standards is recommended. *For information, Hermès undertakes to halve the carbon footprint per m² of its new-build and renovated real estate by 2030.*
- Prioritise environmentally friendly sources of supply through environmental certifications specific to the materials in question (for example, **LWG**⁷ or **GOTS**⁸ **certifications**).
- Ban suppliers who do not comply with the applicable environmental regulations, in particular those relative to GHGs.
- Reduce the use of, and ultimately disengage entirely from, suppliers whose resources from mining, forestry or agriculture contribute to deforestation, and consequently to releasing carbon into the atmosphere.

Recommendations and roadmaps

2024 target and beyond

³ Leadership in Energy and Environmental Design

⁴ Building Research Establishment Environmental Assessment

⁵ High Quality Environmental standard

⁶ POSitive-Energy Buildings

⁷ Leather Working Group

⁸ Global Organic Textile Standard

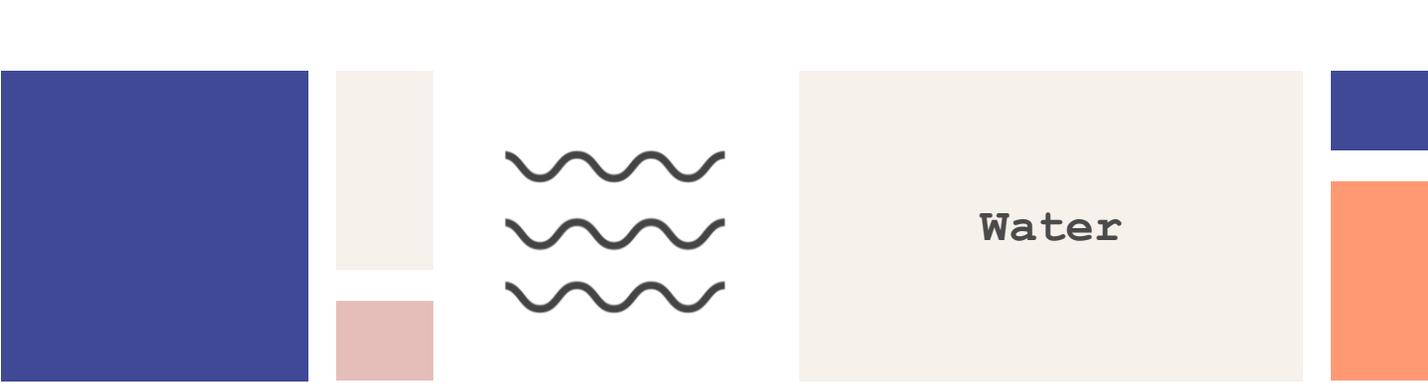
Prohibitive Points

¹No new industrial investment originating from fossil fuels, unless proven to be technically impossible.

²Scope 1: direct emissions from production sites, offices, logistics centres and stores.

Scope 2: indirect emissions (energy) from production sites, offices, logistics centres and stores.

Scope 3: indirect emissions from raw materials, purchases, fixed assets, subcontracting, packaging, waste, transport of products and travel.



Water

Short-term prerequisites

Target 2022

Conduct an assessment of the sites' fresh water footprint by measuring water withdrawal relative to their operations¹, and share these results with Hermès.

Ensure absolute compliance with waste water discharge regulations and actively monitor potential changes locally.

Recommendations and roadmaps

Target 2024

Drawing on these results, define a progress action plan and embark on a process to **cut back on water withdrawal and manage water responsibly**, in line with Hermès' objective to reduce water withdrawal by 5% per year in intensity (m³/€m in sales) between 2018 and 2023, on a constant basis.

Some of the following levers can be activated:

- Eliminate wastage of all kinds and ensure that facilities are perfectly maintained.
- Scrupulously observe the conventions for waste water discharge defined by local authorities; regularly ensure that they are applied using appropriate procedures (notably at the water treatment plant outlet).
- Improve the performance of production processes (water-saving equipment, rainwater harvesting, closed production systems, etc.).
- Recycle waste water by incorporating it into production (ultra-filtration, reverse osmosis).
- Prioritise sources of supply that emphasise water management, through environmental certifications specific to the materials (for example, **LWG²** or **GOTS³** certifications).

² Leather Working Group

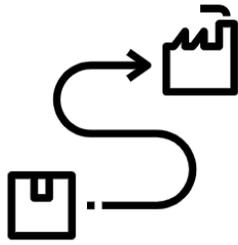
³ Global Organic Textile Standard

Prohibitive Points

Ban suppliers that do not comply with statutory regulations surrounding wastewater discharge, thereby contributing to water and soil pollution.

Also ban suppliers involved in illegal drilling for water and/or pumping (waterways, water tables).

¹ The scope of these surveys is purely industrial, and therefore mainly concerns direct purchases.



Traceability

Short-term prerequisites

Target 2022

Ensure the most stringent traceability of incoming and outgoing streams on behalf of Hermès, entailing an inventory of all suppliers and subcontractors used, up to the earliest stage of raw materials: name and company name, precise address for each site, role in the value chain for each stakeholder. This information will be shared with Hermès, in accordance with the confidentiality undertakings in Handbooks 1 and 2, as required: each season, monthly, annually, for each new supplier or subcontractor. The use of short supply chains and local ecosystems is to be preferred.

Recommendations and roadmaps

Target 2024

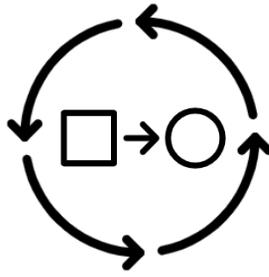
The following traceability systems are to be favoured as a necessary prerequisite for transparency and control of supply chains, as well as for improving operational efficiency and flow management with regard to the various Hermès purchasers:

- Follow-up of material batches (leather, fabrics, components, etc.) and orders (manufacturing, subcontracting, etc.) , via an appropriate operational Information System. This will include communicating, at Hermès' request, the location, status and quantities for each work unit involved.
- Implementation of reliable and proven marking technologies for materials, such as physical, mechanical or chemical marking. These will be communicated to Hermès to define their scope and methods of implementation.
- Supply Chain mapping tools, including for Hermès' supply chains, can be identified and shared in order to establish, as a minimum, a mass balance for the requested sectors, and ideally a segregation for each transaction, right down to the batch (identity preservation).

Finally, in accordance with the French AGE¹ law, and its developments for textile products, communicate the characteristics relating to customer information to Hermès:

- 3-stage traceability of fibres (weaving, dyeing and manufacture). *Ideally including the traceability of the cultivation and spinning stages.*
- Incorporation of recycled materials in %.
- Product recyclability.
- Presence of plastic microfibres >50%.

¹The Anti-waste and circular economy law, adopted in February 2020, amended on 1 January 2022 by Article 13: "brands are obliged to state the environmental qualities and characteristics of their waste-generating products through visible or accessible communication at the time of purchase".



Circularity Innovation in materials and processes

Short-term prerequisites Target 2022

Identify and communicate to Hermès the levels of recycled raw materials used for Hermès production.

Work closely with industry and/or local initiatives in this area, as well as the Hermès Group, in order to build a roadmap for change in its processes.

ECO-DESIGN

- Apply eco-design principles from the conception phases, to eradicate waste and unnecessary materials and resources generated throughout the product life cycle.
- Include a reparability parameter in the choice of materials and processes.

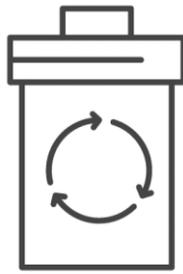
CIRCULARITY

- Implement an internal reuse system for any production offcuts and scraps, as well as for all resources used: water, energy, consumables. Then consider the same approach with regard to exterior resources, in consultation with Hermès.
- Activate recycling and material recovery channels, at a minimum for energy, for all waste generated, with a view to limiting environmental impact. Communicate with Hermès about objective indicators of the % of waste avoided and/or recovered.
- Implement R&D initiatives or programmes aimed at integrating raw materials from recycling or generating new ones from available sources (textiles, leathers, synthetic materials, metals, etc.). Share information about current or future projects with Hermès to confirm their relevance together and amplify their results.
- For raw materials from recycling, ensure traceability with regards to their origin: post/pre-consumption source, country of origin.

INNOVATION

Drive an internal R&D policy for materials and process innovation aimed at limiting the use of primary fossil raw materials, and favouring sustainable alternatives: bio-sourced, renewable materials, etc.

Recommendations and roadmaps 2024 target and beyond



Plastics

Short-term prerequisites

Target 2022

Measure the consumption of plastics relating to operational activities, in particular single-use plastics, and communicate the results to Hermès.

On the basis of the results obtained and in collaboration with Hermès, define a progress action plan and embark on a process of **reducing and eliminating single-use plastics**, in relation to the European Single-Use Plastic directive. It should be noted that Hermès is committed to a total elimination of single-use plastics by 2030, 10 years earlier than the European directive whose objective is to ban them by 2040. *The following timeline has been defined for Hermès: 2025 for the B2B scope, then 2030 for the B2B and B2C scope.* The following examples of leverage should be considered:

AT OPERATIONAL LEVEL FOR SUPPLIERS

- Assess the relevance of the use of plastic at every stage of the production process, and optimise its use.
- Replace plastics, particularly single-use plastics, with sustainable alternatives: recycled plastics (chemical or mechanical process according to the state of the art in the countries considered).
- Prioritise sources of supply that manage waste, including plastics, according to processing type (reuse, material recycling, energy recovery, disposal).
- For plastics that cannot be eliminated, ensure that end-of-life plastics are processed using appropriate waste management methods, in keeping with the 2016/2017 law on energy transition for green growth in France; introduction of a five-stream at-source recycling system for professionals (for paper/cardboard, metal, plastic, glass and wood), with a view to its collection and processing by the appropriate recycling sector.

AT THE LEVEL OF FLOWS WITH HERMÈS

- Limit the use of plastic consumables in logistics operations and attendant transport packaging: protective covers and shrink-wrapping, wedging elements, adhesive tape, etc.
- Prioritise the introduction of reusable containers such as resealable crates and pallets, in consultation with Hermès.

Recommendations and roadmaps

Target 2024

Reduce the use of, and ultimately disengage entirely from, suppliers contributing to the pollution of water and soils with untreated plastic waste, and known cases of unauthorised dumping.

Prohibitive Points