

SUSTAINABLE DEVELOPMENT  
STRATEGIC FRAMEWORK



## CONTENTS

### PEOPLE

TEAMS .....	03
SAVOIR-FAIRE .....	04

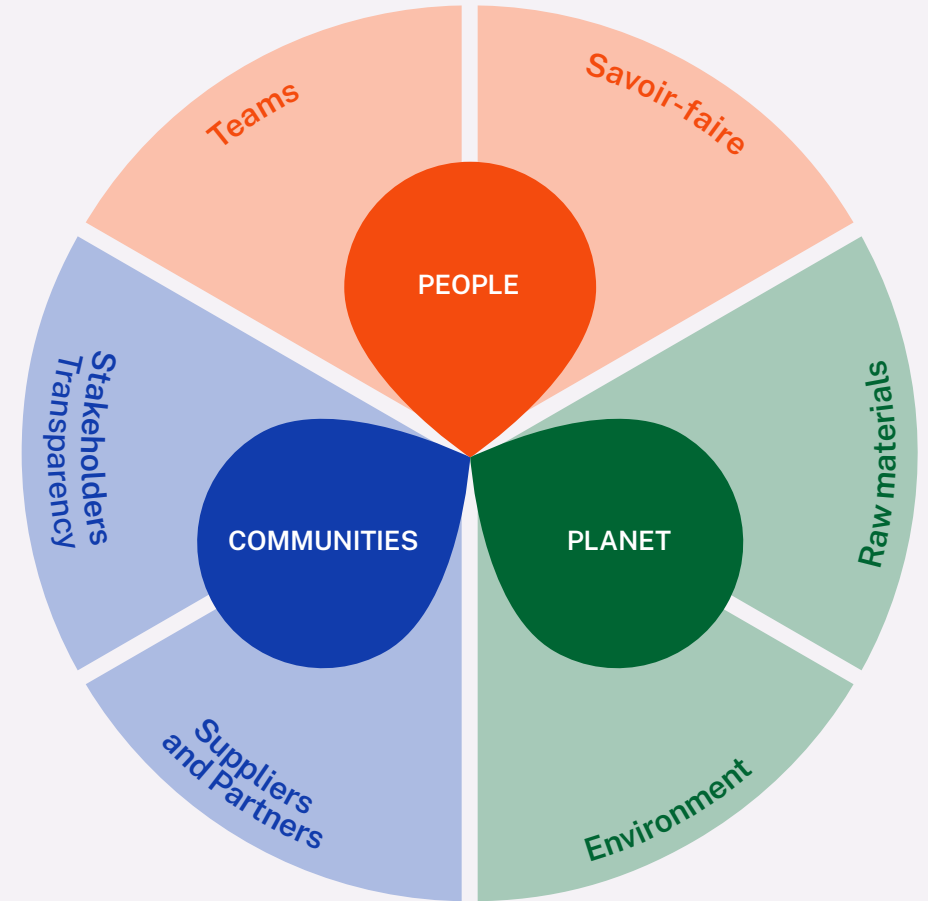
### PLANET

RAW MATERIALS .....	05
ENVIRONMENT .....	06

### COMMUNITIES

SUPPLIERS AND PARTNERS .....	08
STAKEHOLDERS, TRANSPARENCY .....	09

## 6 PiLLARS



# PEOPLE

## — Teams

Hermès sustainable development is based on the fulfilment and wellbeing of its teams, as part of a corporate project that has placed people at the heart of values since 1837.

More broadly, Hermès contributes to enriching its human capital and tackling major societal challenges through proactive initiatives in the areas of ethics, diversity, equality among its employees, consideration of disability and, more generally human rights.

## FULFILMENT AND WELLBEING

- Ensuring the wellbeing and fulfilment of employees: working environment and conditions, health and safety, quality of life at work, work-life balance, social protection, ethics and responsible management.
- Sharing the corporate project and its values, which are the pillars of teams' identity and long-term cohesion.
- Maintaining the quality of social dialogue.
- Implementing ambitious value-sharing schemes and compensation policies: salary, bonuses, profit-sharing and employee shareholding.

## SOCIETAL ENGAGEMENTS

- Facilitating the integration and recognition of talent in all its diversity and promoting equal opportunities and inclusion: diversity, age, social origin, disability and anti-discrimination.
- Engaging employees in solidarity actions, including skills sponsorship.
- Promoting broad ethical standards and the application of human rights and anti-corruption regulation.

# PEOPLE

## — Savoir-faire

Hermès sustainable development involves acquiring, enriching and passing on the savoir-faire of its employees, which is one of its key assets.

More broadly, Hermès contributes to preserving and perpetuating craftsmanship, particularly in the manufacturing sector, which is conducive to a more responsible and sustainable economic development.

## ACQUISITION, ENRICHMENT AND TRANSMISSION

- Anticipating the House's future needs
- Attracting and recruiting the best profiles for our different métiers.
- Integrating new employees and passing on our unique corporate culture to them.
- Developing training courses that guarantee operational excellence and versatility, and consolidating the technical and managerial expertise of our employees.
- Integrating the challenges of sustainable development into our know-how; for example with eco-design.
- Developing talent: enabling long and sustainable careers, through internal development, versatility, mobility or retraining.

## PRESERVATION AND DURABILITY

- Promoting art and craftsmanship among the younger generation.
- Encouraging the transmission of operational know-how to our partners: schools, training and apprenticeship centres.
- Maintaining proactive actions in training for our historical métiers and promoting manufacturing know-how (VAE, MOF, EPV, etc.).

# PLANET

—

## Raw materials

**Hermès sustainable development is based on exceptional raw materials, obtained from renewable natural sources, which make it possible to create long lasting objects.**

**The materials are obtained with the determination to control their footprint and used with respect by optimising their usage.**

**More broadly, Hermès is committed to sustainably developing supply chains by going beyond compliance with environmental, ethical and social regulations, and contributing to the future availability of these resources.**

## RAW MATERIALS

- Seeking the best quality for all the materials used, guaranteeing the durability of the objects we create.
- Optimising the use of our raw materials throughout their life cycle by integrating the principles of the circular economy: innovation, eco-design, reuse, upcycling, recycling (production scraps), repair, end of life including the management of unsold items.
- Finding alternatives to the use of certain materials, including plastics.

## SUPPLY CHAINS

- Controlling the entire value chain with operational traceability and long-term partnerships with suppliers, NGOs, etc.
- Contributing to the development of the most demanding standards for responsible and sustainable management of supply chains: ecological footprint (biodiversity, water, energy, carbon), social (working conditions) and societal (communities).
- Introducing certifications schemes within our supply chains.
- Supporting agriculture that is more respectful of Nature.
- Imposing the highest standards in animal welfare and in the ethics of our relationship with living things.

# PLANET

—

## Environment

The group's sustainable development involves controlling and reducing its environmental impacts, as part of a responsible approach to its operations.

More broadly, Hermès contributes, through its commitments and actions, to the fight against climate change and the preservation of biodiversity for a responsible and sustainable development.

## RESOURCES AND WASTE MANAGEMENT

- Going beyond regulatory obligations in terms of the environment by anticipating how they might evolve: innovating by using environmentally friendly solutions.
- Controlling the consumption of natural resources both internally and with suppliers: water, energy.
- Defossilising our energy consumption.
- Improving production processes by favouring the cleanest, most economical technologies and the most environmentally friendly substances (chemicals).
- Reducing our footprint and controlling waste and discharges, reducing their production as much as possible and recovering them whenever possible.

# PLANET

—

## Environment

### CLIMATE CHANGE

- Formalising a strategy and governance, defining targets and monitoring indicators.
- Studying climate risks and acting to reduce their impacts, analysing resilience scenarios and incorporating them into the strategy.
- Reducing greenhouse gas emissions in absolute terms (Scopes 1 & 2) and in proportion to activities (Scope 3), in line with the Paris Agreements by developing science-based target (SBT).
- Undertaking voluntary carbon offsetting actions with high environmental, social and societal value, in addition to reduction measures.

### BIODIVERSITY

- Setting up trainings for employees.
- Working in partnership with stakeholders (including NGOs).
- Diagnosing our impacts on biodiversity across our entire value chain (flora and fauna) and defining our ambitions on a scientific basis (SBT).
- Implementing actions in our metiers, value chains and sites.
- Contributing to positive actions outside our sphere of responsibility (Fondation d'entreprise Hermès, Livelihoods).

# COMMUNITIES

## — Suppliers and Partners

Hermès sustainable development is linked to the ability of its partners and suppliers to develop sustainably with regard to social, environmental and ethical issues, in particular human rights, fundamental freedoms, employment conditions and respect for nature and its biodiversity.

More broadly, Hermès contributes to the deployment of responsible and sustainable development practices through its influence and by exercising a duty of vigilance towards its partners and as well as promoting the supported sector.

## SUPPORT AND CONTROL

- Supporting the development and evolution of supplier practices to preserve key know-how and secure supply.
- Co-creating sustainable development action plans with our suppliers and partners.
- Ensuring the application of all our social, environmental and ethical requirements (duty of care), using a collaborative approach and regular audits as necessary.

## RESPONSIBLE PRACTICES

- Developing balanced partnerships, supporting our partners, and encouraging territorial anchoring and regional development around the basins and sites of implantation.
- Contributing to the improvement of operational practices through the adoption of certifications and labels by our suppliers and partners.
- Increasing partnerships with the supported sector, capitalizing on the Group Disability agreement (France).



# COMMUNITIES

## — Stakeholders, Transparency

Hermès sustainable development is rooted in harmonious, long-term relationships with its stakeholders.

Hermès develops its corporate citizenship wherever it operates, contributing to the economic, social and cultural vitality of the region.

Hermès communicates its sustainable development ambitions and achievements with its stakeholders. More broadly, the Maison contributes to the public dialogue by sharing the specificities of its responsible and sustainable model.

## REGIONAL RESPONSIBILITY IN FRANCE

- Pursuing a policy of manufacturing development in France by co-developing projects with the regions in which it operates.
- Building harmonious relationships with local stakeholders in the fields of the economy, employment, training, ecology and culture: to inform, engage in dialogue and collaborate.

## CORPORATE CITIZENSHIP

- Giving back to the world a part of what it brings us through generous operational, financial and sponsorship actions, undertaken by group entities including distribution subsidiaries, or by the Fondation d'entreprise Hermès.
- Contributing to the forward thinking efforts of civil society or academic research by participating in multi-stakeholder initiatives.
- Taking part to advocacy initiatives for different modes of production: craftsmanship, less intensive agriculture, local anchoring.

## COMMUNITIES

—  
Stakeholders,  
Transparency

## COMMUNICATION

- Making the company's sustainable development strategy, objectives and actions more transparent.
- Creating the conditions for external communication delivered by employees.
- Making responses to external questionnaires and analysts more reliable.
- Engaging in dialogue with the press and influence.

# GLOSSARY

## **Carbon offsetting**

Mechanism whereby an individual or legal entity substitutes an equivalent quantity of carbon credits purchased from a third party for a reduction in its own emissions at source. The underlying principle is that a given quantity of greenhouse gases emitted in one place can be «offset» by the reduction or sequestration of an equivalent quantity of greenhouse gases in another place (source: ADEME – French Ministry of Environmental Affaires).

## **Defossilisation**

an approach aimed at stopping the use of energy from fossil resources (oil, natural gas, coal).

## **Duty of care**

The French legal obligation for companies giving orders to prevent social, environmental and governance risks related to their operations, as well as to the activities of their subsidiaries, subcontractors and suppliers.

## **Ecodesign**

An approach with the objective of improving the product's ecological quality, i.e. reducing its negative impact on the environment throughout its life cycle, while maintaining its quality of use (source: ADEME).

## **EPV Label**

### **(Entreprise du Patrimoine Vivant — “Living Heritage Company”)**

Mark of recognition by the State, set up to distinguish French companies with excellent craftsmanship and industrial know-how.

## **Group Disability Agreement**

This documents aims to mobilise everyone in favour of the recruitment, integration and retention of people with disabilities in the workplace (support for employees, adjustments to the working environment and modes of transport, training for HR teams, partnerships with specialised recruitment agencies, etc.).

## **MOF**

### **(Meilleurs Ouvriers de France — “Best French Worker”)**

Four-yearly competition designed to promote excellence in craftsmanship in many professional categories.

## **Livelihoods**

Coalition of businesses with the aim of funding projects that have a high environmental and social value and reduce carbon emissions, working with rural communities in Asia, Africa and America. In exchange, the businesses receive carbon credits to offset their emissions.

## **Paris Agreement**

Global agreement (2015) to strengthen the response to climate change in order to limit it to 1.5°C.

## **SBT (Science Based Targets)**

Targets adopted by companies to reduce greenhouse gas emissions. They are considered SBTs if they are in line with what the most recent scientific research has established as necessary to achieve the objectives of the Paris Agreement.

## **Scopes 1 and 2**

Carbon emissions related to direct energy consumption at all sites (offices, production and logistics sites, stores).

## **Scope 3**

All other indirect carbon emissions (purchasing, raw materials, packaging, transport, etc.).

## **Skills sponsorship**

Form of sponsorship in kind, making the skills or know-how of employees available to external partners (associations, NGOs, etc.).

## **Supported sector (France)**

Concerns various activities, supported by the State and aimed at facilitating access to employment for people in difficulty: people with disabilities, long-term jobseekers, etc. It can take the form of ESAT (Help through work facility or service) or EA (Adapted Company).

## **Upcycling**

An approach that consists of transforming materials or products that are no longer in use in order to reuse them in the form of materials or products of equal or greater quality or utility.

