



2022

UNIVERSAL REGISTRATION DOCUMENT

CSR EXTRACT

NON-FINANCIAL PERFORMANCE STATEMENT (NFPS)



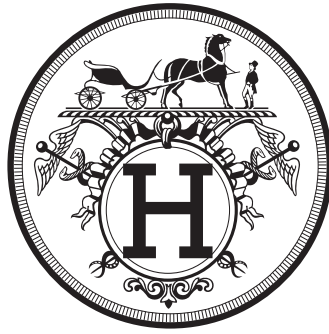
Page numbers have been retained from the original version

CONTENTS

	MESSAGE FROM THE EXECUTIVE MANAGEMENT	5			
	HIGHLIGHTS 2022	6			
1	PRESENTATION OF THE GROUP AND ITS RESULTS	9			
	1.1 Six generations of craftspeople	10			
	1.2 Group governance	13			
	1.3 Strategy	14			
	1.4 Simplified organisation chart and Group locations	17			
AFR	1.5 Key financial and non-financial figures	23			
AFR	1.6 Revenue and activity by <i>métier</i>	26			
AFR	1.7 Revenue and activity by geographical area	35			
AFR	1.8 Comments on the consolidated financial statements	39			
AFR	1.9 Significant events since the end of the financial year	40			
AFR	1.10 Outlook	41			
	1.11 Fondation d'entreprise	43			
NFPS	2 CORPORATE SOCIAL RESPONSIBILITY AND NON-FINANCIAL PERFORMANCE	45			
	2.1 Business model	49			
	2.2 People: teams	67			
	2.3 People: <i>savoir-faire</i>	95			
	2.4 The planet: raw materials	113			
	2.5 The planet: environment	143			
	2.6 Communities: suppliers & partners	183			
	2.7 Communities: stakeholders and transparency	197			
	2.8 Ethics – Compliance	227			
	2.9 Report of one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial statement	243			
	2.10 Reasonable assurance report from one of the Statutory Auditors on the Identified Sustainability Information of Hermès International's non-financial performance statement	250			
AFR	3 CORPORATE GOVERNANCE	253			
AFR	Supervisory Board corporate governance report	255			
	3.1 The Company's Corporate Governance Code	255			
	3.2 Ambitious and balanced governance	259			
	3.3 Administrative and management bodies	262			
	3.4 Organisation of the Supervisory Board	274			
	3.5 Functioning of the Supervisory Board	309			
	3.6 Specialised committees	319			
	3.7 Evaluation of the Supervisory Board and Committees	326			
	3.8 Compensation and benefits of Corporate Officers	330			
	3.9 Other information	355			
	3.10 Other information from the Executive Management report	362			
AFR	4 RISK FACTORS AND MANAGEMENT	365			
	4.1 Risk factors	366			
	4.2 Insurance policy and risk hedging	385			
	4.3 Risk management, internal control and internal audit	386			
AFR	5 CONSOLIDATED FINANCIAL STATEMENTS	397			
	5.1 Consolidated income statement	398			
	5.2 Consolidated statement of comprehensive income	398			
	5.3 Consolidated balance sheet	399			
	5.4 Consolidated statement of changes in equity	400			
	5.5 Consolidated statement of cash flows	401			
	5.6 Notes to the consolidated financial statements	402			
	5.7 Statutory Auditors' report on the consolidated financial statements	442			
AFR	6 PARENT COMPANY FINANCIAL STATEMENTS	449			
	6.1 Income statement	450			
	6.2 Balance sheet	451			
	6.3 Changes in equity	452			
	6.4 Statement of cash flows	452			
	6.5 Notes to the financial statements	453			
	6.6 Table of results over the last five years	468			
	6.7 Information on payment terms	469			
	6.8 Other information on the parent company financial statements	470			
	6.9 Statutory Auditors' report on the annual financial statements	471			
	7 INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL	477			
	7.1 Presentation of Hermès International	478			
AFR	7.2 Information on share capital and shareholders	488			
	7.3 Dividend policy	499			
	7.4 Stock market information	500			
	7.5 Shareholder information	504			
	8 COMBINED GENERAL MEETING OF 20 APRIL 2023	509			
	8.1 Agenda	510			
	8.2 Explanatory statements and draft resolutions	512			
	8.3 Supervisory Board report to the Combined General Meeting of 20 April 2023	545			
	8.4 Statutory Auditors' reports	547			
	9 ADDITIONAL INFORMATION	557			
AFR	9.1 Persons responsible for the Universal Registration Document	558			
AFR	9.2 Persons responsible for auditing the financial statements	559			
	9.3 Consultation of regulatory information	559			
	9.4 Information included by reference	560			
	9.5 Cross-reference tables	562			
	9.6 Glossary	579			

The sections of the Annual Financial Report are identified in the contents with the **AFR** pictogram.

Elements constituting the statement of non-financial performance are clearly identified in the contents with the **NFPS** pictogram.



2022
UNIVERSAL
REGISTRATION
DOCUMENT

CSR Extract
Non-Financial Performance
Statement (NFPS)

Including the Annual Financial Report

MESSAGE FROM THE EXECUTIVE MANAGEMENT



The desirability of creative objects

In 2022, our house met with unprecedented success. All over the world, our customers both loyal and new showed their appreciation for our collections.

In these uncertain times, they were no doubt seeking colour, fantasy and spirit. They no doubt felt the urge to surround themselves with beautiful materials, objects made with exceptional know-how, and new creations. In the complex economic, health and geopolitical context of 2022, Hermès was more than ever synonymous with confidence.

These results support our business model: Hermès is a house of creation offering objects for every day that are both durable and functional, objects of assertive style and uncompromising quality. Commended for its responsible approach, which places people at its heart, Hermès remains in tune with the times. We are pleased to have been able to continue to invest in our production capacities, creating jobs, mainly in France, to have maintained our work in training and passing on artisanal skills, and in the research and development of fine materials, and to have continued to support our long-standing partners.

Hermès is upholding and renewing its environmental and social commitments in order to maintain a virtuous circle of growth, for both its employees and its partners, and more broadly for all of its communities and ecosystems.

In 2022, the House launched *Hermès Plein Air*, its complexion line, and received two major watchmaking awards for *Arceau, Le temps voyageur*. We will also never forget the opening of the new Maison Hermès at 706 Madison Avenue in New York and the *Kelly en désordre* bag! But 2022 will also and above all remain the year of our first cohort of trainees at the École Hermès des savoir-faire, which awards the French certificate of professional aptitude in leatherworking; the year the Company was named in the list of SBF 120 companies feminising their governing bodies; and the year in which Hermès employed nearly 20,000 people.

Our successes belong to the teams who work with enthusiasm and discernment every day to make Hermès a house full of life, a house of its time, with a rich history that encourages us to look further. I thank them for their confidence and entrepreneurial spirit.

Axel Dumas

EXECUTIVE
CHAIRMAN

Émile Hermès SAS

EXECUTIVE CHAIRMAN
REPRESENTED BY HENRI-LOUIS BAUER

HIGHLIGHTS 2022

The group's consolidated revenue amounted to €11,602 million in 2022, up 29% at current exchange rates and 23% at constant exchange rates compared to 2021. Recurring operating income amounted to €4,697 million, i.e. 40.5% of sales. Net profit (group share) reached €3,367 million, representing net profitability of 29%.

In the fourth quarter 2022, the great sales momentum recorded at the end of September continued, with sales reaching €2,991 million, an increase of 26% at current exchange rates and 23% at constant exchange rates.

Axel Dumas, Executive Chairman of Hermès, said: *"In 2022, Hermès had an exceptional year thanks notably to the good performance of its international markets. This success reinforces our approach as an artisanal and highly integrated company, mainly in France: a design house that offers objects conceived to be functional, with an assertive style and uncompromising quality. The year underpins the relevance of our responsible and sustainable model."*

Over the last three years, Hermès created 4,300 jobs, including 2,900 in France, and reinforced its operating investments by €1.5 billion, including c. 60% in France.

Sales by geographical area at the end of December

(at constant exchange rates, unless otherwise indicated)

At the end of December, sales growth was remarkable across geographical areas. Sales increased considerably both in group stores (+23% at constant exchange rates) and in wholesale activities (+26%), which benefited from the recovery in travel retail. Hermès continued to develop its exclusive distribution network, while online sales pursued their upward trend worldwide.

Asia excluding Japan (+22%) remained very dynamic throughout the geographical area. Sales performance in Greater China was sustained. In October, a fourth store opened in the Qiantan district in Shanghai, Mainland China, and Hermès inaugurated a store in Pangyo, in South Korea. Several stores reopened after renovation and extension work, such as the Hyundai Coex store in Seoul in December and the Hong Kong international airport store in November.

Japan (+20%) recorded a steady, sustained increase in sales. In November, the Takashimaya store in Nagoya reopened after renovation and extension in a new location, and the *Hermès in the Making* exhibition showcased the house's know-how in Kyoto.

The Americas (+32%) saw an exceptional year in 2022. After the April opening of a new store in Austin, a new maison was inaugurated at 706 Madison Avenue in New York in September. This store offers clients an unprecedented experience of the creativity of Hermès and confirms the house's attachment to the sustainability of objects with a whole floor dedicated to repairs. In Mexico, the store in Guadalajara reopened in October after renovation.

Europe excluding France (+18%) recorded sustained growth, thanks to the loyalty of local clients and the resumption of tourist traffic. The Paseo de Gracia store in Barcelona was inaugurated in November, after being renovated and extended.

France (+27%) improved strongly, with an acceleration at year-end thanks to high demand from both national and international clients. The store in Strasbourg reopened in November, after renovation and extension, in a new location in the city's historical centre.

Sales by métier at the end of December

(at constant exchange rates, unless otherwise indicated)

At the end of December 2022, all the business lines confirmed their high levels of sales, with Ready-to-Wear and Accessories, Watches and Other Hermès business lines posting a remarkable increase, reflecting the huge desirability of the house.

The Leather Goods and Saddlery business line (+16%) performed particularly well, benefitting from very sustained demand and a favourable comparison basis in the 4th quarter. The growth in production capacities continued with five site projects. These new capacities will reinforce the nine centres of expertise located across the national territory, with their production units, workshops and training centres. In 2023, Hermès will open two new leather goods workshops: one in Louviers (Normandie) and the other one in la Sormonne (Ardennes). The projects for new workshops sites in Riom (Puy-de-Dôme), L'Isle-d'Espagnac (Charente) and Loupes (Gironde) are ongoing. Hermès continues to reinforce its local anchoring in France in regions with strong manufacturing know-how, while also developing employment and training.

The Ready-to-Wear and Accessories division (+36%) pursued its strong growth, thanks to the success of the ready-to-wear, fashion accessories and footwear collections. The men's and women's spring-summer 2023 collections, mixing casual, sophisticated, bold and light spirits, were respectively presented in June and October. Demand was also strong for fashion accessories and footwear, with models that express the abundance of the house's know-how.

The Silk and Textiles business line (+20%) achieved a splendid performance, supported by the growth in production capacities and the success of the collections, especially through the exploration of exceptional materials and artisanal know-how, such as hand-weaving and leather work.

Perfume and Beauty business line (+15%) gained from the successful launches of new creations, such as *Terre d'Hermès Eau Givrée*, the *Eau de parfum H24*, and the Colognes with *Eau de basilic pourpre*. Two years after its creation, the Hermès Beauty business line continues its strong growth, thanks to the limited editions of *Rouge Hermès* and the launch of *Hermès Plein Air*, the new chapter for complexion.

The Watches business line (+46%) confirmed its outstanding performance, displaying singular creativity and unique style nurtured by all the other métiers of the house, as well as exceptional watch-making know-how. In November 2022, the *Arceau Le temps voyageur* watch won two awards at the Grand Prix d'Horlogerie de Genève (Geneva Watchmaking Grand Prix). The new *Hermès HO8* men's watch confirmed its success, alongside the house's classic models.

The Other Hermès business lines (+30%), which include Jewellery and Homeware, continued on their upward trend, highlighting the full creative strength and singularity of the house. The seventh *haute bijouterie* collection, called *Les jeux de l'ombre*, was presented in Paris this summer and in New York this autumn.

Particularly robust results

Recurring operating income increased by 33% to €4,697 million compared to €3,530 million in 2021. Thanks to the leverage effect generated by the strong sales growth and the exceptional performance of the collections, annual recurring operating profitability reached its highest level ever at 40.5%, up from 39.3% in 2021. Consolidated net profit (group share) amounted to €3,367 million (29% of sales), an increase of 38% from €2,445 million in 2021. Operational investments represented €518 million and adjusted free cash flow reached €3,405 million. After distribution of the ordinary dividend (€837 million) and inclusion of share redemptions (€116 million for 104,269 shares outside the liquidity contract), the restated net cash position increased by €2,672 million to €9,742 million compared to €7,070 million as at 31 December 2021.

A responsible, sustainable model

The group pursued its dynamic recruitment, adding some 2,100 new hires to the workforce this year. At the end of December 2022, the group employed 19,700 people, including 12,400 in France. True to its commitment as a responsible employer and in recognition of the employees' contribution to the performance and success of the group, Hermès will pay an exceptional bonus of €4,000 in 2023, to all the employees worldwide.

Hermès strengthened its commitments in the fields of education and knowledge transmission with the launch of the *École des artisans de la vente* in April and the rollout of the *École Hermès des savoir-faire*, opening a new Apprentice Training Centre at the Ardennes regional hub of expertise. The group has made another five-year commitment in an amount of €61 million for the actions of the *Fondation d'Entreprise Hermès*.

In line with the house's commitments for the fight against climate change, Hermès pursued its actions in line with the emissions reduction targets validated by the Science Based Target initiative (SBTi). Hermès aims to reduce emissions by 50.4% on scope 1 and 2 in absolute value and by 58.1% in intensity on scope 3, over the 2018-2030 period. The house already offsets 100% of scope 1&2 emissions, and most of transport-related emissions, thanks to high environmental and societal value programmes. Regarding the protection of biodiversity and resources, the house also introduced a demanding responsible construction standard that integrates sustainability issues across the life cycle of real-estate projects. It was certified in November 2022 by an independent third party, as being more demanding than the main global standards.

In 2022, Hermès again saw an improvement in non-financial ratings reflecting the strength of the CSR commitments and the reinforced transparency. MSCI published a greatly improved "AA" rating (versus BBB in 2020 and then A in 2021). Sustainalytics ranked the house as the best company in Textiles and Clothing (number 1 out of 191 companies) and in the Luxury Goods sector (number 1 out of 102 companies), with the highest "Negligible Risk" classification. Moody's ESG Solutions ranked Hermès in 5th position in the Luxury Goods and Cosmetics sector, thus consolidating the group's position in the CAC40 ESG index. Finally, Hermès joined the CDP's A-list, making the house one of the world's 330 top-performing companies in environmental matters.

1

PRESENTATION OF THE GROUP AND ITS RESULTS

1.1	SIX GENERATIONS OF CRAFTSPEOPLE	10
1.2	GROUP GOVERNANCE	13
1.3	STRATEGY	14
1.4	SIMPLIFIED ORGANISATION CHART AND GROUP LOCATIONS	17
1.4.1	Summary description of the Group as at 31 december 2022	17
1.4.2	Integrated production and training sites worldwide	18
1.4.3	Integrated production and training sites in the French regions	19
1.4.4	Worldwide distribution network	20
1.4.5	Real estate	22
1.5	KEY FINANCIAL AND NON-FINANCIAL FIGURES <small>AFR</small>	23
1.5.1	Revenue by <i>métier</i> for 2022 (2021)	23
1.5.2	Revenue by geographical area for 2022 (2021)	23
1.5.3	Key consolidated financial data	23
1.5.4	Key non-financial figures	25
1.6	REVENUE AND ACTIVITY BY <i>MÉTIER</i> <small>AFR</small>	26
1.6.1	Leather Goods & Saddlery	26
1.6.2	Ready-to-wear and Accessories	28
1.6.3	Silk and Textiles	29
1.6.4	Other Hermès sectors	30
1.6.5	Perfume and Beauty	30
1.6.6	Watches	31
1.6.7	Other products and brands	32
1.6.8	Group partnerships	34
1.7	REVENUE AND ACTIVITY BY GEOGRAPHICAL AREA <small>AFR</small>	35
1.7.1	Europe	35
1.7.2	Asia-Pacific	36
1.7.3	Americas	37
1.7.4	Near and Middle East	38
1.7.5	Digital strategy	38
1.8	COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS <small>AFR</small>	39
1.8.1	Income statement	39
1.8.2	Cash flows and investments	40
1.8.3	Financial position	40
1.9	SIGNIFICANT EVENTS SINCE THE END OF THE FINANCIAL YEAR <small>AFR</small>	40
1.10	OUTLOOK <small>AFR</small>	41
1.11	FONDATION D'ENTREPRISE	43

1.1 SIX GENERATIONS OF CRAFTSPEOPLE

The Hermès adventure began in 1837 when the harness-maker Thierry Hermès opened a workshop in rue Basse-du-Rempart in Paris. Gradually, generation after generation, the House followed a dual thread – on the one hand the painstaking work of the craftspeople in his workshop, and on the other the active lifestyles of its customers. Carried by an enduring spirit of freedom and creativity, Hermès remains highly sensitive and attentive to the changing nature and needs of society.

In 1880, Charles-Émile Hermès, the founder's son, moved the workshops to 24, rue du Faubourg Saint-Honoré, and set up an adjoining store. At this now-emblematic address, harnesses and saddles were made to measure. The business was already standing out for the excellence of its creations.

AN INNOVATIVE HOUSE PASSIONATE ABOUT ITS ERA

During the interwar period, lifestyles changed and the House broke new ground under the management of Thierry's grandson, Émile Hermès. He decisively influenced the family firm's destiny when, while travelling in Canada, he discovered the opening and closing system of an automobile hood. In 1922 he obtained exclusive rights to this American "universal fastener" – known today as the zip – which was used extensively in the House's luggage and other designs. Under the impetus of Émile Hermès, the House opened up to other *métiers*, while retaining a close connection with the equestrian world, drawing on its mastery of raw materials and its artisanal culture to create its first ready-to-wear collections. In 1937, the famous silk scarf was born with the *Jeu des omnibus et dames blanches* design, the first in a long series.

Robert Dumas – one of Émile Hermès' sons-in-law, who took the helm of the House in 1951 – was a regular visitor to the workshops and designed objects whose details (buckles, fasteners, saddle nails and anchor chains) exuded an elegance that in no way diminished their practicality. Hermès objects stand out for their noble materials, their mastery of *savoir-faire*, and their bold creativity, stimulated by the House's keen vision of the world. The Silk *métier* now invites artists to create unique designs.

A VISIONARY HOUSE

From 1978 onwards, Robert Dumas' son Jean-Louis gradually revolutionised the House, diversifying it and projecting it onto the world map. Hermès embraced new *métiers* founded on unique *savoir-faire*, with watchmaking from 1978, along with the integration of new Houses into the Group – the bootmaker John Lobb in 1975, Puiforcat silversmiths in 1993, and the Cristalleries Saint-Louis in 1995. Hermès has also created its own shoe collection, designed by Pierre Hardy, since 1990.

In 1987, for the House's 150th anniversary, Parisians were treated to a memorable firework display that launched the first theme, a tradition that has been perpetuated annually ever since to nourish all forms of creativity with a shared source of inspiration.

Jean-Louis Dumas also supported the development of Hermès around the world with the opening of numerous stores, which all ingeniously combined the identity of 24 Faubourg with local culture. Among these stores, several Maisons Hermès were opened on Madison Avenue, New York in 2000, in Ginza, Tokyo in 2001 and in Dosan Park, Seoul in 2006.

From 2006, Patrick Thomas decentralised the strategic organisation of the *métiers* and reorganised Hermès' presence across the world into geographical regions. He also ensured the transition to the sixth generation of the family.

HERMÈS TODAY

In 2005, Pierre-Alexis Dumas, son of Jean-Louis Dumas, was appointed Artistic Director. The House expanded its range of *savoir-faire*, complementing its jewellery product offer with a first *haute joaillerie* collection in 2010. Creativity, combining innovation and imagination, became ever more abundant within the different *métiers*. In 2008, Pierre-Alexis Dumas also created the Fondation d'entreprise Hermès, which supports artistic creation, supports artisanal *savoir-faire*, and promotes the conservation of biodiversity.

Executive Chairman since 2013, Axel Dumas, nephew of Jean-Louis Dumas, strengthened the dynamic growth of the Group with the inauguration of the fifth Maison Hermès in Shanghai in 2014. He is accompanying the Group's digital roll-out, which led to the redesign of the hermes.com website in 2018. Axel Dumas has also taken Hermès into the new technological era, in keeping with the expectations of customers, who are becoming more and more connected. The *Apple Watch Hermès*, initiated in 2015, bears witness to a bold and innovative partnership with Apple. In addition, the Group is stepping up the omnichannel dynamic within its organisation.

In 2018, Hermès International entered the CAC 40 index followed, in 2021, by the Euro Stoxx 50 index. This demonstrates the Group's remarkable industrial trajectory and stock market performance of an independent, family-run House of craftspeople, which distributes its objects through a dynamic network of 300 stores around the world. For over 150 years, Hermès has enriched its *métiers* without deviating from its strict quality standards. In this regard, the House is committed to continuing to develop its production in France through its 54 integrated production and training sites.

Defying the trend for industrial standardisation and globalisation, Hermès stands out for its unique business model.

HERMÈS IN KEY DATES

1837

- ◆ The workshop of craftsman saddler- and harness-maker Thierry Hermès opens in the Grands Boulevards district in Paris.

1867

- ◆ Thierry Hermès receives an award at the Universal Exhibition in Paris for the excellence of his work.

1880

- ◆ Thierry Hermès' son, Charles-Émile Hermès, moves the workshops to 24, rue du Faubourg Saint-Honoré and opens a store selling bespoke harnesses and saddles.

1900

- ◆ Creation of the *Haut à courroies* bag.

1922

- ◆ Émile Hermès, son of Charles-Émile Hermès, brings the American “universal fastener”, later known as the zip, to France, with exclusive rights for its development.

1925

- ◆ Creation of a golf jacket, the first ready-to-wear garment.

1927

- ◆ Creation of the first piece of jewellery, the *Filet de selle* bracelet.

1937

- ◆ Creation of the first silk scarf, *Jeu des omnibus et dames blanches*.

1945

- ◆ The *Duc attelé, groom à l'attente* design by Alfred de Dreux from the Émile Hermès collection, representing a horse-drawn carriage, becomes the Maison Hermès emblem.

1949

- ◆ Creation of the first tie.

1951

- ◆ Robert Dumas creates the *Chaîne d'ancre* bracelet.
- ◆ The creation of the *Eau d'Hermès* fragrance marks the founding of a new *métier*.

1956

- ◆ The bag created by Robert Dumas in 1930 is named the *Kelly* in tribute to Grace Kelly.

1967

- ◆ Presentation of the first women's ready-to-wear collection.

1973

- ◆ Launch in Germany of the publication *Die Welt von Hermès*. *Le Monde d'Hermès* is created two years later in France.

1978

- ◆ Jean-Louis Dumas, Robert Dumas's son, takes the reins of the House.
- ◆ Creation of the La Montre Hermès watchmaking subsidiary in Bienne, Switzerland.

1984

- ◆ Jean-Louis Dumas creates the *Birkin* bag, named after the singer and actress Jane Birkin.
- ◆ Creation of the first dinner service, *Les Pivoines*.

1987

- ◆ Hermès celebrates its 150th anniversary with a firework display on the Pont-Neuf bridge in Paris. Ever since, an annual theme has guided inspiration for all of the House's *métiers*.

1992

- ◆ Leather workshops established in Pantin.

1993

- ◆ Flotation of Hermès International on the stock exchange.

2000

- ◆ A Maison Hermès opens on Madison Avenue in New York.

2001

- ◆ A Maison Hermès opens in Ginza, Tokyo.
- ◆ Launch of the first e-commerce website in the United States.

2006

- ◆ Patrick Thomas becomes Executive Chairman of Maison Hermès.
- ◆ A Maison Hermès opens in Dosan Park, Seoul.

2008

- ◆ Creation of the Fondation d'entreprise Hermès under the impetus of the House's Artistic Director Pierre-Alexis Dumas, son of Jean-Louis Dumas.

2010

- ◆ Creation of petit h.
- ◆ Creation of the first *haute joaillerie* collection, designed by Pierre Hardy.
- ◆ The first *Saut Hermès* at the Grand Palais takes place in Paris.

2013

- ◆ Axel Dumas, nephew of Jean-Louis Dumas and sixth generation family member, is appointed Executive Chairman.

2014

- ◆ A Maison Hermès opens in Shanghai.

2015

- ◆ Apple and Hermès launch the *Apple Watch Hermès*.

2018

- ◆ Hermès International enters the CAC 40.
- ◆ Launch of the new hermes.com website in Europe and China.

2020

- ◆ Launch of the 16th *métier*: Beauty.

2021

- ◆ Hermès International enters the Euro Stoxx 50.

2022

- ◆ Opening of the new Madison 706 store in New York.
- ◆ First graduates from the *École Hermès des Savoir-Faire*.

1.2 GROUP GOVERNANCE

The Executive Management ensures the management of Hermès International. The role of Executive Chairman is to manage the Group and act in its general interest, within the scope of the corporate purpose and subject to those powers expressly granted by law or by the Articles of Association to the Supervisory Board, to the Active Partner and to Shareholders' General Meetings.

The Executive Chairmen's roles are distributed as follows: Axel Dumas is in charge of strategy and operational management, and Émile Hermès SAS, through its Executive Management Board, is responsible for vision and strategic priority areas.

The Executive Chairmen are supported in their management of the Group by the Executive Committee. This consists of Executive Vice-Presidents, each of whom has well-defined areas of responsibility. The role of the Executive Committee is to oversee the Group's strategic

and operational management. Its composition reflects the Group's main areas of expertise.

The Operations Committee, which reports to the Executive Management, is made up of the Executive Committee and the Senior Executives of the main *métiers* and geographical areas of the Group.

Its duties are:

- ♦ to involve Senior Executives in the Group's major issues and strategic orientations;
- ♦ to promote communication, sharing and reasonable exchanges amongst its members in their area of responsibility;
- ♦ to enable the Executive Committee to take certain decisions.

Detailed information on the administrative and management bodies is provided in chapter 3 "Corporate governance", § 3.2 and § 3.3.



Members of the Executive Committee in the Pantin leather goods workshop in Île de France. From left to right: Agnès de Villers, Pierre-Alexis Dumas, Olivier Fournier, Sharon MacBeath, Guillaume de Seynes, Axel Dumas, Catherine Fulconis, Florian Craen, Charlotte David, Wilfried Guerrand, Éric du Halgouët



Éric de Seynes
Chairman of the Supervisory Board

The Supervisory Board exercises ongoing control over the Company's management. For this purpose, it has the same powers as the Statutory Auditors and receives the same documents as they do, at the same time. Detailed information on the composition and work of the Supervisory Board is provided in chapter 3 «Corporate governance», § 3.2 and § 3.4.

1.3 STRATEGY

Hermès is an independent company backed by family shareholders. Its strategy is based on three pillars: creation, craftsmanship and an exclusive distribution network.

Since 1837, the Group has remained true to its values of freedom, demanding craftsmanship *savoir-faire*, authenticity and responsible growth. Its integrated craftsmanship business model places quality and sustainability at the centre.

CREATION AT THE CORE OF HERMÈS' STRATEGY

Hermès creates and manufactures quality objects designed to last, to be passed on from one generation to the next, and to be repaired. This approach requires these issues to be taken into account at every stage, from design to sales.

Hermès' strategy is based on creative freedom. Each year, a theme inspires creators and Artistic Directors. Driven by a history spanning nearly 200 years, during which the House has continued to develop with audacity and ingenuity, Hermès paid homage to the theme of lightness in 2022. Never lacking depth, it is a source of creative vitality and nurtures Hermès' positive and resilient mindset.

High standards in design and manufacturing encourage the creation of objects that aim to surprise and amaze customers. This creativity, revolving around traditional *savoir-faire*, is coupled with innovative processes to revisit timeless models and create exceptional pieces, without departing from Hermès' trademark humour and imaginative flair. The unbridled creativity flourishes in each *métier*, as reflected in the numerous scarf designs printed every year. It is then expressed through over 50,000 references, developed around a unique identity and a style blending exceptional quality, innovation, surprise, elegance and simplicity. In 2022, it was expressed in particular with the fourth chapter of the Beauty story, *Hermès Plein Air*, the new *Haute Bijouterie* collection, *Les Jeux de l'ombre*, and the Home universe, with the new *Soleil d'Hermès* tableware.

Hermès' mission is to create unique and original objects to elegantly satisfy the needs and desires of its customers.

Its goal is the pursuit of excellence, in each of its *métiers* and services.

PERFORMANCE OF THE INTEGRATED CRAFTSMANSHIP MODEL

Hermès leverages its craftsmanship division, the second pillar of its strategy, with nearly 7,000 craftspeople in France. Backed by a history shaped by six generations, Hermès moves with the times, but always respecting tradition, transmission and innovation.

The House works alongside those who master, preserve and transmit craftsmanship *savoir-faire* through their knowledge of materials and their exceptional techniques. Each new leather goods workshop is an architectural project in its own right, enabling around 300 jobs to be created and promoting a pleasant working environment on a human scale.

Hermès boosts its investments every year to expand its production capacity and satisfy its 16 *métiers*.

The House ensures that it continually nurtures improvements in the gestures and *savoir-faire* of its craftspeople. Faithful to its commitments to education and transmission of skills, Hermès opened a new apprentice training centre (CFA), which awards a State diploma in leather goods. In 2022, the House also launched the *École des artisans de la vente* in Paris.

To ensure the durability of this craftsmanship model, the House takes particular care to secure its supplies of materials. Vertical integration, through partnerships and acquisitions, supports the development strategy, with regards to materials as well as techniques and *savoir-faire*. More than 55% of production is integrated and 76% is located in France.

The vertical integration and sustainable relationships with its partners ensure traceability of its supply chains and reinforce the House's responsible development strategy with regard to materials, techniques and *savoir-faire*.

THE DYNAMICS OF AN EXCLUSIVE OMNICHANNEL DISTRIBUTION NETWORK

Hermès' own distribution model is based on a network of stores, most of which are operated directly, and innovative e-commerce sales sites, making it possible to respond to rapid changes in demand and maintain a privileged relationship with customers.

The exclusive distribution network consists primarily of branches run by the Group around the Hermès brand. Each of the 300 stores across the world offers a personalised selection of objects, to exceed the specific expectations of its customers and offer a distinct purchasing experience in each and every store. Each store enables its customers to explore and discover the most beautiful products, and extends the House's lustre worldwide.

The importance of e-commerce is continuing to grow, alongside the physical network. For the past seven years, Hermès has made the strategic choice of ramping up online sales, with the successful rollout of its proprietary platform worldwide, the attraction and retention of new customers, and the development of services. This strategy supports the House's customers and accelerates the digitisation of uses. This digital flagship is designed like any Hermès store with its spirit of fantasy, authenticity and diversity. Its windows, its products, its services and its stories are gathered in a single virtual place.

Customers are placed at the core of the omnichannel network, so as to best meet their expectations and offer them a unique experience. Around the world, Hermès stores are veritable "homes for Hermès objects", offering customers a unique experience, complementary to its website hermes.com. This offer is backed by innovative services aimed at welcoming and serving customers in the best possible manner at all times. The House also hosts special occasions, revolving around events in the world, and dynamic and animated set designs. Its unique and responsible communication ensures that it stands out, while nurturing the link with its customers, by giving prominence to multi-local expression.

Maison Hermès, present in 45 countries, has an omnichannel network that is geographically balanced, with measured development and a constant search for prime locations.

AN ENTREPRENEURIAL SPIRIT AND INDEPENDENCE

The entrepreneurial spirit has been at the heart of Maison Hermès since its creation. It is illustrated by its abundant creativity, a capacity for constant innovation, new *métiers*, new production units and store openings.

This strategy offers store managers freedom of purchase, to meet the specific needs of their customers. Two podiums are organised every year to present the fall-winter and spring-summer collections. These bring together all store and country managers, managers of the different *métiers*, as well as designers, to present all collections to the sales teams, who are thus responsible for compiling their own collections and making their store unique, with a special mix of products. This freedom means that in each country the Group's customers are presented with a diversified and unique mix of products resulting from this flurry of creativity, blending emblematic products and the House's new references, chosen, to best meet local expectations and dedicated to the elegance of its customers.

In order to continue this strategy, Hermès asserts its independence, underpinned by a strong family-based shareholding structure, committed to retaining most of its production in France and preserving its culture.

This independence, and the House's strict financial management, allow it to self-finance operational investments, both in production capacities and the network, as well as cross-functional projects, and to preserve its long-term strategy.

RESPONSIBLE GROWTH AND HUMANIST VALUES

The Group is stepping up its efforts in terms of social, societal and environmental performance. The “All artisans of sustainable development” strategic framework serves as a roadmap for all Management Committees and makes it possible to systematise and scale up actions and better measure their effects.

Hermès' highly integrated craftsmanship model promotes the creation of skilled jobs in France and social inclusion. The Group has doubled its workforce in 10 years and more than 60% of recruitment takes place in France. Hermès is convinced that the diversity of talents is a source of wealth, creativity and innovation. These women and men who guarantee the quality of the objects, constitute a heritage for the House. To affirm its commitment to education, the House is developing its training schools for its major craftsmanship métiers.

The profit-sharing and incentive agreements, as well as the granting of free shares, enable all employees in France to share in the Group's success. True to its commitment as a responsible employer, and recognising the commitment of everyone to the Group's performance and success, Hermès paid all Group employees an exceptional bonus in 2022 and 2023, in addition to the salary increases in France and worldwide.

As a company that respects the nature that inspires it, Hermès ensures the preservation of its resources and its impact on natural environments and local ecosystems, with a low carbon-emission artisanal production model. The Group's environmental policy is based on major commitments related to the reduction of greenhouse gas emissions and their offset, the use of renewable energies, the reduction of industrial water consumption, biodiversity and defossilisation of industrial sites.

The House continues to implement its commitments against climate change, in line its objectives for a climate trajectory below 1.5 °C, validated by the Science Based Targets initiative (SBTi). The House is increasing its practical actions to minimise its footprint on biodiversity, in particular through a comprehensive inventory of its impacts according to the GBS method in partnership with WWF and CDC Biodiversité and the undertaking of ad hoc studies in certain sectors.

Hermès includes responsibility and sustainability in all its actions and creations, such as the “responsible digital” IT approach. In particular, the House has implemented and certified a demanding responsible construction framework, certified by an independent third party, which incorporates sustainability issues throughout the life cycle of real estate projects.

Through its engagement with local authorities and communities where its production sites are located, Hermès contributes to revitalising regions, and provides working conditions that offer proximity and stable employment. Thanks to the Fondation d'entreprise Hermès, the Company is expanding its philanthropic actions through artistic creation, education and transmission, solidarity and the preservation of biodiversity. The Group is an economic player that is committed to its ecosystem and its stakeholders. Hermès is committed to support its suppliers in meeting requirements in terms of traceability, certification, carbon trajectory, reduction in water consumption and the use of plastics. Its supply chain briefs are published on the House's website, as well as its animal welfare policy.

Hermès, a family business, has been able to adapt to changes while favouring a long-term approach. The Group, on the strength of its craftsmanship *savoir-faire*, its exclusive distribution network and its creative heritage, will continue its sustainable and responsible development.

1.4 SIMPLIFIED ORGANISATION CHART AND GROUP LOCATIONS

1.4.1 SUMMARY DESCRIPTION OF THE GROUP AS AT 31 DECEMBER 2022

HERMÈS INTERNATIONAL



⁽¹⁾ Stores temporarily closed.

The main consolidated companies as at 31 December 2022 (distribution subsidiaries and holding companies of the divisions) are listed in note 16 of the consolidated financial statements.

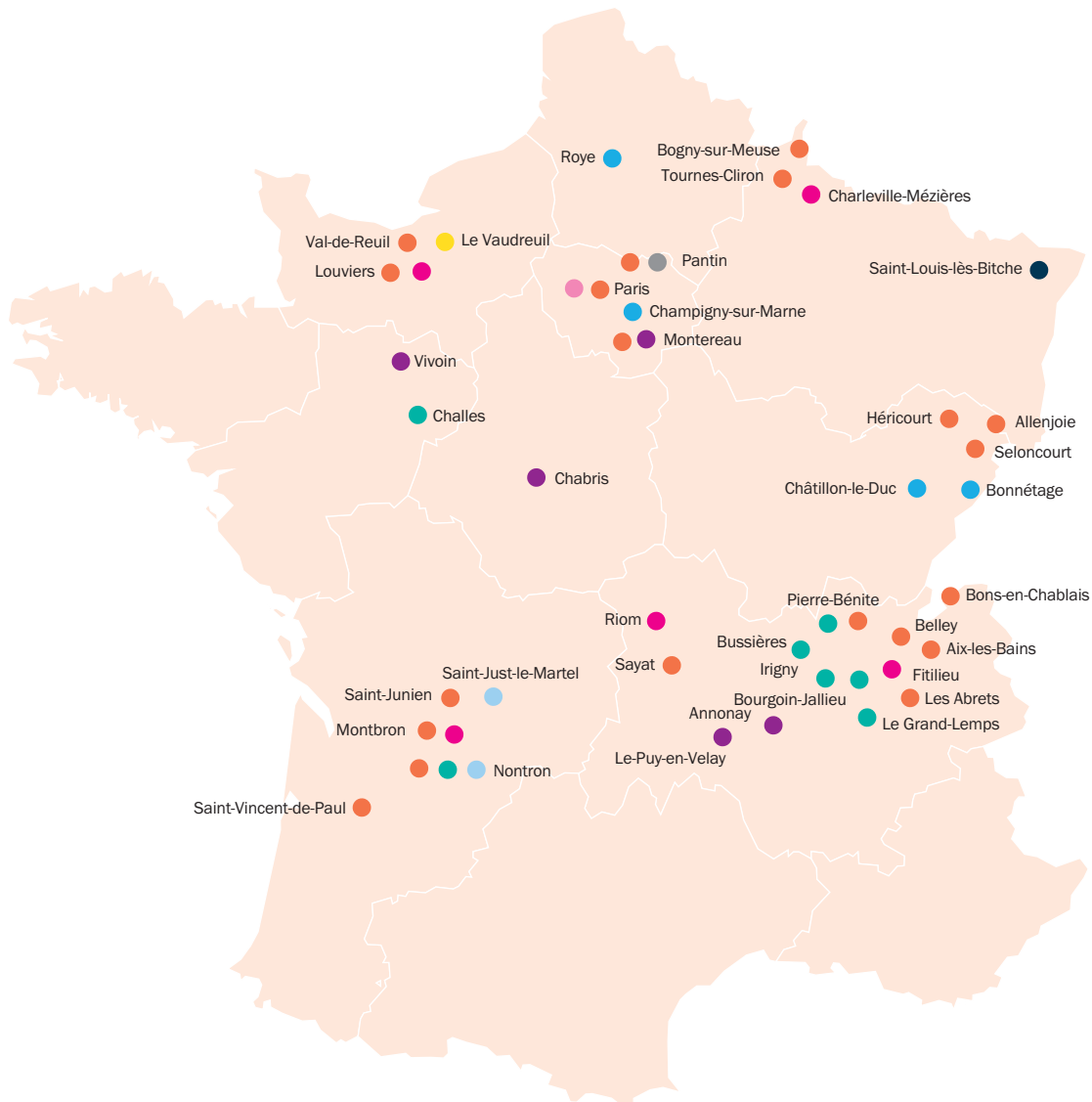
1.4.2 INTEGRATED PRODUCTION AND TRAINING SITES WORLDWIDE

The Hermès Group operates 68 fully owned production and training sites, including 54 in France.

Métiers	Country/French region	Number of sites	French locality
Leather Goods & Saddlery	France /Auvergne-Rhône-Alpes	8	Aix-les-Bains Belley Bons-en-Chablais Fitilieu (EHSF)* Les Abrets Pierre-Bénite Riom (Training workshop) Sayat
	France /Bourgogne-Franche-Comté	3	Allenjoie Héricourt Seloncourt
	France /Grand Est	3	Bogny-sur-Meuse Charleville-Mezières (EHSF)* Tournes-Cliron (2023)
	France /Île-de-France	5	Montereau Pantin CIA Pantin Pyramide Paris Faubourg Saint-Honoré Paris Saint-Antoine
	France /Normandy	3	Louviers (2023) Louviers (EHSF)* Val-de-Reuil
	France /Nouvelle-Aquitaine	5	Montbron Montbron (EHSF)* Saint-Vincent-de-Paul Nontron Saint-Junien
	France /Auvergne-Rhône-Alpes	2	Annonay Le-Puy-en-Velay
Tanneries and Precious Leathers	France /Centre-Val de Loire	1	Chabris
	France /Île-de-France	1	Montereau
	France /Pays de la Loire	1	Vivoin
	Australia	6	
	United States	2	
	Italy	1	
Perfume and Beauty	France /Normandy	1	Le Vaudreuil
Textiles	France /Auvergne-Rhône-Alpes	9	Bourgoin-Jallieu – 4 sites Bussièrès Irigny Le Grand-Lemps Pierre-Bénite – 2 sites
	France /Nouvelle-Aquitaine	1	Nontron
	France /Pays de la Loire	1	Challes
Crystal Saint-Louis	France /Grand Est	1	Saint-Louis-lès-Bitche
Silversmith Puiforcat	France /Île-de-France	1	Pantin-CIA
Tableware	France /Nouvelle-Aquitaine	2	Nontron Saint-Just-le-Martel
Watches	Switzerland	2	
	France /Bourgogne-Franche-Comté	2	Bonnétage Châtaillon-le-Duc
	France /Hauts-de-France	1	Roye
	France /Île-de-France	2	Champigny-sur-Marne
	Portugal	1	
Metal parts (J3L)	France /Île-de-France	1	Paris Mogador
	United Kingdom	1	
Bootmaker John Lobb	France /Île-de-France	1	Paris Mogador
Shoes	Italy	1	

* EHSF: École Hermès des savoir-faire

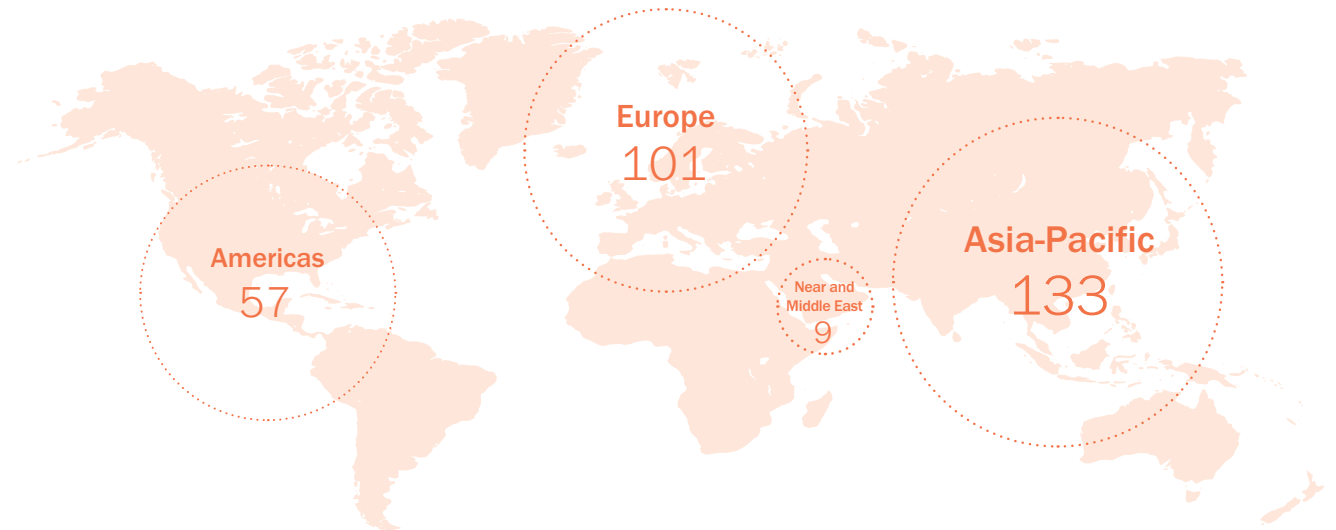
1.4.3 INTEGRATED PRODUCTION AND TRAINING SITES IN THE FRENCH REGIONS



- Leather Goods & Saddlery
- École Hermès des Savoir-Faire (EHSF) or Training workshop
- Tanneries and Precious Leathers
- Perfume and Beauty
- Textiles
- Cristalleries Saint-Louis
- Silversmith Puiforcat
- Tableware
- Metal parts (J3L)
- Bootmaker John Lobb

1.4.4 WORLDWIDE DISTRIBUTION NETWORK

Hermès objects are available worldwide through a network of 300 exclusive stores. Hermès watches, perfumes and tableware are also sold through networks of specialised stores.

**Europe****Germany: 11**

9 branches:

- ◆ Baden-Baden
- ◆ Berlin KaDeWe
- ◆ Berlin Kudamm
- ◆ Düsseldorf
- ◆ Frankfurt
- ◆ Hamburg
- ◆ Kampen
- ◆ Munich
- ◆ Stuttgart

2 concessionaires

Austria: 2

2 concessionaires

Belgium: 2

2 branches:

- ◆ Brussels
- ◆ Knokke-le-Zoute

Denmark: 2

1 branch:

- ◆ Copenhagen

1 concessionaire

Spain: 4

4 branches:

- ◆ Barcelona Paseo de Gracia
- ◆ Madrid Canalejas
- ◆ Madrid Ortega y Gasset
- ◆ Marbella

France: 28

13 branches:

- ◆ Aix-en-Provence
- ◆ Biarritz
- ◆ Bordeaux
- ◆ Cannes
- ◆ Deauville
- ◆ Lille
- ◆ Lyon
- ◆ Marseille
- ◆ Paris Faubourg Saint-Honoré
- ◆ Paris George V
- ◆ Paris Sèvres
- ◆ Saint-Tropez
- ◆ Strasbourg

15 concessionaires

United Kingdom: 8

6 branches:

- ◆ London Bond Street
- ◆ London Harrods
- ◆ London Royal Exchange
- ◆ London Selfridges
- ◆ London Sloane Street
- ◆ Manchester

2 concessionaires

Greece: 1

1 branch:

- ◆ Athens

Ireland: 1

1 branch:

- ◆ Dublin

Italy: 13

11 branches:

- ◆ Bologna
- ◆ Capri
- ◆ Florence
- ◆ Milan
- ◆ Naples
- ◆ Padua
- ◆ Palermo
- ◆ Porto Cervo
- ◆ Rome
- ◆ Turin
- ◆ Venice

2 concessionaires

Kazakhstan: 1

1 concessionaire

Luxembourg: 1

1 concessionaire

Norway: 1

1 branch:

- ◆ Oslo

Netherlands: 3

2 branches:

- ◆ Amsterdam De Bijenkorf
- ◆ Amsterdam P.C. Hoofstraat

1 concessionaire

Poland: 1

1 branch:

- ◆ Warsaw

Portugal: 1

1 branch:

- ◆ Lisbon

Principality of Monaco: 1

1 branch:

- ◆ Monte Carlo

Czech Republic: 1

1 branch:

- ◆ Prague

Russia (1): 4

4 branches:

- ◆ Moscow Gum
- ◆ Moscow Stoleshnikov
- ◆ Moscow Vremena Goda
- ◆ Saint-Petersburg

Sweden: 1

1 branch:

- ◆ Stockholm

Switzerland: 10

8 branches:

- ◆ Basel
- ◆ Crans
- ◆ Geneva
- ◆ Gstaad
- ◆ Lausanne
- ◆ Lugano
- ◆ St Moritz
- ◆ Zurich

2 concessionaires

Turkey: 4

3 branches:

- ◆ Istanbul Emaar
- ◆ Istanbul Istinye Park
- ◆ Istanbul Nisantasi

1 concessionaire

1. Stores temporarily closed

Asia-Pacific

Australia: 6

- 5 branches:
- ◆ Brisbane
- ◆ Gold Coast Pacific Fair
- ◆ Melbourne Chadstone
- ◆ Melbourne Collins Street
- ◆ Sydney
- 1 concessionaire

Mainland China: 31

- 27 branches:
- ◆ Beijing China World
- ◆ Beijing Peninsula
- ◆ Beijing SKP
- ◆ Changsha
- ◆ Chengdu
- ◆ Chongqing
- ◆ Dalian
- ◆ Guangzhou
- ◆ Hangzhou Hubin
- ◆ Hangzhou Tower
- ◆ Harbin
- ◆ Kunming
- ◆ Nanjing
- ◆ Ningbo
- ◆ Qingdao
- ◆ Shanghai IFC
- ◆ Shanghai Maison
- ◆ Shanghai Plaza 66
- ◆ Shanghai Qiantan
- ◆ Shenyang
- ◆ Shenzhen Bay Mixc
- ◆ Shenzhen Mixc
- ◆ Suzhou
- ◆ Wuhan
- ◆ Xi'An

- ◆ Xiamen
- ◆ Zhengzhou
- 4 concessionaires

South Korea: 19

- 11 branches:
- ◆ Busan
- ◆ Daegu
- ◆ Seoul Dosan Park
- ◆ Seoul Galleria
- ◆ Seoul Hyundai Apkujung
- ◆ Seoul Hyundai Coex
- ◆ Seoul Lotte World Tower
- ◆ Seoul Shilla
- ◆ Seoul Shinsegae Gangnam
- ◆ Seoul Shinsegae Main
- ◆ Pangyo Hyundai
- 8 concessionaires

Guam: 1

- 1 branch:
- ◆ Guam

Hong Kong: 7

- 7 branches:
- ◆ Hong Kong Elements
- ◆ Hong Kong Harbour City
- ◆ Hong Kong International Airport
- ◆ Hong Kong Landmark Prince's
- ◆ Hong Kong Lee Gardens
- ◆ Hong Kong Pacific Place
- ◆ Hong Kong Sogo

India: 2

- 2 branches:
- ◆ Mumbai
- ◆ New Delhi

Indonesia: 2

- 2 concessionaires

Japan: 35

- 29 branches:
- ◆ Chiba Sogo
- ◆ Fukuoka Hakata Hankyu
- ◆ Fukuoka Iwataya
- ◆ Hiroshima Sogo
- ◆ Kobe Daimaru
- ◆ Kyoto Takashimaya
- ◆ Nagoya JR Takashimaya
- ◆ Nagoya Matsuzakaya
- ◆ Nagoya Mitsukoshi
- ◆ Okayama Takashimaya
- ◆ Osaka Hilton
- ◆ Osaka Shinsaibashi Daimaru
- ◆ Osaka Takashimaya
- ◆ Osaka Umeda Hankyu
- ◆ Sapporo Daimaru
- ◆ Sendai Fujisaki
- ◆ Tokyo Ginza
- ◆ Tokyo Ikebukuro Seibu
- ◆ Tokyo Marunouchi
- ◆ Tokyo Nihombashi Mitsukoshi
- ◆ Tokyo Nihombashi Takashimaya
- ◆ Tokyo Omotesando
- ◆ Tokyo Shibuya Tokyu
- ◆ Tokyo Shinjuku Isetan
- ◆ Tokyo Shinjuku Takashimaya
- ◆ Tokyo Tamagawa Takashimaya
- ◆ Urawa Isetan
- ◆ Yokohama Sogo
- ◆ Yokohama Takashimaya
- 6 concessionaires

Macao: 4

- 4 branches:
- ◆ Macao Four Seasons
- ◆ Macao Galaxy

- ◆ Macao One Central
- ◆ Macao Wynn Palace

Malaysia: 3

- 2 branches:
- ◆ Kuala Lumpur Pavilion
- ◆ Kuala Lumpur The Gardens
- 1 concessionaire

Philippines: 1

- 1 concessionaire

Singapore: 6

- 6 branches:
- ◆ Singapore Changi Airport T1
- ◆ Singapore Changi Airport T2
- ◆ Singapore Changi Airport T3
- ◆ Singapore Liat Tower
- ◆ Singapore Marina Bay Sands
- ◆ Singapore Takashimaya

Taiwan: 9

- 6 branches:
- ◆ Kaohsiung
- ◆ Taichung
- ◆ Tainan
- ◆ Taipei Bellavita
- ◆ Taipei Regent
- ◆ Taipei Sogo Fuxing
- 3 concessionaires

Thailand: 5

- 4 branches:
- ◆ Bangkok Central Embassy
- ◆ Bangkok Icon Siam
- ◆ Bangkok Siam Paragon
- ◆ Phuket Floresta
- 1 concessionaire

Vietnam: 2

- 2 concessionaires

Americas

Argentina: 1

- 1 branch:
- ◆ Buenos Aires

Brazil: 3

- 3 branches:
- ◆ Rio de Janeiro
- ◆ Sao Paulo Cidade Jardim
- ◆ Sao Paulo Iguatemi

Canada: 5

- 4 branches:
- ◆ Calgary
- ◆ Montreal
- ◆ Toronto
- ◆ Vancouver
- 1 concessionaire

Caribbean: 1

- 1 branch:
- ◆ Saint-Barthélemy

Chile: 1

- 1 concessionaire

United States: 39

- 32 branches:
- ◆ American Dream
- ◆ Atlanta
- ◆ Austin
- ◆ Aventura
- ◆ Beverly Hills
- ◆ Boston
- ◆ Chicago
- ◆ Costa Mesa South Coast Plaza
- ◆ Dallas
- ◆ Denver

- ◆ Greenwich
- ◆ Hawaii Ala Moana
- ◆ Hawaii Waikiki
- ◆ Houston
- ◆ Las Vegas Bellagio
- ◆ Las Vegas Crystals
- ◆ Las Vegas Wynn
- ◆ Miami
- ◆ New York Madison 706
- ◆ New York Meatpacking
- ◆ New York Roosevelt Field
- ◆ New York Wall Street
- ◆ Orlando
- ◆ Palm Beach
- ◆ Palo Alto
- ◆ Philadelphia King of Prussia
- ◆ San Diego
- ◆ San Francisco
- ◆ Seattle
- ◆ Short Hills
- ◆ Troy
- ◆ Washington
- 7 concessionaires

Mexico: 6

- 6 branches:
- ◆ Cancún
- ◆ Guadalajara
- ◆ Mexico Artz
- ◆ Mexico Masaryk
- ◆ Mexico Moliere
- ◆ Monterrey

Panama: 1

- 1 concessionaire

Near and Middle East

Bahrain: 1

- 1 concessionaire

United Arab Emirates: 4

- 4 concessionaires

Kuwait: 1

- 1 concessionaire

Lebanon: 1

- 1 concessionaire

Qatar: 2

- 2 concessionaires

1.4.5 REAL ESTATE

The surface areas set out below correspond to the gross floor space, measured on plans by an architect, for all of the Group's buildings in and around Paris.

In Paris, the Group now occupies office space of approximately 31,400 m² mainly near its historical registered office of 24, rue du Faubourg Saint-Honoré and 19-21, rue Boissy d'Anglas, which it owns. Staff work in office premises in rue de la Ville-l'Évêque, rue d'Anjou and rue de Penthièvre in Paris 8th arrondissement, leased from third parties under commercial leases. In order to meet the expected growth in the Paris workforce, the Group leased two additional buildings on rue d'Anjou in 2022, with respective surface areas of 9,900 m² and 4,400 m², which will undergo major renovations prior to being occupied.

In Pantin, Hermès occupies 79,200 m² of manufacturing premises and office space, most of which is owned by the Group, including the *Espace Jean-Louis Dumas*, which opened in 2015, and the *Cité des Métiers*, which won the *Prix de l'Équerre d'Argent* 2014. In 2022, the Group leased three-and-a-half-storeys of a new building on the banks of the Ourcq Canal, with a total surface area of 8,700 m².

The Group leases an office building located in Pré-Saint-Gervais to provide a surface of 6,200 m².

In Bobigny, the Group owns its logistics site, with a total surface area of approximately 32,100 m².

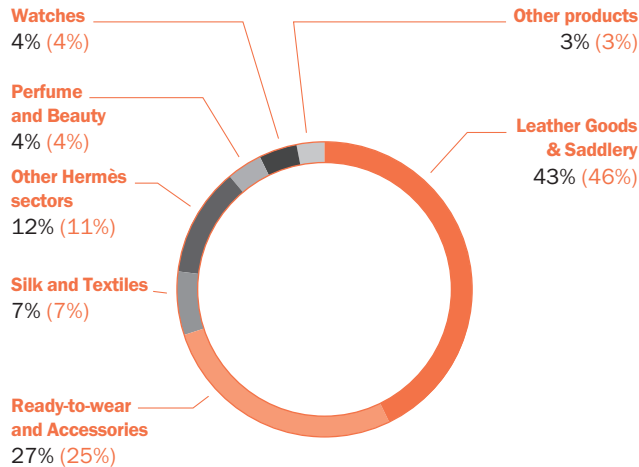
The Group is the owner of 65 of the 68 production sites that it operates (§ 1.4.2).

Hermès products are sold worldwide through 300 exclusive stores (§ 1.4.3). A total of 222 stores are operated as branches, most of which have commercial leases, intended primarily to ensure the continuity of operations over time.

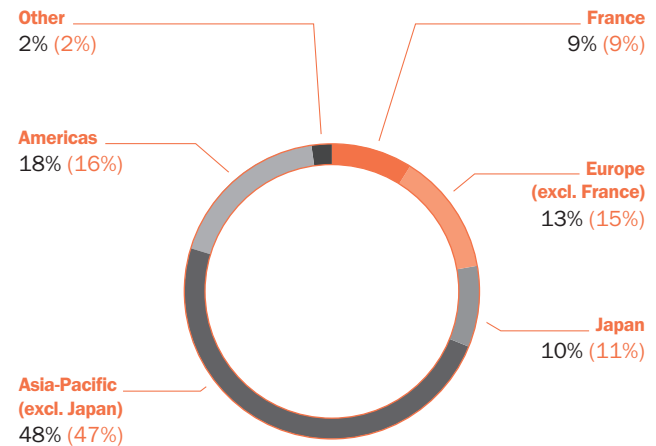
However, the Group also owns the buildings that house certain stores, including those in Paris, Ginza in Tokyo, Dosan Park in Seoul, Beverly Hills, Sydney and Geneva. In addition, the Group owns a commercial building and offices in London.

1.5 KEY FINANCIAL AND NON-FINANCIAL FIGURES AFR

1.5.1 REVENUE BY MÉTIER FOR 2022 (2021)



1.5.2 REVENUE BY GEOGRAPHICAL AREA FOR 2022 (2021)



1.5.3 KEY CONSOLIDATED FINANCIAL DATA

(in millions of euros)	2022	2021	2020	2019	2018* restated
Revenue	11,602	8,982	6,389	6,883	5,966
Growth at current exchange rates vs. n-1	29%	41%	(7)%	15%	8%
Growth at constant exchange rates vs. n-1 ¹	23%	42%	(6)%	12%	10%
Recurring operating income ²	4,697	3,530	1,981	2,339	2,075
in % of revenue	40.5%	39.3%	31.0%	34.0%	34.8%
Operating income	4,697	3,530	2,073	2,339	2,128
in % of revenue	40.5%	39.3%	32.4%	34.0%	35.7%
Net income attributable to owners of the parent	3,367	2,445	1,385	1,528	1,405
in % of revenue	29.0%	27.2%	21.7%	22.2%	23.6%
Operating cash flows	4,111	3,060	1,993	2,063	1,863
Operating investments	518	532	448	478	312
Adjusted free cash flows ³	3,404	2,661	995	1,406	1,447
Equity attributable to owners of the parent	12,440	9,400	7,380	6,568	5,470
Net cash position ⁴	9,223	6,695	4,717	4,372	3,465
Restated net cash position ⁵	9,742	7,070	4,904	4,562	3,615
Headcount (number of people)	19,686	17,595	16,600	15,417	14,284

* Including the impact of IFRS 16 on leases. In accordance with IAS 8, Hermès has applied the new standard on a full retrospective basis, and has restated the financial statements for the period ended 31 December 2018.

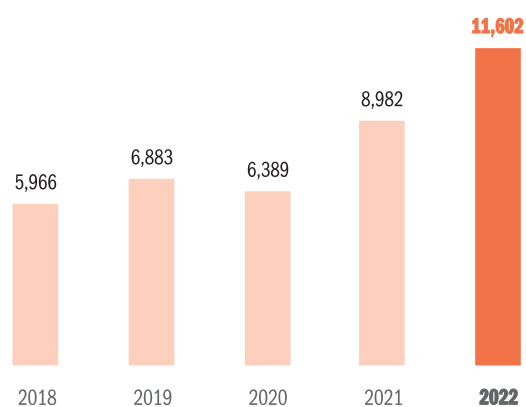
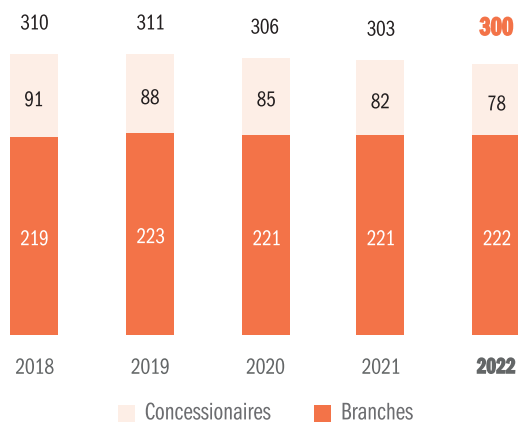
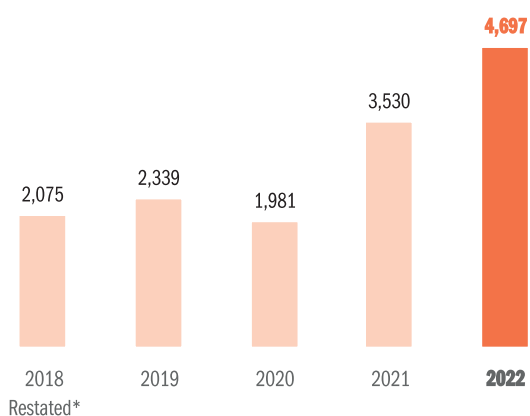
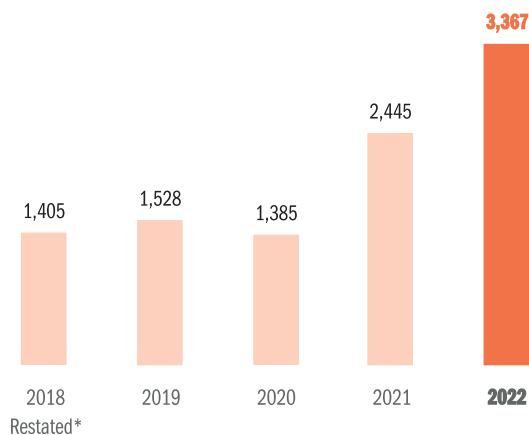
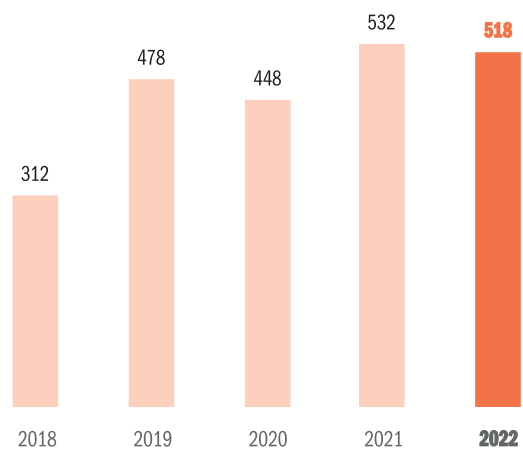
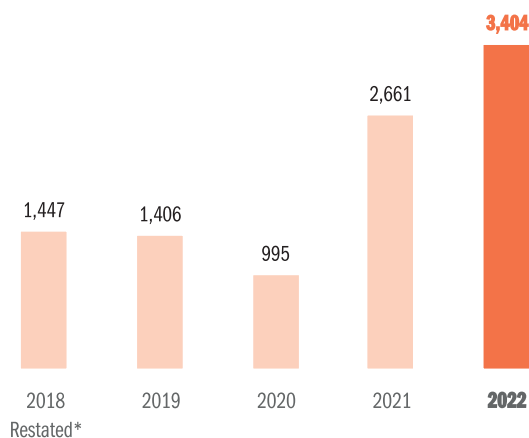
(1) Growth at constant exchange rates is calculated by applying, for each currency, the average exchange rates of the previous period to the revenue for the period.

(2) Recurring operating income is one of the main performance indicators monitored by Group Management. It corresponds to operating income excluding non-recurring items having a significant impact that may affect understanding of the Group's economic performance.

(3) Adjusted free cash flows are the sum of cash flows related to operating activities, less operating investments and the repayment of lease liabilities recognised in accordance with IFRS 16 (aggregates in the consolidated statement of cash flows).

(4) Net cash position includes cash and cash equivalents presented under balance sheet assets, less bank overdrafts which appear under short-term borrowings and financial liabilities on the liabilities side. Net cash position does not include lease liabilities recognised in accordance with IFRS 16.

(5) The restated net cash position corresponds to net cash plus cash investments that do not meet the IFRS criteria for cash equivalents due in particular to their original maturity of more than three months, less borrowings and financial liabilities.

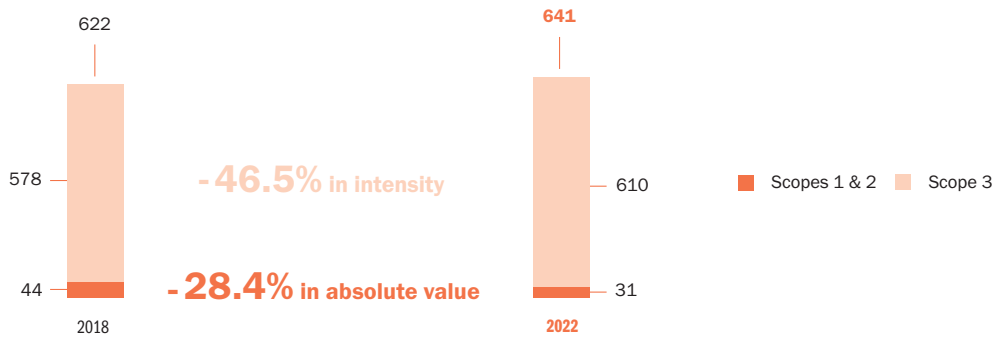
CHANGE IN CONSOLIDATED REVENUE*In millions of euros***CHANGE IN THE NUMBER OF HERMÈS EXCLUSIVE STORES****CHANGE IN RECURRING OPERATING INCOME***In millions of euros***CHANGE IN NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT***In millions of euros***CHANGE IN OPERATING INVESTMENTS***In millions of euros***CHANGE IN ADJUSTED FREE CASH FLOWS***In millions of euros*

1.5.4 KEY NON-FINANCIAL FIGURES

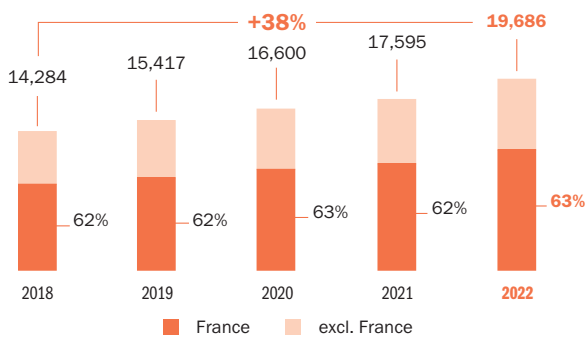
	RESPONSIBLE EMPLOYER 2,100 Jobs created in 2022	DIVERSITY AND INCLUSION 6.4% Direct employment rate of people with disabilities	GENDER EQUALITY 60% Group managers who are women
	LOCAL ANCHORING 76% Objects are made in France	VERTICAL INTEGRATION 55% Manufactured in its in-house and exclusive workshops	LOCAL SUPPLIERS 67% Purchases come from France (Top 50)
	CLIMATE 1.5°C Carbon trajectory commitment validated by SBTi	ENERGY TRANSITION 100% Green electricity in France	SUSTAINABILITY 202,000 Repairs in workshops
	TRANSPARENCY AWARDS #1 SBF 120, All categories	COMMITTED TO COMMUNITIES 400 Local actions and partnerships in 2022	PARTNERSHIPS €5.2M Purchases made from socially supported organisations

CHANGE IN GREENHOUSE GAS EMISSIONS

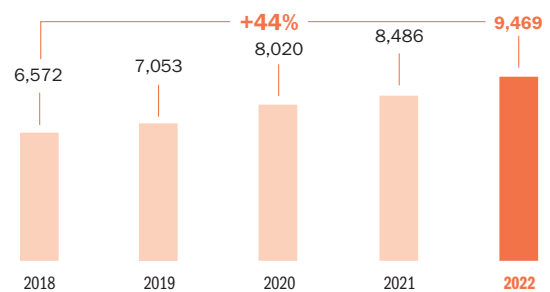
In absolute values: in k tonnes CO₂-eq; In intensity: in tonnes CO₂-eq per €M of gross margin



CHANGE IN GROUP WORKFORCE



CHANGE IN PRODUCTION WORKFORCE



1.6 REVENUE AND ACTIVITY BY MÉTIER AFR

<i>In millions of euros</i>	2022 Revenue	2022 Mix	2021 Revenue	2021 Mix	Change	
					at current exchange rates	at constant exchange rates
Leather Goods & Saddlery	4,963	43%	4,091	46%	21%	16%
Ready-to-wear and Accessories	3,152	27%	2,219	25%	42%	36%
Silk and Textiles	842	7%	669	7%	26%	20%
Other Hermès sectors	1,371	12%	1,001	11%	37%	30%
Perfume and Beauty	448	4%	385	4%	16%	15%
Watches	519	4%	337	4%	54%	46%
Other products	306	3%	279	3%	10%	8%
CONSOLIDATED REVENUE	11,602	100%	8,982	100%	29%	23%

1.7 REVENUE AND ACTIVITY BY GEOGRAPHICAL AREA ^{AFR}

1

In millions of euros	2022 revenue in €M	2022 mix in %	2021	Change		
				2021	at current exchange rates	at constant exchange rates
Europe	2,600	22%	2,140	24%	21%	22%
♦ France	1,064	9%	838	9%	27%	27%
♦ Europe (excl. France)	1,536	13%	1,303	15%	18%	18%
Asia-Pacific	6,657	57%	5,227	58%	27%	22%
♦ Japan	1,101	10%	977	11%	13%	20%
♦ Asia-Pacific (excl. Japan)	5,556	48%	4,251	47%	31%	22%
Americas	2,138	18%	1,458	16%	47%	32%
Other	207	2%	156	2%	33%	32%
CONSOLIDATED REVENUE	11,602	100%	8,982	100%	29%	23%

1.8 COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS AFR**1.8.1 INCOME STATEMENT**

<i>In millions of euros</i>	2022	2021
Revenue	11,602	8,982
Cost of sales	(3,389)	(2,580)
Gross margin	8,213	6,402
Sales and administrative expenses	(2,680)	(2,137)
Other income and expenses	(836)	(734)
Recurring operating income	4,697	3,530
Other non-recurring income and expenses	-	-
Operating income	4,697	3,530
Net financial income	(62)	(96)
Net income before tax	4,635	3,435
Income tax	(1,305)	(1,015)
Net income from associates	50	34
CONSOLIDATED NET INCOME	3,380	2,454
Non-controlling interests	(13)	(8)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	3,367	2,445

1.9 SIGNIFICANT EVENTS SINCE THE END OF THE FINANCIAL YEAR AFR

1

No such events have occurred since the end of the financial year.

1.10 OUTLOOK AFR

On the strength of its unique business model, based on its values of independence, entrepreneurial spirit, craftsmanship and creativity, Hermès has shown its solidity, with particularly robust results in 2022. Sales growth was remarkable in all geographical areas, with strong performance by the House in international markets. Leather Goods continued to grow, while all *métiers* grew strongly, reflecting the desirability of the creations among its customers. Hermès, firmly rooted and inspired by its heritage, is enriched by its creative freedom and innovation, and its attachment to *savoir-faire*. Firmly believing that there can be no creation of economic value and long-term development without creation of social and societal value and without environmental responsibility, Hermès is committed to leaving a positive footprint on the world.

Strengthened by the ongoing dialogue between creation and excellence in *savoir-faire*, the House will continue to blossom, affirming the uniqueness of its style. The year 2023 will be marked by the development of new collections based on the most beautiful materials and an abundant creativity. Among the new products, the Perfume and Beauty *métier* will launch *Un Jardin à Cythère*, the House's seventh garden fragrance, as well as unveiling the fifth chapter of the Beauty story, highlighting the eyes, in the fall. Watches will continue to roll out its *H08* line, flourishing since its launch in 2021, as well as its latest complication, *Arceau Le temps voyageur*, and will present its new products at the Watches & Wonders trade show in Geneva. As part of *Milan Design Week*, Hermès will unveil the new collections of the Home universe with a focus on furniture items, such as the *Contour d'Hermès* sofa or the *Ancelle d'Hermès* chair. The *Saut Hermès* service will be launched this year. Bags with equestrian origins, the *Arçon*, in *Barénia Faubourg* calfskin, and *Petite Course*, in *box* leather, concentrating the House's craftsmanship *savoir-faire*, will enrich the leather goods collections. This year, Jewellery will highlight the emblematic *Chaîne d'Ancre* in an event revealing new creations using this link.

The integrated and exclusive distribution network will continue to strengthen its omnichannel offer, with particular attention on accelerating the digitisation of uses and developing services to continue to nurture ties with its particularly loyal local customers. The qualitative development of the store network will continue in 2023, with plans to open, expand or renovate stores in Chengdu and Beijing Peninsula (mainland China), Naples, Aspen and Chicago (United States), and Bordeaux (France). Priority will be given to expansions and renovations, in some 20 branches around the world. The House will continue its digital strategy, via an increasingly broad range of online products and services, with the aim of increasing traffic and attracting new customers.

In view of the House's particularly strong momentum, the development of production capacities will continue across all *métiers*, and in particular in Silk, with the planned new printing line at the Pierre-Bénite textile site near Lyon, in Jewellery and in Home. The strong demand in Leather Goods & Saddlery will be supported by the ramp-up of the new sites in the nine centres of expertise spread across the country, with their manufacturing facilities, workshops and training centres. With more than 4,700 leather goods craftspeople in France today, the Group will continue its objective of opening an

average of one new production unit per year, representing around 300 new employees. Hermès will inaugurate two new leather goods workshops in 2023, one in Louviers in the Eure region, and the other in Sormonne in the Ardennes. The leather goods workshop projects in Riom (Puy-de-Dôme), L'Isle-d'Espagnac (Charente) and Loupes (Gironde) will continue. Hermès will strengthen its integration in France in regions with high manufacturing *savoir-faire* and develop employment and training. The House's other *métiers* will continue to use their extensive *savoir-faire* to design and create exceptional objects.

True to its commitment as a responsible employer, with the creation of 4,300 jobs over three years, of which more than 60% in France, Hermès will continue its multi-local and multi-*métier* job creation dynamic in 2023. The Group will step up its efforts in terms of social, societal and environmental performance. Hermès will pursue its commitment to the development of its employees, inclusion and diversity. The enhancement and transmission of *savoir-faire* will remain at the heart of the priorities of the *métiers*, with, in particular, the opening of the in-house apprentice training centre (CFA) dedicated to the leather goods *métiers*. Following the opening of the Ardennes division, the *École Hermès des savoir-faire* will be gradually introduced to all the regional Leather Goods divisions. The control of supply chains, which ensures the quality of our materials, will be strengthened by the continued implementation of "CSR briefs", distributed to all our partners. They bring together in one place the Group's requirements in terms of traceability, certification, carbon trajectory, reduction of water consumption and respect for human rights.

The House's commitments to fighting climate change and the preservation of biodiversity will remain at the forefront. With the development of eco-design strategies for all *métiers* and the construction of an internal tool to make life cycle analyses systematic, the Group will continue its efforts to encourage the sparing use of resources and waste management. More broadly, the Group's actions in favour of biodiversity will be strengthened with the launch of projects promoting local regeneration, more in-depth impact analyses using the GBS (Global Biodiversity Score) method, and with the launch of specific studies and technical partnerships.

In line with its climate change commitments, the Hermès Group will continue its actions in accordance with its objectives, approved by the Science Based Target initiative (SBTi), to reduce scopes 1 and 2 emissions by 50.4% in absolute value and scope 3 emissions by 58.1% in intensity, over the 2018-2030 period. The particularly demanding responsible construction framework will continue to be rolled out for new real estate projects. At the same time, Hermès will increase its contribution to the implementation of carbon offset systems consistent with a net zero carbon target in 2050, supported by Livelihoods' long-term projects. Hermès will strengthen its role as a socially responsible company alongside its suppliers, which it will continue to support and with the communities in which it operates, whether through site openings, job creation, the development of vocational training centres for its craftsmanship *métiers*, and contributions to the social and cultural life of the regions.

The Group is looking forward to 2023 with confidence, thanks to its highly integrated craftsmanship model, its balanced distribution network and the loyalty of its customers.

In the medium term, despite the economic, geopolitical and monetary uncertainties around the world, the Group confirms an ambitious goal

for revenue growth at constant exchange rates. Thanks to its unique business model, Hermès is pursuing its long-term development strategy based on creativity, maintaining control over *savoir-faire* and singular communication.

1.11 FONDATION D'ENTREPRISE

While the creation of a better and sustainable world has guided the actions of the Fondation d'entreprise Hermès since its creation in 2008, this general interest objective became even more prominent in 2022, as its third five-year term ended. It is in this direction that the four main areas structuring the programmes it sets up, and which it oversees, all converge. Artistic creation, the transmission of *savoir-faire*, the protection of biodiversity, and solidarity make a concrete contribution to shaping a more humanist society where everyone can flourish, fulfil themselves and, in turn, take action to preserve the planet and pass it on to future generations.

Concerning the transmission of knowledge and training the talents of tomorrow, the Fondation has carried out several large-scale projects. The Artists in the Community programme, which supports many young performing artists, culminated in the itinerant PANORAMA performance presented in September at the *Théâtre de la Cité Internationale* in Paris. Bringing together the 22 beneficiaries of the first class of artists, this event highlighted performers who will be on tomorrow's stages. In parallel with this achievement, the scholarships awarded by the Fondation in the fall will enable 42 new financially vulnerable theatre, circus and dance students to devote themselves fully to their training over the next three years. In addition, as part of the Skills Academy, the Fondation shared with the public two extensions to the programme dedicated to glass, initiated in 2021: on the one hand, the publication of an encyclopaedic work, "Glass", co-published with Actes Sud and, on the other hand, an exhibition in Marseille bringing together the objects made during the final workshop. The Skills Academy also announced its next programme, dedicated to "Stone", and new academics were selected from among the craftspeople, designers, engineers and – exceptionally – architects who applied. Lastly, the "Manufacto" programme continued to be rolled out nationwide at the start of the 2022 school year: nearly 1,900 students in 78 classes in 14 partner academies are now learning about craftsmanship *savoir-faire* during school time.

On the same principle, the "Manuterra" programme, featuring educational content designed to teach children in schools about the living world through an introduction to permaculture, was officially launched after a successful pilot year. At a time when the Fondation is strengthening its commitments to the protection of biodiversity, this component is a strong and forward-looking gesture to raise awareness of environmental issues among younger generations. In four academies, 11 classes already participate in the programme during school hours, *i.e.* around 280 students. The Fondation also continues

to support various targeted initiatives (La Massane forest, Atelier Paysan, Africa-TWIX, Vigie-Nature École, "Agir pour le vivant" festival and La Villette) which employ a variety of methods to respond to ecological challenges and ensure the sustainability of the planet.

The creative field also contributes to making a better world, through the production of works of art intended for a wide audience. This year, the Fondation has scheduled 10 exhibitions of unique artistic universes, in four spaces in Asia (Seoul and Tokyo) and Europe (Brussels and Saint-Louis-lès-Bitche). As part of the New Settings programme, which supports artists creating new forms of performing arts, 15 daring shows supported by the Fondation were presented in 2022 in Île-de-France and Lyon, in partnership with other institutions. The Artists' Residencies also encourage hybrid practices and cross-functionality by enabling visual artists to exercise their creativity within Hermès' production units and to experience the House's exceptional *savoir-faire* along with the bonds formed between craftspeople. In 2022, two residencies took place, resulting in the creation of unique works. The "Immersion" programme, which invites photographers to explore new territories, had two winners in 2022: the American photographer Raymond Meeks worked in France, while his French counterpart Vasantha Yoganathan produced a series of works on American soil. Their perspectives on the current world will be shared with the public from spring 2023.

Lastly, the Fondation supported several general interest projects as part of the "H³ – Heart, Head, Hand" programme. All these solidarity projects are identified by the House's employees, who also become their ambassadors. Each initiative is rolled out in the territory of the Hermès entity where the reference teams are located, in order to ensure concrete and local action that contributes, at its own level, to building a fairer world.

Through these four main areas of intervention, the Fondation d'entreprise Hermès remains committed on the ground, accompanying the many beneficiaries and supporting the craftsmanship, creative, sustainable and solidarity-based actions that contribute to transforming society. Across the world, these project leaders embody the humanist values of the Fondation d'entreprise Hermès and form a dynamic community aspiring to the common good.

The full report on the activities of the Fondation d'entreprise Hermès is available at: www.fondationentreprisehermes.org, in the section entitled "The Fondation".

2

CORPORATE SOCIAL RESPONSIBILITY AND NON-FINANCIAL PERFORMANCE **NFPS**

2.1	BUSINESS MODEL	49
2.1.1	Concrete long-term commitments	54
2.1.2	An ambitious and structuring CSR strategy	55
2.1.3	Materiality analysis	56
2.1.4	Analysis of non-financial risks	58
2.1.5	CSR strategy	59
2.1.6	CSR governance	64
2.2	PEOPLE: TEAMS	67
2.2.1	General information about employees	70
2.2.2	Employee fulfilment and well-being	70
2.2.3	Diversity, equity and inclusion	85
2.3	PEOPLE: SAVOIR-FAIRE	95
2.3.1	Fostering new careers for craftspeople	98
2.3.2	Integrating and developing employees and teams	102
2.3.3	Developing and preserving historical savoir-faire	110
2.4	THE PLANET: RAW MATERIALS	113
2.4.1	Eco-design and circular economy	117
2.4.2	Supply chains	124
2.4.3	Biodiversity	133
2.5	THE PLANET: ENVIRONMENT	143
2.5.1	Environmental actions framework	147
2.5.2	Responsible real estate	148
2.5.3	Resource management	149
2.5.4	Waste control	157
2.5.5	Control of pollution risks	159
2.5.6	Climate change	163
2.6	COMMUNITIES: SUPPLIERS & PARTNERS	183
2.6.1	Support and control	186
2.6.2	Development of responsible purchasing	194
2.7	COMMUNITIES: STAKEHOLDERS AND TRANSPARENCY	197
2.7.1	Regional responsibility in France	200
2.7.2	Socially responsible company	202
2.7.3	Communication and transparency vis-à-vis stakeholders	207
2.7.4	Application of the European Taxonomy to the Hermès Group	210
2.7.5	Analysis of correspondence with the main non-financial reporting frameworks	214
2.7.6	Hermès' contribution to the UN sustainable development goals (SDGs)	223

2.8	ETHICS – COMPLIANCE	227
2.8.1	Promoting ethics	228
2.8.2	Fighting against corruption	234
2.8.3	Protecting personal data	236
2.8.4	Duty of care	237
2.9	REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL STATEMENT	243
2.10	REASONABLE ASSURANCE REPORT FROM ONE OF THE STATUTORY AUDITORS ON THE IDENTIFIED SUSTAINABILITY INFORMATION OF HERMÈS INTERNATIONAL'S NON-FINANCIAL PERFORMANCE STATEMENT	250

Through its sustainable development approaches, Hermès implements practices that reconcile economic and social progress with preservation of the planet's natural equilibrium, in a long-term vision. These societal and environmental challenges, linked to the 17 sustainable development goals defined by the United Nations for 2030, provide the framework for the House's action in this area.

Hermès, a family business, has been able to adapt to changes while favouring a long-term approach. The Group, relying on the strength of its craftsmanship *savoir-faire*, its exclusive distribution network and its creative heritage, is continuing its sustainable growth.

The Group's craftsmanship manufacturing model is based mainly on the creativity and *savoir-faire* of men and women working in France. It draws on the House's four essential heritages: creation, exceptional raw materials, *savoir-faire*, and the retail universe. It is based on the geographical and cultural proximity between designers and craftspeople. Supported by a network of regional manufacturing sites, Hermès enhances the regions with a desire to ensure the transmission of this exceptional *savoir-faire*. Finally, it operates with moderation and sobriety in the use of raw materials and with a desire for a low environmental footprint. The promotion of these four heritages has contributed to the sustainability of the Hermès craftsmanship model since 1837.

The Hermès Group's ambition in terms of sustainable development is to ensure virtuous economic and social development, not only for employees and shareholders, but more broadly for its stakeholders, by thinking about the future of the next generations. This objective will also be achieved by reducing its impacts, however moderate, on the planet. This goal is accompanied by a deep humanist desire to give back to the world some of what the world gives to Hermès. This vision feeds into the House's strategy and makes it possible to define the priorities, as illustrated below in the materiality analysis conducted along two axes: impacts on the sustainability of the business model and impacts from the Group's entire supply chain on the world.

The scope of this Non-Financial Performance Statement (NFPS) covers all of the Hermès Group subsidiaries and sites, including all *métiers* and all regions, the scope of which is detailed in chapter 1 "Presentation of the Group and its results", § 1.4.

Methodological note

This NFPS is based on the qualitative and quantitative contributions of the *métiers* (production), subsidiaries (distribution), central departments, and the following Group corporate departments: human resources, industrial affairs, direct and indirect purchasing, real estate, logistics, legal, finance and sustainable development. From the end of the first half-year, the various contributors came together to rank the subjects they wished to prioritise and prepare a schedule extending to the end of the year. Given the time frames, certain annual data is reported at the end of October, in particular for the industrial affairs department. Each department uses tools to consolidate the information related to their activities. These main contributors rely on their respective networks in order to summarise and highlight the most significant progress and the work carried out on the major strategic sustainable development challenges. This operating mode enables a fairer reflection of operating reality, in an environment in which the activities of the House are very diversified.

More specifically, the "Sustainability Information" in chapter 2 has been prepared, in all material respects, in accordance with the reporting guidelines of the industrial affairs and human resources departments, in force as at 31 December 2022, consisting of i. a reporting procedure, ii. a glossary specifying the definitions of Sustainability Information, and iii. other underlying information for the internal reporting tools (hereinafter "the Guidelines"). These guidelines are available on request from the Hermès International headquarters for the financial year ended 31 December 2022.

This work is compiled, standardised and controlled by the sustainable development department, in particular through the implementation of a dedicated digital tool.

Verification work is carried out by an independent third party (PricewaterhouseCoopers), which is also one of the Company's Statutory Auditors, with audits carried out before publication. Their work enables the issuance of a reasonable assurance report, a higher level of certification than the limited assurance provided for by law in France, on a selection of indicators detailed in § 2.9 and 2.10.

As stated in chapter 3 "Corporate governance", § 3.6.3.4, the assignment was approved as a "service other than certification of the financial statements" by the Audit and Risk Committee, using the delegation granted to it, and is compliant with the French rules on independence.

2.1 BUSINESS MODEL

The Hermès Group presents its value creation model using graphics (see the following pages) in order to put the distinctive features of its highly integrated French craftsmanship manufacturing model into perspective. This approach is designed to help explain the activities of the House, its footprint and contribution to a more sustainable world, in their economic, social, societal and environmental dimensions.

The Hermès Group's model is unique in many ways:

- ◆ a family-run business rooted in a tradition of craftsmanship, the foundations of an eagerness to ensure transmission of skills and sustainability;
- ◆ fundamental heritages, sources of sustainability, that are continuously reinvented: creation, materials, *savoir-faire* and retail;
- ◆ objects designed to last: rigor and responsibility that are the life force of the House's 16 *métiers* (see chapter 1 "Presentation of the Group and its results", § 1.6);
- ◆ a French House with an international reach: 76% of production is made in France;
- ◆ an integrated model, from the manufacturing of objects made in its in-house and exclusive workshops (55%) to distribution throughout the world, tailored to local situations;
- ◆ controlled development and solid results;
- ◆ a contribution to a more sustainable world through its operating model, through a humanist vision of its activity, the harmonious sharing of value created and a desire to give back to the world some of what the world gives it.

For readers who would like more details on all of the Group's actions in addition to what is presented in this Non-Financial Performance Statement, the Hermès Finance website can be accessed using this QR Code.



AN ARTISANAL, CREATING VALUE AND SUSTAINABLE FRENCH MODEL

CAPITAL AND RESOURCES

Committed women and men

19,686 employees:
48% production, 36% sales, 16% support
67% women
Gender equality index: **95/100**
6.4% of employees with disabilities in France

Exceptional craftsmanship savoir-faire

Creation of a leather goods apprentice training centre
21 Meilleurs Ouvriers de France
(Best Craftspeople in France)
8 Entreprises du Patrimoine Vivant
(Living Heritage Company – EPV)
150 in-house trainers

Abundant creativity

Around **50,000** items in each collection
Distinctive style
Omnipresent creation
Material and process innovations
Unique and responsible communication

Long-term partners

19 years length of relationship with top 50 suppliers
65 years length of relationship with textile suppliers

Financial independence

€3,404 million adjusted free cash flow
€12,457 million in equity
€9,742 million in restated net cash position
Shareholder stability: **66.7%** of the share capital held by the Hermès family

Natural resources used with care

Craftsmanship model on a human scale
Climate strategy aligned with **1.5 °C** trajectory validated by SBTi
Certified sustainable real estate standard

Societal anchoring

€61 million budget for the Fondation d'entreprise Hermès over the 2023-2027 period
Strong local presence: regional craftsmanship centres and exclusive store in **11 out of 13 French regions**

SUPPLY CHAIN

Local and sustainable sourcing:

More than **80** exceptional materials, without compromising on quality
67% of purchases made in France and **97%** in Europe
CSR supply chain briefs for our partners
66% of leather suppliers are LWG certified
97% of hides used are by-products from the food industry
Hermès RJC COP certified
100% of top 50 suppliers audited over 3 years
100% non-mining gold used in the workshops
Formalisation of the animal welfare policy
Traceability and in-depth knowledge of supply chains:
80 materials have undergone supply chain analysis

Logistics:

2 logistics centres in France (Bobigny, Saint Priest)
1 externalized logistics center in Orléans (France)
Regional logistics centres established internationally

STRONG VERTICAL

DISTRIBUTION

Exclusive omnichannel distribution network

Retail sales

Wholesale

Online sales

HOUSE OF CREATION

Creative freedom
Exceptional materials and *savoir-faire*

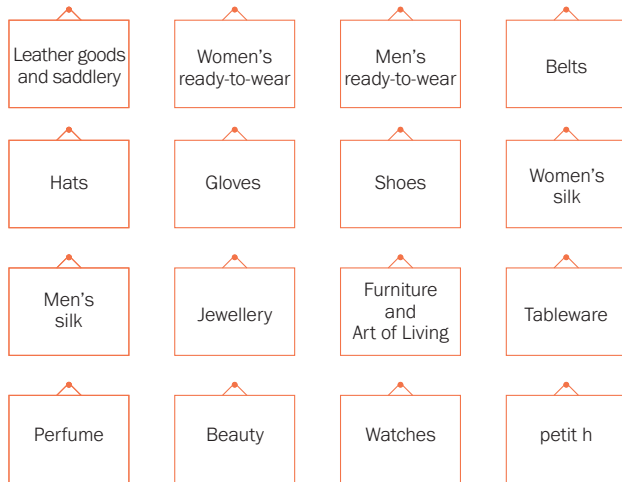
MANUFACTURIER

Vertically integrated model
Long-lasting, repairable objects

An independent creative house since 1837, guided by the skills of the craftspeople. An integrated model of French manufacturing. A humanist approach to employee management. A rich selection of useful and long-lasting objects. A socially responsible company that gives back to the world.

PRODUCTION

16 métiers



50,000 product references
Local production: **76%** in France
Vertical integration: **55%** of objects made in exclusive in-house workshops

7,025 craftspeople, i.e. 36% of the workforce
68 production sites of which **54** in France

INTEGRATION

300 exclusive stores in 45 countries
Multi-local and international network
Agility through local logistics platforms
Strengthening e-commerce in 29 countries
Quality of service for customers
Local repairs



HERMÈS RETAIL

Purchasing freedom
Exclusive distribution network

VALUE CREATION AND SHARING

For employees

€1.5 billion of payroll costs in 2022
€4,000 exceptional bonus paid to all employees in 2023 in respect of 2022
More than 11,000 employee shareholders
5 free share plans worldwide since 2007
€170 million incentive schemes and profit-sharing in respect of 2022 in France

Transmission of savoir-faire

€11.7 million dedicated to training
23 hours of training per employee on average

Support for our partners

Support for the highest standards
Payment terms 25 days on average

Financial value

€153 billion market capitalisation as at december 2022
€852 million total dividends paid to shareholders
€518 million in operating investments

Societal value

1,964 jobs created, including 1,263 in France, x2 total headcount in 10 years
28.2% consolidated tax rate
€242 million in purchases with social and environmental added value, from 3,340 SMEs, including €5.5 million with socially supported organisations
3 Fondation programmes promoting biodiversity and 2 Fondation programmes promoting transmission of skills to young people
Contribution to the scientific and academic world
Nearly 380 social actions in more than 40 countries representing more than €6 million (excluding special actions related to the health and geopolitical context)

Environmental value

44 supply chains certified by 2024
89.1% renewable electricity supply
202,000 repairs
Decrease of 28.4% in scopes 1 and 2 emissions in absolute value and 46.5% in scope 3 in intensity since 2018
Measurement of the biodiversity footprint and collaboration with NGOs for the preservation of biodiversity



CONTRIBUTION TO 16 SDGS OUT OF 17



HERMÈS, EXCEPTIONAL OBJECTS DESIGNED TO LAST



1. Creative freedom

The designers sketch, innovate and revisit the House's models with the greatest artistic freedom. Around an annual theme, "lightness" in 2022, the artistic department proposes and renews the collections and objects.

OUR SINGULAR HERITAGE

Creative heritage

Originally a harness workshop, Hermès has revolutionised riding equipment. Driven by creative freedom, the House innovates and revisits its timeless models.

Materials heritage

Hermès uses, respects and preserves the most noble materials, secures its supplies and seeks to limit their impact on biodiversity.

Savoir-faire heritage

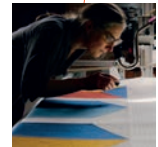
Hermès develops and protects its often unique craftsmanship savoir-faire. The excellence of the craftsmanship techniques is passed on through a proactive internal training policy.

Retail heritage

Hermès takes a unique approach to developing its distribution network and digital flagships. Its artistic and poetic spirit permeates the creativity of stores and window displays.

2. Development

Close cooperation between our creative minds and developers ensures that original ideas become a reality. This step is crucial in defining the manufacturing processes that reconcile optimisation, quality, innovation and aesthetics for a virtuous life cycle.



7. Logistics

Mainly manufactured in France, the products are sent to one of the Group's two logistics platforms, where they are checked, packaged and stored before being distributed to the store network. The choice of a centralised logistics model makes it possible to optimise flows, find and implement transportation solutions in order to control the carbon impact and reduce the environmental footprint.

8. Exclusive distribution

While its products are made in France, they are distributed worldwide. Retail sales in our exclusive stores have been supplemented by e-commerce since 2002, in order to provide an omnichannel offering. Hermès favours a qualitative development of its network combining the enhancement of its stores and special attention is paid to their social and ecological footprint.





3. Exceptional materials

The use of materials is optimised from creation to production, with careful use of only the essential resources encouraged in order to avoid unnecessary waste and surplus materials and to take the end of life of objects into account. Hermès manufactures high-quality products, mainly from renewable natural resources, the most emblematic of which are leather, silk and cashmere. The Group does not compromise, whether on the intrinsic quality of the materials or their procurement (environmental footprint, biodiversity and consideration of animal welfare).

4. Integrated vertical model

The vertical integration and sustainable relationships with its partners ensure traceability of its supply chains and reinforce the House's responsible development strategy with regard to materials, techniques and *savoir-faire*.



5. Handcrafted production

Craftspeople take the greatest care in manufacturing the products ordered by the stores. Emphasis is placed on in-house training, which guarantees the transmission of exceptional *savoir-faire* within the production units. The use of subcontracting is limited and is based on long-term partnerships.

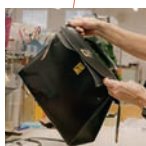


6. Purchasing freedom

Present worldwide, Hermès is strongly committed to the principle of giving purchasing freedom to its retail subsidiaries and stores. Store managers choose the products to propose to their customers. The offer is varied and relevant, the ecological footprint controlled and waste reduced.

9. Responsible communication and transparency

CSR communication is a major focus, with the aim of making the strategy and actions in this area more transparent. It takes the form of actions to improve external understanding: dialogue with customers and the public, the press and influence, investors and financial analysts. In a pro-active approach, responses are provided to external assessors.



10. Long-lasting objects

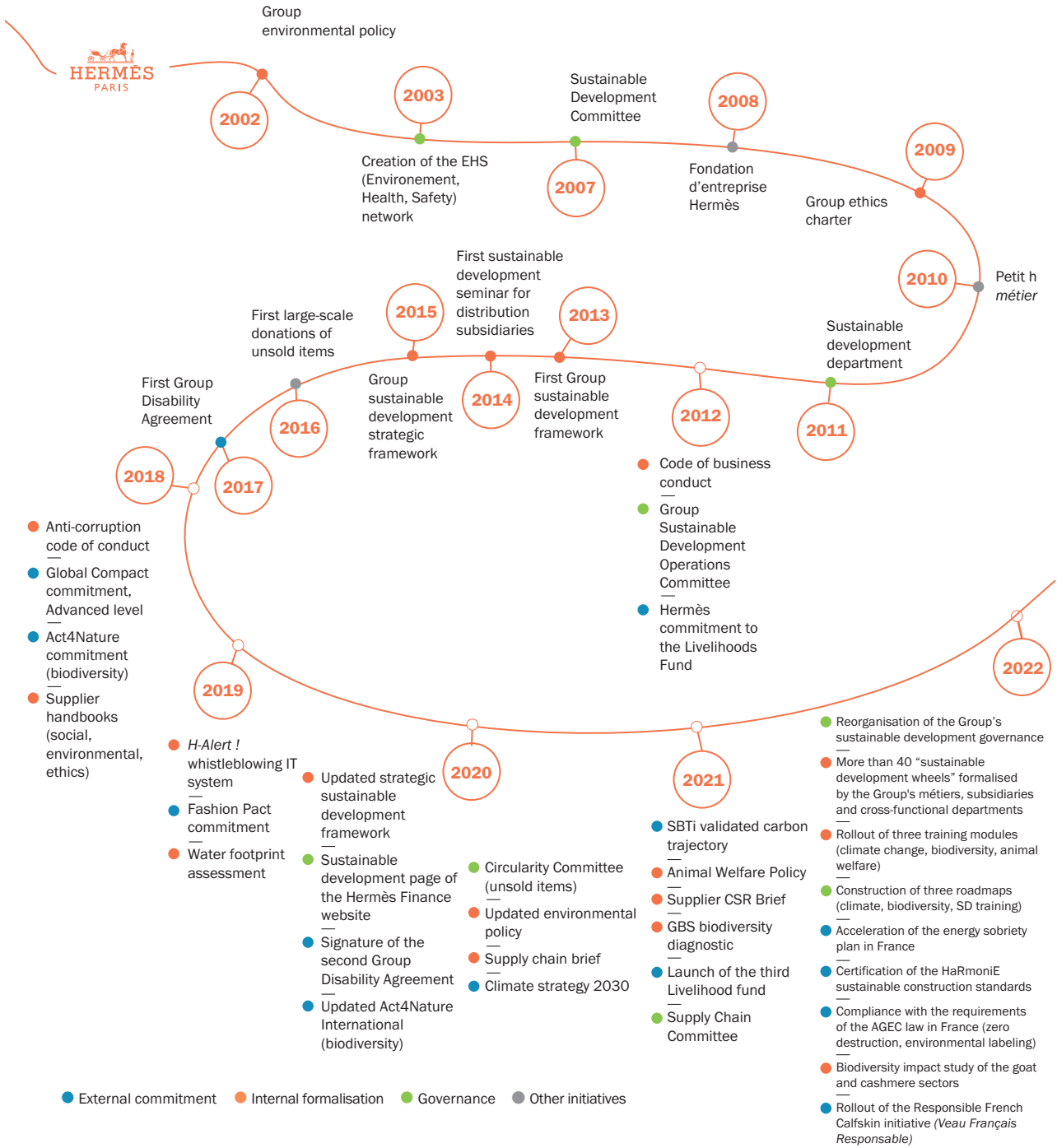
Hermès objects stand the test of time and are passed on from one generation to the next. They are cared for, repaired or renovated thanks to the *savoir-faire* of craftspeople. At the same time, the *métiers* are working on ways to reuse and improve the circularity of materials and finished objects with the aim of recycling, innovating and finding new uses.



11. Product end-of-life

Although the craftsmanship model is, by design, a factor in the sparing and optimal use of materials, work is being carried out to anticipate the end-of-life of objects. The *métiers* and subsidiaries innovate and work on concrete projects which aim to extend the life of products and reuse sources of materials, in particular through donations and circularity (reuse, recycling, etc.). In France, from 1 January 2022, Hermès is subjected to the AGEC law (Preventing Waste and the Circular Economy) which aims to prohibit the destruction of unsold products in the textile, household linens, shoes and furniture *métiers*.

2.1.1 CONCRETE LONG-TERM COMMITMENTS



EXAMPLES OF AWARDS RECEIVED AND RANKINGS OBTAINED IN 2022

<p>AXEL DUMAS, BEST PERFORMING CEO IN THE CAC40 INDEX BASED ON CSR CRITERIA CHALLENGES</p>	<p>GRAND PRIX DE LA TRANSPARENCE 2022 All categories awards</p>	<p>COMPANIES MOST COMMITTED TO DIVERSITY 1ST IN THE FASHION SECTOR CAPITAL</p>	
<p>RANKED AMONG TOP 3 COMPANIES PROMOTING EMPLOYMENT IN FRANCE AND TOP 3 COMPANIES PROMOTING EMPLOYMENT FOR PEOPLE WITH DISABILITIES HUMPACT</p>	<p>TOP 10 DIVERSITY LEADERS FINANCIAL TIMES</p>	<p>A CARBON SCORE AXYLIA</p>	
<p>Member of the A List</p>	<p>« AA » MSCI</p>	<p>#1 Textile & Apparel</p>	<p>« Advanced »</p>

2.1.2 AN AMBITIOUS AND STRUCTURING CSR STRATEGY

Hermès has remained true to its values since 1837 and continues to thrive as a house where craftspeople are at the fore. By selecting the finest materials, it produces exceptional, useful and aesthetic objects, designed to last, thanks to their quality and desirability, and to be passed on. Hermès has a world-wide reputation, but the House has always been, and remains, an independent company supported by family shareholders, the sign of pragmatism, stability and longevity. Promoting French manufacturing, its project is based on the excellence of the craftsmanship *métiers*; human hands, *savoir-faire* and quality are the keys.

The attention paid to people has a natural place at the heart of the House’s craftsmanship business model, both at its sites as well as its partners and suppliers. Hermès pays close attention to working conditions, respecting a balance in terms of diversity and inclusion, and more broadly, stringently applying the fundamental principles of the United Nations and OECD.

The attributes of craftsmanship have shaped the development of the House since its founding and, at the same time, its relationship with the world. Naturally rooted in respect and humility, these attributes, over time, have become company values.

The presence of these values permeates all employees, suppliers and partners. They form the platform for the House’s actions in matters of sustainable development by appropriating the notions of individual and group responsibility, authenticity in the search for excellence, or acceptance of the long-term approach as a factor influencing performance. Lived and embodied by the Senior Executives and all

employees, today they are the lifeblood of its *raison d’être* and represent the founding pillars of the corporate social responsibility (CSR) approach that Hermès shares with its stakeholders:

- ♦ responsibility: a handmade leather object, for example, is the work of a single person. Following the original principle “one person, one bag”, a single person masters all of the steps necessary for an object’s creation, and is accordingly responsible for its final quality. This sense of responsibility also covers the materials used, which must not only be the most beautiful but also of indisputable origin: they must be worthy of serving to create exceptional objects. This accountability also extends to the product’s future life: each craftsman has a view that transcends beyond the production process. This heightened awareness of responsibility nourishes the individual and group sustainable development practices;
- ♦ authenticity: the craftspeople are passionate about emphasising the “authenticity” of beautiful materials and eschew the use of imperfect materials, even when the end result may seem acceptable. This demanding attitude is reflected in the attention paid to all the aspects that comprise the handmade object and its craftsmanship. The inside is afforded just as much care and attention as the outside. Hermès craftspeople, and all employees of the House, are nonetheless aware of their limits and imperfections, and constantly question each stage, so as to perpetuate the values of excellence. Sustainable development is pursued in this spirit of sincerity, excellence and continuous improvement. It is built on accomplishments rather than abstract commitments, with the goal of long-term efficiency;

- ◆ acting with urgency while taking the time to do things well: our craftspeople do not like to put off until tomorrow what they can accomplish today. Hermès' craftspeople, and by extension the House, see time as an ally, that enables them to work well, to integrate the internal or external challenges of all stakeholders, in order to see things in a balanced perspective. In the making of an object by hand, it is impossible to skip a step to save time, everything flows in continuity, everything is necessary. These modes of operation shape and determine the way projects are conducted. They encourage the implementation of responsible policies and practices, using a participative approach, blending exacting requirements and efficiency to obtain a high-quality end result. While considering changing and accelerating contexts, projects take into account the necessary rhythm for sustainable change among employees, partners and natural ecosystems. Urgency to act and hasty execution should not be confused.

2.1.3 MATERIALITY ANALYSIS

As every year, Hermès updated the analysis of its priority CSR issues in 2022 to guide its actions and facilitate understanding of its strategy.

For the second consecutive year, a "materiality analysis" was conducted using the concept of double materiality, which looks at the two dimensions of value creation put forward by the European Union: economic and financial value creation, which essentially affects investors, and the creation of environmental and social value, which has a broader effect on all the Company's stakeholders.

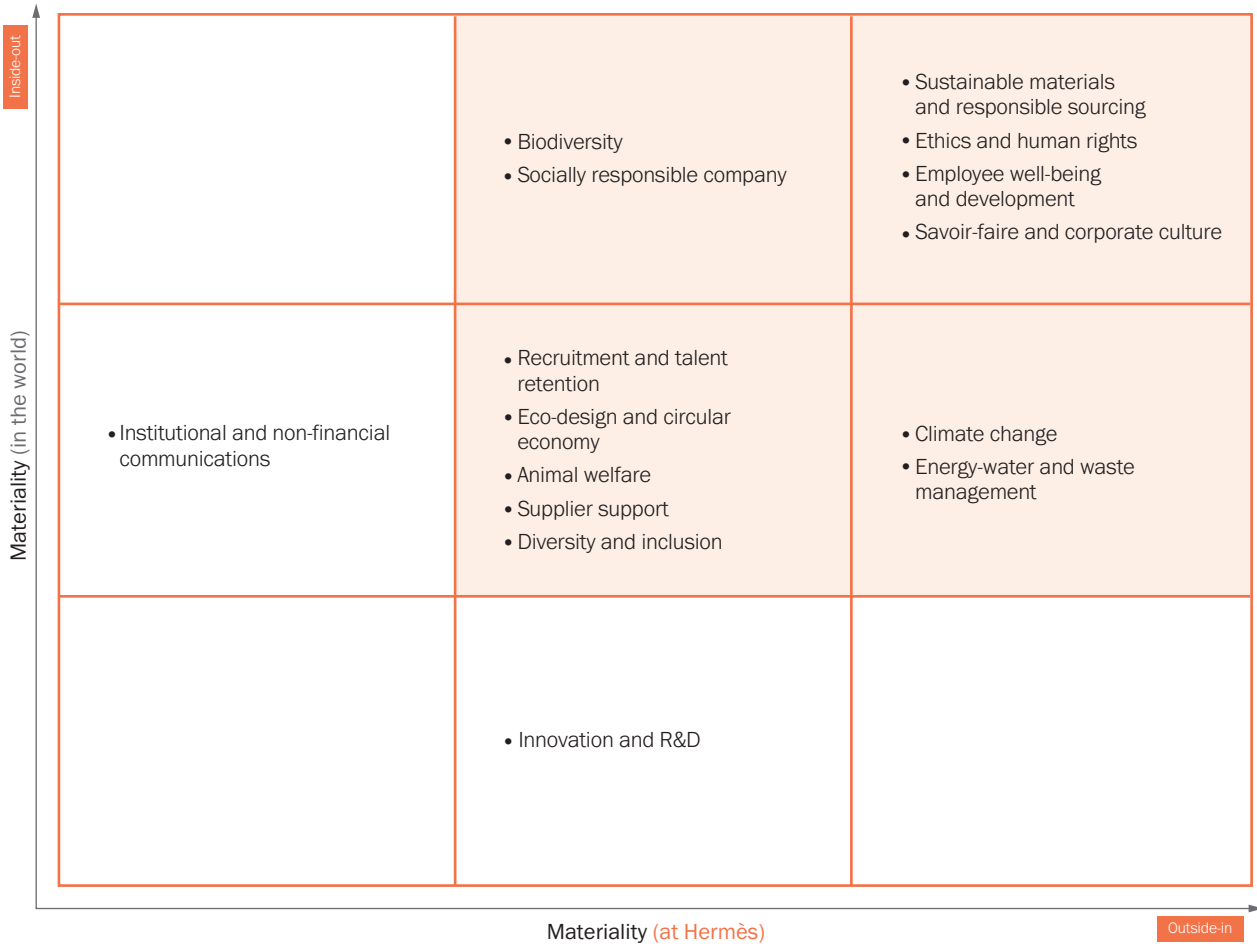
In line with EFRAG recommendations, with the help of its stakeholders, Hermès ranked 15 priority issues from these two perspectives:

- ◆ the materiality of the subject for Hermès' business model, known as the "outside-in" vision, i.e. the importance of these issues for the Group's economic activity;
 - ◆ the impact that Hermès and its value chain have on the issues at a global level, known as the "inside-out" vision, given their materiality (direct and indirect impacts given the Group's image).
- In this way, Hermès anticipates the transparency obligations in terms of double materiality required by the Corporate Social Responsibility Directive, which will come into force from 1 January 2024.
- This double materiality matrix also follows up on the work carried out for several years by the Sustainable Development Committee and the Sustainable Development Department, together with the Executive Committee, and in collaboration with the audit and risk management department. It contributes to the risk analyses carried out at Group level.
- Identification, assessment and ranking of issues*
- The 15 priority issues studied are the result of analyses updated internally every year since 2015 by a study of the main general CSR topics specific to the industry to which the Group belongs.
- In 2022, Hermès submitted the ranking of these 15 issues to a panel of almost 120 respondents, in the form of an anonymous interactive questionnaire, encouraging all topics to be ranked in order of relative importance, thus avoiding ties and the polarisation of subjects.
- This panel consists of:
- ◆ internally, the departments of the Group's cross-functional functions and *métiers*, members of the Sustainable Development Operational Committee, the network of EHS correspondents and members of the sustainable development network in foreign subsidiaries;
 - ◆ external partners, demonstrating the keen interest of Hermès' partners in its sustainability approach, representing nearly 40% of respondents.
- The Sustainable Development Committee reviewed and validated the results from the consolidation of the panel's responses.

Understanding that the notion of risk itself contains an opportunity factor, Hermès uses the term “issues” to qualify its CSR approach in this Non-Financial Performance Statement. These issues are

summarised as part of the CSR strategy, and described in more detail in the following sections of the document.

The results of the analysis conducted in 2022 are presented in the matrix below:



Comments on results

While the matrix built on the basis of the results of the 2021 analysis highlighted 10 priority themes, the prioritisation exercise conducted in 2022 highlighted three additional themes, showing the importance given to all components of the Group’s social responsibility approach. These 13 subjects (shown in the orange quadrants) are harmoniously distributed within the three pillars of the House’s strategy:

People:

- ◆ employee well-being and development;
- ◆ diversity and inclusion;
- ◆ *savoir-faire* and corporate culture;
- ◆ recruitment and talent retention.

Planet:

- ◆ eco-design and circular economy;
- ◆ sustainable raw materials and responsible sourcing thereof;
- ◆ animal welfare;
- ◆ climate change;
- ◆ biodiversity;
- ◆ energy, water and waste management.

Communities:

- ◆ ethics and human rights;
- ◆ socially responsible company;
- ◆ supplier support.

The change in the positioning of several issues is consistent with the initiatives and awareness-raising actions carried out over the last two years, as evidenced by the following changes in positioning:

- ◆ the themes of climate change and water, energy and waste management have increased in importance and impact on Hermès' business model. This change is due to better knowledge and understanding of the consequences of climate change on its activity, supported in particular by the physical risk analyses conducted in 2022 on its French sites and the context of energy sobriety imposed in several European countries;
- ◆ other social themes have also seen their positioning improve in terms of impact on Hermès, such as recruitment and talent retention. This perception is consistent with the Group's strong growth and the need to attract and retain the best talent to support these development prospects;
- ◆ conversely, the impact of certain issues on Hermès' business is perceived as less important (relative to others) than before: animal welfare or supplier support. This is a positive signal, the result of initiatives such as the dissemination and accessibility to the public of a Hermès animal welfare charter, which governs its relations

with all its supply chains relating to materials of animal origin. In addition, actions aimed at better understanding, assessing and supporting the social and environmental practices of its suppliers were greatly strengthened during the financial year (for details, see "Suppliers and Partners" section), demonstrating better control of these issues.

2.1.4 ANALYSIS OF NON-FINANCIAL RISKS

As indicated in chapter 4 "Risk factors and management", §4.1, in 2020 the Group carried out an overall analysis of its risks according to two axes, the magnitude of the multi-criteria impacts and the probability of occurrence. The materiality work carried out above made it possible to update this overall risk analysis, which distinguishes five major risk categories, three of which are more relevant in the non-financial field. The cross-reference table below illustrates the link between this risk analysis and the ten priority CSR issues identified by the materiality matrix. The non-financial issues taken into account also include the concepts of positive contributions and opportunities, which are more difficult to incorporate in the risk analysis.

GROUP RISKS		Priority CSR issues
4.1.1 Risks related to strategy and operations	4.1.1.1 Image and reputation	Socially responsible company
	4.1.1.5 Management of talent and <i>savoir-faire</i>	Employee well-being and development
		Talent recruitment and retention
		Diversity and inclusion
	<i>Savoir-faire</i> and corporate culture	
4.1.2 Industrial risks	4.1.2.1 Supply management	Sustainable materials and responsible sourcing
		Supplier support
4.1.4 Risks related to social, societal and environmental responsibility	4.1.4.1 Changes in major global climate and biodiversity issues	Climate change
		Biodiversity
	4.1.4.2 Availability and proper use of natural resources	Eco-design and circular economy
		Animal welfare
		Energy, water and waste management
4.1.4.3 Respect for human rights, fundamental freedoms and ethics	Ethics and human rights	

2.1.5 CSR STRATEGY

Developed in 2015 and updated in 2020, the consistency of the “Hermès ambitions” CSR strategy was confirmed by the work carried out this year, by the subjects taken into account by its stakeholders, and ultimately by the double materiality analysis in 2022. The underlying premise is: “All artisans of sustainable development”; it constitutes the CSR reference framework applicable to all Group employees and entities. It is based on appropriation and implementation of topics at a collective level, a key factor in its sustainability. The Sustainable Development Committee and the sustainable development department assist the Group’s subsidiaries and *métiers* to ensure its proper application.

In 2022, more than 40 Group subsidiaries, *métiers* and cross-functional departments used this strategic framework to formalise their own CSR roadmaps and highlight their specific sustainability challenges, ambitions and objectives. All of the House’s

In practical terms, Hermès’ CSR strategy is organised around six operational pillars, themselves subdivided into 53 topics that serve as benchmarks for the operational actions of the House’s entities. This strategic framework can be consulted via the following QR code.

Management Committees have therefore increased their knowledge of this subject, and worked on the operational implementation for their scope, with the help of the sustainable development department and third parties, where applicable, on specific technical subjects. This work reflects greater maturity within the Group, and forms the basis of an operational approach now fully deployed within the House.

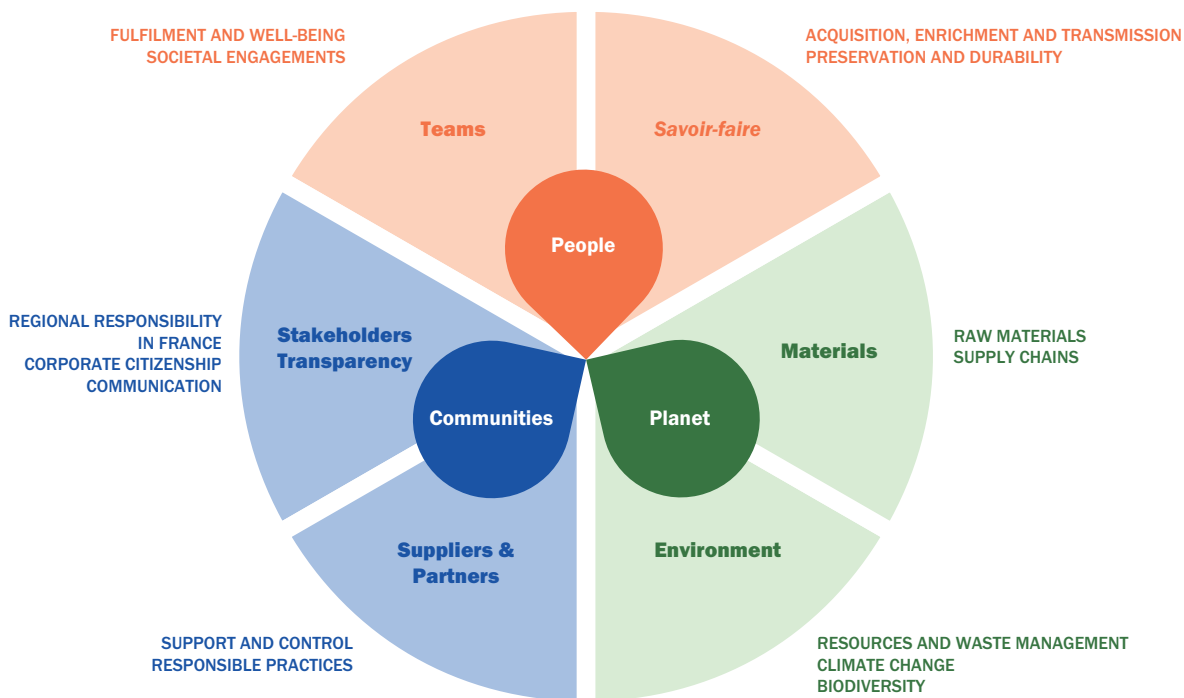
This work will continue in 2023 in order to transform these roadmaps into CSR performance management tools adapted to each of these entities and the Group.

The Hermès Group’s CSR strategy makes a tangible contribution to most of the 17 sustainable development goals (SDGs) for 2030, as defined by the United Nations. Its action is also aligned with the responsible principles of the Global Compact, to which the Group adheres and under which its performance is recognised as “Advanced”.



2

STRATEGIC FRAMEWORK



This strategy provides a comprehensive and specific framework for all of the Group’s actions.

The materiality analysis makes it possible to define the priority actions in respect of this strategy on which the Group focused, its action and approach. The table below summarises the approach used for these priorities, broken down into issues, objectives and results.

People: Priority issues	Strategic commitments	Main concrete measures and results for 2022	Ambitions and objectives	
Employee well-being and development	Ensure fulfilment and well-being, as well as the health and safety of employees	79% of employees took part in a survey over the last 3 years The average response rate was 83% in France, and 88% in Europe	100% of employees covered by a survey on quality of life and well-being at work over a 3-year period A participation rate systematically > 80%	
		28% decrease in the severity rate of work accidents with lost time over the past five years	Cut workplace accident rates (frequency and severity) by half between 2016 and 2025	
	Implement social protection schemes accessible to as many people as possible, as well as value-sharing schemes and ambitious compensation policies	97% of employees worldwide benefit from schemes in addition to statutory health plans 96% of employees worldwide benefit from schemes in addition to statutory welfare plans 87% of employees worldwide benefit from schemes in addition to statutory pension plans	100% of employees with additional protection plans (health, pension and welfare) that are higher than the legal minimums in 2025	
		100% of Group employees covered by a maternity policy with compensation maintained	Ensure parenthood coverage (maternity and paternity) with salary maintained for 100% of the Group's employees in 2025	
		Encourage the integration and recognition of talent in its diversity and promote equal opportunities and inclusion	6.4% of employees in France are people with a disability (2021)	Maintain the rate of workers with disabilities in France above the legal minimum employment rate (6%)
	60% of managers are women		Extend the gender equality index to the entire world and define a global gender parity target by 2023	
	67% of the Operations Committee are women 40% of the Executive Committee are women			
	Savoir-faire and corporate culture	Develop training courses that guarantee operational excellence and versatility, and consolidate the technical and managerial <i>savoir-faire</i> of our employees	76% of the workforce were trained, with an average of 23 hours of training per person	By 2025, ensure that more than 80% of employees receive training during the year and that the average training time is at least three days per year
		Encourage the transmission of <i>savoir-faire</i> to our partners: schools and training centres	241 apprentices enrolled in the CAP vocational qualification programme from the École Hermès des Savoir-Faire (in-house apprentice training centre (CFA))	Train more than 600 people in 2023, then more than 650 in 2024 in the CAP vocational qualification in leather work
			21 <i>Meilleurs Ouvriers de France</i> (Best craftspeople in France – MOF)	Cultivate the excellence of our craftsmanship strength by participating in the triennial competition to find the best craftspeople in France (MOFs)
Share the corporate project and its values, which are the pillars of teams' identity and long-term cohesion		100% of employees received training in the Hermès culture	Train 100% of newcomers in Hermès culture every year	
Integrate the challenges of sustainable development into <i>savoir-faire</i>		4,200 people trained in sustainable development issues	100% of the workforce trained in sustainable development issues by 2025	

Planet: Priority issues	Strategic commitments	Main concrete measures and results for 2022	Ambitions and objectives
Eco-design and circular economy	Systematise circularity approaches	80% of <i>métiers</i> have conducted a life cycle analysis on their flagship products	100% of the most emblematic items to be covered by a life cycle analysis by 2025
		100% of unsold items in France donated or recycled in 2022 (Agec law scope)	100% of unsold goods at Group level donated or recycled between 2025 and 2030
		More than 2 million products incorporating a circular and eco-responsible approach developed in 2022	Every year, 100% of the House's <i>métiers</i> develop products that incorporate a circular approach
		53% reduction in dormant leather inventories between 2021 and 2022	Reduce dormant leather inventories by 75% over 3 years
	Extend the life of goods	202,000 repairs in 2022	Continue to offer a repair service for 100% of repairable items brought in by the House's customers
	Commit to sustainable construction	Labelized internal construction standards by Bureau Veritas 100% of projects launched in 2022 follow the standards	100% of new projects aligned with the standards
Sustainable materials and responsible sourcing	Know and trace supply chains	Detailed mapping of 80 supply chains representing 99% of the Group's activity	Map all of our supply chains and cover 100% of the Group's activity by the end of 2023
	Define, share and deploy the Group's expectations in terms of sustainable supply chains, in particular through certifications and labels	Communication of CSR briefs to suppliers and partners and dissemination of the CSR self-assessment questionnaire to 61% of direct purchasing suppliers	100% of suppliers aligned with the CSR brief in 2024 and 80% of suppliers self-assessed via the CSR questionnaire
		Distribution of supply chain briefs to suppliers and partners formalising the Group's expectations, particularly in terms of certification and/or labelling	Implementation of a process leading to certification and/or to labelling for 44 supply chains by 2024
Animal welfare	Define, share and deploy the Group's expectations in terms of animal welfare, in particular through certifications and labels	Deployment of the animal welfare policy for 14 animal species	Achievement of the objectives set by the animal welfare policy for 100% of the Group's animal sectors by 2025
		Ostrich sector 100% certified in accordance with the SAOBC standard	
		Crocodylian sector 99% certified in accordance with the ICFA standard	
Climate change	Define a trajectory for reducing the Group's GHG emissions across all scopes and measure the reduction in emissions across the various scopes	A drop of -28.4% in absolute value of scopes 1 and 2 compared to 2018, and -46.5% of scope 3 in intensity. Emissions are in line with the Group's 2030 objectives validated by SBTi	-50.4% in absolute terms for scopes 1 and 2 and -58.1% in intensity for scope 3 between 2018 and 2030, objectives validated by the SBTi, compatible with the 1.5° trajectory
	Study climate risks, act to reduce their impacts, analyse resilience scenarios and integrate them into the strategy	Climate risk analyses conducted on 100% of buildings in France Launch of the IRIS risk study, a collaborative approach to strategic foresight and anticipation of physical risks induced by post-2050 global limits	Update of the physical risk analysis for 100% of the scope of our physical sites by 2025 Finalisation of the IRIS transition risk analysis by 2025
	Undertake voluntary carbon offset actions with high environmental, social and societal value added	Offsetting for 100% scopes 1 and 2 and 100% of the Transportation items (upstream and downstream)	Maintain and confirm the Group's investments in Livelihoods programmes and develop regenerative agriculture programmes, allowing the increase of carbon sinks in the Group's value chain. Achieve offsetting of 50% of our residual emissions between 2030 and 2040, and 100% by 2050

Planet: Priority issues	Strategic commitments	Main concrete measures and results for 2022	Ambitions and objectives
Biodiversity	Diagnose our impacts on biodiversity across the Group's entire value chain and define ambitions on a scientific basis	Mapping of "GBS" impacts on 92% of the activity Definition of a strategic roadmap based on the Act4Nature strategy and meet the COP 15 targets and objectives	By 2025, validation of a scopes 1 and 2 SBTN strategy and launch of in-depth studies on major scope 3 items
	Implement training initiatives for employees	Launch of a Biodiversity e-learning module and 1,300 people trained in 2022	Train 100% of the Group's employees in biodiversity by 2025
	Implement actions in the <i>métiers</i> , supply chains and sites	Biodiversity analysis of the goat leather sector with the University of Cambridge (United Kingdom)	Continue biodiversity analyses in our supply chains
		Implementation of biodiversity action plans in 100% of the leather goods workshops (excluding Paris and Pantin, which have been in operation for more than 1 year)	Diagnose and implement action plans at 100% of industrial sites in France by 2025

Communities: Priority issues	Strategic commitments	Main concrete measures and results for 2022	Ambitions and objectives
Ethics and human rights	Train employees in best ethical practices	3,941 employees were trained via the “ethics and anti-corruption” e-learning module	100% of employees exposed to risks trained in the Group’s rules of good conduct annually
	Fight against breaches of ethics and integrity	Update and extension of the H-Alert! whistleblowing system; 69 reports were received through this system. 100% of alerts resulted in follow-up	Ensure access to an internal and external whistleblowing line in the event of breaches of ethics and integrity and deal with 100% of alerts received
	Exercise the Group’s duty of care	Formalisation of the 2022 vigilance plan	Formalise a vigilance plan, distribute and monitor it
	Support our partners in the evolution of their practices and ensure the application of our social, environmental and ethics requirements	153 audits carried out at tier-one and tier-two suppliers in 2022, i.e. 16,000 hours of audit engagements 736 national and international suppliers invited to access the EcoVadis platform since 2018, with a score 25% higher than the overall EcoVadis average	Carry out 285 audits at tier 1 and tier 2 suppliers in 2023 and annually audit 100% of TOP50 suppliers as well as 80% of revenue from direct purchases Reach 900 suppliers invited to answer the EcoVadis questionnaire (i.e. 80% of indirect purchasing expenditure) and maintain an average score above the EcoVadis average
Socially responsible company	Pursue a policy of manufacturing development in France by co-developing projects with the regions in which it operates and developing harmonious relationships with local stakeholders	More than 1,200 jobs created in France	Continue to help first and foremost the French regions reap the benefits of our growth
		Since 2018, Hermès has increased its locations in France by 12 production and training sites	Open an average of one production workshop per year over the next 3 years
		76% of objects made in France	Maintain mainly French craftsmanship production
	Participate in the creation of value and the sharing of it	Cumulative added value distributed over the last 3 years: ♦ 22% of added value distributed to employees ♦ 26% of added value distributed to public authorities	Maintain a harmonious sharing of added value in order to secure the Group’s future development and contribute to social and societal balance
	Increase the share of social and environmental value-added purchases	€242 million in social and environmental value-added purchases, from 3,340 SMEs (ESS, EA/ESAT, ZRR, QPR) ⁽¹⁾ i.e. more than 40% of indirect purchasing suppliers in France	Maintain more than one-third of indirect purchases from suppliers with social and environmental added value
	Give back to the world part of what it brings to the Group through generous and philanthropic actions, undertaken at all levels of the Group or by the Fondation	Nearly 380 social and solidarity actions in more than 40 countries representing more than €6 million (excluding special actions related to the health and geopolitical context). The amounts of all donations and philanthropic actions carried out directly by Hermès since 2020 exceed the Fondation’s budget (€40 million) Continuation of the Fondation d’Entreprise programmes	Align on average, over five years, the amounts of donations and sponsorship actions carried out directly by Hermès with the Fondation’s new five-year budget Finalise the Fondation’s current mandate and the use of the budget of €40 million granted over the 2018-2023 period and launch a new five-year commitment of €61 million

1. ESS: social and solidarity enterprise, EA/ESAT: adapted company/sheltered work establishment, ZRR: rural revitalization zone, QPR: priority or revitalised neighbourhood.

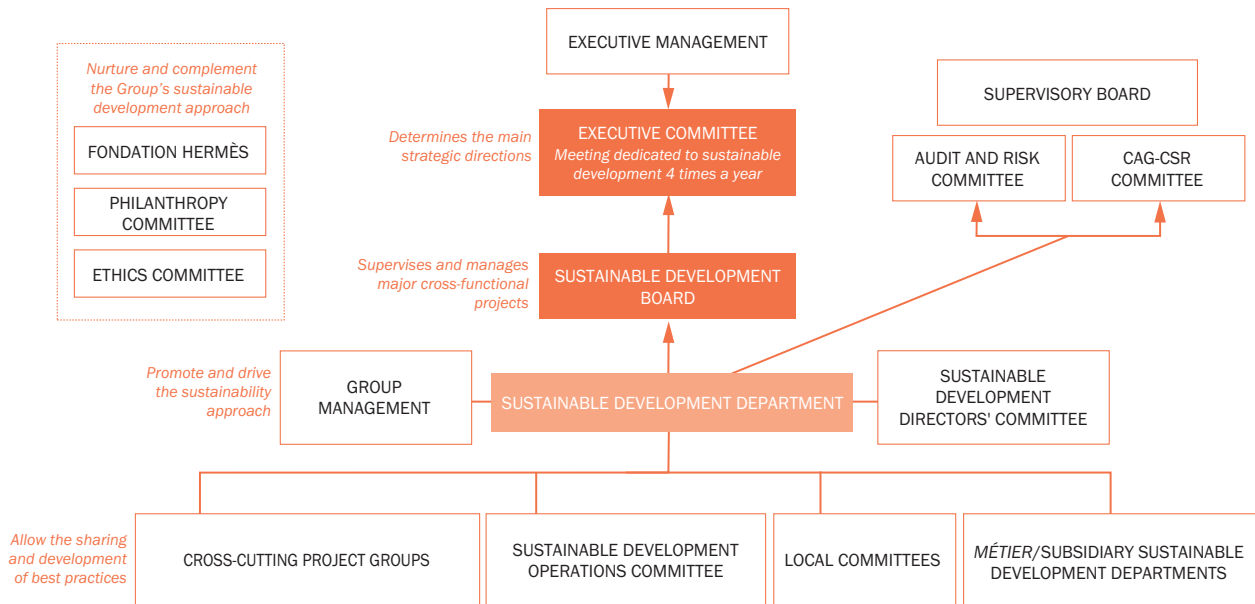
2.1.6 CSR GOVERNANCE

In 2022, Hermès updated the organisation which steers the Group's CSR performance, with increased involvement from its governance bodies.

The Executive Committee is now directly involved, with four meetings per year scheduled on the subject. A Sustainable Development Board, made up of the House's main Managing Directors, is tasked with managing the main cross-functional projects and ensuring the progress of the operational roadmaps of the *métiers* and subsidiaries.

A Sustainable Development Directors' Committee has been created, reflecting the many appointments to this position in the House's *métiers* and subsidiaries, in order to manage a rapidly growing network of operational managers and ambassadors.

The House has thus created the conditions to organise and systematically intensify its ambitions, while remaining faithful to its decentralised model and its "all artisans of our sustainable development" approach.



Supervisory Board: its CAG-CSR Committee has the role of overseeing sustainable development challenges. It meets with the sustainable development department twice a year. 75% of Board members declare expertise in sustainable development, thus contributing to discussions with the operational teams and increasing the high standards demanded for the approach implemented (see chapter 3 "Corporate governance", § 3.4.5.2).

Executive Management and Executive Committee: Hermès Group Management plays an active role in the implementation and rollout of the approach. The Executive Chairman, Axel Dumas, is involved in many subjects. As a reminder, since 2019 (see chapter 3 "Corporate governance", § 3.8.1.2.4), the variable compensation of the Executive Chairmen of Hermès is partly conditional (10%) on a "CSR" criterion consisting of three indices (environmental, social and societal).

The reorganisation of the CSR governance implemented at the end of 2022 significantly strengthens the role of the Executive Committee and ensures a strategic positioning for CSR as it becomes overseen by the Group's highest body. From 2023, sessions entirely dedicated to sustainable development are organised every two months. These sessions make it possible to validate the strategic orientations, monitor the associated objectives and results, and ensure a periodic review of the adequacy of the resources allocated to the objectives. Through a more intimate knowledge of the subjects, the Executive Committee have a stronger ability to include CSR issues in the Group's strategy, and enable more effective implementation of the various internal projects.

Sustainable Development Board – former Strategic Committee for Sustainable Development: the reorganisation undertaken is also transforming the role of this body. The Sustainable Development Board has 14 members, who are directors of the Group's main central functions and integrated sectors. This Board oversees the implementation of the CSR approach, steers major cross-functional projects, oversees the roadmaps of the House's main entities, launches and monitors *ad hoc* working groups, and identifies key decisions to be submitted to the Executive Committee. This body met five times in 2022, and has an average attendance rate of 87%.

Sustainable Development Directors' Committee: to complement the Board's functions and structure the management of the sustainable development function within the Group, this new body, created at the end of 2022, brings together eight sustainable development directors from the *métiers*, sustainable development functions and subsidiaries within the House (the Leather Goods, Ready-to-wear, Jewellery and Home *métiers*, general services department, Hermès Cuir Précieux, as well as the French and British distribution subsidiaries). This Committee monitors the entity's roadmaps and promotes discussion on cross-functional training and internal communication issues. It is in charge of coordinating the network of SD contributors and ambassadors in the Group.

Group sustainable development department: reporting to a member of the Executive Committee, this proposes and implements the strategy and oversees the approach taken by the committees and all functional and operating departments and Group subsidiaries, both in France and internationally. It monitors accomplishments, coordinates the operation of various committees (the Sustainable Development Board, Sustainable Development Directors' Committee and a Group Operations Committee), assists local committees and manages cross-functional projects and non-financial reporting.

Group Operational Committee: composed of 83 members (compared to 45 in 2021) representing the main *métiers*, central functions and the French distribution channel, it analyses the technical and functional aspects of projects, validates them and allows information to be shared between its members. It met nine times in 2022, including a full-day face-to-face session dedicated to the theme of biodiversity, with the creation of a biodiversity fresk.

Local Sustainable Development Committees: run by the main *métiers* and subsidiaries, they initiate and track actions launched, and share them during regional meetings. For the ninth consecutive year, the heads of the Sustainable Development Committees in the Asia, Europe and Americas regions met, remotely, for a half-day seminar. Environmental initiatives are driven more specifically by an “EHS network” in France, run by the industrial affairs department.

These bodies may be supplemented by management and *ad hoc* committees when new sustainable development projects are implemented by subsidiaries and entities. Cross-functional committees, led by Hermès' head office departments, manage issues that are of common interest and often of a medium-term nature. They focus in particular on issues relating to recycling, materials innovation, the circular economy, sustainable construction and logistics.

Métier/subsidiary sustainable development departments: they are responsible for leading the approach at their level and for signing up to a CSR roadmap each year. The Group's main *métiers* and subsidiaries, which account for more than 80% of the activity, have a dedicated or part-time sustainable development manager.

READING GUIDE

In order to present the commitments, actions and results for the six pillars of Hermès' CSR strategy as clearly as possible, the subsequent chapters have been organised as follows:

- ◆ an introduction detailing the commitment made by Hermès and how this relates to the Group's values;
- ◆ a summary of the key events and achievements of 2022;
- ◆ a selection of indicators giving key figures on Hermès' progress on all of its commitments in 2022;
- ◆ a main handbook presenting in detail the policy implemented and actions carried out at all levels of the Group, as well as the achievements and results of 2022.

Store opening in Costa Mesa, California, 2022



© Photography credits: BFA

2.2 PEOPLE: TEAMS

Hermès' sustainable development is based on the fulfilment and well-being of its teams, as part of a corporate project that has placed people at the heart of its values since 1837. More broadly, Hermès nurtures the richness of its human capital and contributes to major societal challenges through proactive initiatives in the areas of ethics, diversity, equality among its employees, consideration of disability and, more generally, respect for human rights.

2

Introduction

Hermès sets very high standards in terms of working conditions and these are essential to enable employees to thrive, to give meaning to their actions and to help them constantly evolve by renewing knowledge and practices throughout their career.

Beyond the fundamental issues of health and safety at work, this also involves putting in place the best management practices and working environments conducive to the well-being of each and every person on the manufacturing sites, in the stores and offices, to “create beauty in beauty”, as Mr Jean-Louis Dumas used to say.

Harmonious labour relations in France are based on the Group agreement on renewing social dialogue, renewed in 2021 and regularly conducted at both local and central levels. They are also rolled out in all other regions with a humanist mindset that often goes beyond legal obligations.

Hermès' economic successes are regularly shared in different forms and the contribution made by employees to the House's development, whatever their role, is acknowledged through various profit-sharing mechanisms in order to involve them in the corporate project over the long term. The inclusion in 2019 of a CSR criterion in the variable compensation of the Executive Chairmen makes it possible to assess on an annual basis the achievement of the three indices comprising it, including a criterion relating to gender equality (see § 3.8.1.2.4 and 3.8.2.1.2). The level of achievement is assessed by the CAG-CSR Committee.

In a context of sustained growth in the workforce, it is increasingly important to create links between employees and maintain the House's culture; this is the reason behind the networking operations that were strengthened in 2022.


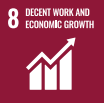




Diversity, equity and inclusion are also key factors in the Group's success. Given the variety of *métiers*, the profiles of its employees and the various geographical locations, these subjects are treated as Hermès' fundamentals. They therefore need to be addressed daily, and the Group's ambitions relating to diversity and inclusion issues were strengthened in 2022.

In 2022, the Group made progress on important societal issues, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected elements below are particularly illustrative of the year for this section:

- ◆ finalisation of the rollout of a global maternity policy with compensation maintained, and gradual implementation of a Group paternity policy (launched in France in 2022);
- ◆ launch of prevention programmes in mental health and strengthening of prevention programmes relating to psychosocial risks;
- ◆ rollout of the e-learning module on harassment to all managers in France before extending it worldwide;
- ◆ 850 managers were trained in inclusion thanks to the Alterego programme, and 27 Diversity & Inclusion ambassadors covering 100% of the global workforce;
- ◆ launch of the *On the Wings of Hermès* philanthropic programme involving more than 182 employees;
- ◆ exceptional bonus of €4,000 in respect of 2022 for eligible employees throughout the Group (following a bonus of €3,000 for 2021);
- ◆ top 3 for two Humpact France Awards (employment in France & employment of people with disabilities), inclusion in the Financial Times ranking of diversity leaders







PEOPLE

TEAMS

SDG	Objective	Indicators	2022 results	Change 2021/2022
ENSURING FULFILMENT AND WELL-BEING OF EMPLOYEES				
	Know and monitor well-being of employees	% of employees and frequency of surveys	79% of employees took part in a survey during the past 3 years	↗
		% of the production workforce benefiting from flexible work schedules	95% of the production workforce benefit from flexible work schedules	new indicator
	Ensure health and safety at work	Group lost-time work accident frequency rate	8 , down 12% compared to 2021	↗
		Group lost-time work accident severity rate	0.33 comparable to 2021	=
	Protect the Group's employees	% of employees who benefit from schemes in addition to statutory health, pension and welfare plans	97% of employees worldwide benefit from schemes in addition to statutory health plans 96% of employees worldwide benefit from schemes in addition to statutory welfare plans	new indicator new indicator
	Implement a parenthood policy	% of employees benefiting from a parenthood policy	87% of employees worldwide benefit from schemes in addition to statutory pension plans 100% of subsidiaries have rolled out the maternity care policy with salary maintained The vast majority of Group employees (more than 80%) benefit from salary being maintained during their paternity leave	new indicator = new indicator
SHARING THE CORPORATE PROJECT AND ITS VALUES				
	Train employees in the House's values	% of new hires trained in the corporate culture	100% of new hires have received training in the corporate culture since 2018	=
MAINTAINING THE QUALITY OF SOCIAL DIALOGUE				
	Conduct discussions with social partners or equivalent	Number of agreements and % of employees concerned	88 agreements and amendments signed in France in 2022, covering 63% of Group employees	↗
	Allow employees to express themselves freely via an ethics alert line	% of employees able to use the ethics alert line and number of cases handled	The H-Alert! system is accessible to all employees. 69 reports were received in 2022; all reports were followed up	↗
ENGAGING EMPLOYEES IN SOLIDARITY ACTIONS, INCLUDING SKILLS SPONSORSHIP				
	Develop skills-based sponsorship at Group level	Number of "skills-based sponsorship" ambassadors	80 "skills-based sponsorship" ambassadors	=
		Increase in the number of operations worldwide and increase	Nearly 380 operations worldwide	=

PEOPLE

TEAMS

SDG	Objective	Indicators	2022 results	Change 2021/2022
ESTABLISHING VALUE-SHARING MECHANISMS				
	Set up additional compensation as a supplement to salary	Amount of incentive and profit-sharing in France	€170 million in respect of 2022	↗
		Exceptional Group bonus paid during the financial year	Exceptional bonuses of €4,000 paid in 2023 for 2022 and €3,000 paid in 2022 for 2021	↗
	Implement a minimum compensation policy worldwide	% of employees whose compensation is above the living wage defined locally	Considering the entire compensation system implemented at Group level, Hermès ensures that it pays above the living wage in all countries where it operates	↗
		Exceptional Group bonus paid during the financial year		
	Promote employee shareholding	% employee shareholding	As at 31 December 2022, employee shareholding represented 0.98% of the share capital, i.e. over €1,490 million	↗
		Number of employee shareholders	More than 11,000 employee shareholders or holders of rights to free shares, i.e. 56% of the workforce as at 31/12/2022	↗
FACILITATING THE INTEGRATION AND RECOGNITION OF TALENTS IN THEIR DIVERSITY, AND PROMOTING EQUAL OPPORTUNITIES AND INCLUSION				
	Promote the participation of women in company management	Ratio of women present overall within the Company	67% women in the Company	=
		Ratio of women on the Executive Committee	40% women on the Executive Committee	↗
		Ratio of women on the Operations Committee	67% of the Operations Committee are women	=
		Ratio of women managers	60% women managers	=
	Ensure equal opportunities	Pay equity index (France)	The weighted average global gender equality pay index is 95/100 vs. 90/100 in 2021	↗
	Fight against discrimination	Number of employees who completed a Diversity and Inclusion training course	850 employees took part in "management of diversity" training	↗
	Promote inclusion, particularly for people with disabilities	% of the workforce affected by a "Disability" action plan	100% of the workforce in France concerned	=
		% of employees with disabilities in the workforce in France	6.4% rate of directly employed people with disabilities in France (2021 rate) vs. 5.7% (2020 rate)	↗
	Continue to recruit young people under the age of 30	% of employees under the age of 30	19% of employees under the age of 30	↗

2.2.1 GENERAL INFORMATION ABOUT EMPLOYEES

At the end of December 2022, Hermès had 19,686 talents, including 12,360 in France⁽¹⁾. The Group thus increased its headcount by 2,091 people compared to 2021. The production sector saw the most growth in its workforce with 983 new positions, followed by the retail sector, with 723 new positions. Over the past five years, the workforce increased by 6,203 people, representing nearly one-third of the total permanent workforce in the Group today.

Hermès strives to balance all working age groups within its workforce. In 2022, 18% of employees were under the age of 30 (see appendix to this section).

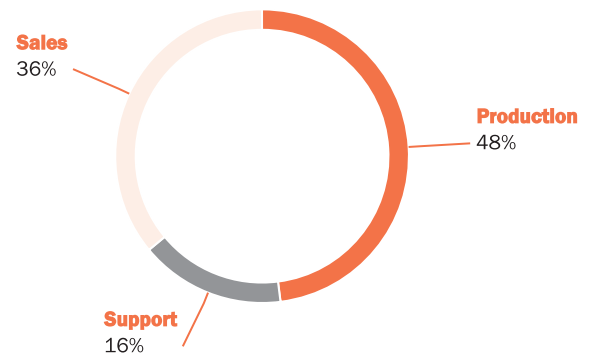
Hermès' policy is to ensure job security, with nearly 92% of employees on permanent contracts. Fixed-term employment contracts are used only for replacements (maternity leave, for example) or for temporary increases in activity, depending on the schedule. Involuntary departures also remain limited, with the total number of dismissals compared to the Group's workforce representing 1.53% worldwide. This figure is stable compared to the 2021 financial year. The overall turnover rate, including voluntary and involuntary departures, is 5.99%.

	Voluntary	Involuntary	Group
Turnover rate 2022	4.46%	1.53%	5.99%
Turnover rate 2021	4.44%	1.38%	5.82%

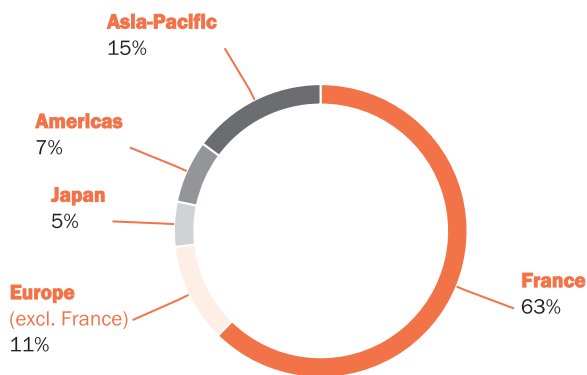
The last 10 years have not required the Hermès Group to undertake any restructuring efforts for economic reasons that had any consequences with regard to jobs. During development operations (site construction), any transfers were on a voluntary basis.

Given its business model and production mainly located in France, 63% of the Group's total workforce is located there. The production workforce represents 8,561 people located in France (69% of employees in France), and 9,469 people worldwide, i.e. 48% of the Group's workforce.

BREAKDOWN OF EMPLOYEES BY SECTOR



BREAKDOWN OF EMPLOYEES BY GEOGRAPHICAL AREA



2.2.2 EMPLOYEE FULFILMENT AND WELL-BEING

The sustainability of the House rests on the women and men who contribute in a harmonious and positive manner to its functioning and development. For this reason, the Group is very demanding in terms of working conditions so that everyone can express their potential in a safe and untroubled manner, in a pleasant environment, whether on production sites, in stores or offices. This also means supporting the transformation of working practices, whether digital or organisational, and seeking a permanent balance between the changing world and continuing to live well alongside one another.

1. Including the workforce of the Maroquinerie Thierry, acquired in November 2022 (127 people). Information relating to this recent acquisition is not included in the social, societal and environmental information presented in this NFPS, apart from items related to the Group's workforce.

POLICY

The Group's policy integrates health, safety and well-being issues in its operational strategy as a priority, in particular for its manufacturing activities. Physical and mental health and the management of psychosocial risks are at the heart of prevention initiatives. Working time is managed by each entity in compliance with the regulations in force, according to the specific nature of its activity, and with a view to ensuring a balance between private and professional life, in particular relating to the balance with parenthood. The fight against sexist behaviour and situations of harassment is a priority for the Group, always with a desire to provide employees with ideal conditions in which to flourish.

In addition to the many initiatives aimed at achieving fulfilment and well-being, the Group also implements initiatives to share the corporate project and its values, which are all the more important in a context of continual employee development.

Social dialogue is also a key element of the relationship between employees and the Group. It is organised by country according to local laws and regulations.

Moreover, faithful to its family tradition, the House involves its employees in long-term growth through individual and collective compensation measures and ambitious plans relating to social benefits.

2.2.2.1 ENSURING EMPLOYEE WELL-BEING AND FULFILMENT

Hermès is a House where exceptional objects are created. The achievement of excellence relies on fulfilled employees, whether they are craftspeople, designers, retailers, communicators or within support services.

2.2.2.1.1 Employee well-being

GOVERNANCE

The Group sets a framework of actions in which each country undertakes structuring initiatives, aligned with the regulatory context and with respect for cultural specificities. Thus, all entities are invited to ask their employees about their expectations in terms of working conditions in order to set up an action plan that responds in a relevant and personalised manner by country and by entity. All of these initiatives are reported to the Group for consolidation, sharing of best practices and dissemination of some of them, where relevant.

ACTIONS IMPLEMENTED AND RESULTS

Various employee well-being monitoring systems have been set up to take into account the specificities of each country. Looking at the countries with the largest workforces (France, Europe Zone, Greater China, Korea, Japan and the United States), **79% of employees took part in surveys in the last three years.**

Since 2018, the human resources department of the Group has launched a health and well-being approach in France called SATIN.

This is based on taking stock of the situation every few years via an internal survey of employees, and the introduction of action plans. The questionnaire, designed by the INRS (National Institute for Research and Safety, charged with occupational health and safety) and the University of Lorraine, enables each employee to anonymously express their feelings on various topics relating to physical and mental health, stress, the work environment, activity and organisation.

Since its launch, nearly 8,000 employees at 41 sites have taken part, i.e. 73% of employees in France. The average response rate of 83% is a sign of the commitment of employees and provides a strong representation of their views.

Employees also have the practical opportunity to take part in key projects to improve their daily lives. The implementation of eye relaxation sessions for certain *métiers* was introduced and the use of physiotherapists and relaxation therapists was continued in order to fight against repetitive strain injury and teach employees how to relax. Working groups involving employees from different backgrounds have also been involved in issues relating to work clothing, personal protective equipment, and even the renovation of common spaces such as staff restaurants.

This in-depth work continues over time and makes it possible to address all subjects with the aim of improving everyone's well-being: time management, fatigue and physical health, warm-up/stretching, management of hazards, repetitive strain injury (RSI), emotion management, communication, etc.

These initiatives are voluntarily extended to subjects that are more rarely dealt with in companies. Thus, the Group carried out a project on the subject of sleep, aimed equally at employees in the support functions as well as sales associates or craftspeople. 900 employees asked for a confidential personalised diagnosis. The importance of sleep patterns and diet was addressed with the help of a specialised organisation. This is another approach to better manage day-to-day stress, improve vigilance and thus prevent workplace and commuting accidents. In addition, a two-day training course on "mental health first aid" (PSSM) was offered to managers and employees of the HR function of Holding Textile Hermès and CNP (Comptoir Nouveau de la Parfumerie).

All entities carry out actions to ensure that employees are involved in their well-being, whether physical or mental. They do not hesitate to seek assistance from specialised companies to achieve their objectives (such as Mysommeil, in France, etc.) and to use dedicated digital solutions to encourage physical activity via team challenges.

In Europe, the engagement survey launched at the end of May 2021 for all employees in 16 countries (survey sent to 1,075 people) had a participation rate of 88%. 2022 was devoted to the action plan broken down by country or geographical area.

In Spain, Portugal, Germany, the Czech Republic and Austria, an online tool (Company Mood) is used to measure employee satisfaction and commitment on a weekly basis so as to be able to implement corrective actions if necessary. On the basis of the results, in the Iberian Peninsula, teams were given training in managing emotions at work and in their personal life. Project groups have been created on the theme of well-being in some countries. They assess solutions such as dedicated platforms that offer personalised coaching programmes, video or audio sessions in the areas of health prevention, fitness, mindfulness and nutrition. Teams are thus motivated by an approach that proposes group activities and challenges.

In England, a survey with a response rate of 82% gave a more accurate picture of how employees feel at Hermès. It provided detailed information on the performance, culture and commitment of employees, as well as their expectations, in order to improve the work-life balance. Illustration of the local adaptation of themes, the choice of the WeCare programme, which offers employees access to mental health services, consultations with general practitioners 24 hours a day, 7 days a week, support for stopping smoking and advice in terms of well-being and healthy living. In addition, medical coverage is offered to employees via Vitality Health which, in addition to free inpatient and outpatient hospital care, provides well-being support, whether for mental or physical health, and reduced price gym subscriptions.

In the United States, HOP (Hermès of Paris) continued to roll out its employee engagement survey for the third consecutive year and in 2022, 87% of employees responded. This year, a health and wellness working group was launched with the aim of creating and building a community that celebrates and embodies the different aspects of wellness, fitness and a healthy lifestyle. Members of the working group (some 30 employees) share best practices, support each other in their well-being journeys and encourage one another. They also provide support dedicated support for traveling team members and measure their progress. A series of trainings was organised by them as part of “Sprinting to a Healthy Holiday Season” with topics including the work-life balance and stress management in the context of heightened activity in the stores during the end-of-year period. In addition, several webinars were organised and accessible to all employees of the subsidiary, on themes such as resilience, stress management, management of mental health problems in the workplace, relaxation techniques, and happiness. At the registered office, meditation sessions completed this system. The employee handbook also provides information on the well-being policies and programmes available throughout the year.

For the first time, the subsidiaries in Brazil, Argentina and Mexico have committed to the theme of well-being at work by launching a study on the theme of psychosocial risks and to promote an organisational environment favourable to work. 100% of employees took part in a mindfulness seminar and an app was rolled out to share information on well-being.

In Asia, large-scale employee consultation initiatives are being conducted in China, Japan and Taiwan. The topics covered apply to authority and commitment, management (transparency, trust, etc.), collaboration, CSR, respect and recognition, and all subjects relating to the organisation of work. This work was carried out with the support of an expert international firm in the subject, which also allows sector and local comparisons, which are essential for the interpretation of the results. In Japan, the 2021 survey was repeated in 2022 (with the same questions to identify changes in perception and commitment). 94% of employees responded. The subsidiary used the expectations expressed by employees to implement areas for improvement. Mental

health training has been provided and stress exposure assessments are carried out in advance by an external hotline or by the occupational physician for any employee who requests it. The same type of study, launched with all teams in China, obtained a participation rate of 86%. Each in-store visit is an opportunity to listen to employee feedback and to promote the Happy@Hermès programme, which addresses all aspects of well-being at work. In Taiwan, 150 employees provided feedback on their level of commitment and their expectations. South Asia will launch a similar approach in 2023.

2.2.2.1.2 Working conditions and environment (EHS)

GOVERNANCE

The diversity of the Group's *métiers*, from production to retail, not forgetting the support functions, involves taking into account and managing different issues. The Group's vision of health, safety and working environment issues adapts to the specificities of the business sectors within the framework of a corporate-wide policy that sets a common strategic framework that can be adapted to the activity.

In view of Hermès' activities, the risk in terms of workplace accidents is highest on its industrial sites. The EHS (Environment, Health and Safety) policy for the Hermès Group's industrial sites is very precise and aims to implement systems that help preserve the health and safety of employees while protecting the environment. It is supervised and validated by the Executive Vice-President of the Manufacturing division & Equity Investments, a member of the Group Executive Committee.

Since 2003, the industrial affairs department has also managed an EHS network, made up of EHS managers from the House's various *métiers*. With around 20 people, this network meets several times a year to set objectives, learn from the experiences and initiatives of other *métiers* and continue to be trained. This network has gradually been enriched by the presence of employees from retail, general services and the sustainable development department.

POLICY

For Hermès, any work accidents, occupational disease or environmental accidents are unacceptable.

Each *métier*, through its managers, is actively committed and determined to eliminate and prevent the risks of injury, preserve health over the long term and protect the environment by controlling the risks and reducing the impacts identified.

Any new Hermès industrial site, and any renovation, is designed and built with the health and safety of the craftspeople and partners working there in mind.

New or existing industrial practices, as well as processes and products, are constantly analysed to minimise their risks and effects on health and safety.

Lastly, each *métier* strives to train and raise awareness among all its employees to achieve these ambitions, taking into account the unique features of its activity, to reinforce the culture of safety at work.

Hermès is committed to a “Zero Accident” trajectory, with a pragmatic approach that will continue to be rolled out according to the specificities of the activities. In 2022, a cross-functional working group made up of representatives of the French exclusive stores, the

métiers, the support services, the Group human resources department and the industrial affairs department, met to further formalise the Group’s Health and Safety policy. This policy aims to create a strategic framework that helps preserve the health and safety of employees, partners and customers, from production to retail. It adapts to the uniqueness of the activities and is based on four strategic areas.



These axes will be broken down into guiding principles in 2023 and will be supported by a global communication campaign in the second half of the year, in order to reach all Group employees.

Preventing risks	<ul style="list-style-type: none"> • Regulatory watch and site compliance assessment tool • Internal guidelines on major risks (e.g. work at height) • Analysis of risks by site • Sharing of best practices through networks • Regulatory training, authorisations, awareness-raising • Risk prevention at source for all real estate projects (renovation, construction)
Protecting employee health	<ul style="list-style-type: none"> • Ergonomic and biomechanical studies • Adaptation of workspaces and organisations to reduce musculoskeletal disorders (RSIs) • Training of craftspeople (gestures and postures, training at workspaces, etc.) • Training on psychosocial risks
Advancing the Health and Safety culture	<ul style="list-style-type: none"> • Internal framework for assessing the maturity of the Health and Safety Culture • Site culture assessment programme by a partner firm • Rollout of Safety Inspection procedures • Environment, Hygiene and Safety (EHS) community networking events • Training of managers and employees
Managing Health and Safety performance	<ul style="list-style-type: none"> • Group incident and accident event management software • Safety performance objectives for industrial sites • Routine reporting of results for sites and métiers • Site and métiers progress plans • EHS Communication stream

To support this policy, the Hermès industrial affairs department runs an EHS programme organised in successive cycles. The fifth cycle of this programme, which began in 2018 and will be completed in 2023, consists of three components:

- ◆ an EHS regulatory watch organised at a frequency adapted to changes in the regulations of the countries in which the sites are located: in France, the watch is shared quarterly; for the rest of the world, it is published bi-annually or annually;
- ◆ the elimination of hazardous situations, by ensuring the proper management of hazardous work and the control of environmental practices through the Group’s guidelines, updated each year and

which supplement those of the real estate development department;

- ◆ a safety culture, assessed each year at all industrial sites in accordance with internal standards.

The industrial affairs department audits the achievements of the industrial sites with the support of an external firm and regularly reports on the progress made in meeting Hermès’ commitments. In 2022, 15 sites were assessed as part of this programme.

Numerous approaches and initiatives implemented within the Group illustrate the four strategic axes: some examples of implementation are presented below.

ACTIONS IMPLEMENTED AND RESULTS

The Leather Goods division has the objective of making its production units safe places, supporting tradition, excellence in *savoir-faire* and innovation. Consequently, the resources enabling employees to work safely, perform their duties over the long term, and protect their health are a priority within each site. The division's Senior Management meets each quarter to discuss health and safety issues at work. An external body conducts regular audits on the degree to which the production units have adopted a strong health and safety culture in accordance with Maison Hermès' own guidelines. Each production unit has an EHS manager. Each department regularly feeds into an action plan for the management and continuous improvement of working conditions, particularly in terms of ergonomics. The central coordination ensures the consistency of the progress plans, provides them with material support, and oversees monitoring of regulatory requirements and technological developments. It develops and distributes shared training, reporting and regulatory compliance tools.

The fight against repetitive strain Injury (RSI) is a priority of the multi-year Health & Safety roadmap and is the subject of a specific progress plan. At each HMS (Hermès Leather Goods & Saddlery) site, in order to fight against RSIs, a nurse is responsible for health and safety training, and leads ergonomics relays and health and safety managers. These 213 "ergonomics relays" are craftspeople, part of whose duties involve the prevention of RSIs in colleagues in their workshops. Specific events take place during the health and wellness week organised on the sites. Following an absence, the return interview makes it possible to ascertain any chronic pain and more easily implement the Benchmark methods, deployed throughout the HMS scope. At the end of 2022, 70% of workbenches were adjustable in height, and standing work was encouraged alternately with seated work. Recommendations were drawn up for each gesture, with the help of biomechanics doctors. However, in addition to the adaptations provided, craftspeople are invited to think about the risks related to their workstations and to propose their own solutions. This participatory process is called "Share your safety!" (PTS). In order to enable employees to gradually return to work, therapeutic part-time work is accompanied by follow-ups, in addition to workstation adaptations, diversification of products to be manufactured and even multi-skilling (several *métiers*) to ensure a variety of gestures are used. Each division has complete flexibility in its RSI action plan. Teams can use a national several-step "RSI Pro" method, plan collective warm-up times, arrange for osteopath services free of charge, create committees, workshops, practice-sharing forums, cross-team observation sessions, etc. This topic is systematically addressed during mid-year interviews for both full-time and part-time employees and using questionnaires for professional/apprenticeship contracts at the end of each stage. All new employees follow an ergonomics training module to learn the right habits as soon as they take up their duties. An analysis method, co-developed with biomechanics doctors,

was implemented to enable them to identify preventive and corrective actions. Each "ergonomics relay" follows a one-day training module in this methodology and their skills are subsequently regularly updated as scientific knowledge advances. In addition, the ergo-motor skills module "Un Corps Pour La Vie" was introduced in 2011. Its objective is to provide craftspeople with exercises that can help prepare the body and support the demands inherent in the specific activities of saddlers-leather workers. By the end of 2022, 3,900 craftspeople had been trained there. Another module is being finalised and will offer craftspeople simple and fun exercises to strengthen the joints most used by the *métier*.

Within the HCP division, actions continued to bring machines into compliance and to improve workspace ergonomics. The local EHS teams were supported by occupational health ergonomists to identify the actions to be taken. Craftspeople also benefited from chemical risk programmes and workspace training.

In addition to Gestures and Postures training, which is widely provided, the *métiers* call on experts (Puiforcat, J3L) to support them in structuring their RSI approach or participate in collective initiatives such as "The Observatory of Managerial Practices" for Switzerland. Dedicated equipment also makes it possible to ease the strain on the body, such as in the crystal manufacturing *métier*. In the cold working glass workshop, strenuous manual operations with low added value have been eliminated by a new cutting machine as well as a machine for treating its aqueous effluents. At the control stations, to limit the handling of parts, conveyors and lifting tables, as well as modified transport trolleys, are made available to craftspeople. In the hot glass workshop, the biomechanical demands of glass craftspeople are reduced by the use of a jib crane that provides mechanical assistance for the handling and moving of the blowpipes.

These initiatives also concern the logistics *métiers*. The Hermès Commercial site in Bobigny has been continuing to evolve for more than six years, to better handle a steadily increasing flow of work. In 2022, the focus was on a risk prevention approach related to concurrent pedestrian/machinery activity on the site. Following the layout and ground marking work conducted in 2021 to implement the site's traffic plan, instructions relating to traffic and pedestrian flows were given to all employees of the logistics team, drivers and pedestrians, for instance, through six sessions led by the EHS coordinator, supported by the maintenance and occupational health departments. In addition, the modernisation of the fleet of handling equipment has made it possible to restrict use to authorised persons only, through the use of a badge system, configured *via* a web platform when a driving authorisation is issued, which is mandatory to start up any machine. Moreover, in 2022, to support the increase in e-commerce activity, two new automated vertical storage towers were installed and linked to a new conveyor section. This project has made it possible to minimise operator movement and reduce manual handling, while limiting the use of forklifts in this area.

Working environment

A key element of well-being, the working environment is constantly being improved locally with many initiatives such as the rollout of an ambitious programme at HTH, the Passerelles project in Pierre-Bénite (near Lyon) with a complete redevelopment of office areas into open space offices, and a redesign of both indoor and outdoor common areas. Particular attention was paid to lighting, furniture, and traffic flows (with walkways that gave their name to the project). Technical adaptations such as changing the floor covering or the ventilation system also contribute to improved working comfort. The AS and AEI workshops have thus renovated and redeveloped their living spaces while the ITH site has planned its changes for 2023.

The HTH Textile division took advantage of the installation in its new premises to upgrade its safety management and monitoring tools. The “My HTH” application, initially introduced to monitor site news, also makes it possible to report anomalies or at-risk situations and accelerate their resolution. This year, the sector continued the prevention initiatives launched in 2021. Thus, training on gestures and postures was conducted at the AS workshops as well as at HTH. Numerous items of equipment aimed at reducing effort were introduced during the year: sponge winding machine (SIEGL), motorised transport trolleys (HTH, AS workshops, AEI) and ergonomic tables (ITH, AEI, SIEGL). In addition, some industrial buildings in the Textile sector are affected by asbestos. The ATBC Challes site carried out new work to remove 98% of the asbestos; the AEI site also removed 30% of the asbestos from its roofs in 2022 and these renovations will continue over the next two years. The establishments in these *métiers* are also committed to the quality and temperature of the ambient air, in order to improve the comfort and environment of the teams. The AS workshops, for example, have installed air coolers in the fixing-washing workshop to lower the temperature during periods of heat waves and the ATBC site has invested in equipment to measure the rate of CO₂ to optimise the rate of fresh air renewal.

The Cristalleries Saint-Louis moulding workshop saw a complete renovation of its offices to improve the overall comfort (thermal, acoustic, visual, ergonomic, etc.), while the maintenance sector benefited from a new layout with equipment aimed at improving acoustic comfort: storage, separation of machines by *métier*, insulation of computer workstations, etc.

In 2022, the extension work relating to the New Manufacturing project at the Comptoir National de la Parfumerie site, due in 2024 to accompany its growth, also aims to improve the level of on-site safety. It is fully in line with a sustainable development and construction approach that integrates the well-being of employees, in addition to work to reduce the environmental footprint (reuse of process water, for example). Working conditions have also been designed to improve well-being at work, through large bay windows providing natural lighting in the workspaces, as well as by workstation arrangements to limit the carrying of heavy loads, and new interior and exterior spaces.

Cristalleries Saint-Louis commissioned a new gas melting furnace. In addition to saving on natural gas consumption, this new facility should improve working conditions in the hot glass hall by optimising all dust collection systems. Lastly, within J3L, the Portugal site acquired measurement equipment to assess employee exposure to noise, dust, VOCs and temperatures. Lighting was also modified to improve the lighting conditions in the workshops and the working environment in general.

This work is all carried out within the “Responsible real estate” framework Harmonie (§ 2.5.2), since the link between the work environment and quality of life at work is well established.

In logistics, significant investments will be made in 2023 for the benefit of the long-standing partner that manages the Orléans site, to improve the working conditions of their employees with the use of latest-generation automated solutions. In this way, the Group’s commitment extends to its partners, including on these themes.

2.2.2.1.3 Prevention, health and safety at work

For a number of years, Hermès has been developing a policy to prevent work accidents, occupational illnesses and repetitive strain injury, as well as an active policy to maintain people in employment and prevent people being unable to work, based on a number of awareness-raising campaigns (nutrition, physical activity, etc.). The psychosocial risks component is also addressed for a holistic approach to employee health. All of these initiatives contribute to the decline in accident ratios observed in 2022.

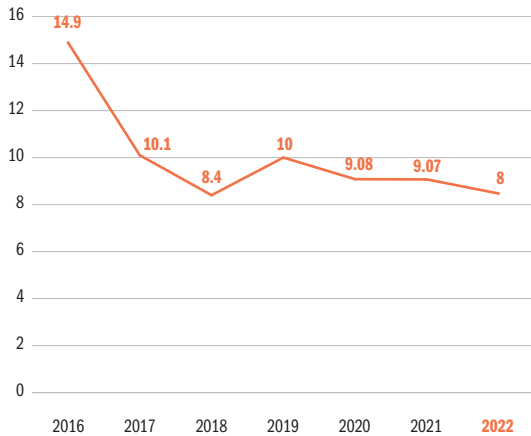
	Group	France	International only
Lost time work accident severity rate in 2022	0.33	0.51 *	0.08
<i>In 2021</i>	<i>0.34</i>	<i>0.52 *</i>	<i>0.09</i>
Lost time work accident frequency rate in 2022	8	11.04 *	3.79
<i>In 2021</i>	<i>9.07</i>	<i>11.92 *</i>	<i>5.11</i>

* These higher figures should be put into perspective with the production workforce being mainly located in France (78% of manufacturing sites are located in France), a country in which regulatory requirements control the various cases of accidents and their reporting more strictly and exhaustively than elsewhere.

	2020	2021	2022
Number of fatal accidents	0	0	0

In 2022, the frequency rate of lost-time work accidents for the Group as a whole stood at 8, with a severity rate of 0.33 (respectively 9.07 and 0.34 in 2021). This calculation is based on the total number of actual hours worked. It is difficult to interpret due to the variety of the Group's *métiers*, but **the trend is resolutely positive (slight decline in these two rates despite a context of growth in activity and workforce, and a decrease of more than one-third in five years).** No work-related accidents have resulted in fatalities in the last three years.

Evolution of the frequency rate



As stipulated in the Group's EHS policy, each accident or significant incident is the subject of an investigation with a detailed analysis of the causes, the conclusions of which are systematically shared with other industrial sites that may present the same risks. Thus, a sharing of experiences and best practices is in place, allowing health and safety at work departments to exchange their opinions and think about common solutions to the risks identified.

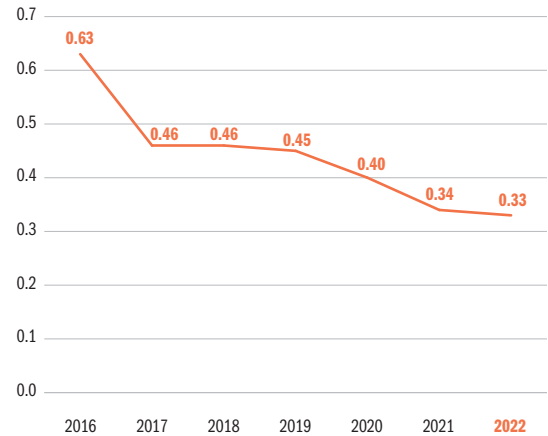
Leather

The work accidents with lost time recorded in 2022 in the Leather Goods division were mainly punctures and cuts to the hands related to the use of manual tools (36%), falls on the same level (21%) and blows received on the hands when using mallets (17%). In addition, a cross-functional progress plan is managed centrally. For the year 2022, safety visits to two regional divisions ("Maroquinerie des Ardennes" division and "Maroquinerie des Alpes" division) were notably carried out with the aim of increasing the safety culture on the sites. To reduce accidents related to the use of manual tools, work was carried out jointly with the *Savoir-Faire* teams, targeting the three tools generating the most accidents in terms of frequency and severity. Lastly, the establishment of a partnership with a company specialising in the risk of falls from a height is the result of a serious accident prevention approach, which will make it possible to conduct audits at all Leather Goods workshops. No serious accidents in the Leather Goods division⁽⁴⁾ were recorded in 2022. The lost-time accident severity indicator (+3%) and the corresponding frequency indicator (-3%) remained stable.

In France, the frequency rate was 11.04 with a severity rate of 0.51 (respectively 11.92 and 0.52 in 2021). The industrial workforce represented 70% of the workforce in France, and consequently affects these rates. The rates for the main *métiers* concerned (Leather and Crystal) are below the rates for their industries.

Looking at figures for countries where Hermès is present besides France (International only), the frequency rate was 3.79 and the severity rate was 0.08 (respectively 5.11 and 0.09 in 2021).

Evolution of the severity rate



In 2022, the HCP division committed to a structured approach aimed at developing the safety culture. This resulted in the establishment of a "prevention culture" working group, made up of representatives of the various functions and sites, which defined the golden rules (or safety essentials) common to the division's six tanneries. This approach is also visible through the training programme for the subsidiary's Management Committee, which will be extended in 2023 to the Directors and Management Committees of each tannery. In this precious leather sector, 2022 celebrated five years without a workplace accident for the Italian Cuneo tannery. This result is the result of the teams' daily commitment to EHS.

Textile

The HTH division is continuing its strategy of improving the safety performance of its sites. It follows three major areas: avoiding the occurrence of accidents, creating collective sharing of group and sector standards, and anticipating any risk of non-compliance upstream to ensure business continuity. In 2022, 50% of lost-time work accidents involved handling operations. The textile sector is innovating in terms of EHS training, by introducing virtual reality training on the use of fire extinguishers, which has been very well received by employees. Within the 2022 roadmap, the focus was on controlling chemical risks. All EHS officers have been trained in the transport of hazardous materials and two operational committees have been set up: one to raise awareness of the assessment of chemical health risks and the other to better understand the impact of chemicals on the environment. Lastly, EHS cross-visits are organised quarterly between the contacts at the various sites in the sector to promote the sharing of best practices.

1. This would have generated a permanent loss of physical or physiological functional capacity.

Other sectors

In order to ensure the proper functioning of J3L's EHS system, several internal audits were carried out in 2022 using J3L's own guidelines. At the same time, the Safety culture was assessed at half of the sites in 2022 as part of the programme managed by the industrial affairs department. The second half of the sites will be audited in 2023.

PSYCHOSOCIAL RISKS

These topics are supervised by the Group's human resources department, and rolled out by each *métier* or region.

At HTH, training in psychosocial risks is offered, with a two-day training course on "mental health first aid" (PSSM) for managers and employees in the HR function. Support is also available on the sites with multidisciplinary occupational health teams: psychologists, nurses, etc.

With a view to prevention, feedback training is provided to 100% of Hermès Maison employees. The aim is to improve anticipation in terms of planning activities and building team routines for managers. The same system exists at Hermès Haute Joaillerie. At Beyrand (porcelain and enamel), the focus is on managing managers' agendas and setting their priorities. LMH (La Montre Hermès) employees have the opportunity to contact a "Trusted Person", an external system enabling anyone to report any problems they might experience (psychosocial risks, isolation, etc.) within or outside the Company. This system is complementary to sharing – first and foremost – with managers and/or HR.

In 2022, four online psychological training sessions were organised in China with 13 physical activity sessions during the months of April and May due to the lockdown. An employee support platform, which focuses mainly on the prevention of burnout is being explored and will be launched for all staff ahead of other mental health and psychology training. Regular training on stress management in the office is open to all employees and one session took place in 2022.

As part of the support for organisational transformations, which can be a source of stress, various mechanisms are planned: "Managing change" training, a series of meetings to disseminate information regularly throughout the team, "Networking around the table" lunches with the management team attending, etc.

At the Hermès Europe division, a large number of recruitments have taken place over the past two years (with an increase of 80% in the workforce) and it seemed useful to conduct a consulting mission from the end of 2021 to identify the areas where improvement was needed in terms of processes and tools for customer relationship managers. The structure has been adapted to this growth, and sales associates follow tailor-made training early in their careers at Hermès in order to enable them to take an appropriate stance in relation to customers and manage difficult situations while at the same time protecting themselves.

2.2.2.1.4 Organisation of working hours and work-life balance

Given the diversity of its activities, the Group gives its subsidiaries a

great deal of freedom in the organisation of working time and flexible working hours, in order to be able to adapt them as closely as possible to the realities of their *métier*. The Group encourages each entity to put in place all measures likely to contribute to the well-being of employees at work. The cultural specificities of the countries are also taken into account. The objective is also to promote a better work-life balance and improve consideration of forms of parenthood and the status of family caregiver.

GOVERNANCE

The Group human resources department and the Director of Labour Relations ensure the dissemination of general contextual instructions and pay particular attention to compliance with the regulations applicable in the countries concerned in terms of working hours, maximum working hours and minimum breaks, depending on the activities.

With regard to work-life balance, the Group communicates internally to share best practices and encourages subsidiaries to adapt them and apply them locally. This subject is systematically addressed during annual reviews. Managers are expected to be role models.

MEASURES IMPLEMENTED AND RESULTS

Organisation of working hours

Given that 84% of employees are either craftspeople or sales associates, the issue of remote work is less significant than in other industries. Globally, 96% of employees work full-time. Some 808 employees worked part-time in 2022. Both benefit from the same social benefits in proportion to their presence. Various working time flexibility schemes have been established, notably in the leather goods workshops (55% of employees in France). In the production *métiers*, 95% of employees benefit from flexibility and working time arrangements.

Through its philosophy and its activity with a strong craftsmanship component, **the House values the presence of the teams and attaches particular importance to working together**, which necessarily involves a presence on sites. However, practices may vary from one *métier* to another and many systems promote flexible working, both in terms of on-site presence and in terms of hours. For example, branch agreements allow employees of the Cristallerie Saint-Louis to benefit from 24 days of occasional remote work. At HTH (Holding Textile Hermès), employees can save up time using a time counter and then use this when they might need it for personal reasons. This time is in addition to days of leave and can be calculated by the hour. In the leather goods workshops, depending on the agreements signed, employees may be allowed variable starting times in the morning, at lunchtime or in the evening.

Particular attention is paid to the taking of leave and numerous communications are made to remind employees of the rules governing the use of paid leave, and in particular, to ensure that leave is taken. Managers are informed of this monitoring for action and dialogue with their teams if necessary.

In the various international subsidiaries, the organisation is based, on the one hand, regulations, as at Hermès of Paris (in the United States) where the monitoring of paid leave is done bi-weekly in order to avoid the accumulation of overtime, and on the other hand on agreements. In Switzerland, exclusive store managers can work part-time during the year depending on business forecasts. In Germany, in order to optimise the workload of exclusive store employees, their working hours were reduced by one hour. This time is used to manage customer requests and respond to emails. This greatly improves customer service.

In Germany and China, two additional days of leave were granted during the year. In Turkey, this number has been increased to four days to facilitate the taking of leave over a period of at least 10 days. In the Iberian Peninsula, stores work schedules are planned six months in advance so that everyone can organise themselves. Holidays last at least 15 consecutive days. Teleworking can be done one day per week at headquarters, at the discretion of each department.

In other parts of the world, schemes can range from increasing the local budget to reduce overtime in exclusive stores in South America, to shift systems to ensure that everyone can benefit from two consecutive days off during the week (China). In South Asia, a flexible working schedule system allows employees to work at any time within a flexible schedule. Work from home for family reasons is authorised one day per week. Under the control of managers, all employees are required to use at least 70% of their annual leave entitlements and this rule is well respected.

The organisation of work also promotes balance between the employee's work/family life. Several initiatives have been developed in this regard. Thus, at certain sites, the Leather Goods division offers caregivers the opportunity to organise their working hours to better reconcile their professional obligations with their status as caregivers. Hermès Suisse offers up to 14 weeks of leave for employees with sick children and 10 days for caregivers.

In addition to the organisation of working hours, the sizing of management teams also contributes to a better quality of life at work and therefore improved efficiency. Logistics has been committed to this area with the appointment of additional managers and activity coordinators, representing the management team, to ensure there is one representative for every 10 employees or so. Pairs of managers have also been set up to facilitate collective, cross-functional management of flows without stress in the event of any absences. Candidates for managerial positions were selected through an analysis conducted with the help of an external firm. Half of the managers appointed in 2022 were promoted internally. Non-appointed candidates are supported in their progress plans for subsequent changes. Furthermore, managers had access to a coach for co-development sessions aimed at creating an efficient team.

Focus on work-life balance

The issue of reconciling professional life and parenthood is crucial in a society where, most often, both parents work or aspire to work. It is therefore directly linked to the subject of equality in the workplace. Lastly, the uncertainties of personal life can also have an impact on professional life, which is why Hermès pays particular attention to the subjects of chronic illness at work, mental health, professional burnout, and all the vulnerabilities that may affect employees at some point in their professional life (bereavement, domestic violence, addiction, debt, etc.). In this context, Hermès is taking action to address the theme "Reconciling the different times of your life", breaking it down by *métier* and geographical area.

With regard to parenthood, the programme breaks down into three stages: prior to a birth, at the arrival of the child, following a birth. For example, a parenting guide is handed out to each new employee who joins Hermès Bijouterie. Specific actions are offered to single-parent families and, since schooling can be a source of stress, access is offered to a platform dedicated to supporting schooling.

In France, maternity leave is an opportunity to discuss with the employee her rights and the possibilities of adapting her workspace and working hours locally from five months into her pregnancy. Maternity leave is paid in full without any seniority condition and additional days of leave are offered in the event of sick children. At HMS, a maternity time capital is set up for pregnant women before they go on maternity leave and they are free to use it however they wish. In addition, as part of the professional equality and quality of life at work agreement, they are granted additional breaks.

In the United States, Hermès of Paris (HOP) supported the creation of an employee resource group called the PROs whose mission is to create a space where parents and employees engage with each other, sharing experiences, offering advice, exchanging information and supporting each other. This innovative focus group develops solutions that will have a positive impact on the parent employee experience. HOP supports mothers by maintaining their salaries for the six weeks immediately following a birth and all parents with 12 weeks of parental leave. For 2023, the family planning services offered by the subsidiary have been improved: a new social benefits offer is being developed and will be rolled out in mid-2023.

In the United Kingdom and Ireland, hours can be concentrated to enable employees to work only four days a week. At Hermès Japan, the reduced-time working regime applies to mothers of children between the ages of four and six (beyond the legal obligation that applies up to the age of three). The minimum part-time salary is higher than the recommendations of the prefectures. All of these schemes are part of the global policy on maternity and paternity leave (§ 2.2.2.4.5).

2.2.2.1.5 Harassment

Hermès is very attentive to the professional development of its employees. The House does not tolerate any situation of harassment (moral or sexual) or sexist acts that harm a person's personality, dignity or physical or psychological integrity. This attention applies in all countries in which Hermès operates, regardless of the manner in which this behaviour is sanctioned by national legislation.

Preventing and combating sexist behaviour and harassment, whether moral or sexual, are among the Group's priority issues. Any employee who believes that he or she is a victim or is a witness to such a situation is invited to inform their manager or a human resources manager as soon as possible or to report it through the H-Alert! professional whistleblowing system, which guarantees the confidentiality of exchanges. Group rules provide for mechanisms that make it possible to examine and deal with any situation, with complete neutrality and impartiality (for example, the establishment of an internal joint commission of inquiry with a representative of management and a representative of the SEC).

In the French entities, 50 pairs of "Harassment and sexist behaviour" referents, representing management and the SECs, were appointed and followed a day's training. The objective of this training is to enable them to understand the legal framework as well as the concepts of moral harassment, sexual harassment, sexual assault and sexist acts. This training also makes it possible to identify at-risk behaviours, to encourage the implementation of preventative measures and to react in the event of an alert by knowing how to show empathy and remain neutral. This training was also an opportunity to remind people of the existence of the H-Alert! whistleblowing system. In order to facilitate the implementation of this system, each entity is invited to appoint and train additional pairs of contacts. To support them in their role, an internal investigation procedure has been drawn up. It describes the different stages of an investigation, the precautions to be taken and the role of the various stakeholders. This procedure, which was subject to prior information and consultation with the SECs, guarantees fair and impartial treatment in all companies in France.

In order to prevent reprehensible behaviour, an e-learning module "Understanding in order to prevent sexist behaviour and situations of harassment", dealing with the subjects of moral and sexual harassment, sexist behaviour and sexual assault, was designed and rolled out on a mandatory basis for all managers in France. In particular, it presents the solutions offered by Hermès and specifies the role expected of managers in terms of setting an example, detecting weak signals and regulating them. At the end of 2022, 60% of managers in France had completed this module, i.e. more than 1,200 people. This awareness-raising programme, which is also mandatory for employee representatives, is open to all employees. This module is being rolled out internationally.

Based on this approach, some entities have decided to supplement it by developing other means of raising awareness. For example, HCP has rolled out collective workshops across all divisions in France for Management Committees, managers and employees to raise awareness and identify weak signals.

2.2.2.1.6 Absenteeism

In France, the absenteeism rate was 4.02% in 2022 (4.17% in 2021 and 9.58% in 2020). The Group absenteeism rate stood at 3.37% in 2022 (3.26% in 2021 and 6.45% in 2020). It restates the cumulative number of hours of absence for the following reasons over a period less than or equal to 90 consecutive days: illness or occupational illness; absence as a result of a workplace or commuting accidents; and unjustified or unauthorised absences.

Changes in absenteeism are systematically monitored and analysed, for all entities, in order to identify causes and propose action plans. The latter supplement the initiatives focusing on an improvement of working conditions, development of versatility or manager training regarding the management of absenteeism. Measures adopted include communication, awareness-raising and prevention actions (vaccinations, presence of a doctor on site, etc.), but also control, in order to increase the accountability of employees and managers. Moreover, based on the demographics of certain sites, specific actions have been implemented in order to support parenthood under the best possible conditions.

A dedicated plan at HMS (Hermès Leather Goods & Saddlery), "All present in health" made return-from-leave interviews systematic in order to be able to clearly identify the working conditions and the needs of the employee for their recovery and well-being. The employee can thus return to work under the best possible conditions. In addition to multi-skills, which can give more meaning to each person's work while varying the working postures, options in terms of individual development may be offered with assignments or secondments. Support for change is also planned. The "All Present" days held in all HMS divisions are an opportunity to conduct anonymous surveys to assess the needs of employees (craftspeople and management teams).

Specific coaching is offered to Hermès International employees to support their return to work after a long illness.

2.2.2.2 SHARING THE CORPORATE PROJECT AND ITS VALUES

At Hermès, employees are very committed to the collective project and are the basis of its success. In order to give meaning to each person's contribution, the purpose of internal communication campaigns is to share the vision widely and rally people around the issues.

As the Group develops and grows, they also have the role of transmitting and bringing to life the culture and values, encouraging working together harmoniously and fostering the creation of links.

In 2022, the resumption of many rituals suspended during the health crisis has revitalised the collective group and enriched the employee experience in a singular and fulfilling way.

2.2.2.2.1 Facilitating employee support for the corporate project and giving meaning

The HermèsSphère digital workplace provides employees with the opportunity to follow the Group's news on a daily basis. This year, more than 450 items were published. In 2022, CSR issues were placed at the heart of its editorial strategy. Among the various themes addressed, that of diversity and inclusion was widely covered by numerous articles. In the series "In full agreement", employees were able to follow the concrete illustration of the four pillars of the *Mission Handicap* disability agreement approach through inspiring meetings and initiatives implemented within the Group's various entities.

With more than 38 permanent content regularly updated and structured around different sections presenting the *métiers*, the House, and even the teams, HermèsSphère is also a vector of culture for new employees and thus helps to support their first steps in the Company.

With the same aim of acculturation, in June 2022, the 11th edition of Forum H welcomed 2,400 employees in Paris, coming from new production sites such as Maroquinerie de Guyenne, Maroquinerie de Montereau, J3L's French sites and the Mégisserie Jullien. This occasion focussed on the main fundamentals and development projects, with two topics being highlighted in particular: the École Hermès des Savoir-Faire and commitments to promote inclusion.

2.2.2.2.2 Enriching the employee experience in a unique way

Cultivating curiosity and open-mindedness, inviting transformative discoveries, and preserving the importance of relationships, are at the heart of networking mechanisms. They contribute to the personal and professional development of employees throughout their career in the House.

As 2022 was more conducive to local and international exchanges, programmes resumed and local initiatives multiplied, thereby maintaining the network at the heart of the employee experience. **In 2022, Hermès thus invited all Group employees to participate in a new major philanthropic networking programme: "On the Wings of Hermès".**

Structured around various themes: environment, culture and *savoir-faire*, this programme consists of making concrete contributions to the projects of associations or organisations supported locally by the Group's subsidiaries.

Initiated in 2022, this new networking programme will enable nearly 1,000 employees from all Group entities to put their skills into action to assist others over the next two years. By heading off to discover another reality, they will contribute to the realisation of a tangible project for the benefit of the host entity. They will thus have meaningful human experiences in line with their deepest aspirations.

In January 2022, a new "On the Wings of Hermès" section was created in the HermèsSphère digital workplace, allowing employees to discover the content of the programme and the projects proposed, and to register directly. Some 8,200 employees have taken the plunge and those lucky enough to have their names drawn from the hat will discover their journey through a series of revelations that will spring up in the form of regular bulletins.

Tandem, a networking programme initially intended for sales associates and craftspeople in the form of a *Vis ma vie* ("Live my life") programme, has inspired many subsidiaries. More than 500 employees benefited from this until 2020. Within the sales *métiers*, Tandems have evolved into exchanges between the employees of the exclusive stores and those at headquarters for Hermès Iberica, between Maison Ginza and other exclusive stores for Hermès Japan, and between the exclusive stores themselves for Hermès MESA. Hermès Distribution France has chosen to dedicate its Tandems either to one *métier* or to a production site. The Bordeaux exclusive store thus hosts each new class of employees from the neighbouring leather goods workshop during their induction programme. The Deauville store sends its sales associates to the Maroquinerie de Normandie for a day of immersion on the site.

Lastly, **Les Parcours d'Adresse** illustrate the discovery of a *métier*, by exploring all stages of the life of a product, from the raw material to the final result, after quality control. In 2022, 96 employees from all production sites in France, Switzerland and Italy set off on a five-day discovery of the leather, crystal, silk, perfumes, porcelain and ready-to-wear *métiers*.

2.2.2.2.3 Bringing the family spirit to life

Whenever possible and in compliance with health protocols, Hermès has seized on opportunities to return to working alongside one another harmoniously. Foundation stone laying, inaugurations, celebrations and anniversaries are all occasions to bring employees together in a festive way.

In 2022, the 20th anniversary of the Maroquinerie de Belley, the 10th anniversary of the AEI site, and the 80th anniversary of the Gandit site were all celebrated. The foundation stone of the Maroquinerie de Riom was laid in September and the inauguration of the new Beyrand site by Hermès Maison took place in December.

Also in December 2022, after being put on hold for two years, the long service ceremony returned to the stage and sought to make up for lost time. A total of 345 employees of Hermès International, Hermès Sellier, Hermès Cuir Précieux, Puiforcat and John Lobb, present within the Group for 25, 30, 35, 40 or even 45 years were honoured during a day full of surprises.

More locally, with its "ParentHèse" project, Hermès Perfume and Beauty encourages its employees at the Penthièvre and Vaudreuil sites through interactive workshops to create close ties with the teams, give meaning and cross-functionality and strengthen the feeling of belonging. Discovering a new product, getting to know colleagues better, learning more about a department, or discussing a specific topic, these are the objectives of *ParentHèse pour soi*, *ParentHèse à table*, *ParentHèse ouverte* and *ParentHèse ensemble*.

2.2.2.3 MAINTAINING THE QUALITY OF SOCIAL DIALOGUE

It is Hermès' policy to constantly ensure that it implements and guarantees both high quality social dialogue and freedom of expression for all its employees. This social dialogue is essential to the smooth running of company life. This social dialogue takes the form of close relations with the teams and through employee representatives and collective bargaining.

In order to strengthen social dialogue, the agreement on social dialogue and the exercise of trade union rights within the Hermès Group companies, signed in 2008, was renegotiated in 2021 with all the representative trade unions in France. An agreement to renew the social dialogue was signed on 25 November, 2021. In order to ensure its implementation, the Group's social development department travelled to around 30 sites in France in 2022 to present this vision of renewed social dialogue and the content of the agreement to management, to all employee representatives and their managers. Locally, workshops involving managers and employee representatives were held to discuss each other's roles in the interest of employees and the Company.

This agreement includes numerous measures intended to encourage and promote social dialogue through:

◆ **Better knowledge of its players**

For example, communication campaigns are carried out around professional elections to share information on the essential role of employee representatives, professional elections and the practical methods of voting.

◆ **Increased interaction between its players**

Highlight of 2022, the organisation of the first "H-Day" provided for by the agreement, bringing together management and employee representatives. During the morning, discussions took place to explain agreements, discuss best practices in social dialogue and reflect on the characteristics of quality social dialogue. In the afternoon, each trade union organisation had the opportunity to meet and hold discussions with its representatives.

◆ **Better coordination of the mandate and professional activity of those involved**

For example, three meetings were provided for by the agreement, upon appointment, during and at the end of the mandate in order to promote specific discussion between an employee representative and his or her manager on the performance of his or her mandate and the reconciliation of this with professional activity.

◆ **Developing the skills of its players**

This final component encourages the training of employee representatives in sessions also open to managers and additionally encourages any skills development system.

For example, training is jointly designed for managers and employee

representatives on the management of employment law on a day-to-day basis with a focus on the principle of equality and non-discrimination, the physical and mental protection of employees, and the fundamentals of the employment contract, the exercise of disciplinary law and finally the co-construction with social partners of sustainable labour relations, etc. These joint training courses thus make it possible to strengthen the links between managers and employee representatives for better social dialogue.

In summary, this agreement recognises the essential role of social partners and aims to bring together the players in social dialogue in a climate of reciprocal trust and mutual respect.

Furthermore, there is an annual meeting of the Group Works Council which provides an opportunity to talk with employee representatives in France and members of the Group Works Council and to share the results of the past year as well as the outlook for the future. Similarly, the annual meeting of the reflection and discussion group on healthcare costs, a forum for dialogue set up on a voluntary basis, allows constructive discussions on the balance and evolution of the healthcare cost regime applicable within the majority of Group companies. In addition, a Social Dialogue Monitoring Commission in France, in accordance with the agreement on the renewal of social dialogue, now meets twice a year to ensure that proper social dialogue can develop within the entities.

Finally, in 2022, a new trade union organisation (UNSA) was introduced in several entities in France. Its emergence is part of the model of trade union pluralism, with six trade unions established within the Group, and reflects the vitality of social dialogue.

In France (63% of the Group's employees), social dialogue is organised company by company, through the employee representation bodies (such as the Social and Economic Committees, the various joint committees or local representatives) set up according to the organisation of the various divisions or sites. These bodies are regularly consulted in relation to projects relating to the Company's business activity.

In the various French companies, social dialogue also involves fruitful and active collective bargaining. Collective agreements have been concluded in all companies that have union representatives or with the Social and Economic Committees authorised to negotiate certain agreements. In France in 2022, 88 agreements and amendments were signed, testifying to the vitality of these discussions; they break down as follows:

Agreements signed in 2022 in France	88
Social dialogue	14
Compensation (mandatory annual negotiations, incentive schemes, etc.)	57
QLW/CSR (gender equality, for example)	8
Working conditions (transport, working time arrangements)	9

In addition to these information-consultation periods with the SECs, regular meetings take place between human resources, managers and employees in order to discuss the expectations and working conditions

of employees on a daily basis. These discussions may lead to the establishment of joint working groups.

In other countries, social dialogue takes various forms, depending on local customs and regulations. The Hermès Group's ethics charter and practices confirm Hermès' commitment to the conventions of the International Labour Organization (ILO), especially with regard to freedom of association. In all the countries concerned, the policy is to ensure that the principles of freedom of association and collective bargaining are implemented, in compliance with local regulations.

In general, the quality of social dialogue requires the implementation of systems to gather employee expectations and respond to them through specific action plans. This can be done through engagement surveys such as at Hermès UK, Hermès Horloger, or Hermès Europe.

Some local initiatives illustrate opportunities for discussion where employees can make their views known by sharing their concerns and satisfaction:

- ◆ in the United Kingdom: the Employee Council and various committees (SD, sponsorship, Carré On, etc.) have been set up;
- ◆ in the United States (Hermès of Paris): round tables or ERGs (Employees Resource Group), create discussion forums where people can speak freely on various topics chosen by employees (return from leave, diversity and inclusion);
- ◆ in Taiwan and Japan, quarterly meetings bringing together employee representatives and the employer to share opinions and suggestions;
- ◆ in Spain and Portugal, employee needs are collected monthly through the "Company Mood";
- ◆ in China and Latin America, regular meetings are organised with Group Management and employees;
- ◆ in Turkey and Germany, individual reviews are carried out between the Human Resources team and each employee to discuss their expectations and needs;
- ◆ in Italy, HR Days are held to answer all questions or individual concerns of employees.

2.2.2.4 IMPLEMENTING VALUE-SHARING MECHANISMS THROUGH AMBITIOUS COMPENSATION POLICIES

True to its values of sharing, Hermès pays constant attention to the recognition of its teams and the conditions of compensation and development of all its employees. The objective is to offer them full protective compensation and to recognise their contribution to the development of the House throughout their working life.

The House's desire is to offer all its employees, in all countries where the Group operates, competitive overall compensation that is higher than the legal minimum salary or that defined locally, and which provides a protective framework in the short, medium and long term, not only for employees but also for their families.

The overall compensation policy is composed of a wide range of individual and collective schemes, salary components and benefits that cover:

- ◆ the fundamental needs and achievements of employees (in particular health, safety, education, social inclusion, access to leisure and personal and professional development) through fixed salaries, individual and collective bonuses, paid leave, and various profit-sharing schemes, additional social protection schemes in terms of health costs and collective insurance;
- ◆ the need for recognition and belonging of employees in the medium and long term – through employee shareholding plans awarded to all employees worldwide, the celebration of employees exceeding a certain length of service within the Group;
- ◆ the need to look forward with confidence to life at the end of a career – through the provision of post-employment benefits *via* retirement benefits and supplemental pension plans set up voluntarily by Hermès for the very large majority of employees and in accordance with local market laws and practices.

As a responsible employer, Hermès is committed not only to offering ambitious and generous individual and collective compensation, but also to contributing to the economic and financial education of its employees so that they can take full advantage of these measures and make best use of their specificities and interests in the short, medium and long term. These presentations and the discussions, given in particular during the France *Benefits Week* with the teams of the Group human resources department and the scheme partners, were very much appreciated by employees and will be renewed in order to enable everyone to acquire or develop their economic and financial culture with the aim of autonomy and the ability to look to the future with peace of mind.

2.2.2.4.1 Compensation

The Group's compensation policy is that all of its employees should receive compensation that competitively meets best market practices, complies strictly with applicable standards and regulations, and is higher than the minimum legal or locally-defined salaries.

The House pays particular attention to the compensation of its employees in order to offer them a living wage that is not limited to the legal minimum wage. Initiated in 2022, a detailed study of the subject is underway in cooperation with independent benchmark organisations, including the Fair Wage Network, to ensure that the Group meets this objective worldwide.

By reference to the Universal Declaration of Human Rights, Hermès considers that each of its employees "has the right to just and satisfactory remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection".

As a responsible employer, the House aims to go beyond a living wage and provide a good level of compensation and enable quality of life and long-term personal and professional development.

The compensation paid to Corporate Officers is shown in chapter 3 "Corporate governance", § 3.8 of this document.

The Group's payroll (excluding profit-sharing and incentive schemes) was €1,129 million in 2022, compared with €881 million in 2021, to which shall be added €370 million in social security charges in 2022,

which amounts to a total of 1.5 Bn €. Payroll costs (excluding exchange rate and scope impacts) reflect increases in both workforce and salaries in all geographical areas.

In millions of euros

	2020	2021	2022
Payroll	842 ⁽¹⁾	881	1,129

The compensation of each employee according to the level of skills and the work carried out is in full compliance with the conventions of the International Labour Organization (ILO) and the laws of all the countries in which the House operates. Each entity complies with the regulations on working hours and minimum wages, and the systematic issuance of a payslip at regular intervals, explaining all legal deductions. Compliance with these various measures also makes it possible to combat all forms of forced labour. The vast majority of employees work in OECD countries, where these concepts are incorporated into the legal framework.

The annual change in compensation is based on individual and collective performance, in accordance with the Group's budget guidelines and trends observed in the local compensation markets.

The desire to reward both collective and individual performance can be seen in the development of variable compensation at both individual and collective levels in recent years. The objectives and assessment criteria are clearly shared with employees with the aim of transparency, motivation and commitment.

For example, in addition to the dynamic changes in fixed salaries from which all employees benefited, additional and exceptional measures were also decided by the House in 2022, in a spirit of recognition of the commitment and contribution of each employee to the Group's performance and success:

- ◆ two increases of €100 per month in France for all employees (in January and July 2022). Comparable measures were also taken in Europe, Asia, the United States and other countries around the world, depending on the local context;
- ◆ payment, in February 2022, of an exceptional and additional bonus of €3,000 in respect of 2021 to all its employees (permanent and fixed-term contracts ⁽²⁾), worldwide;
- ◆ **payment in February 2023 of a bonus of €4,000 in respect of 2022 for all eligible employees worldwide, to demonstrate the House's deep appreciation of the commitment of its employees.**

Furthermore, for the third year in a row, in the context of the Covid-19 health crisis, basic salaries were maintained for all employees concerned during periods of lockdown and exclusive store closures, without resorting to state aid in all countries where the Group is present.

Particular vigilance is paid during salary reviews to the respect of the principle of gender equality and any gaps in relation to markets (internal and external) with the aim of fair treatment in the allocation of salary increases, including with respect to maternity leave. Specific budgets are systematically granted if adjustments are necessary. In France, agreements or action plans relating to gender equality have been renewed in order to reaffirm the guarantee of balanced salary positioning between men and women. The monitoring of equal pay indicators and the measures to remedy the situation, if necessary, are overwhelmingly included in the agreements signed by the House's subsidiaries.

2.2.2.4.2 Employee shareholding plans

Faithful to its family tradition and wanting to involve all employees worldwide in the Group's medium- and long-term growth, Hermès has set itself apart in recent years by the implementation of employee shareholding plans, and notably free share plans in 2007, 2010, 2012, 2016 and 2019.

The desire to recognise the commitment of employees, who are key to the success and outreach of the House, led Executive Management to decide to set up a fifth free share allocation plan on 1 July 2019. Under this collective plan, each eligible employee worldwide (i.e. more than 13,000 employees in all of the House's entities in the various countries in 2019) thus received rights to free shares, i.e. a total of 500,544 shares. As at 31 December 2022, employee shareholding represented 0.98% of the share capital, i.e. **over €1.49 billion.**

All of these employee shareholding plans serve three purposes:

- ◆ to show the confidence of the House in the long-term commitment of its employees and unite them around the Hermès Group strategy;
- ◆ to acknowledge the contribution made by all employees, whatever their role, to the development of the House, by providing a single compensation component to share the benefits of our growth, enabling employees to identify more closely with the long-term Hermès growth decisions;
- ◆ to consolidate the strong links between employees and the House.

1. Adjusted data for 2020, for continuity of calculation methodology.
2. Subject to eligibility conditions.

In order to promote, on the one hand, the loyalty of employees over the medium and long-term, and on the other, collective performance, these plans are accompanied by vesting periods of at least four years, conditions of presence and, lastly, performance conditions (for a portion of the grants).

The Group's ambition is to continue to involve all its employees in its corporate project in a single way by strengthening employee shareholding. The vast majority of employees who become shareholders through these employee shareholding plans keep their shares well beyond the mandatory vesting and holding periods (in France, where applicable). At the end of 2022, 56% of employees held rights that were vesting and accordingly, continue to be involved in the Hermès Group's governance and operations over the long-term, in a spirit of mutual trust with the House.

2.2.2.4.3 Profit-sharing and incentive schemes (France)

Since 2012, a special profit-sharing agreement signed with all of the representative unions has enabled all employees of the companies in France to share in the profits of the Hermès Group in a harmonised manner.

Incentive scheme agreements are in place at all Group companies in France. These agreements, concluded for a period of one to

Gross amounts paid excluding social charges in France (in €M)

	Incentive schemes	Profit-sharing	Total
2020	40	74	114
2021	32	62	94
2022	45	73	118

In 2023, €170 million in incentive schemes and profit-sharing will be distributed in respect of 2022 (€142 million excluding social charges)

2.2.2.4.4 Social protection schemes

Benefits of various kinds complete the overall compensation package for the House's employees. These include health protection, death, accident, incapacity to work, and invalidity schemes, supplemental pensions, supra-legal leave and other recognition schemes.

The Group operates a comprehensive and ambitious benefits policy in all countries and aims to encourage its implementation within a framework that is:

- ◆ collective, targeting all employees, according to needs identified locally or globally and in line with Group policies;
- ◆ balanced with respect to benchmark market practices;
- ◆ adapted to the Group's values and local regulations.

Providing social protection to its employees wherever the Group is present against the risks of death, sick leave and healthcare costs (and indirectly to their families) is essential for Hermès. Employees are protected against the major risks of everyday life. Benefits cover medical and maternity care, retirement, as well as long-term illness and mortality risks.

Hermès' aim is to protect the families of its employees, in the event of death, by paying a lump sum equivalent to two years' salary. This system covers 85% of employees worldwide. Some 95% of employees are covered to the amount of one year's salary. In

three years, aim to involve employees in the development of locally-determined indicators that are relevant with regard to the activity and environment of each of these entities, notably, quality, safety (for example, work accident rate at Hermès Sellier), productivity and sustainable development objectives (for example, water consumption in the Textile division). Incentive schemes are thus an opportunity for Hermès to involve its employees in the achievement of its sustainability objectives. **In France, more than 85% of the workforce is covered by an incentive agreement including objectives related to sustainable development** (improvement of safety, frugal use of materials, protection of resources, etc.).

Employees of international entities (37% of all Group employees in 2022) also benefit from a range of regular additional compensation initiatives in line with performance and local customs.

In France, €118 million in incentive schemes and profit-sharing in respect of 2021 and €4.5 million in employee support activities were distributed in 2022, compared to €94 million and €4 million respectively in the prior period. In total, the increase in these two amounts is more than 24%. These have a significant positive impact on the overall compensation (short, medium and long-term) of the House's employees and reflect its desire to share the fruits of growth with everyone.

France, the scheme is supplemented by an education allowance to enable the children of the deceased employee to continue their studies.

The cover put in place by Hermès supplements, where applicable, the mandatory legal plans and make it possible to protect and retain employees. These schemes are mainly financed by the Company and are very popular with employees.

In terms of supplementary pensions, the aim is to help employees build up additional income at the end of their working lives. Hermès is often a pioneer in the proactive implementation of these systems. For example:

- ◆ in France, more than 15 years ago Hermès set up a supplemental defined-contribution pension plan for all employees under a collective agreement. In 2022, this plan represented total contributions of €8.4 million, of which over 91% financed by the employer;
- ◆ in China, in the same spirit, Hermès decided to set up a supplemental pension plan for all its local employees from the second quarter of 2022.

Everywhere in the world where these schemes have been set up, the Group finances the majority share of these supplemental defined-contribution pension plans (in accordance with legal rules and/or local agreements). The management of these systems is entrusted to specialist external partners (insurer, bank or other).

The Group's total commitment in terms of pensions and other employee benefit obligations was €292 million in 2022.

Thanks to these proactive and ambitious social protection policies, more than 97% of employees worldwide benefit from additional health coverage, 96% are covered by collective welfare plans, and 87% of employees worldwide benefit from supplemental pension plans. These systems are amended as necessary (regulatory, Group decision, market practice, financial equilibrium, etc.) to contribute to the quality of the overall compensation package for Hermès' teams.

Illustration of the local adaptations, in Italy and Greece, an innovative social programme aims to improve personal and family well-being, including a set of welfare services that the Company offers to its employees. Each beneficiary has a social account that can be used as they wish for daily expenses and for his or her well-being.

2.2.2.4.5 Supra-legal leave to support parenthood

The granting of supra-legal leave, in particular to support parenthood, is an important issue for the House, which is very attentive to providing its employees with good working conditions and a balance between their professional and personal lives, particularly when welcoming a child.

Since 2019, the Group has therefore decided to roll out a common maternity leave policy for all its subsidiaries worldwide. In particular, it includes full maintenance of basic compensation for a minimum period of 16 weeks' leave and full coverage of the costs related to childbirth. The effective application of this policy is monitored as part of the Group's procedures.

In France, Hermès decided to introduce, with effect from January 1, 2022 and for all its entities (i.e. 63% of the Group's workforce), the full maintenance of salaries within the framework of paternity leave of 28 days. This initiative benefits everyone without any seniority condition. In addition, both parents benefit from protection against dismissal during the four weeks following the birth of a child. Finally, to support the use of part-time work chosen after a birth or adoption, pension contributions are paid by the employer on a full-time basis ⁽¹⁾.

For employees of subsidiaries around the world, paternity leave is also available, with a duration and conditions adapted locally. To support work-life balance, for several years Hermès has set up agreements and action plans within numerous entities relating to gender equality. These agreements define progress targets for paternity leave, for example, in order to promote the role of fathers in the exercise of family responsibility, and to enable women to carry out a professional activity corresponding to their wishes. The assessment and annual monitoring of these principles is ensured by the setting of precise and relevant indicators with the aim of continuous improvement, even when prior diagnostics have not revealed any major imbalance between the situations of women and men.

In Switzerland, paternity leave is 2 months paid at 100% for a father in a same-sex couple. All requests to return to work part-time and/or for unpaid leave after maternity leave are systematically granted.

In Singapore, maternity leave is extended to 16 weeks and paternity leave lasts 2 weeks. All employees receive 6 days of parental leave for children under the age of six and 2 days of parental leave for those aged seven to twelve. These measures are in addition to government legislation.

As a further example, several companies in France (across all business divisions) have signed agreements with social partners that include measures aimed at:

- ♦ ensuring equity in terms of compensation before and after maternity, paternity, adoption or education leave;
- ♦ adjusting, on a full-time basis, the payment by the employer of pension contributions on a full-time basis for employees who have chosen to work part-time, and allowing parents to benefit from a leave of absence in the event of the serious illness of a child (up to 10 hours per week, to be adjusted in agreement with their manager);
- ♦ offering employees the opportunity to donate their days off (up to 5 days per year and on an anonymous basis) for the benefit of their colleagues whose children are seriously ill.

In order to fully deploy this commitment and support the development and fulfilment of its employees, the House also allows international solidarity leave, business creation leave or, more traditionally, sabbatical leave.

100%
of subsidiaries have rolled out the maternity care policy with salary maintained

2.2.3 DIVERSITY, EQUITY AND INCLUSION

Through its *métiers*, its creations, its *savoir-faire*, its distribution network and its customers, diversity is deeply rooted in the House. Hermès' uniqueness is based on an ongoing commitment to recruiting and integrating employees from all backgrounds, whose visible and invisible differences enrich us individually and collectively.

1. These measures apply in the vast majority of entities in France, according to the provisions of the collective agreements in force.

The humanist values and commitment to equal opportunities within the House help to create an inclusive work environment in which everyone finds their place through the meaning brought by their contribution and flourishes while respecting others. This strong sense of belonging and collective working together is an invitation to join Hermès to share a unique collective adventure.

The House's ambition is to give a more international dimension to this Diversity and Inclusion strategy by affirming the operating principles common to all and a local implementation by entity and country.

POLICY

The responsible employer policy implemented in the Group consists of establishing conditions that provide equal opportunity in terms of recruitment and employment, under its various components, and fighting all forms of discrimination. It covers aspects related to diversity and difference.

Attaining these two interlinked and complementary objectives involves a range of initiatives to promote responsible integration and responsible management. Drawing on the conviction that diverse talents are a source of wealth, creativity and innovation, Hermès strives to facilitate the integration of employees in all their diversity by developing practical actions in favour in particular of people with disabilities or the long-term unemployed, senior workers, and people from visible minorities or disadvantaged neighbourhoods and areas.

A global diversity and inclusion diagnostic launched in 2021 to review inclusion practices has enabled the Group to ensure that no-one in the Group is treated less favourably than another person due to a non-relevant factor such as their origin, gender, gender identity, marital status, health, sexual orientation, religious beliefs or under any other pretext.

With the help of this exhaustive questionnaire, completed by more than 100 Managing Directors and Directors of Human Resources from all countries, and 30 qualitative interviews conducted with all Managing Directors and Directors of Human Resources around the world, the Group's ambition in terms of diversity and inclusion was clarified and its commitments better structured. A Group approach has been formalised, based on the implementation of actions common to all countries and the construction of local action plans that meet the more specific issues of each country.

In terms of joint actions, all countries where Hermès operates are required to commit to a "common foundation" action programme based on three areas:

- ◆ strict compliance with the principle of non-discrimination;
- ◆ strengthening of gender diversity and equality;
- ◆ better consideration of disability on a daily basis.

Countries are invited, depending on their social and societal issues and their regulations, to supplement their commitment in areas that they deem to be priorities and relevant.

The implementation of this programme includes a multilingual film sharing the House's ambition, a factual testimony of realities already effective, also informing employees about this commitment, in order to encourage participation, daily vigilance, openness, etc. Its distribution will serve as a launch pad for additional actions.

GOVERNANCE

In order to initiate this approach and give visibility to the action plans defined locally, each *métier* and/or each country appointed a Diversity & Inclusion (D&I) Officer, set objectives, a timetable for actions and monitoring indicators. The Group labour relations department will provide input to this network of 27 D&I Officers, covering 100% of the Group's workforce, several times a year. The impact of these actions is measured regularly in order to assess their effectiveness and adjust them if necessary.

This momentum is supplemented in France by the entry into force of the second Group Disability agreement covering the years 2021-2022-2023, the continued communication of the gender equality index in subsidiaries outside France and the rollout of a maternity policy for all employees, with a minimum of 16 weeks' leave and payment of salaries, supplemented by the paid extension in France of paternity leave to 28 days, as mentioned in §2.2.2.4.5.

2.2.3.1 FACILITATING THE INTEGRATION AND RECOGNITION OF TALENTS IN THEIR DIVERSITY, AND PROMOTING EQUAL OPPORTUNITIES AND INCLUSION

Respect for differences is formalised and presented to employees in the ethics charter implemented since 2009 and updated in 2022. This foundation document guarantees objectivity, equal opportunities and the promotion of diversity without discrimination in recruitment, career development and day-to-day management.

You are reminded that, under French law, this means "avoiding any situation in which, on the basis of origin, gender, family situation, pregnancy, physical appearance, particular vulnerability resulting from a person's economic situation, apparent or known, name, place of residence or bank domiciliation, state of health, loss of autonomy, disability, genetic characteristics, morals, sexual orientation, gender identity, age, political opinions, trade union or mutualist activities, exercise of a local elective mandate, ability to express themselves in a language other than French, membership or non-membership, real or supposed, of a particular ethnic group, nation, race or religion, a person is treated less favourably than another is, has been or will be treated in a comparable situation".

These elements are adapted in the subsidiaries in accordance with local culture and applicable laws.

As mentioned in § 2.1., Hermès was included in the top 10 of the Financial Times 2022 "Diversity and Inclusion" ranking. This ranking is based on a survey of 100,000 employees in 16 European countries and highlights their perception and experience of their company's practices in terms of diversity and inclusion. Five criteria were assessed: gender, ethnicity, disability, age and respect for sexual orientation. Maison Hermès stood out in particular thanks to the sense of belonging, as well as the perceived diversity of its different origins, testifying to the confidence of its employees in the House's values and the quality of its practices.

In 2022, Hermès was also recognised for its commitment to diversity by Capital magazine, which ranked the Group first in the clothing and accessories category. This performance was driven notably by the large-scale rollout of the Alterego management training programme on inclusion, available for all the Group's French entities.

2.2.3.1.1 Responsible management, inclusion

Establishing responsible management, making every effort to promote inclusion and equal opportunities, cannot be imposed by decree. Setting an example is crucial and it is important to mention that Hermès has been identified as the most successful SBF 120 company for the representation of women in its top 100 Senior Executives (Ministry in charge of Gender Equality, Diversity and Equal Opportunities, 2022 ranking carried out in 2021).

To develop responsible management, the "Alterego" training programme on inclusion highlights the wealth of diversity for the Company and thus reinforces fair management in access to employment and career management. This programme, which began in 2017, continued with nine sessions in 2022, bringing to 850 the number of executive and local managers who took part in this programme in France. The aim is to share the Hermès culture as a responsible employer and an actor and to pass on the ambition of inclusion, particularly with regard to disability, religion, gender equality and intergenerational management.

In the United States, HOP is an equal opportunities employer which, in accordance with the Commission for Equal Employment Opportunities, has implemented a Diversity, Inclusion & Family policy to commit to being a home for everyone, where the values of diversity, inclusion and family are supported and progress steadily, within the company's sphere of influence. Employee resource groups, made up of volunteer employees who share or are allies of a common identity, experience or interest, serve as internal social networks for their members, as well as sources of innovation for a positive impact on the Company's objectives. There are dedicated groups for LGBTQIA+, women, parents, racial equality and health and wellness. They share feedback and ideas on how HOP can improve the employee experience for their members with events, internal communications and actions. One of its key programmes to support equal opportunities is the inclusive recruitment initiative under a new framework that prioritises practices in line with the values of diversity, equity and inclusion. The aim is to generate a diverse workforce of talented and unique people with different backgrounds, skills and world views that will enrich the HOP family.

In South Asia, Hermès follows local laws on diversity and inclusion with regard to age, family status, race and religion. The only personal information taken into account during promotion and salary increases is the information collected as part of the legal monitoring of recruitment, which limits any risk of discrimination related to an employee's personal situation.

2.2.3.1.2 Social diversity

In terms of recruitment, at all levels, Hermès' policy is not to give disproportionate weight to education, but conversely, to open up the spectrum by paying particular attention to the candidate's experience, as well as their human qualities and personality, in order to give people of any social or geographical origin, whatever their background, the opportunity to join the Group.

To this end, HMS, Ateliers AS & and SNC (HTH division) have set up a recruitment method without CV using MRS tests – simulation using skills – in partnership with the French National Employment Agency, Pôle Emploi. This process of recruiting craftspeople aims to identify, as a priority, future recruits based on manual dexterity, precision and *savoir-faire* criteria. All candidates can apply and their profile is only known at the end of the recruitment process, at the time of the motivation interviews. To reduce difficulties in accessing training and employment, which start very early, a partnership has been initiated for internships for secondary school students with local schools in Pantin and Pré-Saint-Gervais. Local integration is also strengthened through collaboration with the Pôle Emploi in Pantin and the Compagnons du Devoir in Seine-Saint-Denis.

Leather goods workshops almost exclusively recruit their future craftspeople via this MRS method. They occasionally work within local agencies to help young people prepare for job interviews and give them tips for such situations. Candidates, some of whom can be between 14 and 15 years old and attend Maisons Familiales Rurales schools, are welcomed on site as part of the discovery workshops. A permanent presence is even held on the Pôle Emploi premises to present craftsmanship *métiers*. Pôle Emploi advisors are also invited to visit the workshops to better understand the *métier* and its requirements. Links are forged with local reintegration associations to promote pathways between the *métiers*, and commitments are solidified through signatures between a company and, for example, the Agence régionale de l'orientation et des métiers (Normandy) or the Maison métropolitaine de l'insertion et de l'emploi (for HTH) or the charter of 1,000 companies committed to integration launched in 2016 by the Metropolitan City of Lyon. The target has now been reached with 1,075 signatories. Signing the charter of 1,000 companies committed to integration and employment in mainland France meant deciding to recruit differently, for different audiences; to contribute to facilitating access to employment; to promote the *métiers*; to support local integration players and to invest in a local employment dynamic.

Recruitment methods without a CV are also used in certain subsidiaries, such as in Germany, to give a greater number of candidates a chance.

2.2.3.1.3 Gender equality

The Group's policy is to promote gender equality. Gender equality is particularly taken into account within the House, with 67% of Operations Committee members being women, while 60% of managers are women. According to a ranking established by the newspaper Challenge, Axel Dumas is the best performing manager of the CAC 40 on this topic. The Group's Executive Chairman said: "Parity is already a reality for us. The top 100 management has the highest proportion of women in the SBF 120, according to the ranking established by the Ministry for Gender Equality. The Group's results also exceed the European Directive, which requires listed companies to have 33% women on the Board of Directors by mid-2026".

Furthermore, special attention is also to equality, particularly in the awarding of equal pay for equal work and ensuring equal opportunities at all levels of employment. The gender equality pay index for 2022, implemented in France, is 95/100, up five points compared to 2021. Outside France, Hermès GB, which conducts a specific annual gender pay gap review, also published a score measuring the gender compensation gap, with a result of between 96.5% and 98% depending on the criteria. On the Iberian Peninsula, a gender equality plan was signed in 2022, committing the subsidiary to develop specific actions to improve the number of women in the teams, as well as equality in terms of compensation. At La Montre Hermès (LMH), the analysis in 2022 of the results of a survey on gender pay equality (conducted in 2021) carried out by the external and independent control body confirmed that there was no significant pay gap between women and men.

Training is provided in managing diversity and regular reviews and audits of salary policies are carried out by the human resources departments. Women in management and responsibility positions in production sites benefit from programmes designed to encourage women in leadership in the form of personalised coaching.

In 2022, the Hermès women's network, Hécate, created at the end of 2021, was structured and set up around events, activities and inspirational initiatives, enabling the development of its community and both internal and external networking.

By 2023, the French calculation of the gender equality index will be extended to the entire Group scope.

Professional equality can also include recruiting more men into teams, such as at the Maroquinerie de Riom, where, as part of the gender equality agreement, specific indicators are monitored to reflect the effectiveness of the action plan: number and percentage of men recruited by socio-professional category compared to this same percentage for year N-1, number of internal and external job applications from the under-represented gender, proportion of men entering initial training and proportion of men with permanent contracts.

2.2.3.1.4 Disability

GOVERNANCE

True to its humanist values, the Group has always been concerned with the integration and retention of people with disabilities. Wishing to further mobilise the entire organisation, a first Group disability agreement was signed in 2017 as part of a co-construction with social partners, praised at the time by the Ministry of Labour on the Social Dialogue Success Day. This 2018-2020 agreement, renewed for 2021-2023, made it possible to define a structured policy, the allocation of a dedicated budget, the implementation of communication tools intended to increase this commitment, supported at the highest level of the Group, with a sponsor member of the Executive Committee, generating remarkable progress.

The Group disability agreement created in 2017 has structured a

network of disability officers, which has gradually been expanded and professionalised. It is currently composed of 16 disability officers representing each *métier* (Textile, Leather, Crystal, Perfumes, Home, Hermès Métiers, Hermès Group Services, Hermès Systèmes Information, Hermès International, Hermès Commercial, Hermès Distribution France, Hermès Cuirs Précieux, Equestrianism, petit h, John Lobb, Hermès Europe) to help all sites make progress in integrating and retaining employees with temporary or long-term disabilities. The network of Disability Officers meets on a regular basis to share best practices, visit sheltered work establishments (ESATs) and promote skills development. The disability agreement receives significant support from the entire organisation to implement this commitment and particularly from the internal communication department to promote best practices and inspire other initiatives.

In order to promote the commitment to disability as close as possible to employees, a network of 130 Disability Ambassadors has been set up. Trained in disability, these employees with varied profiles (craftspeople, support functions, sales associates, etc.), who are not necessarily disabled, have volunteered to promote actions in favour of disability on their site. Working closely with their Disability Officer, their role consists of informing, communicating, advising and providing guidance, while contributing to awareness-raising actions. For example, the HTH division includes 12 Disability Ambassadors led by the Disability Officer. The 130 Disability Ambassadors were brought together at the end of June 2022 for the first time on the occasion of the Disability Ambassadors Day at the Turbulences ESAT in order to fully engage them in their first mission, by sharing a certain number of tools.

POLICY

Under the second agreement approved for the years 2021-2022-2023, the Group is pursuing its ambitions in terms of inclusion, while adapting its commitments to new legislative and regulatory directives, in particular to address the following challenges:

- ◆ promoting the employment and integration of people with disabilities;
- ◆ structuring a genuine job retention policy;
- ◆ strengthening indirect employment through collaboration with the sheltered and adapted sector and self-employed disabled workers;
- ◆ strengthening the fight against decision-making biases caused by stereotypes or prejudices in terms of disability and changing views within the Company through information and communication.

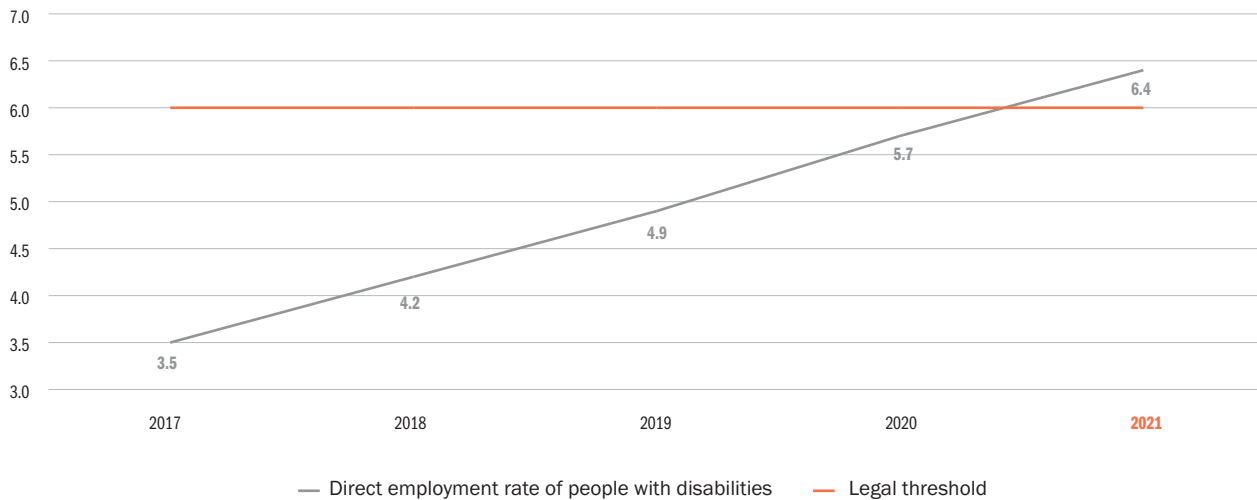
The Group disability agreement mission organises its action to anticipate the scheduled end of approved collective agreements, in order to continue mobilisation in all regions in favour of the inclusion of people with disabilities beyond 2023.

In view of the exceptional increases in the employment rate, to allow the implementation of targeted actions for the same budget over the three years of the agreement, Hermès reaffirmed its support and commitment in terms of disability by allocating a contribution amount of €300,000 per year.

RESULTS AND ACTIONS

Aside from the significant increase in the workforce, the direct employment rate for people with disabilities exceeded the legal threshold of 6% for the first time, reaching 6.4% at the end of 2021.

In %	2017	2018	2019	2020	2021	2022
Direct employment rate of people with disabilities	3.5	4.2	4.9	5.7	6.4	To be published in June 2023



At constant legislation, the employment rate (direct and indirect) for 2021 was 6.92% excluding reductions, *versus* 3.80% at the launch of the Group's first disability agreement. It should be mentioned that, as in France, there are regulations in terms of employment of people with disabilities in Italy, Germany and Turkey. Each country undertakes to respect the employment rates when their workforce reaches the required thresholds. Hermès of Paris (HOP), in the United States, undertakes to comply with all applicable provisions of the Americans with Disabilities Act ("ADA") and the Americans with Disabilities Act Amendments Act ("ADAAA"). The Company's policy is not to discriminate against any qualified employee or candidate with respect to employment conditions due to the disability or perceived disability of that individual as long as they can perform the essential duties of the job with or without reasonable accommodations. The recruitment plan in Japan has incorporated very demanding regulatory objectives. Recruitment needs were planned with a budget and identified positions. After reaching the legal thresholds, this process is expected to continue due to the expansion of the Company.

The number of people with disabilities has more than doubled in four years, exceeding 650 employees recognised at the end of 2021. In 2022, more than 50 French employees took their first steps to having their disability recognised. In this way, they demonstrate the trust they have in Maison Hermès and will benefit from dedicated support in their position and their job retention.

The first objective of the agreement being recruitment, Hermès continued its participation in recruitment fairs dedicated to candidates with a disability, such as Hello Handicap, Open Forum ESSEC,

Handi Café FEDEEH EM Lyon. All job offers in France appearing on the Hermès Talent website⁽¹⁾ are now automatically sent to the AGEFIPH recruitment site and the applications received *via* AGEFIPH are thus identified to ensure the best possible processing. Since the first agreement, 95 recruitment and human resources players have been trained in the recruitment of people with a disability, to help them feel more comfortable in recruiting people with disabilities throughout the hiring process.

A partnership agreement was signed with Handi Sup Normandie, which supports high school students, students and young graduates with a disability, in Normandy. In 2022, this agreement made it possible to welcome five students at a DuoDay, thus enabling them to confirm their choice of career path and to advance their professional project, or even to continue their studies within Perfumes. Six collective information sessions dedicated to disability were organised with Cap Emploi and Ohé Prométhée for the fifth consecutive year, making it possible to identify more than 45 candidates with a disability to consider their integration into the leather goods workshop École des Savoir-Faire. The École des Savoir-Faire de la Maroquinerie des Alpes, based in Fitiélieu is pursuing a particularly active policy of inclusion with an adapted recruitment process and constantly updated teaching methods to adapt to different types of disability. The partnership with the Accessible Sciences Po programme under a multi-year agreement continued. In particular, it enabled the mentoring of six students and the completion of eight DuoDays with Sciences Po students with disabilities.

1. <https://talents.hermes.com/en>

Some sites have also established partnerships with temporary employment agencies specialising in the recruitment of staff with disabilities or the long-term unemployed, in order to have a greater impact on their integration.

Hermès is committed to supporting wounded military personnel and the retraining of gendarmerie officers and their families

In addition to the OMEGA charter signed in 2021 with the CABAT for the retraining of French military personnel wounded in combat, mainly suffering from post-traumatic injury syndrome, in March 2022 Hermès signed an agreement with the National Gendarmerie comprising three components:

- ◆ the first part is intended to promote the retraining of Gendarmerie officers, whether they are injured, disabled, or simply looking for a new professional project;
- ◆ the second concerns the spouses of Gendarmerie officers who, in the context of frequent geographical moves, may be seeking new employment;
- ◆ the third promotes close collaboration between the Security teams of the Hermès sites and the Gendarmerie units, particularly based in the provinces.

As part of this agreement, initial discussions have already taken place with the integration officers of the Gendarmerie in order to present all of Hermès' locations in France, and recruitment programmes are underway in the Group's manufacturing production units.

More than €220,000 of the Disability Agreement budget was devoted to adapting workspaces or financing individual equipment. Ergonomists were called upon to conduct studies on workstations, and end-of-career arrangements were put in place for more than 20 employees. These allow for an adjustment over the final two years of someone's career by moving to part-time work (80% of full time) while maintaining compensation at 100%. Depending on the situations encountered, work organisation adjustments are also made for certain employees, as well as skills assessments or mediation coaching.

The Group was very active during the DuoDays 2022 operation, launched by the French government, by hosting 140 DuoDays (compared to 90 in 2021) in exclusive stores such as in Lille, Lyon, Cannes and at the Faubourg, as well as at the headquarters or in the various production units such as HTH. This involves changing attitudes by welcoming people with disabilities who are looking for work or who come from ESAT-type support structures and over the course of a day showing them the work of employees so that they may take a look behind the scenes of the production or support function *métiers*. Coming from various support structures such as Cap Emploi, ESATs or student associations, everyone was able to discover a *métier* or an environment to help define an academic orientation, a training path or a professional project following retraining, all in a warm and caring

environment. Inspired by this operation, Hermès Perfume and Beauty carries out three DuoDays throughout the year as inclusive highlights.

Although committed throughout the year to promoting the employment of people with disabilities, the European Week for the Employment of People with Disabilities (SEEPH) marks a highlight in November. Many activities are held with the help of the Disability Ambassadors on sites, and provide opportunities to change the way people look at disability. These may include participating in a conference entitled "Stereotypes? Not me, never!", "Develop your purchases from socially supported organisations" (EA/ESAT), or "Discover guide dogs for the blind and partially sighted". Employees can attend workshops to raise awareness of deaf culture and French sign language, visit the dedicated exhibition "Art en Inclusion", or participate in a blind test on singers with disabilities. In 2022, awareness-raising programmes on DYS disorders (dyslexia, dyspraxia, dyscalculia, etc.) were rolled out, such as a DYS goose game, DYS challenges and the sharing of experience. Echoing World Disability Day in early December, the Handi'Cap 2022 forum, an annual highlight organised exceptionally in virtual form, brought together nearly 200 new managers and new disability officers, essential members of the team in the effective deployment of the Disability policy.

Numerous events aim to introduce employees to the sheltered work establishment (ESAT) partners with, for example, an end-of-year market with products from EAs/ESATs organised in Vaudreuil or Paris in December.

Convinced that disability can open up and promote the field of creativity, but also that artistic work can allow people to express themselves differently, a team of four artists with disabilities worked on the creation of works of art based on the theme of lightness, before exhibiting their work at the Paris and Pré-Saint-Gervais sites⁽¹⁾.

The partnership continued with a young female rider, who was a member of the French Paralympic dressage team invited to the Paralympic Games in Tokyo, and was shared with students at a Paris secondary school. A great hope in her sport, Chiara Zenati is also an Ambassador of the values shared with Hermès: excellence, a love of horses, and the integration of people with disabilities.

Finally, Hermès continued to produce episodes of the new series "In full agreement" which clearly illustrates the four pillars of its Group disability agreement approach through inspiring encounters and initiatives implemented within various Group entities. These short videos posted on the HermèsSphère Intranet have been a great success.

Since 2013, Hermès has been supporting the Equiphoria Hippotherapy Institute to design a saddle that does not hinder interactions between animals and patients. The Hermès saddler craftspeople have thus put their *savoir-faire* at the service of the teams of doctors and caregivers of this foundation, as illustrated in the film "Footprint on the World" broadcast in 2022 in La Canourgue.

1. <https://www.hermes.com/fr/fr/story/133576-empreintes-sur-le-monde/>

In 2023, all countries will be invited to act in favour of people with disabilities by participating in the week for the employment of people with disabilities, or by participating in the DuoDays programme.

Internationally, a number of countries are carrying out specific actions for people with disabilities.

Thus, in May 2022, Hermès Horloger organised its first edition of the SEEPH in Switzerland by offering five activities to all its employees. In partnership with the local associations, La Fondation Perce-Neige and Pro Informis, 40 volunteers were able to discover adapted workshops as part of a reverse DuoDay, while others transported people with reduced mobility in an adapted "joëlette" chair to discover inaccessible paths. Other employees welcomed beneficiaries to guide them in the discovery of watchmaking *savoir-faire* and enable them to try out the required dexterity. The entire week ended with an inclusive show. A very positive outcome for this first edition.

In Canada, a rigorous accessibility policy is in place and sales associates are trained in accessibility in accordance with Ontario law; In China, newcomers are systematically informed about the disability agreement and the support systems offered. Some employees have decided to learn sign language to better communicate with an employee who has impaired hearing. In another initiative, in Taiwan, Hermès supports drawing classes for students with autism disorders to enable them to express their talents.

2.2.3.2 ENGAGING EMPLOYEES IN SOLIDARITY ACTIONS INCLUDING SKILLS-BASED SPONSORSHIP

2.2.3.2.1 Ambition

In order to embody its commitment as a socially responsible employer and to "Give back to the world what it gives us", Hermès encourages its employees to be involved in the social and solidarity economy, with the aim of strengthening its local integration in the areas where it operates, according to the public interest needs expressed locally.

To achieve this, skills-based sponsorship with partner associations in the field of sustainable development, the Fondation d'entreprise Hermès and the Group Disability Agreement team, as well as with local structures in the context of long-term partnerships, is regularly proposed to employees, in addition to the Fondation d'entreprise Hermès H3 (Heart, Head, Hand) programme.

This approach enables the Group to nurture its values by supporting projects related to its identity, to strengthen pride in belonging, but also to leave employees free to choose the cause in which they wish to get involved. It also addresses an increasingly expressed desire to contribute to the common good. The projects supported must naturally be aligned with the values and priorities defined by Hermès, which relate to education, solidarity, support for craftsmanship, environmental protection and cultural development. They are generally

long-term. Employees involved in these projects, in areas of activity that are often little known, show real personal satisfaction, motivation and increased skills. Operations carried out by several people also reinforce cohesion within the teams and unite the group.

A network of more than 80 skills sponsorship ambassadors

facilitates the rollout of this approach as closely as possible to the teams in France. Thanks to this volunteer programme, which has been formalised in a Group methodology since 2017, employees in France can benefit from five paid working days to support the development of charitable associations. In Switzerland and Spain, each employee is allocated one paid day per year to carry out charitable actions.

2.2.3.2.2 Organisation

Since 2020, under the leadership of the Fondation d'entreprise Hermès and the Hermès International solidarity and social action department, all sponsorship policies have been structured and formalised, including skills-based sponsorship.

Each sponsorship operation is subject to a transparent selection process, which includes the necessary prior checks to ensure that the operation complies with local laws and regulations. A sponsorship selection document is drawn up for each project. The associations supported are verified in terms of governance, ethics and human rights, transparency, etc.

Sponsorship operations in which an Hermès Group employee has, directly or indirectly, a personal and/or financial interest must comply with the available conflict of interest prevention procedure and be reported to the Hermès International legal compliance department for validation. Sponsorship initiatives are the subject of signed letters of commitment. For long-term commitments and partnerships, or those presenting a certain complexity, the terms of the agreement must be contractualised in order to clearly identify the commitments of each of the parties. Sponsorship operations are subject to regular control and monitoring of the successful completion of the operation.

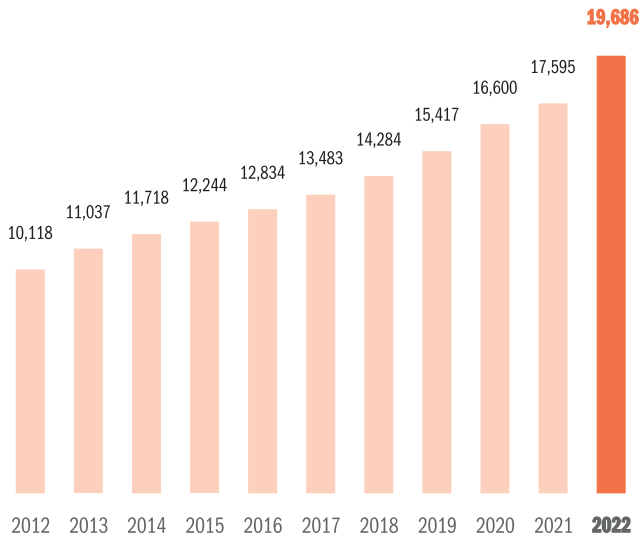
In this context, each division has set up a sponsorship monitoring system, including a Sponsorship Committee in charge of selecting and approving the entity's sponsorship activities. This committee is made up of the division's or *métier's* Management Committee. All decisions taken by this committee are recorded in a formal report kept for a period of five years.

Within the framework of a dedicated budget allocated annually by the subsidiary, each division defines its priorities according to its activity and location, as well as the eligibility criteria (reputation, soundness of the project, history of the beneficiary, strategy of the entity, prevention of potential conflicts of interest, etc.) and control of sponsorship projects supported.

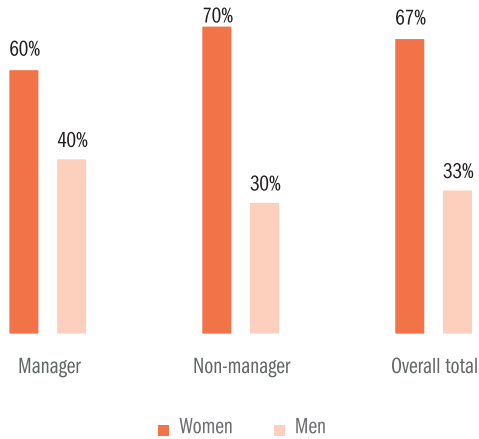
Most of the actions are subject to a confidentiality clause that prohibits their disclosure in this document.

ADDITIONAL CHARTS

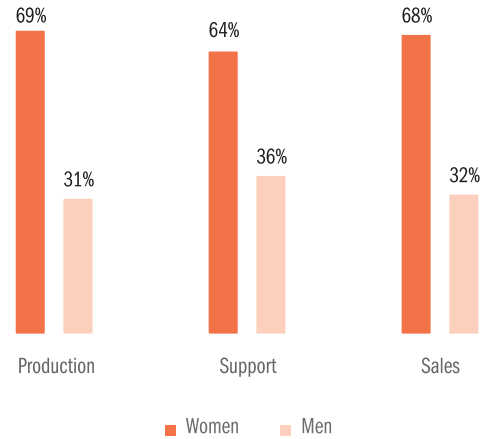
CHANGE IN THE GROUP'S GLOBAL WORKFORCE



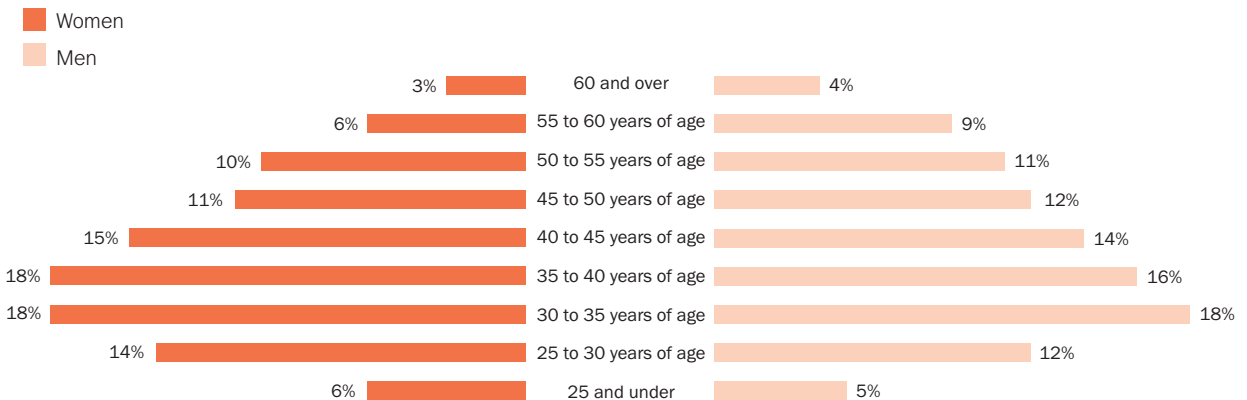
GENDER BREAKDOWN BY CATEGORY (MANAGERS/NON-MANAGERS)



GENDER BREAKDOWN BY SECTOR



AGE PYRAMID BY GENDER



Mentoring of newly trained leather craftswomen by a workshop manager in Fitielieu, France



© Photography credits: Benoît Teillet

2.3 PEOPLE: SAVOIR-FAIRE

Hermès' sustainable development involves preserving its *savoir-faire* and ensuring that it will be maintained over time thanks to the various mechanisms put in place. One of its key assets is the acquisition, enrichment and transmission of the *savoir-faire* of its employees. More broadly, Hermès contributes to the preservation and sustainability of multiple types of craftsmanship *savoir-faire*, particularly in the manufacturing sector, which is conducive to a more responsible and sustainable local economic development.

Introduction

Hermès contributes to the preservation and sustainability of craftsmanship *savoir-faire* through its École Hermès des Savoir-Faire and its training centres as well as its partnerships with vocational schools throughout France (whose expertise is also used by other economic players). Promoting its *métiers* externally and with younger generations in particular is a key aspect of its actions. By bringing the wealth and excellence of craftsmanship to the attention of a large number of stakeholders, and by expressing future needs, particularly in the manufacturing sector, Hermès is helping to create rewarding careers and professional prospects.

The advantage and appeal of the Hermès model is its ability to expand its wealth of internal talents to complement the needs of the different

types of jobs with very diversified activities within the House. Its ability to recruit, and then train its employees using an internal method of transmission of *savoir-faire*, guarantees the sustainability of its business model.


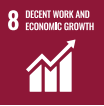




To continue to develop its model, its culture and its unique *savoir-faire*, the House continually invests in training initiatives that enable employees to acquire new skills. This commitment to employee training is reflected in all *métiers* and in a multimodal approach with the creation of digital pathways. For production and distribution activities, training programmes are tailor-made and rolled out locally or by the Group in Paris. This can be seen, in particular, in the acquisition of *savoir-faire* in an employee's first job as a leather worker, in the engineering incubator within the École des Tanneurs and the École du Textile, and the qualifications gained through certification or diplomas.

In 2022, the Group made progress on the main issues relating to transmission, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected elements below are particularly illustrative of the year for this section:

- ◆ first anniversary of the in-house leather goods CFA ("École Hermès des Savoir-Faire");
- ◆ creation of an École des Artisans de la Vente training centre (France);
- ◆ more than 341,000 hours of training, a training rate of 76%, giving more around 23 hours of training per person;
- ◆ nearly 4,200 people made aware of sustainable development *via* the "SD fundamentals" online training course;
- ◆ rollout of the CSR programme in three stages for the Hermès *métiers* (Ready-to-wear, Shoes, Home, Fashion Accessories, etc.);
- ◆ development of Digital Learning with, in particular, the launch of a collection of e-learning modules: "My first sale" for Retail or "Lock" on cybersecurity issues.

PEOPLE

SAVOIR-FAIRE



SDG	Objective	Indicators	2022 Results	Change 2021/2022
FOSTERING NEW CAREERS AS CRAFTSPEOPLE THE ÉCOLE HERMÈS DES SAVOIR-FAIRE: A PLACE OF EXCELLENCE AND TRANSMISSION				
	Develop partnerships with training organisations to certify the training received and the <i>savoir-faire</i> acquired	Number of partnerships with educational establishments for training and internal CFA	13 partnerships with Écoles de Maroquinerie in France and 1 in-house CFA, the École Hermès des Savoir-Faire created in 2021 Target of 600 CFA graduates in 2023 and 650 in 2024	↗
				
PROMOTING AND VALUING THE TRANSMISSION OF SAVOIR-FAIRE EXTERNALLY				
	Implementation of workforce planning management	% of employees affected by the rollout of the plan	Launch of the “strategic workforce planning” project	
	Promote our <i>métiers</i> through partnerships with educational establishments	Number of students reached by school actions	45 presentations carried out in different educational establishments, reaching more than 3,000 students in France	new indicator
INTEGRATING AND DEVELOPING EMPLOYEES AND TEAMS IMPLEMENT SYSTEMS TO RECRUIT THE BEST PROFILES FOR THE VARIOUS MÉTIERS				
	Develop tools and use relevant channels to recruit talent	Number of job offers published on the career website and number of applications submitted	An average of 280 online job offers each month on the career website in 2022 and 958 applications submitted on the site each day.	new indicator
		Number of annual posts on LinkedIn and frequency of posting on LinkedIn and other KPIs (tools)	2.5 posts per week on average on LinkedIn in 2022	=
	Ensure the recruitment of suitable profiles for all our <i>métiers</i> worldwide	Number of new employees worldwide	6,203 new employees in the last five years	↗
		Number of new employees in the production sector	An average of more than 8 new hires per day in 2022	↗
		Number of new employees in the sales sector	978 additional jobs created in the production sector (x2 in one year)	↗
		Number of new employees in the sales sector	727 additional jobs created in the sales sector (+70% year-on-year)	↗
ENSURING THE SUSTAINABILITY AND DEVELOPMENT OF SAVOIR-FAIRE				
	Train employees in the House's values	Number of employees reached by induction actions	More than 600 employees followed the Group induction programme in France	new indicator
	Ensure access to employee training	% of employees having followed at least one training course	76% of employees having benefited from a training course	new indicator
		Number of training hours delivered worldwide	23 hours of training per person	new indicator
	Develop tailor-made training programmes for employees	Number of internal trainers to pass on <i>savoir-faire</i>	150 in-house leather goods trainers for 18 leather goods workshops	↗

PEOPLE


SAVOIR-FAIRE

SDG	Objective	Indicators	2022 results	Change 2021/2022
-----	-----------	------------	--------------	------------------

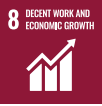


INTEGRATING THE CHALLENGES OF SUSTAINABLE DEVELOPMENT INTO SAVOIR-FAIRE

	Develop training on sustainable development topics for all métiers	Number of training sessions related to sustainable development issues, accessible in the Group catalogue	<p>1 e-learning course proposed in order to deliver a common knowledge base to everyone, and available in 6 languages: The fundamentals of sustainable development</p> <p>3 thematic e-learning courses, made available to employees: Climate Change, Biodiversity and Animal Welfare</p>	new indicator
		Number of employees trained in the CSR programme	<p>More than 4,200 employees followed "The fundamentals of sustainable development" course</p> <p>More than 2,100 people participated in Biodiversity and Animal Welfare e-learning courses</p>	↗
	Create and lead a network of ambassadors to generate a training impact and ensure it is relayed at local level	Number of employees responsible for SD within the Group	44 employees in charge of sustainable development within the Group (x2 compared to 2021)	↗
		Number of SD ambassadors around the world	351 SD ambassadors around the world	=
	Ensure that employees are properly informed about the Group's sustainable development strategy and actions	Number of HermèsSphère publications dedicated to sustainable development	1 publication per week on CSR topics published in HermèsSphère, i.e. nearly 20% of content published annually	=

INCLUDING CAREER PATHS IN A LONG-TERM VISION

	Set up long-term career development programmes within the Group	Average number of years of seniority in the Group	<p>8.4 years average seniority of employees (worldwide),</p> <p>6% increase in the workforce of people with more than 15 years of service</p>	
		Total number of internal transfers	More than 800 internal transfers Group-wide	↘

CONTINUING VOLUNTARY ACTIONS RELATING TO TRAINING FOR THE HISTORICAL MÉTIERS AND DEVELOPING MANUFACTURING SAVOIR-FAIRE

	Promote craftsmanship businesses		8 <i>Entreprises du Patrimoine Vivant</i> (Living Heritage Company – EPV)	
	Continue voluntary actions relating to training for our historical métiers and develop manufacturing savoir-faire			
	Demonstrate the excellence of our savoir-faire		21 <i>Meilleurs Ouvriers de France</i> (Best craftspeople in France – MOF)	

2.3.1 FOSTERING NEW CAREERS FOR CRAFTSPEOPLE

To respond to the growth in Hermès' activity, it is key that new people continue to choose a career in the craftsmanship *métiers*, notably in leather goods. These rewarding and meaningful *métiers* need to be made visible, *métiers* in which creativity can flourish, and which contribute to the development and life of the regions. Every day, craftspeople use their hands to perform the exacting gestures that produce collections of objects, and this creation is embodied in the 16 Hermès *métiers*. The Group considers that it is an essential part of its strategy to attract and retain talent, consolidate, develop and perpetuate individual expertise, improve versatility and strengthen transmission from generation to generation.

2.3.1.1 THE ÉCOLE HERMÈS DES SAVOIR-FAIRE: EXCELLENCE AND TRANSMISSION

The École Hermès des Savoir-Faire (EHSF) is a place for learning the excellence of the House's *métiers*, as well as a place for transmission. As the in-house trainers emphasise, for Group employees: "Passing on a *métier* means transmitting your passion and the pleasure of an exacting job done well. In the end, a passion for materials. In addition to learning a *métier*, students at this school can also gain qualifications, and it is a source of pride to contribute to these professional paths". A student may sometimes take a week to learn a new technical gesture, but this success then allows them to flourish and gives meaning to their personal path. Hermès has worked with the French Ministry of Education on these common values, with the aim of supporting students in training courses that integrate them and help them progress, being very exacting and demanding excellence, precision and rigour.

GOVERNANCE

The EHSF is managed by a Board of Directors comprising: the Managing Director of Hermès Leather Goods & Saddlery (HMS), who is its Chairman, two members of the HMS Management Committee, two members of the Group's Executive Committee and lastly, the school principal. This organisation reflects the importance of this initiative within the Group.

POLICY

The EHSF is part of the Group's broader policy in favour of the development of *savoir-faire*. Hermès is developing various in-house training schools for its major craftsmanship *métiers* – Leather, Textile and Tanneries – enabling this *savoir-faire* to be perpetuated and handed on.

Keen to provide the world with a better understanding of these *métiers*, the House is also working upstream to promote art and craftsmanship *métiers* to younger generations, job-seekers, people retraining, etc., through local initiatives such as open houses and exchanges with educational establishments, or through the Fondation d'entreprise Hermès and in particular the Manufacto programme. The

latter continued to be rolled out at the beginning of the 2022 school year: nearly 1,900 students in 78 classes in 14 academies are now being introduced to craftsmanship *savoir-faire* during school time. Allowing secondary school pupils to discover and become involved in a manual *métier* is essential; these *métiers* are often misunderstood and yet offer excellent prospects ⁽¹⁾.

RESULTS

Report, after one year of operation of the EHSF

In 2021, Hermès created the École Hermès des Savoir-faire (EHSF), which aims to encourage art craftsmanship *métiers* and promote apprenticeship through work/study contracts in the associated CFA's excellence *métiers*. **This organisation has included in its corporate purpose "the preservation of all the House's art *métiers*".** In July 2021, it obtained all approvals from the public authorities to train its future saddler-leather goods workers in-house, assess their skills and issue the state vocational qualification (CAP) in leather goods in collaboration with the French Ministry of Education. After the school had been open for a year, 22 candidates had already obtained their CAP leather goods diplomas in 2022, 241 students had started a CAP diploma course and 721 interns had followed a training course run by the EHSF that same year.

Becoming an official training organisation and CFA also confirms Hermès' role as a social player and responsible employer committed to the education of able-bodied people or people with disabilities, with initial experience in a manual *métier* or in professional retraining. This national accreditation recognises the House's historical, technical and educational expertise in the transmission of its *savoir-faire* of excellence.

The CFA team has been strengthened and structured because its ambition is to enable 600 candidates to sit the CAP vocational qualification in 2023 and 650 in 2024. In addition to the provision of applications for monitoring the acquisition of skills and collecting feedback from learners, educational innovation is at the heart of the system for immersive and attractive learning for candidates from all backgrounds. Thanks to its presence on several sites, all profiles who wish to become craftspeople and recognise their manual talents can have access to the training provided throughout the country. More than half of the candidates know of the school through word of mouth. A tailor-made partnership has been established with Pôle Emploi. The school has provided the Pôle Emploi teams with tools to promote the *métiers* and the recruitment process takes place in a partnership. The selection process was marked out together in order to test dexterity, *savoir-être*, *savoir-faire* and the ability to evolve. This recruitment process is harmonised throughout the country, thanks to the joint network of Pôle Emploi and Hermès. The objective now is to approach new audiences in addition to adults who are retraining, who make up the majority of candidates. The training is classed using skills grids according to the level of thinking, the decision-making capacity and the level of autonomy in this decision-making. Lastly, networks are once again being set up in regions that have historically hosted them, such as the Dordogne, to name just one example.

1. <https://www.fondationentreprisehermes.org/en/program/manufacto>

Once their course is completed, graduates will be able to join, among other places, one of the Group's leather goods workshops, thus guaranteeing a pool of skills that meets the requirements of Hermès.

To publicise the possible options, the school is present at many events such as *Les De(ux) mains du Luxe* at Station F (Paris) or the *Mondial des Métiers* in Lyon. The House also sponsors the new *Viva fabrica* fair: *Vivons l'industrie*. A presence on social networks allows recruitment to be adapted to the different types of candidates. Another way to encourage this career choice is the *Portes du Cuir*, which takes place in Saint-Junien in Haute-Vienne, where the art *métiers* are presented for three days, including demonstrations by craftspeople from the neighbouring Hermès leather goods workshop.

Hermès contributes in this way to the maintenance and development of craftsmanship and manufacturing *savoir-faire*, in a context where

this *savoir-faire*, and not only that of craftspeople, is in danger of disappearing. Within a sector of excellence such as that of Hermès, these technical *métiers* represent fundamental assets and heritage. The singularity of all this *savoir-faire* is expressed not only through the quality of the objects made but also through our ability to craft them in a way that respects both the craftspeople and the environment.

Privileged partnerships with craftsmanship schools

Craftsmanship employs more than 6,900 people at Hermès. It is the foundation of the House's vocation as a creator of high-quality sustainable objects. To continue recruiting in all *métiers* and to support the growth momentum of the leather goods segment, Hermès has forged long-term local partnerships with high schools and further education establishments, which are committed to understanding its specificities, culture and development.

13 PARTNERSHIPS WITH ÉCOLES DE MAROQUINERIE IN FRANCE



2.3.1.2 PROMOTING AND VALUING THE TRANSFER OF SAVOIR-FAIRE EXTERNALLY

A socially responsible company through strong relationships with educational establishments

Hermès pursues an active policy of close relations with leading educational establishments in the fields of art, design, craftsmanship, engineering and commerce, both to make students aware of its values and to share its promise as a responsible employer. These relationships are coordinated with the subsidiaries that support these activities, and taking into account the rapid development of certain *métier* and recruitment needs. The Group is driven by the conviction that it is more necessary than ever to prepare for the future by creating and maintaining quality links with players in the world of education and

by supporting students. Promoting Hermès' *métiers* with significant recruitment challenges with targeted institutions that have connections with these *métiers* and opening the doors to the House are two parts of the same policy that aims to find profiles that will enrich the Group's diversity. The House also wants to take an active part in education in different forms and in various fields: welcoming students to its premises through presentations and discussions, and going to meet them throughout France during forums to offer internship and work/study opportunities, providing real-life case studies, etc.

For the most part, these actions took place in new presentation and discussion formats both face-to-face and remote. Hermès was able to reach an audience of more than 3,000 students in 2022, at 45 events in schools in France and Europe.

Educational establishments with which Hermès was particularly involved in 2022:

Schools of art and design, fashion and textiles	Engineering schools	Business and management schools and universities
◆ Design Academy Eindhoven	◆ École CentraleSupélec de Paris	◆ Audencia
◆ ENSAAMA Olivier de Serres	◆ ENSAM	◆ CELSA
◆ ENSCI – Les Ateliers	◆ EPITA	◆ EDHEC
◆ HEAD (Geneva)	◆ ESILV	◆ EM Lyon
◆ IFM Institut Français de la Mode	◆ INSA Lyon	◆ ESSEC
◆ Penninghen	◆ ITECH Lyon	◆ GEM Grenoble École de Management
	◆ Polytech Angers	◆ IAE Gustave Eiffel
	◆ Telecom	◆ IAE Sorbonne
	◆ UTC Compiègne	◆ IESEG
		◆ NEOMA
		◆ Paris Saclay
		◆ Sciences Po Paris
		◆ SKEMA
		◆ University of Lugano (Switzerland) in partnership with the Sorbonne
		◆ Université Paris Dauphine

Hermès, a player committed to education

Coming from a line of craftspeople, Maison Hermès pays particular attention to the transfer of its exceptional *savoir-faire*, but also to its continuous improvement. It is therefore increasingly involved upstream in the sustainability of its *métiers* and the excellence of craftsmanship skills. It acts to promote education, through training in unique *savoir-faire*.

Hermès, a responsible employer, is committed to transmission and education and works to maintain close relations with the world of students. The challenges include:

- ◆ supporting the activities of schools, as a socially responsible company;
- ◆ engaging in dialogue with students and connecting with young people in a changing era;
- ◆ bringing the reality of Hermès to life through concrete experiences: entrusting practical cases, study missions, offering internship and work/study opportunities;

- ◆ supporting a research or training/integration project through a financial contribution and involvement in concrete actions;
- ◆ conveying the humanist, craftsmanship and entrepreneurial approach of the Hermès corporate culture to attract new talents;
- ◆ being visible in creation, craftsmanship, engineering and management schools in France to showcase the reality of a high quality, responsible and humanist employer;
- ◆ diversifying the Company's presence, targeting new schools to seek out talent throughout the country, and giving a social dimension to these relationships.

Actions in this sphere are structured at three levels:

- ◆ Transformational initiatives for the community through support for equal opportunities

Hermès, founding member of the Fondation “Des Territoires aux Grandes Écoles”

In 2021, Hermès became a founding member of the "Des Territoires aux Grandes Écoles" (DTGE) Foundation, notably providing financial support. Created by former students of the French Grandes Écoles, this non-profit organisation seeks to make the competitive entrance examinations of these schools accessible to diverse profiles. Noting that the lack of information, self-censure, geographical distance and economic difficulties are powerful obstacles to the diversification of recruitment, this organisation works with 32 departmental intermediaries to cover the whole of mainland France and promote equal opportunities. The scholarships awarded to students allow them to focus on their studies and help them overcome the financial barriers that are an obstacle to the true social openness of the French Grandes Écoles. In 2022, Hermès hosted the summer school of the association “Des Territoires aux Grandes Écoles” in its Nontron workshops, an opportunity to open its doors and increase awareness of its local integration.

In the same vein, several partnerships have been forged with Sciences Po Paris to participate in school forums and its Accessible programme and to mentor students with disabilities. Lastly, Hermès participates in the “one young person, one solution” programme, aiming to train and facilitate the move into active professional life of all young people in all regions;

- ◆ Initiatives to participate in public debate

Since November 2020, Hermès has sponsored the European Chair in “Sustainable Development and Climate Transition” at Sciences Po Paris, which focuses on complementary and inseparable areas of sustainable development: climate transition, economic development and social inclusion, through an approach that brings together a variety of players and expertise and is based on collective intelligence.

Hermès funds the “Ouvrir la Science Économique” Paris School of Economics (PSE) research chair, whose aim is to establish strong connections between the various human and social sciences (history, sociology, demography, social psychology, political sciences, philosophy). The PSE Chair’s interdisciplinary approach is in perfect harmony with the House’s determination to contribute to the collective interest, the creation of social value, and the enhancement and protection of natural environments, by supporting the scientific expertise that makes it possible to advance academic research.

Lastly, Hermès is supporting the construction project for the Crafts and Design Métiers Campus. This initiative is part of the Investment in the Future Plan (Innovation Territories) and intends to take initiatives around a network of training institutions and business partners with the aim of creating, on an economic sector scale, a cluster to promote synergies relating to employment and training. This inter-ministerial project involves Education, Employment and the General Secretariat for Investment. It is supported by the Comité Colbert and the ENSAMAA Olivier de Serres, the leading institution of the Campus. In particular, Hermès will contribute to the creation of a materials library, training in its *métiers* (colour, *savoir-faire*, etc.), inter-company e-learning modules, or advancement and promotion initiatives such as the European Day of art *métiers*, with a demonstration of certain *savoir-faire*.

In addition to its financial contribution, Hermès contributes through its skills in *métiers* to ENSAM’s industrial management expertise by collaborating in the development of the expertise educational module under the responsibility of ENSAM, proposing the priority study subjects for the first semester, providing presentations in certain face-to-face teaching modules and finally, by participating in the

assessment of study projects during students’ defences of their work.

Under its partnership with Sciences Po Paris’ European Chair in Sustainable Development and Climate Transition, Hermès entrusted a group of first-year students on the International Management & Sustainability Masters with a study of the challenges of Retail in the luxury goods industry (Capstone project). For the second consecutive year, the House is supporting and coaching the five students in their thinking for eight months (2022-2023), in order to help them meet the strategic and international challenges of the chosen topic by giving them the opportunity to immerse themselves in Hermès’ culture and become aware of the House’s sustainable ambition. The topic proposed by Hermès is the issue of circularity in the luxury goods industry. The study covers different cities (located in Europe, the United States and Asia), for an international vision of the topic. The final student report is expected in the spring of 2023, and will include recommendations. The initial work focused on operational methods for managing product end-of-life.

Another collective project was proposed by Hermès for Sciences Po Paris’ Executive Master in “Regional Governance and Urban Development”, focusing on local integration as a lever for sustainable economic development for companies and regions. Hermès’ activity has already been operating in the regions for more than 30 years, with around 50 production sites. The aim of this project is to objectively identify the impacts of this strategy and to characterise the resulting multi-criteria positive contribution. The results will serve as a basis for comparative work in Europe, carried out under the aegis of Sciences Po Paris’ European Chair for Sustainable Development and Climate Transition, with which Hermès has a partnership;

- ◆ Initiatives to participate in school life and talent acquisition

In 2022, management figures from the House were able to interact with students, in particular within the framework of the forums organised by Sciences Po Paris, PSL, ENSAM and other partner schools. Nearly 50 meetings were held at key times when students were looking for internships and work-study programmes. A School Communication kit is available to the teams to provide a framework for presentations and standardise them, with the aim of helping students get to know the Group better.

The School Relations community conducts initiatives throughout the year to coordinate employer and school actions with the various entities. Monthly meetings with recruiters have been set up as well as an H Appeal Committee, which highlights the schools most relevant to Hermès.

In 2023, presentations by Senior Executives (members of the Executive Committee, Group Management) will take place to inspire students. A pool of “School” ambassadors will be used to ensure even closer proximity to students.

2.3.2 INTEGRATING AND DEVELOPING EMPLOYEES AND TEAMS

In a context of medium-term business growth and to develop its integrated craftsmanship model, Hermès must strengthen its teams in all professions: craftspeople, sales associates, producers, experts in transverse functions. To this end, Hermès pays particular attention to its relations with schools and its recruitment initiatives in its employment areas. The House’s policy is to consolidate and develop individual expertise, increase each employee’s versatility, ensure that *savoir-faire* is shared within teams and that this is passed on from generation to generation, retain talents by creating appropriate development pathways and, lastly, ensure that *savoir-faire* is preserved in keeping with the objective of ensuring the sustainability of Hermès’ unique model. In addition to cross-functional training in management and knowledge of the House’s culture, Hermès is developing in-house training schools for its major craftsmanship *métiers* – Leather, Textiles, Tanneries – in order to perpetuate and securely transmit this *savoir-faire*. This can be seen, in particular, in the acquisition of *savoir-faire* in an employee’s first job as a leather goods and saddlery worker, in an engineering incubator within the École des Tanneurs and the École du Textile, and the recognition of the qualifications gained: CQP⁽¹⁾, VAE (validation of experience)⁽²⁾, or diplomas (CAP)⁽³⁾.

POLICY

Recruitment is managed by each *métier* and subsidiary to ensure the perfect match with the local context. The policy for recruitment and relations with partners is defined by the Group. In France, this also guides relationships with educational establishments, as well as communication of the employer brand. In this way, the Hermès Group hopes to make applicants more aware of the *métiers* and the uniqueness of the House, to attract candidates won over by the business model and its values, able to enrich it and contribute their expertise, and to select the best profiles, capable of feeling at home within teams for a long time.

Once welcomed, it is important to develop their skills and share with them what makes Hermès unique. The ambition of the teams in charge of talent development is, on the one hand, to support and anticipate the skills needs related to the *métiers*, in a context of strong growth and, on the other hand, to scale up actions to better integrate and manage and ultimately pass on *savoir-faire*.

1. Vocational qualification certificate.
2. Validation of acquired experience.
3. Vocational aptitude certificate.

2.3.2.1 IMPLEMENTING SYSTEMS TO RECRUIT THE BEST PROFILES

2.3.2.1.1 Promoting the employer brand

Hermès’ employer promise reflects its ambitions as a responsible employer, eager to attract profiles demonstrating excellence, talents keen to join the House, motivated above all by a collective project, a desire for quality and a long-term project. Once the technical skills have been secured, the recruitment criteria are based on personality elements to ensure that candidates are compatible with Hermès culture and values, to ensure smooth integration and success within Hermès Group.

The Hermès employer brand identity reflects the House’s values and embodies its employer promise:

- ◆ create freely;
- ◆ reinvent our *métiers*;
- ◆ construct tailor-made pathways;
- ◆ share a collective adventure;
- ◆ become involved in a responsible company.

Hermès continued to roll out its communication, using a concept that incorporates the visual principle created in 2019, consisting of rhythm and colours, and in a warm and authentic tone.

To make the employee experience even more explicit and illustrate in real terms its unique corporate culture, new visuals have been created to highlight digital opportunities at Hermès. A new visual to illustrate the “reinvent our *métiers*” pillar and highlight the digital *métiers* was created and produced in several media (film, kakemono wall hangings, posters, visuals, etc.). The collection of brand pillars constituting its promise are used in all school events and relations.

The annual employer brand communication campaign was rolled out in the fall of 2022 in France in national and regional press in a full-page format, on billboards and on LinkedIn. The objective was to speak out and position Hermès as a player in the economy and employment in France.

The Hermès LinkedIn account, launched in 2014, passed the milestone of more than one million subscribers in 2022. The account presents in particular news of the employer brand through dedicated video and photo content. In China, the Hermès Weibo account has more than 892,000 subscribers (750,000 in 2021).

2.3.2.1.2 Significant recruitment challenges

Internal mobility is the primary source of recruitment for Hermès, which is committed to developing the skills of its employees to enable them to complete a long-term career within the House. The internal job sharing platform Myway in Hermès is the showcase of all these opportunities, offered to employees as a priority. They thus have access to diversified career paths, can experience multiple opportunities and have a long-term career path.

Given the Group's growth, many opportunities are appearing and need to be shared closely with employees. **Thus, in 2022, an internal mobility forum was held**, aimed at raising awareness of the sectors and *métiers* and bringing together the various players in these sectors. Its objectives were to promote knowledge of internal *métiers* in order to enable employees to envisage their long-term future better, to encourage in-house discussion to help generate cross-functionality and proximity, and to share experiences from tailor-made career paths. Finally, it was an opportunity to provide the tools and keys to understanding mobility so that everyone can be involved.

Two sessions of 130 people took place in Pantin in 2022, and 2023 will enable the same format to be rolled out for the upstream and *métiers* divisions in Pantin. The idea is to give employees four experiences in half a day and to chat with HR Managers to create new links.

These events are designed to promote cross-functionality and networking between internal mobility players, so that everyone can be on the move.

In 2022, the challenges in terms of recruitment increased and it is necessary to be increasingly attractive to recruit the best profiles. **Job offers are then published on the external career website**⁽¹⁾, which features the employer brand and is the second largest source of recruitment, as well as on the Hermès LinkedIn page, which remains a powerful lever for attracting and recruiting new hires. In addition to these traditional approaches, a recruitment event named "Open the orange box" was created, starting with the search for profiles for the Upstream division (production engineers, supply chain, purchasing, quality, industrialisation, etc.). At the end of the day, preselected profiles were invited to join an immersive experience at the Sèvres exclusive store in Paris in March or Lyon in April. The intention was to open the doors of Hermès in a fun format, with a presentation of the House and its assets as a committed and responsible employer, as well as inspiring meetings and experiences. This event will be repeated for the upstream division in 2023.

In 2022, 3,350 job offers were published on the careers website⁽²⁾. The new communication tools relating to the employer brand were all used to improve or create corporate pages on essential recruitment sites such as Glassdoor, Jobteaser and Indeed, or on digital platforms such as Seekube. Job adverts are posted there, as well as on fashionjob, regionjob, Apec, etc. in France, and WeChat outside France. In addition, for the recruitment of interns and work-study students, Hermès uses the sites of higher education institutions and specialised sites such as JobTeaser and Welcome to the Jungle. A partnership with LinkedIn's recruiters' space accentuates the presence on this professional social network.

For all of the House's *métiers*, the recruitment of new talents is a constant issue, particularly at Hermès Leather Goods & Saddlery, which must integrate several dozen craftspeople per leather goods workshop each year to meet the Group's growth. The *métier* is therefore striving to broaden its employment pools, to make itself better known to a wider audience, to create a pool of candidates for training in the two craftsmanship *métiers* of saddler and leather goods and cutter/preparer, and finally to carefully select the candidates able to demonstrate the soft skills and motivation required. The hiring of saddler and leather goods craftspeople is carried out in partnership

with Pôle Emploi for the communication of job offers, the provision of collective information and the performance of skills tests. The Pôle Emploi advisers come and discover the *métiers* within the leather goods workshops in order to better understand them and to propose candidates in line with the proposed *métiers*. A dedicated recruitment method "every six months" has been set up, aiming to attract job seekers in retraining; this has resulted in an increase in the number of people met and contacts with more diversified profiles. Employment pools must also be broadened to anticipate the opening of new leather goods sites and various communication actions are carried out to reach the greatest number of candidates.

In addition, within this division, recruitment is carried out in partnership with the local branches of Pôle Emploi, with the implementation of a system that makes it possible to recruit the best talents, from all origins, training and experience, using an analysis of their manual skills. **The success of this known as MRS (simulation-based recruitment method) approach, conducted to support psycho-technical tests, manual aptitude tests, and interviews, developed with Pôle Emploi**, is demonstrated by the fact that the vast majority of the craftspeople selected using this system successfully complete their initial cycle of 18 months of training.

The Tanneries division (Hermès Cuirs précieux) is faced with the challenge of attracting people to the tanning *métiers*, due to the low mobility of candidates and preconceived ideas about gender diversity in the industry's *métiers*. To address this, a recruitment day for the Young Tanners Programme (HCP Graduate Programme) takes place in October, with a visit to the Montereau Tannery followed by individual (interviews, managerial role plays, colour tests, materials tests, etc.) and collective (team challenge) workshops with preselected candidates. The objective is to anticipate upcoming retirements and to allow a sufficiently long training period between the generations before hand-over.

The other *métiers* must support strong growth in volume, maintaining the high standards and quality of the profiles recruited despite the pressure of the need for new skills. The recruitment of very solid profiles and potential future talents is a challenge, affecting the integration of experts in the Beauty *métier* (make-up and skincare) to support the development of this recent *métier*, and the search for Responsible Purchasing, Quality, Product Manager, Supply Chain, IT & Project Management profiles, in a competitive labour market. Hermès Perfume and Beauty has created a training module dedicated to internship tutors to understand the new generation arriving on the market (in search of meaning, living in the present) and to attract them to the internship offers and work/study contracts. Three one and a half-day training sessions were rolled out from September to December 2022.

Hermès Perfume and Beauty took part in around 20 face-to-face and remote recruitment forums in 2022.

Hermès Bijouterie sponsored the Haute École de Joaillerie to showcase its *métiers* and *savoir-faire*, with exclusive visits, conferences and presentations and previews of the Hermès collection. La Montre Hermès has rolled out numerous actions to maintain exacting requirements for the quality of the profiles recruited by participating in recruitment forums such as that organised by HEC/UNI Lausanne, targeting 700 students studying at Bachelor or

1. <https://talents.hermes.com/en>
2. <https://talents.hermes.com/en>

Master's levels. In addition, a partnership with the École Hôtelière de Lausanne enabled six students from the school to collaborate with the sales and after-sales teams as part of a study on after-sales services at La Montre Hermès. To reach more candidates and promote the watchmaking *métiers*, internships and discovery weeks are held at the sites and apprenticeship programmes have also been developed.

At HTH (Holding Textile d'Hermès), in order to meet the recruitment needs of its various *métiers*, the priorities are to promote the aspect of a responsible regional industrial textile company, investing in the development and well-being of its employees, and publicise what it is really like at the production sites and the values held by the sector. With these objectives, partnerships are built with the Maison Métropolitaine d'Insertion pour l'Emploi (the Rhône section), thereby enabling the recruitment network to be diversified by addressing people in vulnerable situations. In order to attract young interns and work/study students, links are forged with schools in the Lyon area (Maya Campus, ITECH, ECAM, IAE Lyon, EM Lyon, etc.). The Company participated in numerous forums run by these schools in 2022, supplemented by a presence at the Entreprises du Patrimoine Vivant (EPV) fair on 24 and 25 October 2022 at the Lyon regional centre for the transmission of and the discovery of EPVs⁽¹⁾, alongside training institutions and job search structures to highlight recruitment opportunities within the sector. In December, HTH took part in two important events: the "Mondial des Métiers" organised by the Auvergne-Rhône-Alpes region and the "De(ux) mains du Luxe", organised by the Comité Colbert, a meeting between the younger generation and the *savoir-faire* of the luxury goods industry, to arouse curiosity and create a desire for a career path. Specific approaches during recruitment interviews are put in place, such as the use of horizontal CVs in interviews, focusing on motivation and relationships rather than on a more traditional autobiographical reading, recruitment without CVs for printer craftspeople in AS workshops, and the extension of aptitude tests, again for craftspeople, with the REFLETS questionnaire (job profiling carried out for printing, manufacture, weaving and quality control jobs).

The Retail market is seeing heightened competition, with a booming luxury goods industry and tense markets in all countries, creating a veritable "talent war" to recruit the best local candidates with the right skills and *savoir-être*. The Retail *métiers*, present in all regions of the world, are seeking to recruit talented people compatible with the high standards of the House and the specific nature of the local culture. This involves finding, quickly and sometimes from outside the luxury goods industry, among a less knowledgeable public, candidates with expertise in hospitality, sales and consulting in an omnichannel environment.

Lastly, the complexity of the managerial role and the human values required by the Group increase the need to make extensive efforts to identify potential managers.

Partnerships have been established with schools such as ESSEC Singapore to inform students of the career potential of the sector. Hermès Middle East also organised a shop window design competition with the Lasalle College of the Arts in Singapore to promote the House's uniqueness. Other regions present Hermès' activities at local universities such as in Mexico and Argentina.

In England, 10 students from the Lycée International Winston Churchill in London were welcomed for a week for an immersive programme to discover the professional careers existing at Hermès. The same approach also exists at Hermès Benelux Nordics and has led to recruitment.

Each country can use the levers it deems necessary to promote the employer brand and spread information about the positions to be filled. For China, this involves a presence on the WeChat platform and, in Germany, it uses a new recruitment tool (Aivy) that allows assessment of the suitability of candidates for positions through games.

2.3.2.2 ENSURING THE LONG-TERM DEVELOPMENT OF SAVOIR-FAIRE

Hermès bases its growth model on a culture of continuous improvement. This is how the House ensures the sustainability and enrichment of its often-exclusive *savoir-faire*, and the acquisition and transmission to all employees regardless of their function (craftspeople, sales associates, support personnel, etc.). The training policy is structured around four main areas: culture, management, expertise and personal development and also addresses the issues of resources and systems. To respond to the growth in the Group's headcount, training time must evolve, additional places must be made available in the sessions and increased efforts made in terms of digital learning.

In 2022, more than 82,000 training actions⁽²⁾ were undertaken, for a total of 341,689 hours of training given, versus 286,120 hours⁽³⁾ in 2021. 76% of the Group's total workforce took at least one training course, with an average of 23 hours of training per person trained.

Training costs (Invoiced in 2022) represented €11,660 thousand.

This figure does not reflect the entire training effort, since it does not include *métier* training dispensed directly in the workspace.

1. *Entreprise du Patrimoine Vivant (Living Heritage Company).*

2. *This figure corresponds to the total number of trainings taken, meaning that an employee may have followed several training courses during the year.*

3. *Adjusted data for 2021, for continuity of calculation methodology.*



Nearly
23 hours
on average
of training,
per person trained

2.3.2.2.1 The House culture, the foundation for learning

A wide range of training courses (Group and local) is dedicated to the integration of employees and enriching the House's culture. The objective of these programmes is to facilitate assimilation of the corporate culture while providing the keys to understanding essential to their professional integration, such as with Mosaïque, a two-day induction training for all new employees on permanent employment contracts.

So that those who join Hermès can take part in its corporate project under the best possible conditions, the House, as well as the trainers and those tasked with transmitting internal information, devote care, attention and time to their integration. Pathways are defined so that, locally with dedicated stakeholders, the fundamentals of the House's culture are conveyed, as well as the keys to understanding its organisation, in order to guide and orient them in their first steps, which are decisive in their contribution and sense of belonging to Hermès. In most subsidiaries, the assignment of a mentor and the implementation of induction programmes are planned.

In 2022, to ensure the transmission of the Hermès culture as widely as possible in France and internationally, in a context of growth in the workforce and changes in organisations, the mission of *Conteurs de culture* was formalised and their identities were shared with all subsidiaries. More than 100 employees have already been trained and share their personal story at Hermès and the passions that they experience on a daily basis. The strands of the story are thus revealed.

Employees who have been with the Company for longer can benefit from more in-depth training, giving them deeper knowledge of Hermès' history.

Lastly, a section dedicated to understanding the Group's overall strategy and adapted to the different profiles of employees is also provided to members of the Management Committees.

These training courses include the Happy Culture programme, designed for employees with more than three years of service, the "IFH" (*Hermès Training Institute*) programme, for members of subsidiaries' Management Committees, with the aim of sharing the vision and strategy of the Group and the *métiers*.

2.3.2.2.2 An ambitious and scaled-up development and training offer

In 2022, Hermès continued to scale up and internationalise the Group's development and training offering, Hermès Campus, to best support subsidiaries, while being both complementary to and consistent with their local offerings. **This approach is structured around four areas: culture, management, expertise and personal development.**

2022 saw the start of discussions on the overhaul of the "Profession: Industrial" curriculum, with a particular focus on continuous improvement and the supply chain. An Industry 4.0 training course was launched for teams at industrial sites in order to develop their skills in this area as well as to open them up to new perspectives for their sites while creating an internal network of a dozen people on the subject. This nine-module training course is delivered over a period of five months, both face-to-face and as e-learning, by the partner CentraleSupélec and led by internal speakers who are experts in their areas. The programme has a strong applied and practical orientation, with the sharing of experiences to accentuate the operational dimension and its cost optimisation. By the end, participants will have discovered how to increase the competitiveness of their sites and transform their value chain thanks to the impacts of the most recent innovations (artificial intelligence, connectivity, blockchain, hyper-manufacturing, etc.) and the connection between the digital world and the real world. This course illustrates the topics that Hermès considers necessary for the teams to address, for a smoother link between the implementation of change and operational excellence.

To meet specific needs, a pilot "Finance for non-financials" session was tested before being rolled out on a wider scale. Many employees are confronted with corporate finance in their jobs and it is essential that they master the rules and the language, to improve the quality of discussion between those in operational and financial roles.

The "LOCK" cybersecurity awareness programme, launched in 2017 and intended for all employees of the House, in a fun and accessible format, reminds people of the risks incurred and how to adopt the right habits. Redesigned every two years around a specific theme, with a dedicated artistic direction, it takes place in four stages (one per quarter) and is based on internationalisation *via* a community of ambassadors launched in 2021 and gamification. An online portal brings together the necessary resources (best practice sheets, quizzes and news) and a mandatory e-learning module in several languages covers the basics of cybersecurity at Hermès, with a video and games-based pedagogy in order to improve memorisation of best practices. Other systems exist such as virtual escape games and cyber cases for team events. October is also "cyber-month", punctuating the year with an international challenge recognising local commitment.

At Hermès, *savoir-faire* is inseparable from *savoir-être*. The House therefore also offers programmes mainly dedicated to developing behaviours in situations involving public speaking, conducting meetings or project management, with priority placed on the quality of the relationship between individuals and collective harmony.

EXAMPLES OF "CAMPUS HERMÈS" GROUP TRAINING

Domain	Sub-domain	Training example
Culture	Onboarding Knowledge of the House General culture	<ul style="list-style-type: none"> ◆ <i>Mosaïque</i> ◆ Happy Culture ◆ IFH ◆ <i>Culturiosité</i>
Management	Specialisation Fundamentals	<ul style="list-style-type: none"> ◆ Managing by communicating ◆ Foundations of management at Hermès
Expertise	Art of selling Office skills Legal compliance Product knowledge Métier expertise Occupational Safety & Health	<ul style="list-style-type: none"> ◆ E-learning Customer data collection ◆ Essentials of office skills ◆ Data protection ◆ My exclusive store e-learning ◆ Fundamentals of sustainable development ◆ Textiles from A to Z ◆ Rescuer first aiders at work (SST)
Self-development	Communication Effectiveness at work Self-development	<ul style="list-style-type: none"> ◆ Communicating with ease ◆ Writing, summaries and reports ◆ Time workshop

Digitisation for training

Digital tools arrived to amplify the provision and support of a unique and multimodal learning experience throughout employees' time at Hermès:

- ◆ the myCampus digital training portal is now available to all Group employees. It includes new training and development tools: new e-learning modules, conferences, serious games, and access to the general culture platform *Culturiosité* in partnership with Artips;
- ◆ the digital Retail Hermès *Métiers* Training portal, available in five languages (French, English, Simplified Chinese, Korean and Japanese), containing the essentials of each of the 16 *métiers* and intended for all sales associates, was enhanced with the integration of training materials for the seasonal collections and the development of gamification of learning;
- ◆ a virtual reality offering allows each employee to immerse themselves in four of the House's emblematic locations, including the Faubourg Saint-Honoré store.

More communication was conducted about myCampus in 2022, to improve its adoption by the teams. A special effort was made to ensure that subsidiaries are able to effectively combine digital and face-to-face training (blended training). The My Exclusive Store and My First Sale e-learning modules were launched.

Sales training

All new sales associates joining Hermès anywhere in the world follow a common training course, H immersion, which presents the essentials of each of the House's *métiers* (history, collections, materials & *savoir-faire*). In 2022, the training was supplemented by My First Sale e-learning modules, carried out in close collaboration with the *métier* trainers. They describe the sales ceremony specific to each *métier* in order to guarantee a memorable customer experience. A first introductory module, My Exclusive Store, presents the Hermès signatures found in all its exclusive stores.

Then, to develop the skills of the teams, Hermès Client Culture, created in 2021, is a new training programme for managers and sales associates, in order to strengthen ties with customers, once again worldwide. The aim is for each Hermès customer to benefit from the

same unique and singular experience wherever they are. This programme has already been rolled out to around 700 employees. In this context, Hermès of Paris trained all its employees before moving to the new Maison Madison exclusive store (New-York).

In the same vein, the Retail France subsidiary created the École des Artisans de la Vente in 2021, which offers a multimodal development pathway for sales associates and managers, in a gradual manner starting from their induction. This programme was rolled out in 2022 based on its four structuring pillars: developing without formatting, cultivating emotional intelligence, transmitting and preserving uniqueness. Employees thus have access to initial training as soon as they join the House and continuous training modules according to the needs expressed, particularly in terms of cultural specificities. Finally, they can be helped by field trainers for local support with dedicated coaching. In addition, certain training courses lead to qualifications and are recognised by the Ministry of Labour to validate the sales associate's ability to demonstrate relational excellence, to offer customers a moment of wonder and to create a lasting human emotional bond with them. These skills also contribute to the employability of staff. This course complements the *métier* and market modules provided by a community of in-house trainers who draw on the Hermès Campus and are responsible for product training for sales associates.

2.3.2.2.3 Management at the heart of the Group's ambition

Since 2020, the House has proposed a new individualised and ambitious development path to all managers, in order to strengthen their skills and thus contribute to the smooth and efficient functioning of the teams over time.

All managers are required to attend training courses enabling them to acquire the fundamentals essential to the practice of management that is caring, firm and encourages growth for the Company and individuals, as well as the teams. These management foundations can be subsequently reinforced by specialised training in collaborative working, recruitment, or diversity management. On this last subject, Hermès of Paris, in the United States, has trained all the managers concerned in inclusive recruitment so that only the talents and experiences of the candidates count in building a common collective adventure.

As the annual assessment is also a key time for management, the core “annual appraisals” module offered centrally was provided to all Hermès Perfume and Beauty managers. Other sessions will be organised in 2023 until all managers are trained. Hermès Bijouterie also trained its entire division in feedback culture (whether employees are on fixed-term or permanent contracts).

In 2022, numerous co-development workshops were organised to support managers in the organisational transformation processes. Some dedicated training courses support the deployment of structuring projects such as Cassiopée at HTH (overhaul of the ERP) so that each player in the project can master the main principles of change management, establish a change diagnosis and build a transformation plan. This programme will enable them to validate the International certification in Change Management.

Locally, new management training courses have been introduced for specific issues. Thus, in China, in response to the growth of the teams, leadership training courses were taken by 21 managers. Mention should also be made of numerous training courses in foreign languages or French. Furthermore, training courses have been developed enabling employees to learn or specialise in legal, IT or workplace safety issues.

The future will mix people of all ages within teams and, with this in mind, a Talents Z training course has been designed to meet the issue of workforce growth and the steady increase in the number of interns and work/study students. For a manager, this involves having the tools

and methods available to succeed in their mentoring, and adapting their approach and management to Generation Z so that they succeed in securing and facilitating their recruitment process. Several sessions took place in 2022, with, for example, 25 managers of work/study and interns from Hermès Perfume and Beauty. The rollout of this programme will continue, including co-development.

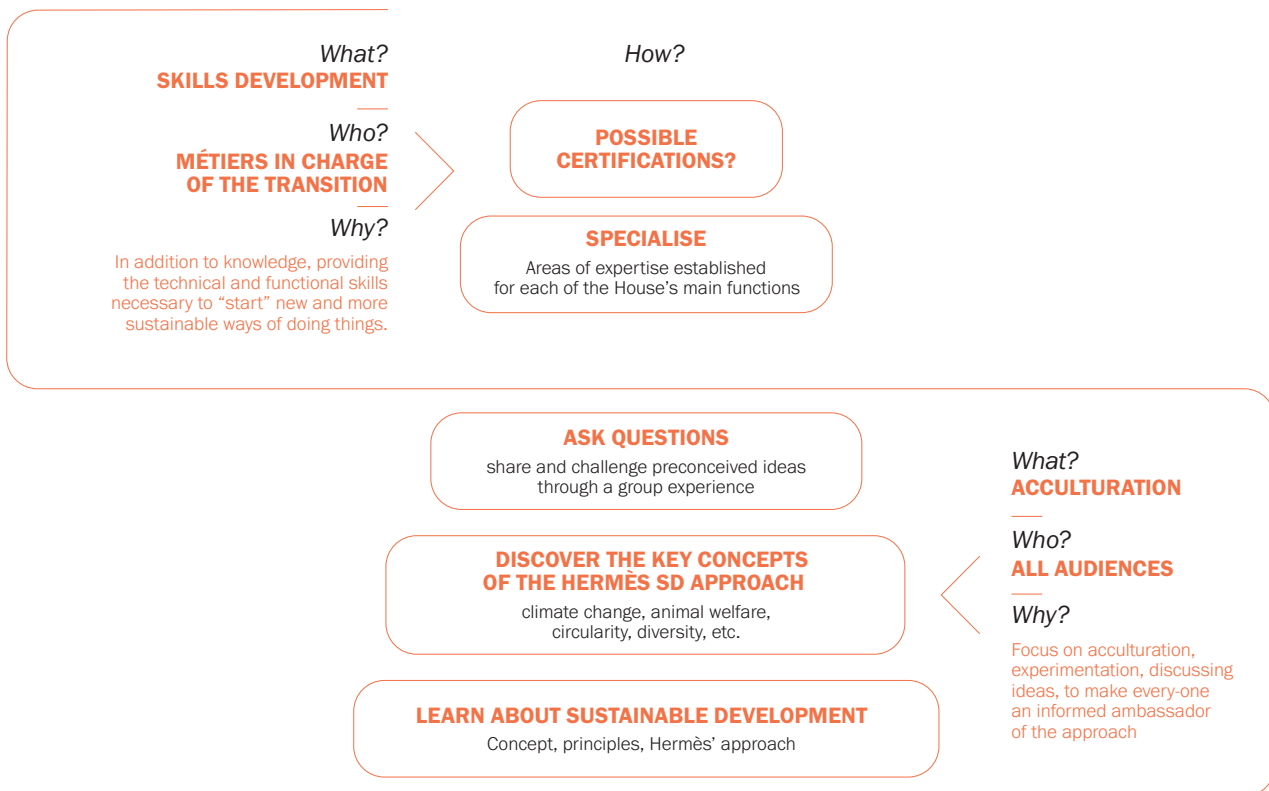
2.3.2.2.4 Integrating sustainable development into the savoir-faire of all métiers and all employees: a strategic issue

The sustainable development strategy implemented by the sustainable development department at Group level is based on raising awareness, empowering and increasing the skills of employees, who are the agents of change.

The awareness-raising stage is essential: it allows all employees to understand the Group’s approach, as well as an acculturation to the major environmental and social challenges of tomorrow, which is essential as a citizen.

In addition to acculturation, the Group is also working to increase the skills of the major categories of jobs within the Group that will manage the environmental and social transition (industrial jobs, creation and product development jobs, etc.).

In order to best reflect this approach, the Group defined a training strategy in 2022, which will support the development of specific programmes to meet the training needs expressed.



In addition, in 2022, the sustainable development department undertook concrete actions to accelerate the training of all employees, by:

- ◆ continuing the rollout and development of e-learning modules to discover sustainable development and key concepts around the Group's strategy (climate change, animal welfare, biodiversity). To date, nearly 4,200 people have received introductory sustainable development training (available in six languages) and more than

1,000 people have discovered the key concepts around which the House's sustainability strategy is based;

- ◆ supporting several of the House's functions in the development of their sustainable development training, focused on their specific challenges: buyer training (rolled out in 2022), sales associate training (rollout in 2023), training for industrial professions (rollout in 2023).

CSR programme: three steps to improve skills

The concepts inherent to CSR are present everywhere in the daily life of the teams, particularly in the *métiers*. Three progressive modules have therefore been designed according to their level of use while combining theory and practical application. CSR 1 enables students to develop basic knowledge and share a common vocabulary in half a day. All *métier* employees were invited to follow it. New sessions will be held regularly for new employees. 812 people completed this module in 2022. CSR 2 aims to integrate CSR into an employee's duties and involved 201 employees in 2022. Lastly, the CSR 3 module leads to a certificate, in partnership with one of France's grandes écoles, to develop the expertise of around 50 employees by 2023 in order to anticipate needs and guide decisions.

Everyone will thus be involved by integrating the constraints of the ecosystem into their creations, transforming these constraints into an opportunity to contribute to a more sustainable world.

Given the great diversity of the *métiers*, the sustainable development department operates on a decentralised basis and relies on a network of more than 300 relays worldwide. This network includes sustainable development managers in several entities, the EHS network officers (28 people), ambassadors in stores and production sites (a total of more than 350 people).

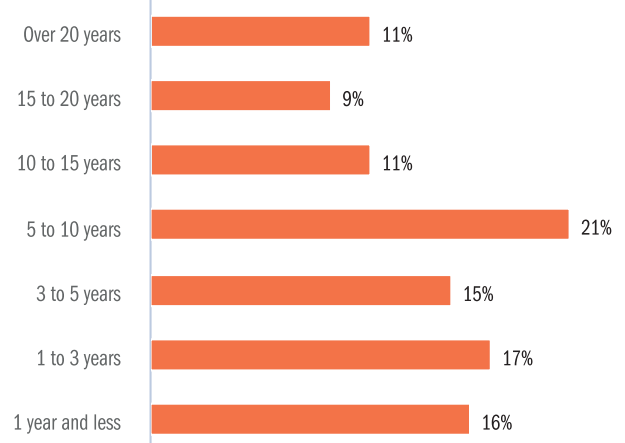
In addition, the *métiers* and subsidiaries organise Sustainable Development Committees specific to their scope and continue their training awareness-raising work as close as possible to operations.

2.3.2.3 INCLUDING CAREER PATHS IN A LONG-TERM VISION

Employee loyalty is a value that contributes to the stability and sustainability of Hermès' model. The House therefore provides employees with the necessary conditions for the development of their professional projects and promotes long careers.

The average length of service, which includes a wide range, is more than eight years. Given the strong growth in recent years, 48% of the Group's total workforce has worked for the Company for less than five years. However, more than one-third of the workforce has been with the House for more than 10 years (i.e. around 6,000 people), illustrating the loyalty and opportunities for career development within the House (as a reminder, 10 years ago the workforce comprised 10,118 people). The number of employees with more than 15 years of service has increased by 6% in one year.

BREAKDOWN OF THE GROUP'S EMPLOYEES BY LENGTH OF SERVICE



2.3.2.3.1 Retaining long-term employees

Hermès activates a number of motivation levers that help to anchor attachment and develop a strong sense of belonging: training throughout the career, internal communication, particularly with the HermèSphère digital platform, and dedicated and targeted content focused on the Company's fundamentals, its *savoir-faire*, its *métiers*, markets, organisation, not to mention seniority bonuses, as well as the quality of the workspaces, the systems dedicated to well-being and the convivial meetings that create strong links between the employees. The empathetic management style, which is conducive to accessibility, and the numerous actions aimed at encouraging discussions with employees and stimulating a collective mindset, also serve to foster loyalty and recognition. In terms of work organisation, versatility and multi-skills are preferred. The creation of participative cross-functional groups promoting innovation, as well as initiatives in terms of temporary secondments and internal mobility, complete the systems.

HR development

In order to bring out the Senior Executives and managers of tomorrow, the Group intends to facilitate the construction of rich internal professional and personal careers path for the men and women who make up the current teams. Whether in the fields of management or expertise (IT, digital, supply chain, purchasing, finance, HR, audit, legal, etc.), Hermès intends to pursue its long-term project, built over time by promoting employee loyalty. In a context marked by increasingly entrenched aspirations to live life in harmony with one's values, the collective culture is growing in importance and the speed of skill changes must be taken into account. In addition, Hermès has to face the development of its activities, the corresponding increase in its workforce, and the changing geographies, with Asia and in particular China becoming increasingly important. These various factors have led the Group to give an increasingly "transformational" role to its human resources management.

Evaluating employees to help them in their development

Each employee has an annual performance appraisal. The Managing Directors of the subsidiaries and their Directors of Human Resources oversee the annual performance reviews, which are based on annual interviews that provide an opportunity to take stock of the past year and build the objectives for the coming year, in terms of training. The human resources teams put in place the training plan required for each employee. In France, this update on employee skills and professional development takes place in the form of a professional interview, which by law must take place every two years. Hermès has chosen to conduct this every year and to discuss the subjects reviewed during the professional interview at the annual interview. The human resources department oversees the implementation of these two interviews, which provide an opportunity to assess performance, analyse skills, set objectives for the following year and discuss medium-term prospects with the employee (professional assessment, career plan, skills development plan, training).

In subsidiaries abroad, annual interviews are opportunities for discussion, formalised by a document detailing: the achievement of targets, performance, the managerial relationship, work-life balance, ethics and compliance, training requirements and the targets set for the upcoming year. Some subsidiaries (United States, Japan, etc.) adapt Group formats in keeping with cultural requirements or due to legal constraints. The support given to employees throughout their career is informed by these annual interviews. Once a year, the subsidiaries also organise a Careers Committee, in which the Management Committees share individual situations and stimulate in-house mobility, which is the first lever for employee development. Annual "Talent Reviews" are also a way of learning more about employees and following their trajectories closely. This enables individual Executive development to be followed closely.

Talent identification, a key challenge for sustainability

An annual talent review process is steered by the Group human resources department and aims to identify leadership talents – called upon for senior managerial positions – and expert talents, who are valuable in preserving and developing the *savoir-faire* that makes up the richness and specificity of the *métiers*. The talent review led to the selective identification of leadership talents and expert talents and to succession plans being proposed for each of the three divisions (Upstream, *Métier* and Retail). The most promising talents are closely supported in their development.

The management of talents and their career paths is more dynamic with greater coordination between players, a desire to ensure the best match between talent and senior positions, as well as the desire to make bold decisions in relation to young talents.

A greater number of 360° assessment procedures were put in place to allow leadership talents to get to know each other better and the organisation to make good use of their qualities in appropriate roles. Their performance is assessed, their potential gauged, internal and external development programmes are proposed to them and development actions are closely monitored.

Various Internal programmes are in place to develop managers

identified as being able to take on Senior Executive positions within the Group in the short or longer term:

- ◆ the *Entre-temps* programme is aimed at the Managing Directors of subsidiaries and aims to give them time to step back four times a year and look at topics such as freedom, courage and trust, values dear to the Hermès leadership model. Although it was not used in 2020, this formula, which favours co-development, allows them to fine-tune their strategic vision, enrich themselves with other perspectives and break the loneliness of the leader, to find solutions to problems encountered on a daily basis and to think in a more forward-looking manner;
- ◆ a series of Hafterworks, in the form of remote conferences aimed at deciphering the changes underway through the contribution of an expert, is offered to all Senior Executives (Managing Directors and members of Management Committees) on a bimonthly basis;
- ◆ in 2022, the Leading with Art programme benefited 40 senior talents. Through two sessions of several days, it aims to make them leaders who know each other well and are ready to have a positive impact on those around them and on the world. Thus, a community of strong and supportive leaders is gradually being created; In 2022, two alumni days were offered for this programme;
- ◆ in 2022, the Cavaliers programme enabled 12 young talents to spend more than eight months exploring a strategic issue assigned by the Executive Committee. This enables them to put their teamwork skills into practice and deepen their understanding of the Hermès model through a subject on which they make concrete proposals;

- ◆ the “Digital makers” programme created in 2022 to train high-potential managers to manage digital transformation projects. For two weeks, they learn project management, creativity and design thinking skills, in particular through a “case study” entrusted by Hermès. At the end of the programme, they submit the results of their thoughts to a few members of the Executive Committee. The project can be implemented operationally if the proposals are validated internally;
- ◆ the Web school factory’s CFEE programme invites four young talents to develop skills specific to digital professions such as project management, design thinking and creativity.

In addition to this offering of internal programmes, talents also take part in external programmes. Thus, in 2022, several programmes originally developed by Danone were attended: the programmes Eve, Octave and Noé dedicated to leadership, and in particular leadership by women, ongoing change and sustainable innovation benefited 63 managers who wanted to open themselves up to the world and other universes and have a personal development experience that could increase their impact in everyday actions. Short programmes such as Insead Advanced Management or Crozamento with the École de Guerre are also part of the talent development programme.

This attention paid to talent is exercised in the subsidiaries, notably through the establishment of a Talent Management Committee, the definition and monitoring of individual development plans for talents, career interviews and individual coaching, contributions to cross-functional projects or temporary assignments to expose talents to various situations and challenges and thus enrich their experience and expertise. HR managers are trained in the assessment tool in order to internalise the approach, and constant attention is paid to internal mobility, the first lever of talent development, in particular through the distribution of internal newsletters in addition to the My way in Hermès platform. Lastly, *Vis ma vie* (“Live my life”) sessions and mentoring initiatives facilitate internal mobility and accelerate the process of taking up job openings.

The objectives are to cultivate and strengthen the skills of talents in project management and transmission, to enrich their expertise and develop the key skills of innovation and creativity.

2.3.2.3.2 Offering varied career paths

In addition to the Career Committee led by the Group human resources department, several initiatives are common to all subsidiaries to promote and prepare for internal mobility, with the distribution of offers *via* internal channels, the establishment of job fairs within the sectors and temporary secondments to other sites in the industrial sector, the *métiers* or the Retail subsidiaries. The active coordination of human resources teams within Internal Mobility Committees facilitates, among other things, the rollout of the *Vis ma vie* programmes, in which participants put themselves in the shoes of another employee for a period of between one week and six months,

and networking operations to showcase the sites through divisional projects and exchanges between exclusive stores. Individual interviews for people on the move in order to narrow their project and determine an appropriate action plan, the rollout of various assessment tools and the review of compensation levels aimed at retaining talent internally are also available to teams to reinforce the versatility and multi-skills of employees.

Offering development and recognition opportunities to enable participation in the Hermès adventure

Numerous actions aim to enhance the value of employees, identify opportunities and offer them constructive development and diversified career paths and above all, individualised support. These initiatives are supported by internal communication to share the vision, give meaning, motivate and embark on the corporate project and relay the vision of the Executive Committee. The financial dimension is an integral part of recognition, with, for example, the increase in the long-service bonus in entities in France. The review of compensation on the basis of external benchmark surveys to ensure a level that is always higher than the market. The positive and engaging work environment, constantly improved with the introduction of adapted and ergonomic equipment and moments of celebration, also contribute to employee loyalty.

2.3.3 DEVELOPING AND PRESERVING HISTORICAL SAVOIR-FAIRE

Prix de l’Adresse Award

As local and international exchanges became viable once more in 2022, programmes have resumed, particularly those aimed at sharing the House’s *savoir-faire*. For employees at production sites, several schemes have been relaunched.

The *Prix de l’Adresse*, an internal competition that enables little or no longer used *savoir-faire* to be proudly revived, is a true invitation for committed volunteer craftspeople to go the extra mile. Participants have several months to make an exceptional piece from the Hermès Conservatoire des collections or to create an original item. Launched in March 2021, the fifth edition of the *Prix de l’Adresse* was a great success, with 39 teams completing the adventure. Fifteen of them were even awarded the Hermès Masterpiece Prize. This edition ended in March 2022 with an event dedicated for the first time to the *Prix de l’Adresse*.

The latter was relayed internally with the publication of two special editions of the Leather Goods division’s newsletter “Le Point Sellier” to highlight the 31 teams of this division that took part in it.

This initiative is a concrete and high-visibility way to involve Hermès employees internally in the preservation and development of craftsmanship *savoir-faire*.

Meilleurs Ouvriers de France (MOF)

This prestigious title is awarded only in France by category of craftsmanship *métiers*, as part of a competition between professionals. It takes place every three years. The goal is to reward excellence and *savoir-faire*, which are the required criteria for the awarding of the title.

The House is proud to count some of the *Meilleurs Ouvriers de France* among its craftspeople. They guarantee the excellence of the *savoir-faire* in addition to arousing the interest of younger generations. Hermès supports those who wish to obtain this prestigious title by financing their registration to the competition, providing them with the materials necessary for the creation of their final piece and by granting them extensive access to the various production sites.

The House has 21 MOF, distributed as follows: three at the bootmaker John Lobb, 10 at HTH (drawing-engraving, sabre velvet, weaving,

printing and finishing), seven at Cristalleries Saint-Louis (crystal cutters, glassmaker by hand and using a blowtorch, as well as four Best craftspeople of France, glassmaker by hand and cutter), and one saddler-leather workers at HMS.

Entreprise du Patrimoine Vivant (EPV)

The Hermès Group is proud to have eight companies recognised by the *Entreprise du Patrimoine Vivant* (living heritage company label) ⁽¹⁾ in 2022, namely Hermès Sellier (until summer 2022), Holding Textile Hermès (Bucol), Établissements Marcel Gandit, Ateliers A.S., Siegl, Ateliers de Tissage de Bussièrès et de Challes, Beyrand and Cristalleries Saint-Louis. Puiforcat requested its renewal as an EPV in 2022.

These distinctions bear witness to Hermès' commitment to the safeguarding, preserving and promoting heritage *savoir-faire*.

1. <https://www.institut-metiersdart.org/epv>

Cachemire plaids of the Hermès Maison collection, one of Hermès' flagship materials



© Photography credits: Martin Bruno

2.4 THE PLANET: RAW MATERIALS

2

Sustainable development at Hermès is based on exceptional raw materials, from renewable natural sources, which enable it to create long-lasting objects. The materials are obtained with a determination to control their environmental footprint and used with respect by optimising their usage. More broadly, Hermès is committed to sustainably developing its supply chains, by going beyond compliance with environmental, ethical and social regulations, and contributing to the future availability of these resources. Lastly, Hermès is committed to measuring its impacts on biodiversity and taking action to preserve it.

Introduction

Hermès' flagship materials – leather, silk, cashmere and wood – are all natural, renewable and obtained in such a way as to minimise their footprint. The model and values of craftsmanship guiding the House have always promoted the careful and respectful use of these rare and precious materials. Craftspeople take great care not to waste resources, to use only what they need and to optimise the use of materials. Naturally, the Hermès Group does not use materials or species that are threatened with extinction or are sold illegally. Recycled materials are increasingly used in manufacturing. In all *métiers*, channels are also identified to recover and recycle manufacturing offcuts, in addition to the emblematic activities of petit h, a pioneer in this area since 2010.

The materials are selected and supplied in each of the *métiers* within the framework of a rigorous process set out in the “**supply chain brief**” and detailed in technical specifications, complying with regulations, respecting biodiversity and best practices, in the constant quest for the highest quality and ethical integrity. These supply chain briefs are intended for all suppliers and manufacturers involved in supplying Hermès *métiers*. They are also accessible on the Group's corporate website. For decades, the House's approach has been to ensure it has in-depth knowledge of its supply chains, to share its requirements with its suppliers (often long-standing partners) and to develop them to achieve the highest quality and thus prepare for future growth.

The creation of Hermès objects depends on a quality ecosystem, able to provide it with exceptional materials. It is therefore fundamental for the sustainability of Hermès' business model to respect and protect biodiversity, and to implement science-based objectives in its direct and extended sphere of responsibility. For the Group, this involves voluntarily engaging beyond the sphere of influence and aligning its action plans with international standards such as **SBTN (Science-Based Targets for Nature)** or **TNFD (Taskforce on Nature-Related Financial Disclosures)**.

MAIN COMMITMENTS OF THE PLANET PILLAR: RAW MATERIALS



In 2022, the Group made progress the main issues relating to materials, with the aim of making a long-term difference through structural improvements with a steady and significant impact. Among these, the selected elements below are particularly illustrative of the year for this section:

- ◆ enrichment of all supply chain briefs (12 new materials integrated, 62 in total);
- ◆ implementation of the LCA approach in the House's emblematic product *métiers*;
- ◆ exploration of new materials, such as the Victoria bag in “Fine Mycelium” made using biotechnology (mushrooms) or Vulcanium™ (recycled leather);
- ◆ operational implementation of the “zero destruction” objective for unsold items in France (Agec law);
- ◆ rollout of the CSR self-assessment questionnaire to suppliers;
- ◆ renewal audit for the third period of RJC COP (“Code of practices”) certification;
- ◆ the Hermès Horloger workshops producing the watch cases and dials obtained RJC COC (“Chain of Custody”) certification;
- ◆ Inclusion in CDP A List (ranking A on CDP Water and A- on CDP Climate);
- ◆ strengthening of internal biodiversity awareness-raising actions.



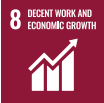

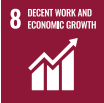

PLANET

MATERIALS

SDG	Objective	Indicators	2022 Results	Change 2021/2022	
SEEKING THE HIGHEST QUALITY FOR ALL THE MATERIALS USED, GUARANTEEING THE OBJECTS' DURABILITY					
	Have the highest quality materials and those best adapted to the functionalities and uses of the products	Number of different leathers used by the House	35 different leathers used by the House	=	
		Number of raw materials identified	88 raw materials identified	↗	
	Strengthen vertical integration to ensure mastery of <i>savoir-faire</i> and the quality of materials and develop long-term relationships with producers	Proportion of certified livestock farms	99.3% of the crocodilian hides used by the Tanneries division come from ICFA-certified livestock farms	↗	
			100% of ostrich farms SAOBCS-certified		
OPTIMISING THE USE OF RAW MATERIALS THROUGHOUT THE LIFE CYCLE BY INTEGRATING THE PRINCIPLES OF THE CIRCULAR ECONOMY					
	Identify eco-design levers and courses of action for all products	% of <i>métiers</i> having implemented an LCA approach on their emblematic products	More than 80% of the <i>métiers</i> carried out at least one LCA on their emblematic products	↗	
		Establish a circular economy roadmap in all <i>métiers</i>	Proportion of <i>métiers</i> that have formalised a Circular Economy roadmap	100% of <i>métiers</i> have included a section dedicated to the circular economy in their roadmap	=
		Engage in a process of recycling co-products from other industries	Proportion of leathers from hides recycled from agri-food channels	97% of leathers used by Hermès come from agri-food channels	=
	Favour the use of recycled materials when relevant	100% recycled gold and silver for Jewellery	100% non-mining gold and silver used in Hermès Bijouterie workshops	=	
		Quantity of recycled materials	18 tonnes of textile materials recycled in 2022 (21 tonnes in 2021)	↘	
	Develop upcycling, recycling and donation processes to improve and manage product end-of-life	Length of partnership with the leading association for the circular economy	Since 2016 , Hermès has partnered with charitable associations to provide donations in kind		
		Implementation of processes to achieve the target of 0 destruction of unsold items from 2022 in France (Agec law scope)	0% destruction in France from 1 January 2023 (Agec law scope), target extended globally between 2025 and 2030		
	Incorporate a circular and eco-responsible approach into creation	Number of products put on sale that incorporate a circular approach	More than 2 million products incorporating a circular approach developed in 2021	new indicator	
	Carry out product repairs	Number of products repaired	202,000 products repaired in 2022 (161,000 in 2021)	↗	
FINDING ALTERNATIVES TO THE USE OF CERTAIN MATERIALS, INCLUDING PLASTICS					
	Improve the impact of all packaging, from production to customers to transportation	% of packaging (customers and intermediaries) made from renewable, recyclable and/or recycled materials	100% of orange boxes and bags are made from renewable, recyclable and/or recycled materials	=	
		Eliminate single-use plastics	% single-use virgin plastic by 2025	100% of plastic hangers recycled	=
		Consolidate the use of natural materials	Naturalness indicator (Perfume and Beauty)	61% of ingredients used in perfumery are classified as natural or of natural origin, as are 58% of ingredients used in cosmetics	new indicator









PLANET

MATERIALS

SDG	Objective	Indicators	2022 Results	Change 2021/2022
CONTROLLING THE ENTIRE VALUE CHAIN WITH OPERATIONAL TRACEABILITY AND PARTNERSHIPS				
	Analyse all purchasing categories and supply chains	% of purchasing categories where risks have been mapped and number of supply chains subject to in-depth analysis	80 supply chains analysed representing 99% of revenue	↗
		% of calf hides traced to the livestock farm	In 2022, 40% of the calf hides tanned in the two calf hide tanneries of the HCP division were marked to ensure their traceability	↗
	Use leathers from geographical areas with low social and environmental risks	% of exotic hides traced to the farm	100% of crocodylian and 100% of ostrich hides are traced back to the livestock farm	=
		% of materials sourced in Europe for leather	91% of hides sourced in Europe	=
CONTRIBUTING TO THE DEVELOPMENT OF THE MOST DEMANDING STANDARDS ON THE MANAGEMENT OF SUPPLY CHAINS IN TERMS OF ENVIRONMENTAL, SOCIAL AND ETHICS CRITERIA, PARTICULARLY IN TERMS OF ANIMAL WELFARE				
	Contribute to the creation of certifications and standards with exacting requirements	Contribution to industry or sector working groups	Participation in the ICFA (International Crocodylian Farmers Association) since its creation in 2016	
			SARCA (South East Asian Reptile Conservation Alliance) since 2016	
	Implement an Animal Welfare policy by promoting the highest criteria	Number of animal sectors covered by the Animal Welfare policy	SAOBC (South African Ostrich Business Chamber) since 2016	
			Commitment within the LWG (Leather Working Group) since 2020	
		% of Group <i>métiers</i> with an Animal Welfare roadmap	100% of purchases related to animal supply chains are covered by the Animal Welfare policy	new indicator
			100% of <i>métiers</i> comply with the Group's Animal Welfare policy	=
INTRODUCING CERTIFICATIONS SCHEMES WITHIN OUR SUPPLY CHAINS				
	Obtain and maintain supply chain certifications	Number of certifications targeted (target for 2024)	Distribution of the Supply Chain Brief planning the implementation of certification or the award of label status for 44 selected supply chains	↗
		Number of supply chains certified and renewed	1st luxury house to receive RJC COP certification in 2019, being renewed in 2022	
			76% of the Leather Goods division's supplier tanners are LWG-certified	↗

PLANET

MATERIALS

SDG	Objective	Indicators	2022 Results	Change 2021/2022
SUPPORTING AGRICULTURE THAT IS MORE RESPECTFUL OF NATURE				
	Contribute to research and field initiatives	Supported projects	Livelihoods: more than 20 agricultural projects supported and more than 5,000 hectares planted or preserved	↗
	Increase the share of supplies certified according to criteria guaranteeing sustainable agriculture	Implementation of certification schemes by sector	4 sites in the HTH sector obtained GOTS certification in 2022	new indicator
DIAGNOSING OUR IMPACTS ON BIODIVERSITY ACROSS OUR ENTIRE VALUE CHAIN (FLORA AND FAUNA) AND DEFINING OUR AMBITIONS ON A SCIENTIFIC BASIS (SBT)				
	Measure our biodiversity impacts across the entire value chain	Assessment and monitoring of the impact on biodiversity by 2025 (Act4Nature)	92% of activities assessed according to a GBS (Global Biodiversity Score) study in 2021.	=
	Conduct dedicated Biodiversity studies in certain supply chains	Number of supply chains studied	Silk supply chain in 2020 and goat leather in 2021-2022 by the Cambridge Institute for Sustainability Leadership (CISL)	
IMPLEMENTING BIODIVERSITY TRAINING ACTIONS FOR ALL EMPLOYEES				
	Develop training to raise employee awareness	Number of employees trained	Nearly 50 members of the Operational Committee took part in the Biodiversity fresh and a masterclass provided by CDC Biodiversité More than 1,500 people took part in the Biodiversity training	new indicator
WORKING IN PARTNERSHIP WITH STAKEHOLDERS WHO ARE EXPERTS IN BIODIVERSITY				
	Establish partnerships with leading expert organisations on the subject of biodiversity	Number and duration of relationships	WWF France since 2016 EPE since 2018 CISL (Cambridge Institute for Sustainability Leadership) since 2020 CDC Biodiversité since 2020	
IMPLEMENTING ACTIONS TO PROMOTE BIODIVERSITY IN OUR MÉTIERS, SUPPLY CHAINS AND SITES, ACCORDING TO IMPACTS				
	Measure our biodiversity impacts at production site level	Number of production sites on which a Biodiversity assessment has been carried out	16 leather goods workshops on which a Biodiversity assessment was carried out, i.e. 29% of production sites	
	Involve our value chain in actions to promote biodiversity	Distribution of a CSR brief to our suppliers with a biodiversity component	Update of the CSR brief in 2021, and distribution of a self-assessment questionnaire containing biodiversity-related questions to 61% of suppliers	new indicator

2.4.1 ECO-DESIGN AND CIRCULAR ECONOMY

Each *métier* and each production unit is committed not only to applying the principles of eco-design to use materials wisely, but also to reduce waste and promote reuse and recycling to move towards a circular economy.

POLICY

The Group's policy is to go even further in terms of the eco-design of its products, by using "non-renewable resources as little as possible, preferring the use of renewable resources, and which are used while respecting their renewal rate, as well as being combined with waste recovery processes that promote reuse, repair and recycling" (1). This preventive and innovative approach, based on dedicated tools, in particular LCA (2), contributes to minimising the environmental footprint of products over their entire life cycle, without compromising on their properties in use.

The House's ambition is to offer sustainable, eco-designed products that respect nature, and which retain their technical characteristics over time. The House's creative excellence, **and the often timeless nature of the collections also allow Hermès objects to remain desirable over the long term, thus extending their period of use.**

GOVERNANCE

The industrial transition & quality department, created in 2022, provides cross-functional support for the Women's and Men's Ready-to-wear, Shoes, Fashion Accessories, Silk and Textile, Home and Jewellery *métiers*, as well as on eco-design and the circular economy. This approach is also underway in the Leather Goods, Watches and Perfume and Beauty *métiers*.

The team of six employees that make up the industrial transition & quality department is being structured and ramped up to lead sustainable development initiatives, namely: environmental impact measurements, eco-design awareness, circularity, traceability, etc. Training courses are conducted to encourage people who can influence action on these subjects to use any levers more systematically. Thanks to this organisation, **the *métiers* now conduct precise life cycle analyses with more and more actual data on their flagship products. More than 80% of the *métiers* did so in 2022.**

This approach is built in line with the Group's carbon strategy managed by the industrial affairs department. For example, the carbon data from the precise LCAs carried out by the *métiers* will make it possible to refine the scope 3 calculations of the carbon footprint assessment related to the life cycle of the raw materials in our products (§ 2.5.6.2.1). The action plans will contribute to the Group's decarbonisation (§ 2.5.6.2.1)

2.4.1.1 SYSTEMATIC LIFECYCLE ANALYSES

Ambition

Hermès teams have always worked on the design of **aesthetic, high-quality objects that have very long lives**. The Life Cycle Analysis (LCA) method supports this responsible design approach through more standardised and quantified calculations, and provides a complementary scientific perspective. For the leather goods workshop, for example, the calculation includes farming, tanning, extraction of metals used, product manufacture, and all transportation until their arrival in stores and packaging elements (orange boxes, herringbone covers, ribbons, and shopping bags). With regard to livestock farming, data are taken from the Agribalyse® database and the LCA are conducted according to a selection of criteria derived from the assumptions of the European PEF regulations (environmental score, product environmental footprint). This increasingly involves making use of actual and unitary metrics and not sectoral averages. For tanning, the actual emission factors of the Group's tanneries were used. The process began in 2020 with the main emblematic high-volume products, with the help of an external firm. Skills are organised so that it can be rolled out to more and more of the House's products.

Approach

The Group project was introduced in 2021, in collaboration with the Leather Goods, Women's and Men's Ready-to-wear, Shoes, Fashion Accessories, IoT (Internet of Things), Silk and Textiles *métiers* and Hermès Maison. Each *métier* presented between one and 10 references of emblematic products, such as the *Birkin* bag, the women's cashmere coat, porcelain tableware or a piece of furniture.

Six indicators were selected:

- ◆ CO₂ equivalent;
- ◆ water consumption;
- ◆ pollution of aquatic environments;
- ◆ air pollution;
- ◆ impact on soil;
- ◆ waste production.

The various stages of these 50 LCAs involved several dozen employees over a period of six months, grouping the studies by major families of objects: textiles, multi-material products, complex products, etc. Each of the three LCA campaigns lasted between six and eight weeks, from data collection to results.

The initial lessons led the industrial transition & quality department to formalise a three-step approach.

First of all, the teams must be trained so that these new approaches can be concretely integrated into their operations. In a second step, they must conduct pilot studies, for example in the regulatory framework of environmental labelling in the clothing textiles and shoes sector. Thus, the teams participate in the "supporting studies" for the European PEF (Product environmental footprint) to test the European methodology on two products present in all our collections (leather dress and Oran sandal). Internally, additional tests are carried out to assess the robustness of the tools. Hermès has also been involved in testing an alternative method for assessing and displaying the

1. Definition of ADEME.
2. Life cycle analysis.

environmental and social performance of products in the fashion sector, led by the FHCM (Fédération de la Haute Couture et de la Mode) as part of Ademe's Xtex call for projects. More holistic, based on an LCA foundation, it includes social criteria as well as a *savoir-faire* dimension. Lastly, the LCA methodology could be extended more widely with a view to eco-design, with a team sized to meet the issues and which will at the same time address the subject of packaging and will be able to provide real decision-making support to the *métiers*.

Results

Hermès objects are mainly **composed of raw materials of natural origin (mineral, animal or vegetable)**, the production of which can have very different environmental impacts, thus giving rise to very diverse studies. These materials, noble and of the highest possible quality thanks to careful sourcing, contribute to the long life of the products. This durability has to be taken into account in the assessment of the environmental footprint, which is assessed as the ratio between a sum of impacts and the life of the object. This durability of Hermès objects contributes to more favourable LCA results than the market benchmarks.

These calculations make it possible to confirm major trends, as well as to identify less intuitive issues. For the vast majority of the products studied, freight, for example, represents only a relatively small part of the carbon impact (less than 5%). On the other hand, due to the very high number of hours of craftsmanship required to manufacture Hermès objects, employees commuting to and from work (included in the methodology on a voluntary basis) can sometimes represent a significant part of a product's CO₂ impact (for example, for a leather goods item requiring two days of craftsmanship work, the carbon emissions of four commuting trips are allocated to a single item). **This calculation illustrates the specificity of Hermès' craftsmanship model**, and the need to have a global vision of the impacts of the activity in relation to the expected quality and durability over time of the objects.

Since 2021, the Tanneries division's teams have initiated LCAs to assess the environmental impact of tanned leathers, capitalising on the work on the carbon footprint of the tanneries and farms.

They take into account each species (crocodile, lizards, calves and goats), each production site (farms and tanneries) and the manufacturing processes of emblematic items (for example, Himalaya, Box or Epsom). The scope of these LCAs extends from livestock farming to leaving the tanneries. This specific data can be used directly by the Hermès' *métiers*. In compliance with ISO 14040-44 standards, the methodology of the Product Environmental Footprint Category Rule (PECFR) Leather, a European environmental information project, is used for these analyses.

The assessment method used (Environmental Footprint 2.0) makes it possible to calculate **16 Impact Indicators**, which are used to record:

- ♦ air pollution (climate change, ozone depletion, photochemical ozone formation, acidification);
- ♦ aquatic pollution (depletion of water, eutrophication of freshwater and marine water, eco-toxicity of freshwater);
- ♦ soil pollution (soil eutrophication, land use, depletion of fossil, mineral and metal resources);
- ♦ health impacts (cancer and non-cancer toxicity, particulates).

At the date of publication of this report, approximately 40 leathers have been subject to an LCA and several types of tanning have been studied in order to measure their benefits from an environmental point of view.

The lessons learned from these LCAs were presented to the division's Management Committee and to the tanneries in order to identify eco-design actions. They will be presented to farms in 2023 so that actions can be implemented on the ground.

The division also contributes to the sector's work initiated by the Centre technique du cuir (CTC – Leather Technical Centre) and the French National Leather Council ("supply chain" carbon footprint assessment).

The objects of Cristalleries Saint-Louis are **designed to last and be passed on from generation to generation**. Furthermore, a working group on the issues introduced by the anti-waste law for a circular economy (AGEC) was launched in 2022. The objective for Saint-Louis is to accelerate changes in its production and consumption model in order to limit waste and preserve natural resources, biodiversity and the climate, for example, in the energy field, through more efficient furnaces.

J3L aims to carry out its first life cycle analyses on metal parts intended for Hermès objects in 2023, with the assistance of an external firm. To this end, four products that are emblematic of its production have been identified. The results will make it possible to highlight the most impactful phases of the life cycle and to launch eco-design actions.

The material intended for the advertising of Perfume and Beauty products has also undergone an LCA, leading to modifications to limit its environmental impact: flat delivery is now widespread, in order to limit the volume transported and thus reduce the LCA impact by 47%, lamination has been eliminated to facilitate cardboard recycling, and recycled plastic is systematically used in certain parts.

Lastly, LCAs are underway on the main product families of the HCl *métier* (Shoes) with the aim of being an incubator for best practices on our in-house sites and sharing the results with partner workshops.

2.4.1.2 CIRCULARITY, INTEGRATED IN THE DESIGN OF OBJECTS

Thanks to its craftsmanship dimension, **the Group has always followed the principles of the circular economy**, in particular with its expertise in repairs and after-sales. Today, the aim is to continue along this path as much as possible by leading recycling and upcycling projects for objects, as well as by working on packaging.

GOVERNANCE

Circularity is a subject that the industrial transition & quality department monitors with all the House's experts through cross-functional circular projects. This department facilitates for each *métier* the provision of unused materials for the benefit of the Group's other *métiers* and coordinates recycling operations for all categories of products and *métiers* subject in France to the AGEC 2022 & 2024 deadlines. Given the maturity acquired by the teams, the Circularity Committee, which had led these topics in 2021, was replaced in 2022 by specific bodies within the *métiers*, to allow the exchange of best practices and dedicated technical solutions in a more restricted network. **The *métiers* have always focused on minimising production waste.** The Group is committed to a trajectory leading to the recycling or reuse of all its unsold products in France. Given the Group's strict quality requirements, the organisation is in place to achieve the goal of zero destruction between 2025 and 2030 at the global level.

2.4.1.2.1 After-sales: repair to extend the life of objects

The design of objects also allows them to be repaired. From saddles to silk to watches, all owners of Hermès objects can request their repair. With **202,000 repairs carried out in 2022**, representing a 25% increase in this activity, this commitment is a working reality, worldwide. Customers are increasingly receptive to this and do not hesitate to ask the dedicated teams to give a second life to an old object in particular.

With more than 1,000 service lines, Hermès unusually offers its customers **a tailor-made after-sales service**, with no time limit, across all its *métiers* and throughout the world. The House makes a point of ensuring the maintenance and restoration of its objects, made by craftspeople, in order to prolong their life as much as possible. This activity illustrates the durability of the objects and the House's desire to help extend their lifespan. A strategic focus for Hermès, it occupies 60 craftspeople in the workshops and more than 60 people at central level, who helped to handle 70,000 products in France in 2022. The main aims of this expert service are: management of maintenance requests sent by exclusive stores, management of interventions in workshops and supplier relations, support for the *métiers* on quality and reparability issues, exclusive store support for customers. The team was strengthened in 2022 with the addition of jeweller craftspeople and the expertise of one of our craftspeople was also enhanced by obtaining a jeweller's diploma.

The first contact for these interventions is the in-store sales associate and 2022 was an opportunity to better inform them with a few essential messages per product. Details of the repair request are thus facilitated, whether for one-off services (over-dyeing of scarves, restoration of trunks, etc.), standard services (re-sizing of rings, supplying ties and cords, etc.) or essential maintenance for leather products to **extend their life**.

Logistics for this department are unique because they involve the dispatch of individual products.

Moreover, in order to offer a local service to customers and reduce the carbon footprint associated with product returns, the after-sales department also develops and coordinates local repairs around the world. It ensures the selection, testing, auditing and approval of a certain number of workshops in all the countries where the exclusive stores are located, as well as the monitoring and support of the subsidiaries. An internal workshop dedicated to jewellery accessories was specifically set up in 2022 in the United States to meet local demand. In this vein, the House is also continuing to set up local internal workshops dedicated to Leather repairs alongside its flagships. These workshops are run by expatriate craftspeople who enable local customers to benefit from their expertise in the upkeep of all Hermès' leather goods articles.

Thus, in 2022, **more than 132,000 repairs were carried out locally**, of which 24% on leather goods, by 37 craftspeople expatriated to subsidiaries. Before departing, these craftspeople undergo a dedicated seven-month training course in order to enhance their *savoir-faire* and expertise specific to the maintenance and restoration of leather objects.

2.4.1.2.2 Innovation for the circular economy

The circular approach, inherent in the House, starts with the design of the object, by seeking to **minimise its impact on the environment through optimised use of resources**: reuse of spare materials, integrating recycled materials and refillable items, etc.

Without waiting for the publication of the French AGEC law (anti-waste and the circular economy), the *métiers* have accelerated their initiatives through numerous working groups, which have designed solutions that create a second life for objects and recycle objects, and which are now in widespread use. **Thus, in 2022, 18 tonnes of textile materials from manufacturing offcuts were recycled.**

In its circular economy approach, the Textile division (HTH) has intensified its reuse or upcycling actions aimed at optimising the rate of use of materials. The development of their new channels for use and obsolete supports made it possible to reintegrate 56,755 units of obsolete textile products in 2022, i.e. 5.4 tonnes of material for internal and external projects. For example, House designers committed to upcycling have produced ready-to-wear pieces by reworking unused stock.

Together with various service providers and partners in France and abroad, solutions for the reuse and recycling of silk and cashmere waste and offcuts from production have been developed for a number of years. These should make it possible to accelerate the reuse of these materials on an industrial scale.

The production of recycled silk thread for the manufacture of new products, such as protective covers for Hermès products or felt for leather goods from manufacturing offcuts, are examples of projects for the recycling of materials. All the operations implemented aim to come as close as possible to achieving the specifications of a new material and thus create a true materials loop in order to reduce the use of natural resources as well as chemical inputs. Thus, for example, the padding of the Hermès quilted stole is also made from recycled silk wadding. In addition, thanks to an innovative silk fibre sorting and recovery technique, it was possible to develop a yarn composed of 20% recycled silk and 80% virgin cashmere, with characteristics comparable to 100% cashmere and used in accessories such as mufflers, gloves and hats for men.

Several tonnes of materials were also used in tests to create acoustic panels or clothing. These initiatives are designed to lead to industrial processes aimed at recycling most of the textile production scraps.

This can be seen in 2022, when although the activity was increasing, the final textile waste of the HTH division decreased by 28% (78 tonnes in 2022 compared to 109 tonnes in 2021).

2.4.1.2.3 Petit h and the reuse of materials in-house

Petit h is above all, a unique approach to recreation: inventing objects, using materials that Hermès has not used in the production of the House's collections, intertwining the excellence of its *savoir-faire* and the creativity of the artists and designers. Petit h has existed for more than 10 years, having developed expertise derived from the experience that permeates all *métiers*. Each petit h craftsman works from available materials, brought together in **a single, abundant location, where each resource is catalogued and awaits nothing more than the inspiration of a guest artist.**

These reverse creations, rather than creations from a preconceived idea, make it possible to develop a new typology of original, quirky, fun objects that retain the singularities of Hermès creations, namely, useful, repairable and sustainable over time. All of the Group's *métiers* are involved, and given creative freedom. Ends of collections, accessories, obsolete items (such as a whole collection of pommels from the 1960's), leather scraps, fabrics, silk, porcelain, etc., all these materials which, put to a new use, ennobled and sometimes relieved of a tiny initial defect, are reborn thanks to unique *savoir-faire* and talented artists. They are often combined, either with each other or with raw materials (terracotta, cane, etc.). Scenography elements with untapped potential can also be kept while awaiting a new purpose.

This is how the *métier* combined a saddle tree, the frame of an old saddle, and leather, to create the framework of a chair, which knotted spaghetti-like strands of rolled silk then transformed into a colourful hammock. The 1,000 knots needed were tied in a sheltered work establishment whose employees with disabilities were trained and are now autonomous in this delicate mission. The environmental and social concerns of petit h are thus combined in this purpose.

These innovative upcycling approaches have been extended to petit h's own circularity. Scraps from the petit h creative process are kept and used. Leather confetti has become delicate handles for unique pottery.

To date, this process of circularity is limited only by the artist's imagination, since the craftsman who brings the object to life uses their *savoir-faire* to give free rein to the process of creation.

It is with this respect for materials and *savoir-faire*, this spirit of common sense, that **petit h naturally participates in reusing exceptional materials.**

Some creations are manufactured as unique pieces, at the whim of existing materials. Others are also produced in limited and controlled production runs. This creative and singular approach resonates through an original and inventive distribution channel that veers off the traditional paths, with a permanent base at the Sèvres store in Paris, and pop-up sales abroad. In 2022, Dubai and Bangkok hosted these stopovers.

For more than 10 years, petit h has been a pioneering laboratory that has encouraged the *métiers* to identify original upcycling solutions, which are then marketed in larger series.

2.4.1.2.4 Management of unsold stock

The Hermès business model, based on the stores' freedom to purchase and the desirability of the House's products, means unsold stock volumes are naturally very low. Orders are made directly and freely by each manager, who is responsible for choosing the right assortment for his or her local customers. In addition, to optimise sales at regional level, the subsidiaries arrange inter-store transfers, leaving only a small number of unsold products. This trend was even stronger in 2022, given high demand, where many exclusive stores were unable to meet all their customers' demands.

The management of unsold items is organised around various successive and complementary actions. Exceptional sales to the public are organised by the distribution subsidiaries to allow the sale of products that have not been sold in exclusive stores. Regular sales to staff are an additional channel used to avoid waste. In addition, for several years now, donations of de-branded products have been made to different partner associations. In this way, several thousand products are donated each year to these partners, who distribute them to people in difficulty.

Finally, some products are disassembled to recover their raw materials, which are reused or recycled. In 2022, in addition to partnerships signed with recovery and recycling specialists, a circularity workshop led by Hermès Commercial was set up. It has created two jobs, and two people from a sheltered work establishment (the Association des Paralysés de France) work there to dismantle silk scarves and ties from unsold items or destocking. This material is reworked to make a new silk thread that will then be used by our production sites for our packaging, more specifically in the weaving of herringbone covers.

The Hyères Festival between creation and circularity

In 2022, for the third year, Hermès renewed its commitment to the Hyères International Fashion, Photography and Accessories Festival with the Hermès Accessories Award. With this award, Hermès is pleased to support young talent and shows its commitment to daring and innovation, levers of creativity.

The Hermès Fashion Accessories Award and its grant of €20,000 was awarded this year to a candidate selected for the creation of a belt, following the themes of jewellery accessories in 2020 and gloves in 2021. The 10 young designer candidates were invited to use Hermès overstocks. At the end of 300 hours of work and the support of 14 of the House's craftspeople, the jury voted for the brown calfskin belt designed by Lola Mossino and Indra Eudaric, simply called "La Cavalière", as a link between body and material.

2.4.1.3 MATERIALS RESPONSIBLE MANAGEMENT, AT THE HEART OF THE STRATEGY

The quality of the raw materials used is the first guarantee of the durability of Hermès objects. Their selection is therefore quite naturally subject to a rigorous process. Hermès objects are designed to last because their technical design and manufacturing methods favour robustness, in the tradition of saddler craftspeople. The famous "saddle stitch", still used in leather goods workshops, was born out of the need for seams to resist the pressure from the harness.

The Group uses only the highest quality materials, optimises their use through its production methods and develops the reuse, or recycling, of all production offcuts. Purchases are adjusted as closely as possible to needs in order to limit waste. The integrated artisanal approach is an advantage in this respect, ensuring close proximity between buyers and craftspeople. **Each métier works to constantly improve the use of these rare and precious materials, consuming only what is necessary.**

Furthermore, the materials used come from natural, renewable sources, taken while respecting their potential for regeneration, such as in the case of hides from farmed animals, or for the main textile materials (silk, cashmere and wool). The House's historical preference for natural fibres avoids the use of non-renewable resources based on petroleum.

2.4.1.3.1 Leathers

Leather tanning

Leather is an animal product, specially tanned and made imputrescible, either in a tannery for lamb, sheep and goatskin or in traditional tanneries for hides from cattle or reptiles. Hides used in leather goods are by-products of livestock farming for food. People occasionally refer to hides as the "5th quarter", **with tanning sometimes being referred to as one of the oldest recycling industries in the world.** Hermès uses only "full-grain" leather, the top part of the hide, without altering it in order to improve its appearance. The leathers used by Hermès are thus rare and of exceptional quality. The hides come from our own tanneries or from long-standing partners.

Management of crocodile breeding on the *alligator mississippiensis* and *crocodylus porosus* farms, close and constant relations with suppliers of exotic raw hides, and the control of all processing operations (river, tanning, dyeing and finishing) enable the House to manage as accurately as possible its purchases and use of materials in manufacturing processes. Several projects are being rolled out in farms and tanneries to improve quality control and optimise the use of

raw materials. For example, **digital systems for taking images of hides** at the start of the tannery process are already in use or are being rolled out. They allow the identification of defects, facilitate sorting and thus maximise the use of hides while reducing waste.

Leather work

The frugal use of leathers has always been a key concern of the production units: thus, cutter craftspeople are trained, from the moment they join the House, in how to cut leathers as sparingly as possible. Coordination among production units is managed on a daily basis to optimise the use of hides and offcuts: the analysis of the rate of use of hides is a management indicator used in the workshops.

This coordination was strengthened in 2022 thanks to the use of software enabling waste inventories to be maintained digitally. Given the development of the activity, with site openings every year, it is important to highlight the visibility of inventories and the possibilities of exchanges between sites to preserve the material. The rollout of the application, already effective on 20 sites, has been met with genuine support from stakeholders, and maximises reuse.

In addition, **a guide to best cutting practices** is followed on each site. This guide, which is based on self-assessment, is gradually updated with new practices that have been successfully tested by cutter craftspeople and shared with all sites.

Lastly, thanks to substitution and eco-design operations, a 53% decrease in dormant inventories of traditional leathers was measured in 2022. The target is a 75% reduction over three years.

In order to develop the culture of material optimisation, new production managers and new cutting workshop managers are systematically trained in the analysis tool to ensure optimal management of this consumption, in order to assimilate the concepts of best practices more rapidly.

2.4.1.3.2 Silk and cashmere

The level of integration of the Textile division through all processing operations (weaving, printing, finishing and manufacture) ensures that the raw materials supplied are used as frugally as possible. All production units carry out monitoring and actions to reduce scraps and waste, as part of the quality approach.

At the weaving stage, a working group made it possible, following analysis and technical tests, to identify and launch new ways to **reduce cashmere waste** by resizing the widths of the material to improve the ratio of printed surface to the area of the material. Partial lengths have been optimised to reduce material waste.

At the printing stage, the widths of silk are selected according to their specifications in order to adapt the material to the printing techniques and products being made. This approach makes it possible to increase the rate of use of the widths and avoid rejection of non-compliant widths.

The Textile division has initiated a project to recycle false selvages from cashmere weaving in order to make protective felt for leather goods. The first phase of this project, which consists of collecting and defibrating the material, was completed in December 2022. Up to 40% of the textile waste generated by ATBC will thus be included in this flow.

For the Silk *métier*, the management of “lean” planning has made it possible to reduce production waste since 2018. Some silk accessories are made from very wide pieces, which reduces the amount of cutting waste and limits energy and water requirements throughout the process. In the same way, the lengthening of printing tables at Ateliers AS enabled substantial savings in dye and textiles, thereby reducing offcuts.

2.4.1.3.3 Other materials

Hermès, a creative house, has always been on the lookout for new, innovative materials, according to specifications that have been constant since 1837 and very demanding: physical quality and resistance, external appearance and aesthetic quality, durability over time and reparability, and controlled environmental footprint over the entire life cycle. This research is carried out both on traditional materials and on newer avenues.

A new material has been developed by the US start-up MycoWorks using the *Fine Mycelium* biotech production process, which is based on the use of fungal threads. Biodegradable and strong, the sheets of this material are then treated and finished by Hermès tanners in France to further refine their resistance and durability. They were then used by our craftspeople to create the Victoria bag unveiled in March 2021.

Another initiative consisted in creating a new material called Vulcanium™ from the grinding of leather scraps or downgraded hides for use in fashion jewellery (Horse Head and *Chaîne d’ancre* pendants in 2022). For two years now, a new designer has been in charge of accessories and jewellery collections that further reduce environmental impact.

In leather goods, innovations in the field of hide tanning have also made it possible to produce leathers that are increasingly adapted to a creative offering, more flexible, with different grains and specific colours, while optimising the use of inputs and reducing the environmental footprint of materials.

The use of 3D technology reduces paper printing and patterns when manufacturing ready-to-wear collections, which are increasingly worked using more responsible materials.

Metals and stones

The “zero waste” principle is intrinsic to the manufacture of precious metal jewellery. Historically, it is the cost of these metals that has led industry players to develop strategies for saving materials, maximising their use and recovery of all offcuts, down to the smallest dust

particles. Today, this expertise in collection and reprocessing contributes significantly to limiting the impact of the sector.

At J3L, brass is one of the main materials used to make metal parts for Hermès objects. Particular attention is paid to this alloy in order to meet the environmental issues related to the extraction of its metals (mainly copper and zinc). J3L is exploring alternative solutions such as the recycling of rejected parts after grinding in order to make new ones.

In 2022, brass was added to the Group’s supply chain brief.

Perfumed compounds and cosmetic materials

Hermès Perfume and Beauty continues its trajectory of classification and optimisation of raw materials for its perfumes and cosmetics. More than 400 different raw materials are in its catalogue. **Some 61% are natural or of natural origin for perfumes and 58% for cosmetics.** In order to reduce our recycling rates for expiry, safety inventory levels have been reduced and all materials are stored in the best possible conditions, including nitrogen inerting of containers for 100% of inventories.

2.4.1.4 PACKAGING, OPTIMISED TO PROTECT EXCEPTIONAL OBJECTS AND THE ENVIRONMENT

Packaging is used at different levels throughout the life cycle of a product: during its manufacturing phase (packaging of materials, inter-site packaging) and during its sale in stores. In exclusive stores, 100% of orange bags are FSC-certified. The emblematic orange boxes and bags, made respectively of 100% and 40% recycled materials, are fully recyclable because they are made of paper or cardboard, printed with natural inks. Hermès has implemented frugal packaging management: the orange box is used both as packaging for internal flows, but also for sales and customers. The boxes often have a long lifespan, as customers tend to keep them beyond purchase (they even lead to a second-hand market, etc.).

Single-use plastic packaging

The comprehensive inventory of plastics throughout the production chain was completed in 2022. Single-use plastic packaging used by Hermès is either the result of external purchases (packaging for articles or materials received), or used in internal processes to transport articles between the various sites and to the exclusive stores.

A working group initiated in 2020 brings together around 30 stakeholders, with representatives from all *métiers*, logistics, purchasing, sustainable development and industrial affairs. With the help of experts, it is working on opportunities for **plastic substitution and circularity**.

Representatives of the House also participate in the work of the Fashion Pact, which has also launched a wide-ranging project on the subject. In 2022, Hermès took part in particular in a collective research and development initiative, for example, to find alternatives to resealable plastic bag (minigrips). This plastic packaging is only used for internal logistics flows and not given to customers; nevertheless it is mainly recycled.

Pending the development of a non-plastic solution that is satisfactory in terms of care for the packaged product and handling in the logistics flow, Hermès has undertaken to replace its virgin plastic bags with recycled plastic, an approach that will be completed in 2023.

In addition, plastic hangers are now made of recycled plastic.

Numerous projects are being carried out in the House at the same time to identify uses and reduce the use of plastic. In this respect, Hermès Commercial, which manages central logistics, undertook a major project to **eliminate the plastic heat-shrink wrapping of orange boxes** and, at the same time, improve the working conditions of the teams. The project had already been completed for small format packaging in 2021. This film had been replaced by a paper band sealing the orange box, with a message printed on the back highlighting its recyclability. In 2022, this approach was extended to large formats, thanks to a new mechanisation system and specific investment. At the same time, Hermès Commercial launched a project this year to make central logistics **“zero plastic”**. This initiative is being carried out in Bobigny (owned warehouse) and with the service provider in charge of the second warehouse. All uses of plastic (adhesive tape, bubble wrap, pouches, plastic film for pallets, etc.) in Hermès Commercial’s operations were recorded in 2022, on a scope also including after-sales service and exceptional sales. These studies make it possible to identify alternative solutions or create different processes. The consideration of ergonomics and the arduous nature of tasks is integrated into the approach. **The objective for 2023 is to continue to reduce the use of single-use plastic, estimated at around 30 tons.**

The general services team in France has also launched a project to identify plastics in the shipping activity. It has worked to replace adhesive rolls and wedge chips with materials that are just as efficient in terms of use but more virtuous (corrugated cardboard, adhesive tape, brown paper, etc.). In 2023, work will continue to replace the strapping, bubble wrap and air cushions.

The use of plastic for watch cases is gradually phased out in favour of medium-density fibreboard (MDF). In 2022, this project concerned all cases for the silver range. 33 tonnes of plastic were thereby avoided. In 2023, the same approach will be continued for the leather cases used to package the gold jewellery ranges. In addition, Hermès Horloger uses 7.5 tonnes of plastic per year in the production process, with, for example, protective lids and bases, protective foams and films, finger cots, or air cushions and strapping. After the mapping, Hermès Horloger is aiming to eliminate single-use plastics from its production process by 2025. A new eco-designed case is being prepared.

In Hermès Bijouterie, the anti-static films that can be peeled off, used to protect items, which used to be made of PVC and were therefore difficult to recycle, have been replaced by polyethylene films. Unneeded excess-packaging is also identified in conjunction with suppliers and, the first consequence is: padded envelopes are expected to soon be eliminated.

In 2022, the process of replacing the plastic bubbles used to protect the Leather division’s bags with recycled plastic bubbles made it possible to reduce their carbon impact by 87%. A second stage has already been launched, which aims to replace the plastic and cushioning foams present in the orange boxes. In the Textile division, new packaging is entirely or partially made from recycled or biosourced materials.

Cristalleries Saint-Louis is undertaking a process of streamlining its end packaging (blue boxes) to limit the number and references. The bulk packaging of products, particularly tableware (glasses, mugs and tumblers, in particular), will be standardised to promote the sale of single items and pairs. At the same time, tests are underway to limit the materials used, and plastic in particular, to protect products in packaging boxes so that they are easily recyclable (paper, cardboard). In the medium term, Saint-Louis also wants to implement a more virtuous solution, without plastic, to replace the heat-shrink film of small-format blue boxes.

Metal parts intended for Hermès objects require special attention when shipping, which can sometimes lead to increased consumption of protective packaging. In order to minimise its environmental impact, J3L favours the circularity of cardboard packaging and foams. Reusable packaging trays are gradually being introduced for the internal transfer of articles.

The distribution subsidiaries are of course also involved in the project to eliminate the use of plastics. In order to raise employee awareness, the Hermès Suisse distribution subsidiary has been working with an NGO on the fight against plastic pollution since the end of 2021 with two objectives: enable its teams to engage in a long-term dynamic on topics related to sustainable development, and **support the reduction of plastic usage** and its impact on the environment, thanks to the funding paid to the association.

Cosmetics packaging

For more than 10 years, Hermès Perfume and Beauty has launched refillable perfumes: *Voyage d’Hermès*, *Jour d’Hermès*, *Galop d’Hermès* and *H24*. This virtuous offer will be developed, in parallel with actions to reduce the ecological footprint of packaging. Life cycle analyses carried out on the packaging of Perfume and Beauty items gradually improve their recyclability rate. For example:

- ◆ the recyclability rate of nail polish packaging has now reached 98% thanks to the elimination of the weighting of the cap;
- ◆ the lids of Eaux de Cologne are both made lighter and 100% recyclable by the elimination of plastics that prevent recycling;
- ◆ the lids of the perfumes in the *Hermessence* collection are now recyclable thanks to the substitution of materials.

These changes, updated in 2022, will be effective at the beginning of 2023.

2.4.2 SUPPLY CHAINS

The sustainability of Hermès' activities depends on the long-term availability of the exceptional raw materials used. **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.

POLICY

The Group's strategy is to better understand its supply chains, strengthen them with high expectations to ensure their quality, ethics, environmental and societal sensitivity, and develop them to anticipate future growth.

This approach is based firstly on compliance with the regulations concerning the various materials. This notably means legislative provisions: ensuring compliance with the Washington Convention (CITES), an agreement between States for the worldwide protection of species of flora and fauna threatened with extinction. This can have an impact on the materials used in the leather goods workshops, certain tanneries, or certain perfume ingredients. The Group must also comply with health regulations (hides from cattle and sheep that were raised for meat) and regulations on animal welfare.

The policies used to implement this strategy are, on the one hand, the implementation of supply chain briefs to manage the entire value chain and co-construct sustainable development action plans, and a CSR brief for the Group. All suppliers and manufacturers involved in supplying Hermès *métiers*, and finally, an **animal welfare policy** formalised in 2021. All of these documents are available on the Group's website ⁽¹⁾.

GOVERNANCE

Hermès has long initiated a management approach for its raw materials sectors. Since 2019, the direct purchasing department has accelerated the process with the following ambitions:

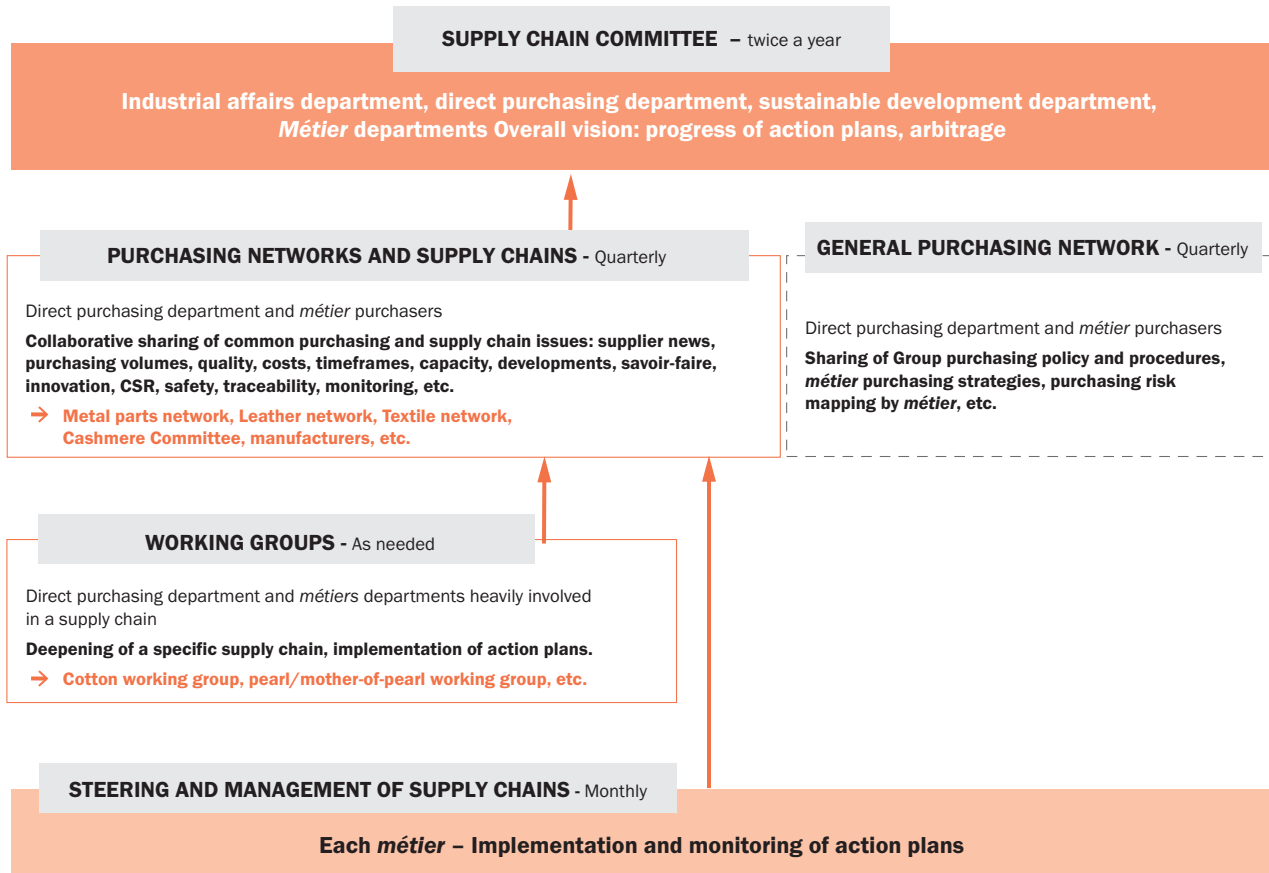
- ◆ commit to a process of in-depth knowledge and management of all the House's raw materials supply chains;
- ◆ meet risk management commitments, in particular with regard to human rights and fundamental freedoms, health and safety of people and the environment;
- ◆ capture value creation opportunities for the House, local authorities and the environment;
- ◆ develop more virtuous supply chains in which CSR issues are a priority, guaranteeing that 100% of raw materials used in the manufacture of products come from sustainable and responsible channels.

Thus, with the support of an independent expert firm, since the end of 2019, Hermès has set up a systematic approach to analysing its supply chains, to map each supply chain, take stock of traceability, assess inherent and specific risks, avail of opportunities and define insurance and certification procedures, and accordingly implement ambitious action plans managed by the *métiers*. Over the past three years, **80 raw material supply chains have been analysed in detail**, starting with the main ones used by Hermès (calfskin, cowhide, cotton, cashmere, etc.) not forgetting those used in smaller quantities (straw, wicker, mother-of-pearl, etc.) for the sake of completeness.

In addition, supply chain governance was put in place in 2021 with, in particular, the creation of a Supply Chain Committee, which, twice a year, brings together the direct purchasing department, technical and innovation industrial affairs department, sustainable development department and the Group Management of all the *métiers*. This body makes it possible to obtain an overview of the management of the supply chains and the progress of the action plans and, if necessary, arbitrate on certain points. To support this Supply Chain Committee, purchasing networks and supply chains specific to certain sectors have been set up, managed by the direct purchasing department, to share with the buyers of the *métiers* concerned the issues common to these sectors, in particular in terms of CSR and traceability. The risks of each sector are studied by this committee and, if necessary, are discussed by the Board of Directors for decisions to be made.

1. <https://finance.hermes.com/en/animal-welfare/>

HERMÈS SUPPLY CHAIN GOVERNANCE



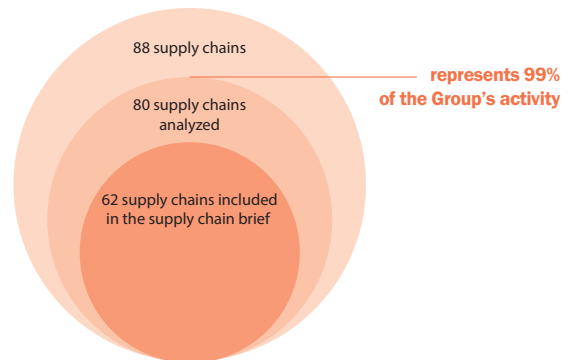
2.4.2.1 SUPPLY CHAIN BRIEF AND TOOLS

Since 2019, buyers have had a “supply chain toolbox” to use in structuring their supply chain analyses, provide a methodology and ensure a cross-functional Group approach. It enables:

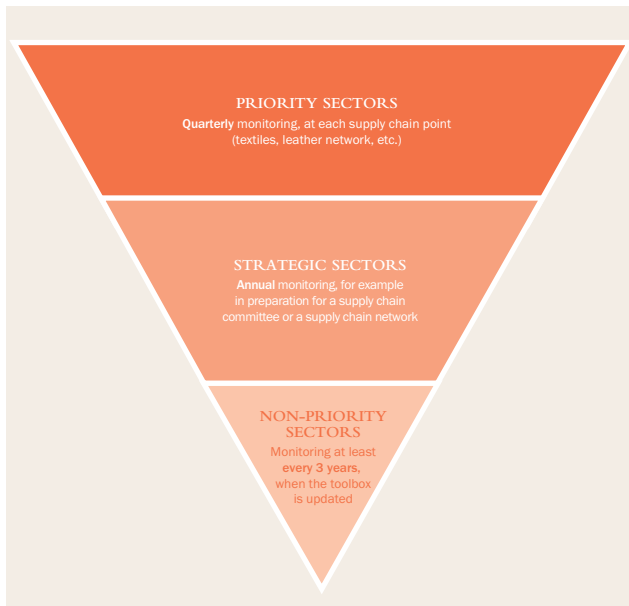
- ◆ the supply chain to be mapped, listing each link in the supply chain and the stakeholders;
- ◆ identification of the risks related to this sector, by assessing the risks with respect to human rights and fundamental freedoms, the health and safety of people, and the environment (carbon, water, deforestation, biodiversity), as well as the risk of corruption. In 2022, the topics of circularity, material and process innovation, as well as the subject of plastics (in line with the Group’s commitments) were added;
- ◆ value creation opportunities to be seized for the House, local authorities and/or the environment;
- ◆ action plans to be defined that will sustainably improve the supply chain and make it more ethical and responsible.

Of the more than 88 supply chains now identified, 80 had been analysed in detail by the end of 2022, i.e. 99% by value.

These multi-criteria analyses, including the assessment of CSR risks related to the duty of care, made it possible in particular to establish the categories below and their methods for monitoring the supply chains.



These analyses of supply chains also gave rise to a supply chain brief co-constructed by the *métiers*, the sustainable development department and the direct purchasing department, with the support of a firm of independent experts. The first version, including around 10 supply chains, was published at the end of 2020. In December 2022, version 8 was released; it now includes 62 supply chains.



The supply chain brief is intended for all suppliers involved in the supply of raw materials used in the manufacture of the House's products. It allows Hermès to share with them its ethics and sustainable requirements and those relating to the protection of people, animals and the environment.

It provides a reminder of the principles of Hermès' responsible purchasing policy:

- ◆ transparency: **knowledge of its supply chains through its network of manufacturers and partners, is at the heart of Hermès' concerns.** It aims to guarantee the highest level of quality, the best traceability and the careful use of raw materials. Hermès wants to have a transparent vision of each link in the supply chains of its *métiers*, in collaboration with the players in each sector;
- ◆ high standards: Hermès rigorously selects materials, in compliance with regulations and best practices, according to the following fundamentals:

- promote exceptional sectors, developed locally as close as possible to the raw material: breeders, farms, cooperatives, etc. Hermès listens to the players involved in the field, to develop partnerships, improve operating conditions and generate long-term improvement projects,
- respect human rights and fundamental freedoms: in addition to compliance with benchmark conventions, the House's vigilance plan includes respect for human rights, fundamental freedoms and employment conditions for both its suppliers and their own suppliers and subcontractors,
- ensure animal welfare: anchored in a multi-stakeholder collaboration and continuous improvement approach, Hermès' policy ensures compliance with the fundamental principles of animal welfare (five fundamental freedoms of the World Organisation for Animal Health – WOAH). Hermès favours observation of animals to demonstrate results and improve animal welfare in pragmatic ways and based on science,
- respect and protect biodiversity: materials from species threatened with extinction or whose trade is illegal are strictly prohibited. Risks related to natural materials of animal origin need to be controlled through internal audits and/or audits by independent third parties and are the subject of targeted action plans,
- protect the environment: managing the environmental impact of its entire value chain is a core preoccupation for Hermès. Respecting natural resources, promoting regenerative agriculture and forestry, controlling energy resources, favouring the cleanest technologies in its production processes, limiting waste and having ambitious EHS objectives are all pillars of the environmental policy implemented.

In addition to these fundamentals, **Hermès is committed to taking advantage of the best available standards and working to improve them**, while always integrating respect for people, animals and the environment.

- ◆ fairness: through their informative purpose, these guidelines are part of the Hermès *métiers*' desire to provide long-term support to their partners and co-construct responsible sectors. This also means promoting the virtuous initiatives already undertaken.

All the recommendations and requirements formulated in the cross-functional recommendations and in the briefs of each sector are communicated to the players concerned *via* the specifications, purchasing terms and conditions or dedicated discussions. All or part of these points may be subject to control visits, internal audits and/or audits by independent third parties. Targeted action plans will be

drawn up jointly following these discussions, visits and/or audits.

This supply chain brief then presents, for each sector, the short-term objectives and the trajectory for 2024, the points requiring particular attention and those that are prohibitive. In particular, it includes certification objectives for most of the sectors according to the best existing standards.

MAIN SUPPLY CHAIN CERTIFICATION COMMITMENTS

	Types of certification and/or specific procedures	Supply chain covered by the Animal Welfare policy
ANIMAL SUPPLY CHAINS		
Wool and fur	RWS/RAS/RMS certifications	Yes
Feather/Down	RDS certification	Yes
Leather	LWG certification	Yes
Precious leathers	IFCA certification for crocodile farms	Yes
	SAOBCS certification for ostrich farms	Yes
	LPPS certification for the Lizard sector	Yes
Silk	GOTS certification	Yes
Mother-of-pearl/pearls	ASC/MSC certifications	NA
PLANT SUPPLY CHAINS		
Cotton	GOTS certification	NA
Linen	"Master of Linen" certification	NA
Cellulosic fibres	Sources of FSC fibres	NA
Wood	FSC certification	NA
Rubber	FSC and GOLS certifications	
MINERAL AND METAL SECTORS		
Stones	RJC certification	NA
Gold/Silver	RJC certification and use of recycled materials	NA
Other metals	IRMA or ASi certifications	NA

2.4.2.2 ANIMAL WELFARE POLICY

The Group has set up **a strict and ambitious policy in terms of animal welfare for all the animal supply chains concerned**, both within its direct sphere of responsibility and for its external partners. Formalised in 2021, this policy, and all the concrete objectives it sets, have been shared with Hermès' suppliers and partners. It is published on the Hermès website⁽¹⁾. This policy is part of a process of continuous improvement of practices. Thus, in 2022, the policy was updated to take into account the latest advances (scientific and internal). For example, the silkworm sector was studied and added to the 14 "species" files already in existence.

Hermès' animal welfare policy is based on the following principles:

- ◆ a commitment to fundamental principles of animal welfare ("the five freedoms"⁽²⁾ defined by the FAWC⁽³⁾), based on the most recent observations and knowledge of scientists and university experts on the subject according to the species. In order to ensure proper animal welfare, Hermès' approach focuses on the observation of animals and their behaviour. This therefore means an obligation of results ("outcome based") to be compared with more traditional approaches, which are limited solely to a material analysis of resources, without taking the animal into account;
- ◆ adoption of the "One Welfare" concept. This holistic approach recognises interdependency links between animal welfare, human well-being and the environment, and promotes interdisciplinary collaboration;

1. <https://finance.hermes.com/en/animal-welfare/>

2. Absence of hunger, thirst and malnutrition, absence of physical or thermal discomfort, absence of pain, injury or disease, ability to express normal behavioural patterns, absence of fear or distress.

3. Renamed the Animal Welfare Committee (AWC) in 2019.

- ◆ a multi-stakeholder collaboration to ensure that the results obtained on animal welfare correspond to the expectations and analyses of a wide range of stakeholders, including several international and national associations (NGOs) involved in the Group's issues;
- ◆ a formal governance framework: in 2019, the House created an Animal Welfare Committee which brings together members of Group Management, the purchasing departments of the various *métiers*, the technical and sustainable development departments. An independent welfare expert is also a member of this Committee which meets at least every six months (in 2022, two committee meetings were held) to update the policy and standards, measure progress and ensure that resources are in place;
- ◆ implementation of strict standards detailing best practices, specific to each supply chain, covering, depending on the species, a broad range of areas such as farming and slaughtering practices, transportation, traceability, employee working conditions and training, the environmental performance of farms and their safety, the promotion of biodiversity, conservation of species and assistance to communities and populations;
- ◆ a monitoring system adapted to each sector allowing progression of best practices by conducting regular internal, or external, controls and audits in the supply chains.

An animal welfare roadmap has been drawn up for each species concerned by the sale of products, in all of the Group's *métiers*, and the House is working with its suppliers to draft operational roadmaps.

2.4.2.3 RESPONSIBLE SUPPLY CHAINS

2.4.2.3.1 Leathers

Leather reflects the animal's life. It bears traces of injuries, and health issues, like parasites. Beautiful hides come from animals that have been well-treated and cared for. Hence, the Hermès Group's demand for high quality hides helps to improve the industry by encouraging livestock farming methods that respect the animals.

All leathers used for leather goods manufacturing are purchased directly from tanneries, with no intermediaries. The vast majority of the needs are covered by the French, Italian, German and Spanish tanneries, all of which must adhere to European standards, which are some of the highest in the world for the industry.

Hermès uses more than 35 different types of leather to make its goods, most of which come from calves raised in France (including our flagship "Box" leather, made using an English tanning technique), but also natural cowhide in our equestrian leather product line and "exotic" leathers such as crocodile, lizard and ostrich.

Since February 2020, Hermès has been a member of the LWG's (Leather Working Group) Animal Welfare Group. LWG is a multi-stakeholder group that promotes sustainable environmental practices in the leather industry. It has developed rigorous audit standards and protocols comparable to industry best practices. These protocols have been reviewed by several NGOs, including Greenpeace, NWF, WWF (United States), sustainability organisations and academic institutions. LWG verifies compliance through independent audits conducted by approved third parties. Its approach is holistic, both on environmental aspects, the search for best practices and by defining guidelines for continuous improvement.

Since February 2020, all Hermès Leather Goods & Saddlery tannery

suppliers have been encouraged to undergo assessment using the LWG audit protocol. At the end of 2022, 76% of the Leather Goods division's suppliers had already been certified.

The Tanneries division has also defined an LWG audit programme for its sites. In 2022, the Cuneo tannery obtained LWG Silver Level certification during its re-certification audit following its first audit in 2020, while the Vivoin tannery was certified LWG Bronze Level. The HCP division will have the remaining tanneries and taweries audited in 2023.

At Group level, at the end of 2022, 66% of leather suppliers were LWG certified, with nearly 50% of suppliers already at Silver or Gold levels. The objective is to reach 100% of suppliers certified by 2024.

Moreover, LWG certification confirms that the supply does not contribute to deforestation.

Lastly, in 2022, the CDP Forests awarded an A- rating to Hermès for its performance in the "cattle products" sub-category.

Calfskin

Hermès, together with other brands in the luxury sector, participates in the collective initiative *Cul de Veau Français Responsable (Responsible French Calfskin)*, which aims to pool and deploy animal welfare verification audits throughout the French calfskin production sector in collaboration with players in the calfskin sector (farmers, integrators, slaughterers) in France.

In 2022, a joint audit protocol co-constructed by all members of the initiative, veterinary experts and Idele (Institut de l'Élevage) was validated and pilot audits were carried out by a third party in 50 farms.

This audit protocol, built on the principle of the five freedoms (absence of discomfort, absence of hunger and thirst, absence of disease, absence of stress and fear, appropriate behaviour), covers 63 points to be verified and in particular includes points related to calf observation.

This collective initiative aims to roll out this audit programme nationally by 2025. In addition to classifying the performance of farms in terms of animal welfare, this approach will make it possible to identify and share the levers to be implemented to improve the level of performance on this subject through financial and technical support for farmers, fuelled by the initiative.

Furthermore, Hermès is involved in the association FECNA (Filière d'Excellence des Cuirs de Nouvelle-Aquitaine), which brings together several luxury French brands, the region, abattoirs, tanners, agricultural cooperatives and independent breeders of "suckling calves". The approach adopted is based on the fact that the quality of the livestock directly impacts the improvement in the quality of the hides. In practical terms, raising awareness among farmers of best practices and training for farmers is currently being rolled out. The next step will be to implement health treatments (against ringworm and lice) on a large scale. Lastly, the project also includes an approach that will ensure "end-to-end" traceability.

Convinced that the traceability of hides is essential to improve farming practices and the quality of the hides, in addition to the steps taken with suppliers to implement the marking of hides, the House's Tanneries division continued its direct laser marking of raw hides at the Annonay and Le Puy sites. Developed in partnership with the Centre technique du cuir (CTC - Leather Technical Centre), it ensures the traceability of hides from the farm to the finished leather. The

number of hides traced increased significantly: on average over the whole of 2022, 40% of tanned hides were laser-marked by suppliers and by the tanneries themselves. The continued rollout of this equipment on suppliers' raw hide sorting lines will make it possible to exceed 65% in 2023.

Looking ahead, a working group made up of the Tanneries division, the Leather Goods division, and the Group's sustainable development and direct purchasing departments, was set up to select pilot projects in France in the calfskin sector. These projects, focused on "one welfare" and regenerative agriculture, take into account the overall carbon footprint (including animal feed), water, biodiversity, animal welfare and fair and appropriate compensation for farmers. The selection of projects will take place in early 2023.

Goat

In order to identify potential risk in terms of deforestation in connection with the farming of goats as "subsistence" farming in India, Hermès commissioned a study by the Cambridge Institute for Sustainability Leadership (CISL) in 2022. The main results are summarised in the paragraph Biodiversity § 2.4.3, which concludes that there is a low risk on this subject.

76% of Hermès Leather Goods & Saddlery's suppliers are LWG-certified

Exotic hides

Crocodilians

Virtually all of the crocodilian hides the House uses come from farms in the United States, Africa and Australia. All Hermès partner farms must comply scrupulously with the rules drawn up under the aegis of the UN for the Washington Convention, which defines protection for endangered species. Hermès requires that its partners meet the highest standards for the ethical treatment of alligators and crocodile, in accordance with recommendations by expert veterinarians and local authorities such as the Fish and Wildlife Service in the United States, a federal nature protection agency, or the departments of environment and natural resources in Australia (Northern Territory and Queensland) and Zimbabwe. In addition to strict compliance with the Washington Convention, in 2016 Hermès initiated a study with WWF France to

assess respect for animal welfare and measure the environmental footprint of alligator hides in the United States. The progress plan drawn up at the end of this study continued to be actioned in 2021 and 2022.

Prior to the establishment of the ICFA standard, the Tanneries division had drawn up a charter of best breeding practices in 2009 (an innovation for the profession at the time). This was updated in 2016. These best practices encompass in particular CITES regulations, animal welfare, the farms' environmental management, employee labour conditions, safe working conditions and infrastructure. They were all subject to one or more audits carried out by internal teams between 2016 and 2018.

Since then, the Tanneries division has outsourced these audits of the breeding farms and the meat processing and hide inspection sites to secure its relations through independent reviews. These audits, carried out by local Bureau Veritas auditors trained in the specificities of crocodile farming, are part of a broader process of "Bureau Veritas Group Recognition" of sites. The audit protocol associated with this best farming practices charter was also reviewed by this organisation, using its expertise in the assessment of farming conditions in other animal sectors. In 2022, 100% of the crocodile farming sites with which the Tanneries division has business relations signed the best livestock farming practices charter and 97% of the raw crocodilian hides purchased by the Tanneries division came from farms that have been subject to an initial external audit, or even a follow-up audit. The progress plans drawn up with the farms are monitored annually with the local specialist auditors and the division's purchasing teams.

In addition to these efforts, which have been ongoing for nearly 15 years, the Hermès Group contributes to the improvement of professional standards. Since 2016, Hermès has participated in the ICFA (International Crocodilian Farmers Association) alongside the main players in the industry (farmers, tanners, manufacturers and brands). This association aims to develop and improve sustainable crocodile breeding practices in farms by combining the experience of its members and a scientific community specialised in crocodiles, which has gathered together all practices and existing scientific studies. In 2018, the ICFA accordingly defined a standard aligned with international best practices in the field. A panel of scientists, veterinarians, farmers, brands and specialists in the area of regulations or in ISO compliance participated in the approval of this standard. This was then reviewed and amended by the CSG (Crocodile Specialist Group), an NGO member of the IUCN's Species Survival Commission and working under the aegis of the UN. The Group is continuing to work with the ICFA to support scientific research and the ongoing improvement of crocodile farming systems.

The practices thus defined are backed by scientific studies. The founding principle is to evaluate animal welfare throughout the breeding process in a manner that is both objective and measurable. A certification process for the livestock of its founding members was introduced in 2019, with the help of the independent certifying body BSI. All farms that join the ICFA adopt its standard and are audited. As such, all farms in the division have already been audited and certified by ICFA. In addition to animal welfare, as defined by the FAWC (Farm Animal Welfare Council) and the five freedoms for animals, these audits cover environmental and societal aspects of livestock farming.

In addition, special attention is paid to biosecurity rules on farms, in order to protect livestock from the introduction of infectious agents. This includes compliance with strict requirements when transferring animals on farms or between farms, the implementation of disinfection instructions and pest control or animal vaccination programmes. These different protocols were established in collaboration with veterinarians specialising in the species concerned. **In 2022, all HCP tanneries were thus members of the ICFA and 99.3% of raw crocodilian hides purchased by the Tanneries division came from farms that have been subject to an external audit by Bureau Veritas or BSI as part of the ICFA certification process.**

Focus on *porosus*

The Australian farms are a strategic link in the *crocodylus porosus* hide supply chain. After several years of significant investment in animal breeding facilities and the improvement of *savoir-faire*, the quality of supplies has continued to improve.

These farms are all ICFA-certified by the independent control body BSI. These different audits cover various topics such as best practices in farming, transportation and slaughter, compliance with CITES requirements, personal safety, compliance with social criteria, environmental management and site safety.

As part of a continuous improvement approach, research projects are conducted in the division in partnership with scientists to study the behaviour of animals on farms.

Lizard

In collaboration with experts in animal welfare (also members of the World Organisation for Animal Health) and in standardisation, the LPPS (Lizard Procurement and Processing Standard) was created for the "lizard" sector (*varanus salvator* in Malaysia). The purpose of this standard is to ensure compliance with current regulations and best practices throughout the supply chain. It covers the following topics: management of animal welfare, compliance with permits and authorisations, environmental management, employee social conditions, and safe working conditions and infrastructure as well as CITES regulations and unit traceability of hides. The certification of the Malaysian supply chain was carried out in 2022 *via* audits carried out by third parties which validated compliance with the defined standards.

In total, 33% of the lizard hides purchased by Hermès in 2022 are LPPS-certified, **Including 100% for hides purchased in Malaysia.**

Control and certification work on the supply chain, carried out jointly by the Leather Goods divisions, the Tanneries and Hermès' partner, continued with the audit of the sector by BSI in November 2022.

Ostrich

In partnership with the South African Ostrich Business Chamber (SAOBC), Hermès contributed to positive changes in the Ostrich sector (animals mainly raised for their meat and feathers, and used in the production of leather goods), through:

- ◆ the creation of a standard with all stakeholders (breeders, processors, scientists, government regulators, non-governmental organisations specialising in animal protection, and customers);
- ◆ financing and participation in the training of farmers and processors;
- ◆ a certification process conducted by an independent body since early 2020.

In 2022, as has been the case since the end of 2021, all of Hermès' supply of ostrich hides comes from certified sites.

2.4.2.3.2 Silk

Silk is an essential resource for Hermès, and its production reflects the House's values of sustainability and ethics. This material is renewable and biodegradable. Its production uses less water, chemicals and energy than that of most other fibres, including cotton and synthetics.

For decades, **Hermès has sourced silk through a local partnership** with smallholders in the state of Paraná, in Brazil. This partner aims to work in harmony with nature through a production system based on low-intensity, regenerative and circular agriculture. The ecosystem thus maintained generates income for small local farms and more than 2,000 families. There is a dedicated annual budget to develop knowledge, qualitative techniques, and the sustainability of the activities and supply chains of these silkworm farms. According to a recent study by Intersoie (Union of Silk Producers), the carbon footprint of Brazilian silk is 30% lower than that of Chinese silk. The growth of the worms involves a diet based exclusively on mulberry leaves. Mulberry plantations sequester carbon, prevent erosion and contribute to soil regeneration. Mulberry cultivation uses far fewer agrochemicals than those in the surrounding agricultural land where they grow soybeans and sugar cane. Hermès' partner supports research into the rational use of pesticides and is positively engaged in a local dialogue to reduce their use in other more intensely managed neighbouring crops, as they are harmful to silkworms. The reduction of agrochemicals in the environment is potentially beneficial to the silk industry, but also to local biodiversity, in particular pollinators and soil fauna. Hermès provides financial support to its historical supplier so that it can adapt to climate change, such as irrigation and mechanisation, as well as carry out tests of mulberry trees that are more resistant to climatic hazards, with a view to adaptation.

Much of the waste from mulberry growing and silkworm farming is recycled locally. Each part of the cocoon as well as the other co-products of the industry have multiple uses, from fish food to fabric. Such circularity reduces the demand for raw materials, which leaves more uncultivated spaces conducive to biodiversity.

In 2020, Hermès began working with the Institute for Sustainability Leadership (CISL) at the University of Cambridge, a leader in the field of biodiversity, to undertake a study to confirm the environmental value of this local partner's approach and to identify actions that could further enhance the benefits of this system. This study states: **"We believe that Hermès' silk production in Brazil can be celebrated for its positive environmental benefits."**

The Hermès silk supply contributes to the development of materials with a low environmental impact. More broadly, it is part of its global strategy for biodiversity.

In 2022, Holding Textile Hermès tested the first GOTS-certified production of Silk and set itself the target of reaching 30% of its production by 2025. This objective will be achieved in accordance with the ability of our suppliers to gradually comply with these new requirements.

2.4.2.3.3 Cashmere

Cashmere comes from the *Capra Hircus Laniger* goat, known as the Cashmere goat, which lives in High Asia. Particularly well adapted to harsh climates, at the beginning of winter, the Cashmere goat develops an extremely fine and dense down beneath its permanent coat of hair, which allows it to effectively insulate itself from the cold. When temperatures rise again, this down is shed naturally during the spring moulting season. It is this extremely fine and soft down harvested by breeders that is commonly called cashmere.

For weaving, Hermès selects the most beautiful fibres. At the same time fine, long and extremely white, and boasting unrivalled softness, they come from the very best farms. The House's historic yarn manufacturer has built strong, long-standing relationships of trust with raw material suppliers, thereby ensuring supplies of an exceptional quality. Most of Hermès' supplies come from Inner Mongolia, in the People's Republic of China, where farming practices are strictly controlled by the authorities in order to preserve the resources.

Thanks to a high degree of integration, through the Holding Textile Hermès division, the Group has a significant level of expertise and control of processing operations such as weaving, printing, finishing and manufacturing. This integrated process ensures the use of exactly the right amount of raw materials, the streamlining of containers and packaging, facilitating the transport of products, and optimisation of transport.

A programme aiming for the sustainable development of the sector has been ongoing for several years with the support of NGOs present in the breeding areas in question. In 2019, an audit of practices was conducted notably with the support of WWF France. The conclusions, positive on the local practices implemented, led to an action plan and improvements, for example on the traceability of livestock farming practices, and optimisation of water use on hide processing sites. The monitoring of these actions continued in 2022. The objective is ultimately also to monitor and support breeders' agro-pastoral practices aimed at preserving the resource and the biotope.

Since 2021, Hermès has defined the 2024 trajectory of its cashmere supply chain as regards ethical, social, environmental, animal welfare and traceability aspects. This trajectory has been communicated to all of its partners. As such, since 2021, Hermès has participated in the piloting of the implementation of a code of practice for the accreditation of animal welfare and the environmental sustainability of cashmere production in China under the supervision of ICCAW (International Cooperation Committee of Animal Welfare) and the SFA (Sustainable Fibre Alliance).

In 2022, 35% of Holding Textile Hermès' supplies met this new standard. This proportion will continue to increase in the coming years and will be rolled out to the entire Group with the aim of gradually reaching 100% as farmers are trained and adhere to this new standard.

A Cashmere Committee, dedicated to this material used in several *métiers*, meets every two months for cross-functional coordination of the sector.

2.4.2.3.4 Other materials

Cotton

Hermès uses a very small volume of cotton in its collections. As for all materials, the cotton supply policy is guided by the search for the best quality and the guarantee of traceability.

The cotton supply chain, based on long-standing partnerships, favours low-risk sources: in 2021, more than 60% of the cotton fibres used in Hermès' products came from Europe or the United States. This figure is regularly updated during the analyses.

Hermès has implemented a control approach to ensure respect for human rights throughout the supply chain, from production to dyeing and spinning.

In 2020, a work initiative was undertaken with the main suppliers to switch all supplies to organic or GOTS (Global Organic Textile Standard) cotton for protective covers and ribbons. These improvements will take place gradually until 2024, which will significantly reduce the corresponding water consumption. This certification also includes a mandatory criterion for the ethical treatment of workers. For example, the 2023 target is to make 50% of covers in GOTS-certified cotton or using recycled silk.

Wood

More than 50% of the woods used for Hermès objects are FSC, PEFC or SVLK-certified. SVLK certification is a local certification implemented in Indonesia. In addition, on-site audits guarantee the preservation of forests and the absence of deforestation.

Some partners, in addition to sourcing FSC-certified timber, have ensured their entire value chain is FSC-certified, guaranteeing that Hermès supplies are 100% certified.

In addition to the implementation of certifications, the House collects information to better manage this natural resource. For the purposes of supply chain traceability, data on country of origin, species used, forest type (plantation or natural forest) and supplier certificates are monitored and recorded. A risk assessment is conducted, looking in particular the level of corruption in the country, as well as species appearing on the IUCN (International Union for Conservation of Nature) and CITES red lists.

In 2023, in conjunction with WWF France, an in-depth study will be carried out on plant species sourced in Africa. The sustainability of each species will be analysed in detail and if it is not satisfactory, an improvement or substitution plan will be drawn up.

Rubber

The rubber used comes from responsible sources of supply, guaranteeing respect for workers' rights and protection of forests. FSC certification for rubber plantations, with careful control of certificates and traceability, is a minimum requirement to be met. The GOLs (Global Organic Latex Standard) benchmark standard also ensures the sustainable use of rubber plantations and is desirable. The use of Yulex™, a rubber from an FSC-certified rubber supply chain and processed using a more responsible and innovative purification process is also a preferred option.

Metals and stones

The precious materials used by Hermès Watches, Hermès Bijouterie and Hermès Leather Goods & Saddlery are mainly gold, palladium and diamonds. Hermès has implemented very strict procurement practices that make it one of the leaders in the sector.

RJC

The Group has been a member of the Responsible Jewellery Council (RJC), an international benchmark for the profession, since 2012, and obtained RJC COP (Code of Practices) certification in 2013. The audit for the renewal of this certification took place in 2019 and was validated in 2020.

This certification guarantees best environmental, social and ethical practices, from extraction to retail sale. Initially covering only gold, platinum and diamonds, the new certification rules now include silver and certain precious stones (emeralds and sapphires). Hermès has become the first luxury house to be certified across the whole of this scope and according to the strengthened criteria of the new COP standard. In 2022, the Group worked on renewing this certification for an additional three years and audits took place at the end of the year, as planned, on the entire scope concerned, from the Jewellery and Watches *métiers* to the stores.

In addition, true to the Group's ambition to always exceed the required level, and in accordance with its sustainable development roadmap, Hermès Horloger has chosen to source only recycled COC gold. **Les Ateliers Hermès Horloger, based in Le Noirmont, Switzerland, and producing the watch cases and dials, have applied for and obtained the RJC COC ("Chain of Custody") certification.** It can thus guarantee the traceability of this recycled COC gold throughout the supply chain, via a strict management system and a rigorous final audit conducted by a third party. Through this certification, Hermès Horloger underlines its commitment to transparency and is moving towards its objective: to offer watches with fully traceable precious metal components.

Precious metals

The commitment to use recycled precious metals is also found within Hermès Bijouterie: Hermès jewellery is mainly made of gold and silver, from shot or prepared elements such as plates or wires. This gold and silver comes from the European metal recycling sector, from the jewellery sector itself or from other industries such as electronics. Hermès does not therefore use gold from mines in its jewellery.

More broadly, the analysis of the origin of the metal of the components (chains, clasps) and gold salts used for electroplating, initiated in 2020, confirmed that they come from similar recycling channels. On this basis, the granularity of the knowledge of refiners and the various sources of gold – in particular recycled – available on the market, was improved through systematic questioning. Lastly, a series of audits took place between 2021 and 2022, covering the vast majority of physical supplies of precious metals.

Precious stones

Both as part of and as an extension to the Group's audit and supply chain management programmes, the Jewellery *métier* has been working on the precise mapping of its value chains. For stones, the identification of the origin of the gems has been required for several years. Each supplier must declare where it obtains its supplies and comply with the risk analysis grid for the regions of origin. The *métier's* teams audit or visit not only its direct partners, but also further upstream in the value chains. In 2022, the Jewellery *métier* audited several diamond and coloured stone cutting plants. In cooperation with other *métiers* that use sapphires, a detailed analysis of the sector was carried out.

The House's diamond sector abides by the Kimberley Process and its corollary, the World Diamond Council (WDC) System of Warranties. The Kimberley Process, which came into force in 2003 and has been adopted by 81 countries including France, has prevented the arrival on the legal market of "conflict diamond", the sale of which funded guerrillas in unstable countries. The World Diamond Council's system of warranties incorporates broader issues, including working conditions and the fight against corruption.

All diamonds used by the House are natural and selected in accordance with the Hermès Group quality and ethics criteria. At the time of purchase in stores of an object containing diamonds, a certificate attesting to this commitment is given to the customer. Compliance with the aforementioned principles concerns the diamond trade, from mining to the cutting of the 57 facets, but also the trading of polished stones, as well as the setting of watches, their quality control, delivery and sale in store.

Steel

Hermès Horloger has chosen to source 85% of its steel from recycled channels. This material, which is predominant in Swiss watchmaking, is now the subject of much attention: in particular, the establishment of a closed circuit to recover the offcuts of watchmaking steel and reinsert them into the watchmaking circuit.

Natural mother-of-pearl

At the request of Hermès Horloger and other watchmaking houses, the historical supplier of natural mother-of-pearl has simplified its supply chain and set up a new supply channel directly with the reseller fishing ports. This approach ensures better control of the supply chain and makes it possible to work with the supplier to respect ethical working conditions.

Hard stones

Finally, the market for ornamental stones and marbles is also a complex sector, with the presence of intermediary players and wide geographical diversity linked to the various mineral materials desired. In 2021, Hermès Maison and Puiforcat carried out an in-depth audit and study of the supply chains, identifying and tracing the stones in the collections, supplemented by points of attention. The analysis of the 13 stones present in the Hermès Maison collections makes it possible to guarantee Hermès' level of social and environmental commitment. In its new developments, Hermès Maison favours the use of stones extracted, machined and worked in Europe.

100%
**non-mined gold
and silver processed
in the workshops**

2.4.3 BIODIVERSITY

Maintaining an environmental setting conducive to the development of activities requires respect for and the protection of biodiversity. According to the recent WWF "Living Planet" report, there has been a very worrying decline in the populations of birds, mammals, amphibians and reptiles on the planet's surface since 1970.

Hermès is working to protect biodiversity in its direct sphere of responsibility, in its extended sphere of influence, and through voluntary commitments reaching beyond its economic sphere of influence.

POLICY

In December 2022, the 196 parties (195 countries and the European Union) that have ratified the Convention on Biological Diversity, an international treaty on the conservation, sustainable use and fair sharing of biological diversity, adopted at their 15th Conference of the Parties (COP 15) the Kunming-Montreal Global Biodiversity Framework.

This framework provides the global community with a roadmap for 2050 including four goals and 23 targets to protect and restore nature and use it in a sustainable way, for current and future generations. In particular, the protection of 30% of the world's terrestrial and marine areas, the restoration of 30% of degraded ecosystems, and a financing mechanism for their implementation, with the Global Biodiversity Fund, while taking into account international solidarity with the most vulnerable and biodiversity-rich countries.

In particular, Target 15 requires its parties to take legal, administrative or policy measures to encourage business and financial institutions to monitor, assess and disclose their risks, dependencies and impacts on biodiversity, throughout their value chains, to provide information to their consumers and align with regulations and measures relating to access to and the sharing of the benefits offered by biodiversity. Target 15 aims to progressively reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks to business and financial institutions, and promote sustainable patterns of production.

To meet the current challenges regarding the global loss of biodiversity, **Hermès has made a concrete commitment with a strategy formalised in 2018 and updated in 2020 around four structuring elements: train, collaborate, assess and act.** These commitments are in line with the Kunming-Montreal Global Biodiversity Framework.

To achieve this biodiversity strategy, the Group has a six-component blueprint:

- ◆ Vision;
- ◆ Governance and Organisations;
- ◆ the four pillars of its commitments:
 - 1. Train,
 - 2. Collaborate,
 - 3. Assess,
 - 4. Act.

Keen to contribute to global action, and to base its objectives on science, Hermès has included the major market benchmarks in its biodiversity strategy, as detailed in the rest of this section: Act4Nature International from 2018, SBTN and TNFD (cross-reference grid in § 2.7.2.4.3).

VISION

“Nature has been inspiring us since 1837. Protecting biodiversity is a wonderful opportunity. This wealth must be passed on to future generations. It’s a challenge we must win today.” Axel Dumas, Executive Chairman of Hermès.

By identifying its nature-related risks and dependencies and understanding the interrelationships between its value chains, nature and climate change, Hermès anticipates and mitigates the upheavals related to the erosion of biodiversity. By calculating its biodiversity footprint and reducing it through concrete actions, Hermès wants to guarantee the sustainable use of nature, by maintaining ecosystem services, to take advantage of its opportunities. Hermès anchors its action and its biodiversity footprint trajectory in the major global frameworks and the best standards, aiming for harmony with nature that is appreciated, conserved, restored and used in a reasonable manner.

GOVERNANCE

The subject of “Biodiversity” is supervised by the Sustainable Development Board and the Executive Committee. For this highly complex subject, the Group surrounds itself with experts and uses specialist NGOs.

COMMITMENT PILLARS

The purpose of the four pillars chosen is to guide the Group and its *métiers* in measuring the biodiversity footprint of value chains, to co-construct corrective and positive actions, or to support the organisation’s skills development. They include specific commitments that describe clear objectives and dedicated time horizons.

Hermès took advantage of the update of this biodiversity strategy in 2020 to renew its individual commitment to Act4Nature International. The strategy and the related objectives have therefore been validated by a committee of stakeholders inherent to the governance of this multi-stakeholder alliance (companies, public authorities, scientists and environmental associations).

The House’s commitments are defined as follows:

1. **Train:** this involves increasing internal biodiversity awareness-raising actions and training on biodiversity issues and strategy for all employees, with a particular focus on issues where the Company has action levers (from creation to purchasing real estate, for example).

Objectives: continue to train Managing Directors, experts and Sustainable Development Committees, extend to Management Committees, site and sector employees in 2023, and then to all employees by 2025.

2. **Collaborate:** in 2022, the Group is continuing its partnership with WWF France as well as with other specialist NGOs and high-level players in the field of biodiversity. This collaborative approach is crucial in the development of transformative practices and relies on the expertise of our partners to contribute to the other three

pillars of the biodiversity strategy. Hermès is always looking for new collaborations with stakeholders who are experts in these subjects.

Objectives: continue work with these recognised organisations in 2023.

3. **Assess:** Hermès wants to build a robust impact analysis matrix based on value chain mapping. The result will be the measurement of the Group’s biodiversity footprint according to the five pressures of the IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services).

Objectives: measure the biodiversity footprint, particularly of the main supply chains (leather, silk, cashmere, wood, cotton) by 2025 with WWF France and CDC Biodiversité using the Global Biodiversity Score (GBS). Integration of the issues identified in the reporting tools by 2025.

4. **Act:** action plans proportional to the level of impact on all sites and raw materials sectors must be implemented and support the development of Science Based Targets. At the same time, the Group is committed to continuing its positive actions beyond its area of direct responsibility.

Objectives: establish action plans for 100% of “lowest impact” sites by 2023, those with “high impact” and its main supply chains by 2025. Continue to invest in biodiversity projects *via* the Livelihoods fund and the Fondation d’entreprise: four dedicated projects by 2023.

2.4.3.1 IMPLEMENTING TRAINING ACTIONS FOR EMPLOYEES

The e-learning module dedicated to biodiversity was rolled out in 2021. This training, accessible to everyone, was developed in a co-operative mode with employees of the House from different backgrounds.

In 2022, the members of the Group’s Sustainable Development Operational Committee attended a training day on biodiversity issues thanks in particular to the **Biodiversity fresk** and a master class led by CDC Biodiversité. This action follows on from several years of training related to biodiversity, such as Conservation International (CI) training and Fashion Pact webinars, specific WWF training courses, GBS methodology training and the awareness-raising seminar for the IPBES report. In December 2022, a seminar brought together more than 100 people to examine the results of COP 15 with a presentation by experts from WWF France and discussions on the Group’s commitments on the main recommendations of this COP.

One-off initiatives can additionally be carried out, such as at La Montre Hermès where the Environment and Biodiversity Week in September 2022 was an opportunity to propose five activities in partnership with five associations and to carry out a total of 202 hours of volunteering. On the programme, a guided tour and maintenance work in an apiary and a nature reserve, and cleaning of the shores of Lake Neuchâtel.

2.4.3.2 WORKING IN PARTNERSHIP WITH STAKEHOLDERS

Hermès wants to surround itself with the best skills to make progress in the field of biodiversity.

The partnership agreement with WWF France, signed in May 2016, was renewed for three years in 2020. The aim is to work together to preserve ecosystems by analysing interactions with the Group's supply chains. In 2022, the work streams were redefined to adapt to the rapid changes in expectations around biodiversity and make this partnership even more ambitious:

- ◆ technical support: roll out concrete and proactive projects. This is the historical axis of the partnership that has in recent years seen projects such as the Water Risk Filter analysis on the assessment of the freshwater footprint and water risks on the Group's activities, and the field study on the cashmere supply chains in Inner Mongolia and the tripartite collaboration with CDC Biodiversité on the global measurement of Hermès' biodiversity footprint;
- ◆ internal awareness-raising: promoting awareness among employees of the main issues related to biodiversity and aiming for acculturation on the complex subject of biodiversity in order to facilitate its consideration in internal processes;
- ◆ critical friends: picking up weak signals from civil society and discussing with society in a spirit of solution-oriented dialogue;
- ◆ visibility and communication: to highlight the results of the partnership and show how it shifts the lines through the collaboration of an economic player and an NGO.

In addition, Hermès continued its collaboration with the **Cambridge Institute for Sustainability Leadership (CISL)**. Following the study on the Brazilian silkworm sector, in 2022 the CISL submitted its analysis of the biodiversity impact of the Indian goat leather sector. The five Indian states where Hermès sources its supplies are known for their significant biodiversity, much of which is threatened by the change in land use induced by economic development. Historically, conservation efforts have focused on forests rather than grasslands (which are of great importance for goat farming) with the perception that these areas are "wasteland" to be converted to productive uses. In terms of positive impacts, goat farming offers significant economic benefits to local communities, and women in particular. If grazing management practices are appropriate, the impact on biodiversity management can also be positive: control of weeds and invasive plants. The study states: "In view of the volume of goat hides sourced, the impact that Hermès' supply chain will have on biodiversity will be very low compared to the threat of urban encroachment, for example." Efforts

must focus on fair compensation for livestock farmers for a social benefit as well as at ecosystem level. The House's *métiers*, particularly leather, have included the recommendations of this report in their 2024 roadmaps for this supply.

Hermès strengthened its ties with CDC Biodiversité by joining the B4B+ Club in 2022, created to co-construct and test on the GBS (Global Biodiversity Score) and feed into discussions on the biodiversity footprint, as well as participating as a speaker at the European Business & Nature Summit 2022.

The Group also continued its highly operational work with NGOs on the ground, involved in the protection of biodiversity: in South Africa, with the SAOBC, on the subject of ostriches but also that of local ecosystems (water); with the ICFA for crocodillians, and with the British NGO RSPCA on animal welfare. In 2019, the Hermès Group initiated a process to better familiarise itself with its water footprint across all its sites and those of its suppliers (75 sites). As part of this study, potential impacts on biodiversity are taken into account and analysed.

At the same time, the Fondation d'entreprise Hermès continues its partnership with WWF France for the preservation of natural heritage and ecosystems, by supporting the reduction of crime related to wildlife, the fourth largest transnational criminal activity in the world, and engaging in future protection projects.




2.4.3.3 DIAGNOSING IMPACTS ACROSS THE ENTIRE VALUE CHAIN

In 2021, Hermès measured its footprint using the Global Biodiversity Score tool developed by CDC Biodiversité (a subsidiary of Caisse des Dépôts), implemented with the support of WWF France and based on field, financial and theoretical data from 2019. This biodiversity footprint measurement approach is part of Target 15 of the Kunming-Montreal Agreement. Work continued in 2022 to gain further insight and better understand the measures, and strengthen actions on certain topics.



The GBS is a tool for assessing the biodiversity footprint of companies. The results are expressed in MSA.km², where MSA is the average abundance of species (Mean Species Abundance), a metric characterising the integrity of ecosystems.

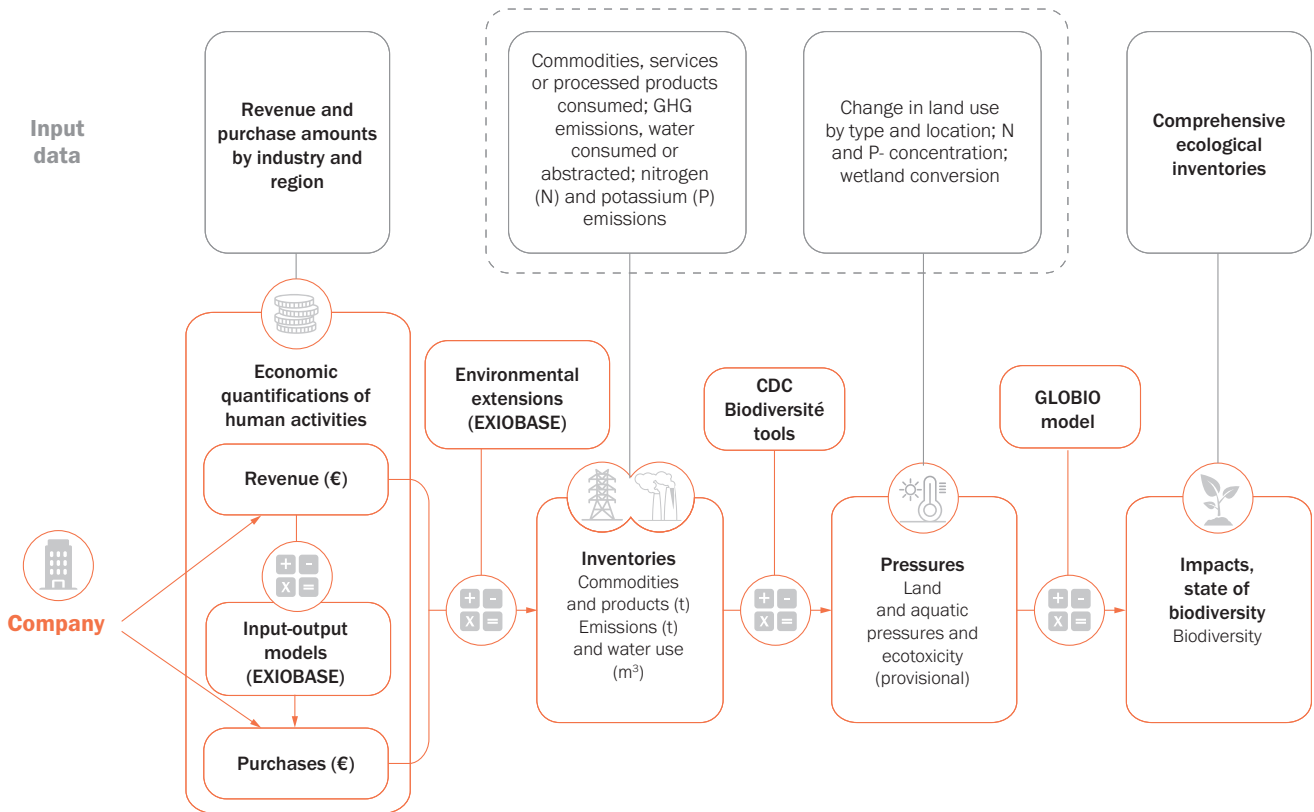
DIFFERENCES BETWEEN METRICS, UNITS, TOOLS AND INDICATORS (CDC BIODIVERSITÉ, 2020)

METRIC / UNIT	 kg - unit measuring the mass of a person	MSA.m² - system by which ecological integrity can be measured
TOOL	 balance - tool for weighing a person	GBS - tool to assess the biodiversity footprint
INDICATOR	 weight - indicator of the mass of a person	Biodiversity footprint - indicator that can be used by a company

The analysis is conducted by analysing the impact of the various components of economic activity on these ecosystems according to the following pressures: land use, fragmentation, encroachment, atmospheric nitrogen deposition, climate change, hydrological disturbance, wetland conversion, nutrient emissions and land use

change in the watershed. These pressures are derived from the work of IPBES. The calculation is based on the use of the GLOBIO database, and makes it possible to calculate static and dynamic impacts, on scopes 1 (direct operations) and 2 (energy purchases excluding fuels), as well as 3 upstream (other purchases).

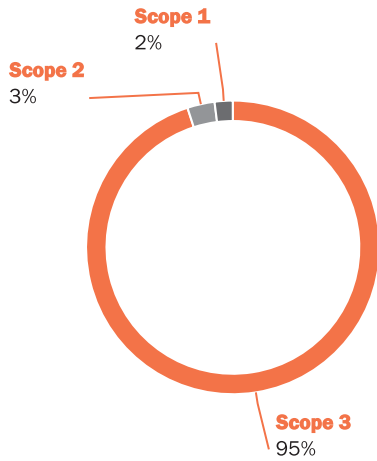
DATA COLLECTION AND ANALYSIS PROCESS (CDC BIODIVERSITÉ, 2020)



In total, 92% of Hermès' revenue is covered by this analysis, i.e. all Hermès métiers, with a limited number of exceptions, such as Jewellery, for which the GBS methodology is not yet adapted (inadequate data and impact factors, in particular on Hermès' use of

recycled gold and not gold from mining, at the date of the assessment, versions 1.1 and 1.2.1-beta used). The scope of the study includes scopes 1, 2 and 3 upstream (i.e. excluding the use phase). This scope is called the "Vertically Integrated Scope" by CDC Biodiversité.

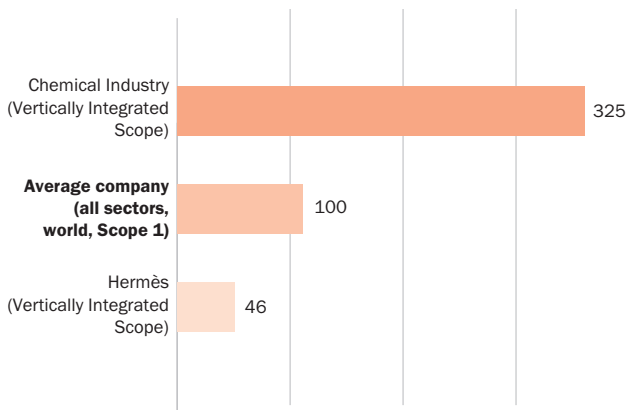
BREAKDOWN OF HERMÈS' TERRESTRIAL DYNAMIC IMPACT BY SCOPE



Hermès has chosen to steer the Group's actions and investments by focusing on the terrestrial dynamic impact, which reflects the annual deterioration. The majority of the footprint is related to the upstream part of the value chain. The main pressures on land biodiversity are linked to land use (crops, livestock) and greenhouse gas emissions (scope 3 upstream), demonstrating a strong relationship between climate and biodiversity. These analyses will also gradually be used by the Group to refine its real estate development strategy, in addition to the criteria set by French (zero net artificialisation (ZAN)) and European (taxonomy) regulations.

Although calculations of the impact on biodiversity are still not widespread, initial comparisons suggest that Hermès' activity has a less intensive impact on biodiversity than that identified in available inter-sector data.

LAND DYNAMIC IMPACT INTENSITY INDEX IN MSA. M²/€ (AVERAGE CORPORATE, BASE 100)



Focus on the Leather Goods & Saddlery métier

Particular attention was paid to the Leather Goods & Saddlery *métier*, which represented 45.5% of Group revenue in 2020, while contributing more than 50% of the dynamic land footprint.



The analysis of the contributions to pressures on biodiversity is based on a detailed analysis of the supply chain (mainly in France and Europe for Leather Goods). These pressures reached 95% within the upstream supply chain (scope 3). The work identified two priority levers for action within our sectors:

- ◆ animal feed;
- ◆ livestock farming (excluding food).

Several projects were initiated with other industry players and experts on these levers with the aim of better understanding their impacts within the value chain, in order to learn how to reduce their footprint on biodiversity. In particular, projects have been initiated around the bovine sector in France, which will be launched in 2023.

2.4.3.4 IMPLEMENTING ACTIONS IN MÉTIERS, SECTORS AND SITES

Together with the partners supplying it with natural materials, the Hermès Group is continuing constructive efforts incorporating biodiversity protection. The Group is collaborating with international NGOs in this area, as appropriate, in order to better assess the various biodiversity components that concern it and to assess the impact on its supply chain.

Through their location in rural areas, the production sites are involved in various biodiversity initiatives, while tertiary or mixed-use sites also carry out initiatives. These are presented in § 2.4.3.6.

For the supply chains, the actions are presented in § 2.4.2.3.

Farms (crocodilians)

The vast majority of the animals bred on the farms come from eggs collected in the natural environment, according to quotas set each year by the local authorities. Several players ensure the smooth running of the farming industry in Australia and the United States, in particular local governments and their conservation departments, landowners, hunters and egg collectors and incubators from which the breeding farms buy the eggs or hatchlings.

As such, the income earned by landowners from the collection of eggs contributes to the upkeep of these wetlands, and therefore to the maintenance of biodiversity in these natural areas. In addition, CITES tags, the use of which is made mandatory by the Washington Convention, and egg collection permits generate benefits for local authorities (such as the US Fish and Wildlife Service or the Department of the Environment and Natural Resources of the Northern Territory in Australia). These resources are then devoted to the operation of the services involved in the management of species conservation programmes, the monitoring of animal populations in the natural environment, the control of compliance with regulatory requirements and research programmes on crocodilians.

In addition, specific actions are decided at local level. This is particularly the case in Louisiana, where farmers must reintroduce into the natural environment at least 5% of alligators – in good health and having reached a minimum size – raised on their farm. This reintroduction is carried out in areas defined by local authorities and under their control. The alligator industry, considerably reorganised in line with the Washington Convention, has contributed to protecting the species and its unprecedented development in the areas in question and, as a result, to protecting and maintaining the marshlands where these animals live and reproduce. According to the US Fish & Wildlife department, an area of 1.2 million hectares of wetlands is thus better maintained. The objective is to continue to support farmers in their development, and thus perpetuate these effects.

The production sites, by their activity and their location, therefore, play a key role in the preservation of species, the protection of biodiversity and the local economy. The effectiveness of their actions comes from strong local integration thanks in particular to relationships with the various authorities in charge of nature protection, egg collectors and landowners

Fight against deforestation

To fight against deforestation, Hermès takes into account its risks related to its upstream value chain. Within this, three main topics were identified: land use for animal feed, use of wood species for Hermès Maison objects and use of cardboard in packaging.

1. The GBS analysis of the terrestrial biodiversity footprint of leather at Hermès increased its awareness of the weight of bovine feed (even though the proportion of imported soybeans in European livestock feed rations is low).
2. By ensuring demand for certified wood (FSC certification for oak, SVLK for mahogany), Hermès ensures that wood from forests is sourced with greater consideration for biodiversity, while maintaining the quality of water and ensuring soil erosion is reduced. The House conducts a biannual assessment with its suppliers, taking into account the vulnerability of species (classification of species on the IUCN Red Lists: International Union for the Conservation of Nature). This approach aims to reduce the risk of deforestation (use of valuable species) and thus the preservation of natural environments. A study led by a sector expert in 2022 led to a critical review of the entire portfolio and an analysis of the actions to be carried out with a view to achieving zero deforestation linked to the Hermès Maison activity by 2025.
3. The cardboard and paper used for the orange bags and boxes given to customers are 100% FSC-certified, and 40% from recycling channels.

Moreover, an impact study incorporating issues relating to animal and plant life and the preservation of natural environments is carried out prior to establishing any new industrial site.

2.4.3.5 CONTRIBUTING TO POSITIVE ACTIONS OUTSIDE HERMÈS' SPHERE OF RESPONSIBILITY

Contributing to positive actions

Fondation d'entreprise ⁽¹⁾

Convinced that the protection of biodiversity makes a tangible contribution to shaping a more humanist society, the Fondation d'entreprise Hermès is continuing and strengthening its action in this area. It supports a wide-scale project in Africa, for example, in partnership with WWF France: Traffic/AfricaTwix. This project aims to improve the fight against the poaching, trafficking and illegal trade of protected species in Africa, through the establishment of IT tools fostering dialogue between the different authorities of the countries in question. The Fondation d'entreprise Hermès will continue to support this project. The Fondation d'entreprise Hermès has increased its commitment in this area since 2019, supporting the Natural History Museum's Vigie-Nature École programme, which aims to allow schoolchildren to take part in monitoring biodiversity, as well as supporting the NGO *L'Atelier Paysan*, which with its agro-ecological approach lays the foundations for agricultural development that is more respectful of biodiversity. In 2022, the Manuterra programme was officially launched after a successful pilot year. This initiative to teach people about the living world through an introduction to permaculture is a strong and forward-looking gesture to raise awareness of environmental issues among younger generations. In four academies, 11 classes already participate in the programme during school hours, i.e. around 280 students. The Fondation also continues to support various targeted initiatives (La Massane beech forest, *L'Atelier Paysan*, Africa-TWIX, Vigie-Nature École, *Agir pour le vivant* festival and La Villette) which, using a variety of methods, are working to respond to ecological challenges to ensure the sustainability of our planet.

Aligning with international frameworks and the best standards

Act4Nature International

Act4Nature is an initiative launched in 2018 by EpE (*Entreprises pour l'Environnement*) and signed by 65 players in the French economy, including Hermès, before becoming Act4Nature International in 2020 by joining the global Business for Nature initiative. This initiative aims to mobilise companies to protect, promote and restore biodiversity through shared commitments set by scientific institutions and associations, and through individual commitments specific to each partner.

The collective Act4Nature commitments, supplemented by Hermès' individual commitment, strengthened in 2020, are found in the commitments of the Planet pillar of this report and have been validated by all stakeholders involved in the governance of this multi-stakeholder alliance (companies, public authorities, scientists and environmental associations). In concrete terms, the strategy presented by Hermès was examined by a panel of NGOs before being validated. A review will be carried out in 2023.

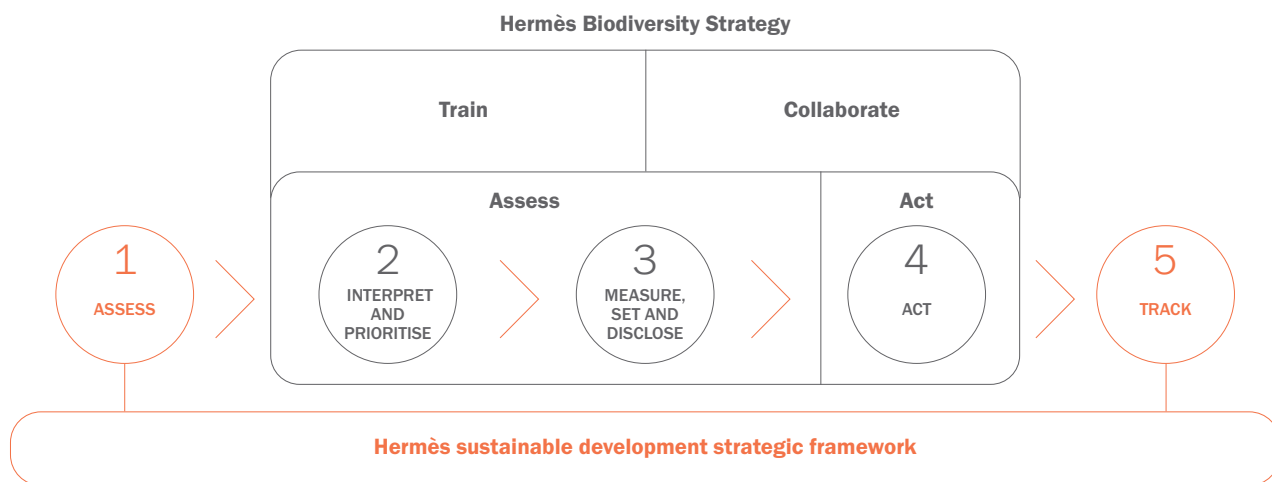
1. For more details, see <https://www.fondationentreprisehermes.org/en/all-foundations-programmes>

Science-Based Targets for Nature

The Science-Based Targets Network (SBTN) was created in 2019 and brings together more than 50 organisations. SBTN’s mission is to create a global economy in which science and societal goals define how to rebalance our global system and reverse the curve of biodiversity loss.

The SBTN defines five steps to set Science-Based Targets for Nature, namely: (1) assess, (2) interpret and prioritise, (3) measure, set and disclose, (4) act, (5) track.

Cross-reference between Science-Based Targets for Nature and the Hermès strategy



The SBTN steps overlap with Hermès’ strategic framework for sustainable development and, more specifically, steps (2) interpret and prioritise, (3) measure, set and disclose and (4) act are integrated into the Assess and Act pillars of the Hermès biodiversity strategy,

where steps (1) assess and (5) track are found in the Group’s strategic framework for sustainable development. Hermès shows its uniqueness by supplementing its biodiversity strategy with the Train and Collaborate pillars.

Science-Based Targets for Nature cross-reference grid

SBTN steps	Sections in the universal registration document	Correspondence
Assess	Conduct a materiality analysis	§ 2.1.3 Materiality analysis § 2.6.1.2 Risk mapping
	Map the value chain	§ 4.1.4.1 Changes in major global climate and biodiversity issues
Interpret and prioritise	Identify spheres of influence	“Assess” – § 2.5.5.3 Diagnosing impacts across the entire value chain
	Prioritise places	
Measure, set and disclose	Measure baseline	“Assess” – § 2.5.5.3 Diagnosing impacts across the entire value chain
	Develop a monitoring plan	
	Set targets	
	Disclose baseline and targets	
Act	Avoid	“Act” – § 2.5.5.4 Implementing actions in the métiers, sectors and sites
	Reduce	
	Restore and regenerate	
	Transform	
Track	Monitor	Monitoring table – § 2.5
	Report	
	Verify	

Taskforce on Nature-related Financial Disclosures

The Taskforce on Nature-related Financial Disclosures (TNFD), created in 2021, is composed of 40 members representing financial institutions, companies and market service providers. The TNFD's mission is to develop and provide a reporting framework for risks and opportunities related to the evolution of nature and to act accordingly, with the ultimate aim of supporting a reorientation of global financial flows towards projects with positive externalities for nature.

In November 2022, TNFD published the third beta version of its framework (v0.3). Hermès is closely monitoring this work and will be able to align itself with the recommendations of the final version, in particular with the recommendations on disclosure of information on governance (role and monitoring by governing bodies of nature-related dependencies, impacts, risks and opportunities), strategy (actual and potential impacts of nature-related risks and opportunities on activities, and associated financial planning), risk and impact management as well as metrics and targets. Hermès already provides a cross-reference grid with the TNFD v0.3 framework, available in § 2.7.4.3.



Global Biodiversity Agreement of the Convention on Biological Diversity

Voluntarily, without waiting for the implementation of the Convention on Biological Diversity as a French national biodiversity strategy or other binding mechanism, Hermès is already considering, with its partners such as WWF France, the responses to be made to the Kunming-Montreal Global Biodiversity Framework, in particular on targets for Hermès' activities. They are summarised in the table below:

Targets of the Kunming-Montreal Global Biodiversity Framework	Hermès responses	Sections in the universal registration document
Objective A – Reducing threats to biodiversity		
Target 1: Regional planning	Harmonie real estate benchmark to limit artificialisation of land	§ 2.5.2
Target 2: Restoration	Projects to restore sensitive ecosystems <i>via</i> Livelihoods	§ 2.5.7.3.2
Target 4: Endangered species	Compliance with CITES regulations	§ 2.4.2.4.1
Target 5: Trade of wild species	Sustainable supply chain & CSR briefs updated and improved in 2022	§ 2.4.2.1
Target 6: Invasive species	-	-
Target 7: Pollution	Target to phase out single-use plastics, chemicals management policy	§ 2.4.1.4 and § 2.5.5
Target 8: Climate change	SBTi 1.5° C trajectory validated	§ 2.5.7
Objectives B & C – Meeting people's needs through sustainable use and benefit-sharing		
Target 9: Sustainable use	Ensuring the sustainable management and use of wild species in supply chains <i>via</i> sustainable supply chain & CSR briefs	§ 2.4.2.1
Target 10: Resource exploitation	Promotion of the application of biodiversity-friendly practices in supply chains <i>via</i> sustainable supply chain & CSR briefs	§ 2.4.2.1
Target 12: Urban areas	Management of tertiary sites to increase the surface area, quality and connectivity of green and blue spaces in urban areas	§ 2.5.2 and 2.5.6
Target 13: Access to and sharing of benefits	N/A	

Targets of the Kunming-Montreal Global Biodiversity Framework	Hermès responses	Sections in the universal registration document
Target 14: Integration and normalisation	N/A	
Objective D – Tools and solutions for implementation and mainstreaming		
Target 15: Business	Measurement of the biodiversity footprint of the value chains of 92% of Hermès' revenue via the GBS and communication of major results	§ 2.4.3.3
Target 16: Sustainable consumption	Actions to promote circularity and reduce waste production	§ 2.4.1.2 and § 2.5.4

2.4.3.6 BIODIVERSITY MANAGEMENT AT OPERATED SITES

In accordance with the principles of the Harmonie standard § 2.5.2, **any new industrial site is subject to an impact study.** This includes issues related to fauna and flora and the preservation of natural environments.

As explained in § 2.4.3.4, for the location of new leather goods workshop sites, Hermès now favours the conversion of brownfield sites or wastelands whenever possible. For example, the Maroquinerie de Montereau is located on the former site of an energy sector company, and that of Guyenne on a road construction aggregate site. The future leather goods workshop sites of Riom and Saint-Junien are also redevelopments of brownfield sites and this approach considerably limits the artificialisation of land surfaces while continuing to allow the activity to expand.

In order to integrate the protection of biodiversity into the consideration of the establishment of future leather goods workshops, a guide listing best practices was drawn up in 2020 and included in the Harmonie standard. The following principles have been adopted: at plot level, ecological management of green spaces is promoted. At the landscape level, the aim is to promote ecological connectivity of sites with their surrounding environment. The sustainable construction standards used for each new site project have therefore been enhanced and will now enable architects and landscapers to best integrate this dimension into their projects.

In 2022, 16 leather goods workshops were assessed with the help of an independent expert: 16 indicators based on the five erosion factors defined by IPBES were retained; they are intended to measure the pressure on biodiversity, i.e. the impact of activities on the sites, the resulting state of the environment and the responses or corrective actions taken. These indicators assess the implementation of the best practices guide of the Leather Goods division with, for example, no use of phytosanitary products. For the leather goods workshops already assessed in 2021, there has been a positive change in the management of green spaces at our sites. Differentiated management and reasonable mowing of green spaces, for example, allow a better environment for fauna and flora. The special attention paid to these green spaces has also made it possible to detect several invasive alien species that have been or will be targeted for eradication.

The pilot actions carried out by the Leather *métier* are intended to be extended to all production sites in France, making it possible to achieve a 2025 target of 100% of sites involved in biodiversity actions.

At CATE, a green space of approximately 5,000 m² is left fallow and is maintained only once a year to promote the development of biodiversity. The late mowing of green spaces is continuing and their new development project is planned for 2023.

ATBC's textile site in Bussièrès has built a 225 m² "flower – alfalfa meadow" area to provide food for insects and wild rabbits.

After finalisation of the diagnostics of the industrial sites, action plans will be rolled out. These plans must include a series of actions to promote green spaces, fauna and flora (installation of insect hotels, beehives, etc.) and water conservation.

With regard to tertiary and mixed-use sites, a pilot project was rolled out at the Pantin site where, as the Cité des Métiers was built, five gardens were created covering an area of 8,000 m² and beehives were installed. A meeting with a company specialised in biomonitoring led to the idea of a project promoting urban biodiversity. Two ambitions have emerged thanks to the data likely to be collected in the context of this project: **to promote biodiversity, in addition to preserving it, with the help of plant surveys and to contribute to a regional approach to environmental protection,** beyond the sites, by sharing pollutant readings with local authorities. The implementation of bio-monitoring is spread over several years. It consists of using the diversity and pollution markers identifiable in the pollens brought back by bees to their hives, and taking advantage of their radius of activity of around 2 km. This approach involves fitting collectors on the beehives, collecting pollen and conducting scientific analysis of the data. The initial lessons confirmed the richness of Pantin's plant varieties, 39 compared to 18 on average at the French sites studied by the service provider. The results of the analysis also led to the identification of pollution and the substitution of antifungal treatment practices on the sites (although without synthetic chemical inputs) and the adoption of manual treatment actions.

The information collected was shared with local stakeholders to ensure that their planting projects were consistent with biodiversity needs. 2023 will mark the continuation of this dialogue with local stakeholders in the *Est ensemble* region, by exploring new areas of application for the coming years. This first successful experiment led to the development of bio-monitoring practices at other Group sites, such as the Vaudreuil site in 2022.

Maroquinerie of Guyenne, in Saint -Vincent-de-Paul in Nouvelle-Aquitaine (France)



© Photography credits: François Coquerel

2.5 THE PLANET: ENVIRONMENT

The Group's sustainable development involves knowing, 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 for a responsible and sustainable development.

2

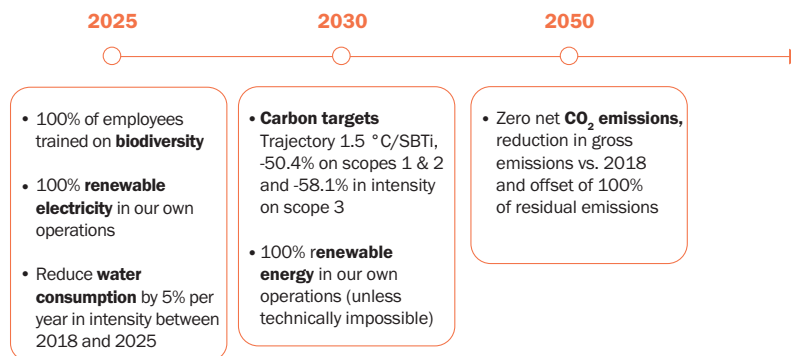
Introduction

Respect for nature, the source of its exceptional raw materials and the living environment surrounding its sites, is one of the Group's strong and unwavering values. In 2002, the Group drafted an environmental policy, last updated in 2020, aimed at limiting the impact of its activity across all areas. Pragmatic but ambitious solutions preserving the environment in the long-term are systematically sought, trying to go further than regulatory requirements wherever possible. The priority is to control the impact across the entire value chain, from upstream agricultural production to distribution, and from purchases to internal operations.

Water and energy consumption in 2022 were back to their pre-Covid crisis 2019 level in a context of strong growth in activity. The industrial energy mix is changing, with gas consumption down by just over 6% compared to 2021, reflecting the initial effects of the programme to "phase out fossil fuels" at industrial sites.

This mindset in favour of the environment requires the involvement of everyone, from investment decisions to everyday eco-actions, together with a robust Environment, Health and Safety (EHS) culture on all sites. It is structured around policies, procedures, tools and major commitments:

THE MAIN COMMITMENTS OF THE PLANET PILLAR: ENVIRONMENT










In 2022, the Group made progress on the main environmental issues, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected elements below are particularly illustrative of 2022 for this section:









- ◆ confirmation of the reduction in carbon emissions;
 - ◆ scopes 1 and 2: -28.4% since 2018 in absolute value,
 - ◆ scope 3: -46.5% in intensity since 2018;
- ◆ CDP "A list" entry: CDP Climate Change A- and CDP Water Security A ranking;
- ◆ setting a notional internal carbon price at €40;
- ◆ 60% reduction in water consumption intensity over 10 years and implementation of a notional internal water price of €1.5/m³;
- ◆ new investment in Livelihoods (Carbon fund) and offset in 2022 for 100% of scopes 1 and 2 and transportation emissions;
- ◆ two LWG-certified tanneries, Silver and Bronze levels;
- ◆ continued use of the ZDHC protocol (chemicals) in the Tanneries division;
- ◆ certification of the Harmonie standard for responsible and sustainable real estate.

PLANET

ENVIRONMENT







SDG	Objective	Indicators	2022 Results	Change 2021/2022
APPLYING THE HIGHEST STANDARDS IN SUSTAINABLE CONSTRUCTION				
	Define an internal sustainable construction standard guaranteeing an environmental performance aligned with the best existing certifications and implement it	Benchmark certification and implementation rate in projects	Labelized real estate standard by Bureau Veritas 100% of projects launched in 2022 follow the standard	new indicator
	Limit the CO ₂ emissions of our most recent buildings	Limit emissions/m ² below the 1,000 kg/CO ₂ mark per m ²	776 kg CO ₂ /m ² for Louviers and 810 kg CO ₂ /m ² for Sormonne	new indicator
CONTROLLING THE CONSUMPTION OF NATURAL RESOURCES BOTH INTERNALLY AND WITH SUPPLIERS: WATER, ENERGY				
	Reduce the intensity of industrial water consumption by 5% per year	Change in industrial water consumption	-60% in water consumption intensity over 10 years and -17% compared to 2021	↗
		Definition of a notional water price	Notional price set at €1.5/m³	new indicator
	Reduce the intensity of energy consumption	Change in energy consumption by type and by geographical area	-62.4% industrial energy intensity over 10 years and 32% decrease in exclusive stores' electricity consumption in intensity since 2018	↗
DEFOSSILISING ENERGY CONSUMPTION				
	Implement renewable energy programmes by 2025	Achieve 100% renewable electricity by 2025 and 100% renewable energy by 2030	100% renewable electricity in France	=
	In-house renewable energy production	Total self-generated renewable energy at production sites	Globally, 89.1% renewable electricity (+2.2% increase compared to 2021) and 55.4% renewable energy	↗
			+31.2% renewable energy production at Hermès sites between 2021 and 2022	↗

PLANET
ENVIRONMENT

SDG	Objective	Indicators	2022 Results	Change 2021/2022
IMPROVING PRODUCTION PROCESSES BY FAVOURING THE CLEANEST, MOST ECONOMICAL TECHNOLOGIES AND THE MOST ENVIRONMENTALLY FRIENDLY SUBSTANCES				
	Use energy-saving equipment	Implement energy sub-metering solutions at sites and stores	48 sites equipped with energy consumption monitoring solutions	new indicator
				
REDUCING OUR FOOTPRINT AND CONTROLLING WASTE AND DISCHARGES, REDUCING THEIR PRODUCTION AS MUCH AS POSSIBLE AND RECOVERING THEM WHENEVER POSSIBLE				
	Use water treatment equipment to control waste	Number of tanneries having installed specific purification equipment	100% of the HCP division's tanneries have their own water treatment plants	=
	Develop production, transportation and sales waste recycling	% of waste recycled and recovered	41% of waste is recovered (recycling, reuse, energy recovery)	new indicator
REDUCING GREENHOUSE GAS EMISSIONS IN ABSOLUTE TERMS (SCOPES 1 AND 2) AND IN PROPORTION TO ACTIVITIES (SCOPE 3), IN LINE WITH THE PARIS AGREEMENTS				
	Reduce greenhouse gas emissions in absolute value (scopes 1 and 2)	% decrease in emissions in absolute value for scopes 1 and 2	28.4% reduction in scopes 1 and 2 GHG emissions since 2018 (absolute value)	↗
	Reduce greenhouse gas emissions in intensity (scope 3)	% reduction in emissions intensity for scope 3	-46.5% scope 3 carbon intensity since 2018	↗
STUDYING CLIMATE RISKS AND ACTING TO REDUCE THEIR IMPACTS, ANALYSING RESILIENCE SCENARIOS AND INCORPORATING THEM INTO THE STRATEGY				
	Anticipate the risks related to climate change	Studies of physical risks and climate transition and of the evolution of systems	Study on physical risks and adaptation to climate change carried out on 100% of French buildings	
			Participation in the IRIS project launched at the end of 2021 (post-2050 risks)	

PLANET

ENVIRONMENT

SDG	Objective	Indicators	2022 Results	Change 2021/2022
FORMALISING A CLIMATE CHANGE STRATEGY AND GOVERNANCE, DEFINING OBJECTIVES AND MONITORING INDICATORS				
	Align with global initiatives to reduce greenhouse gases	Validation of our carbon trajectory by the SBTi: reduction of 50.4% in scopes 1 and 2 in 2021 (absolute value) and 58.1% in scope 3 (intensity) between 2018 and 2030	Science-based Targets initiative validation of scopes 1, 2 and 3 emission reduction targets	
		Define an internal carbon price	Notional price set at €40 per tCO ₂ eq (industrial and real estate investments, transportation)	=
UNDERTAKING HIGH VALUE-ADDED VOLUNTARY CARBON OFFSET ACTIONS				
	Offset emissions corresponding to significant emission items	% of offset for scopes 1 and 2 and transportation	100% scopes 1 and 2 GHG offset and 100% for upstream and downstream transportation GHG	=
CONTRIBUTING TO POSITIVE ACTIONS, INCLUDING BEYOND THE SPHERE OF RESPONSIBILITY				
	Forge partnerships around biodiversity to support projects with a tangible impact on biodiversity	Number and duration of biodiversity awareness programmes	Through the Fondation: Vigie-Nature École (National Museum of Natural History) since 2019, Agir pour le vivant festival since 2020, Espace biodiversité in the centre of the Parc de la Villette since 2020 and Manuterra	new indicator
		Number and duration of biodiversity action programmes	Through the Fondation: Africa-TWIX (WWF France) since 2016, Atelier Paysan since 2019 and Forêt de la Massane (Federation of Catalan Nature Reserves) since 2021	new indicator
	Continue developing our participation in the Livelihoods project	Number of projects supported through Livelihoods	21 extensive projects with concrete social and environmental results	↗
		Number of hectares restored and number of trees planted	More than 75,000 hectares restored (LCF1 and LCF2 Funds) and more than 148 million trees planted by Livelihoods	=

2.5.1 ENVIRONMENTAL ACTIONS FRAMEWORK

2.5.1.1 ENVIRONMENTAL POLICY

Hermès' environmental policy is based on several principles:

- ◆ comply with Environment, Health and Safety (EHS) regulations, working conditions, and prepare for changes in these regulations whenever possible. The industrial affairs department coordinates a network of EHS Officers at the manufacturing sites;
- ◆ respect natural resources and favour the cleanest, most economical technologies and the most environmentally-friendly substances;
- ◆ manage energy resources by reducing energy consumption and favouring the use of renewable energies;
- ◆ manage water responsibly and sustainably. Reduce volumes of water withdrawals, recycle and improve the quality of discharges in relation to ecosystems, particularly in areas with high water stress. Engage alongside stakeholders in watersheds to preserve this shared resource;
- ◆ minimise waste production and recycle it as much as possible;
- ◆ resolutely commit to a low-carbon world, implement scientifically-based objectives and actions compatible with a trajectory limiting global warming to 1.5°C by 2050, across the entire value chain and beyond Hermès' sphere of influence;
- ◆ increase the resilience of the Hermès model in the face of environmental changes. Study their effects, inform and collaborate with our partners and suppliers to adapt the entire value chain.

2.5.1.2 GOVERNANCE

Environmental topics are supervised by a member of the Executive Committee in charge of the Manufacturing division & Equity Investments, who is supported by the industrial affairs department, and the Group real estate department. These topics are clearly at the core of the Group Sustainable Development Board's discussions. An annual analysis is conducted by the main *métiers* of the House when the strategic plans are being prepared to identify issues in terms of environmental protection. These various challenges go hand-in-hand with practical objectives shared with the Executive Committee.

From a regulatory perspective, the Hermès Group's policy is to establish action plans that are adapted to the various *métiers*, in order to understand and comply with regulations (primarily adapted to a very rigorous European legal context) but also to monitor progress made. Each *métier* is responsible for monitoring and implementing the applicable regulations. The industrial affairs and Group real estate departments are responsible for alerts, oversight and control in this area, along with the Group's legal department, where appropriate. More specifically, the industrial affairs department, together with the *métiers* and all players in the production entities, is pursuing an environmental policy formally approved by the Executive Committee and, with the support of the commercial and real estate departments, coordinates the House's energy programmes (construction, consumption, transportation).

2.5.1.3 METHODOLOGY: TOOLS, ANALYSIS AND MONITORING

Since 2012, in order to monitor environmental data from its industrial sites, Hermès has been using a reporting software accessible as a web resource to collect data about consumption at each site. The software also provides access to documentation explaining how the performance indicators are organised and defined. A consistency check is carried out automatically when the figures are entered, and again when the global consolidation is performed by the industrial affairs department, as well as for audits carried out by the Statutory Auditors. Since 2018, all industrial environmental indicators are reported for a period running from November through October. For methodological reasons, some of the activity data used in the scope 3 carbon emissions calculation cover a calendar year.

For internal sites, oversight of environmental actions occurs in different ways. The industrial affairs department and its EHS Officers exert a first level of control within the context of a **"water, energy, carbon, waste" plan that is updated each year**. In the context of this effort, the audit and risk management department conducts audits on the critical topics included in the Group's risk map (see chapter 4 "Risk factors and management", § 4.1). Lastly, external controls are performed on the Hermès Group's suppliers to ensure all entities are covered. The industrial affairs department consolidates the results of these audits as part of an ongoing process of improvement.

For external suppliers (§ 2.6.1), the Purchasing Committee reviews the results presented by the direct purchasing department as well as those of the indirect purchasing department several times a year. It monitors the number of audits conducted per year as well as the quality of the results. The industrial affairs department, under the control of the audit and risk management department (A&RMD), crafts action plans with the relevant *métiers* and monitors their progress.

In 2022, the reporting of environmental indicators covers 100% of the sites in the scope of industrial production (68 sites on which actual data was collected). **At store level, 100% of the scope was also represented** (72% of information collected was actuals, 28% of information was estimated).

2.5.1.4 COMPLIANCE, ENVIRONMENTAL PROVISIONS AND FINANCIAL GUARANTEES

In 2022, three sites were subject to formal notices described below. For each of them, a solution was presented to the environmental authorities as soon as possible.

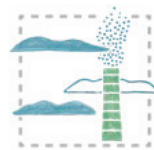
Effluent from the AEI site is sent to the municipal wastewater treatment plant. Following a check by the DREAL in October 2021, the site was ordered to bring two water discharge parameters into compliance by March 2022. The site immediately took the necessary measures and a second check made it possible to confirm the proper functioning of the facility and the compliance of the discharges with the site's prefectural order in May 2022.

The Maroquinerie de Montereau completed work to bring water management in the event of a fire into compliance in November 2022, following a formal notice received from the Dreal in January of the same year. In addition, the Maroquinerie de Pierre-Bénite received a formal notice from the Dreal in May 2022 to initiate similar compliance work; a technical solution has been developed and shared with the administration.

The amount of provisions for environmental liabilities comprises provisions for the cost of asbestos removal work on the roofs of an industrial building at a tannery and remediation work on a manufacturing site for a total of €4.4 million. In accordance with Article R. 516-1 of the French Environmental Code, the Annonay and Le Puy tanneries, the only tanneries within the scope of the system, have provided financial guarantees.

2.5.2 RESPONSIBLE REAL ESTATE

With a wealth of real estate assets of around 500 sites, Hermès ensures that its buildings and construction projects meet the highest environmental standards. This real estate portfolio covers a wide range of buildings: production sites, logistics centres, exclusive stores, offices. Since 2016, this wealth has motivated the development, updating and creation of its own real estate standard, the Harmonie standard, allowing a more accurate measurement of the environmental issues of all of the House's construction, development and renovation projects, aligned with its values of high standards and uniqueness. This standard, which is significantly more demanding than the market standards, was certified in November 2022 by the third-party verification body, Bureau Veritas.



Carbon footprint



Air quality



Biodiversity



Local sourcing



Environmental health

It also sets binding targets for the fight against climate change, by setting a target of halving the carbon footprint per m² built by 2030 (compared to 2018).

GOVERNANCE

Responsible Real Estate Committee

In 2022, a Responsible Real Estate Committee was created, composed of members of the Group's industrial, commercial, financial, human resources, sustainable development and real estate departments. This committee aims to ensure that the real estate portfolio is in line with the best environmental, social and societal performance. To achieve this, the committee initiates actions that fall within its four missions:

- ◆ take decisions on and augment the Responsible Real Estate roadmap;
- ◆ examine the choices made in the projects and formulate recommendations to project managers;
- ◆ monitor environmental, social and societal performance;
- ◆ communicate on relevant indicators.

HARMONIE: THE STRATEGIC EXPRESSION OF THE REAL ESTATE OF TOMORROW AT HERMÈS

Labelled In 2022, the Harmonie standard ensures a level of requirement aligned with the highest real estate standards existing today. As indicated in the standard label report submitted by Bureau Veritas:

"We are able to issue an opinion validating the alignment of the Harmonie standard with the highest standards of the market and its integration of the points of excellence of the main international sustainable real estate standards. Our opinion also validates the quality of application and operational control of the standard such that it allows a fair assessment of the environmental performance."

The standard incorporates environmental sustainability issues in all their dimensions and across the entire real estate value chain. It is based on five pillars: Carbon footprint, Biodiversity, Air quality, Local sourcing and Environmental health.

Harmonie is implemented via an online platform enabling project managers to monitor their actions, consolidate the environmental performance of all projects and contribute to the Group's carbon trajectory. In particular, it is possible to compare gross carbon emissions per m² of surface area.

The Harmonie standard is continually being improved. Thus, a roadmap was defined by the Responsible Real Estate Committee in order to enhance the following pillars as a priority over the next two years:

- ♦ indoor air quality, with the aim of guaranteeing pollutant concentrations in the House's sites below the maximums of the most demanding standards and regulations;
- ♦ biodiversity, with a target of zero net artificialisation in the Group's projects.

An annual audit is planned to verify the alignment of the work carried out with the standards of the Harmonie standard.

SOME ACHIEVEMENTS OF 2022

Hermès built the first energy-positive leather goods workshop in Louviers (Normandy) with a low carbon footprint and achieved the E4C2 label⁽¹⁾. This project, completed at the end of 2022 with inauguration scheduled for 2023, has made it possible to rehabilitate a brownfield site near the city centre. The Maroquinerie de Louviers is thus targeting this energy positive objective, whether used by the building or the industrial process, and is a bioclimatic construction of approximately 6,000 m², designed to make the most of its location and environment. The building is made of three rows of north-facing sheds that provide natural and stable light, reducing energy needs. The analysis of natural flows (wind, rain and sun) enabled the architect to considerably reduce heating and cooling requirements. A compact building whose load-bearing walls are made of brick (the 511,000 bricks of the building were manufactured by a local company) and whose frame is timber, it optimises thermal inertia and uses sensor-driven geothermal energy, while also being equipped with photovoltaic panels. Rainwater is harvested. In terms of recovery, the prototypes were recovered so as not to waste materials needed for construction, such as those used to make the wooden vault.

The Maroquinerie de Sormonne (Ardennes) building, with a surface of nearly 6,000 m², delivered at the end of 2022 with inauguration scheduled for 2023, is also energy positive and has a low carbon footprint with the objective of obtaining the E4C2 label, in particular thanks to the 2,000 m² of photovoltaic panels located on the roof and the use of geothermal energy for heating and air conditioning. The project integrated the presence of protected species of birds and amphibians, with the help of an ecologist. The construction schedule was adapted to the reproduction cycles and a pond was created.

On both sites, rainwater treatment is carried out on the site and there is no discharge to the outside. In addition, in Sormonne, wastewater is treated by phytoremediation.

The Group continued its efforts to save energy in its stores, a subject taken into account in both renovations and new work. To date, over 80% of these are equipped, for example, with LED lighting.

OÏKOS LAB: AN ECO-DESIGN AND CIRCULAR INITIATIVE

In order to preserve natural resources and reduce carbon emissions related to construction, renovation or refurbishing activities, the Group real estate department has initiated an initiative for reusing materials not used by the various *métiers* (leather, silk, porcelain, textiles, decor, etc.) in the design of Hermès' living spaces (leather goods workshops, stores and offices). Against this background, a laboratory, the Oïkos Lab, was created, aiming to stimulate the design and singularity of living spaces while reducing the environmental footprint. The materials are thus recovered either for reuse within interior fittings (screens, wall cladding and furniture) or in the creation of objects (desk mats, POS), or through transformation to create new construction materials (tiles, insulation, cork, etc.).

This circularity approach was made systematic in 2021 with our long-standing partner in interior design for all exclusive store projects requiring leather for their interior design and POS. Thus, in 2022, more than 40 new projects and renovations were included in this approach, which avoids the external purchase of materials already available in the House's inventories. For example, Maison Madison, the Waikiki and Strasbourg exclusive stores, etc.

Furthermore, the Oïkos Lab also allows the creation of tailor-made interior fittings, which combine *savoir-faire* and local craftsmanship around our materials. The coffee corner of the Maison Ginza was thus made using a weaving of leather and bamboo.

The Oïkos Lab participates actively in the House's circular economy, having recovered 10% of dormant and downgraded leather inventories and through the recycling of all porcelain production waste. The leather goods workshop located in Sormonne thus benefited from CATE porcelain waste in one of its fittings.

2.5.3 RESOURCE MANAGEMENT

The control of water and energy consumption, closely linked from an ecological and economic responsibility to the major global challenges faced today, is a goal shared by all the House's entities. Thanks to its craftsmanship model, Hermès distinguishes itself by a low energy and water footprint as well as the generation only small amounts of waste in absolute terms. Its footprint is even lower in relative terms (the Group has one of the lowest carbon intensities of CAC 40 companies). Furthermore, the *métiers* are working to limit their respective consumptions through actions described in more detail below and thus contribute to the energy transition.

1. See (in French) <http://www.batiment-energiecarbone.fr/niveaux-de-performance-a88.html>

2.5.3.1 CONTROLLING THE CONSUMPTION OF NATURAL RESOURCES: WATER, ENERGY

2.5.3.1.1 Water

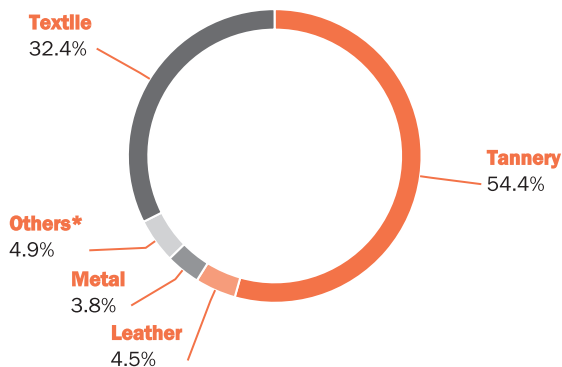
Objectives:

- ◆ continue the decoupling of industrial water consumption from business growth;
- ◆ reduce water consumption by 5% per year in intensity (m³/€M of revenue, like-for-like scope) over the period from 2018 to 2030, with increased attention to sites located in areas of water stress;
- ◆ implement a multi-stakeholder approach and co-construct with external stakeholders (regional departments, municipalities or professional associations) strategies to optimise water management and the quality of discharges.

Industrial water

Water for industrial use is mostly (86.8%) used for industrial consumption in the two *métiers*, tanneries and textile units: **670,981 m³/year** at global level.

BREAKDOWN OF INDUSTRIAL WATER CONSUMPTION BY MÉTIER IN 2022 (EXCLUDING FARMS)



* Logistics, Metal, Porcelain, Beyrand, Watch division, Bootmaker, Silversmith

Over the past 10 years, the Group has maintained its aim of decoupling, with industrial water consumption increasing by a factor of 1.3 while activity grew 3.1-fold.

Over 10 years, water consumption (excluding farms) intensity has fallen by 60%.

In 2022, the overall consumption of water for industrial use increased (+6.9%) compared to 2021, returning to 2019 levels but with activity multiplied by 1.7 and the integration of new sites in the reporting scope. This is the result of continued reduction efforts on all the Group's industrial sites.



-60%
**in water
consumption
intensity in 10 years**

In 2022, the level of water stress was again assessed for all of the Hermès Group's 68 industrial sites and farms using the Aqueduct tool developed by the WRI (World Resources Institute). The previous study carried out with WWF France dated from 2019. 14 sites operate in basins with high water stress and one site in a basin with very high water stress. The water consumption of these 15 industrial sites and farms (22% of the total number) represents a very small proportion of the Group's water abstraction (6.1% – 325 ML). Substantial savings of 31 ML were already achieved at these sites between 2021 and 2022, with a reduction of almost 9%. Results and action plans at these sites are regularly monitored by the Group's industrial affairs department.

INDUSTRIAL WATER

INDUSTRIAL WATER CONSUMPTION

	2018	2019	2020	2021	2022
In megalitres	720	668	580	627	671

INTENSITY

WATER CONSUMPTION – GROUP

	2018	2019	2020	2021	2022	Objective -5%/year
Intensity m ³ /Revenue €M	121	97	91	70	58	✓

As part of the operational implementation of the strategy to reduce water consumption, the Group has decided to implement an internal water price mechanism to reinforce decisions favourable to reducing the volumes abstracted. **It is made available to the métiers in notional form for capital expenditure calculations.** This price was set at €1.5 per m³ in 2021. It may change depending on economic conditions.

Water resource management is based on monthly monitoring of consumption, preventive maintenance programmes for facilities, frequent checks and calibration of meters, installation of new smart individual meters, and programmes to raise employee awareness. Significant discrepancies unrelated to production differences are analysed and verified in order to locate and repair any possible leaks.

The *métiers* work on a daily basis to minimise water consumption, find innovative solutions to increase the proportion of recycling (rainwater recovery, rainwater treatment, wastewater treatment, innovative efficient water and energy systems, implementation of valves that

adjust the water flow, etc.). As an illustration of this approach, in the textile sector, the reduction of water consumption is one of the criteria of the incentive scheme agreement.

ANALYSIS OF CHANGES IN INDUSTRIAL WATER CONSUMPTION BY MÉTIER

		Change 2019/2021	Change 2020/2021	Change 2021/2022
Activities with high water consumption by processes: >90% of total consumption	Tanneries (five in France and one in Italy)	-13.5%	+2.7%	+3.7%
	Textile	-1%	+19.3%	+10.5%
	Leather goods	-14.8%	+26.3%	-8.7% (1)
	J3L			First year of observation

2

Tanneries / 3.7% increase in consumption in 2022 compared to 2021, 1% decrease in intensity by product over the same period

Hermès operates six tanneries, including five in France (Annonay, Le Puy-en-Velay, Vivoin, Montereau and the Mégisserie Jullien in Chabris) and one in Italy.

Water consumption and effluent treatment are major issues for the tanneries. Historically located close to rivers, they use water for the tanning, dyeing and hide finishing processes. A total of 63% of the water for the division's six tanneries comes from waterways or boreholes. The rest comes from municipal sources. The division's water consumption only increased by 3.7%, while activity grew strongly.

The ratios in terms of water consumption intensity per leather produced in the calfskin tanneries improved: -11% compared to 2021. The energy consumption ratios of the exotic hide tanneries remained consistent with the levels observed over the last three years.

In accordance with the division's commitments, the tanneries have launched ambitious programmes to reduce water consumption, on the one hand, by working on optimising the quantities of water needed for the treatment of each hide treatment and, on the other hand, by developing recycling and reuse of wastewater for certain operations.

Textile / 10.5% increase in consumption in 2022 compared to 2021, 14% decrease in intensity by product over the same period

Water is an essential element in the printing and finishing stages of fabrics, in particular for the transfer of colours to textiles. 94% of water needs are covered by borehole water, significantly limiting the use of drinking water for industrial processes.

With the strong growth in activity, water consumption in the Textile division increased by 10.5% in absolute value compared to 2021, however **its intensity decreased: efforts to moderate consumption have made it possible to limit this increase, reducing water consumption per unit of textile produced by 14%.**

For several years, the Textile division has been implementing an ambitious policy in terms of water consumption management: for example, the SIEGL site, which represents 37% of the division's consumption, raises its employees' awareness by communicating the monitoring of water consumption to them daily. At AEI and Ateliers AS

(nearly 60% of the total), water consumption is taken into account in the incentive scheme agreement, reflecting the importance of the topic for employees.

The division's efforts are also focused on recycling wastewater to limit water abstraction. In 2022, the three sites of the division that consume the most water made investments for the gradual implementation of: studies and modification of networks, specific treatment equipment, etc. These high-performance WWTP projects include water recycling in the production process, with a rate of up to 70% (which would potentially represent 80,000 m³ of borehole water saved).

Leather / 11% (2) decrease in consumption in 2022 compared to 2021 and a 17% decrease in intensity over the same period

Leather goods workshops have a low "water" environmental impact since no volume of water is used for the process. The consumption of leather goods workshops can therefore be assimilated to that of a tertiary activity with most of the water use being for washrooms.

However, the water impact is taken into account in the design of new production units with the implementation, from the start of operation, of key best practices. In addition, the latest leather goods workshops benefit from a rainwater recovery and treatment system to supply washrooms. This recovered water represents 4% of the total consumed in 2022.

Water consumption in the Leather Goods workshops in 2022, in absolute value, was reduced by 3,492 m³, corresponding to a decrease of 11% in the total abstracted and an improvement of 17% in the ratio (in relation to activity). Several cost-saving actions were implemented at the leather goods workshops. Two filtration units were installed in the outdoor landscaped basin of the Maroquinerie du Val de Reuil, reducing consumption by 502 m³ while guaranteeing its good ecological condition. At the Maroquinerie de Pantin, air conditioning based on a "lost water" operating principle has been eliminated and a "connected station" now manages watering according to rainfall. The water savings thus generated amount to 715 m³. A saving of 628 m³ was achieved at the Maroquinerie

1. Including water consumption at the leather logistics centre.

2. For comparison purposes, the water consumption of the Leather logistics site located in the Lyon region is not included in the indicators in the paragraph but is included in the Group's overall consumption.

de Nontron thanks to a dedicated progress plan including the commissioning of a new softener and water sub-meters for optimal management.

J3L / Consumption cannot be compared with 2021; an additional meter was installed in 2022 on one of the sites to measure all consumption

To achieve the objectives set by the Group, J3L implements actions to save, recycle or reuse the water used at its various sites.

The majority of sites obtain water from municipal networks. The J3LP site has installed an underground tank to collect rainwater, which meets 47% of its consumption needs. This is supplemented by the use of water from an artesian well. In view of the savings generated, the implementation of rainwater recovery on other Group sites is being considered. In addition, a reverse osmosis water recycling project is being studied for this site, which is the Group's largest water consumer. This natural water filtration system retains particles and only allows water to pass through. This filtered water can be reused after it has passed through the system. The site estimates the amount of water that can be treated by the system at 16 m³ per day, or approximately 4,000 m³ per year.

At Polissage Brun, the rinsing water from a washing machine is filtered and then reused to rinse another washing machine. The surface treatment sites favour the recycling of wastewater, thanks to water treatment plants using evapo-concentration, thus allowing a significant water saving.

For 2023, J3L is looking for solutions to better control its water consumption, in particular by installing sub-meters on sites that are not yet equipped with these. This will make it possible to detect any leaks in the network as well as to target the most water-intensive processes.

Crystal manufacturing

A high-performance facility for the treatment of water from the crystal-cutting circuit has been installed at some of the facilities. This new compact, flexible and modular solution offers both technical and environmental benefits. Water and refrigerant consumption is minimal thanks to the treatment process being implemented in a closed circuit. The life of the dip is extended by better separation of the dry, easy-to-remove residues and the suspension of particles preventing sedimentation in the pipes. The water is thus kept longer and with a higher level of quality. A similar investment is planned for 2023 in order to optimise the recycling and lifespan of the water network

required for manual cutting stations using grinding stones or diamonds.

Other sites

Actions to manage water consumption mainly include the reuse of process water, for example cleaning the CATE WWTP with water from the enamel decoration tables, or use of a closed circuit for the cooling of colour grinders at Beyrand, with an expected gain of 220 m³ of water for the same level of activity. At Puiforcat, water consumption was stable despite an increase in activity of 21%. At HCl, water is only used for washroom purposes and for watering green spaces.

AGRICULTURAL WATER

AGRICULTURAL WATER CONSUMPTION

	2019	2020	2021	2022
<i>In megalitres</i>	4,512	4,495	4,810	4,680
Number of farms	4	4	5	5

Farms / 2.7% increase in consumption in 2022 compared to 2021

The Farms divisions are respectively composed of one alligator farm (*alligator mississippiensis*) and a hide inspection centre in the United States, four crocodile farms (*crocodylus porosus*) and two hide processing and hide inspection facilities in Australia. These figures include the new farm, under construction in Australia, which will reach full production capacity in 2024. Despite growing demand from the latter, the division's water abstraction for 2022 amounted to 4,680 ML, a slight reduction compared to 2021 (-2.7%) due to efforts made to reduce water consumption.

Water consumption control relies on the monthly monitoring of the farms' consumption and the water quality of the tanks and effluents (in accordance with applicable standards).

The water used in the sites of the Australian division comes mainly from boreholes (74%), while the use of municipal sources is limited (8%). The remainder (18%) comes from a sugar cane production plant located near one of the farms, thanks to an innovative industrial circularity operation, in which the hot production water is exchanged for the farm's effluents to irrigate the fields. The American farm exclusively uses well water from hot springs, which also allows it to significantly limit its energy requirements.

In order to limit water abstraction, studies are underway to recycle part of the wastewater in a closed loop by treating it sufficiently for the level of quality to make it suitable for reuse.

2.5.3.1.2 Energy: electricity, gas

Objectives:

- ◆ put in place actions compatible with the global warming trajectory of 1.5 degrees and, in particular, continue the decoupling between industrial energy consumption and business growth;
- ◆ implement a policy of 100% renewable electricity within its own operations by 2025 and renewable energies by 2030;
- ◆ no longer use gas or any other fossil fuels as an energy source for any new industrial investments unless this is proven technically impossible. This programme to "phase out fossil fuels at industrial sites" reaffirms Hermès' desire to actively participate in the energy transition necessary to limit global warming;
- ◆ progressively equip all stores with 100%-LED lighting, unless this is technically impossible;
- ◆ contribute to the corporate sobriety effort in the context of major tensions on gas and electricity supplies by reducing energy consumption in France (industrial sites, tertiary buildings and exclusive stores) by 10% compared to 2019.

GROUP ENERGY CONSUMPTION		2022	2022
		In MWh	In %
Excluding farms	Electricity	123,507	57
	Gas	94,753	43
	Total	218,260	
Farms	Electricity	3,806	79
	Gas	1,025	21
	Total	4,831	

Energy consumption (electricity, gas) was 218,260 MWh/year at Group level, excluding farms. Energy consumption (electricity, gas) is distributed as follows, in a context in which the Group manufactures 55% of its objects in exclusive in-house workshops.

GROUP BREAKDOWN (Excluding farms)	Industry	Stores	Services	Total
	2022 in %	73%	19%	8%

GROUP ENERGY INTENSITY (Excluding farms)	2019	2020	2021	2022
	In MWh/€M revenue	30	31	24

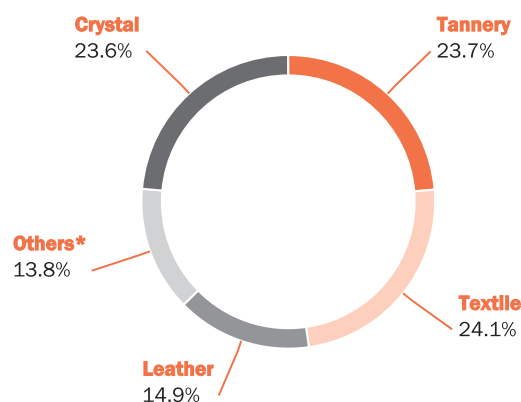
Nearly 75% of the energy is consumed on industrial sites, which therefore concentrate the majority of efforts in terms of reduction trajectories.

INDUSTRIAL ENERGY

INDUSTRIAL ENERGY CONSUMPTION	2019	2020	2021	2022
In GWh	158	148	162	160

INDUSTRIAL ENERGY INTENSITY	2019	2020	2021	2022
In MWh/€M revenue	23.0	23.2	18.1	13.8

BREAKDOWN OF INDUSTRIAL ENERGY CONSUMPTION (GAS, ELECTRICITY) BY MÉTIER IN 2022 (EXCLUDING FARMS)



* Logistics, Metal, Porcelain, Beyrand, Watch division, Bootmaker, Silversmith

Over the last decade, the Hermès Group has maintained its ambition of decoupling consumption from growth with a 1.16-fold increase in industrial energy consumption compared with a 3.1-fold rise in activity volumes. This result testifies to the improved management of consumption. **Industrial energy consumption intensity fell 62.4% over the same period.** In 2022, overall energy consumption decreased compared to 2021 (-1.2%) thanks to the solutions implemented by the industrial sites.

In order to monitor and manage energy consumption more closely, sub-metering solutions are being rolled out across all Group sites. To date, for example, 32 production sites and 16 exclusive stores are equipped with such systems.



-40%

in intensity of industrial energy consumption, compared to 2019

The voluntary energy audit campaign, initiated in 2019 on the French sites, enriches the action plans for reducing energy consumption with a view to reducing greenhouse gas emissions.

The industrial affairs department coordinates these reduction plans and monitors the trajectory for reducing GHG emissions (scopes 1 and 2 including the impact of the energy consumed) to meet the Group's commitments. Three principles guide the *métiers*:

- ◆ sobriety: each *métier* examines the use of energy, to constantly reduce its needs in terms of absolute value and per unit produced on the sites;
- ◆ efficiency: each new piece of equipment is designed to improve energy efficiency compared to the previous generation. This point is all the more important as the life of industrial equipment can sometimes be counted in decades;
- ◆ decarbonisation: as part of the "Phase out fossil fuels" programme, the sites are planning to phase out fossil fuels by 2030 in favour of renewable or low-carbon energies. Each new project is an opportunity to integrate a share of self-consumed renewable energy production.

Sobriety plan

Hermès has historically been committed to a programme for reducing the carbon footprint of its activities, as well as to an energy sobriety action programme for several years. In 2020, the Group set targets for reducing its energy and environmental impacts (detailed above). At the end of July 2022, the French Association of Private Enterprises (Afed) repeated the French President's call, inviting all companies to define a voluntary reduction plan for their energy consumption, which could be implemented from September, in order to see results at the beginning of winter. This follows the particularly tense energy context due to the war in Ukraine and the one-off difficulties encountered by the nuclear sector.

Efforts therefore focused on managing and regulating the thermal comfort of buildings.

Since the beginning of October, in order to reduce energy consumption in France by 10%, a common approach has been adopted, adapting it to each of the sites, based in particular on:

- ◆ a 2 °C reduction in heating temperatures in winter;
- ◆ the reduction of air conditioning in summer (+1 °C);
- ◆ the optimisation of heating and air conditioning operating times;
- ◆ the reduction in the intensity of the lighting according to the activity;
- ◆ the anticipation of certain work to improve energy performance;
- ◆ the shutdown of certain unnecessary equipment at night and on weekends;
- ◆ the reduction of store window lighting times.

The initial results for the autumn months show an acceleration in the reduction of overall energy consumption. A more in-depth assessment will be carried out at the end of the winter to confirm the best practices to be maintained, those to be corrected or those to be further developed.

Cristallerie de Saint-Louis / 11% decrease in consumption in 2022 compared to 2021

The processes using the most energy at the production unit are melting the material and working with it while hot. During each investment project, research is carried out to ascertain the best available technology in terms of energy efficiency and production volumes, which is then implemented. In 2022, the Cristallerie commissioned a system for recovering waste heat from the furnace cooling system in order to heat La Grande Place museum and, above all, installed a new gas melting furnace (in September) incorporating oxy-combustion technology, reducing its consumption of natural gas by more than 30% and, accordingly, its greenhouse gas emissions. This new installation, innovative for this application, has the particularity of operating on oxyfuel (a mixture of oxygen and gas). The start of production of the new gas melting furnace is fully compatible with the Saint-Louis action plan aimed at aligning itself with the immediate objectives of the national energy sobriety plan targeting the achievement of a 10% reduction in energy consumption over the next two years compared to 2019.

In addition, the House of Saint-Louis has adopted a proactive approach to reducing its energy consumption, reflected in a series of technical and organisational actions aimed in particular at optimizing the heating of buildings, streamlining the management parameters of IT networks and raising staff awareness of eco-friendly practices, etc.

Among the ongoing projects, Saint-Louis plans to set up remote reading of energy and water meters by 2024. This will allow optimal agility, both in environmental management but also from an operational point of view to quickly identify any drift in consumption whose origin may come from a malfunction or leak. Site teams would then be able to respond more quickly.

Tanneries / 1% increase in consumption in 2022 compared to 2021, 6% decrease in intensity by product over the same period

The tanneries continued their work to improve energy efficiency. As a result, consumption fell sharply at the Montereau (-12%) and Vivoin (-7%) sites. At the Tanneries division level, consumption increased compared to 2021 (+1%) due to the acquisition of the Mégisserie Jullien in 2020, which increased its production capacity year on year (+9% compared to 2021). **Calf tanneries also increased their production in 2022. However, at these sites, the ratios of energy consumption per leather produced improved (-12% on average).**

At existing facilities and during renovations or the setting up of premises, particular attention is paid to the following points: supervision of equipment by centralised technical management (GTC), replacement of production equipment with alternative equipment that has improved energy performance, thermal insulation, insulation of pipes or replacement of lighting with LED bulbs.

In line with the actions identified by the energy audits that have been conducted at all tanneries, and to contribute to the Group's carbon footprint reduction programme, the Vivoin tannery reduced its annual gas consumption by 5% by optimising the operation of its boilers. The Montereau tannery has reduced its gas consumption by 24% by optimising process water temperatures and the operation of production machines.

Renovation projects for the Tanneries du Puy buildings are continuing and the Annonay tannery has launched a detailed study of its main building.

The Cunéo tannery in Italy generates 13% of its electricity consumption using solar panels installed on its roofs.

Farms / 11% decrease in consumption by farms in 2022 compared to 2021

Electricity is the main energy (78.7%) consumed by farms, in particular, gas is used to maintain the temperature of the tanks. In Australia, during the cold season, an additional fuel oil boiler is used to heat the water in the tanks of one of the farms.

Several studies were launched to find a low-carbon heating solution on this farm as well as to store the surplus solar energy produced on the new Australian farm and redistribute it to other farms.

In 2022, the energy consumption of the Farms division (breeding, processing and inspection of hides) decreased by 11% thanks to the optimisation of water temperatures in the tanks and the relocation of the hide inspection centre to new less energy-intensive premises.

Textile / 7% increase in consumption in 2022 compared to 2021, 16% decrease in intensity by product over the same period

With the strong growth in activity, the energy consumption of the Textile division (HTH) increased by 7% in absolute value compared to 2021, however **efforts to manage consumption have made it possible to limit this increase by reducing consumption per unit of textile produced (-16%).**

This management of consumption is the result of an ambitious policy initiated in 2020 for all sites in the sector, which resulted in the performance of energy audits leading to energy saving actions.

The plan to reduce consumption for all HTH sites follows four major axes:

- ♦ optimisation of equipment operation (humidity regulation system at SIEGL, high-performance fans at ATBC, presence detection for HTH lighting);
- ♦ building insulation and consumption management with the introduction of monitoring software (GTC, BMS, Deepki);
- ♦ phasing out of fossil fuels as energy production resources (geothermal energy, pellet boilers, photovoltaic panels);
- ♦ raising employee awareness through internal communications.

Leather / 3% decrease in consumption in 2022 compared to 2021

Despite the increase in activity, total energy consumption in 2022 decreased by 3% in absolute value and the ratio by 10% compared to 2021.

Electricity is the main source of energy for leather goods workshops (68% of total energy consumption in 2022): lighting, air conditioning, ventilation, office equipment and sometimes heating are the main consumption items. Electricity consumption in 2022, compared to the level of activity, decreased by 4% compared to 2021.

Gas is used exclusively for heating the division's 13 leather goods workshops. Gas consumption in 2022 compared to the level of activity decreased by 19% compared to 2021.

Among the key actions, the Maroquinerie de Bogny-sur-Meuse implemented a system to manage the operating time of several heating, ventilation and air conditioning items that use energy and made key investments (thermodynamic water heaters and LED relamping in the car park) which significantly reduced the site's electricity (18%) and gas (33%) consumption.

J3L / 11% increase in consumption in 2022 compared to 2021

J3L has a management tool that enables precise tracking and monitoring of the sites' various energy consumptions. The installation of electricity sub-meters, which would allow more precise control of the various processes and the implementation of targeted actions, is being studied.

A commitment handbook, currently being formalised, gives an overview of the commitments made by J3L in favour of sustainable development, in particular those related to energy management. It contains the conclusions of the energy audits initiated at the end of 2020. Among the planned actions are the replacement of the fuel oil boiler at Polissage Brun with a wood boiler (-17.3 tCO₂eq) as well as the insulation of buildings for J3LP and Polissage Brun.

As part of the energy sobriety plan, the temperature of the premises was reduced by 2° C. The shutdown of machines, electrical appliances and heating systems in the evenings and at weekends, as well as the shutdown of machines in the event of prolonged non-use, are some of the best practices encouraged and communicated to all sites.

Site lighting is being transitioned to 100% LED and the installation of motion sensors is being studied for exterior lighting.

With regard to renewable energies, photovoltaic panels installed on the J3LP site should be commissioned in 2023 and a project to install two wind turbines is being studied. At Juléa, a planned pergola with solar panels on the car park is underway and several installations of this type are being considered for other sites.

Perfume and Beauty / 5% decrease in consumption in 2022 compared to 2021

In 2022, air de-stratifiers were installed in the warehouse to reduce energy consumption related to heating. The administrative extension finalised in October 2022 to meet the need for additional space complies with the RE 2020 standard and contributes to limiting the impact of these new surfaces on the site's energy consumption.

To contribute to the energy sobriety effort, the Vaudreuil site has reduced the heating instructions, shut down unnecessary equipment at night and weekends and limited the use of mobile heaters.

Other sites

At the CATE (Ceramics and Tableware) site, the production of finished products increased by 31% between 2021 and 2022. The increase in electricity consumption (+12% compared to 2021) was partly driven by the increase in firing volumes and longer furnace opening times (+100 MWh vs 2021). The remaining increase in consumption is spread between the operation of the building, whose operating times were extended with more workshops operating 2x8 shifts, and the consumption at workspaces. Despite longer opening times in the workshops and higher hot water consumption, gas consumption was well managed (-9% compared to 2021) thanks to the more precise management of heating systems, insulation of hot water circulation networks and better alignment of the target temperature with that requested.

At Beyrand, in the field of screen printing on different media (leather, canvas, glass, enamel, ceramics), activity also increased by 30% but with electricity consumption up by only 6.9% and gas down by 1.3%, illustrating the quality of the actions carried out in terms of energy efficiency. Similar results can be found at Puiforcat, where the number of units produced increased by 21% with a decrease in electricity consumption of 5% and an increase in process gas of +15% (for heating, this is a 33% decrease). At HCl, electricity consumption was decoupled from production (-6% in electricity consumption, compared with a 25% increase in the number of pairs of shoes produced).

2.5.3.2 CONTRIBUTING TO THE ENERGY TRANSITION

Since 1 November 2015, Hermès has decided to actively participate in the energy transition process by planning its operations and investments in order to direct its companies towards actions compatible with the trajectory of less than 1.5 degrees of global warming, via a "Just transition" to achieve net zero CO₂ emissions by 2050 via its SBTi commitment, validated according to a trajectory to 2030 (§ 2.5.6).

All French sites (production, services, and exclusive stores) have been 100% supplied with green electricity (hydro, solar or wind) produced in France **since 2021. On a global scale, the Group's renewable electricity supply amounted to 89.1%** (up 2.2% compared to 2021).

In addition, in 2022, the Group purchased more than 10 GWh of biogas. A little more than 10% of the Group's gas consumption is of renewable origin.

Overall, more than half of the Group's energy consumption (55.4%) is from renewable sources, compared with 47% in 2021.

2.5.3.2.1 Developing renewable energies

Working together with the Group real estate department, in particular, the House has a policy of using renewable energies, through the installation of geothermal heating or cooling, photovoltaic panels, the supply of green electricity for sites in France, connection to district heating and cooling networks and the use of wood-fired boilers on some sites.

Hermès wants to use energy from renewable sources (photovoltaic panels, wood-fired boilers, geothermal energy, biomass, etc.) wherever possible, and **has committed to implementing a policy of 100% renewable electricity in its own operations by 2025**. No new industrial investment running on fossil fuels is authorised, except where this is not technically possible.

In addition, the Group is developing pilot initiatives, designed to be expanded as and when new investment projects, available technologies and regulations in force permit.

As part of its renewable energy policy, Hermès sites (production, farms, logistics) produce electricity directly through the installation of photovoltaic panels.

Two renewable energies are produced and consumed at the leather goods workshops. Wood is used to heat the Abrets and Nontron production units and the latest leather goods production units to come on-stream (Allan, Montereau and Guyenne) benefit from photovoltaic installations.

In 2019, the Maroquinerie MHM site in Aix-les-Bains signed a contract with an electrical energy supplier to install a photovoltaic power plant on the shades of its car park, with a power of 292 kWp. In 2022, this renewable energy production covered 29% of the site's total electricity needs.

Since 2020, the Maroquinerie de Guyenne in St-Vincent-de-Paul (Bordeaux) has benefited from a photovoltaic plant on the roof with a capacity of 430 kWp. An integrated Microgrid system (balancing between photovoltaic panels, storage batteries and consumption sources), allows the management of electrical energy. This system covers 40% of the site's energy needs and 80% of the electricity produced is consumed on-site. Charging sockets for electric vehicles have been installed in car parks.

In 2022, 712 MWh of solar energy were produced and consumed by the division's leather goods workshops, representing 4% of total energy consumption.

In the Farms division, the installation of photovoltaic panels on all sites provided nearly one-fifth of the electricity consumed by the Australia division in 2022.

Within the Textile division, a wood-fired boiler was installed on the ATBC site in Challes at the end of the year, and there are solar panels on the ITH site (16 kWp).

The Cuneo site (Tanneries division, Italy) has installed photovoltaic panels and a gas cogeneration system, making it possible to cover a significant portion of the site's consumption.

In the United States, the Dayton logistics centre in New Jersey has been equipped with photovoltaic panels on the roof since 2017, in order to produce the electrical energy required by the site. This centre received LEED Gold certification in 2018.

Overall, renewable energy production at the Hermès sites was 2,485 MWh in 2022, compared with 1,894 MWh in 2021, i.e. +31.2%, representing approximately the total annual energy consumption of nearly four leather goods workshops.

2.5.3.2.2 Innovating in energy efficiency

In the conception phase of new leather goods workshops, a special attention is paid to environmental impacts and more specifically, to energy consumption. New production units are built with future energy efficiency in mind. This proactive work focuses on four priority areas:

- ◆ energy consumption: this parameter constitutes one of the main issues of the new leather goods workshop technical programmes. As soon as a project is launched, various solutions are envisaged and thermal simulations are carried out by specialists from design firms commissioned for the project. The most suitable solution is selected from the results. For example, the building of the Allan production unit, commissioned at the end of 2017, was carried out in accordance with the stringent requirements of the High environmental quality label, and exceeds the objectives of the 2012 French Thermal Regulation standard by 30%;
- ◆ energy management tools: as soon as a new leather goods workshop is put into operation, meters are positioned and dedicated software is set up to control energy consumption and the identification of possible drifts as accurately as possible;
- ◆ implementation of renewable energy production solutions: the Maroquinerie de Guyenne benefits from a photovoltaic plant installed on the roof and an integrated Microgrid system;
- ◆ lowering machinery consumption: the energy impact of machinery was introduced as one of the decision-making criteria in the context of the machinery investment strategy for the Leather *métier*. As such, new equipment introduced in both new and

existing leather goods workshops is more energy efficient. This approach is carried out in partnership with suppliers.

All of the Group's other *métiers* benefit from feedback from this work carried out for leather goods workshops.

At the end of 2022, two new leather goods workshops were delivered, in line with the House's high environmental ambitions, aimed in particular at reducing the carbon impact of the sites. **These two sites (Louviers and Sormonne) are aiming for the E4C2 label, awarded to energy positive buildings.**

Responsible IT

Hermès, under the lead of its information systems department, launched a "Responsible IT" approach in 2021, which it continued in 2022, enabling the entire Group's digital ecosystem to contribute to the sustainable development strategy on the three pillars:

- ◆ environmental: reduction of direct and indirect footprint;
- ◆ human: improving working conditions and securing data management (privacy);
- ◆ civil society: stakeholder involvement and generous actions.

These actions are managed according to two categories, those with an environmental impact and those directly related to individuals.

The main environmental actions concern the life cycle of materials (responsible purchasing, extension of life, reuse, recycling with the help of an adapted company) and frugality (eco-design of applications, sobriety of infrastructures), not forgetting IT4Green, i.e. the contribution of information technologies to reduce the Group's consumption (energy metering).

In addition to ethics and personal data protection, inclusion projects focus on the accessibility of applications so that everyone can use them.

IT solutions and suppliers are selected taking these criteria into account.

Communication actions are carried out to pass on best practices to Group employees.

The Group is also involved within the FHCM (Fédération de la Haute Couture et de la Mode) in work to examine and analyse the ecological footprint of the Paris fashion shows, of which the digital component is important.

2.5.4 WASTE CONTROL

A major aspect of environmental protection and societal responsibility, waste and discharge management means that each of the House's various *métiers* does all it can to reduce the production of waste and discharges and to recycle or recover them.

CHANGE IN VOLUME OF WASTE (EXCLUDING FARMS) OVER THE LAST THREE YEARS

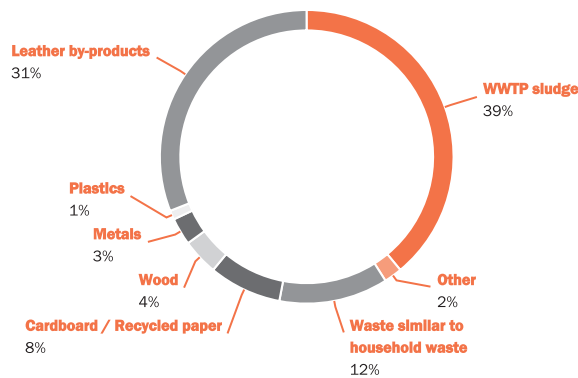
WASTE	2020	2021	2022
NHW ¹ in tonnes	6,012	10,043	11,143
HIW ² in tonnes	5,189	2,787	3,193
TOTAL IN TONNES	11,201	12,830	14,336

(1) Non-hazardous waste.

(2) Hazardous industrial waste.

In order to align with European legislation on waste classification, sludge from the treatment of effluents from the Tanneries division has been reported in the NHW category since 2021; it was previously reported in the HIW category).

Between 2021 and 2022, the quantity of waste increased by 11.7% at Group level (excluding farms), in line with the growth in activity.

TYPES OF NON-HAZARDOUS WASTE GENERATED BY INDUSTRIAL SITES

The main types of non-hazardous waste generated by industrial sites are WWTP ⁽¹⁾ sludge, process sludge and matter resulting from cleaning operations, as well as leather by-products generated during the tanning steps (non-usable parts of raw hides or cutoffs related to thinning, for example).

The hazardous industrial waste generated (22.3% of the total) consists mainly of cullet (crystal debris) that cannot be reused at Cristalleries Saint-Louis but is reused in a metal refinery, dyes used in textile printing units, or sludge from surface treatment sites.

WASTE DESTINATION

The wide range of *métiers* prevents an overall waste management policy, other than the general principle of avoiding its production and working to improve its reuse and recovery. Waste management is therefore entrusted specifically to each manufacturing division by means of a dual policy of waste reduction and recycling wherever possible. The main contributors are the tanneries, textile, crystal manufacturing, leather, perfumes and real estate divisions.

In 2022, 41% of waste was recovered (recycling, reusing, energy recovery) and the Group aims to increase this ratio in the coming years.

Tanneries / +19.2% increase in waste production in 2022 compared to 2021

The raw material used in the tanneries is the entire hide, referred to as “raw” hide, a putrescible organic product. Tanning involves processing the hide into a durable product, a finished leather, using successive operations that eliminate matter and generate effluent. The reduction of tannery waste naturally starts with the improvement of the quality of the raw hides. Tanning generates unavoidable waste, associated with trimming the edges of the hides (“trimming”) or preparing the internal surface of the hide (“fleshing”). Processing hides in successive baths also generates effluents, which are processed at site treatment plants and result in the production of sludge. The management of this sludge is strictly regulated in the geographical areas where the Group operates (European Union) and complies with the regulations in force. The tanneries are constantly seeking new reuse channels for this waste and are active participants in the think tanks that are brought together at Hermès to discuss leather waste, and in the work done by the Centre technique du cuir (CTC – Leather Technical Centre). The HCP division is also studying the retrieval and recovery of leather scraps from tanning with various partners.

In 2022, the division’s overall waste production increased by 19.2% compared to 2021. This increase is linked to an increase in production at the Calfskin division and at the Mégisserie Jullien, which has sharply increased its activity, as well as the continuous improvement of effluent treatment systems, which leads to an increase in sludge production (which is nevertheless stable on these sites by ratio to leather produced).

NHW represents more than 90% of waste generated by the tanneries, with sludge from on-site effluent treatment alone accounting for more than half of this NHW. At-source sorting of waste streams is in place on sites and 100% of the waste produced is evacuated to approved channels. On-site waste storage is optimised to prevent any pollution risk (sheltered storage areas, retention basins, etc.) and regular awareness-raising initiatives focusing on sorting and the layout of work areas are carried out among employees.

Farms / 13% increase in waste production in 2022

The amount of waste generated on farms increased in 2022 (+13%) due to the growth in activity of the new Australian farm and related works. In the Farms division, which also includes the processing and inspection of hides, non-hazardous waste represents 95% of annual production and is composed of operating waste (animal by-products, sludge from effluent filtration systems, wood or cardboard) as well as waste from the renovation of facilities (inert waste, plastics or ferrous scrap metal) and household waste. The salt used in the salting of raw hides is considered hazardous industrial waste (under the regulations in force in the States in which the hide processing and inspection facilities are located) and makes up almost all the hazardous industrial waste generated by the division. In order to avoid any pollution, this waste is stored in covered and retention areas. They are then evacuated to approved local treatment channels.

1. Wastewater Treatment Plant.

Textile / 17% increase in waste production in 2022

With the strong growth in activity, the volume of waste generated by the HTH division increased by 17% in absolute value compared with 2021, although waste reduction efforts made it possible to limit this increase by reducing consumption per unit of textile produced (-9%).

This change is linked to the increase in dye waste (+25%), the volume of which is proportional to that of the activity and which represents 50% of the division's waste. The volume of non-hazardous waste was stable (+4%) and more than half of this (52%) was recycled compared to 44% in 2021.

Thus, of all waste from this activity, 71% was recovered as energy, 21% sorted and recycled, and 7.5% follows another treatment method (e.g.: composting), with only 0.5% incinerated or landfilled. Thus, only specific waste such as IHCW or part of the waste from isolated sites where there is currently no alternative treatment is eliminated.

Through monthly meetings involving the sites as well as the service provider, the ensures that recycling and recovery solutions are systematically favoured. Each new flow is validated.

At the same time, the sector is carrying out in-depth projects to significantly reduce the volume of waste emitted. Ateliers AS and SIEGL have developed a system for holding textile parts using a reusable adhesive film to replace glue. This system saved 2 tonnes of chemicals used to clean the glue. The SIEGL site has also significantly reduced the volume of plastics discarded by modifying the double-sided scarf process, thus eliminating 120 km of plastic film.

Crystal manufacturing

Cristalleries Saint-Louis is developing a waste sorting, treatment and recovery policy adapted to environmental and economic issues. It is coordinated around the following major axes:

- ◆ reduce the amount and harmfulness of waste produced;
- ◆ prioritise the recovery of products whenever possible;
- ◆ choose sustainable treatment channels adapted to the products;
- ◆ commit to a green economy that is more respectful of people and their environment.

As part of a process of recovery rather than waste disposal, Saint-Louis uses most of the residues from its crystal production, cullet, in an internal recycling circuit where it becomes raw material again. Since 2022, the work undertaken in parallel with the installation of the new gas melting furnace has made it possible to optimise the quantity of cullet that can be recovered by cleaning the flow from drains.

Non-hazardous waste is sorted as precisely as possible to be sent to appropriate channels (wood, cardboard, paper, metal, polymers, crystal, etc.) where it can be recovered.

Waste classified as hazardous is separated at each production phase and follows a pathway adapted to its characteristics until shipping. Depending on its nature, hazardous industrial waste is sent to the most appropriate channels in accordance with applicable regulations and which meet quality, safety and environmental requirements.

Leather

The proportion of non-hazardous waste recycled and recovered for energy out of the total tonnage generated by the Leather Goods division was 88% in 2022. Household waste represents 59% of the total. Composting facilities have been set up at certain leather goods workshops to recover organic waste and avoid its transportation. The other main sources of non-hazardous waste are cardboard (11%) and wood (5%).

The leather goods activity generates little hazardous industrial waste: 7% of the total annual tonnage of waste in 2022. Most of this deposit consists of packaging, glues and dyes used in the manufacture of leather goods. 91% of all hazardous industrial waste is recycled or recovered.

Leather scraps, parts not used in the "cutting" activity of production units, are sold to specialised channels, sorted and reused. These by-products from activity are not included as "waste" in this report.

The division also takes part, in the context of the recovery of production waste, in working groups on the reuse, recycling and recovery of its waste within Hermès, as well as in the work carried out by the Centre technique du cuir (CTC – Leather Technical Centre) on this subject.

2.5.5 CONTROL OF POLLUTION RISKS

The policies conducted by Hermès in terms of prevention and the fight against pollution aim, based on a study of risks, to control them and limit their impact on the environment, whether on soil, air or water. Hermès assumes all its responsibilities as a company that places goods on markets, to ensure the regulatory compliance of all products sold, in all countries where it operates, in particular in terms of chemical risk management.

2.5.5.1 EFFICIENT SOLUTIONS FOR WASTE MANAGEMENT

Hermès is committed to going beyond current regulations to reduce the use of hazardous substances. Accordingly, the House's internal requirements, for its own operations and for supplier specifications, sometimes impose stricter limits.

Fifteen industrial sites have integrated their own effluent treatment plants, including filter gardens. They treat 455,179 m³ per year (77% of water discharges), using the most appropriate technologies for the substances discharged in accordance with the limits imposed by the environmental authorities, almost exclusively in France. The rest of the wastewater is composed almost entirely of water from washrooms.

Breakdown of the highest level of treatment of the stations:

- ◆ primary treatment (*primary physico-chemical treatment – flocculation, settling, formation of primary sludge*) 9 stations;
- ◆ secondary treatment (*biological treatment – bacteria*) 1 station;
- ◆ tertiary treatment (*with, for example, microfiltration, ultrafiltration, nanofiltration, reverse osmosis, filtration on granular media, infiltration-percolation, targeted treatment – nitrogen, chlorine disinfection, ozone, UV, dephosphatation, activated carbon*) 5 stations;

At these sites, chemical oxygen demand (COD) is one of the water quality parameters measured. In 2022, 395 tonnes of COD were released. New indicators and objectives will be put in place within two years for this quality part of discharged effluents.

As stipulated in § 2.5.1.4, three sites were the subject of a formal notice relating to the quality of the water, each time treated as soon as possible.

Tanneries

The quality of effluent discharges is central to sites' environmental concerns. Each tannery is equipped with an effluent treatment station and verifies that its industrial emissions comply with the applicable standards. Regulatory inspection reports are submitted to the local authorities on a regular basis. As a reminder, the tanneries are solely located in France (five sites) and Italy (one site), and their stringent regulations are subject to frequent controls. In accordance with these regulations, the Group monitors the biological and chemical oxygen demands of its discharged water and ensures that they do not exceed the thresholds set by its prefectural orders.

One example is the Vivoin site, whose production water treatment system makes it possible to achieve COD levels well below the very low discharge limit. This performance is achieved thanks to an ultrafiltration unit and two activated carbon filters.

To date, 100% of our water is treated internally and 93% of this water enters the municipal network for a further treatment in the municipal stations.

The division's tanneries continually work on improving the performance of effluent treatment. Numerous studies and optimisation projects for tannery waste management facilities are carried out annually. **This work represented an investment of €1 million in 2022, a similar level to prior years.**

The evapo-concentration unit at the Montereau site is fully operational. The recycling of part of the waste treated in production processes in addition to rainwater is being finalised and will be launched in 2023.

Work to modernise the Tanneries du Puy wastewater treatment plant began in 2022 and will continue until the end of 2023.

Detailed studies for the reuse of treated water leaving the Tanneries du Puy and Annonay treatment plants made it possible to identify the actions to be carried out and to request the necessary authorisations from the local authorities. These projects will be completed in 2023.

Similar studies are being carried out in the division's other tanneries, in particular the exotic tanneries, in accordance with the strategy of reducing water abstraction by the Group and the Tanneries division.

Farms

In Australia, 38% of water discharged from animal farming is reused through irrigation projects after filtering.

The water from one of these farms is reused to irrigate sandalwood in collaboration with the Hermès Perfume and Beauty division. On the land of the new Australian farm, 60 hectares of khaya and mixed wood were planted in 2022, in addition to the 20 hectares already planted. On this farm, 100% of the water discharged is reused for these irrigation projects, including the planting project. Irrigation systems are also set up on other farms to produce fodder for local farmers or to irrigate sugar cane plantations on neighbouring agriculture farms in an industrial ecology scheme.

These projects are a priority area of work as part of the water strategy rolled out by the Farms division.

For all tanneries and farms, the compliance of water discharges is checked at a frequency adapted to the monitored parameters: half-yearly, quarterly, daily or continuous measurements. Most of these parameters are measured at a higher frequency than that required by the authorities. The control samples are analysed on site or in approved external laboratories. The results of internal analyses are compared once or twice a year with those obtained by an independent and certified laboratory. In the event of a deviation from regulatory requirements, precautionary measures are immediately taken and actions are implemented to return within the defined parameters. All information is quickly transmitted to the authorities as well as to the managers of the wastewater treatment plants in urban areas, most of the time using dedicated IT platforms.

Air emissions at the division's tanneries result primarily from the operation of the boilers, the dry degreasing activity and the finishing booths. Verifications of such equipment, as identified in the prefectural orders or site permits, are performed in accordance with the applicable regulations. Finally, in accordance with regulations, the French sites prepared a solvent management plan.

Textile

The AEI, Ateliers AS and SIEGL sites, which account for 98% of water discharges, are subject to daily self-monitoring of effluents. To ensure the reliability of these data, audit and calibration plans are regularly implemented.

The AEI and Ateliers AS sites, whose effluents are treated by the municipal WWTP, are gradually being equipped with physical and physico-chemical pre-treatment plants that will improve the quality of the water discharged. For example, the chemical oxygen demand (COD) will be halved for these entities. Building permits were filed in December 2021 and October 2022. This equipment will be fully operational between late 2023 and early 2024.

On the SIEGL site, the new high-performance WWTP, whose construction began in 2018, is equipped with secondary biological treatments as well as tertiary treatments by membrane filtration and activated carbon. The WWTP is operational and the results are in line with expectations, with COD and BOD5 concentrations below the threshold set by prefectural decree. The site is beginning the second phase of this WWTP relating to wastewater recycling, whose rates will reach 30% in 2023 and 70% in the medium term.

Crystal manufacturing

The Saint Louis crystal manufacture adopts the same rigorous treatment of its discharges and effluents for the excellence of its production. As such, the processes are continuously improved and optimized upstream to:

- ◆ reduce the quantity of discharges induced by the activity;
- ◆ reduce the concentration of any pollutants as much as possible in the waste;
- ◆ guarantee the harmlessness of waste coming out of treatment cycles.

The Cristalleries de Saint Louis have implemented an innovative water purification system based on nature and uses the technique of phyto-restoration to treat part of the discharged water, a technique more respectful of the environment which avoids the use of physico-chemical treatment techniques (§ 2.5.3.1.1).

Requiring no input of energy or chemicals, the **“Jardins de Saint-Louis”** provide optimal water purification and their performance is superior to that of a traditional physico-chemical installation. This solution is based on a triple device of filtering basins:

- ◆ plant filters, reeds of the phragmites family, planted in peat, can trap suspended matter and nitrogenous pollution;
- ◆ mineral filters, surrounded by perennial herbaceous plants (miscanthus) then trap the soluble metal compounds by drainage;
- ◆ finally, plantations of endemic species complete the device and integrate it into the landscape.

Similar to the “Jardins de Saint Louis”, the site developed in 2022 a new solution for treating aqueous effluents from crystal cutting activity. This new system aims to improve the performance of the treatment and recovery of residues present in the aqueous circuit of cutting

machines, and to limit water consumption by increasing the lifecycle of the water circulating in the network. A study will be undertaken next year with the ambition to duplicate this principle on the workstations of manual grinding wheels or diamond stations.

Regular campaigns to measure aqueous discharges and atmospheric tests confirm the performance of the installations in place, for which the site is regularly inspected by the public authorities, with no expression or reservation of comments.

Leather

Leather goods workshops present limited sources of wastewater discharge thanks to primarily manual production processes that do not require water. The only wastewater discharge concerns water used for washrooms, which does not require on-site treatment and in most cases is directed to public wastewater collection networks. Only the Maroquinerie de Nontron has a wastewater treatment facility (using the principle of phytoremediation).

None of the division's sites received an administrative formal notice for reasons of non-compliance of wastewater discharges.

J3L

Air emissions subject to increased monitoring comprise gases from surface treatment sites. A system was set up for capturing these emissions at source. Compliance with the limit values for air emissions imposed by the prefectural operating authorisation orders is verified by measurements carried out by external organisations.

To take into account the capacity increases required for the future, work and investments are planned in 2023 to resize the gaseous waste capture and outlet system at one of the electroplating sites. This investment also has positive impacts on employee working conditions.

The J3L group sites carrying out surface treatment are equipped with a “zero discharge” plant. Its principle allows **the use of water in a closed circuit**. After use in the various processes, the water is treated by two different technologies: ion exchange resins and an evapo-concentrator. These technologies make it possible to reuse and recycle water in order to reinject it into the rinsing baths when it is of sufficient quality. Any discharges into the wastewater network or the natural environment are eliminated. A reduction in water consumption of nearly 75% compared to a traditional water treatment plant is thus observed.

No site has been subject to fines, formal notices and/or other sanctions for breaches of regulations on air emissions or water discharges.

2.5.5.2 CHEMICALS MANAGEMENT

2.5.5.2.1 Compliance of controlled substances

General principles

Two main activities make it possible to respect Hermès' commitment as a responsible company marketing products by guaranteeing their regulatory compliance, in all countries where the Group operates: product monitoring and validation:

- ◆ regulatory monitoring is carried out through a large number of actions with stakeholders and is coordinated by the industrial affairs department:
 - coordination of the Colbert Committee's "Regulations" working group,
 - participation in the "Regulations" working group of Francéclat (Porcelain and Silversmith), the BJOP (Jewellery, Silversmith),
 - regulatory update at least once a year with the CTC (Leather), IFTH (Textiles), FPPP (Porcelain), BJOP (Jewellery, Silversmith), the Fédération du Verre et du Cristal, the Fédération Horlogère,
 - taking into account the monitoring prepared by a specialised service provider (Bureau Veritas) on certain products,
 - update twice a year (during the podiums), with all the House's subsidiaries, on the regulatory changes relating to products in each country. All possible incidents are dealt with in these meetings;
- ◆ product validation from a regulatory point of view, which is carried out at two levels:
 - the annual update of product specifications (CDC), which takes into account all the results of regulatory monitoring. These CDCs include compliance with the most stringent product regulations in the world (all countries to which Hermès exports products). It is generally the European regulations that are the most demanding, although this is not always the case,
 - all products are tested (internally and/or externally), in qualified laboratories, on the technical criteria and in accordance with the standards described in the product specifications.

List of controlled substances

There is a single Restricted Substance List (**RSL of the Hermès Group**), which includes all substances that are or could be used in products. **For each substance, the most stringent regulations in the world are systematically adopted.** The aim is to produce products that comply with regulations, regardless of the country in which they are sold.

The RSL is shared within the Colbert Committee working group. This list of substances is not distributed as such. Such distribution would not be of great interest, since this list contains only public information, being a collation of national or federal regulations. For each substance, the name of the substance, its CAS number, the most stringent limit in the world and the laboratory control standard for the substance appear.

Use of controlled substances

The Group's list of substances, the permitted limits as well as the control standards, are common to the production units and apply to the suppliers. More specifically, product specifications (including this substance regulation) are shared with suppliers. The approval of products manufactured by suppliers follows exactly the same pattern as products manufactured by the Group. A good example is that of the

tanneries: the Leather *métier* purchases hides from the Group's tanneries, but also some of its needs from external tanneries, with identical specifications regardless of the source.

Hermès has put in place preventive processes to restrict or prohibit certain substances, in particular by discussing and signing product specifications with suppliers, which contains all the regulations and technical requirements, as well as the corresponding control methods.

Control of materials and products

For its raw materials, Hermès adapts the frequency and type of controls according to the volumes concerned. For very limited volumes, control may be at the unit level, but it is carried out on a statistical basis for larger volumes. Depending on the nature of the materials, which can be technically very different (leathers, textiles, perfume essences, etc.), the volumes and the history of the quality results, a sampling and testing frequency is chosen by the quality department to ensure a maximum confidence level in the quality of incoming materials. In the event of a negative result, the goods are blocked and sampling and controls increased.

With regard to products (whether manufactured in-house or by suppliers), the Group procedure is exactly the same: the aim is to verify, with a maximum level of confidence, that the entity placing the goods on the market has fulfilled its responsibilities. Some of the House's products are subject to checks on every unit for certain characteristics that are considered critical. Others are checked on a regular basis and some are checked on a random basis. The great diversity of products (leather goods, textiles, porcelain, crystal, silversmith, jewellery, watches, ready-to-wear, perfumes, etc.) means that an appropriate control scheme and the proper frequency must be defined for each product.

Hermès uses the services of both in-house and external laboratories for these checks. This decision is made according to the workload of the in-house laboratories as well as the nature of the measurements to be carried out.

In summary, the Group's generic procedure (SOP) is that no raw material or product is supplied without a specification being defined and accepted by the supplier, and without the raw material or the finished product having been tested according to these specifications.

Supply chain compliance

All raw materials purchased, like any products purchased, are subject, on the one hand, to specifications that are discussed and formally approved by the supplier and include all the regulations corresponding to the materials and/or products, and on the other hand, to technical validation including laboratory measurements. All deliveries (raw materials or products) are subject to appropriate quality control. Certain supplies (materials or products) are accompanied by an inspection certificate, the tests having been carried out by the supplier, when this provision is stipulated in the specifications. Tier 1 suppliers undertake to develop the same approach (formal specifications, control procedures, etc.) with their own suppliers (tier 2).

In the event of non-compliance with the specifications for raw materials or products, the goods are blocked and, generally, a second verification check is launched. Hermès does not use non-compliant goods in its production. They are therefore returned for new manufacture or repair when technically possible.

2.5.5.2.2 Risk management related to the use of chemical products

General principles

The Hermès craftsmanship model means that 55% of its objects are produced in-house, in exclusive workshops, 76% of which are located in France. The remaining 45% come from suppliers, the vast majority of which are located in France and Europe. Thus, of the top 50 direct suppliers (materials or products), 67% are located in France and 30% elsewhere in Europe.

For all sites located in France and Europe, labour legislation requires a chemical risk analysis and the implementation of measures to protect workers. In owned units, as well as those of suppliers, regular audits are carried out to verify that the analyses are properly carried out, and the means of protection are in place and used. The national regulator also imposes a limit on chemical substances released into the air, effluents and soil. In the House's own units, as well as those of suppliers, regular audits verify that each entity is fully aware of the regulations to which it is subject, that the necessary means to comply with them are in place, and that regular checks make it possible to ensure that these methods are working.

For the small number of suppliers further afield, for the majority of materials suppliers, regular audits are used to verify regulatory compliance, in terms of health and safety, as well as the environment. In the event that local legislation does not exist or is insufficient, Hermès helps its suppliers to adopt and comply with European standards.

Implementation

The chemical risk management approach is based on legislation which, in France and in Europe, is generally hazard-based.

The regular and in-depth audits carried out by Hermès in all entities, as well as the appropriate frequency of product checks, ensure that any use of chemical substances banned by Reach-type regulations, for example in a French or European tannery, is immediately revealed.

The main chemical risk management tool is the product specification. An accurate and exhaustive reflection of the most demanding regulations worldwide, it lists all the requirements in terms of substances, the limits set, and the corresponding laboratory control methods. The procedure begins with the sharing of this document with the supplier (in-house or external), then follows a formal agreement from the supplier, and it is completed by an approval check of the first products delivered. During the "series life", checks are carried out at an appropriate frequency.

The choice of chemical reduction and/or elimination projects is mainly based on an analysis of future regulatory changes. It is in this spirit that the Group conducts a very strict regulatory watch, both in France and abroad.

When a probable change in regulations is identified for a substance or a family of substances, an estimated decision schedule is drawn up in order to set out the work to be carried out and the timetable.

As the management of chemical products is a major issue for its activity, **Hermès Cuirs Précieux joined the ZDHC (Zero Discharge of Hazardous Chemicals) Initiative** in August 2021. The ZDHC Roadmap to Zero Programme aims to implement best practices in terms of the use of hazardous substances and the quality of wastewater discharges in tanneries. The implementation of the ZDHC protocol in the division's tanneries began in 2021 and continued in 2022 with the support of an internal laboratory to ensure the safety of the leathers placed on the market and the quality of incoming products, in accordance with related regulations.

Hermès has set up a third-party certification target for each of its purchasing sectors (around 60), which also includes aspects related to the use of chemical products (see § 2.4.2).

In line with the commitments made by Hermès, the Tanneries division has also defined an LWG audit programme for its sites. In 2022, Conceria di Cuneo received LWG Silver Level certification during its re-certification audit following its first audit carried out in 2020. The Vivoin exotic hides tannery received LWG Bronze Level certification at its first audit. The other tanneries and tawery will be audited in 2023.

2.5.6 CLIMATE CHANGE

Thanks to its craftsmanship model and a production mainly in France, Hermès is today one of the lowest carbon emitters among CAC 40 companies. Nevertheless, taking all the necessary measures to combat climate change, the Group has stepped up all actions aimed at reducing the Group's footprint since 2020. The Executive Committee thus updated and validated the Group's strategy with ambitious objectives founded in science, through its membership of the Science-Based Targets initiative (SBTi) in order to achieve zero net emissions by 2050. **SBTi validated the emission reduction targets for scopes 1, 2 and 3** at the end of 2021, thus recognising Hermès' commitment to the fight against climate change and **its commitment to reducing its direct and indirect emissions, helping to limit global warming to 1.5°C by 2100**, in accordance with the Paris Agreements.

Hermès' policy in this area is implemented as a priority on the most significant issues. Practical measures to substitute fossil fuels used, and reduce its energy consumption and carbon footprint across all scopes. The control of greenhouse gas (GHG) emissions is achieved through direct reduction actions throughout the value chain, as well as outside Hermès' sphere of influence through financing of projects with positive impacts, including for the fight against global warming.

Objectives:

- ◆ implement a policy of **100% renewable electricity** within its own operations **by 2025 and 100% renewable energies by 2030**;
- ◆ achieve the phase out fossil fuels at industrial sites;
- ◆ reduce absolute value by **50.4% for scopes 1 and 2 emissions over the period 2018 to 2030**;
- ◆ reduce relative value by **58.1% for scope 3 emissions over the period 2018 to 2030**, this objective means involving the supply chain in the process, as well as suppliers and partners;
- ◆ reduce **the carbon footprint by 50% per m² of real estate space** built or renovated by 2030;
- ◆ achieve **net zero emissions by 2050**.

In addition, Hermès is attentive to the transparency and consistency of its policy with that of the sector by presenting its actions according to the framework recommended by the TCFD (Taskforce on Climate-related Financial Disclosures, § 2.7.2.2.2), by responding to the CDP climate questionnaire and by participating in market initiatives: Fashion Pact and UNFCCC (United Nations Fashion Industry Charter for Climate Action).

POLICY

The Group's policy is to make a resolute commitment to a low-carbon world with quantified targets set out in a timetable. It is broken down into several areas such as measuring the impacts of its activities on all scopes 1, 2 and 3, taking priority actions to reduce emissions in the various categories where the Group can act, and then implementing offsetting initiatives.

It also incorporates a forward-looking vision through an analysis of risks related to climate change that bear on its operations and business model (physical and transition risks) using scientifically recognised scenarios including those of the IPCC (RCP 2.6, RCP 4.5, RCP 8.5).

The new CSR governance structure established at the end of 2022 (§ 2.1.6) places the supervision of the Group's climate policy directly at the heart of the Executive Committee's responsibilities.

INTERNAL CARBON PRICE

As part of the operational implementation of the strategy to phase out fossil fuels, the Group has decided to set up an **internal carbon price** mechanism to strengthen decisions favourable to the energy transition. This price was calculated on the basis of internal simulations and compared to a CDP sector benchmark. Set in 2021 at €40 per tonne of CO₂ equivalent, it may change according to economic conditions and its revaluation is subject to the assessment of the Sustainable Development Board. It is currently used in notional form for the calculations of industrial investments (scopes 1 and 2), real estate investments (scopes 1, 2 and 3), as well as for new

transportation contracts (scope 3). More specifically, this carbon price makes it possible to "put a cost" on the negative climate externalities generated by certain industrial investments, and promotes the adoption of less emissive solutions. For example, the adoption by one of the Group's tanneries of a solution for drying hides based using a heat pump, rather than gas, was allowed by re-weighting the actual cost, including environmental externalities, for the second option.

MEASURES IMPLEMENTED AND RESULTS

As illustrated above (§ 2.5.1), the House has taken various measures to reduce the use of energy in its various activities, and to use renewable energies as much as possible, such as in the "phase out fossil fuels at industrial sites" programme.

However, these actions, which necessitate technical and organisational changes, do not have an immediate effect on changes in energy consumption: the objective is to take the time to implement effective, in-depth solutions that are sustainable over time. All *métiers* are working on plans to reduce their consumption and change their energy mix, with these analyses serving as a basis for the construction of SBTi trajectories.

2.5.6.1 STUDYING RISKS AND ACTING TO REDUCE THEIR IMPACTS

Hermès is striving to reduce the impact of its activities on the climate, and the House is examining potential adaptations to its value chain (internal, external) in order to reduce its exposure to the effects of climate change.

Depending on the regions and *métiers* concerned, the effects of climate change will have different impacts on Hermès' activity, through:

- ◆ the physical consequences of climate change (extreme climate events, increase in temperatures, increased or decreased rainfall, etc.);
- ◆ the impacts of measures taken for the transition towards a low-carbon world, in particular the fastest measures (transition risks: carbon tax, regulatory changes, client behaviour, etc.).

The impacts will depend on the extent and severity of these changes, in the same way as the various factors such as location, sensitivity of the upstream supply chain, the quality and capacity of local infrastructures and, more generally, the behaviour of the other players in the Hermès Group's ecosystem.

Hermès has based its approach to adapting to climate change on the identification of risks and the assessment of their relevance in order to define action plans within each *métier*, with the assistance of a consulting firm and the use of authoritative tools.

This project, coordinated by the industrial affairs department, involves around 20 high-level executives from the Company from 2020, in order to have both a precise vision of the issues at stake, and facilitate the subsequent implementation of measures that could result from these analyses.

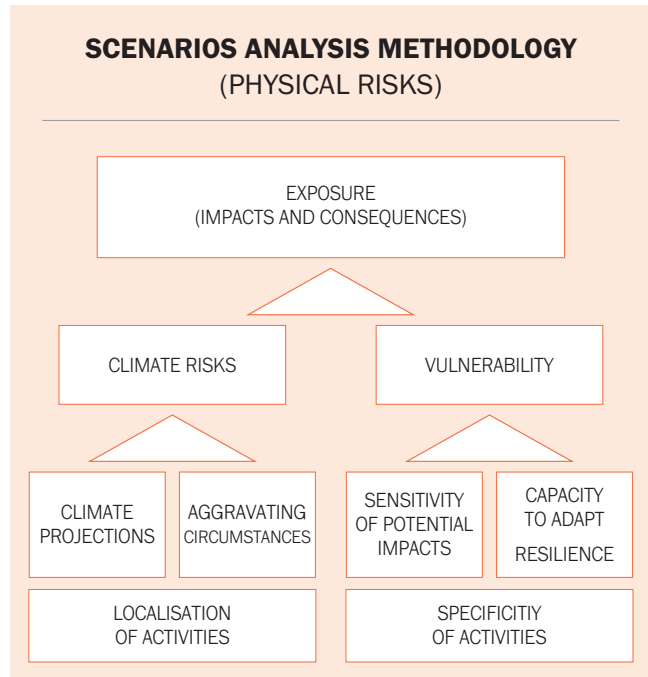
The exposure to transition risk is studied both by the audit and risk management department in its vertical analysis of the House's main activities (production *métiers*, retail subsidiaries), by the industrial affairs and sustainable development departments and by the Sustainable Development Committee, with a more transverse vision that covers the main issues (water, climate, etc.).

In its responses to the CDP Climate questionnaire, Hermès details several examples of identified risks and opportunities related to climate change. The analyses are conducted along three time horizons (within three years, within five years, and within 25 years).

This analysis of the physical risks related to climate change was carried out on two of the House's emblematic value chains, from the sourcing of materials to the exclusive stores: leather and textiles. Eight scenarios were selected to test the resilience of these value chains. These scenarios were developed taking macroeconomic studies into account as well as industry analyses:

- ◆ **six direct impact scenarios were developed for the supply of raw materials for the sectors studied: exotic leathers, cowhide, cashmere and silk.** They combine various predictable impacts on the supply of raw materials and on the production of products: droughts, rising temperatures, heat waves, rain and hurricanes. They make it possible to identify existing capacities for adaptation and those that Hermès could strengthen, region by region: South America (silk); Louisiana, Australia, Africa (precious leathers); Mongolia (cashmere); Europe (production sites);
- ◆ two systemic scenarios of direct and indirect impacts on Hermès' global business were examined, modelling a succession of extreme events in France or modelling a global health and food crisis to test the resilience of the upstream and downstream logistics chains, production and product distribution. They are built on the basis of systemic failures of support functions and/or external service providers outside Hermès' *métiers*. They combine original hazards that are difficult to predict but have a major and systemic impact on entire regions, such as the "black swan". These scenarios make it possible to identify potential weaknesses in Hermès' value chain and enable stakeholders to be included in the consideration of the impacts of climate change. For example: implementation of operational business continuity plans, monitoring of certain signals to be put in place to anticipate these hazards and deal with them when planning ahead is not possible.

ILLUSTRATION OF THE METHODOLOGY USED FOR THE PHYSICAL RISK ANALYSIS



In each of these pessimistic scenarios, the risks likely to materialise are taken from the study of global IPCC projection data (for a period of 10 to 15 years) or regional data, for example from the European Environment Agency (20 to 30 year horizon). Each scenario describes the potential impacts of major importance for Hermès, the triggering risks and their evolution in the short, medium or long term depending on the geographical area studied. Materiality grids, classifying impacts according to their likelihood and potential impacts, make it possible to rank the issues identified. The conclusions of these risk studies are then taken into account and integrated into the *métiers'* action plans.

In 2022, Hermès continued to roll out the assessment of its business's exposure to climate risks. As a reminder, an analysis of water-related climate risks (droughts, floods, water stress, etc.) was carried out by WWF France in 2021. The partnership continued this year, to conduct in-depth audits. Each audit enabled us to better understand the risks and to create a specific action plan. Hermès is ready to help its suppliers if they need to adapt to physical risks (technical, material and financial support, as needed).

During the financial year, the Hermès Group Services teams and the Hermès International real estate department reviewed the risk analysis previously carried out in the sectors. The two departments have deepened the analysis of the resilience of the sites by undertaking an analysis of the physical risks to which all sites located in France may be exposed. This analysis is being presented to the management of the various sites so that appropriate resilience plans can be developed.

Lastly, Hermès is also committed to a collaborative strategic foresight approach that brings together more than 15 large companies and organisations from various sectors, as well as research institutions (UGA, CIRAD, EM Lyon, Univ. de Paris, ESCP Europe, Univ. Georgetown). This project is called **IRIS**.

Coordinated by an expert firm (Carbone 4), the work carried out by this group of players aims to:

- ◆ build shared, enforceable and rigorous tools (forward-looking scenarios) and methods that enable companies to design strategies based on “physically” realistic transformations and collectively anticipate the disruptions caused by the confrontation with planetary limits (resources, climate);
- ◆ develop a “methodological grammar” with companies in order to structure and facilitate discussions with their stakeholders on forward-looking subjects such as the future of mobility under the constraints of resource supplies, or changes in lifestyles.

All conclusions will be freely accessible (open source) to ensure their wide distribution and use.

As a founding member of the initiative, Hermès will contribute in particular, alongside representatives of other companies and a group of experts, to the construction of scenarios (for example, the determination of assumptions). After a pre-project phase completed in 2022, work began in January 2023 and breaks down into three one-year stages.

2.5.6.2 REDUCING GREENHOUSE GAS EMISSIONS IN ABSOLUTE VALUE

Since 2013, the Group has been equipped with the tools needed to carry out an annual update of the overall assessment of greenhouse gas emissions from its production and distribution sites. **This work is carried out with the help of an independent external specialist firm, using the Bilan Carbone® (carbon assessment) method and the GHG Protocol.** In compliance with the requirements of the applicable regulations (Article 75 of law 2010-788 of 12 July 2010), since December 2015 Hermès has published its Bilan Carbone® (carbon assessment) in accordance with the method and scope indicated by the legislation in France (direct emissions generated by fixed and mobile sources, and indirect emissions associated with the consumption of electricity, heat or steam).

Hermès details its scopes 1, 2 and 3 greenhouse gas emissions in this report and on its Hermès Finance website for the scope required by law (Article L. 229-25 of the French Environmental Code).

2.5.6.2.1 Greenhouse gas emissions assessment

The Group expanded and structured its climate action in 2021, with the following choices, approved by the Executive Committee.

Carbon reporting is fully aligned with the data detailed in the CDP (Carbon Disclosure Project), for which quantitative and qualitative information is public. This allows the reader of this URD to find more information, and avoids presenting partial data that is harmful to the analysis.

Hermès has decided to report on all scope 3 categories, even if this requires working on the basis of estimates for certain items (certain exclusive stores, for example), considering that the quest for completeness contributes to the transparency of the analysis. For certain categories of the GHG Protocol, calculations or estimates led to non-material amounts (threshold below 0.5% of the total). They do not give rise to any specific monitoring and are listed below as “not significant”, in accordance with the GHG Protocol methodology.

The results will be analysed according to the long-term objectives (target for 2030), compared to the baseline situation adopted by the Group for 2018 (first year of contribution to the CDP, published in 2019). This choice makes it possible to check that the course is maintained, beyond the irregular short-term developments, which are inevitable given the changes to be implemented, which are not all linear and may require time.

Regarding scopes 1 and 2 (which represent 7.1% of the total), Hermès uses the so-called market-based approach, which consists of calculating the carbon footprint directly related to its energy purchases in each country considered, rather than using the average mix of countries.

The Group has decided to continue its actions in terms of carbon offset, beyond its targets of 100% coverage of scopes 1 and 2, with an additional target of covering 100% of its transportation (internal and external) mainly through long-term investments in the Livelihoods fund.

In the following tables, the data is presented according to these principles. The figures for scopes 1 and 2 have been restated according to the market-based approach, to allow a fair comparison (see footnote ⁽¹²⁾).

As part of the work carried out with the SBTi teams to validate the Group's trajectory up to 2030, and during the review of the Group's emissions summary by these experts, certain emission items were distributed differently between scopes 1, 2 and 3. These reclassifications were therefore made for the entire published period, from 2018 to 2021. This improvement in the quality of the analysis has a negligible impact on the data published to date (less than 4% for all 2020 emissions).

GREENHOUSE GAS EMISSIONS ASSESSMENT

In k tonnes CO ₂ eq	2018	2019	2020	2021	2022	Like-for-like change/ 2021 ⁽¹⁾	Change/2018	2030 target
Scope 1	22.1	20.9	19.9	21.3	18	-	-	-
Scope 2 market-based	21.7	20.5	18.7	16.1	13.3	-	-	-
Total scopes 1 and 2	43.7	41.4	38.5	37.4	31.3	-16.4%	-28.4%	-50.4%
Scope 3	578.7	483.6	462.5	490.1	609.6	-	-	-
TOTAL GROUP	622.4	524.9	501.0	527.4	640.9	18.9%	-	-

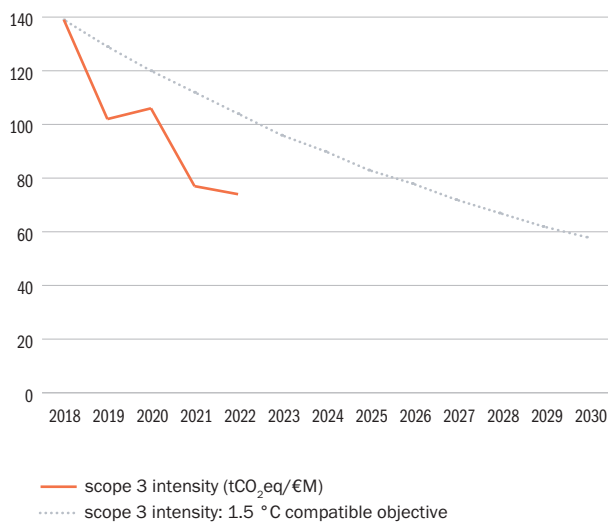
INTENSITY

In tonnes CO ₂ eq per €M Gross Margin	2018	2019	2020	2021	2022	Like-for-like change/ 2021 ⁽²⁾	Change/2018	2030 target
Scopes 1 and 2	10.5	8.7	8.8	5.8	3.8	-	-	-
Scope 3	138.6	101.8	105.7	77	74.2	-5.3%	-46.5%	-58.1%
TOTAL GROUP	149.1	110.6	114.5	82.8	78	-	-	-

In 2022, the Hermès Group's GHG emissions were around 641 k tonnes CO₂eq (up 18.9% from the previous year on a like-for-like basis). **With a decrease of -28.4% in absolute value of scopes 1 and 2 compared to 2018, and -46.5% of scope 3 in intensity, emissions are in line with the Group's 2030 targets validated by SBTi.**

The chart below illustrates the reduction trajectory of the intensity ratio of scope 3 emissions validated with SBTi (grey curve). The scope 3 intensity ratios recorded between 2018 and 2022, shown on the dark orange curve, demonstrate that the Group systematically manages to exceed the targets it had set itself as part of its emissions reduction trajectory. **In 2022, the Group achieved 80% of its SBTi scope 3 reduction target.**

CHANGE IN THE INTENSITY TRAJECTORY OF THE GROUP'S SCOPE 3 EMISSIONS WITH REGARD TO THE TRAJECTORY VALIDATED BY SBTi



Analysis of the Group's overall GHG assessment

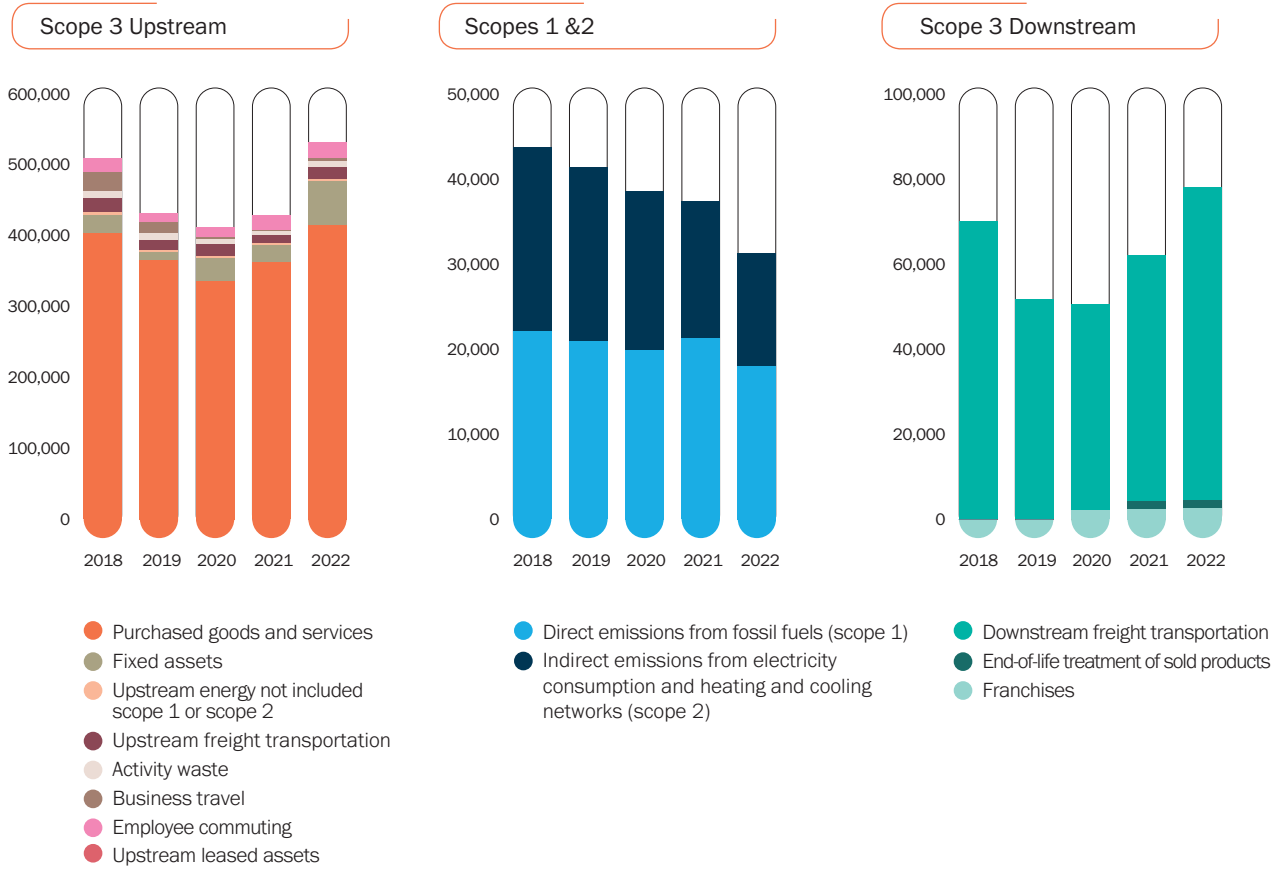
The GHG emissions break down as follows:

- ◆ 31.3 k tonnes of CO₂eq for scopes 1 and 2, i.e. direct and indirect emissions related to energy consumed by production sites, offices, logistics centres and exclusive stores. In understanding this figure, it should be recalled that the Company has a business model in which **most objects are made in Hermès' in-house workshops, so it is representative of a very large part of production** (which is rarely the case in the Fashion & Apparel industry, where production is generally subcontracted and therefore falls within scope 3). This figure is in line with Hermès' objectives validated by the SBTi. With a reduction of -28.4% in four years, the Group is making progress towards its 2030 target, and is continuing the necessary transformation effort for its industrial facilities, which will take several years to achieve;
- ◆ 609.6 k tonnes of CO₂eq for scope 3, which essentially takes into account mainly the carbon footprint of raw materials (64% of scope 3) as well as all purchases, fixed assets, waste, subcontracting, packaging, transport of products and employee travel. Upstream and downstream transport (categories 4 and 9) represent 15% of the total scope 3. **With a reduction in intensity of -46.5% in four years, the Group is in line with its reduction targets for 2030.**

These figures confirm the merits of a low-environmental-footprint French craftsmanship model: with a carbon intensity of 78 (all scopes), Hermès is ranked as one of the least carbon-intensive companies of the CAC 40, based on a full scope 3. The decoupling between activity growth and the Group's footprint is -47.7% over four years.

1. See the greenhouse gas emissions assessment table in the appendix to § 2.5.
2. Idem.

CHANGE IN GHG EMISSIONS ON THE VARIOUS SCOPES AND ITEMS OF THE GHG PROTOCOL SINCE 2018



Analysis of the main carbon footprint items

The diversity of the Hermès Group’s activities means that the areas responsible for the highest scopes 1 and 2 emissions vary widely from one activity to another. Each *métier* has drawn up a plan addressing its own issues. The energy consumption figures provide a picture of the main contributing *métiers*. Special attention is paid to the energy consumption of exclusive stores, which account for 19% of total consumption (and 27% of market-based scopes 1 and 2). Consumption reduction measures are presented above.

The Greenhouse Gas Protocol (GHG Protocol) proposes determining the greenhouse gas emissions of scope 3 from 15 categories. Using the significant categories of the Hermès Group’s activity as described in § 2.1 “Business model”, the calculation of the scope 3 emissions is carried out each year with the help of a specialised consultant. It takes into account the most recent emission factors and technical definitions that are best adapted to the Hermès Group’s specific needs. This approach is refined as progress is made in this area.



-16.4%*
carbon emissions from production sites, logistics centres and exclusive stores (scopes 1 and 2)

* Base 2021, scope 2 market-based

For Hermès, the main categories are as follows:

- ♦ raw materials used: all leathers, silks, cashmeres, other textiles, metals and precious stones, perfume ingredients (category [1]);
- ♦ wrapping and packaging products (category [1]);
- ♦ purchasing and subcontracting (category [1]);
- ♦ transport of goods and products upstream of production units, inter-site transport and downstream transport of products to the stores (categories [4] and [9]);

- ◆ employee travel: commuting to and from work for craftspeople, domestic and international business travel (categories [6] and [7]);
- ◆ upstream energy consumed (category [3]);
- ◆ fixed assets (category [2]);
- ◆ waste generated in operations (category [5]).

Within scope 3, in addition to materials, transportation represents a significant share of emissions, this being the trade-off for French production and global distribution. As explained below, this transport is analysed in detail and subject to operational actions to lessen the impact.

The scope 3 changes observed stem from the reduction of emissions in some categories, the improved measurement of other categories (estimates replaced by more precise calculations) and the update of the emissions factors.

2.5.6.2.2 Focus on the métiers

Audit of production sites and métiers;

The greenhouse gas assessment of the Tanneries and Farms division was updated for 2022. As in previous years, this assessment was made more reliable in order to improve the comprehensiveness and quality of the data included. The total emissions of scopes 1, 2 and 3 (including impacts related to livestock farming) is estimated at around 105 thousand tonnes of CO₂eq, i.e. an increase of 7.1% (excluding construction of the new farm in Australia). Scope 3 increased by 8.4% due to increased production of calfskin and goat leathers since the acquisition of Mégisserie Jullien and therefore an increase in purchases of raw hides.

The activities of the crocodile, calfskin and goat hide tanneries, as well as the hide processing and inspection facilities owned by the division, account for around one-third of the HCP division's greenhouse gas emissions.

The rest of the CO₂ emissions are distributed between external farms (around half of the division's total) and, to a lesser extent, freight both upstream (supply of hides) and downstream (shipping of finished hides to customers), subcontracting as well as headquarters and sales offices.

Métiers

Scopes 1 and 2 decarbonisation plan

Métiers	Scopes 1 and 2 decarbonisation plan
Tanneries and farms	Energy saving solutions
Leather	<p>In 2019 and 2020, energy audits were carried out on all Leather Goods division workshops to better understand the energy profile of each one and to develop a prioritisation strategy within the division. Five leather goods workshops, among the oldest, were identified as priorities in terms of actions because they alone consume 54% of the entire division's energy (and generate 58% of scopes 1 and 2 carbon emissions).</p> <p>In 2021 and 2022, more in-depth investigations were conducted at these five production units with a specialist external firm. This made it possible to draw up a specific investment programme with a schedule between 2023 and 2026.</p> <p>In addition to these priority production units, progress actions are planned until 2029 for all leather goods workshops. Optimised management of energy equipment, the permanent elimination of the use of fossil fuels (specifically gas, which concerns six leather goods workshops) and work to optimise existing buildings are planned.</p>
Textile	<p>Energy (S1 & 2) represents 12% of the sector's carbon emissions. Areas for improvement:</p> <ul style="list-style-type: none"> ● heat recovery; ● improved insulation of high-loss areas; ● substitution of fossil gas by low-carbon energies. <p>Replacement in 2021 of the fuel oil boiler at the Challes site by a pellet boiler. Technical study phase for the SIEGL and ATBC sites to replace gas boilers with geothermal heating. Technology selected and commissioned in HTH's tertiary buildings since July 2022.</p>
Crystal manufacturing	<p>Installation of an oxy-fuel furnace. Expectation of a 30% reduction in gas consumption.</p> <p>Waste heat recovery to heat La Grande Place museum.</p> <p>Project to streamline tertiary buildings under study to limit unnecessary heating of buildings not fully occupied.</p>

Métiers	Scopes 1 and 2 decarbonisation plan
Perfume and Beauty	Study of options on the Vaudreuil site for the replacement of gas boilers by a low-carbon solution: biomass or geothermal boilers, taking into account plans to upgrade the site.
J3L	<p>2°C reduction in heating (corresponding to a reduction of 44 tCO₂eq)</p> <p>Replacement of the fuel oil boiler by a wood-fired boiler at the Polissage Brun site (corresponding to a reduction of 17.3 tCO₂eq)</p> <p>Implementation of centralised regulation at SCAP for offices (corresponding to a reduction of 3.5 tCO₂eq)</p> <p>Implementation of photovoltaic panels installed on the J3LP site (corresponding to a potential emission reduction of 42 tCO₂eq considering the site autonomous in electricity)</p> <p>Several other actions are underway or under study:</p> <ul style="list-style-type: none"> ● Installation and commissioning of a pergola with photovoltaic panels on JULEA ● Installation of photovoltaic panels on all site roofs ● Transition to 100% LED for interior and exterior lighting ● Thermal insulation of the least insulated walls ● Replacement of windows not yet equipped with double glazing ● Recovery of heat emitted by compressors ● Elimination of gas consumption for heating on the SCAP site ● Installation of wind turbines on the J3LP site
HCI (Italy)	The site is 100% supplied with green energy (photovoltaic panels and geothermal energy)
Ateliers Hermès Horloger and LMH (Switzerland)	Signature of a Universal Agreement on Objectives, under the aegis of the Swiss Confederation, based on energy analysis and indicating ways to reduce energy consumption and CO ₂ emissions. This will result in the action levers essential to reducing energy consumption for the next 10 years.
CATE	<p>Change of compressor: completed in May 2022 (gain to be assessed with increased activity)</p> <p>Change of industrial dishwasher in October 2022: savings to be assessed in 2023 and study of the use of the dishwasher before decoration (potential savings in water, energy, plastic/waste)</p> <p>Replacement of the air vacuum pump with variator completed in November 2022</p> <p>Installation of wrapping machines instead of shrink-wrapping machines and shrinkage tunnel: energy saving (-90% on the consumption of this operation) and plastic reduction</p> <p>Combining enamel firing on a single kiln and 2x8 shifts: gain to be assessed in 2023</p> <p>Reduction in the minimum heating temperature recommendation for premises from 22°C to 19°C - 20°C – completed in October 2022</p> <p>Reduction in the decoration hot water temperature recommendation from 60°C to 50°C</p> <p>Decarbonisation study of the site with the support of the real estate department and with the target of gas substitution: potential gain of 114 tCO₂eq with identical electricity consumption, i.e. the target for scopes 1 and 2 to 2030</p>
Beyrand	<p>Implementation of electricity & gas sub-meters to measure and prioritise good actions</p> <p>Reduction of the furnace operating hours at the laboratory passage (carried out at the beginning of October - 1 h/day + ongoing tests to go further)</p> <p>Test and study of the interruption of extraction and/or AHU at weekends in certain workshops (printing workshop 2, inkjet & covercoat)</p> <p>Installation of LED bulbs and motion detectors in the corridors</p> <p>Exploration of the partial substitution of gas on the current site (boilers, tannery line) – from 2023</p>
Puiforcat	Installation of several heat pumps to eliminate gas heating

Real estate

Since 2020, Hermès International and the Group real estate department have committed to reducing the carbon footprint/m² of built or redeveloped surface areas by 50% by 2030, bearing in mind that the absolute value of emissions remains unchanged since 2018.

In order to measure and control the carbon footprint of buildings with regard to the objectives to be achieved, the Group real estate department systematically conducts a Life Cycle Analysis (LCA) of the construction materials chosen for each real estate project.

Thus, improvement of Bilan Carbone® (carbon assessment) of new stores and new buildings involves special attention being paid to the choice of building materials, reduction in their weight, efforts to source

supplies locally, and modes of transportation with low carbon emissions.

The deployment of the Harmonie standard (§ 2.5.2) will significantly reduce scopes 1 and 2 of new buildings. This addresses carbon issues and targets stemming from the Group's commitments related to new construction, renovation and dismantling projects.

The first assessments made in 2019 enabled, on the one hand, assessment of the environmental impact of the constructions and, on the other hand, adjustment of the standard layout and construction benchmark to guide the CO₂ emission reduction ambitions on future projects through the Hermès sustainable construction standards.

In 2022, leather goods construction illustrates the performance of the Harmonie standard, particularly in terms of Carbon:

- ◆ in the choice of materials and supplies for the Maroquinerie de Louviers, in bricks of local manufacture, and that of the Maroquinerie de la Sormonne, in wood (frame, burnt wood facades);
- ◆ in the realisation of the carbon trajectory, with energy performance beyond the E4C2 label (positive energy building by integrating the energy consumed by industrial processes), the LCA of the materials and energies used gives a balance of 776 kg CO₂eq/m² for Louviers and 810 kg CO₂eq/m² for Sormonne. In comparison, a leather goods item of the same nature in 2018 emitted 1,100 kg CO₂eq/m² in terms of materials and energy.

Transportation

Governance

The team in charge of the Group's upstream and downstream logistics works with the subsidiaries and *métiers* to be able to offer them more sustainable transport. The quality reviews conducted with carriers and freight forwarders are an opportunity every quarter to share, among other things, Hermès' expectations in terms of multimodal solutions and changes in possible means of transport (new fuels, aircraft with an improved carbon footprint, routes, etc.) and to hear new proposals from them.

A newsletter keeps everyone abreast of these logistics and carbon topics and also makes it possible to share current projects.

In 2023, a working group will be set up at Group level to also deal with intra-country transport issues (in particular in China and the United States), to share best practices and alternatives to be studied.

Calls for tenders systematically include a CSR dimension and suppliers are assessed on their performance in this area.

Action levers and results

To improve the carbon footprint of transport, **two main levers exist and are mobilised, sometimes jointly, by the sales department: implementing transport alternatives, in particular to air transport, and changing fuel.**

For local transport, i.e. deliveries from local warehouses to city centres, electric or hybrid vehicles are used whenever possible. For example, the Parisian sites are delivered from the two French logistics centres using electric vehicles (from the Bobigny site), or hybrid vehicles (from the Saran site). Since the summer of 2022, 100% of the transport between our logistics platforms and the shipping points for our products (airports or ports) has been carried out by our long-standing partner using bioNGV vehicles⁽¹⁾, which emit 80% less greenhouse gas than diesel⁽²⁾. In the same way, electric transport has been rolled out in Rome and Milan, Italy.

Similarly, intra-European upstream logistics flows are gradually replacing diesel fuel with gas or biogas. Rail transport has been set up with the United Kingdom, in addition to road transport, taking into account the ban on using NGV vehicles through the Channel Tunnel. The trucks therefore use a biofuel derived from rapeseed. In addition, Belgium and Luxembourg are now supplied by road transport.

For more distant transport (Asia, America, Oceania), maritime transport is preferred when the nature, volume and quantity of the items to be shipped permit it. To date, this mainly concerns

publications (for example, the biannual review *Le Monde d'Hermès*), items related to communication events, store fittings, sales associate uniforms, packaging and store consumables. Tests are also conducted for sea transportation (to Asia and the United States), a rail/sea combination (to Japan) or air/sea (to Australia) for other categories of items, in particular furniture, as well as more seasonal items such as shoes and ready-to-wear. The rail route to China has been suspended due to the current conflict.

Calls for tenders for goods transport systematically include a criterion linked to the improvement of the carbon footprint: the use of NGV and bioNGV for road transport, SAF (Sustainable Aviation Fuel) for air transport, SMF (Sustainable Maritime Fuel) for maritime transport, are gradually asked of the selected service providers. With regard to alternative fuels, carriers are required to source only from recognised and certified suppliers.

The quarterly quality meetings conducted with carriers also provide visibility on the type of aircraft used by carriers or charterers, and it is possible to choose aircraft with lower emissions due to their size and modernity. Cargo aircraft are preferred, which have fewer emissions as they are loaded optimally. The data are shared, become increasingly precise and the calculated carbon footprint is refined.

At present, 10% of Hermès Sellier product deliveries to the exclusive store network are delivered by sea. This flow is rapidly increasing. It will be further optimised by introducing regular shipments of products intended in particular to support sales across the entire network.

For the distribution of its perfumes and beauty products, Le Comptoir Nouveau de la Parfumerie (CNP) is working to improve its carbon footprint. CNP works with partners using neutral modes of transport for short distances on a daily basis. Wherever possible, city-centre deliveries are made in electric vehicles (Hermès exclusive stores in France, and in Europe, for example). The connection between the logistics site and the depot of one of the main transport service providers is carried out by NGV-powered vehicles. For deliveries in France and Europe, the optimisation of loading and the frequency of departures are also key elements: weekly and bi-weekly shuttles have been in place for several years and link the logistics warehouse and the various distribution platforms located in France or Spain.

1. BioNGV is obtained from the methanisation of various and sometimes combined organic waste.
2. <https://www.afgnv.org/bilan-co2-du-gnv-ou-biognv/>.

Within the Tanneries and Farms division, greenhouse gas emissions related to the upstream and downstream freight of hides are constant compared to 2021.

Since 2010, a maritime transport network for hides has been set up for *alligator mississippiensis* from the southern United States, *crocodylus niloticus* from Africa, and, since 2013, for *crocodylus porosus* from Australia. The share of maritime transport in the supply of raw crocodilian hides is similar to that of 2021 and represents a quarter of supplies.

Raw hides from Australia are mainly supplied by sea (65% in 2022). The increase in maritime transport in the supply of raw hides is a focus of work for the supply chain teams as part of the division's strategy to reduce scope 3 CO₂ emissions.

Within the HMS division, a fleet of biogas trucks was introduced in 2022 to transport finished products from the leather goods workshops to the central warehouse. The carbon footprint related to this transport has been reduced by 67%. In addition, considerable work has been carried out to optimise these flows, in particular by adding components that were previously transported via courier services.

In 2022, the Shoe *métier* optimised its shipments from Italy to France in cardboard box pallets, with less intermediate packaging and fewer voids transported. Trucks now have a full load, thus reducing their number on the roads. The CATE site has a project to optimise shuttles between the Group's sites and is studying LNG as an alternative fuel.

Purchases of goods

Decarbonisation of the Purchases of goods item can only be done in conjunction with suppliers or partners. The objective is therefore to support them so that they can carry out their own carbon footprint assessment and then allocate the appropriate share to each Hermès *métier*. For more mature suppliers, a questionnaire is sent to them to share their CSR strategy, their carbon footprint or their reduction trajectory, starting with their scopes 1 and 2. Supplier days are also organised with a focus on carbon. Thus, in October 2022, the Home *métier* organised the second edition of its supplier days in order to provide suppliers with more visibility on the strategy, future workload and sustainable development requirements. A presentation of the carbon footprint was supplemented by carbon footprint training given by two teams of consultants.

Purchases of raw materials (leather, textiles, metals and precious stones, etc.) represent 61.2% of the total carbon impact and 64% of scope 3. A multi-company group, bringing together players in the cashmere sector, has been created to work on cashmere emissions, identify the main sources of emissions and reduce them; the study will start in 2023 and the results are expected in 2025.

In 2022, a circular economy project was launched for cardboard packaging for the Perfume and Beauty *métier*. The aim is to reuse the cardboard waste generated by the site for the manufacture of future cardboard boxes and limit emissions related to packaging.

An assessment of suppliers targeting their carbon footprint with an action plan to monitor and support them in reducing their GHG emissions is planned for 2023.

Commuting

Hermès continued to promote soft mobility for commuting in France (63% of employees), through the proposal of a long-term rental solution for electric bicycles with a small contribution from Hermès Sellier and Hermès International employees; the Group pays 70% of the rental. In 2022, Cristalleries Saint-Louis formalised an agreement on teleworking, in collaboration with employee representatives, making it possible to limit commuter journeys from time to time. In addition, a project to promote carpooling among employees is being studied.

Commuting by the Textile division's employees represents 3.5% of its emissions. The HTH site is present in several discussion groups with local authorities on mobility issues in order to reduce travel with a high carbon impact, requiring changes to the traffic networks. The sector's sites are gradually increasing the number of charging stations for electric vehicles: the Pierre-Bénite division has thus increased the number of stations available to employees from two to 20.

In 2022, the Vaudreuil site (Perfume and Beauty) offered electrically-assisted bicycles to employees in addition to the charging stations set up on the site to encourage the use of electric vehicles.

The implementation of a software platform promoting carpooling between J3L colleagues (four to six trips per month and per employee would lead to a reduction of 106.3 tCO₂eq per year).

Compagnie des Arts de la Table et de l'Émail (CATE) located in Nontron has identified where employees live to encourage carpooling and has approached the local authority to identify ways to encourage soft mobility.

The HMS division has an ambitious objective: to reduce the impact of employee commuting by 4% per year. To date, software has been implemented to both regularly prepare a mobility plan for each site and to measure the impact of each employee's actual modes of travel. On sites already covered, the reduction commitment has been met and the solution will be extended to all production sites.

Considering that societal expectations around mobility are very high, it seemed appropriate to aim for the formalisation of a Group framework by launching a pilot mobility plan for 3,000 employees located in Île-de-France. The project began with the analysis of the sites in October 2022 carried out by a specialist service provider. The employee survey took place in December 2022 with a very high participation rate. 2023 will be the year of analysis of the results and construction of the action plan, particularly in terms of options for a modal shift. Feedback on the systems put in place will be provided in order to assess their success rate and identify any necessary adjustments. Then, on the strength of this experience, a roadmap for the entire Group will be recommended.

Business travel

Hermès also employs a proactive policy of replacing internal combustion vehicles with electric vehicles or hybrids (34% of the current fleet in France), both for company vehicles and service vehicles. Hermès' vehicle policy has always anticipated regulations, in France and internationally: limiting CO₂ emissions/km, limiting vehicle weight, eliminating diesel from 2017, etc. This approach is being continued with a vision for mobility and no longer solely from a motorisation perspective.

With regard to longer distance travel, the disruptions related to the health crisis have made it possible to solidify alternative working solutions (videoconferences), and accelerated the awareness of employees on the review of the most efficient working methods internationally. The distribution subsidiaries are working on organisations to reduce their carbon footprint, as part of the monitoring of their strategic CSR plans. For example, initiatives are carried out locally in France. Thus, Saint-Louis continued to promote low-impact mobility. Initially, meetings and training by videoconference are preferred wherever possible over those involving travel. When necessary, employees are asked to use public transport, such as trains, and to limit air transport as far as possible. In 2022, a business travel charter was formalised limiting the use of aircraft to journeys of more than four hours.

2.5.6.3 UNDERTAKING VOLUNTARY CARBON OFFSETTING ACTIONS WITH IMPACT

All of the initiatives taken by Hermès aim to make its business model increasingly sustainable and to contribute to a more sustainable world. This strategy, which is based on an analysis of the risks and resilience potentials that may be associated with it, is recognised by the rating agencies (§ 2.7.3.3).

2.5.6.3.1 Carbon neutrality approach

As specified by ADEME (French Ecological Transition Agency), carbon neutrality aims to offset, on a global scale, any greenhouse gas emissions resulting from human activity by sequestering equivalent quantities of CO₂, i.e. keeping them out of the atmosphere over the long-term. This therefore means sequestering carbon to stabilise its concentration in the atmosphere and limit the effects of climate change on the planet. This objective of neutrality has a scientific reality only at a global level, and involves the coordination of the States by the Paris Agreement. However it also requires the mobilisation of all stakeholders, from citizens to companies.

To achieve carbon neutrality, two levers are necessary: drastically reduce GHG emissions as quickly as possible, and, at the same time, invest in biological or technological sinks to sequester residual CO₂ emissions.

For ADEME, this commitment by stakeholders to carbon neutrality must include the following three stages, which are applied by Hermès:

1. **the implementation of a climate strategy consistent with the Paris Agreement**, i.e. enabling the reduction of emissions, and combined with a commitment to sufficient and verified resources. Hermès, which calculates its carbon emissions and ensures their audit by an independent third party, has formalised its reduction strategy since 2019, and had its SBTi trajectory validated in 2021;
2. **participation, through its activity, in decarbonising its suppliers upstream and its customers downstream, through the adoption of low-carbon consumption methods**. Since 2021, in particular through CSR briefs for its suppliers, Hermès has been committed to reducing emissions in its supply chain. In 2022, the community of buyers benefited from training on measuring the carbon footprint, thus enabling Hermès buyers to better understand the quality of the low-carbon approach carried out by suppliers. Its craftsmanship production in a logic of quality and sustainability, and not volume or rapid renewal, is a powerful vector of consumption with a low carbon footprint;
3. **contribution to the financing of third party reduction, avoidance and sequestration projects to accelerate the ecological transition** and contribute to the increase of carbon sinks, according to the principle of carbon offset. This is the purpose of the Group's investment in the Livelihoods project since 2012.

Hermès wishes to contribute in a proactive way to this collective neutrality by 2050, by putting its offset efforts into perspective in relation to the level of its emissions. The Group does not seek to claim carbon neutrality by itself.

ADEME thus supports the principle of voluntary carbon offset, if the company complies with five rules to which Hermès subscribes and which it applies:

- ◆ rule no. 1: Undertake and publish an assessment of GHG emissions, reductions and offsets, in particular through this Non-Financial Performance Statement, but also with the public reporting of the CDP (assessment A- for the climate change part; presence on the CDP's 2022 A list);
- ◆ rule no. 2: Choose certified offset projects: all projects carried by Livelihoods and taken into account by the Group are audited and certified by Verra ⁽¹⁾ (formerly VCS) or Gold Standard ⁽²⁾;
- ◆ rule no. 3: Favour projects with a "sustainable development" approach, i.e. long-term projects with positive impacts on local communities and biodiversity, which are the hallmarks of the projects carried out by Livelihoods;
- ◆ rule no. 4: Define the right combination of projects supported both nationally and internationally: while the first projects led by Livelihoods were international, inspired by the Clean Development Mechanisms, in 2021 Livelihoods launched its first project in Brittany (France) on a pilot basis and Hermès is also studying the possibility of other similar projects in France;

1. <https://verra.org/>
2. <https://www.goldstandard.org/>

- ◆ rule no. 5: Communicate responsibly. Hermès does not claim in any way to be carbon neutral, acknowledging that the Group's activities have a carbon impact, even though it is one of the most moderate in the CAC 40. However, its actions are committed to the long-term, with the aim of achieving a “net zero” trajectory by 2050, compatible with the 1.5°C scenarios of the Paris Agreement.

This national framework set by France is fully aligned with the content of international discussions that take place, notably during COPs. The methods for setting up new carbon markets (recorded in Article 6 of the Paris Agreement) are questioned there to **ensure that carbon offset projects have a positive impact on local communities. This is the position defended by the Livelihoods Venture fund to which Hermès is committed.** Its purpose, from its inception, was to be supported by organisations, such as the Group, able to accept and manage the complexity of systemic approaches to try to make both communities and nature thrive.

Governance

Livelihoods projects are monitored throughout the year by the Group's Sustainable Development Director, who attends meetings of the Livelihoods Fund's Board of Directors. A member of the Hermès Executive Committee is a director of the funds managed by Livelihoods, a witness to the Group's involvement at the highest level in these subjects. This monitoring makes it possible to validate the choices made in terms of investments and projects, and also to monitor the progress of projects that may be impacted, for example, by climate phenomena or other hazards. A presentation of Livelihoods progress is made to the Hermès Executive Committee at least once a year, in the same spirit of monitoring and sharing. The companies supporting Livelihoods provide more than just financing, they also bring a vision, stability and commitment to generate a positive impact that it is essential to share at the highest level of the Group.

Offset strategy

The Group's ambition to achieve a “net zero” target by 2050 is based on two complementary approaches:

- ◆ **focus on reducing emissions in its own value chain**, which requires organisational and technological changes internally and with suppliers;
- ◆ **use voluntary offsetting, which is based in particular on so-called “Nature-based” solutions**⁽¹⁾ thanks to natural capture mechanisms (for example, planting) with the implementation of large-scale projects that take time to set up over the long term.

This carbon offset strategy is therefore gradual for two main reasons:

- ◆ on the one hand, so that the priority remains the allocation of human and financial resources to reducing emissions;
- ◆ on the other hand, to build offset projects with local communities, in compliance with our quality and ethics requirements, which takes time.

Hermès' strategy is to follow a trajectory that will enable it to i) neutralise a growing part of its residual carbon emissions by 2030, calculated on the basis of emission reduction projections (as taken into account in the SBTi analyses), and ii) achieve expected volumes of voluntary carbon offsets (forecasts of carbon credits deliveries from the Livelihoods business plans). Hermès is continuing its work and investments to offset all of its residual emissions by 2050.

2.5.6.3.2 Livelihoods Carbon Fund

In June 2012, Hermès joined the Livelihoods carbon funds (LCF), a coalition of companies financing carbon offset projects with high social and environmental value. Livelihoods initiatives are described below as well as in the section covering relations with stakeholders (see § 2.7.2.1.4), notably explaining that more than 142 million trees have already been planted, benefiting more than 2.15 million people.

The operation of this system is based on seven structuring principles, the foundations of the Livelihoods charter, which contribute to its interest:

- ◆ **reduction first:** the carbon credits generated by Livelihoods projects serve to complement internal reduction efforts, and are one of the parameters for achieving carbon neutrality by 2050;
- ◆ **the additionality principle:** the projects supported by Livelihoods would not have seen the light of day without its investment alongside project developers, the vast majority of which are NGOs, which requires detailed study in complex social and ecological contexts. These are not off-the-shelf or standardised projects, but projects that require a systemic and tailor-made approach. Starting from the aspirations of disadvantaged and sometimes marginalised communities, this involves helping them out of poverty by increasing their income and improving their food security;
- ◆ **carbon credits certified to the highest standards.** Gold Standard and Verra (formerly VCS), which validate the carbon effectively removed (and not carbon reduction estimates or future projections). In addition, each project gives rise to monitoring and impact calculations in accordance with the United Nations SDG framework, given its contributions, which extend beyond just carbon sequestration (no poverty, gender equality, life on land, etc.);
- ◆ **taking an entrepreneurial risk to finance projects from the beginning:** Livelihoods does not buy credits “on the market” from projects that have already been started, accepting to pay a margin to an intermediary. It helps communities by investing for them right from the beginning, and by taking a risk of between €2 million and €6 million on each project, with no absolute guarantee of any return. The communities concerned do not have the means to carry out their projects without this risk-taking. Project financing occurs during the first years, with the results seen, for example, when the trees grow. This can sometimes be five years after the main investments have been made;

1. *Nature-based solutions are defined by the International Union for the Conservation of Nature (IUCN) as actions that rely on ecosystems to meet global challenges such as the fight against climate change, management of natural risks, health, access to water, food safety, etc.*

- ◆ **a long-term approach:** companies and project sponsors, as well as communities, are committed to projects lasting between 10 years (energy projects) and 20 years (farming projects). During this period, the fund will help communities, monitor projects and receive credits after a few years. Commitments of this length are rare for company coalitions;
- ◆ **local communities that benefit directly from projects:** thanks to the NGOs that coordinate projects at local level, communities benefit directly from the advances provided by the projects: increases in soil fertility, regenerative farming, efficient agro-ecological practices, restoration of ecosystems, generation of farming, forestry and fishing income and the improvement of living conditions. This is actually one of the key success factors of the projects: the communities mobilise themselves because they find that there is a direct advantage to the project;
- ◆ **a coalition of companies** driven by the same spirit: all investors in Livelihoods pool their commitment and therefore receive credits from a portfolio of projects that have been developed and discussed together.

The Livelihoods fund is organised by a system of successive compartments. The first LCF1 compartment (Livelihoods carbon fund 1, €45 million), was opened in 2011, and until 2020 was the only one to issue carbon credits. Hermès has also been a shareholder

since 2017 in a second sub-fund, LCF2 (€65 million), whose first deliveries took place in 2021. Numerous projects have already been launched by this fund, in India, Indonesia, Kenya, Rwanda and Malawi, on agroforestry, mangrove and energy projects.

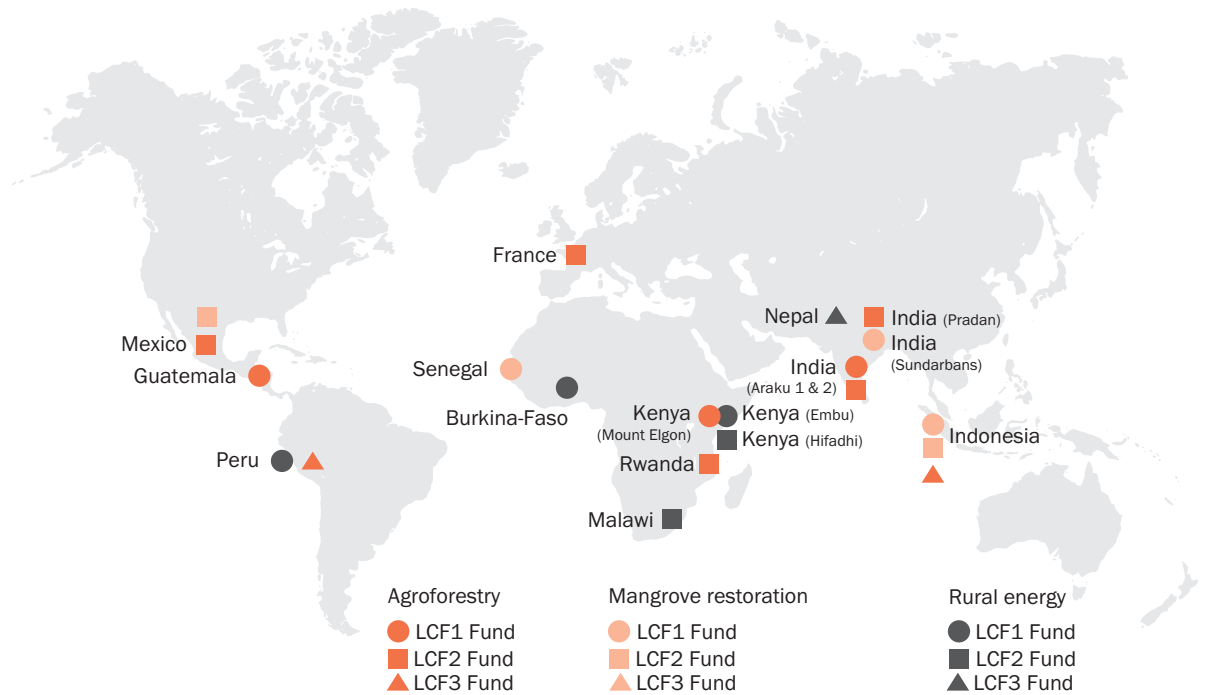
Capitalising on 10 years of experience with private investors, at the end of 2019 Livelihoods announced the launch of a third carbon fund (LCF3), which was closed in June 2021 and which aims for an investment objective of €150 million to improve the lives of 2.5 million beneficiaries in developing countries. In 2022, the LCF3 Board approved several projects in Peru, Nepal and Indonesia, which will be rolled out in 2023.

More than €250 million have been collected to fight against climate change through the three Livelihoods funds.

Hermès has thus confirmed its commitment to the climate, communities and biodiversity through an investment in this third LCF3 compartment. With each of these funds having a lifespan of 20 years, the Group is demonstrating its long-term philosophy, and its ability to assume long maturities (2030) and continue its commitment to reducing the impact of climate change.

Livelihoods projects produce positive impacts that go beyond the sequestration or reduction of carbon emissions, as illustrated by the following diagram:

LIVELIHOODS CARBON FUND #1 AND #2
21 extensive projects with concrete social and environmental results



More than 2.1 million project beneficiaries	More than 148 million trees being planted	More than 315,000 households being equipped with efficient cookstoves	More than 94,600 hectares planted or preserved	40 million tonnes of CO ₂ sequestered over 20 years	21 current projects (Asia, Africa, Latin America, Europe)
--	--	--	---	---	--

The carbon deliveries expand as the trees grow (the projects span a period of 20 years). They were made in 2022 after verification by specialised auditors (according to the Gold Standard and Verra – VCS standards), and Hermès cancelled all the credits granted to it.

The Covid-19 crisis unsurprisingly created difficulties and delays in projects, whether in their implementation or verification. Nevertheless, the funds were able to distribute credits for amounts greater than the budget forecast. To offset some delays in project verifications, Hermès acquired other credits from another French player in carbon offsetting, directly involved in the operations of projects with high social and environmental value.

In total, Hermès thus received and cancelled **127,000 carbon credits for 2022 (representing 127 thousand tonnes of CO₂-eq)**, and thereby contributed to reducing climate change impacts.

This amount is equivalent to the entire scopes 1 and 2 carbon emissions and 100% of upstream and downstream goods transportation emissions, i.e. 23% of the Group's total emissions.

This voluntary investment in carbon offset projects is part of a strategy of gradually increasing the coverage rate of the Group's residual emissions, with the target of an intermediate situation of 50% between 2030 and 2040, and 100% of residual emissions by 2050, with a view to "net zero". In 2022, Hermès made its emission forecasts more reliable, given its reduction ambitions, and secured a trajectory for 2030 with Livelihoods projects with maturities of 20 years. Deliveries of these credits will accelerate in the coming years. In addition, SBTi took a position in September 2022 in its paper "*Net-Zero: Urgent Beyond Value Chain Mitigation Is Essential*". In short, SBTi is encouraging companies to take the leadership initiated by Livelihoods from the outset, namely to commit to large-scale societal projects, recognising them as an effective means of combating climate change. The House's actions are therefore fully in line with SBTi's position on carbon offset.

§ 2.7.2.1.4 provides further information on the Livelihoods societal aspects.

CARBON CREDITS RECEIVED AND CANCELLED

	2018	2019	2020	2021	2022
Carbon credits received and cancelled					
<i>in k tonnes CO₂eq</i>	36	44	46	81	127
% credits vs. scopes 1 and 2 (market-based)	82%	100%	100%	100%	100%
% credits vs. scopes 1 and 2 (market-based) + goods transportation	27%	41%	44%	76%	100%
% credits vs. Group carbon emissions	7%	11%	11%	19%	23%

APPENDIX TABLES

WATER

BREAKDOWN OF INDUSTRIAL WATER CONSUMPTION BY ACTIVITY

<i>In megalitres</i>	2019	2020	2021	2022
Tanneries	407	343	352	365
Textile	198	165	196	217
Leather	29	26	33	30
Metal	-	9	13	25
Crystal manufacturing	11	9	8.9	9
Logistics	6.6	7.0	4.2	5.5
Perfume and Beauty	5.1	6.7	6.2	5.9
Watch division	3.2	4.9	4.9	5.2
Beyrand	2.6	2.3	2.1	1.8
Bootmaker	3.0	5.0	3.3	2.7
Porcelain	2.3	2.3	2.3	2.8
Silversmith	-	0.24	0.18	0.18
TOTAL	668	580	627	671
Farms	4,514	4,514	4,810	4,680

CHANGE IN INDUSTRIAL WATER CONSUMPTION (EXCLUDING FARMS)

Year	In m ³	Intensity (m ³ /€M)
2012	376,938	108
2013	510,314	136
2014	493,252	120
2015	502,632	104
2016	768,163	148
2017	713,533	129
2018	719,725	121
2019	668,469	97
2020	580,253	91
2021	627,491	70
2022	670,981	58

Note: The reporting scope includes the Tanneries du Puy, acquired in November 2015. From 2018, the reference period is the 12-month period from 1 November of the previous year to 31 October of the current year. The scope of reporting includes the Mégisserie Jullien (acquired in May 2020) whose data measured over the period May 2020 to October 2020 are included in these figures.

ENERGY**BREAKDOWN OF THE GROUP'S ENERGY CONSUMPTION BY DIVISION (EXCLUDING FARMS)**

GROUP BREAKDOWN (IN MWh)	Industry	Stores	Services	Total	Intensity (MWh/€M revenue)
2018	161,531	31,305	15,846	208,682	35
2019	158,117	31,952	13,952	203,640	30
2020	147,955	36,969	14,253	199,177	31
2021	162,147	38,451	14,209	214,808	24
2022	160,256	41,290	16,715	218,260	19
2022 in %	73.4%	18.9%	7.7%	100%	

BREAKDOWN OF INDUSTRIAL ENERGY CONSUMPTION BY ACTIVITY

In GWh (gas, electricity)	2020	2021	2022
Tanneries	40	38	37.9
Textile	31	36	38.6
Leather	23	24	23.8
Metal	-	4.3	4.8
Crystal manufacturing	40	42	37.8
Logistics	4.8	4.4	4.2
Perfume and Beauty	3.1	3.7	3.5
Watch division	1.4	1.5	1.6
Beyrand	3.7	4.1	4.1
Bootmaker	0.95	1.1	1.0
Porcelain	1.7	2.4	2.5
Silversmith	0.64	0.56	0.41
Sub-total	148	162	160
Farms	4.1	5.1	4.8
TOTAL	152.1	167.1	164.8

Consumption 2022	Gas (GWh)	Electricity (GWh)
Tanneries	25.4	12.5
Textile	24.6	14.0
Leather	6.8	17.0
Metal	0.08	4.7
Crystal manufacturing	30.3	7.4
Logistics	1.4	2.8
Perfume and Beauty	1.4	2.1
Watch division	0	1.6
Beyrand	2.1	2.0
Bootmaker	0.13	0.90
Porcelain	0.64	1.9
Silversmith	0.3	0.11
SUB-TOTAL	93.2	67.0
Farms	1.0	3.8
TOTAL	94.2	70.8

Note: The reporting scope includes the Tanneries du Puy, acquired in November 2015. From 2018, the reference period is the 12-month period from 1 November of the previous year to 31 October of the current year. Lastly, the scope of reporting includes the Mégisserie Jullien (acquired in May 2020), whose data measured over the period from May 2020 to October 2020 are included in these figures.

CHANGE IN INDUSTRIAL ENERGY CONSUMPTION (EXCLUDING FARMS)

Year	Gas (MWh)	Electricity (MWh)	Total (MWh)	Intensity (MWh/€M)
2012	79,429	41,893	121,322	35
2013	90,052	47,818	137,870	37
2014	83,397	50,398	133,795	32
2015	81,625	51,678	133,303	28
2016	99,449	54,645	154,094	30
2017	105,894	54,768	160,662	29
2018	105,042	56,489	161,531	27
2019	101,744	56,373	158,117	23
2020	91,106	56,849	147,955	23
2021	99,406	62,741	162,147	18
2022	93,213	67,043	160,256	14

BREAKDOWN OF ELECTRICITY CONSUMPTION OF EXCLUSIVE STORES BY GEOGRAPHICAL AREA IN 2021/2022 (MWh)

GEOGRAPHICAL AREA	Nov. 2019 - Oct. 2020 (MWh)	Nov. 2020 - Oct. 2021 (MWh)	Nov. 2021 - Oct. 2022 (MWh)
France	2,721	3,536	4,018
Europe (excluding France)	7,321	7,513	7,625
America	9,698	10,682	11,930
Japan	5,164	4,471	5,683
Asia-Pacific (excluding Japan)	12,066	12,249	12,033
Total	36,969	38,451	41,290

WASTE

TONNES/2022	NHW (1)	HIW (2)	Total
Tanneries	7,849	492	8,341
Textile	587	898	1,484
Crystal	233	886	1,119
Leather	1,139	73	1,212
Perfume and Beauty	507	287	794
Logistics	392	0.3	393
Metal	169	472	641
Porcelain	86	7	93
Beyrand	41	36	77
Watches	53	41	94
Bootmaker	89	1	90
TOTAL (EXCLUDING FARMS)	11,143	3,193	14,336
Farms	1,253	60	1,314

(1) Ordinary industrial waste

(2) Hazardous industrial waste

INDUSTRIAL WASTE INTENSITY (EXCLUDING FARMS) OVER THE LAST THREE YEARS

	2020	2021	2022
NHW intensity (t/€M)	0.94	1.12	0.93
Change	9%	+19%	17%
HIW intensity (t/€M)	0.81	0.31	0.27
Change	12%	62%	14%

CLIMATE CHANGE

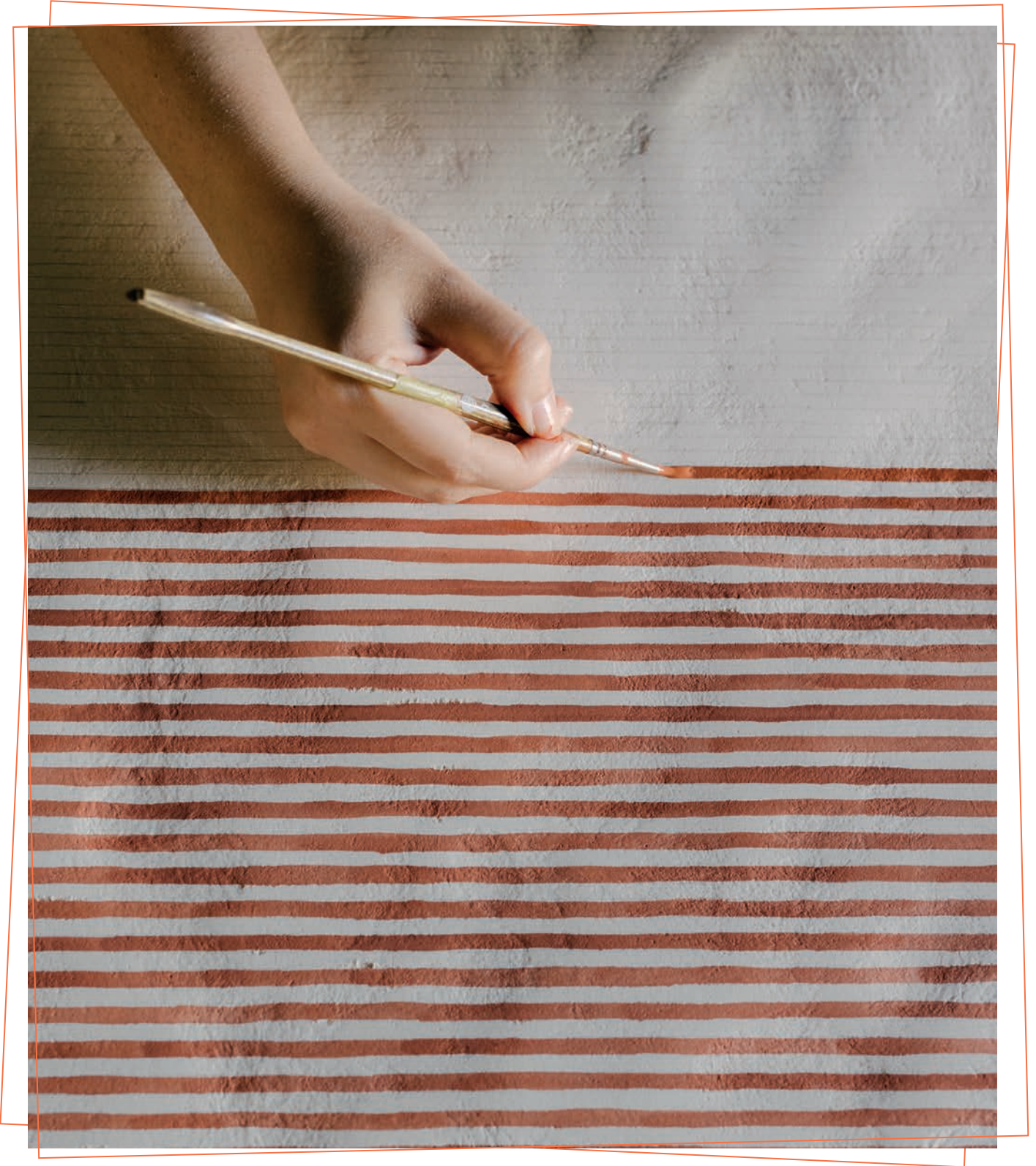
SUMMARY OF GREENHOUSE GAS EMISSIONS – SCOPES 1 AND 2 AND DETAIL OF SCOPE 3

<i>In k tonnes CO₂eq</i>	2018	2019	2020	2021	2021 like-for-like	2022
Scopes 1 and 2	43.7	41.4	38.5	37.4	37.5	31.2
Scope 3						
Upstream						
1. Products and services purchased	402.9	365.6	336.2	361.8	373.3	415.1
2. Capital goods	26.7	10.7	31.5	24.6		61.2
3. Fuel- and energy-related activities not included in scopes 1 or 2 emissions	3.0	2.9	2.8	3.0		2.9
4. Upstream transportation and distribution	20.7	14.2	17.7	10.9		17.8
5. Waste generated by the sites	8.8	9.3	5.8	6.2		7.3
6. Business travel	27	15.9	3.2	1.3		4.8
7. Employee commuting	19.7	13.1	14.6	20.3		22.6
8. Upstream leased assets	N/S	N/S	N/S	N/S		N/S
9. Downstream transportation and distribution	70	51.7	48.5	57.7		73.5
10. Processing of products sold	N/S	N/S	N/S	N/S		N/S
11. Use of products sold	N/S	N/S	N/S	N/S		N/S
Downstream						
12. End-of-life treatment of sold products	N/S	N/S	N/S	1.9		1.9
13. Downstream leased assets	N/S	N/S	N/S	N/S		N/S
14. Franchises	-	-	2.1	2.4		2.6
15. Investments	N/S	N/S	N/S	N/S		N/S
TOTAL SCOPE 3	578.7	483.3	462.5	490.1	501.5	609.6

NB: calculations or estimates that led to non-material amounts (threshold <0.5% of the total) are included as "not significant".

NB 2: the data in the "2021 like-for-like" column include changes in scope, methodology and emission factors to make the data comparable to those for 2022.

Craft decorating details on the *Sillage* armchair, done in the Puglia region in Italy



© Photography credits: Maxime Verret

2.6 COMMUNITIES: SUPPLIERS & PARTNERS

2

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

More broadly, Hermès contributes to the deployment of responsible sustainable development practices through its influence, and by exercising a duty of care towards its partners as well as by promoting socially supported organisations and local economic activity, particularly in disadvantaged areas.

POLICY

In line with its strategy of preserving unique *savoir-faire* and securing supplies, most of Hermès' production is integrated: 55% of our objects are made in Hermès exclusive and in-house workshops. Our ability to grow is however also linked to the retention and development of our suppliers and subcontractors, whose exceptional *savoir-faire* and future success will contribute to that of the Hermès Group and whose social and environmental practices must be irreproachable.

These subcontractors and suppliers of the House are, for the most part, historical partners. As such, for direct purchasing (production purchases), the average length of trading relationships with the Hermès Group's 50 largest suppliers in 2022 was 19 years. They operate mainly in the Leather Goods division (tanneries and manufacturers) but also in Textiles (HTH division) and other *métiers* (Jewellery and Shoes, notably). This stability is also true for smaller suppliers, some of which have been working with the House for more than 60 years.

The Hermès Group has also been working with socially supported organisations in France for many years for its direct and indirect purchases, and this practice is growing steadily every year. The approach is now being extended to other players located, for example, in economically disadvantaged areas, whether urban or rural.

GOVERNANCE

In terms of organisation, **indirect purchases** are supervised by a Group department, which pools certain items (such as packaging) and coordinates a network of dedicated buyers in the *métiers*, subsidiaries and central services. It also coordinates Group action plans on major topics, such as the elimination of single-use plastics (§ 2.4.1.4).

Direct purchasing (*i.e.* related to production) is also supervised by a dedicated Group department which coordinates a network of buyers within the *métiers* and coordinates the process of analysing supply chains (§ 2.4.2), managing supplier risks and the supplier audit programme. Moreover, it also defines the Group's purchasing policy as well as the CSR objectives for suppliers and partners (human rights and labour-related rights, biodiversity, energy and carbon, water, plastics).

Particular attention is paid to human rights issues, which are, for instance, the main topic of a dedicated section in the supplier handbook signed by suppliers.





Hermès pursues a corporate strategy in which ethics and proper business conduct are the pillars and guardians of responsible and sustainable performance. An Ethics Committee has been set up to receive and process alerts, as well as to provide advice and recommendations on the Group's ethics culture (§ 2.8).

In 2022, the Group made progress on the major procurement issues, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected elements below are particularly illustrative of the year for this section:

- ◆ CSR brief and supply chain brief communicated to suppliers, in total 62 materials covered;
- ◆ roll-out of a supplier CSR maturity self-assessment questionnaire (direct purchases);
- ◆ whistleblowing line for suppliers made easier to access;
- ◆ 43% of our indirect purchasing suppliers in France (€242 million) contribute to the development of socially supported organisations and to the development of priority regions (rural areas, disadvantaged neighbourhoods, the long-term unemployed).





COMMUNITIES

SUPPLIERS AND PARTNERS

SDG	Objective	Indicators	2022 Results	Change 2021/2022
SUPPORTING THE DEVELOPMENT AND EVOLUTION OF SUPPLIER PRACTICES TO PRESERVE KEY SAVOIR-FAIRE AND SECURE SUPPLIES				
	Create lasting relationships with our suppliers to promote long-term action plans	Average length of relationships with the top 50 direct suppliers	19 years of trading for relationships with the top 50 direct suppliers. A relationship of almost 30 years with the silk supplier in Brazil. Among the longest supplier relationships: 65 years in textiles, 42 years in jewellery and leather	=
		Supplier payment terms in France	An average of 25 days for supplier payments in France in 2021, compared to a general average of 43 days in France (according to the Banque de France)	=
		Amount paid in advance of the contractual term	In 2022, €4,300 million were paid in advance of the contractual deadline by all the Group's French entities in order to support the cash flow of partners	↗
CO-CREATING SUSTAINABLE DEVELOPMENT ACTION PLANS WITH OUR SUPPLIERS AND PARTNERS				
	Work with our suppliers to achieve the highest existing standards	% of suppliers that are part of certified supply chains	100% of Jewellery workshops are RJC-certified	=
			100% of the paper and cardboard used for orange boxes and bags is FSC-certified	=
			2 tanneries are LWG (Leather Working Group)-certified, and the process is underway for the other four	
ENSURE THE APPLICATION OF OUR SOCIAL, ENVIRONMENTAL AND ETHICS REQUIREMENTS (DUTY OF CARE)				
	Guarantee suppliers' adherence to the Group's CSR commitments	% of purchasing suppliers that have signed handbooks 1 and 2	92% of direct purchasing suppliers have signed handbooks 1 and 2	↗
	Monitor the CSR performance of suppliers	Number of suppliers (French and international) assessed by EcoVadis and average score of suppliers by EcoVadis	736 suppliers (French and international) assessed by EcoVadis, with an average score of 55.3, compared to 44 for all assessments carried out by EcoVadis, <i>i.e.</i> an outperformance of 25%	↗
	Control the application of the Group's requirements by all suppliers	Number of audits performed on direct suppliers	75 audits carried out at tier 1 direct suppliers (spread over 100 production sites) and 78 performed at tier 2 direct suppliers, <i>i.e.</i> 16,000 hours of audit assignments	↗
	Allow suppliers to report actions that do not comply with the Group's codes	Activation of an alert system	Opening of the <i>H-Alert!</i> whistleblowing system to 100% of suppliers	↗

COMMUNITIES

SUPPLIERS AND PARTNERS

SDG	Objective	Indicators	2022 Results	Change 2021/2022
DEVELOPING BALANCED PARTNERSHIPS, SUPPORTING OUR PARTNERS, AND ENCOURAGING LOCAL INTEGRATION AND REGIONAL DEVELOPMENT AROUND THE BASINS AND SITES WHERE THE GROUP IS LOCATED				
 8 DECENT WORK AND ECONOMIC GROWTH	Contribute to regional development through our purchasing policies	% of our suppliers that contribute to the development of priority areas (rural areas, districts, the long-term unemployed)	€242 million in social and environmental value-added purchases from 3,340 SMEs (ESS, EA/ESAT, ZRR, QPR) i.e. more than 40% of indirect purchasing suppliers in France	↗
 11 SUSTAINABLE CITIES AND COMMUNITIES				
INCREASING PARTNERSHIPS WITH SOCIALLY SUPPORTED ORGANISATIONS AND PARTICIPATING IN THE REVITALISATION OF CERTAIN URBAN AND RURAL AREAS				
 8 DECENT WORK AND ECONOMIC GROWTH	Encourage the use of suppliers that use socially supported organisations and employ socially supported organisations directly	Amount of purchases made from socially supported organisations	€5.2 million in purchases from adapted companies (EAs) and sheltered work establishments (ESATs)	↗
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION				
		Number of suppliers referenced that are Social and Solidarity Enterprises (ESS)	746 referenced suppliers are Social and Solidarity Enterprises (ESS)	↗

2.6.1 SUPPORT AND CONTROL

Committed to providing long-term support for all its partners and maintaining balanced relationships, Hermès therefore ensures that all everyone shares and respects its social, environmental and ethics ambitions. In particular, the Group monitors issues related to human rights and fundamental freedoms, employment conditions (hygiene, health, safety, working hours, wages, etc.), the protection of the environment and biodiversity, as well as animal welfare. This monitoring applies to its tier one suppliers, but also to their own suppliers (tier two) and subcontractors, with the aim of always better understanding all the supply chains and align their CSR objectives with Hermès.

POLICY

At Group level, the direct and indirect purchasing departments coordinate and monitor policies, tools and outcomes. The **Group purchasing policy**, issued in May 2013 and updated in January 2021, is based on four elements:

- ◆ security: ensuring long-term relationships with suppliers, in particular, with the preservation of key *savoir-faire*, securing of supplies and services, and the establishment of balanced and sustainable relationships with partners;
- ◆ quality and innovation: seeking the best quality and enriching Hermès' creation with concrete proposals, resulting from the innovation of partners;
- ◆ CSR: ensure a social, societal, environmental and ethical commitment across all supply chains, by sharing the House's objectives in these areas with partners and supporting them in their implementation;
- ◆ cost control: contribute to the House's economic performance both by controlling costs, considered as a whole, and by providing value to the customer.

In January 2021, this policy was updated to strengthen its CSR component, by adding a CSR brief and a supply chain brief:

- ◆ **the CSR brief** specifies the House's objectives and its expectations vis-à-vis suppliers on five themes: human and social rights, biodiversity, energy and carbon, water and plastics;
- ◆ **the supply chain brief** presents, for each raw material, both the short-term objectives and the trajectory for 2024, the points requiring particular attention, and those that are prohibitive. In particular, this brief includes certification objectives for most materials according to the best existing standards (§ 2.4.2.1 "Management of supply chains").

Operationally, each *métier* is responsible for managing its suppliers and more generally, its supply chains. This approach guarantees proximity, understanding of issues and pragmatism of its mechanisms, while complying with the House's rules.

These three documents, the Group purchasing policy, the CSR brief and the supply chain brief, were presented to all of the House's purchasers during a purchasing network meeting in April 2021. Purchasing managers then gradually rolled out these documents to their suppliers. For example, all direct suppliers of HTH (Holding Textile

Hermès) received the CSR brief and the supply chain brief. This is also the case for tier-one suppliers in the Shoes *métier* and for certain tier-two suppliers. Meetings were organised by the *métiers* with their main suppliers to present these documents in person and advise them on the implementation of these objectives. Suppliers who so wish are also offered more in-depth training, in particular in the areas of energy and carbon, water and biodiversity, in order to continue to support them in the best possible way using a collaborative approach.

In 2022, the topics of circularity and traceability were added to the CSR brief, increasing it from five to seven themes and the issues of carbon, water, biodiversity and deforestation were strengthened.

Suppliers are also invited to share their carbon data (scopes 1, 2 and 3), which will feed detailed figures into the Group's carbon data.

2.6.1.1 SOCIAL, ENVIRONMENTAL AND ETHICS REQUIREMENTS

The supplier risk management system, which had already existed in the Hermès Group for many years, has been strengthened since 2018 as part of the rollout of a reasonable vigilance plan with respect to suppliers and subcontractors as required by French law.

This monitoring is undertaken in the specific context of Hermès, which carries out more than 55% of its production internally: this not only reduces its exposure to risk, but it often gives it a better understanding of operational issues (being itself an actor on the subject). In this way, through its purchasers by *métier*, the Group is in most cases close (geographically, on account of an ongoing relationship and thus technically) to its suppliers.

In addition to quality issues, special attention is given to human rights and fundamental freedoms, the health and safety of people, and more generally their working conditions, as well as the protection of the environment and biodiversity. Ethics, specifically the prevention of corruption and influence-peddling, are also closely monitored.

All of this work is carried out systematically across the entire scope of the Group, using a "risk-based" approach that aims to prioritise the issues using successive filters, to focus efforts on the most significant issues.

In accordance with the recommendations of law no. 2017-399 of 27 March 2017 on the duty of care of parent companies and ordering companies, this **vigilance plan** is specifically structured around:

- ◆ risk mappings aimed at identifying and assessing the risks generated by the activities of suppliers and subcontractors, and more generally by all of the supply chains;
- ◆ procedures to regularly assess the situation of suppliers and subcontractors with which the Group has an established trading relationship, but also to assess the situation of tier 2 suppliers and subcontractors, in order to gain an ever-stronger understanding of the supply chains;
- ◆ appropriate action to mitigate risks identified and prevent serious breaches of human rights, fundamental freedoms and health, safety and environmental regulations;
- ◆ a whistleblowing mechanism and alert monitoring;
- ◆ a system for monitoring the measures implemented and assessing their effectiveness.

As described in chapter 8 “Ethics and compliance”, §2.8.4.4, the Group published a specific vigilance plan in 2022.

A methodology for monitoring supplier risks was formalised in 2018 and is applied by the direct purchasing and indirect purchasing departments at all the House’s *métiers*.

The diagram below summarises this methodology and the corresponding tools:



The *métier* purchasers must sort their suppliers by purchase category, then, for each of these categories, map the global risks and then analyse the risks by supplier. For suppliers identified as “at-risk” (notably corruption, politically exposed persons, negative press, breach of human rights, risk to the health and safety of persons, environmental risk) and those identified as strategic or sensitive (volume of business, special *savoir-faire*, *intuitu personae*, succession, financial health), the purchasers must complete a “supplier information questionnaire” to enable them to investigate the risks further. If the risk is confirmed, an external audit is requested.

2.6.1.2 RISK MAPPING

The Group has produced a risk mapping (see chapter 4 “Risks and control”, §4.1), into which the mappings produced by each of the main *métiers*, retail subsidiaries and support activities are fed. Each one takes risks related to suppliers and subcontractors into account.

In addition, to guarantee the thorough assessment of all suppliers and, more generally, all supply chains, the purchasers in each *métier* formalise **a risk mapping for each of their purchasing categories, assessing in particular the risks with respect to human rights and fundamental freedoms, the health and safety of people, social aspects, the environment, biodiversity, ethics and corruption risks.** Since 2019, these risk analyses by purchasing category (manufacturing methods, metal parts, fabrics, etc.) have been supplemented by analyses of the supply chains by raw material (cotton, linen, gold, silver, etc.) (§2.4.2.1).

Since 2018, the emphasis has been on direct production purchases, for which control of the supply chain is a strategic challenge. With its 16 *métiers*, the Group has around 100 direct purchasing categories and 88 raw materials supply chains. **At the end of 2022, risk mapping and a risk analysis by supplier had been conducted for 96% of purchasing categories and a comprehensive analysis had been completed for 80 raw materials supply chains.**

Among the risks identified, ensuring the sustainability of craftsmanship *savoir-faire* and maintaining our capacity in France are major challenges for several divisions, as is improving the traceability of raw materials throughout the supply chain. The impact of climate change, water and energy consumption and biodiversity are important issues, systematically taken into account (§2.5). Issues relating to the health and safety of people are also identified, but deemed to be less critical, this point being already controlled thanks to the long-standing monitoring with all suppliers, notably through audits, with a particularly high level of exigence. Lastly, as the majority of suppliers are located in France, the risk of violation of human rights and fundamental freedoms as well as the risk of corruption are generally assessed as lower; however, these are particularly closely monitored for supplies from further afield.

2.6.1.3 REGULAR ASSESSMENT PROCEDURES

For each purchasing category previously covered in a risk mapping, the *métier* purchasers carry out a second-level risk analysis by supplier. This aims to assess the performance (deliveries, quality, etc.) and financial independence of each supplier, but also the risks related to human rights and fundamental freedoms, the health and safety of people, and more generally, employment conditions, as well as environmental risks. Corruption risks are also assessed according to the country in which the supplier is based and its activity. Expert tools, compiling the most up-to-date data, are used in this process.

If a risk is suspected, the purchaser conducts a more detailed analysis to confirm or rule out this risk, supported by a “supplier information questionnaire” setting out the various topics included in the previously completed supplier risk analysis framework.

This “supplier information questionnaire” is more generally used by the direct purchasers as the basis of visits to a tier 1 or higher supplier with the aim of constantly improving their knowledge of the supply chains. Purchasers also use this questionnaire during pre-accreditation visits before starting to work with a new supplier. These pre-accreditation visits are compulsory within the scope of direct purchasing.

CSR self-assessment

In addition, the CSR briefs, created in 2020, and the supply chain briefs, developed in January 2021, specify the House’s objectives and its expectations vis-à-vis suppliers on these topics. To strengthen supplier engagement, a “CSR self-assessment questionnaire” has been developed, comprising more than 100 questions relating to CSR. It allows purchasers to retrieve all the information they need from their suppliers in terms of CSR (social policy, commitments to the environment and biodiversity, ethics charter, waste management, commitments to reduce the water footprint, carbon footprint and greenhouse gas emissions, etc.). Tailor-made by the Hermès’ teams, it is both comprehensive and corresponds to their typology and needs. The resulting progress plan will be easier to manage, having been jointly constructed. The aim is for each supplier to be able, for example, to ascertain its carbon footprint, and that its emissions can be allocated to Hermès in a precise manner and without excessive approximation.

The Hermès Purchasing information system will be modified for more cross-buyer/supplier exchanges and new topics, in particular carbon. Resources will be available from it, such as e-learning sessions and webinars.

Audits

Direct purchases

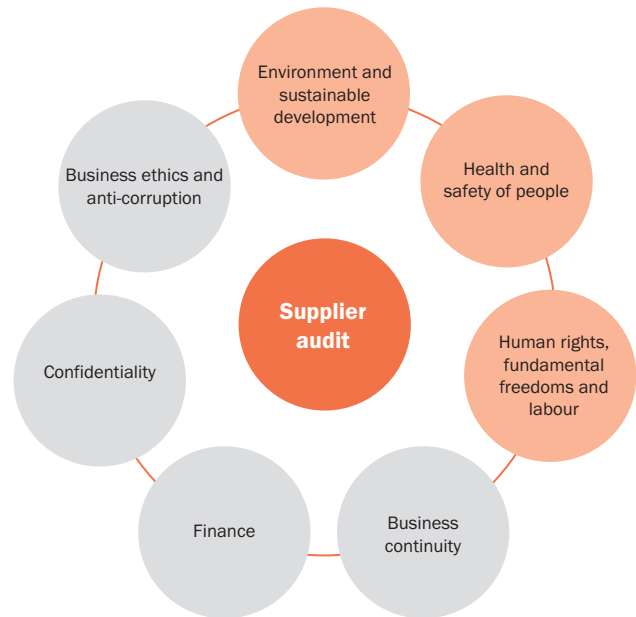
A procedure for conducting and monitoring external audits of Hermès' suppliers updated in August 2022 governs the overall process of the supplier audit programme. Initiated on a voluntary basis in 2011, the process was strengthened with the implementation of the laws on the duty of care and Sapin II. The supplier audit programme is managed by the direct purchasing department (DAD) in partnership with all of the House's *métiers*.

In essence, if the supplier information questionnaire confirms a significant level of risk, the purchaser alerts the direct purchasing department and their line manager, a member of the *métier's* Management Committee, and an action plan is drawn up to prevent or mitigate the risks. If the risk is related to the environment, the health and safety of people, social issues or human rights and fundamental freedoms, an external body recognised for its expertise in these areas, is asked to conduct an audit. The results of these audits and action plans are taken into account during any continuation of relationships.

Audits are also requested for strategic or sensitive suppliers (volume of business, specific *savoir-faire*, *intuitu personae*, located in a country far from France, etc.). **Specifically, in terms of direct purchases, the Hermès Group's 50 largest suppliers must be audited at least once, and all suppliers outside Europe must be audited regularly, every three years.**

These on-site audits last an average of two days each and are carried out in the presence of a Hermès representative. They make it possible to verify *in situ* the reality of suppliers' social, environmental and ethics commitments, the proper implementation of regulations that concern them, and the reality of the working conditions and well-being of employees.

In keeping with the supplier information questionnaire, these audits cover the following seven issues, with a higher level of requirement than that of the SA 8000 standard:



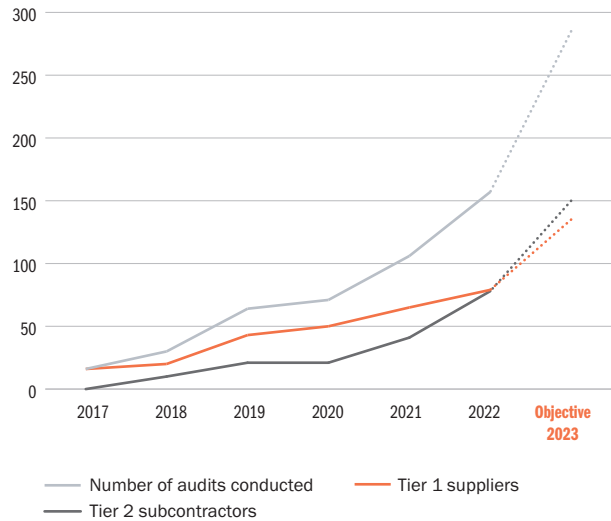
Of these seven topics, the three priorities, which meet our obligations under the duty of care law are those identified in orange in the diagram above. If the audited supplier uses subcontractors, all of its subcontractors will also be audited by the third-party firm. These tier 2 audits last an average of half a day and focus on health and safety, environment, and human rights, fundamental freedoms and labour.

The schedule of this supplier audit programme begins in September of year N-1 with the establishment by the *métiers* of the list of suppliers to be audited according to the priorities defined above. This list is validated by the direct purchasing department with the associated budget. Preparatory meetings for the audits are held before the end of the year with the *métiers* and the third-party firm. They make it possible to properly dimension the audits and establish the provisional schedule for year N. The suppliers concerned are then informed of the planning of an audit. Prior to it being undertaken, a financial analysis is conducted using dedicated tools. The audit takes place according to a precise schedule including an in-depth site visit and interviews with employees. A report is published by the third-party firm within 15 days to quickly implement any corrective actions. A Direct Purchasing Audit Committee meets twice a month and brings together the direct purchasing department, the audit and risk management department, purchasing and internal control of the *métier* that requested the audit, as well as all *métiers* that have a commercial relationship with this supplier. During this committee meeting, the main audit findings are presented and the priority actions to be carried out by the supplier are discussed. The urgency of these actions is defined and shared with the supplier. The objective is to have all action plans closed during year N. A site visit may be organised to validate the proper closure of the action plan.

In a context where more than half of the production is in-house, **the Group devoted 16,000 hours to auditing its direct suppliers, i.e. the equivalent of 10 full-time employees over the year.** The audit firm spent 7,000 hours working on Hermès' supplier audit program and the teams devoted 9,000 hours to it.

- ◆ 100% of the top 50 suppliers were audited, and even more widely, the 20% of suppliers who represent 80% of the Company's revenue.
- ◆ 100% of manufacturers for Men's ready-to-wear, Women's ready-to-wear and Shoes were audited.
- ◆ 100% of Italian manufacturers of Men's ready-to-wear and Women's ready-to-wear will now be audited every three years.
- ◆ in Shoes, 100% of Italian manufacturers will now be audited every two years.
- ◆ in 2023-2024, 500 tier 2 audits (subcontractors of 100% of Italian manufacturers) are planned over two years on labour-related issues.
- ◆ 100% of suppliers outside Europe are re-audited at least every three years.

SUPPLIER AUDITS



BREAKDOWN OF AUDITS PERFORMED ON DIRECT TIER 1 AND 2 SUPPLIERS

Direct purchases	2020	2021	2022	Objective 2023
Audits carried out	71	106 *	157	285
Types of suppliers	Tier 1: 50 suppliers Tier 2: 21 suppliers	Tier 1: 65 * suppliers at 87 sites Tier 2: 41 suppliers located 93% in Italy	Tier 1: 79 out of 102 sites Tier 2: 78 located mainly in Italy	Tier 1: 135 Tier 2: 150 mainly located in Italy
Number of audit days		144 *	204 (7,000 hours for the external firm)	
Results	609 findings, of which 0.5% considered critical, 25% major and 43% significant. The remaining 31.5% concern simple points for improvement, and proposals for best practices to encourage suppliers to constantly improve in a spirit of continuous improvement.	1,364 findings, of which 0.2% considered critical, 18.5% major and 52.5% significant. The remaining 28.8% concern simple points for improvement, with proposals for best practices to encourage suppliers to constantly progress in a spirit of continuous improvement.	1,793 findings, of which 0.7% considered critical. <i>see below for more details</i>	

* Corrected 2021 information.

Hermès places the safety of people at the heart of its concerns, which is why the level of health and safety audits is particularly high. It is therefore no surprise that, in 2022, 59% of the findings were related to this topic, i.e. 1,058 findings, of which 21% considered major or critical.

The most frequent major observations in terms of personal health and safety relate to:

- ◆ fire risk;
- ◆ chemical risk;
- ◆ risks related to workspaces;
- ◆ compliance with mandatory periodic checks.

In terms of labour, the most frequently occurring observations concern the exceeding of the overtime quota, the absence of an SEC or the lack of training for this committee and the absence of formalised professional interviews.

In terms of the environment, the main recurring findings relate to non-compliance with the obligations related to ICPE regulations, the administrative management of waste, and the absence of an asbestos technical file.

In terms of ethics and anti-corruption, although some suppliers have not yet formalised their own ethics and anti-corruption charter, they have all signed and implement Hermès' social, environmental and ethics policy as a basis (Handbook 2), which notably contains clauses relating to the fight against corruption.

In more detail, in 2022, 12 critical findings were identified at four suppliers. Five findings were related to personal health and safety (personal protective equipment, electrical installations, machine protection), four were related to the labour topics (working time, day off, salary) and two were related to the environment (soil and risk of pollution). A letter was sent to the four suppliers concerned. They all took immediate steps to implement the necessary actions to correct the situation and comply once more.

The audits are a fundamental part of the risk assessment system for suppliers and subcontractors. They also contribute to the quality of the relationship, a key factor in the success of sustainable support towards best practices. This is why the *métier* purchasers are involved in the auditing of their suppliers, supporting the process upstream, participating in audits alongside the external firm, and in monitoring the progress made in the action plans in a more formal manner. An employee from the direct purchasing department is also involved in most of the audits. It also helps develop the purchasers' CSR expertise, which they can then apply to the identification of risks when visiting their suppliers.

BREAKDOWN OF AUDITS CARRIED OUT AT INDIRECT PURCHASING SUPPLIERS

Indirect purchases	2020	2021	2022	Objective 2023
Planned audits	10	15	20	24
Audits carried out	6	10 (+67%)	18 (+80%)	Target of +20%
Geographical locations	France 100%	France 40% China 30% Portugal 20%	France 65% Italy 15% Portugal 10%	Being finalised

Supplier Audit Committee (direct purchases)

Since 2019, a Supplier Audit Committee is tasked with analysing the various audit reports and defining the actions to be implemented as a priority with each of the audited suppliers. This Supplier Audit Committee brings together the direct purchasing department, the Director of Industrial Affairs, the Director of Audit and Risk Management and the purchasers concerned within the *métiers*. The Supplier Audit Committee meets twice a month to review the findings of new audits and dedicate time to follow up on past audits. The purchaser of the *métier* in question is responsible for distributing the conclusions of the Supplier Audit Committee to each supplier and monitoring action plans. Audit follow-up visits are planned three months, six months and/or one year after the audit, depending on the type and severity of the findings. If necessary, a member of the Group direct purchasing department can accompany the purchaser on these

Indirect purchases

In terms of indirect purchases, **audits of one to two days, depending on the type of activity, are carried out on suppliers' premises.** Since 2014, strategic suppliers of packaging at Hermès Sellier and of fittings have all been audited, as have the general services of the French entities. Each year, this list is extended to strategic suppliers from other departments (logistics, temporary work, transportation, etc.) or to suppliers whose buyers have identified a risk.

In 2022, indirect purchasing thus carried out 18 audits in France and abroad. Several times a year, the audits are reviewed by a dedicated Indirect Purchasing Audit Committee in order to review the audit results and approve the action plans decided upon. This is also an opportunity to study the follow-up audits carried out by buyers in charge of suppliers.

visits. Lastly, once all the findings have been cleared by the supplier, a closing visit is carried out by the purchaser concerned and a member of the Group direct purchasing department to confirm the successful completion of all corrective actions and ensure their sustainability over time.

EcoVadis

In line with its responsible purchasing strategy, the indirect purchasing division selected EcoVadis at the end of 2018, which offers a collaborative platform for assessing the environmental performance and social responsibility (CSR) of its suppliers on four themes: environmental, social and human rights, ethics and responsible purchasing. Each company is assessed on these fundamental issues according to their size, location and sector of activity. Evidence-based assessments are recorded in assessment sheets enabling the implementation of corrective action plans.

	2020	2021	2022	Objective 2023
Number of national and international suppliers invited to use the EcoVadis platform since 2018	200, i.e. 50% of indirect purchasing expenditure	322, i.e. 60% of indirect purchasing expenditure	736, i.e. 70% of indirect purchasing expenditure	900, i.e. 80% of indirect purchasing expenditure
Average score	50.8 (18% higher than the overall EcoVadis average of 42.8)	55.4 (29% higher than the overall EcoVadis average of 42.8)	55.2 (23% higher than the overall EcoVadis average of 44.9)	

Number of suppliers assessed in 2022	Average score	Average score Environment	Average score Labour and human rights	Average score Business ethics	Average score Responsible purchasing (for the suppliers concerned)
463	55.2 EcoVadis: 44.9	57.3 EcoVadis: 44.8	57.4 EcoVadis: 47.7	51.3 EcoVadis: 42.9	49.6 EcoVadis: 37.0
Of these 463 suppliers, 69% were reassessed	Average score increase of +3.2 points	Average score increase of +4.4 points	Average score increase of +2.0 points	Average score increase of +3.2 points	Average score increase of +3.8 points

The results of supplier assessment with the platform are reflected in action plans proportionate to the risk exposure according to the score. The latter triggers a new assessment at a variable date according to the level of performance. Thus, suppliers can be congratulated or encouraged to implement a corrective action plan or, after an explanatory meeting, be supported in a traditional site visit and specific questioning process.

2.6.1.4 RISK MANAGEMENT AND MITIGATION OR PREVENTION OF SERIOUS VIOLATIONS

The Group's policy is also based on a desire to train purchasers in an increasingly complex *métier* and formalise concrete commitments by suppliers.

Network management and training

The two purchasing divisions, direct and indirect, are responsible for coordinating the network of purchasers and organising joint training actions.

Each direct purchasing network, led by its Group department, regularly brings together purchasers from the *métiers* every three months to review the Group's policy and procedures, regulations, legal rules and tools for monitoring suppliers and subcontractors. These meetings are also an opportunity to share the purchasing risk mapping of the various *métiers*. This helps purchasers to exercise their duty of care vis-à-vis their suppliers and subcontractors, and more generally vis-à-vis all supply chains. In particular, in 2021, the enhancement of the CSR component of the Group's purchasing policy was presented to the entire community of purchasers, i.e. 120 direct purchasers, during these meetings.

In addition, networks specific to certain supply chains, common to several *métiers*, have existed since 2019 and meet on average three times a year, and more frequently if necessary. These are the leather, textile, metal parts, cashmere and precious metals purchasing networks. These meetings provide the opportunity to discuss the risks identified within the chains and steer the action plans to prevent or mitigate these risks.

Since the end of 2018, the development of a training course for purchasers has been ongoing, with the aim of strengthening and structuring the training already existing within the Group. These dedicated sessions are either more general, with detailed CSR components, or more technical on EHS (Environment, Health and Safety), legal compliance and human rights topics.

- ◆ “The Fundamentals of purchasing at Hermès” training course was finalised in early 2021 and is currently being rolled out. It lasts three days, including a full day dedicated to CSR, responsible purchasing and supply chain management.
- ◆ An “Environment, health and safety” training course has also been running since 2020. It addresses purchasers, as a priority, but also everyone who is required to travel to the House's suppliers and subcontractors. In 2022, the Group had a total of 218 people trained in the subject (trained in 2021 or 2022).

In addition, Hermès continues to conduct buyer training on carbon footprints, with more than 50 people trained, mainly in purchasing functions. The objective was for them to be able to understand the tool but above all be able to explain it to their suppliers to help them in their own carbon footprint studies. In 2023, this training will be enhanced by a module on analysing the results and proposing action levers to suppliers.

In addition, a “Legal and compliance” training course is being finalised with the legal department, as well as a training course on “Human rights, fundamental freedoms and Labour”. These two programmes will be rolled out in 2023.

Supplier commitments

From a legal standpoint, Hermès systematically requests a formal commitment from its suppliers to comply with their social, regulatory and environmental obligations through two contractual undertaking handbooks, signed by both parties. These handbooks, which define the contractual relationships, are regularly updated, with:

- ◆ handbook 1: defining undertakings with respect to non-disclosure and fair trading;
- ◆ handbook 2: defining undertakings with respect to social, environmental and ethics policies.

These two handbooks are public and available online⁽¹⁾. They were updated in 2020 to include an email address facilitating the reporting by suppliers of any breaches they witness in terms of ethics.

The signature campaign launched in 2018 continued to present and encourage all the Group's suppliers to subscribe to this new version.

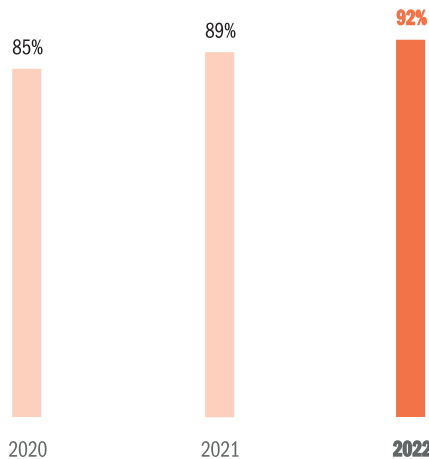
Handbook 2 includes items relating to international standards and agreements, rules of labour-related, environmental and ethical conduct, as well as personal data.

1. <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>

By signing Handbook 2, suppliers and subcontractors formally undertake to carry out their own duty of care with respect to their suppliers and subcontractors. Moreover, they are responsible for declaring all their subcontractors to Hermès and may not subcontract any production of Hermès products to a new subcontractor without Hermès' prior written agreement. This agreement is tied to a pre-accreditation visit based on the "supplier information questionnaire".

Purchasers regularly remind their suppliers and subcontractors of the undertakings they have made by signing handbooks 1 and 2. Furthermore, any new supplier is required to sign Handbooks 1 and 2 before any partnership can be undertaken, and in particular prior to participating in any call for tenders or listing.

Percentage of active suppliers in the direct purchasing scope who have signed commitment handbooks 1 and 2.



Examples of the application of the approach by the métiers

As part of the management of its strategic partners, Hermès Horloger set up a cycle called "supplier relationship management" in 2022 with bimonthly meetings to strengthen ties, always with a view to co-building sustainable and healthy relationships. It addresses the central topics of the purchasing policy, i.e. the CSR vision, sound financial health, recent investments, as well as the short-, medium- and long-term needs of LMH, in order to be able to systematically give them a clear vision and thus secure their supplies.

Within the Fashion Jewellery *métier*, suppliers are supported in the zero plastic supply chain approach. Thus, they are careful not to include intermediate plastic packaging when sending articles between suppliers.

Two crucial suppliers of Hermès Internet of Things (IoT) were audited in 2022 after receiving supply chain briefs.

A supplier day was organised by the House *métier*, bringing together 41 suppliers who accounted for 87% of purchasing expenditure in 2022, with the aim of sharing the *métier's* strategy, carbon footprint training and discussing best practices in decarbonisation of the value chain. Supply chain and CSR briefs were also given to all suppliers with additional questions on their energy sobriety efforts, their energy sources and their levels of preparation in the event of offloading.

Finally, the Jewellery *métier* (Haute Joaillerie) participates in the "CSR" working group of the UFBJOP in order to organise the sector and the entire value chain with a view to achieving the sustainable development objectives by 2030, in particular decarbonisation in the SBTi sense of the term.

2.6.1.5 ALERT MECHANISM AND MONITORING SYSTEM FOR MAJOR ISSUES

The close relationships between Hermès and its suppliers are key to identifying suspicious conduct. On-site visits by purchasers and frequent assessments are important aspects that make it possible to detect any breaches and to alert the Group.

Each *métier* is responsible for monitoring the issues identified and the proper implementation of corrective actions with suppliers. Similarly, the legal framework of relations with suppliers and subcontractors is regularly updated in light of actual experience. In particular, the conclusions of the audits, which bring together the auditors, the *métiers*, the purchasers and the industrial department, offer deep insights solidly rooted in the real circumstances of suppliers and subcontractors.

In accordance with the code of business conduct, **any employee who identifies suspicious behaviour in the supply chain is invited to report it internally thanks to the H-Alert! mechanism.** Furthermore, in accordance with the French Sapin II law, in the event of a breach or situation contrary to the ethics, social and environmental principles, the Hermès Group has provided its suppliers and subcontractors with a whistleblowing mechanism in the form of a generic email address.

French law no. 2022-401 of 21 March 2022 significantly amended the Sapin II law. Its provisions have been in force since 1 September 2022. This law broadens the scope of whistleblowing and the beneficiaries of whistleblower status.

As a result, **the global H-Alert! whistleblowing system was modified in 2022, in particular to:**

- ◆ **strengthen the protection of whistleblowers against any form of retaliation.** To this end, a new information notice on the whistleblowing system has been published;
- ◆ **provide Hermès suppliers, dealers, distributors, intermediaries and co-contractors in general with access to the unique H-Alert! whistleblowing system.**

The professional *H-Alert!* whistleblowing system is now accessible on the *HermèsSphère* intranet site and the Hermès Finance institutional site. Available in 21 languages, it was validated by the Group's Governing bodies and communicated to all its entities and structures.

These alerts are analysed by the legal compliance department and the Group purchasing department. § 2.8.1.3.2 describes in more detail the implementation of this alert system.

2.6.1.6 HUMAN RIGHTS IN THE SUPPLY CHAIN

The Hermès craftsmanship model, in which 55% of objects are made in Hermès' exclusive in-house workshops, and 76% in France, relies on a network of suppliers based mainly in Europe, where labour practices are stricter than in other environments. Hermès' exposure to supplier risk is therefore reduced, all the more so as 67% of the top 50 direct suppliers are in France and 30% in other European countries. Just 3% of purchases are made in more distant countries, mainly raw materials (e.g. exotic leathers), and control and monitoring there are extremely strong.

The Group's policy, for its own operations as well as for those carried out by its suppliers and subcontractors, is to enforce compliance with major international Human Rights principles:

- ◆ Hermès' internal and external ethics approach is based on the universal framework established by major international principles. **The ethics charter, signed by the Executive Chairman, established in 2009 and updated in 2022, is communicated to all employees. It is available on the intranet and can be accessed by the public on the financial website** ⁽¹⁾. It specifies that these principles apply to both Group companies and suppliers. In particular, explicit reference is made to the Universal Declaration of Human Rights, the charter of fundamental rights of the European Union, the charter of fundamental principles of the International Labour Organization, which covers freedom of association, the fight against forced labour, child labour and the fight against discrimination, and the OECD Guidelines. It is also a member of the United Nations Global Compact, which invites companies to adopt, support and implement in their sphere of influence a set of 10 core values (relating to issues involving human rights, labour standards, environment, the fight against corruption), and the UN Guiding Principles on Business and Human

Rights, which commit companies to respect human rights and address the negative impacts of their activities;

- ◆ this approach is regularly shared with the teams and through the work of the legal compliance department. It is shared with suppliers during operational exchanges with purchasers, and was formalised in the signing of handbook 2 (§ 2.6.1.4), which is also available to the public online ⁽²⁾.

Monitoring of practices is primarily the responsibility of the *métiers* and their purchasers, who are in direct contact with suppliers. The topics that are monitored closely include working conditions (hours, health and safety, compensation, right to organise and representation, disciplinary practices), risks of discrimination, forced labour, child labour, and, more broadly, acceptable living conditions (considering the local environment). Industry (for the packaging sector, for example) and geographical discussions are held to help identify the issues more precisely. When a subject is identified, it is discussed with the partner to help it understand why the topic is important to Hermès, examine possible improvement solutions and put in place an action plan as part of a long-term relationship. If this process cannot be put in place, the subject is discussed by the Management Committee of the appropriate *métier*, the industrial affairs department and the Sustainable Development Committee. Depending on the outcome, the relationship is suspended.

Respect for Human Rights and fundamental freedoms is part of the vigilance plan put in place by the Group as part of its duty of care. This is repeated and detailed in § 2.8.4.

French Business Climate Pledge

In July 2021, as part of the "French Business Climate Pledge" initiative led by Medef ⁽³⁾, and in addition to the renewal of its 2019 membership, Hermès led 12 companies, subsidiaries or partners of the Group, to join this initiative. By encouraging participation in its ecosystem, Hermès is contributing to the successful transition to a low-carbon economy, by promoting awareness of these issues and sharing best practices and operational solutions. Actions to mobilise the Group's supplier chain, launched in 2022, will strengthen this initiative.

1. <https://finance.hermes.com/en/>
 2. <https://finance.hermes.com/en/ethics-human-rights-and-diversities>
 3. MEDEF: Mouvement des Entreprises de France (French business association).

2.6.2 DEVELOPMENT OF RESPONSIBLE PURCHASING

Aware of its societal responsibility and driven by the development of purchases from socially supported organisations both for its direct and indirect purchases, Hermès has begun a process of developing its responsible purchasing, wishing to extend its societal commitment beyond the strict definition of socially supported organisations.

POLICY

The Group has long pursued a policy in favour of people with a disability, through partnerships with companies in the socially supported and sheltered organisation (EA⁽¹⁾, ESAT⁽²⁾) in France. This ambitious purchasing policy with socially supported organisations is based on enabling EA and ESAT workers to exercise a professional activity in an adapted framework that provides a meaningful environment. The legislation changes of the Disability Reform, which set a ceiling for the tax reductions generated by purchases from socially supported organisations, will not threaten this policy, which has been reaffirmed to all players and influencers.

The ambitious target to increase the use of the socially supported and sheltered organisation sector in France by 20% per year was widely exceeded in 2022, with purchases made growing from €0.7 million at the end of 2017 to €5.2 million at the end of 2022,

i.e. an eightfold increase in five years. Driven by a proactive policy, these purchases are mainly made at the initiative of Hermès Leather Goods & Saddlery and Hermès Group Services.

The Group regularly uses the Hors les Murs initiative, in which EA and/or ESAT workers come and carry out tasks in the workshops. In many *métiers* (Hermès International, Hermès Group Services, Hermès Leather Goods & Saddlery, Hermès Perfume and Beauty, etc.), these workers, made available on a daily basis by EAs and ESATs, contribute to various activities (cutting, preparation of orders or meeting rooms, logistics, security, concierge, mail dispatching, etc.). These collaborations provide long-term employment opportunities.

Building on this inclusive base, the Group now monitors the impact of its purchases in the regions in France, and the results represent a significant impact in terms of social responsibility.

Indirect purchases thus contribute to the development of priority regions. In 2022, these purchases were made from 3,340 SMEs in France (<250 people, revenue <€50 thousand): 746 ESS – social and solidarity enterprises, 1,075 suppliers located in ZRR (rural revitalisation zones) and 2,408 suppliers located in QPV (priority city neighbourhoods).

In total, in France, 43% of suppliers of indirect purchases involved purchases with social and environmental added value, for an amount of €242 million, as detailed below:

<p>Purchases made from EAs/ESATs</p> <p>€5.2 million (+23% vs. 2021)</p>	<p>Purchases made from companies in the social and solidarity economy (SSE) sector</p> <p>€13 million*</p>	<p>Purchases made from suppliers in rural revitalisation areas (ZRR)</p> <p>€118 million*</p>	<p>Purchases from suppliers located in a priority or revitalised neighbourhood (QPR)</p> <p>€106 million*</p>
---	---	--	--

* 2022 marks the first year of monitoring these purchasing flows

MEASURES IMPLEMENTED AND RESULTS IN SOCIALLY SUPPORTED ORGANISATIONS

The year 2022 was marked by the importance given to the commitment of the France exclusive stores grouped within Hermès Distribution France. Following the Bordeaux and Lyon stores, the Lille, Deauville, Strasbourg and Georges V exclusive stores in Paris have developed partnerships with EAs/ESATs enabling them to integrate EA/ESAT workers in the stores in regular positions, mainly in stock management, but also sometimes part-time in reception or providing various services.

Hermès Maroquinerie-Sellerie's commitment in favour of disability is at the heart of an ambitious prevention policy for all employees. Hermès Leather Goods & Saddlery wishes to continue and strengthen partnerships whenever possible, with the aim that each in-house regional division develops a partnership with one or more EA/ESATs in its region. Each partnership is first and foremost a human journey, providing an opportunity to integrate people with disabilities into the teams, drawing on the experience and skills of these structures.

The first step is to have the EA/ESAT partners work locally on the skills they already offer: green spaces, company canteens, renovation of workbenches, small equipment, etc. Once this potential is tapped, a ramp-up of skills is envisaged in the techniques necessary for the manufacture of objects. The ultimate goal is to enable certain EA/ESAT partners to become contract manufacturers to whom the sites could entrust the manufacture of certain small, finished products. These supported long-term partnerships make it possible to free up internal production capacity within the leather goods workshops, while allowing the EAs/ESATs to improve their skills and develop their activity.

Committed since 1999, the Hermès Leather Goods & Saddlery collaboration with EAs/ESATs on the core *métier* grew by 6% in 2022 vs. 2021 representing 90 FTEs spread across eight EA/ESAT partners. This revenue alone reached €2.5 million in 2022, compared to €1.6 million in 2021. The core *métier* activities entrusted to them consist mainly in the production of interfacing cuts and reinforcement kits, as well as, for 25%, the making of small objects, or even projects related to circularity. In all, the revenue generated between HMS and socially supported organisations amounted to €2.7 million,

1. EA – Adapted company.
2. ESAT – Sheltered work establishment.

representing 49% of purchases from socially supported organisations in 2022.

For its recent production units (Louviers, Ardennes 2), HMS is finalising the referencing of new local EAs/ESATs, so that each regional division has its own local inclusive network.

The other major player in the collaboration with EAs/ESATs is Hermès Group Services, which for the second consecutive year exceeded the threshold of €1 million in purchases from EAs/ESATs.

By structurally integrating into each call for tenders an inclusive clause on purchases from socially supported organisations and the sheltered sector, and regularly setting up tripartite co-contracting contracts, they have developed numerous opportunities for collaboration with socially supported organisations: cleaning of premises, waste management, concierge service at the Faubourg premises, in-store packaging management, reception at the switchboard, management of meeting rooms, maintenance of green spaces, postage, inter-site shuttles, premises maintenance, etc.

Hermès Perfume and Beauty continued its partnership with an ESAT in addition to the packaging partnership that had been in place for several years, with support from Hermès for the implementation of an “RAE” (Recognition of skills Acquired through Experience) system, the provision by Hermès Parfum of a conveyor belt within their establishment so that ESAT employees can learn to adapt to working at a steady pace and finally welcoming a small team from the ESAT within the premises of Hermès Perfumes directly on our packaging lines.

Hermès Commercial has developed a collaboration with three EAs/ EATTs/ ESATs over several years. At the logistics department in Bobigny, three workers are currently seconded to the site by APF (Association des paralysés de France) to work as logistics operators and an administrative assistant. Building on this successful experience, a team of two people was also recently deployed within the exceptional sales department to prepare products for donations to associations or recycling (§ 2.4.1.2.4). Some of these collaborations have resulted in hires.

Manuterra, one of the programs developed by the Fondation Hermès



© Photography credits: Benoît Teillet/ Fondation d'entreprise Hermès

2.7 COMMUNITIES: STAKEHOLDERS AND TRANSPARENCY

Hermès' sustainable development is rooted in harmonious long-term relationships with its stakeholders. Hermès acts as a socially responsible company wherever it operates, contributing to the economic, social and cultural vitality of the regions.

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

2

Introduction

Aware of its responsibility in terms of contribution to regional development, Hermès locates its production activities in France. **With 68 own production and training sites worldwide, including 54 in France**, Hermès contributes to the sustainable development of the regions through employment (6,203 new employees over the past five years) and promotes the creation of sustainable value (recruitment in the local area, employee training, etc.).

Diverse initiatives enable Hermès to express its uniqueness, as well as extend its outreach into numerous regions, and create constructive ties with local economic players. These harmonious relationships with stakeholders contribute to its local integration and its contribution to

having a positive impact. They reinforce employees' pride in belonging.

Moreover, the House's subsidiaries and sites organise local charitable operations. They encourage employees to become more involved in the various issues, each in their own way. Giving time, sharing one's skills, opening oneself up to others, giving back to the world part of what they have received. Throughout the world, numerous local interest projects are alive and active thanks to Hermès.

The founding values of Hermès are also expressed through the Fondation d'entreprise Hermès, created in 2008, which sets up the necessary conditions for the creation of works of art, transmission of *savoir-faire*, protection of the environment and encouragement of solidarity actions⁽¹⁾.

In 2022, the Group made progress on the main issues relating to local integration and relations with stakeholders, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected elements below are particularly illustrative of 2022 for this section:

- ◆ nearly 380 solidarity and social actions around the world;
- ◆ 26% of the added value redistributed to the public authorities and 22% redistributed to employees, on average over the last three years;
- ◆ increase in the scores of non-financial assessments, entry to the "A list" of the Carbon Disclosure Project (CDP), winner of the 2022 *Grand Prix de la Transparence* All Categories;
- ◆ alignment of information on the Group's non-financial performance with the main ESG (environmental, social and governance) standards: TCFD (Task Force on Climate-related Financial Disclosures), TNFD (Task Force on Nature-related Financial Disclosures) standards; SASB (Sustainability Accounting Standards Board); GRI (Global Reporting Initiative); PAI indicators (principal adverse impacts) of the SFDR (European Sustainable Finance Disclosure Regulation);
- ◆ Reasonable assurance report on a selection of CSR information published in this document.

1. <https://www.fondationentreprisehermes.org/en>

COMMUNITIES

STAKEHOLDERS AND TRANSPARENCY

SDG	Objective	Indicators	2022 Results	Change 2021/2022
PURSUE A MANUFACTURING DEVELOPMENT POLICY IN FRANCE BY JOINTLY DEVELOPING PROJECTS WITH THE REGIONS WHERE IT OPERATES				
	Maintain a high level of commitment in terms of production in France	Share of production in France	76% of objects are produced in France	↘
		Number of production sites in France and number of new sites established in France	54 production and training sites in France	↗
	Continue to develop new production sites in France	Number of regions in which the Group has established sites	In 11 of the 13 French regions (including nine for production and training sites)	=
		Number of new employees in France	6,203 new employees in France over five years	↗
DEVELOP HARMONIOUS RELATIONSHIPS WITH LOCAL STAKEHOLDERS				
	Implement stakeholder relations action plans in each host region	Partnerships with local employment centres to promote local recruitment		
		Number of local events with local authorities, local institutions, associations, etc.	Participation in Réseau Entreprendre 93	
			Support for the "Des territoires aux Grandes Écoles" initiative	
GIVING BACK TO THE WORLD A PART OF WHAT IT GIVES TO THE GROUP				
	Ensure value is shared	Group tax rate	28.2% Group consolidated tax rate	
		Group income tax expense in millions of euros	€1,305 million in consolidated income tax expense	↗
	Establish the necessary conditions for the creation of works of art, transmission of <i>savoir-faire</i> , protection of the environment and encouragement of solidarity actions	Fondation budget by mandate	€40 million budget for the Fondation d'entreprise (over five years 2018-2023)	=
		External evaluation	1st in the Carenews Corporate Foundation ranking (endowment vs. revenue, 2018 study)	=
	Strong commitments from the entire Group to local sponsorship initiatives	At least one sponsorship or social and solidarity action per year and per country	See table § 2.7.2.1.2	=
		Number of solidarity projects set up	Nearly 380 solidarity projects around the world	=
	Develop global philanthropic actions	Projects led by the Group	Continuation of the effects of donations to the APHP (Paris public hospital system) in France (2020 and 2021) Group donations to assist Ukrainian refugees	new indicator
		Livelihoods project	2.2 million people impacted by Livelihoods projects worldwide	↗

COMMUNITIES

STAKEHOLDERS AND TRANSPARENCY

SDG	Objective	Indicators	2022 Results	Change 2021/2022
-----	-----------	------------	--------------	------------------

CONTRIBUTE TO DISCUSSIONS BY CIVIL SOCIETY OR ACADEMIC RESEARCH EFFORTS BY PARTICIPATING IN MULTI-STAKEHOLDER INITIATIVES



Establish partnerships with educational establishments
Number of partnerships with educational establishments, chairs, etc.

20 partner educational establishments
Continuation of partnerships with the Sciences Po Paris Sustainable Development Chair and with the PSE "Opening up science to the economy" Chair

=

PARTICIPATE IN ADVOCACY ACTIONS FOR DIFFERENT PRODUCTION METHODS (CRAFTSMANSHIP, LESS INTENSIVE AGRICULTURE, LOCAL INTEGRATION)



Contribute to initiatives and coalitions
Contribution to an action in each of our value chains

- UNFCCC
- Act4Nature International
- Fashion Pact
- ICFA
- LPPS
- SAOBBCS
- ICVFR

DEVELOP A CONSTRUCTIVE AND TRANSPARENT DIALOGUE WITH ALL OF THE COMPANY'S STAKEHOLDERS



Be transparent about our non-financial performance
Number of non-financial assessments

9 main non-financial assessments

=



Achieve the highest rating category in each assessment
Improve non-financial ratings

CDP climate: inclusion on **A List**



MSCI from A in 2021 to **AA in 2022**



VE from 61 to **65 "Advanced"**



Sustainalytics **#1** company in the sector



Be transparent about the strategic actions taken by the Company and the results obtained
Number of CSR documents shared on Hermès' corporate website

13 documents published in addition to the annual report on the Hermès Finance website

=

2.7.1 REGIONAL RESPONSIBILITY IN FRANCE

As part of its regional responsibility, Hermès undertakes initiatives in France in particular to support the regions in which it is located, enhancing their value and transforming them.

POLICY

Hermès chooses to locate its manufacturing sites mainly in France. This is the case for its Leather Goods & Saddlery division's activity, where the industrial development approach is that of spin-offs: organic development that creates human-scale production sites (approximately 250 people), that start with a core group of experienced craftspeople, who train newcomers.

Hermès' ambition is to contribute to the development of the regions by creating direct and indirect jobs, as well as by local initiatives in social, economic, educational and cultural fields, among others.

2.7.1.1 PURSUE A MANUFACTURING DEVELOPMENT POLICY IN FRANCE

Hermès is present in 11 of the 13 regions of mainland France. The House establishes itself for the long term and today has 12,360 employees in France, with an increase in its workforce of 6,203 employees in five years, i.e. growth in the workforce in France of nearly 50% over this period.

Since the launch of the first site in 1837, the locations for production units have been chosen to support hubs of regional expertise. Hermès has 54 production and training sites of its own in France in nine of the 13 French regions. The Textile division, which has nine sites in the Auvergne-Rhône-Alpes region (898 jobs), concentrates the House's *savoir-faire* in this domain. The complementary lines of *savoir-faire* – such as weaving, engraving, printing, dyeing, finishing and sewing – are grouped together under the holding company Holding Textile Hermès. The major “Passerelles” project at Pierre-Bénite (near Lyon) aimed to construct two new printing lines, thereby creating additional jobs. Moreover, this project, which provides social support for people in difficulty in the Lyon region, has earmarked 5% of the workforce time for employees in professional integration programmes (the long-term unemployed or coming from disadvantaged neighbourhoods).

The CATE porcelain production site (220 jobs) is based in the Limousin region, the cradle of the porcelain *métiers*, with Beyrand, a colour printer since 1926, which joined the Group in 2013.

In the Périgord region, the Nontron site is a good example of the Group's desire to develop its local footprint. Hermès, thanks to its decision to set up a porcelain production site, was able to hire 200 people impacted by the closing of a manufacturing site in 1990. Today, with three companies, Hermès has more than doubled its workforce and employs 533 people at Nontron, making it the largest private employer of the area.

Cristalleries Saint-Louis, founded in 1586, is located in the heart of the Lorraine forest, the source of all the raw materials necessary for crystal manufacture. It holds more than 10,000 moulds that can be reactivated at any time to fashion the production unit's crystal objects. As at 31 December 2022, Cristalleries Saint-Louis employed 326 people and is a remarkable area of activity in the Pays de Bitche region, including thanks to the presence of the Musée du Cristal “La Grande Place”, located in the heart of the production unit.

The Leather Goods sites continue to expand according to customer demand. In December 2022, the House had 27 own production and training sites for the leather goods *métier*. The leather goods workshops of Louviers (Eure) and Sormonne (Tournes-Cliron) were under construction in 2022 and will be inaugurated in 2023, enriching the existing centres of operation in the Normandy region (741 employees on three sites) and in the Ardennes region, which currently has more than 800 employees spread across three sites.

The choice of new sites responds to a desire for local integration on three levels: respect for local expertise, sustainability of *savoir-faire*, and desire to create local jobs bringing life to the regions.

These sites are built according to several different types of opportunity: the labour pool, the takeover of existing sites or a change of activity, or the establishment of new sites. Sites are deliberately chosen near establishments offering leatherwork training programmes, in particular. The geographical location of the integrated production and training sites covers the whole of France (see map of production sites in chapter 1 “Presentation of the Group and its results”, § 1.4.2 and § 1.4.3).

The history of the local architecture and the emblematic materials of the region are also integrated in the thinking and design of new production units, as part of Hermès Harmonie standard for responsible real estate (§ 2.5.2). Local companies are given preference in competitive bidding when they meet the specifications.

In addition, the creation of sites organised by division (maximum three sites) promotes project synergies, recruitment of experts, skills improvement, and also presents opportunities for internal mobility ensuring the sustainability of the model.

Hermès has expanded its sites in France with 12 production and training sites since 2018. Located outside the Paris region, these sites demonstrate the Group's desire to contribute to regional development in all regions of France.

2.7.1.2 DEVELOP HARMONIOUS RELATIONSHIPS WITH LOCAL STAKEHOLDERS

In order to contribute to the development of the host regions, site construction projects are prepared in cooperation with the local association of municipalities. They address the impacts related in particular to employment, training, mobility (mobility plans, impacts on transport), biodiversity and, more generally, the integration of the House in the issues of the area concerned.

Special attention will be paid to the potential of the local employment pool, in particular transport infrastructures, possibilities for local housing and schooling for families. The quality of the partnership with local councils is decisive, driven by the desire for a real local life for the families who settle there.

The Group works to promote these relationships, based on trust, transparency and joint actions. In 2019, for example, a “Mayors' Day” event in Paris brought together 17 elected representatives from the local authorities where our French sites are located for discussions with the Group's Executive Committee and members of the Management Committees.

The development of craftsmanship *métiers* and job creation

The sites all maintain close relations with local Job Centres (Pôle Emploi) and schools. The goal is to help train the new generations of craftspeople, as well as showcase our offers and *métiers*, allow hands-on practice, and explain the Group's *métiers* to the young generations. Regardless of the site's activity (leather, silk, or other *métier*) or its geographical location, this approach consists of:

- ◆ workshop visits by high school students to discover the craftsmanship *métiers*;
- ◆ talks in secondary schools to present the *métiers* prior to the pupils' choice of a career path;
- ◆ organising information forums with the French National Employment Agency;
- ◆ the creation of appropriate local training programmes.

The establishments, which are often in rural areas, provide a major local boost to the communities concerned: stimulation of local consumption, supporting real estate, impact on community needs (maintenance of classes in schools, public transport support, etc.) and tax resources for municipalities.

Our regional development also promotes the development of educational establishments and local training programmes, from which a number may join the Group.

In addition to actions linked to its own activities, it is also a socially responsible company in the places in which Hermès conducts its business, building harmonious and constructive relations with stakeholders. The production sites interact with the municipalities, the local association of municipalities, and local agencies such as Action Logement. Hermès cooperates with partner associations for employment, as well as with junior and high schools which will provide the House with fresh young talent, thereby contributing to its expansion.

The following examples illustrate the operations conducted in 2022:

Leather

In any new project, a temporary workshop is set up for a period of 18 to 24 months prior to the opening of the site, in existing buildings that have been renovated in accordance with the Hermès Group's standards. These temporary workshops are attached to a reference site, and in-house trainers ensure the transmission of *savoir-faire*.

Recruitment is carried out locally; the first intakes, each consisting of around 30 craftspeople, are recruited on the basis of manual skills via **the MRS (simulation recruitment method developed with the National Employment Agency ("Pôle Emploi") on the basis of manual aptitude (dexterity tests in particular) and without a CV,**

regardless of their previous career path. Every six months, a new group is brought on board and trained by in-house trainers. The craftspeople are then provided with continuous training from tutors. In this way, upon opening, about 100 people are already operational and ready to launch the leather goods activity. In the long term, the average workforce will be 250 craftspeople. This number of employees will allow the craftsmanship dimension to be preserved, and quality relations between employees and management.

In Seine-Saint-Denis, Hermès joined the **Réseau Entreprendre 93** association from its creation in 2003. The House participates, along with the other members, in the selection, financial support and coaching for start-up projects whose common point is their strong job creation potential. In 17 years, 2,000 jobs were created by 200 new companies under the system. Some 10 employees of the House are involved in an advisory role with start-ups fostered by Réseau Entreprendre 93. In 2022, this support was strengthened by creating one of the first partnerships to sponsor a group of Entreprendre winners by a company. This sponsorship consists of regular exchanges between young entrepreneurs and Hermès to help them in their development. Between Pantin and Bobigny, the sites located in Seine-Saint-Denis represent a total surface area of 100,000 m² and house 2,600 employees, 700 of whom live in the department. This proportion is expected to increase thanks to link-ups with candidates by the employment agency in Pantin. Hermès is one of the largest employers in Seine-Saint-Denis, and is involved in promoting talent from this region.

At Pantin, the House also provided its assistance to the local authority to create the Revel house, a centre for promoting the *métiers* of art and design, and a “*métiers* workshop” at the employment centre. In 2017, Axel Dumas, Executive Chairman of Hermès, strengthened this partnership by signing an “Enterprise-region” charter with Est Ensemble. This association of nine municipalities includes Pantin and Bobigny, where Hermès is also located. One of the objectives is to strengthen the Company's participation in local economic development and employment. A new partnership project between Hermès and Est Ensemble is being studied.

Textile

Holding Textile Hermès maintains close relations with the silk apprentice training centre (CFA Textile) and FrenchTex, France's leading regional professional textile organisation. As such, it also sits on the Boards of Directors of Cepitra and the Chambre d'Apprentissage des Métiers Textile. The Managing Director of HTH is Chairman of Intersoie, an inter-professional organisation in the sector in France.

Holding Textile Hermès also participates in the “Alliances et Territoires” community, a network of 16 Lyon companies that meets once a quarter to discuss current issues or issues related to recruitment, training and skills development.

In addition, Holding Textile Hermès is a partner for the second year in a row of *Entreprise des Possibles*, a corporate collective aiming to pool the human, financial and real estate resources of companies and mobilise them in helping people in difficulty and the homeless. HTH is also a partner of the association “Viens voir mon taf” (come see my work), enabling students in priority education areas, without a network or contacts, to carry out an internship in a company. Lastly, the division helps job seekers in the region by offering them job interview simulation workshops.

2.7.2 SOCIALLY RESPONSIBLE COMPANY

Hermès seeks to fit harmoniously into the local economic fabric. The House is determined to be a socially responsible company actively involved in the life of local communities with which it builds and develops strong ties. The craftsmanship model that it employs in France brings with it a regional corporate responsibility, and even beyond, because its employees contribute to the development of their communities through simple actions: giving time, giving of one's self, opening oneself up to others, receiving, and so on. Around the world, a multitude of opportunities are available at Hermès.

POLICY

The Hermès Group's policy is to ensure that each production and distribution unit maintains a dialogue and undertakes concrete actions with local authorities and stakeholders, with the goal of healthy integration in the local community, as a good, trustworthy, civic-minded neighbour, poignant examples of which are set out below.

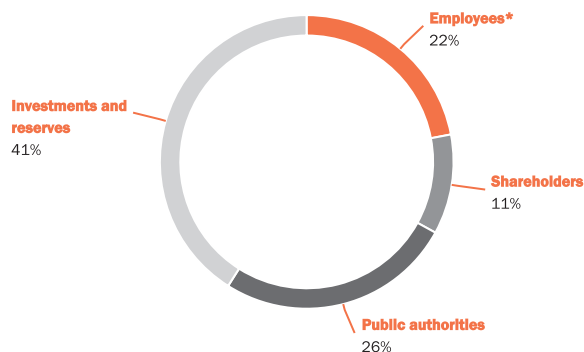
The distribution subsidiaries, for example, have an annual target in this area.

2.7.2.1 GIVING BACK TO THE WORLD A PART OF WHAT IT GIVES, THROUGH IMPACTFUL ACTIONS

2.7.2.1.1 Corporate responsibility – sharing value

Hermès participates in value creation in France through the direct employment of 12,360 people, and increased its workforce by 1,391 people in 2022 compared with the previous year. Although 76% of the objects are produced in France, 91% of the Group's sales are made outside France, thus making a positive contribution to the French trade balance.

In addition, the Group is attentive to the **harmonious sharing of added value** in order, on the one hand, to secure its future development and, on the other hand, to contribute to social and societal equilibrium. Thus, **on average over the last three years** (i.e. from 2020 to 2022), the value added and the share distributed break down as follows:



* The portion paid to employees only includes gross compensation received directly by employees. Social security charges, which are included under the "Public authorities" share represent 7% of added value.

In particular, the Group's consolidated income tax expense amounted to €1,305 million, i.e. a tax rate of 28.2% (see note 6 to chapter 5 "Consolidated financial statements").

Concerning taxes, the Hermès Group follows the recommendations of the CSR GRI 207 reporting standard:

- ◆ Hermès' tax strategy is based on the following principles:
 - compliance by all Group companies with the regulations in force in the States where its companies are located, compliance with the deadlines provided for by the regulations applicable in each State, for the filing of the required declarations and the payment of the taxes due;
 - income is taxable in the place where the income is generated;
 - absence of creation of legal structure or transactions to meet a primarily tax-related objective;
 - the fight against tax evasion with the absence of use of tax evasion schemes or structures without substance.

This tax strategy is implemented by Group Financial Management, based on internal (the tax department) and external expertise in France and abroad. This strategy is reviewed and approved by the Executive Committee at least once per year:

- ◆ the location of the Hermès Group's activities is based exclusively on operational choices, and tax considerations do not modify this approach. The location of production in France, which is a key element of the Hermès Group's strategy for sustainable development, thus impacts the amounts of taxes paid in the country as well as the Group's effective tax rate;
- ◆ the Hermès Group's tax positions are tracked and audited by the consolidation and tax department, which reports directly to a member of the Executive Committee, one of whose objectives is to anticipate, identify, and manage, with the finance department, the tax issues;
- ◆ every year, the Group files, as part of its tax obligations, a statement of transfer prices and a country-by-country statement, the Cross-Border Currency Reporting (CBCR) with the French tax administration. The CBCR is created in accordance with the recommendations of the OECD (as interpreted in French tax law). It is subject to an exchange of information between the tax administrations of the countries in which the Group is established. In the countries in which the exchange of information is not operational, the Group has a CBCR programme with the local tax administration.

2.7.2.1.2 Tangible and generous commitments: financial donations, contributions in-kind and volunteering actions

Group entities get involved

In 2022, Hermès continued its efforts to extend its generous initiatives in all the regions where it operates. Manufacturing sites and distribution subsidiaries get involved regularly, and are keen to continue the partnerships established. While Group Management is at the root of many initiatives and commitments, the international distribution subsidiaries remain a source of ideas and contribute significantly to the development of local initiatives and partnerships, with dedicated budgets. They encourage involvement and nurture a sense of belonging among employees, who come together around a project and with common objectives. These commitments, made locally, are carried out in addition to the philanthropic initiatives

carried out by the Fondation d'entreprise Hermès. Over the last three years, many subsidiaries have offered employees the opportunity to commit their working time. In our main countries of operation (France, United States, China, Switzerland, etc.), volunteer days are offered to all local teams.

Nearly 380 operations brought together employees around the world in 2022.

They contributed, during their working hours as well as in their own time, to environmental, cultural or solidarity actions with local communities. In addition to employee mobilisation, the subsidiaries provided financial support for numerous projects. Since 2021, a Group Committee has been monitoring and validating the projects that Hermès employees wish to support, in order to confirm the quality of the operations carried out:

BREAKDOWN OF ACTIONS CARRIED OUT BY GEOGRAPHICAL AREA	2020	2021	2022
France	58	90	77
Europe	65	109	146
Asia and Asia-Pacific	72	110	80
Americas	45	69	73
TOTAL	240	378	376

In France

In 2022, 77 solidarity actions were identified in France. For example, since 2017, toys have been collected at several Group sites. In 2022, more than 900 kg of toys were collected (compared to 500 kg the previous year) for the partner association promoting solidarity and participating in a more circular economy.

In addition, most sites organise collections of essential items throughout the year (clothing, food, etc.).

The Group continued its *Equiphoria* programme in France, which aims to manufacture and adapt equestrian saddles for people with disabilities, enabling therapeutic practice of the activity. The work of this association is described in a wonderful film in the "Footsteps across the World" series. ⁽¹⁾

International

The editions of *Carrés Solidaires* continue, and in particular, allow solidarity initiatives throughout the world to be supported and encouraged. Thus, in 2022, subsidiaries in the United States, Qatar, China, the United Kingdom, Switzerland and Luxembourg took part in the operation. More than 2,700 scarves, compared to 2,000 in 2021, were created specifically for these projects and sold for the benefit of seven associations.

Abroad (excluding France), the Group has a total of more than 200 local initiatives. These initiatives often resonate with the House's identity and values. They aim to promote art and craftsmanship among younger generations, to encourage giving and sharing in favour of the most disadvantaged, to support populations furthest from employment, and to participate in environmental protection. In 2022, several notable operations were carried out:

- ♦ in connection with the equestrian world and the figure of the horse, the symbol of the House, several of the Group's subsidiaries donated saddles and equestrian equipment, or made volunteering time available. Thus, Hermès Italie and Hermès of Paris (United States) supported two local associations promoting access to equitherapy. Similarly, donations of equestrian equipment by Hermès Japan have supported an organisation that looks after horses at the end of their lives;

- ♦ in order to raise awareness of craftsmanship-related professions, Hermès is pursuing partnerships with associations highlighting craftsmanship and artistic professions in several regions of the world. For example, the John Lobb *métier* has partnered with the Leather UK organisation to organise leather workshops in schools located in disadvantaged neighbourhoods in Northampton. In a similar vein, the British subsidiary, in collaboration with Goldfinger Factory, a social and solidarity-based company training carpenters, took part in the implementation of the Manufacto project in a school in order to introduce school children to woodworking craftsmanship, mirroring projects developed in France. Lastly, across the Atlantic, the Detroit Achievement Academy Foundation, which participates in the civic and educational development of disadvantaged young people, benefited from the support of the Hermès of Paris subsidiary to organise a workshop on silk and the possibilities of upcycling;
- ♦ a large number of Group subsidiaries are involved in the fight against poverty and support for the return to employment of excluded populations. Thus, the Hermès Maison sector donated shoes to the La Cravate Solidaire association, which helps unemployed people, who are often vulnerable, to return to work. The British subsidiary supported a similar initiative, led by the Smart Works association, which helps women in precarious situations to rebuild their confidence and self-esteem to succeed in their professional reintegration. Hermès Korea and Hermès Singapore have both supported associations that provide school supplies to disadvantaged families, thus fighting against the risk of dropping out of school;
- ♦ finally, several subsidiaries have volunteered or made donations to protect green spaces and local biodiversity. They often organise clean-up operations by using the volunteer time offered to the teams, or make donations to promote best conservation practices. For example, Hermès Turkey is a donor to the local Forest Association, and the Group's Canadian subsidiary is a partner of an association promoting access to green spaces and awareness of biodiversity for disadvantaged people.

1. <https://www.hermes.com/fr/fr/story/133576-empreintes-sur-le-monde/>

The vast majority of the Group's subsidiaries and *métiers* are therefore heavily involved in charitable actions. The causes supported by the

Group through the various initiatives carried out are as follows:

	Craftsmanship, culture and education	Solidarity actions	Protection of animals and the environment	Total
Number of initiatives	120	205	51	376

2.7.2.1.3 Fondation d'entreprise Hermès (see chapter 1 "Presentation of the Group and its results", § 1.11)

While the creation of a better and sustainable world has guided the actions of the Fondation d'entreprise Hermès since its creation in 2008, this general interest objective was strengthened in 2022, when its third five-year term came to an end. It is in this direction that the four main areas that structure the programmes it has set up and which it oversees converge. Whether it is artistic creation, the transmission of *savoir-faire*, the protection of biodiversity or the promotion of solidarity, each field makes a tangible contribution to shaping a more humanist society, in which everyone can flourish, fulfil themselves, and act in turn to preserve the planet and pass it on to future generations.

In 2022, the Fondation continued its commitments through its programmes. To fight climate change and damage to biodiversity with increasingly severe consequences, the Fondation d'entreprise Hermès launched *Manuterra*, an environmental education programme for primary to high school students. Following a successful pilot year in 2021. In 2022, 11 classes from four academies already participated in the programme during school hours, *i.e.* around 280 students. They are invited to create, develop and transmit an edible garden, during 12 sessions of two hours each. Under the guidance of a professional gardener, they cultivate a plot using the permaculture technique while addressing multiple environmental themes.

In addition to *Manuterra*, the Fondation continued its support for the Massane nature reserve (Pyrénées-Orientales), a beech forest that has been growing unfettered for more than 150 years and has been classified as a Unesco World Heritage site since last summer. This choice made in 2021 reinforces the Fondation's action in favour of the preservation of ecosystems.

The budget of the third mandate of the Fondation d'entreprise Hermès (April 2018-April 2023) is €40 million over five years. This budget (as a proportion of revenue) is the highest of French business foundations (source: Carenews study dated 18 February 2018).



€40 million

**budget
for the Fondation
d'entreprise
(2018-2023)**

2.7.2.1.4 Livelihoods Carbon Fund

Since 2012, Hermès has been a partner of the Livelihoods Carbon Fund (LCF), which aims to improve the living conditions of disadvantaged communities in a sustainable manner by developing large-scale projects with real impact against climate change and simultaneously contributing to local populations and the restoration of biodiversity. Ecosystem restoration, agroforestry and conservation agriculture have the ability not only to sequester carbon sustainably, but also to enable nature and communities around the world to thrive.

LCF aims to be a start-up investor (with an entrepreneurial approach and investment risk) in three types of projects (ecosystems, agroforestry and energy) in Africa, Asia and Latin America as well as in France. The fund has 10 partners in its LCF1 & LCF2 compartments: Danone, Crédit Agricole, CDC, Schneider Electric, La Poste, Hermès International, Voyageurs du Monde, SAP, Firmenich and Michelin. Some of these companies, such as Hermès, have also joined the LCF3 fund with the Bel group, Chanel, DEG, Eurofins, the Global Environment Fund, the L'Occitane group, Mars, Mauritius Commercial Bank, McCain Foods and Orange.

The initial duration of the funds is 24 years, and the duration of a project varies between 10 and 20 years. By participating in these three funds for 10 years now, Hermès is committed to local economic development, the protection of biodiversity and the fight against climate change.

KEY INDICATORS OF THE LCF1 FUND

Results for the first Livelihoods Carbon Fund (9 projects):



Macro objectives	Social results	Environmental results	Economic results
	Number of beneficiaries ⁽¹⁾ : 948,000 people positively impacted to date	Number of trees planted ⁽²⁾ : 127 million to date	Investment capacity of the fund €45 million
Categories of impact	Number of households supported 189,563	Amount of carbon sequestered or avoided • 8 MtCO₂ eq. forecast • 2.4 MtCO₂ eq. verified to date	Duration of commitment 20 years
	Farmers trained 24,050	Hectares planted or preserved 21,800 hectares	
	Women given access to cooking equipment 120,000	Hectares converted to sustainable agricultural practices: 16,750	

2

Definitions

- (1) Number of people involved who are positively affected by the project's activities.
(2) Trees, seeds, propagules (mangroves and agro-forestry trees) planted as part of the project's activities.

KEY INDICATORS OF THE LCF2 FUND

Results for the 2nd Livelihoods Carbon Fund (9 projects to date):



Macro objectives	Social results	Environmental results	Economic results
	Number of beneficiaries ⁽¹⁾ : 753,800 people positively impacted to date	Number of trees planted ⁽²⁾ : 21.4 million to date	Investment capacity of the fund: €65 million
Categories of impact	Number of households equipped 150,675	Amount of carbon sequestered or avoided (target) 10.3 MtCO₂ eq. 320 KTCO₂ delivered	Duration of commitment 20 years
	Farmers trained 22,512	Hectares planted or preserved 9,172	Farmers' cooperatives • Strengthened 196 • Created 170
	Number of women supported ⁽³⁾ 101,447	Hectares converted to sustainable agricultural practices: 28,358	
	Number of households provided with access to drinking water 557		

Definitions

- (1) Number of people involved who are positively affected by the project's activities.
(2) Trees, seeds, propagules (mangroves and agro-forestry trees) planted as part of the project's activities.
(3) Number of women participating in training on how to create improved stoves and/or agroforestry and natural ecosystem restoration activities.

The third Livelihoods Carbon Fund (LCF3) aims to invest €150 million to improve the lives of 2.5 million beneficiaries in developing countries. Following on from LCF1 (2011, €45 million) and LCF2 (2017, €65 million), this new impact fund will invest in community projects for the restoration of natural ecosystems, agroforestry and regenerative agriculture. With the LCF3 fund, 212 million trees will be planted and 2 million additional people will be positively impacted by the projects put in place. A target of more than 50 million tonnes of CO₂ sequestered or avoided over the period has been set.

More than €250 million have thus been collected to help disadvantaged communities, the fight against climate change and the protection of biodiversity. Fully operational, the fund is now seeking field partners in various regions of the world to accelerate nature-based solutions. It has started to select projects to be launched in 2023.

The projects selected by Livelihoods generate profits for local communities and ecosystems, as well as for the partners in the fund, which, over the project development period, earn carbon credits with a significant environmental and social impact, in proportion to their investment. These projects, one of the characteristics of which is to extend their scope to a very large scale, are in particular the following:

- ◆ restoration and preservation of natural ecosystems, for example mangrove forests. Nearly 10,500 hectares were replanted in this way in Casamance (“Océanium” project); 4,500 hectares in the Ganges delta (“News” project); 10,000 hectares in Indonesia (“Yagasu” project). These projects bring security to local populations (protection against cyclones or the invasion of salt water) and provide food sources through ecosystem regeneration;
- ◆ agroforestry and soil remediation through sustainable agricultural practices. With the support of the Naandi Foundation, Adivasi tribal communities in the Araku valley in India have, for example, planted six million trees (fruit trees, as well as for firewood, construction, etc.), including three million coffee bushes, in accordance with agroforestry models, with the aim of tripling these plantings in the coming years through the LCF2 project (the total project is expected to cover 14,500 replanted hectares). In Guatemala, 1,750 hectares of trees and food crops have been planted in the Cerro San Gil mountain area (“Fundaeo” project), allowing rural families to increase their food security and incomes, while protecting biodiversity. In Kenya (project VI “Agroforestry”), on the slopes of Mount Elgon near Lake Victoria, the livelihoods of 15,000 small farmers will improve through the intensification of agriculture respectful of natural resources (Sustainable Agricultural Landscape Management – SALM) and the development of dairy production. The project also contributes to the protection of water resources and generates positive social impacts for women’s jobs. In Peru, the LCF3 fund is leading a project to restore degraded landscapes through ecologically and economically viable planting methods that will help poor smallholder families to generate income. In Rwanda, with Arcos, an ambitious project to replant more than 3.7 million trees under a conservation agriculture scheme is being deployed on 15,200 hectares. In India, the “Pradan” project makes it possible to replant more than 3.6 million

trees that will host Tasar silkworms on more than 3,000 hectares, with the aim of restoring biodiversity on an additional 3,600 hectares, and thus contribute the development of this silk-related activity locally with more than 5,000 job creations planned;

- ◆ access to rural energy to reduce deforestation. In Kenya, the “Hifadhi” projects will eventually equip 120,000 households with improved wood stoves which, by significantly reducing wood consumption, will reduce the pressure on forests, the time it takes to collect wood for families, as well as exposure to toxic fumes. In Burkina Faso, with the support of the Tiipaalga NGO, 75,000 improved stoves were installed by inhabitants in their villages, in an effort to secure their use over time in part of the Sahel region. With the financial support of the French Development Agency (AFD), an agroforestry component has been added to this project. In the Peruvian Andes, the “ITYF” project (named after the NGO Instituto Trabaja y Familia) is installing 30,000 improved wood-burning stoves with a significant impact against deforestation. At the same time, the project equips families in extreme poverty with hygiene kits and provides training and awareness-raising on health (reduction of toxic fumes, the importance of boiling water, basic hygiene practices, etc.). In Malawi, the “Chitetezo” project, which is halfway through, will enable the installation of almost 100,000 improved stoves through an innovative commercial scheme. The LCF3 fund is conducting similar initiatives in Nepal with a benefit on the emancipation of women by reducing their chores supplying charcoal;
- ◆ in Mexico, in the mountainous region of Oaxaca, Livelihoods and its partners launched a shaded agroforestry coffee project to restore the fragile local mountainous ecosystem, while helping more than 3,000 smallholders to improve their incomes. This 20-year project will be implemented by the local cooperative CEPCO, which has more than 30 years of experience with coffee producers in the region. The Livelihoods-CEPCO initiative will restore and preserve a total of 6,500 hectares, as well as generate more than one million tonnes of CO₂ over its lifetime.

Focus on a project in France

For the first time in Europe, in 2022 LCF2 launched a project called “Sols de Bretagne”⁽¹⁾ in the Brittany region of France. By interacting with local stakeholders (the Brittany region, the Regional Chamber of Agriculture and the local association Sols d’Armorique), this project will support around 100 farmers in the transition to regenerative agriculture covering more than 11,000 hectares, as well as sequestering 140,000 tonnes of CO₂ in 10 years. The objective is for farmers to avail of technical levers such as less plowing, continuous cover, a reduction in inputs and crop rotation so that the soil is enriched and the biomass improved. Agricultural practices must evolve for environmental but also social benefits, by attracting young farmers motivated by these changes. Numerous indicators have been put in place to demonstrate the impact of these changes in practices.

1. Find out more about the Sols de Bretagne project: <https://livelihoods.eu/fr/portfolio/bretagne-agriculture-regeneratrice/>

In 2022, since their creation, the above projects have helped replant more than 148 million trees, i.e. an area equivalent to five times the size of Paris and impacted the lives of more than 1.7 million people, having equipped more than 240,000 families with improved cooking stoves, which reduce deforestation and preserve women’s health, with a target of 20 million tonnes of CO₂ captured or avoided over the period (projects last between 10 to 20 years). They therefore help to offset Hermès’ carbon emissions on a voluntary basis (§ 2.5.6.3.2).

2.7.3 COMMUNICATION AND TRANSPARENCY VIS-À-VIS STAKEHOLDERS

2.7.3.1 COMMUNICATING WITH OUR STAKEHOLDERS

As a company with a discreet culture, Hermès wants to make its sustainable development strategy, objectives and actions clear and understandable, given the uniqueness of its model. In a rapidly changing context: changes in regulatory frameworks, increasing demands and expectations from stakeholders, the Group is multiplying opportunities to explain the virtue of its specific business model, its ambitions and its efforts in this area.

The House’s teams are working to create the conditions for external communication that is as transparent as possible. This includes the responses given to questionnaires and external analysts, as well as

the dialogue established and initiated with the press, and influence.

A page dedicated to CSR on the financial website ⁽¹⁾ notably presents the site’s main actions.

Launched in 2020, this digital space incorporates in its communication the best practices established by:

- ◆ CDP (Carbon Disclosure Project) for carbon, water and forest issues in § 2.4.3.4; § 2.5.2; § 2.5.4;
- ◆ SASB (Sustainability Accounting Standards Board): cross-reference table in § 2.7.5.1 below;
- ◆ TCFD (Task Force on Climate-related Financial Disclosures) in § 2.7.5.2;
- ◆ TNFD (Task Force on Nature-related Financial Disclosures) in § 2.7.5.3;
- ◆ SFDR (Sustainable Finance Disclosure Regulation) in § 2.7.5.4;
- ◆ The GRI (Global Reporting Initiative) framework in § 2.7.5.5.

The Group’s interactions with its stakeholders are rich and take many forms. In order to represent the different existing discussion methods, the Group uses the matrix below, working around three types of relations (information, two-party dialogue, collaboration) with a typology of contacts as follows ⁽²⁾:



1. <https://finance.hermes.com/en/a-value-creating-and-sustainable-french-model/>
 2. List not exhaustive.

The table below summarises the main forms of exchange and dialogue undertaken with each of these stakeholders:

	Inform	Dialogue	Collaborate
Customers and general public	<i>Empreintes sur le Monde</i> (“Footsteps across the World”) films	Open days Site visits <i>Hermès in the Making</i>	Fondation d’entreprise projects
Employees	<i>HermèSphère</i> internal social network Internal training	Employee representation bodies Quality of life at work surveys	Working groups and committees (see governance in 2.1)
Academic structures/schools	Information conferences	Participation in student fairs and events	- Creation of professional training courses in craftsmanship <i>métiers</i> - Funding of scholarships - Funding of university chairs Academic research projects (Sciences Po)
Suppliers	Communication of the Group’s commitments	- Supplier assessment and audits - Market groups and sector initiatives	- Quality support, product co-development - CSR training actions (to come in 2023)
Non-governmental organisations		NGO surveys	- Co-development of projects (Water Risk Filter, WWF, GBS) - Project financing (Livelihoods)
Local governments	Meeting and welcoming of elected representatives (Mayors’ Day)	Local integration projects	Collaborative projects to promote local employment (École des savoir-faire/ Pôle Emploi)
Professional associations		Monitoring of market discussions	Participation in studies, surveys and working groups (Afep, Medef, Interprofession des métiers, etc.)
Investors & financial community	Press releases Investors section of the corporate website	Roadshow and investor days	

2.7.3.2 RESPONSIBLE COMMUNICATION

Hermès’ unique communication is based on building an authentic relationship with its various stakeholders.

Hermès traditionally favours the design and production of events, both private and open to the public, to a space-buying approach.

The Group is committed to responsible, sincere, non-misleading, accurate and balanced communication, with an important focus on multi-local expression. Through its communication, the Group also undertakes not to make unfounded allegations. This founding commitment is enshrined in the Group’s ethics charter ⁽¹⁾.

2.7.3.3 NON-FINANCIAL COMMUNICATION

The sustainability and performance of Hermès’ business model have been recognised on several occasions by independent bodies, such as dedicated ESG rating and ranking agencies ⁽²⁾ through their 2022 ratings. These assessments were carefully chosen by Hermès for their credibility, rigour and representativeness of the priority issues of the sector, including, but not limited to, the following analysts:

1. Ethics charter published on the Hermès finance website: <https://finance.hermes.com/en/ethics-human-rights-and-diversities>
2. Environment, Social and Governance

SUBJECT	Assessor	2019 score	2020 score	2021 score	2022 score	2022 sector average
Climate	CDP	B	B	A-	A-	-
Water	CDP	B	A-	A-	A	-
Forests	CDP	B	B	A-	A- cattle questionnaire B timber questionnaire	-
ESG risks	ISS ESG	C	C	C+ "Prime"	C+ "Prime"	D+
ESG risks	Sustainalytics ¹	72/100	-	10.2 "Top 1%"	9.4 "1st/192"	17.6
ESG risks	MSCI	BBB	BBB	A	AA	BBB
ESG risks	Moody's ESG Solutions	-	43	61 "Advanced"	65/100 "Advanced"	48/100
ESG risks	FTSE Russel	-	-	2.9/5	3.8/5	2.5/5
Human resources	Humpact	-	Grand Prix	Grand Prix (5 stars)	Top 3 companies promoting employment in France Top 3 companies promoting access to employment for people with disabilities	-
General	UN Global Compact	Advanced	Advanced	Advanced	Advanced	-

(1) Change in methodology in 2020.

The **CDP** is an international organisation measuring the environmental performance of cities and companies according to a rating ranging from A to F with three distinct assessments: Climate, Water and Forests. This year, Hermès joined the prestigious A list: the Group is now ranked alongside the 330 companies deemed to have the best environmental performance. Hermès is rated A- on Climate, A on Water and A- and B on Forest.

ISS ESG (formerly Oekom) is a specialist ESG (environment, social and governance) rating agency. The scores it attributes range from D- to A+. Hermès once again achieved the "Prime" level with a C+ rating, recognising the top 10% of the best-rated companies in their sector.

The **Sustainalytics** rating agency, a subsidiary of Morningstar, one of the world's leading providers of information and independent financial research, assesses the sustainability of companies through an analysis combining more than 80 ESG criteria. Steadily rising for the past three years, in 2022, the House improved its performance and was identified as the best player in the Textiles and Apparel (1st out of 191 companies) and Luxury Goods (1st out of 102 companies) sectors.

The **MSCI ESG** rating index, which assesses more than 8,500 companies worldwide, measures the resilience of companies to risks (ESG) between AAA and CCC. In 2022, the House recorded growth in all categories: Environment, Social, Governance. It is now rated in category AA, compared to BBB in 2020 and A in 2021.

As a reminder, Hermès was included in the **CAC 40 ESG** index in 2021, which includes 40 companies on the basis of their environmental, social and governance performance and is based on Moody's ESG Solutions' rating (formerly **Vigeo-Eiris**). Hermès saw its rating improve in 2022, with a score of 65/100, and its position in the "Advanced" category maintained. The Group is now fifth out of 20 in the Luxury Goods & Cosmetics category.

The rating agency **Humpact** measures the performance of 280 listed French companies, according to social dimensions such as job creation for seniors, job quality and gender parity. The House, already receiving an award in 2021, ranks in the top 3 of the most employment-friendly companies in France and promoting the employment of people with disabilities.

The "Advanced" level is the highest level of recognition that the **United Nations Global Compact** can award to a Communication on Progress (COP). Hermès publishes its COP on the Global Compact website each year.

These assessments were also supported in 2022 by various awards and studies conducted by the press or external organisations (§ 2.1.1), including the *Grand Prix de la Transparence*, first prize in the Diversity Leader ranking of the Financial Times, and the 1st place ranking by Le Point magazine in the Clothing sector for the Most responsible company.

2.7.4 APPLICATION OF THE EUROPEAN TAXONOMY TO THE HERMÈS GROUP

2.7.4.1 BACKGROUND

Reminder of the regulatory context

The European Taxonomy for sustainable activities, or “Taxonomy” Regulation⁽¹⁾ establishes a list of economic activities considered environmentally sustainable, on the basis of ambitious and transparent technical criteria. The introduction of this standard designed to distinguish economic activities contributing to the European objective of carbon neutrality – the Green Deal – underlines the scale of the economic and industrial transformations to be achieved as well as the ambition of the European authorities in terms of sustainable and transparent finance. On the strength of its environmental, social and societal commitments, Hermès supports the European Commission in its work to analyse activities and define technical review criteria intended to guide the investments of public and private players towards projects contributing to the transition to a sustainable and low-carbon economy.

The first environmental objectives of the Taxonomy relating to the mitigation of and adaptation to climate change have dealt as a priority with the activity sectors termed “eligible”, which have a major contribution to greenhouse gas emissions at the European Union level or those developing solutions for climate change mitigation or adaptation.

The Hermès Group’s activities, built on a craftsmanship, value-creating and sustainable business model, are not included on the list of eligible activities published by the European Commission. Nevertheless, the Group is continuing the efforts undertaken for several years to limit its carbon footprint and comply with its climate commitments validated by SBTi as described in § 2.5.6. The Group is also closely monitoring the publication of delegated acts for the other four environmental objectives.

In accordance with the Taxonomy Regulation, even in the absence of eligible revenue, since 2021 the Group has been required to publish indicators highlighting the eligible portion, and from this 2022 financial year, the eligible and aligned portion, of its investments (“CapEx”) and operating expenses (“OpEx”) under certain conditions.

An activity is thus said to be “eligible” if it is explicitly included in the list of activities drawn up by the European Commission.

This activity then becomes “aligned” if it cumulatively meets three conditions:

- ◆ comply with the minimum technical thresholds for environmental performance (substantial contribution criterion);
- ◆ do no harm to the other five remaining criteria, known as the “Do No Significant Harm” criterion
- ◆ the activity must be carried out in accordance with the minimum safeguards (“Minimum Safeguards” criterion or MS) in terms of human rights, corruption, taxation and competition law.

2.7.4.2 QUALIFICATION OF INDICATORS AND PRESENTATION OF RESULTS

Eligibility and alignment qualification

The assessment of the alignment of the Hermès Group’s activities for climate change mitigation and adaptation was conducted on the basis of the Delegated Regulation of 4 June 2021 and its annexes⁽²⁾ supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council with the technical screening criteria to determine the conditions under which an economic activity can be considered as contributing substantially to climate change mitigation or adaptation. The financial information detailed in the section below corresponds to the definitions specified in Article 8 of the regulations and has been subject to joint analysis and control by the sustainable development department, finance department, real estate development department and the *métier* teams. The methodological elements on which the Group conducted its analysis – assumptions, estimates and limitations – are described in § 2.7.4.3.

Revenue eligibility and alignment ratios

As Hermès’ *métiers* are focused on leather goods, ready-to-wear, accessories, jewellery and beauty, no revenue is eligible under the climate change mitigation and adaptation objectives based on the activities defined by the European Commission for these objectives.

The table corresponding to the alignment of revenue is available in § 2.7.5.6.

OpEx eligibility and alignment ratios

In accordance with the regulation, as the ratio of operating expenses concerned by the Taxonomy to the Group’s total operating expenses is less than 5%, a threshold commonly taken to be the materiality threshold, the Group has used the exemption provided for allowing it not to publish the taxonomy eligibility and alignment ratios for its OpEx.

The table corresponding to the alignment of OpEx is available in § 2.7.5.6.

CapEx eligibility and alignment ratios

In accordance with regulations, the Group analysed its acquisitions of property, plant and equipment and intangible assets (IAS 16 and 38), right-of-use assets (IFRS 16) and business combinations (IFRS 3) constituting the CapEx Taxonomy denominator. This amounted to €848 million for 2022.

This CapEx consists of:

- ◆ acquisitions of property, plant and equipment and intangible assets “CapEx” (€518 million)
- ◆ the increase in right-of-use assets (IFRS 16) (€330 million).

No significant business combination took place during the period.

With regard to the acquisition of property, plant and equipment and intangible assets, most of the eligible investments relate to the construction and renovation of owned and leased buildings. They represent a total amount of €252 million. In particular, eligible investments as defined by the regulation correspond to the following Taxonomy activities:

- ◆ 7.2. Renovation of existing buildings;

1. <https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32020R0852&from>

2. [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PL_COM:C\(2021\)2800](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PL_COM:C(2021)2800)

- ◆ 7.3. Installation, maintenance and repair of energy efficiency equipment;
- ◆ 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings;
- ◆ 7.6. Installation, maintenance and repair of renewable energy technologies;
- ◆ 7.7. Acquisition and ownership of buildings (activity concerning both buildings for the Group's own account and long-term property leases accounted for under IFRS 16).

Real estate investments of less than €500 thousand were not analysed. They represent a total of €25 million, and mainly consist of studies undertaken, which are not eligible.

The rest of the non-eligible CapEx mainly consist of:

- ◆ IT investments, which do not qualify as eligible because they do not relate to data hosting solutions or low-carbon digital solutions, in an amount of €117 million;

- ◆ investments related to recurring maintenance, amounting to €71 million in 2022;

- ◆ equipment for our workshops (furniture, workbenches, etc.) amounting to €51 million in 2022.

With regard to right-of-use assets, the regulation considers that 100% of the increase in right-of-use assets for the year, which at Hermès corresponds mainly to the signing and/or renewal of real estate leases, is eligible under the Taxonomy. The eligible amount is therefore taken directly from the consolidated financial statements and amounts to €330 million for the financial year.

Nearly 80% of right-of-use assets correspond to point of sale leases, as Hermès owns its production facilities. Given its sector of activity, Hermès' points of sale are often located in the shopping avenues of historic city centres, in buildings that do not yet meet the highest energy performance standards, and which are currently incompatible with the standards set by the Taxonomy. Nevertheless, whenever possible, Hermès undertakes renovation work to improve the environmental performance of the occupied point of sale.

The CapEx eligibility and alignment ratios are detailed below:

Economic activities (1) <i>In millions of euros</i>	Code(s) (2)	Total CapEx (3)	% of CapEx (4)	Substantial contribution							DNSH							Proportion of CapEx aligned in year N (18)	Proportion of CapEx aligned in year N-1 (19)	Category (enabling activity) (20)	Category (enabling activity) (20)
				Mitigation of climate change (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)					
A - Activities eligible under the Taxonomy																					
A1 - Environmentally sustainable activities (aligned with the Taxonomy)																					
7.2 Renovation of existing buildings	7.2	29.2	3.4%	100%	n/a	n/a	n/a	n/a	n/a	n/a	YES	YES	YES	YES	n/a	YES	3.4%	n/a	n/a	T	
7.7 Acquisition and ownership of buildings*	7.7	42.4	5.0%	100%	n/a	n/a	n/a	n/a	n/a	n/a	YES	n/a	n/a	n/a	n/a	n/a	5.0%	n/a	n/a	n/a	
CapEx of environmentally sustainable activities (aligned) (A1)	n/a	71.6	8.4%	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	YES	8.4%	n/a	n/a	n/a	
A2 - Activities eligible under the Taxonomy but not environmentally sustainable (not aligned)																					
7.2 Renovation of existing buildings	7.2	152.3	18.0%																		
7.3 Installation, maintenance and repair of energy efficiency equipment	7.3	1.5	0.2%																		
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0.2	0.0%																		
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	0.2	0.0%																		
7.7 Acquisition and ownership of buildings	7.7	355.9	42.0%																		
CapEx of activities eligible under the Taxonomy but not environmentally sustainable (non-aligned) (A2)	n/a	510.2	60.2%																		
TOTAL (A1 + A2)	n/a	581.8	68.6%																		
B - Activities not eligible under the Taxonomy																					
CapEx for activities not eligible under the Taxonomy (B)	n/a	266.2	31.4%																		
TOTAL (A + B)	n/a	848.0	100.0%																		

* Construction projects have been classified as activity 7.7 because they are carried out on the Group's behalf, but these projects have been analysed with regard to the technical screening criteria in section 7.1.

This CapEx related to real estate investments does not fully reflect the efforts made by the Group in the real estate department's Sustainable Construction Framework, the Harmonie standard. This standard is aligned with the requirements of existing sustainable construction standards (LEED, BREAM, HQE) in terms of CO₂ emissions, air quality, local supply and respect for biodiversity, and is also based on criteria related to the environmental quality and comfort in use of the buildings (§ 2.5.2).

It should also be noted that the Group's recent buildings, which comply with the recommendations of the Harmonie standard, such as the Maroquinerie de Louviers and Sormonne, have an E4C2 label (energy production greater than consumption) and demonstrate a 100% rate of alignment with the European Taxonomy criteria.

The Group is also working on ensuring that certain criteria and evidence required by the Taxonomy are directly included in the Harmonie standard in early 2023.

2.7.4.3 METHODOLOGY NOTE

Substantial contribution

Alignment is based on compliance with the substantial contribution criteria and the non-enforceability of a generic or specific DNSH criterion (see methodology below). This compliance is assessed in the light of the supporting documents available to the Group (for example, large-scale renovation projects significantly improving the energy performance of buildings were considered aligned because they have such supporting documents).

Methodology for assessing generic and specific DNSH criteria

As indicated in the table presenting the CapEx eligibility and alignment ratios, only eligible activities categorised as 7.2 or 7.7 show an alignment component. The DNSH criteria, for each of the Taxonomy activities, were applied as follows:

7.2 Renovation of existing buildings

DNSH adaptation – The Climate Delegated Act recommends compliance with three criteria:

- (I) analysis of the various physical climate risks that could affect the activity;
- (II) assessment of these risks using climate projections in order to determine their significance;
- (III) assessment of adaptation solutions.

In 2019, Hermès carried out an analysis of the physical risks impacting its main sectors. In 2022, this analysis was clarified and refined for the scope of its sites located in France. This analysis prioritises, site by site, a list of chronic and acute physical climate hazards and projects them over different climate horizons based on the IPCC RCP2.6, RCP4.5 and RCP8.5 scenarios. Depending on the ranking obtained and the results of the climate projections, Hermès undertakes the construction of adaptation plans consistent with the nature of the assets concerned, the priority physical climate risks and the geographical location of the assets. This approach was gradually launched in 2022 with the Management Committees of each site, in order to implement actions to improve the resilience of buildings when necessary.

DNSH water – This DNSH imposes compliance with water flow rates per minute, which vary according to the water supply equipment. To ensure compliance with this criterion, Hermès verified the existence of water meters or solutions to manage water consumption. These solutions indicate alignment with the thresholds set by the European Commission.

DNSH circular economy – The delegated act imposes compliance with three criteria:

- ◆ the preparation of at least 70% by weight of construction waste for recycling, reuse or any other form of recovery;
- ◆ operators must limit waste production;
- ◆ building design and construction techniques must promote circularity.

Eligible real estate investments meeting the criteria of substantial contribution in accordance with these three criteria are considered aligned.

DNSH pollution – Three criteria must be met:

- ◆ list of pollutants in Appendix C of the Climate Delegated Act that must not be used in the context of the Taxonomy activity concerned;
- ◆ compliance with the thresholds set for certain polluting substances such as volatile organic compounds;
- ◆ adoption of measures to limit noise, dust and pollutant emissions during work.

The DNSH pollution criteria were considered to be met for eligible real estate investments according to the substantial contribution criteria when these projects were located in France, in view of the applicable national and European regulations in terms of pollution.

7.7 Acquisition and ownership of buildings

DSNH adaptation – The applicability criteria and compliance with them by Hermès are the same as those detailed for activity 7.2.

Methodology for assessing minimum safeguards

Hermès followed the recommendations of the European Platform on Sustainable Finance report dated October 2022 concerning the study of minimum safeguards (“Final report on Minimum Safeguards”) ⁽¹⁾. The Group conducted an in-depth analysis of its practices with regard to the four themes described in the report (human rights, corruption, taxation and competition law) as well as an analysis of controversies with regard to the non-alignment criteria described in the report. As a result of these analyses, Hermès complies with the minimum safeguard requirements for this first alignment exercise.

It follows from these analyses that no convictions, constituting a criterion of non-alignment, were noted. In addition, Hermès formalises its commitments to its employees and suppliers in a set of charters and codes accessible via the Group’s website ⁽²⁾: ethics charter, code of business conduct, anti-corruption code, supplier commitment handbooks. These charters and codes are in line with the major fundamental principles such as the Universal Declaration of Human Rights, the Charter of Fundamental Rights of the International Labour Organization, the guiding principles of the OECD and the United Nations Global Compact. 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, outside the scope of the minimum safeguards – resulting from its activities as well as the activities of its subcontractors and suppliers.

These policies and procedures, supplemented by the Group’s tax policy, are in line with the requirements of the European Platform on Sustainable Finance report relating to the implementation of procedures specific to the four themes of the minimum safeguards.

2.7.5 ANALYSIS OF CORRESPONDENCE WITH THE MAIN NON-FINANCIAL REPORTING FRAMEWORKS

2.7.5.1 SASB CORRESPONDENCE ANALYSIS

The **Sustainability Accounting Standards Board (SASB)** is an independent, not-for-profit standard-setting body that develops and maintains reporting standards for financially material sustainable development information. The SASB has established standards specific to 77 activity sectors including with the “Apparel, Accessories and Footwear (consumer goods)” sector.

In addition to the information presented in this report, Hermès presents a summary of its actions according to the sector reading grid. This publication is also an opportunity to highlight the House’s progress. Hermès’ business model is quite unusual compared to the sector taken into account by the SASB. The SASB identifies nine key topics for the sector, five of which concern the supply chain (CG-AA-430); very few concern human resources and societal aspects. Hermès operates according to a highly integrated business model (55% of products are produced in-house), with partnership relationships with its suppliers (the average length of relationships with the top 50 direct suppliers is 20 years), and production in France (for example, for 100% of leather goods, which represents half of the Group’s sales) and 78% in total. Although important, the topics highlighted by the SASB relating to the supply chain are not the only ones. Human and societal issues are also key to the House’s sustainability. In terms of risk, the categories identified by the SASB are not always the most significant for Hermès. As explained in § 2.1, the Group has identified and prioritised 13 key topics that structure its reporting and provide material non-financial economic information that is useful, comparable (even if sometimes specific) and evidence-based. In addition, as presented in this document, the Group uses the CDP reporting framework for its carbon, water and forest issues, and complies with the TCFD recommendations.

1. https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf
2. <https://finance.hermes.com/en/ethics-human-rights-and-diversities>.

CORRESPONDENCE GRID BASED ON SASB

	Sections in the universal registration document
<p>Management of Chemicals in Products (CG-AA-250) Hermès assumes all its responsibilities as a company that places goods on markets, to ensure the regulatory compliance of all products sold, in all countries where it operates. The list of controlled substances monitored by the Group is the list of controlled substances worldwide. The Group has set a target of compliance with the most stringent regulations, which are generally European regulations.</p>	§ 2.5.5.2
<p>Environmental impacts in the supply chain (CG-AA-430a) Hermès ensures that it controls the environmental footprint of its supply chain as described in the items below.</p>	§ 2.6.1
<p>Effluent management (GC-AA-430a.1) The Group verifies through regular audits that its suppliers (tier 1) comply with local regulations regarding the regulatory compliance of their effluents.</p>	§ 2.5.3, § 2.6
<p>Environmental assessments (GC-AA-430a.2) The Group's entities and those of its suppliers are regularly subject to audits carried out by Hermès' teams and external consultants, in addition to those carried out by the authorities (in particular for sites subject to authorisation).</p>	§ 2.4.2, § 2.6
<p>Labour conditions in the supply chain (CG-AA-430b) The Group's supplier relations policy is based on four pillars: safety, quality & innovation, cost control and CSR. Hermès systematically requests a formal commitment from its suppliers to comply with their social, regulatory and environmental obligations through two undertaking handbooks signed by both parties.</p>	§ 2.6.1, § 2.6.2, § 2.8.1 and § 2.8.4
<p>Raw materials sourcing (CG-AA-440) The Group exercises close control over these raw materials, particularly in terms of quality and the conditions for obtaining these materials and their environmental and social impact. As soon as a risk of social or environmental non-compliance is detected, the Group carries out investigations that may lead to supplies being halted.</p>	§ 2.4
<p>The objectives and recommendations concerning Hermès' supply chains are presented in the supply chain brief and 65 supply chains had been analysed in detail by the end of 2021.</p>	§ 2.4.2.1



2.7.5.2 TCFD CORRESPONDENCE ANALYSIS

Hermès presents its actions according to the framework recommended by the **TCFD**. The **TCFD (Task Force on Climate-related Financial Disclosures)** is a working group created in December 2015 during COP 21. This working group has published recommendations, updated in 2021, on how to report and publish the risks and opportunities related to climate change, with the aim of increasing transparency between companies and investors in order to reduce investment risks, and reconcile the short-term financial decisions with the long-term consequences of climate change.

	Sections in the universal registration document
Governance	§ 2.1 and § 2.5
<i>The Group's Executive Chairman, Axel Dumas, was involved in many climate-related issues in 2021, including the decisions to revise Hermès' climate commitment upwards with the SBTi validation for a trajectory of 1.5 °C.</i>	
◆ Oversight by the Board of Directors of climate-related risks and opportunities	§ 2.1.6 and § 2.5.6
◆ Management role in assessing and managing climate-related risks and opportunities	§ 2.1.6, § 2.5.1 and § 2.5.6
Climate strategy	§ 1.10 and § 2.5
◆ Risks and opportunities related to the climate that the Group has identified in the short, medium and long term <i>The exposure to transition risk is studied both by the audit and risk management department in its vertical analysis of the House's main activities, by the industrial affairs and sustainable development departments and by the Sustainable Development Committee, with a more cross-cutting vision.</i>	§ 2.5.6.1
◆ Impact of climate-related risks and opportunities on the Group's activities, strategy and financial planning <i>Climate system disruptions and related operational, regulatory and political transition issues, such as carbon pricing, are already identified as physical and transition risks with impacts on the Group's supply chain, various operations (manufacturing, logistics, distribution), as well as on the behaviour of its customers.</i>	§ 1.10
◆ Resilience of the organisation's strategy, taking into account different climate-related scenarios, including a 2 °C or lower scenario. <i>In 2019, the Group initiated the analysis of the IPCC (Intergovernmental Panel on Climate Change) scenarios RCP2.6 (equivalent to a 2 °C scenario), RCP4.5 and RCP8.5. These analyses are conducted over three time scales (two-year budget vision, within five years and a long-term vision of 25 years).</i>	§ 2.5.6
Management of climate risk	§ 2.5 and § 4.3
<i>The Group's risk management process is based on the preparation of risk mapping as well as the use of additional tools to define the level of priority to be associated with the risks identified and the actions to be implemented to mitigate them. These risk maps are regularly updated and the action plans are monitored directly by the Group's various entities under the supervision of the audit and risk management department. They are consolidated annually into a Group-wide risk map, including climate-related risks such as the scarcity of certain raw materials.</i>	
◆ Group processes to identify and assess climate-related risks	§ 2.5.6 and § 4.3
◆ Group processes for managing climate-related risks	§ 4.3
◆ Integration of processes for identifying, assessing and managing climate-related risks into the organisation's overall risk management	§ 4.3
Metrics and targets	§ 2.5
<i>The SBTi validated Hermès' carbon emission reduction targets, confirming the consistency of its policy with the Paris Agreement's 1.5 °C trajectory.</i>	
◆ Indicators used by the Group to assess climate-related risks and opportunities, in accordance with its strategy and risk management process	§ 2.5.1 and § 2.5.6
◆ Communicate scopes 1, 2 and, if appropriate, 3 greenhouse gas (GHG) emissions, as well as related risks	§ 2.5.6
◆ Objectives used by the Group to manage climate-related risks and opportunities and performance against these objectives	§ 2.5.6

2.7.5.3 TNFD CORRESPONDENCE ANALYSIS

A working group was set up on the disclosure of financial information relating to nature (Taskforce on Nature-related Financial Disclosures – TNFD) to develop and provide a reporting framework for risks and opportunities related to the evolution of nature and to act accordingly, with the ultimate aim of supporting a reorientation of global financial flows towards projects with positive externalities for nature. In November 2022, this group published a transparency framework, to which Hermès is aligned by publishing the information required in this Non-Financial Performance Statement. The details of the alignment with this framework are presented in the table below:

	Sections in the universal registration document
Governance	§ 2.1 and § 2.4.3
Governance of the organisation regarding nature-related dependencies, impacts, risks and opportunities	
<i>The topic of Biodiversity was supervised by the Sustainable Development Board (with four members of the Executive Committee) in 2022.</i>	
◆ Board oversight of nature-related dependencies, impacts, risks and opportunities	§ 2.1.6 and § 2.4.3
◆ Management’s role in assessing and managing nature-related dependencies, impacts, risks and opportunities	§ 2.1.6 and § 2.4.3
Nature strategy	§ 2.4.3 and § 4.1.4
Disclose the actual and potential impacts of risks and opportunities related to nature on the activities, strategy and financial planning of the organisation when this information is material	
<i>The Group’s Biodiversity master plan is built around six components in line with the recommendations of the TNFD and those of the Act4Nature International system: vision, governance and organisations, the four pillars of our commitments (train, collaborate, assess, act).</i>	
◆ Nature-related dependencies, impacts, risks and opportunities that the organisation has identified in the short, medium and long term	§ 4.1.4
◆ Impact of nature-related risks and opportunities on the Group’s activities, strategy and financial planning	§ 2.5.6 and § 4.3
◆ Resilience of the organisation’s strategy, taking various scenarios into consideration	§ 2.5.6
◆ Interactions of the organisation with low integrity ecosystems, high importance ecosystems or areas of water stress	§ 2.4.3
Nature-related risk management	§ 2.4.3, § 4.1.4, and § 4.3
How the organisation identifies, assesses and manages nature-related dependencies, impacts, risks and opportunities	
<i>The loss of biodiversity and the degradation of ecosystems threaten the sustainability of the natural resources from which the House’s materials are sourced, weaken the planet and disrupt the living conditions of populations.</i>	
◆ Organisational processes to identify and assess nature-related dependencies, impacts, risks and opportunities	§ 2.4.3 and § 4.3
◆ Organisational processes to manage nature-related dependencies, impacts, risks and opportunities	§ 4.3
◆ Processes for identifying, assessing and managing nature-related risks are integrated into the organisation’s overall risk management	§ 4.3
◆ Approach of the organisation to locate the sources of the data entered, used to create value likely to generate nature-related dependencies, impacts, risks and opportunities	§ 2.4.3. and § 2.5.6
◆ Involvement of stakeholders, in particular rights holders, by the organisation in its assessment and response to nature-related dependencies, impacts, risks and opportunities	§ 2.4.3

**Sections in the universal
registration document****Measurement tools and targets**

§ 2.4.3.3

Measurement tools and objectives used to assess and manage nature-related dependencies, impacts, risks and opportunities when this information is significant

In 2021, Hermès measured its footprint using the Global Biodiversity Score tool developed by CDC Biodiversité (a subsidiary of Caisse des Dépôts), implemented with the support of WWF France and based on field, financial and theoretical data from 2019. This biodiversity footprint measurement approach is part of Target 15 of the Kunming-Montreal Agreement.

◆ Metrics used by the organisation to assess and manage nature-related risks and opportunities in line with its risk management strategy and process	§ 2.4.3.3
◆ Metrics used by the organisation to assess and manage nature-related dependencies, impacts, risks and opportunities, upstream and, where applicable, downstream	§ 2.4.3.3
◆ Targets used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and results obtained compared to objectives	§ 2.4.3
◆ How targets on nature and climate are consistent and contribute to each other, and any trade-offs	§ 2.4.3 and § 2.5.6

2.7.5.4 SFDR-PAI CORRESPONDENCE ANALYSIS

The **Sustainable Finance Disclosure Regulation (SFDR)**, which entered into force in March 2021, is a European regulation introduced to improve transparency in the sustainable investment products market and to increase transparency around sustainability claims made by financial market players. This new regulation establishes, exclusively for financial-sector players, the obligation to publish information on non-sustainability risks, as well as indicators measuring the Principal Adverse Impact (PAI) indicators for their activity.

Although this new regulation does not apply to Hermès, the Group publishes, for the sake of transparency and alignment with the Action Plan for Sustainable Finance defined by the European Commission, its own PAI indicators, identifiable thanks to the following

Thematics	PAI	Information for Hermès
GREENHOUSE GASES (GHG)	<ul style="list-style-type: none"> ◆ Greenhouse gas emissions ◆ Carbon footprint ◆ Intensity of greenhouse gas emissions ◆ Exposure to the fossil fuel sector ◆ Share of non-renewable energy consumption and production ◆ Intensity of energy consumption 	<ul style="list-style-type: none"> ◆ § 2.5.6.2.1 (Direct emissions, indirect emissions related to energy, other indirect emissions, carbon footprint, emission intensity) ◆ No exposure to the fossil fuel sector ◆ § 2.5.2. ◆ § 2.5.3.2
BIODIVERSITY	Activities negatively affecting biodiversity-sensitive areas	None
WATER	Water consumption	§ 2.5.3.1.1
WASTE	Rate of hazardous industrial waste	§ 2.5.4
SOCIAL AND EMPLOYEE ISSUES	<ul style="list-style-type: none"> ◆ Violations of the principles of the United Nations Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises ◆ Lack of compliance processes and mechanisms to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises ◆ Unadjusted gender pay gap ◆ Gender diversity on the Board of Directors ◆ Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) 	<ul style="list-style-type: none"> ◆ No violation ◆ Processes and mechanisms described in § 2.8.2.1 ◆ 95/100 for the gender equality index (France) ⁽¹⁾ ◆ 40% women on the Board of Directors at 31 December 2022 ◆ No exposure

1. This index includes a pillar dedicated to the gender pay gap.

2.7.5.5 GRI CORRESPONDENCE ANALYSIS

The Hermès Group's reporting protocol also complies with the framework defined by the **Global Reporting Initiative (GRI)** and addresses all the sustainability themes recommended by this standard, as presented in the table below:

GRI-101	General principles	Methodological note – chapter 2
GRI-102	General disclosures	Methodological note – chapter 2
GRI-103	Management approach	§ 2.1.6
GRI-201	Economic performance	§ 1.5, § 1.6, § 1.7
GRI-202	Market presence	§ 1.4
GRI-203	Indirect economic impacts	§ 2.7
GRI-204	Procurement practices	§ 2.6
GRI-205	Anti-corruption	§ 2.8.2
GRI-206	Anti-competitive behaviour	§ 2.8.1.2.3
GRI-207	Tax	§ 2.7.2.1.1
GRI-301	Materials	§ 2.4
GRI-302	Energy	§ 2.5.3.1.2
GRI-303	Water and effluents	§ 2.5.3.1.1
GRI-304	Biodiversity	§ 2.4.3
GRI-305	Emissions	§ 2.5.6.2
GRI-306	Effluents and waste	§ 2.5.4
GRI-307	Environmental compliance	§ 2.5.5.2.1
GRI-308	Supplier environmental assessment	§ 2.6.1.1
GRI-401	Employment	§ 2.2.1
GRI-402	Labour/management relations	§ 2.2.2.3
GRI-403	Occupational health and safety	§ 2.2.2.1.2
GRI-404	Training and education	§ 2.3
GRI-405	Diversity and equal opportunity	§ 2.2.3
GRI-406	Non-discrimination	§ 2.2.3.1
GRI-407	Freedom of association and collective bargaining	§ 2.2.2.3
GRI-408	Child labour	§ 2.6.1.6
GRI-409	Forced or compulsory labour	§ 2.6.1.6
GRI-410	Security practices	§ 2.6.1.6
GRI-411	Rights of indigenous peoples	§ 2.6.1.6
GRI-412	Human rights assessment	§ 2.6.1.1, § 2.8.1.2.1
GRI-413	Local communities	§ 2.7.1, § 2.7.2
GRI-414	Supplier social assessment	§ 2.6
GRI-415	Public policy	§ 2.7.1, § 2.7.2
GRI-416	Customer health and safety	§ 2.7.3.2
GRI-417	Marketing and labelling	§ 2.7.3.2
GRI-418	Customer privacy	§ 2.8.3
GRI-419	Socio-economic compliance	§ 4.1.3

2.7.5.6 REGULATORY TABLES REQUIRED BY THE EUROPEAN TAXONOMY REGULATION

REVENUE ALIGNMENT TABLE

Economic activities (1) <i>In millions of euros</i>	Code(s) (2)	Total revenue (3)	% of revenue (4)	Substantial contribution							DNSH										
				Mitigation of climate change (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of revenue aligned in year N (18)	Proportion of revenue aligned in year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)	
A - Activities eligible under the Taxonomy																					
A1 - Environmentally sustainable activities (aligned with the Taxonomy)																					
Revenue from environmentally sustainable activities (aligned) (A1)																					
	n/a	0	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	n/a	n/a	n/a
A2 - Activities eligible under the Taxonomy but not environmentally sustainable (not aligned)																					
Revenue from activities eligible under the Taxonomy but not environmentally sustainable (not aligned) (A2)																					
	n/a	0	0%																		
Total (A1 + A2)		n/a	0	0%																	
B - Activities not eligible under the Taxonomy																					
Revenue from activities not eligible under the Taxonomy (B)																					
	n/a	11,602	100%																		
TOTAL (A + B)		n/a	11 602	100%																	

OPEX ALIGNMENT TABLE

Economic activities (1) <i>In millions of euros</i>	Code(s) (2)	Substantial contribution										DNSH								
		Total operating expenditure (3)	% of operating expenditure (4)	Mitigation of climate change (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of operating expenditure aligned in year N (18)	Proportion of operating expenditure aligned in year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
A - Activities eligible under the Taxonomy																				
A1 - Environmentally sustainable activities (aligned with the Taxonomy)																				
Operating expenditure for environmentally sustainable activities (aligned) (A1)																				
	n/a	0	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	n/a	n/a	n/a
A2 - Activities eligible under the Taxonomy but not environmentally sustainable (not aligned)																				
Operating expenditure for activities eligible under the Taxonomy but not environmentally sustainable (not aligned) (A2)																				
	n/a	0	0%																	
TOTAL (A1 + A2)	n/a	0	0%																	
B - Activities not eligible under the Taxonomy																				
Operating expenditure for activities not eligible under the Taxonomy (B)																				
	n/a	6,626	100%																	
TOTAL (A + B)	n/a	6,626																		

2.7.6 HERMÈS' CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)



No. 1: No poverty

1.a. Ensure significant mobilisation of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions.



No. 2: Zero hunger

2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.



No. 3: Good health and well-being

3.d Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.

3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.



No. 4: Quality education

4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.



No. 5: Gender equality

5.1 End all forms of discrimination against all women and girls everywhere.

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.



No. 6: Clean water and sanitation

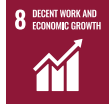
6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.



No. 7: Affordable and clean energy

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

7.3 By 2030, double the global rate of improvement in energy efficiency.



No. 8: Decent work and economic growth

8.1 Sustain *per capita* economic growth in accordance with national circumstances and, in particular, at least 7% gross domestic product growth *per annum* in the least developed countries.

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.



No. 9: Industry, innovation and infrastructure

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.



No. 10: Reduced inequalities

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.



No. 11: Sustainable cities and communities

11.a Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.

11.b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels.

11.3 By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage.



No. 12: Responsible consumption and production

12.b Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products.

12.2 By 2030, achieve the sustainable management and efficient use of natural resources.

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.



No. 13: Climate action

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

13.2 Integrate climate change measures into national policies, strategies and planning.

13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.



No. 15: Life on land

15.a Mobilise and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.

15.b Mobilise significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.

15.c Enhance global support for efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities.

15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.

15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

15.7 Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products.

15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts.



No. 16: Peace, justice and strong institutions

- 16.5 Substantially reduce corruption and bribery in all their forms.
- 16.6 Develop effective, accountable and transparent institutions at all levels.
- 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.
- 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.
-



No. 17: Partnerships for the goals

- 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.
-

2.8 ETHICS – COMPLIANCE

INTRODUCTION


Driven by its humanist values, the Hermès Group's ethics and compliance policy aligns with the universal framework set down by the major principles, standards and international agreements. The Group has several requirements: zero tolerance for breaches of probity, a determined commitment to a culture of ethics, an anti-corruption policy and, lastly, a structured approach to protecting personal data.

Specific governance, carried out at the highest level of the organisation, guarantees the commitments, policies, control and alert systems that are the foundation of the approach. To ensure that each employee adheres to the rules of good conduct adopted by Hermès, numerous training sessions help them to understand the importance of this in the performance of their activities.

2

In 2022, the Group strengthened its compliance programmes, in particular by:

- ◆ the update and extension of the *H-Alert!* whistleblowing system to the Hermès Group's co-contracting parties. This change is accompanied by direct access to the *H-Alert!* platform on the Group's institutional website;
- ◆ continuation of training, in particular with the "Ethics, integrity and anti-corruption" module. In 2022, 3,941 employees were trained;
- ◆ updating and strengthening of the vigilance plan (§ 2.8.4).

ETHICS – COMPLIANCE				
SDG	Objective	Indicators	2022 Results	Change 2021/2022
PROMOTING BROAD ETHICAL STANDARDS AND THE APPLICATION OF HUMAN RIGHTS AND ANTI-CORRUPTION REGULATION				
	Ensure employees adhere to ethics and compliance principles	100% of employees informed	100% of employees receive codes of business conduct, ethics charter and anti-corruption code of conduct	new indicator
	Strengthening the Group's duty of care	Publication and internal distribution of a vigilance plan	Publication of the Group's 2022 vigilance plan	new indicator

2.8.1 PROMOTING ETHICS

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. The Group has also put in place prevention and detection systems to prevent any infringement of its principles.

2.8.1.1 GOVERNANCE

2.8.1.1.1 Ethics Committee

The Hermès Executive Committee oversees all ethical issues, particularly those relating to human rights. It is supported by an Ethics Committee set up in 2018 and chaired by the Executive Vice-President of Governance and Organisational Development, a member of the Executive Committee, and composed of the Group General Counsel, the Director of Human Resources and the Chief Compliance Officer.

The Ethics 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 four times in 2022 and its members interact with each other as often as necessary.

2.8.1.1.2 Legal compliance department

The main task of the legal compliance department is to design, develop, implement and lead the Group's 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, in close cooperation with the Group's various departments, the coordination, implementation and updating of compliance programmes. The Chief Compliance Officer reports to the Group General Counsel, who reports to the Executive Vice-President Corporate Development and Social Affairs, member of the Executive Committee, who in turn reports to the Group's Executive Chairman.

The independence of the Chief Compliance Officer is ensured by direct and regular reporting to the Executive Vice-President Corporate Development and Social Affairs, at frequent meetings and to the Ethics Committee.

The Chief Compliance Officer chairs and oversees the Compliance and Vigilance Committee. He is also a member of the Ethics Committee.

At least once a year, the Chief Compliance Officer reports on his duties 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 the policies and procedures put in place are applied by the operational staff in all the *métiers* and entities.

2.8.1.1.3 Compliance and Vigilance Committee

The Compliance and Vigilance Committee meets regularly (six times in 2022) and is composed of the following functions:

- ◆ Chief Compliance 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 Manager;
- ◆ Group Director of Retail Activities;
- ◆ Director of Retail Activity Compliance.

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;
- ◆ monitor the development of compliance programmes;
- ◆ the management of the deployment of awareness-raising and training campaigns for employees most at risk;
- ◆ monitoring the entire vigilance plan.

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;
- ◆ supporting and monitoring compliance programmes.

For example, in 2022, the Compliance and Vigilance Committee monitored the updating of the risk mapping and the associated vigilance plan, particularly in terms of human rights, as well as the subject of international economic sanctions.

2.8.1.1.4 A global network of compliance ambassadors

Legal teams located in France (Paris and Lyon) and the United States, China, Japan, Singapore and South Korea, are part of the network of compliance ambassadors and act as compliance relays. The latter 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. The legal teams benefit from a compliance review framework enabling

them to apply the corresponding programmes.

The internal control officers and auditors are also compliance ambassadors and monitor the application of compliance programmes (see chapter 4 “Risk factors and management AFR”, §4.3). The Group’s internal control officers 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.

2.8.1.2 FRAMEWORK AND TOOLS

2.8.1.2.1 Promotion and compliance with fundamental conventions on human rights and fundamental freedoms

As a player involved in promoting respect for human rights and fundamental freedoms, Hermès undertakes to comply with the main principles, standards and international agreements listed in the table below:

Major international ethics principles	Internal framework	Examples of implementation
<p>The Universal Declaration of Human Rights</p> <p>The Charter of fundamental rights of the European Union</p> <p>The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the ILO Fundamental Conventions</p> <p>The OECD Guidelines for Multinational Enterprises</p> <p>The Global Compact under the aegis of the United Nations</p>	<p>Ethics charter</p> <p><i>Aims to promote respect and ensure proper application of major international ethics principles.</i></p>	<p>Ethics Committee</p> <p><i>The committee collects and processes alerts, as well as providing advice and recommendations on the Group's ethics culture.</i></p>
	<p>Code of business conduct</p> <p><i>Aims to raise awareness of certain risks and give employees appropriate behavioural reflexes.</i></p>	<p>H-Alert! system</p> <p><i>Employees are encouraged to report grave and serious incidents through several information channels.</i></p>
	<p>Anti-corruption code</p> <p><i>Aims to promote an ethics culture in which breaches of probity have no place.</i></p>	<p>Supplier brief</p> <p><i>Suppliers integrate the Group's human rights expectations.</i></p>
	<p>Handbooks C1 and C2 for supplier commitment</p> <p><i>Seeks the adhesion of all suppliers on matters of confidentiality, fair trading (C1) and social, environmental and ethics policy (C2).</i></p>	<p>Métier/subsidiary EHS policies</p> <p><i>Policies include good working conditions for employees.</i></p>
		<p>UK modern slavery act</p> <p>California transparency supply chain act</p> <p>Modern slavery act Australia</p>

The Group's policy is to adhere to the main universally recognised ethical principles, particularly those concerning human rights and the fight against corruption, and to ensure that they are implemented in its operations. This policy is formalised by several more charters and additional codes, validated by the Executive Committee, that fall within the framework of 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.

Furthermore, the Hermès Group and all 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 financial website ⁽¹⁾.

1. <https://finance.hermes.com/en/ethics-human-rights-and-diversities>.

2.8.1.2.2 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 is owed to our employees and partners.

This charter does not replace the laws and regulations applicable in the countries where the Group operates, but 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. It is one of the means of ensuring the sustainability of our unique business model.”

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 an ethics charter, available in 13 languages and updated in 2022, distributed to all employees worldwide.

A summary version is also available on the website⁽¹⁾ and on the *HermèsSphère* intranet in the “Our Ethics” section. It reaffirms the Group’s desire to respect **fundamental principles** in its relations with its stakeholders and is signed by the Executive Management.

The ethics charter has been updated to strengthen the Group’s commitment to promoting social and economic development.

The ethics charter, designed as a tool for progress and dialogue, seeks to promote compliance and ensure the proper application of laws, regulations and major fundamental principles. It invites employees, in the event of difficulty in application or misunderstanding, to inform their line managers. 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:
 - environment,
 - relations with communities and local authorities,
 - its cultural and solidarity actions,
 - its communication;
- ◆ adherence to international principles;
- ◆ relations with its stakeholders, with which Hermès aims to ensure dialogue and consultation 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 is investing in this to have a positive impact, by using local resources as much as possible, as a socially responsible company in a spirit of regional responsibility.

2.8.1.2.3 Code of business conduct

“To help make sure that everyone is on the same page, this “code of business conduct” has been formalised. 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 2022, is distributed to all employees worldwide along with a verbal explanation. The following topics in the code of business conduct have been updated:

- ◆ strengthening the Group’s commitment to freedom of association and the right to collective bargaining;
- ◆ strengthening the Group’s commitment to the subject of discrimination;
- ◆ strengthening the Group’s commitment to the responsible management of restructuring; and
- ◆ strengthening the Group’s commitment to health and safety.

It lays down the House’s guiding principles on **business ethics**. The code is given to all employees as soon as they join the House, and is signed by the Executive Management ⁽²⁾.

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

The code sets out whistleblowing protocols existing 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 violation of a code, charter, procedure, law or regulation has been committed, are encouraged to report the irregularities or breaches as soon as possible using the whistleblowing channels set out in relation to the Group’s *H-Alert!* mechanism.

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

The opportunity to revise the ethics charter and code of business conduct is reviewed each year by the Compliance and Vigilance Committee described in §2.8.1.1.3. Any amendment to these documents must be validated by the relevant member of the Executive Committee.

1. <https://finance.hermes.com/en/ethics-human-rights-and-diversities>.
2. It is available on the website: <https://finance.hermes.com/en/ethics-human-rights-and-diversities>.

2.8.1.3 PREVENTION AND CONTROL SYSTEMS

2.8.1.3.1 Training programmes on ethics issues

Within the Group, several training courses on ethics issues (face-to-face or remotely) are provided to employees, regardless of their type of contract (fixed-term, permanent, temporary or intern). Depending on the subject, they may have been designed in particular by the legal, human resources or industrial affairs departments.

An online training module (e-learning) dedicated to ethics and the fight against corruption has been rolled out to all employees worldwide in 2020, 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 module is mandatory for people considered to be exposed to the risk of corruption in accordance with the Group's corruption risk mapping. Since the rollout of the e-learning module in 2020, 10,128 employees have completed it. In 2022, 3,543 employees completed this training programme.

Furthermore, tailor-made 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 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.

In financial year 2022, 277 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.

The "Ethics, integrity and anti-corruption" training course, the content of which was updated in 2022, is intended for all sales staff in the exclusive stores within the Group's entities. In 2022, 3,941 people took this module, which aims to explain 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 they 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, 11,511 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 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 ⁽¹⁾.

The audit and risk management department internal control officers are trained and take part in the Group training sessions in order to promote an awareness of risk management and internal control best practices amongst the management.

Activities focussing on ethics and compliance issues continued this year thanks to the organisation of two seminars by the audit and risk management department for internal controllers worldwide.

2.8.1.3.2 internal control officers

In accordance with the laws and in order to strengthen the fight against breaches of ethics and integrity, in 2019 the Group set up a platform as part of its *H-Alert!* whistleblowing system, designed to enable its employees worldwide, as well as its external and occasional employees, to report breaches and violations.

Available seven days a week, 24 hours a day and operated by an external service provider, the *H-Alert!* system makes it possible to report facts that may constitute a violation of any law or regulation, or a violation of the Group's codes, procedures and ethics standards and also to report the existence of risks or violations of human rights and fundamental freedoms, health and the safety of people or the environment, resulting from the activities of the Group and/or its subcontractors or suppliers.

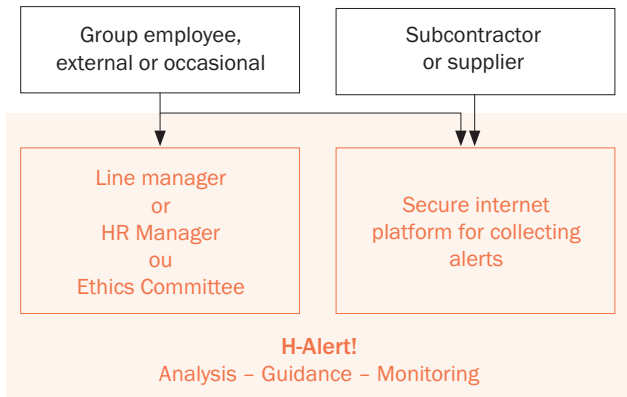
In 2020, an additional external alert mechanism in the form of a generic email address was set up for suppliers, concessionnaires, distributors and intermediaries.

The *H-Alert!* global whistleblowing system was updated in 2022 in accordance with French law no. 2022-401 of 21 March 2022 and the decree of 3 October 2022 in order to:

- ◆ strengthen the protection of whistleblowers against any form of retaliation; and
- ◆ give suppliers, service providers and distributors, and in general, the Hermès Group's co-contractors, access to the *H-Alert!* whistleblowing system.

The *H-Alert!* whistleblowing system is now accessible on the *HermèsSphère* intranet site and on the Hermès Finance institutional website. Available in 21 languages, the new information notice was communicated within the Group and our suppliers.

1. This document is available at: <https://finance.hermes.com/en/responsible-procurement>.



The Group has introduced effective measures guaranteeing the confidentiality of information and processing of reports at all times. Where appropriate, following an investigation, disciplinary sanctions may be decided upon and implemented against employees who violate the Group’s ethics rules, which may go as far as dismissal. Contracts may also be terminated in the event of serious breaches of the Group’s ethics rules.

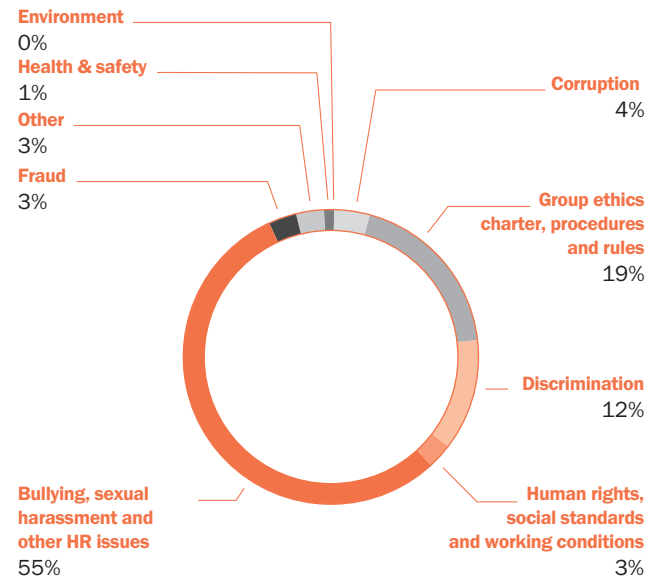
The Company undertakes not to impede access to legal or other available mechanisms, including mediation processes, for any person reporting negative impacts, especially on human rights, and also to protect the whistleblower.

Upon receipt of an alert, an acknowledgement of receipt is systematically sent within seven days of receipt of the alert. The admissibility of alerts is processed within a maximum of one month and, if the alert is admissible, it is immediately assigned to the entity concerned by the subject reported.

In 2022, 69 alerts were received through the whistleblowing system. 100% of alerts resulted in follow-up. Hermès carried out the internal investigations necessary to process said alerts.

All parties involved in the processing of alerts were mobilised and involved throughout the processing of the incidents and the authors of the alerts were informed of the conclusion given to the alert. At the end of 2022, 16 alerts were still being processed.

The categorisation of alerts received is presented below.



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, combating 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 chapter 4 “Risk factors and management”, § 4.3 “Risk management, internal control and internal audit”.

2.8.1.3.4 Sanctions system set up

A system of sanctions has been set up for compliance programmes because any breach of ethics and integrity is contrary to the Group’s intrinsic values and internal rules laid down in this area.

In accordance with existing French law, rules of procedure are in place which devote a chapter to disciplinary law and the right of defence.

At international level, depending on applicable local law, there are either rules of procedure, which set out rules on disciplinary matters and which may go as far as dismissal, or an employee handbook is issued to employees on joining, and contains rules on disciplinary law, as well as anti-corruption measures.

2.8.2 FIGHTING AGAINST CORRUPTION

“Combating 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 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 Hermès Finance institutional website ⁽¹⁾.

The Hermès Group continues to improve its corruption prevention plan, in accordance with the requirements of the French law of 9 December 2016 on transparency, the fight against corruption and the modernisation of economic life in France.

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 GOVERNANCE

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. Thus, the Governing body’s commitment can be seen at the Group’s highest level.

Corruption risk mapping, 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.

Governance of anti-corruption is supported by the legal compliance department (§ 2.8.1.1.2 above) and includes the Compliance and Vigilance Committee (§ 2.8.1.1.3 above) and the Ethics Committee (§ 2.8.1.1.1 above) with a local relay thanks to the network of Group compliance ambassadors (§ 2.8.1.1.4).

2.8.2.2 FRAMEWORK AND TOOLS

2.8.2.2.1 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 combatting 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 Corporate Development and Social Affairs

A Group corruption risk mapping was produced jointly in 2018 by the legal compliance department and the audit and risk management department and was then approved by the Group’s Executive Committee.

With the help of numerous contacts covering all the geographical areas in which the Group operates, this Group corruption risk mapping was updated in 2020 and then shared with all Group entities and departments, before implementation of action plans.

The risk mapping, carried out according to a rigorous methodology, covers all the Group’s activities and all the geographical areas in which it operates. Each risk scenario identified corresponds to a potentially risky behaviour or situation in terms of corruption and influence-peddling and specifies the geographical areas, the *métiers* mainly concerned and the third parties that may be involved. This is so that the anti-corruption action plans corresponding to each risk scenario can be implemented to respond as a priority, in a proportionate and effective manner to the challenges facing the Group.

The update of a new mapping of the Group’s anti-corruption risks is scheduled for 2023.

2.8.2.2.2 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 distributed 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 been issued 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

1. <https://finance.hermes.com/en/ethics-human-rights-and-diversities>.

The anti-corruption code of conduct is available on the Group's website.⁽¹⁾

It 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 PREVENTION AND CONTROL SYSTEMS

2.8.2.3.1 Training system for managers and employees most at risk

The training systems are described in § 2.8.1.3.1 above.

2.8.2.3.2 Whistleblowing system

The Group's *H-Alert!* internal whistleblowing system, set up for reporting any situation at risk of corruption, is described in § 2.8.1.3.2 above.

2.8.2.3.3 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 exclusive 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, both upstream and downstream, thereby protecting its sources of supply and business relationships. The average age of the Hermès Group's relations with its suppliers is 19 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 and respect for human rights: 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 issues identified and the implementation of corrective actions with them.

Experience has shown that adopting a *métier* or entity approach guarantees third party proximity, awareness of the issues ahead and realistic systems set up to 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/investigations 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 and 2022 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 compliance department.

2.8.2.3.4 Accounting control procedures

Internal control and risk management procedures relating to the preparation and processing of accounting and financial information, as described in chapter 4 "Risk factors and management AFR", § 4.3, form an integral part of the Group's anti-corruption system and, in particular, are aimed at preventing and detecting any acts 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 and 2022.

1. <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>

Furthermore, annual self-assessment campaigns (§ 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.

2.8.2.3.5 Internal control and evaluation system

In order to verify the proper application of its anti-corruption system, the Hermès 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. In 2021, the third-party assessment system was thus audited.

In 2022, the audit and risk management department carried out controls on the following topics:

- ◆ codes of conduct and anti-corruption charters;
- ◆ anti-corruption training programme;
- ◆ *H-Alert!* whistleblowing system ;
- ◆ accounting control, corruption prevention and detection procedures.

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

The sanctions system is described in § 2.8.1.3.4 above.

2.8.3 PROTECTING PERSONAL DATA

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

POLICY

Since 2015, Hermès 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 § 2.8.2.1.3).

2.8.3.1 GOVERNANCE

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 function reports to the Chief Compliance Officer.

The Data Protection Officer relies on a network of people throughout the Group – mainly consisting of the Chief Information Security Officer (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. In addition, the Data Protection Officer is supported by a network of specialised lawyers, present in all the countries where the Group operates.

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.

Since 2021, a Regional Data Protection Officer appointed in China enables 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.

2.8.3.2 MAIN ACTIONS IMPLEMENTED

The Group's personal data protection awareness and training programme comprises two levels:

- ◆ an online training module (e-learning) rolled out internationally in 2020 for all Group employees, translated into 11 languages. To date, more than 10,000 people in the most sensitive functions and *métiers* have taken this module;
- ◆ face-to-face training sessions for the most exposed employees, in particular employees in the human resources departments and the exclusive stores.

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 record 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 2022 (figures cover November 2021 to November 2022), 399 projects were processed through the ISP procedure.

The management of the rights exercised by the people concerned is ensured through the use of a tool and a procedure for managing customer rights allowing the diligent and harmonised management of requests regardless of their geographical origin and the contact channel used. In 2022 (figures from November 2021 to November 2022), 648 requests were processed, of which 4% were requests for modification, 11% requests for information, 12% requests for access and 73% requests for deletion of data. These figures do not take into account requests to change simple contact details or requests to unsubscribe from our promotional communications.

The security of personal data is an essential component of the protection of privacy. In this context, these issues were highlighted through awareness-raising operations ("cybersecurity month") and addressed as part of regular work with the CISO teams. The data breach procedure is part of the regularly tested broader cyber crisis management process (see chapter 4 "Risk factors and management AFR", § 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 control officers of Group entities to assess compliance with the Group's rules and applicable regulations.

2.8.4 DUTY OF CARE

In accordance with French law no. 2017-399 of 27 March 2017 relating to the duty of care of parent companies and contractors, the Group has drawn up a 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.

At the end of 2022, the Group decided to publish its vigilance plan in a stand-alone document, accessible on its institutional website ⁽¹⁾ from 2023. The measures required by the duty of care are presented in detail there. They are summarised below.

2

2.8.4.1 GOVERNANCE

The Compliance and Vigilance Committee oversees the vigilance plan. It met six times in 2022 to:

- ◆ define compliance guidelines;
- ◆ recommend preventive actions;
- ◆ manage and roll out employee awareness and training campaigns;
- ◆ monitor the entire vigilance plan.

Hermès also called on several stakeholders – suppliers, employee representatives, associations and universities – as part of the preparation of its 2022 vigilance plan, with the support of an independent firm.

2.8.4.2 RISK MAPPING AND ASSESSMENT METHODOLOGY

In order to identify and assess risks throughout its value chain and to strengthen its mapping of risks related to the duty of care, Hermès has used the analysis of non-financial risks, the materiality analysis and the risk mapping generated for its activities and supply chains. In addition, the risk mapping was developed in association with internal and external stakeholders.

In particular, the Compliance and Vigilance Committee:

- ◆ defined a universe of risks specific to Hermès;
- ◆ deepened the analysis of risks in certain scopes assessed as priorities;
- ◆ added a source of raw risk data.

1. <https://finance.hermes.com/en/>

The Group's vigilance plan was constructed by analysing its entire value chain as presented below.

HERMÈS VALUE CHAIN

INTERNAL EXTERNAL

SOURCING & MATERIALS PROCESSING



PRODUCTION/MANUFACTURING OF FINISHED GOODS
structured according to the Hermès métiers



EXCLUSIVE DISTRIBUTION



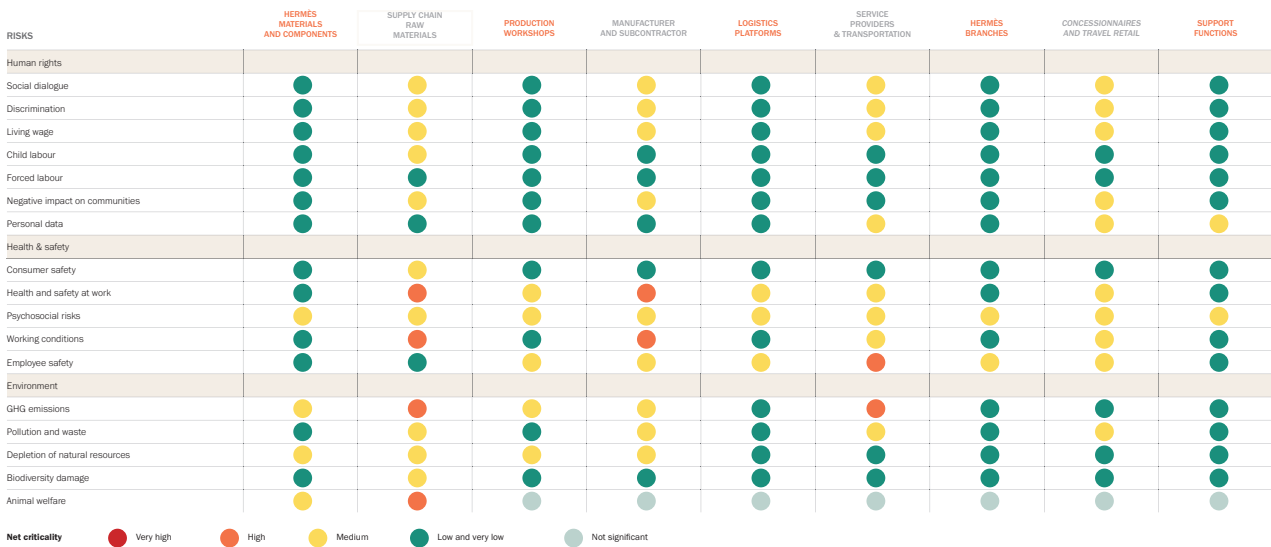
This analysis enabled the Group to draw up the following mapping of risks related to the 2022 duty of care.

2022 RISK MAPPING RELATED TO THE DUTY OF CARE

GLOBAL RISK MAPPING

WITHIN HERMÈS AT PARTNERS

Assessment of risks according to their net criticality: impact x probability x level of control



2.8.4.3 WITHIN HERMÈS

Human rights and fundamental freedoms

The level of risk of serious human rights violations is relatively low in Hermès' activities, on its sites. The Group's sustainable development is based on the fulfilment and well-being of its teams, as part of a corporate project that places people at the heart of its values since 1837. Hermès contributes to respect for human rights through its proactive actions in terms of ethics, diversity, employee equality, consideration of disability and, in general, respect for human rights.

Health & safety

The sustainability of the House rests on the women and men who contribute in a harmonious and positive manner to its functioning and development. For this reason, the Group is very demanding in terms of working conditions: everyone can express their potential safely, in a pleasant environment, whether on production sites, in stores or offices.

Environmental protection

The Group's sustainable and responsible development involves knowing, controlling and reducing its environmental impacts, as part of a responsible approach. More broadly, Hermès contributes, through its commitments and actions, to the fight against climate change and the preservation of biodiversity.

2

Summary within Hermès

		Human rights and fundamental freedoms	Health & safety	Environment
Risk mapping	◆ Risk mapping and assessment methodology (2.8.4.2)	✓	✓	✓
Regular assessment procedures	◆ Industrial affairs department network: internal diagnostics, audits conducted by external specialists and operational improvement plans (2.2.2.1.2)	✓	✓	✓
	◆ Internal control and risk management systems established by the Company (4.3)	✓	✓	✓
	◆ "Diversity and Inclusion" diagnostic (2.2.3)	✓		
	◆ EHS audits conducted by an external specialist (2.2.2.1.2)		✓	✓
	◆ Information system rolled out on sites for Group health and safety reporting (2.2.2.1)		✓	
	◆ Internal safety audits (2.2.2.1.2)		✓	
	◆ Water risk assessment with WWF (2.5.3.1.1)			✓
	◆ Tools for updating the overall assessment of greenhouse gas emissions from Group production and distribution sites (2.5.6.2)			✓
	◆ Audits of the supply chains for exotic hides by external parties (WWF, veterinarians, associations, etc.) (2.4.2.3)			✓
	Mitigation and prevention measures	◆ Dissemination of the Group's values: code of business conduct (2.8.1.2.3)	✓	✓
◆ Training on ethics issues (2.8.1.3.1)		✓	✓	✓
◆ Training and development of employee expertise (2.3.2.2)		✓	✓	✓
◆ Responsible management and social diversity (2.2.3.1.1)		✓		
◆ Workplace health and well-being approach (2.2.2)		✓	✓	
◆ Parenthood policy (2.2.2.4.5)		✓		
◆ Agreement on social dialogue and the exercise of trade union rights (2.2.2.3)		✓		
◆ Second Disability Agreement (2.2.3.1.4)		✓		

		Human rights and fundamental freedoms	Health & safety	Environment	
Mitigation and prevention measures	◆ Environmental, health and safety (EHS) regulatory monitoring, distributed to each industrial <i>métier</i> (2.2.2.1.3)		✓	✓	
	◆ Coordination of the Environmental, Health and Safety network by the industrial affairs department, training and sharing best practices (2.2.2.1.2)		✓	✓	
	◆ Group environmental policy (2.5.1.1)			✓	
	◆ Limiting the consumption of natural resources (2.5.3.2)			✓	
	◆ Combatting climate change (2.5.6)			✓	
	◆ Waste management (2.5.4)			✓	
	◆ Respect and protect biodiversity (2.4.3)			✓	
	◆ High-quality supplies, and work on animal welfare (2.4.2)			✓	
Measuring and monitoring system	◆ 88 social dialogue agreements and amendments signed in France	✓			
	◆ 63% of employees have access to a social dialogue structure	✓			
	◆ 67% women in the Group	✓			
	◆ 850 employees took part in a “Diversity and Inclusion” training course	✓			
	◆ 6.4% of the workforce in France are employees with disabilities (2021)	✓			
	◆ More than 87% of employees benefit from schemes in addition to statutory health, pension and welfare plans	✓			
	◆ More than 11,000 employee shareholders, i.e. 56% of the workforce as at 31/12/2022	✓			
	◆ 100% of subsidiaries have implemented the maternity policy with salary maintained and a large majority of Group employees (more than 80%) benefit from salary being maintained during their paternity leave	✓			
	◆ 8: lost time work accident frequency rate		✓		
	◆ 0.33: lost time work accident severity rate		✓		
	◆ 3,900 employees trained in the “Un Corps Pour La Vie” module		✓		
	◆ 79% of employees took part in a well-being survey during the past three years		✓		
	◆ 28.4% decrease in scopes 1 and 2 emissions in absolute value compared to 2018			✓	
	◆ 46.5% decrease in scope 3 emissions in intensity ratio compared to 2018			✓	
	◆ 100% renewable electricity in France and 89.1% worldwide			✓	
	◆ 18 tonnes of textile materials recycled in 2022			✓	
	◆ 41% of waste is recovered (recycling, reuse, energy recovery)			✓	
	◆ 100% of hangers in recycled plastic			✓	
	◆ 96% of Hermès’ revenue on upstream scopes 1, 2 and 3, i.e. the “vertically integrated scope” of CDC Biodiversité covered by the GBS analysis			✓	
	◆ 100% of Hermès farms certified by the International Crocodilian Farmers Association (ICFA)			✓	
	Alert mechanism	◆ Whistleblowing system (2.8.1.3.2)	✓	✓	✓

2.8.4.4 IN THE VALUE CHAIN

Direct purchases

The Hermès craftsmanship model, with 76% of objects made in France, relies on a network of suppliers based mainly in Europe, where labour practices are some of the strictest and are monitored frequently due to the close operating proximity. In addition, Hermès builds balanced partnerships with its direct suppliers, according to its principle of transparency, high standards and fairness.

The risk exposure to its direct suppliers is therefore reduced for Hermès. In order to secure the use of its exceptional raw materials, Hermès is also committed, as part of the sustainable development of its supply chains, to exceeding compliance with regulations in social, environmental and ethics areas, as well as animal welfare.

Indirect purchases

The indirect purchasing department coordinates a network of dedicated buyers in the support functions in each country and *métier* managers for categories such as real estate, general services, communications, IT and intellectual services.

Value chain summary

The indirect purchasing department, supported by a community of buyers in France and international contacts, implements a procedure to control the risks of its various partners. This includes a mapping of CSR risks by purchasing family and, if necessary, by supplier, including social issues, triggering the assessment via a third-party tool and an audit.

Concessionnaire

Hermès works with concessionnaire partners in France and abroad for its distribution.

Hermès' relationships with them are long-standing relationships based on the trust acquired over the years.

The few recent partners concern travel retail stores. These are major structures, leaders in their market, whose requirements in terms of respect for human rights and fundamental freedoms, health and safety and environmental protection are in line with those of the Group.

	Suppliers and subcontractors	Human rights and fundamental freedoms	Health & safety	Environment
Risk mapping	◆ Risk mapping and assessment methodology (2.8.4.2)	✓	✓	✓
Regular assessment procedures	◆ Audit and Direct Purchasing Committee – managing audit results and action plans (2.6.1.1.3)	✓	✓	✓
	◆ Coordination of Group policies for direct and indirect purchasing (2.6.1)	✓	✓	✓
	◆ Tools for analysing supplier and subcontractor risks provided to and applied by purchasers (2.6.1.3)	✓	✓	✓
	◆ Audits conducted by specialist service providers in certain channels (2.4.2)	✓	✓	✓
	◆ Supplier audits by a third-party organisation (2.6.1.3.2)	✓	✓	✓
Mitigation and prevention measures	◆ Dissemination of the Group's values: code of business conduct (2.8.1.1)	✓	✓	✓
	◆ Coordination and training of the direct and indirect buyer network (2.6.1.3)	✓	✓	✓
	◆ Social, environmental and ethics policy (Handbook 2) (2.6.1.3)	✓	✓	✓
	◆ Supply chain and CSR brief communicated to suppliers and partners (2.6.1.4)	✓	✓	✓
	◆ Launch of a certification or label award process for 32 supply chains (2.4.2.1)	✓	✓	✓
	◆ Monitoring audits (2.6.1.3)	✓	✓	✓
Measuring and monitoring system	◆ System of monitoring by audit and risk management department (2.6.1.3)	✓	✓	✓
	◆ 3 training courses rolled out in 2022 (Legal & Compliance; Human rights, Fundamental freedoms, Social; Carbon footprint)	✓		✓
Alert mechanism	◆ Whistleblowing system (2.8.4.5)	✓	✓	✓

2.8.4.5 WHISTLEBLOWING SYSTEM

In 2019, the Group set up a platform as part of its global *H-Alert!* whistleblowing system (§2.8.1.3.2), intended for its employees worldwide and for external and occasional employees.

The *H-Alert!* global whistleblowing system was modified in 2022, in particular to:

- ◆ strengthen the protection of whistleblowers against any form of retaliation;
- ◆ provide suppliers, dealers, distributors, intermediaries and co-contractors in general with access to the unique *H-Alert!* whistleblowing system.

In 2022, 69 alerts were received through the *H-Alert!* system.

2.8.4.6 SUMMARY & OUTLOOK

In 2023, Hermès will continue to strengthen the vigilance programme through the following actions:

- ◆ study on the revamp of the Group ethics charter for all employees and stakeholders;
- ◆ rollout of human rights training for buyers;
- ◆ raising awareness among suppliers and partners of ethics and social issues;
- ◆ communication and training on updating the whistleblowing system;
- ◆ active monitoring of new European and international regulations.

2.9 REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

For the year ended 31 December 2022

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

2

To Hermès International's general assembly,

In our capacity as Statutory Auditor of the company Hermès International (hereinafter the "Entity"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac), (Cofrac Inspection Accreditation, n°3-1862, scope available at www.cofrac.fr), we have undertaken a limited assurance engagement on the historical information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2022 (hereinafter the "Information" and the "Statement", respectively), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*code de commerce*).

CONCLUSION

Based on the procedures we have performed as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the consolidated non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

PREPARATION OF THE NON-FINANCIAL INFORMATION STATEMENT

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, summarised in the Statement and available on request from the entity's head office.

INHERENT LIMITATIONS IN PREPARING THE INFORMATION

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

RESPONSIBILITY OF THE ENTITY

Management is responsible for:

- ♦ selecting or establishing suitable criteria for preparing the Information;
- ♦ preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- ♦ preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- ♦ implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the entity's Management.

RESPONSIBILITY OF THE STATUTORY AUDITOR APPOINTED AS INDEPENDENT THIRD PARTY

Based on our work, our responsibility is to express a limited assurance conclusion on:

- ◆ the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- ◆ the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the “Information.”

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on:

- ◆ the Entity’s compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the French duty of care law and against corruption and tax evasion);
- ◆ the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- ◆ the compliance of products and services with the applicable regulations.

APPLICABLE REGULATORY PROVISIONS AND PROFESSIONAL GUIDANCE

We performed the work described below in accordance with Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, *Intervention du commissaire aux comptes – Intervention de l’OTI – déclaration de performance extra-financière*, and acting as the verification programme and with the international standard ISAE 3000 (revised) - *Assurance engagements other than audits or reviews of historical financial information*.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and French Code of Ethics for Statutory Auditors (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

MEANS AND RESOURCES

Our work engaged the skills of 7 people between October 2022 and March 2023 and took a total of 21 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 15 interviews with people responsible for preparing the Statement, representing in particular the Industrial Affairs Department, the Construction Development Department, the Group Human Resources Department and the Sustainable Development Department.

NATURE AND SCOPE OF PROCEDURES

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information, we:

- ◆ obtained an understanding of all the consolidated entities’ activities and the description of the main risks associated;
- ◆ assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector;
- ◆ verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III as well as information regarding compliance with human rights and anti corruption and tax avoidance legislation;
- ◆ verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the main risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- ◆ verified that the Statement presents the business model and a description of the main risks associated with of all the consolidated entities’ activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the main risks;

- ◆ referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning social and societal risks, our work was carried out on the consolidating entity, for other risks, our work was carried out on the consolidating entity and on a selection of sites:
 - Direction of Industrial Affairs:
 - Compagnie des Cristalleries de SAINT-LOUIS (Métier Cristal);
 - Comptoir nouveau de la Parfumerie (Métier Parfum et Beauté);
 - SIEGL (Textile);
 - Atelier AS (Textile);
 - J3LP (Metal pieces);
 - Tanneries d'Annonay (Leather);
 - Maroquinerie de Sayat (Leather);
 - Logistique Bobigny (Logistics);
 - Marpu Croc Farm (Farm);
 - Pinnacle Alligator Farm (Farm).
 - Construction Development Department:
 - Frankfort (Germany);
 - Hamburg (Germany);
 - Munich (Germany);
 - Deauville (France);
 - Paris – Sèvres (France);
 - Londres – Sloane Street – Cadogan Place (UK);
 - Beverly hills (USA);
 - Chicago (USA);
 - Dallas (USA);
 - Houston (USA);
 - New York Madison 691 (USA);
 - New York Meatpacking (USA);
 - San Francisco (USA);
 - Washington DC (USA);
 - Ningbo – Heyi Av Shopping Center (China);
 - Wuhan – International Plaza (China);
 - Milan – Via Monte Napoleone (Italy);
 - Liat Towers (Singapore);
 - Tokyo – Ginza Maison H (Japan).
 - Direction of Human Resources:
 - Hermès Australia;
 - Hermès Korea;
 - Les Manufactures de Franche Comté;
 - Maroquinerie de Sayat;
 - Maroquinerie des Ardennes;
 - Hermès GB;
 - Hermès GmbH;

- Hermès Italie;
- Hermès China;
- Hermès China Trading Co Ltd;
- Compagnie des Cuirs précieux;
- Tannerie d'Annonay;
- Tannerie de Montereau;
- Tannerie de Vivoin;
- Tannerie du Puy;
- Hermès International;
- Hermès Maroquinerie Sellerie – Services centraux, PB & Ateliers;
- La Montre Hermès;
- Les Ateliers d'Hermès Horloger;
- ATBC;
- Atelier AS;
- Holding Textile Hermès;
- SIEGL;
- Société Novatrice de Confection;
- Goulard;
- J3L;
- J3LP;
- Julea;
- Lasco;
- Polissage Brun;
- SCAP;
- Hermès Japon;
- Beyrand;
- Compagnie des arts de la table et de l'émail;
- Cristalleries de Saint-Louis;
- Hermès Maison.

- ◆ verified that the Statement covers the consolidated scope, i.e. all the entities within the consolidation scope in accordance with Article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- ◆ obtained an understanding of internal control and risk management procedures the Entity has implemented and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- ◆ for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing sites, cited above, covers between 20% and 67% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;

- assessed the overall consistency of the Statement in relation to our knowledge of all the consolidated entities.

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes); a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, 8 March 2023

One of the Statutory Auditors
PricewaterhouseCoopers Audit

Amélie Wattel
Partner

Sylvain Lambert
Sustainable Development Partner

APPENDIX: LIST OF THE INFORMATION WE CONSIDERED MOST IMPORTANT

Selection of qualitative and quantitative information:

Main risks or opportunities identified	Sections of the management report presenting the associated policies, actions and results reviewed in the context of our work
Teams	Chapter 2.2 <i>Including the results and KPIs:</i> <ul style="list-style-type: none"> ◆ Total workforce and breakdown* ◆ Number of dismissals* ◆ Workplace accidents, Frequency rate, Severity rate* ◆ Number of deadly work-related accidents ◆ Number of occupational illnesses* ◆ Absenteeism rate in France* ◆ Number of diversity trainings provided to managers ◆ Share of headcount responding to the Satin survey ◆ Number of social dialogue agreements signed in France in 2022
Savoir-Faire	Chapter 2.3 <i>Including the results and KPIs:</i> <ul style="list-style-type: none"> ◆ Number of training hours* ◆ Number of people trained on sustainability ◆ Number of candidates for the CAP Maroquinier ◆ Number of meetings with students ◆ Average seniority
Materials	Chapter 2.4 <i>Including the results and KPIs:</i> <ul style="list-style-type: none"> ◆ Evolution of the overall tonnage of industrial waste* ◆ Number of repair operations ◆ Amount of manufacturing waste recycled ◆ Evolution of leather dead stock ◆ Share of sites carrying out a biodiversity diagnosis ◆ Share of crocodile skins ICFA certified
Environment	Chapter 2.5 <i>Including the results and KPIs:</i> <ul style="list-style-type: none"> ◆ Total water consumption of industrial sites and farms* ◆ Total gas consumption of industrial sites and farms* ◆ Electricity consumption for industrial sites and farms* and for stores and offices ◆ Fuel consumption for industrial sites and farms* ◆ Renewable energy consumption for industrial sites and farms* ◆ Total energy consumption for industrial sites and farms* ◆ Weight of Ordinary Industrial Waste (OIW) for industrial sites and farms* ◆ Weight of Hazardous Industrial Waste (HIW) for industrial sites and farms* ◆ Scope 1 and scope 2 carbon emissions for industrial site and farms* ◆ Scope 3 carbon emissions ◆ Evolution of GhG emissions ◆ Reduction in water consumption ◆ Growth in waste production
Stakeholders and transparency	Chapter 2.7 <i>Including the results and KPIs:</i> <ul style="list-style-type: none"> ◆ Number of participants to the materiality survey ◆ Average seniority of supplier relationships ◆ Number of EcoVadis assessed suppliers ◆ Number of people trained on carbon footprint ◆ Share of French suppliers contributing to the development of local economies ◆ Share of labour time allocated to employees on integration programs ◆ Number of philanthropic actions carried out in France ◆ Number of trees planted through the Livelihoods scheme ◆ Number of people trained on anti-corruption ◆ Number of projects following the ISP procedure ◆ Number of meetings of the Ethics Committee

Qualitative Information (actions and results):

- ◆ New major philanthropic networking programme: "Sur les ailes d'Hermès";
- ◆ New trade union organisation (UNSA) in France;
- ◆ Ranking in the Financial Times European Diversity and Inclusion Ranking 2022;
- ◆ Schools in which Hermès was involved in 2022;
- ◆ Annual employer brand communication campaign;
- ◆ Training strategy;
- ◆ Circularity workshop led by Hermès Commercial;
- ◆ LWG Silver level certification of the Cuneo tannery;
- ◆ Bronze LWG certification for the Vivoin tannery;
- ◆ A- rating for CDP Climate Change and A rating for CDP Water Security;
- ◆ Membership of the B4B+ Club to test the GBS (Global Biodiversity Score);
- ◆ Validation of compliance of discharges with the prefectural decree for the AEI site;
- ◆ Sponsorship partnerships for a class of Entrepreneurs winners;
- ◆ Addition of circularity and traceability topics to the CSR brief;
- ◆ CSR self-assessment questionnaire for suppliers;
- ◆ Vigilance plan.

2.10 REASONABLE ASSURANCE REPORT FROM ONE OF THE STATUTORY AUDITORS ON THE IDENTIFIED SUSTAINABILITY INFORMATION OF HERMÈS INTERNATIONAL'S NON-FINANCIAL PERFORMANCE STATEMENT AS AT/ FOR THE YEAR ENDED DECEMBER 31ST, 2022

To the General Assembly of Hermès International,

In our capacity as Statutory Auditor of Hermès International (hereinafter the "Company") and in accordance with your request, we have undertaken a reasonable assurance engagement on the selected key sustainability performance indicators as at/for the year ended December 31st, 2022 (the "Identified Sustainability Information") presented below and included in the document Extra-financial Performance Declaration presented in the 2022 Universal Registration Document (hereinafter "URD 2022"):

- ◆ KPI 1 - [Group Headcount]
- ◆ KPI 2 - [Number of training hours worldwide]
- ◆ KPI 3 - [Absenteeism rate France]
- ◆ KPI 4 - [Severity rate worldwide]
- ◆ KPI 5 - [Number of occupational illnesses worldwide]
- ◆ KPI 6 - [Total energy consumption of industrial sites and livestock farms]
- ◆ KPI 7 - [Total water consumption of industrial sites and livestock farms]
- ◆ KPI 8 - [Consumption of renewable energy of industrial sites and livestock farms]
- ◆ KPI 10 - [Change in overall tonnage of industrial waste]
- ◆ KPI 11 - [Mass of non-hazardous waste and hazardous waste for industrial sites and livestock farms]
- ◆ KPI 12 - [Scope 1 carbon dioxide emissions for industrial sites and livestock farms location-based and market-based]
- ◆ KPI 13 - [Scope 3 carbon dioxide emissions location-based and market-based]

Our assurance does not extend to information in respect of earlier periods or to any other information included in the 2022 URD.

Our Reasonable Assurance Opinion

In our opinion, the Identified Sustainability Information set out in the 2022 URD presented in Chapter 2 for the year ended December 31st, 2022 is prepared, in all material respects, in accordance with the 2022 reporting protocols of the Industrial Affairs and Human Resources Directions composed of i. a reporting procedure, ii. a glossary and iii. additional information embedded in the internal reporting tools as for the year ended December 31st, 2022.

We do not express an assurance opinion on information in respect of earlier periods or on any other information included in the 2022 URD.

Understanding how Hermès International has Prepared the Identified Sustainability Information

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure Identified Sustainability Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Identified Sustainability Information needs to be read and understood together with the reporting framework defined by the Company in the 2022 reporting protocols of the Industrial Affairs and Human Resources Directions composed of i. a reporting procedure, ii. a glossary and iii. additional information embedded in the internal reporting tools, available at the Company's headquarter on request set out in the methodological note of Chapter 2 of the 2022 URD as for the year ended December 31st, 2022, which Hermès International has used to prepare the Identified Sustainability Information.

Inherent Limitations in Preparing the Identified Sustainability Information

As indicated in Chapter 2 of the 2022 URD, the Identified Sustainability Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of external data used. Moreover, some information is sensitive to the choice of methodology and the assumptions and/or estimates used for its preparation and presented in the company's reporting protocols.

In addition, greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Hermès International's Responsibilities

Management of the Company is responsible for:

- ◆ selecting or establishing suitable criteria for preparing the Identified Sustainability Information, taking into account applicable law and regulations related to reporting the Identified Sustainability Information;
- ◆ the preparation of the Identified Sustainability Information in accordance with the Reporting Criteria;
- ◆ designing, implementing and maintaining internal control over information relevant to the preparation of the Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We are responsible for:

- ◆ planning and performing the engagement to obtain reasonable assurance about whether the Identified Sustainability Information is free from material misstatement, whether due to fraud or error;
- ◆ forming an independent opinion, based on the evidence we have obtained; and
- ◆ reporting our opinion to the Head of the Company.

As we are engaged to form an independent opinion on the Identified Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Identified Sustainability Information as doing so may compromise our independence.

Professional Standards Applied

We performed our reasonable assurance engagement in accordance with the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement and the International Standard on Assurance Engagements 3000 (Revised), and, in respect of greenhouse gas emissions included in the Identified sustainability information, in accordance with the International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the French Code of Ethics for Statutory Auditors (Code de Déontologie) as well as the provisions set forth in Article L.822-11 of the French Commercial Code (Code de Commerce) and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our work was carried out by an independent and multidisciplinary team with experience in sustainability reporting and assurance.

Summary of the Work we Performed as the Basis for our Assurance Opinion

A reasonable assurance engagement involves performing procedures to obtain evidence about the Identified Sustainability Information. The nature, timing and extent of procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error, in the Identified Sustainability Information. In making those risk assessments, we considered internal control relevant to the Company's preparation of the Identified Sustainability Information. A reasonable assurance engagement also includes:

- ◆ evaluating the suitability in the circumstances of the Company's use of the Reporting Criteria;
- ◆ evaluating the appropriateness of measurement and evaluation methods, reporting policies used and the reasonableness of estimates made by the Company; and
- ◆ evaluating the disclosures in, and overall presentation of, the Identified Sustainability Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Neuilly-sur-Seine, 8 March 2023

One of the Statutory Auditors
PricewaterhouseCoopers Audit

Amélie Wattel
Partner

Sylvain Lambert
Sustainable Development Partner

3

CORPORATE GOVERNANCE AFR

	SUPERVISORY BOARD CORPORATE GOVERNANCE REPORT <small>AFR</small>	255
3.1	THE COMPANY'S CORPORATE GOVERNANCE CODE	255
3.1.1	Corporate governance principles applied	255
3.1.2	Provisions of the Afep-Medef Corporate Governance Code not applied and those newly complied with	255
3.2	AMBITIOUS AND BALANCED GOVERNANCE	259
3.2.1	Organisational structure of Hermès International as at 31 December 2022	259
3.2.2	Two types of partners	260
3.2.3	Governance by nature dissociated	261
3.3	ADMINISTRATIVE AND MANAGEMENT BODIES	262
3.3.1	The Active Partner and its Executive Management Board	262
3.3.2	Executive Management	263
3.3.3	Governing bodies	267
3.3.4	Non-discrimination and diversity policy	271
3.3.5	Succession plan for Senior Executives	273
3.4	ORGANISATION OF THE SUPERVISORY BOARD	274
3.4.1	Key data on the Supervisory Board as at 31 December 2022	274
3.4.2	Applicable principles	275
3.4.3	Diversity policy applied within the Supervisory Board	277
3.4.4	Succession plan for the Chairman of the Supervisory Board	279
3.4.5	Composition of the Supervisory Board	280
3.4.6	Independence of the members of the Supervisory Board	285
3.4.7	Supervisory Board ethics	287
3.4.8	Informations et renseignements sur les membres du Conseil de surveillance en fonction	290
3.5	FUNCTIONING OF THE SUPERVISORY BOARD	309
3.5.1	Role of the Supervisory Board	309
3.5.2	Meetings of the Supervisory Board and the Joint Council	310
3.5.3	Information and training of the Supervisory Board	311
3.5.4	Main duties of the Supervisory Board and work carried out in 2022	314
3.5.5	Ethics and compliance – Personal data protection	315
3.5.6	Corporate social responsibility (CSR)	316
3.5.7	Compensation and reimbursement of expenses	318
3.6	SPECIALISED COMMITTEES	319
3.6.1	Applicable principles	319
3.6.2	CAG-CSR Committee	320
3.6.3	Audit and Risk Committee	324

3.7	EVALUATION OF THE SUPERVISORY BOARD AND COMMITTEES	326
3.7.1	Methodology	326
3.7.2	Changes since the last evaluations	327
3.7.3	Three-yearly formal evaluation in 2022	328
3.8	COMPENSATION AND BENEFITS OF CORPORATE OFFICERS	330
3.8.1	Compensation policy for the Executive Chairmen (Executive Corporate Officers) and members of the Supervisory Board (Non-Executive Corporate Officers)	330
3.8.2	Overview of compensation and benefits of all kinds for Corporate Officers	341
3.8.3	Allocation of free shares and stock options	347
3.8.4	Tables drawn up in accordance with AMF position-recommendation doc 2021-02 (§ 13.3) of 5 January 2022 on the presentation of compensation	348
3.8.5	Summary table of the votes of the General Meeting on the resolutions relating to the compensation of Corporate Officers	355
3.9	OTHER INFORMATION	355
3.9.1	Agreements	355
3.9.2	Capital structure and factors liable to affect the outcome of a public offering	357
3.9.3	Special conditions for attending General Meetings	358
3.9.4	Summary table of the use of financial delegations of authority	359
3.10	OTHER INFORMATION FROM THE EXECUTIVE MANAGEMENT REPORT	362
3.10.1	Interests of Corporate Officers and Executive Committee members in the share capital	362
3.10.2	Declarations concerning Corporate Officers and the Executive Committee	363

SUPERVISORY BOARD CORPORATE GOVERNANCE REPORT **AFR**

This chapter 3 “Corporate governance” incorporates in § 3.1 to 3.9 the Supervisory Board corporate governance report prepared pursuant to Article L. 22-10-78 of the French Commercial Code (*Code de commerce*) and in accordance with the recommendations of the

French Financial Markets Authority (AMF).

A cross-reference table for the corporate governance report is presented in chapter 9 “Additional information”, § 9.5.3.

It was jointly prepared by the Chairman of the Supervisory Board, the CAG-CSR Committee, the Board secretary and with assistance from the functional departments concerned. It was approved by the Supervisory Board at its meeting of 16 February 2023.

3

3.1 THE COMPANY’S CORPORATE GOVERNANCE CODE

3.1.1 CORPORATE GOVERNANCE PRINCIPLES APPLIED

The Supervisory Board officially adopted the Afep-Medef recommendations on corporate governance in 2009, as it deemed these recommendations to be entirely in keeping with the Group’s corporate governance policy. This framework includes the Afep-Medef Corporate Governance Code for listed companies, updated in December 2022, available on the Afep website (www.afep.com) or the Medef website (www.medef.com), and the application guide of the High Committee on Corporate Governance (HCGE), revised in June 2022, which explains the recommendations of this code.

The recommendations issued by the French Financial Markets Authority (AMF) are also taken into account in its annual report on corporate governance and senior executive compensation of listed companies.

With each revision of the Afep-Medef Code, the CAG-CSR Committee performs an exhaustive comparative analysis of the Company’s application of the Afep-Medef Code’s recommendations, and reports to the Supervisory Board.

These periodic reviews, as well as monitoring of market practices and analyses, make it possible to adapt the systems in force each year with the aim of constant improvement.

3.1.2 PROVISIONS OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE NOT APPLIED AND THOSE NEWLY COMPLIED WITH

The table below lists the provisions of the Afep-Medef Code not applied by the Company at the date of publication of this universal registration document. In line with the recommendations of the AMF, the provisions not applied on account of the Company’s legal form are singled out from those not applied for other reasons, with the corresponding explanations. We have also listed the changes made since the most recent update of the Afep-Medef Code in December 2022 to ensure compliance therewith.

The Afep-Medef Code states as a preamble that its recommendations “most of them have been written with reference to public limited companies (*sociétés anonymes*) with a Board of Directors. Public limited companies with a Management Board and a Supervisory Board, as well as partnerships limited by shares (*sociétés en commandite par actions*) will therefore need to make the necessary adjustments”.

A *société en commandite par actions* (partnerships limited by shares, SCA) is a flexible legal form and intended as such by the legislator. Furthermore, if some constants can be observed between the various large French SCAs, there is also a very diverse variety of organisation and functioning within the framework of the law.

The Afep-Medef Code also recognizes the freedom of organisation of companies (Article 2.2): “The wide diversity of listed corporations does not allow formal and identical forms of organisation and operation to be imposed for all Boards of Directors. The organisation of the Board’s work, and likewise its membership, must be suited to the shareholder make-up, to the size and nature of each firm’s business, and to the particular circumstances facing it. Each Board is the best judge of this, and its foremost responsibility is to adopt the mode of organisation and operation that enable it to carry out its tasks in the best possible manner..”

Provisions of the Afep-Medef Code not applied due to the Company's legal form**Explanations****Board meetings and Committee meetings (Article 12.3)**

It is recommended that at least one meeting not attended by the Executive Corporate Officers be organised each year.

Hermès International's Supervisory Board holds powers that are strictly defined by the Company's Articles of Association and does not have the power to appoint the Executive Chairmen or determine their compensation policy. These decisions are the responsibility of the Active Partner, Émile Hermès SAS, under the aegis of its Executive Management Board. Furthermore, and this is an essential point of the Company's governance, the duties of the Supervisory Board do not entail any involvement in the Executive Management, nor any liability for management actions and the results thereof. This provision of the Afep-Medef Code is therefore not applicable to Hermès International, given its legal form and the role assigned to the Supervisory Board (described in § 3.5.1).

Succession plan for Executive Corporate Officers (Article 18.2.2)

The Appointments Committee (or an *ad hoc* committee) should design a plan for replacement of Executive Corporate Officers. This is one of the Committee's most important tasks even though it can, if necessary, be entrusted by the Board to an *ad hoc* committee. The Chairman may take part or be involved in the Committee's work during the conduct of this task.

The Company's CAG-CSR Committee (described in § 3.6.2) is not in charge of establishing the succession plan for the Executive Chairmen, a task that does not fall within the remit of the Supervisory Board in a *société en commandite par actions* (partnership limited by shares).

In accordance with its rules of procedure, since 2016 the CAG-CSR Committee has been tasked with ensuring the existence of a succession plan for the Executive Chairmen, which is reviewed annually (see § 3.3.5.1). Since 2018, the CAG-CSR Committee has also ensured the existence of a succession plan for the Chairman of the Supervisory Board (see § 3.4.4) and this mission is included in its rules of procedure (see <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>).

Composition of the Compensation Committee (Article 19.1)

The Compensation Committee "shall not include any Executive Corporate Officers and shall be composed of a majority of independent directors. It is recommended that the Chairman of the Committee be independent and that an employee director be a member."

This recommendation is supplemented in Article 19.2 by the description of the powers of the Compensation Committee, as defined by Afep-Medef: "The compensation committee is responsible for reviewing and proposing to the Board all of the elements determining the compensation and entitlements accruing to the company officers. The Board of Directors in its entirety is responsible for making the corresponding decisions.."

This recommendation is primarily intended for monist or dual-tier *sociétés anonymes* (public limited companies) since it is up to the Board of Directors or the Supervisory Board of such structures to establish the compensation policy and the effective compensation of Executive Corporate Officers (Article L. 225-37-2 of the French Commercial Code (*Code de commerce*)).

Its application remains debatable in the case of *sociétés en commandite par actions* (partnerships limited by shares) (SCA).

In an SCA, the Supervisory Board is the body representing the Limited Partners. Its duties and powers of control are defined as those of a Statutory Auditor. The Supervisory Board of an SCA has exceptional powers of control (in the audit sense) of the management of the company, as a counterpart to the dormant partner role of the Limited Partners.

The Supervisory Board of Hermès International has powers strictly defined by the Company's Articles of Association and does not have the authority to determine the compensation policy for the Executive Chairmen, which falls within the remit of the Active Partner Émile Hermès SAS, under the aegis of its Executive Management Board.

The law (Article L. 226-8-1 of the French Commercial Code) provides that the role of the Supervisory Board of an SCA is limited to issuing an advisory opinion on the compensation policy and deliberating on the actual compensation.

The role of Hermès International's CAG-CSR Committee is strictly limited to that of monitoring compliance with the Articles of Association and the compensation policy and monitoring the actual compensation proposed by the Active Partner as well as the assessment of the achievement of the variable compensation CSR criterion.

The responsibilities of the CAG-CSR Committee therefore do not correspond to the responsibilities of the Committee in charge of compensation as defined by the Afep-Medef Code.

The Board therefore decided to set aside this provision of the Code, in a clear, relevant and detailed manner, due to the legal form of our company.

The role of the Supervisory Board in the decision-making process applicable to the compensation policy for the Executive Chairmen is described in § 3.8.1.2.

Proportion of independent members on the Audit Committee (Article 17.1)

Independent directors should account for at least two thirds of Audit and Risk Committee members and the Committee should not include any Executive Corporate Officers.

The Supervisory Board determined that slightly less than two-thirds of the Audit and Risk Committee members are independent (60%, *i.e.* three out of five members). This situation enables the Audit and Risk Committee to carry out its duties in an appropriate manner. The Audit and Risk Committee rules of procedure stipulate that at least one-half of the seats on the Audit and Risk Committee should be held by members who qualified as independent at the time of their appointment and throughout their term of office.

The HCGE considers:

- ◆ in its 2014 report "that an Audit Committee with, for example, three independent members out of five remains compliant with the spirit of the Code, provided that the Chairman is an independent member";
- ◆ in its 2017 report "that it would prefer to see the proportions not completely achieved rather than having the independence criteria interpreted too freely (for example by excluding the criterion requiring 12 years of service on the Board), and that it considers that 60% independent members on the Audit Committee or 50% on the other two committees does not constitute a serious deviation".

There are no immediate plans to increase the proportion of independent members of the Audit and Risk Committee to two-thirds, however the Board will review the matter at each annual evaluation.

Provisions of the Afep-Medef Code not applied due to the Company's legal form

Provisions of the Afep-Medef Code not applied due to the Company's legal form	Explanations
<p>Severance payment (Article 26.5.1)</p> <p>The performance requirements set out by Boards for these benefits must be evaluated over at least two financial years. They must be demanding and may not allow for the indemnification of a director unless his or her departure is forced, regardless of the form of this departure.</p>	<p>The Company made a commitment to pay Mr Axel Dumas a severance payment under the conditions described in § 3.8.1.2.4.</p> <p>Given the importance of the role of the Active Partner in a <i>société en commandite par actions</i> (partnership limited by shares) – which has the power to appoint and dismiss any Executive Chairman – and in the case of a legal entity, its legal representative, it was considered that the termination of duties as Executive Chairman of Mr Axel Dumas that may result from the replacement of the Chairman of Émile Hermès SAS, should be treated as a forced departure.</p> <p>The Supervisory Board therefore considered that the deferred compensation commitment made to Mr Axel Dumas complied with the requirements of the Afep-Medef Corporate Governance Code.</p> <p>In its November 2018 report on corporate governance and Senior Executive compensation, the AMF recommends that the Board carry out a regular review of the components of compensation that may be due at the time of or subsequent to the departure of a Senior Executive and that it questions the possibility and desirability of compliance with new Code provisions.</p> <p>No compliance was made necessary by the new provisions of the Afep-Medef Code updated in December 2022.</p>

Provisions of the Afep-Medef Code excluded for other reasons

None

A revised version of the Afep-Medef Code relating to CSR was published on 20 December 2022.

These recommendations are applicable to General Meetings held for financial years beginning on or after 1 January 2023. However, it is recommended that Boards make their best efforts to implement them immediately.

Changes made since the most recent update of the Afep-Medef Code in December 2022 to ensure compliance therewith

Changes made since the most recent update of the Afep-Medef Code in December 2022 to ensure compliance therewith	Explanations
<p>The Board and CSR (Articles 5.1 to 5.3)</p> <p>The Board's missions are strengthened so that it determines the multi-year strategic orientations in terms of CSR and is the guarantor of their implementation.</p>	<p>The Supervisory Board of Hermès International has powers strictly defined by the Company's Articles of Association and does not have the authority to determine the strategic orientations that fall within the exclusive competence of the Executive Management.</p> <p>It is therefore the responsibility of the Executive Management to:</p> <ul style="list-style-type: none"> determine the CSR strategy including climate objectives; decide on the implementation methods: action plan and the time horizons within which these actions will be carried out; annually review the results obtained and the opportunity to adapt the action plan or modify the objectives in light of changes in the Company's strategy, technologies, shareholder expectations and the economic capacity to implement them. <p>The governance put in place by Executive Management to monitor CSR issues is presented in chapter 2 "Corporate social responsibility and non-financial performance", § 2.1.6).</p> <p>As part of its management control role, the multi-year strategic guidelines in terms of CSR and their implementation methods were presented to the Supervisory Board.</p> <p>The results obtained are presented each year to the CAG-CSR Committee, which reports on these to the Supervisory Board.</p> <p>This provision of the Afep-Medef Code is therefore not applicable to Hermès International, given its legal form and the role assigned to the Supervisory Board (described in § 3.5.1).</p>
<p>The General Meeting and CSR (Article 5.4)</p> <p>The climate strategy and the main actions undertaken for this purpose must be presented to the Shareholders' General Meeting at least every three years or in the event of significant change</p>	<p>The climate strategy – which is aligned with a trajectory of less than 1.5°C – validated by the Science Based Targets (SBTi) initiative, and the main CSR actions are presented each year to the General Meeting.</p> <p>The information presented at the 2022 General Meeting is available at the following address: https://assets-finance.hermes.com/s3fs-public/node/pdf_file/2022-05/1652974639/hermes_AG2022_presentation_EN-01.pdf</p> <p>The Company is therefore already in compliance with this recommendation.</p>
<p>Training of the Board on climate issues (Article 14)</p> <p>Directors can benefit from training on environmental and climate issues.</p>	<p>The CSR training provided to Board members is described in § 3.5.6.1.</p> <p>The Company is therefore already in compliance with this recommendation.</p>
<p>Role of the committees in terms of CSR (Article 16)</p> <p>Matters relating to CSR must first be prepared by a specialised committee of the Board of Directors.</p>	<p>As specified in § 3.5.6.2, matters relating to CSR are the subject of preparatory work by the committees:</p> <ul style="list-style-type: none"> since 2018: the CAG-CSR Committee is in charge of monitoring CSR issues; since 2021: a joint meeting between the CAG-CSR Committee and the Audit and Risk Committee dedicated to the presentation of CSR risk exposure is organised each year. <p>The Company is therefore already in compliance with this recommendation.</p>

Changes made since the most recent update of the Afep-Medef Code in December 2022 to ensure compliance therewith**CSR criteria in Senior Executive compensation (Article 26.1.1)**

Senior Executive compensation shall include at least one criterion related to the Company's climate objectives. These precisely-defined criteria must reflect the most important social and environmental issues for the Company. Quantifiable criteria should be selected where possible.

Explanations

The variable compensation of the Executive Chairmen is partially conditioned (10%) on a "CSR" criterion reflecting the Group's stated and constant commitments in respect of sustainable development.

The indicators making up the CSR criterion relate to the following:

- ◆ decoupling between business growth at constant scope and exchange rates and the evolution of industrial energy consumption (quantifiable environmental criterion);
- ◆ actions implemented in favour of the Group's local integration in France and throughout the world, excluding major cities (qualitative societal criterion);
- ◆ Group initiatives in favour of gender balance (qualitative social criterion).

These indices are in line with the CSR strategy and the action priorities presented in chapter 2 "Corporate social responsibility and non-financial performance", § 2.1.5).

The Company is therefore already in compliance with this recommendation.

Corporate governance award

True to the values of the craftspeople and the authenticity of its craftsmanship model, Hermès is committed to seeking quality in all domains and is constantly reinventing itself in a spirit of continuous progress.

Since 2009, the *Grand Prix de la Transparence*, now known as the **Transparency Awards**, have rewarded the quality of regulated information of French SBF 120 companies. The objective of these awards is to enable issuers to measure their performance each year in terms of transparency and to identify market best practices.

The Transparency Awards are based on the criteria of accessibility, accuracy, comparability, availability and clarity of information in each company's key media (universal registration document, finance website, notice of general meeting brochure). An independent scientific committee ensures the neutrality and fairness of the ranking. It is composed of 10 members of organisations and associations representing users of information, including Paris Europlace, Euronext, AMF, IFA, SFAF, AFG and F2ic. These awards recognise the work of all the House's teams who contribute to the

production of regulated information.

2022: Winner of the **"SBF 120" Transparency Award** (All categories) and nominated for the "ESG Information", "Universal registration document", "Website" and "Notice of meeting" awards

2021: Winner of the **"CAC Large 60" (CAC 40 and CAC Next 20) Grand Prix de la Transparence** and nominated for the "All categories" and "Website" awards

2020: Winner of the **"Notice of meeting" Grand Prix de la Transparence**

2019: Nominated for the "Clarity of the registration document" award

2018: Winner of the **"Best progress" Grand Prix de la Transparence**

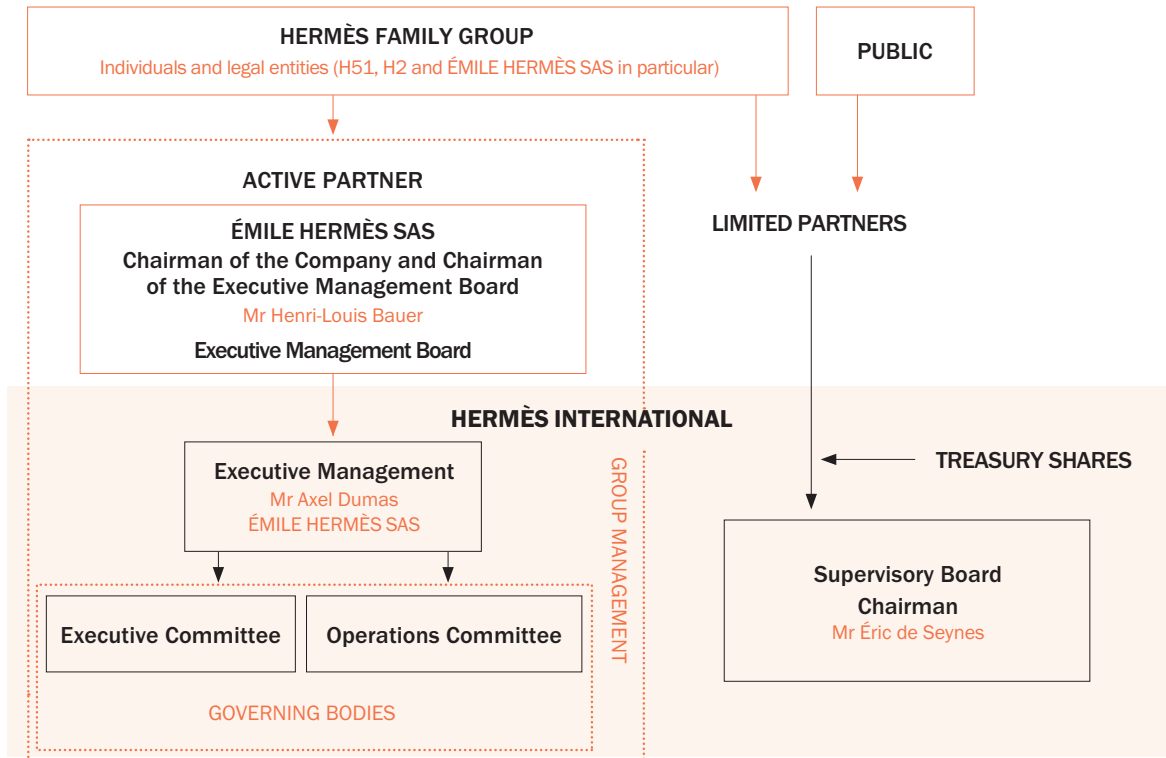
Launched in 2004, the **AGEFI Corporate Governance Awards** have become a benchmark over the years for best practices in governance.

2017: Winner of the **"Governance Dynamics" Gold Grand Prix**

2014: Winner of the **"Operation of corporate bodies" Silver Governance Grand Prix**

3.2 AMBITIOUS AND BALANCED GOVERNANCE

3.2.1 ORGANISATIONAL STRUCTURE OF HERMÈS INTERNATIONAL AS AT 31 DECEMBER 2022



3.2.2 TWO TYPES OF PARTNERS

Hermès International was converted into a *société en commandite par actions* (partnership limited by shares – SCA) by a decision of the Extraordinary General Meeting held on 27 December 1990, in order to preserve its identity and culture and thus ensure its sustainability over the long term, in the interests of the Group and all shareholders. This singular legal form, whose capital is divided into shares, brings together two types of partners:

The Active Partner (Émile Hermès SAS) – § 3.3.1

The Active Partner Émile Hermès SAS is involved in the operation and organisation of the Company. It has structuring powers.

Powers:

- ◆ determining for the Group: (i) strategic options, (ii) consolidated operating and investment budgets, and (iii) proposals to the General Meeting for the distribution of share premiums, reserves and retained earnings;
- ◆ approving the decisions of the General Meeting of Limited Partners (except those falling within their own powers);
- ◆ appointing or dismissing the Executive Chairmen;
- ◆ establishing the compensation policy for the Executive Chairmen;
- ◆ authorising all significant transactions (loans, guarantees, investments, etc.) when their amount exceeds 10% of the Hermès Group's net consolidated financial position;
- ◆ formulating recommendations to the Executive Management on all issues of general interest to the Group;
- ◆ proposing the appointment or dismissal of members of the Supervisory Board.

Émile Hermès SAS has been the sole Active Partner of Hermès International since 1 April 2006.

The Executive Management Board of Émile Hermès SAS exercises the powers attached to being an Active Partner of the Company.

The Active Partner cannot participate in the vote on the appointment of members of the Supervisory Board at a General Meeting. The shares held in the Company are therefore removed from the quorum of the resolutions of the General Meetings concerned.

The Active Partner is jointly and severally liable for all the Company's debts, for an indefinite period of time.

In accordance with Article 26 of the Articles of Association, each year, the Company pays the Active Partner an amount equal to 0.67% of the distributable profits.

The Limited Partners (shareholders) – chapter 7 “Information on the Company and its share capital”, § 7.2.2

The Limited Partners or shareholders, who provide capital, enjoy limited prerogatives.

Powers:

- ◆ voting the parent company financial statements and the consolidated financial statements approved by Executive Management;
- ◆ determining the allocation of net income (including the distribution of dividends);
- ◆ approving related-party agreements;
- ◆ appointing the Statutory Auditors;
- ◆ appointing and dismissing the members of the Supervisory Board.

Any other decision of the shareholders is only valid if approved on the same terms by the Active Partner.

The law explicitly prohibits them from any interference in the Company's management, for any reason whatsoever, on pain of being liable under the same conditions as the Active Partner.

The liability of the shareholders is limited to the amount of their contribution.

Shareholders receive a share of the profits in the form of dividends.

The main Limited Partners are listed in § 7.2.2.5.

3.2.3 GOVERNANCE BY NATURE DISSOCIATED

The organisation of governance within an SCA follows the principle of the separation of powers. Executive powers are exercised by the Executive Management and control powers by the Supervisory Board. Hermès International's governance therefore has a structure that is by nature dissociated.

Executive Management – § 3.3.2

The Company is currently administered and managed by two Executive Chairmen, one of whom is the Active Partner.

The role of Executive Chairman is to manage the Group.

Powers:

- ◆ defining and implementing the Group's strategy in accordance with the strategic options adopted by the Active Partner;
- ◆ directing the Group's operations;
- ◆ establishing and implementing internal control and risk management procedures;
- ◆ approving the parent company and consolidated financial statements;
- ◆ convening General Meetings and setting their agendas;
- ◆ preparing the management report for the General Meeting;
- ◆ exercising the broadest of powers to act on behalf of the Company in all circumstances with regard to third parties, subject to the limits of the corporate purpose and powers granted to the Supervisory Board and to Shareholders' General Meetings.

The Executive Management is controlled by a Supervisory Board representing the Limited Partners.

The Afep-Medef Code qualifies the Executive Chairmen as "Executive Corporate Officers".

The Executive Management is assisted by the Executive Committee (see § 3.3.3.1) and the Operations Committee (see § 3.3.3.2), which constitute the Governing bodies.

The Joint Council – § 3.5.2.2

The Joint Council, composed of the members of the Executive Management Board of Émile Hermès SAS (see § 3.3.1.4), the Active Partner (see § 3.2.2 and § 3.3.1) and the members of the Hermès International Supervisory Board (see § 3.4), is a consultation body that has no decision-making powers of its own.

It is aware of all issues that are submitted to it or that it takes up, without being able to replace the bodies to which the decision-making powers are assigned.

Nevertheless, the Active Partner, through the Executive Management Board, and the Supervisory Board may, as the Joint Council if they so wish, take any decisions or issue any opinions within their competence.

Supervisory Board – § 3.4

The Supervisory Board is an offshoot of the General Meeting of Limited Partners. The appointment of members of the Board (except for the employee representatives) is solely that body's responsibility.

Powers:

- ◆ controlling the management of the Company (power comparable to that of the Statutory Auditors): audit of the parent company and consolidated financial statements and respect for equality between shareholders;
- ◆ determining the allocation of net income to be put to the General Meeting each financial year;
- ◆ convening the Shareholders' General Meeting whenever it deems it appropriate;
- ◆ preparing the corporate governance report;
- ◆ preparing a report to the General Meeting on the performance of its duties;
- ◆ authorising or downgrading related-party agreements;
- ◆ authorising the Executive Management to grant sureties, endorsements and guarantees;
- ◆ establishing the compensation policy for the members of the Supervisory Board;
- ◆ deliberating on the actual compensation of the Executive Chairmen;
- ◆ approving any proposed new wording of certain clauses of the Articles of Association of Émile Hermès SAS;
- ◆ is required to be consulted by the Active Partner with regard to: (i) strategic options, (ii) consolidated operating and investment budgets, (iii) proposals to the General Meeting pertaining to the appropriation of share premiums, reserves or retained earnings, and (iv) setting the compensation policy for the Executive Chairmen;
- ◆ issuing, for the attention of the Active Partner, a reasoned opinion on: (i) any appointment or dismissal of any Executive Chairman of the Company, and (ii) the reduction in the notice period in the event of resignation of the Executive Chairman.

The functions exercised by the Supervisory Board do not entail any interference with the Executive Management, or any liability arising from the management's actions or from the results of such actions.

The law does not confer any other powers on the Supervisory Board. Consequently, it may neither appoint or dismiss the Executive Chairmen, nor set their compensation policy.

The Afep-Medef Code qualifies the Chairman and the members of the Supervisory Board as "non-Executive Corporate Officers".

The Board is supported by the work of two permanent committees:

- ◆ Audit and Risk Committee;
- ◆ Compensation, Appointments, Governance and CSR Committee or "CAG-CSR Committee".

These committees act under the collective and exclusive responsibility of the Supervisory Board. Their role is to discuss, analyse and prepare for certain deliberations of the Board, to which they submit their opinions, proposals or recommendations.

3.3 ADMINISTRATIVE AND MANAGEMENT BODIES

3.3.3 GOVERNING BODIES

The definition of the Governing bodies retained for a number of years includes the committees established by the Executive Management several years ago to regularly assist it in exercising its general duties, namely:

- ◆ the Executive Committee;
- ◆ the Operations Committee.

This scope complies with the definition of Article L. 23-12-1 of the French Commercial Code (*Code de commerce*) in its wording resulting from law no. 2021-1774 of 24 December 2021 aimed at accelerating economic and professional equality (known as the Rixain law).

As Hermès International employs fewer than 1,000 employees, it is not subject to the obligations of the Rixain law.

The policy of non-discrimination and gender balance within the Governing bodies is described in § 3.3.4.

3.3.3.1 EXECUTIVE COMMITTEE

3.3.3.1.1 Role and composition

Role	Composition at 31/12/2022		
<p>The Executive Chairmen are supported in their management of the Group by the Executive Committee. This consists of Executive Vice-Presidents, each of whom has well-defined areas of responsibility.</p> <p>The role of the Executive Committee is to oversee the Group's strategic and operational management.</p> <p>The Executive Committee meets every two weeks.</p> <p>Its composition reflects the Group's main areas of expertise.</p>	<p>11 MEMBERS</p>	<p>40% WOMEN MEMBERS (EXCLUDING EXECUTIVE CHAIRMEN)</p>	<p>8 years AVERAGE LENGTH OF SERVICE ON THE EXECUTIVE COMMITTEE</p>
	<p>19 years AVERAGE LENGTH OF SERVICE IN THE GROUP</p>	<p>55 years AVERAGE AGE ¹</p>	



Members of the Executive Committee in the Pantin leather goods workshop in Île de France. From left to right: Agnès de Villers, Pierre-Alexis Dumas, Olivier Fournier, Sharon MacBeath, Guillaume de Seynes, Axel Dumas, Catherine Fulconis, Florian Craen, Charlotte David, Wilfried Guerrand, Éric du Halgouët

Mr Axel Dumas

Executive Chairman

- ◆ **Mr Florian Craen**
Executive Vice-President
Sales & Distribution
- ◆ **Ms Charlotte David**
Executive Vice-President
Communication
- ◆ **Mr Pierre-Alexis Dumas**
Artistic Executive
Vice-President
- ◆ **Mr Olivier Fournier**
Executive Vice-President Corporate Development and
Social Affairs
- ◆ **Ms Catherine Fulconis**
Executive Vice-President Leather Goods & Saddlery
(which also includes Hermès Horizons and
Equestrianism) and petit h
- ◆ **Mr Wilfried Guerrand**
Managing Director *Métiers*, Information Systems and
Data
- ◆ **Mr Éric du Halgouët**
Executive Vice-President Finance
- ◆ **Ms Sharon MacBeath** (since 1 March 2022)
Group Director of Human Resources
- ◆ **Mr Guillaume de Seynes**
Executive Vice-President Manufacturing Division &
Equity Investments
- ◆ **Ms Agnès de Villers** (since 1 March 2022)
Chairwoman and Executive-Vice President of Hermès
Perfume and Beauty

Changes in the Executive Committee in financial year 2022

On 1 March 2022, two new members joined the Executive Committee:

- ◆ Ms Agnès de Villers, Chairwoman and Executive Vice-President of Hermès Perfume and Beauty
- ◆ Ms Sharon MacBeath, Group Director of Human Resources.

Changes in the Executive Committee since 31 December 2022

None

(1) Average calculated on the basis of the age of the members of the Executive Committee, determined on a full-year basis as at 31 December 2022.

3.3.3.1.2 Profile, experience and expertise of the members of the Executive Committee

Name Age Date of birth Nationality	Date of appointment to the Executive Committee	Education	Positions held in the Hermès Group (date of appointment)	Other positions
◆ Axel Dumas 52 years ¹ 03/07/1970 French	02/05/2011	See § 3.3.2.2		
◆ Florian Craen 52 years ¹ 31/10/1970 French	01/09/2013	École Supérieure du Commerce Extérieur de Paris (1992) Harvard Business School (AMP 184)	Executive Vice-President Sales & Distribution of Hermès International (since 1 September 2013) Managing Director of Hermès North Asia (2009) Managing Director of Hermès Great Britain (2006) International Director of Hermès Travel Retail (2001) European Director of Hermès Travel Retail (1997)	
◆ Charlotte David 47 years ¹ 28/03/1975 French	12/10/2015	Essec (1997)	Executive Vice-President Communication (since 12/10/2015)	
◆ Pierre-Alexis Dumas 56 years ¹ 04/06/1966 French	01/10/2005	Graduate in visual arts from Brown University (1991)	Artistic Executive Vice-President (since 01/10/2005)	

(1) The ages indicated are determined in number of full years as at 31 December 2022.

Name Age Date of birth Nationality	Date of appointment to the Executive Committee	Education	Positions held in the Hermès Group (date of appointment)	Other positions
<p>♦ Olivier Fournier 61 years ¹ 10/07/1961 French</p>	01/06/2015	EM Lyon (1983) Graduate degree in accounting and finance	<p>Executive Vice-President Corporate Development and Social Affairs of Hermès International (2015) Executive Vice-President Hermès Sellier craftsmanship division (2008) Managing Director of Holding Textile Hermès (2001) Managing Director of Bucol (1998) Managing Director of Sport Soie (1994) Director of Internal Audit and Taxation of Hermès International (1991)</p>	Chairman of the Fondation d'entreprise Hermès (since 08/02/2016)
<p>♦ Catherine Fulconis 61 years ¹ 01/09/1961 French</p>	01/04/2019	École des hautes études commerciales (HEC) (1983)	<p>Executive Vice-President Leather Goods & Saddlery (which also includes Hermès Horizons and Equestrianism) and petit h (since 01/04/2019) Executive Vice-President Hermès Maroquinerie-Sellerie and Chairwoman of the Board of Directors of Hermès Parfums (2015) Chairwoman and Managing Director of Hermès Parfums (2010) Managing Director and Chairwoman of the Management Board of Hermès Parfums (2006)</p>	
<p>♦ Wilfried Guerrand 51 years ¹ 01/02/1971 French</p>	01/07/2014	Neoma Business School (1993, Rouen) MBA from London School of Economics, NYU Stern and HEC (2011, TRIUM)	<p>Managing Director <i>Métiers</i> (Hermès Femme, Hermès Homme, Hermès Bijouterie, Hermès Soie et Textiles and Hermès Maison), Information Systems and Data (since 01/04/2019) Executive Vice-President Digital Projects and E-commerce of Hermès International (2014) Managing Director of Hermès Femme (2012) Managing Director Europe of Hermès International (2009) Group Director of Sales of Hermès International (2007) Managing Director Hermès France for Hermès Sellier (2004) Director of Industrial Development of Hermès International (2002) Advisor to the Chairman of Hermès Sellier (1999) Financial Controller for Hermès Sellier (1995)</p>	
<p>♦ Éric du Halgouët 59 years ¹ 14/03/1963 French</p>	01/06/2015	Neoma Business School (1986, Rouen) Graduate degree in accounting and finance	<p>Executive Vice-President Finance of Hermès International (2015) Chief Financial Officer (2007) Director of Consolidation and Financial Control (2006)</p>	

(1) The ages indicated are determined in number of full years as at 31 December 2022.

Name Age Date of birth Nationality	Date of appointment to the Executive Committee	Education	Positions held in the Hermès Group (date of appointment)	Other positions
◆ Sharon MacBeath 53 years ¹ 30 March 1969 British	01/03/2022	University of Glasgow Master's degree in psychology & management (1990) University Panthéon-Sorbonne Paris I Master's degree in HR (1994) INSEAD (2004)	Group Director of Human Resources (since 17/06/2019) Member of the Supervisory Board (from 2016 to 2019) Member of the Audit and Risk Committee (from 2016 to 2019) Member of the CAG-CSR Committee (from 2017 to 2019) since 6 June 2017	Coface – Independent Director and Chairwoman of the Appointments & Compensation Committee (since 01/07/2014)
◆ Guillaume de Seynes 65 years ¹ 14/10/1957 French	01/01/2005	Graduate in law and political science in Paris (1978) and an Essec graduate (1982) Institut d'études politiques de Paris Economics and Finance (graduated in 1993) University of Paris X Master's in Economic History (1991) Hypokhâgne/Khâgne Modern Letters (1988-1989)	Executive Vice-President Manufacturing Division & Equity Investments of Hermès International (since 02/05/2011) Chairman of John Lobb (2007) Deputy Managing Director of Hermès International (2006) Managing Director Métiers of Hermès Sellier (2004) Managing Director of La Montre Hermès (1999) Director of Sales and Marketing of La Montre Hermès (1997)	Chairman of the Colbert Committee (since 10/06/2016 and until June 2022) Chairman of the Strategic Committee, Fashion and Luxury sector (since 2018)
◆ Agnès de Villers 53 years ¹ 24/12/1969 French	01/03/2022	Institut d'études politiques de Paris Economics and Finance (graduated in 1993) University of Paris X Master's in Economic History (1991) Hypokhâgne/Khâgne Modern Letters (1988-1989)	Managing Director of Hermès Perfume and Beauty (since 01/05/2015) and Chairwoman of the Board of Directors (since 06/06/2019)	Director of CEW (since 2015) Director of the FEBEA (Fédération des Entreprises de la Beauté) Director of SFP (Syndicat Français de la Parfumerie)

(1) The ages indicated are determined in number of full years as at 31 December 2022.

3.3.3.2 OPERATIONS COMMITTEE

Role

The Operations Committee, which reports to the Executive Management, is made up of the Executive Committee and the Senior Executives of the main *métiers* and geographical areas of the Group.

Its duties are:

- ◆ to involve Senior Executives in the Group's major issues and strategic orientations;
- ◆ to promote communication, sharing and reasonable exchanges amongst its members in their area of responsibility;
- ◆ to enable the Executive Committee to take certain decisions.

The Operations Committee meets two or three times a year.

Composition at 31/12/2022

25	64%	21%
MEMBERS	WOMEN MEMBERS	MEMBERS WITH A FOREIGN NATIONALITY

(EXCLUDING THE EXECUTIVE CHAIRMAN AND THE EXECUTIVE COMMITTEE)

Mr Axel Dumas

Executive Chairman

Executive Committee members

(see § 3.3.3.1)

Other members of the Operations Committee

Senior Executives of the métiers

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> ◆ Mr Laurent Dordet
Watches ◆ Ms Cielo Dunbavand
Women's ready-to-wear ◆ Ms Antoinette Louis (until 30/09/2022)
Silk and Textiles | <ul style="list-style-type: none"> ◆ Ms Alix Coindreau (since 01/10/2022)
Silk and Textiles ◆ Ms Véronique Nichanian
Men's ready-to-wear ◆ Ms Anne-Sarah Panhard
Home | <ul style="list-style-type: none"> ◆ Ms Élodie Potdevin
Fashion accessories and IoT ◆ Ms Ambre Pulcini
Jewellery and Shoes ◆ Ms Agnès de Villers¹
Perfume and Beauty |
|--|---|---|

Senior Executives of the Geographical areas

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> ◆ Mr Masao Ariga²
Japan ◆ Mr Robert Chavez²
United States and Latin America ◆ Ms Hélène Dubrule
France | <ul style="list-style-type: none"> ◆ Mr Éric Festy
South Asia ◆ Mr Luc Hennard²
China ◆ Ms Hinde Pagani
Digital Sales and Service | <ul style="list-style-type: none"> ◆ Mr Florian Craen¹
Europe ◆ Ms Ségolène Verdillon
Travel Retail |
|---|--|--|

Changes in the Operations Committee in financial year 2022

On 1 March 2022, two new members of the Executive Committee joined the Operations Committee (see § 3.3.3.1.1)

- ◆ Ms Agnès de Villers, Chairwoman and Executive Vice-President of Hermès Perfume and Beauty
- ◆ Ms Sharon MacBeath, Group Director of Human Resources

Ms Alix Coindreau took over the Group Management of the Silk and Textiles *métier*, replacing Ms Antoinette Louis (01/10/2022).

Changes in the Operations Committee since 31 December 2022

Mr Luc Hennard took over the Group Management of the Europe region, replacing Mr Florian Craen since 1 January 2023.

Ms Diane Mahady will take over Group Management for the United States and Latin America region, replacing Mr Robert Chavez from 1 April 2023.

(1) Members of the Executive Committee who are not counted twice.

(2) Members with a foreign nationality.

3.3.4 NON-DISCRIMINATION AND DIVERSITY POLICY

3.3.4.1 GENDER BALANCE POLICY WITHIN GOVERNING BODIES

In accordance with the provisions of 2 of Article L. 22-10-10 of the French Commercial Code (*Code de commerce*), the way in which the Company seeks balanced representation of men and women on the committees established, where relevant, by the Executive Management, in order to regularly assist it in exercising its general duties, is presented below, alongside the results in terms of gender balance in the 10% of management positions with the greatest responsibility.

Since 2018, the Supervisory Board has been tasked with ensuring that the Executive Chairmen implement a non-discrimination and diversity policy in the Governing bodies.

This policy was presented to the Supervisory Board in late 2018.

Pursuant to Article 8 of the Afep-Medef Code, updated in December 2022, Boards are recommended to set gender balance objectives within Governing bodies.

The HCGE implementation guide revised in June 2022 stipulates that in *sociétés en commandite par actions* (partnerships limited by shares):

- ◆ it is the responsibility of the Executive Management to set gender balance objectives and the time frame for attaining them, as well as to determine how these objectives and the action plan are implemented;
- ◆ the Supervisory Board ensures compliance with and monitoring of this recommendation. It is informed annually by the Executive Management of the results obtained so that they can be included in the corporate governance report.

The Executive Management has set Company gender balance objectives since 2020 as follows:

Overall gender balance target for Governing bodies: that the proportion of members of each gender be at least equal to 40%. The scope of the Governing bodies selected includes the committees established by the Executive Management several years ago to regularly assist it in exercising its general duties, namely:

- ◆ the Executive Committee (role and composition described in § 3.3.3.1);
- ◆ the Operations Committee (role and composition described in § 3.3.3.2).

Time horizon: the proportion set having already been reached in 2019, the Executive Management has set the target of maintaining the current balance (over both the medium and long term).

Action plan: for several years now, the Company has been encouraging female representation among Senior Executives, which should help achieve this goal.

At the start of 2023, the Supervisory Board noted that the overall gender balance of the Governing bodies remained in line with the objectives set.

The diversity policy applied to the members of the Supervisory Board is described in § 3.4.3.

3

3.3.4.2 GENDER BALANCE OF GOVERNING BODIES

The table below illustrates gender balance on the governance bodies, on the Supervisory Board and in the Senior Executives category:

AS AT 31 DECEMBER	2022	2021
Governing bodies (Executive Committee and Operations Committee, excluding the Executive Chairmen)		
Proportion of women	54.2%	13/24 52.2%
Proportion of men	45.8%	11/24 47.8%
Overall female representation		
Supervisory Board (excluding the employee representatives on the Supervisory Board)	50.0%	50.0%
CAG-CSR Committee	66.7%	66.7%
Audit and Risk Committee	40.0%	40.0%
Senior Executives	47.0% ¹	47.0% ¹

(1) Within the meaning of Article L. 3111-2 of the French Labour Code. This category comprises the 105 positions with the highest levels of responsibility according to the classification used by the Group in 2021 and the 100 positions with the highest levels of responsibility according to the classification used by the Group in 2022.

A special mention was awarded to Hermès International by the Ministry in charge of Gender Equality as part of the Women in Governance Bodies Awards, in the Gender Parity in the Top 100 category (49 women); the Company was ranked 15th overall.

3.3.4.3 PROFESSIONAL GENDER EQUALITY INDEX

The Hermès Group is committed to the principles of recognition and respect, irrespective of one's origin, gender, family situation or position. Employees are reminded of this respect for differences in the ethics charter (available at <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>) ensuring objectivity and equal opportunities and promoting diversity and inclusion in recruitment, career development and day-to-day management.

As the results published below illustrate, the Hermès Group is constantly committed to promoting gender equality. Particular attention is paid to equality, particularly in the awarding of equal pay for equal work and ensuring equal opportunities in access to employment and internal promotions. At all levels of the organisation, equality of opportunity, diversity and inclusion in terms of employment, training, supervision and compensation are backed by the House's commitment, with the objective of taking concrete and sustainable actions.

Since 2019, Hermès has harmonised its international maternity leave practices by defining a minimum maternity leave period of 16 weeks, maintaining 100% basic pay and making 100% coverage of maternity expenses available in all locations.

In addition, in order to offer an increasingly inclusive framework for parenthood and to support the professional careers of women, from 1 January 2022, the Group is offering paternity or adoption leave for employees in France (i.e. 62% of the House's workforce) by maintaining the compensation of the persons concerned at 100%.

In France, agreements or action plans relating to professional equality are regularly renewed in order to reaffirm the guarantee of a balanced salary positioning between men and women, as well as respect for equal treatment in the allocation of salary increases. These agreements define progress targets in order to promote the role of fathers in the exercise of family responsibility, and to enable women to carry out a professional activity corresponding to their wishes. Women in managerial roles and positions of responsibility at production sites also benefit from personalised coaching support.

In accordance with Article L. 1142-8 of the French Labour Code (*Code du travail*), on 1 March 2023 Hermès International published the professional gender equality index for 2022, which was 99/100.

This index measures the gender pay gap within a single company. It takes into account all components of a compensation package and must be calculated each year, thereby serving to identify any points of progress. This index includes the following five indicators (the results obtained for each indicator are given in brackets):

- ◆ gender pay gap (39/40);
- ◆ difference in the breakdown of individual pay increases (20/20);
- ◆ breakdown of promotions (15/15);
- ◆ number of employees receiving a pay increase upon their return from maternity leave (15/15);
- ◆ number of employees of the under-represented gender among the 10 highest-paid employees (10/10).

The overall weighted average index of the Group for financial year 2022 was 95/100.

3.3.5 SUCCESSION PLAN FOR SENIOR EXECUTIVES

It should be noted that the existence of two Executive Chairmen, one of which is a legal entity, guards against the Executive Management falling vacant unexpectedly.

The succession plan for the Chairman of the Supervisory Board is presented in § 3.4.4.

3.3.5.1 SUCCESSION PLAN FOR EXECUTIVE MANAGEMENT

A succession plan was established in 2016 for the Executive Management. This succession plan, which has been set down in writing since 2019, covers:

- ◆ temporary interim succession (temporary absence of an Executive Chairman, e.g. due to illness or accident);
- ◆ unplanned succession (permanent impairment, death or resignation of an Executive Chairman in the short or medium term).

The results of the other Group companies are available at <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>.

3.3.4.4 DIVERSITY POLICY AND RESULTS IN TERMS OF GENDER BALANCE IN THE TOP 10% OF POSITIONS WITH THE HIGHEST RESPONSIBILITY

Whether appointments to governing bodies, recruitment or the appointment of any employee, the Hermès Group is particularly committed to compliance with the principle of non-discrimination.

Whenever possible, all employees are reminded of the importance of this principle.

The “Hermès, a Responsible Employer” policy insists on compliance with two essential principles: the principle of non-discrimination and the principle of gender equality. This policy is described in chapter 2 “Corporate social responsibility and non-financial performance”, § 2.2.2.

The Group has also made commitments to promote the professional integration and employment of people with disabilities (see in chapter 2 “Corporate social responsibility and non-financial performance”, § 2.2.3.1.4).

The Group has put in place an “Alterego” training programme which focuses on integration and diversity management. This training is attended by all Management Committee members and the Group’s local managers. It takes the form of a one-day programme, which alternates between a theory-based and a more hands-on approach, for preventing and identifying all forms of discrimination (direct, indirect or even involuntary) and reaffirming the Group’s zero tolerance with regard to this type of practice.

Every year, the CAG-CSR Committee conducts an annual review of this plan. In early 2023, it noted that it remained unchanged and maintained its assessment that this plan is understandable, of good quality and sufficiently protective to ensure business continuity.

3.3.5.2 TALENT REVIEW

An annual “Talent Review” process was rolled out throughout the Group in 2020, with the following objectives:

- ◆ take stock of our leadership talents to ensure succession within Hermès;
- ◆ improve anticipation of succession plans;
- ◆ engage a stronger dynamic in the development of talents.

This Talent Review covers the succession of the members of the Executive Committee and of the members of the Operations Committee.

The Talent Review and succession plans for the Executive Management and the Chairman of the Supervisory Board are presented to the CAG-CSR Committee every year.

3.4 ORGANISATION OF THE SUPERVISORY BOARD

3.4.1 KEY DATA ON THE SUPERVISORY BOARD AS AT 31 DECEMBER 2022

SUPERVISORY BOARD



1. The members of the Supervisory Board representing employees are not taken into account for the calculation of these proportions.
 2. Average calculated on the basis of ages and lengths of service of members of the Supervisory Board, determined on a full-year basis as at 31 December 2022.
 3. 12 members are appointed by the Shareholders' General Meeting and two members, representing employees, are appointed by the Group Works Council.
 4. Supervisory Board members representing employees
 5. Excluding Supervisory Board members representing employees.

3.4.2 APPLICABLE PRINCIPLES

Number of Supervisory Board members

The Supervisory Board is composed of between three and fifteen members (not including members representing employees). These members are chosen from among shareholders who are neither Active Partners nor legal representative of the Active Partner nor Executive Chairmen (Article 18.1 of the Articles of Association). They are appointed by the Shareholders' Ordinary General Meeting.

The Afep-Medef Code qualifies the Chairman and the members of the Supervisory Board as "non-Executive Corporate Officers". The Supervisory Board accordingly does not include any Executive Corporate Officers.

When appointments to the Supervisory Board come up for renewal, the number of Supervisory Board members is set by a decision adopted by the Active Partner.

Two Supervisory Board members representing the Group's employees are designated by the Group Works Council in accordance with the provisions of Article L. 225-79-2 of the French Commercial Code (*Code de commerce*).

The diversity policy applied within the Supervisory Board is described in § 3.4.3.

3.4.2.1 SELECTION PROCESS FOR NEW MEMBERS OF THE SUPERVISORY BOARD

3.4.2.1.1 Members of the Supervisory Board appointed by the General Meeting (Article L. 226-4 of the French Commercial Code (*Code de commerce*))

The selection process for Supervisory Board members appointed by the General Meeting is as follows:

- ◆ the Supervisory Board sets objectives for changes in its composition in accordance with the diversity policy (see § 3.4.3);
- ◆ a recruitment advisor is tasked with identifying candidates (male and/or female) in addition to those proposed by the Executive Management Board and Supervisory Board;
- ◆ the profiles of male or female candidates from a variety of backgrounds and likely to be interested in joining the Supervisory Board are then preselected by the recruitment advisor;
- ◆ on the basis of a detailed report and an oral presentation from the recruitment advisor, the Chairman of the Supervisory Board and a member of the CAG-CSR Committee draw up a shortlist of candidates whom they will meet individually;
- ◆ the selected candidates then meet the other members of the CAG-CSR Committee and the Executive Chairmen;
- ◆ the CAG-CSR Committee discusses the results of these interviews and submits its recommendations to the Émile Hermès SAS Executive Management Board and the Supervisory Board;
- ◆ this selection is carried out taking into account the personal and professional qualities of the candidates and ensuring that they are able to comply with the guiding principles for exercising the duties of Supervisory Board member laid down in the rules of procedure (Article 2.2.2.1).

3.4.2.1.2 Members of the Supervisory Board representing employees appointed by the Group Works Council (Article L. 225-79-2 of the French Commercial Code (*Code de commerce*))

Pursuant to Article L. 225-79-2 of the French Commercial Code (*Code de commerce*), a Supervisory Board of more than eight members must appoint two employee representatives, respecting gender parity.

Conditions of eligibility are as follows:

- ◆ to have or have had an employment contract for at least two years with the Company or one of its direct or indirect subsidiaries having its registered office in France or abroad;
- ◆ to have a clean criminal record;
- ◆ to complete the application form prepared by the Group Works Council.

Each trade union active at Group level may submit a candidate through its union representative on the Group Works Council.

Each Economic and Social Committee may nominate one candidate by secret ballot.

As an exception, companies with more than 300 employees may present two candidates (one male and one female).

Candidates submitted by representative trade union organisations and employee representative bodies are examined by the Group Works Council, which appoints two employee representatives to the Supervisory Board, one male and one female, in two rounds.

Since late 2019, the Supervisory Board has included two members representing employees.

3.4.2.1.3 Effective implementation

With regard to employee representative members of the Supervisory Board, the process of appointment by the Group Works Council was implemented at the end of 2022 at the expiry of current terms of office (see § 3.4.5.3).

It is not planned to implement it in 2023 for members of the Supervisory Board appointed by the General Meeting insofar as no appointments of new members are proposed to the General Meeting of 20 April 2023.

3.4.2.2 APPOINTMENT OF THE CHAIRMAN AND VICE-CHAIRMEN

The Supervisory Board elects a Chairman (a natural person) and two Vice-Chairmen from among its members (Article 19.2 of the Articles of Association) whose duties are described respectively in § 3.5.1.2 and § 3.5.1.3.

3.4.2.3 TERM OF OFFICE

Category	Appointment procedures	Term of office	Number
Board members	Appointment by the Shareholders' General Meeting	3 years (until the end of the 3rd Ordinary General Meeting following their appointment)	12
Board members representing employees	Designated by the Group Works Council	3 years (from the date of their appointment)	2

The term of office of the members of the Supervisory Board is three years (Article 18.2 of the Articles of Association).

This duration may be less:

- ◆ at the time of first appointment, in accordance with the principle of replacing one-third of the Supervisory Board, as set out in Article 18.2 of the Articles of Association;
- ◆ if there is a renewal, in accordance with the rules relative to the duration of the term of office for independent members or to the age limit.

Following the General Meeting of 2 June 2009, the Company has introduced, in accordance with the recommendations of the Afep-Medef Code, the practice of replacing one-third of Supervisory Board members each year.

3.4.2.4 CO-OPTION

In the event of a vacancy, the Supervisory Board may appoint a new member of the Board on a provisional basis, subject to ratification by the next Ordinary General Meeting, for the remaining term of office of his or her predecessor.

3.4.2.5 NUMBER OF SHARES TO BE HELD BY MEMBERS OF THE SUPERVISORY BOARD

The rules of procedure (Article 2.2.1), since their adoption in 2009, require Supervisory Board members, except for the employee representatives, for whom this requirement is waived, to own a relatively significant number of registered shares. The number was originally set at 200. In view of the high Hermès International share price, the number of shares to be held by the members of the Board was reduced in 2019 to 100 shares.

At the Hermès International share price as at 31 December 2022 (€1,445), this represents more than five years of compensation for a member of the Board.

The Supervisory Board meeting of 9 January 2023 noted that all members of the Supervisory Board continued to comply with this obligation as at 31 December 2022.

The number of shares held by each member of the Supervisory Board is shown in § 3.10.1.

Information on the restrictions on the sale of shares by members of the Supervisory Board is provided in § 3.10.2.3.

3.4.2.6 AGE LIMIT

Pursuant to Article 18.3 of the Articles of Association: "No person over the age of 75 may be appointed to the Supervisory Board if their appointment would result in more than one-third of Board members being over that age" (collective age limit).

In 2021, the Supervisory Board's rules of procedure (Article 2.1.7.1) provide that, as an internal rule, no person may be appointed to the Supervisory Board or have his or her term renewed if they have reached the age of 80 (individual age limit).

The Chairman and Vice-Chairmen are not subject to any age limit other than the age limits applicable to all Board members (individual and collective).

No member of the Supervisory Board has reached the age of 75 and the oldest member was 69 in 2022.

The breakdown of Board members by age group is detailed in § 3.4.1.

3.4.2.7 EMPLOYEE REPRESENTATION ON THE SUPERVISORY BOARD

3.4.2.7.1 Employee representative members of the Supervisory Board (with voting rights)

Pursuant to Article L. 225-79-2 of the French Commercial Code (*Code de commerce*), two members of the Supervisory Board representing the Group's employees (one woman and one man) sit on the Board with voting rights.

The process for selecting the members of the Supervisory Board representing employees is described in § 3.4.2.1.2.

They have the same status, rights and obligations as any other member of the Supervisory Board, including confidentiality. They are required to comply with the Board's rules of procedure.

The members of the Supervisory Board representing employees are not counted for the purpose of determining the minimum and maximum number of members of the Supervisory Board, nor for the calculation of the diversity of the Board or the proportion of independent members.

Their term of office as members of the Supervisory Board is three years.

Notwithstanding the rule contained in Article 18.1 of the Articles of Association, the members of the Supervisory Board representing employees are not required to be shareholders.

They have a credit of 15 hours per meeting (plus meeting time) to carry out their duties.

In accordance with Article L. 225-30-2 of the French Commercial Code (*Code de commerce*), the members of the Supervisory Board representing employees receive training adapted to the performance of their duties, at the expense of the Company. This training must ensure that they acquire and improve the knowledge and techniques required to carry out their duties. It mainly concerns the role and functioning of the Supervisory Board, the rights and obligations of the members of the Supervisory Board and their responsibilities, as well as the organisation and activities of the Group.

This training period, which may not be less than 40 hours per year, is not deducted from the hours credited. A portion of this training time is carried out within the Group but most of it is carried out by an external training organisation (in particular the IFA). After obtaining the favourable opinion of the members concerned, the Supervisory Board determines the training programme for the year at the beginning of each year.

In the third year of their term of office, which expired on 12 November 2022, Ms Purity Cardoso and Mr Rémy Kroll completed the following training program:

- ◆ in-house training (e-learning): anti-corruption;
- ◆ in-house training (e-learning): data protection;

- ◆ in-house training (e-learning): stock market ethics;
- ◆ in-house training: corporate law;
- ◆ in-house training: visit to the Tannerie de Montereau production site;
- ◆ in-house training: visit to the Maroquinerie de Montereau production site;
- ◆ in-house training: visit to the Puiforcat production site;
- ◆ in-house training: visit to the Cristalleries Saint-Louis production site;
- ◆ IFA training: Board secretary;
- ◆ IFA training: Board simulations.

In early 2023, the Supervisory Board determined the content of the training program to be followed by Ms Anne-Lise Muhlmeyer and Mr Prescience Assoh, new employee representative members of the Board (40 hours per year) for their entire term of office.

3.4.2.7.2 Representative of the Social and Economic Committee (without voting rights)

In accordance with the provisions of Article L. 2312-75 of the French Labour Code (*Code du travail*), a full member of the Social and Economic Committee (SEC) appointed by the latter attends all meetings of the Supervisory Board in an advisory capacity (meetings and site visits). The SEC has decided to set up a rotation in order to allow several representatives of the SEC to sit on it for one year each.

The SEC representative receives the same documents as those provided to the members of the Supervisory Board and at the same time. During the meeting, he or she has the opportunity to take the floor and give opinions on the items on the agenda.

3.4.3 DIVERSITY POLICY APPLIED WITHIN THE SUPERVISORY BOARD

3.4.3.1 CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board is composed of members, one-third of whom are independent, with qualifications or a professional background enabling them to contribute effectively to the work of the Supervisory Board, as a collegiate body, in all its areas of activity and to the quality of the discussions.

In accordance with the provisions of Article L. 22-10-10 (2) of the French Commercial Code (*Code de commerce*), the diversity policy applied to members of the Supervisory Board is presented below, based on criteria such as age, gender or qualifications and professional experience, along with a description of the objectives of this policy, its means of implementation and the results obtained in the financial year ended.

Since 2011, the CAG-CSR Committee has been assigned the duty to advise the Supervisory Board of its recommendations as to the changes in the Board's composition.

The Supervisory Board has set itself objectives or principles in terms of optimal Board size, age limit, number of independent members and diversity (representation of women and men, nationalities, international experience, expertise, etc.), and gradually changed the composition of the Board to achieve this.

The work carried out has been presented in each subsequent registration document/universal registration document.

At the end of 2020, the Supervisory Board reviewed and approved the diversity policy applied to the members of the Supervisory Board, taking into account the changes in the composition of the Board in recent years, as set out in § 3.4.3.2.

At the end of 2022, it reviewed the diversity policy applied within the Supervisory Board and considered that there was no need to change the composition of the Board for 2023.

3.4.3.2 SUMMARY TABLE OF THE DIVERSITY POLICY APPLIED TO MEMBERS OF THE SUPERVISORY BOARD

Size (number of Board members)

Pursuant to Article 18.1 of the Articles of Association, the Supervisory Board comprises between three and fifteen members appointed by the General Meeting.

Objective:

Maintain the size of the Board at 14 members, which is satisfactory, ensures a balanced representation of men and women, meets the legal obligation to appoint two members representing employees and fulfils the market recommendations in terms of proportion of independent members.

14 members

This objective could be reconsidered if new constraints lead to the need to review the size of the Board.

Implementation procedures and results obtained:

Since November 2019 the Board has comprised twelve members appointed by the General Meeting and two members representing employees, appointed by the Group Works Council.

Age

Pursuant to Article 18.3 of the Articles of Association, the number of members aged over 75 cannot exceed one-third of the total (collective age limit).

Since 2021, pursuant to Article 2.1.7.1 of the Board's rules of procedure, as an internal rule, no person may be appointed to the Supervisory Board or have his or her term renewed if they have reached the age of 80 (individual age limit).

Objective:

Maintain the current statutory age limit rule, which is satisfactory.

Implementation procedures and results obtained:

As at 31 December 2022:

no member was over the age of 75;

the members of the Board were between the ages of 39 and 69;

the average age of Board members was 53;

as shown in the "Age" chart in § 3.4.1, the breakdown of age groups within the Board is balanced.

**Average
age:
53 years**

3

Gender parity ¹

Article L. 22-10-74 of the French Commercial Code (*Code de commerce*) requires a minimum of 40% of each gender.

Objective:

Maintain a proportion of women and men in line with legal requirements.

Implementation procedures and results obtained:

Since the end of 2017: 50% women and 50% men; the legal requirement is therefore exceeded.

**50% women
members ¹**

Number of independent members ¹

In accordance with Article 10.3 of the Afep-Medef Code revised in December 2022, independent members must make up at least one-third of the Supervisory Board in controlled companies as defined by Article L. 233-3 of the French Commercial Code (*Code de commerce*). This minimum proportion has been included in the Supervisory Board's rules of procedure (Article 2.1.5.3).

Objective:

Maintain the proportion of independent members, which is satisfactory and complies with market recommendations.

Implementation procedures and results obtained:

The proportion of one-third independent members has been met since it was introduced in 2009, i.e. as at 31 December 2022, four out of 12 members appointed by the General Meeting.

**1/3
independent**

(1) Only Board members appointed by the General Meeting are included in the calculation of the percentages of women members (Article L. 225-79, II of the French Commercial Code (*Code de commerce*)) and independent members (Afep-Medef Code – Article 10.3), not employee representatives.

Nationalities, experience and expertiseObjectives:

- ◆ retain a variety of skills and experience that can cover each of the seven areas of expertise and experience (see § 3.4.5.2) corresponding to the Hermès Group's major operational challenges and the main issues that the Supervisory Board and its committees are required to monitor as part of their duties:
 - business management/operational management of companies/Director of large companies,
 - finance/internal control/risks,
 - human resources/CSR,
 - international/Asia,
 - legal/ethics/compliance/governance,
 - IT/cybersecurity/artificial intelligence/digital,
 - knowledge of the history and culture of Maison Hermès (added in 2022)
- ◆ maintain a composition that takes into account the specific nature of the Maison Hermès with members:
 - all French-speaking, culture of the Maison Hermès being very French,
 - benefiting from experience or belonging to a family group (collective rather than individual ambition),
 - having a good knowledge of the history and culture of the Maison Hermès,
 - without experience in the luxury goods sector (given potential conflicts of interest).

Implementation procedures and results obtained:

As at 31 December 2022:

- ◆ the proportion of Board members competent in each of the seven areas of expertise and experience (see § 3.4.5.2) corresponded to the Hermès Group's major operational challenges and the main issues that the Supervisory Board and its committees are required to monitor as part of their duties;
- ◆ the composition takes into account the specific nature of the Maison Hermès:
 - all members were French-speaking,
 - a majority of members are direct descendants of Mr Émile-Maurice Hermès and belong to the Hermès family, and bring to the Board their knowledge of the history and culture of Maison Hermès,
 - no member had experience in the luxury goods sector;
- ◆ two Board members were dual nationals.

3.4.3.3 NUMBER OF MEMBERS AND REPRESENTATION OF WOMEN AND MEN ON THE SUPERVISORY BOARD

31/12	2020	2021	2022
Members appointed by the General Meeting	12	12	12
Employee representative members appointed by the Group Works Council	2	2	2
Women ¹	50%	50%	50%
Men ¹	50%	50%	50%

(1) Only Board members appointed by the General Meeting are included in the calculation of these percentages (Article L. 225-79-2, II of the French Commercial Code (Code de commerce)), not employee representatives.

n/a: not applicable.

3.4.4 SUCCESSION PLAN FOR THE CHAIRMAN OF THE SUPERVISORY BOARD

A succession plan for the Chairman of the Supervisory Board was drawn up in 2018.

This succession plan, which has been set down in writing since 2019, covers:

- ◆ temporary interim succession (temporary absence of the Chairman, e.g. due to illness or accident);
- ◆ unplanned succession (permanent impairment, death or resignation of the Chairman in the short or medium term);

- ◆ normal succession (medium and long term).

The succession plan for the Chairman of the Supervisory Board was co-signed by Ms Dominique Senequier then placed in two sealed envelopes, one of which was handed to the Chairwoman of the CAG-CSR Committee and the other to the legal department.

Every year, the CAG-CSR Committee conducts an annual review of this plan. In early 2023, it noted that it remained unchanged and maintained its assessment that this plan is of good quality and appropriate.

3.4.5 COMPOSITION OF THE SUPERVISORY BOARD

3.4.5.1 COMPOSITION OF THE SUPERVISORY BOARD AS AT 31 DECEMBER 2022

The Company has a Supervisory Board comprising 14 members, including:

- ◆ 7 women and 7 men (i.e. 50% of each gender);
- ◆ 4 independent members (i.e. one-third, see § 3.4.6); and
- ◆ 2 members representing employees (see § 3.4.2.1.2).

Twelve members are appointed by the General Meeting from among the shareholders who are neither the Active Partner nor the legal representative of the Active Partner nor Executive Chairman.

As the provisions of Article L. 225-79-2 of the French Commercial Code (*Code de commerce*) apply to the Company, two members of the Supervisory Board representing employees are appointed by the Group Works Council, given the role of this employee representative body which is the preferred contact for management and whose members are drawn from the Social and Economic Committees of the Group companies.

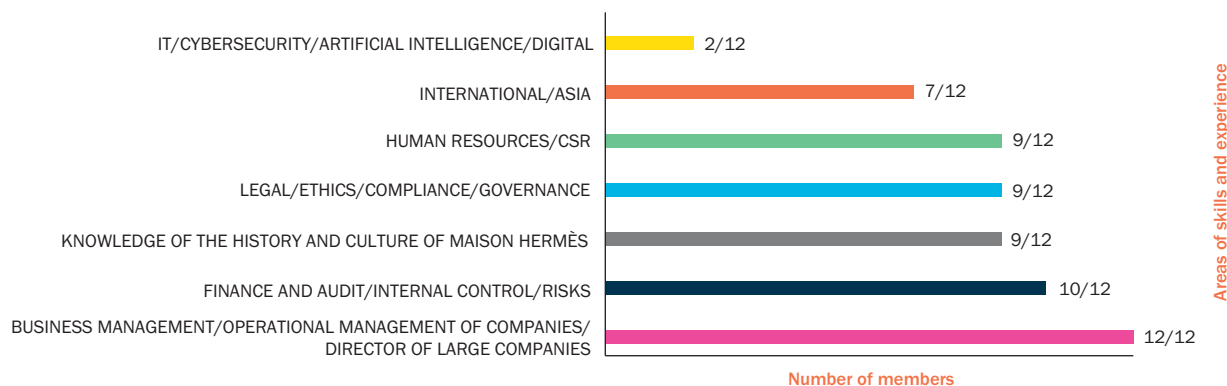
All the Supervisory Board members are French except Ms Olympia Guerrand, who is Franco-Portuguese, and Mr Alexandre Viros, who is Franco-American.

Ms Nathalie Besombes, Director of Corporate law and Stock Exchange regulations and Compliance Officer, is the Supervisory Board Secretary.

MEMBERS APPOINTED BY THE GENERAL MEETING												
Éric de Seynes Chairman	Monique Cohen Vice-Chairwoman	Dominique Senequier Vice-Chairwoman	Dorothee Altmayer	Charles-Éric Bauer	Estelle Brachlianoff	Matthieu Dumas	Blaise Guerrand	Julie Guerrand	Olympia Guerrand	Renaud Momméja	Alexandre Viros	
	★ ★	★ ☆		*	★ ☆ *	☆				*	★ ★	
MEMBERS REPRESENTING EMPLOYEES APPOINTED BY THE GROUP WORKS COUNCIL												
					Prescience Assoh	Anne-Lise Muhlmeyer						

★ Independence ☆ CAG-CSR Committee * Audit and Risk Committee

Main areas of skills and expertise of the members of the Board appointed by the General Meeting ¹⁻²



1. Excluding Supervisory Board members representing employees.
2. According to the annual declarations of the Board members.

SUMMARY PRESENTATION OF THE MEMBERS OF THE SUPERVISORY BOARD AS AT 31 DECEMBER 2022

Personal details	Experience			Position on the Board			Membership of Board committees		
	Gender, nationality, age ¹ , date of birth	Number of shares (direct holding)	Number of offices in listed companies ⁵	Independence ²	Date of first appointment	Date term ends	Length of service on the Board ¹	Audit and Risk Committee	CAG-CSR Committee
Members of the Supervisory Board appointed by the General Meeting									
Éric de Seynes (M) (Chairman) Nationality: French 62 years old – 09/06/1960	226 (NP) 285				07/06/2010 03/03/2011 (Chairman)	2023 GM	12 years		
Monique Cohen (F) (Vice-Chairwoman) Nationality: French 66 years old – 28/01/1956	250	2 BNP Paribas Safran	✓		03/06/2014	2023 GM	8 years	✓ (Chairwoman)	
Dominique Senequier (F) (Vice-Chairwoman) Nationality: French 69 years old – 21/08/1953	200		✓		04/06/2013	2025 GM	9 years		✓ (Chairwoman)
Dorothee Altmayer (F) Nationality: French 61 years old – 01/03/1961	200				06/06/2017	2023 GM	5 years		
Charles-Éric Bauer (M) Nationality: French 58 years old – 09/01/1964	75,748				03/06/2008	2025 GM	14 years	✓	
Estelle Brachlianoff (F) Nationality: French 50 years old – 26/07/1972	100	1 Veolia	✓		04/06/2019	2025 GM	3 years	✓	✓
Matthieu Dumas (M) Nationality: French 50 years old – 06/12/1972	1,463				03/06/2008	2024 GM	14 years		✓
Blaise Guerrand (M) Nationality: French 39 years old – 04/06/1983	200				29/05/2012	2024 GM	10 years		
Julie Guerrand (F) Nationality: French 47 years old – 26/02/1975	6,825				02/06/2005	2025 GM	17 years		
Olympia Guerrand (F) Nationality: French and Portuguese 45 years old – 07/10/1977	600				06/06/2017	2024 GM	5 years		
Renaud Momméja (M) Nationality: French 60 years old – 20/03/1962	52,943 (US) 60,960				02/06/2005	2023 GM	17 years	✓	
Alexandre Viros (M) Nationality: French and American 44 years old – 08/01/1978	100		✓		04/06/2019	2024 GM	3 years	✓	
Members of the Supervisory Board representing employees appointed by the Group Works Council									
Prescience Assoh (M) Nationality: French 39 years old – 26/01/1983	1 ³		n/a ⁴		15/11/2022	15/11/2025	0 years		
Anne-Lise Muhlmeyerl (F) Nationality: French 57 years old – 10/10/1965	20 ³		n/a ⁴		15/11/2022	15/11/2025	0 years		
							Average	8 years	

(1) The ages and seniority indicated (1) are determined in number of full years as at 31 December 2022.

(2) The independence criteria for its members, formalised since 2009 by the Supervisory Board, are described in § 3.4.6.1.

(3) The obligation to hold a minimum number of Company shares does not apply to members of the Board representing employees.

(4) n/a: not applicable. In accordance with the provisions of the Afep-Medef Code (Article 10.3), employee representatives are not included in the calculation of independent members.

(5) Other than the Company. In accordance with the recommendation of the Afep-Medef Code (Article 20.4), a member of the Supervisory Board may not hold more than four other offices in listed companies outside the Group, including foreign ones.

(6) NP: Bare ownership.

(7) US: Usufruct.

3.4.5.2 MAIN AREAS OF EXPERTISE AND EXPERIENCE OF BOARD MEMBERS

Each member of the Supervisory Board is asked to make a declaration listing the areas in which he or she has particular expertise. This declaration is made upon their appointment and again each year when the universal registration document is prepared.

The seven areas given reflect the Hermès Group's major operational challenges and the main issues that the Supervisory Board and its committees are called upon to oversee in the course of their duties. In 2022, a new area concerning knowledge of the history and culture of the House of Hermès was added in accordance with the objectives described in the diversity policy (see § 3.4.3.2);

The chart “Main areas of experience and expertise of the members of the Board appointed by the General Meeting” in § 3.4.5.1 indicates:

- ◆ the seven areas of expertise selected;
- ◆ the number of Board members for each area of expertise.

In 2022, the model for the annual declaration of the members of the Supervisory Board was supplemented:

- ◆ to break down the seven areas of expertise (see matrix below);
- ◆ to enable each member to provide explanations of their expertise in the field in question (experience/training).

A description of the main areas of expertise and experience of each Board member can be found in the individual presentations in § 3.4.8.

3

SKILLS AND EXPERIENCE MATRIX AS AT 31/12/2022 ¹

	Consulting		Specialised committees		
	By domain ²	By sub-domain	Overall rate (in%)	CAG-CSR Committee	Audit and Risk Committee
Computing		2	16.67%	1	2
● Cybersecurity	2	2	16.67%	1	2
Digital/Artificial intelligence/New technologies/Innovation		2	16.67%	1	2
International experience		7	58.33%	2	3
● Asian markets	7	4	33.33%	1	1
Retail/e-commerce		3	25.00%	0	1
Human Resources / Social issues		8	66.67%	3	4
● Sustainable development / Management of raw materials and supplies /	9				
Resources and waste management		7	58.33%	3	2
Climate change / Biodiversity		3	25.00%	1	2
Legal		4	33.33%	2	1
● Ethics/Compliance	9	5	41.67%	2	3
Governance		7	58.33%	2	1
● Knowledge of the history and culture of Maison Hermès	9	9	75.00%	2	2
Finance and audit		9	75.00%	3	4
● Internal control/Management control	10	6	50.00%	2	2
Risk management		6	50.00%	1	3
Executive of a listed company		2	16.67%	1	2
● Executive of an unlisted company	12	9	75.00%	3	4
Director of a listed company		2	16.67%	1	2
Director of an unlisted company		12	100.00%	3	5

(1) Excluding Supervisory Board members representing employees.

(2) Combines the skills and experience mastered in the sub-fields by at least one member.

3.4.5.3 CHANGES IN THE SUPERVISORY BOARD DURING FINANCIAL YEAR 2022

The General Meeting of 20 April 2022 renewed the terms of office as members of the Supervisory Board of Mses Estelle Brachlianoff, Julie Guerrand and Dominique Senequier as well as Mr Charles-Éric Bauer, for a period of three years expiring at the end of the Annual Ordinary General Meeting called in 2025 to approve the financial statements for the financial year ended 31 December 2024. Pursuant to the provisions of Article L. 225-79-2 of the French Commercial Code (Code de commerce), on 15 November 2022, the Group Works Council

appointed two employee representative members of the Supervisory Board (Ms Anne-Lise Muhlmeyer and Mr Prescience Assoh) to replace the two members whose terms of office expired on 12 November 2022 (Ms Pureza Cardoso and Mr Rémy Kroll). Pursuant to the provisions of Article L. 225-79-2 of the French Commercial Code (Code de commerce), on 15 November 2022, the Group Works Council appointed two employee representative members of the Supervisory Board (Ms Anne-Lise Muhlmeyer and Mr Prescience Assoh) to replace the two members whose terms of office expired on 12 November 2022 (Ms Pureza Cardoso and Mr Rémy Kroll).

SUMMARY OF CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD OVER THE PAST THREE FINANCIAL YEARS

	Departures	Appointments	Renewals
2020			<ul style="list-style-type: none"> ◆ Ms Dorothée Altmayer (24/04/2020) ◆ Ms Monique Cohen (24/04/2020) ◆ Mr Renaud Momméja (24/04/2020) ◆ Mr Éric de Seynes (24/04/2020)
2021			<ul style="list-style-type: none"> ◆ Ms Olympia Guerrand (04/05/2021) ◆ Mr Matthieu Dumas (04/05/2021) ◆ Mr Blaise Guerrand (04/05/2021) ◆ Mr Alexandre Viros (04/05/2021)
2022	<ul style="list-style-type: none"> ◆ Ms Pureza Cardoso (12/11/2022) ◆ Mr Rémy Kroll (12/11/2022) 	<ul style="list-style-type: none"> ◆ Mr Prescience Assoh (15/11/2022) ◆ Ms Anne-Lise Muhlmeyer (15/11/2022) 	<ul style="list-style-type: none"> ◆ Ms Estelle Brachlianoff (20/04/2022) ◆ Ms Dominique Senequier (20/04/2022) ◆ Ms Julie Guerrand (20/04/2022) ◆ Mr Charles-Éric Bauer (20/04/2022)

Changes in terms of diversification (representation of women, nationality or experience) or change with respect to corporate governance

The renewal of Board members in 2020, 2021 and 2022 made it possible for:

- ◆ the proportion of independent members on the Board (1/3), the Audit and Risk Committee (60%) and the CAG-CSR Committee (2/3) to be maintained;
- ◆ the proportion of women (50%) to be maintained;
- ◆ the balance of powers within the Board to be maintained;
- ◆ the proportion of members representing employees to be maintained (2).

A summary of changes in the composition of the Board committees can be found in § 3.6.1.2.

3.4.5.4 CHANGES WITHIN THE SUPERVISORY BOARD AFTER 31 DECEMBER 2022

None

3.4.5.6 FUTURE CHANGES TO THE SUPERVISORY BOARD

The “Number of terms expiring” chart in § 3.4.1 indicates the number of terms of office expiring over the next three years.

SUMMARY OF TERMS OF OFFICE

Maturity	Member concerned	Office(s) concerned	Impacted functions
2023 GM	Mr Éric de Seynes		Chairman of the Board
	Ms Monique Cohen		Vice-Chairwoman of the Board Chairwoman and member of the Audit and Risk Committee
	Ms Dorothée Altmayer	Board member appointed by the General Meeting	
	Mr Renaud Momméja		Member of the Audit and Risk Committee
2024 GM	Mr Matthieu Dumas		Member of the CAG-CSR Committee
	Mr Blaise Guerrand	Board member appointed by the General Meeting	
	Ms Olympia Guerrand		
	Mr Alexandre Viros		Member of the Audit and Risk Committee
2025 GM	Ms Dominique Senequier		Vice-Chairwoman of the Board Chairwoman and member of the CAG-CSR Committee
	Mr Charles-Éric Bauer	Board member appointed by the General Meeting	Member of the Audit and Risk Committee
	Ms Estelle Brachlianoff		Member of the Audit and Risk Committee Member of the CAG-CSR Committee
	Ms Julie Guerrand		
End 2025	Mr Prescience Assoh	Member of the Board representing employees appointed by the Group Works Council	
	Ms Anne-Lise Muhlmeyer		

3.4.5.6.1 Renewal of terms of office expiring in 2023

The terms of office of four members of the Supervisory Board (Mses Dorothée Altmayer and Monique Cohen, and Messrs Renaud Momméja and Éric de Seynes) expire in 2023 and all four wish to present themselves as candidates for their own succession.

It is proposed that the General Meeting of 20 April 2023 renew their terms of office for the period of three years as set out in the Articles of Association, for the reasons set out in chapter 8 “Combined General Meeting of 20 April 2023”, § 8.2.1 “Explanatory statement to the thirteenth to sixteenth resolutions”.

3.4.5.6.2 Non-renewal of terms of office expiring in 2023

As indicated opposite, it is proposed that the General Meeting of 20 April 2023 renew all terms of office expiring in 2023.

3.4.5.6.3 Appointment of new members of the Supervisory Board proposed to the General Meeting of 20 April 2023

No appointment of new members of the Supervisory Board is proposed to the General Meeting of 20 April 2023.

3.4.6 INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

3.4.6.1 DEFINITION AND INDEPENDENCE CRITERIA

Members of the Supervisory Board are independent if they have no relationship of any kind whatsoever with the Company, its group or its management that is liable to compromise the exercise of their freedom of judgement in any way (Article 2.1.5 of the rules of procedure). This independence allows for freedom of expression and judgment that

contributes to the quality of the Board's debates and deliberations.

In 2009 the Supervisory Board formally adopted the following criteria for its members to be deemed independent:

- ◆ Comply with the criteria set out in the Afep-Medef Code revised in December 2022 (Articles 10.5 to 10.7):

Criterion 1:	<p><i>Employee or Corporate Officer in the previous five years</i> Not to be and not to have been during the course of the previous five years:</p> <ul style="list-style-type: none"> ◆ an employee or Executive Corporate Officer of the Company; ◆ an employee, Executive Corporate Officer or a director of a company consolidated by the Company; ◆ an employee, Executive Corporate Officer or a director of the Company's parent company or a company consolidated by this parent.
Criterion 2:	<p><i>Cross-directorships</i> Not to be an Executive Corporate Officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an Executive Corporate Officer of the Company (currently in office or having held such office during the last five years) is a director.</p>
Criterion 3:	<p><i>Significant business relationships</i> Not to be a customer, supplier, commercial banker, investment banker or consultant:</p> <ul style="list-style-type: none"> ◆ that is material to the Company or its group; ◆ or for which the Company or its group represents a significant part of its business. <p>The evaluation of the significant or non-significant relationship with the Company or its group must be debated by the Board and the quantitative and qualitative criteria that lead to the evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the corporate governance report.</p>
Criterion 4:	<p><i>Family ties</i> Not to be related by close family ties to a Corporate Officer.</p>
Criterion 5:	<p><i>Statutory Auditors</i> Not to have been a Statutory Auditor of the Company within the previous five years.</p>
Criterion 6:	<p><i>Term of office exceeding 12 years</i> Not to have been a Director of the Company for more than 12 years. The status of independent director is lost as soon as the 12 years is reached.</p>
Criterion 7:	<p><i>Status of non-Executive Corporate Officer</i> A non-Executive Corporate Officer cannot be considered as independent if he/she receives variable compensation in cash or in shares or any compensation linked to the performance of the Company or the Group.</p>
Criterion 8:	<p><i>Status of main shareholder</i> Directors representing main shareholders of the Company or its parent company can be considered as independent provided that they do not contribute to the control of the Company. However, beyond the threshold of 10% shareholding or voting rights, the Board, based on the report of the Appointments Committee, systematically reviews the qualification of independence, by taking into account the share ownership in the Company and the existence of a potential conflict of interest.</p>
<p>◆ Comply with an additional criterion specific to Hermès International:</p>	
Criterion 9:	<p><i>Status of partner or member of the Executive Management Board of the Active Partner</i> Not to be a partner or member of the Executive Management Board of Émile Hermès SAS, Active Partner.</p>

3.4.6.2 SITUATION AS AT 31 DECEMBER 2022 WITH REGARD TO THE INDEPENDENCE CRITERIA SET OUT ABOVE

3.4.6.2.1 Independence of the Supervisory Board

The proportion of independent members on the Supervisory Board has been one-third (i.e. four out of twelve members appointed by the General Meeting) since the criteria were introduced in 2009. In accordance with the provisions of the Afep-Medef Code, revised in December 2022 (Article 10.3), employee representative members of the Board are not taken into account when calculating this proportion.

This proportion is consistent with:

- ◆ the recommendations of the Afep-Medef Code (Article 10.3) for controlled companies within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*);
- ◆ the Supervisory Board rules of procedure (Article 2.1.5.1).

As at 31 December 2022, the CAG-CSR Committee examined the situation of each of its members in respect of the above criteria on a case-by-case basis, and deemed four of them to be “independent”: Mses Estelle Brachlianoff, Monique Cohen, Dominique Senequier and Mr Alexandre Viros.

This analysis is carried out each year on the basis of a questionnaire sent to all Supervisory Board members (see § 3.4.7.5) in which they are asked to make a sworn statement:

- ◆ in order to categorise Board members as independent under the criteria set out above;
- ◆ to detail the business relationships with the Group during the year and to confirm that these are not likely to create a potential conflict of interest.

In particular, the Board identified no significant business relationships between its members and the Company.

The table below summarises the criteria satisfied for each member of the Supervisory Board:

CRITERIA	Éric de Seynes (Chairman)	Monique Cohen (Vice- Chairwoman)	Dominique Senequier (Vice- Chairwoman)	Dorothée Altmayer	Prescience Assoh (representing employees)	Charles- Éric Bauer	Estelle Brachlianoff	Matthieu Dumas	Blaise Guerrand	Julie Guerrand	Olympia Guerrand	Renaud Momméja	Anne-Lise Muhlmeier (employee representative)	Alexandre Viros
Criterion 1		√	√				√							√
Criterion 2	√	√	√	√	√	√	√	√	√		√	√	√	√
Criterion 3	√	√	√	√	√	√	√				√	√	√	√
Criterion 4		√	√		√		√						√	√
Criterion 5	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Criterion 6		√	√	√	√		√		√		√		√	√
Criterion 7	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Criterion 8		√	√		√		√						√	√
Criterion 9		√	√		√		√						√	√
INDEPENDENT		√	√		n/a		√						n/a	√

√: represents an independence criterion satisfied.

n/a: not applicable.

3.4.6.2.2 Independence of the CAG-CSR Committee

The proportion of independent members on the CAG-CSR Committee is two-thirds (i.e. two out of three members), including its Chairwoman.

This proportion is in line with the recommendations of the Afep-Medef Code, revised in December 2022 (Article 19.1).

3.4.6.2.3 Independence of the Audit and Risk Committee

The proportion of independent members on the Audit and Risk Committee is 60% (i.e. three out of five members), including its Chairwoman.

This proportion is slightly lower than the recommendation of the Afep-Medef Code revised in December 2022 (Article 17.1). The Board considered however that it enabled the Committee to function properly. In its 2014 report, the HCGE considered “that an Audit Committee with, for example, three independent members out of five remains compliant with the spirit of the Code, provided that the Chairman is an independent member”, as is the case for this Company.

3.4.7 SUPERVISORY BOARD ETHICS

3.4.7.1 SUPERVISORY BOARD RULES OF PROCEDURE

At its meeting of 18 March 2009, the Supervisory Board adopted its rules of procedure, which set out the terms governing the structure and functioning of Hermès International's Supervisory Board and its committees, in addition to applicable legal and statutory provisions. Their purpose is to enhance the quality of the Board's work by promoting the application of good corporate governance principles and best practices, in the interests of ethics and greater effectiveness.

These rules of procedure are regularly reviewed to adapt to legal and regulatory changes and to take into account the recommendations of the French Financial Markets Authority (AMF) and revisions to the Afp-Medef Code.

They were revised in 2021 (version o. 15) mainly to add new provisions for educational purposes and to reflect the Board's current practices. In addition, an individual age limit of 80 has been added (see § 3.4.2.6).

The full text of the **Supervisory Board's rules of procedure** is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

The main provisions of the Supervisory Board and committee rules of procedure are set out in this chapter 3.

It details in particular the ethics principles during the holding of office:

- ◆ duties: guiding principles;
- ◆ confidentiality;
- ◆ prevention of insider trading – stock market ethics – abstention obligations – reporting obligation;
- ◆ business relationships, conflicts of interest and personal statements.

3.4.7.2 COMMITTEE RULES OF PROCEDURE

Committee rules of procedure are described in § 3.6.2.2 for the CAG-CSR Committee and § 3.6.3.2 for the Audit and Risk Committee.

The full text of the **committees' rules of procedure** is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

3.4.7.3 STOCK MARKET ETHICS CODE

On 1 February 2017, the Supervisory Board adopted a **Hermès Group Stock Market Ethics Code** as recommended by the AMF. Its purpose is to describe the measures put in place within the Hermès Group to prevent market abuse in Hermès International shares.

This Stock Market Ethics Code is regularly reviewed to adapt to legislative and regulatory changes and to take into account the recommendations of the French Financial Markets Authority (AMF).

A summary of the Hermès Group Stock Market Ethics Code can be found in chapter 7 “Information on the Company and its share capital”, § 7.2.4.

It is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

It covers the following measures:

- ◆ prevention of insider trading;
- ◆ stock market ethics;
- ◆ abstention requirement (blackout periods);
- ◆ reporting obligation.

This code is sent to all members of the Supervisory Board each time it is updated.

The members of the Supervisory Board are subject to blackout periods. They are also required to report transactions in Hermès International shares to the AMF within three trading days. The AMF General Regulation provides that the reporting obligation only applies when the total amount of transactions carried out during the calendar year is greater than €20,000.

The declarations made during 2022 are listed in chapter 7 “Information on the Company and its share capital”, § 7.2.3.

They may seek the advice of the Compliance Officer prior to carrying out a transaction.

In addition, the Company has developed an e-learning training course on the prevention of market abuse, which all Supervisory Board members must follow.

3.4.7.4 ATTENDANCE

The Supervisory Board's rules of procedure (Article 2.2.2.1) state that Supervisory Board members undertake to participate actively in all meetings of the Board and of the specialised committees of which they are a member.

The compensation policy for members of the Supervisory Board established by the Board is described in § 3.8.1.3.

This policy includes a majority variable component proportional to attendance at meetings (see tables in § 3.5.7.1).

Barring an unforeseen obstacle or exceptional circumstances (and in particular the Covid-19 crisis), remote participation by telecommunication means should remain exceptional but is remunerated under the same conditions.

During financial year 2022, seven meetings of the Supervisory Board, six meetings of the Audit and Risk Committee and six meetings of the CAG-CSR Committee were held, with the regular attendance of almost all members, as shown in the table below: 12 of the 14 members attended all Board meetings.

Each absence was the subject of a precise and detailed justification by the relevant Board members.

The first Board meeting was held exclusively by videoconference due to Covid-19. One Board member had to participate in two other meetings by videoconference for justified personal reasons. The remaining 13 members were physically present at the other meetings in which they participated.

2022	Attendance at Supervisory Board meetings	Attendance at Audit and Risk Committee meetings	Attendance at CAG-CSR Committee meetings
Total number of meetings	7	6	6
Overall attendance rate	96.94%	93.33%	83.33%
Éric de Seynes (Chairman)	100.00%	n/a	n/a
Monique Cohen (Vice-Chairwoman)	100.00%	100.00%	n/a
Dominique Senequier (Vice-Chairwoman)	71.43%	n/a	83.33%
Dorothee Altmayer	100.00%	n/a	n/a
Prescience Assoh (representing employees) – 1 meeting	100.00%	n/a	n/a
Charles-Éric Bauer	100.00%	100.00%	n/a
Estelle Brachlianoff	100.00%	66.67%	66.67%
Pureza Cardoso (employee representative) – 6 meetings	83.33%	n/a	n/a
Matthieu Dumas	100.00%	n/a	100.00%
Blaise Guerrand	100.00%	n/a	n/a
Julie Guerrand	100.00%	n/a	n/a
Olympia Guerrand	100.00%	n/a	n/a
Rémy Kroll (employee representative) – 6 meetings	100.00%	n/a	n/a
Renaud Momméja	100.00%	100.00%	n/a
Anne-Lise Muhlmeyer (employee representative) – 1 meeting	100.00%	n/a	n/a
Alexandre Viros	100.00%	100.00%	n/a

Attendance calculated by establishing the ratio between the number of actual attendance or attendance using telecommunication and the number of meetings applicable to each member.
n/a: not applicable.

3.4.7.5 MEASURES TAKEN TO ENSURE A BALANCE OF POWERS WITHIN THE BOARD AND AVOID POTENTIAL CONFLICTS OF INTEREST

The governance of the Company is by nature dissociated (see § 3.2.3), which guarantees a strict separation of executive powers and control powers.

The Supervisory Board comprises at least one-third independent members (see § 3.4.3.2). The Audit and Risk Committee is three-fifths independent members and the CAG-CSR Committee two-thirds.

In accordance with Article 2.2.2.4 of the Supervisory Board's rules of procedure, each member of the Supervisory Board shall at all times maintain his or her independence of thought, analysis, judgment and action and shall endeavour to this end to avoid any conflicts of interest.

Each member shall inform the Supervisory Board of any conflicts of interest in which they might be involved. In the event of a potential conflict of interest, the member concerned must immediately notify the Chairman of the Supervisory Board, who then informs the CAG-CSR Committee so that, based on an analysis of the situation declared, it can form an opinion. This opinion is then submitted to the Supervisory Board and, if the Board decides to follow it, is then notified to the person concerned by the Chairman of the Board. The Board's decision is recorded in the minutes of the meeting. The Supervisory Board member concerned shall refrain from attending the discussions and from voting on the corresponding deliberation and any decisions on

the matters in question.

More specifically, the member concerned shall inform the Chairman of the Supervisory Board of their intention to accept a new corporate office or any involvement in the specialised committees of a corporate body, or any new position, such that the Supervisory Board, upon the proposal of the CAG-CSR Committee, may decide on the compatibility of such an appointment with the term of office as a member of the Company's Supervisory Board.

At the end of their term of office, members of the Supervisory Board must respect a minimum period of three years before seeking and/or accepting the exercise of a term of office in a company conducting activities that compete with those of the Group and/or in a company in which the Group holds a significant investment.

Each member of the Supervisory Board must also draw up a signed declaration stating whether or not there is a conflict of interest, even a potential one:

- ◆ at the time of his or her appointment;
- ◆ each year when the universal registration document is being prepared.

The declaration describes all possible situations, with precise examples, inviting the members of the Board to declare all situations that could represent a potential conflict of interest.

The declaration serves as a basis to evaluate the material nature of business relationships that could affect the independence of a Supervisory Board member as required by recommendation 10.5.3 of the Afep-Medef Code revised in December 2022. The business relationship evaluation criteria are quantitative (amount of sales or revenue generated during the financial year and the percentage represented by those amounts in relation to the counterparty's total sales or revenue) and qualitative (nature of existing business relationships).

As regards the quantitative criteria, the Supervisory Board did not consider it appropriate, given the diversity of possible situations, to set a threshold below which a business relationship would be deemed immaterial. The evaluation is made on a case-by-case basis.

Mses Monique Cohen and Estelle Brachlianoff, and Mr Alexandre Viros did not declare any business relationship with the Company.

Ms Dominique Senequier declared a non-significant business relationship described in chapter 5 "Consolidated financial statements", § 5.6 (Note 13.2 [Ardian Holding]) under related-party transactions.

After examining each of these situations in early 2023, the CAG-CSR Committee concluded that none of them were of such a nature as to constitute a conflict of interest for the persons concerned and that none of the independent members of the Board had, directly or indirectly, significant business relationships with the Company or its group.

3.4.7.6 PLURALITY AND NUMBER OF OFFICES

The offices of members of the Supervisory Board are not taken into account when calculating the plurality of offices, Articles L. 225-21 and L. 225-77 of the French Commercial Code (*Code de commerce*) being expressly excluded from the provisions applicable to *sociétés en commandite par actions* (partnerships limited by shares).

Each member of the Supervisory Board must disclose the list of offices and positions held in any company during the last five years at the time of his or her first appointment and each year when the universal registration document is being prepared. The information disclosed, and in particular the offices held in listed companies, is detailed in the information on each individual Board member presented in § 3.4.8.

The examination of the situation of each member of the Supervisory Board and of the Executive Chairmen as regards the plurality and number of offices, showed that no member of the Supervisory Board or Executive Chairman was in a situation of concurrent holding of offices, with regard to both the legal rules and to the principles set out in Article 20.4 of the Afep-Medef Code revised in December 2022.

3.5 FUNCTIONING OF THE SUPERVISORY BOARD

3.5.6 CORPORATE SOCIAL RESPONSIBILITY (CSR)

3.5.6.1 ROLE AND TRAINING OF THE SUPERVISORY BOARD

The duties of the Supervisory Board in terms of CSR are as follows (Article 1.1.3.2 of the rules of procedure):

- ◆ the Board is informed, in particular through the CAG-CSR Committee, of the main issues faced by the Company in the area of corporate social responsibility and non-financial performance;
- ◆ the Board regularly reviews, via the Audit and Risk Committee, the social and environmental opportunities and risks, as well as the measures taken as a result.

A presentation of CSR challenges has been made to the Board regularly since 2015.

As part of its management control role, the multi-year strategic guidelines in terms of CSR and their implementation methods were presented to the Supervisory Board.

The results obtained are presented each year to the CAG-CSR Committee, which reports to the Supervisory Board.

Several Board members attended the IFA “The Board and CSR” training, at their request.

In early 2023, the members of the Supervisory Board were invited to take part in a presentation by WWF France on biodiversity.

WWF France presented:

- ◆ biodiversity issues and in particular the conclusions of their latest “Living Planet” report on the state of biodiversity;
- ◆ the global framework for action and in particular the Convention on Biological Diversity (CBD), international sectoral conventions and European directives;
- ◆ the decisions taken during the COP 15 on biodiversity held from 7 to 19 December 2022 in Montreal.

On this occasion, the sustainable development department:

- ◆ summarised the Hermès biodiversity strategy;
- ◆ linked the elements presented by WWF France and the Group’s activities.

A multi-year training programme on environmental and climate issues will be offered to Board members by the sustainable development department in 2023.

3.5.6.2 ROLE AND TRAINING OF COMMITTEES

CAG-CSR Committee

The duties of the CAG-CSR Committee in terms of CSR are as follows:

- ◆ assist the Supervisory Board in monitoring matters relating to CSR in order that the Hermès Group better anticipate associated opportunities, challenges and risks;
- ◆ assist the Supervisory Board in monitoring the Hermès Group's social policy and the policy of non-discrimination and diversity;
- ◆ annually assess the achievement of the three indices making up the CSR criterion of the variable compensation of the Executive Chairmen (see § 3.8.1.2.4 and § 3.8.2.1.2).

The topics addressed in 2022 concerned:

- ◆ the assessment of the CSR criterion on which the variable compensation of the Executive Chairmen for 2021 is based;
- ◆ the external evaluation
- ◆ the guidelines for the 2022 financial year;
- ◆ the presentation of CSR risks;
- ◆ the presentation of the new features of the NFPS in the universal registration document;
- ◆ the presentation of the main achievements of the 2021 financial year compared to the objectives set and in particular:
 - environmental issues;
 - climate policy;
 - the compensation policy;
 - biodiversity.

Audit and Risk Committee

Executive Management is responsible for setting up the information and governance systems that enable the preparation of non-financial information.

A scoping study will be conducted in 2023 with the following objectives:

- ◆ define and structure non-financial information and indicators;
- ◆ measure and monitor the achievements against the Group's objectives;
- ◆ ensure the relevance and integrity of the CSR information provided to the Supervisory Board, in particular on the basis of the report of the independent third party (see chapter 2 "Corporate social responsibility and non-financial performance", § 2.10);
- ◆ ensure consistency between non-financial and financial information.

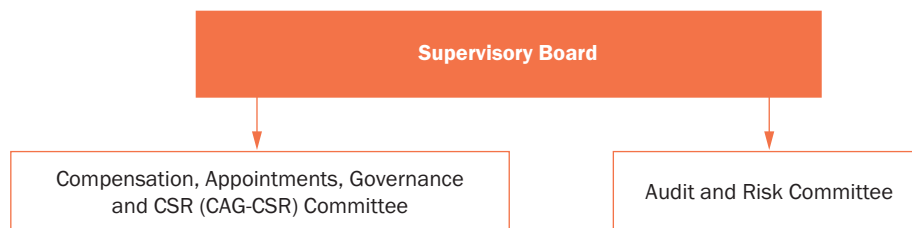
The conclusions of this study may be presented to the Audit and Risk Committee in 2024.

Joint meeting of the CAG-CSR Committee and the Audit and Risk Committee

- ◆ Since 2021, a joint meeting has been organized between the CAG-CSR Committee and the Audit and Risk Committee dedicated to the presentation of CSR risk exposure. This joint meeting is held every year. This practice makes it possible to comply with the recommendations of the Afep-Medef Code, updated in December 2022 (Article 16).

3.6 SPECIALISED COMMITTEES

3.6.1 APPLICABLE PRINCIPLES



Since 2005, the Supervisory Board has relied on the work of two permanent specialised committees:

- ◆ the Audit Committee (26 January 2005), set up in application of Article L.823-19 of the French Commercial Code (*Code de commerce*), whose remit was subsequently extended by the Board and which was renamed the Audit and Risk Committee (19 March 2019);
- ◆ the Compensation Committee (26 January 2005), which was subsequently assigned new duties and responsibilities by the Board and renamed the Compensation and Appointments (18 March 2009), Governance (20 January 2010) and CSR (16 November 2018) Committee or the “CAG-CSR Committee”.

These committees act under the collective and exclusive responsibility of the Supervisory Board. Their role is to discuss, analyse and prepare for certain deliberations of the Board, to which they submit their opinions, proposals or recommendations. Their powers do not reduce or limit the powers of the Board and the opinions, proposals or recommendations made are in no way binding on the Board.

The members of the committees do not incur any legal responsibilities in respect of their duties other than those of members of the Supervisory Board.

The Company’s CAG-CSR Committee is not tasked with setting the compensation of the Executive Chairmen, a task governed by the provisions of the Articles of Association and which falls within the remit of the Active Partner and not the Supervisory Board. It was therefore not relevant to create separate Compensation and Appointments Committees.

The Supervisory Board decides on the composition of the specialised committees, taking into account the skills of the Board members in the areas in question and their availability, as well as the legal requirements (Article L. 823-19 of the French Commercial Code (*Code de commerce*)) and the recommendations of the Afep-Medef Code updated in December 2022 (see § 3.1.2).

3.6.1.1 COMMITTEE MEMBER SKILLS REQUIRED

The skills of the members of a committee must correspond to the

missions entrusted to this committee (see § 3.6.2.4 and § 3.6.3.4).

The current composition of each committee is in line with this objective.

The skills and experience matrix presented in § 3.4.5.2 lists the skills of the members of each committee.

3.6.1.2 CHANGES IN THE COMPOSITION OF THE COMMITTEES OVER THE FINANCIAL YEAR

The Supervisory Board meeting of 20 April 2022:

- ◆ reappointed Mses Monique Cohen (Chairwoman) and Estelle Brachlianoff and Messrs Charles-Éric Bauer, Renaud Momméja and Alexandre Viros as members of the Audit and Risk Committee;
- ◆ reappointed Mses Dominique Senequier (Chairwoman) and Estelle Brachlianoff and Mr Matthieu Dumas as members of the CAG-CSR Committee.

SUMMARY OF CHANGES IN 2022

	Departures	Appointments	Renewals
Audit and Risk Committee			Ms Monique Cohen, Chairwoman (20/04/2022) Ms Estelle Brachlianoff (20/04/2022) Mr Charles-Éric Bauer (20/04/2022) Mr Renaud Momméja (20/04/2022) Mr Alexandre Viros (20/04/2022)
CAG-CSR Committee			Ms Dominique Senequier, Chairwoman (20/04/2022) Ms Estelle Brachlianoff (20/04/2022) Mr Matthieu Dumas (20/04/2022)

3.6.1.3 FUTURE CHANGES TO COMMITTEES

The terms of office as members of the Supervisory Board of Ms Monique Cohen and Mr Renaud Momméja expire in 2023.

No changes are currently planned in the composition of the committees, subject to the renewal of their terms as members of the Supervisory Board by the General Meeting of 20 April 2023.

3.6.2 CAG-CSR COMMITTEE

3.6.2.1 COMPOSITION AS AT 31 DECEMBER 2022

Its rules of procedure provide that the CAG-CSR Committee is composed of at least three members of the Supervisory Board with expertise in or carrying out professional activities in the areas in which the Committee performs its duties.

At least half of its members must, at the time of their appointment and for the entire term of their office, be qualified as independent under the Supervisory Board's rules of procedure. This is currently the case.


The CAG-CSR Committee does not include any Executive Corporate Officers.

The main areas of expertise and experience, and the key skills of the members of the CAG-CSR Committee are presented in the information concerning them (see § 3.4.8).

It is chaired by Ms Dominique Senequier, Vice-Chairwoman of the Board, who is independent.

Changes in the composition of the CAG-CSR Committee are presented in § 3.6.1.2.

As at 31 December 2022, the CAG-CSR Committee was composed of the following three members, including two women and one man:

2022 DATA	Personal details	Independence	Date of appointment	Expiry of term of office on the Board	Length of service on the Committee ¹	Attendance
3 MEMBERS						
–	Dominique Senequier (F) (Chairwoman) Nationality: French 69 years ¹ – 21/08/1953		04/06/2013	2025 GM	9 years	83.33%
6 MEETINGS						
–	Estelle Brachlanoff (F) Nationality: French 50 years ¹ – 26/07/1972		04/06/2019	2025 GM	3 years	66.67%
67% INDEPENDENCE						
–	Matthieu Dumas (M) Nationality: French 50 years ¹ – 06/12/1972		03/06/2008	2024 GM	14 years	100.00%
67% WOMEN MEMBERS						
						83.33%²
					AVERAGE ATTENDANCE	

(1) The ages and length of service indicated are determined in number of full years as at 31 December 2022.

(2) This figure reflects the average attendance of the members of the CAG-CSR Committee in office as at 31 December 2022, and does not take into account members who left the Committee during the year, where applicable.

3.6.2.2 RULES OF PROCEDURE

On 24 March 2010, the Supervisory Board adopted rules of procedure which specify the rules governing the composition, powers and operating procedures of the CAG-CSR Committee.

These rules of procedure are regularly reviewed to adapt to legal and regulatory changes and to take into account the recommendations of the French Financial Markets Authority (AMF) and revisions to the Afep-Medef Code.

The full text of the CAG-CSR Committee's rules of procedure is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

The main provisions of the CAG-CSR Committee's rules of procedure are set out in chapter 3 of the universal registration document.

3.6.2.3 FUNCTIONING

The operation of the CAG-CSR Committee complies with the principles applicable to Board committees (see § 3.6.1).

The Chairman of the Supervisory Board can be invited to certain CAG-CSR Committee meetings in order to hear his or her opinion in matters of appointments or governance, which was not the case in 2022.

As part of its responsibilities in terms of social and environmental responsibility, a meeting dedicated to the presentation of exposure to CSR risks has been held every year since 2021 with the Audit and Risk Committee. The purpose of this joint meeting is to strengthen coordination and sharing between the two committees on this related subject.

Before each CAG-CSR Committee meeting, Committee members are sent, in good time, with reasonable lead time and subject to confidentiality requirements, a file containing documentation on items on the agenda requiring prior analysis and review.

The Executive Vice-President Corporate Development and Social Affairs, and the Group Director of Human Resources, systematically participate in the meetings of the CAG-CSR Committee. The Group Director of Sustainable Development participates at least twice a year for subjects relating to CSR.

The secretarial duties of CAG-CSR Committee meetings are provided by the Director of Corporate Law and Stock Exchange Regulations and Compliance Officer, and secretary of the Supervisory Board, under the responsibility of the Chairwoman, or by a member of the CAG-CSR Committee appointed as rapporteur by the Chairwoman.

At the first Supervisory Board meeting following a meeting of the CAG-CSR Committee, the Chairwoman gives an oral report on the Committee's work to the members of the Board, a summary of which is then included in the minutes of the Board meeting.

The CAG-CSR Committee uses the Herboard secure digital platform (see § 3.5.3.2).

Minutes of CAG-CSR Committee meetings are drawn up at the end of each meeting and sent to all members of the Committee, who are invited to comment. Any observations are discussed at the next Committee meeting, which approves the final text of the minutes of the previous meeting.

The CAG-CSR Committee uses a dashboard to plan and prepare its work in a balanced way over the year.

3.6.2.4 MAIN DUTIES AND WORK CARRIED OUT IN 2022

Without prejudice to the powers of the Supervisory Board, which it does not replace, the main duties of the CAG-CSR Committee and the work carried out in 2022 are as follows:

Purpose of duties	Main duties and work carried out in 2022 ¹
General	<ul style="list-style-type: none"> ◆ conduct a periodic self-assessment of its operation; ● approve the revision of the CAG-CSR Committee rules of procedure <i>[n/a in 2022]</i>.
Compensation	<p data-bbox="411 442 1018 463"><u>Compensation of the Executive Chairmen and the Supervisory Board</u></p> <ul style="list-style-type: none"> ◆ assess the achievement of the indices making up the CSR criterion of the variable compensation of the Executive Chairmen (see § 3.8.2.1.2); ◆ check the compliance of the actual compensation of the Executive Chairmen with the Articles of Association and the compensation policy established by the Active Partner; ◆ make any proposals on the compensation policy for members of the Supervisory Board and committees; ◆ check the compliance of the planned distribution of the compensation of the members of the Supervisory Board with the compensation policy; ● assist the Supervisory Board in determining the conditions and performance criteria to be applied to awarding options to subscribe for or purchase shares, performance-based shares and/or supplemental pensions to the Executive Chairmen <i>[n/a in 2022]</i>; ◆ review the explanatory statements to the resolutions of the General Meeting on Senior Executive compensation (Say on Pay). <p data-bbox="411 783 1050 804"><u>Compensation of the Group Executive Committee and Senior Executives</u></p> <ul style="list-style-type: none"> ◆ be consulted and prepare the recommendations of the Supervisory Board to the Executive Management on the terms of compensation (fixed compensation for 2022, actual bonus for 2021 and target bonus for 2022) of the members of the Executive Committee; ◆ approve the compensation arrangements (fixed compensation for 2022, actual bonus for 2021 and target bonus for 2022) of the Executive Corporate Officers of the French subsidiaries paid for their office; ● review proposals for plans to award options to subscribe for or purchase shares and grant free share awards to Senior Executives to enable the Supervisory Board to determine the aggregate or individual number of options or shares allotted and the terms and conditions of allotment <i>[n/a in 2022]</i>. <p data-bbox="411 1017 655 1038"><u>Group compensation policy</u></p> <ul style="list-style-type: none"> ● review proposals for plans to award options to subscribe for or purchase shares and grant free share awards to employees and draw up recommendations thereon to Executive Management <i>[n/a in 2022]</i>; ◆ examine the achievement of the performance conditions and its consequences on the number of free shares actually awarded to beneficiaries <i>[n/a in 2022]</i>; ◆ carry out specific tasks entrusted to it by the management or supervisory bodies of the Hermès Group's main French subsidiaries <i>[n/a in 2022]</i>; ◆ be informed of the Company's policy with regard to gender equality and equal pay.
Appointments	<ul style="list-style-type: none"> ● organise a selection procedure in conjunction with the Executive Chairmen for future independent members of the Board and carry out its own research on potential candidates <i>[n/a in 2022]</i>; ◆ prepare the Board's proposals to the Active Partner concerning the composition of the Supervisory Board after having examined all the elements that it must take into account in its deliberation: desired balance in the composition of the Board in relation to the diversity policy applied within the Supervisory Board, the composition and changes in the Company's shareholding structure, search for and assessment of potential candidates, opportunity for reappointments; ◆ set up and participate in the induction and training programme for new members of the Supervisory Board; ◆ ensure the existence of a talent succession plan, which covers the members of the Executive Committee and the Operations Committee; ◆ ensure the existence of a succession plan for the Executive Chairmen and the Chairman of the Supervisory Board and conduct an annual review.

Purpose of duties	Main duties and work carried out in 2022 ¹
Governance	<ul style="list-style-type: none"> ◆ propose regular updates to the governance rules taking into account the recommendations issued by the Afep-Medef Code, the application guide of the High Committee on Corporate Governance (HCGE) and the French Financial Markets Authority (AMF) in its annual report on corporate governance and Senior Executive compensation; ◆ periodically verify the situation of the members of the Supervisory Board with regard to the independence criteria set by the rules of procedure, the number of directorships, potential conflicts of interest and compliance with the requirement to hold a minimum of 100 shares; ◆ review the composition of the specialised committees; ◆ determine at least annually the members of the Audit and Risk Committee with specific expertise in finance or accounting and risk management; ◆ oversee the annual debate and evaluation of Supervisory Board practices [n/a in 2022]; ◆ manage the formal three-year assessment of the Supervisory Board: use or not of an external consultant, assessment process and questionnaire, launch of the assessment, summary and analysis of results, areas for improvement; ◆ update the Supervisory Board's permanent file; ● analyse related-party agreements before reclassifying them and giving an opinion to the Supervisory Board [n/a in 2022]; ● give an opinion to the Supervisory Board on the classification of an agreement entered into under arm's length conditions; ◆ review chapter 3 on corporate governance of the universal registration document and in particular the provisions of the Afep-Medef Code that have been set aside and the related explanations; ● approve the revision of the CAG-CSR Committee rules of procedure [n/a in 2022].
HR/CSR (see § 3.5.6)	<p><u>HR challenges</u></p> <ul style="list-style-type: none"> ◆ assist the Supervisory Board in monitoring social, non-discrimination and diversity policies; ◆ be informed of the annual rankings regarding the representation of women in large companies and the criteria taken into account in their preparation; ◆ be informed of the summary of the talent review and leadership development actions; ◆ be informed of the publication of the Hermès International gender equality index; ● be informed of recruitment issues, employer brand and support for growth; ● be informed of the Group's approach to diversity, inclusion and gender balance. <p><u>CSR challenges</u></p> <ul style="list-style-type: none"> ◆ assist the Supervisory Board in monitoring CSR issues; ◆ be informed of sustainable development and CSR issues; ◆ be informed of the achievements of the past financial year in relation to the objectives set; ◆ be informed of the CSR outlook; ◆ monitor non-financial performance indicators and consideration of social and environmental issues; ◆ be regularly informed of the assessments of non-financial agencies; ◆ be informed of the content of the Non-Financial Performance Statement (NFPS); ◆ be informed of the main new features of chapter 2 "Corporate social responsibility and non-financial performance" (NFPS) of the universal registration document; ◆ be informed of the Group's energy situation; ◆ be informed, in a joint meeting with the Audit and Risk Committee, of exposure to CSR risks.

(1) Non-exhaustive list ◆ Annual topics ● Occasional or multi-year topics

3.6.3 AUDIT AND RISK COMMITTEE

3.6.3.1 COMPOSITION AS AT 31 DECEMBER 2022

Its rules of procedure provide that the Audit and Risk Committee is composed of at least four members of the Supervisory Board with expertise in or carrying out professional activities in the areas in which the Committee performs its duties; and in particular in terms of finance, risk management and CSR.

At least half of its members must, at the time of their appointment and for the entire term of their office, be qualified as independent under the Supervisory Board's rules of procedure. This is currently the case.


The Audit and Risk Committee does not include any Executive Corporate Officers.

It is chaired by Ms Monique Cohen, Vice-Chairwoman of the Board, who is independent and an expert in finance.

Changes in the composition of the Audit and Risk Committee are presented in § 3.6.1.2.

The main areas of expertise and experience of the members of the Audit and Risk Committee are presented in the information concerning them (see § 3.4.8).

As at 31 December 2022, the Audit and Risk Committee comprised the following five members, including two women and three men:

2022 DATA	Personal details	Independence	Date of appointment	Expiry of term of office on the Board	Length of service on the Committee ¹	Attendance
5 MEMBERS - 6 MEETINGS - 60% INDEPENDENCE - 40% WOMEN MEMBERS		Monique Cohen (F) (Chairwoman) Nationality: French 66 years ¹ – 28/01/1956		03/06/2014	2023 GM 8 years	100.00%
		Charles-Éric Bauer (M) Nationality: French 58 years ¹ – 09/01/1964		26/01/2005 ²	2025 GM 17 years	100.00%
		Estelle Brachlianoff (F) Nationality: French 50 years ¹ – 26/07/1972		04/06/2019	2025 GM 3 years	66.67%
		Renaud Momméja (M) Nationality: French 60 years ¹ – 20/03/1962		03/06/2008	2023 GM 14 years	100.00%
		Alexandre Viros (M) Nationality: French 44 years ¹ – 08/01/1978		04/06/2019	2024 GM 3 years	100.00%
AVERAGE ATTENDANCE						93.33%³

(1) The ages indicated are determined in number of full years as at 31 December 2022.

(2) Mr Charles-Éric Bauer was appointed to the Audit and Risk Committee before joining the Supervisory Board (before Order no. 2008-1278 of 8 December 2008, there was no law requiring Board membership).

(3) This figure reflects the average attendance of the members of the Audit and Risk Committee in office as at 31 December 2022, and does not take into account members who left the Committee during the year, where applicable.

3.6.3.2 RULES OF PROCEDURE

On 24 March 2010, the Supervisory Board adopted rules of procedure which specify the rules governing the composition, powers and operating procedures of the Audit and Risk Committee.

These rules of procedure are regularly reviewed to adapt to legal and regulatory changes and to take into account the recommendations of the French Financial Markets Authority (AMF) and revisions to the Afep-Medef Code.

The full text of the Audit and Risk Committee rules of procedure is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

The main provisions of the Audit and Risk Committee's rules of procedure are set out in this chapter 3 of the universal registration document.

3.6.3.3 FUNCTIONING

The operation of the Audit and Risk Committee complies with the principles applicable to the Supervisory Board committees (see § 3.6.1).

The Audit and Risk Committee meets as many times as necessary and usually six times per financial year, including once before the approval of the annual financial statements by the Executive Management and once before the review of the half-yearly financial statements by the Supervisory Board.

As part of its responsibilities in terms of social and environmental responsibility, a meeting dedicated to the presentation of CSR risk exposure has been held every year since 2021 with the CAG-CSR Committee. The purpose of this joint meeting is to strengthen coordination and sharing between the two committees on this related subject.

The Audit and Risk Committee meets when convened by its Chairwoman, who sets the agenda of the meeting in writing or verbally, in any location indicated in the notice of meeting.

Before each Audit and Risk Committee meeting, Committee members are sent, in good time, with reasonable lead time and subject to confidentiality requirements, a file containing documentation on items on the agenda requiring prior analysis and review.

The Executive Vice-President Corporate Development and Social Affairs, systematically participates in the meetings of the Audit and Risk Committee.

The Director of Audit and Risk Management is responsible for the Secretariat under the responsibility of the Chairwoman.

The Statutory Auditors attend the two meetings relating to the review of

the annual and half-year financial statements.

At the first Supervisory Board meeting following a meeting of the Audit and Risk Committee, the Chairwoman gives an oral report on the Committee's work to the members of the Board, a summary of which is then included in the minutes of the Board meeting.

The Audit and Risk Committee uses the Herboard secure digital platform (see §3.5.3.2).

Minutes of Audit and Risk Committee meetings are prepared at the end of each meeting and sent to all members of the Committee.

The CAG-CSR Committee uses a dashboard to plan and prepare its work in a balanced way over the year.

3.6.3.4 MAIN DUTIES AND WORK CARRIED OUT IN FINANCIAL YEAR 2022

In accordance with Article L. 823-19 of the French Commercial Code (*Code de commerce*) and without prejudice to the powers of the Supervisory Board, which it does not replace, the main duties of the Audit and Risk Committee performed in 2022 are as follows:

Purpose of duties	Main duties and work carried out in 2022 ¹
General	<ul style="list-style-type: none"> ◆ conduct a periodic self-assessment of its operation; ◆ approve the revision of the Audit and Risk Committee rules of procedure [<i>n/a in 2022</i>].
Preparation of accounting and financial information	<ul style="list-style-type: none"> ◆ be informed of the budget for the financial year; ◆ review and comment on the parent company and consolidated financial statements before they are approved by Executive Management and presented to the Supervisory Board; ◆ note the consensus of financial analysts on the full-year and interim results; ◆ review press releases on quarterly revenue, full-year and interim results; ◆ ensure that the accounting policies applied are relevant and consistent; ◆ verify that internal data collection and control procedures guarantee the quality of the information provided; ◆ review the work programme and results of audit assignments; ◆ monitor the process of preparing financial information and, where appropriate, make recommendations to ensure its integrity, ◆ monitor the effectiveness of internal control and risk management systems and internal audits regarding the procedures for preparing and processing accounting, financial and non-financial information without jeopardising its independence.

(1) Non-exhaustive list ◆ Annual topics ● Occasional or multi-year topics

Purpose of duties	Main duties and work carried out in 2022 ¹
Audit of accounting and financial information and the work of the Statutory Auditors	<ul style="list-style-type: none"> ◆ issue a recommendation to the Supervisory Board on the Statutory Auditors proposed for appointment or renewal by the General Meeting; ◆ monitor the performance by the Statutory Auditors of their assignment (audit approach, audit conclusions, presentation of the Board's fees); ◆ ensure that the Statutory Auditors comply with the independence conditions; ◆ hold in closed session with the Statutory Auditors; ◆ approve, on a case-by-case basis, the provision by the Statutory Auditors of services other than the certification of the financial statements; ◆ report on the results of the engagement regarding the certification of the financial statements, on the way the engagement contributed to the integrity of the financial reporting and the role it has played in this process.
Control of risk exposure and prevention of corruption	<ul style="list-style-type: none"> ◆ be informed of the security system by analyzing the incidents of the past financial year and the actions implemented; ◆ be informed of the results of risk management, audit and internal control activities; ◆ be informed of the audit plan; ◆ regularly review exposure to risks such as financial, legal, operational, social and environmental risks and the actions taken as a result; ◆ be informed, in a joint meeting with the CAG-CSR Committee, of exposure to CSR risks (see § 3.5.6.2); ◆ be informed of personal data risks and the corresponding action plans; ◆ be informed of risks related to the duty of care; ◆ be informed of operational risk mapping: in 2022, Hermès Watches; ◆ be informed every three years of the Group risk mapping [<i>n/a in 2022</i>]; ● be informed of Group risk factors and the corresponding action plans; ◆ be informed annually of IT risks, in particular cyber risks, and the corresponding action plans; ◆ proofread chapter 4 "Risk factors and management" of the universal registration document; ◆ ensure the establishment of a system for preventing and detecting corruption and influence-peddling; ◆ be informed of the update of the plan to prevent and fight against corruption; ● be informed of the vigilance plan, ● be informed of the establishment of a new banking relationship, ● be informed of the means implemented by the Group to fight against counterfeiting.

(1) Non-exhaustive list ◆ Annual topics ● Occasional or multi-year topics

As part of its duties, the Audit and Risk Committee heard from the Executive Vice-President Finance, both with regard to accounting data and treasury data, the Director of Consolidation and Taxation, the Director of Audit and Risk Management, the Director of Group Safety, the Director of Group IT (and members of her team), the Director of Information Systems Security, the Director of Insurance, the Director of Treasury, the Director of Financial Communication and Investor Relations, the Director of Financial Operations, the Director of Hermès

Commercial and members of his team, the Managing Director of Hermès Horloger, the Director of Legal Compliance, the Data Protection Officer, the Group General Counsel, the Legal Director in charge of the Fight against Counterfeiting, the Director of Sustainable Development and the Statutory Auditors.

3.8 COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

3.8.1.2.4 Specific elements comprising the compensation policy for the Executive Chairmen (Article R. 22-10-40, II of the French Commercial Code (*Code de commerce*))

Pursuant to Articles L. 22-10-76 and R. 22-10-40, II of the French Commercial Code (*Code de commerce*), the specific components comprising the compensation policy for the Executive Chairmen are set out below.

When the office is taken up

No such commitment exists.

During their term of office

The term of office of the Executive Chairmen is open-ended. The Executive Chairmen may be dismissed by a decision of the Active Partner.

Annual fixed and variable compensation and respective importance – CSR criterion for variable compensation

In accordance with the principles set out in Article 17 of the Articles of Association, each Executive Chairman is entitled to fixed compensation (referred to as “additional” in the Articles of Association) for which the maximum amount is determined by the Ordinary General Meeting with the unanimous approval of the Active Partners and, potentially, variable compensation set by the Articles of Association (“statutory compensation”):

- 1) fixed compensation (referred to as “additional compensation” in the Articles of Association) was introduced by the Ordinary General Meeting of 31 May 2001, which set a limit of €457,347.05, and provided for it to be indexed upwards only, in accordance with any increase in consolidated revenue for the previous financial year over the year prior to that, at constant scope and exchange rates. Fixed compensation is, therefore, set on an annual basis. In accordance with this principle and to facilitate understanding of how the additional compensation of Executive Chairmen is calculated before indexing, it is referred to as “fixed compensation” by analogy with market practices;
- 2) the calculation of the variable compensation (referred to as “compensation set by the Articles of Association (“statutory compensation”)” – set by Article 17 of the Articles of Association – has remained constant since the IPO on 3 June 1993. This compensation is capped at 0.20% of the consolidated net income before tax generated in the previous financial year. This mode of determination naturally leads to a strict variability in the compensation set by the Articles of Association (“statutory compensation”) of Executive Chairmen, in a transparent way and without any guarantee of a minimum amount. With the aim of clarity, the compensation set by the Articles of Association (“statutory compensation”) of the Executive Chairmen is referred to as “variable compensation”, by analogy with market practices.

The variable compensation of the two Executive Chairmen is partially conditioned (10%) on a “CSR” criterion reflecting the Group’s stated and constant commitments in respect of sustainable development. The CSR criterion contributes to the objectives of the Executive Chairmen’s compensation policy.

This way of structuring the variable component of compensation was applied for the first time when evaluating variable compensation owing for 2019, which was measured and paid in 2020.

The indicators making up the CSR criterion relate to the following:

- ◆ decoupling between business growth at constant scope and exchange rates and the evolution of industrial energy consumption (quantifiable environmental criterion);
- ◆ actions implemented in favour of the Group’s local integration in France and throughout the world, excluding major cities (qualitative societal criterion);
- ◆ Group initiatives in favour of gender balance (qualitative social criterion).

The Executive Management Board of Émile Hermès SAS, Active Partner, sets the actual amount of the annual compensation of each Executive Chairman, not exceeding the maximum amount of the approved compensation policy defined herein, and in accordance with the criteria and targets set out in § 3.8.1.1 and § 3.8.1.2, as follows:

- ◆ target variable compensation as set by the Articles of Association (“statutory compensation”) is set by applying the strict variability of the consolidated net income before tax, 10% of which is conditional on the achievement of the targets making up the CSR criterion (see above);
- ◆ fixed (“additional”) compensation is set by applying the strict variability, upwards only, of revenue to the compensation of the previous financial year;
- ◆ the other components of compensation are set in strict application of the compensation policy for the Executive Chairmen.

The two components of the Executive Chairmen’s compensation are changed according to clear and objective quantifiable criteria, unaltered for many years, that are publicly available and predefined by nature, as described in paragraphs 1 and 2 above.

Thus, no minimum variable compensation set by the Articles of Association (“statutory compensation”) is guaranteed for the Executive Chairmen.

The quantifiable criteria are paramount in the calculation of the variable compensation of the Executive Chairmen.

The Executive Management Board of Émile Hermès SAS, Active Partner, relies on the recommendations of the CAG-CSR Committee.

Mr Henri-Louis Bauer, the Legal Representative of Émile Hermès SAS (Executive Chairman), does not personally receive any compensation from Hermès International. He receives compensation from Émile Hermès SAS for his functions as Executive Chairman of this company, which is unrelated to the appointment of Émile Hermès SAS as Executive Chairman of Hermès International.

The Executive Chairmen do not receive any compensation or benefits of any kind from the subsidiaries of Hermès International.

The breakdown of the actual compensation of the Executive Chairmen for the last two financial years is shown in § 3.8.4.2.

Each year, the CAG-CSR Committee of the Supervisory Board of Hermès International is tasked with ensuring that the Executive Chairmen's compensation is compliant with the Articles of Association and the compensation policy.

No predetermined weighting is applied with respect to fixed and variable compensation, which depend on the components described above.

HISTORY OF FIXED AND VARIABLE COMPENSATION PAID TO THE EXECUTIVE CHAIRMEN OVER THE LAST THREE FINANCIAL YEARS AND RESPECTIVE IMPORTANCE

Mr Axel Dumas	2022	Proportion (not pre-established)	2021	Proportion (not pre-established)	2020
Fixed compensation (referred to as "additional" in the Articles of Association)	€1,785,716 ¹	40%	€1,623,378	51%	€1,623,378
Variable compensation set by the Articles of Association ("statutory compensation") awarded in respect of the previous financial year	€2,700,742	60%	€1,559,319	49%	€1,780,045
of which CSR criterion		10%		10%	n/a
TOTAL	€4,486,458	100%	€3,182,697	100%	€3,403,423

(1) Mr Axel Dumas waived more than 75% of the increase, provided for by the applicable compensation policy, in his fixed compensation for 2022 ("additional"). Thus, in 2022, Mr Axel Dumas received actual fixed compensation up 10% from his actual fixed compensation for 2021.

n/a: not applicable.

Émile Hermès SAS	2022	Proportion (not pre-established)	2021	Proportion (not pre-established)	2020
Fixed compensation (referred to as "additional" in the Articles of Association)	€607,035 ¹	33%	€551,850	43%	€551,850
Variable compensation set by the Articles of Association ("statutory compensation") awarded in respect of the previous financial year	€1,259,430	67%	€727,153	57%	€830,083
of which CSR criterion		10%		10%	n/a
TOTAL	€1,866,465	100%	€1,279,003	100%	€1,381,933

(1) Émile Hermès SAS waived more than 75% of the increase, provided for by the applicable compensation policy, in its fixed compensation for 2022 ("additional"). Thus, in 2022, Émile Hermès SAS received actual fixed compensation up 10% from its actual fixed compensation for 2021.

n/a: not applicable.

Methods for assessing the achievement of performance criteria for variable compensation or share-based compensation (Article R. 22-10-40, I-4° of the French Commercial Code (Code de commerce))

The variable compensation set by the Articles of Association ("statutory compensation") of the Executive Chairmen is evaluated in accordance with the change in consolidated net income before tax for the prior financial year compared with the preceding financial year, and conditioned in the proportion of 10% on the achievement of the CSR criterion.

The evaluation of the amount of compensation subject to the CSR criterion is limited to a target of 100%, with no possibility of exceeding that limit.

Each of the three indices mentioned in § 3.8.1.2.4 "Annual fixed and variable compensation and respective importance – CSR criterion for variable compensation":

- ◆ shall count as one-third of the CSR criterion;
- ◆ has an annual reference period;

- ◆ is subject to an annual evaluation of their achievement by the CAG-CSR Committee.

Deferred or multi-year variable compensation

The allocation to Executive Chairmen of deferred or multi-year variable compensation is not provided for.

Exceptional compensation

The allocation of exceptional compensation to the Executive Chairmen is not provided for.

Share-based compensation (Article R. 22-10-40, II-2° of the French Commercial Code (Code de commerce))

The current compensation policy does not provide that the Executive Chairmen are entitled to share-based compensation.

In accordance with Article 25.3.3 of the Afep-Medef Code, Executive Chairmen who are natural persons and who are beneficiaries of stock options and/or performance-based shares must make a formal commitment not to hedge their risk on options or on shares resulting from the exercise of options or on performance-based shares, until the end of the share retention period.

Mr Axel Dumas, the only eligible Executive Chairman, has not received any stock options or performance-based shares since he was appointed Executive Chairman.

Émile Hermès SAS, a legal entity, is not eligible for the stock option or performance-based share plans.

Employment contract

In order to comply with the Afep-Medef Code, Mr Axel Dumas decided on 5 June 2013 to end his employment contract with immediate effect when he was appointed Executive Chairman of Hermès International.

Service agreements

No Executive Chairman directly or indirectly invoices services to the Company.

Compensation of Board members in the Company and the Group's subsidiaries

The Executive Chairmen do not receive any compensation as Board members paid by the Company or by the Group's subsidiaries.

Similarly, note that the Group's allocation rules specify that the members of the Executive Committee of Hermès International who are directors in subsidiaries do not receive compensation in that capacity.

Death and disability plan

Mr Axel Dumas is eligible for the mandatory collective death and disability plan established by the Group for the benefit of all staff of French entities that have joined this plan (decision taken by the Supervisory Board on 19 March 2014).

It provides, as is the case for all employees, the following gross lifetime benefits:

- (i) a disability pension at 51% of reference compensation in the case of Category 1 disability and 85% of reference compensation in the case of Category 2 or 3 disability. The reference compensation (gross annual compensation) is capped at 8x the annual social security ceiling (PASS). The payment of the disability pension is discontinued when the recipient in question is no longer categorised as having the disability or permanent impairment and, at the latest, on the day of the normal or early liquidation of an old age insurance pension from the mandatory retirement plan, for any reason whatsoever;
- (ii) a death benefit equal to a maximum of 380% of the reference compensation, capped at 8x PASS, depending on the family situation;
- (iii) contributions paid to the insurer are split between the Company (1.54% for tranche A, and 1.64% for tranches B and C) and the beneficiary (1.06% for tranche A and 1.16% for tranches B and C);
- (iv) these contributions are deductible from the corporation tax base, subject to corporate social contributions at the rate of 8%, and excluded from the base for social security contributions, within the limit of an amount equal to the sum of 6% of PASS and 1.5% of compensation retained within the limit of 12x PASS.

Benefits of any kind

Mr Axel Dumas has a company car constituting his only benefit in kind.

Mr Axel Dumas benefits from the mandatory collective healthcare plan implemented by the Group for the benefit of all staff of French entities that have joined this plan (decision made by the Supervisory Board on 19 March 2014).

Émile Hermès SAS does not receive any benefits in kind.

At the end of the term of office

Severance payment

The Company made a commitment to pay Mr Axel Dumas compensation in an amount equal to 24 months of total compensation ("statutory" variable compensation set by the Articles of Association and "additional" fixed compensation) in the event of the termination of his duties as Executive Chairman (decision of the Supervisory Board of 4 June 2013 approved by the General Meeting of 3 June 2014 – 10th resolution "Approval of the commitments owed to Mr Axel Dumas in respect of the termination of his duties as Executive Chairman" – in accordance with Article L. 225-42-1 of the French Commercial Code (*Code de commerce*) applicable at that date).

The payment of a severance payment is subject to the termination of duties as Executive Chairman resulting:

- ◆ either from a decision taken by Mr Axel Dumas by reason of a change of control over the Company, a change in the Chairman of Émile Hermès SAS, which is an Executive Chairman of the Company, or a change in the Company's strategy; or
- ◆ from a decision taken by the Company.

Given the importance of the role of the Active Partner in a *société en commandite par actions* (partnership limited by shares) – which has the power to appoint and dismiss any Executive Chairman, and in the case of a legal entity, its legal representative, it was considered that the termination of duties as Executive Chairman of Mr Axel Dumas that may result from the replacement of the Chairman of Émile Hermès SAS, should be treated as a forced departure.

The criteria for granting severance payments are therefore strictly confined to cases of forced departure.

Moreover, the payment of such compensation is subject to the following performance conditions, such that the conditions of his departure are in equilibrium with the situation of the Company: achieving budget targets in at least four out of the five previous years (with revenue and operating income growth measured at constant rates), without deterioration in the Hermès brand image.

The Supervisory Board therefore considered that the deferred compensation commitment made to Mr Axel Dumas complied with the requirements of the Afep-Medef Corporate Governance Code.

No such agreement has been entered into with Émile Hermès SAS.

Non-compete indemnity

Mr Axel Dumas is not subject to any non-competition agreement, therefore no compensation is provided for in this respect.

No such agreement has been entered into with Émile Hermès SAS.

*Supplemental pension plan***Defined-contribution pension plan (Article 83 of the French General Tax Code)**

Mr Axel Dumas is eligible for the supplementary defined-contribution pension plan established for all employees of the Group's French companies that have joined it (decision by the Supervisory Board on 4 June 2013 approved by the General Meeting of 3 June 2014 – 5th resolution "Approval of related-party agreements and commitments").

As with all employees of the Group:

- ◆ the defined-contribution pension plan is funded as follows: 1.1% for the reference compensation for an amount of 1x the annual social security ceiling (hereunder PASS), 3.3% for the reference compensation between 1x and 2x PASS, and 5.5% on the reference compensation between 2x and 6x PASS. Reference compensation means the gross annual compensation in accordance with Article L. 242-1 of the French Social Security Code (*Code de la Sécurité sociale*);
- ◆ these premiums are shared between the Company (90.91%) and the beneficiary (9.09%);
- ◆ the employer contributions are deductible from the corporation tax base, subject to corporate social contributions at the rate of 20% and excluded from the base for social security contributions within the limit of the higher of the following two values: 5% of the PASS or 5% of the compensation retained within the limit of 5x PASS (€205,680 in 2022).

Defined-benefit pension plan (Article 39 of the French General Tax Code – Article L. 137-11 of the French Social Security Code)

Mr Axel Dumas is also eligible for the supplemental pension plan established in 1991 for Company Senior Executives (decision by the Supervisory Board on 4 June 2013, approved by the General Meeting of 3 June 2014 – 5th resolution "Approval of related-party agreements and commitments").

This provision is not limited solely to the Executive Chairmen but also encompasses a wider group of Senior Executives. It may be terminated, in the case of Mr Axel Dumas, by deliberation of the Supervisory Board.

In accordance with Order no. 2019-697 of 3 July 2019 relating to defined-benefit occupational plans, no new members may join this scheme from 4 July 2019 and no new conditional right to benefits may be awarded for periods of employment after 31 December 2019.

As a fundamental condition of the pension regulations, in order to be eligible for the scheme, beneficiaries must have reached the end of their professional career with the Company, have at least ten years of seniority as evaluated at 4 July 2019 given the provisions of the aforementioned order of 3 July 2019, and be eligible to draw pension benefits under the statutory French social security regime.

Each participant gradually acquires potential rights, calculated each year on the basis of his or her annual reference compensation, it being specified that 2019 is the last year taken into account when calculating such rights (in application of Order no. 2019-697 of 3 July 2019). These potential rights represent, depending on the seniority and for each year, a percentage of the reference compensation ranging between 0.9% and 1.5%.

If all the eligibility conditions are met, the annual pension under this scheme would be based on:

- ◆ the average yearly compensation for the last three years;
- ◆ a percentage of the reference compensation, ranging from 0.9% to 1.5% per year of service (as at 31 December 2019). In accordance with the regulations, as Mr Axel Dumas has seniority exceeding 16 years, this percentage is set at 1.50%. It is in any event, below the legal limit of 3%.

In addition, the regulation provides for the application of two ceilings to the final amount of the annual pension:

- ◆ the amount of the annual pension is capped at 8x PASS, *i.e.* €329,088 in 2022; and
- ◆ the sum of (i) pensions accrued in respect of statutory and collective agreement plans (excluding increases for children raised) including rights accrued in overseas pension plans, pensions resulting from any supplementary plan that may be put in place within the Hermès Group and (ii) the amount of the top-up pension resulting from the regulations is capped at 70% of the last reference compensation.

For information, subject to fulfilling the conditions of the plan at the time of the liquidation of his pension, the maximum amount of the future pension, limited by the plan's regulations to eight times the annual social security limit, compared with the compensation for financial year 2022 of the natural person Executive Chairman would represent a replacement rate (excluding mandatory plans) of 5.41%.

The plan is financed by the Company through a contract taken out with an external insurance company, and, if necessary, additional provisions are recorded in the financial statements.

The following income tax and social security charges are currently applicable to the plan:

- ◆ with regard to social security contributions, using an irrevocable option, the Company has chosen to apply the fixed contribution set out in Article L. 137-11 of the French Social Security Code concerning the premiums paid to the external insurance firm at the rate of 24%. The beneficiary must pay – as for all replacement income – CSG (social security tax) and CRDS (social security debt repayment tax), in addition to healthcare contributions and an additional solidarity contribution for autonomy (CASA) on the amount of the pension. In the specific case of pensions resulting from defined-benefit pension plans, the beneficiary of the pension must also pay a social security contribution, at a rate that varies depending on the amount of the pension and its liquidation date;
- ◆ with regard to taxation, the premiums paid to the external insurance firm may be deducted from the tax base for corporation tax.

Following the freeze on the scheme initially put in place in 1991 and from which the Executive Chairman potentially benefits, the Group has not decided on the scheme that could replace this supplemental pension plan. In the absence of any instructions to date concerning the terms of transfer of the conditional rights frozen on a vested rights plan, the Company reserves the right to subsequently assess which pension plan would be most relevant and most appropriate (including or not a possible transfer of pension rights set up in 1991).

Émile Hermès SAS, a legal entity, is not eligible for a supplemental pension plan.

SUMMARY OF COMPENSATION AND BENEFITS POTENTIALLY OWING TO THE EXECUTIVE CHAIRMAN, MR AXEL DUMAS (A NATURAL PERSON), IN THE EVENT OF HIS DEPARTURE

	Method of determination at 31/12/2022		
	Voluntary departure (excluding retirement)	Forced departure	Retirement
Severance payment	n/a	Subject to the applicable performance conditions: 24 months of compensation (fixed and variable)	n/a
Non-compete indemnity	n/a	n/a	n/a
Supplementary defined-benefit pension (Article 39 of the French General Tax Code – Article L. 137-11 of the French Social Security Code)	n/a	n/a	Annual pension amount: Number of years of seniority x (0.9% to 1.5%) x average yearly compensation for the last three years The pension will be capped at 8x PASS
Additional defined-contribution pension (Article 83 of the French General Tax Code)	The annual amount of the pension will be determined by conversion to a pension annuity of savings established as at the date of liquidation of retirement entitlements.		

n/a: not applicable.

3.8.2 OVERVIEW OF COMPENSATION AND BENEFITS OF ALL KINDS FOR CORPORATE OFFICERS

In accordance with the provisions of Article L. 22-10-77 of the French Commercial Code (*Code de commerce*), the corporate governance report must present all compensation and benefits of all kinds paid to Corporate Officers during the financial year or allocated in respect of their duties in 2022.

The report must also:

- ◆ disclose any compensation paid or granted by a company in the scope of consolidation;
- ◆ enable comparison between (i) the compensation of the Executive Corporate Officers (*i.e.* the Executive Chairmen) and the non-Executive Chairman (*i.e.* the Chairman of the Supervisory Board) on the one hand, and (ii) the average and median compensation of the Company's employees on the other hand.

This section presents the aforementioned items, which will be subject to global and individual *ex-post* votes at the General Meeting of 20 April 2023 (see chapter 8 "Combined General Meeting of 20 April 2023", § 8.2.1 "Explanatory statement to the 7th to 10th resolutions").

3.8.2.1 COMPENSATION PAID TO THE EXECUTIVE CHAIRMEN OR GRANTED IN RESPECT OF THE 2022 FINANCIAL YEAR (EXECUTIVE CORPORATE OFFICERS) (ARTICLE L. 22-10-77 OF THE FRENCH COMMERCIAL CODE (*CODE DE COMMERCE*))

3.8.2.1.1 Compensation paid in financial year 2022

All fixed, variable and exceptional elements of the total compensation and benefits of any kind paid during the 2022 financial year to Mr Axel Dumas, on the one hand, and Émile Hermès SAS, on the other hand, in respect of their offices as Executive Chairmen, appear in chapter 8 "Combined General Meeting of 20 April 2023", § 8.2.1 "Explanatory

statement to the 8th and 9th resolutions".

These elements are all consistent with the compensation policy for the Executive Chairmen presented in § 3.8.1.1 and § 3.8.1.2 above and approved by the General Meeting of 20 April 2022.

3.8.2.1.2 Compensation awarded in respect of financial year 2022

The 2023 variable compensation of the Executive Chairmen, awarded in respect of financial year 2022, must be submitted to the General Meeting for approval prior to payment.

All fixed, variable and exceptional elements of the total compensation and benefits of any kind granted in respect of financial year 2022 to Mr Axel Dumas, on the one hand, and Émile Hermès SAS, on the other hand, in respect of their offices as Executive Chairmen, appear in chapter 8 "Combined General Meeting of 20 April 2023", § 8.2.1 "Explanatory statement to the 8th and 9th resolutions".

These elements are all consistent with the compensation policy for the Executive Chairmen presented in § 3.8.1.1 and § 3.8.1.2 above and approved by the General Meeting of 20 April 2022.

The CAG-CSR Committee evaluated the level of achievement of the CSR criterion applicable to 10% of the variable compensation of the Executive Chairmen at its meeting of 9 January 2023 and noted that the three indicators making up the criterion were fully achieved (see table below).

Consequently, the 2023 variable compensation, awarded in respect of financial year 2022, has been calculated by applying the change in the Company's consolidated net income before tax for financial year 2022 compared with financial year 2021, *i.e.* an increase of +35.1%, to the variable compensation paid in 2022 in respect of 2021.

CSR criteria indicators	Importance	Level of achievement and justification
<p>Quantifiable environmental criterion: Decoupling between activity growth at constant scope and exchange rates and the evolution of industrial energy consumption</p> <p>Link with strategy and NFPS indicators: See chapter 2 "Corporate social responsibility and non-financial performance" § 2.1.5, § 2.5 and § 2.5.3.1.2</p> <p>Review of the indicator by the Independent third party: See chapter 2 "Corporate social responsibility and non-financial performance" § 2.10</p>	1/3	<p>100%</p> <p>Improvements to equipment, buildings and energy-consuming industrial processes, particularly as part of the "decarbonisation" plan, continued to bear fruit by reducing energy consumption, and in particular of fossil fuels, while consolidated revenue increased significantly over the reference period.</p> <p>During the reference period – from 1 November 2021 to 31 October 2022:</p> <ul style="list-style-type: none"> ◆ the Group's consolidated revenue at constant exchange rates grew by +21.1%; ◆ total industrial energy consumption (including any scope effects) amounted to 160,256 MWh, a decrease of -1.17% (compared with 162,127 MWh previously). <p>More specifically:</p> <ul style="list-style-type: none"> ◆ the first actions of the "decarbonisation" plan initiated two years ago are starting to produce their results, enabling a reduction in fossil fuel energy consumption, while revenue increased sharply over the same period; ◆ for the Leather division as a whole, the decrease in consumption was around -2.2%, thanks in particular to work on heating, ventilation and air conditioning equipment; ◆ the significant reduction in gas at certain sites, in particular the Cristalleries Saint-Louis (new gas melting furnace, running on oxyfuel), the Montereau and Vivoin Tanneries (down -11% and -7%); ◆ in the Textile division: energy consumption increased by volume (+2,647 MWh), however relative to the division's revenue, it was down by -16%.
<p>Qualitative societal criterion: Actions taken to promote the Group's local integration in France and around the world, outside of major cities</p> <p>Link with strategy and NFPS indicators: See chapter 2 "Corporate social responsibility and non-financial performance" § 2.1.5, and § 2.6</p>	1/3	<p>100 %</p> <p>The House continued its ambitious policy and numerous local integration actions in 2022, both in France and abroad, the relevance and scope of which have been recognised by several environmental, social and societal performance awards and rankings.</p> <p>These actions resonate with the House's model, with, at the heart of its strategy, authenticity, responsibility, humanism, a long-term vision and generosity – the desire to give back to the world part of what it has given us.</p> <p>Our actions in favour of strong local integration continued in 2022, demonstrating in concrete terms the House's commitment to act as a humanist, responsible company that creates jobs.</p>

CSR criteria indicators	Importance	Level of achievement and justification
		<p>These actions have been recognised by various rankings and awards, where Hermès has often won first place.</p> <ul style="list-style-type: none"> ◆ The House continued its integration in the regions with very strong job creation outside major urban areas. Thus, the total number of employees in this scope increased by +8.6% to reach a total of nearly 6,000 employees (of which 92% in production) at the end of September 2022. ◆ In the area of employment, partnerships with Pôle Emploi, Cap Emploi and professional reintegration associations are rolled out with all the local partner branches of our regional divisions, making it possible to carry out the majority of our recruitment of craftspeople. These partnerships create a network with local players in order to stimulate the regions by providing access to training and employment in an inclusive and sustainable way. ◆ The Hermès École des savoir-faire, created in September 2021, and which awards a State CAP vocational qualification in leather work, extended its training in 2022 to the Cutting and stitching vocational qualification certificate. <ul style="list-style-type: none"> ● More than 450 craftspeople-apprentices studying for the CAP vocational qualification in leather work, spread across all our regional divisions, and in particular in Fitialieu (Isère), Charleville-Mézières (Ardennes), Marthon (Charente), Montereau (Seine-et-Marne) and Louviers (Eure). The opening of a training school in Riom (Puy-de-Dôme) for the Auvergne Leather Goods division is scheduled for 2023. ● More than 150 craftspeople-trainers who are experts in their <i>métiers</i> ensure the transmission of <i>savoir-faire</i> and support apprentices throughout 18 months of training. ◆ Hermès' commitment to transmission of skills and education also continues through its actions, notably through: <ul style="list-style-type: none"> ● the "Des Territoires aux grandes écoles" Foundation (annual budget of €300 thousand for three years), ● SKEMA Disability Agreement, Science Po Paris, IFM Foundation, the "Un jeune, une solution" programme through scholarships or mentoring given to students of these schools, aimed at training and facilitating the entry into professional life for all young people, in all regions. ◆ Local integration is also visible at Hermès through generous initiatives. The launch in 2022 of the "Les Ailes d'Hermès" network programme is a very good example of this. Thanks to this programme, 1,001 of the House's employees will spend one week contributing to a skills-based sponsorship operation in partnership with local players. ◆ The House's policies and actions to ensure strong local integration, and more generally its commitment to a process of constant improvement of its social, societal and environmental performance, were recognised with several awards, in particular: <ul style="list-style-type: none"> ● for the second year in a row, Hermès was ranked in first place among the most responsible companies in the ranking established by Le Point and Statista; ● the Humpact agency once again recognised the House's performance on the social dimension, positioning it in the top 3 most employment-friendly companies in France, all categories combined and in the top 3 companies promoting the employment of people with disabilities in France; ● Hermès was identified as the best player in the Textiles & Apparel (out of 192 companies) and Luxury Goods (out of 102 companies) sectors by Sustainalytics in its analysis of companies' ESG risk exposure.

CSR criteria indicators	Importance	Level of achievement and justification
<p>Qualitative social criterion: Group initiatives in favour of gender equality</p> <p>Link with strategy and NFPS indicators: See chapter 2 "Corporate social responsibility and non-financial performance" § 2.1.5, and § 2.2.3.1.3</p>	1/3	<p>100 %</p> <p>Hermès, a responsible employer, promotes equal opportunities, diversity and inclusion in terms of employment, training, supervision and compensation, at all levels of the organisation.</p> <p>The House strongly reaffirms its commitment to constant improvement in this area.</p> <ul style="list-style-type: none"> ◆ The gender equality index and external recognition of social performance: <ul style="list-style-type: none"> ● the weighted average index for the Group in France is 90/100 and 99/100 at Hermès International. In 50% of the entities concerned, the index is higher than 90/100, including in industrial environments such as Tanneries de Montereau (99/100), CSL (96/100), CATE (97/100), Lasco (93/100); in the other entities, it is higher than 80/100; ● a special mention was awarded by the Ministry in charge of Gender Equality as part of the Women in Governance Bodies Awards, in the Gender Parity in the Top 100 category (49% women); the House was ranked 15th overall (out of 116 companies). ◆ The global Diversity & Inclusion approach continued in 2022, in particular with the appointment of 26 contacts, aimed at ensuring for each of our employees an inclusive, respectful and harmonious working environment that resonates with the local environment of our subsidiaries and built around three common pillars: <ul style="list-style-type: none"> ● respect for the principle of non-discrimination and equal opportunities; ● diversity and gender equality; ● disability. ◆ The rollout in all subsidiaries in France of paternity leave of four weeks with maintenance of salary without any length-of-service conditions. ◆ The e-learning modules for the prevention of sexist behaviour were followed in 2022 by more than 1,500 people and around 30 harassment officers were trained. ◆ More than 950 managers have already been trained in diversity management since the launch of the ALTEREGO training (including 141 in 2022). ◆ The HECATE women's network is continuing its work to promote inclusion and diversity at all levels of the organisation.

3.8.2.2 COMPENSATION PAID TO THE CHAIRMAN OF THE SUPERVISORY BOARD IN THE COURSE OF OR ALLOCATED IN RESPECT OF FINANCIAL YEAR 2022

All the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in the course of or awarded in respect of financial year 2022 to the Chairman of the Supervisory

Board, on which the shareholders are asked to give a binding ex-post vote, are set out in chapter 8 "Combined General Meeting of 20 April 2023", § 8.2.1 "Explanatory statement to the 10th resolution".

These elements are all in line with the compensation policy for the Chairman of the Supervisory Board presented in § 3.8.1.1 and § 3.8.1.3 above and approved by the General Meeting of 20 April 2022.

3.8.2.3 RATIOS AND ANNUAL AVERAGE EMPLOYEE COMPENSATION AND RATIOS (ARTICLE L. 22-10-9-6° AND 7° OF THE FRENCH COMMERCIAL CODE (*CODE DE COMMERCE*))

We present below:

- ◆ the changes over the last five years in the ratios between the level of compensation of each Executive Chairman and the Chairman of the Supervisory Board and:
 - on the one hand, the average pay on a full-time equivalent basis of the Company's employees other than Corporate Officers,
 - on the other hand, the median pay on a full-time equivalent basis of the Company's employees other than Corporate Officers;
- ◆ the annual change in the compensation of the Executive Chairmen and Chairman of the Supervisory Board, the performance of the Company, the average compensation on a full-time equivalent basis of Company employees other than Senior Executives, and ratios, over the past five years.

3.8.2.3.1 Methodology used

The methodology used, in line with the Afep guidelines updated in February 2021, is as follows:

- ◆ the notion of full-time equivalent (FTE) reflects a job performed on a full-time basis, *i.e.* as per legal working hours. As such, for part-time employees, compensation has been reconstituted on a full-time basis;
- ◆ based on the INSEE definition, the median wage is that which splits the Company's employees into two equal parts, such that half of the employees of the company in question earn less and the other half earn more. It differs from the average wage, which is the average of all wages in the company in question;
- ◆ the numerator shows the gross compensation (excluding social security contributions) paid to each Executive Chairman during the financial year, *i.e.*:
 - the fixed ("additional") compensation paid during the financial year under review,
 - the variable compensation set by the Articles of Association ("statutory compensation") paid during the financial year under review in respect of the prior year,
 - the exceptional compensation paid, if any, during the financial year under review,
 - other long-term compensation instruments and multi-year variable compensation paid, where applicable, during the financial year under review (taken at their IFRS value);

- ◆ the denominator shows the gross compensation (excluding social security contributions) of employees (continuously present in the year under review between 1 January and 31 December) of Hermès International – paid during the financial year, *i.e.*:
 - the fixed compensation paid during the financial year under review,
 - the variable compensation paid during the financial year under review in respect of the prior year,
 - the exceptional compensation paid, if any, during the financial year under review,
 - other long-term compensation instruments, in particular grants of free shares, when the rights were allocated or were vesting during the current financial year; measured at their IFRS value, less an annual amount depending on the length of the vesting period(s),
 - employee savings: profit-sharing and incentive schemes;
- ◆ the scope used in the denominator is that provided for by law, *i.e.* employees of the listed company Hermès International whose headcount is representative within the meaning of the law for the determination of the ratios. It represented 408 employees as at 31 December 2022. In addition to strict compliance with the legal requirement, this choice is likely to facilitate understanding of changes in ratios and the consistency of the calculation basis over time, which will be less affected by changes in the scope of consolidation (acquisitions/disposals) within the Group;
- ◆ the following are excluded from the numerator and denominator:
 - severance payments and non-compete payments, which do not constitute recurring compensation,
 - the defined-contribution supplemental pension plan (Article 83 of the French General Tax Code), which is a post-employment benefit,
 - the defined-benefit supplemental pension plan (Article 39 of the French General Tax Code), which cannot be valued insofar as payment is conditional on the completion of the beneficiary's career in the Company,
 - benefits in kind, which represent an insignificant amount of the compensation of the Executive Chairmen.

With regard to the Company's performance, it was decided to use the consolidated revenue (at constant rates) and the consolidated income before tax, which serve as a reference for the compensation of the Executive Chairmen and which are performance indicators that are particularly relevant to the Group's business model. In addition, they are commonly used in results press releases.

AMOUNT OF COMPENSATION USED WITH REFERENCE TO THE NUMERATOR

	2022	2021	2020	2019	2018
MR AXEL DUMAS	€4,486,458 ¹	€3,182,697	€3,403,423	€3,403,423	€3,092,816
ÉMILE HERMÈS	€1,866,465 ¹	€1,279,003	€1,381,933	€1,381,933	€1,256,409
MR ÉRIC DE SEYNES	€140,000	€140,000	€140,000	€140,000	€140,000

(1) The Executive Chairmen waived more than 75% of the increase, provided for by the applicable compensation policy, in their fixed compensation for 2022 ("additional"). Thus, in 2022, the Executive Chairmen received actual fixed compensation up 10% from their actual fixed compensation for 2021.

3.8.2.3.2 Presentation of ratios and annual change in compensation, the performance of the Company, the average compensation of employees and ratios

MR AXEL DUMAS – EXECUTIVE CHAIRMAN	2022	2021	2020	2019	2018
Change in total compensation paid during the financial year compared with the previous financial year	41.0%	-6.5%	0.0%	10.0%	11.5%
Ratio compared with the average compensation of employees Change compared with the previous financial year	22 +5 points	17 0 point	17 -1 point	18 0 point	18 +2 points
Ratio compared with the median compensation of employees Change (in %) compared with the previous financial year	44 +10 points	34 -3 points	37 -1 point	38 +3 points	35 +3 points

ÉMILE HERMÈS SAS – EXECUTIVE CHAIRMAN	2022	2021	2020	2019	2018
Change in total compensation paid during the financial year compared with the previous financial year	45.9%	-7.4%	0.0%	10.0%	0.0%
Ratio compared with the average compensation of employees Change compared with the previous financial year	9 +2 points	7 0 point	7 0 point	7 0 point	7 0 point
Ratio compared with the median compensation of employees Change (in %) compared with the previous financial year	18 +4 points	14 -1 point	15 0 point	15 +1 point	14 0 point

MR ÉRIC DE SEYNES – CHAIRMAN OF THE SUPERVISORY BOARD	2022	2021	2020	2019	2018
Change in total compensation paid during the financial year compared with the previous financial year	0.0%	0.0%	0.0%	0.0%	0.0%
Ratio compared with the average compensation of employees Change compared with the previous financial year	1 0 point	1 0 point	1 0 point	1 0 point	1 0 point
Ratio compared with the median compensation of employees Change (in %) compared with the previous financial year	1 0 point	1 -1 point	2 0 point	2 0 point	2 0 point

EMPLOYEES OF THE LISTED COMPANY	2022	2021	2020	2019	2018
Change in the average compensation compared with the previous financial year	8.0%	-3.8%	3.4%	10.4%	1.1%

GROUP PERFORMANCE	2022	2021	2020	2019	2018
Change in consolidated revenue at constant rates	23.4%	41.8%	-6.0%	12.4%	10.4%
Change in consolidated net income before tax	35.1%	73.2%	-12.4%	9.9%	9.7%

Explanatory notes on the employees

The changes for the five financial years presented in the above tables take into account the overall change in payroll, and for 2018, changes in the workforce scope.

The change in overall employee compensation also reflects (i) a positive dynamic of salary measures throughout the years presented, as well as (ii) the impact of allocations under employee shareholding plans. Depending on the plans and the respective duration of the

vesting periods, the portion relating to these allocations may lead to a certain variation in the average and median compensation of employees in the reference scope.

The overall policy, and all of the components of the compensation awarded to employees of the listed company, and those of other Group entities in France and abroad, are presented and set out in chapter 2 "Corporate social responsibility and non-financial performance", § 2.2.2.4.

3.8.2.4 COMPENSATION OF THE SUPERVISORY BOARD, AUDIT AND RISK COMMITTEE AND CAG-CSR COMMITTEE ALLOCATED IN RESPECT OF 2022 OR PAID IN 2022

Compensation awarded to and received by members of the Supervisory Board in the last two financial years by Hermès International and the entities it controls as defined by Article L. 233-16 of the French Commercial Code (*Code de commerce*) is detailed in § 3.8.4.3. This compensation constitutes the only elements referred to in Article L. 22-10-9, I of the French Commercial Code (*Code de*

commerce) awarded in respect of 2022 or paid in 2022. Data relating to the past financial year will be voted on by the General Meeting in 2023 (“global” *ex-post* vote), see chapter 8 “Combined General Meeting of 20 April 2023, § 8.2.1 “Explanatory statement to the 7th resolution”.

4

RISK FACTORS AND MANAGEMENT AFR

4.1	RISK FACTORS	366
4.1.1	Risks related to strategy and operations	368
4.1.2	Industrial risks	373
4.1.3	Legal and regulatory risks	377
4.1.4	Risks related to social, societal and environmental responsibility	378
4.1.5	Financial risks	382
4.2	INSURANCE POLICY AND RISK HEDGING	385
4.3	RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT	386
4.3.1	A demanding control environment	386
4.3.2	Committed parties responsible for risk management and control	386
4.3.3	A controlled risk management system	389
4.3.4	A mature internal control system	390
4.3.5	An agile internal audit system	393

4.1 RISK FACTORS

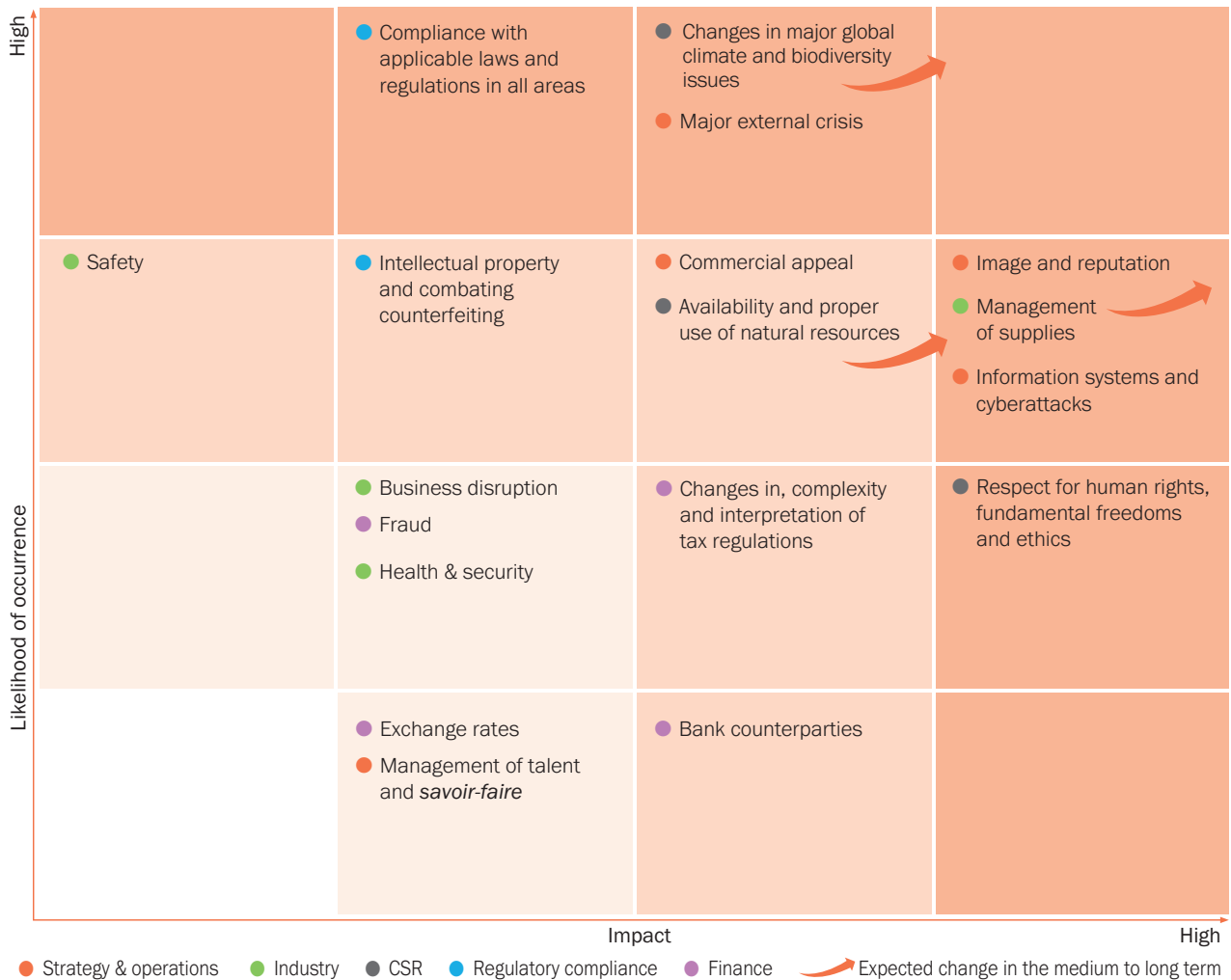
In accordance with European regulation (EU) no. 2017/1129 of 14 June 2017 (Prospectus) and the ESMA guidelines, the risk factors presented in this chapter are, as at the date of this universal registration document, those that the Hermès Group believes could have a material adverse effect on its activity, results, financial position or prospects.

In general, the Group has put in place a system to anticipate and control the risks identified. It is periodically updated to take into account regulatory, legislative, economic, societal, geopolitical and competitive developments. A detailed description of the management of these risks is presented in this chapter.

Risk factors are presented in five main categories according to their

nature, the most material risks being presented first. The mapping below classifies these risk factors according to their potential impact and probability of occurrence and therefore reflects the Group's exposure, after taking into account the control measures implemented. The impact of the risks identified is assessed using a multi-criteria grid defined at Group level and shared with the subsidiaries. The analysis criteria include, as an inseparable whole, financial, reputational and legal criteria, as well as criteria relating to social, societal and environmental responsibility. This methodology makes it possible to address a concept of double materiality by taking into account the impacts on the Group itself and on its stakeholders.

The Audit and Risk Committee was involved in drawing up this matrix.

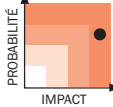


RISK RANKING BY CATEGORY (FROM MOST TO LEAST SIGNIFICANT)

● 4.1.1 Risks related to strategy and operations	4.1.1.1 Image and reputation	Page 368
	4.1.1.2 Commercial appeal	Page 369
	4.1.1.3 Information systems and cyberattacks	Page 370
	4.1.1.4 Major external crisis	Page 371
	4.1.1.5 Management of talent and <i>savoir-faire</i>	Page 372
● 4.1.2 Industrial risks	4.1.2.1 Supply management	Page 373
	4.1.2.2 Business interruption	Page 374
	4.1.2.3 Health and security	Page 375
	4.1.2.4 Safety	Page 376
● 4.1.3 Legal and regulatory risks	4.1.3.1 Compliance with applicable laws and regulations in all areas	Page 377
	4.1.3.2 Intellectual property and the fight against counterfeiting	Page 378
● 4.1.4 Risks related to social, societal and environmental responsibility	4.1.4.1 Changes in major global climate and biodiversity issues	Page 379
	4.1.4.2 Availability and proper use of natural resources	Page 380
	4.1.4.3 Respect for human rights, fundamental freedoms and ethics	Page 381
● 4.1.5 Financial risks	4.1.5.1 Fraud	Page 382
	4.1.5.2 Exchange rates	Page 383
	4.1.5.3 Bank counterparties	Page 384
	4.1.5.4 Changes in, complexity and interpretation of tax regulations	Page 384

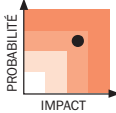
4.1.1 RISKS RELATED TO STRATEGY AND OPERATIONS

4.1.1.1 IMAGE AND REPUTATION ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The Hermès Group's reputation is based on the quality of its products and services offered to customers, the <i>savoir-faire</i> of its craftspeople and its unique communication.</p> <p>In a globalised world and surrounded by the growing influence of social networks, unfavourable media coverage or individual behaviour contrary to the House's values of ethics and integrity could affect the Group's image and reputation.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>An unfavourable media campaign could negatively affect the image of the Group.</p>
<p>◆ RISK MANAGEMENT</p> <p>Maison Hermès, through its production and distribution entities, has built a robust internal control system for all key processes to protect its tangible and intangible assets, including its image and reputation.</p> <p>The Group has rolled out an ethics charter, a code of business conduct and an anti-corruption code of conduct to all employees.</p> <p>These three documents are sent to all new employees as soon as they join the House and are also made available to them on the <i>HermèsSphère</i> intranet in the "Our Ethics" section and on the external website https://finance.hermes.com/en/ethics-human-rights-and-diversities/.</p> <p>In addition, a continuous training module on anti-corruption laws has been rolled out to operational staff.</p> <p>In order to act in accordance with the House's ethics principles and values, the Group also ensures the proper conduct of the various third parties with which it has a business relationship (suppliers, partners). Systems have been set up for managing risks in ethics, CSR, etc. and are detailed in chapter 2 "Corporate social responsibility and non-financial performance". Through the structure of its family shareholding, the House remains independent in the way it implements its strategy and conducts its activities, which are carried out in line with its values.</p> <p>The Group has also put in place a permanent monitoring system on the web under the responsibility of the Group communication department.</p> <p>Hermès also has a crisis management manual which serves to manage and limit the impacts of undesirable events on the Company.</p>	

Note: Hermès' actions and achievements in the fields of ethics and compliance are described in chapter 2.

4.1.1.2 COMMERCIAL APPEAL ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The commercial attractiveness and desirability of the products are based on the Group's unique model. The latter is characterised by its radical style, ancestral <i>savoir-faire</i> mainly "Made in France", high quality products and services, its openness to local cultures and its unique communication.</p> <p>In a constantly changing world, any failure of the Group to take customer expectations into account, issues with the quality of products or CSR issues could negatively impact the House's appeal.</p> <p>The attractiveness of products could also be affected by the parallel market and networks of resellers offering a low-quality customer experience.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>The loss of commercial appeal could lead to a gradual loss of interest from customers.</p>
<p>◆ RISK MANAGEMENT</p> <p>The creative offering is the responsibility of the artistic department and its many talented employees, who ensure the creative synergies of the collections while preserving the House's identity and style. Their mission is to create, innovate, put forward new concepts and collections whose forms, materials and colours will astound customers and be enhanced by craftspeople. The freedom of creation, reinforced by the freedom of the stores to purchase, is exercised while respecting the harmony and coherence of the collections, expressed through an annual theme.</p> <p>Absolute product quality has always been a priority. Tests carried out on all products before they are sold ensures their compliance and durability. The Group has also implemented a support system for its craftspeople and suppliers with a view to developing their <i>savoir-faire</i> in terms of the expected level of quality.</p> <p>The Hermès Group has introduced a number of tools, both in-store and online, to enrich the customer experience by raising the level of service to match the quality of its products. The stores are also regularly renovated, the omnichannel offer is being expanded and customer services, such as after-sales service, are developing. The health crisis has led to an acceleration in the development of the offer of remote services to better meet their expectations. Lastly, the Group continues to structure itself by allocating human and IT resources to fight against corruption in exclusive stores which serves the parallel market.</p>	

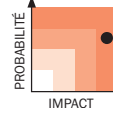
4.1.1.3 INFORMATION SYSTEMS AND CYBERATTACKS ●

◆ DESCRIPTION OF THE RISK

Information systems are of paramount importance in the smooth running of the Group's day-to-day operations. They concern customers, suppliers or employees, and relate in particular to the processing and storage of their data.

Personal data protection is a priority for the Group.

◆ POTENTIAL IMPACTS ON THE GROUP



The partial or total unavailability of certain elements of the information systems could disrupt or paralyse the processes and the activities concerned.

A breach of information systems, triggered by a cyberattack, for example, could lead to a data breach, such as the unauthorised disclosure of personal data.

◆ RISK MANAGEMENT

A global information system governance model clearly defines the roles and responsibilities of the Group's headquarters and subsidiaries. Common architecture and urbanisation rules favour a centralised model when technical or regulatory constraints allow. The sovereign functions of the information systems remain managed by the headquarters.

A cybersecurity community is led by the Group team, which relies on dedicated experts and local managers. Collaboration between these different actors is facilitated by the organisation of monthly updates (sharing on current positions and the evolution of threats, monitoring of the roadmap, reminders of best practices), monthly themed webcasts and the organisation of dedicated bi-annual seminars.

Hermès' IT spending (investment and operating budget) is reassessed each year to ensure that investments are aligned with the Group's strategic challenges. Its objective is to align the technical infrastructures and systems with the growing needs of users, while ensuring good operational performance. They also aim to keep IT risks under control and to develop information systems, in particular for new digital and cloud uses, whilst being socially and environmentally responsible.

The information systems department adheres to an information technology charter and a set of procedures applicable to all Group companies. In particular, an information systems security policy (ISSP) is updated annually to adapt to threats. Audits of IT security and compliance with procedures are carried out periodically in all subsidiaries, in collaboration with the audit and risk management department and with the help of external service providers. Exercises are carried out on a regular basis to improve incident detection and response capabilities (red team/blue team system). The terms red team and blue team, widely adopted by the cybersecurity community, are taken from military terminology and refer to the attacker (red) and the defender (blue). The objective is to check that the defence capabilities are up to standard and to improve them. The term "purple team" means that the company has internalised attack capabilities in order to test its defences on a continuous basis.

In the field of IT risk prevention, IT risk mapping is regularly updated and presented to the Audit and Risk Committee. The work previously initiated was continued in 2022. This included strengthening the security of central systems, directory security, segmentation and filtering of networks, managing the life cycle of identities, securing internal and external access, preventing data leaks, protecting cloud applications and the physical security of data centres. Special attention was paid to industrial facilities and the security of connected objects. Improved backup and fault tolerance arrangements for critical systems were also included to ensure continuity of operation in the event of an incident.

The information systems department has reinforced its capacity to detect and deal with incidents. All computers and servers are equipped with software to detect anomalies (endpoint detection response - EDR), enable security patches to be installed and conduct investigations in the event of doubt. Security incidents are dealt with by a dedicated team comprising the components of the incident response, SOC (Security Operation Centre) and CERT (Computer Emergency Response Team). In 2022, Hermès CERT was admitted as a member of InterCERT France, which brings together the mature incident response units of major French organisations.

New initiatives to raise employee awareness of security issues have taken various forms within the framework of a global programme (conferences, films, e-learning, escape games, dedicated website in eight languages). Each year, Cybersecurity Month gives special emphasis to these topics.

Intrusion tests on internal, Wi-Fi and external networks were carried out, as well as IT disaster simulations, and corresponding action plans were formalised. The continuity of IT operations is also tested regularly. Crisis simulation exercises are carried out annually and are followed by feedback and action plans. In addition to the information systems department, they involve various Group departments (internal communication department, financial communication and investor relations department, insurance department, audit and risk management department, legal compliance department and the Data Protection Officer, etc.) as well as a member of the Group Executive Committee.

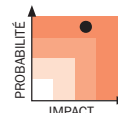
Furthermore, the Group ensures that it complies with the various standards and regulations applicable to the protection of personal data (in particular GDPR, the Group's standard in terms of personal data) and payment card data (PCI-DSS). Compliance with the GDPR standard is ensured by a global governance made up of relays (Group and local) and assessed regularly through internal controls and external audits. In 2022, the Group's personal data protection standard was audited by an external firm on various topics, in particular related to data governance and the processing of customer, employee and third-party data. The information systems department accordingly works with other departments to reduce the risks of damage to information systems and its impacts in the event such risks were to materialise.

4.1.1.4 MAJOR EXTERNAL CRISIS ●

◆ DESCRIPTION OF THE RISK

The Group is exposed to economic, political, social and health developments in the many countries in which it operates.

◆ POTENTIAL IMPACTS ON THE GROUP



Geopolitical, economic or social tensions as well as a pandemic situation could have an impact on sales. The consequences would be even more unfavourable in areas where the Group has a significant presence, particularly in Asia.

The breakdown of the Group's revenue by geographical area is presented in chapter 1 "Presentation of the Group and its results", § 1.7.

◆ RISK MANAGEMENT

Hermès holds a unique position in the luxury market. Its broad portfolio of products reduces the risk of dependence on any particular range, while its distribution is well balanced geographically.

The Group operates 300 exclusive stores under the Hermès banner, including 222 branches that generate over 91% of revenue. In addition, the Group is continuing to develop its online sales activity with the successive deployment of e-commerce platforms in its distribution subsidiaries.

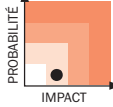
Some Hermès products are also distributed via a network of multi-brand points of sale carefully selected on the basis of qualitative and/or quantitative criteria. This distribution method concerns in particular perfumes, watches and certain products from the Home universe. Lastly, the Group also owns other brands that distribute their products directly or through their own selective network. Details of these brands are described in § 1.4.1.

In addition, there is little exposure of sales to seasonality.

The policy of opening new points of sale is prudent and aims to spread the risks over several geographical areas. In this respect, the acceleration of the development of the Americas region aims in particular to reduce the weight of Asia in the Group's sales.

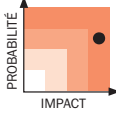
In addition, a crisis management system is in place. It has ensured the continuity of activities since early 2020 in the context of the Covid-19 pandemic, still very present in Asia in 2022. This system was also implemented in 2022 during the suspension of activities in Russia (§ 4.3.4 on crisis management).

4.1.1.5 MANAGEMENT OF TALENT AND SAVOIR-FAIRE ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The <i>savoir-faire</i> of craftspeople, and more broadly the development of the potential of employees, is one of Hermès' key assets. They are based on preserving, enriching and passing on this often exclusive <i>savoir-faire</i> in a context of growth for our <i>métiers</i> and our workforce.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>A loss of <i>savoir-faire</i> or the disappearance of exclusive craftsmanship <i>métiers</i> would have an impact on the Group's operations and reputation, thus negatively affecting its financial results.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Group human resources department is in charge of identifying and developing talent in order to lay the groundwork for the next generation at all levels of the organisation. It uses specific individualised pathways and implements a policy of integration and training for new employees and employees throughout their careers.</p> <p>Training, along with internal mobility, is one of the major levers to support employees throughout their careers in the House.</p> <p>The continuous improvement of craftspeople's skills and <i>savoir-faire</i> is achieved through training and professional qualification programmes carried out in Hermès internal training schools (Écoles Hermès des Savoir-faire, des Tanneurs or du Textile, among others), as well as through collaborations with external training structures. The promotion of crafts <i>métiers</i> and craftsmanship among younger generations and people undertaking retraining is carried out with the support of partners: schools, training and apprenticeship centres, in order to ensure the knowledge and sustainability of <i>savoir-faire</i>.</p> <p>True to its family tradition and wishing to involve all employees in its growth, Hermès has set up various measures for sharing economic benefits: incentive schemes, profit-sharing, employee shareholding plans, etc.</p> <p>All initiatives undertaken by the Group relating to the management of talent and the preservation of <i>savoir-faire</i> are presented in chapter 2 "Corporate social responsibility and non-financial performance".</p>	

4.1.2 INDUSTRIAL RISKS

4.1.2.1 SUPPLY MANAGEMENT ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>Most of Hermès' production is integrated, in line with its strategy of preserving unique <i>savoir-faire</i> and securing supplies.</p> <p>However, the ability of the Hermès Group to grow is also linked to the development of its suppliers, whose exceptional <i>savoir-faire</i> and future successes will contribute to those of the Group.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>A supply shortage, in terms of volume or quality, of certain exceptional materials for the Group could lead to disruptions in production and eventually a loss of business.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Hermès Group makes most of its products in-house, primarily in France. Hermès has long been committed to a responsible long-term partnership approach with its suppliers. It enters into special partnerships with its suppliers and producers, based on ethics and trust, by fostering long-term relationships with them. This stable relationship allows for close collaboration on many subjects over time.</p> <p>The Group's approach is based on in-depth knowledge of all its supply chains. A total of 80 supply chains have been analysed since the beginning of 2020, resulting in the creation of a supply chain brief for each of them, which formalises the Group's short and medium-term ambitions to ensure ethical and responsible supply chains.</p> <p>The Group Director of Purchasing handles supplier risk transversally. His role is in particular to manage the community of buyers by supporting them on a daily basis in managing supplier risk, as described in chapter 2 "Corporate social responsibility and non-financial performance", § 2.6.</p> <p>Hermès has developed long-term relationships with its partners and suppliers, thereby better protecting its supplies and critical <i>savoir-faire</i>.</p> <p>Drawing up supplier risk mapping enables action plans to be determined, assessed and prepared in response to the risks identified, wherever necessary, in particular in relation to the duty of care (human rights, environment, health and security). Significant work has also been carried out to optimise and secure the supply chain.</p> <p>Committed to providing long-term support for all its partners and maintaining balanced relationships characterised by goodwill and high standards, Hermès ensures that its partners respect its social, environmental and ethics ambitions. A CSR brief was formalised in January 2021 to set out the House's expectations on this subject. Supplier audits, conducted using internal resources as well as independent external firms, serve notably to check that their operations meet the Group's expectations.</p> <p>The Group is strengthening supply protection, implementing a policy of diversification and limitation of supplier dependence, and building up security inventories. In line with the Group's strong growth in volumes and the current context of global market tensions on supplies, these actions were strengthened in particular in 2022. Notably, capacity plans were drawn up with suppliers in order to anticipate production needs.</p> <p>One of the challenges of the "know your supplier" system is ensuring that suppliers have identified the risk areas related to their activity that could lead to a total or partial stoppage of their production (critical raw materials, equipment, processes, sources of energy or key people, etc.). The formalisation of backup solutions and their regular testing are recommended. Where appropriate, equity investments may help to secure these relationships. In a constant spirit of partnership, the Group continued to closely monitor its suppliers in order to best support them in the event of any difficulties arising from the health crisis.</p>	

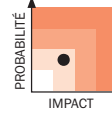
4.1.2.2 BUSINESS INTERRUPTION ●

◆ DESCRIPTION OF THE RISK

Hermès relies on a highly integrated French production method. The vast majority of our objects (76%) are made in France in exclusive in-house workshops (over 55%).

The Group's ability to deal with a major industrial accident at one of its production, distribution or logistics sites (fire, flood), a natural disaster (tsunami, earthquake) or a major health crisis, is a key issue for Hermès.

◆ POTENTIAL IMPACTS ON THE GROUP



The occurrence of such events on the production chain would impact the conduct of activities and would have consequences on the Group's commercial and financial performance.

◆ RISK MANAGEMENT

The management of industrial risks is carried out by the Group's industrial department. It is based on EHS networks in both the Group and internally within the *métiers*, as described in chapter 2 "Corporate social responsibility and non-financial performance".

The production sites are spread across the country and comply with French regulations, some of the most demanding in the world, thus reducing the risk of a complete shutdown.

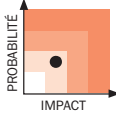
Hermès implements initiatives designed to protect its manufacturing assets, employees and the environment on all of the House's production sites. The Group's industrial department relies on the *métiers'* industrial departments and Site Managers to carry out internal diagnostics. Audits conducted by external specialists enable operational improvement plans to be drawn up. The recommendations resulting from these analyses in the areas of organisation, procedures, training or investment are subject to careful follow-up. Safety-related expenditures and investments are considered to be a priority when making budget choices.

Two studies were carried out in collaboration with the Group's insurer in order to quantify the financial exposures related to production and storage sites as well as strategic suppliers for the Leather and Silk *métiers*. These analyses identified the sites, subcontractors and critical suppliers on which the Group should target its actions in order to ensure activity continuity. The Leather study was updated in 2020 and the Silk update was finalised in 2020.

During its audits, the audit and risk management department ensures that activity continuity plans are formalised and tested on the Group's various sites and, where appropriate, issues recommendations. The process of coordinating the entire Group's plans initiated in 2021 was continued in 2022 with a particular focus on critical activities.

In addition, the Group safety department, in collaboration with internal experts, coordinates regular site visits. Dedicated action plans are implemented and monitored operationally by the sites concerned.

4.1.2.3 HEALTH AND SECURITY ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The Group ensures respect for human rights, fundamental freedoms, health and security of people, whether they are customers, employees, suppliers or subcontractors.</p> <p>The Hermès Group is committed to respecting local regulations in the countries in which it operates. The quality of the products sold and their compliance with the strictest regulations on personal security are priorities for the Group.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Damage to the health and security of employees, customers or third-parties working at Hermès sites, and non-compliance with the quality and security standards of the products sold, could give rise to litigation and undermine the Group's reputation.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Group's policy is to integrate health, security and well-being issues in its operational strategy as a priority, in particular for its manufacturing activities. In accordance with law no. 2017-399 of 27 March 2017 on the duty of care of parent companies and contractors, the Hermès Group has drawn up a vigilance plan. It aims to identify the risks and prevent violations of human rights and fundamental freedoms, the health and security of people and the environment, resulting from its activities, as well as those of its subcontractors or suppliers (see chapter 2 "Corporate social responsibility and non-financial performance", § 2.8).</p> <p>Moreover, the Group's industrial department leads a health, security and environment (EHS) network comprising EHS managers from the House's different <i>métiers</i>. With around 20 members, it meets twice a year to set targets, share results and learn about best practices in each of the <i>métiers</i>.</p> <p>The main initiatives of the House's various <i>métiers</i> are described in chapter 2. In most cases, they go beyond simple regulatory compliance to achieve true well-being at work. Each <i>métier</i> has its specific needs as regards working conditions, so it is logical for each one to develop its own arrangements.</p> <p>Assessments of risks at employee workstations are carried out by the occupational health and hygiene division of the Group safety department for the stores and by the <i>métiers</i> for each of the production sites. They are updated annually.</p> <p>In accordance with the development of the health situation, health protocols have been implemented and specific personal protective equipment has been made available to employees to protect the health and security of people.</p> <p>Hermès products are regularly tested throughout the supply and production chains. Tests on finished products are also carried out by independent laboratories in Europe, Asia and the United States, to verify their compliance with the most stringent regulations in force, as well as their security. Monitoring is carried out to analyse permanent changes in regulations and modify product specifications.</p>	

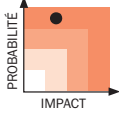
Note: The mitigation and prevention mechanisms for these risks are addressed specifically in chapter 2.

4.1.2.4 SAFETY ●

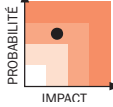
<p>◆ DESCRIPTION OF THE RISK</p> <p>The safety of property means all measures and means for combating threats and malicious acts. The main threats identified are: physical damage to property, people and infrastructure, and damage to <i>savoir-faire</i> and intangible property.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Such breaches could cause damage to property and people working at the Group's sites (production, distribution, logistics or offices) or at events on external sites.</p> <p>Moreover, they could expose craftspeople and sales associates to risks, causing moral and psychological damage to all Group employees.</p> <p>In addition to direct financial losses, they could harm the Group's image.</p>
<p>◆ RISK MANAGEMENT</p> <p>The following actions have been taken:</p> <ul style="list-style-type: none"> • safety governance is set out in a safety policy covering all the Group's activities and sites; • since 2020, the procedures specific to transportation safety have been adapted to the health situation; • in the case of a serious event, a crisis management process is implemented. This provides for the setting up of a crisis unit with dedicated resources made available. Crisis management exercises are regularly conducted. <p>Hermès is organised to take account of these risks on a daily basis: a central monitoring station, permanently operational, is connected to the 70 production and distribution sites in France and Switzerland. The Group took the decision to employ 72 agents in its internal safety division, to which external service providers are added.</p> <p>Experts within the Group safety department regularly travel to the various sites and during events in France and abroad to ensure compliance with Group safety procedures. A questionnaire on safety is also completed during site visits or audits. Furthermore, the Group safety department has an advisory role to the <i>métiers</i> and subsidiaries.</p> <p>A computerised safety and crisis management tool was rolled out in March 2021 on sites in the Paris region. Testing is underway, in anticipation of a national roll-out. This tool makes it possible, in particular, to standardise operational procedures between the various teams of the Group safety department, while promoting real-time and consolidated information sharing. It also has specific crisis management functionalities. It will gradually be rolled out to other Group sites over the coming years, depending on the level of risk identified at each site.</p> <p>This system is also backed by partnerships set up through agreements signed with the police force and the Ministry for Europe and Foreign Affairs.</p> <p>To contribute to the safety of employees working elsewhere, an <i>ad hoc</i> platform is gradually being rolled out to all subsidiaries. This tool makes it possible to inform employees, before and during their trip, of possible events and, in the event of an emergency, to put them in contact with an operational centre and the Group safety department.</p> <p>Safety incidents are reported in a specific database and are regularly reported to the Group Safety Committee and the Audit and Risk Committee. They are analysed in detail, contributing to the continuous improvement of the system.</p> <p>A monitoring unit was created in November 2022. It aims to provide the crisis unit with advance warning scenarios and, on a daily basis, to provide the Group safety department with geopolitical, economic and social analyses.</p> <p>Since the end of 2022, e-learning modules on safety and security have been offered to employees.</p>	

4.1.3 LEGAL AND REGULATORY RISKS

4.1.3.1 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS IN ALL AREAS ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The Hermès Group is committed to complying with the laws and regulations to which it is subject in France and internationally. These laws and regulations are increasingly numerous and complex.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Regulatory non-compliance could have a negative impact on the Group's operations, tarnish its reputation and give rise to financial penalties.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Group keeps abreast of developments in regulations and case law as well as technology in all relevant areas to ensure that it maintain compliance both in France and internationally. This monitoring is carried out in-house and by external firms:</p> <ul style="list-style-type: none"> internally, given the increasing complexity of each legal matter, the legal department is organised into specialised divisions, with departments or divisions specialising in one area of law (corporate and securities law, real estate law, mergers and acquisitions law, anti-counterfeiting). Business divisions with generalist teams in charge of the various <i>métiers</i> and regional divisions with legal teams in China, Japan, Singapore, South Korea and the United States, complete this organisation. The compliance department, which includes the experts in personal data protection law also reports to it. Employment and tax matters are respectively handled by the Group's human resources and finance departments, which work in conjunction with the legal department. The legal department also works closely with the Group's industrial department to ensure the regulatory compliance of Hermès products (safety, marking and physical properties) in all of the Group's areas of activity; externally, in each of the regions where the Group develops its activity, Hermès is advised by specialised local law firms. The Group continues to be involved in ongoing litigation, but there are no pending settlements that are expected to have an impact on its activity or on its financial results. The Company is not aware of any other pending or potential governmental, legal or arbitration proceedings that may have, or that over the last 12 months have had, a significant impact on the Group's financial position or profitability. 	

4.1.3.2 INTELLECTUAL PROPERTY AND THE FIGHT AGAINST COUNTERFEITING ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The Group is very committed to the protection and defence of its intellectual property rights. It is very active in the fight against counterfeiting, particularly on the Internet.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Infringements of the Group's intellectual property rights could have a negative impact on its revenue and damage its brand image.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Group has a particularly comprehensive portfolio of brands, models, patents and domain names, which is regularly expanding.</p> <p>Within each <i>métier</i> legal division, teams are specifically dedicated to these issues and ensure that the Group's creations are protected effectively.</p> <p>Finally, the Group ensures that its rights are respected and pursues an active anti-counterfeiting policy involving both preventive measures (training) and coercive measures (administrative, civil and criminal proceedings) across the world and particularly on the Internet. The anti-counterfeiting department undertakes these actions with the support of external consultants and in collaboration with the competent local authorities. They are carried out both in traditional markets and on the Internet (Metaverse, online sales platforms, social networks, retail websites, instant messaging, etc.).</p> <p>These actions make it possible to seize and destroy several hundred thousand potentially dangerous counterfeit products each year (in compliance with CSR rules), to trace the source of the production chain for these products and ensure the Group's rights are recognised. Where applicable, the payment of damages compensates for the prejudice suffered and is reinvested in the fight against counterfeiting.</p>	

4.1.4 RISKS RELATED TO SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

The Group's social, societal and environmental responsibility issues are described in detail in chapter 2 "Corporate social responsibility and non-financial performance", and are articulated around the Hermès Group's six strategic sustainable development pillars:

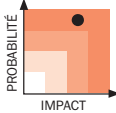
- ◆ teams;
- ◆ *savoir-faire*;
- ◆ raw materials;
- ◆ environment;
- ◆ suppliers and partners;
- ◆ stakeholders.

Based on the analysis of its priority CSR issues carried out in 2021 and updated in 2022, Hermès continued to roll out its strategy and the associated actions. This materiality analysis was conducted by interviewing a panel made up of internal stakeholders who are experts in the subject (in France and abroad), and external stakeholders identified for their knowledge of the sector, the House and its functioning. Details of the method followed and the materiality matrix thus constructed are presented in chapter 2. This study confirmed and detailed the analysis conducted more widely at Group level in 2019 on three main themes:

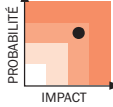
- ◆ risks related to changes in major global issues regarding climate and biodiversity;
- ◆ risks related to availability and judicious use of natural resources (water, energy, raw materials, waste management and recycling);
- ◆ risks related to human rights and fundamental freedoms, in particular, as regards the ethics aspect and the well-being of our employees.

More details by type of risk, and the mitigation and prevention mechanisms for these risks are addressed specifically in chapter 2. CSR topics are also part of the impact assessment criteria for each of the risk factors.

4.1.4.1 CHANGES IN MAJOR GLOBAL CLIMATE AND BIODIVERSITY ISSUES ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>Climate change causes disruption (heat, rising water levels, extreme events) and impacts on biodiversity and ecosystems.</p> <p>It also involves operational, regulatory and political transition issues (taxation, restriction of operations).</p> <p>The loss of biodiversity and the degradation of ecosystems threaten the sustainability of the natural resources from which the House's materials are sourced, weaken the planet and disrupt the living conditions of populations.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Rapid changes could impact supply chains, manufacturing operations, logistics or distribution, as well as customer behaviour.</p>
<p>◆ RISK MANAGEMENT</p> <p>Hermès' French craftsmanship model, through its presence across France, reduces its vulnerability to extreme events already experienced in certain parts of the world.</p> <p>In accordance with the recommendations of the TCFD (Taskforce on Climate-related Financial Disclosures), the Group's work to reduce risk is organised around four axes:</p> <ol style="list-style-type: none"> governance at the highest level (Executive Committee); a strategy aligned with the Paris Agreements and validated by SBTi (Science Based Targets initiative) as being in line with a trajectory limiting global warming to 1.5 °C: <ul style="list-style-type: none"> defossilisation: 100% renewable energy in direct operations by 2030, a reduction in greenhouse gas emissions of 50.4% in absolute value for scopes 1 and 2, and by 58.1% in relative value for scope 3 by 2030; operational risk management by: <ul style="list-style-type: none"> taking the subject into account in the updated risk mapping within the Group, the implementation of a prospective analysis of climate risks for our main activities by 2030 (leather goods, textiles), specific risk analysis for certain sectors (cashmere, silk, etc.); monitoring of results and alignment with objectives, with a carbon footprint drawn up for the three scopes each year and the gradual implementation of indicators within the <i>métiers</i> and subsidiaries. As a reminder, 10% of the Executive Chairmen's variable compensation is subject to CSR criteria, including industrial energy consumption (scopes 1 and 2 GHG emission performance). <p>In addition, the Group is committed to an active policy of offsetting its greenhouse gas emissions (scopes 1 and 2).</p> <p>A biodiversity strategy, formalised in 2018, was launched and updated in 2020 as part of the commitment to Act4Nature international. It has been reviewed by external organisations and is divided into four areas:</p> <ul style="list-style-type: none"> training all employees in biodiversity by 2025, a dedicated e-learning programme was made available to them in March 2022, collaboration with recognised external stakeholders (WWF France, ICFA, SAOBC), measuring the Group's biodiversity footprint (via the Global Biodiversity Score tool, see chapter 2 "Corporate social responsibility and non-financial performance") and its supply chains (leather, silk, cashmere, wood, cotton), finalised in 2021, which highlights the priority action levers to reduce the Group's impact on biodiversity, act through action plans commensurate with the issues and pursue positive actions beyond the Group's activities (Livelihoods, Fondation d'entreprise). <p>The content of these action plans is detailed in chapter 2.</p>	

4.1.4.2 AVAILABILITY AND PROPER USE OF NATURAL RESOURCES ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The Group seeks to secure quality supplies of natural and renewable materials, obtained while fully respecting biodiversity.</p> <p>The risk relates to access and availability of materials, as well as the conditions under which they are obtained: social and environmental impact and their societal acceptability (animal welfare).</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Decrease in the quality and volumes of exceptional natural raw materials, increase in costs. Loss of some customers who choose not to purchase leather.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Group works in each of its <i>métiers</i>, under the coordination and control of the Group's industrial department, to gain a better understanding of the supply chains and develop operational practices in order to jointly build the resilience of these channels. This entire system is described in chapter 2 "Corporate social responsibility and non-financial performance", § 2.4.2. The approach undertaken aims to:</p> <ol style="list-style-type: none"> control the entire value chain with operational traceability and long-term partnerships with suppliers, partners and NGOs; contribute to the development of the most demanding standards for responsible and sustainable management of supply chains: <ul style="list-style-type: none"> environmental footprint: biodiversity, water, energy, carbon, social: working conditions, ethics, corruption, societal: link with communities; support regenerative agriculture that is more respectful of nature; set the highest standards in terms of animal welfare and ethics in the relationship with living organisms: a dedicated committee has been in place since 2019 and a policy was formalised in 2021. An e-learning module on animal welfare was made available to all employees in March 2022 to raise their awareness of the issues and share the Group's strategy and objectives; create circularity: a committee, which includes all <i>métiers</i>, has been leading projects to innovate, reuse and recycle materials in order to prolong their life since 2020. <p>Audits supplement this system and are carried out regularly with specialised service providers, or on certain channels with the WWF, in order to best manage risks.</p> <p>With a view to continuous improvement, these processes are reviewed on a regular basis and action plans are implemented.</p> <p>The content of these action plans is detailed in chapter 2.</p>	

4.1.4.3 RESPECT FOR HUMAN RIGHTS, FUNDAMENTAL FREEDOMS AND ETHICS ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The risks of infringement of human rights, fundamental freedoms, ethics values and the health and safety of people, mainly concern the Group's external activities. Over 63% of the workforce is in France and is therefore subject to strict regulations. The multiple nature of the <i>métiers</i> and supply chains, combined with the desire to use exceptional raw materials, means that the Group works in partnership with suppliers from all over the world. These partnerships require constant vigilance to ensure respect of these rights and ethics throughout the value chain.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>A violation of human rights, fundamental freedoms, health and safety or a breach of the Group's ethics rules would damage its reputation and image.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Group promotes a demanding ethics culture and does not tolerate any breaches of probity. The approach is structured around a specific governance, supported at the highest level of the organisation. Documents formalising commitments and tools for identifying, assessing, raising awareness, preventing and detecting these risks complete the control systems (see chapter 2 "Corporate social responsibility and non-financial performance", § 2.8).</p> <p>1. The Group has written its ethics values and its commitment to respect human rights and fundamental freedoms into the following documents:</p> <ul style="list-style-type: none"> • an ethics charter that defines the Hermès Group's fundamental principles, • a code of business conduct that gives them a practical framework in terms of ethics, • an anti-corruption code of conduct that sets out the rules to be followed in terms of integrity and probity, • commitment handbooks, signed by suppliers and commercial partners, that explicitly address these subjects. <p>These documents, which are regularly updated, are in line with fundamental principles such as the Universal Declaration of Human Rights, ILO rules, the OECD guidelines and the United Nations Global Compact as regards sustainable development.</p> <p>2. In accordance with law no. 2017-399 of 27 March 2017 on the duty of care of parent companies and contractors, the Hermès Group has drawn up a vigilance plan. It aims to identify the risks and prevent violations of human rights and fundamental freedoms, the health and safety of people and the environment, resulting from its activities, as well as those of its subcontractors or suppliers. Systems for identifying, mitigating and preventing these risks have been put in place for employees, suppliers and subcontractors.</p> <p>3. Risk analyses and procedures for the regular assessment of the situation of suppliers and subcontractors as well as audits make it possible to verify <i>in situ</i> the reality of the commitments made by suppliers. These relate to human rights and fundamental freedoms, health and safety and compliance with environmental regulations (see § 2.6.1).</p> <p>4. An internal and external whistleblowing system is available to report any breaches or situations contrary to ethics, social and environmental principles (see § 2.8.1.3.2).</p> <p>The content of these action plans is detailed in chapter 2.</p>	

4.3 RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

4.3.1 A DEMANDING CONTROL ENVIRONMENT

While Hermès has attained the stature of an international group, it remains a company with family values, dedicated to a culture and spirit of craftsmanship and seeks to cultivate strong values among its employees.

At the forefront of these values is the demand for quality, the very essence of Hermès' activity. The Group's commitment to quality applies not only to its products and services, but also to its management methods. Hermès attaches great importance to its Senior Executives' managerial skills. Induction programmes for new managers and specific training sessions forge the Hermès culture. Everyone can thus understand their place in the organisation and integrate the House's rules of conduct and integrity. The demanding quality-oriented values and commitment shared by employees also serve as a solid foundation to underpin behaviours and observance of stringent internal control policies and procedures. The culture of risk management and control, the management style and ethics of the Company ensure the demonstration and balance of these values.

In this respect, an ethics charter has been in place and has been distributed to employees since 2009. The code of business conduct, which specifies the behaviour expected of the Group's employees, has been supplementing it since 2012. These two documents, translated into 12 languages, were updated in 2016 and again in 2018. They are the foundation of Hermès Group integrity and ethics:

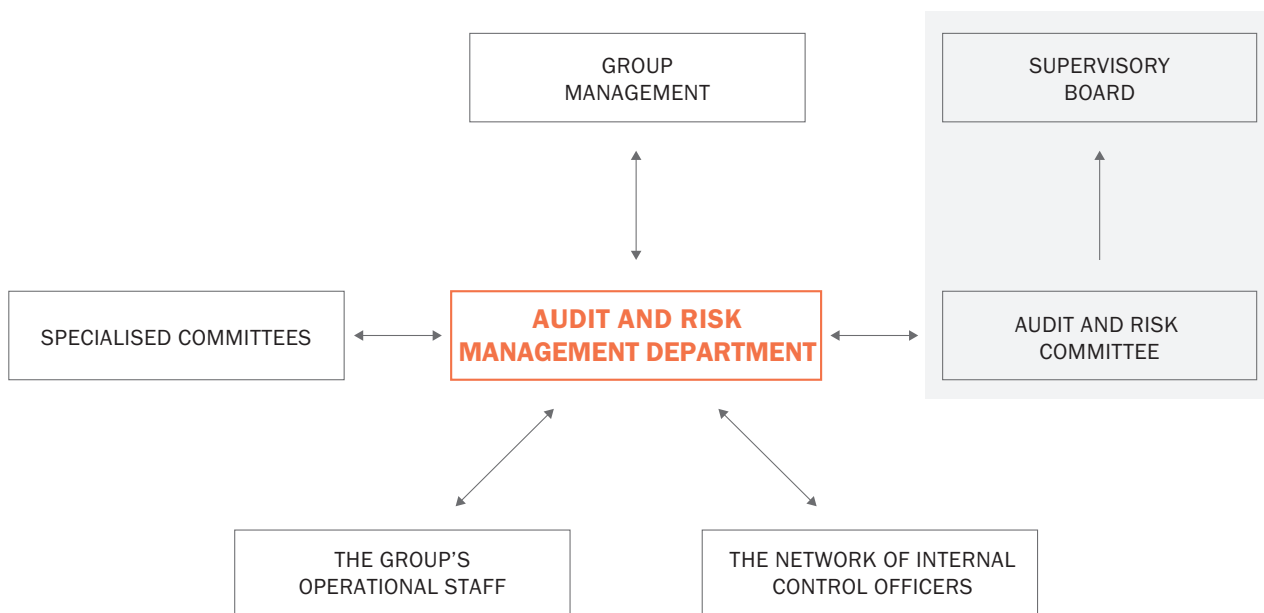
- ◆ the ethics charter promotes respect for the broad fundamental principles. It is intended as an instrument of progress and dialogue, and encourages employees to discuss with their line managers in cases where the principles are difficult to apply or are open to misunderstanding;
- ◆ the purpose of the code of business conduct is to raise employees' awareness about ethics risks and to instil behavioural and alert reflexes.

In addition, an anti-corruption code of conduct, including concrete illustrations, has been distributed to all employees since 2019. It is translated into 18 languages (see chapter 2 "Corporate social responsibility and non-financial performance", §2.8.2.2.2 on the corruption prevention system). This anti-corruption code of conduct has been accompanied since 2021 by an anti-corruption e-learning module translated into 12 languages.

These documents are available on the Company intranet under "Our Ethics" and on the website (<https://finance.hermes.com/en/ethics-human-rights-and-diversities/>), and are subject to formal acknowledgement of receipt when given to employees. Additional training on anti-corruption laws and human rights is organised for operational staff, thus strengthening the Group's ethics culture. Actions relating to ethics and compliance are presented in chapter 2, §2.8.

4.3.2 COMMITTED PARTIES RESPONSIBLE FOR RISK MANAGEMENT AND CONTROL

The risk management and internal control systems are applicable to the parent company and to the controlled subsidiaries. They are presented in the notes to the consolidated financial statements.



Group Management

The Group Management designs risk management and internal control procedures commensurate with the Company's size, business operations, geographical footprint and organisation. In addition to establishing procedures for delegating authority established at different hierarchical levels, Group Management has responsibility for guaranteeing the quality and effectiveness of the risk management and internal control systems. It thus ensures their adequacy for meeting the Group's strategy objectives.

To this end, Group Management is provided with audit reports and the risk mapping of subsidiaries, *métiers* and support functions, and regularly meets with the audit and risk management department. It therefore oversees the system as a whole to safeguard its integrity and, where applicable, initiate any corrective measures needed.

Audit and Risk Committee

The Audit and Risk Committee was established in 2005 within the Supervisory Board pursuant to Article L.823-19 of the French Commercial Code (*Code de commerce*), and without prejudice to the powers of this Board, which it does not supersede.

The roles and duties of the Audit and Risk Committee were formally documented in rules of procedure drawn up by the Supervisory Board in 2010 and regularly updated. The latest version is available at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>. The rules of procedure were amended and submitted for approval to the Audit and Risk Committee in 2021.

Each meeting of the Audit and Risk Committee gives rise to written minutes that are approved. At each meeting of the Supervisory Board, the Chairwoman of the Audit and Risk Committee gives the Board a report of the work of the Audit and Risk Committee.

The work and operation of the Audit and Risk Committee were assessed in 2022 as part of the Supervisory Board's three-year formal self-assessment (see chapter 3 "Corporate Governance"), § 3.7.3).

As part of its oversight of the risk management and internal control system, the Audit and Risk Committee has access to information relating to internal audit, internal control and risk management. The risk mapping of Group entities and the corresponding action plans are regularly presented to it. A list of the work carried by the Audit and Risk Committee is provided in chapter 3 "Corporate governance", § 3.6.3.4.

Audit and risk management department

The audit and risk management department reports to the Group's Executive Vice-President Corporate Development and Social Affairs, which guarantees its independence, and has unlimited authority to review any matter at their discretion.

The audit and risk management department consists of a core team of experienced auditors, and runs a decentralised network of internal control officers. It performs a threefold mission for the Group:

- ◆ it identifies and analyses risks and ensures the implementation of action plans;

- ◆ it conducts internal audits and monitors the implementation of the recommendations;
- ◆ it ensures the deployment of internal controls adapted to Group's issues.

The prevention and insurance department joined the audit and risk management department on 1 January 2020 in order to increase synergies in terms of risk identification and management. Risk mapping now includes an insurance section in order to look at risks alongside the corresponding insurance coverage.

Since 2022, the audit and risk management department has included a data, innovation and method optimisation project manager in its workforce.

The duties of the audit and risk management department also consist of:

- ◆ carrying out a continuous improvement initiative as regards the internal control and risk management systems;
- ◆ working alongside the Group's various departments in order to promote the upstream handling of the main risks, as well as emerging risks, and running the risk mapping approach of the main *métiers*, distribution subsidiaries, support functions and cross-cutting subjects. The risk mapping methodology is regularly reviewed: in 2017 and in 2020, specialised external firms supported this continuous improvement process. The audit and risk management department thus ensures that it has a relevant, effective and motivating methodology for its contacts. The action plans resulting from the risk mapping are monitored each year by the network of internal control officers;
- ◆ coordinating a network of around 70 internal control officers, in France and abroad, within the *métiers*, distribution subsidiaries and support activities. Since 2020, given the specific circumstances related to Covid-19, internal control was stepped up, in particular through increased use of digital channels. A virtual meeting dedicated to the internal control issues of the distribution subsidiaries was organised in 2022, bringing together both the internal controllers and the Chief Financial Officers of the subsidiaries concerned. Two other face-to-face meetings were organised in Paris for the French and European internal control teams. In addition, half-yearly meetings are organised with the Chief Financial Officers of the main regional distribution subsidiaries on the one hand, and the *métiers* on the other hand, to discuss their main internal control issues.

An audit charter has formalised the duties and responsibilities of the internal auditors and their professional conduct. It sets out the way in which their audit engagements are conducted. A risk charter, setting out the principles and rules for risk management, and an internal control charter, formalising the roles and responsibilities of its players, complete the system. These charters are reviewed regularly.

Lastly, the Director of Audit and Risk Management attends Audit and Risk Committee meetings. She meets with this committee six times a year, including once without the presence of third parties. This meeting is dedicated to the presentation of the audit and risk management department's activity report, and to discussions on its work and the resources at its disposal.

Internal control officers

Internal control officers oversee the implementation of the internal control system within their scope, *métiers*, distribution subsidiaries or support functions. They report locally to the Chief Financial Officer of their entity, and functionally to the audit and risk management department.

They work according to an annual plan, shared with their department and the audit and risk management department, taking into account the Group's internal control priorities and the risks specific to their scope. Their main duties are as follows:

- ◆ identify major risks and adapt the organisation of internal control accordingly;
- ◆ verify the implementation of Group procedures in accordance with the activity and local regulations;
- ◆ participate in self-assessment of internal control work;
- ◆ spread the culture of internal control to all employees;
- ◆ monitor the risk mapping action plans;
- ◆ follow up on the audit recommendations of the audit and risk management department;
- ◆ in general, contribute in all their actions to improving risk management.

They are the contacts responsible for the rollout of systems to prevent corruption and cybersecurity risk.

Specialised committees



The Hermès Group has deployed specific processes to monitor certain risks through specialised committees or working groups. These committees meet on a regular basis.

For example, committees focusing on safety, IT risks, treasury risks and compliance risks analyse the issues, and study the appropriate

corrective measures so that they can be implemented in the entities. They also check that existing control systems comply with Group procedures. The main operational contacts involved participate in these committees with the audit and risk management department. Its role is to facilitate the identification of risks and the associated action plans.

Every two months, the Information Systems Security Committee brings together the main players, namely the Director of Group Cybersecurity, the information systems department, the audit and risk management department, the Group safety department and the digital projects and e-commerce department, as well as a member of the Group Executive Committee. Its purpose is to detail the progress of the action plans and to draw lessons from any incidents in terms of cyber risks.

A Hermès Product Transportation Safety Committee, made up of the Group safety department, the transportation department, the insurance department and the departments of the relevant *métiers*, meets as needed to define the necessary actions. Its objective is to improve transportation safety, in a practical way according to the risks specific to the products transported and any difficulties encountered.

The Compliance and Vigilance Committee is made up of representatives from the legal department, including compliance, the sustainable development department, the direct purchasing department, the indirect purchasing department, the audit and risk management department, the commercial department, the finance department and the labour law department. It participates in, monitors and oversees the implementation, effectiveness and control of compliance programmes. Its duties are detailed in chapter 2 "Corporate social responsibility and non-financial performance", § 2.8.1.1.3.

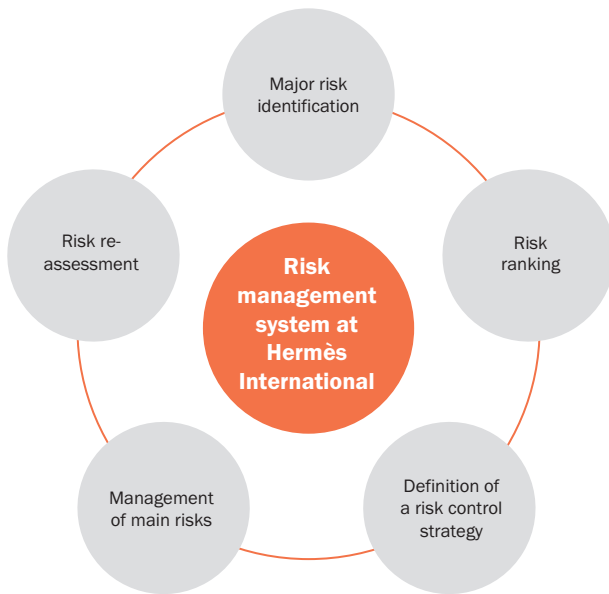
The Group Safety Committee makes decisions on cross-functional safety issues identified during the specialised committee meetings. It also reviews the main safety incidents in order to adapt the overall system. This committee is composed of the Executive Vice-President Corporate Development and Social Affairs, the Director of Human Resources, the General Counsel, the Director of Group Safety, the Director of Group Cybersecurity, the Managing Director of Hermès Group Services and the Director of Audit and Risk Management. If necessary, it can call on experts on specific issues.

The Group's operational staff

The Senior Executives, the major functional and operating departments, and members of the Management Committees of the Group's various entities are responsible for internal control and risk management; as the main beneficiaries and also key contributors to its proper application.

The control activities carried out at the level of each entity are the joint responsibility of the Managing Director and the Chief Financial Officer. A letter of confirmation relating to Hermès' internal control objectives and the quality of the controls in place within the entity is signed annually. This letter includes the results of an annual self-assessment questionnaire on the implementation of internal control.

4.3.3 A CONTROLLED RISK MANAGEMENT SYSTEM



The Group's risk management process is based upon the preparation of risk mappings as well as a range of complementary tools that facilitate identification of risks and definition of actions to better control them.

Set up in 2004, the mapping initiative has been rolled out to the main entities, and also to cross-functional areas, under the supervision of the audit and risk management department. The methodology applied is regularly updated and enables a precise assessment of the risks specific to the Group.

These mappings serve to identify, evaluate and systematically rank the main risks. They are an operational awareness-raising and management tool and are a lever for improving performance. They contribute to effective management by providing a summary and shared vision of risks and defining operational action plans and the responsibilities of each person.

The entities periodically update their risk mapping, under the supervision of the audit and risk management department. Each year, between 5 and 10 risk mappings are carried out at the level of the distribution subsidiaries, *métiers* or cross-functional areas in the Group.

The internal control officers within the entities are the local relays for the mapping initiative. They participate in the initial risk analysis, while updating and monitoring the action plans.

The consolidated Group risk mapping is prepared every three years and was updated in 2020. The risk mappings of subsidiaries, *métiers* and cross-functional areas, as well as individual assessments by Executive Committee members, feed into it. This mapping is the subject of a specific Executive Committee workshop. It is also shared with the Audit and Risk Committee. The Group risk mapping is also used as a starting point for the audit and risk management department's audit plan.

In the areas of fraud and corruption:

- ◆ awareness-raising campaigns for the functions most exposed to the risk of fraud are conducted on a regular basis. Awareness-raising, identified as an effective fraud prevention tool, is rolled out and adapted to the types of fraud (risk of system intrusion, "CEO fraud", etc.). Information on safety is regularly reported to the Group Safety Committee, as well as to the Audit and Risk Committee. An *ad hoc* security system has also been introduced and is monitored by the Group safety department;
- ◆ the corruption risk mapping was updated in 2020 with the help of a specialist external firm and with the collaboration of the legal compliance department, which is responsible for its management, as described in chapter 2 "Corporate social responsibility and non-financial performance", § 2.8.2.2.1.

The audit and risk management department can modify its audit programme and carry out *ad hoc* assignments in order to deal with new risks, particularly in the event of an alert issued by a Group division. Cross-functional audits can thus be carried out.

In order to better anticipate changes in issues relating to companies, technologies, the environment, the economy and governance, the audit and risk management department actively monitors emerging risks externally and has initiated prospective studies since 2019. In the second half of 2022, the audit and risk management department organised a first forward-looking day involving nearly 140 participants from diverse *métiers* and functions. The agenda was punctuated by various sessions including conferences led by experts in looking ahead, as well as working groups. The objective of this approach is to cultivate a mindset resolutely oriented towards the future and to raise awareness among participants of the multiplicity of trends already at work and the issues that could result from these in the short, medium and long term.

Finally, an IT platform for the sharing of incidents enables assessment of changes in certain risks and early detection of any signs of potential weakness. This prevention tool contributes to the continuous improvement of the control system, as closely as possible to reality. Several times a year, the audit and risk management department conducts an analysis of the incidents reported by the subsidiaries and *métiers*. It is communicated to the Group's internal control officers and internal control departments, including incident statistics for the period and a reminder of the Group's procedures and related best practices.

4.3.4 A MATURE INTERNAL CONTROL SYSTEM

4.3.4.1 GENERAL ORGANISATION

Internal control objectives

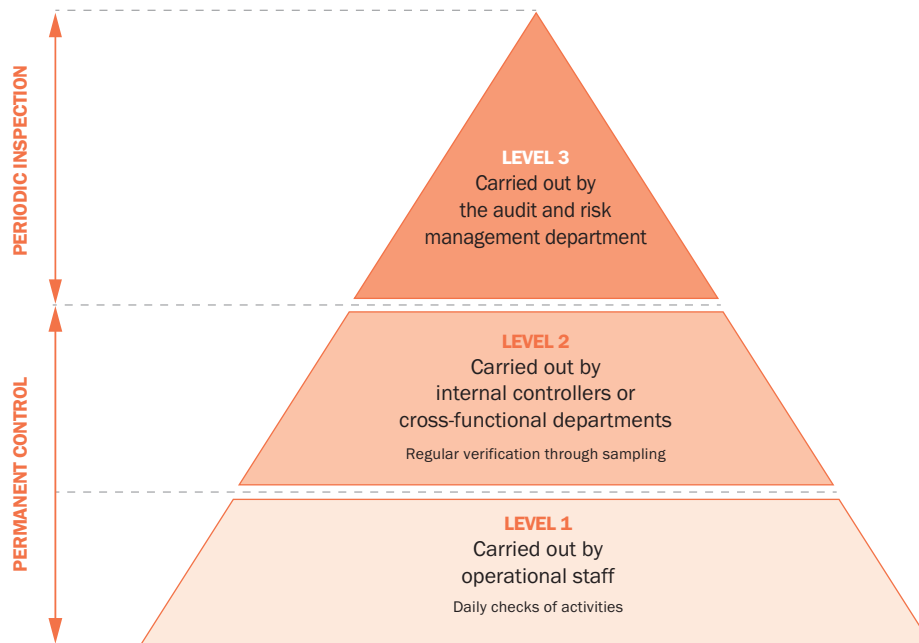
Internal control systems rely on ongoing, recurring actions that are integrated into the Company's operating processes. They apply to all functions and processes, including those associated with the preparation of financial and accounting information.

The Hermès internal control objectives include:

- ◆ compliance with laws and regulations;
- ◆ proper observance of instructions and strategy directions given by the Group Management;
- ◆ operating efficiency of the Company's internal procedures, particularly those that help to protect its assets, as well as the safety and security of property and persons;

Internal control system monitoring

The monitoring system includes three levels of control:



Regular reviews are carried out by internal control officers at a local level and are supplemented by the audit and risk management department depending on the issues at stake in each entity. The network of internal control officers is responsible for ensuring that suitable controls cover the principal risks related to distribution and production operations, as well as to support functions, notably regarding the security and traceability of assets.

This network, made up of around 70 internal control officers, enables the presence of local contacts in the Group's main entities. As part of

- ◆ the reliability of financial information and, in general, control over its activities, efficiency of its operations and optimisation of the use of its resources.

Organisation

The Company's management, organised into an Executive Committee and several specialised committees, ensures the strategic alignment and distribution of information. Detailed organisational charts and memoranda outlining strategic directions give staff members a thorough understanding of their role in the organisation and a way to periodically evaluate their performance by comparing it with targets. The Group's organisation is based on an approach designed to foster a high level of accountability among local managers, whose duties and responsibilities are clearly defined.

Regarding human resources processes, Hermès has established hiring, training and skills development programmes, enabling each individual to perform their current and future duties effectively. Within Hermès International, the finance department has primary responsibility for the preparation and control of financial information.

its role of coordinating the network of internal control officers, the audit and risk management department is involved in their appointment, reviews the subsidiaries' annual internal control plans and disseminates best practices. It relies in particular on a social and collaborative information-sharing platform, identifies internal control priorities and promotes the sharing of experience between all members of the network. It also publishes a quarterly newsletter.

Audit assignments represent the third level of control. They are explained in § 4.3.5 "An agile internal audit system" below.

Self-assessment of internal control

The self-assessment of internal control, which began in 2005, is now a mature process within the Group. It is based on questionnaires completed by all controlled subsidiaries. This system contributes to the dissemination of the internal control culture within the Group. It also provides support for assessing the level of internal control and assessing the extent to which operational and functional risks are properly addressed. If the control processes are found to be ineffective, the subsidiaries are required to draw up an action plan to remedy the situation.

The subsidiaries self-assess each year using four questionnaires available on the intranet in the dedicated "CHIC" IT tool (Check your Hermès Internal Control). They are administered by the audit and risk

management department. The self-assessment is based on a general internal control questionnaire (CHIC Practices), the guidelines for which are drawn up in line with the AMF "Reference Framework". A questionnaire specific to cash management (CHIC Trésorerie), a questionnaire on operating procedures in the retail network (CHIC Boutique) and a questionnaire on operational procedures governing online sales (CHIC E-commerce) are also part of the system.

These questionnaires are updated on an annual basis, in order to include any new risks and controls identified as key at Group level. The results are reported in a dedicated IT tool where they are centralised and analysed by the audit and risk management department, in order to identify areas for improvement and internal control priorities for the following year. They are shared with the departments concerned in order to define action plans for all the Group's subsidiaries.

CHIC Questionnaires	Number of themes *	Examples of themes addressed
Practices	12	Finance, Human resources, Control environment, Information systems, Communication, Ethics and compliance, Sustainable development, etc.
E-commerce	9	Sales, Shipping and deliveries, Returns and refunds, Storage, Customer data, etc.
Boutique	7	Customer relationship management, Checkout closing, Stock-taking, Safety/security, etc.
Cash and cash equivalents	7	Management of bank accounts, Processes and payment means, Regulatory compliance, E-payments, etc.

* The themes are then sub-divided into several questions addressing all related procedures in an exhaustive manner.

The internal control officers are involved in the self-assessment, and are in charge of monitoring the action plans. The audit and risk management department checks and compares the responses given by subsidiaries to the questionnaires with its own assessment when performing audits. It ensures that the controls have been correctly undertaken, and that corrective action plans have been implemented.

Internal control procedures

The internal control processes are described in the Group procedures. They are defined at Group level, then rolled out and adapted by each division to the specific contexts and local regulations. All Group employees have access to them via a secure intranet website.

Group procedures cover the Company's main cycles (purchases, sales, treasury, inventory management, fixed assets, human resources, information systems, safety and security, closing of financial statements, compliance, etc.). The audit and risk management department updates them regularly, in collaboration with the experts in their respective fields and the internal control officers. The strengthening of procedures relating to remote sales and e-commerce continued in line with the momentum of this activity.

More specifically, extremely stringent cash management procedures have been put in place. The treasury security rules manual details the following procedures:

- ◆ a treasury management procedure that defines the roles and responsibilities between Group treasury and the subsidiaries;
- ◆ rules for opening and operating bank accounts, called "prudential rules", for each of the Group's companies, which are constantly updated and include among others the monitoring of authorised signatories;

- ◆ an exchange rate policy approved by the Group's Supervisory Board (this policy presents all the authorised financial instruments, the horizon and the hedging ratios);
- ◆ intra-group agreements signed by each subsidiary concerned, which structure the relationship between the Hermès Group and its subsidiaries and specify the management policy and rules applicable to all financial flows (cash flows, foreign currency transactions, etc.) that may generate liquidity or market risk;
- ◆ a Group cash management policy, approved by the Hermès International Supervisory Board, which sets out the authorised investment vehicles and all the criteria for managing liquidity and counterparty risk.

External firms regularly conduct audits on technical issues related to payment security. In 2021, a global audit of the cash management system and, in 2022, a cybersecurity audit of the Group's cash applications complemented the usual audits by the audit and risk management department.

Information systems

The use of tools adapted to Hermès' needs facilitates the preparation and control of information. The consistency of information system urbanisation and architecture is managed at Group level. The projects follow a methodology that includes mandatory milestones, in particular that of the Architecture Committee, which ensures the coherence and compliance of projects, including with regard to security (compliance with the Group process of integration of security in projects – ISP).

Integrated applications are used to facilitate centralisation of data reported to Hermès International by the subsidiaries, consolidation of accounts and cash management. Managers have access to data generated by the management systems on a weekly and monthly basis, giving them the information they need to manage business operations effectively, to monitor performance consistently, and to identify any irregularities.

The information systems are designed to ensure that, in particular, the accounting and financial information produced complies with security, reliability, availability and relevance criteria. Specific rules on the organisation and operation of all IT systems have been defined, applying to access, validation of processing and closing procedures, data archiving and record verification.

Furthermore, procedures and controls have been set up to ensure the quality and security of operations, maintenance and upgrading of accounting and management systems as well as all systems that send data to them.

In addition to the detailed reviews carried out by the information systems department in the main subsidiaries, the audit and risk management department organises a review of second-level IT controls through a self-assessment questionnaire completed by the subsidiaries, and of third-level controls via audits on:

- ◆ general IT controls in subsidiaries and centrally;
- ◆ IT projects;
- ◆ the cybersecurity system.

For third-level controls, the audit plan was considerably enhanced in 2021 and 2022, and is conducted with the assistance of specialists in each of the subjects audited.

Crisis management

Since 28 February 2020, in response to the health crisis linked to Covid-19, a monitoring unit has been set up to coordinate the necessary actions within the Group and the exchange of information. Through committees by type of activity and geographical area, the unit makes it possible to address operational issues in terms of employee protection, business continuity and adaptation of the internal control system.

The crisis unit comprises members of the audit and risk management department, the Group safety department and the Group human resources department, including in particular the directors of internal communication and labour relations. This crisis unit reports to the Executive Committee, via the Executive Vice-President Corporate Development and Social Affairs, on matters requiring a collective decision.

In 2022, the unit remained mobilised to monitor the development of the health crisis, particularly in China. It was also activated in the context of the suspension of activities in Russia, in particular to respond to the human, regulatory and financial implications.

A crisis management exercise, designed with the support of an external firm, was conducted in December 2021. This exercise made it possible to test the reaction and communication of the various stakeholders of the crisis unit around various scenarios such as a cyberattack, a fire or a pollution incident. Following this exercise, the Group updated its crisis management system and is conducting

discussions to strengthen its coordination with the subsidiaries and *métiers*. In addition, a cybersecurity crisis management exercise was conducted in December 2022 with the aim of improving the Group's resilience to the potential loss of digital services.

4.3.4.2 PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Definition, objectives and scope

The processes relating to the preparation and processing of accounting and financial information are at the heart of the Group's internal control system. They ensure stringent financial oversight of the production and reporting of accounting and financial information for the parent company and the companies integrated into the consolidated financial statements. The processes are designed to meet the following objectives:

- ◆ compliance with accounting regulations and the proper application of the principles used for the preparation of the financial statements;
- ◆ the prevention and identification of any accounting or financial fraud or inconsistencies, as far as possible;
- ◆ the reliability of the information circulated and used in-house by Group Management for steering purposes;
- ◆ the reliability of the published accounts and of other information reported to investors.

Hermès has set up an organised and documented system that ensures the quality of consolidated and reported accounting and financial data. It is based on a Group Management manual, strict segregation of duties, and strong control by Hermès International over the information produced by the subsidiaries.

Actors in the accounting and financial internal control process

The internal control process for accounting and financial information involves the following stakeholders:

- ◆ Group Management, which is carried out by the Executive Committee, led by the Executive Management. As part of the closing of the annual and consolidated financial statements, the Executive Management obtains all the information it deems useful. It analyses the subsidiaries' accounts on a regular basis and meets with their Senior Executives from time to time, particularly during the budget preparation and account closing periods;
- ◆ the Supervisory Board, which exercises ongoing control over the Company's management. By consulting Group Management, the Board can verify that oversight and control systems are sufficient to ensure that the financial information published by the Company is reliable;
- ◆ the Audit and Risk Committee, whose roles and missions are described in § 4.3.2;
- ◆ the Executive Vice-President Corporate Development and Social Affairs, member of the Executive Committee, who ensures the implementation of appropriate methods (organisation, skilled resources, tools) and oversees the audit and risk management department responsible for the risk management system and internal control coordination;

- ◆ the Executive Vice-President Finance, member of the Executive Committee. He relies on dedicated teams of specialists in the consolidation, tax and management control department, the financial management department, the treasury department and the financial communication department to support:
 - the consolidation of financial information in accordance with IFRS accounting standards, as adopted by the European Union,
 - monitoring and coordination of activity during regular reviews (year-end and half-year accounts closure, forecast updates and budgets),
 - accounting and financial internal control within the operational entities,
 - strict compliance with tax regulations,
 - hedging foreign exchange risk,
 - external communication of financial information in accordance with regulations;
- ◆ the Managing Directors and Chief Financial Officers of the subsidiaries, who have primary responsibility for the quality of the financial information preparation processes and internal control applied by the entities they oversee. They are also responsible for circulating procedures drawn up and issued by Hermès International and for ensuring that these are properly applied.

Group standards

The Group has adopted a body of accounting rules and policies, in accordance with IFRS as adopted by the European Union, the framework for consolidated financial statements. The application of these standards is mandatory for all consolidated subsidiaries in order to provide consistent and reliable financial information. The chart of accounts applies to all subsidiaries and the income statement is common to management and accounting.

These rules and policies are presented in Group management manuals, which are regularly updated by the consolidation department to take into account changes in regulations and accounting standards.

Financial and accounting information production systems

The management of the information flows of the financial functions is mainly carried out through the SAP integrated information system used in almost all the Group's subsidiaries.

The production of the annual and half-yearly consolidated financial statements, as well as the reporting of all the financial information used to manage and control the activity of the operational units, is carried out through an unified and centrally managed consolidation software package (SAP/Business Objects Financial Consolidation).

These systems allow the accounting entries to be traced and a strict separation of duties.

Procedures for preparing published accounting and financial information

The Group's organisation, which is based on reporting issued by each subsidiary and sent directly to the parent company, without any intermediate consolidation thresholds, ensures that Hermès International exercises strong control over the financial information produced by the subsidiaries.

The Managing Director and Chief Financial Officer of each subsidiary jointly undertake to ensure the quality, reliability and comprehensiveness of the accounting and financial information that they have prepared and sent to the Group Finance Management, by means of a letter of confirmation they sign jointly at the closing of the half-yearly and annual financial statements.

The accounts closing process is governed by precise instructions and is based on a detailed timetable, which is circulated to all subsidiaries in order to ensure respect of the deadlines and consistency in the preparation of financial statements. Throughout the year, the consolidation department validates the main accounting estimates used by the subsidiaries and central functions and, where applicable, simulates complex transactions in the consolidation software. In addition to quarterly closings, closings in May and November make it possible to better anticipate half-yearly and annual closings.

For the preparation of the consolidated financial statements, control procedures apply at each stage of the financial information reporting and processing process and are intended to ensure:

- ◆ checking of consolidation packages prior to integration (compliance with Group accounting standards and practices and verification of consistency, etc.);
- ◆ analysis of the financial statements of consolidated subsidiaries;
- ◆ the proper elimination of internal transactions;
- ◆ the proper application of IFRS;
- ◆ verification of consolidation transactions;
- ◆ analysis and validation of all items in the consolidated financial statements;
- ◆ the reliability of the financial information.

Lastly, in the context of these audits, the audit and risk management department coordinates its work on internal control with the Statutory Auditors.

4.3.5 AN AGILE INTERNAL AUDIT SYSTEM

Duties

The role of the audit and risk management department is to provide the Hermès Group's Management with reasonable assurance regarding the level of control over operations in the various entities. It fulfils this role in particular by carrying out audit missions, the purpose of which is to assess:

- ◆ the compliance of activities and operations with the Group's internal control rules and procedures, as well as the regulatory provisions in force;
- ◆ the relevance of the risk control processes implemented by operational staff;
- ◆ the implementation of the Group's strategic orientations through the consistency of the operational actions of the entities and the use of resources in relation to the actions undertaken;
- ◆ more generally, the likelihood, severity and level of control of risks that could have a significant impact on the Group's strategy.

There are several types of audits including:

- ◆ audit of distribution subsidiaries including the audit of stores;
- ◆ audit of production sites and *métiers*;
- ◆ audit of support departments for upstream or downstream flows;
- ◆ special audits conducted with the help of external firms, in particular on information systems;
- ◆ support for affiliates in the setting up of the internal control system.

Upon completion of the audits, reports are prepared detailing the audit findings and risks identified, and recommending solutions to remedy them. Proper implementation of the recommendations is verified during follow-up audits. The audit reports are sent to the managers of the audited subsidiaries or departments and to Group Management.

Since 2020, the audit and risk management department uses an analysis tool for accounting entries in its audits. This tool improves the relevance of certain tests undertaken, by facilitating the identification of atypical transactions. Moreover, since 2021, the Group has had a tool for analysing in-store transactions based on 29 indicators that can continuously highlight any non-compliance with Group procedures. Initially developed for internal controllers, this tool is also used by the audit and risk management department to perform in-store tests on the most sensitive sales transactions and stock movements. More broadly, this tool is also a means of fighting corruption and money laundering in the exclusive stores. Collective and individual training sessions against fraud, for Chief Financial Officers and internal control officers, were organised by the data, innovation and method optimisation project manager of the audit and risk management department.

Audit plan

The auditors work on the basis of an annual audit plan, validated by the Executive Management and the Audit and Risk Committee, which is adapted every six months, if necessary. An overall analysis of risks, in particular financial, operational and compliance risks, feeds into the audit plan. The Executive Committee's proposals and audit follow-ups complete it. It must allow a regular review of all Group entities and processes, with a frequency appropriate to the magnitude of the risks and the relative weight of each entity.

The audit and risk management department also carries out support assignments for the internal control roll-out within newly acquired entities. For specialised audits, it may use external service providers and data analysis tools, particularly in the context of fraud prevention. In addition, it regularly performs integrated audits with the Group's experts: IT security, safety, compliance, insurance, etc.

The 2022 audit plan has been adapted to the current context, notably with the continuation of e-commerce audits and remote sales as well as increased security audits of the IT environment. In the field of cybersecurity, and more broadly the IT control environment, most audits are entrusted to external expert firms. In addition, since the end of 2021, the audit and risk management department has been carrying out specific audits of communications expenditure with the support of external firms.

5

CONSOLIDATED FINANCIAL STATEMENTS AFR

5.1	CONSOLIDATED INCOME STATEMENT	398
5.2	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	398
5.3	CONSOLIDATED BALANCE SHEET	399
5.4	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	400
5.5	CONSOLIDATED STATEMENT OF CASH FLOWS	401
5.6	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	402
5.7	STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS	442

Comments on the consolidated financial statements are set out in chapter 1 "Presentation of the Group and its results", § 1.8.

5.1 CONSOLIDATED INCOME STATEMENT

<i>In millions of euros</i>	<i>Notes</i>	2022	2021
Revenue	3 and 4	11,602	8,982
Cost of sales	4	(3,389)	(2,580)
Gross margin		8,213	6,402
Sales and administrative expenses	4.2	(2,680)	(2,137)
Other income and expenses	4.3	(836)	(734)
Recurring operating income	3	4,697	3,530
Other non-recurring income and expenses		-	-
Operating income	3	4,697	3,530
Net financial income	9.1	(62)	(96)
Net income before tax		4,635	3,435
Income tax	6	(1,305)	(1,015)
Net income from associates	8	50	34
CONSOLIDATED NET INCOME		3,380	2,454
Non-controlling interests		(13)	(8)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT		3,367	2,445
Basic earnings per share (<i>in euros</i>)	11.6	32.20	23.37
Diluted earnings per share (<i>in euros</i>)	11.6	32.09	23.30

5.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In millions of euros</i>	<i>Notes</i>	2022	2021
Consolidated net income		3,380	2,454
Changes in foreign currency adjustments ¹	11.5	126	141
Hedges of future cash flows in foreign currencies ^{1 2}	11.5	129	(110)
♦ <i>change in fair value</i>		23	(87)
♦ <i>recycling through profit or loss</i>		106	(23)
Assets at fair value ²	11.5	333	87
Employee benefit obligations: change in value linked to actuarial gains and losses ²	11.5	41	9
Net comprehensive income		4,009	2,582
♦ <i>attributable to owners of the parent</i>		3,996	2,573
♦ <i>attributable to non-controlling interests</i>		14	9

(1) Transferable through profit or loss.

(2) Net of tax.

5.3 CONSOLIDATED BALANCE SHEET

ASSETS

<i>In millions of euros</i>	Notes	31/12/2022	31/12/2021
Goodwill	7.1	-	42
Intangible assets	7.2	213	258
Right-of-use assets	7.3	1,582	1,517
Property, plant and equipment	7.2	2,007	1,881
Investment property		8	9
Financial assets	9.2	1,109	617
Investments in associates	8	54	51
Loans and deposits		65	59
Deferred tax assets	6.3	555	546
Other non-current assets	4.4	39	22
Non-current assets		5,630	5,002
Inventories and work-in-progress	4.4	1,779	1,449
Trade and other receivables	4.4	383	333
Current tax receivables	4.4	19	58
Other current assets	4.4	263	257
Financial derivatives	10	160	53
Cash and cash equivalents	9.3	9,225	6,696
Current assets		11,828	8,845
TOTAL ASSETS		17,459	13,847

LIABILITIES

<i>In millions of euros</i>	Notes	31/12/2022	31/12/2021
Share capital	11	54	54
Share premium		50	50
Treasury shares	11	(674)	(551)
Reserves		8,795	7,142
Foreign currency adjustments	11.5	303	178
Revaluation adjustments	11.5	546	83
Net income attributable to owners of the parent		3,367	2,445
Equity attributable to owners of the parent		12,440	9,400
Non-controlling interests		16	12
Equity		12,457	9,412
Borrowings and financial liabilities due in more than one year	9	35	24
Lease liabilities due in more than one year	7.3	1,629	1,529
Non-current provisions	12	30	26
Post-employment and other employee benefit obligations due in more than one year	5.3	181	220
Deferred tax liabilities	6.3	20	15
Other non-current liabilities	4.4	103	45
Non-current liabilities		1,998	1,860
Borrowings and financial liabilities due in less than one year	9	2	1
Lease liabilities due in less than one year	7.3	268	248
Current provisions	12	133	115
Post-employment and other employee benefit obligations due in less than one year	5.3	15	40
Trade and other payables	4.4	777	535
Financial derivatives	10	74	122
Current tax liabilities	4.4	496	347
Other current liabilities	4.4	1,239	1,168
Current liabilities		3,004	2,575
TOTAL EQUITY AND LIABILITIES		17,459	13,847

Name or other means of identification of the reporting entity	Hermès International
Domicile of the entity	24, rue du Faubourg Saint-Honoré, 75008 Paris (France)
Legal form of the entity	<i>Société en commandite par actions</i> (partnership limited by shares)
Country of incorporation	France
Address of the entity's registered office	24, rue du Faubourg Saint-Honoré, 75008 Paris (France)
Principal place of business	24, rue du Faubourg Saint-Honoré, 75008 Paris (France)
Description of the nature of the entity's operations and its principal activities	Hermès is an independent, family-owned craftsmanship House that manufactures and distributes its objects through a dynamic network of stores around the world.
Name of parent company	Hermès International
Name of ultimate parent of the Group	Hermès International

NOTE 1 ACCOUNTING PRINCIPLES AND POLICIES

1.1 Basis of preparation

The consolidated financial statements of Hermès International and its subsidiaries (the "Group"), published for financial year 2022, are prepared in accordance with IFRS, the International Financial Reporting Standards, as adopted in the European Union as at 31 December 2022.

The Group's consolidated financial statements were approved by the Executive Management on 16 February 2023 and will be submitted for approval to the General Meeting on 20 April 2023. The Audit and Risk Committee, which met on 15 February 2023, also examined the consolidated financial statements.

The consolidated financial statements and notes to the consolidated financial statements are presented in euros. Unless otherwise stated, the values shown in the tables are expressed in millions of euros and rounded to the nearest million. As a result, in certain cases, the effects of rounding up/down can lead to a non-significant difference in the totals or changes. In addition, the ratios and differences are calculated on the basis of the underlying amounts and not on the basis of rounded amounts.

1.2 New accounting principles applicable to the Hermès Group

In April 2021, the IFRIC issued a decision on IAS 38 *Intangible Assets* on accounting for the costs of configuration and customisation of software made available in the cloud under Software as a Service

(SaaS) contracts. This decision states that, as long as the underlying software is not controlled by the entity, the related configuration and customisation costs are not an intangible asset, but a service expense. The Hermès Group has applied this decision since 1 January 2022. The impact of this change in respect of past periods is not material, and consists of a decrease in intangible assets of €49 million. It was posted through equity for €36 million net of deferred tax as at 1 January 2022.

1.3 Conflict between Russia and Ukraine

Due to the military conflict that broke out on 24 February 2022, the Group has decided to temporarily close its stores in Russia and to suspend all commercial activities from the evening of 4 March 2022. As a reminder, the Group has no activity in Ukraine and its exposure in Russia is not material. Attentive to changes in the situation and the consequences of this conflict, the Group has written down its assets in Russia for a non-significant amount as a precaution.

1.4 Use of estimates

The preparation of the consolidated financial statements under IFRS sometimes requires the Group to make estimates in valuing assets and liabilities and income and expenses recognised during the financial year. The Group bases these estimates on historical experience and on a variety of assumptions, which it deems to be the most reasonable and probable in the current economic environment.

The main financial statement items that require assessments and estimates are as follows:

	Notes
Depreciation period for property, plant and equipment and intangible assets	7.2
Leases	7.3
Impairment of inventories	4.4
Financial instruments	10
Provisions	12
Post-employment and other employee benefit obligations	5.3
Share-based payments	5.4
Income tax	6

1.5 Climate issues

Hermès' French craftsmanship model and its location in France limit the Group's current exposure to climate issues. Consequently, at this stage, the impacts of climate change on its consolidated financial statements are not significant.

The House is on a trajectory of net zero emissions by 2050, aligned with the 1.5°C scenarios of the Paris Agreement. In this context, Hermès has set itself targets, validated by the SBTi initiative, of reducing scopes 1 and 2 emissions by 50.4% in absolute value and scope 3 emissions by 58.1% in intensity (per € million of gross margin) over the 2018-2030 period. To achieve them, Hermès is committed to reducing by 50% the carbon footprint / m² of real estate areas built or renovated by 2030 and to implementing 100% renewable electricity in direct operations by 2025. These efforts are reflected in the consolidated financial statements through operating investments and operating expenses.

1.6 Scope and methods of consolidation

The consolidated financial statements include the financial statements of Hermès International and subsidiaries and associates over which the parent company directly or indirectly exerts control or significant influence.

They are prepared on the basis of annual financial statements for the period ended 31 December, and are expressed in euros.

The list of the main companies included in the scope of consolidation as at 31 December 2022 is presented in note 16.

The financial statements of controlled companies are fully consolidated. This method is used, following elimination of internal transactions and results, in order to fully integrate assets, liabilities, income and expenses. Equity and net income attributable to non-controlling interests are identified separately as non-controlling interests in the consolidated balance sheet and the consolidated income statement.

The financial statements of other companies, known as associates, over which the Group exercises significant influence, are accounted for using the equity method (see note 8).

Financial statements expressed in foreign currencies are converted in accordance with the following principles:

- ◆ items in the balance sheet are converted at the year-end exchange rate for each currency;
- ◆ items in the income statement are converted at the average annual exchange rate for each currency.

This results in a translation difference (attributable to owners of the parent), which is shown separately in consolidated equity. The principle is the same for non-controlling interests.

NOTE 4 ITEMS RELATING TO OPERATING ACTIVITIES

Accounting principles

Revenue

Revenue consists essentially of sales of goods and services produced by the Group's main operating activities:

- ◆ revenues mainly include retail sales in the Group's stores, which are recognised at the time of purchase by customers;
- ◆ wholesale distribution to store concessionaires, distributors in the Perfume and Beauty activity and sales to producers (textile printing, tanning, metal parts, etc.) are recorded when control of the goods is transferred, which generally occurs at the time of shipping. Distributors and concessionaires therefore take control of products until sale to the final customer and thus act as the principal under the provisions of IFRS 15.

Any contractual or implicit take-backs of inventories are recorded as a deduction from revenue.

Cost of sales

The cost of sales mainly comprises purchases of raw materials, the cost of production labour, indirect production costs, variable selling expenses, as well as impairment of inventories.

Sales and administrative expenses

Communication

Communication expenses include expenses designed to promote brands and products to customers. These expenses are recognised as expenses in the financial year in which they are incurred.

Other sales and administrative expenses

Other sales and administrative expenses include costs usually borne by the Company in the course of its operations and which are not related to production. These mainly include expenses for sales staff and support functions, variable rent expenses and other administrative expenses (fees, insurance, travel, etc.).

Other income and expenses

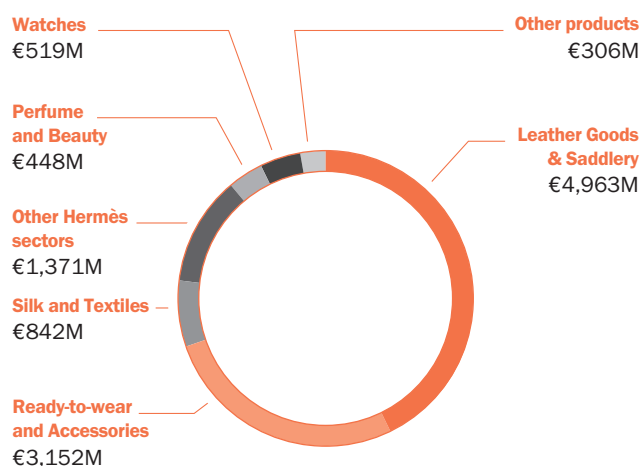
Other income and expenses mainly include:

- ◆ depreciation and amortisation of fixed assets and right-of-use assets, with the exception of charges relating to items allocated to production, which are classified as "Cost of sales" (see note 7);
- ◆ the cost of pension plans and other long-term benefits (see note 5.3);
- ◆ expenses related to free share allocation plans (see note 5.4);
- ◆ changes in provisions (see note 12);
- ◆ impairment losses (see note 7.4);
- ◆ donations and sponsorship expenses.

Other non-recurring income and expenses

This item enables the separate presentation of major non-recurring events that occurred during the financial year, whose financial impact was material and whose presentation under recurring operating income could affect the understanding of the Group's economic performance.

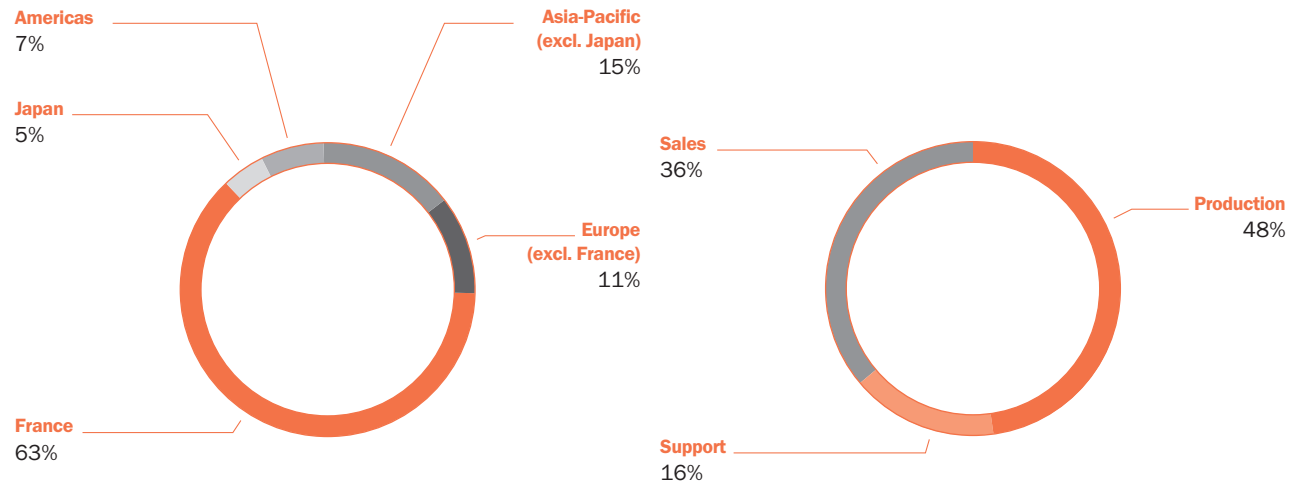
4.1 Revenue by métier



<i>In millions of euros</i>	2022	2021	Change at current exchange rates	Change at constant exchange rates
Leather Goods & Saddlery	4,963	4,091	21%	16%
Ready-to-wear and Accessories	3,152	2,219	42%	36%
Silk and Textiles	842	669	26%	20%
Other Hermès sectors	1,371	1,001	37%	30%
Perfume and Beauty	448	385	16%	15%
Watches	519	337	54%	46%
Other products	306	279	10%	8%
REVENUE	11,602	8,982	29%	23%

NOTE 5 HEADCOUNT, PERSONNEL COSTS AND EMPLOYEE BENEFITS

5.1 Headcount by geographical area and sector



	Total		Production		Sales		Support	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
France	12,360	10,969	8,561	7,633	1,554	1,376	2,245	1,960
Europe (excl. France)	2,092	1,960	760	711	1,060	995	272	254
Japan	900	842	-	-	821	766	79	76
Asia-Pacific (excl. Japan)	2,954	2,675	77	74	2,552	2,287	325	314
Americas	1,380	1,149	71	68	1,028	868	281	213
TOTAL	19,686	17,595	9,469	8,486	7,015	6,292	3,202	2,817

5.2 Personnel costs

Personnel costs in 2022 totalled €1,765 million, compared with €1,489 million in 2021.

NOTE 6 INCOME TAX

Accounting principles

Income tax

The income tax expense includes the current tax due for the financial year by fully consolidated companies and deferred tax.

The Group's companies are regularly audited by the tax authorities of the countries in which they operate. Appropriate liabilities are recorded in respect of any uncertain tax positions, the amounts of which are reviewed in accordance with the criteria of IAS 12 and IFRIC 23.

Tax consolidation regimes

The French tax consolidation regime allows certain French companies in the Group to offset their taxable income for the purpose of determining the overall income tax expense, for which only the parent company, Hermès International, remains liable.

Furthermore, there is another tax consolidation regime outside France.

Deferred tax

Deferred taxes are calculated on all timing differences existing at financial year-end at the tax rate in force on that date, or at the enacted tax rate (or nearly enacted rate) for the subsequent financial year. Previous deferred taxes are revalued using the same method (liability method). The restatement of assets and liabilities related to leases also gives rise to the recognition of deferred tax.

Deferred tax assets are recorded to the extent that their future use is probable given the expected taxable profits. If a non-recovery risk arises on some or all of a deferred tax asset, an impairment is recorded.

6.1 Breakdown of income tax

<i>In millions of euros</i>	2022	2021
Current tax	(1,364)	(1,029)
Deferred taxes	59	14
TOTAL	(1,305)	(1,015)

6.2 Rationalisation of the income tax expense

The difference between the theoretical income tax expense and the net actual income tax expense is explained as follows:

<i>In millions of euros</i>	2022	2021
Net income attributable to owners of the parent	3,367	2,445
Net income from associates	50	34
Net income attributable to non-controlling interests	(13)	(8)
Income tax expense	(1,305)	(1,015)
Net income before tax	4,635	3,435
Effective tax rate	28.2%	29.5%
Current tax rate in France	25.8%	28.4%
Theoretical income tax expense	(1,197)	(976)
<i>Reconciliation items:</i>		
♦ differences relating to foreign taxation (primarily the tax rate)	(8)	36
♦ permanent differences and other	(100)	(75)
TOTAL	(1,305)	(1,015)

The tax rate applicable in France in 2022 is the basic rate of 25.00% increased by the social contribution of 3.3%, i.e. a total of 25.83%.

"Permanent differences and other" include income and expenses that will never be deductible or taxable, the impact of tax loss carry forwards that have not been activated, tax adjustments for prior years and any risks and uncertain tax positions.

7

INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

7.1	PRESENTATION OF HERMÈS INTERNATIONAL	478
7.1.1	General information about Hermès International	478
7.1.2	Role of Hermès International	478
7.1.3	Commented Articles of Association of Hermès International	478
7.1.4	Simplified organisation chart and main subsidiaries	486
7.1.5	Principal flows between Hermès International and the main subsidiaries	487
7.1.6	Hermès Group tax policy	487
7.1.7	Investments	487
7.2	INFORMATION ON SHARE CAPITAL AND SHAREHOLDERS AFR	488
7.2.1	Information on share capital	488
7.2.2	Information on shareholders	488
7.2.3	Transactions performed by Corporate Officers and those close to them on the shares of the Company	495
7.2.4	Stock Market Ethics Code	496
7.2.5	Material contracts, shareholder pacts and agreements	497
7.3	DIVIDEND POLICY	499
7.3.1	Principles	499
7.3.2	Proposal submitted to the 2023 General Meeting	499
7.4	STOCK MARKET INFORMATION	500
7.4.1	Summary of stock market information	500
7.4.2	History of monthly transactions	500
7.4.3	Hermès International share price history	501
7.4.4	Elements liable to have an impact in the event of a public offering	503
7.5	SHAREHOLDER INFORMATION	504
7.5.1	Relations with shareholders	504
7.5.2	Securities Service	504
7.5.3	Documents available to the public	504
7.5.4	Becoming a Hermès International shareholder	504
7.5.5	Dialogue with shareholders and the financial community in 2022	505
7.5.6	Financial calendar for 2023	506
7.5.7	Regulated information	506
7.5.8	Obligations relating to the declaration of threshold crossings and nominative registration	506

7.2 INFORMATION ON SHARE CAPITAL AND SHAREHOLDERS ^{AFR}

7.2.1 INFORMATION ON SHARE CAPITAL

7.2.1.1 SHARE CAPITAL

	Amount	Number	Par value
As at 01/01/2022	€53,840,400.12	105,569,412	€0.51
As at 31/12/2022	€53,840,400.12	105,569,412	€0.51
On the day of the General Meeting	€53,840,400.12	105,569,412	€0.51

The shares are fully paid-up.

7.2.1.2 VOTING RIGHTS

By the 15th day of each month at the latest, the Company issues a report on the total number of voting rights and shares that makes up the share capital on the last day of the previous month and publishes it on <https://finance.hermes.com/en/regulated-information>.

As at 28 February 2023, the total number of voting rights (including shares deprived of voting rights) was 179,250,895. Each share gives the holder the right to at least one vote in the Shareholders' General Meetings, except for treasury shares held by the Company, which have no voting rights.

Ownership of certain shares is split between a usufructuary and a bare owner. In accordance with the Articles of Association, voting rights attached to shares are exercised by the bare owners at all General Meetings (ordinary, extraordinary or special meetings), save for decisions regarding the allocation of net income, in which case the usufructuary exercises the voting rights.

Furthermore, double voting rights are allocated to:

- ◆ any fully-paid up registered share that has been duly recorded on the books in the name of the same shareholder for a period of at least four years from the date of the first General Meeting following the fourth anniversary of the date when the share was registered on the books; and
- ◆ any registered share allotted for no consideration to a shareholder, in the event of a capital increase effected by capitalisation of sums in the share premiums, reserves or retained earnings accounts, in proportion to any existing shares that carry double voting rights.

Double voting rights cease automatically under the conditions specified by the law and notably for any share that was the subject of a conversion to bearer or a transfer, excluding any "registered to registered" transfer following succession, liquidation of community of property between spouses or family donation.

Failure to disclose attainment of certain ownership thresholds as provided by law or by the Articles of Association may disqualify the shares for voting purposes (see Article 11 of the Articles of Association, in chapter 7 "Information on the Company and its share capital", § 7.1.2).

7.2.1.3 CHANGES IN SHARE CAPITAL OVER THE LAST THREE FINANCIAL YEARS

No change in share capital occurred over the last three financial years.

7.2.1.4 DELEGATIONS OF POWERS BY THE GENERAL MEETING

Authorisations and delegations in terms of:

- ◆ capital increase;
- ◆ merger by absorption, spin-off and partial contribution of assets subject to the legal regime for spin-offs; and
- ◆ allocation of free existing ordinary shares and stock options,

currently in force, granted by the General Meeting to the Executive Management, are summarised in chapter 3 "Corporate governance", § 3.9.4. These delegations were not used during the 2022 financial year, and have not been used at the date of filing of this universal registration document. It is proposed that the General Meeting of 20 April 2023 renew these authorisations, with the exception of the delegation relating to the allocation of stock options (see chapter 8 "Combined General Meeting of 20 April 2023", § 8.2.2 "Explanatory statements to the 19th to 28th resolutions");

7.2.2 INFORMATION ON SHAREHOLDERS

7.2.2.1 NUMBER OF SHAREHOLDERS

The Company uses the so-called "identification on request" system resulting from Directive (EU) 2017/828 of 17 May 2017 (known as "SRD II") to identify its shareholders.

During the review as at 31 December 2022, there were approximately 156,000 shareholders, compared to approximately 122,000 as at 31 December 2021 and some 108,700 as at 31 December 2020.

7.2.2.2 PERCENTAGE OF INDIVIDUAL SHAREHOLDERS

The percentage of individual shareholders was 7.8% in December 2022, an increase compared with 2021 (7.1%). This percentage includes shares held by individual shareholders in registered form as at 31 December 2022 and bearer shares identified by identification on request as at 30 December 2022, excluding holdings by family groups.

7.2.2.3 PRINCIPAL SHAREHOLDERS AT 31 DECEMBER 2022 – CONTROL OF THE COMPANY

Hermès International is controlled through the intermediary of Émile Hermès SAS, its Active Partner, by the Hermès family group, which also holds, notably via the intermediary of the company H51, a majority shareholding (in share capital and voting rights) within the Company as a Limited Partner. This control is exclusive control within the meaning of Article L.233-16 of the French Commercial Code (*Code de commerce*).

The companies H51 and H2 are held exclusively by members of the Hermès family group. To the Company's knowledge, there are no shareholders directly or indirectly holding, alone or together, more than 5% of the share capital or voting rights, other than those shown in the tables in § 7.2.2.5.

The ownership interests of Corporate Officers and Senior Executives are listed in chapter 3 "Corporate governance", § 3.10.1.

To the Company's knowledge, material changes in the ownership of the share capital over the past three years are described § 7.2.2.6. Given the time that has elapsed since it was established, the description of the procedures for setting up H51 is no longer in the universal registration document. The definition and description of the organisation of the Hermès family group are presented in chapter 9 "Additional information", § 9.6; and in chapter 3 "Corporate governance", § 3.2.1.

7.2.2.3.1 Significant movements occurring during the last three years in the distribution of its share capital and voting rights, and the reasons for these movements

There has been no significant change in the distribution of the company's share capital or voting rights over the last three years.

Information on significant movements in previous years is available in the previous universal registration documents, accessible on the website <https://finance.hermes.com/en/publications>.

7.2.2.3.2 Crossing of thresholds occurring after the closure of the financial year

To the Company's knowledge, there has been no significant change with regards to Hermès International shareholders between 31 December 2022 and the date on which this universal registration document was filed with the AMF.

7.2.2.3.3 Measures taken to prevent abusive control

Refer to chapter 3 "Corporate governance", § 3.4.7.5.

7.2.2.3.4 Measures taken to ensure a balance of powers

Refer to chapter 3 "Corporate governance", § 3.4.7.5.

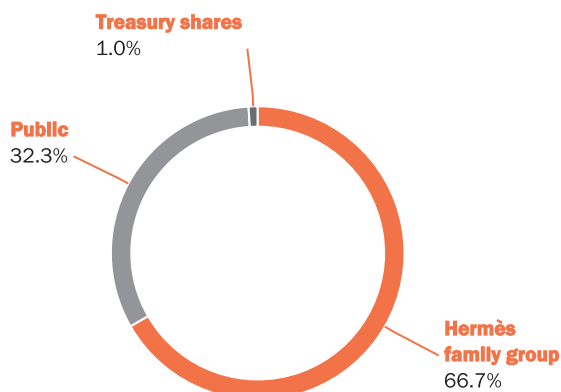
7.2.2.4 TREASURY SHARES

As at 31 December 2022, Hermès International held 1,033,625 treasury shares, representing 1.0% of its share capital, acquired as part of the share buyback programme presented in § 7.2.2.10.

In practice, treasury shares are mainly allocated to cover free share plans for employees (see chapter 3, "Corporate governance", § 3.8.3.2).

7.2.2.5 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AS AT 31 DECEMBER 2022

BREAKDOWN OF SHAREHOLDERS AS AT 31 DECEMBER 2022



As at 31 December 2022 and to the Company's knowledge, the distribution of the share capital and voting rights of the Company was as follows:

Shareholders holding more than 5% of the share capital or voting rights	Share capital		Voting rights ¹			
	Number	% ²	Allocation of net income		Other	
			Number	% ²	Number	% ²
H51	57,359,794	54.3%	114,586,434	64.2%	114,586,434	64.2%
H2	7,012,602	6.6%	13,888,704	7.8%	13,888,704	7.8%
Other members of the Hermès family group	6,038,887	5.7%	7,512,321	4.2%	11,590,767	6.5%
Sub-total Hermès family group ³	70,411,283	66.7%	135,987,459	76.2%	140,065,905	78.5%
Public ^{4 5}	34,124,504	32.3%	42,452,107	23.8%	38,373,661	21.5%
Treasury shares	1,033,625	1.0%	-	0.0%	-	0.0%
TOTAL	105,569,412	100.0%	178,439,566	100.0%	178,439,566	100.0%

(1) Voting rights that can be exercised in the General Meeting. In accordance with Article 12 of the Articles of Association of the Company, the voting right is exercised by the bare owner for all decisions taken by all General Meetings, except for decisions concerning the allocation of net income, for which the voting right is exercised by the usufructuary. The procedures for publication and allocation of voting rights are detailed in § 7.2.1.2.

(2) Figures have been rounded to the nearest tenth. Accordingly, there may be a discrepancy in the totals between actual and rounded figures.

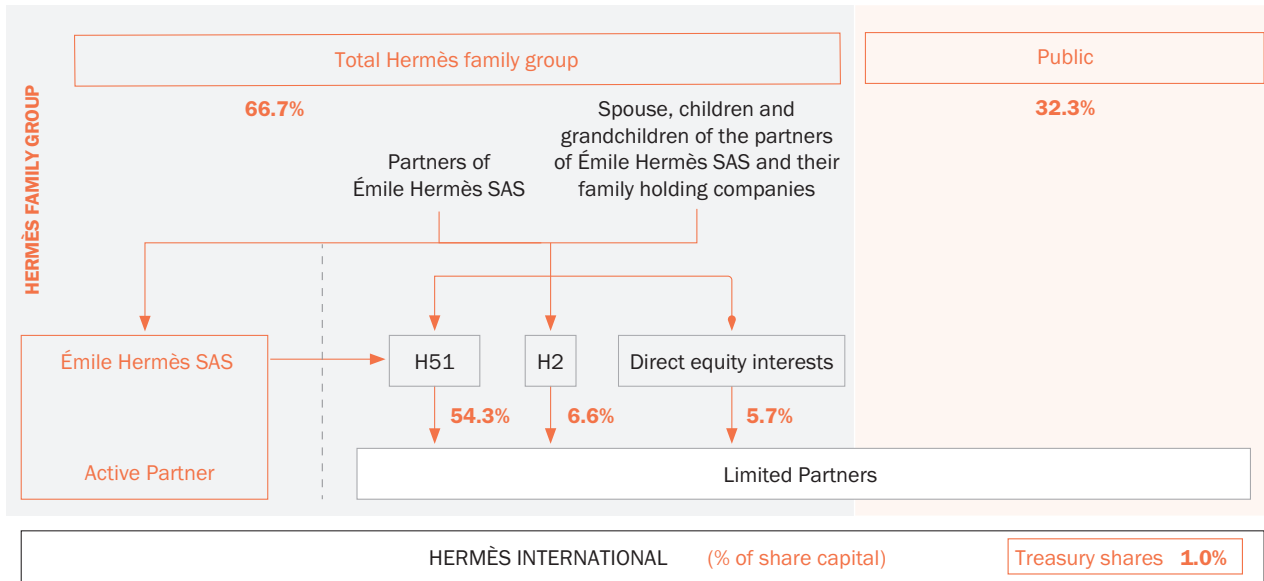
(3) The definition of the Hermès family group is in chapter 9 "Additional information", § 9.6.

(4) These amounts correspond to all of the shares and voting rights in circulation, reduced by the number of shares and voting rights declared by the identified shareholders as mentioned in this table.

(5) Including the Arnault family group. See the threshold crossing declaration of 11 July 2017 (AMF notice no. 217C1525 of 11 July 2017) described on page 392 of the 2019 universal registration document).

These figures result, for registered shares, from the register kept by the Uptevia Securities service, and for bearer shares, from the declarations, where applicable, of interested parties, as well as shareholding analyses carried out in accordance with the procedure implemented (§ 7.2.2.1).

Changes occurring after closure of the financial year are detailed in § 7.2.2.3.2.



7.2.2.6 CHANGE IN THE BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

During the last three financial years and to the Company's knowledge, the distribution of the share capital and voting rights in the Company (by percentage) was as follows:

Shareholders holding more than 5% of the share capital or voting rights	31/12/2022			31/12/2021			31/12/2020		
	Voting rights ^{1 2}			Voting rights ^{1 2}			Voting rights ^{1 2}		
	Share capital	Allocation of net income	Other	Share capital	Allocation of net income	Other	Share capital	Allocation of net income	Other
H51	54.3%	64.2%	64.2%	54.3%	63.9%	63.9%	54.2%	63.8%	63.8%
H2	6.6%	7.8%	7.8%	6.6%	7.8%	7.8%	6.6%	7.9%	7.9%
Other members of the Hermès family group	5.7%	4.2%	6.5%	5.7%	4.2%	6.5%	5.7%	4.2%	6.5%
Sub-total Hermès family group³	66.7%	76.2%	78.5%	66.6%	75.9%	78.2%	66.6%	75.9%	78.2%
Public ^{4 5}	32.3%	23.8%	21.5%	32.5%	24.1%	21.8%	32.5%	24.1%	21.8%
Treasury shares	1.0%	0.0%	0.0%	0.9%	0.0%	0.0%	0.9%	0.0%	0.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Voting rights that can be exercised in the General Meeting. In accordance with Article 12 of the Articles of Association of the Company, the voting right is exercised by the bare owner for all decisions taken by all General Meetings, except for decisions concerning the allocation of net income, for which the voting right is exercised by the usufructuary. The procedures for publication and allocation of voting rights are detailed in § 7.2.1.2.

(2) Figures have been rounded to the nearest tenth. Accordingly, there may be a discrepancy in the totals between actual and rounded figures.

(3) The definition of the Hermès family group is in chapter 9 "Additional information", § 9.6.

(4) These percentages correspond to the total shares and voting rights in circulation, reduced by the number of shares and voting rights declared by the identified shareholders as mentioned in this table.

(5) Including the Arnault family group. See the threshold crossing declaration of 11 July 2017 (AMF notice no. 217C1525 of 11 July 2017) described on page 392 of the 2019 universal registration document).

7.2.2.7 CROSSING OF THRESHOLDS

7.2.2.7.1 Crossing of thresholds occurring after the closure of the 2022 financial year

No crossing of a legal threshold was declared between the closure of the 2022 financial year and 28 February 2023.

7.2.2.7.2 Crossing of thresholds in financial year 2022

No crossing of a legal threshold was declared in 2022.

7.2.2.7.3 Reminder of crossings from the previous two financial years

Crossing of thresholds in financial year 2021

No crossing of a legal threshold was declared in 2021.

Crossing of thresholds in financial year 2020

No crossing of a legal threshold was declared in 2020.

7.2.2.7.4 Crossing of previous thresholds for shareholders holding more than 5% of the share capital or voting rights

AMF Notice no. 217C1755 of 28 July 2017 (the full text of which is available on the AMF website – www.amf-france.org): the Hermès family group declared that it had crossed upwards, on 21 July 2017, the threshold of two-thirds of Hermès International's share capital and held 70,385,066 shares representing 130,403,428 voting rights at General Meetings in respect of decisions concerning the allocation of net income and 134,256,835 voting rights for other decisions, i.e., 66.67% of the share capital and respectively 74.92% and 77.13% of the voting rights of this company, broken down as follows:

	Shares	% share capital	Decisions concerning allocation of net income		Other decisions	
			Voting rights	% voting rights	Voting rights	% voting rights
H51	56,209,021	53.24	109,244,318	62.76	109,244,318	62.76
H2	6,876,102	6.51	13,072,204	7.51	13,072,204	7.51
Other members	6,292,154	5.96	8,086,906	4.65	11,940,313	6.86
Treasury shares	1,007,789	0.95	-	-	-	-
TOTAL HERMÈS FAMILY GROUP	70,385,066	66.67	130,403,428	74.92	134,256,835	77.13

This crossing is the result of an acquisition of Hermès International shares on the market by the company H51.

7.2.2.8 EMPLOYEE OWNERSHIP OF THE SHARE CAPITAL

Maison Hermès, faithful to its family tradition, involves all of its employees throughout the world with in the Group's growth, through employee shareholding mechanisms, which form part of the Group's long-term compensation policy and which help to motivate and retain its employees for the future. Thus, the Hermès Group has offered free share plans five times to its employees, in France and internationally; these were granted in 2007, 2010, 2012, 2016 and 2019 (see chapter 3 "Corporate governance", § 3.8.3).

The latest plans have been implemented by the Executive Management in accordance with the authorisation granted by the General Meeting of 4 June 2019 in its 15th resolution. Thus, on 1 July 2019, the Executive Management decided to implement two new free share allocation plans for all employees of the Group subject to eligibility, notably in terms of seniority, subject to the mechanisms applicable to existing free share plans, in particular concerning the reference and retention periods. These allocations are subject to presence conditions and, where applicable, performance conditions, with vesting periods of four to five years.

As at 31 December 2022, employee shareholding, based on plans already allocated and/or vested, involved a significant part of the Group's workforce, accounting for the holding of 1,032,707 Hermès International shares, representing 0.98% of the share capital. Taking into account rights under the last 2019 plans, employee shareholding involved approximately 11,000 Group employees (rights vesting at end-2022).

No shares in the Company are held by the employees of the Company and affiliated companies under the savings plan and the company mutual fund of the Company.

7.2.2.9 PLEDGE OF SHARES

Duly registered shares are not encumbered by any material pledges.

7.2.2.10 SHARE BUYBACK PROGRAMMES

7.2.2.10.1 Use in 2022 of authorisations to buy back shares granted by the General Meeting

The Combined General Meetings of 4 May 2021 and 20 April 2022, approved share buyback programmes authorising the Executive Management, on the basis of Articles L. 22-10-62 *et seq.* of the French Commercial Code (*Code de Commerce*), to purchase, on the market or off-market, a number of shares representing up to 10% of the Company's share capital on the date of the repurchase, in order to allocate them to the objectives authorised by European regulations or to one or more market practices accepted by the French Financial Markets Authority (AMF) to date or in the future, and more generally, to allocate them to the completion of any transactions in accordance with the regulations in force.

The Combined General Meetings of 4 May 2021 and 20 April 2022 authorised the Executive Management to reduce the share capital by cancellation of repurchased shares, within the limit of 10% of the share capital per period of 24 months.

The characteristics of the delegations granted to the Executive Management are detailed in chapter 3 "Corporate governance", § 3.9.4.

During the financial year ended 31 December 2022, the Executive Management carried out the transactions shown in the table below, in the context of share buyback programmes authorising the Executive Management to buy and sell its own shares under Article L. 22-10-62 of the French Commercial Code (*Code de commerce*).

	From 01/01/2022 to 20/04/2022	From 21/04/2022 to 31/12/2022	Total
EXCLUDING THE LIQUIDITY CONTRACT			
Number of shares booked in the name of the Company as at 31 December 2021	925,153	-	925,153
Number of shares purchased	51,890	52,379	104,269
Reason for acquisitions	Employee shareholding	Employee shareholding	
Average price of purchases	€1,173.56	€1,053.12	€1,113.06
Number of shares sold	144	120	264 ¹
Average price of sales	€189.93	€189.93	€189.93 ²
Amount of net expenses excluding taxes			
Number of shares cancelled			
Average price of cancelled shares			
Number of shares booked in the name of the Company as at 31 December 2022	976,899	52,259	1,029,158
Allocation			
♦ Employee shareholding	898,526	52,259	950,785
♦ External growth	78,373	-	78,373
Net value assessed at cost	€612,359,035	€55,138,634	€667,497,670
Net value assessed at the closing rate	€1,411,619,055	€75,514,255	€1,487,133,310
Par value	€498,218	€26,652	€524,871
Fraction of the share capital that they represent	0.93%	0.05%	0.98%
IN THE CONTEXT OF THE LIQUIDITY CONTRACT			
Number of shares booked in the name of the Company as at 31 December 2021	-	-	-
Resources implemented (liquidity account)	€5,000,000	€5,000,000	€5,000,000
Number of shares purchased	27,317	208,376	235,693
Average price of purchases	€1,163.21	€1,242.62	€1,233.41
Number of shares sold	26,517	204,709	231,226
Average price of sales	€1,176.05	€1,247.37	€1,239.19
Number of shares booked in the name of the Company as at 31 December 2022	800	3,667	4,467
Net value assessed at cost	€908,638	€5,608,614	€6,516,651
Net value assessed at the closing rate	€1,156,000	€5,298,815	€6,454,815
Par value	€408	€1,870	€2,278
Fraction of the share capital that they represent	0.00%	0.00%	0.00%

(1) Number of shares issued to employees under share and stock option allocation plans.

(2) Average purchase price of shares issued to employees.

7.2.2.10.2 Description of the new share buyback programme proposed to the vote of the Combined General Meeting of 20 April 2023

Pursuant to Articles 241-2 and 241-3 of the General Regulation of the AMF, the Company hereinafter presents the share buyback programme to be submitted for the approval of the Combined General Meeting of 20 April 2023. This programme will supersede that authorised by the Combined General Meeting of 20 April 2022.

As at 28 February 2023, the share capital of the Company consisted of 105,569,412 shares, of which 1,030,286 treasury shares (number of shares as at the date of the operation) held by Hermès International, representing 1.0% of the share capital.

Objectives of the share buyback programme	<p>The shares may be repurchased in order to be allocated to the objectives permitted by Regulation (EU) no. 596/2014 of 16 April 2014 on market abuse (Market Abuse Regulation – “MAR”):</p> <ul style="list-style-type: none"> ◆ objectives provided for in Article 5 of the MAR: capital decrease, hedging of debt securities exchangeable for shares and coverage of employee shareholding plans; ◆ objectives provided for in Article 13 of the MAR and under the market practice accepted by the French Financial Markets Authority (AMF): the implementation of a liquidity contract by an investment service provider acting independently and in accordance with the provisions of AMF Decision no. 2021-01 of 22 June 2021; ◆ other objectives: acquisitions, hedging of equity securities exchangeable for shares and, more generally, to allocate them for the completion of any transactions in accordance with the regulations in force.
Maximum share of capital that may be bought back	<p>10% of the share capital on the date of the General Meeting:</p> <ul style="list-style-type: none"> ◆ <i>i.e.</i> on the basis of the share capital issued as at 31 December 2022: 10,556,941 shares; ◆ it being specified that treasury shares held on the day of the General Meeting are not taken into account in this maximum amount.
Maximum purchase price and maximum authorised amount of funds that may be committed	<ul style="list-style-type: none"> ◆ the maximum purchase price (excluding costs) would be set at €2,200 per share; ◆ the maximum amount of funds to be committed would be set at €4.5 billion. It is specified that treasury shares held on the day of the General Meeting are not taken into account in this maximum amount.
Terms & Conditions	<p>The shares may be purchased by any means, including all or part of interventions on regulated markets, multilateral trading systems, with systematic internalisers or OTC, including block purchases of securities (without limiting the portion of the buyback programme carried out by this means), by public tender or exchange offering or the use of options or derivatives (in compliance with legal and regulatory requirements applicable at the time), excluding the sale of put options, and at the time that the Executive Management deems appropriate, including during a public offering for the shares of the Company, in accordance with stock market regulations, either directly or indirectly <i>via</i> an investment services provider. The shares acquired pursuant to this authorisation may be retained, sold, or transferred by any means, including by block sales, and at any time, including during public offerings.</p>
Duration of the buyback programme	<p>This authorisation would be valid for 18 months from the date of the Combined General Meeting of 20 April 2023, <i>i.e.</i> until 20 October 2024.</p>

7.4 STOCK MARKET INFORMATION

7.4.1 SUMMARY OF STOCK MARKET INFORMATION

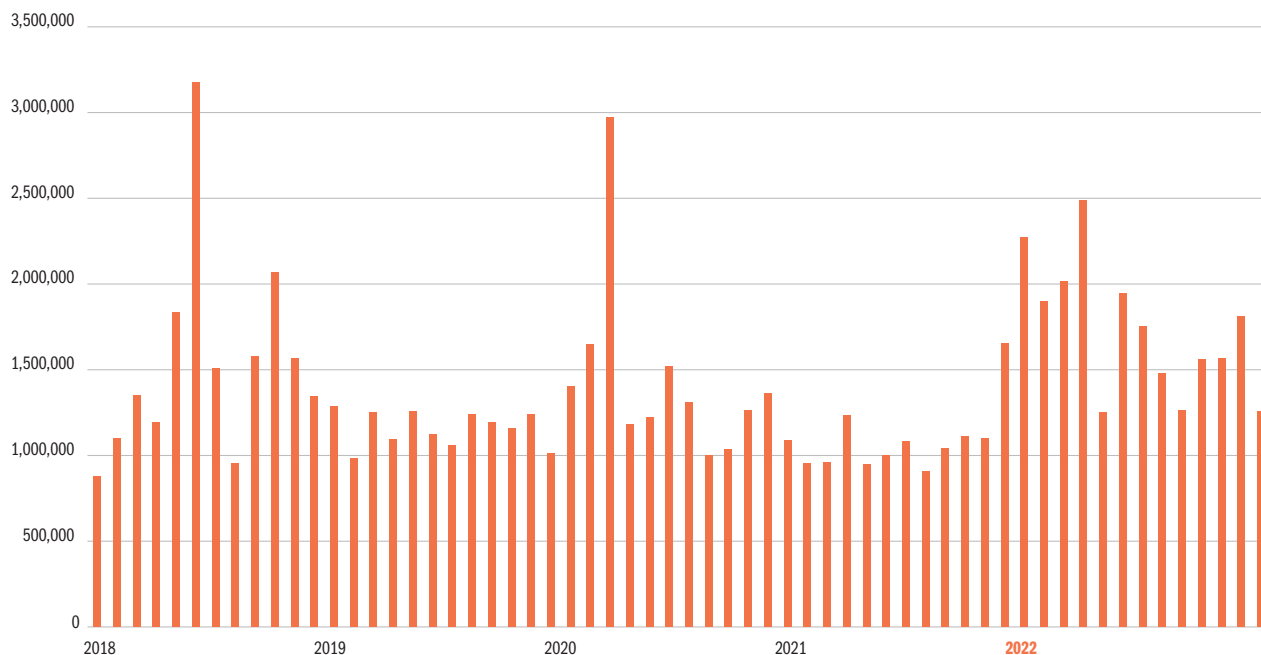
	2022	2021	2020
Number of shares as at 31 December	105,569,412	105,569,412	105,569,412
Average number of shares (excluding treasury shares)	104,564,729	104,623,330	104,430,772
Market capitalisation as at 31 December	€152.55 billion	€162.15 billion	€92.86 billion
Earnings per share (excluding treasury shares)	€32.20	€23.37	€13.27
Dividend per share	€13.00 ⁽¹⁾	€8.00	€4.55
Average daily volume (Euronext)	77,527	55,527	66,151
12-month high share price	€1,585.50	€1,678.00	€890.20
12-month low share price	€957.60	€839.40	€516.00
12-month average share price	€1,264.22	€1,190.97	€729.42
Share price as at 31 December	€1,445.00	€1,536.00	€879.60

(1) Subject to the decisions of the Ordinary General Meeting of 20 April 2023. An interim amount of €3.50 was paid on 22 February 2023.

7.4.2 HISTORY OF MONTHLY TRANSACTIONS

In number of shares ¹

(Source Bloomberg)



1. Euronext.

7.4.3 HERMÈS INTERNATIONAL SHARE PRICE HISTORY

The company Hermès International was listed on the CAC 40 on 7 June 2018 and in the EURO STOXX 50 index on 20 December 2021. Hermès International has been included since 17 September 2021 in the CAC 40 ESG index, which includes 40 companies on the basis of their environmental, social and governance performance and is based on the rating of V.E. Moodys ESG.

In euros



7.5 SHAREHOLDER INFORMATION

7.5.5 DIALOGUE WITH SHAREHOLDERS AND THE FINANCIAL COMMUNITY IN 2022

The financial communication and investor relations department engages in dialogue with the financial community and all of the Group's shareholders throughout the year.

In 2022:

			
Number of roadshows	Investor meetings	Institutions met	Store events
15 of which 4 ESG	70	170	3

The House's sustainable, responsible and supportive model was presented at several events and in publications during 2022.

In July 2022, at the 13th edition of the *Grands Prix de la Transparence* (now renamed the Transparency Awards), Hermès International received the Transparency Award, all categories, heading the ranking of SBF 120 companies (see chapter 3 "Corporate governance", § 3.1.2). The Transparency Awards are based on the criteria of accessibility, accuracy, comparability, availability and clarity of information in each company's key media (universal registration document, finance website, notice of general meeting brochure). An independent scientific committee ensures the neutrality and fairness of the ranking. It is composed of 10 members of organisations and associations representing users of information, including Paris Europlace, Euronext, AMF, IFA, SFAF, AFG and F2ic.

In June 2022, Hermès was awarded the Communication Award as part of the *Palme d'Or* for young shareholders, created by EDHEC Business School and the Federation of individual investors and investment clubs (F2iC). They reward the most attractive companies in the eyes of young shareholders. This Communication Award is a testament to the quality and authenticity of communication with all of the House's audiences: customers, employees, journalists and shareholders.

The Shareholders' General Meeting and the presentations of the financial results were broadcast live and recorded on the Company's website at <https://finance.hermes.com/en/>.

In 2022, the House stepped up dialogue with analysts and investors

on CSR issues as well as transparency around non-financial information, with the publication of specific ESG policies on the Hermès Finance website. 2022 also saw the acceleration of the organisation of meetings with the financial community on ESG topics, in particular through the organisation of dedicated roadshows, participation in ESG market conferences and one-on-one sessions.

Hermès has a website dedicated to the financial community, its shareholders and, more generally, its stakeholders: <https://finance.hermes.com/en/>.

- ◆ In the "Investors" section, shareholders can in particular find:
 - half-yearly and annual financial presentations, and press releases, notably on CSR,
 - the universal registration document and the half-year financial report,
 - letters to shareholders, in the section "Shareholders' Guide",
 - the House's key figures and the House's financial events;
- ◆ a specific "General Meeting" section, which allows shareholders to read all the information relating to this event;
- ◆ a section dedicated to the "Group" and the specific features of its independent craftsmanship model, its creativity and *savoir-faire*;
- ◆ the enhanced section dedicated to "Sustainable development", which contains the commitments and actions carried out by Maison Hermès, has been enhanced. The House's objectives, initiatives and number of projects are set out in this dedicated digital space. The Group thus confirms its commitment to social, societal and environmental performance, which is part of the Maison Hermès DNA and its craftsmanship model.

In 2022, Hermès published two issues of its Letter to Shareholders, in French and English, a regular source of information on its news, presenting the main facts and figures and providing information on the Company's relationship with its shareholders.

Shareholders can also consult the information published by the Company on the following websites:

- ◆ <https://www.amf-france.org/en>, for press releases, registration documents/universal registration documents, threshold crossings, shareholder agreements and declarations sent to the AMF;
- ◆ <https://www.journal-officiel.gouv.fr/pages/balo/>, for documents published in the *Bulletin des Annonces Légales Obligatoires* (BALO);
- ◆ <https://www.infogreffe.com/> for filings made with the clerks of the Commercial Court of Paris (search by identification number: 572 076 396).

9

ADDITIONAL INFORMATION

9.1	PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AFR	558
9.1.1	Name and function of persons responsible for the information contained in the universal registration document	558
9.1.2	Certification by the persons responsible for the universal registration document	558
9.2	PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS AFR	559
9.3	CONSULTATION OF REGULATORY INFORMATION	559
9.4	INFORMATION INCLUDED BY REFERENCE	560
9.5	CROSS-REFERENCE TABLES	562
9.5.1	Cross-reference table for the annual financial report	565
9.5.2	Cross-reference table for the management report	566
9.5.3	Cross-reference table for the Supervisory Board report on corporate governance	569
9.5.4	Cross-reference table for the universal registration document	571
9.5.5	Cross-reference table for the Non-Financial Performance Statement	577
9.5.6	TCFD reference table	578
9.6	GLOSSARY	579

9.1 PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT ^{AFR}

9.1.1 NAME AND FUNCTION OF PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE UNIVERSAL REGISTRATION DOCUMENT

Mr Axel Dumas, Executive Chairman.

Émile Hermès SAS, 23, rue Boissy d'Anglas 75008 Paris, Executive Chairman.

9.1.2 CERTIFICATION BY THE PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

We certify that the information contained in this universal registration document is, to the best of our knowledge, consistent with the facts and does not contain any omissions that could affect its import.

We hereby certify, to the best of our knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and of all the entities included in the scope of consolidation, and that the Executive Management report, the contents of which are listed in §9.5.2 (Cross-reference table for the management report) presents a true and fair view of the development of the business, its results and the financial position of the Company and of all the entities included in the scope of consolidation, and that it describes the main risks and uncertainties to which they are exposed.

Paris, 23 March 2023

Executive Management

Axel Dumas



Henri-Louis Bauer

Representative of Émile Hermès SAS



9.5.5 CROSS-REFERENCE TABLE FOR THE NON-FINANCIAL PERFORMANCE STATEMENT

No.	Required elements	Reference texts	Chapter / § / Page
5.1	Business model	Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code (<i>Code de commerce</i>)	Chapter 2 § 2.1 / pages 49 - 65
5.2	Description of the main risks related to the business of the Company or Group, including, where relevant and proportionate, risks created by business relationships, products or services	Articles L. 225-102-1 and R. 225-105, I. 1 of the French Commercial Code (<i>Code de commerce</i>)	Chapter 2 § 2.1.4 / page 58
5.3	Information on the way in which the Company or the Group takes into account the social and environmental consequences of its activity, and the effects of this activity on respect for human rights and the fight against corruption (description of the policies applied and due diligence procedures implemented to prevent, identify and mitigate the main risks related to the business of the Company or Group)	Articles L. 225-102-1, III, R. 225-104 and R. 225-105, I. 2° of the French Commercial Code (<i>Code de commerce</i>)	Chapter 2 § 2.6.1 / pages 186 - 193 § 2.8.1.2.1 / pages 230 § 2.8.2.3 / pages 235 - 236 § 2.8.4 / pages 237 - 242
5.4	Results of policies applied by the Company or Group, including key performance indicators	Articles L. 225-102-1 and R. 225-105, I. 3° of the French Commercial Code (<i>Code de commerce</i>)	Chapter 2 § 2.2 / pages 67 - 93 § 2.3 / pages 95 - 111 § 2.4 / pages 113 - 141 § 2.5 / pages 143 - 181 § 2.6 / pages 183 - 195 § 2.7 / pages 197 - 226 § 2.8 / pages 227 - 242
5.5	Social information (employment, work organisation, health and safety, labour relations, training, equal opportunity)	Articles L. 225-102-1 and R. 225-105, II. A. 1° of the French Commercial Code (<i>Code de commerce</i>)	Chapter 2 § 2.2 / pages 67 - 93 § 2.3 / pages 95 - 111
5.6	Environmental information (general environmental policy, pollution, circular economy, climate change)	Articles L. 225-102-1 and R. 225-105, II. A. 2° of the French Commercial Code (<i>Code de commerce</i>)	Chapter 2 § 2.4 / pages 113 - 141 § 2.5 / pages 143 - 181
5.7	Societal information (societal commitments in favour of sustainable development, subcontracting and suppliers, fair practices)	Articles L. 225-102-1 and R. 225-105, II. A. 3° of the French Commercial Code (<i>Code de commerce</i>)	Chapter 2 § 2.6 / pages 183 - 195 § 2.7 / pages 197 - 226 § 2.8.1.2.3 / page 231
5.8	Anti-corruption information	Articles L. 225-102-1 and R. 225-105, II. B. 1° of the French Commercial Code (<i>Code de commerce</i>)	Chapter 2 § 2.8.2 / pages 234 - 236
5.9	Information on actions in favour of human rights	Articles L. 225-102-1 and R. 225-105, II. B. 2° of the French Commercial Code (<i>Code de commerce</i>)	Chapter 2 § 2.6.1.6 / page 193 § 2.8.1.2.1 / page 230
5.10	Specific information: <ul style="list-style-type: none"> ◆ the Company's policy to prevent the risk of technological accidents; ◆ the Company's ability to cover its civil liability in respect of property and persons as a result of the operation of such facilities; ◆ the means planned by the Company to manage the compensation of victims in the event of a technological accident involving its liability. 	Article L. 225-102 of the French Commercial Code (<i>Code de commerce</i>)	n/a
5.11	Collective agreements concluded within the Company and their impact on the Company's economic performance as well as on the working conditions of employees	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code (<i>Code de commerce</i>)	Chapter 2 § 2.2.2.3 / pages 80 - 82
5.12	Statement of the independent third party on the information presented in the SNFP	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code (<i>Code de commerce</i>)	Chapter 2 § 2.9 / pages 243 - 249 § 2.10 / pages 250 - 251

9.6 GLOSSARY

Active Partners

See “société en commandite par actions” (partnership limited by shares).

Adjusted free cash flow

Adjusted free cash flow is the sum of cash flows related to operating activities, less operating investments and the repayment of lease liabilities recognised in accordance with IFRS 16 (aggregates in the consolidated statement of cash flows).

Afep-Medef Code

Corporate Governance Code of listed corporations developed by the Association française des entreprises privées (Afep) and the Mouvement des entreprises de France (Medef), after consultation with the various parties of the financial marketplace. This code provides a set of demanding and precise recommendations on corporate governance. It can be designated by listed corporations as their reference code pursuant to Article L. 22-10-10, 4° of the French Commercial Code (*Code de commerce*). The Afep-Medef Code is revised and updated on a regular basis.

Affiliates

Companies in which your company does not own, directly or indirectly, more than 50% of the share capital.

Articles of Association

The Articles of Association are a deed of incorporation of a company which defines its characteristics and the rules governing its operation. An amendment to the Articles of Association requires the agreement of all the Active Partners and a vote by an Extraordinary General Meeting.

Audit and Risk Committee

A committee of the Supervisory Board in charge of the financial statements, audit, risks, and corruption prevention.

Bearer share

When shares are in bearer form (the most common), the custodian is a financial intermediary (bank or stock market firm). This intermediary is the only entity to know the individual shareholder’s identity, so the issuing company does not know the name of the holders of these shares.

CAG-CSR Committee

A committee of the Supervisory Board in charge of compensation, appointments, governance, and corporate social responsibility.

Capital gain

The profit made on the sale or disposal of a security. It is equal to the positive difference between the sale price and the purchase or subscription price.

Capital increase

Operation conducted to increase the Company’s equity. A capital increase is either done by increasing the par value of existing shares, or by creating new shares proceeding from subscriptions in cash, contributions in kind or profits, reserves or issue of share premiums incorporated into the capital. Capital increases may be carried out with or without preemptive subscription rights. They may enable new shareholders to hold a part of the Company’s share capital. They must be previously approved by an Extraordinary General Meeting.

Consensus

This is the mean value of forecasts made by analysts.

Consolidated financial statements

The consolidated financial statements consolidate all of the financial statements of the companies forming the Hermès Group, for the purpose of presenting the financial position as if they formed a single entity.

Corporate governance

Corporate governance:

- ◆ covers certain principles of efficient operation and transparency to improve a company’s management and meet demands from investors and the public;
- ◆ concerns all the responsibilities, processes and practices designed to define Group Management and the Company’s strategic actions, to ensure that risks are correctly managed and that goals are achieved;
- ◆ covers all the different bodies (Supervisory Board and its specialised committees, Executive Committee, etc.) put in place to oversee the management of a publicly-traded company.

CSR

Corporate social responsibility.

Declaration by Senior Executives (upon disposal of securities)

Declaration that the Senior Executives, the persons acting on their behalf, and the persons related to them are required to make to the issuer and the AMF, in respect of the transactions they carry out on the shares and debt securities of the Company in which they perform their duties and the related financial instruments. This declaration must be made within three working days starting from the date of the transaction (for more information, see the “Guide to Permanent Information and Management of Inside Information” DOC-2016-08 of the AMF).

Dividends

Portion of the Company’s profits, retained earnings or reserves that the General Meeting, on a recommendation by the Supervisory Board, decides to distribute to the shareholders. The dividend represents the share earnings, and its amount varies each year depending on the Company’s results and the policy it adopts.

Double voting rights

The double voting right departs from the legal principle that the number of votes attaching to shares must be proportional to the share of capital they represent (principle of “one share one vote”).

A double voting right is granted:

- ◆ to any fully-paid Hermès International registered share which has been duly recorded on the books in the name of the same shareholder for a period of at least four years, and from the date of the first General Meeting following the fourth anniversary of the date when the share was registered on the books; and
- ◆ to any Hermès International registered share allocated as a bonus share to a shareholder, in the event of a capital increase by incorporation of amounts entered in share premium, reserve or retained earnings accounts, in proportion to existing shares carrying a double voting right.

The double voting right automatically ceases to exist in the conditions stipulated by law.

Earnings per share

This is a calculation done for stock market analysis obtained by dividing the Company’s net profit by the number of shares comprising the capital.

EHS

Environment, health and safety.

Equity

Capital belonging to the shareholders comprising equity subscriptions, profits left in reserves and income for the period.

Executive Chairman

The role of the Executive Chairman consists in running the Group and acting in the general interests of the Company, within the limits of its corporate purpose and in compliance with the powers granted by law to the Supervisory Board and Shareholders’ General Meetings.

Extraordinary dividend

This is a dividend of an exceptionally high amount compared to the dividend ordinarily paid and which is not therefore recurrent. It may complete or replace the ordinary dividend.

French Financial Markets Authority (AMF)

Financial markets authority regulating French financial market players and products. The authority regulates, authorises, monitors and, when necessary, audits, investigates and imposes sanctions. It also ensures that investors are correctly informed and offers investor assistance, where necessary, via its mediation procedure.

The French Financial Markets Authority (AMF) is an independent public authority responsible for:

- ◆ protection of savings invested in financial products;
- ◆ investor information;
- ◆ proper financial market operation.

“Épargne Info Service” answers your questions about savings products, the stock market or the role of the AMF on +33 (0)1 53 45 62 00 (local call rates in France).

General Meeting

The General Meeting is a decision-making body comprising all shareholders (Limited Partners).

Except for the appointment and dismissal of members of the Supervisory Board, the appointment and dismissal of the Statutory Auditors, the allocation of profits for the financial year and the approval of agreements subject to authorisation, no decisions may be validly made by the General Meetings unless they are approved by the Active Partners at the latest by the end of the meeting that voted on the decision in question.

Growth in revenue at constant exchange rates

Growth in revenue at constant exchange rates is calculated by applying, for each currency, the average exchange rates of the previous period to the revenue for the period.

HCGE

Corporate Governance High Committee (Haut comité de gouvernement d’entreprise), whose role is to conduct oversight of the application of the Afep-Medef Code and to propose changes therein, subject to public consultation.

Hermès family group

The Hermès family group consists of the partners of Émile Hermès SAS, their spouses, children and grandchildren, and their direct and indirect holding companies of Hermès International and Émile Hermès SAS. The right to be a partner of Émile Hermès SAS is reserved for the descendants of Mr Émile-Maurice Hermès and his wife, and their spouses, but only as usufructuaries of shares.

Identification on request

In order to know the identity of all or part of its holders of bearer shares at a given time, a publicly-traded company may ask the Company Euroclear France for a breakdown of its shareholders using its notification platform, which allows identification information to be collected from financial intermediaries.

Law no. 2021-1308 of 8 October 2021, which transposed Directive (EU) 2017/828 of 17 May 2017 (known as “SRD II”) into French law, amending Directive 2007/36/EC of 11 July 2007 (known as “SRD I”) has replaced the TPI (identifiable bearer share) procedure by this procedure.

IFRS

International Financial Reporting Standards.

Institutional investors

Financial institutions (pension funds, insurance companies, banks, sovereign funds, etc.) investing money in securities.

Interim dividend

Advance payment of a portion of the forth coming dividend.

Joint Council

Whenever it considers it necessary, the Executive Management of Hermès International or the Chairman of the Supervisory Board of Hermès International calls a Joint Council between the Executive Management Board of Émile Hermès SAS and the Supervisory Board of Hermès International.

The Joint Council is an institution designed to enable extensive consultation between the Executive Management Board of the Active Partner, an internal body needing to have knowledge of the main aspects of Hermès International's Executive Management, and the Supervisory Board, an emanation of the shareholders.

The Joint Council hears all questions that are submitted to it by the person calling it or which it decides to examine, without however being able to make decisions in place of the bodies to which such powers are granted by law, the Company's Articles of Association and those of Émile Hermès SAS.

The Joint Council of the Executive Management Board and the Supervisory Board does not, itself, have any decision-making powers. It acts solely as a consultation body. If they so wish, at a Joint Council meeting, the Executive Management Board and the Supervisory Board may make any decision or give any opinion within their sphere of competence.

LEI

LEI is a unique, global identifier that takes the form of a 20-character alpha-numeric code. It is linked to key reference information. Developed by the International Organisation for Standardisation (ISO), the LEI is compulsory for all transactions in financial instruments listed on the stock exchange: it clearly and uniquely identifies the legal entities involved in such transactions.

Limited Partners

See "société en commandite par actions" (partnership limited by shares).

Liquidity

For a given security, this corresponds to the ratio between the volume of shares traded on the market and the number of shares comprising the floating stock. A security or a market is said to be "liquid" when buy or sell transactions can be completed without causing any excessive variations compared to the last trading price.

Management report

Information document required by the French Commercial Code (*Code de commerce*) whereby the Senior Executives and management bodies of a company report to the governing body on their management over the past year, and provide all significant information about the issuer and its future prospects. It is prepared by the same bodies as those that approve the annual financial statements. Companies preparing consolidated financial statements must also provide information about the management of the Group. This document is included in the universal registration document.

Market capitalisation

This is the market value of a company at a given time. It is calculated by multiplying the stock market price by the number of shares comprising the capital.

Net cash position

Net cash position includes cash and cash equivalents presented under balance sheet assets, less bank overdrafts which appear under short-term borrowings and financial liabilities on the liabilities side. Net cash position does not include lease liabilities recognised in accordance with IFRS 16.

Net income

A company's net income is the balance between all of its income and all of its expenses over a given period. It reflects what the Company has earned or lost through its activities over that period.

Net profit

Positive income statement balance.

Operating cash flows

Operating cash flows are all the financial resources generated by the Company in connection with its activity and which it could use to cover its financial needs. It measures the Company's ability to finance its requirements in order to exist, using its own resources, such as investments or debt repayments.

Parent company financial statements

The parent company financial statements are the annual financial statements of Hermès International taken individually.

Preemptive subscription rights

Tradable right, detached from each existing share, enabling existing shareholders to purchase new shares or securities giving access to the share capital in an offering before the general public has the opportunity to do so, or to obtain, by selling their rights, an amount equivalent to the notional reduction in the value of their shares that would arise from the new issue.

Priority subscription right/priority subscription period

In return for the cancellation of preemptive subscription rights, the Executive Management may introduce a priority right, which may be pro-rated. A priority right, like a preemptive subscription right, enables existing shareholders to subscribe to the proposed issue in proportion to the number of shares they currently hold. However, unlike a preemptive subscription right, a priority right is (i) exercisable within a priority period (in practice, at least five trading sessions) that is shorter than the period allowed for a preemptive subscription right and (ii) not tradable.

Pro-rated (subscription rights)

In some cases, the Executive Management may introduce pro-rated subscription rights in favour of existing shareholders. This means that if irreducible subscriptions (*i.e.* subscriptions by shareholders exercising preemptive subscription rights) fail to entirely absorb the capital increase, the unsubscribed equity securities would be allocated on a pro-rated basis to those shareholders who made an application for additional shares (over and above the entitlement given by their preemptive subscription rights) in proportion to the subscription rights they hold and within the limit of the number of shares applied for by that shareholder.

Quorum

Minimum percentage of shares present or represented and carrying voting rights, required for a General Meeting to validly proceed.

Recurring operating income

Recurring operating income is one of the main performance indicators monitored by Group Management. It excludes non-recurring items having a significant impact that could affect understanding of the Group's economic performance.

Registered share

When shares are registered shares, the custodian is the Company itself or an agent appointed by the issuing company to keep its registered share accounts. For Hermès International, this agent is BNP Paribas Securities Services (BP2S). Holders of registered shares are known by name by the issuing company. They may either manage their shares themselves, in which case they are described as "pure" registered shareholders; or appoint an agent of their choosing to manage their account held with the issuing company, in which case they are described as "administered" registered shareholders.

Remote voting

A shareholder may vote by post using a form provided for this purpose or online (please refer to the corresponding notice of meeting).

Restated net cash position

The restated net cash position corresponds to net cash plus cash investments that do not meet the IFRS criteria for cash equivalents due in particular to their original maturity of more than three months, less borrowings and financial liabilities.

Revenue

Revenue is the total amount of sales of goods and services made by the Company, over a given period, in the normal course of business.

Share

A marketable security issued by a listed (publicly-traded) or unlisted incorporated company, representing the unit value of the Company's share capital and granting the holder shareholder status. This share carries rights to disclosure of information and the right to vote at General Meetings, as well as financial rights (right to dividends, preemptive subscription rights). A share may be a bearer share or a registered share.

Share buyback

After consulting its shareholders at a General Meeting and obtaining their consent, a company may purchase its own shares on the stock market, within the limit of 10% of its share capital (in accordance with the objectives defined in the share buyback programme). Shares thus purchased may then be held, sold, transferred or cancelled.

Share capital

Portion of equity contributed by shareholders when the Company is established or upon a subsequent capital increase.

Shareholding certificate

Document provided by the financial intermediary proving that a holder of bearer shares is a shareholder. This document enables the shareholder to take part in General Meetings.

Société en commandite par actions (SCA) (partnership limited by shares)

A company whose capital is divided into shares comprising one or more Active Partners having status as merchant and who have unlimited joint and several liability for the Company's debts, and Limited Partners (or shareholders) who are not merchants and are only liable for the Company's debts in proportion to their investment.

Subsidiaries

Companies in which your company owns, directly or indirectly, more than 50% of the share capital.

Supervisory Board

The Company has a Supervisory Board (*Conseil de surveillance*), comprising between three and fifteen members (in addition to members representing the employees) who are appointed for term of three years (unless otherwise specified pursuant to Article 18.2 of the Articles of Association) from among shareholders that do not have status as Active Partner, legal representative of the Active Partner or Executive Chairman.

The powers and competence of the Supervisory Board are defined in Article 18 of the Articles of Association.

Treasury share

A share that a company holds in its own capital. Treasury shares do not carry any voting rights and do not grant entitlement to dividends.

Universal registration document

Summary document filed on a voluntary basis by issuers. This is a communication tool enabling the market (financial analysts, investors, individual shareholders, etc.) to have access to annual information that includes all the information necessary to make a judgment on the business, financial position, results and outlook of the issuer as well as the governance and shareholding structures. It contains legal, financial and accounting information, information concerning the activities and shareholding as well as a description of the issuer for a given financial year. While this document is optional, most large listed companies prepare a universal registration document.

Voting rights

A voting right attached to a share is exercised at the Company's General Meetings and enables shareholders to take part in the Company's principal decisions. A share may carry a single or multiple voting right(s), or no voting right at all, but only shareholders may hold voting rights.

Yield

Ratio of the dividend to the share price.

This glossary contains the most frequently used terms. The definitions are provided for information only and do not purport to be exhaustive. On no account shall this glossary be interpreted as replacing rules in force (legislation, regulations, Articles of Association, etc.), or documents and communications issued by the Company (notice of meeting, universal registration document, financial disclosures, etc.).

Hermès International

Société en commandite par actions (partnership limited by shares)

with share capital of €53,840,400.12 – Paris Trade and Company Register no. 572076396

Registered office : 24, rue du Faubourg Saint-Honoré – 75008 Paris.

Tél. : + 33 (0)1 40 17 49 20

ISBN 978-2-35102-0784

A Hermès publication

© Hermès, Paris 2023

Illustration credits

Pages 5, 262, 263, 264, 266 : Valérie Archeno - Page 13 : Mathieu Richer 1, Edouard Caupeil 2 - Pages 52 - 53 : Joe Ridout 1, Martin Bruno 2, Chris Payne 3, François Coquerel 4, Benjamin Schmuck 5, Studio des fleurs 6, Osma Harvilahti 7, Kejia Chen 8, Javier Dardo 9, Maxime Verret 10, Eugénia Sierko 11 - Page 66 : BFA - Page 94 : Benoît Teillet - Page 112 : Martin Bruno - Page 142 : François Coquerel - Page 182 : Maxime Verret -

Page 196 : Benoît Teillet - Page 267 : Mathieu Richer

Pages 280, 290, 291, 292, 294, 295, 296, 297, 299, 301, 302, 304, 305, 307, 308, 320, 324 : Edouard Caupeil

Version e-accessible : lpedis

This document was printed in France by an Imprim'Vert, FSC and PEFC certified printer.



