



2022

UNIVERSAL REGISTRATION DOCUMENT

CSR EXTRACT NON-FINANCIAL PERFORMANCE
STATEMENT (NFPS)



Page numbers have been retained from the original version

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>Code of business conduct</p> <p><i>Aims to raise awareness of certain risks and give employees appropriate behavioural reflexes.</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>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>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>H-Alert! system</p> <p><i>Employees are encouraged to report grave and serious incidents through several information channels.</i></p> <p>Supplier brief</p> <p><i>Suppliers integrate the Group's human rights expectations.</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.

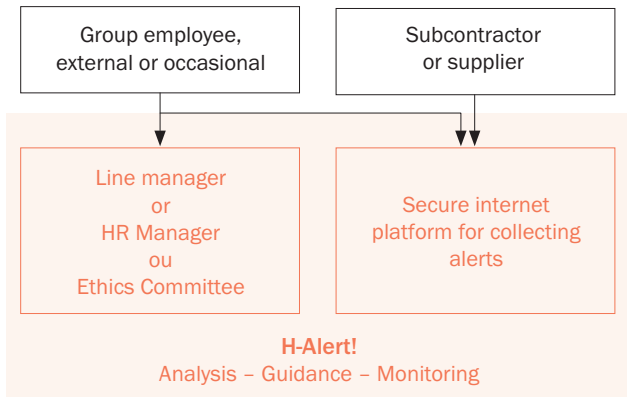
In 2020, an additional external alert mechanism in the form of a generic email address was set up for suppliers, concessionnaires, distributors and intermediaries.

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.

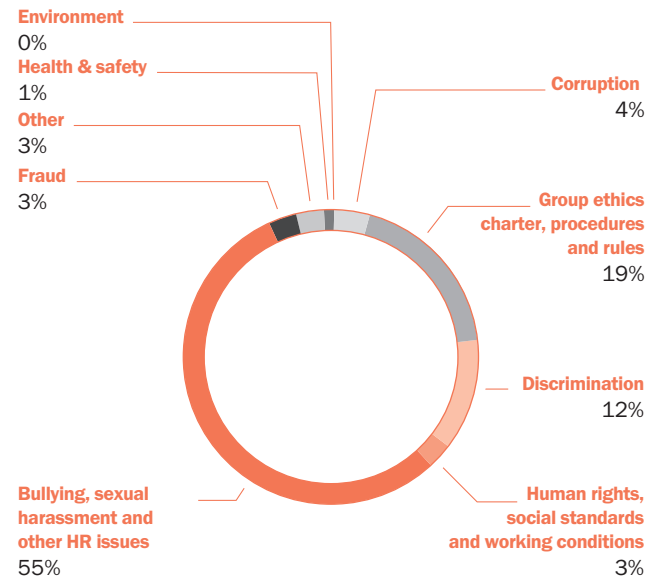
The Company undertakes not to impede access to legal or other available mechanisms, including mediation processes, for any person reporting negative impacts, especially on human rights, and also to protect the whistleblower.

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, combatting money laundering, the protection of personal data, respect for the environment, respect for human rights and fundamental freedoms, hygiene, health and employee safety. The methodology of these controls and audits is described in 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>.
2022 UNIVERSAL REGISTRATION DOCUMENT HERMÈS INTERNATIONAL

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

Crocodilian farms
in the United States and Australia

Direct purchases
Suppliers of materials and components from around the world divided into 88 supply chains grouped into five macro-families:

- animal (fibres and leather)
- plant-based
- synthetic/artificial
- mineral
- metal

Indirect purchases
Suppliers in France and worldwide divided into 38 categories grouped into nine families, the main ones being:

- Communication
- IT
- General Services
- Transportation & Logistics
- Real estate

PRODUCTION/MANUFACTURING OF FINISHED GOODS
structured according to the Hermès métiers

Tanneries and Precious Leathers
6 Tanneries & Taweries + Subcontractors

Textiles/ Women's and Men's ready-to-wear
10 textile divisions + Craftworking

Home
CATE & Beyrand + Manufacturers

Accessories
Shoes, jewellery, gloves, etc.
HCI workshop + Manufacturers & subcontractors

Perfume and Beauty
Comptoir Nouveau de la Parfumerie + Suppliers & subcontractors

Leather Goods & Saddlery
9 manufacturing divisions + Craftworkers, craftspeople
Equestrianism Hermès Horizons Petit h

Internet of Things (IoT)

Metal parts
J3L (5 sites in France + 1 site in Portugal) + Suppliers & subcontractors

Watches
Atelier LMH & Hermès Horloger + Suppliers & subcontractors

Cristalleries Saint-Louis

Pulforcat

John Lobb

Group support functions and local entities
HR, Finance, Digital, Real estate, Communication, etc.

EXCLUSIVE DISTRIBUTION

Logistics platforms

E-Commerce **Stores**

France + Monaco
14 branches + 15 concessionnaires

Europe
57 branches + 15 concessionnaires

Americas
47 branches + 10 concessionnaires

China
27 branches + 4 concessionnaires

South Korea
11 branches + 8 concessionnaires

Japan
29 branches + 6 concessionnaires

Asia - Pacific
37 succursales + 11 concessionnaires

Near and Middle East
9 concessionnaires

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

RISKS	HERMÈS MATERIALS AND COMPONENTS	SUPPLY CHAIN RAW MATERIALS	PRODUCTION WORKSHOPS	MANUFACTURER AND SUBCONTRACTOR	LOGISTICS PLATFORMS	SERVICE PROVIDERS & TRANSPORTATION	HERMÈS BRANCHES	CONCESSIONNAIRES AND TRAVEL RETAIL	SUPPORT FUNCTIONS
Human rights	●	●	●	●	●	●	●	●	●
Social dialogue	●	●	●	●	●	●	●	●	●
Discrimination	●	●	●	●	●	●	●	●	●
Living wage	●	●	●	●	●	●	●	●	●
Child labour	●	●	●	●	●	●	●	●	●
Forced labour	●	●	●	●	●	●	●	●	●
Negative impact on communities	●	●	●	●	●	●	●	●	●
Personal data	●	●	●	●	●	●	●	●	●
Health & safety									
Consumer safety	●	●	●	●	●	●	●	●	●
Health and safety at work	●	●	●	●	●	●	●	●	●
Psychosocial risks	●	●	●	●	●	●	●	●	●
Working conditions	●	●	●	●	●	●	●	●	●
Employee safety	●	●	●	●	●	●	●	●	●
Environment									
GHG emissions	●	●	●	●	●	●	●	●	●
Pollution and waste	●	●	●	●	●	●	●	●	●
Depletion of natural resources	●	●	●	●	●	●	●	●	●
Biodiversity damage	●	●	●	●	●	●	●	●	●
Animal welfare	●	●	●	●	●	●	●	●	●

Net criticality ● Very high ● High ● Medium ● Low and very low ● Not significant

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.