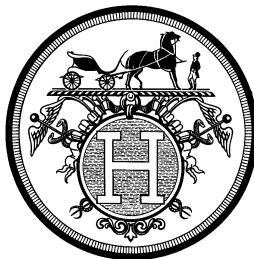


HERMES INTERNATIONAL  
Société en Commandite par Actions (limited partnership with shares) with share capital of  
€53,840,400.12  
Paris Trade and Companies Register (RCS) no. 572 076 396  
Registered Office: 24, rue du Faubourg Saint-Honoré 75008 PARIS



**GENERAL MEETING OF 20 APRIL 2023**

**WRITTEN QUESTIONS**

On the occasion of a General Meeting, written questions may be submitted to the Company under the conditions defined by law. In accordance with applicable legislation, the answer to a question is deemed given when it is published on the Company's website. Answers to written questions must be provided by Executive Management.

The Executive Management has received eleven written questions from two shareholders and provides answers below.

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**The management received a letter via email dated 20 March 2023 including several written questions intended for the 2023 General Meeting, from the Forum pour l'Investissement Responsable ("FIR").**

**Please find the responses of the Hermès group to the FIR's written questions hereinafter.**

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Environment

**1.a) Your targets aligned with the Paris Agreement include scope 3, yet the action plan is limited to scopes 1 and 2. What is your action plan for scope 3? What is the share of negative emissions in your carbon reduction targets?**

Due to our highly-integrated artisanal production model, which is 76% located in France, the CO<sub>2</sub> emissions of the Hermès Group are structurally low. Hermès has aligned its targets for greenhouse gas emission reduction on scopes 1, 2 and 3 with a trajectory that limits global warming to 1.5°C and has obtained validation from the Science Based Target initiative (SBTi). Hermès has defined ambitious action plans (see our 2022 Universal Registration Document, pages 169-173, available at <https://finance.hermes.com/>), which include our industrial

decarbonisation plan, for scopes 1 and 2. In addition to this latter plan, Hermès has made commitments in its direct and extended spheres of responsibility, i.e., scope 3, and in particular on the main emission sources, namely purchases of goods, transportation, real estate (materials) and employee travel.

With regard to the decarbonisation of purchases of goods, the goal is to support suppliers and partners to enable them to perform their own internal carbon footprint and then allocate the relevant share to each Hermès business line. For our more mature suppliers, we send them a questionnaire so that they can share their CSR strategy, their carbon footprint and even their trajectory for reduction, starting with their scopes 1 and 2. An evaluation of suppliers based on their carbon footprint, with an action plan to monitor and support them in reducing their GHG emissions, is scheduled for 2023.

To improve the carbon footprint of transportation, the sales department uses two main levers: implementing alternative means of transport, particularly air transport, and changing fuel. Short-distance transportation, i.e. deliveries to city centres from local warehouses, is carried out with electric or hybrid vehicles whenever possible. For more distant transportation (Asia, Americas, Oceania), maritime transport is preferred when the nature, volume and/or quantity of the goods to be carried so permits. Calls for tender for goods transportation systematically include a carbon footprint improvement criterion and selected service providers are gradually being asked to use NGV and bioNGV for carriage by road, SAF (Sustainable Aviation Fuel) for air transport, and SMF (Sustainable Maritime Fuel) for shipping.

For the use of materials, the Group real estate department applies the *Harmonie* sustainable real estate standard and is implementing a policy with the aim of reducing the carbon footprint/sq.m. of built or developed surface areas by 50% by 2030. Under this policy, the life cycle analysis (LCA) of construction materials, and the Bilan Carbone® assessment of new stores and new buildings are systematically performed to foster the choice of low-carbon construction materials, due to their nature, the reduction in their weight, the search for local sources of supply and their mode of transportation. For example in 2022, in implementing the carbon trajectory, with energy performances exceeding the E4C2 label (energy-positive building, including the energy used by industrial processes), the LCA of the materials and energy used gives an assessment of 776 kg eq CO<sub>2</sub>/sq.m. for the leather goods workshop in Louviers and 810 kg eq CO<sub>2</sub>/sq.m. for the leather goods workshop in Sormonne. As a comparison, in 2018, a similar leather goods workshop emitted 1,100 kg eq CO<sub>2</sub>/sq.m. in materials and energy.

A pilot of the Group mobility plan was launched in 2022 involving 3,000 employees in the Paris region. The results will be analysed in 2023, and the action plan will be developed, particularly in terms of modal shift options. Hermès is also pursuing a proactive policy of replacing combustion engine vehicles with electric or hybrid vehicles (34% of the current fleet in France), both for company vehicles and for service vehicles. Hermès' vehicle policy has always anticipated regulations in France and abroad. With regard to longer distance travel, the disruptions caused by the health crisis have helped to strengthen alternative working solutions (video-conferencing) and to raise employee awareness of the most efficient ways of working internationally.

Negative emissions are accounted for separately. Voluntary offsetting is not part of the decarbonisation targets approved by SBTi for 2030, but is a complementary effort to reduce emissions from the Hermès value chain in order to achieve a 'net zero' goal by 2050.

With voluntary offsetting, which relies on "nature-based" solutions, the allocation of human and financial resources to reducing emissions remains the priority, and it pursues the aim of building offset projects with local communities, in compliance with our quality and ethical requirements. In 2012, Hermès joined the Livelihoods Carbon Fund (LCF), a coalition of companies that finance carbon offset projects with high social and environmental value. Among other things, 142 million trees have already been planted, benefiting over 2.15 million people. Hermès' strategy is to keep on track to neutralise a growing portion of our residual carbon emissions by 2030 and, ultimately, to offset all of our residual emissions by 2050. Hermès received and cancelled

127,000 carbon credits for 2022 (representing 127,000 tonnes of CO<sub>2</sub> eq). 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.

**1.b) In the context of the Paris Agreement, how does each of your actions aimed at reducing your direct and indirect GHG emissions contribute to your decarbonisation goal across all scopes (percentage of emissions reduced through the action)?**

In the context of the SBTi validation of our carbon trajectory, Hermès committed to reducing Scope 1 and 2 emissions by 50.4% in absolute value and to reducing Scope 3 emissions by 58.1% in intensity (per €M of gross margin) over the 2018 to 2030 period. Since 2018, thanks to the implementation of the decarbonisation plan, scope 1 and 2 emissions have been reduced by 28.4% in absolute value. The Group is therefore making progress towards its 2030 goal, and is pursuing the necessary transformation of its industrial facilities, which will take several years. For scope 3, efforts made on raw materials, but also on all purchases, fixed assets, waste, subcontracting, packaging, product transportation and employee travel have resulted in a 46.5% reduction in intensity for scope 3 in four years.

**1.c) Could you indicate an investment amount necessary for each of the actions taken to reduce your direct and indirect emissions under this decarbonisation strategy?**

To achieve these ambitious goals, Hermès has planned investments over several years, some of which are already integrated into our CAPEX. At Group level, operational investments (€518 million in 2022) are open to integration of our CSR criteria. For each industrial investment project, the best methods available for energy efficiency compared to the objectives pursued are considered. Our investments for a low-carbon economy include:

- The inauguration of a new furnace by the Saint Louis crystal factory in 2022, incorporating oxycombustion technology, which will reduce its natural gas consumption by more than 30%.
- The group's recent constructions, such as the Louviers leather goods workshop, which comply with the guidelines of the *Harmonie* standard, carry the E4C2 energy-positive label and demonstrate a 100% ratio of alignment with the European Taxonomy criteria.

**2.a) Have you recently carried out an assessment of the impacts and dependence (direct and indirect) of your activities on and towards biodiversity?**

**2.b) If not, why not? If yes, has your estimate of the (direct and indirect) dependency of your activities on biodiversity (expressed as a percentage of revenue, net banking income, etc.) changed from last year?**

**2.c) On the basis of your assessment, what are your expenditures in favour of biodiversity (protection, restoration, etc.)? Please provide us with an amount.**

By identifying our nature-related risks and dependency and understanding the interrelationships between our value chains, nature and climate change, Hermès anticipates and mitigates disruptions associated with the erosion of biodiversity. By calculating and taking concrete actions to reduce our biodiversity footprint, Hermès aims to ensure the sustainable use of nature, while maintaining ecosystem services, to take advantage of its opportunities. Hermès aligns its action and its biodiversity footprint trajectory with the major global frameworks and the best standards, aiming for harmony with nature that is appreciated, conserved, restored and used in a reasonable way.

To address the current issues of global biodiversity loss, Hermès has made a concrete commitment with a strategy defined in 2018 and updated in 2020 around four focus areas: training, collaboration, assessment and action. These commitments are aligned with the Kunming-Montreal Global Biodiversity Framework.

The four focus areas chosen are intended to guide the Group and its business lines in measuring the biodiversity footprint of value chains, to co-develop corrective and positive actions, and to support upskilling in the organisation. They include specific commitments that set clear objectives and dedicated timelines.

Hermès renewed its individual commitment to the Act4Nature International initiative in 2020. 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). In practical terms, the strategy presented by Hermès was examined by a panel of NGOs before being validated. An assessment will be performed in 2023.

In 2021, Hermès measured its footprint using the Global Biodiversity Score (GBS) 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 is part of Target 15 of the Kunming-Montreal Agreement. Work continued in 2022 to gain further insight and better understand the measurements, and strengthen actions on certain topics.

In total, 92% of Hermès' revenue is covered by this analysis, i.e. all Hermès business lines, 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.

Particular attention was paid to the Leather Goods & Saddlery division, which accounted for 45.5% of Group revenue in 2020, while contributing by more than 50% to 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) on which we have focused our priority levers for action.

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 India, the "Pradan" project involves replanting 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 to the development of this silk-related activity locally with more than 5,000 job creations planned.

The House has also implemented a demanding responsible construction standard, which integrates sustainability issues throughout the life cycle of real estate projects. This standard was certified in November 2022 by an independent third party as being more demanding than the main global standards.

Beyond measuring impact, the levers for action and expenditure in favour of biodiversity include training for employees (launch of a biodiversity e-learning module and 1,300 people trained in 2022), and actions taken at production sites (best practices guide, investments [annual optimisation of tannery waste treatment facilities]) and in supply chains (biodiversity analysis of supply chains, certifications, supplier support).

As mentioned above, Hermès joined the Livelihoods Carbon Fund (LCF) in June 2012.

Hermès also contributes to positive actions in favour of biodiversity outside its sphere of responsibility through the Corporate Foundation, which has four projects dedicated to this theme (available here: <https://www.fondationentreprisehermes.org/fr/programme/biodiversite-ecosystemes>). The Corporate Foundation has a budget of €40 million over five years (2018-2023). This budget has been renewed for 2023-2027 in an amount of €61 million.

**3.a) In a context of inflation, geopolitical crises, global warming and biodiversity loss, how do you assess the financial and economic impacts that the scarcity of or difficulties in accessing your strategic natural resources have on your business models?**

**3.b) Have you assessed the increase in costs these difficulties entail (specify the increase in percentage or in value)?**

**3.c) What measures have you taken as a result to reduce your consumption and circularise your business model (specify the percentage of the company's activities concerned by these solutions)?**

One key factor of our strategy to preserve our unique *savoir-faire* and to secure supplies is that most of Hermès' production is integrated: the Group manufactures 55% of its objects in exclusive and in-house workshops.

The Group seeks to secure quality supplies of natural and renewable materials, obtained while fully respecting biodiversity. Identification of the scarcity of resources is taken into account.

The Group's risk management process is based on mapping risks 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 mappings are regularly updated and the action plans are monitored directly by the Group's different entities under the supervision of the audit and risk management directorate. They are consolidated annually in a Group-wide risk mappings, including climate-related risks such as the scarcity of certain raw materials.

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 acceptability for society.

The Group works in each of its business lines, under the coordination and control of the industrial department, to gain a better understanding of the supply chains and develop operational practices in order to jointly build the resilience of these supply chains. This entire system is described in chapter 2 "Corporate social responsibility and non-financial performance", § 2.4.2 of our 2022 Universal Registration Document, available at <https://finance.hermes.com/>). The approach undertaken aims to:

1. Control the entire value chain with operational traceability and long-term partnerships with suppliers, partners and NGOs;
2. Contribute to the development of the most demanding standards for responsible and sustainable management of supply chains:
  - environmental footprint: biodiversity, water, energy, carbon,
  - social: working conditions, ethics, corruption,
  - societal: link with communities;
3. Support regenerative agriculture that is more respectful of nature;
4. 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 defined 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;
5. Create circularity: a committee, which includes all the business lines, has been leading projects to innovate, reuse and recycle materials in order to prolong their life since 2020.

Audits supplement this system and are carried out regularly with specialised service providers, or on certain sectors with the WWF, in order to achieve optimal risk management.

With a view to continuous improvement, these processes are reviewed on a regular basis and action plans are introduced.

## Social

**4.a) Could you please specify how the E&S criteria integrated into the short- and long-term variable remuneration policies (where applicable) of your senior executives reflect the most material E&S issues facing your company?**

**4.b) How does the Board monitor the achievement of E&S objectives, and particularly based on which quantitative criteria? Is the level of requirement systematically reassessed when achievement rates are high?**

**4.c) Can you describe how the remuneration (bonus, long-term, incentive, other) of your employees (excluding senior executives) integrates environmental and social criteria (E&S)? Please specify the number of employees concerned and give as much detail as possible about the E&S criteria and their share in the employees' remuneration.**

In 2022, Hermès updated the organisation which steers the Group's CSR performance, with increased involvement of its governance bodies. The Executive Committee is now directly involved, with several meetings per year scheduled on the subject, in addition to project-based monitoring throughout the year. 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 business lines and subsidiaries. A Sustainable Development Directors' Committee has been created, reflecting the many appointments to this position in the House's business lines 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 step up its ambitions, while remaining faithful to its decentralised model and its "all artisans of our sustainable development" approach.

Environmental and social (E&S) criteria are integrated into the determination of the variable compensation of all executive corporate officers (Executive Chairmen).

The variable compensation of the Executive Chairmen is assessed according to the change in the pre-tax consolidated profit for the year ended compared to the previous year and 10% of the amount thereof is contingent upon achievement of a CSR criterion. This CSR criterion is composed of three indicators that reflect the most material CSR issues for Hermès and are consistent with its non-financial performance disclosures.

The evaluation of the amount of compensation subject to the CSR criterion is limited to a target of 100%, with no possibility of exceeding it.

The CAG-CSR Committee assessed the level of achievement of the CSR criterion applicable to 10% of the variable compensation of the Executive Chairmen at its meeting on 9 January 2023 and noted that the three indicators making up the criterion were fully achieved (see table below).

CSR criteria indicators	Importance	Level of achievement and justification
Quantifiable environmental criterion: Decoupling between growth in activity at constant scope and exchange rates and the change in industrial energy consumption Link with strategy and NFPS indicators:	1/3	100% 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. Over the reference period – from 1 November 2021 to 31 October 2022:

<p>See Chapter 2 “Corporate social responsibility and non-financial performance” § 2.1.5, § 2.5 and § 2.5.3.1.2 of the 2022 Universal Registration Document</p> <p>Review of the indicator by the independent third party:</p> <p>See Chapter 2 “Corporate social responsibility and non-financial performance” § 2.10 of the 2022 Universal Registration Document</p>		<ul style="list-style-type: none"> <li>the Group’s consolidated revenue at constant exchange rates grew by +21.1%;</li> <li>total industrial energy consumption (including any scope effects) amounted to 160,256 MWh, a decrease of -1.17% (compared with 162,127 MWh previously).</li> </ul> <p>More specifically:</p> <ul style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>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%);</li> <li>in the Textile division: energy consumption increased by volume (+2,647 MWh), however relative to the division’s revenue, it was down by -16%.</li> </ul>
<p><b>Qualitative societal criterion:</b></p> <p>Actions taken to promote the Group’s local integration in France and around the world, outside major cities</p> <p><b>Link with strategy and NFPS indicators:</b></p> <p>See Chapter 2 “Corporate social responsibility and non-financial performance” § 2.1.5 and § 2.6 of the 2022 Universal Registration Document</p>	<p>1/3</p>	<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> <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"> <li>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.</li> <li>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.</li> <li>The <i>École Hermès des savoir-faire</i>, created in September 2021, and which awards a government-recognised vocational qualification in leather work, extended its training in 2022 to the Cutting and stitching vocational qualification certificate. <ul style="list-style-type: none"> <li>More than 450 apprentice craftspeople studying for the vocational qualification in leather work, spread across all our regional divisions, and in particular in Fitilieu (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.</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>○ More than 150 trainer craftspeople who are experts in their jobs ensure the transmission of <i>savoir-faire</i> and support apprentices throughout 18 months of training.</li> <li>● Hermès' commitment to passing on skills and education also continues through its actions, notably through: <ul style="list-style-type: none"> <li>○ the "Des Territoires aux grandes écoles" Foundation (annual budget of €300 thousand for three years),</li> <li>○ 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.</li> </ul> </li> <li>● 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.</li> <li>● 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"> <li>○ 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;</li> <li>○ 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;</li> <li>○ Hermès was identified as the leading player in the Textiles &amp; Apparel (out of 192 companies) and Luxury Goods (out of 102 companies) sectors by Sustainalytics in its analysis of companies' ESG risk exposure.</li> </ul> </li> </ul>
<p><b>Qualitative social criterion:</b> Group initiatives in favour of gender equality</p> <p><b>Link with strategy and NFPS indicators:</b> See Chapter 2 "Corporate social responsibility and non-financial performance" § 2.1.5 and § 2.2.3.1.3 of the 2022 Universal Registration Document</p>	1/3	<p>100%</p> <p>As a responsible employer, Hermès 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"> <li>● The gender equality index and external recognition of social performance: <ul style="list-style-type: none"> <li>○ the weighted average index for the Group in France is 95/100 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;</li> <li>○ 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).</li> </ul> </li> <li>● The global Diversity &amp; 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:</li> </ul>



		<ul style="list-style-type: none"> <li>○ respect for the principle of non-discrimination and equal opportunities;</li> <li>○ diversity and gender equality;</li> <li>○ disability.</li> </ul> <ul style="list-style-type: none"> <li>• The rollout in all subsidiaries in France of paternity leave of four weeks with maintenance of salary without any length-of-service conditions.</li> <li>• 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.</li> <li>• More than 950 managers have already been trained in diversity management since the launch of the ALTEREGO training (including 141 in 2022).</li> </ul> <ul style="list-style-type: none"> <li>- The HECATE women's network is continuing its work to promote inclusion and diversity at all levels of the organisation.</li> </ul>
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**5.a) As part of your value-sharing policy, what proportion of your share buybacks have you allocated to your employees over the last five years (excluding performance shares)? What proportion of employees was concerned in France and internationally?**

**5.b) Over the same period, could you detail the allocation of your share buybacks (cancellation, employee share ownership, performance share award, other beneficiaries, other allocations)?**

**5.c) More generally, do you have a policy defining the allocation of your share buybacks? Is this policy public? If so, can you describe it?**

The Group's ambition is to continue to involve all its employees in the corporate project in a unique way by strengthening employee shareholding. Free share allocations are made on a multi-year basis, without any predefined frequency.

Free share allocation schemes:

- are part of the Group's compensation policy,
- are an instrument of attractiveness, motivation and loyalty aimed at aligning the interests of beneficiaries with those of the company and its stakeholders, and
- are a means of sharing the fruits of the Group's growth with the employees and involving them more closely in Hermès' long-term development decisions.

These schemes include vesting periods of at least four years, conditions of presence and, lastly, performance requirements (for a portion of awards).

All the buybacks made on the markets in recent years (including 104,269 shares in 2022 for an amount of €116 million) aimed to grant shares to employees. These buybacks are made on a regular and recurring basis, in accordance with market laws, particularly to cover the democratic schemes intended for all French and foreign employees:

- the 2016 schemes that expire in 2020 and 2021, including 40 shares per employee for the democratic scheme,
- the 2019 schemes expiring in 2023 and 2024 (with a total of 404,760 rights outstanding at the end of December 2022), including 24 shares per employee for the democratic scheme.

The majority of employees who become shareholders through these employee shareholding schemes keep their shares well beyond the mandatory vesting and holding periods (in France, where applicable). As at 31 December 2022, employee shareholding accounted for 0.98% of the capital.

As disclosed, Hermès has not bought back any shares in 2023, outside transactions completed within the

framework of the liquidity contract.

**6) For the past two years, you have failed to provide a definition of a living wage to the FIR. This is a particularly important issue for responsible investors, and it is all the more significant in a context of global inflation. To us, a clear definition is essential to assess the group's vision of its global strategy.**

**A living wage can be defined as: “The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events”. This is the definition of the Global Living Wage coalition. Furthermore, the living wage is not the same as the local legal minimum wage.**

**6.a) So, since last year, have you adopted a definition of living wage like the one given above or equivalent? If so, what is it?**

True to its values of sharing, Hermès has always paid great attention to the working conditions of all its employees worldwide and the compensation paid to them. The compensation package is structured in a balanced and comprehensive manner and aims to offer all employees (1) a competitive fixed salary that is well above the legal minimum wage in the countries where Hermès operates, (2) collective social welfare schemes – health insurance, death and disability insurance, and supplementary pension plans, (3) individual and/or collective variable pay (adapted to the position and local regulations), (4) employee savings and profit-sharing schemes, and (5) free share schemes for all employees.

This structure aims to offer compensation that goes beyond the notion of a living wage by allowing the employee and his/her family not only to afford a decent standard of living and to participate in the life of society, to benefit from coverage in the event of a personal accident, and have access to education, but also to save money for personal projects or supplementary retirement benefits, if necessary.

It is important to underline that the house pays particular attention to the compensation of all employees in order to offer them a decent 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.

With 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 thus to provide a good level of compensation and enable quality of life and long-term personal and professional development – see Page 82 of the 2022 Universal Registration Document.

**6.b) What specific measures have you put in place to ensure that a living wage is paid to all your employees and those of your suppliers (work with specialised initiatives, studies to determine the living wage for each country, integration of the criterion into your supplier charters, supplier due diligence, etc.)?**

The purpose of the above-mentioned study is to verify and ensure that, over the long term, the compensation of all employees meets the House's standards as set out above and provides a stimulating, inclusive and protective environment for all employees in all countries where Hermès operates.

The group also monitors a detailed map of the social welfare schemes deployed in all the subsidiaries to ensure that our promise as a responsible employer is concrete and relevant in all countries where Hermès has operations.

Benefits of various kinds complete the overall compensation package for the House's employees. These include health care, death, accident, disablement, and invalidity insurance schemes, supplementary pensions, leave exceeding minimum legal requirements and other recognition schemes.

The Group implements a comprehensive and ambitious benefits policy in all countries which aims to encourage their deployment 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 welfare protection for all employees wherever the Group is present covering the risks of death, sick leave and healthcare costs (and indirectly for 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 death.

Hermès aims 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 already covered up to the amount of one year's salary. In 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 schemes and not only protects but also helps to retain employees. These schemes are largely 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 introduced a supplementary defined-contributions 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 supplementary pension plan for all its local employees in the second quarter of 2022.

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

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

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

In addition, the granting of leave beyond legal requirements, 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 good work-life balance, particularly for the arrival of a child.

In 2019, the Group therefore decided to roll out a common maternity leave policy for all its subsidiaries worldwide. In particular, it provides full 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 on 1 January 2022 and for all its entities (i.e. 63% of the Group's workforce), a fully maintained salary within the framework of 28-day paternity leave. This initiative benefits everyone without any condition of seniority. In addition, both parents benefit from protection against dismissal during the four weeks following the birth of a child. Finally, to support the option for part-time work after a birth or adoption, pension contributions are paid by the employer on a full-time basis. These benefits are often defined in collective agreements signed with the social partners.

We are also attentive to the level of compensation paid to the employees of our suppliers and subcontractors. For example, in leather goods, which are entirely manufactured in France, we actively encourage and support our partners in adopting a policy of regularly increasing the salaries and social benefits of their employees.

Hermès' artisanal model, in which 55% of products are made in exclusive, in-house workshops and 76% in France, relies on a network of suppliers based mainly in Europe, where social practices are stricter than in other countries. Hermès' exposure to the supplier risk is therefore reduced, especially since 67% of its top 50 direct suppliers are in France and 30% in other European countries. Three per cent of purchases are made in more distant countries, mainly for raw materials (e.g. exotic leathers), where strict control and monitoring are implemented.

We encourage the entrepreneurial spirit of our partners and suppliers by respecting their independence, while sharing our practices with them and encouraging them to follow them. They are long-standing partners and this stability contributes to implementing our quality, ethical, social and environmental requirements with confidence.

From a legal standpoint, Hermès systematically requires formal commitments from its suppliers to comply with their social, regulatory and environmental obligations through two contractual documents signed by both parties. These documents define the contractual relationship and are updated regularly: document 1, which contains a commitment to confidentiality and commercial loyalty, and document 2, which contains a commitment to social, environmental and ethical policies. They were updated in 2020 to include an email address to make it easier for suppliers to report any ethical breaches of which they become aware.

Audits are performed on a regular basis in order to verify the fulfilment of these commitments in situ.

**6.c) Have you defined minimum wage thresholds in all your countries of operation for your employees and those of your suppliers and where do they stand in relation to local minimum wages? If so, do you conduct audits to ensure that these thresholds are respected and evolve in line with the cost of living?**

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 regulations on working hours and minimum wages, and systematically issues a payslip at regular intervals, explaining all legal deductions. Compliance with these various regulations also helps to combat all forms of forced labour. The majority of employees work in OECD countries, where these concepts are incorporated into the legal framework.

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

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

For example, in addition to the dynamic increases in fixed salaries which all employees received, 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), 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 displayed by its employees.

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

Particular attention is paid during salary reviews to respect for the principle of gender equality and any gaps compared to the markets (internal and external) with the aim of guaranteeing fair treatment in the allocation of salary increases, including with respect to maternity leave. Specific budgets are systematically granted if any 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 any remedial measures required are largely included in the agreements signed by the House's subsidiaries.

As mentioned above, salaries in all countries are above the legal minimum wage. The measures described above, as well as yearly and even half-yearly market surveys and the controls carried out as part of the Group's processes ensure that employee compensation is not only above the legal minimum but also in compliance with Hermès' compensation policies.

**6.d) Have you taken into account and mapped the systemic risks that could prevent payment of a living wage to your employees and to the employees of your suppliers (such as non-respect for freedom of association)?**

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 *métiers* 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 some 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. Issues relating to the health and safety of people are also identified, but deemed to be less critical, as this point is already controlled thanks to the long-standing monitoring with all suppliers, notably through audits, with 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. Respect for human rights and fundamental freedoms is part of the due diligence plan put in place by the Group in the context of its duty of vigilance.

**7.a) Scope France: apart from investments in your Company's own shares, what proportion of the employee savings funds offered to your employees has received a responsible label (SRI, Greenfin, CIES, Finansol or foreign labels)? Please provide the name of the funds that have received a label, the percentage of the total assets and the percentage of the funds excluding employee shareholding that these labels cover, the percentage of the Group's employees who benefit from them and the changes compared to last year.**

All our employees in France are covered by a Group profit-sharing agreement which allows the value created to be shared with all and the amounts granted under this agreement, as well as those from incentive agreements, to be paid into the funds within the framework of the company savings plan. Employees can choose to invest in four funds as well as in the company's blocked current account (in accordance with the legal framework). Among these funds, they have access to the SRI-labelled *Multipar Solidaire Oblig Socialement Responsable* fund, which, depending on the personal choices of the employees who invest the amounts distributed as profit-sharing and/or incentive payments, accounts for approximately 15% of the amounts managed by the bank. Hermès' commitment is to monitor and assess the relevance of the funds offered and any changes to them in collaboration with the Human Resources and Finance Department, and to provide full and regular information to employees to enable them to make informed choices. In this respect, the information campaigns carried out in 2022 on all the collective compensation and social welfare schemes - the Employee Savings Meetings held in April and Benefits Week in November - enabled the employees to familiarise themselves with these schemes and their management over time and to meet the banking, insurance and management partners.

**7.b) If applicable, please explain why not all of your employee savings funds have received labels? If some have not but do include ESG criteria, please explain how these criteria contribute to a robust and selective ESG policy?**

The funds proposed by Hermès for employee savings invested in the Company Savings Plan are designed to provide a balanced choice that allows employees to make their investments according to their risk appetite and investment horizon, while also giving them the opportunity to contribute to socially responsible economic projects. Through a choice that is both ethical and economic, the funds give priority to investing in the projects of French and European businesses.

It is important to note that Hermès' commitment to integrating ESG objectives and criteria into its employee savings and supplementary pension schemes goes beyond the company savings plan. In fact, the funds invested by the House for the supplementary pension of its employees in France (a collective supplementary defined-contributions pension plan, 90% of which is financed by the employer) are fully invested in vehicles that adopt environmental, social and governance criteria. Of the three funds in the group pension scheme, two are SRI-certified and all three are classified as Article 8 funds under the SFRD regulation, meeting the thresholds for contributing to climate change mitigation and adaptation without compromising other environmental objectives.

With regard to retirement savings schemes in countries other than France, the Group also aims to raise awareness and ensure that the funds offered in the framework of collective schemes integrate ambitious ESG objectives, in accordance with good market practices and in compliance with local regulatory requirements.

**7.c) In the other countries in which you operate: What employee savings schemes, excluding employee shareholding, are in place for your employees outside France? Do they include robust ESG criteria? If yes, which ones? If not, why not?**

The policy of sharing value and involving Hermès employees in the corporate project is illustrated by the examples mentioned above - the collective bonuses recently paid to all employees worldwide in a spirit of fairness and

generosity, respectively €1,250 in 2021, €3,000 in 2022 and €4,000 in 2023. They aim to provide a major element of additional compensation and value sharing in order to make up for the absence of employee savings schemes as we know them in France in legislative environments and market practices abroad.

It should be noted that another major component of our social model, the employee shareholding plans, regularly involve all employees through the allocation of free shares. These plans, which have been implemented five times since 2007, have enabled more than 13,000 employees to own Hermès shares or to hold shares that are vesting. The latest plans decided by the Executive Management in 2019 involved a total of over 500,000 shares. As at 31 December 2022, the shares held by the House's employees represented a value of €1.49 billion and nearly 1% of the share capital. These allocations are made without any financial investment from employees and allow them to build up substantial medium and long-term financial savings.

As an example, the most recent allocation of 24 shares benefited all the employees (according to the Group seniority requirement in the plan's rules).

Through its free share allocation plans, Hermès has adopted a unique approach that allows its employees to be involved in the corporate project and strategy, which intrinsically integrates objectives of sustainability and respect for the planet and people across the value chain.

#### **7.d) How do you involve your employees in the selection and monitoring of the funds' responsible commitment?**

Our employees are free to express themselves and have a communication channel for employee savings and pension schemes, either through their representative bodies or directly with the Group's teams that manage these schemes. To facilitate this dialogue, including in addition to meetings with employee representative bodies, and in particular the Group Committee, a dedicated email address has been created within the Group Human Resources Department.

#### Governance

**8) For the company's tax responsibility to be in line with its corporate social responsibility, the Board of Directors or Supervisory Board must be fully involved in the choices made around responsible tax practice (aligned with principles such as those of the B Team initiative). In this regard, the FIR expects there to be a public tax responsibility report, reviewed and signed by the Board of Directors, including country-by-country reporting details, and aligned with GRI 207. Therefore:**

**8.a) Do you publish a document detailing your commitments regarding tax responsibility? If yes, how does this tax responsibility fit more broadly into your corporate social responsibility policy, beyond mere compliance? Does the Board review and approve this document? (Please provide a link or indicate where this document is available and a detailed explanation). Does it specify the tax practices that you consider unacceptable?**

**8.b) Do you make your country-by-country tax reporting public? If not, how are you preparing for the EU directive planned for 2024 which will involve country-by-country reporting for EU member countries? Do you plan to publish country-by-country reporting beyond the requirements of the directive?**

Regarding tax, the Group follows the recommendations of the GRI 207 reporting standard:

- The Hermès Group's tax strategy is based on the following principles:
  - compliance by all Group companies with the regulations in force in the countries where its companies are located, meeting deadlines defined by applicable regulations in each country for filing the required returns and paying taxes due,
  - income is taxable in the place where the income is generated,
  - absence of creation of legal structures or transactions to meet a primarily tax-related objective,
  - prevention of tax evasion with no use of tax evasion schemes or structures without substance.

This tax strategy is implemented by the Finance Directorate, which draws on internal (the tax department) and external expertise both in France and abroad. It is reviewed and approved by the Executive Committee at least

once a year.

- The location of the Group's activities is chosen exclusively for operational reasons and fiscal aspects have no impact on this policy. 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 tax issues, with the Finance Department;
- Within the framework of our fiscal obligations, each year the Hermès Group files a transfer pricing statement to the French tax administration and a country-by-country statement, the Cross-Border Currency Reporting ("CBCR"). The CBCR is prepared in accordance with the recommendations of the OECD (as interpreted in French tax law). It gives rise to exchanges of information between the tax administrations of the countries in which the Group is established. In countries where exchange of information is not operational, the Group files a CBCR to the local tax authority.

**9.a) Which public decisions are targeted by your lobbying activities? Please detail them for the last two years, focusing on lobbying related to human rights (including fundamental social rights), climate and governance, for the main jurisdictions in which you lobby (including the EU, the United States, emerging markets and other regions).**

**9.b) How do you monitor and ensure alignment between your ESG objectives and the positions of the industry associations of which you are a member, and any potential divergence from your own positions? Do you publish a report in which you explain how your company's and your industry associations' positions are aligned and where they may differ from each other?**

**9.c) What resources (human and financial resources) do you allocate to your lobbying activities for all your markets worldwide?**

At European level, the activities carried out by the House in matters of public affairs over the past two years have focused on the following topics:

- Protection of consumers and intellectual property rights: reinforcement of the obligations applicable to online sales intermediaries (Digital Services Act, Directive on the security of networks and information systems "NIS2", Directive on general product safety, Memorandum of Understanding on the sale of counterfeit products via the Internet), reform of the regulatory framework on designs or models, initiatives of the European Commission to ensure the protection of intellectual property rights in third countries;
- Competition law and the organisation of commercial activities: Digital Markets Act, Vertical Block Exemption Regulation;
- Environment: EU Strategy for Sustainable and Circular Textiles (and its variations), changes to the standards governing certain substances used in the production of leather and textile products.

Hermès International has not taken any initiatives of its own on human rights or corporate governance issues at the European level:

Hermès International is a member of the following industry associations, which lobby institutional decision-makers on behalf of the collective interests of their members:

- Association française des entreprises privées (AFEP);
- Comité Colbert;
- Union des Fabricants (UNIFAB);



- Fédération de la Haute Couture et de la Mode (FHCM);
- Fédération des entreprises de la beauté (FEBEA);
- Fédération du Cristal et du Verre;
- European Cultural and Creative Industries Alliance (ECCIA).

In addition, Hermès International has periodic contact with institutional officials, notably within the European Union, under the supervision of the Group's Legal Department. The House does not have a team exclusively dedicated to public affairs action.

Through these exchanges, we aim to identify and anticipate future regulatory changes that may affect our business lines.

All these interactions are and have always been held in strict compliance with rules of ethics and transparency applicable to public affairs in force within the institutions concerned, and with the Hermès International Group's founding values.

The Group has been entered in the EU Transparency Register since 2015, under the identification number 919484116074-16.

As part of our interactions with European institutional leaders, the House is also assisted by a Brussels-based public affairs consultancy, registered in the EU Transparency Register under identification number 34100356706-23, which is responsible for monitoring and consulting activities.

**10.a) What measures do you take to anticipate the short- and medium-term effects of the environmental transition on jobs and on the changes in skill requirements within your group, but also in your value chain (subcontractors, suppliers, franchisees, etc.)?**

Our jobs are mainly craftsmanship jobs and we ensure that our *savoir-faire* is passed on: the House is developing its training schools for its major *savoir-faire* (École Hermès des *savoir-faire*) which enable us to train our future *artisans* with careful attention to the materials used.

We also strive to reduce the carbon footprint of our employees' commuting. In this regard, we are working to introduce soft mobility solutions for our employees - for example, in the Paris region, by providing electric bicycles - and elsewhere in France we are considering equipping our employees with electric recharging stations at their homes.

Also 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 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).

More broadly, our awareness of the challenges linked to the environmental transition prompted us to undertake an analysis (see the 2022 Universal Registration Document, paragraph 2.5.1, page 164 *et seq.*) of the physical and transitional risks linked to climate change on our activities and our main value chains. This enabled us to identify the most sensitive areas and to introduce specific action plans.

**10.b) How do you address environmental matters with the social partners? At what level(s) (local, national, European, worldwide) and in what frameworks? Can you also state whether these exchanges are based on information sharing, consultations or negotiations? Please be specific about the different scenarios that may arise.**

Via the information-consultations of our Economic and Social Committees (CSE), our social partners are closely and systematically involved in all our CSR projects, whether they concern, for example, soft mobility, the development of our sites or the actions we are taking to reduce our CO<sub>2</sub> emissions.

On these different subjects, we discuss with them the issues and the different options available to us to achieve the industrial objective set while limiting our impact on the environment as much as possible. Environmental impacts are taken into account, if necessary, through impact studies that we share with our representatives as part of these consultations. In addition, environmental topics are also shared with our social partners on various occasions. For example, at the last meeting of the Group Works Council held in 2022, the Director of Sustainable Development came to present to the employee representatives the challenges and actions undertaken by the company in this area.

**10.c) What resources do you allocate to the employee representative bodies so that they can be involved in your Group's environmental policy (training, specific committees, etc.)?**

In addition to the credit of hours they have for their employee representative activities and the possibility of seeking technical expert support, our social partners have access to the Economic, Social and Environmental Database (BDESE), which includes data relating to environmental issues. Furthermore, we regularly raise our representatives' awareness of these issues, in particular through e-learning modules that are accessible on our intranet. These modules cover "the fundamentals of sustainable development", "climate change", "biodiversity" and "animal welfare". Our employee representatives also have access on the intranet to a number of recorded conferences relating to environmental issues: "Reconciling people with wildlife", "All about Plastics, bioplastics, biodegradability, recycling, LCA, etc." and "Responsible Travel".

**10.c) Have the environmental prerogatives explicitly attributed to the CSE by the Labour Code ("Climate and Resilience" law) led to new practices in this area in your company?**

These legal provisions have not really changed our practices. We have paid attention to these environmental issues for a long time and we always discuss them with our representatives, for example when building a new site or renovating facilities.

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On 12 April 2023, the Executive Management received an email from the association *People for the Ethical Treatment of Animals* (« PETA »).

Please find below the answer from the Hermès Group to this written question.

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“Hermès makes deceptive and misleading claims about its alleged high standards for the ethical treatment of alligators, crocodiles, and ostriches it kills for its bags. Yet factory farmed crocodiles typically spend their lives confined to barren concrete pens and cramped wire cages, barely able to move and trapped in their own diluted waste. Conditions like these are so vile that nearly 30% of hatchlings can die within 10 months due to stress. Those who survive are eventually electrocuted, shot, or stabbed to death with screwdrivers—some while still conscious.

At last year’s meeting, Monsieur Dumas made the outrageous and blatantly false claim that Hermès’ farms are responsible for saving species of crocodiles from extinction and reestablishing biodiversity. Crocodile populations in Australia have rebounded in nature since the 1960s due to their designation as a protected species in 1974, not due to farming, which even the International Crocodile Farmers Association—an Hermès partner—acknowledges. Hermès knows that crocodile farms contribute nothing to local biodiversity because the animals live in cramped facilities, not out in nature, and crocodile farming is notably absent from its list of biodiversity initiatives.

Hermès has failed miserably at its stated desire to conduct business in an environmentally sustainable and ethical manner. In addition to horrific cruelty, there are substantial emissions associated with the production and transport of exotic skins from locations like Australia and South Africa. Hermès must take the crucial step of removing exotic skins from future collections if it has any interest whatsoever in meeting its sustainable development and ethical goals regarding animal welfare and emissions. When will Hermès take this action?”

The requirement for absolute quality is at the heart of Hermès' approach, and applies to all our supplies and materials, whether or not they are of animal origin.

In terms of animal welfare, the company is committed to a multi-stakeholder approach and continuous improvement, with the aim of going beyond strict compliance with laws and regulations. Systematic work is carried out with upstream partners and professional bodies of the sectors and the group has implemented a very strict policy of animal welfare within its direct sphere of responsibility in the crocodile farms, but also for its external partners for all its other sectors.

The Hermès Group respects everyone's convictions. Nevertheless, the company would like to clarify several allegations and figures mentioned in PETA's question as inaccurate and/or not corresponding to the highest standards of animal husbandry implemented in the company's farms.

- The trade in alligator and crocodile skins is strictly regulated by the rules established under the aegis of the United Nations by the Washington Convention for the Protection of Endangered Species of Wild Fauna and Flora (CITES), with unitary traceability of the skin from the farm and the collection of eggs in natural habitats subject to quotas set by the competent local authorities, i.e., the Louisiana Department of Wildlife and Fisheries for the alligator and the Northern Territory Government for the Australian crocodile.
- Both international organisations - IUCN (International Union for Conservation of Nature) and SULI (Sustainable Use and Livelihoods) - and the International Crocodile Farmers Association (ICFA) - cited in the question - agree that farming has played a central role in preventing the extinction of crocodiles.-
  - Hermes strictly adheres to the methods recommended by the Terrestrial Animal Health Code 2022 (World Organisation for Animal Health - OIE) and the IUCN Veterinary Science Group - CSG, which ensure that the animal's welfare is protected throughout the process.

In conclusion, work has been carried out for over 15 years in collaboration with specialist associations such as ICFA, scientists, veterinarians and farmers to develop and improve crocodilian breeding practices on the farms and today 100% of the house farms are based on a standard whose scientific standards are defined by ICFA. All of the farms that supply the house are audited annually by an accredited third party certification body (BSI) to ICFA standards.

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The Executive Management  
Hermès International